

The background features a dark blue gradient with several overlapping, semi-transparent circles of varying shades. At the bottom, there are vertical bars of different heights, some of which are partially obscured by the circles. The overall aesthetic is modern and data-oriented.

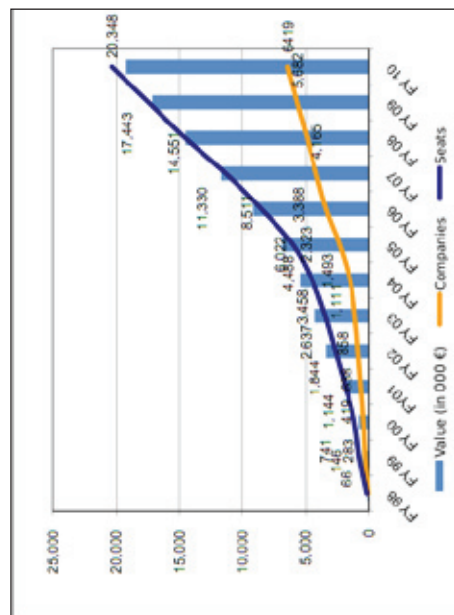
datalab

Annual report

KEY FIGURES

	SI		HR		BA		SR		MN		MK		BG*		Skupaj**		Index
	FY 10	FY 09	FY 10	FY 09	FY 10	FY 09	FY 10	FY 09	FY 10	FY 09	FY 10	FY 09	FY 10	FY 09	FY 10	FY 09	
A. Net revenue	1,573,436	1,152,165	666,455	397,905	412,219	372,552	523,396	429,008	88,927	95,647	306,588	216,585	65,448	65,448	3,636,469	2,663,862	137
1. Net revenue from sales of products and services in domestic market	1,573,436	1,152,165	645,742	362,737	412,219	372,552	518,107	427,087	88,927	95,647	236,895	172,441	65,448	65,448	3,540,774	2,582,629	137
1. Net revenues from sales of products and services in domestic market, excluding rent	1,550,888	1,133,479	645,742	362,737	406,014	372,552	518,107	427,087	88,927	95,647	236,895	172,441	65,448	65,448	3,512,021	2,563,943	137
a. License fees	490,064	534,128	416,952	209,166	250,256	255,538	296,604	256,538	61,213	70,502	176,705	106,119	58,110	58,110	1,749,904	1,431,981	122
b. Upgrading	865,728	387,142	195,764	78,160	115,972	82,401	164,874	131,059	25,530	22,849	15,759	19,869	3,366	3,366	1,386,993	721,480	192
c. Membership fees	57,476	68,751	18,416	12,600	14,975	13,891	22,658	18,935	2,184	0	4,153	3,365	469	469	120,331	103,651	116
d. Services	63,543	51,367	0	46,020	13,891	326	10,165	786	0	0	24,267	30,571	3,972	3,972	115,838	129,070	90
e. Marketing	15,460	47,433	10,770	0	4,077	22,356	15,969	6,903	0	0	0	0	1,187	1,187	47,463	76,692	62
f. Training and certification	29,745	29,617	3,840	4,104	4,577	11,038	7,835	11,387	0	0	1,246	0	0	0	47,243	56,146	84
g. Hosting services	17,904	0	0	0	0	0	0	0	0	0	0	0	0	17,904	0	0	
h. Other	10,968	15,041	0	12,697	2,266	893	2	1,479	0	2,296	14,765	12,517	0	0	28,001	44,923	62
2. Net revenue from rent	22,548	18,686	0	0	6,205	1,341	0	0	0	0	0	0	0	28,753	20,027	144	
III. Net revenue from sales of products and services in foreign markets	0	0	20,713	35,168	0	0	5,289	1,921	0	0	69,693	44,144	0	0	95,695	81,233	118
a. License fees	0	0	0	37,491	0	0	79	1,323	0	0	23,482	22,072	0	0	23,561	60,886	39
b. Upgrading	0	0	0	0	0	0	5,210	521	0	0	0	1,766	0	0	5,210	2,287	228
c. Membership fees	0	0	0	0	0	0	0	0	0	0	360	0	0	360	77	468	
d. Services	0	0	20,713	0	0	0	0	0	0	0	0	210	0	20,713	210	9,863	
e. Marketing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
f. Training and certification	0	0	0	0	0	0	0	0	0	0	0	20,096	0	0	20,096	0	
g. Other	0	0	0	-2,323	0	0	0	0	0	0	45,851	0	0	45,851	-2,323	x	
Average number of employees	418	75	75	0	8	0	6.4	0	3	0	10.2	0	4	81	0	81	

Value of installed licenses, companies and seats



Key financial data	FY 10 in EUR	FY 09 in EUR	Index 10 / 09
Gross operating income	3,596,846	3,692,055	97
Operating profit (loss) before taxes	415,917	156,885	265
Net profit and loss statement for the Fiscal Year	400,018	193,456	218
Net cash flow (profits + depreciation)	1,165,352	779,514	149
Total assets	5,802,736	5,227,485	111
Fixed (non-short-term) assets	4,421,012	3,921,070	113
Variable (short-term) assets	1,456,383	1,306,415	112
Equity	2,619,820	2,219,802	118
Long-term liabilities and reservations	781,680	822,206	95
Short-term liabilities and accrued costs and deferred revenues	2,401,236	2,185,477	110
Employees as of 30 June	56	53	106
Number of Partners in Slovenia	59	43	137
Number of Partners in group	215	125	172
RATIOS			
Total profit/operating revenue - %	11.56	4.25	272
Total profit/equity - %	15.88	7.07	225
Net profit/equity - %	15.27	8.26	185
Net profit/share - euros	3.76	1.72	218
Degree of independence (equity/total assets) - %	45.15	42.46	106
Liquidity (short-term assets/long-term debt and accrued costs and deferred revenues)	60.73	59.78	102
Number of users	20,151	17,522	115
Number of companies	6,353	5,694	112
Number of consultants	447	332	134
Number of all FULL-TIME employees	81	81	100
Number of all employees in the DataLab group	99	93	106

	30. 06. 2010	30. 06. 2009	Index 10 / 09
Number of issued ordinary shares	106,519	106,519	100
- of which purchased shares	22	22	100
Book value of stock on last day of Fiscal Year (in euros)	24.59	20.84	118
Capital/number of issued ordinary shares			
Market price of stock on the Ljubljana Commercial Paper Exchange			
Highest price in the year (in euros)	60	93.9	64
Lowest price in the year (in euros)	54.9	60	92
Average share price in the year (in euros)	55.89	72.76	77
Price on last trading day in year (in euros)	55	60	92
Market value of capital (in euros) (in number of issued ordinary shares * price on last trading day of year)	5,858,545	6,391,140	92
Yield per share in current year (price on last trading day of current year/price on last trading day of previous year)	0.92	0.64	143
Yield per share in current year (price on last trading day of current year/price on last trading day of previous year) (in euros)	-5	-33.9	15
P/BV (average market price of share/book value of share)	2.27	3.49	65
P/E (average market price of share/gross profit of Fiscal Year per share)	14.88	42.24	35

* Bulgaria is shown here to present the activities in that market, even though it is not included in consolidation. ** Revenue totals for each type are different from consolidated figures because Bulgaria is not included in consolidation, write-offs and other accounting corrections.

Annual report and
consolidated annual report
of the company
DATALAB TEHNOLOGIJE d.d.
and its subsidiaries

from 1 July 2009 to 30 June 2010

Ljubljana, November 2010

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Naziv: Likvidnost podjetja

Privzeto Področje

2006

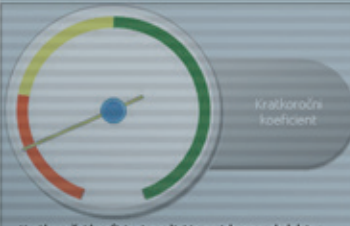
Osnovni kazalniki likvidnosti

Kazalnik	Vrednost
Kratkoročni koeficient	0,58
Pospešeni koeficient	0,37
Hlri koeficient	0,04

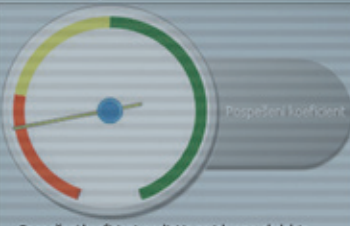
Ostali kazalniki likvidnosti

Kazalnik	Vrednost
Koeficient finančne stabilnosti	0,00
Kratkoročna sredstva proti vsem sredstvom	0,35
Neto obratna sredstva	-126.420,67

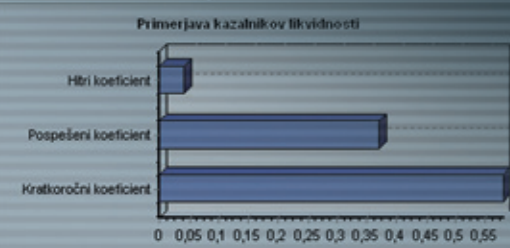
Nadz. plošča za: Oktobar 2006
Spremeni



Kratkoročni koeficient podjetja za izbrano obdobje.
Razpon: 0-1, 1-2, 2-4



Pospešeni koeficient podjetja za izbrano obdobje.
Razpon: 0-0.5, 0.5-1, 1-2



1

Report of the Executive Director



It is our mission to facilitate the use of a cost-efficient business IT system on a worldwide level, and to provide this service to even the smallest businesses, thereby simplifying their operations, helping them to become more competitive, enhancing their chances for survival, and turning their data into profit.

2010 was an amazing year. A difficult year, but one which laid the foundation for continued accelerated growth.

2010 was a year that confirmed a number of concepts. We successfully launched e-Accounting (PANTHEON in the cloud, hosting, SaaS), achieved scalability with it, and overcame its "growing pains". We feel that paradigm shifts in the way businesses use information technology have created a foundation for unstoppable market growth, and that the hosting solution offered by Datalab is the best on the market.

Another long-held hypothesis that we are now living out has been that consolidation of the market is urgent. In FY 09, initial attempts to consolidate providers around Datalab bore fruit in Croatia; and in July, immediately following the end of the FY 10, we acquired our largest competitor in the Serbian market, and with it its 17,000 users (see page 32). We must make an effort to preserve and enhance the competitiveness of our "ecosystem", and it is my belief that consolidation of this kind will continue in the future. Through these acquisitions we increase our installed base, which is all the more important in times of crisis because it provides recurring revenues from Upgrade Contracts.

In the FY 10, we began to take huge steps to open up to our users. We are investing in the communications paths of the future – user communities, video courses, more intuitive websites, and even Facebook. We've published a free user manual which uses examples to teach users about the optimal use of PANTHEON at small businesses.

In development, cleaning the code and achieving faster functioning took priority over enhancements. Autotesting – a system for automatically testing the functioning of software programs (see page 63 for more information) – is up and running and is playing an increasingly important role. We autotest each new build and are preparing for the permanent daily testing of source code. We've invested considerable effort in simplifying the user interface and enhancing the productivity of this tool. We successfully concluded the expansion of the eVEM web portal, a project which saw us test and develop a system for automatic sending from accounting applications for the Slovenian Ministry of Public Administration. The integration Datalab has developed for this system, which is available free of charge to all users with a valid Upgrade Contract, is one more way in which we have contributed to lightening the burdens companies in Slovenia have to bear. Development was financed with our own funds, without any subsidies. The Feniks II project, a project co-financed by the European Union that aims to bring together service providers "in the cloud", is nearing completion.

Sales results

The consolidated sales results for the Datalab group reveal growth of 37%, reaching 3,636 thousand euros, which is below the planned results.

With license sales, we recorded a 19% growth of revenue, to 1,733 thousand euros (compared to 1,430 thousand euros in 2009) for the whole group. Most of this growth came from the foreign markets that we have been investing in. One factor that has given sales a boost is the

acquisition of companies that were once our competitors; the consolidation of the market has begun.

Net revenues from the sale of Upgrade Contracts grew from 723 thousand euros to 1,392 thousand euros, and were 92% larger even though the gross value of signed Upgrade Contracts fell. A considerable share of this increase was due back charges for the 2008-2009 period, when users were saving money and did not sign Upgrade Contracts, and the rest to a reduction of sales commissions and indirect invoicing.

Revenue from membership fees grew 16% to 120 thousand euros, and service revenue grew 6% to 137 thousand euros. Revenues from training services continued to fall (down 16% to 47 thousand euros), as did marketing revenue (down 38% to 47 thousand euros). Revenues from e-Accounting (hosting) have not achieved planned levels due to initial problems with the scaling of the service. e-Accounting (hosting) brought in 17 thousand euros.

Our Partner Network is recording significant growth, and we can feel ourselves gaining strength in numbers. Recruiting Partners is easier than it was in the past, and the Partners are bringing a higher level of quality. Slowly but surely, Datalab's and PANTHEON's "torque" is making itself felt: in certain markets, we're becoming a synonym for business IT.

Financial results

The group shows consolidated assets in the value of 6,223 thousand euros (an increase of 14%). Short-term business receivables grew by 13% to 1,437 thousand euros; long-term receivables declined by 34%, to 353 thousand euros. The group no longer has long-term liabilities. Short-term liabilities increased by 11% to 2,604 thousand euros.

Revenue from sales increased by 22%, for a total of 3,426 thousand euros; own-product assets (the development of PANTHEON) were on the level of the previous year (1,369 thousand euros). Other corporate revenues were 4% lower. The costs of materials, goods, and services were 1,732 thousand euros (a 48% increase), and the costs of labor were 1,816 thousand euros (11% lower). 859 thousand euros of value was written off (a 28% increase). Financial revenues increased by 22% (148 thousand euros total). Expenditure from financial liabilities decreased by 26% (42 thousand euros total) and expenditure from corporate liabilities increased by 19% (123 thousand euros total). The consolidated profit and loss statement gives a figure of 458 thousand euros, with the group generating a profit of 447 thousand euros.

Equity and debt capital

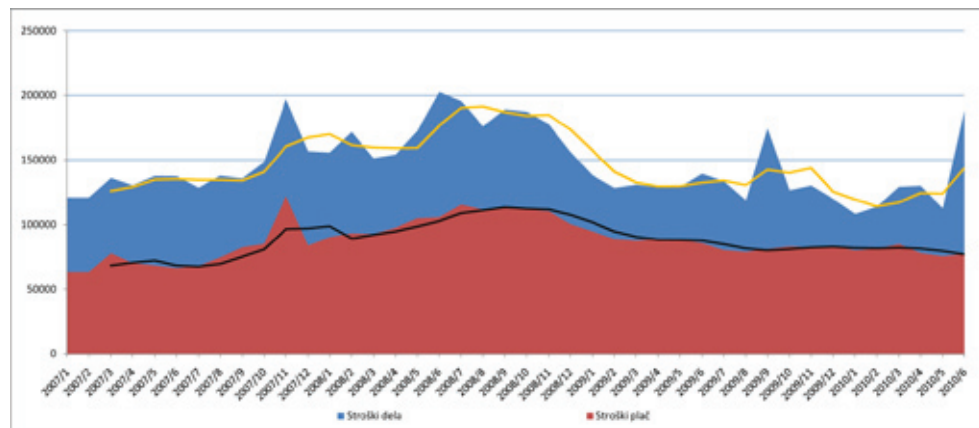
In line with our strategic plans, we wished to increase the company's capital as part of our preparations for taking over smaller providers and in order to provide additional funds for development and expansion, for which we were using most of our reserves and own funds. Needless to say, we did not succeed in carrying out capital injection, as funds are not available in financial markets, and those that are available come with such a premium that accessing them for the purposes of capital injection would go against corporate logic and be damaging.

Instead of looking for strategic investors, we reached an agreement with stakeholders on the partial conversion of receivables, through which we increased available capital by 257,737 euros at the end of the year.

We are still struggling with extremely limited credit resources. Throughout the year, we tried to convert at least a part of our short-term credit into long-term credit by using guarantees ten-

dered by the state, but have yet to meet with success due to lender requirements for additional guarantees. It follows that we are still financing long-term contracts for program use with short-term credit. Furthermore, due to a lack of opportunities for refinancing, we cannot engage in long-term sales, which is hurting our ability to compete.

An especially tough blow is dealt by the hassles involved in negotiating the extension of credit arrangements with banks on a near quarterly basis, which diverts time and energy from our business efforts.



Personnel and organization

The reduction of the payroll mass and labor costs, which began last year, continued in FY 10. At the same time, we also engaged in hiring, mostly in services and sales. The spike in labor costs in September 2009 was a result of the payment of the remainder of annual leave bonuses for 2008. The increase in June 2010 was due to the posting of bonuses for the previous year (bonuses are paid out in stock for all employees) and annual leave bonuses.

In closing

Last year, I wrote, “the crisis is an opportunity.” The course of the year has proved that this is in fact the case. Growth in foreign markets, the consolidation of providers in the Datalab ecosystem, and similar developments give us hope that in the future we will achieve an economies-of-scale-based breakthrough.

If our ambitions and awareness of the uniqueness and disruptive potential of the moment were shared by the financial community, the light at the end of our tunnel would be shining even brighter.

Until that day, we’ll persistently march on, mostly thanks to what is probably the best product-programming team in the region.

IT-supported operations are becoming a must, and we have the best position for dominating the market!

Andrej Mertelj,
Executive Director
Andrej Mertelj
Ljubljana, 21 November 2010

2

Chairman of the Board's report

At its eighth meeting, held on 17 June 2009, the shareholders voted in favor of the resolution to change the management system of the company through the introduction of a one-tier management system; this method of work allows for more efficient management and greater flexibility.

The Executive Board consists of three members, which is rational and in line with the current demands and needs for the management and supervision of the company.

In the period from 1 July 2009 to 30 June 2010, the Board held 10 regular meetings.

The Executive Board met for its first meeting on July 8, 2009. At this meeting, among other things, it approved Rules for the Executive Board, constituted an Audit Committee, discussed the Rules on the Work of Executive Directors, and approved a plan of work.

Debates at the second and third meetings focused on problems associated with self-registration, replacing the current auditor, and activities associated with the final report for the period from 1 July 2008 to 30 June 2009.

At its fourth regular meeting, held on 16 November 2009, the Executive Board deliberated guidelines for the financial plan. Because, according to Article 14 of the Consumer Protection against Unfair Commercial Practices Act, the company faces longer-term illiquidity, a resolution was passed that, before the next meeting, the Executive Director prepare a report of financial restructuring measures and measures pertaining primarily to financial reorganization that will be in compliance with the code of corporate and financial ethics.

At the fifth regular meeting, held on 1 December 2009, the Executive Board approved a plan for financial reorganization because the Board was of the opinion that there is at least a 50-percent chance that it would be possible to carry out financial restructuring with the goal of once again making the organization solvent in the short and long term.

At its sixth meeting, held on 8 December 2009, the Board deliberated a report on the progress of financial restructuring, approved the resolution of the Executive Director on acquiring liability insurance for Board members, and approved a business plan for the 2011 and 2012 fiscal years.

At the seventh, eighth, and ninth meetings, the Executive Board deliberated capital injection, reports on financial reorganization, the business plan for the 2010-2015 period, and the mid-year report for the period from 1 July 2009 to 30 June 2010.

At its tenth meeting, held on 7 June 2010, the Board approved a resolution to found a subsidiary company, Datalab SI, d.o.o., which is 100% owned by Datalab Tehnologije, d.d. The founding of a subsidiary in Slovenia will facilitate uniform operations of the entire group. A resolution on capital injection to be realized through the conversion of receivables into stock capital was passed. A resolution to call an assembly of Datalab Tehnologije, d.d. shareholders for 1 September 2010 was also approved.

In the next fiscal year, the Executive Board will continue to see to increasing sales while reducing operating costs, and will also implement suitable measures pursuant to this guideline.

We will enhance supervision of our dependent companies through monthly reporting and direct control over live data from accounting systems using PANTHEON.

In line with the guidelines of the OECD, which Slovenia joined on 1 May 2010, the Executive Board will continue its efforts to achieve the equal standing of immaterial fixed assets, and with it the equalization of intellectual and material property.

Datalab and its cluster of Partner companies firmly believe that only knowledge and develo-

pment can lead to successful operations and that the time is coming when intellectual property (source code, patents, and brands) will finally be recognized as the most suitable capital for financing the development of the industry (and with it the Datalab Group). This is a key field of the OECD's work.

Our view on the importance of immaterial fixed assets or intellectual property was confirmed by the Slovenian business daily Finance when it named our annual report for the previous year the best in the category of small and mid-size companies.

Lojze Zajc
Chairman of the Executive Board
President of the Audit Committee



3

Company presentation

3.1 GENERAL INFORMATION

Short Title: DATALAB d.d.

Full Title: Datalab Tehnologije, družba za razvoj poslovno-informacijskih sistemov, d. d.

Registration: The company is registered at the District Court in Ljubljana under the number 03/06489 (21.11.2003), application number 138651000.

Type of organization: Public Limited Company

Share capital: 444,493.32 euros

Company Registration Number: 1864629

Tax Number: SI87965399

Industry Code: 58,290 – Other software publishing

Bank Account (1): NOVA LJUBLJANSKA BANKA 02010-0256382412

Bank Account (2): RAIFFEISEN BANKA 24203-9062687181

Bank Account (3): BANKA KOPER 10100-0038177352

Bank Account (4): ABANKA VIPA 05100-8011973090

Address: Koprška 92, 1000 Ljubljana

Telephone: +386 1 252 89 00

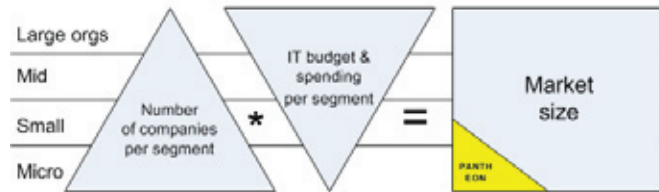
Fax: +386 1 252 89 10

e-mail: info@datalab.si

Website: www.datalab.si (Slovene language) /www.datalab.eu (English language)

3.2 SHORT PRESENTATION OF THE COMPANY

Datalab is a Slovenian company that works with the development of software. It offers comprehensive business IT solutions for small and mid-size companies under the simple but telling slogan Turning data into profit. From 2000, when consulting and support activities were taken up by partner companies, to the present, we have grown to become a company that manages an entire ecosystem. Datalab develops and sells the software and manages implementation and the



distribution of knowledge and experience through its Partner Channel. We view the future of the company in providing software as a service (SaaS) and managing a cluster of companies.

Datalab was founded in 1997 and became a stock company in 2003. Subsidiary companies operate in Croatia, Serbia, Montenegro, Bosnian and Herzegovina, Macedonia and Bulgaria.

3.2.1 Key products and services

Our product – PANTHEON – contains a transaction system for processing orders, invoices, and financial and personnel data and manufacturing resource planning. It is based on MS SQL Server data structure, and has been developed for Windows environment; it also works in Linux environment. PANTHEON supports e-business operations, enhancing the competitiveness of those who use it. PANTHEON has received a number of awards. In 1999, 2000, 2001, and 2002, PANTHEON received the title Best of Infos – Finalist, and in 2005 the Croatian magazine PC Chip named it the best business IT system in Croatia. In the same year, it also received an award for outstanding achievements in Serbia and Montenegro. Datalab was awarded the Oracle Partner of the Year 2007 in EE & CIS award. In 2008, Datalab became the first Slovenian company to receive the prestigious European Seal of Excellence award at CeBit. PANTHEON received a gold award for best e-solution, and Datalab received a silver award for best e-company at the Best e-company and Best e-solution Awards organized by the Public Agency of the Republic of Slovenia for Entrepreneurship and Foreign Investments, the Slovenian Chamber of Commerce, and the Ministry of Higher Education, Technology, and Science.

Subsidiary ("sub"): A subsidiary company that sees to managing the Partner Network. Partners see to SIS (Sales, Implementation and Support) activities in their market.

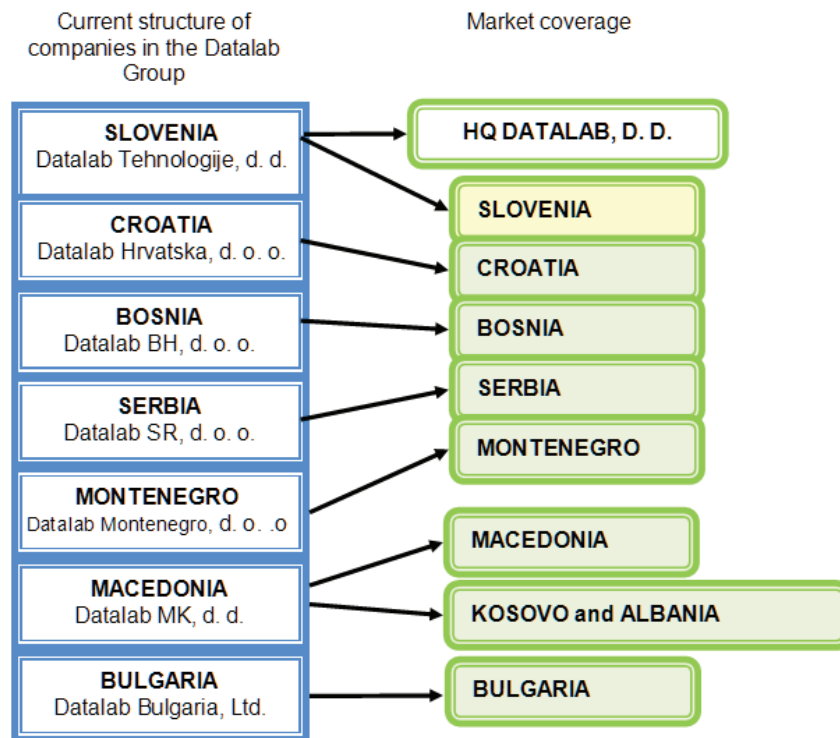
In the future, we must achieve several key goals: transition from PANTHEON licensing to the software as a service (SaaS) model, expansion of a successful Partner model to new areas, consolidation of smaller local business IT providers (the competition) in Datalab’s partner structure. By achieving these goals, we would like to achieve greater support from our Partners, a larger market share, increased user satisfaction, and enhanced support quality. PANTHEON will be available to every company for a monthly fee that includes upgrading but not support. Subscription prices will range from 15.99 euros per user in developing markets to 62.99 euros per user in developed markets – in other words, prices will be comparable to the price of monthly mobile phone subscriptions.

Datalab’s key business processes have already been set in place and outfitted with an adequate IT support structure. At present, marketing strategies are relatively basic, but they do the job. This concept has proven to be successful, and has given us a wealth of valuable experience. It is our mission to facilitate the use of a cost-efficient business IT system on a worldwide level, and to provide this service to even the smallest businesses, thereby simplifying their operations, helping

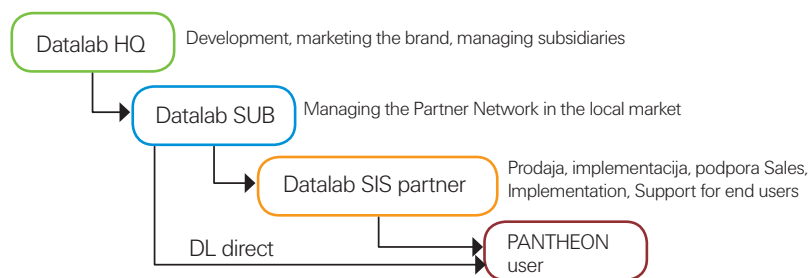
them to become more competitive, enhancing their chances for survival, and turning their data into profit.

3.2.2 Marketing strategy

The Datalab Group is made up of the parent company, Datalab d.d., and its subsidiary companies in individual countries. In Slovenia, Datalab d.d. intends to shift the task of managing the Partner Channel to a separate company, as is the case in all other countries where Datalab is present. The business plan for the next five years has been created to reflect this: The main company, Datalab d.d., sees to development, marketing the brand, and managing the group; its subsidiaries (known as "subs") see to managing the Partner Network in individual countries. The markets in Kosovo and Albania are covered by Datalab's subsidiary in Macedonia. Figures for these markets are shown separately in reports. A subsidiary company was founded in Bulgaria in September 2009 and is operating, yet due to the financial situation we have yet to pay our 50-percent share of founding capital.



Relationship between management and sales in markets



Datalab has a number of sources of revenue:

- The most important source of revenue are licensing fees
- A second source of revenue are **Upgrade Contracts** (contracts that entitle end users to upgrade PANTHEON with the latest legislative changes and technological enhancements)
- The third source of revenue are **user fees** (leasing and subscriptions), which include license fees and upgrades. Users pay these fees to subsidiaries for the right to use PANTHEON and for upgrades. As with hosting, this system of work reduces start-up investments, that is, the investment cost of acquiring a business IT solution
- **Membership fees** are paid to Datalab by consultants and cover the use of tools and support
- **Hosting**, through which Datalab offers the use of PANTHEON as a web-based service
- **Tertiary revenue includes:**
 - Training conducted by the **Datalab Academy** (founded in 2007) is billed directly to participants (Partners or end users); revenue encompasses the price of training and certification
 - **Advertising** on Datalab's websites and in PANTHEON Novice, where Partners, users, and others can advertise their products and services
 - **Data subscriptions** are an online service that updates the user's data on a daily basis (exchange rates, registers, etc.) directly in PANTHEON
- Other revenue: The PANTHEON Conference (a traditional event that brings together Partners and end users with the goal of exchanging information and best practices), revenue from interest on loans to subsidiaries

Although the organization operates on a franchise model, Datalab does not collect a share of the revenue customers pay to our Partners.

At the start of FY 10, we began intensively marketing our hosting service, that is, PANTHEON as a service. Furthermore, we are increasing the share of Upgrade Contracts. In FY 2010, we plan to increase revenue in these two segments and to increase tertiary revenue, that is, the sale of complementary services.

3.2.3 Division of tasks

Datalab has divided its operations into three levels, which also reflect cash flows.

Level 1: The parent company develops the software and related business practices and manages the entire network.

Level 2: Subsidiaries are in charge of localizing PANTHEON for their local markets. Localization includes translating the user interface and adapting the program to the legislative and business environment of the local markets. Subsidiaries provide support to Partners and form a link between consultants at Partner companies and developers at the parent company.

Each subsidiary must establish a local support center that provides support for sales, licensing, and smaller technical problems via telephone, online applications, and e-mail.

Level 3: Datalab Partners implement PANTHEON, provide support, and activate subscriptions for users. Due to shortcomings of the Partner Channel, which was not prepared/trained to support micro companies and which lacked focus on accounting firms, in 2010 we began offering Datalab Direct sales and support via the Datalab ServiceDesk service.

3.3 PERSONNEL MAKE-UP

At the beginning of the year, there were 53 full-time employees and 5 external contractors/full-time student employees at the company. At the end of the Fiscal Year, on 30 June 2010, there were 40 full-time employees and 16 external contractors/full-time student employees.

Department	30. 6. 2010	1. 7. 2009
Management	3	1
Sales	3	1
Development	38	44
Marketing	4	4
Accounting	3	2
Administration	2	1
DL Academy	2	0
Director of DL SI	1	0
Total	56	53

Number of employees by level of education and companies in the Datalab group:

Level of education	SLO		HR		BA		SR		BG		MN		MK		DL Group	
	30.6.2010	1.7.2009	30.6.2010	1.7.2009	30.6.2010	1.7.2009	30.6.2010	1.7.2009	30.6.2010	1.7.2009	30.6.2010	1.7.2009	30.6.2010	1.7.2009	30.6.2010	1.7.2009
Grammar school															0	0
Trade school	1														1	0
Four-year high school	25	36	2	1	2	4	2	2							31	43
Higher education	10	4	7		2	6	1	1			1	1			14	19
University education	18	11	5		8		4	4	1		4	2	7	9	47	26
Master's degree	2	2							3	3	1				6	5
Doctorate															0	0
Total	56	53	7	8	12	10	7	7	4	3	6	3	7	9	99	93

Number of employees by type of employment and companies in the Datalab group:

Type of employment	SLO		HR		BA		SR		BG		MN		MK		DL Group	
	30.6.2010	1.7.2009	30.6.2010	1.7.2009	30.6.2010	1.7.2009	30.6.2010	1.7.2009	30.6.2010	1.7.2009	30.6.2010	1.7.2009	30.6.2010	1.7.2009	30.6.2010	1.7.2009
Full-time employee	40	48	7	7	11	7	7	5	4	3	6	3	7	9	82	82
Regular external contractors	13	1													13	1
Author contracts	1	2			2										2	4
Students	2	2	1		3										2	6
Total	56	53	7	8	12	10	7	7	4	3	6	3	7	9	99	93

The current situation in the economy is somewhat reflected in the personnel make-up of the company, particularly in the type of employment. As the above table show, at the beginning of the Fiscal Year we employed 48 full-time employees, and 40 as of 30 June 2010. A considerable increase of other types of employment can be noted, in particular regular external contractors, 13 of which currently work for Datalab. We are successfully fighting the recession and are working hard to prevent the recession from having an effect on our personnel, either in terms of quantity or – especially – in terms of quality.

3.4 COMPANY ORGANS

Company Organs:

- Shareholder Assembly
- Executive Board

The Assembly is made up of the company's shareholders.

The Executive Board consists of three members:

- Lojze Zajc, Chairman of the Executive Board
- Tone Černe, Non-executive Director
- Andrej Mertelj, Executive Director

3.5 COMPANIES IN THE DATALAB GROUP

SUBSIDIARIES

CROATIA

Datalab Hrvatska, d. o. o.

Trg. 1. Istarske brigade 6
52100 Pula, Hrvatska
Telephone: +385 52 500 084
Fax: +385 52 500 087
info@datalab.hr
www.datalab.hr
Director: Igor Sigmundović

SERBIA

Datalab SR, d. o. o.

ul. Bul. Mihajla Pupina 10v/115
11000 Novi Beograd, Srbija
Telephone: +381 1 311 94 39
Fax: +381 1 311 94 39
info@datalab.rs
www.datalab.rs
Direktor: Miodrag Ranisavljević

MONTENEGRO

Datalab MN, d. o. o.

Vuka Karadžića 8/1
81000 Podgorica, Črna gora
Telephone: +382 81 232 101
Fax: +382 81 232 101
info@datalab.rs
www.datalab.rs
Director: Danko Obradović

SERBIA

Datalab Automotive, d. o. o.

Bulevar dr Zorana Đinđića 4 a
11000 Novi Beograd, Srbija
Telephone: +381 11 214 67 27
Fax: +381 11 214 01 83
info@dl-automotive.rs
www.dl-automotive.rs/
Director: Persida Pandurović

BOSNIA AND HERZEGOVINA

Datalab BA, d. o. o.

Hamdije Cemerlica br. 2/10
71000 Sarajevo, BIH
Telephone: +387 337 120 35
Fax: +387 337 120 36
info@datalab.ba
www.datalab.ba
Director: Nedim Pašić

MACEDONIA, KOSOVO, ALBANIA

Datalab MK, d. o. o.

Samoilova 102
1000 Skopje, Republic of Macedonia
Telephone: +389 2 3290 956
Fax: +389 2 3212 845
info@datalab.com.mk
www.datalab.com.mk
Director: Sašo Jovanovski

BULGARIA

Datalab Bolgarija Ltd.

13 Tintyava Str.
1113 Sofija, Bolgarija
Telephone: +359 2 960977
Fax: +359 2 9609797
info@datalab.bg
www.datalab.bg

3.6 KEY FINANCIAL DATA AND INDICATORS

Key financial data	FY 10 in euros	FY 09 in euros	Index 10 / 09
Gross operating income	3,685,198	3,692,055	100
Operating profit (loss) before taxes	415,917	156,885	265
Net profit and loss statement for the Fiscal Year	400,018	183,456	218
Net cash flow (profits + depreciation)	1,165,352	806,085	145
Total assets	5,802,736	5,227,485	111
Fixed (non-short-term) assets	4,421,012	3,921,070	113
Variable (short-term) assets	1,381,724	1,306,415	106
Equity	2,619,820	2,219,802	118
Long-term liabilities and reservations	781,680	822,206	95
Short-term liabilities and accrued costs and deferred revenues	2,401,236	2,185,477	110
Employees as of 30 June	56	53	106
Number of Partners in Slovenia	59	43	137
Number of Partners in group	215	125	172
RATIOS			
Total profit/operating revenue - %	11.56	4.25	272
Total profit/equity - %	15.88	7.07	225
Net profit/equity - %	15.27	8.26	185
Net profit/share - euros	3.76	1.72	218
Degree of independence (equity/total assets) - %	45.15	42.46	106
Liquidity (short-term assets/long-term debt and accrued costs and deferred revenues)	57.54	59.78	96
Number of users	20,151	17,522	115
Number of companies	6,353	5,694	112
Number of consultants	447	332	134
Number of all FULL-TIME employees	81		
Number of all employees in the Datalab group	99	93	106

3.7 STOCK INFORMATION

	30. 06. 2010	30. 06. 2009	Index 10 / 09
Number of issued ordinary shares	106,519	106,519	100
- of which purchased shares	22	22	100
Book value of stock on last day of Fiscal Year (in euros) (Capital/number of issued ordinary shares)	24.59	20.84	118
Market price of stock on the Ljubljana Commercial Paper Exchange			
Highest price in the year (in euros)	60	93,9	64
Lowest price in the year (in euros)	54,9	60	92
Average share price in the year (in euros)	55,89	72,76	77
Price on last trading day in year (in euros)	55,89	72,76	77
Market value of capital (in euros) (number of issued ordinary shares * price on last trading day of year)	5,858,545	6,391,140	92
Yield per share in current year (price on last trading day of current year/price on last trading day of previous year)	0.92	0.64	143
Yield per share in current year (price on last trading day of current year/price on last trading day of previous year) (in euros)	-5	-33.9	15
P/BV (average market price of share/book value of share)	2.27	3.49	65
P/E (average market price of share/gross profit of Fiscal Year per share)	14.88	42.24	35

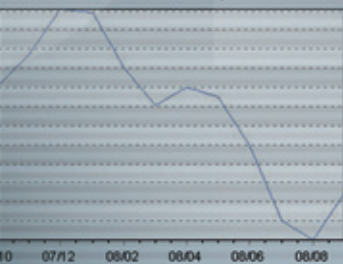
Fluctuation of Datalab stock compared to the SBITOP index for the period 1 July 2009 to 30 June 2010. Aside from blue chips, the Ljubljana Stock Exchange was inactive for most of the year, which is reflected in the fluctuation of our stock as well. Source: LJSE



Overview of revenues by subsidiaries for the current year (1 July 2009 – 30 June 2010) and the previous year (1 July 2008 – 30 June 2009). Because Slovenia was included in Datalab, d.d. in FY 10, data on sales in foreign markets were included in domestic revenue in foreign markets.

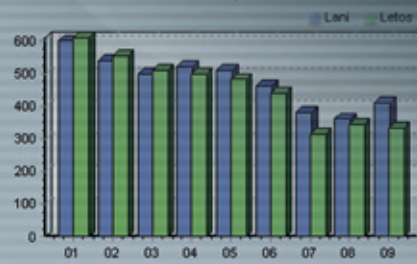
	SI		HR		BA		SR		MN		MK		BG*		Skupaj**		Index
	FY 10	FY 09	FY 10	FY 09	FY 10	FY 09	FY 10	FY 09	FY 10	FY 09	FY 10	FY 09	FY 10	FY 09	FY 10	FY 09	
A. Net revenue	1,573,436	1,152,165	666,455	397,905	412,219	372,552	523,396	429,008	88,927	95,647	306,588	216,585	65,448	3,636,469	2,663,862	137	
1. Net revenue from sales of products and services in domestic market	1,573,436	1,152,165	645,742	362,737	412,219	372,552	518,107	427,087	88,927	95,647	236,895	172,441	65,448	3,540,774	2,582,629	137	
1. Net revenues from sales of products and services in domestic market, excluding rent	1,550,888	1,133,479	645,742	362,737	406,014	372,552	518,107	427,087	88,927	95,647	236,895	172,441	65,448	3,512,021	2,563,943	137	
a. License fees	490,064	534,128	416,952	209,156	250,256	255,538	296,604	256,538	61,213	70,502	176,705	106,119	58,110	1,749,904	1,431,981	122	
b. Upgrading	865,728	387,142	195,764	78,160	115,972	82,401	164,874	131,059	25,530	22,849	15,759	19,869	3,366	1,386,993	721,480	192	
c. Membership fees	57,476	68,751	18,416	12,600	14,975	11,038	22,658	18,935	2,184	0	4,153	3,365	469	120,331	103,651	116	
d. Services	63,543	51,367	0	46,020	13,891	326	10,165	786	0	0	24,267	30,571	3,972	115,838	129,070	90	
e. Marketing	15,460	47,433	10,770	0	4,077	22,356	15,969	6,903	0	0	0	0	1,187	47,463	76,692	62	
f. Training and certification	29,745	29,617	3,840	4,104	4,577	11,038	7,835	11,387	0	0	1,246	0	0	47,243	56,146	84	
g. Hosting services	17,904	0	0	0	0	0	0	0	0	0	0	0	0	17,904	0	0	
h. Other	10,968	15,041	0	12,697	2,266	893	2	1,479	0	2,296	14,765	12,517	0	28,001	44,923	62	
2. Net revenue from rent	22,548	18,686	0	0	6,205	1,341	0	0	0	0	0	0	0	28,753	20,027	144	
II. Net revenue from sales of goods and materials in domestic market	400	0	0	0	0	0	0	0	0	0	0	0	0	400	0	0	
III. Net revenue from sales of products and services in foreign markets	0	20,713	35,168	0	0	0	5,289	1,921	0	0	69,693	44,144	0	95,695	81,233	118	
a. License fees	0	37,491	0	0	0	0	79	1,323	0	0	23,482	22,072	0	23,561	60,886	39	
b. Upgrading	0	0	0	0	0	0	5,210	521	0	0	0	1,766	0	5,210	2,287	228	
c. Membership fees	0	0	0	0	0	0	0	77	0	0	360	0	0	360	77	468	
d. Services	0	20,713	20,713	0	0	0	0	0	0	0	0	210	0	20,713	210	9,863	
e. Marketing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
f. Training and certification	0	0	0	0	0	0	0	0	0	0	0	2,0096	0	0	20,096	0	
g. Other	0	-2,323	0	0	0	0	0	0	0	0	45,851	0	0	45,851	-2,323	x	
Average number of employees	41.8		7.5		8		6.4		3		10.2		4	81			

Stroški električne energije



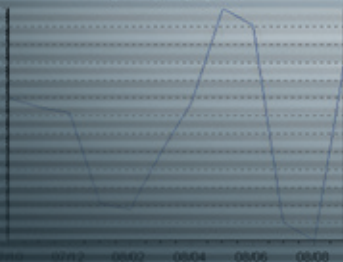
Stroški porabljene električne energije za zadnjih 12 mesecev. V primarni valuti.

Stroški električne energije letos tani



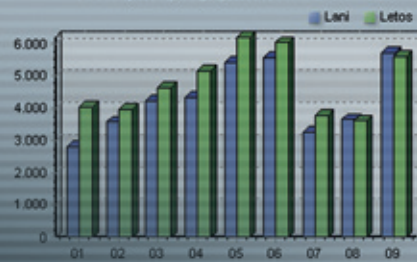
Stroški električne energije letos v primerjavi s stroški lani po mesecih. V primarni valuti.

Stroški porabljenega goriva



Stroški porabljenega goriva za zadnjih 12 mesecev. V primarni valuti.

Stroški porabljenega goriva letos tani



Stroški porabljenega goriva letos v primerjavi s stroški lani po mesecih. V primarni valuti.

Kdo napravi potovanje

Zaposleni	Kilometrov
Franc Referent	1000
Sandra Urhart	1000
Lili Novak	1000
Petere Pan	1000
Laura Lotnik	1000
Vili Kotnik	1000
Simon Jug	1000
Andrej Referent	1000
Andrej Šef	1000
Maja Novak	1000

Zaposleni po številu kilometrov, ki so jih opravili v zadnjem letu.

Promet na prepotovan kilometer

Obdobje	KM	Promet EUR	EUR na KM
2008/09	5596	502.154,00	89,73
2008/08	3603	261.397,65	72,55
2008/07	3804	279.251,64	73,41
2008/06	6021	424.721,34	70,54
2008/05	6204	387.998,16	62,54
2008/04	5147	207.063,81	40,23
2008/03	4601	322.622,12	70,12
2008/02	3958	269.618,96	68,12
2008/01	4025	238.763,00	59,32
2007/12	4412	243.586,52	55,21

Prihodki na prepotovan kilometer po mesecih v zadnjem letu.

4

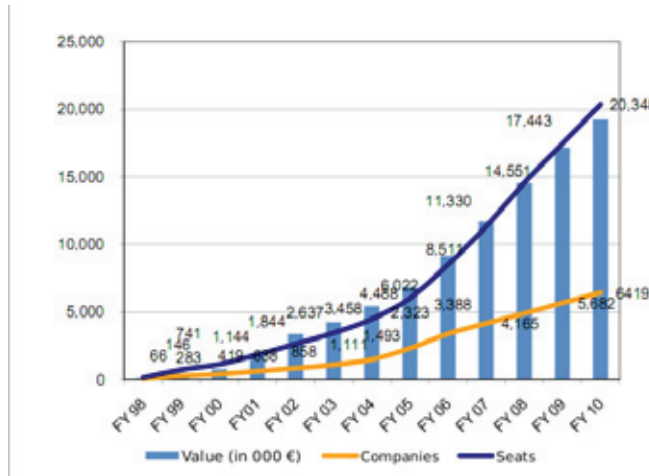
Business report

4.1 SALES IN THE 2010 FISCAL YEAR

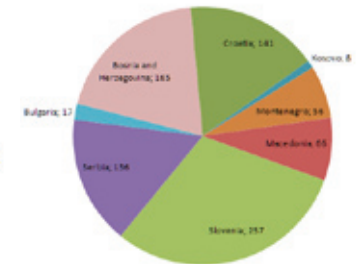
In FY 2010, the recession took a severe toll on sales. This is why we did not grow as planned.

If we take account of a shift in trends due to replacing PANTHEON 5.0 with the newer generation, PANTHEON 5.5, which was centered in 2009 and continued into 2010, the results for the sale of new licenses (+22%) can be considered satisfactory. A growth in markets where we consolidated providers could be noted (Macedonia +37%, Croatia +99%, Serbia +16%; see the section on the Partner Sales-Implementation Channel for additional information). The center of and main impact on the sale of new licenses and the value of installed licenses is expected in FY 11, when a considerable number of users will migrate from old programs.

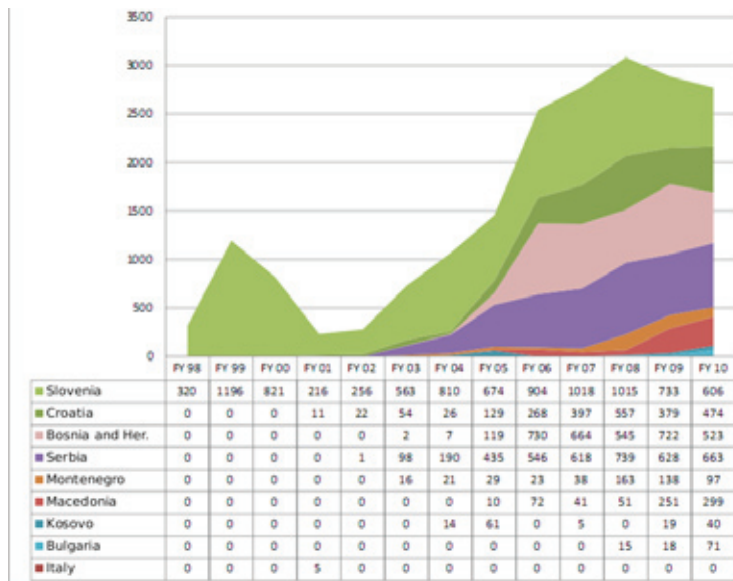
Value of installed licenses, companies and seats.



The number of companies that purchased PANTHEON in FY 10.



Graph: Distribution of sold licenses by licenses sold, by years and countries. The graph shows that the sale of licenses in Slovenia in FY 10 accounted for 20% of sales, clearly revealing the reduced impact of an individual market on the operations of the group.

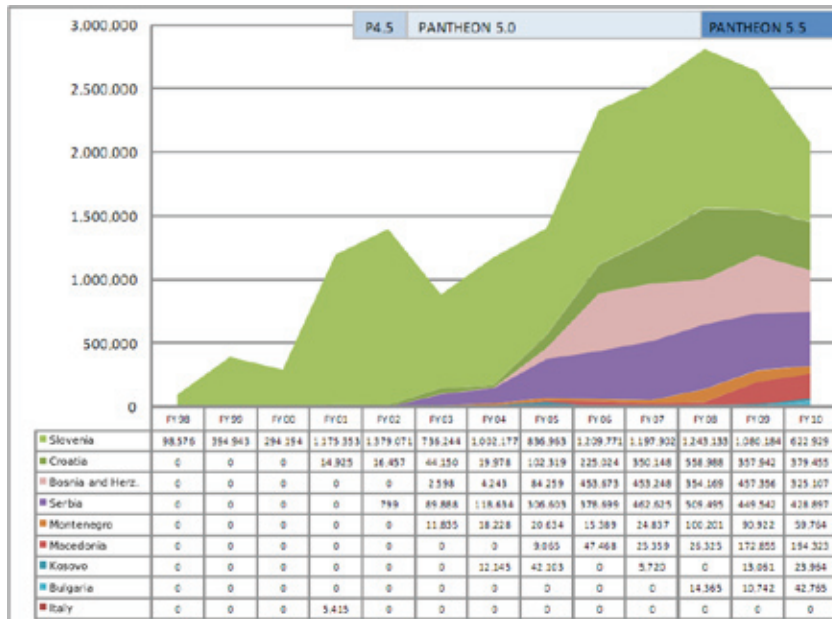


The license values shown here are the product of the recommended market value and quantities sold, excluding any discounts or commissions, and represent the basis on which users pay upgrade fees.



Graph of value of sales by years and countries. A drop in the sale of licenses is clearly visible in the years of the transition between generations, followed by an increase in sales of the new generation in the following years. Sales growth was noted in Croatia and Macedonia, where we had already begun the consolidation of the market in FY 10.

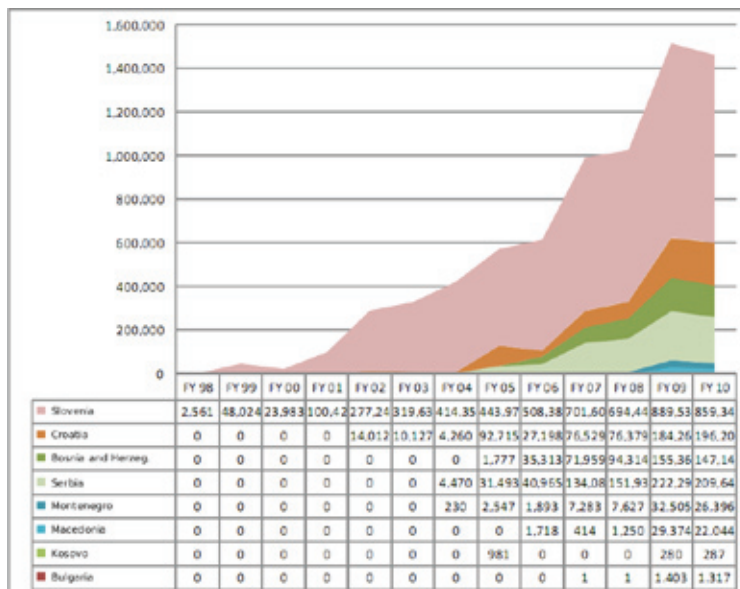
Value of license sales by years and countries



The sale of Upgrade Contracts was similarly affected by the recession and financial crisis. Companies tried to cut costs any way they could, which is why we began the year with a considerable number of unrenewed Upgrade Contracts, which resulted in a 4% decline in the gross value of Upgrade Contracts. However, the net total was 92% greater than in the previous year in spite of this. The largest boost to this increase in revenue was provided by so-called historical revenue – back charges charged for upgrades in the period when the user was without an Upgrade Contract. In the next few years, we will make up for lost gross revenue through these back charges. At the same time, we fear a larger wave of bankruptcies and the resultant erosion of the installed base. Yet we also foresee upgrade revenue considerably increasing in FY 11 and the following years due to the growth of the installed base driven by users acquired through consolidation.

If a user does not renew an Upgrade Contract for a period of time and then signs a new Upgrade Contract, they are charged so-called back historical charges for the enhancements made when they were not covered by an Upgrade Contract.

The gross value of the sale of Upgrade Contracts by years and countries



The value of billed membership fees grew by 16%. For a monthly membership fee of 50 euros in Slovenia or 30 euros in other countries, certified Team members at our Partners are entitled to technical support and to use the support tools on Datalab's Partner Site. A decline in revenue from membership fees can be noted in Slovenia (-16%) due to cuts at existing Partner teams in response to the recession. A counterweight to this development is the growth of new members through the inclusion of former competitors in the last quarters. This development led to a 46% increase of membership fee revenue in Croatia, a 23% increase in Macedonia, and a 20% increase in Serbia.

Paid escalations (reports of justifiable errors/enhancements on the Help Desk) and revenue from services grew by 24% in Slovenia and became a considerable source of revenue in Bosnia and Herzegovina and Serbia, but declined in Croatia and Macedonia. **The group as a whole recorded a 6% increase in revenue from services.**

Revenue from rent (includes renting out office space and leasing the software) **increased by 44%** in FY 10, mostly due to increases in software leasing in Slovenia and Bosnia and Herzegovina.

Marketing revenues, which in previous years had come mostly from PANTHEON Conferences, **decreased by 38% in FY 10** because, due to the recession, we could not organize Conferences. At the same time, we've increased revenue from the sale of advertising space on our websites and from smaller events.

Let's take a closer look at sales by country:

4.1.1 Slovenia

In FY 10, 257 companies were implemented in Slovenia and now use PANTHEON for their business needs (for a total of 3,722 companies). 606 licenses of various kinds were sold, with a value of 623 thousand euros; this is 43%(!) less than in the period prior to this one, when 773 licenses were sold. The reasons for the decrease in license sales were the recession and the investment/liquidity crunch. Sales opportunities were exceptionally scarce throughout the ICT sector, which is recording unfathomable declines of sales in all areas.



Companies that began using PANTHEON in FY 10 (Slovenia).



In Slovenia, a total of 9,185 licenses are in use at 3,702 companies. The total value of licenses in Slovenia is 11,370 thousand euros. It should also be noted that these 3,702 companies submitted nearly 13,500 balance sheets (accounting firms submit multiple balance sheets) out of a total of 127,407 balance sheets submitted in Slovenia. This means that in Slovenia, nearly 1 out of 10 companies or public offices use PANTHEON to track business operations on the level of the general ledger!

4.1.2 Croatia

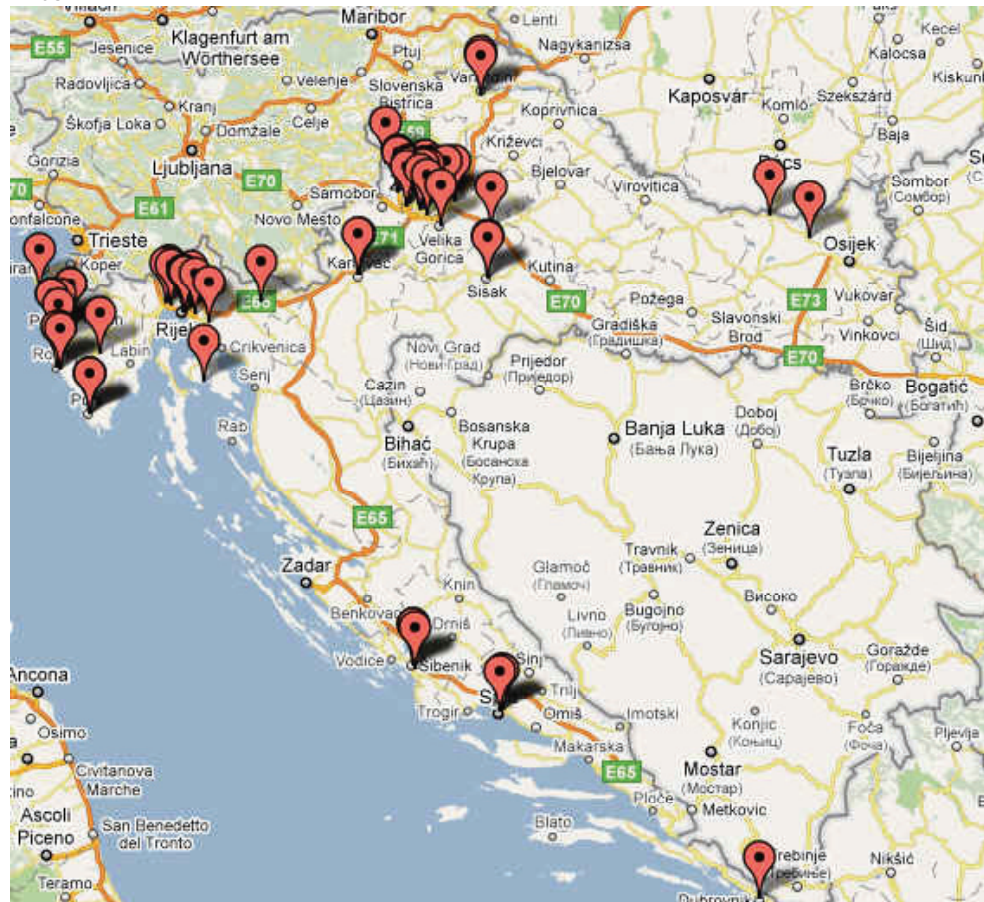


Igor Sigmundović,
Director of Datalab HR

FY 10 also felt the effects of the macroeconomic crisis and recession. For us, this was most evident in the longer period of time required by users to decide on acquiring a business solution or replacing an existing solution. Activities that we began with potential users in the previous year were concluded with business this year. Also, this year we've enhanced activities for signing Upgrade Contracts, which were directed mostly at older users with expired Upgrade Contracts. As a result of these activities, currently only 11% of licenses sold are not covered by Upgrade Contracts. We've also enhanced our activities and talks about cooperation with producers of other applications and systems throughout Croatia. In this framework, the migration of users from our new Partner, Excel Computers of Osijek, got underway, and several similar opportunities are on the horizon.

All this has led to an increase in license sales (+99%) and Upgrade Contracts (+150%) compared to FY 09.

In Croatia we sold new licenses to 155 companies, who purchased 578 licenses of various kinds.



Companies that began using PANTHEON in FY 10 (Croatia).

The organization of the Datalab group and its presence in markets in the region are the reason for an increased response from companies that do business throughout the region; for these companies, PANTHEON is one of the few available solutions that supports operations in all the countries where they do business.

We already mentioned Partner Network expansion as a condition for the continued growth of our market presence. An increase in the number of Sales-Implementation Partner teams and the presence of PANTHEON in educational institutions could also be noted – this year we began working with an adult education center in Split.

2,647 PANTHEON licenses (+44%) are used in Croatia; the total market value of these licenses is 2,238,298 euros (+33%).



**Nedim Pašić, Director
Datalab BA**

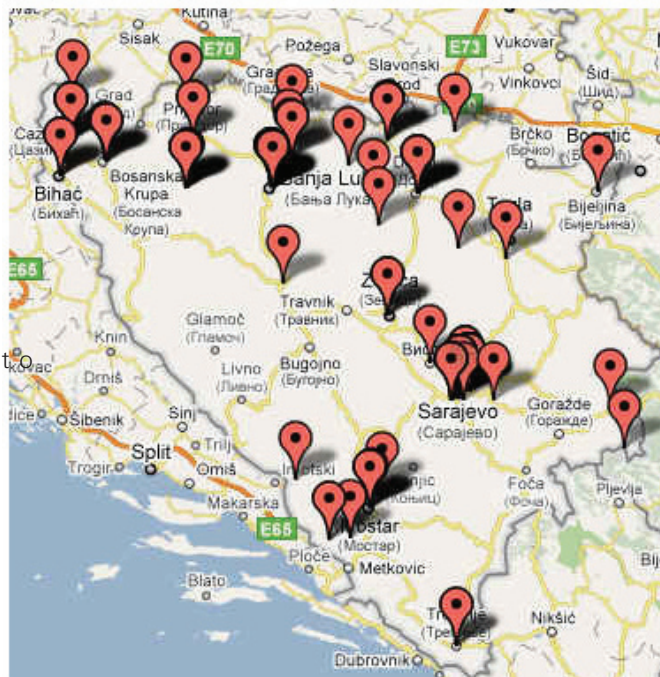
4.1.3 Bosnia and Herzegovina

At Datalab BH, FY 10 was marked by the strong negative impact of the recession, due to which we consolidated activities in all business functions and enhanced productivity.

Datalab's business partners are mostly focused on maintaining the level of services they provide to end users, which was a direct cause of decreased activity in the sale of new licenses through the Partner Channel.

Competitors also began to become aware of the danger of losing the market, and consequently improved the quality of services and lowered product prices; this could be felt in sales and in the battle for every potential user.

We recorded a 41% increase in the sale of Upgrade Contracts compared to the previous year.



**Companies that began
using PANTHEON in
FY 10 (Bosnia and
Herzegovina).**

The number of new PANTHEON users in Bosnia and Herzegovina rose by 206 companies, which purchased a total of 471 licenses of various kinds.

There were a total of 35 Partners with 44 consultants at the end of FY 10, with whom we will continue work on expanding the Partner Network.

We signed an EDU contract with the Faculty of Economics in Sarajevo for required classes in the Accounting department; this is a continuation of a trend in the EDU community, as we already work with Apeiron University in Banja Luka and the

Faculty of Economics in Zenica.

We managed to preserve the company's liquidity and stepped up direct invoicing and payment from customers and, when applicable, financing options for paying for the software in monthly installments. Through this, we've distributed receivables, reduced risk, and achieved enhanced supervision of payments. We've carried out stabilization measures – reducing fixed costs to maintain and ensure profitability.

The end of the Fiscal Year was marked by preparations for the introduction of fiscalization in The Federation of Bosnia and Herzegovina; we view this as an opportunity for sales growth.

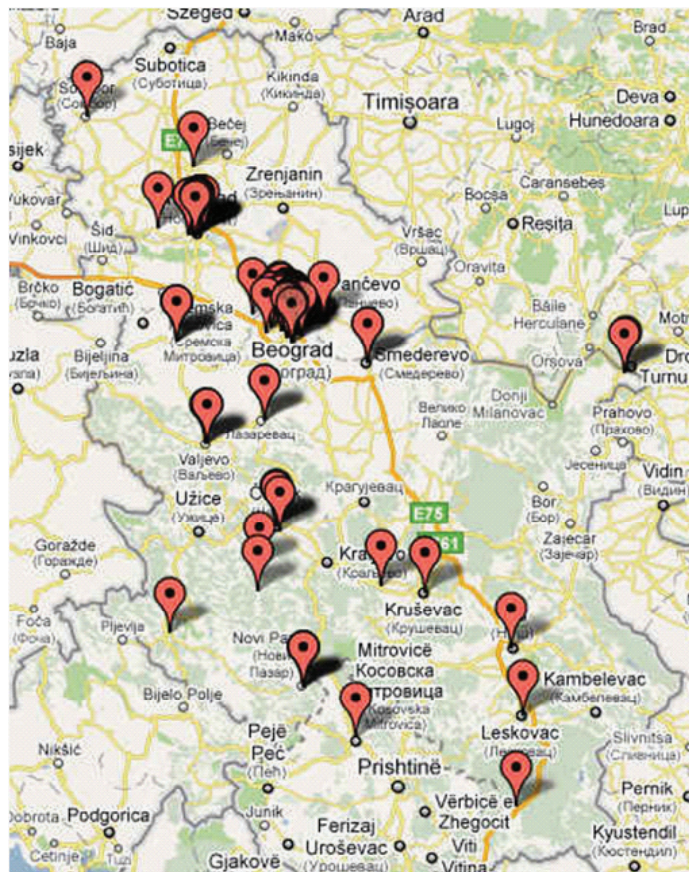
As of 30 June 2010, PANTHEON was used by 950 companies with a total of 3,076 users. The total market value of licenses sold was 2,466,318 euros.



Miodrag Ranisavljević,
Director Datalab SR

4.1.4 Serbia

Despite the crisis and the problems facing the economy in Serbia, there was a 16% growth of the sale of new licenses in FY 2010. Considering the size of the market, this growth is not surprising. If we keep in mind the global financial crisis and its effects, this growth is an excellent indicator of how value-for-money has become a decisive factor in business software purchase decisions in the new circumstances in the market. Although the program is primarily intended for small and mid-size companies, in the Serbian market, PANTHEON has been shown to be an excellent platform for larger mid-size and large companies.



Companies that began using PANTHEON in FY 10 (Serbia).

Despite the crisis, which has affected all branches of the economy, Datalab has invested additional efforts in improving the quality of the Partner Channel. The Partner Channel currently numbers 67 consultants with over 90 certificates for various fields of work and PANTHEON modules. By enhancing quality and increasing investments, we've managed to achieve good results despite the general trend of diminishing sales. This is also a testament to the value of services linked to PANTHEON, which brought in over half a million euros.

In FY 10, 136 companies purchased 663 licenses of various kinds.

In FY 11, we expect a growth in the sale of licenses to both existing and new companies, in line with the expected consolidation of the market as a result of the economic crisis.

At the end of 2010 we signed a preliminary agreement on a merger with the largest local business solution provider, BlueSoft. The growth of sales planned for 2011 also reflects the migration of BlueSoft's 17,000 users to PANTHEON. At present, over 6,000 companies in Serbia use BlueSoft's software, and approximately 70% are planning on migrating to PANTHEON.

In Serbia, PANTHEON is installed at 898 companies, with 4,043 licenses. The total value of installed licenses in Serbia is 2,745,182 euros.



Persida Pandurović,
Datalab Automotive

4.1.5 Serbia – Datalab Automotive, d. o. o.

On 3 November 2008, a new company began operations: Datalab Automotive. Its HQ is located in Belgrade, and it was started with capital backing from Slovenia and France: Datalab Tehnologije d.d. has a 10% share in the enterprise, and Hit Auto, the leading importer for Renault in the area of Serbia, Montenegro, and Macedonia, has a 90% share.

It was founded with the goal of supporting the operations of automobile dealerships, in particular Tier 1, 2, & 3 dealerships. The integration of ICAR + PANTHEON has been developed and successfully implemented at Hit Auto.

We are currently in the process of wrapping up talks with Sage-Cogestib on the promotion and sale of ICAR in Southeast Europe. The completely integrated ICAR + PANTHEON solution has been fully implemented at our first user, the largest importer and servicer for Renault and Dacia in Serbia – HitAuto d.o.o.

In December 2009, an open house was held where we presented the integrated solution.

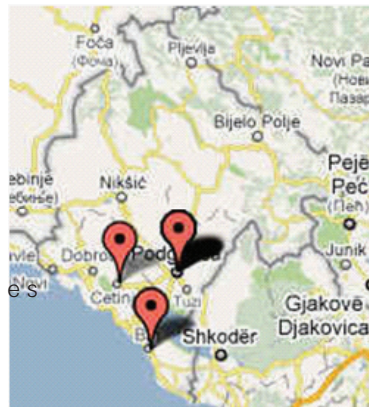


Danko Obradović,
Datalab MN

4.1.6 Montenegro

Datalab MN's operations in FY 10 were weighed down by the effects of the recession.

We foresaw that Datalab MN would have to expand its activities by providing services to end users.



We maximized our efforts to promote PANTHEON, and I believe we can say that there is not an important economic subject that is not familiar with our product.

We've maintained the level of Upgrade Contract sales, but license sales experienced a decline. At the end of FY 10, PANTHEON was used by 192 companies in Montenegro.

The liquidity of the company is threatened by difficulty with the payment of receivables. We ended the Fiscal Year with a loss.

In 2011, we expect a growth of sales and increased revenues from services, and consequently positive business results.

In Montenegro, PANTHEON is installed at 231 companies, with 525 licenses. The total value of installed licenses in Montenegro is 341,812 euros.



Companies that began using PANTHEON in FY 10 (Montenegro).



Sašo Jovanovski,
Director Datalab MK (in
charge of KO)

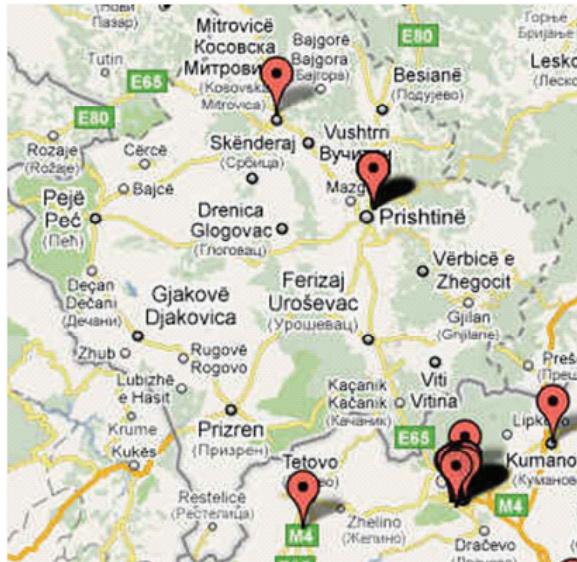
4.1.7 Kosovo

The market in Kosovo began producing results in FY 10. Investments in the training of a Partner team and help with implementation produced initial results. The sale of licenses to ten new companies, with a market value of 29,400 euros, does not reflect the capacity of the market, but does provide a basis for future results.

Fiscalization began in FY 10, but only at the end of the year, so the expected results have been moved back to FY 11. FY 10 was an opportunity to prepare for fiscalization, which will give us a competitive edge in the Kosovo market.

In FY 10, Datalab also opened its own office in the Kosovo market. This was part of a project co-financed by USAID. Personal contacts and B2B meetings helped create new sales and stimulate the market. The main problem in Kosovo remains the enormous degree of segmentation in the market, which is flooded with small, cheap solutions that are our main competition in terms of price.

In Kosovo, PANTHEON is installed at 30 companies, for a total of 139 licenses with a value of 96,993 euros.



Companies that began
using PANTHEON in FY
10 (Kosovo).

4.1.8 Macedonia

FY 10 was marked by the recession and companies' reluctance to invest in software. In spite of this, through direct sales we managed to achieve 101% of the planned result, which means that we increased sales by 185% compared with the previous year. These sales results are primarily due to Datalab MK's direct sales, which account for 52% of sales in FY 10, although it should be noted that our Partners have succeeded in becoming successful sellers. This way, the burden of selling the product does not rest solely on Datalab. In 2010, three Partners generated over 10% of total sales in the market. We've leveled out the proportion of direct sales to Partner sales to 50/50, compared to 70/30 in FY 09, which is excellent for distributing risks associated with sales results.

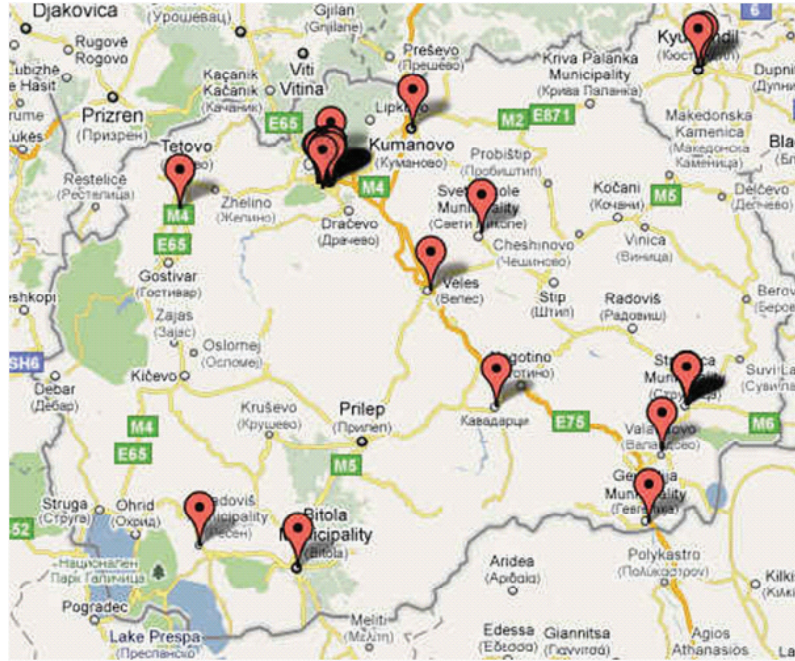
In FY 10, the trend of sales to companies with multiple users continued. PANTHEON has proved itself to be the only solution for these kinds of companies in Macedonia, and is slowly positioning itself in the market as such. So as not to avoid the micro segment, at the end of the year we put together a team that will sell exclusively to micro companies in Macedonia.

Direct marketing is a marketing tool that we used successfully in 2010. We will continue to use it in 2011 to reach out to new users, as we are the only company that uses this tool.



Companies that began using PANTHEON in FY 10 (Macedonia).

In Macedonia, PANTHEON is installed at 174 companies, who use a total of 724 licenses. The total value of licenses is 475,395 euros.



Masussia Margaritova, Director Datalab BG

4.1.9 Bulgaria

In FY 10, 71 PANTHEON licenses with a total value of 42 thousand euros were sold.

The annual GDP fell by 5.4%. The general slow-down of the economy in the last quarter of 2009 and the fall in the third quarter are the result of the service sector.

Industry: Although the decline slowed in the third quarter, in the fourth it again rose from 6% to 7.5%. This is due to a decrease in added value in construction (from 9.7% to 8.7) and industry (from 6.5% to 4.8%). In the fourth quarter, investments declined by 35%.

Unemployment by quarters grew even faster – in the fourth quarter it reached 7.9% (compared with 6.7% in the third quarter and 5% one year ago). The implementation of business solutions in Bulgaria was relatively limited compared with other countries. The main characteristics of the market are low budgets for systems of this kind and a lack of understanding of the need for IT solutions. If we take a look at all companies in Bulgaria, we see that the potential market for our solutions is in the area of 5-15%. The share of domestic business IT solutions is approximately 25%.

Competition

In 2009, the general recession was also felt in the business IT market. Revenue from the sale of new licenses fell by 24%, because companies cancelled or put off plans for the implementation of new systems. For 2010 we forecast small growth – providers will close smaller deals with existing users. We expect a growth of business IT sales at the end of 2010, because even companies that can afford investments have been holding back.

All business IT providers offer cheaper licenses, fast implementation, and special versions for small and mid-size companies, integration with BI and CRM modules, retail modules, and online applications. The market prognosis for business IT as a service shows that there will not be major changes in the following 12 months.

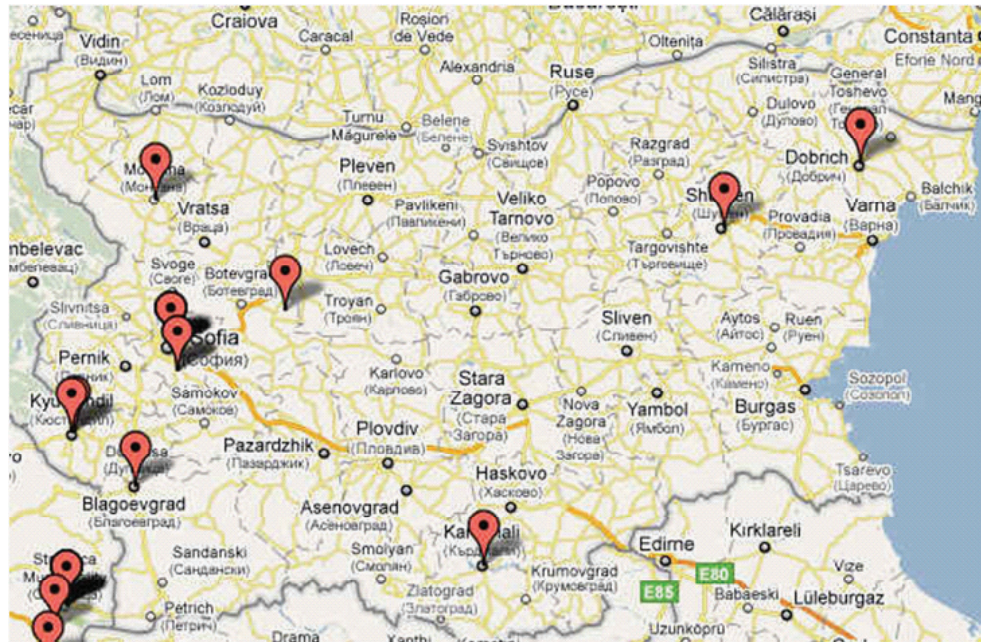
We expect business IT implementation at distribution and manufacturing companies. Con-

struction and transport will continue to be weighed down in 2010.
 Microsoft Bulgaria did 40 new implementations in the past year.

Sales activities, July 2009 – June 2010

1. Participated in the IDC forum for business IT – November 2009
2. Participation at APIS event – November 2009
3. Participation at APIS event – February 2010
4. Direct mailing campaign for APIS conference participants
5. Direct mailing campaign for micro companies in conjunction with the largest mobile telephony provider in Bulgaria
6. Installed modified demo at company for transformer stations
7. One page in the Who's who in IT for small and mid-size companies catalogue
8. 10 presentations at mid-size companies
9. A "road show aimed at budget users - schools

In Bulgaria, 104 licenses are installed at 27 companies. The total value of licenses is 67,872 euros.



Companies that began using PANTHEON in FY 10 (Bulgaria).

4.1.10 Other markets

A restart is necessary in the Romanian market, as the partner company with whom we were planning on entering the Romanian market has not fulfilled its obligations. We intend to launch a restart in this market, with an emphasis on marketing and building a Partner Network, following the stabilization of the economic situation. Until such time, we will maintain our presence in this market through PANTHEON companies/users with subsidiaries in Romania. PANTHEON is mostly translated, and the VAT system has been localized. The Personnel module still has to be localized.

We are still actively looking for suitable partners with whom to develop a network in Albania. In the event that suitable partners cannot be found, we will begin offering our own sales and support, as in Macedonia. There were no other markets of note in FY 10.

4.2 PARTNER CHANNEL (SALES AND IMPLEMENTATION)

As in the past, in FY 10, we paid special attention to achieving the desired statuses for our ever more ambitious Partners, while at the same time investing considerable effort in acquiring new Partners. At present, PANTHEON 5.5 is stable, and we can again begin accelerated sales campaigns, which require skilled teams in the field.

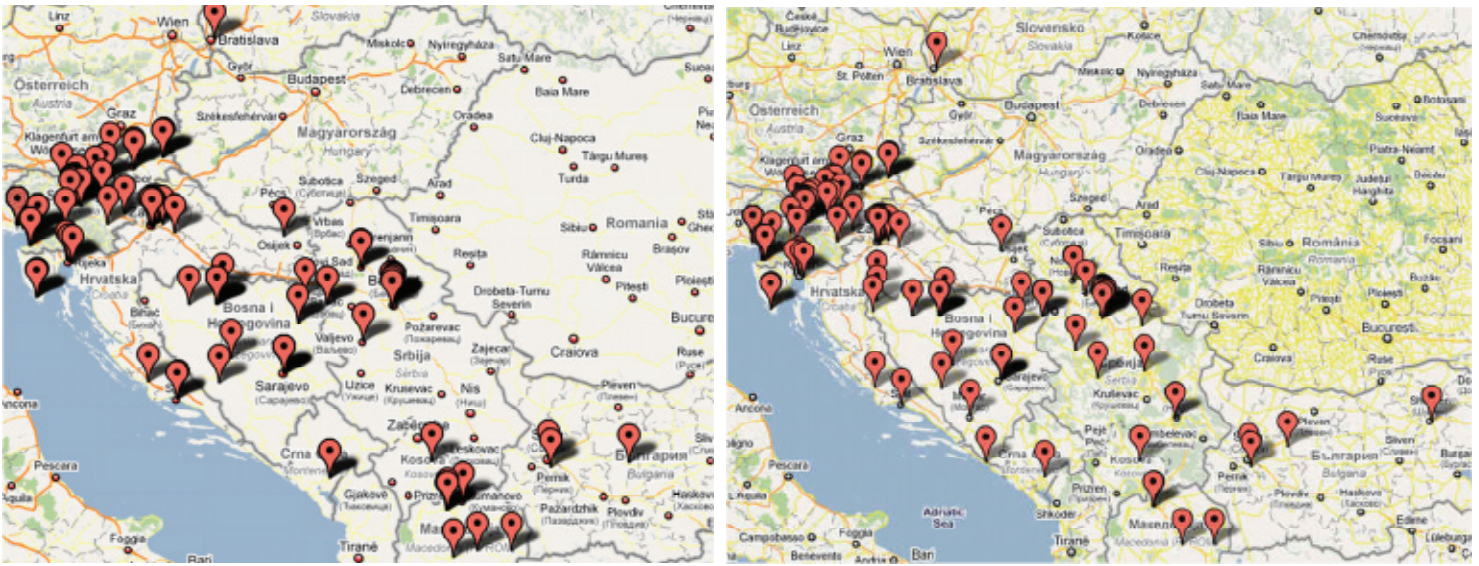
In FY 10, we renovated our Partner Network and let go of some inactive members. The most immediate impact of this was felt in Croatia and Macedonia. In other markets, the number of Partners grew considerably, which means that we can count on starting the new Fiscal Year with considerably larger sales realization.

In FY 10, in all markets where sales were active we continued activities aimed at winning over companies that develop their own business IT system which they can no longer maintain due to the high costs of development. In December we acquired on a larger company from Croatia (Excel from Osijek) with over 110 clients and approximately 500 users. Immediately after the close of the financial year, we acquired our largest competitor in the micro segment in Serbia – BlueSoft, a company with over 17,000 users. In the first phase, these companies become Sales-Implementation Partners, and gradually migrate their current users to PANTHEON by offering special terms.



The table shows the growth of the number of Partner consultants in FY 10.

Country	Total number of Partners			Number of all registered Partner consultants		
	FY 10	FY 09	Δ10/09	FY 10	FY 09	Δ10/09
SI	59	43	37%	156	115	-16%
HR	24	25	-4%	69	56	10%
BA	74	29	155%	80	74	12%
SR	45	18	150%	120	64	16%
MN	2	1	100%	9	2	0%
MK	5	9	-44%	4	21	-81%
KO	1	0		3	0	
BG	5	0		6	0	
Total	215	125	72%	447	332	35%



Geographic breakdown of Sales-Implementation Partners in FY 09 (left) and FY 10 (right).

The total number of all Partners includes Sales-Implementation Partners, Development Partners, and EDU Partners (companies that train end users) and Implementation Partners. We estimate that the total number of Partners in the market is actually about 20% higher than the one shown in the table, as the latter only includes those Partners who pay a monthly membership fee.

4.2.1 DEV Partner program

The PANTHEON Developer Program encourages cooperation with companies which develop their own software solutions to supplement the features of the PANTHEON business IT system.

By making information available on our server and through regular training provided by the Datalab Academy, independent software producers receive support for the development of their solutions.

In FY 10, 10 DEV Partners from Slovenia and 2 DEV Partners from outside Slovenia joined our Team.

Partner solutions cover specific / niche-based business processes at companies. Vertical applications extend to the very heart of a company's operations: from B2B/B2C portals on the Internet to barcode solutions, business timekeeping, access to data, production management, project management support... PANTHEON and Partner solutions form a one-of-a-kind combination that supports all processes within a company.

By combining PANTHEON with Partner solutions, every company can effectively encompass all business operations in the company.

For more information, visit our website at: <http://www.datalab.si/partnerji/razvojni-dev-partnerji/>

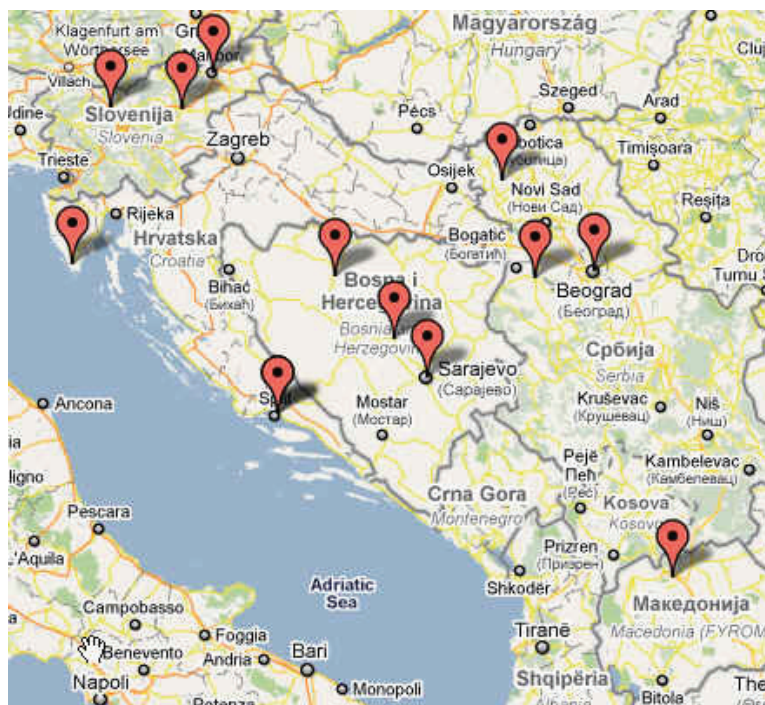
4.2.2 EDU Partner program

The PANTHEON EDUcational Partner program is intended for cooperation with institutions where PANTHEON is used in the educational process. Through the program, educational institutions are outfitted free of charge with PANTHEON licenses, and also acquire the right to use Datalab Academy materials.

- Faculty of Organizational Sciences Maribor
- Faculty of Economics and Business Maribor
- Viro, računalniško informacijski inženiring in trgovina, d.o.o.
- Pan-European University Apeiron (Panevropski univerzitet Apeiron), Banja Luka
- Azura Adult Education Center (Azura ustanova za obrazovanje odraslih), Pula
- Public Open University (Pučko Otvoreno Učilište), Pula
- Consulting Center for Business and Management (Centar konzultanata za savjetovanje u vezi s poslovanjem i upravljanjem), Split
- Adult Education Center Trstenik (Centar za obrazovanje odraslih Trstenik), Split
- Adult Education Center (Edukacijski centar - Ustanova za obrazovanje odraslih), Split
- Faculty of Economics Sarajevo
- University Zenica
- R&B College for Accounting and Finance (Visoka škola za računovodstvo i berzansko poslovanje), Belgrade
- School of Economics and Commerce (Ekonomsko – trgovinska škola), Šabac
- People's Parliament Association (Narodni Parlament), Leskovac
- University of Split, Faculty of Economics
- Faculty of Economics, Skopje



Map showing Education Partners that use PANTHEON in the learning process.



4.3 MARKETING AND COMMUNICATIONS

4.3.1 Strategic directions

Through its marketing activities, Datalab tries to present the concept of a business IT system in the simplest and most understandable way to companies of all sizes and activities. It is our goal to foster an awareness of how a business IT solution that supports company management, operational overviews, and regulatory compliance is crucial for successful operations, and to get companies to begin to analyze their data and turn it into profit. "Turning data into profit" – that's Datalab's motto.

When positioning the PANTHEON brand name, we always keep in mind our fundamental promise to make it possible for companies of all sizes to use a powerful business IT system. Our software is affordable, localized for 8 countries, in compliance with all relevant legislation in a given country at any given moment, and suitable for companies of all sizes and in all business sectors. Datalab's "ecosystem" brings together over 100 Partner companies throughout the region on a daily basis; they see to sales, consulting, implementation, the development of so-called custom solutions, and technical support for end users of the PANTHEON business IT system.

4.3.2 Marketing as active sales support

All marketing activities conducted in the Slovene market and other markets in the Adriatic region (including Bulgaria), are aligned with the clear guidelines of positioning and enhancing awareness of the Datalab and PANTHEON brand names. We have secured the rights to both names with the Slovenian Intellectual Property Office.

In Slovenia and other countries where Datalab is present, we've set up call centers with which we generate new sales opportunities. Throughout the year, we conduct so-called ATL (Above-The-Line) and BTL (Below-The-Line) campaigns; with each passing year, we are further optimizing our communications tools and methods, both in Slovenia and in the other markets where Datalab is present.

We advertise mostly in media that deal with the areas of the economy, entrepreneurship, and financial issues. Advertising for specific activities also appears in relevant sector-specific media (for example, accounting services, manufacturing, etc.)

An example of a print advertisement for PANTHEON LT

PANTHEON
datab business operating system

Poslovni program PANTHEON LT Light
Za lažje poslovanje vašega podjetja

PANTHEON Light nudi vse, kar potrebujete za uspešen začetek poslovne poti. Hitri namestitvi sledi takojšen začetek z delom, kjer so podprti vsi ključni procesi za samostojne podjetnike in mikro podjetja.

Nekatere funkcionalnosti:

- delo z računi
- izdaja in prejem blaga
- zeloga in skladišče
- kadri
- potni nalogi
- poslovna analitika

Celoten paket za samo 494 € + DOV! Cena vključuje:

- PANTHEON Light
- implementacijo sistema
- osnovne nastavitve
- pomoč pri vnosu šifrantov

* Akcija velja do 31.7.2009.

KONTAKTIRAJTE NAS

01 252 89 36
info@datalab.si
www.datalab.si

Examples of joint advertisement with a DEV Partner

An example of an advertisement for PANTHEON e-accounting

Examples of joint advertisement with a DEV Partner

Examples of online advertisements

Together with our Partners, we organize promotions aimed at generating new users. In the area of sales lead generation and management, this year as well we've upgraded our approach to potential users. All leads are subject to a more exacting classification, which is a great help for sales. At the same time, from the very beginning, we've been working on establishing a closer relationship between Datalab and the customer – methods used include in-depth telephone conversations and contact via e- and classic mail for providing potential users with essential information. We use an internally developed CRM tool (Datalab's Partner Site) to manage these kinds of customer relations; the Partner Site is constantly enhanced and upgraded to ensure an optimal overview of the individual statuses of all potential customers.

Marketing campaigns based on direct contact with potential users (through e- and classic mail and telephone calls) see the ever more intensive inclusion of Implementation Partners, as only in this way is it possible to achieve the loyalty of the members of their sales teams. Through joint actions of this kind, we can offer solutions tailor-fitted to the needs of target users – some Implementation Partners have developed custom solutions for specific corporate and industrial branches. Sector-specific solutions greatly increase the value of our product, as, in line with our goal of achieving the widest possible level of usability of our solution, PANTHEON is not tailored to the needs of any specific sector or type of user.

We organize presentations for potential users. The presentations combine a general presentation of PANTHEON with a focus on the specific fields in which participants have expressed interest. The presentations are aimed primarily at companies looking to replace their current IT system or purchase a new system, and who are gathering information from potential providers. In FY 10, potential customers also expressed a great deal of interest in the field of e-accounting (hosting).

Datalab BA

Examples of advertising by Datalab Subsidiaries:



Datalab SR

TV
A television show on Kursor TV, PANTHEON user testimony, Studio Berar Novi Sad

- www.youtube.com/watch?v=12Pdf3t_r7k
- www.youtube.com/watch?v=qfNsHE5KDGm
- www.youtube.com/watch?v=AVRpL_QZ-84
- www.youtube.com/watch?v=RkFT3e-b15k



Datalab MN



Datalab HR



Pobrinuli smo se da Vam od sada administracija ne bude problem.
Sa PANTHEON LX imate potpuno sređenu dokumentaciju za vašeg računovođu.

Šta podržava PANTHEON LX?

Proračuni: Računi	Prilazi robe sa kalkulacijama	Proračuni: Izdatci
Misovani	Kontracepcija u radovima i posloj računima	Brzo pregled poslovanja
✓	✓	✓
✓	✓	✓

Datalab MN d.o.o. www.datalab.me tel: +382 20 248 901

PANTHEON™
datablab Business operating system

Promijenite podatke u dobit!

PANTHEON™ 5.5 je poslovno informacijski sustav namijenjen malim i srednje velikim poduzećima. PANTHEON™ se trenutno koristi u više od 6.000 poduzeća s preko 19.000 zadovoljnih korisnika u 8 država regije.

Omogućava praćenje cjelokupnog poslovnog procesa u poduzeću, neovisno o djelatnosti. Jedan program za sva područja poslovanja: od računovodstva, financija, logistike i servisa do kupova i proizvodnje.

ZAGREB: AIS PANTHEON (01) 29 82 911, KAPA SPIN (091) 30 12 116, UDEK CENTER (01) 86 87 000, GEMINI (01) 65 47 111, TIMES COMPUTERS (01) 44 64 266.
AC KROVO: (01) 46 57 490, LAB 2000 (01) 36 36 906
BELAS COMPUTERS: (01) 294 400, DEMO INFORMATICA (030) 251 040
OSJEK: VENTEX (051) 619 302
PLIVA: BEO DNE (01) 242 242
PRAGA: ALFA INFORMATIKA (022) 380 815, ONIX (022) 501 911
SARAJEVO: BEO TECH (061) 595 098
VLADIV: (022) 217 124
PLUCK: LINDOC (020) 619 802

Više o PANTHEON™-u saznajte na www.datalab.hr

Datalab BG

PANTHEON™
datablab Business operating system

Пакети за различно ниво на услуги	Месечна такса	Месечна такса	Месечна такса	Месечна такса	Месечна такса
10 MB Surf	17,90 €	17,90 €	17,90 €	17,90 €	17,90 €
20 MB Surf	19,90 €	19,90 €	19,90 €	19,90 €	19,90 €
30 MB Surf	21,90 €	21,90 €	21,90 €	21,90 €	21,90 €

Първата лесна за използване и мощна бизнес система

Бизнес програма за микро предприемци - Pantheon LT

Само за 95 € без ААС

Купете лиценза на и получавате:

- M-Tel Surf пакет за данни на преференциална цена
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Даталаб България ЕООД
Сиргия 113,
ул. Сиргия 13
София, 021 908702
Факс: 021 908707
e-mail: info@datablab.bg
www.datablab.bg

4.3.3 User 2 User



We've also begun to intensively reward PANTHEON users who recommend the program to their friends and business partners. At Datalab, we place enormous emphasis on user satisfaction. The proof that we're getting it right are the numerous recommendations of current users, who, by spreading the word, make a huge contribution to expanding the use of our system.

To show that we are aware of just how valuable these recommendations are, we've introduced the Recommend PANTHEON promotion. It's a rewards system that's our way of saying thanks to our users for their recommendations. All users who share their experiences with PANTHEON and recommend the system to others will be awarded 10% of the value of the PANTHEON licenses installed at the new user's company. Users can use the amount towards credit.

The promotion is also active in Bosnia and Herzegovina, Montenegro, Serbia, Croatia, and Macedonia.

4.3.4 Events and sponsorship

In FY 10, Datalab participated as a Gold Sponsor at two events aimed at accountants and accounting firms. In September, we presented PANTHEON e-accounting at Accounting Week, an event organized by the Accounting Institute, and in October we were at the Chamber of Accounting Services' eleventh annual Congress of Accounting Services.

Datalab at the Congress of Accounting Services (left) Datalab at the Microsoft NT Conference (putting green in background)(Right)



Datalab was also present as a Bronze Sponsor at one of the largest IT events in Slovenia, the Microsoft NT Conference 2010, which took place from May 24 to May 27 at Hotel Bernardin in Portorož, Slovenia. Visitors to our booth could learn about PANTHEON and participate in our putt-putt golf tournament – we set up a small green and offered attractive prizes for every successful putt. Programmers and other IT specialists turned out to have quite a knack for the game – by the third day, all our promotional prizes had been given away!

4.3.5 Keeping key groups informed

4.3.5.1 PANTHEON Novice

Each month, we send an e-circular to our users, Partners, employees, and other interested parties. PANTHEON Novice (PANTHEON News) presents the most important events of the previous months, news, program enhancements, tips and new features, presentations of Partner companies, and other interesting news collected from throughout the Datalab community. Twice a year, we prepare a print edition of PANTHEON Novice.

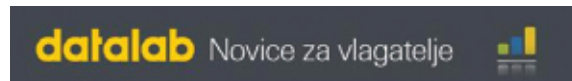
Because we wish to keep our users and Partners in markets outside of Slovenia informed about what's going on at Datalab, and because a concern for the environment is our priority, we also send an electronic version of PANTHEON Novice to Bosnia and Herzegovina, Serbia, Montenegro, Macedonia, and Croatia. Each month, a total of 6,500 recipients find a copy in their inboxes. We constantly update our database of users. If you would like to receive a complimentary monthly copy of PANTHEON Novice, send us an e-mail at marketing@datalab.si. An archive of past issues is available at <http://www.datalab.si/o-podjetju/medijsko-sredisce/arhiv-e-novic/>.

4.3.5.2 Corporate in Partner's Update

At Datalab d.d., we prepare a Weekly and Partner's Update each week. The Weekly Update keeps all Datalab employees at HQ and all subsidiaries informed about what's going on at the company and provides other important information. Through our Partner's Update, DEV and Sales-Implementation Partners receive up-to-the-minute information about new features, improvements, and upgrades in PANTHEON, as well as important information about events at Datalab and within the broader Datalab ecosystem. The goal of the Updates is to keep all employees at

Datalab and our Partner companies throughout the Adriatic region informed about actual events within the company and in PANTHEON. All important news also appears on our corporate website (www.datalab.eu).

4.3.5.3 Investor information



To keep investors informed, we've set up a special website for investors (<http://www.datalab.si/vlagatelj/>),

outlined a strategy and communications plan, and drawn up a schedule for analyst conferences where we will comment on results, plans, and the situation surrounding the company. The basic communications tool for informing investors are releases on SeoNet, which are outfitted with more in-depth information on our website.

For the needs of financial groups, we've also prepared an Investor Newsletter. The Newsletter is published twice a year, and contains summaries of all key points of Datalab's operations in the past six months.

4.3.5.4 The PANTHEON Conference

In FY 10, we organized a "Light" version of the PANTHEON Conference in Bosnia and Herzegovina and two PANTHEON Training Events, one in Slovenia and one in Croatia (see the section on the Datalab Academy for more information).

The PANTHEON Conference Light 2009 took place on 4 November 2009 in Sarajevo; the theme of the event was "Achieving corporate success starting today". The conference was aimed at users, Partners, and all others interested in trends in business IT. The Conference was free to attend; it featured 14 presentations and drew over 150 attendants.

The key topics covered included new features in PANTHEON, the challenges of fiscalization, and e-business and e-accounting. Alongside the presentations, match-making activities took place and event sponsors presented their solutions and products.



4.3.6 Media selling



Besides in PANTHEON Novice, where the sale of advertising space has become an established practice, we've begun to offer adver-

tising space on our User Site <https://usersite.datalab.eu>. The idea is simple: establish business contacts among over 6,000 companies throughout the Adriatic region.

Datalab's User Site has over 1,000 users a day, many of whom are looking for new business opportunities. One key advantage of advertising on Datalab's User Site is the possibility for enhanced segmentation of potential customers or partners. Advertising space is available in the form of banners. We also provide assistance in preparing effective web advertising and forward information about the number of clicks a given advertisement receives each day.

Examples of banners on Datalab's User Site



4.3.7 Datalab's website updated

In the past year, larger changes were not made to our website. The website is mostly updated with new contents and adapted to user trends and fluctuations assessed using analytical data acquired with Google Analytics. This data showed that many visitors to our website look for assistance for work with PANTHEON, which is why we updated the Support sub-page, making it more accessible and outfitting it with links to relevant support contents. We also updated the main pages where individual products are presented, making them more visually appealing and making it easier for potential users to get in touch with us.

Web page for PANTHEON Hosting



In April, we began working on a concept for a totally new website that was set to launch in Fall/Winter 2010. The Marketing department made the new website a top priority, and preparations reflect this. Using interviews, surveys, and discussions with visitors to our website, we created a new segmentation of key potential customers and concluded that potential customers can roughly be divided into two larger groups:

- Customers with basic needs (emphasis on reliability, stability; do not like changes)
- Customers with advanced needs (emphasis on new functionalities and a dynamic product)

Using these conclusions, we created a content framework for the new website that is meant to address these two groups of potential customers. Due to their strategic importance, we also decided to focus on accounting firms and public companies on the new website.

We conducted an analysis of the appearance of the best websites that deal with similar products and took a look at current trends in website design. The results of our research showed that changes to the visual appearance of our website will also be needed (minimize the amount of information displayed, as the old site was a bit cluttered; increase the number of interactive elements: images, videos, etc.) Because the new website represented a broad move, we also decided to update the system that we use to manage our internet content and acquired the most up-to-date version of the program, Typo3 4.3. Actual work on the new website began in July 2010; the deadline for the new website was 1 September 2010.

Initial conceptual sketch of Datalab's new website



4.3.8 The Datalab Marketplace, an online portal for additional PANTHEON solutions

The Developer Marketplace is an online store with additional solutions (mostly developed by independent companies) that users can use to update and supplement PANTHEON. The Marketplace serves as a one-stop shop for upgrades and add-ons that round out PANTHEON as a business IT system for the needs of every business, both in Slovenia and throughout southeast Europe.

In many aspects, the Datalab Marketplace is similar to an online store. We decided on this approach for a number of reasons, the main one being that it would enable us to provide our users with all additional solutions for PANTHEON in one place, and make it easy for them to order and purchase them over the internet.

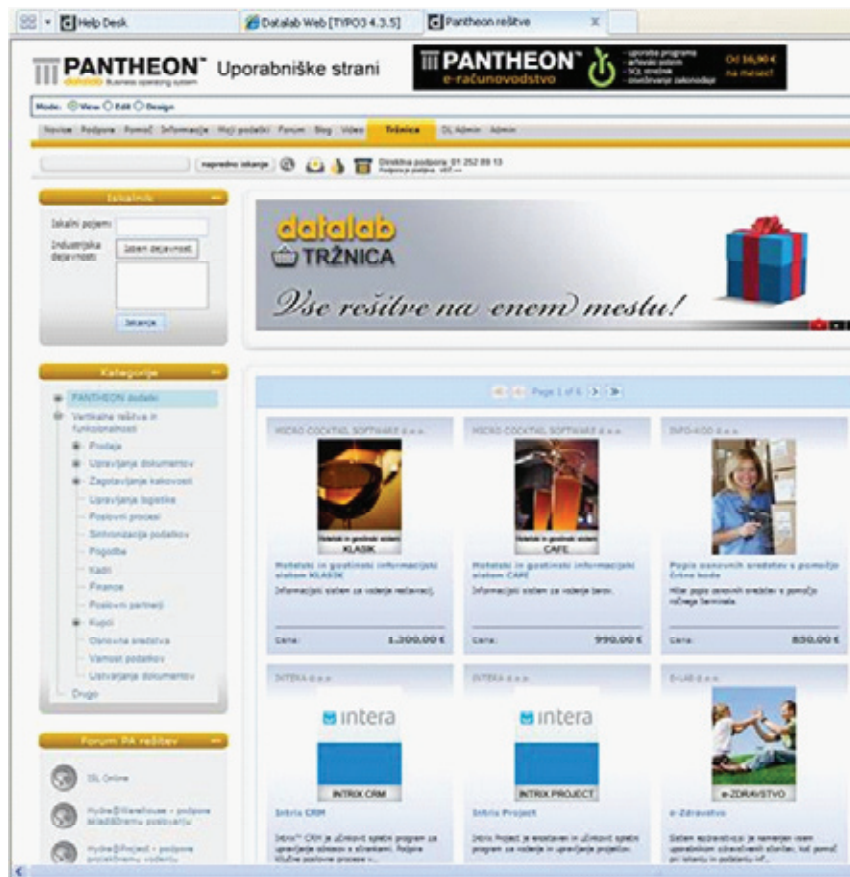
Key advantages of the Datalab Marketplace:

- Comprehensive overview of all available additional solutions
- Transparent pricing information
- Uniform, transparent payment system

Datalab sees to the operation of the Datalab Marketplace and the technical infrastructure and also carries out background processes in the sales process. Independent Development Partners are in charge of providing accurate descriptions of their solutions and all post-sale activities (implementation, getting started, support, etc.) Of course, they are also responsible for ensuring that their solutions work correctly.

Link to the Datalab Marketplace: <http://www.datalab.si/Usersite>, "Tržnica" tab.

Datalab Marketplace



4.3.9 The Datalab Automotive website

The founding of a subsidiary company in Serbia, Datalab Automotive, d.o.o., was accompanied by the launch of a website in three languages: Serbian, English, and Slovene. We designed the website with the goal of providing users with a wealth of quality information about the product in a transparent, understandable online experience.

Datalab Automotive (Serbian): www.dl-automotive.rs

Datalab Automotive (Slovene): www.dl-automotive.si

Datalab Automotive (English): www.dl-automotive.eu

The Datalab Automotive website



4.4 CUSTOMER SATISFACTION INDEX

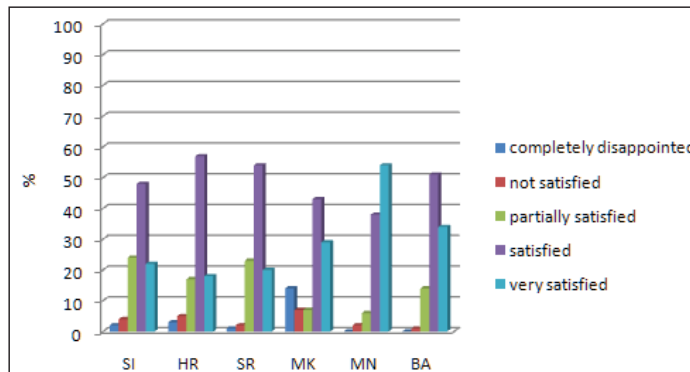
In the first and second quarters of FY 10, we conducted CSI (Customer Satisfaction Index) research of user satisfaction with PANTHEON in Slovenia as well as in Bosnia and Herzegovina, Serbia, Croatia, Macedonia and Montenegro.

In Slovenia, 197 users were included in the research; 475 users were included in Bosnia and Herzegovina, 87 in Croatia, 274 in Serbia, 57 in Montenegro, and 18 in Macedonia. The research questionnaire contained 22 questions grouped under the following headings:

- Satisfaction with PANTHEON software and its features
- Questions about marketing
- Satisfaction with customer support and Help
- Satisfaction with documentation and support mechanisms

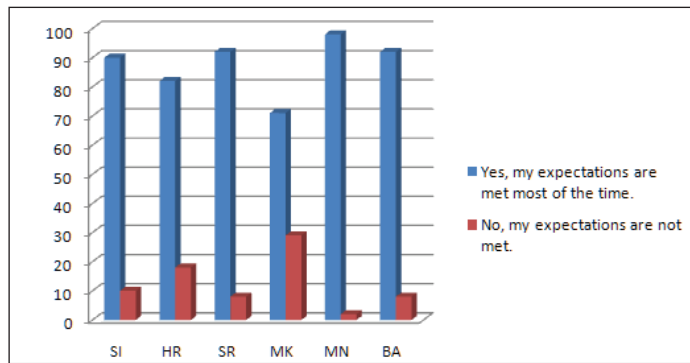
Below, you'll find a summary of some of the results for Slovenia.

Satisfaction with PANTHEON



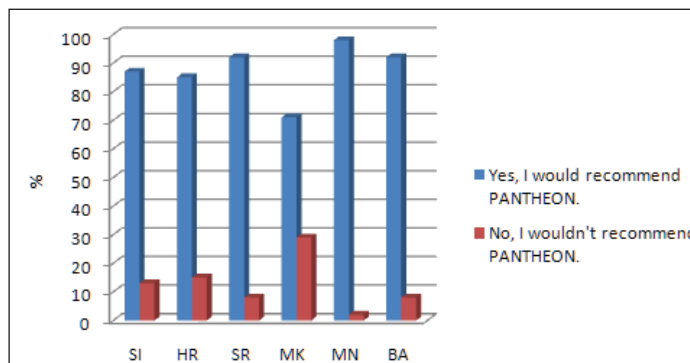
A large majority of users were satisfied or very satisfied with PANTHEON software, both in Slovenia and in all markets where Datalab has a subsidiary.

Satisfaction with functions



To a large degree, PANTHEON meets user expectations in all countries; in Slovenia, Serbia, Montenegro and Bosnia and Herzegovina, this figure is in the area of 90%.

Would you recommend PANTHEON?

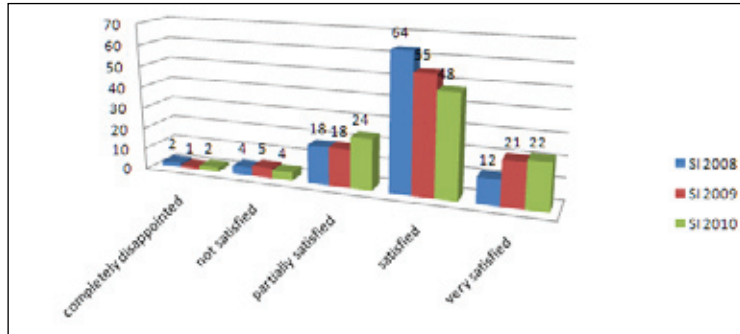


87.5 % of PANTHEON users (average) would recommend the program to their friends, associates, and business partners. Those who would not recommend the program listed complexity and upgrading difficulties as the key reasons for their

decision.

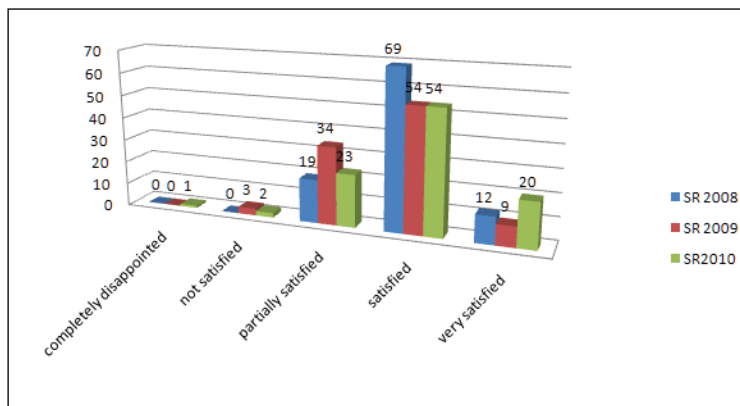
Overview of user satisfaction, 2008-2010, for countries where CSI analysis was conducted all three years:

Satisfaction in SI



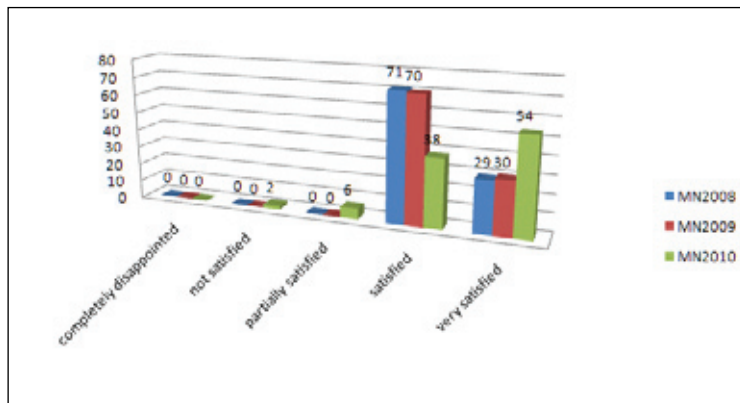
From 2008 to 2010, satisfaction with PANTHEON grew; the percentage of users who were very pleased in Slovenia grew by 10 percentage points, from 12% to 22%.

Satisfaction in SR



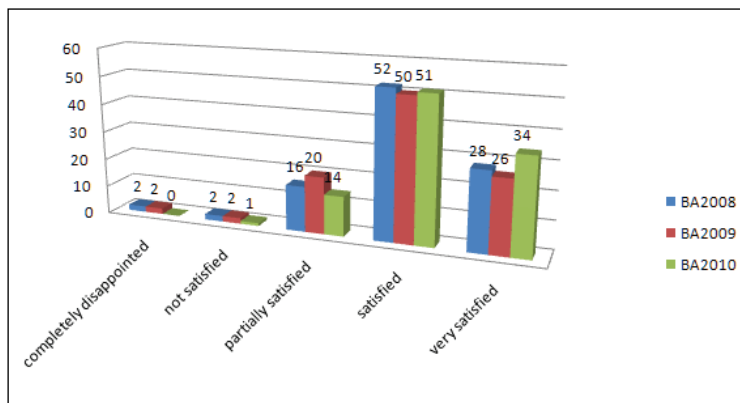
In the same period, the percentage of users who were very pleased grew by 8% in Serbia.

Satisfaction in MN



In Montenegro, the share of satisfied and very pleased users was between 90% and 100% all three years.

Satisfaction in BA



User satisfaction in Bosnia and Herzegovina is constantly growing, with the share of very pleased users showing the greatest growth.

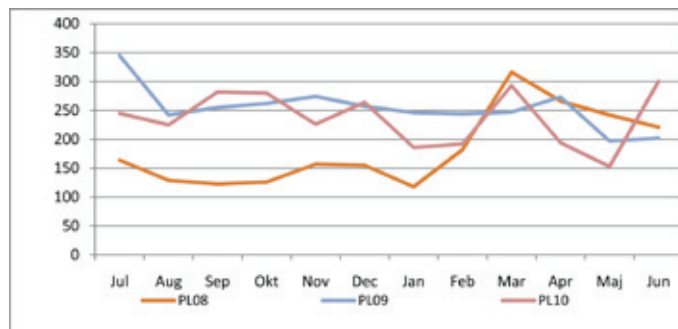
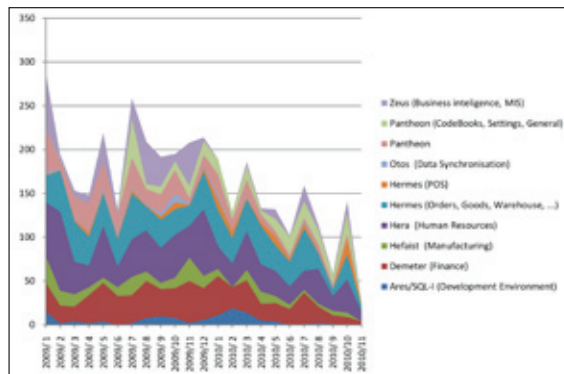
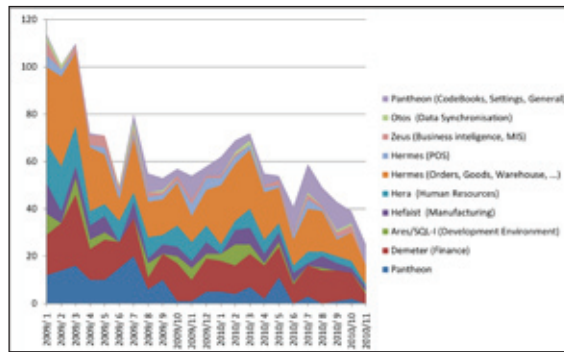
4.5 SOFTWARE DEVELOPMENT IN THE 2010 FISCAL YEAR

In FY 10, roughly one third of our resources were put into tidying up PANTHEON 5.5's code. Here, tidying up means refactoring overly complex pieces of code, reviewing variable initialization, cleaning up try-except blocks, fixing general protection faults and access violations, moving SQL code from Delphi to the database, and implementing additional indexes and referential integrity methods. This results in smaller and faster program code that is easier to maintain and build upon.

Another large undertaking was the first phase of the Feniks II project, optimizing PANTHEON so that it works normally with a UMTS connection, which opens up possibilities for cloud hosting, where the datacenter contains only critical components (disk array, database server), while the user has a powerful operating system available instead of the limited functionality of a thin client.

Feniks is the name of a project for developing a technological platform for e-business operations for SMEs.

For more information on PANTHEON Hosting, visit our website at: <http://www.datalab.si/pantheon-hosting-gostovanje/>



Let's take a look at some statistics. Apart from the user count, one of the most important figures is the number of bugs found and fixed.

The chart shows the number of errors by months and modules. A constant downward trend for errors in all modules can be observed. Individual peaks occurred as a consequence of greater changes in specific periods of code refactoring.

In FY 10, there was a decline in the number of enhancements made on a monthly basis due to code refactoring, since we have been occupied with it instead of developing new functionalities and features. However, refactoring enables more stable and faster functioning of the program and also faster development of new functionalities, which is why investing in refactoring makes sense.

Number of replies made by the PSS team in Slovenia by month

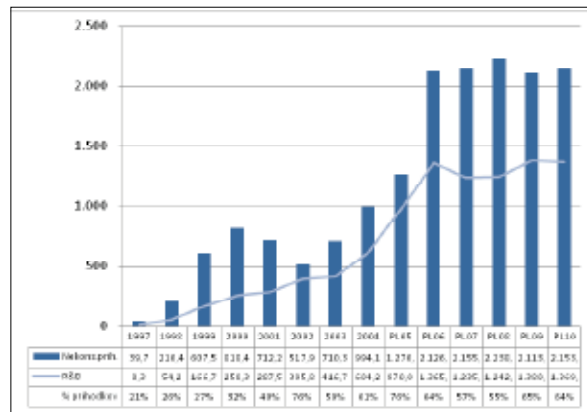
The number of support requests has remained on the same level for the last two years. If we look at the chart showing user support provided by Partners, it becomes clear why it would be impossible for us to exclusively provide direct support.

To improve the service level of our Support Team, we have introduced performance measurements and evaluations.

4.5.1 Investments in software development

We invested 1,369 thousand euros into the development of PANTHEON in FY 10 (compared to 1,380 thousand euros in the previous year). The production value of PANTHEON as of 30 June 2010 was 9,752 thousand euros (giving a carrying value of 2,926 thousand euros in financial statements). The value of this intangible asset was determined using the Hierarchy of Valuation Standards and other applicable valuation models.

Investments in development, 1997 - FY 10, in thousand euros



4.5.2 Development of PANTHEON 5.5 in FY 10

PANTHEON – Core of the software suite – 263 enhancements

Notable improvements to the PANTHEON core, apart from tidying up program code, include:

- Refactoring the Administration Panel considerably enhances the speed with which individual Administration Panel sections open.
- Performance, DB state monitoring, administration and auto-doctoring – We added procedures for monitoring performance and states of system views.
- We obtained a certificate of PANTHEON compatibility with the Windows 7 operating system.
- Primary key modifications for MS SQL Server and Oracle – Modification of key takes account of user-defined fields in tables.
- Import/export of menu and authorizations – This enables the transfer of menus and authorizations between companies.
- A new menu offering greater stability and faster performance.
- We added a collation overview to the About menu, where any inconsistencies which occur are displayed in red.
- Use the same report type as last time – This function enables the user to automatically generate the same report type from a specific document.
- Transfer (merge) records – The function allows the user to copy records from one item (or subject, employee, etc.) to another. It is available in all PANTHEON registers.
- Use SQL expression in formulas – Select statements can be used in formulas with "~S~", which enables the use of a practically unlimited number of queries and calculations.
- Contract prices added to secondary item category – This adds a new dimension to pricing policy.
- Packaged goods with specifications containing items with serial numbers – When an item of this kind is entered in the line, the Serial Number Input window automatically opens; once a number has been entered, it goes to the next item in the specification for which serial number tracking has been enabled.



Boštjan Pečar, Product Manager



- Linking Countries and Postal Areas registers makes entry of postal area code easy; multiple locations in different countries can have the same postal area code.
- OTOS, an application which enables automatic data exchange between databases, integrated in PANTHEON. In addition, we added user-friendly warning messages.



Mateja Korelc, Product Manager

Hermes Module – Orders, Goods, VAT, Customs and Service modules – 303 enhancements

There were 303 enhancements made in the Orders, Goods, VAT, Customs and Service modules in FY 10 (1 July 2009 to 30 June 2010). Emphasis was on localizations and the corresponding legislative requirements. The following significant general enhancements which were made this year deserve mention: opening of subjects, items and documents directly from reports, IRIS messages in Refresh Movements, entry of document note in rich text format, adding internal documents to consolidated documents by lines, service order modifications and code refactoring. See below for a list of enhancements in PANTHEON:

Enhancements for all localizations:

- Copying lines of orders to stored procedures.
- A redesigned Service Order form; any document can now be entered.
- New report form in the Service module for assessment and calculation of differences occurring between services billed and services actually performed.
- Entering a document note in rich text format.
- LX edition.
- IRIS messages in Refresh Stock.
- Adding internal documents to consolidated documents by lines or partial quantities.
- The Reverse button was added to documents for fast, easy reversal of invoices.
- Added option for distributing transport costs by weight and volume.
- Custom fields added to documents in Orders and Goods modules.

Enhancements for specific localizations:

BA	<ul style="list-style-type: none"> • Integration of two fiscal printers in wholesale (Digit and Mikroelektronika). • New report, Record on Trade with Coffee. • Two newly-created forms, OPC and OPM. • New report, TKM form - Retail Ledger.
BG	<ul style="list-style-type: none"> • Create Intrastat reports for receipts and dispatch.
HR	<ul style="list-style-type: none"> • Implementation of a new tax rate (corrected tax records and VAT registration). • Tax account (Ledger of Invoices Received and VAT registration) modified in accordance with the new legislation. • Issue for own use included in Ledger of Invoices Issued. • Tax ID added to tax record reports. • Search for subjects in documents by tax ID. • HUB 1 and HUB 1-1 Payment orders added to special payment orders.
MK	<ul style="list-style-type: none"> • New VAT registration form.
SI	<ul style="list-style-type: none"> • New tax account in accordance with the new tax legislation (new groups of invoice reports, DDV-O report, export to .txt and XML files as required by auditing and import to eTax system (eDavki)). • Modifications of issued and received invoice forms, prepayment forms and order forms in accordance with Article 76a (also, modifications of payment by installments and reports). • A new report, Report on Supplies, and monthly summary reports. • Added option for different taxation periods, also for receipts, in line with to Article 76a. • Option for creating a payment order for a VAT payable in the VAT form. • Added grid for displaying documents in the quarterly report form. • e-Slog brought in line with version 1.5.
SR	<ul style="list-style-type: none"> • Created new KEPU ledgers and changed calculation in compliance with the new legislation.



Diana Mošnja,
Product
Manager

Hermes Module – POS – Retail sales – 64 enhancements

The POS module wasn't included in the Hermes module for FY 10. We established an independent development group for it. The POS module is playing an increasingly important role in the PANTHEON family since a growing number of retail stores and chain stores are using PANTHEON.

- New report by items displaying quantities.
- Enabled entry of discount 2 and super discount.
- Enabled partial invoice reversal.
- Organizational unit added to POS document header.
- Upon closing POS form the program runs a control that checks whether all invoices (receipts) have been closed (paid).
- Enabled adding to POS documents from preliminary invoices, PDFs and internal documents.
- Integrated support for mobile POS terminals.

TouchScreen:

- Authorizations.
- Touch screen settings.
- Touch screen profiles.
- Changing a touch screen profile.
- Basic settings in PANTHEON.
- Touch screen profiles (creating menu for quick entry of items).
- Items – added thumbnail image representing an item in touch screen quick menu.
- Payment methods – added thumbnail image representing a payment method in touch screen quick menu.
- Work concept.
- Touch screen can be used with the RT license. The user can choose between POS and TouchScreen.
- The screen consists of three sections (on the left side are keys which correspond to operations; the mid-section contains invoice data - header and lines; and on the right side are quick menus).
- Basic functionalities of RT version included in TouchScreen:
 - Input, change, delete;
 - Invoice print form (win, thermal, matrix);
 - Grant discount;
 - Reverse invoice;
 - Changing a customer and entering a new one;
 - Cash register: reports by payment methods, by invoices, items, tax types, users;
 - Close cash register.
- With additional functionalities a user can:
 - Resize keys and select data to be displayed on them (ID/name/image);
 - Create quick menu for payment methods;
 - Create quick menu for granting discount;
 - Create quick menu to display standard quantities.
- You don't have to change parameters of fiscal printers which are implemented in the RT edition for use in TouchScreen.
- Additional authorizations.
- Authorizations for closing cash register.

Summary by Localizations:

HR	• Implementation of tax ID. Select a customer by entering a tax ID. Tax ID will be displayed in reports instead of tax number.
BG	• Fiscalization BG: Eltrade FPP800, Datex.
KO	• Fiscalization Kosovo - Datecs FP550.



Simon Klemen, Product Manager

DEMETER – Financials – 358 enhancements

In FY 10 we dedicated a lot of our time to code refactoring in the Financials module and other modules. The so-called refactoring took up approximately a third of all programming work. Most important refactoring work was performed in the last quarter of the Fiscal Year. Having tidied up code, we think that the development of new features and enhancements will be easier and faster.

Although a lot of our time was spent on refactoring, we realized 358 enhancements in various areas of the Financials module. Some of them are new features. However, most of them are improvements made to the existing submodules. Only a few are listed below, mainly those which are relevant for a greater number of users. Smaller improvements will certainly be noticed by users whose satisfaction was our primary goal.

We've added some additional modules, such as transaction workflow, which enables you to approve payment orders prior to payment execution, a module for monitoring given and received credits, leases and bank guarantees. A field for assigning status and a corresponding Statuses register were added to journal entry lines. Here different colors can be set for different posting statuses.

There is also a new module for importing results of multilateral set-offs, which can be found in the Close module. In the current business climate, the closing of outstanding receivables/payables via (multilateral) set-offs is very useful. The module enables you to import files containing set-off amounts via the AJPES (Agency for Public Legal Records and Related Services) set-off system and eKompenzacija (the e-Setoff system).

The Transactions module enables users to export and import data using Halcom ISO SEPA XML format and ZbsXML format in the Slovenian localization; payment order can now be printed in the Macedonian localization. In addition, we've improved the importing of payment data for Reiffeisen Bank in the Bosnian localization, the importing and exporting of payments in line with the ISPAP structure in the Serbian localization, and the importing of statements in line with the FINA structure in the Croatian localization.

We added a posting function to PANTHEON LT due to outstanding item overviews and account cards, and have also added the closing of received and issued invoices. Modifications had to be made in the posting of issued and received invoices to bring it in line with the modifications made in the Goods module in the Slovenian localization due to amendments to the Value Added Tax Act (Article 76).

The function for exporting data from financial reports to XML and Excel file for AJPES (Agency for Public Legal Records and Related Services) was expanded in Reports submodule. In addition, we added disclosure reports and an option for entering controls in balance sheet reports. Users can open various registers directly from outstanding items reports. In addition, you can browse

posts by selected documents. Outstanding items reports can be generated by control accounts. A predefined statistical report form was added to the Serbian and Montenegrin localizations. Fields for the name of the director, location and date of financial report were added to all existing financial reports.

Sample financial reports for companies, sole proprietors, associations and non-profit organizations were created in the Slovenian localization. The Chart of Accounts was brought in line with organization structure. Financial reports and charts of accounts can be imported to user databases from our FTP servers.

Finally, I would like to extend my thanks to my co-workers and our Partners for their help with development and the enhancements made to the module. I look forward to successful business cooperation in FY 11 and in future.



Mateja Cejan,
Product
Manager

HERA – Personnel, payroll, travel management – 369 enhancements

In FY 10, we put an emphasis on tidying up code in order to make maintenance easier, simplify and improve existing functionalities, and develop time-saving enhancements for work with PANTHEON. In addition, we made enhancements for use in larger companies, such as an enhancement for the asynchronous mode (SOAP) of iREK form submission.

One of the biggest enhancements was electronic submission of M-forms. We were selected in a tender issued by the Ministry of Public Administration to be the first in the Republic of Slovenia to include our personnel system in the e-VEM portal. Our users can submit M-forms via e-mail directly from the personnel system to the Health Insurance Institute of Slovenia (ZZZS). This makes work easier for persons required to submit forms to Health Insurance Institute of Slovenia (ZZZS); they are no longer required to send M-forms by post or to manually enter data in the e-VEM portal. The eVEM panel, which facilitates the electronic submission of the following M-forms for sole proprietors and legal entities, was created for this purpose:

- Registration of employee/partner to mandatory social security (M-1 form)
- Change information about insured persons in compulsory social security (M-3 form)
- Checkout of insured persons from compulsory social security (M-2 form)
- Registration of children in compulsory healthcare insurance (M-D form)
- Registration of spouse in compulsory healthcare insurance (M-D form)
- Registration of parents in compulsory healthcare insurance (M-D form)
- Change information about family members in compulsory social security (M-D form)

Below, improvements are listed separately by localization because of country-specific functionalities:

-
- iREK forms: Asynchronous mode (SOAP) of iREK form submission, modified ID of submitted REK form.
 - M-form submission: eVEM panel including all the required M-forms, preparation of certificate for MDC and M3 forms, preparation of XML for electronic form submission, transfer of candidates to M-forms.
 - GE: expanded register for voluntary supplementary pension insurance (VSPI), ISPAP export for AJPES (maternity leave, payment group L), factor for mitigating internal imbalances (Z107), variables Z120 and Z124.
- SI**
- M4 form: data links between Employee Files and M4 (checks), added Cumulative Report.
 - New rates for assessment of personal income tax and relief, additional general relief.
 - Additional report, Employee Record.
 - Travel management: automatic reduction of daily allowance due to paid installments for business trips abroad.
 - Option for selecting payment order reference in Document Types.
 - Automatically create payment orders for people with disabilities over the threshold.
-

BA	<ul style="list-style-type: none"> • Create payment order in BA, RS, BG localizations. • Reports: adjusted by bank branches, 316 – Summary by calculated salary, contributions and personal income tax by PJ, 314 – Summary by payment orders. • M4 by bank branches, modified form. • Check Income Tax, Hours Worked, and Minimum Salary. • New forms: PK-1001, 1002 form export, 1002 DL6 form, 1002 DL5 form, GIP 1022 to XML, Personal tax record report, Date criteria in PK 1001 and family members.
<hr/>	
BG	<ul style="list-style-type: none"> • Payroll BG, Earnings Types. • Length of Service Increase. • Standard professions.
<hr/>	
HR	<ul style="list-style-type: none"> • Search for compensation basis, search for leave and sick leave bases. • Crisis tax: creating Basis, Percentage and Crisis Tax Value functions, new personal income tax and crisis tax assessment rates. • Forms: RSm method of reporting, IP export of XML, ID form and export of XML, ID/3V4 reporting on employee premiums, payroll receipts, IPP form, ER-1 in case of compensation for HZZO (Pension and Disability Insurance Institute), Form R1_ZZR, RAD-1G, RAD-1 by divisions, Summary for Checking Procedure, printed material 01/10. • Payment orders – description of contributions/name of municipality, contribution calculation according to the calculated compensation for HZZO (Pension and Disability Insurance Institute).
<hr/>	
ME	<ul style="list-style-type: none"> • Finished IOPD form – Calculation Basis, OPD1 form, finished IOPD form – Calculation Basis.
<hr/>	
MK	<ul style="list-style-type: none"> • MPIN: Reporting deductions, credits, decreased 3.31, Difference to minimum salary and MPIN. • Net salary account and maximum limitation. • Include Hours Worked for Income Tax Calculation. • Summary by Employees with Contributions.
<hr/>	
RS	<ul style="list-style-type: none"> • Search for sick leave basis. • Forms: OZ-11 By bank branches, OZ-11 Remunerations paid, Form 10 Record on rendered inspections of protective equipment, form 8 Record on rendered inspections of working conditions, form 7 Record on hazardous materials at work, form 6 Record on employees with HSW qualifications, form 5 Record on work-related illnesses, RAD 1 By bank branches.



Sonja Gros, Product Manager

HEFAIST – Manufacturing – 125 enhancements

Besides refactoring we made 125 enhancements in the Manufacturing module in FY 10. A number are related to specifications (that is, product, plan and manufacturing specification). A new way of creating work orders was introduced in both manufacturing types (SE and MF). Enhancements that were made to work orders relate to sub-contracting, cost centers, etc. Smaller enhancements were made in planning, reports and work order analyses. We also integrated the ZEUS module in order to enable OLAP analytics.

List of important enhancements:

1. Specifications - MF

- Delete spec history was added to individual delete operations.
- Net and gross quantity calculation in product specification.
- Specification authorizations – Tools, Regulations, Small Tools.
- Default alternate value when entering a new line of specification.
- Display inactive items in specifications.
- Additional variables in formulas for calculating quantity in specifications.
- Cost estimation - Fill in production cost in Items register.
- Mass copy of product specifications to product specifications.
- Transfer product specification to history for individual alternate.

2. Work orders

- Check for specification added to create WO parameters – MF.
- Additional options when changing document type in WO (assign serial numbers, hard allocations) – MF.
- Transfer of merged order to WO – SE, MF.
- Parameter Fiscal Year Different from Calendar Year taken into account - SE, MF.
- Enabled manual creation of WO without specification – SE.
- Refreshing dates as well as manufacture time and cycle time in WO – MF.
- Process WO – Settings for separate pricing – SE.
- Refresh movements – Fill Into Costing for Manufacturing Receiving - SE, MF.
- Cost estimation - Fill In Production Cost in Items register.
- Use valid date in manufacturing – SE, MF.
- Process WO – Transfer names in movement documents – SE, MF.
- Process WO – Option for selecting cost center in lines of WO – MF.
- Sub-contracting – Fill in WO Price in Costing in collective documents, Fill in resource subject as 3rd party – MF.

3. Plan - MF

- Check when order refreshed, linked to manufacturing plan.
- Plan tab added to Links panel in Sales Orders.
- Deleting an order or line refreshes data in Update FMP.



Borut Puklavc, Product Manager

ZEUS – Business intelligence – 209 enhancements

A number of minor changes in the business intelligence module marked FY 10. For example, a wizard for merging plans, for planning by price or value was added; filters were included in out-of-the-box dashboard components with ratios, as well as documentation of collected data; an option for advanced editing of dashboard reports using FastReport editor was added. There were also several major changes.

Having made a decision to support Analysis Services 2005 and 2008 in FY 09, we enabled the functioning of ZEUS Analyses and Reports on the Oracle relational database. We enhanced this part of business analytics by enabling it in two new areas: in Manufacturing and Personnel. Thus complete OLAP analytics is now enabled for these two areas of operations. With a wider coverage, users expressed a requirement for selection of desired areas, which led to the creation of an interface for selecting areas (cubes) and the corresponding modification of the analytical system. Furthermore, the analytical system was renovated and optimized, which facilitated a considerably faster drill-through, which is one of the major advantages of our business intelligence.

A major success was also achieved in dashboard development. In cooperation with our Partners we introduced three new out-of-the-box dashboard accounting reports (weekly, monthly, yearly) in the framework of the Feniks project. They consist of 24 new and a number of existing components, including the most recently added, the Obsolete Stock dashboard.

In this Fiscal Year we enabled full business analytics for customers using our Hosting service. A new universal boot parameter with simple administration and an option for creating scheduled Windows task from PANTHEON was added to make updating easier for administrators.

During the last months of FY 10, most of our efforts were directed at refactoring and redesign. Besides more stable and faster functioning, we created more user-friendly, logical and efficient interfaces in the Administration Panel, Dashboard, Dashboard register and Dashboard Reports.



Dare Rihter, Product Manager

ARES – 60 enhancements

Our efforts with the Ares module were mainly directed at optimization and execution platform overhaul. One activity was putting in order and expanding registration forms of existing components by creating additional features that had been left out of the previous versions. Another important activity was testing and integrating the new Delphi Pascal compiler version. Compiling and execution of procedures are now done more quickly. With refactoring we overhauled and unified integrations in forms. This way, the same prerequisites for all forms are ensured for programmers of Ares procedures when executing integration. Also, other directly accessible general functions such as printing, export, etc. were prepared for release.

There is an ongoing preparation of material for automatically generated documentation of functions published using Ares. It is based on documentation of PANTHEON's program code, which was set as standard during refactoring and was integrated in the program code for development procedures. Discussions of license prerequisites for third party components in relation to the publication of component documentation on our website are underway. This way an important part of documentation which could only have been obtained from forums, users' meetings, etc. will be made available to developers.



Kristijan Bratuša, Programmer

4.5.3 PANTHEON Test automation

Software development is a very complex process, especially when the software system grows in size and with it the amount of code and consequently the complexity of interactions. Some years ago, we had to decide how to proceed with the development process.

Either slow down development (like some competitors) and have a stable program, or develop faster and provide users with the latest information technology, risking individual errors on the way. It is perfectly clear that a program with over 8,000 pages of documentation cannot be tested manually within one month. However, only tests can ensure usability and error-free functioning of all (including some of the older) functions. Two years ago we made investments in test automation system which we use to prepare test scenarios and execute them automatically. Developers get a list of tests that returned errors and are thus able to fix the issue before the next release. After an investment of over 250 thousand euros, the system came to life in November 2008 and was tested until April 2009. Today, no code change is included in releases if no testing scenario exists that would check if it is working properly. Testing scenarios are extensively recorded, ensuring a functioning and stable program.

In the FY 10 we made the transition from TestComplete6 to TestComplete7. We created a script for changing letters with diacritics (č, š, ž) which enables us to record tests on one platform and run them on both: MS SQL Server and Oracle. Due to an ever growing number of test scenarios, we had to change the system for running tests. We set up two separate systems for SQL Server and Oracle.

The entire test automation environment was transferred to a new VLAN network so Partners could be included in it and to ensure data protection. A data encryption script was created to ensure protection of Partners' databases. Furthermore, a system for automatic upgrade of all databases was set up. Three databases (Beta, Release-PreRelease, Patch-PrePatch) are available for each tester. In 2011 we will look into possibilities for transferring to TestComplete8 and enabling a more efficient notification system for errors encountered during the test automation process.

For presentation go to <https://usersite.datalab.eu/Player/TabId/130/Videoid/100/Avtotestiranje-V-PANTHEONu.aspx>

An overview of recorded scenarios by months (total of 888 tests in FY 10):

Module	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Other	1	1			7		1	1	6	23	7	1	48
Ares	10	12	7	9			1			3		4	46
Hefaist	35	39	28	16	46	33	11	16	29	25	44	25	347
Hera	21	2	11	33	73	20	28	24	42	9	133	106	502
Hermes - Goods	14	22	70	23	69	24	36	33	43	33	171	176	714
Hermes - Financials	4	1	2	4	46	45	52	21	49	40	71	73	408
Hermes - Orders	2	1		3	9	2	1	3	4	5	24	5	59
Hermes - POS					17	8	3	5	7	3	2	6	51
Hermes - Registers	4	16	1	20	12	19	8	5	33	50	104	26	298
Zeus	2	4		1	8		16	12	11	8	6	24	92
System	9	8	9	15		1	2		5	1	3	1	54
Total	102	106	128	124	287	152	159	120	229	200	565	447	2619

This investment will help us lower our costs, which is especially important in these troubled times.



Luka Levstek,
Nikola Nikolov

4.5.4 Internal IT (236 Improvements)

The internal IT department's task is to ensure IT support for the Datalab PANTHEON ERP system. This mainly includes websites required in the scope of our operations:

Partner Site: A site set up for Datalab Partners - sales tools, Help Desk, remote support, user management, knowledge base, Wiki documentation, etc.

Intra Site: A site set up for internal Datalab operations – monitoring tasks, translation tools, marketing tools, knowledge base, Wiki documentation, etc.

Developer Site: A site set up for the community of independent developers of applications which are compatible with PANTHEON – data structures, API interface, programming school, examples, knowledge base, Wiki documentation, etc.

User Site: A site set up for PANHEON users – Wiki documentation, remote support, Help Desk, online video instructions and presentations, forums, libraries, etc.

With new web development processes we are actively bringing the community closer to PANTHEON users from all countries by making more content available, enabling easier information access, providing a user-friendly interface and offering contents in nine languages. This way they can contribute to the community's content.

To ensure that the volume of content grows quickly we enable mutual integration of web portals, usersites in PANTHEON, a platform for business process management, statistical reports, feedback interfaces and improvements made to User Site, Partner Site, Developer Site, Intra Site, Wiki, Marketplace, and Help Desk on a daily basis. Moreover, these can be freely accessed and are linked with online bank systems (registers, exchange rates from all countries), agencies for public legal records and related services (PRS – Slovenian Business Register, RTR of all countries), other online communities (RPX) and web browsers.

Modern AJAX web modules such as graphics editors in Wiki, surveys, blogs, comments have been developed. Users can publish their own video instructions in the online video library. They can publish additional PANTHEON solutions in the Marketplace on the Developer Site. In addition, they can publish e-invoices, forums, newsletters, online discussions, remote support and many other things.

Starting this year, users can publish contributions, requests, replies and remarks in all of the above-mentioned systems. They are available for viewing and can be accessed directly from anywhere in PANTHEON. Moreover, users are rewarded for their contributions with discounts, ratings, notable mentions, etc.

Currently we are working on renovating the User Site, which will be available to everyone and not just the 20,000 PANTHEON users. All PANTHEON-related content will be made available, and through this move we will enable active participation, letting people know about the wide-range of web support available for PANTHEON. The renovation will include redesign, new notification modules, new search engine, links between videos, wiki content, forums, news, blogs. Thus users will be able to shift between different help content in an easy way.

Important tasks done by the IT department on other portals:

- Implementation of SharePoint 2007 portal for Intra server.
- Contents copied to Silverlight technology for improved user experience.
- Unified ISO country codes.
- Help documentation imported from Documentor to Wiki, which can be edited.
- Support for sales of new license types (LX, MT, GE) and new licensing methods (RLGS, hosting).
- Improvements made to sales force automation (SFA) sales tools.
- Setting up report server for reporting and controlling company and Partner structure.



**IT training/
certification
- The Datalab
Academy
Vanja Cigoj,
Academy Head**

4.6 DATALAB ACADEMY

4.6.1 1. MISSION OF THE DATALAB ACADEMY

The Datalab Academy officially began work in June 2008 (FY 08). The Academy provides training and certification to Partners and end users. Training courses are carried out in Datalab Academy classrooms and at other venues as classic frontal teaching. They are led by instructors and qualified trainers. Community-based mechanisms for self-learning are another active method available free of charge. Users can access online videos, written material (PANTHEON user guides) and active forums (intended to build the knowledge base and active user community collaboration).

We at the Academy strive to boost and strengthen the PANTHEON community with all forms of training. This way we also foster trust in the PANTHEON brand so that it not only represents a quality, high-performance business information system, but also includes a variety of quality, low-cost services.

4.6.2 TRAINING COURSES/CERTIFICATION AT DATALAB ACADEMY CLASSROOMS AND OTHER VENUES

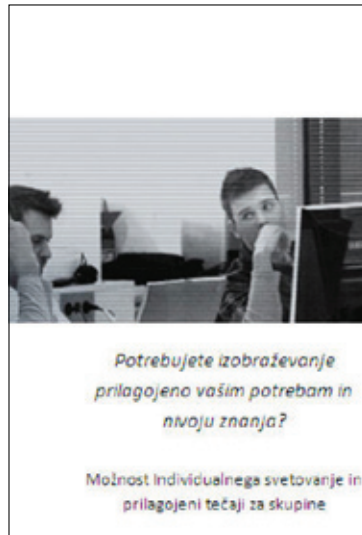
4.6.2.1 Training courses at Datalab Academy classrooms

We use our own classrooms or provide training at rented training venues where we carry out courses/certifications for PANTHEON users and Partners. In FY 10 most of our activities were carried out at other training venues (education seminars and events) and directed at creating materials for self-learning methods.

We carried out courses at the Datalab Academy's classrooms (direct contact with instructors); surveys have shown that in more than half of the cases, our competent users wish to build on their skills.

Besides carrying out regular training, we tried to bring activities closer to users and meet their requirements. For this purpose we created tailor-made training courses intended for groups (courses carried out according to the requirements and individual users' availability) as well as counseling for individuals (one-on-one contact between customer and instructor).

An example of an invitation for Datalab Academy Slovenia tailor-made training courses and counseling



An example of an invitation for Datalab Academy Serbia training

Poštovani korisnici,

Raspisali smo termine obuke za pojedine oblasti. Obuka u trajanju od 4 sata iznosi 90€ literatūra.

Grupni popust:

- Ako se iz istog preduzeća prijavi 3 i više polaznika, odobravamo popust od 15%
- Za pojedinačne polaznike, svaka peta obuka je besplatna.

- Kurs **Osnove Pantheona** je preduslov za pohađanje i razumevanje ostalih kurseva, a

- Kurs **Sistemska podrška** je isključivo namenjena IT profesionalcima i potrebno je os

Obuke će se održavati u prostorijama preduzeća Datalaba, u ulici Bul. Zorana Đinđića 4-

U donjoj tabeli se nblazi spisak sa cenama i vreme obuke.

Termin	Vreme	Oblast	Cena bez PDV-a
01.03.2010.	10:00 - 14:00	Osnove rada sa Pantheonom	90,00 €
03.03.2010.	10:00 - 14:00	Jednostavna proizvodnja	90,00 €
05.03.2010.	10:00 - 13:00	Naruđbine	67,50 €
08.03.2010.	10:00 - 14:00	Osnovna sredstva	90,00 €
10.03.2010.	10:00 - 14:00	Sistemska podrška	90,00 €

An example of an invitation for Datalab Academy training in Bosnia and Herzegovina

In FY 10 we changed the focus of our direct activities by carrying out free training sessions for new PANTHEON users with the aim of increasing the number of new participants and boosting general knowledge and in particular user satisfaction. All new users who expressed an interest were included in intensive and free introductory training, where key information intended to provide the best possible overview of the options PANTHEON offers was shared. At the same time, we tried to help Partners with product implementation at customers. In addition, we wanted to help customers in their attempts to set up their business operations and cooperate with support Partners.

4.6. 2.2 Training activities by individual countries

4.6. 2.2.1 Slovenia

In FY 10 Datalab Academy realized training courses which were attended by 433 participants. Courses were carried out from November 2009 (on a monthly basis) till June 2010. There were a total of 27 workshops/lectures, and a large-scale education event was held in June 2010.

Classroom of Datalab Academy Slovenia



Datalab Academy puts great emphasis on the quality of the educational and training services it provides. A record of trainee satisfaction (TSI – Trainee Satisfaction Index) is kept by handing out surveys after each training course. The participants assess the quality of the course with marks from 1 (unsatisfactory) to 5 (excellent). The obtained results show that we have managed to increase the quality of services from an average mark of under 4.0 in 2007 to 4.32

in 2008, and 4.36 in 2009; in 2010 we got even better, with an average mark of 4.37.

4.6. 2.2.2. Bosnia and Herzegovina

We carried out two training course programs for Partners and users in Bosnia and Herzegovina. The first course program took place in July 2009 and another in June 2010.

An example of an invitation for Datalab Academy training in Bosnia and Herzegovina

Six different training courses were carried out over six days in the scope of the first program (from 1 July to 21 July 2009). The average course lasted eighth hours. The training courses were mainly carried out free of charge for students and PANTHEON users.

Training course in the classroom of Datalab Academy Bosnia, Sarajevo



54 participants attended the courses. The participants gave an average mark of 4 for the courses (on a scale: 1 - unsatisfactory and 5 - excellent).

The second training program, which was carried out in June 2010 (from 2 June to 10 June 2010), consisted of 11 different courses. On average they were 4 hours long. 50 participants attended the courses. The participants gave an average mark of 4 for the courses (on a scale of 1 (unsatisfactory) to 5 (excellent)).

We carried out regular Partner certifications in July 2009 (from 22 July to 30 July 2009) and June 2010 (15 June 2010). All in all, 10 certificates were handed out.

Besides carrying out training courses and Partner certifications at the Datalab Academy classroom, we also provided the following training services:

- We held lectures on "Financial accounting in business information systems" at the Faculty of Economics, Ljubljana;
- Students acquainted themselves with PANTHEON in the framework of practical exercises at regular lectures at the Faculty of Economics and Business, Sarajevo;
- We carry out training for assistants at the Faculty of Economics, Ljubljana in the framework of the "Financial Accounting Project" course.

4.6. 2.2.3 Croatia

Training courses in manufacturing were carried out for Partners in Croatia. They took place on 29 and 30 January 2009. The participants were extremely satisfied with the course.

Regular training courses were not carried out for users in Croatia. User training was carried out in the framework of an educational event (see item 2.2 above).

4.6. 2.2.4 Serbia

We carried out 6 training courses for Partners and users in Serbia. 20 participants attended the courses. There were 6 dates for Partner certifications. A total of 46 participants attended the certifications; 33 successfully completed the exam.

4.6.2.3 Education events

4.6.2.3.1 Education event, Slovenia (9 June 2010, Unija, Brezovica)

In FY 10 we at the Datalab Academy actively directed our focus to boosting knowledge and trust in the PANTHEON user community. We shifted activities from the classroom environment to active collaboration with users. We created and carried out our first education event of this sort. On 9 June 2010 we carried out the education event entitled "Knowledge for better business operations" at Unija, Brezovica, which was followed by a picnic for all participants at Iški Vintgar.

Lectures at the Bor auditorium at Unija



Pleasant social interactions at the picnic at Iški Vintgar



The education event consisted of 23 different workshops and lectures. They were carried out by 19 qualified Datalab and external experts. After the event, we carried out a participant satisfaction survey. 146 participants attended the event and completed 492 survey sheets for all workshops.

The participants rated the organization of the event and methods and how they were used by lecturers presenting the content. In addition, they answered questions about whether they had acquired new knowledge and how useful the contents of individual lectures were. See the table below for results analysis:

REPORT ON EDUCATION EVENT, 9 June 2010, Unija		
Event organization	Average rating	3.9
Method used and how well were the topics presented*	Average rating	3.9
Acquisition of new knowledge and content usefulness*	Average rating	3.7
Total average instructor rating	3.8*	
Total average rating	3.9	

4.6. 2.3.2. Education event, Croatia (Pula, Chamber of Commerce), 11 June 2010

As a follow-up to our education event in Slovenia, we launched one for the PANTHEON user community in Croatia on 11 June 2010. It took place at the Chamber of Commerce in Pula (Hrvatska gospodarska komora – Županijska komora Pula). 55 participants attended the event. The event was led by 4 instructors from Datalab Croatia’s support staff. They carried out 10 different workshops/lectures.

Invitation for event



The participants rated the education event on a scale of 1 (unsatisfactory) to 5 (excellent). Of the 55 participants:

- 37 (67%) were highly satisfied with the results of the education event;
- 13 (24%) were satisfied with the results of the education event;
- 5 (9%) were relatively satisfied with the results of the education event.

4.6.3 3.PANTHEON TV – Video instructions

In FY 10, we at Datalab Academy Slovenia put all our efforts into creating an efficient and user-friendly self-learning tool. Using funds obtained from the Feniks project, we created online learning tools which can be accessed at any time from the comfort of home or at your workplace.

We created 128 cutting-edge video instructions for all PANTHEON modules – we still have to make videos for the Payroll, Travel Management and Manufacturing modules. These are planned for FY 11.

The videos are designed to give the user an easy-to-use, user-friendly self-learning process for learning to use PANTHEON. Just select a topic, and with a few clicks you can view a range of videos about it. Video instructions bridge a gap for those users who cannot personally visit our regular training courses or would like to minimize investments of time and resources in user training.

Online video gallery



To access video instructions and start learning, visit the User Site (<https://usersite.datalab.eu>), where you'll find video instructions for the Slovenian localization.

There are video instructions for the Bosnian localization as well. We recorded 18 videos, which cover all business processes in PANTHEON. They pertain to tasks which appear in the Financials module. These video instructions will be published on the User Site in FY 11.



Users with an internet connection and suitable hardware can thus access over 70 hours of professionally edited recorded material. Access is unrestricted and free of charge, and the videos are currently available in two languages (Slovenian and "Adriatic"). In the year ahead, our goal is to prepare video instructions for all localizations in the Adriatic region.

4.6.4 4. INVESTMENTS IN STRENGTHENING THE KNOWLEDGE OF THE PANTHEON USER COMMUNITY

We at Datalab Academy are aware that knowledge of PANTHEON use is something that helps boost trust in the PANTHEON brand and product line. For this reason, we offer an extensive set of knowledge tools free of charge to the entire user community. Tools are available in the following forms:

- A special PANTHEON Beginner's Guide, which we designed and also made available for localizations;
- Getting Started training courses for beginners;
- PANTHEON video instructions (see chapter 3 above);
- A supplementary Getting Started topic for beginners in PANTHEON Help.

4.6.4.1 Beginner's Guide

PANTHEON Beginner's Guide



Anyone who has had to get acquainted with a new product has faced the same challenge - how to begin using it.

We've created a Beginner's Guide, which is available free of charge, to bring the functioning and features of the product closer to users and to facilitate optimal use of the program for their own business operations.

Anyone whose work includes procurement, warehouse operations, production management, sales, or accounting is sure to find loads of useful information and tips in the PANTHEON Beginner's Guide.

The guide is structured around the story of an imaginary company, the bakery Pekarna Ajda d.o.o. The tasks presented in the manual follow business events at the bakery: ordering and procuring materials from suppliers, warehousing and manufacturing, the shipping and sale of finished products to wholesale custo-

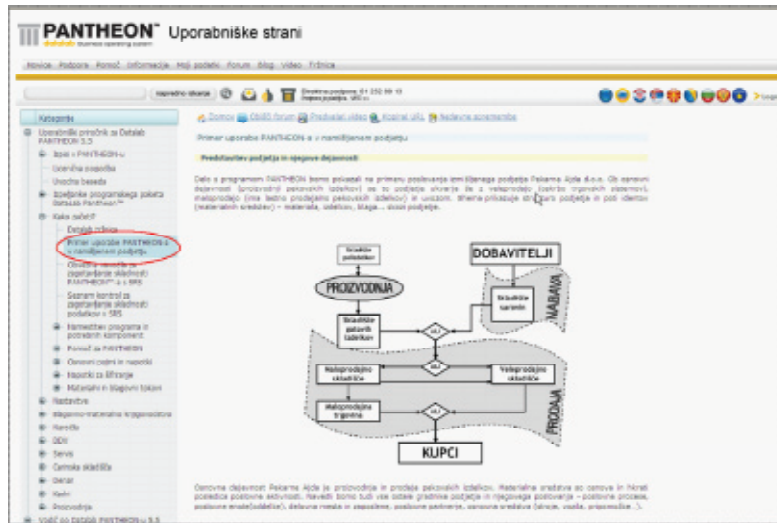
mers and end customers.

The PANTHEON Beginner's Guide is intended for first-time users and requires no prior knowledge of computer use. It has also been translated into all languages of the Adriatic region.

The guide is made up of the following chapters:

1. Why PANTHEON?
2. About the Beginner's Guide
3. The Company and Its Activities
4. Getting Started with PANTHEON
5. PANTHEON – Work Environment
6. Registers - General Information
7. Materials Management
8. Manufacturing
9. Sales
10. Reports
11. Personnel
12. Accounting and Financials
13. Support Mechanisms

PANTHEON Help – Getting Started



4.6.4.2 Getting Started with PANTHEON training courses for beginners

We are aware that beginnings are often difficult. It is difficult for us to start to learn how to walk, to swim, to drive, etc. Besides willpower and a desire to learn, you also need knowledge and skills.

For users who would not like to read our user-friendly guides or try to learn using video instructions, we have prepared an introductory training course entitled Getting Started with PANTHEON. It is available free of charge.

It consists of three sections. The users are first introduced to:

- The work environment in PANTHEON;
- General information about registers (basic settings, subjects, items, etc.);
- Document types – settings and how they are used.

In the framework of the courses, we deal with practical cases (participants follow the instructions given by the instructor on their computers). The 3-hour introductory course is usually held every month.

Image: Invitation for the Getting Started with PANTHEON training course, Datalab Slovenia



The first set of training courses was carried out June 2010, on 23 June 2010 to be exact. Because users expressed a great interest in the course, we had to add a second date, 24 June 2010. 24 participants from different companies attended the two introductory workshops. We plan to achieve similar results a monthly basis for FY 11.

Introductory training is invaluable to new users. Courses help customers to actively start using the product, and will make the future management of our Partner Channel easier.

4.6.4.3 Supplementary guide for beginners

To make PANTHEON use as easy as possible and to bring it closer to users, we added a supplementary Getting Started topic for beginners in PANTHEON Help.

PANTHEON Help for beginners (and also for experienced users) is divided into two sections: PANTHEON 5.5 User Manual and PANTHEON Guide.

The User Manual and video instructions are intended for presenting functionalities and features of individual PANTHEON modules. The PANTHEON Guide is more technically oriented; in it, users will find a detailed description of each field, window and report.

PANTHEON consists of modules and ensures a complete support system for business operations. We added the Getting Started topic in order for users to get acquainted with how to install and set up PANTHEON and to understand support mechanisms which they can use when problems occur. That is, users have access to online help documentation and the possibility of directly contacting support staff.

The tasks presented in the manual follow the business events of an imaginary company in a clear-cut and easy-to-understand way: ordering and procuring materials from suppliers, warehousing and manufacturing, the shipping and sale of finished products to wholesale customers and end customers.

4.6.5 5.INFORMING THE PANTHEON COMMUNITY ABOUT TRAINING ACTIVITIES CARRIED OUT BY THE DATALAB ACADEMY

4.6.5.1 PANTHEON Novice

The PANTHEON community is informed about Datalab Academy training activities in PANTHEON Novice, our monthly newsletter. It contains a monthly training course schedule for Datalab Academy and any additional news and information. Twice a year, we also issue important news bulletins as articles in the print edition of PANTHEON Novice.

4.6.5.2 Datalab Academy monthly notifications

Monthly notifications about current training activities are issued in the framework of Datalab Academy. We send out:

- A training course schedule for the current month;
- A course program;
- Dates and prices.

We provide users with all necessary information and direct them to the Datalab Academy website.

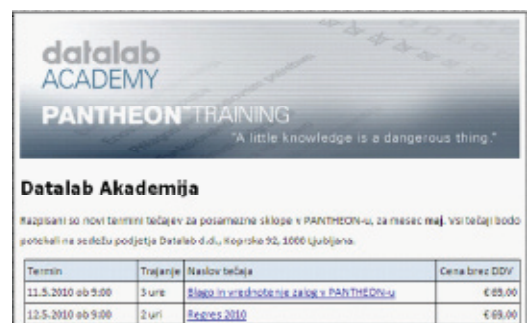
To visit the Datalab Academy Slovenia website, click:

<http://www.datalab.si/podpora/izobrazevanja-in-tecaji/aktualna-izobrazevanja/>

Left: Monthly notification for Datalab Academy Bosnia and Herzegovina



Right: Monthly notification for Datalab Academy Slovenia



4.6.5.3 Notifying participants of training courses

We at Datalab Academy are aware of how important post-sales activities linked to the training services we provide are. All participants who sign up for training courses taking place at the Datalab Academy and at other training venues are notified on a regular basis. The notifications contain basic information about course locations and dates and times. Also, we always provide participants with a map of the location and inform them about terms of payment and enrollment clauses for training courses.

4.6.5.4. Notifications via the website

The Datalab Academy section of our website is intended for posting training notifications.

At any time, users can find the following information:

- Free options for self-learning and improving skills
- Scheduled training courses and programs
- Terms of payment
- The PANTHEON bookcase (web bookshop)
- Certifications

Like our monthly PANTHEON e-Novice circular, we also send out a Datalab Academy newsletter. 6,000 users visit our website every month. We are aware of how important it is to notify them in this manner.

The Marketing department started on a completely redesigned website layout in April. It goes live in fall/winter 2010. Extensive interviews, surveys and user discussions were conducted to design a new segmentation of key potential customers. The results revealed that potential customers can be divided into two large groups:

- Customers with basic needs (emphasis on reliability, stability; do not like changes)
- Customers with advanced needs (emphasis on new functionalities and a dynamic product)

They used what they learned to design a content framework for the future website, which will orient and inform users about support/training courses provided by Datalab.

The following two sections for posting notifications are planned:

- Spotlight: Notifications about important events and achievements at the Datalab Academy.
- Support: Directs new and experienced PANTHEON users to current training courses, information about prices, contact persons, training materials and support mechanisms.

4.7 KEY EVENTS IN THE 2010 FISCAL YEAR (1 JULY 2009 TO 30 JUNE 2010)

JULY 2009

Signed new Partnership Agreements.

AUGUST 2009

Successfully tested alpha version of e-accounting and PANTHEON Hosting with several databases.

SEPTEMBER 2009

Awarded Ministry of Public Administration tender for testing new information submission system designed by the Ministry.

The Feniks group, led by Datalab and working on the second part of e-accounting, was granted co-financing by the Ministry of Higher Education, Science and Technology of the Republic of Slovenia in the amount of 625 thousand euros, of which 388 thousand euros went to Datalab.

Gold sponsor at Accountant Week from 14 to 18 September; presented PANTHEON e-accounting, a revolutionary solution that reduces the cost of accounting and improves quality and security.

OCTOBER 2009

Signed agreement with the Ministry of Higher Education, Science and Technology of the Republic of Slovenia for co-financing for the project Feniks – Developing an Ecosystem for e-Business in Small and Midsize Enterprises.

The internal development team in Skopje launched a new Partner Site platform, making for faster work and reducing costs.

Gold sponsor at the Chamber of Accounting Services' eleventh annual Congress of Accounting Services, held in Portorož, Slovenia, on October 15 and 16. e-accounting sparks a great deal of interest.

PANTHEON is one of only two major ERP systems available in southeast Europe to be Windows 7 Compatible certified immediately upon the release of the new operating system. The other is Microsoft Dynamics AX (Navision's "older brother").

NOVEMBER 2009

Held a press conference where we presented operating results. Presented operations as well as results for the year 2009. In addition, we took a look at projections and answered questions.

Held a "light" version of the PANTHEON Conference in Sarajevo for users and Partners from subsidiaries. The PANTHEON Conference took place at the Sarajevo Avaz Twist Tower, which, at 172m, is the tallest building in Balkans.

DECEMBER 2009

Signed an agreement on representing the product of the l'Car Sage Automobile group for the entire region where we are present: Datalab Automotive d.o.o., with headquarters in Belgrade and which was established with joint Slovene-French capital. Successfully completed the first implementation of the l'Car + PANTHEON joint solution for HitAuto, d.o.o. of Belgrade, the largest dealership for Renault and Dacia.

JANUARY 2010

Relatively good sales results of PANTHEON licenses and Update Contracts in Slovenia and other markets.

FEBRUARY 2010

Donated ten computers to Helena Puhar elementary school in Kranj.

MARCH 2010

Andrej Mertelj, Lojze Zajc and Andreja Jenko (SVEZ) gave a presentation on accounting with intellectual property.

APRIL 2010

Simon Klemen from Datalab gave a presentation entitled "Bringing down the Walls between Companies" at Slovenian IT Days.

MAY 2010

In Madrid, Data, d.o.o., an accounting firm which uses e-accounting, presented a methodology for establishing start-up companies, with which they decreased the fail rate of start-up businesses in the first 12 months from 56% to 19%. Data, d.o.o. became the first Slovenian company to receive a European Business Award. The methodology they presented was based, among other things, on PANTHEON.

The Faculty of Economics in Split, Croatia, chose to teach accounting-related subjects using PANTHEON. Datalab participated in the first class.

Chosen by the Ministry of Public Administration to be the first in Slovenia to include our Personnel system in the e-VEM portal. Our users can submit M-forms via e-mail directly from the Personnel system to the Health Insurance Institute of Slovenia (ZZZS). Forms can easily be submitted to the Health Insurance Institute of Slovenia (ZZZS). Companies no longer need to send M-forms by post or manually enter data in the e-VEM portal.

JUNE 2010

Organized a PANTHEON education event at the Unija Accounting Institute in Brezovica, a suburb of Ljubljana. The event consisted of 23 different workshops and lectures. They were carried out by 19 qualified Datalab and external experts. 146 participants attended the event.

The number of PANTHEON users exceeded 20,000.

4.8 KEY EVENTS IN SINCE THE CONCLUSION OF THE 2010 FISCAL YEAR (SINCE 1 JULY 2010)

JULY 2010

On 15 July 2010, a merger agreement was signed with BlueSoft, d.o.o., a Serbian company with the largest market share in the development of business IT and accounting solutions and their implementation at companies. We purchased the copyright for the source code for BlueSoft O4, a business solution for small and medium-size businesses. Future development of the solution will be performed in the framework of lower versions of the PANTHEON family of products.

Datalab, BlueSoft, SezamPro Hosting, Data and Online Computers announced the establis-

hment of a joint non-governmental and non-profit international business and professional organization: AdAstra – Regional Institute for Informatics in Small and Medium-Size Enterprises. The aim of the Institute is to exchange knowledge about the implementation, use and development of information solutions for small and medium-size enterprises.

Datalab SI, d.o.o. was established. Datalab Tehnologije, d.d. continues to develop software solutions for the entire group and continues to see to the development of the PANTHEON program. The newly formed company, Datalab SI, d.o.o., takes care of the Slovenian market. Marko Vodnik is the director of the new company.

AUGUST 2010

Started preparing for the second PANTHEON education event, which will take place on 1 December 2010. It is intended for all users and Partners in Slovenia.

SEPTEMBER 2010

Silver sponsor at Accounting Week, which took place at the Unija Accounting Institute in Brezovica, a suburb of Ljubljana, from September 13 to September 17. Andrej Mertelj and Simon Klemen participated in the event with presentations on PANTHEON accounting and the importance of good accountants.

On 27 September 2010 a decision was passed that the company's share capital be increased on the basis of a successful offering of stock and an increase of share capital on 30 June 2010, from the current 444,493.31 euros to 465,441.28 euros. This gives a total issue value of 256,753.00 euros or a total nominal value of 20,947.97 euros by issuing 5,020 new shares. All in all, this means that the offering of new Datalab's shares was successful.

On the motion of the Datalab Executive Board, the 9th shareholders' meeting was convened on 1 September 2010. It had a quorum and the following resolutions were passed: UHY d.o.o. was named auditor for the fiscal year from 1 July 2008 till 30 June 2009; decisions on the use of the company's distributable profit for 2009 were passed; the benefits received by members of the Executive Board and executive director for conducting company tasks in year 2009 were discussed; the members of the Executive Board and the Executive Director were discharged for 2009; management was granted a reward exclusively in the form of the company's shares.

OCTOBER 2010

Gold sponsor at the Congress of Accounting Firms, held in Portorož, where we presented the advantages of PANTHEON hosting.

Successfully completed the EU project Feniks II.

NOVEMBER 2010

Received the prestigious award for best annual report in the category of small and medium-size enterprises granted every year by the Chamber of Commerce and Industry of Slovenia.

Presented PANTHEON at the Slovenian Days of Craft and Entrepreneurship (from November 16 to 18, 2010), an event held at the Technology Park Ljubljana. Andrej Mertelj, Executive Director of Datalab, gave a presentation on accounting for R&R projects and how they affect a company's financial position.

4.9 PLANS FOR THE 2011 FISCAL YEAR

A new service – Service Desk center – will be expanded as a new source of income. The service needs to be expanded partly due to the extension of the warranty to cover errors, which was implemented in November 2010. This means that instead of Partners, we will remove errors free of charge for users with Update Contracts. This way we will improve our relationship with our users and make a clear-cut distinction between our obligations and those of our Partners.

The number of users using the hosted e-accounting system will increase. Hosting centers will be set up in Serbia, Croatia, Bosnia and Herzegovina, and the Former Yugoslav Republic of Macedonia (FYRM).

The growth of tertiary revenue will increase.

Revenue growth of 50% to 120% in all markets is expected.

Vendors that are currently our competitors will be included in the organization, thus consolidating the market. Companies that were our competition just the other day will become our associates. Building upon development, accounting and education partnerships will continue.

The Datalab Academy will be replaced by a system of webinars – online training.

Expansion of the User Site will continue; content that reduces the cost of software use will be added.

The profit-sharing scheme will be expanded, as well as rewards for those who have contributed the most to Datalab's success.

4.10 RISK MANAGEMENT IN THE GROUP

Even though the group and the companies within it are small, risk management is one of the basic fields that every business must constantly develop. The most important and most likely risks have been identified and sorted by importance and probability. Internal control mechanisms have been revised, and risk monitoring and management methods have been devised. The objective of risk management is identifying risks and using them to one's own advantage.

Risks have been divided into two groups, business risks and financial risks, as shown below.

4.10.1 Business Risks

Area of risk	Description	Treatment	Exposure
Recession	Risk of small companies going out of business, thus reducing Datalab's installed base; smaller budgets	Positioning: business intelligence as a tool for reducing costs. Increased consolidation of competitors into the group. Attract more users with e-accounting and hosting.	High
Intellectual property	Risk of software patents and legal actions	Active participation in the fight against software patents.	Low
Development process	Risk of not bringing product development to a conclusion	Project-oriented processes, supervision of development, process optimization.	Low
Reliability of suppliers and business partners	Risk of non-competitive or interrupted deliveries	Constant supervision of contractual agreements.	Moderate
Competition	The emergence of new or the strengthening of existing competitors, Competitors drastically lowering their prices to keep their sales up	Monitoring the competition; constant improvements to the business model (e.g. installment plans for customers, partnership benefits) and products (not lowering the pace of software development). Shift from CAPEX to OPEX in PANTHEON Hosting.	Moderate
Technological obsolescence	Risk of non-competitive product due to technological obsolescence	Constant development; new product generation roughly every four years.	Low
Drop in capacity of the Partner Network	Drop in the number of Partners or capacity overload due to existing projects.	Expanding the Partner Network; reducing the time spent for support and implementation. Establishing EDU partnerships with educational institutions. Liberalization of support services (accounting firms, self-employed consultants, peer support).	Moderate

4.10.2 Financial Risks

Area of risk	Description	Treatment	Exposure
Fall in stock price	Lower demand for financial instruments due to financial crisis	Intensifying communication with analysts and investors, presenting opportunities in the recession and emphasizing mid-term growth potential. Current shareholders not willing to sell at below value.	High
Insufficient loan sources	Risk of significantly reduced access to loans	Selling off long-term lease contracts; using other financial instruments (bonds) for refinancing lease sales. Taking advantage of the national loan guarantee scheme.	High
Changing interest rates	Risk of changed conditions for taking out and financing loans	Long-term loans with fixed interest rates.	Moderate
Credit risk	Risk of customers' non-payment	Withdrawing services, blocking software use, debt collection, securing payments.	High
Reduced liquidity	Risk of not being able to settle current obligations	Planning in monitoring liquidity and properly managing lines of credit. Reducing outstanding payments. Stricter monitoring of subsidiaries' debts.	Moderate
Property damage	Risk of fire, explosion, halted operations	Suitable insurance. Saving data in a remote digital locker on a daily basis.	Low

4.11 CORPORATE SOCIAL RESPONSIBILITY

Even though a company's basic purpose is generating profit for its stakeholders, the way in which it sets out to achieve this goal is also important. A company's activities must produce positive effects for its clients, partners, employees and their families, and the community. Datalab and other companies in the group respect the principles of corporate social responsibility:



- Fair and equal treatment of all employees;
- Ethical and fair business practice;
- Respect of basic human rights;
- Environmental consciousness;
- Good relations with the local community and society in general;
- Giving back and support to the community.

In February 2010 we donated ten computers with LCD monitors and all additional equipment to the Helena Puhar elementary school in Kranj. Helena Puhar elementary school is a school for children with special needs which helps in bringing them up and provides quality education for them through professionalism, creativity and dedicated work. We wish they will enjoy and have fun using the computers.

In addition, we annually pay a members' fee for LUGOS (open source community) at the Slovenian Institute for Standardization in support of the open source movement.

For more information on corporate social responsibility, visit our website:
<http://www.datalab.si/o-podjetju/druzbeno-odgovornost/>.

4.11.1 Participation in organizations

Datalab actively participates in various Slovenian and international organizations and standards bodies.

Andrej Mertelj, Executive Director of Datalab Tehnologije d.d.:

- is a board member of the Information and Communication Technologies Association at the Chamber of Commerce and Industry;
- is president of KODA.SI, the association of software developers at the Chamber of Commerce and Industry. Datalab is the organization's co-founder.
- Datalab is a founding member of the Technology Platform for Software and Services with NESSI's (Networked European Software & Services Initiative) Slovenia branch. Datalab is the organization's co-founder.

The foundation of an expert group for B2G issues regarding data submission to the Tax Administration came to a halt due to a lack of interest shown by the Association (GZS-ZIT).

We successfully completed the project and set out new areas for future development as a test partner chosen by the Ministry of Public Administration in the project for further automation of the electronic submission of employee forms.

Datalab got a seat in the ICT section of the Slovenian Standardization Institute.

The e-business standardization body, first at the Chamber of Commerce and Industry and later with GS1, aims to standardize and popularize e-business among companies and government institutions.

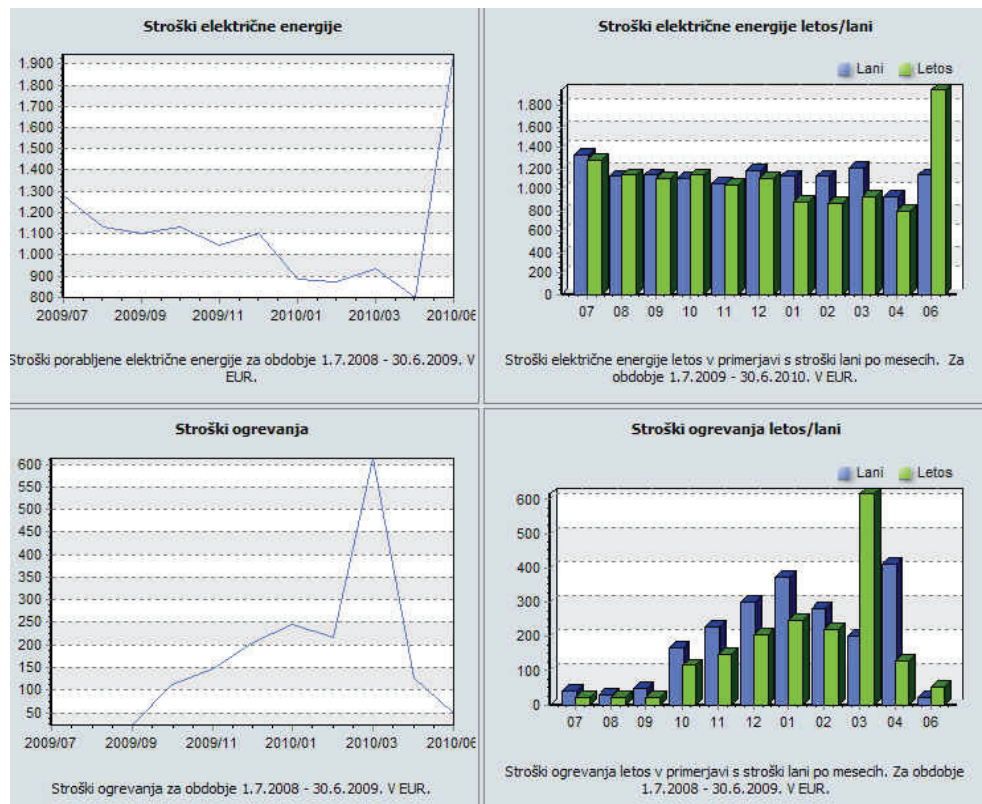
4.12 SUSTAINABLE DEVELOPMENT AND ENVIRONMENTAL POLICY

Datalab is very conscious of the environment. Even though its work takes place in a “clean” industry that does not directly produce huge amounts of pollutants, through a sound environmental policy, we can actively contribute to saving the planet.

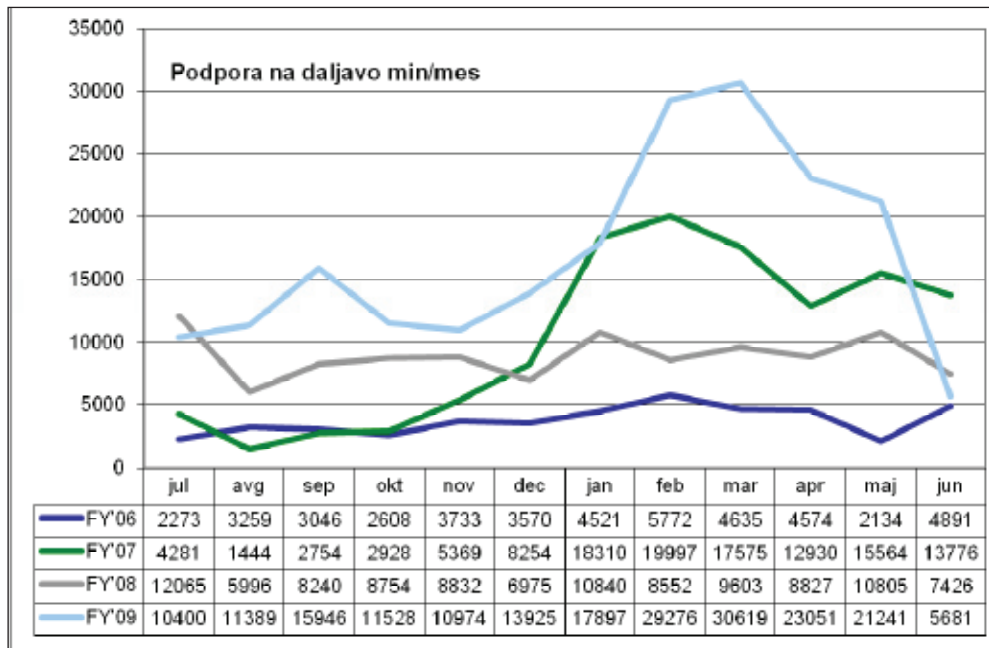
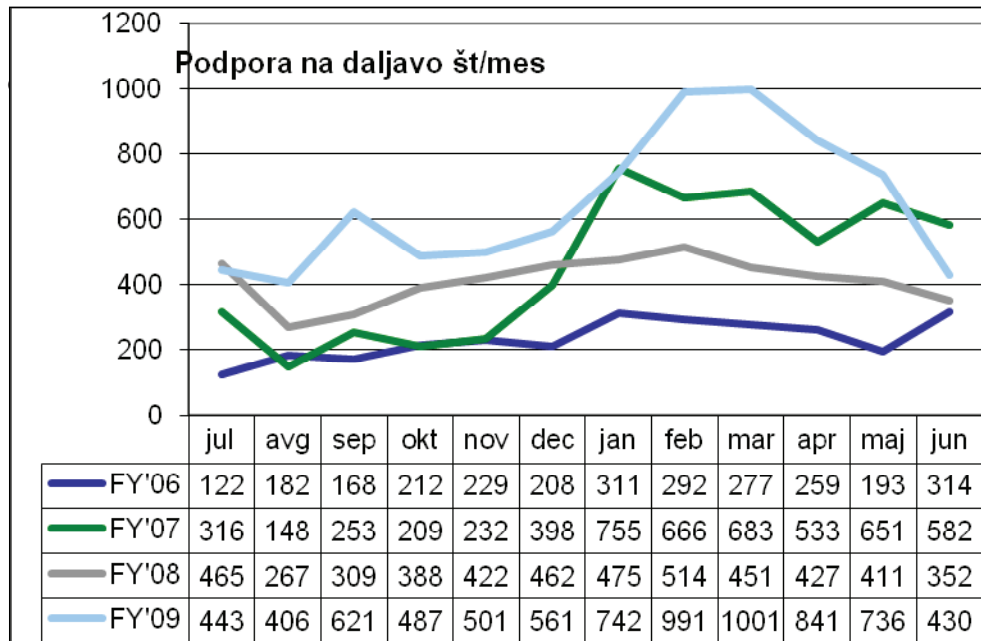
Datalab is a large user of energy, most of which is used for powering computers and air conditioning. To reduce the negative impact, all of Datalab’s computers are EPA certified, and its computer monitors use power saving features. The single largest power users are servers and server room air conditioning.

In FY 09, weekly and monthly online meetings were held as web conferences for the whole group of companies, reducing the need to travel and streamlining communications. This activity has intensified in 2010. Web conferences are now used to hold weekly meetings of subsidiary directors, weekly meetings of the Development Team, and monthly meetings of the Development Team and Support Team and their colleagues in other countries.

Dashboard charts showing environmental aspects of Datalab's operations. Dashboards are part of PANTHEON's business intelligence system, displaying near real-time information.



The Environmental Sustainability Dashboard in PANTHEON is used for monitoring the use of electricity and the cost of heating and cooling.



In most cases, support providers went by car to clients. Because of this, a remote support system was introduced in 2006. This eliminates the need to go to clients in person and saves time and money.

This cuts the transportation costs of our entire Partner Network and reduces carbon dioxide emissions. The Service Desk for Hosting will also be based on this proven technology, allowing problems to be solved remotely.

Datalab recycles paper and plastic packaging. Toners and waste electronic equipment are also properly disposed of. Employees are encouraged not to waste paper and energy. Costs of heating and power have been lower than in the previous year (see chart below), proving that environmental consciousness is not detrimental to business.

4.12.1 Participation in organizations

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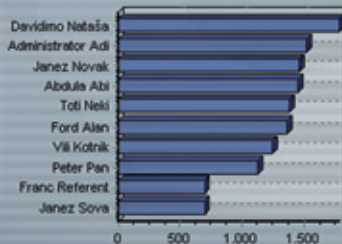
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Naziv / Pregled proizvodnje

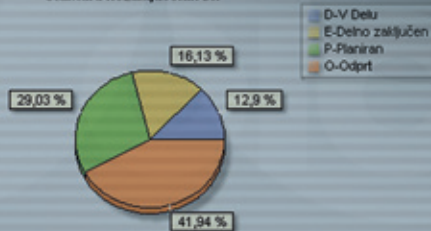
Privzeto Področje

Top 10 delavcev



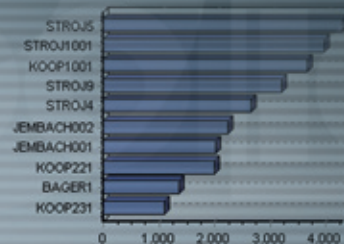
Top 10 delavcev po opravljenih urah v zadnjem letu.

Struktura nezaključenih DII



Stanje nezaključenih delovnih nalogov po statusih.

Top 10 resursov



Top 10 resursov po opravljenih urah v zadnjem letu.

Proizvodnja posameznih izdelkov vrednostno

Ident	Naziv	Vrednost
ARTIKEL1	Artikel prvi	800.215,00
ARTIKEL2	Artikel drugi	652.144,00
IZDELEKSN01	Izdelek SN 01	56.575,35
IZDELEK01	Izdelek 01	41.584,20
IZDELEKMFNS02	Izdelek MF SN 02	41.042,60
IZDELEK03	Izdelek 03	3.977,95
IZDELEKMFOP01	Izdelek MF OP 01	3.900,07
IZDELEKMF02	Izdelek MF 02	2.878,77
POLIZDELEK01	Polizdelek 01	1.738,64
POLIZDELEKSN01	Polizdelek SN 01	1.559,97
POLIZDELEKSN02	Polizdelek SN 02	1.500,00

Prikaz vrednosti v primarni valuti.

Poraba posameznih materialov vrednostno

Ident	Naziv	Vrednost
MATERIALMFSN02	Material MF SN 02	203.581,65
POLIZDELEKSN01	Polizdelek SN 01	202.989,60
MATERIAL02	Material 02	192.021,02
MATERIALMF01	Material MF 01	181.528,40
SEST01	Sestavni del 01	151.109,89
MATERIAL01	Material 01	9.884,20
MATERIAL03	Material 03	9.757,88
POLIZDELEKMF01	Polizdelek MF 01	9.590,91
MATERIALSN01	Material SN 01	8.454,73
MATERIALMFSN01	Material MF SN 01	7.375,15
MATERIALMF02	Material MF 02	5.277,89

Porabljen material v zadnjem letu vrednostno po velikosti. V primarni valuti.

5

Financial statements of the Datalab group of companies

Statement of controlling company's executive board

The Executive Board of Datalab Tehnologije, d.d. is responsible for drawing up an annual report of the controlling company and Datalab group and financial statements which give a true and honest picture of property balance and consolidated profit and loss account to the interested public for the year 2010. The controlling company's Executive Board declares:

- that consolidated financial statements were drawn up for the purpose of showing that Datalab Tehnologije d.d. and its subsidiaries will continue with their business activities in the future;
- that the selected accounting policies were adhered to; and that any changes made to the accounting policies used have been disclosed accordingly;
- that accounting estimates have been prepared in a fair and well-thought-out manner and in accordance with the principles of precaution and sound governance;
- that consolidated financial statements which include explanatory notes intended for the Datalab group have been drawn up in accordance with the legislation in force and the International Financial Reporting Standards (IFRS);
- that the annual financial report includes honest summary data about the group's development and profit and loss statement as well as its financial position. It contains chapters detailing types of risk to which the controlling company and other companies included in consolidation are subject.

The company's Executive Board is also responsible for proper accounting, the adoption of appropriate measures for the protection of property and the prevention and detection of fraud, and other irregularities or illegal activity.

With this statement the controlling company's Executive Board approves the consolidated financial statements for the year 2010 for publication.

Ljubljana, 16 October 2010

Executive Director
Andrej Mertelj

5.1 CONSOLIDATED ACCOUNTING REPORT OF THE DATALAB GROUP OF COMPANIES

5.2 CONSOLIDATED COMPREHENSIVE INCOME OF THE DATALAB GROUP OF COMPANIES FOR THE PERIOD FROM 1 JULY 2009 TO 30 JUNE 2010

Item	Note	FY 10	FY 09
Sales	7	3,425,648	2,818,254
Other operating revenue	7	1,571,179	1,644,338
Gross operating income		4,996,827	4,462,592
Cost of materials, goods and services	8	1,732,489	1,168,647
Labor costs	9	1,816,410	2,039,466
Depreciation		784,550	639,032
Revalued operating expenses for intangible and fixed assets		299	27,855
Revalued operating expenses associated with current assets		74,192	6,292
Other operating expenses		63,591	314,542
Operating profit (loss)		525,296	266,758
Financial revenue	10	147,880	121,641
Financial expenses	11	207,692	161,027
Net financial profit (loss)		-59,812	-39,386
Other revenue		22,161	0
Other expenses		4,002	7,887
Tax on income	12	28,627	16,156
Deferred taxes	13	2,963	26,571
Net operating profit (loss) for the fiscal year		457,979	229,900
Net operating profit (loss) from continuing operations		457,979	229,900
Net operating profit (loss) from discontinued operations			0
Change in surplus arising from revaluation of intangible and fixed assets			
Change in surplus arising from revaluation of financial assets held for sale			
Profit and loss arising from conversion of financial statements of foreign companies			
Actuarial gains and losses of defined benefit plans			
Other components of comprehensive income			
Total comprehensive income for the period		457,979	229,900
Total comprehensive income for the period attributed to majority owner		447,070	202,211
Total comprehensive income for the period attributed to minority owners		10,909	27,689
Weighted average number of shares		106,497	106,497
Basic net profit (loss) per share		4.30	2.16
Extended net profit (loss) per share		4.30	2.16
Continuing operations			
Basic net profit (loss) per share		4.30	2.16
Extended net profit (loss) per share		4.30	2.16
Discontinued operations			
Basic net profit (loss) per share		0	0
Extended net profit (loss) per share		0	0

5.3 CONSOLIDATED BALANCE SHEET OF THE DATALAB GROUP OF COMPANIES AS OF 30 JUNE 2010

Item	Note	FY 10	FY 09
ASSETS			
Property, plant and equipment	14	60,545	111,857
Intangible assets	15	3,913,623	3,212,649
Long-term financial investments	16	1,249	5,483
Long-term operating receivables	17	353,078	537,175
Long-term deferred costs and accrued revenue	18	26,088	20,200
Deferred tax assets	19	48,830	45,867
Fixed (non-current) assets total		4,403,413	3,933,231
Inventories	20	7,304	8,804
Short-term financial investments	21	126,394	103,390
Short-term operating receivables	22	1,436,517	1,274,274
Cash and cash equivalents	23	149,417	85,630
Short-term deferred costs and accrued revenue	24	100,112	68,555
Assets held for sale			
Current assets total		1,819,744	1,540,653
Assets total		6,223,157	5,473,884
EQUITY			
	25		
Share capital		444,493	444,493
Capital surplus		2,686	2,686
Translation reserve		484	533
Profit reserves		44,450	41,763
Retained net profit (loss)		1,837,378	1,572,418
Net operating profit (loss) for the Fiscal Year		447,070	202,211
Equity of minority owners		70,660	46,841
Total equity		2,847,221	2,310,945
LIABILITIES			
Long-term financial liabilities		39	198,880
Long-term operating liabilities			85,354
Allocations	26	12,496	12,940
Long-term accrued costs and deferred revenue	27	759,197	519,911
Long-term liabilities total		771,732	817,085
Short-term financial liabilities	28	1,488,240	844,350
Short-term operating liabilities	29	915,530	1,289,548
Accrued costs and deferred revenue	30	200,434	211,956
Liabilities held for sale			
Short-term liabilities total		2,604,204	2,345,854
Liabilities total		3,375,936	3,162,939
Equity and liabilities total		6,223,157	5,473,884

5.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE DATALAB GROUP OF COMPANIES FOR THE PERIOD FROM 1 JULY 2009 TO 30 JUNE 2010

	Share capital	Capital surplus	Legal reserves	Reserves for own shares	Own shares and interests (as deduction item)	Other profit reserves	Retained net profit	Net profit for the Fiscal Year	Equity of minority owners	
A. Initial balance for the period	444,493	2,686	41,763	429	-429	533	1,572,418	202,211	46,841	2,310,945
B. Movements to equity	0	0	0	0	0	0	65,436	447,070	23,819	536,325
a) Net profit (loss) for the period								447,070	10,909	457,979
b) Other increases in components of equity							65,436		12,910	78,346
C. Movements within equity	0	0	2,687	0	0	0	199,524	-202,211	0	0
a) Allocation of net profit as a component of equity, based on a decision of the Executive and Supervisory Boards			2,687				-2,687			0
b) Allocation of net profit to additional reserves, based on a resolution of the meeting of shareholders							202,211	-202,211		0
Č. Movements from equity	0	0	0	0	0	-49	0	0	0	-49
a) Other decreases in components of equity						-49				-49
D. Closing balance for the period	444,493	2,686	44,450	429	-429	484	1,837,378	447,070	70,660	2,847,221

5.5 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE DATALAB GROUP OF COMPANIES FOR THE PERIOD FROM 1 JULY 2009 TO 30 JUNE 2010

in euros	Share capital	Capital surplus	Legal reserves	Reserves for own shares	Own shares and interests (as deduction item)	Translation reserve	Retained net profit (loss)	Net profit for the Fiscal Year	Equity of minority owners	Total
A. Initial balance for the period (unadjusted)	444,493	2,686		429	-429	-705	516,683	-451,371	765	512,551
Correction of fundamental error			41,763				1,444,923	86,119		1,572,805
Initial balance for the period (adjusted)	444,493	2,686	41,763	429	-429	-705	1,961,606	-365,252	765	2,085,356
a) Net profit (loss) for the period								202,211	27,689	229,900
b) Other increases in components of equity						1,238			18,387	19,625
c) Allocation of net profit as a component of equity, based on a decision of the Executive and Supervisory Boards										
d) Allocation of net profit to additional reserves, based on a resolution of the meeting of shareholders							-365,252	365,252		0
e) Other decreases in components of equity							-23,936			-23,936
D. Closing balance for the period	444,493	2,686	41,763	429	-429	533	1,572,418	202,211	46,841	2,310,945

5.6 CONSOLIDATED CASH FLOW STATEMENT OF THE DATALAB GROUP OF COMPANIES FOR THE PERIOD FROM 1 JULY 2009 TO 30 JUNE 2010

in euros	FY 10	FY 09
Cash flow from operations		
Net profit (loss)	457,979	229,900
Adjustments for:		
Revalued operating revenue and expense	60,839	43,531
Depreciation of property, plant and equipment	78,346	103,382
Depreciation of intangible assets	706,204	535,650
Net financial profit (loss)	59,812	39,386
	1,363,180	951,849
Change in operating receivables, deferred costs and accrued revenue	-50,063	80,663
Change in inventories	1,500	5,186
Change in short-term operating liabilities, accrued costs and deferred revenue	-84,435	460,943
Change in provisions	0	
Change in deferred tax assets	-2,963	-25,446
	1,227,219	1,473,195
Interest received	138,670	121,641
Interest paid	-123,387	-135,883
Paid tax on profit		-9,384
Net cash flow from operating activities	1,242,502	1,449,569
Cash flow from investment activities		
Cash disbursements for acquiring intangible assets	-1,413,594	-1,418,950
Cash disbursements for acquiring property, plant and equipment	-25,781	-48,596
Cash disbursements for acquiring investments	-19,745	-168,263
Cash receipts from investments	9,210	41,710
Cash receipts from loans	18,330	
Cash receipts from disposal of intangible assets	57,973	2,956
Cash receipts from disposal of fixed assets	-6,872	16,144
Net cash flow from investment activities	-1,380,479	-1,574,999
Cash flow from financing activities		
Cash receipts from issuing equity		4,457
Cash receipts from long-term financial liabilities		160,041
Cash repayments of long-term financial liabilities	-250,066	
Cash receipts from short-term financial liabilities	757,520	629,464
Cash repayments of short-term financial liabilities	-305,690	-666,827
Net cash flow from financing activities	201,764	127,135
Net change in cash and cash equivalents	63,787	1,705
Cash and cash equivalents at the beginning of the year	85,630	83,925
Cash and cash equivalents at the end of the year	149,417	85,630



Sistem kazalnikov Model Zmijevskega

Privzeto Področje

Kazalniki Zmijevskega posamično

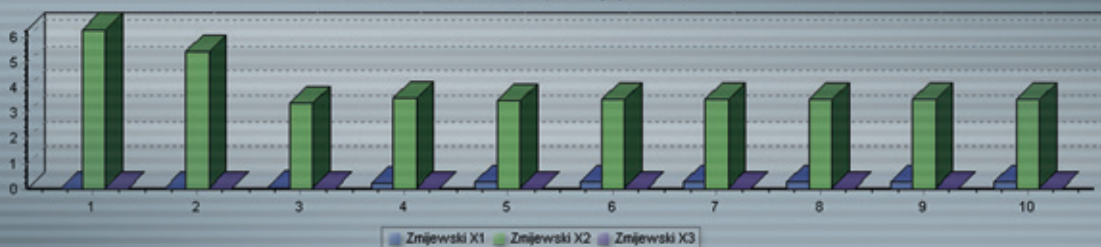
Kazalnik	Vrednost
Zmijevski X1 - neto dobiček / celotna sredstva	0,30
Zmijevski X2 - celotni dolg / celotna sredstva	3,51
Zmijevski X3 - kratkor. sred. / celotna sred.	0,00

Kazalnik Zmijevskega

Kazalnik	Vrednost
Zmijevski	0,38

Nadz. plošča za: Oktobar 2008

Posamični kazalniki Zmijevskega po mesecih



Kazalnik Zmijevskega po mesecih



Če je kazalnik večji od 0,5, se podjetje uvršča v skupino tistih, ki jim grozi stečaj. Če je kazalnik manjši ali enak 0,5, se podjetje uvršča v skupino tistih, ki jim stečaj ne grozi.

6

Notes to the financial statements

6.1 REPORTING COMPANY

Datalab Tehnologije, d. d., Ljubljana, is a Slovenia-based publicly-traded company. It is listed on the Ljubljana Stock Exchange. Consolidated financial statements for the fiscal year ending 30 June 2010 include the company and its subsidiaries (hereinafter referred to as the Group).

The main objective of the Group is developing of a powerful and reliable ERP system for micro, small and mid-size businesses, selling and implementing in international markets, and managing the Partner Network.

The Group's principal business activity is 58.290 – Other software publishing.

As of 30 June 2010, the Group had 82 employees.

Financial statements for the Datalab Tehnologije, d.d. Group for the year ending on 30 June 2010 were approved at a meeting of the board on 23 September 2010.

6.2 BASIS FOR DRAWING UP THE STATEMENTS

6.2.1 Conformance statement

The financial statements have been drawn up in accordance with IFRS, as adopted by the European Community, and interpretations of IFRIC, as adopted by the International Accounting Standards Board (IASB).

6.2.2 Basis for measurement

The consolidated financial statements have been drawn up considering the original value, except in the following cases, where a fair value was used:

- financial derivatives,
- financial instruments at fair value through the operating results,
- financial assets available for sale,
- investment property,
- liabilities for payments in shares settled with cash.

The methods used to measure fair value are described in note number 7.4.

6.2.3 Functional and presentational currency

All financial statements in this annual report are in whole euros. There might be slight discrepancies with totals because of rounding.

6.2.4 Estimates and assessments

When preparing financial statements in conformity with IFRS, the management is required to make estimates, assessments and assumptions that affect the use of accounting policies and the presented value of assets, liabilities, revenues and expenses. Actual figures may vary.

Estimates and assumptions have to constantly reviewed. Corrections to accounting estimates are acknowledged for the period for which the estimates are being corrected and all future years that are affected by the correction.

Uncertainty evaluations and decisive assessments prepared by the management in line with the accounting policy that most significantly affect figures in the financial statements are:

- note no. 19 – mergers;
- note no. 11 – measuring obligations for certain earnings;
- note no. 32 – provisions;
- note no. 40 – valuation of financial instruments and their impairment.

6.2.5 Fiscal year

The Group's fiscal year starts on 1 July and ends on 30 June in the following year.

6.3 ACCOUNTING POLICIES

The accounting policies described below have been consistently applied for all periods that are presented in the financial statements herein.

Some comparative amounts have been reallocated to ensure coherence with the current year. The comparative profit (loss) statement is repeated so that it seems like operations have been interrupted during the year. The comparative profit (loss) statement is shown separately for each period to give a better overview.

6.3.1 Basis for consolidation

6.3.1.1 Subsidiaries

Subsidiaries are companies controlled by the Group. Controlling means that the Group is able to decide on financial and operational matters of a company to obtain benefits from its operation. Any voting rights that can be exercised or traded are taken into account when assessing the extent of control. Subsidiaries' financial statements are included in consolidated financial statements from the day the control starts to the day it ends. Subsidiaries' accounting policies have been adapted to the Group's accounting policies where required.

6.3.1.2 Operations not included in consolidation

Balances and unrealized profit and loss from operations within the Group are not included in consolidated financial statements. Unrealized profit from operations with jointly controlled companies are excluded to the extent of the Group's stake in those companies. Unrealized loss is excluded in the same way, provided no proof of impairment exists.

6.3.2 Foreign currency

6.3.2.1 Foreign currency transactions

Foreign currency transactions are converted to the appropriate functional currency of the companies in the Group at the rate on the day of the transaction. Cash and liabilities expressed in foreign currency on the balance sheet date are converted to the functional currency at the going rate. Positive and negative exchange differences are differences between the amortized cost in the functional currency at the beginning of the period, adjusted for effective interest, and payments during the period and the amortized cost in foreign currency, converted at the rate at the end of the period. Non-monetary assets and liabilities expressed in foreign currency and measured at fair value are converted to the functional currency at the rate on the day the fair value was measured. Exchange differences are recognized in the operating results, but not differences from converting equity instruments held for sale, non-financial liabilities for insurance against risks, or cash flow insurance against risks that are recognized directly in equity.

6.3.2.2 Foreign companies

Assets and liabilities of foreign companies, including goodwill and adjustment to fair value at acquisition, are converted to euros at the rate on the balance sheet date. Income and expense of foreign companies, except companies in hyperinflation economies, are converted to euros at the rate on the day of the conversion.

Income and expenses of foreign companies in hyperinflation economies are converted to euros at the rate on balance sheet date. Prior to converting financial statements of foreign companies in hyperinflation economies, financial statements are converted and thus changes in general purchasing power of the local currency are taken into account. The conversion is based on price indexes as of the balance sheet date.

Exchange differences from the conversion are directly recognized in equity. From the day of the transition to IFRS, these differences are recognized in foreign currency translation reserve (FCTR). If a foreign company is disposed (partially or completely), the amount in the foreign currency translation reserve is transferred into the profit (loss) statement.

Foreign currency profit and loss, based on monetary items in the form of receivables from or liabilities to a foreign company and the payment of which is not planned or intended in the near future, is treated as a part of net financial investments in a foreign business unit and is recognized directly in equity and translation reserve.

6.3.3 Financial instruments

The Group classifies its investments into the following categories: financial assets held for sale, financial assets at fair value through the operating results, and loans and receivables. The classification depends on the purpose for which the investment was acquired. In 2010, the Group did not have any financial assets for sale and financial assets at fair value through the operating results.

6.3.4 Non-derivative financial instruments

Non-derivative financial instruments include investments in capital and debt securities, operational and other receivables, cash and cash equivalents, received and given loans, and operational and other liabilities.

Non-derivative financial instruments are initially recognized at fair value, increased by (instruments that are not recognized at fair value through the operating results) cost that is directly related to a transaction. After the initial recognition, non-derivative financial instruments are measured as described below.

Cash and cash equivalents consist of cash on hand and deposits on demand. Bank account overdrafts that can be settled on demand and are part of cash management in the Group are included in the cash flow statement in cash and cash equivalents.

Accounting of financial income and expenses is described in 10 and 11.

6.3.5 Equity capital

6.3.5.1 Called-up capital

Called-up capital of Datalab Tehnologije, d. d., appears as equity capital that is nominally specified in the company's articles of association, registered at court, and paid in by its owners. Dividends for common stock are recognized in equity in the period for which they were approved by the shareholder assembly.

6.3.5.2 Reserves for own shares

If the parent company or its subsidiaries acquire a stake in the parent company, the paid amount including transaction fees without taxes is subtracted from equity as own shares, until those shares are withdrawn, re-issued or sold. If own shares are later sold or re-issued, all received payments excluding transaction fees and related taxes are included in equity.

6.3.6 Fixed assets

Fixed assets (property, plant and equipment) are kept at their original cost, decreased by cumulative depreciation and cumulative loss due to impairment, except for land, which is presented at original cost, decreased by any impairments. Original cost includes all costs that can be directly attributed to the acquisition of a fixed asset. Maintenance and repairs as well as replacements and improvements of minor significance are recognized as expenses in the period in which they occur. Larger amounts are depreciated over the remaining useful life of a fixed asset or to the day of the next major renovation, whichever comes first. The residual value and useful life of each fixed asset is checked annually and adjusted if necessary. The book value of a fixed asset is immediately partly written off to the recoverable amount, if the book value is greater than the estimated recoverable amount, and is recognized in the operating results.

Depreciation is calculated using straight-line depreciation, taking into account useful life as follows:

Asset	Depreciation rate in % since 1 July 2009	Depreciation rate in % before 30 June 2009
Computers	50	50
Furniture and chairs	20	20
Vehicle equipment	20	20
Other equipment	20	20

Depreciation calculation starts when a fixed asset is ready for use; unfinished constructions are not depreciated.

Profit and loss from sale or deactivation of a fixed asset is determined by comparing sales revenue with book value. It is included in the operating results.

Fixed assets acquired through tenders are recognized as assets, but the amount of the subsidy is counted towards accrued costs and deferred revenue, which is then decreased monthly by the depreciation amount.

6.3.7 Intangible assets

6.3.7.1 Goodwill

Goodwill (or negative goodwill) is generated through acquisition of subsidiaries, affiliated companies and joint ventures.

6.3.7.2 Acquisitions from the day of the transition to IFRS onwards (including)

With acquisitions since 1 January 2006, goodwill pertains to the surplus or difference between the purchase cost and the Group's stake in the net fair value of determined assets, liabilities and contingent liabilities of the acquired company. If the surplus is negative (negative goodwill), it is directly recognized in the profit (loss) statement.

Intangible assets are initially measured at their original value.

6.3.7.3 Other intangible assets

Intangible assets acquired through tenders are recognized as assets, but the amount of the subsidy is counted towards accrued costs and deferred revenue – government grants, which is then decreased monthly by the depreciation amount. The depreciation rate for such assets is the same as for assets that the Group purchases with own funds.

6.3.7.4 Subsequent cost

Subsequent expenses related to intangible assets are capitalized only when they increase future economic benefits which are derived from the asset to which the expenses pertain. All other costs, including trademarks and goodwill generated within the Group, are recognized in the operating results as expenses as soon as they occur.

6.3.7.5 Depreciation

Depreciation is calculated using straight-line depreciation, taking into account useful life of intangible assets (except goodwill) and beginning when the asset is ready for use. Estimated useful life for the current year and a comparable year:

Asset	Depreciation rate in % since 1 July 2009	Depreciation rate in % before 30 June 2009
Intangible asset – PANTHEON	10	10
Intangible asset – FENIKS	25	-
Material rights and copyrights	50	50

6.3.8 Leased assets

Leases where the Group assumes are major forms of risks and benefits related to asset ownership and are regarded as financial leases. After initial recognition, a leased asset is presented in an amount equivalent to the fair value, or if it is less than that, the current value of the lowest total of lease payments. After initial recognition, assets are measured in accordance with accounting policies for such assets.

Other leases are treated as operating leases and, with the exception of investment property, leased assets are not recognized in the Group's balance sheet. Investment property under operating lease is presented in the Group's balance sheet at fair value.

6.3.9 Inventories

Inventories of goods are initially valued at their original cost, composed of purchase price, import duties and direct procurement costs. The purchase price is decreased by any discounts. Direct procurement costs are transport costs, handling costs, transport insurance, goods tracking, intermediation costs and similar costs to the first warehouse if borne by the customer, and non-refundable duties. Purchase price discounts include those specified in invoices as well as those granted subsequently that pertain to a certain delivery.

Inventories consist only of advertising materials from the PANTHEON Online Shop and are not subject to revaluation or impairment.

Decrease in value of inventories in materials and small tools is charged to the cost of materials, while the decrease in value of goods is charged to the relevant operating expenses. Consumption of goods is accounted on the basis of the average cost method.

The cost of inventories includes the purchase price, customs and other duties (excluding those that are subsequently refunded by tax authorities), transport cost, handling and other costs, that can be attributed directly to the acquired goods, materials or services. Trade discounts, rebates and other similar items are deducted in determining the cost of purchase.

Consumption of materials is accounted on the basis of the method of average cost in the period.

The net realizable value is the estimated sale price achieved in normal operation, minus estimated cost of finishing and estimated cost of selling.

6.3.10 Impairment of assets

6.3.10.1 Financial assets

The Group assesses the value of financial assets on the reporting date to determine if an objective sign of asset impairment exists. A financial asset is impaired if objective proof exists that one or more events led to a decrease in expected future cash flows from that asset.

Loss due to impairment related to a financial asset, presented at amortized cost, is calculated as the difference between the asset's carrying value and expected future cash flows, discounted

at the original interest rate.

Trade receivables are presented at nominal value, decreased by proper adjustments for estimated unrecoverable amounts.

Receivables that are assumed not to be settled on time or in full, are regarded as doubtful; if legal action has been initiated they are regarded as disputed.

Receivables are adjusted if the need arises, which is considered based on individual estimates of recoverability.

Loss due to impairment of financial assets held for sale is calculated according to an asset's current fair value.

For key financial assets, the estimation of impairment is performed individually. The impairment estimation of other financial assets is performed in groups according to common properties in risk exposure.

All impairment losses are presented in the profit (loss) statement for the period. Any accrued loss related to financial assets held for sale that was recognized directly in equity is transferred to the operating results.

The loss due to impairment is derecognized if it can be objectively attributed to an event that occurred after the impairment has been recognized. For financial assets presented at amortized cost and financial assets held for sale, which are debt instruments, the derecognition of loss due to impairment is presented in operating results. Derecognition of financial assets held for sale that are equities is presented directly in equity by the Group.

6.3.10.2 Non-financial assets

On each reporting date, the Group checks the remaining carrying value of non-financial assets of the group, except biological assets, investment property, inventories and deferred tax assets, to determine any signs of impairment. If such signs exist, the asset's recoverable value is estimated. An estimate of the impairment of goodwill and intangible assets with an unspecified useful life that are not yet ready for use is performed on every reporting date.

The recoverable value of an asset or a cash-generating unit is its value in use or its fair value minus cost of selling, whichever is higher. When determining an asset's value in use, expected future cash flows are discounted to their current value at pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the asset. To test for impairment, assets are grouped into the smallest possible groups that generate cash flow from permanent use, largely independent from those from other assets or asset groups (cash-generating units). To test for impairment, goodwill obtained from mergers is distributed to cash-generating units that are expected to benefit from the synergy of merging.

Impairment of assets or cash-generating units is recognized if their book value is greater than their recoverable value. The impairment is presented in operating results. Loss that is recognized for cash-generating units due to impairment is allocated in such a way that first the book value of goodwill allocated to a cash-generating unit is decreased, and then to other assets of the unit (group of units) in proportion to the book value of each asset in the unit.

Loss due to impairment of goodwill is not derecognized. For other assets, the Group assesses loss due to impairment in previous periods on the balance sheet date and thus determines if the loss has decreased or is not present at all. Loss due to impairment is derecognized if the assessments based on which the Group determines an asset's recoverable value have changed. Loss due to impairment is derecognized to the amount up to which the increased book value of an asset does not exceed the book value that would have been determined after subtracting depreciation if no loss due to impairment had been recognized in previous years.

6.3.11 Employee benefits

6.3.11.1 Other long-term employee benefits – Allocations for severance pay and long-service rewards

The Group's net liability for long-term employee benefits is the sum of future benefits that employees have acquired for services performed in the current and past periods. That amount of benefits is then discounted to determine its current value, and the decreased by the fair value of all related assets. The discount rate is the reported return of AA-rated bonds, the maturity of which is roughly the same as the maturity of the Group's obligations. The calculation uses the projected unit credit method. Any actuarial gains and losses are recognized in the operating results of the period of their occurrence.

6.3.11.2 Short-term employee benefits

Liabilities for short-term employee benefits are not discounted and are presented as expenses after an employee's work related to a given short-term benefit is complete.

Liabilities are presented in the amount for which payment is expected in the form of a premium, payable within twelve months of finishing work, or a profit sharing scheme if the Group has a current legal or indirect commitment for such payments due to past work of an employee and the liability can reliably be measured.

6.3.12 Allocations

Allocations are recognized when the Group has a current legal or indirect commitment due to past events, if it is likely that settlement will require fund outflow and that the amount can reliably be estimated.

6.3.12.1 Post-employment benefits

Employees are entitled to severance pay when they retire, which is recognized when they conclude their employment in accordance with the Employment Act. For severance pay upon retirement, the projected unit credit method (the method of imputing benefits in proportion to the performed work) is applied, and therefore the Group establishes provisions appropriate to the achieved length of service of employees. Actuarial valuation is performed on June 30 and is properly presented in operating results.

Severance pay upon retirement when due reduces the established provisions.

6.3.12.2 Other long-term benefits

Employees are entitled to long-term service rewards that are recognized when an employee reaches a certain length of service. For long-term service rewards, the projected unit credit me-

thod (the method of imputing benefits in proportion to the performed work) is applied, and therefore the Group establishes provisions appropriate to the achieved length of service of employees. Actuarial valuation is performed on 30 June and is properly presented in operating results. Long service rewards when due reduce the established provisions.

6.3.13 Revenue

6.3.13.1 Sales of products

Sales of products are recognized at fair value of the received payment or liability, decreased by refunds, rebates and quantity discounts. Revenue is presented when a customer assumes all major forms of risks and benefits related to asset ownership, when there is certainty about the ability to pay compensation and the related expenses or about the option for returning products, when the Group ceases to decide on sold products, and when the revenue amount can reliably be measured.

Transferring risks and benefits depends on the terms of the purchase contract. For goods sales, the transfer is generally made after the goods have arrived at the customer's warehouse, but for some international deliveries the transfer is made when the goods are loaded for transport.

6.3.13.2 Sales of services

Sales of services are recognized in operating results based on the service's stage of completion on the reporting date. The stage of completion is assessed with a review of the completed tasks.

A majority of the Group's revenue is from sales of licenses and Upgrade Contracts. Apart from the regular purchasing of licenses outright, customers can also pay with a 5-year installment plan, or lease it for six years (hereinafter referred to as RLGS Agreements). Revenue from RLGS Agreements is composed of license fees, upgrades and financing.

Income from tenders, subsidies or grants is recorded by the Group at the signing of the contract and in the moment when their occurrence becomes certain.

Uncertainty evaluations and decisive assessments prepared by the management in line with the accounting policy that most significantly affect figures in the financial statements are:

- explanation on allocations and contingent liabilities;
- valuation of assets.

6.3.13.3 Revenue from rents

Revenue from rents and investment property is recognized in revenue on a straight line basis over the term of the rent. Any given rent-related incentives are recognized as a part of total revenue from rents.

6.3.14 Government grants

Government grants are initially recognized in accounting statements as deferred revenue, if there is reasonable assurance that the Group will receive said grants and will fulfill the necessary requirements. Government grants received for covering costs are recognized strictly as revenue in the periods when said costs, which the grants are intended to cover, occur. Grants related to

assets are recognized in operating results strictly as other operating revenue in the useful life of an asset.

6.3.15 Financial leases

Payments from financial leases are recognized as revenues on a straight line basis over the lease term. Any received lease-related incentives are recognized as a part of total expenses for leases.

The minimum lease payments due are distributed among financial expenses and decrease of outstanding debt. Financial expenses are distributed among periods over the lease term to get a fixed interest rate for the outstanding debt balance for each period. The Group presents contingent payments from financial leases in the amount that, when the lease is changed, the minimum lease payment for the remaining term is re-assessed.

Contingent payments from financial lease are presented when the contingent liability no longer exists and when the change in the financial lease's value is known, namely in the amount determined by reassessing the minimum lease payment in the remaining term of the lease.

6.3.16 Financial revenue and financial expenses

Financial revenue consists of interest from investment (including financial assets held for sale), dividend revenue, revenue from disposal of financial assets held for sale, changes in fair value of financial assets at fair value through operating results, and gains from instruments for insurance against risks, which are recognized in operating results. Revenue from interest is recognized in operating results upon its occurrence using the effective interest rate method. Dividend revenue is recognized in operating results on the day the shareholder's right to payment is exercised, which is for listed companies generally the date when the right to current dividends ceases to be related to the share.

Financial expenses consist of borrowing costs, differences from recalculating allocation discounts, dividends from preferred shares presented among liabilities, changes in fair value of financial assets at fair value through operating results, loss due to impairment of financial assets, and loss from instruments for insurance against risks, which is recognized in operating results. Borrowing costs are recognized in operating results using the effective interest rate method.

Profit and loss from exchange differences are presented in net amounts.

6.3.17 Tax on profit

The tax on profit or loss in the fiscal year consists of current tax and deferred tax. The tax on profit is presented in operating results, except for the part pertaining to items that are presented directly in equity and is therefore presented in equity.

Current tax is the tax expected to be paid from taxable profits for the fiscal year, using the tax rates that have been enacted or substantively enacted by the reporting date, and any adjustments to tax liabilities related to past fiscal years.

Deferred tax is presented using the balance sheet liabilities method, whereby temporary differences between asset and liability book value for financial statements and amounts for tax reporting are taken into account. The following temporary differences are not included: initial recognition of assets or liabilities in transactions other than mergers that have no effect on accounting profits or taxable profits, and differences related to investments in subsidiaries and jo-

intly-controlled companies in the amount that is likely not to be derecognized in the foreseeable future. Furthermore, the deferred tax is not presented if there are taxable temporary differences at the initial recognition of goodwill. Deferred tax is presented in the amount that is expected to be payable upon derecognition of temporary differences based on laws enacted or substantively enacted by the reporting date. The Group sets off deferred tax assets liabilities, if it has a legally enforceable right to set off recognized current tax assets and liabilities and if they pertain to the tax on profit levied by the same taxation authority in connection with the same taxable unit; or different taxable units that either intend to settle current tax liabilities and tax assets with a difference, or simultaneously recover assets and settle liabilities.

Deferred tax assets are recognized in the amount for which it is likely that a future taxable profit will be available that might be used to cover the deferred asset. Deferred tax assets are reduced by the amount for which it is not likely that asset-related tax reliefs can be claimed.

6.3.18 Earnings per share

For regular shares, the Group presents basic earnings per share and adjusted earnings per share. Basic earnings per share are calculated by dividing profit or loss belonging to common shareholders with the weighted average number of shares in the fiscal year. Adjusted earnings per share are calculated by adjusting profit or loss belonging to common shareholders and the weighted average number of shares in the fiscal year for the effect of all dilutive potential common stock, which represents convertible bonds and employee stock options.

6.3.19 Reporting by segments

A segment is a distinct part of the Group that deals with products and services (industry segment) or products and services in a given environment (geographical segment) and is subject to risks and yield different from other segments. Information by segments is presented by the Group's industry and geographical segments. The Group's report by segments is based on industry segments. The Group's industry segments are based on the Group's management and its internal reporting structure.

The prices of inter-segment transfers are measured on an arm's-length basis.

Operating results, assets and liabilities by segments contain items that can directly be attributed to a segment, and also those that can justifiably be allocated to a segment. Unallocated items mostly pertain to: investments (except investment property) and all related revenue, received and given loans and their related expenses, common assets (primarily company headquarters) and expenses of the headquarters, and profit tax assets and liabilities.

A segment's investments in long-term assets consist of the total costs in the current fiscal year from the acquisition of fixed assets and intangible assets, excluding goodwill.

6.4 DETERMINING FAIR VALUE

Considering the Group's accounting policies and breakdowns, many times a fair value of financial and non-financial assets and liabilities must be determined. The fair values of single asset groups for the purpose of measuring or reporting are determined herein. Additional explanations regarding assumptions for determining fair value are given alongside individual breakdowns of the Group's assets or liabilities.

6.4.1 Fixed assets

The fair value of fixed assets from business combinations is equal to their market value. The market value of immovable property is equal to the estimated value at which the property could be sold by a willing seller to a willing buyer at arm's length on the day of the valuation and after appropriate marketing. The market value of plant, equipment, furniture and fixtures is based on the offered market price of similar objects.

6.4.2 Intangible assets

The fair value of patents and trademarks acquired through business combinations is based on the estimated discounted future value of royalties which will not need to be paid because the patent or trademark is already owned. The fair value of other intangible assets is determined by taking the current value of estimated future cash flows that are expected from their use or potential sale.

6.4.2.1 Operating and other receivables

The fair value of operating and other receivables is calculated as the current value of future cash flows, discounted at market interest rates on the reporting date.

6.4.2.2 Non-derivative financial liabilities

The fair value is for reporting purposes calculated based on the current value of future payouts of the principal and interest, discounted at the market interest rate on the reporting date. In connection with the portion of liabilities from convertible bonds, the market interest rate is determined by comparing them with similar liabilities that cannot be converted to equity. For financial leases, the market interest rate is determined by comparison with similar lease contracts.

6.5 FINANCIAL RISK MANAGEMENT

The company does not use financial instruments. The company assesses financial risks within the following groups:

- credit risk
- reduced liquidity
- market risk

This chapter discusses the company's exposure to said risks, its goals, policies and procedures for measuring and managing risks, and its handling of capital. Other quantitative disclosures can be found in the continuation of the Notes to the financial statements.

The management is fully responsible for establishing the company's framework for risk management. The finance and accounting department deals with risk measurement and management. The person responsible for finance and accounting reports to the Executive Director about activities in this field.

Risk management policies are designed to define and analyze risks that threaten the company, based on which proper restrictions and controls are set up, risks are monitored and restrictions respected. Risk management policies and systems are regularly checked to reflect changes in market conditions and the company's activities. With training as well as standards and procedures for risk management, the company endeavors to develop a disciplined and constructive environment where all employees are aware of their roles and responsibilities.

The Executive Board ensures that risk management policies and procedures are respected, and assesses the suitability of the risk management framework for the risks that the company faces.

6.5.1 Credit risk

Credit risk is the risk that the Group will suffer financial loss if a client or a contracting party in a financial instrument agreement fails to fulfill its contractual obligations. Credit risk arises primarily from the Group's receivables from clients and investment securities.

6.5.2 Operating and other receivables

The Group's exposure to credit risk depends largely on the characteristics of individual clients. Client demographics and risk of non-payment with regard to the industry or country of a client do not have a significant effect on credit risk. Geographically speaking, there is no concentrated credit risk.

The finance and accounting department assesses each new client's creditworthiness before they are given standard terms of payment and delivery. The assessment factors include external ratings, if they exist, and in some cases bank references. The credit limit is set in the form of a maximum outstanding amount that need not be approved and is client-specific; credit limits are checked every four months. Clients that do not meet the Group's creditworthiness standards are required to make payments in advance.

The Group makes adjustments for impairments that represent estimated losses from operating and other receivables and investments. The main elements of adjustments are the special part of the loss which pertains to single major risks, and the common part of loss, which is for groups of similar assets due to losses that have occurred but have not yet been identified. The adjustment for total loss is determined by factoring in historical data that pertains to statistics of payments for similar financial assets.

6.5.3 Guarantee

In line with its policies and financial capacity, the Group issues financial guarantees only to wholly-owned subsidiaries.

6.5.4 Reduced liquidity

Liquidity risk is the risk that the Group might not be able to settle its financial obligations when due. The Group maintains maximum liquidity by having sufficient liquid assets to settle obligations in time, both in normal and troubled circumstances, without incurring unacceptable loss or reputation damage.

The Group has several credit lines for ensuring liquidity, from which it can draw from if the need arises.

6.5.5 Market risk

Market risk is the risk that fluctuations in market factors, such as interest rates, exchange rate and equity instruments, will affect the Group's revenue or value of financial instruments. The objective of market risk management is the control over exposure to market risks to a reasonable degree, while optimizing profits.

6.5.6 Currency risk

The Group is exposed to currency risk when buying, selling, lending and borrowing, specifically when making transactions in currencies other than the functional currency. The Group operates mostly with euros.

The significance of the key currency pair has changed since the introduction of the euro, because no currency pair fits into this category, but due to unbalanced foreign currency positions, some of the more important currency pairs that are geographically related to the Group's subsidiaries have been identified: euro/Croatian kuna, euro/Macedonian denar and euro/Serbian dinar. The Group attempts to reduce currency risks by factoring them into markups, by balancing purchases and sales, with well-timed foreign currency coverage of inflows with outflows, and by taking out loans in the local currency.

6.5.7 Interest rate risk

Interest rate risk is the risk that a financial instrument's value will fluctuate due to variable interest rates. The majority of the Group's debt instruments are bound to a fixed interest rate, therefore operations are not exposed to interest rate risk. Interest rate risk is reduced by adapting interest rates for assets to interest rates for liabilities; furthermore, simulations are performed on the balance sheet in regard to absorption of financing in relation to interest rate fluctuation.

6.5.8 Equity risk

The Executive Board decided to maintain substantial equity in order to build the trust of investors, creditors and the market, and to facilitate the Group's sustainable growth. The Executive Board monitors the capital gains that the Group defined as net operating revenue, divided by the total shareholder equity, excluding non-redeemable preferred shares and minority stakes. The dividend amount paid to common shareholders is also monitored.

The Group endeavors to maintain a balance between high yields supported by large loans and the benefits and security of a strong equity position.

The Group occasionally buys own shares, depending on the current market price of the share. In general, such shares are intended for profit sharing schemes. The decision for buying and selling shares is made by the risk management committee separately for each transaction. The Group does not have a special plan for buying own shares.

The Group did not change its equity management policies in this Fiscal Year.

Neither the parent company nor its subsidiaries are subject to equity requirements set by external entities.

6.6 REPORTING BY SEGMENTS

The Group considers that risks and returns from various activities in selling the ERP system PANTHEON are alike in their principal characteristics, which is why there is only one industry segment and two geographical segments. The primary reporting segment of the Group is the geographical segment. The two geographical segments are the Slovenian market and other foreign markets.

	Slovenia		Other markets		Consolidated	
	FY 10	FY 09	FY 10	FY 09	FY 10	FY 09
Revenue	3,846,185	3,883,810	2,054,321	1,508,105	5,166,868	4,584,233
Assets of the segment	5,802,736	5,227,452	753,919	697,174	6,223,157	5,473,884
Cost of fixed assets	6,872,318	5,485,992	200,685	70,910	7,073,003	5,556,902

Details about key business performance items by companies in the Group:

in euros	Datalab SI	Datalab HR	Datalab SR	Datalab MK	Datalab BA	Datalab MN
Revenue	3,846,185	695,616	537,019	315,554	417,203	88,928
Depreciation	765,334	7,298	6,088	2,822	2,876	132
Net profit (loss)	400,018	29,210	-5,358	21,941	16,421	-23,368
% of net profit (loss)/revenue	10.40%	4.20%	-1.00%	6.95%	3.94%	-26.28%

Breakdown of the parent company's stakes in companies in the Group and the amount of capital in them

	Stake	Investment value of Datalab Tehnologije, d. o. o. as of 30 June 2010 in euros	Amount of capital in the company as of 30 June 2010 in euros
Investment in Datalab Tehnologije, d. o. o. – Croatia	51%	123,000	68,186
Investment in Datalab BA, d. o. o. – Bosnia and Herzegovina	51%	524	72,437
Investment in Datalab MK, d. o. o. – Macedonia	100%	38,832	48,999
Investment in Datalab SR, d. o. o. – Serbia	100%	5,000	88,999
Investment in Datalab MN, d. o. o. – Montenegro	51%	0	3,582
Subsidiaries total		167,356	282,203
Investment in Datalab Automotive, d. o. o. – Serbia	24.99%	1,249	
Other companies total		1,249	

Datalab Automotive, d. o. o. – Serbia, is not included into consolidated statements as its results are insignificant.

6.7 OPERATING REVENUE

in euros	FY 10	FY 09
Sales	3,425,648	2,818,254

Sales consist largely of sales of licenses and software upgrades. A minor part of sales includes sales of implementations, training, certification, promotional services and membership fees.

in euros	FY 10	FY 09
Other operating revenue	1,571,179	1,644,338

The majority of other operating revenue are capitalized own products and services in the amount of 1,368,660 euros, which represents the development of PANTHEON.

Subsidies, grants, allowances, compensations and other revenue associated with products and services include the subsidy of the Slovenian Ministry of Higher Education and Technology for developing an ecosystem for e-business in SMEs (the Feniks project). This income was financed in the amount of 40,810 euros, which is proportionate to the cost of depreciation of the Feniks project. For the remainder of the approved subsidy, long-term accrued costs and deferred revenue in the amount of 315,346 euros have been established to cover the proportional part of depreciation costs in the next four years.

Other operating revenue in the FY 10 fiscal year is composed of revalued revenue from the impairment derecognition of operating receivables in the amount of 33,831 euros, write-off of liabilities from the previous calendar year for voluntary supplementary pension insurance in the amount of 75,276 euros, and other operating revenue in the amount of 52,602 euros.

6.8 COST OF MATERIALS, GOODS AND SERVICESV

The cost of materials is the quantity of direct materials consumed. Costs of materials are not revalued to account for a change in the purchasing power of the relevant currency. Costs of services are costs that do not count as costs of materials, depreciation or labor, but costs of transportation services, production stages performed by others, utility and telecommunication services, rentals, payment services, and similar. Costs of services include work contracts costs, author's contract costs and costs associated with other legal relations, except employment relationships with private individuals.

The total costs of materials, goods and services are made up of the following.

in euros	FY 10	FY 09
Cost of materials, goods and services	1,732,489	1,168,647
Cost of goods sold	385	23,394

Cost of materials	456,456	60,283
Cost of services	1,275,648	1,084,970

6.9 LABOR COSTS

Labor costs are made up of the following:

in euros	FY 10	FY 09
Labor costs	1,816,410	2,039,466
Cost of wages and salaries	1,332,745	1,484,551
Cost of other social insurance	284,650	289,963
Other labor costs	199,014	264,952

6.10 FINANCIAL REVENUE

in euros	FY 10	FY 09
Financial revenue	147,880	121,641
Financial revenue from loans given to others	9,210	16,357
Financial revenue from operating receivables	138,670	105,284

Financial revenue arises from given short-term loans (up to 12 months) with an annual interest rate of 7 to 8%. Financial revenue is generated only by Datalab Tehnologije, d. d.

Most of the financial revenue from operating receivables has been made from the crediting of lease and subscription (RLGS) agreements. In FY 10, this amounted to 127,650 euros. Other revenue consists of exchange differences, interest on deposits, and default interest from clients' late payments.

6.11 FINANCIAL EXPENSES

in euros	FY 10	FY 09
Financial expenses	207,692	161,027
Financial expenses due to impairment and write-offs of investments	41,952	
Financial expenses for loans received from banks	42,353	56,928
Financial expenses for operating liabilities to others	123,387	104,099

The following investments have been impaired in FY 10: in the company Datalab HR(old) in the amount of 258 euros, and in Datalab SCG in the amount of 41,694 euros.

In 2008 Datalab started cooperating with the company Diners Club SLO, d.o.o., in the field of financing and recovery of lease and subscription agreements for PANTHEON. This resulted in financial expenses for operating liabilities to others in the amount of 31,564 euros.

Other financial expenses for operating liabilities to others consist of interest and default interest to the state, suppliers and lessors.

6.12 NET CASH FLOW

in euros	FY 10	FY 09
Financial revenue	147,880	121,641
Financial expenses	207,692	161,027
Net financial profit (loss)	-46,665	-39,386

6.13 TAX ON INCOME

The corporate income tax is accounted based on the income and expenses that are included in the operating statement according to the applicable tax rate in each country of the Group.

The tax liability of companies in the Group amounts to 28,627 euros.

in euros	FY 10	FY 09
Gross operating profit or loss before taxes	483,643	219,485
Tax on profit	-28,627	-16,156
Deferred taxes	2,963	26,571
Net profit (loss) of the Group	457,979	229,900

Taxation by companies in the Group:

in euros	Datalab SI	Datalab HR	Datalab SR	Datalab MK	Datalab BA	Datalab MN
Operating profit (loss) before taxes	415,917	36,513	-5,358	22,578	18,246	-23,368
Tax on profit	18,862	7,303		637	1,825	
Deferred taxes	2,963					
Net operating profit (loss) for the period	400,018	29,210	-5,358	21,941	16,421	-23,368

6.14 REVENUE FROM DEFERRED TAXES

Revenue from deferred taxes represents an increase in deferred tax assets in the amount of 2,963 euros and is the result of using unused tax reliefs from the previous Fiscal Year and an additional value adjustment of assets, which is presently not recognized for tax purposes.

6.15 PROPERTY, PLANT AND EQUIPMENT

The Group is highly development-oriented, therefore it does not invest in property, plant and equipment that is not absolutely necessary for normal operation. Computers and computer equipment represent the majority of fixed assets. The Group does not own any property.

Property, plant and equipment for the period from 1 July 2009 to 30 June 2010:

in euros	Other plant and equipment	Total
Cost		
Balance as of 1 July 2009	404,646	404,646
Acquisition, activation	19,789	19,789
Disposal, write-off	28,118	28,118
Upward revaluation of fixed assets	66	66
Balance as of 30 June 2010	394,360	394,360
Value adjustment		
Balance as of 1 July 2009	292,789	292,789
Disposal, write-off	27,345	27,345
Depreciation	72,741	72,741
Upward revaluation of fixed assets	333	333
Balance as of 30 June 2010	333,815	333,815
Carrying value		
Balance as of 1 July 2009	111,858	111,858
Balance as of 30 June 2010	60,545	60,545

6.16 INTANGIBLE ASSETS

An intangible asset is an asset that is used for long-term production or supply of goods or services, for rental to others, or for administrative purposes, but without physical substance. The Group presents material rights and copyrights at their carrying value, being the difference between the cost and the value adjustment.

Intangible assets in the value of 3,913,623 euros represent the value of purchased components and other copyrights pertaining to PANTHEON, and various licenses that allow normal work of the PANTHEON development team.

The Group includes the goodwill of Datalab HR in the amount of 120,241 euros among intangible assets.

The Group has no significant fully depreciated intangible assets.

Intangible assets for FY 10:

in euros	Long-term property rights	Total
Cost		
Balance as of 1 July 2009	5,265,049	5,265,049
Acquisition, activation	1,413,594	1,413,594
Disposal, write-off	0	0
Upward revaluation of fixed assets	0	0
Balance as of 30 June 2010	6,678,643	6,678,643
Value adjustment		
Balance as of 1 July 2009	2,052,400	2,052,400
Disposal, write-off	0	0
Depreciation	711,808	711,808
Upward revaluation of fixed assets	812	812
Balance as of 30 June 2010	2,765,020	2,765,020
Carrying value		
Balance as of 1 July 2009	3,212,649	3,212,649
Balance as of 30 June 2010	3,913,623	3,913,623

6.17 LONG-TERM FINANCIAL INVESTMENTS AND BUSINESS COMBINATIONS

Long-term financial investments are part of long-term financial instruments and represent an item with maturity exceeding one year. obdobju od enega leta.

in euros	30 June 2010	30 June 2009
Long-term financial investments	1,249	5,483
Other long-term financial investments	1,249	5,483

The Group presents the following long-term financial investments:

in euros	Stake	30 June 2010	30 June 2009
Investment in Datalab Tehnologije, d. o. o. – Croatia	51%	123,000	123,000
Investment in Datalab BA, d. o. o. – Bosnia and Herzegovina	51%	524	524
Investment in Datalab MK, d. o. o - Macedonia	100%	38,832	5,000
Investment in Datalab SR, d. o. o. – Serbia	100%	5,000	5,000
Investment into Datalab MN, d. o. o. – Montenegro	51%	0	5,100
Subsidiaries total – full consolidation		167,356	138,624
Investment in Datalab SCG, d. o. o. – closing down	51%	0	3,976
Investment in Datalab, d. o. o. – Croatia	10%	0	258
Investment in Datalab Automotive, d. o. o. – Serbia	24.99%	1,249	1,249
Other companies total		1,249	5,483

Long-term financial investments are valued using the cost method. The following investments have been impaired in FY 10: in the company Datalab HR(old) in the amount of 258 euros, in Datalab SCG in the amount of 3,976 euros, and in Datalab MN, d. o. o., for share capital in the amount of 5,100 euros and for the conversion of receivables for FY 10 in the amount of 42,554 euros.

Long-term financial investments in subsidiaries and affiliated companies

Acquisition of ownership stakes in subsidiaries:

Company	Date of purchase	Company's equity on the day of purchase	Acquired stake	Purchased part of equity	Payment for acquired stake	Goodwill at acquisition
Datalab Automotive, d. o. o.	8 Sept. 2008	5,000	24.99%	1,249	1,249	0

6.18 LONG-TERM OPERATING RECEIVABLES

Long-term operating receivables are receivables arising from property and other legal relationships to claim the settlement of a debt or the payment for deliveries or rendered services in a period that is longer than 12 months. Long-term operating receivables are mostly receivables from the sales of lease and subscription agreements. Below is a breakdown of long-term operating receivables by the type of agreement.

in euros	30 June 2010	30 June 2009
Long-term operating receivables	353,078	537,175
Long-term oper. rec. from leases (L20 and L30)	155,523	240,242
Long-term oper. rec. from lease upgrades (L20 and L30)	63,916	93,721
Long-term oper. rec. from subscriptions (S30)	92,426	138,536
Long-term oper. rec. from subscription upgrades (S30)	41,213	64,676

6.19 LONG-TERM DEFERRED COSTS AND ACCRUED REVENUE

in euros	30 June 2010	30 June 2009
Long-term deferred costs and accrued revenue	26,088	20,200

Long-term deferred costs and accrued revenue include long-term deferred costs for financing and collecting RLGS Agreements by the company Diners Club SLO, d. o. o., in the amount of 20,113 euros, and other long-term deferred costs in the amount of 5,975 euros.

6.20 DEFERRED TAX ASSET

in euros	30 June 2010	30 June 2009
Deferred tax assets	48,830	45,867
- from unused tax reliefs	11,856	26,571
- from value adjustments of assets	36,974	19,296

Deferred tax assets are amounts of the tax on profit that will be returned to the taxpayer in future tax periods through lower tax amounts in the future, when the assets can be claimed.

Deferred tax assets at Datalab Tehnologije, d. d., represent receivables from the state pertaining to value adjustments of receivables from customers in the amount of 36,974 euros and receivables from unused tax reliefs for research and development in the amount of 11,856 euros.

6.21 INVENTORIES

in euros	30. 6. 2010	30. 6. 2009
Finished products and goods for resale	7,304	8,804

Inventories on 30 June 2010 amounted to a value of 7,304 euros and represent advertising materials (caps, t-shirts, ties, etc.) sold in the Group's own online shop.

6.22 SHORT-TERM FINANCIAL INVESTMENTS

in euros	30 June 2010	30 June 2009
Short-term financial investments	126,394	103,390
Other short-term loans	67,086	103,390
Short-term receivables for unpaid capital	59,308	0

Short-term financial investments in FY 10 consist of short-term loans in the amount of 67,086 euros (103,390 euros as of 30 June 2009) and receivables for unpaid capital in the amount of 59,308 euros. Short-term loans have an annual interest rate of 7 to 8%.

6.23 SHORT-TERM OPERATING RECEIVABLES

Short-term operating receivables are receivables arising from property and other legal relationships to claim the settlement of a debt or the payment for deliveries or rendered services. They represent short-term operating receivables and paid advances. Breakdown of operating receivables:

in euros	30 June 2010	30 June 2009
Short-term operating receivables	1,436,517	1,274,274
Short-term operating receivables from customers	1,200,900	1,211,017
Short-term operating receivables from others	235,617	63,257

Trade receivables are presented at nominal value, decreased by proper adjustments for estimated unrecoverable amounts. Receivables are revalued due to impairment if their book value exceeds their fair value, that is, their realizable value.

Short-term receivables are collectible. Services to problematic customers are rendered only against an advance payment. Short-term receivables to foreign customers are converted at the rate of the Bank of Slovenia as of 30 June 2010. The effects of changes in exchange rates on the balance sheet date increase ordinary financial revenue or expenses as exchange differences.

The majority of short-term operating receivables from others are the outstanding subsidy from the Slovenian Ministry of Higher Education, Science and Technology granted for developing the Feniks project in the amount of 208,317 euros.

It is estimated that short-term receivables are collectible, except for receivables whose value has been adjusted.

Receivables by maturity:

Receivables	Gross value on 30 Jun 2010	Value adjustment on 30 Jun 2009	Net value on 30 Jun 2010	Gross value on 30 Jun 2009	Value adjustment on 30 Jun 2008	Net value on 30 Jun 2009
Total	1,290,543	89,643	1,200,900	1,481,131	206,857	1,274,274
Not overdue	649,379	0	649,379	718,464	0	718,464
Overdue 0 to 30 days	178,603	0	178,603	166,129	0	166,129
Overdue 31 to 180 days	156,039	0	156,039	322,532	0	322,532
Overdue 181 to 365 days	133,918	37,495	96,423	90,642	32,507	58,135
Overdue over one year	172,604	52,148	120,456	183,364	174,350	9,014

Item	FY 10	FY 09
Balance as of 1 July	449,550	242,693
Value adjustments	-359,907	206,857
Balance as of 30 June	89,643	449,550

6.24 CASH

in euros	30 June 2010	30 June 2009
Cash	149,417	85,630
Cash on hand	158	317
Cash in bank accounts	149,259	85,313

6.25 SHORT-TERM DEFERRED COSTS AND ACCRUED REVENUE

in euros	30 June 2010	30 June 2009
Short-term deferred costs and accrued revenue	100,112	68,555

Short-term deferred costs and accrued revenue consists of deferred costs for Partner commissions for RLGS Agreements in the amount of 18,841 euros, annual leave bonuses in the amount of 20,468 euros, short-term deferred cost of commissions to Partners in the amount of 39,002 euros, and other deferred costs in the amount of 21,801 euros.

6.26 EQUITY

6.26.1 Share capital

The shareholder meeting on 5 May 2003 decided to issue 6,150 shares with a total nominal value of 6,150,000 tolar (25,663 euros). Another 225 shares were issued on 5 April 2005 with a total nominal value of 225,000 tolar (938.90 euros). The nominal value per share for the first two issues was 1,000 tolar (4.17 euros) and they were for cash. 95,050 no-par value shares were issued on 17 August 2007; the issue was carried out from carried over profits and overpaid share capital. On 15 February 2008, another 5,094 no-par value issues were issued for cash.

All shares are common, registered and issued in non-material form. All shares had been paid in full by the shareholders before the shares were entered in the company register.

The shareholder meeting on 16 November 2006 decided to transform par value shares to no-par value shares and the articles of association were changed accordingly. The share capital of the issuer is divided into 106,519 common registered no-par value shares and amounts to 444,493 euros.

On 30 June 2010 the Executive Board of Datalab Tehnologije, d. d., passed the decision on increasing the company's share capital from the authorized capital in a nominal amount of at most 21,353 euros, which is at most 5,117 new common registered non-material no-par value shares. The offer expired on 15 September 2010 at 17:00.

6.26.2 Weighted average number of shares

	FY 10	FY 09
Initial balance as of 1 July	106,519	106,519
Minus own shares	22	22
Adjusted initial number	106,497	106,497
Division	0	0
New issue	0	0
Sales of own shares	0	0
Adjusted final number on June 30	106,497	106,497
Weighted average number	106,497	106,497

6.26.3 Own shares

Own shares (22 lots) on 30 June 2010 amounted to 429 euros, the same as on 30 June 2009. The fair value of own shares on 30 June 2010 was 3,025 euros.

6.26.4 Capital surplus

Capital surplus consists of capital increase payments above the shares' par value and amounts to 2,686 euros.

6.26.5 Ownership structure of Datalab Tehnologije, d. d., as of 30 June 201

Category	First name	Last name	Stake	No. of shares
10 largest			88.75%	94,540
	Andrej	Mertelj	44.15%	47,029
	TWOPP s.a.h.		24.62%	26,226
	Tomaž	Teyrovsky	8.40%	8,951
	Moreno	Rodman	2.02%	2,148
	Moreno, d. o. o.		1.91%	2,036
	Igor	Kokalj	1.88%	2,000
	Vanja	Varl	1.86%	1,977
	Valerija	Ažman	1.49%	1,591
	Zvonko	Arzenšek	1.33%	1,421
	Biro Bonus, d. o. o.		1.09%	1,161
Others			11.25%	11,979
	Executive Board*		0%	0
	Other employees		1.94%	2,070
	Former employees		4.56%	4,862
	Partner companies		0.40%	423
	Own shares		0.02%	22
	Other shareholders		4.32%	4,602
Total			100.00%	106,519
* excluding Andrej Mertelj				

6.27 LONG-TERM PROVISION

Long-term provisions are provisions for long-service rewards and severance pay upon retirement in accordance with IAS 19 in the amount of 12,496 euros. In 2010, the company established no additional allocations for long-service awards and severance pay.

in euros	30 June 2010	30 June 2009
Long-term provisions	12,496	12,496
Long-term provisions for long-service rewards and severance pay	12,496	12,496

6.28 LONG-TERM ACCRUED COSTS AND DEFERRED REVENUE

Long-term accrued costs and deferred revenue in the amount of 759,197 euros consists of allocations for Partner commissions from leases and subscription in the amount of 73,207 euros and of long-term deferred revenue from leases and subscriptions in the amount of 106,965 euros. Long-term accrued costs and deferred revenue in the amount of 263,679 euros are for potentially lost lawsuits.

In FY 10, long-term accrued costs and deferred revenue have been established for the subsidy received for the Feniks project in the amount of 356,156 euros, from which it withdrew 40,810 euros in a part proportionate to depreciation of that project.

in euros	30 June 2010	30 June 2009
Long-term accrued costs and deferred revenue	759,197	519,911
- allocations for Partner commissions for RLGS Agreements	73,207	118,226
- for deferred revenue from RLGS Agreements	106,965	158,308
- for potentially lost lawsuits	263,679	243,377
- received subsidy for the Feniks project	315,346	0

6.29 SHORT-TERM FINANCIAL LIABILITIES

Short-term liabilities are recognized obligations associated with the financing of own assets with the settlement expected sooner than in one year. They are divided into short-term financial liabilities and short-term operating liabilities.

in euros	30 June 2010	30 June 2009
Short-term financial liabilities	1,488,240	844,350
Short-term financial liabilities to banks	1,226,505	688,481
Other short-term financial liabilities (until the subscription of capital)	261,735	155,869

Received short-term loans of the Group from banks by currencies and interest rates:

Item	Amount in original currency	Amount in euros	Minimum interest rate	Maximum interest rate
Euros	1,226,505	1,226,505	EURIBOR+3%	7.1%

As of 30 June 2010, the Group has short-term liabilities to banks in the amount of 1,226,505 euros. Short-term loans are taken out at the banks Banka Koper, Nova Ljubljanska Banka, Raiffeisen Banka and Abanka, and are collateralized with blank bills of exchange and personal surety.

The loan taken out by the parent company at the Raiffeisen Bank in the amount of 335,000 euros is additionally collateralized with receivables of Datalab Tehnologije, d. d., from the company Diners Club in the amount of 241,764.64 euros (valued at amortized cost).

Other short-term financial liabilities in the amount of 261,735 euros are liabilities for entering newly issues shares into the company register, based on the conversion of receivables (liabilities from Datalab's point of view) into shares, effective 30 June 2010. The period allowed for entering newly issued shares expired on 15 September 2010 at 17:00.

6.30 SHORT-TERM OPERATING LIABILITIES

in euros	30 June 2010	30 June 2009
Short-term operating liabilities	915,530	1,289,548
Other short term liabilities to suppliers	236,892	393,576
Other short-term operating liabilities	678,638	895,972

Short-term operating liabilities to companies in the group consist of obligations for rendered services (agency and intermediation costs).

Short-term operating liabilities to suppliers consist of obligations for rendered services (rent, administrative costs, costs of advertising and promotion, commissions), purchased materials (office supplies) and fixed assets.

Other short-term operating liabilities consist of obligations to the state from employee and employer contributions and taxes, VAT obligations, obligations to employees for wages and salaries, received collateral, and other liabilities.

6.30.1 Liabilities by maturity

Liabilities	Gross value on 30 June 2010
Total	915,531
Not overdue	704,220
Overdue 0 to 30 days	65,465
Overdue 31 to 180 days	91,313
Overdue 181 to 365 days	6,040
Overdue over one year	48,493

6.31 ACCRUED COSTS AND DEFERRED REVENUE

in euros	30 June 2010	30 June 2009
Short-term accrued costs and deferred revenue	200,434	211,956

Accrued costs and deferred revenue are costs accrued or revenue deferred for a short-term of up to 12 months, and are presented separately.

Accruals and deferrals occur in accounting because of the need to evenly distribute costs that are expected, but have not yet occurred. Short-term deferred revenue occurs when services have already been invoiced or paid, but have not yet been rendered. The total value of accruals and deferrals as of 30 June 2010 was 200,434 euros.

A part of accrued costs and deferred revenue consists of deferred revenue from lease and subscription agreements with a total value of 59,662 euros, and short-term accrued costs for partner commissions in the amount of 46,261 euros.

Another part of accrued costs and deferred revenue in the amount of 94,511 euros consists of accrued auditing costs, accrued costs for Partner commissions, and accrued Executive Board bonuses for FY 09.

6.32 INVESTMENT IN RESEARCH AND DEVELOPMENT

The Group is extremely development-oriented; most of its expenses consist of development costs of the ERP system PANTHEON.

Development costs:

Type of cost	FY 10	FY 09
Internal R&D activities	1,244,303	1,297,119
Purchased R&D services	124,357	83,641
Total	1,368,660	1,380,760

Type of cost	FY 10	FY 09
Labor costs	937,826	1,022,354
Purchase of R&D equipment	155,646	104,692
Cost of material	150,831	170,073
Cost of R&D services and cost of external specialists and researchers	124,357	83,641
Total	1,368,660	1,380,760

6.33 TRANSACTIONS WITH RELATED PARTIES

Shown below are transactions between related parties in the Group for the last two years. There were no other transactions than the ones shown below.

Other related companies:

Sales to related companies (receivables) in euros	FY 10	FY 09
Datalab, d. o. o., Croatia	0	40,043
Datalab Automotive	56	0
Purchases (payables) in euros		
Datalab, d. o. o., Croatia	0	17,938
Datalab Automotive	0	0
Outstanding receivables in euros		
Datalab, d. o. o., Croatia	0	31,500
Datalab Automotive	56	0
Outstanding payables in euros		
Datalab, d. o. o., Croatia	0	11,630
Datalab Automotive	0	0

The listed transactions were in line with market prices, or the prices charged for assets or services to related parties are compared to prices charged for assets or services to non-related parties in comparable circumstances.

In FY 10, only one sale of PANTHEON t-shirts was made.

6.33.1 Exclusions from consolidated statements

Exclusions are taken into account for the following items in the consolidated statements for FY 10:

Item in Comprehensive Income	FY 10
Sales	700,405
Other operating revenue	644
Cost of materials, goods and services	703,454
Revalued operating expenses associated with current assets	-20,851
Financial revenue	32,589
Financial expenses	70,150

Item in Balance Sheet	FY 10
ASSETS	
Long-term financial investments	3,502
Long-term operating receivables	22,118
Short-term operating receivables	260,763
Assets total	286,383
EQUITY	
Retained net profit (loss)	26,803
Net operating profit (loss) for the Fiscal Year	-19,115
LIABILITIES	
Long-term accrued costs and deferred revenue	10,432
Short-term financial liabilities	3,502
Short-term operating liabilities	264,761
Equity and liabilities total	286,383

For given loans, an interest rate that is higher than the recognized interest rate for loans between related parties is used, as prescribed by the Minister of Finance.

Loans given in euros	FY 10	FY 09
Andrej Mertelj	18,479	3,784

6.33.2 Earnings of the management

The figures in the tables below include labor costs and compensation borne by the employer, other labor costs (annual leave bonuses, other remuneration, net reimbursements, benefits), reimbursement of work-related expses and voluntary supplementary pension insurance. The figures are for FY 10.

Attendance fees for the Executive Board include the cost of attendance fees and reimbursements for internal and external members of the Executive Board.

Members of Supervisory Boards of the Group's subsidiaries do not receive any payment for their supervisory functions; therefore the amounts pertain to the parent company only.

	Fixed earnings	Other bonuses	Reimbursements	Other additional payments	Total earnings at Datalab Tehnologije, d. d.
Lojze Zajc		5,500		46,644	52,144
Andrej Mertelj	58,623	12,100	10,785	2,888	84,396
Tone Černe		4,400			4,400

6.34 OFF-BALANCE-SHEET ITEMS

Given guarantees pertain to the loan received by Datalab BA in the amount of 31,500 euros (31,500 euros as of 30 June 2009).

Summary of off-balance-sheet items (in euros):

Guarantee for loan to Datalab BA, d. o. o.	- 31,500
Total	-31,500

6.35 FINANCIAL INSTRUMENT

6.35.1 Financial assets

Item (in euros)	Book value on 30 June 2010	Fair value on 30 June 2010	Book value on 30 June 2009	Fair value on 30 June 2009
Long-term financial investments	1,249	1,249	5,483	5,483
Long-term operating receivables	353,078	353,078	537,175	537,175
Short-term financial investments	126,394	126,394	103,390	103,390
Short-term operating receivables	1,436,517	1,436,517	1,274,274	1,274,274
Cash and cash equivalents	149,417	149,417	85,630	85,630
Total	2,066,655	2,066,655	2,005,952	2,005,952

6.35.2 Financial liabilities

Item (in euros)	Book value on 30 June 2010	Fair value on 30 June 2010	Book value on 30 June 2009	Fair value on 30 June 2009
Long-term financial liabilities	39	39	198,880	198,880
Long-term operating liabilities	0	0	85,354	85,354
Short-term financial liabilities	1,488,240	1,488,240	844,350	844,350
Short-term operating liabilities	915,530	915,530	1,289,548	1,289,548
Total	2,403,809	2,403,809	2,418,132	2,418,132

6.35.3 Bank guarantees

As of 30 June 2010, there was an active guarantee for Datalab BA in the amount of 31,500 euros (31,500 euros in 2009).

6.36 AUDITING COSTS

The cost of auditing financial statements and the annual report for FY 10 for Datalab, conducted by the auditing firm Uhy, d. o. o., amounted to 16,400 euros. There were no other related services.

6.37 POTENTIAL LIABILITIES FROM LAWSUITS

Potential liabilities from lawsuits:

6.37.1 Datalab Tehnologije, d. d., as defendant

Plaintiff	Value in euros	Reference number, court	Status
METRO, d. o. o., Celje	24,616.22	VI Pg 509/2008, District court in Celje	In progress – first level
E-POS GROUP, d. o. o.	707,422.00	5 Pg 139/2007, District court in Ljubljana	In progress – first level
NEZAVISNA EKSPERSTKA GRUPA, d. o. o., Beograd, DATALAB TEHNOLOGIJE, d. o. o., Beograd	194,906.00	XXXIX-P-5524/07, Trade court in Beograd	In progress – first level

I. Case VI Pg 509/2008, METRO d. o. o., Celje against Datalab Tehnologije, d. d., valued at 24,616 euros

The plaintiff demands compensation for the incorrect functioning of the program, specifically customs warehousing.

According to the lawsuit and related documentation, Datalab, d. d., considers itself not responsible for the damages, which is also its official answer. The Customs Administration has confirmed that the program worked correctly at that company. The plaintiff will most likely not succeed with its claim for compensation.

No first-level verdict has been returned yet.

II. Case V Pg 139/2007 E-POS Group, d. o. o., against Datalab Tehnologije, d. d., valued at 707,422 euros

A former partner of Datalab, d. d., E-POS Group, d. o. o., with which the former ceased to cooperate because of failure to fulfill contractual obligations of the Partnership Agreement (allowing use and sale illegal licenses, improper attitude towards users), filed a lawsuit for damages incurred due to the terminated cooperation.

According to the lawsuit and related documentation, Datalab, d. d., considers itself not responsible for the damages, which is also its official answer. The plaintiff's claim will most likely be rejected in full – but certainly for the major part.

No first-level verdict has been returned yet.

III. Case XXXIX-P-5524/07 Nezavisna Ekspertska Grupa, d. o. o., Beograd and Datalab Tehnologije d. o. o., Beograd, against Datalab Tehnologije, d. d., valued at 194,906 euros

The companies Nezavisna Ekspertska Grupa, d. o. o., Beograd, and Datalab Tehnologije, d. o. o., Beograd, filed a lawsuit against Datalab Tehnologije, d. d., for failing to fulfill its contractual obligations. Datalab Tehnologije, d. d., and its representative, the law firm Dragić, Beatović and Partners, have found that the allegations are incoherent. Dragić, Beatović and Partners estimates that the lawsuit will be rejected. As part of the same case, a counter lawsuit has been filed against the first plaintiff, Nezavisna Ekspertska Grupa, d. o. o., Beograd.

The case is still in progress.

263,679.26 euros have been allocated for potential compensations from lawsuits.

6.37.2 Debt execution by courts against Datalab Tehnologije, d. d.

Plaintiff – creditor	Value in euros	Reference number, court	Status
PARSUS, d. o. o., Škofije	1,200.00	VL 72479/2009, Local court in Ljubljana, Central Office for Debt Execution on the Basis of Authentic Documents	Following appeal, the litigation continues
LAVA, d. o. o., Ljubljana	4,717.88	VL 59672/2009, Local court in Ljubljana, Central Office for Debt Execution on the Basis of Authentic Documents	Following the creditor's appeal, the litigation continues at a high court
KPMG Slovenija	16,672.92	VL 20939/2010, Local court in Ljubljana, Central Office for Debt Execution on the Basis of Authentic Documents	Following appeal, the litigation continues

Comment:

The claims of the listed debt executions have justifiable grounds, but not in the full value.

6.37.3 Datalab Tehnologije, d. d., as plaintiff

Defendant	Value in euros	Reference number, court	Status
E-POS GROUP, d. o. o.	111,620.93	Pg 2522/2007, District court in Ljubljana	In progress – first level

The company has posted the claims (established provisions) and shows them in financial statements in the recognized amount.

I. Case Pg 2522/2007 Datalab Tehnologije, d. d., against E-POS Group, d.o.o., valued at 111,620 euros

Datalab, d. d., terminated cooperation with its former partner E-POS Group, d. o. o., because of failure to fulfill contractual obligations of the Partnership Agreement (allowing use and sale of illegal licenses, improper attitude towards users), and has filed a lawsuit for payment of money due for license fees, software upgrades, subscription charges, membership fees, and penalties.

It is estimated that the lawsuit will be granted for most of its value.

No first-level verdict has been returned yet.

Compulsory liquidation proceedings were initiated against E-POS Group, d. o. o., on 12 March 2010. 68.42% of creditors have voted for the compulsory liquidation. The decision about the compulsory liquidation became final on 8 September 2010.

6.37.3.1 AUDITOR'S REPORT FOR THE DATALAB GROUP OF COMPANIES



Delničarjem družbe
DATALAB Tehnologije d.d.
 Ljubljana

UHY Revizija in svetovanje d.o.o.
 Vurnikova ulica 2
 1000 Ljubljana, Slovenija

tel.: +386 1 300 00 40
 fax: +386 1 300 00 50
 e-mail: uhy@uhy.si
 internet: www.uhy.si

POROČILO NEODVISNEGA REVIZORJA

Revidirali smo priložene računovodske izkaze gospodarske družbe DATALAB Tehnologije d.d., Ljubljana in njenih odvisnih družb, ki vključujejo konsolidiran izkaz finančnega položaja na dan 30. junija 2010, konsolidiran izkaz vseobsegajočega donosa, konsolidiran izkaz sprememb lastniškega kapitala in konsolidiran izkaz denarnih tokov za tedaj končano leto ter povzetek bistvenih računovodskih usmeritev in druge pojasnjevalne opombe. Pregledali smo tudi poslovno poročilo.

Odgovornost posloводства za računovodske izkaze

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

Revizorjeva odgovornost

Naša odgovornost je izraziti mnenje o teh računovodskih izkazih na podlagi revizije. Revizijo smo opravili v skladu z mednarodnimi standardi revidiranja. Ti standardi zahtevajo od nas izpolnjevanje etičnih zahtev ter načrtovanje in izvedbo revizije za pridobitev sprejemljivega zagotovila, da računovodski izkazi ne vsebujejo pomembno napačne navedbe. Revizija vključuje izvajanje postopkov za pridobitev revizijskih dokazov o zneskih in razkritjih v računovodskih izkazih. Izbrani postopki so odvisni od revizorjeve presoje in vključujejo tudi ocenjevanje tveganj napačne navedbe v računovodskih izkazih zaradi prevare ali napake. Pri ocenjevanju teh tveganj prouči revizor notranje kontroliranje, povezano s pripravljanim in poštenim predstavljanjem računovodskih izkazov družbe, da bi določil okoliščinam ustrezne revizijske postopke, ne pa, da bi izrazil mnenje o uspešnosti notranjega kontroliranja družbe. Revizija vključuje tudi ovrednotenje ustreznosti uporabljenih računovodskih usmeritev in utemeljenosti računovodskih ocen posloводства kot tudi ovrednotenje celotne predstavitve računovodskih izkazov.

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

Mnenje

Po našem mnenju so konsolidirani računovodski izkazi v vseh pomembnih pogledih poštena predstavitev finančnega stanja družbe DATALAB Tehnologije d.d., Ljubljana in njenih odvisnih družb na dan 30. junija 2010 ter njenega vseobsegajočega donosa in denarnih tokov za tedaj končano leto v skladu z mednarodnimi standardi računovodskega poročanja, kot jih je sprejela EU.

Poslovno poročilo je skladno z revidiranimi računovodskimi izkazi.

Ljubljana, 26.11.2010

UHY Revizija in svetovanje d.o.o.

Franci Žgajnar
 pooblaščen revizor



matična številka / No.: 2060167
 ID za DDV / VAT No: SI62702570
 št. transakcijskega računa / Bank account: Abanka Vipva d.d., 05100-8011974836
 št. registrskega vložka / No of Court registration: 1/41215/00 pri Okrožnem sodišču v Ljubljani
 št. vpisa v register revizijskih družb / No of registration at the Slovenian Institute of Auditors: RD-A-073/05

A member of UHY, an international association of independent accounting and consulting firms

Dolgo zapadle terj. po dolžnikih in razredih zap.

Subjekt	90 - 120 dni	121 - 180 dni	nad 180 dni	Skupaj
Buyer Ltd.	0,00	0,00	200.110,00	200.110,00
Partner x	15.000,00	11.000,00	1.500,00	27.500,00
Company Big	0,00	0,00	30.000,00	30.000,00
Last d.d.	0,00	0,00	25.148,00	25.148,00
Kupec d.o.o.	2.320,00	0,00	0,00	2.320,00
Peter Novak	1.558,80	0,00	0,00	1.558,80
Podjetje d.o.o.	0,00	1.500,00	0,00	1.500,00
Podjetje za izobraževanje	0,00	1.000,00	0,00	1.000,00
Kupec EU d.o.o.	500,00	0,00	0,00	500,00
Kupec Ltd.	0,00	0,00	500,00	500,00
Partner d.o.o.	0,00	0,00	500,00	500,00
PIVARELLO SPA	0,00	450,00	0,00	450,00
Doe	0,00	0,00	450,00	450,00

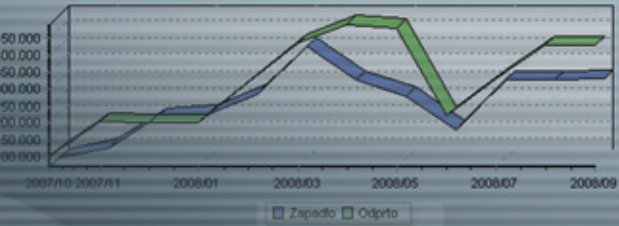
Terjatve do kupcev

Subjekt	Zapadlo	Odrpno
Buyer Ltd.	200.110,00	200.110,00
Partner x	36.500,00	386.500,00
Company Big	30.000,00	30.000,00
Last d.d.	25.148,00	25.148,00
Kupec d.o.o.	2.320,00	7.946,57
Peter Novak	1.558,80	1.558,80
Podjetje d.o.o.	1.500,00	8.400,00

Seznam dolžnikov po velikosti zapadlih terjatevdo posameznega subjekta. V primarni valuti.

Dolgo zapadle terjate po dolžnikih in razredih zapadlosti.

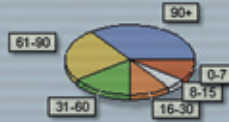
Stanje odprtih in zap. terjatev za zadnjih 12 mes.



Stanje terjatev skupaj

	Vrednost
Zapadlo	302.320,00
Odrpno	431.957,45

Struktura a terjatev



Skupno stanje odprtih terjatev do kupcev.

Struktura zapadlih terjatev do kupcev po razredih zapadlosti. V dnevih.

Kazalniki obračanja in dnevi vezave terjatev

Kazalnik	Vrednost
Dnevi vezave terjatev I	250,81
Dnevi vezave terjatev II	250,83
Obračanje terjatev I	1,46
Obračanje terjatev II	1,46

7

Financial statements of Datalab Tehnologije, d. d.

Statement of the Executive Board of the controlling company

The management of Datalab Tehnologije, d. d., is responsible for drawing up the annual report of the controlling company as well as preparing financial statements in a manner that gives interested parties a true and fair view of the financial standing and operating results of Datalab Tehnologije, d. d., and its subsidiaries in 2010.

The management hereby states:

- that the consolidated financial statements have been prepared under the assumption that Datalab Tehnologije, d. d., will continue its business in the future;
- that the chosen accounting policies have been applied consistently and that any accounting policy errors have been disclosed;
- that accounting estimates have been prepared in a fair and well-considered manner and in accordance with the principles of precaution and sound governance;
- that financial statements for Datalab Tehnologije, d. d., and the Datalab group of companies, and the notes to them have been prepared according to applicable laws and IFRS;
- that the business report contains a fair view of the development and results the company's operations and its financial standing, including a description of the risks that the company is exposed to as a whole.

The management of the company is also responsible for proper accounting, adopting measures for preserving property and preventing and detecting fraud and other irregular or illegal activities.

The management hereby approves the financial statements to be published.

Ljubljana, 16 October 2010

Chairman of the Executive Board
Lojze Zajc

1. ACCOUNTING REPORT OF DATALAB TEHNOLOGIJE, D. D.

**2. COMPREHENSIVE INCOME OF DATALAB TEHNOLOGIJE, D. D.,
FOR THE PERIOD FROM 1 JULY 2009 TO 30 JUNE 2010**

Item	Note	FY 10	FY 09
Sales	6	2,152,873	2,113,437
Other operating revenue	7	1,532,325	1,578,618
Gross operating income		3,685,198	3,692,055
Cost of materials, goods and services	8	1,013,984	994,392
Labor costs	9	1,333,434	1,656,530
Depreciation of fixed assets		59,129	86,979
Depreciation of intangible assets		706,205	535,650
Other operating expenses	10	66,908	296,223
Operating profit (loss)		505,538	122,281
Financial revenue	11	160,987	191,755
Financial expenses	12	250,608	157,151
Net financial profit (loss)		-89,621	34,604
Operating profit (loss) before taxes		415,917	156,885
Tax on income	13	18,862	0
Deferred taxes	14	2,963	26,571
Net operating profit (loss) for the Fiscal Year		400,018	183,456
Change in surplus arising from revaluation of intangible and fixed assets			
Change in surplus arising from revaluation of financial assets held for sale			
Profit and loss arising from conversion of financial statements of foreign companies			
Actuarial gains and losses of defined benefit plans			
Other components of comprehensive income			
Total comprehensive income for the period		400,018	183,456

3. BALANCE SHEET OF DATALAB TEHNOLOGIJE, D. D., AS OF 30 JUNE 2010

Item	Note	FY 10	FY 09
ASSETS			
Property, plant and equipment	15	45,615	94,520
Intangible assets	16	3,776,031	3,078,790
Long-term financial investments	17	168,605	144,107
Long-term loans	18	3,502	3,502
Long-term operating receivables	19	358,316	534,084
Long-term deferred costs and accrued revenue	20	20,113	20,200
Deferred tax assets	21	48,830	45,867
Fixed (non-current) assets total		4,421,012	3,921,070
Inventories	22	4,369	6,626
Short-term financial investments	23	112,967	122,652
Short-term operating receivables	24	1,109,418	1,090,343
Cash and cash equivalents	25	76,659	36,027
Short-term deferred costs and accrued revenue	26	78,311	50,767
Current assets total		1,381,724	1,306,415
Assets total		5,802,736	5,227,485
EQUITY			
	27		
Share capital		444,493	444,493
Capital surplus		2,686	2,686
Profit reserves		44,450	41,763
Retained net profit (loss)		2,128,191	1,730,860
Total equity		2,619,820	2,219,802
LIABILITIES			
Long-term financial liabilities		0	198,628
Long-term operating liabilities		0	85,354
Long-term provisions	28	12,496	12,496
Long-term accrued costs and deferred revenue	29	769,184	525,728
Long-term liabilities total		781,680	822,206
Short-term financial liabilities	30	1,470,345	844,350
Short-term operating liabilities	31	760,827	1,135,195
Accrued costs and deferred revenue	32	170,064	205,932
Short-term liabilities total		2,401,236	2,185,477
Liabilities total		3,182,916	3,007,683
Equity and liabilities total		5,802,736	5,227,485

Statement of changes in equity for Datalab Tehnologije, d. d., for the period from 1 July 2009 to 30 June 2010

	Share capital	Capital surplus	Legal reserves	Reserves for own shares	Own shares and interests (as deduction item)	Retained net profit	Net profit for the Fiscal Year	Total
A. Initial balance for the period	444,493	2,686	41,763	429	-429	1,547,404	183,456	2,219,802
B. Movements to equity	0	0	0	0	0	0	400,018	400,018
a) Subscription of called-up share capital								0
b) Subscription of uncalled share capital								0
c) Call-up of subscribed share capital								0
č) Additional capital pay-up								0
d) Net profit (loss) for the period							400,018	400,018
e) Capital revaluation amount								0
f) Other increases in components of equity								0
g) Purchase of own shares and interests								0
C. Movements within equity	0	0	2,687	0	0	180,769	-183,456	0
a) Allocation of net profit as a component of equity, based on a decision of the Executive and Supervisory Boards			2,687			-2,687		0
b) Allocation of net profit to additional reserves, based on a resolution of the meeting of shareholders						183,456	-183,456	0
c) Cover of loss as deduction component of equity								0
č) Establishment of reserves for own shares from other components of equity								0
d) Decrease in reserves for own shares and reallocation to other components of equity								0
e) Dividend payout in the form of shares								0
f) Other reallocations of components of equity								0
Č. Movements from equity	0	0	0	0	0	0	0	0
a) Dividend payout								0
b) Capital repayment								0
c) Use of surplus from revaluation (for impairment of assets)								0
d) Transfer of surplus from revaluation (into operating or financial revenue)								0
e) Other decreases in components of equity								0
f) Disposal or withdrawal of own shares and own interests								0
D. Closing balance for the period	444,493	2,686	44,450	429	-429	1,728,173	400,018	2,619,820
Distributable profit						1,728,173	400,018	2,128,191

Statement of changes in equity for Datalab Tehnologije, d. d., for the period from 1 July 2008 to 30 June 2009

in euros	Share capital	Capital surplus	Legal reserves	Reserves for own shares	Own shares and interests (as deduction item)	Retained net profit (loss)	Net profit for the Fiscal Year	Total
A. Initial balance for the period (unadjusted)	444,493	2,686		429	-429	14,122	0	461,301
Correction of fundamental error			41,763			1,533,282		1,575,045
Initial balance for the period (adjusted)	444,493	2,686	41,763	429	-429	1,547,404	0	2,036,346
a) Net profit (loss) for the period							183,456	183,456
b) Establishment of legal reserves								
D. Closing balance for the period	444,493	2,686	41,763	429	-429	1,547,404	183,456	1,730,860
Distributable profit						1,547,404	183,456	2,219,802

Cash flow statement for Datalab Tehnologije, d. d., for the period from 1 July 2009 to 30 June 2010

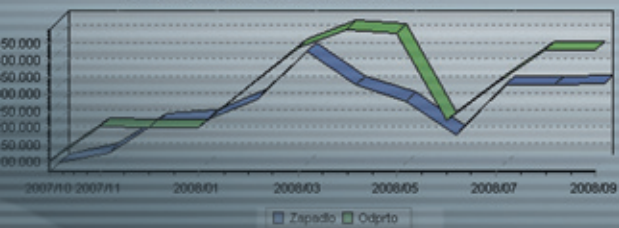
in euros	FY 10	FY 09
Cash flow from operations		
Net profit (loss)	400,018	183,456
Adjustments for:		
Revalued operating revenue and expense	18,369	24,320
Depreciation of property, plant and equipment	59,129	86,979
Depreciation of intangible assets	706,205	535,650
Net financial profit (loss)	89,621	-34,605
	1,273,342	795,800
Change in operating receivables, deferred costs and accrued revenue	67,855	90,245
Change in inventories	2,257	3,601
Change in short-term operating liabilities, accrued costs and deferred revenue	-104,518	427,054
Change in provisions		
Change in deferred tax assets	-2,963	-26,571
	1,235,973	1,290,129
Interest received	148,582	191,755
Interest paid	-118,649	-132,006
Paid tax on profit		
Net cash flow from operating activities	1,265,906	1,349,878
Cash flow from investing activities		
Cash disbursements for acquiring intangible assets	-1,403,446	-1,412,216
Cash disbursements for acquiring property, plant and equipment	-16,515	-40,582
Cash disbursements for acquiring investments	-19,745	
Cash receipts from investments		-142,120
Cash receipts from loans	29,592	66,523
Cash receipts from disposal of intangible assets	87	2,005
Cash receipts from disposal of fixed assets	672	24,071
Net cash flow from investing activities	-1,409,355	-1,502,319
Cash flow from financing activities		
Paying-up of equity		
Cash receipts from long-term financial liabilities		172,533
Cash receipts from short-term financial liabilities	739,624	638,816
Cash repayments of long-term financial liabilities	-249,853	0
Cash repayments of short-term financial liabilities	-305,690	-650,798
Net cash flow from financing activities	184,081	160,551
Net change in cash and cash equivalents	40,632	8,110
Cash and cash equivalents at the beginning of the year	36,027	27,917
Cash and cash equivalents at the end of the year	76,659	36,027

Dolga zapadle terj. po dolžnikih in razredih zap.

Subjekt	90 - 120 dni	121 - 180 dni	nad 180 dni	Skupaj
Buyer Ltd.	0,00	0,00	200.110,00	200.110,00
Partner x	15.000,00	11.000,00	1.500,00	27.500,00
Company Big	0,00	0,00	30.000,00	30.000,00
Last d.d.	0,00	0,00	25.148,00	25.148,00
Kupec d.o.o.	2.320,00	0,00	0,00	2.320,00
Peter Novak	1.558,80	0,00	0,00	1.558,80
Podjetje d.o.o.	0,00	1.500,00	0,00	1.500,00
Podjetje za izobraževanje	0,00	1.000,00	0,00	1.000,00
Kupec EU d.o.o.	500,00	0,00	0,00	500,00
Kupec Ltd.	0,00	0,00	500,00	500,00
Kupec d.o.o.	0,00	0,00	500,00	500,00
PIVARELLO SPA	0,00	450,00	0,00	450,00
Doe	0,00	0,00	450,00	450,00

Dolgo zapadle terjatve po dolžnikih in razredih zapadlosti.

Stanje odprtih in zap. terjatev za zadnjih 12 mes.



Terjatve do kupcev

Subjekt	Zapado	Odprto
Buyer Ltd.	200.110,00	200.110,00
Partner x	36.500,00	366.500,00
Company Big	30.000,00	30.000,00
Last d.d.	25.148,00	25.148,00
Kupec d.o.o.	2.320,00	7.946,57
Peter Novak	1.558,80	1.558,80
Podjetje d.o.o.	1.500,00	8.400,00

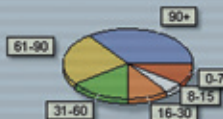
Seznam dolžnikov po velikosti zapadlih terjatev do posameznega subjekta. V primarni valuti.

Stanje terjatev skupaj

Vrednost	
Zapado	302.320,00
Odprto	431.957,45

Skupno stanje odprtih terjatev do kupcev.

Struktura a terjatev



Struktura zapadlih terjatev do kupcev po razredih zapadlosti. V dnevih.

Kazalniki obračanja in dnevi vezave terjatev

Kazalnik	Vrednost
Dnevi vezave terjatev I	250,81
Dnevi vezave terjatev II	250,83
Obračanje terjatev I	1,46
Obračanje terjatev II	1,46

8

Notes to the financial statements

1. REPORTING COMPANY

Datalab Tehnologije, d. d., Ljubljana, is a Slovenia-based publicly-traded company. It is listed on the Ljubljana Stock Exchange.

The main objective of the company is developing a powerful and reliable ERP system for micro, small and mid-size businesses.

The company's principal business activity is 58,290 – Other software publishing.

As of 30 June 2010, Datalab Tehnologije, d. d., had 40 employees.

The financial statements of Datalab Tehnologije, d. d., for the Fiscal Year ending 30 June 2009 have been approved by the Executive Board on 23 September 2009.

2. BASIS FOR DRAWING UP THE STATEMENTS

a) Conformance Statement

The financial statements have been drawn up in accordance with IFRS, as adopted by the European Community, and interpretations of IFRIC, as adopted by the International Accounting Standards Board (IASB).

b) Basis for Measurement

The financial statements have been drawn up considering the original value, except in the following cases, where a fair value has been considered:

- Financial derivatives;
- Financial instruments at fair value through the operating results;
- Financial assets available for sale;
- Investment property;
- Liabilities for payments in shares settled with cash.

The methods used to measure fair value are described in note number 4.

c) Functional and presentational currency

Slovenia introduced the euro (€) as its functional currency on 1 January 2007. In accordance with IFRS 21.37, all assets, liabilities and equity in Slovenian economic subjects have been converted to euros at a SIT:EUR rate of 239.64:1, and revenue and expenses for 2007 were all already expressed in euros. All financial statements in this annual report are in whole euros. There might be slight discrepancies with totals because of rounding.

d) Estimates and assessments

When preparing financial statements in conformity with IFRS, the management is required to make estimates, assessments and assumptions that affect the use of accounting policies and the presented value of assets, liabilities, revenues and expenses. Actual figures may vary.

Estimates and assumptions have to constantly reviewed. Corrections to accounting estimates are acknowledged for the period for which the estimates are being corrected and all future years that are affected by the correction.

Uncertainty evaluations and decisive assessments prepared by the management in line with the accounting policy that most significantly affect figures in the financial statements are:

- Note no. 17 – long-term financial investments;
- Note no. 9 – measuring obligations for certain earnings;
- Note no. 28 – provisions;
- Note no. 38 – valuation of financial instruments and their impairment.

e) Fiscal Year

The company's Fiscal Year starts on 1 July and ends on 30 June in the following year.

3. ACCOUNTING POLICIES

The accounting policies described below have been consistently applied for all periods that are presented in the financial statements herein.

a) Foreign currency

Foreign currency transactions are converted to the appropriate functional currency of the companies in the Group at the rate on the day of the transaction. Cash and liabilities expressed in foreign currency on the balance sheet date are converted to the functional currency at the going rate. Positive and negative exchange differences are differences between the amortized cost in the functional currency at the beginning of the period, adjusted for effective interest, and payments during the period and the amortized cost in foreign currency, converted at the rate at the end of the period. Non-monetary assets and liabilities expressed in foreign currency and measured at fair value are converted to the functional currency at the rate on the day when the fair value was measured. Exchange differences are recognized in the operating results, but not differences from converting equity instruments held for sale, non-financial liabilities for insurance against risks, or cash flow insurance against risks that are recognized directly in equity.

b) Financial instruments

Datalab Tehnologije, d. d., classifies its investments into the following categories: financial assets held for sale, financial assets at fair value through the operating results, and loans and receivables. The classification depends on the purpose for which the investment was acquired. In 2010, the company did not have any financial assets for sale and financial assets at fair value through the operating results.

Non-Derivative Financial Instruments

Non-derivative financial instruments include investments in capital and debt securities, operational and other receivables, cash and cash equivalents, received and given loans, and operational and other liabilities.

Non-derivative financial instruments are initially recognized at fair value, increased by (instruments that are not recognized at fair value through the operating results) cost that is directly related to a transaction. After the initial recognition, non-derivative financial instruments are measured as described below.

Cash and cash equivalents consist of cash on-hand and deposits on demand. Bank account overdrafts that can be settled on demand and are part of cash management in the Group are in the cash flow statement included in cash and cash equivalents.

Accounting of financial income and expense are described in 11 and 12.

c) Equity capital

i) Called-up capital

Called-up capital of Datalab Tehnologije, d. d., appears as equity capital that is nominally specified in the company's articles of association, registered at court, and paid by its owners. Dividends for common stock are recognized in equity in the period for which they were approved by the shareholder assembly.

ii) Reserves for own shares

If the company acquires a stake in the parent company, the paid amount including transaction fees without taxes is subtracted from equity as own shares, until those shares are withdrawn, re-issued or sold. If own shares are later sold or re-issued, all received payments excluding transaction fees and related taxes are included in equity.

d) Fixed assets

Fixed assets (property, plant and equipment) are kept at their original cost, decreased by cumulative depreciation and cumulative loss due to impairment, except for land, which is presented at original cost, decreased by any impairments. Original cost includes all costs that can be directly attributed to the acquisition of a fixed asset. Maintenance and repairs as well as replacement and improvement of minor significance are recognized as expenses in the period in which they occur. Larger amounts are depreciated over the remaining useful life of a fixed asset or to the day of the next major renovations, whichever comes first. The residual value and useful life of each fixed asset is checked annually and adjusted if necessary. The book value of a fixed asset is immediately partly written off to the recoverable amount, if the book value is greater than the estimated recoverable amount, and is recognized in the operating results.

Depreciation is calculated using straight-line depreciation, taking into account useful life as follows:

Asset	Depreciation rate in % since 1 July 2009	Depreciation rate in % before 30 June 2009
Computers	50	50
Furniture and chairs	20	20
Vehicle equipment	20	20
Other equipment	20	20

Depreciation calculation starts when a fixed asset is ready for use; unfinished constructions are not depreciated.

Profit and loss from sale or deactivation of a fixed asset is determined by comparing sales revenue with book value. It is included in the operating results.

Fixed assets acquired through tenders are recognized as assets, but the amount of the subsidy is counted towards accrued costs and deferred revenue, which is then monthly decreased by the depreciation amount.

e) Intangible assets

Intangible assets are initially measured at their original value.

i) Other intangible assets

Intangible assets acquired through tenders are recognized as assets, but the amount of the subsidy is counted towards accrued costs and deferred revenue – government grants, which is then monthly decreased by the depreciation amount. The depreciation rate for such assets is the same as for assets that the company purchases with own funds, except for the Feniks project, where a 25% rate is used because it is a new project and as such exposed to changes.

ii) Subsequent cost

Subsequent expenses related to intangible assets are capitalized only when they increase future economic benefits which are derived from the asset to which the expenses pertain. All other costs, including trademarks and goodwill generated within the company, are recognized in the operating results as expenses as soon as they occur.

iii) Depreciation

Depreciation is calculated using straight-line depreciation, taking into account useful life of intangible assets (except goodwill) and beginning when the asset is ready for use. Estimated useful life for the current year and a comparable year:

Asset	Depreciation rate in % since 1 July 2009	Depreciation rate in % before 30 June 2009
Intangible asset – PANTHEON	10	10
Intangible asset – FENIKS	25	-
Material rights and copyrights	50	50

f) Leased assets

Leases for which the company assumes all major forms of risks and benefits related to asset ownership are regarded as financial leases. After initial recognition, a leased asset is presented in an amount equivalent to the fair value, or if it is less than that, the current value of the lowest total of lease payments. After initial recognition, assets are measured in accordance with accounting policies for such assets.

Other leases are treated as operating leases and, with the exception of investment property, leased assets are not recognized in the company's balance sheet. Investment property under operating lease is presented in the company's balance sheet at fair value.

g) Inventories

Inventories of goods are initially valued at their original cost, which consists of purchase price, import duties and direct procurement costs. The purchase price is decreased by any discounts. Direct procurement costs are transport costs, handling costs, transport insurance, goods tracking, intermediation costs and similar costs to the first warehouse if borne by the customer, and non-refundable duties. Purchase price discounts include those specified in invoices as well as those granted subsequently that pertain to a certain delivery.

Inventories consist only of advertising materials from the PANTHEON Online Shop and are not subject to revaluation or impairment.

Decrease in value of inventories in materials and small tools is charged to the cost of materials, while the decrease in value of goods is charged to the relevant operating expenses. Consumption of goods is accounted on the basis of the average cost method.

The cost of inventories includes the purchase price, customs and other duties (excluding those that are subsequently refunded by tax authorities), transport cost, handling and other costs that can be attributed directly to the acquired goods, materials or services. Trade discounts, rebates and other similar items are deducted in determining the cost of purchase.

Consumption of materials is accounted on the basis of the method of average cost in the period.

The net realizable value is the estimated sale price achieved in normal operation, minus estimated cost of finishing and estimated cost of selling.

h) Impairment of assets

i) Financial assets

The company assesses the value of financial assets on the reporting date to determine if an objective sign of asset impairment exists. A financial asset is impaired if objective proof exists that one or more events led to a decrease in expected future cash flows from that asset.

Loss due to impairment related to a financial asset, presented at amortized cost, is calculated as the difference between the asset's carrying value and expected future cash flows, discounted at the original interest rate.

Trade receivables are presented at nominal value, decreased by proper adjustments for estimated unrecoverable amounts.

Receivables that are assumed not be settled on time or in full are regarded as doubtful; if legal action has been initiated they are regarded as disputed.

Receivables are adjusted if the need arises, which is considered based on individual estimates of recoverability.

Investments in subsidiaries are valued at their original cost.

Loss due to impairment of financial assets held for sale is calculated according to an asset's current fair value.

For key financial assets, the estimation of impairment is performed individually. The impairment estimation of other financial assets is performed in groups according to common properties in risk exposure.

All impairment losses are presented in the profit (loss) statement for the period. Any accrued loss related to financial assets held for sale that was recognized directly in equity is transferred to the operating results.

The loss due to impairment is derecognized if it can be objectively attributed to an event that occurred after the impairment has been recognized. For financial assets presented at amortized cost and financial assets held for sale, which are debt instruments, the derecognition of loss due to impairment is presented in operating results. Derecognition of financial assets held for sale that are equities are presented directly in equity by the company.

ii) Non-financial assets

On each reporting date, the company checks the remaining carrying value of non-financial assets of the company, except biological assets, investment property, inventories and deferred tax assets, to determine any signs of impairment. If such signs exist, the asset's recoverable value is estimated. An estimate of the impairment of goodwill and intangible assets with an unspecified useful life that are not yet ready for use is performed on every reporting date.

The recoverable value of an asset or a cash-generating unit is its value in use or its fair value minus cost of selling, whichever is higher. When determining an asset's value in use, expected future cash flows are discounted to their current value at pre-tax rates, which reflects current market assessments of the time value of money and the risks specific to the asset. To test for impairment, assets are grouped into the smallest possible groups that generate cash flow from permanent use, largely independent from those from other assets or asset groups (cash-generating units). To test for impairment, goodwill obtained from mergers is distributed to cash-generating units that are expected to benefit from the synergy of merging.

Impairment of assets or cash-generating units is recognized if their book value is greater than their recoverable value. The impairment is presented in operating results. Loss that is recognized for cash-generating units due to impairment is allocated in such a way that first the book value of goodwill allocated to a cash-generating unit is decreased, and then to other assets of the unit (group of units) in proportion to the book value of each asset in the unit.

Loss due to impairment of goodwill is not derecognized. For other assets, the company assesses loss due to impairment in previous periods on the balance sheet date and thus determines

if the loss has decreased or is not present at all. Loss due to impairment is derecognized if the assessments on the basis of which the company determines an asset's recoverable value have changed. Loss due to impairment is derecognized to the amount up to which the increased book value of an asset does not exceed the book value that would have been determined after subtracting depreciation if no loss due to impairment had been recognized in previous years.

i) Employee benefits

i) Other long-term employee benefits – allocations for severance pay and long-service rewards

The company's net liability for long-term employee benefits is the sum of future benefits that employees have acquired for their services performed in the current and past periods. That amount of benefits is then discounted to determine its current value, and then decreased by the fair value of all related assets. The discount rate is the reported return of AA rated bonds the maturity of which is roughly the same as the maturity of the company's obligations. The calculation uses the projected unit credit method. Any actuarial gains and losses are recognized in the operating results of the period of their occurrence.

ii) Short-term employee benefits

Liabilities for short-term employee benefits are not discounted and are presented as expenses after an employee's work related to a given short-term benefit is complete.

Liabilities are presented in the amount for which payment is expected in the form of a premium, payable within twelve months of finishing work, or a profit sharing scheme if the company has a current legal or indirect commitment for such payments due to past work of an employee and the liability can reliably be measured.

j) Allocations

Allocations are recognized when the company has a current legal or indirect commitment due to past events, if it is likely that settlement will require fund outflow and that the amount can reliably be estimated.

i) Post-employment benefits

Employees are entitled to severance pay when they retire, which is recognized when they conclude their employment in accordance with the Employment Act. For severance pay upon retirement, the projected unit credit method (the method of imputing benefits in proportion to the performed work) is applied, and therefore the Group establishes provisions appropriate to the achieved length of service of employees. Actuarial valuation is performed on 30 June and is properly presented in operating results.

Severance pay upon retirement when due reduces the established provisions.

ii) Other long-term benefits

Employees are entitled to long-term service rewards that are recognized when an employee reaches a certain length of service. For severance pay upon retirement, the projected unit credit method (the method of imputing benefits in proportion to the performed work) is applied, and therefore the Group establishes provisions appropriate to the achieved length of service of employees. Actuarial valuation is performed on 30 June and is properly presented in operating results. Long-service rewards when due reduce the established provisions.

k) Revenue

i) Sales of products

Sales of products are recognized at fair value of the received payment or liability, decreased by refunds, rebates and quantity discounts. Revenue is presented when a customer assumes all major forms of risks and benefits related to asset ownership, when there is certainty about the ability to pay compensation and the related expenses or about the option of returning products, when the company ceases to decide on sold products, and when the revenue amount can reliably be measured.

The transfer of risks and benefits depends on the terms of the purchase contract. For goods sales, the transfer is generally made after the goods have arrived at the customer's warehouse, but for some international deliveries the transfer is made when the goods are loaded for transport.

ii) Sales of services

Sales of services are recognized in operating results based on the service's stage of completion on the reporting date. The state of completion is assessed with a review of the completed tasks.

A majority of the company's revenue is from sales of licenses and Upgrade Contracts. Apart from the regular purchase of licenses outright, customers can also pay with a 5-year installment plan, or lease it for six years (hereinafter referred to as RLGS Agreements). Revenue from RLGS Agreements is composed of license fees, upgrades and financing.

Income from tenders, subsidies or grants is financed by the company at the signing of the contract and at the moment when their occurrence becomes certain. In cases where the company is granted funds through tenders for the development of intangible assets, such funds are counted towards the item accrued costs and deferred revenue – government grants, which is then depreciated monthly by the proportional amount.

Uncertainty evaluations and decisive assessments prepared by the management in line with the accounting policy that most significantly affect figures in the financial statements are:

- explanation of allocations and contingent liabilities;
- valuation of assets.

iii) Revenue from rents

Revenue from rents and investment property is recognized in revenue on a straight line basis over the term of the rent. Any given rent-related incentives are recognized as a part of total revenue from rents.

l) Government grants

Government grants are initially recognized in accounting statements as deferred revenue, if there is reasonable assurance that the company will receive said grants and will fulfill the necessary requirements. Government grants received for covering costs are recognized strictly as revenue in the periods when the costs, which the grants are intended to cover, occur. Grants related to assets are recognized in operating results strictly as other operating revenue in the useful life of an asset.

m) Financial leases

Payments from financial leases are recognized as revenues on a straight line basis over the lease term. Any received lease-related incentives are recognized as a part of total expenses for leases.

The minimum lease payments due are distributed among financial expenses and the decrease of outstanding debt. Financial expenses are distributed among periods over the lease term to get a fixed interest rate for the outstanding debt balance for each period. The company presents contingent payments from financial leases in the amount that, when the lease is changed, the minimum lease payment for the remaining term is re-assessed.

Contingent payments from financial lease are presented when the contingent liability no longer exists and when the change in the financial lease's value is known, namely in the amount determined by reassessing the minimum lease payment in the remaining term of the lease.

n) Financial revenue and financial expenses

Financial revenue consists of interest from investment (including financial assets held for sale), dividend revenue, revenue from disposal of financial assets held for sale, changes in fair value of financial assets at fair value through operating results, and gains from instruments for insurance against risks, which are recognized in operating results. Revenue from interest is recognized in operating results upon its occurrence using the effective interest rate method. Dividend revenue is recognized in comprehensive income on the day the shareholder's right to payment is exercised, which for listed companies is generally the date when the right to current dividends ceases to be related to the share.

Financial expenses consist of borrowing costs, differences from recalculating allocation discounts, dividends from preferred shares presented among liabilities, changes in fair value of financial assets at fair value through operating results, loss due to impairment of financial assets, and loss from instruments for insurance against risks, which is recognized in comprehensive income. Borrowing costs are recognized in comprehensive income using the effective interest rate method.

Profit and loss from exchange differences are presented in net amounts.

o) Tax on profit

The tax on profit or loss in the Fiscal Year consists of current tax and deferred tax. The tax on profit is presented in comprehensive income, except for the part pertaining to items that are presented directly in equity and is therefore presented in equity.

Current tax is the tax expected to be paid from taxable profits for the Fiscal Year, using the tax rates that have been enacted or substantively enacted by the reporting date, and any adjustments to tax liabilities related to past Fiscal Years.

Deferred tax is presented using the balance sheet liabilities method, whereby temporary differences between asset and liability book value for financial statements and amounts for tax reporting are taken into account. The following temporary differences are not included: initial recognition of assets or liabilities in transactions other than mergers that have no effect on ac-

counting profits or taxable profits, and differences related to investments in subsidiaries and jointly-controlled companies in the amount that is not likely to be derecognized in the foreseeable future. Furthermore, the deferred tax is not presented if there are taxable temporary differences at the initial recognition of goodwill. Deferred tax is presented in the amount that is expected to be payable upon derecognition of temporary differences based on laws enacted or substantively enacted by the reporting date. The company sets off deferred tax asset liabilities if it has a legally enforceable right to set off recognized current tax assets and liabilities and if they pertain to the tax on profit levied by the same taxation authority in connection with the same taxable unit; or different taxable units that either intend to settle current tax liabilities and tax assets with a difference, or simultaneously recover assets and settle liabilities.

Deferred tax assets are recognized in the amount for which it is likely that a future taxable profit will be available that might be used to cover the deferred asset. Deferred tax assets are reduced by the amount for which it is not likely that asset-related tax reliefs can be claimed.

4. DETERMINING FAIR VALUE

Considering the company's accounting policies and breakdowns, many times a fair value of financial and non-financial assets and liabilities must be determined. The fair values of single asset groups for the purpose of measuring or reporting are determined herein. Additional explanations regarding assumptions for determining fair value are given alongside individual breakdowns of the company's assets or liabilities.

i) Fixed assets

The fair value of fixed assets from business combinations is equal to their market value. The market value of immovable property is equal to the estimated value at which the property could be sold by a willing seller to a willing buyer at arm's length on the day of the valuation and after appropriate marketing. The market value of plant, equipment, furniture and fixtures is based on the offered market price of similar objects.

ii) Intangible assets

The fair value of patents and trademarks acquired through business combinations is based on the estimated discounted future value of royalties which will not need to be paid because the patent or trademark is already owned. The fair value of intangible assets is determined by taking the current value of estimated future cash flows that are expected from their use or potential sale.

iii) Operating and other receivables

The fair value of operating and other receivables is calculated as the current value of future cash flows, discounted at market interest rates on the reporting date.

iv) Non-derivative financial liabilities

For reporting purposes, the fair value is calculated based on the current value of future payouts of the principal and interest, discounted at the market interest rate on the reporting date. In connection with the portion of liabilities from convertible bonds, the market interest rate is determined by comparing with similar liabilities that cannot be converted to equity. For financial leases, the market interest rate is determined by comparing with similar lease contracts.

5. FINANCIAL RISK MANAGEMENT

The company does not use financial instruments. The company assesses financial risks within the following groups:

- credit risk,
- reduced liquidity,
- market risk.

This chapter discusses the company's exposure to said risks, its goals, policies and procedures for measuring and managing risks, and its handling of capital. Other quantitative disclosures can be found in the continuation of the Notes to the financial statements.

The management is fully responsible for establishing the company's framework for risk management. The finance and accounting departments deal with risk measurement and management. The person responsible for finance and accounting reports to the Executive Director about activities in this field.

Risk management policies are designed to define and analyze risks that threaten the company, based on which proper restrictions and controls are set up, risks monitored and restrictions respected. Risk management policies and systems are regularly checked to reflect changes in market conditions and the company's activities. With training as well as standards and procedure for risk management, the company endeavors to develop a disciplined and constructive environment where all employees are aware of their roles and responsibilities.

The Executive Board ensures that risk management policies and procedures are respected, and assesses the suitability of the risk management framework for the risks that the company faces.

Credit risk

Credit risk is the risk the company will suffer financial loss if a client or a contracting party in a financial instrument agreement fails to fulfill its contractual obligations. Credit risk arises primarily from the company's receivables from clients and investment securities.

Operating and other receivables

The company's exposure to credit risk depends largely on the characteristics of individual clients. Client demographics and risk of non-payment with regard to the industry or country of a client do not have a significant effect on credit risk. Geographically speaking, there is no concentrated credit risk.

The finance and accounting department assesses each new client's creditworthiness before they are given standard terms of payment and delivery. The assessment factors in external ratings if they exist, and in some cases also bank references. The credit limit is set in the form of a maximum outstanding amount that need not be approved and is client-specific; credit limits are checked every four months. Clients that do not meet the company's standard creditworthiness are required to make payments in advance.

The company makes adjustments for impairments that represent estimated losses from operating and other receivables and investments. The main elements of adjustments are the special part of the loss, which pertains to single major risks, and the common part of loss, which is for

groups of similar assets due to losses that have occurred but have not yet been identified. The adjustment for total loss is determined by factoring in historical data that pertains to statistics of payments for similar financial assets.

Guarantee

In line with its policies, the company issues financial guarantees only to wholly-owned subsidiaries.

Reduced liquidity

Liquidity risk is the risk that the company might not be able to settle its financial obligations when due. The company maintains maximum liquidity by having sufficient liquid assets to settle obligations in time, both in normal and troubled circumstances, without incurring unacceptable loss or reputation damage.

The company has several credit lines for ensuring liquidity where it can draw from if the need arises.

Market risk

Market risk is the risk that fluctuations in market factors, such as interest rates, exchange rate and equity instruments, will affect the company's revenue or value of financial instruments. The objective of market risk management is control over exposure to market risks to a reasonable degree, while optimizing profits.

Currency risk

The company is exposed to currency risk when buying, selling, lending and borrowing, specifically when making transactions in currencies other than the functional currency. The company operates mostly with euros.

The significance of the key currency pair has changed since the introduction of the euro, because no currency pair fits into this category, but due to unbalanced foreign currency positions, some of the more important currency pairs have been identified that are geographically related to the company's subsidiaries: euro/Croatian kuna, euro/Macedonian denar and euro/Serbian dinar. The company attempts to reduce currency risks by factoring them into markups, by balancing purchases and sales, with well-timed foreign currency coverage of inflows with outflows, and by taking out loans in the local currency.

Interest rate risk

Interest rate risk is the risk that a financial instrument's value will fluctuate due to variable interest rates. The majority of the company's debt instruments are bound to a fixed interest rate, therefore operations are not exposed to interest rate risk. Interest rate risk is reduced by adapting interest rates for assets to interest rates for liabilities; furthermore, simulations are performed on the balance sheet in regard to absorption of financing in relation to interest rate fluctuation.

Equity risk

The Executive Board decided to keep equity large in order to build the trust of investors, creditors and the market, and to facilitate the company's sustainable growth. The Executive Board monitors the capital gains that the company defined as net operating revenue, divided by the total shareholder's equity, excluding non-redeemable preferred shares and minority stakes. Also monitored is the dividend amount paid to common shareholders.

The company endeavors to keep a balance between high yields supported by large loans and the benefits and security of a strong equity position.

The company occasionally buys own shares, depending on the current market price of the share. In general, such shares are intended for profit sharing schemes. The decision for buying and selling shares is made by the risk management committee separately for each transaction. The company does not have a special plan for buying own shares.

The company did not change its equity management policies in this Fiscal Year.

Neither the parent company nor its subsidiaries are subject to equity requirements set by external entities.

6. SALES

in euros	FY 10	FY 09
Sales	2,152,873	2,113,437
Sales in the domestic market	1,573,828	1,455,331
Sales of products and services, excluding leases	1,550,880	1,206,692
Revenue from leases, subscriptions	22,548	228,315
Sales of goods and materials	400	20,324
Sales in the EU	7,454	3,594
Sales of products and services in the EU	7,454	3,594
Sales outside the EU	571,591	654,512
Sales of products and services	571,591	654,512

Datalab licenses its program PANTHEON also with leases and subscriptions. Since 1 July 2009, when such a licensing agreement is entered into, the company immediately records the value of the license, and revenue from software upgrades and financing is recorded monthly until the agreement expires.

7. OTHER OPERATING REVENUE

The majority of other operating revenue are capitalized own products and services in the amount of 1,368,660 euros, which represents the development of PANTHEON.

Subsidies, grants, allowances, compensations and other revenue associated with products and services include the subsidy of the Slovenian Ministry of Higher Education and Technology for developing an ecosystem for e-business in SMEs (the Feniks project). This income was financed in the amount of 40,810 euros, which is proportional to the cost of depreciation of the Feniks project. For the remainder of the approved subsidy, long-term allocations in the amount of 315,346 euros have been established to cover the proportional part of depreciation costs in the next four years.

Other operating revenue in FY 10 is composed of revalued revenue from the impairment de-recognition of operating receivables in the amount of 33,831 euros, write-off of liabilities from the previous calendar year for voluntary supplementary pension insurance in the amount of 75,276 euros, revenue from reimbursement claims in the amount of 6,177 euros, and sales of fixed assets in the amount of 672 euros. Other revenue consists of item harmonization with customers in the amount of 6,083 euros and miscellaneous other revenue in the amount of 816 euros.

8. COST OF MATERIALS, GOODS AND SERVICES

The cost of materials is the quantity of direct materials consumed. Costs of services are costs that do not count as costs of materials, depreciation or labor, but costs of transportation services, production stages performed by others, utility and telecommunication services, rentals, payment services, cost of partner commissions, and similar. Costs of services include work contracts costs, author's contract costs and costs associated with other legal relations, except employment relationships with private individuals.

The total costs of materials, goods and services is composed as follows.

in euros	FY 10	FY 09
Cost of materials, goods and services	1,013,984	994,393
Cost of goods sold	385	23,394
Cost of materials	37,913	24,960
Cost of energy	14,015	15,749
Other costs of materials	3,839	4,468
Cost of services for making products and rendering services	62,858	66,682
Transport services	14,430	18,272
Cost of services related to maintenance of fixed assets	3,656	
Rents	147,013	158,051
Reimbursement to employees for work-related expenses	10,921	25,725
Cost of payment services, banking services and insurance premiums	18,522	14,799
Cost of intellectual and personal services	158,218	200,945
Cost of exhibitions, advertising, promotion and entertainment	29,895	98,855
Cost of services of private individuals	50,892	23,021
Cost of other services	461,427	288,843
Bonuses to trainees and students including taxes	0	30,629

Other costs of materials consist mostly of office supplies. Other costs of services are most of all costs of external contractors related to the development and finalization of PANTHEON 5.5 and marketing activities related to the presentation and promotion of said product.

Cost breakdown by function groups	in euros	Share
Production costs (development and support)	1,937,375	62.07%
Selling costs (marketing and sales)	440,639	14.12%
Administration costs (management)	743,089	23.81%
Total	3,121,103	100

Production costs include the costs of the development and support departments, selling costs include the costs of the marketing and sales departments. Administration costs include the costs of general administration, accounting, the Academy, training, human resources, etc.

9. LABOR COSTS

Labor costs and reimbursements to employees are accounted in accordance with applicable laws, collective agreements, internal company regulations, or employment contracts. Accounted labor costs correspond to related short-term liabilities until settled. Liabilities for salaries and wages are represented as liabilities to individual employees in their net amounts and as withheld obligations for taxes, included in their gross salaries. Also presented are obligations and taxes that are accounted on the basis of gross payments and which are not part of them. Voluntary supplementary pension insurance for employees is arranged with collective pension insurance at a pension plan manager that is certified for voluntary supplementary pension and disability insurance.

Labor costs are composed as follows:

in euros	FY 10	FY 09
Labor costs	1,333,434	1,656,530
Cost of wages and salaries	966,970	1,197,190
Cost of pension insurance	124,286	165,221
Cost of other social insurances	71,504	100,619
Other labor costs	170,674	193,500

Earnings of the management

The figures in the tables below include labor costs and compensation borne by the employer, other labor costs (annual leave bonuses, other remuneration, net reimbursements, benefits), reimbursement of work-related expenses and voluntary supplementary pension insurance. The figures are for FY 10.

Attendance fees for the Executive Board include cost of attendance fees and reimbursements for internal and external members of the Executive Board.

Members of Supervisory Boards of the company's subsidiaries do not receive any payment for their supervisory functions, therefore the amounts pertain to the parent company only.

	Fixed earnings	Other bonuses	Reimbursements	Other additional payments	Total earnings in Datalab Tehnologije, d. d.
Lojze Zajc		5,500		46,644	52,144
Andrej Mertelj	58,623	12,100	10,785	2,888	84,396
Tone Černe		4,400			4,400

10. OTHER OPERATING EXPENSES

in euros	FY 10	FY 09
Other operating expenses	66,908	296,223
Allocations	0	243,377
Other costs	14,036	24,991
Revalued operating expenses	52,872	27,855

Other operating expenses in FY 10 consist of expenses from the changed posting method for leases and subscriptions in the amount of 3,050 euros, expenses for contributions for the promotion employment of people with disabilities in the amount of 5,395 euros, and court fees, rounding differences and expenses not recognized for tax purposes in the amount of 5,591 euros.

Revalued operating expenses consist of value adjustments related to short-term operating receivables in the amount of 52,574 euros and inventory write-offs of ruined or worn-out fixed assets in the amount of 298 euros.

11. FINANCIAL REVENUE

in euros	FY 10	FY 09
Financial revenue	160,987	191,755
Financial revenue from loans given to others	9,210	4,427
Financial revenue from loans given within the group	3,194	3,791
Financial revenue from operating receivables	127,739	183,537
Financial revenue from loans given within the group	20,844	183,537

Financial revenue from given loans

In 2010, the company generated financial revenue from loans given to companies and other entities in Slovenia in the amount of 9,210 euros and to foreign subsidiaries in the amount of 3,194 euros. Financial revenue arises from given short-term loans (up to 12 months) with an annual interest rate of 7 to 8%.

Financial revenue from operating receivables

In 2010, the company generated most of its financial revenue from operating receivables from leases and subscriptions. This amounted to 127,650 euros in 2010 and 160,269 euros in 2009. Other revenue consists of exchange differences, interest on deposits, and default interest from clients' late payments.

12. FINANCIAL EXPENSES

in euros	FY 10	FY 09
Financial expenses	250,608	157,151
Financial expenses for loans received from banks	42,353	53,052
Financial expenses from commissions - Diners	31,564	40,770
Impairment of investments	89,606	0
Other financial expenses	87,085	63,329

Datalab started cooperating in 2008 with the company Diners Club SLO, d. o. o., in the field of financing and recovery of lease and subscription agreements for PANTHEON. This resulted in financial expenses in the amount of 31,564 euros.

The following investments in subsidiaries have been impaired in the FY 10: in Datalab HR (old) in the amount of 258 euros, in Datalab MN in the amount of 47,654 euros, and in Datalab SCG in the amount of 41,694 euros.

Other financial expenses consist of interest and default interest to the state, suppliers and lessors.

Net cash flow

in euros	FY 10	FY 09
Financial revenue	160,987	191,755
Financial expenses	250,608	129,856
NET CASH FLOW	-89,621	61,899

13. INCOME TAX

The corporate income tax is accounted based on the income and expense that are included in the profit (loss) statement according to applicable laws. The corporate income tax in 2010 amounted to 18,862 euros.

Item	FY 10	FY 09
Accounted income tax – tax liability	18,862	0
Deferred tax assets	2,963	26,571
Total tax expense in operating results	15,899	-26,571

Effective rate of tax on income for Datalab Tehnologije, d. d.:

Item	FY 10	FY 09
Gross operating profit or loss before taxes	415,917	156,885
Applicable tax rate	20.50%	21.50%
Tax amount at applicable rate before changes to tax basis	85,263	33,730
Effects of changed tax basis		-232,183
Expenses not recognized for tax purposes	207,141	73,968
Effect of change in accounting policy		0
Difference in recognition of income and expenses	-49,491	
Adjustments due to different tax rates		
Reliefs	-474,559	-306,151
Other permanent differences		
Effective tax rate	3.82%	0.00%
Current and deferred tax	15,899	0

14. REVENUE FROM DEFERRED TAX ASSETS

Revenue from deferred tax assets represent an increase in deferred tax assets in the amount of 2,963 euros as the difference between write-offs and impairments not recognized for tax purposes in this Fiscal Year, and write-offs and impairments recognized for tax purposes in this Fiscal Year.

15. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment in the amount of 45,615 euros consists of computers and computer equipment. Property, plant and equipment in the amount of 10,523 euros was acquired with own funds.

Movement of fixed assets from 1 July 2009 to 30 June 2010:

Cost	Other plant and equipment	Total
Balance as of 1 July 2009	354,803	354,803
Acquisition, activation	10,523	10,523
Disposal, write-off	27,643	27,643
Upward revaluation of fixed assets	0	0
Balance as of 30 June 2010	337,683	337,683
Value adjustment		0
Balance as of 1 July 2009	260,283	260,283
Disposal, write-off	27,345	27,345
Depreciation	59,130	59,130
Upward revaluation of fixed assets	0	0
Balance as of 30 June 2010	292,068	292,068
Carrying value		0
Balance as of 1 July 2009	94,520	94,520
Balance as of 30 June 2010	45,615	45,615

16. INTANGIBLE ASSETS

An intangible asset is an asset is used for long-term production or supply of goods or services, for rental to others, or for administrative purposes, but without physical substance. Datalab Tehnologije, d. d., presents material rights and copyrights at their carrying value, being the difference between the cost and the value adjustment.

Intangible assets in the value of 3,776,031 euros represent the value of purchased components and other copyrights pertaining to PANTHEON, and various licenses that allow the normal work of the PANTHEON development team. The largest part of intangible assets is the capitalization of the software PANTHEON.

The company has no significant fully depreciated intangible assets.

Intangible assets for FY 10:

in euros	Long-term property rights	Total
Cost		
Balance as of 1 July 2009	5,131,189	5,131,189
Acquisition, activation	1,403,446	1,403,446
Disposal, write-off	0	0
Upward revaluation of fixed assets	0	0
Balance as of 30 June 2010	6,534,635	6,534,635
Value adjustment		
Balance as of 1 July 2009	2,052,400	2,052,400
Disposal, write-off	0	0
Depreciation	706,204	706,204
Upward revaluation of fixed assets	0	0
Balance as of 30 June 2010	2,758,604	2,758,604
Carrying value		
Balance as of 1 July 2009	3,078,789	3,078,789
Balance as of 30 June 2010	3,776,031	3,776,031

17. LONG-TERM FINANCIAL INVESTMENTS

Long-term financial investments are part of long-term financial instruments and represent an item with maturity over one year.

in euros	30 June 2010	30 June 2009
Long-term financial investments	144,107	144,107
Shares and stakes in companies in the group	167,355	142,600
Other long-term financial investments	1,250	1,507

The company presents the following long-term financial investments:

in euros	Stake	30 June 2010	30 June 2009
Investment in Datalab Tehnologije, d. o. o. – Croatia	51%	123,000	123,000
Investment in Datalab BA, d. o. o. – Bosnia and Herzegovina	51%	524	524
Investment in Datalab MK, d. o. o. – Macedonia	100%	38,832	5,000
Investment in Datalab SCG, d. o. o.	51%	0	3,976
Investment in Datalab SR, d. o. o. – Serbia	100%	5,000	5,000
Investment in Datalab MN, d. o. o. – Montenegro	51%	0	5,100
Subsidiaries total		167,356	142,600
Investment in Datalab, d. o. o. – Croatia	10%	0	258
Investment in Datalab Automotive, d. o. o. – Serbia	24.99%	1,249	1,249
Other companies total		1,249	1,507

Long-term financial investments are valued using the cost method.

Long-term financial investments in subsidiaries and affiliated companies

In the FY 10, the company impaired the investment in Datalab, d. o. o. – Croatia in the amount of 258 euros, increased capital in Datalab MN by converting liabilities in the amount of 42,554 euros and because of operating loss impaired the investment in it in the amount of 47,654 euros, and impaired the investment in Datalab SCG in the amount of 3,976 euros. The company converted liabilities into equity of the company Datalab MK, d. o. o., in the amount of 33,832 euros.

18. LONG-TERM LOANS

Long-term loans to companies in the group in the amount of 3,502 euros (3,502 euros as of 30 June 2009) pertain to the loan given to Datalab MN for selling licenses with a 24-month installment plan, financed by Datalab Tehnologije, d. d., by taking out a long-term loan with Raiffeisen Bank.

19. LONG-TERM OPERATING RECEIVABLES

Long-term operating receivables are receivables arising from property and other legal relationships to claim the settlement of a debt or the payment for deliveries or rendered services in a period that is longer than 12 months. Long-term operating receivables are receivables from the sales of lease and subscription agreements. Below is a breakdown of long-term operating receivables by the type of agreement.

in euros	30 June 2010	30 June 2009
Long-term operating receivables	358,316	534,084
Long-term oper. rec. from leases (L20 and L30)	159,235	240,242
Long-term oper. rec. from lease upgrades (L20 and L30)	65,442	93,721
Long-term oper. rec. from subscriptions (S30)	92,426	136,036
Long-term oper. rec. from subscription upgrades (S30)	41,213	64,085

20. LONG-TERM DEFERRED COSTS AND ACCRUED REVENUE

Long-term deferred costs and accrued revenue include long-term deferred costs for financing and collecting RLGS agreements by the company Diners Club SLO, d. o. o., in the amount of 20,113 euros.

21. DEFERRED TAX ASSETS

in euros	30 June 2010	30 June 2009
Deferred tax assets	48,830	45,867
- from unused tax reliefs	11,856	26,571
- from value adjustments of assets	36,974	19,296

Deferred tax assets are amounts of the tax on profit that will be returned to the taxpayer in future tax periods with lower tax amounts in the future, when the assets can be claimed.

Deferred tax assets in Datalab Tehnologije, d. d., represent receivables from the state regarding value adjustments of receivables from customers in the amount of 36,974 euros and receivables from unused tax reliefs for research and development in the amount of 11,856 euros.

22. INVENTORIES

Inventories on 30 June 2010 amounted to a value of 4,369 euros (6,626 euros on 30 June 2009) and represent advertising materials (merchandise: t-shirts, computer accessories, caps, ties, etc.) sold in Datalab's online shop.

23. SHORT-TERM FINANCIAL INVESTMENTS

in euros	30 June 2010	30 June 2009
Short-term financial investments	112,967	122,652
Other short-term loans	53,659	122,652
Short-term receivables for unpaid capital	59,308	0

Short-term financial investments in FY 10 consist of short-term loans in the amount of 53,659 euros (122,652 euros as of 30 June 2009) and receivables for unpaid capital in the amount of 59,308 euros. Interest charged to affiliates is higher than the interest rates for crediting affiliates as prescribed by the Minister of Finance. Short-term loans have an annual interest rate of 7 to 8%.

24. SHORT-TERM OPERATING RECEIVABLES

Short-term operating receivables are receivables arising from property and other legal relationships to claim the settlement of a debt or the payment for deliveries or rendered services. They represent short-term operating receivables and paid advances. Breakdown of operating receivables:

in euros	30 June 2010	30 June 2009
Short-term operating receivables	1,109,418	1,090,343
Short-term operating receivables from companies in the group	245,419	379,078
Short-term operating receivables from customers	632,614	711,265
Short-term operating receivables from others	231,385	0

Trade receivables are presented at nominal value, decreased by proper adjustments for estimated unrecoverable amounts. Receivables are revalued due to impairment if their book value exceeds their fair value, that is, their realizable value.

Short-term receivables are collectible. Services to problematic customers are rendered only against an advance payment. Short-term receivables to foreign customers are converted at the rate of the Bank of Slovenia as of 30 June 2010. The effects of changes in exchange rates on the balance sheet date increase ordinary financial revenue or expenses as exchange differences.

Short-term operating receivables from others represent the outstanding subsidy from the Slovenian Ministry of Higher Education, Science and Technology granted for developing the Feniks project in the amount of 208,317 euros, input VAT claims in the amount of 20,624 euros, and interest receivables in the amount of 2,444 euros.

It is estimated that short-term receivables are collectible, except for receivables whose value has been adjusted.

Receivables by maturity:

Receivables	Gross value on 30 June 2010	Value adjustment on 30 June 2009	Net value on 30 Jun 2010	Gross value on 30 June 2009	Value adjustment on 30 June 2008	Net value on 30 Jun 2009
Total	917,673	88,875	878,033	1,297,201	206,857	1,090,344
Not overdue	600,163	0	483,578	698,240	0	698,240
Overdue 0 to 30 days	68,705	0	138,357	17,574	0	17,574
Overdue 31 to 180 days	20,414	0	116,582	323,415	0	323,415
Overdue 181 to 365 days	112,012	37,495	74,517	82,406	32,507	49,899
Overdue over one year	116,379	51,380	64,999	175,566	174,350	1,216

Value adjustment of receivables:

Item	FY 10	FY 09
Balance as of 1 July	89,471	96,417
Value adjustments	-596	110,440
Balance as of 30 June	88,875	206,857

25. CASH

in euros	30 June 2010	30 June 2009
Cash	76,659	36,027
Cash on hand	158	317
Cash in bank accounts	76,501	35,710

26. SHORT-TERM DEFERRED COSTS AND ACCRUED REVENUE

Short-term deferred costs and accrued revenue in the amount of 78,311 euros consists of deferred costs for Partner commissions for RLGS Agreements in the amount of 18,841 euros, annual leave bonuses in the amount of 20,468 euros, and deferred costs of Partner commissions in the amount of 39,002 euros.

27. EQUITY

Share capital

The shareholder meeting on 5 May 2003 decided to issue 6,150 shares with a total nominal value of 6,150,000 tolar (25,663 euros). Another 225 shares were issued on 5 April 2005

with a total nominal value of 225,000 tolar (938.90 euros). The nominal value per share for the first two issues was 1,000 tolar (4.17 euros) and they were for cash. 95,050 no-par value shares were issued on 17 August 2007; the issue was carried out from carried over profits and overpaid share capital. On 15 February 2008, another 5,094 no-par value issues were issued for cash.

All shares are common, registered and issued in non-material form. All shares had been paid in full by the shareholders before the shares were entered in the company register.

The shareholder meeting on 16 November 2006 decided to transform par value shares to no-par value shares and the articles of association were changed accordingly. The share capital of the issuer is divided into 106,519 common registered no-par value shares and amounts to 444,493 euros.

On 30 June 2010, the Executive Board of Datalab Tehnologije, d. d., passed the decision on increasing the company's share capital from the authorized capital in a nominal amount of at most 21,353 euros, which is at most 5,117 new common registered non-material no-par value shares. The offer expired on 15 September 2010 at 17:00.

Own shares

Own shares (22 lots) on 30 June 2010 amounted to 429 euros, the same as on 30 June 2009. The fair value of own shares on 30 June 2010 was 3,025 euros.

Capital surplus

Capital surplus consists of capital increase payments above the share's par value and amounts to 2,686 euros.

Ownership structure of Datalab Tehnologije, d. d., as of 30 June 2010

Category	First name	Last name	Stake	No. of shares
10 largest			88.75%	94,540
	Andrej	Mertelj	44.15%	47,029
	TWOPP s.a.h.		24.62%	26,226
	Tomaž	Teyrovsky	8.40%	8,951
	Moreno	Rodman	2.02%	2,148
	Moreno. d. o. o.		1.91%	2,036
	Igor	Kokalj	1.88%	2,000
	Vanja	Varl	1.86%	1,977
	Valerija	Ažman	1.49%	1,591
	Zvonko	Arzenšek	1.33%	1,421
	Biro Bonus, d. o. o.		1.09%	1,161
Others			11.25%	11,979
	Executive board*		0%	0
	Supervisory board		0%	0
	Other employees		1.94%	2,070
	Former employees		4.56%	4,862
	Partner companies		0.40%	423
	Own shares		0.02%	22
	Other shareholders		4.32%	4,602
Total			100.00%	106,519

* excluding Andrej Mertelj

28. LONG-TERM PROVISIONS

Long-term provisions are provisions for long-service rewards and severance pay upon retirement in accordance with IAS 19 in the amount of 12,496 euros. In 2010, the company established no additional allocations for long-service awards and severance pay.

29. LONG-TERM ACCRUED COSTS AND DEFERRED REVENUE

Long-term accrued costs and deferred revenue in the amount of 769,183 euros consists of allocations for Partner commissions from leases and subscription in the amount of 83,193 euros and of long-term deferred revenue from leases and subscriptions in the amount of 106,965 euros.

Long-term accrued costs and deferred revenue in the amount of 263,679 euros are for potentially lost lawsuits.

In FY 10, long-term accrued costs and deferred revenue have been established for the subsidy received for the Feniks project in the amount of 356,156 euros, from which it withdrew 40,810 euros, which is the proportional part of depreciation of that project.

in euros	30 June 2010	30 June 2009
Long-term accrued costs and deferred revenue	769,183	525,728
- allocations for Partner commissions for RLGS Agreements	83,193	124,043
- for deferred revenue from RLGS Agreements	106,965	158,308
- for potentially lost lawsuits	263,679	243,377
- received subsidy for the Feniks project	315,346	0

30. SHORT-TERM FINANCIAL LIABILITIES

in euros	30 June 2010	30 June 2009
Short-term financial liabilities	1,470,345	844,350
Short-term financial liabilities to banks	1,208,610	688,481
Other short-term financial liabilities (until the subscription of capital)	261,735	155,869

Received short-term loans of the company from banks by currencies and interest rates:

Item	Amount in original currency	Amount in euros	Minimum interest rate	Maximum interest rate
Euros	1,208,610	1,208,610	EURIBOR+3%	7.1%

As of 30 June 2010, the company has short-term liabilities to banks in the amount of 1,208,610 euros. Short-term loans are taken out at the banks Banka Koper, Nova Ljubljanska Banka, Raiffeisen Banka and Abanka, and are collateralized with blank bills of exchange and personal surety.

The loan taken out by the parent company at Raiffeisen Bank in the amount of 335,000 euros is additionally collateralized with receivables of Datalab Tehnologije, d. d., from the company Diners Club in the amount of 241,764,64 euros (valued at amortized cost).

Other short-term financial liabilities in the amount of 261,735 euros are liabilities for entering newly issued shares into the company register, based on the conversion of receivables (liabilities from Datalab's point of view) into shares, effective 30 June 2010. The period for entering newly issued shares expired on 15 September 2010 at 17:00.

31. SHORT-TERM OPERATING LIABILITIES

in euros	30 June 2010	30 June 2009
Short-term operating liabilities	760,827	1,135,195
Short-term operating liabilities to companies in the group	11,512	31,532
Other short term liabilities to suppliers	178,135	285,069
Other short-term operating liabilities	571,180	818,594

Short-term operating liabilities to companies in the group consist of obligations for rendered services (agency and intermediation costs).

Short-term operating liabilities to suppliers consist of obligations for rendered services (rent, administrative costs, costs of advertising and promotion, commissions), purchased materials (office supplies) and fixed assets.

Other short-term operating liabilities consist of obligations to the state from employee and employer contributions and taxes, VAT obligations, obligations to employees for wages and salaries, received collaterals, compensations, and other liabilities.

Liabilities by maturity:

Liabilities	Gross value on 30 June 2010
Total	760,827
Not overdue	577,956
Overdue 0 to 30 days	53,727
Overdue 31 to 180 days	74,941
Overdue 181 to 365 days	4,957
Overdue over one year	49,246

32. ACCRUED COSTS AND DEFERRED REVENUE

Accrued costs and deferred revenue are costs accrued or revenue deferred for a short-term of up to 12 months, and are presented separately.

Accruals and deferrals occur in accounting because of the need to evenly distribute costs that are expected, but have not occurred yet. Short-term deferred revenue occurs when services have already been invoiced or paid, but not yet rendered. The total value of accruals and deferrals as of 30 June 2010 was 170,064 euros.

A part of accrued costs and deferred revenue consists of deferred revenue from lease and subscription agreements in a total value of 59,662 euros, and short-term accrued costs for Partner commissions in the amount of 46,261 euros.

Another part of accrued costs and deferred revenue in the amount of 64,162 euros consists of accrued auditing costs, accrued costs for Partner commissions, and accrued Executive Board bonuses for FY 09.

33. INVESTMENT IN RESEARCH AND DEVELOPMENT

The Group is extremely development-oriented; most of its expenses consist of development costs of the ERP system PANTHEON.

Development costs:

Type of cost	FY 10	FY 09
Internal R&D activities	1,244,303	1,297,119
Purchased R&D services	124,357	83,641
Total	1,368,660	1,380,760

Type of cost	FY 10	FY 09
Labor costs	937,826	1,022,354
Purchase of R&D equipment	155,646	104,692
Cost of material	150,831	170,073
Cost of R&D services and cost of external specialists and researchers	124,357	83,641
Total	1,368,660	1,380,760

34. TRANSACTIONS WITH RELATED PARTIES

Sales (receivables) in euros	FY 10	FY 09
Datalab BA	129,214	164,230
Datalab SR	187,062	163,780
Datalab MN	31,989	49,796
Datalab MK	74,592	81,457
Datalab SCG	0	0
Datalab HR	191,219	160,153
Total	614,076	619,416
Purchases (payables) in euros	FY 10	FY 09
Datalab BA	225	2,757
Datalab SR	0	3,296
Datalab MN	0	10,889
Datalab MK	82,175	32,707
Datalab SCG	0	0
Datalab Tehnologije HR	44,498	43,312
Total	126,898	92,961
Outstanding receivables in euros	30.06.2010	30.06.2009
Datalab BA	11,382	44,684
Datalab SR	53,163	98,828
Datalab MN	50,352	70,439
Datalab MK	77,212	78,529
Datalab SCG	0	28,755
Datalab Tehnologije HR	64,987	57,843
Total	257,096	379,078
Outstanding payables in euros	30.06.2010	30.06.2009
Datalab BA	623	398
Datalab SR	0	3,847
Datalab MN	10,889	10,889
Datalab MK	0	4,768
Datalab SCG	0	0
Datalab Tehnologije HR	0	0
Total	11,512	19,902

The listed transactions were in line with market prices, or the prices charged for assets or services to related parties are compared to prices charged for assets or services to non-related

parties in comparable circumstances. The majority of transactions are sales of licenses, software upgrades and memberships in accordance with the general terms applicable to subsidiaries and foreign representatives.

Loans given in euros	FY 10	FY 09
Andrej Mertelj	18,479	3,307

For given loans, the interest rate is used that is higher than the recognized interest rate for loans between related parties, as prescribed by the Minister of Finance.

Other related companies:

Sales to related companies (receivables) in euros	FY 10	FY 09
Datalab, d. o. o., Croatia	0	40,043
Datalab Automotive	56	0
Purchases (payables) in euros		
Datalab, d. o. o., Croatia	0	17,938
Datalab Automotive	0	0
Outstanding receivables in euros		
Datalab, d. o. o., Croatia	0	31,500
Datalab Automotive	56	0
Outstanding payables in euros		
Datalab, d. o. o., Croatia	0	11,630
Datalab Automotive	0	0

The listed transactions were in line with market prices, or the prices charged for assets or services to related parties are compared to prices charged for assets or services to non-related parties in comparable circumstances.

In FY 10, only one sale of PANTHEON t-shirts was made.

35. OFF-BALANCE-SHEET ITEMS

Given guarantees pertain to the loan received by Datalab BA in the amount of 31,500 euros (31,500 euros as of 30 June 2009).

Summary of off-balance-sheet items:

Guarantee for loan to Datalab BA, d. o. o.	- 31,500
Total	-31,500

36. FINANCIAL INSTRUMENTS

Financial assets

Item (in euros)	Book value on 30 June 2010	Fair value on 30 June 2010	Book value on 30 June 2009	Fair value on 30 June 2009
Long-term financial investments	168,605	168,605	144,107	144,107
Long-term loans	3,502	3,502	3,502	3,502
Long-term operating receivables	358,316	358,316	534,084	534,084
Short-term financial investments	112,967	112,967	122,652	122,652
Short-term operating receivables	1,109,418	1,109,418	1,090,343	1,090,343
Cash and cash equivalents	76,659	76,659	36,027	36,027
Total	1,829,467	1,829,467	1,930,715	1,930,715

Financial liabilities

Item (in euros)	Book value on 30 June 2010	Fair value on 30 June 2010	Book value on 30 June 2009	Fair value on 30 June 2009
Long-term financial liabilities	0	0	198,628	198,628
Long-term operating liabilities	0	0	85,354	85,354
Short-term financial liabilities	1,470,345	1,470,345	844,350	844,350
Short-term operating liabilities	760,827	760,827	1,135,195	1,135,195
Total	2,231,172	2,231,172	2,263,527	2,263,527

Datalab Tehnologije, d. d., received blank bills of exchange from users for financial assets pertaining to lease and subscription agreement. There is no active market for financial instruments with the above listed financial instruments. The total value of financial assets is also the maximum credit risk.

Bank guarantees

As of 30 June 2010, there was an active guarantee for Datalab BA, d. o. o., in the amount of 31,500 euros (31,500 euros in 2009).

37. AUDITING COSTS

The cost of auditing financial statements and the annual report for FY 10 for Datalab by the auditing firm Uhy, d. o. o., amounted to 16,400 euros. There were no other related services.

38. POTENTIAL LIABILITIES FROM LAWSUITS

Datalab Tehnologije, d. d., as defendant

Plaintiff	Value in euros	Reference number, court	Status
METRO, d. o. o., Celje	24,616.22	VI Pg 509/2008, District court in Celje	In progress – first level
E-POS GROUP, d. o. o.	707,422.00	5 Pg 139/2007, District court in Ljubljana	In progress – first level
NEZAVISNA EKSPERSTKA GRUPA, d. o. o., Beograd, DATALAB TEHNOLOGIJE, d. o. o., Beograd	194,906.00	XXXIX-P-5524/07, Trade court in Beograd	In progress – first level

I. Case VI Pg 509/2008, METRO d. o. o., Celje against Datalab Tehnologije, d. d., valued at 24,616 euros

The plaintiff demands compensation for the incorrect functioning of the program, specifically customs warehousing.

According to the lawsuit and related documentation, Datalab Tehnologije, d. d., considers itself not responsible for the damages, which is also its official answer. The Customs Administration has confirmed that the program worked correctly at that company. The plaintiff will most likely not succeed with its claim for compensation.

No first-level verdict has been returned yet.

II. Case V Pg 139/2007 E-POS Group, d. o. o., against Datalab Tehnologije, d. d., valued at 707,422 euros

The former partner of Datalab, d. d., E-POS Group, d. o. o., with which the former ceased to cooperate because of failure to fulfill contractual obligations of the Partnership agreement (allowing use and sale of illegal licenses, improper attitude towards users), filed a lawsuit for damages incurred due to the terminated cooperation.

According to the lawsuit and related documentation, Datalab Tehnologije, d. d., considers itself not responsible for the damages, which is also its official answer. The plaintiff's claim will most likely be rejected in full – but certainly for the major part.

No first-level verdict has been returned yet.

III. Case XXXIX-P-5524/07 Nezavisna Ekspertska Grupa, d. o. o., Beograd and Datalab Tehnologije, d. o. o., Beograd, against Datalab Tehnologije, d. d., valued at 194,906 euros

The companies Nezavisna Ekspertska Grupa, d. o. o., Beograd, and Datalab Tehnologije, d. o. o., Beograd, filed a lawsuit against Datalab Tehnologije, d. d., for failing to fulfill its contractual obligations. Datalab Tehnologije, d. d., and its representative, the law firm Dragić, Beatović and Partners, have found that the allegations are incoherent. Dragić, Beatović and Partners estimates

that the lawsuit will be rejected. As part of the same case, a counter lawsuit has been filed against the first plaintiff, Nezavisna Ekspertska Grupa, d. o. o., Beograd.

The case is still in progress.

263,679.26 euros are allocated for potential compensations from lawsuits.

Debt execution by court against Datalab Tehnologije, d. d.

Plaintiff – creditor	Value in euros	Reference number, court	Status
PARSUS, d. o. o., Škofije	1,200.00	VL 72479/2009, Local court in Ljubljana, Central Office for Debt Execution on the Basis of Authentic Documents	After appealing, the litigation continues
LAVA, d. o. o., Ljubljana	4,717.88	VL 59672/2009, Local court in Ljubljana, Central Office for Debt Execution on the Basis of Authentic Documents	After the creditor's appeal, the litigation continues at a high court
KPMG Slovenija	16,672.92	VL 20939/2010, Local court in Ljubljana, Central Office for Debt Execution on the Basis of Authentic Documents	After appealing, the litigation continues

Comment:

The claims of the listed debt executions have justifiable grounds, but not in the full value.

Datalab Tehnologije, d. d., as plaintiff

Defendant	Value in euros	Reference number, court	Status
E-POS GROUP, d. o. o.	111,620.93	Pg 2522/2007, District court in Ljubljana	In progress – first level

I. Case Pg 2522/2007 Datalab Tehnologije, d. d., against E-POS Group, d.o.o., valued at 111,620 euros

Datalab, d. d., terminated cooperation with its former partner E-POS Group, d. o. o., because of failure to fulfill contractual obligations of the Partnership Agreement (allowing use and selling illegal licenses, improper attitude towards users), and has filed a lawsuit for payment of debt for license fees, software upgrades, subscription charges, membership fees, and a penalty.

It is estimated that the lawsuit will be granted for most of its value.

No first-level verdict has been returned yet.

AUDITOR'S REPORT FOR DATALAB TEHNOLOGIJE, D. D



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Delničarjem družbe
DATALAB Tehnologije d.d.
Ljubljana

POROČILO NEODVISNEGA REVIZORJA

Revidirali smo priložene računovodske izkaze gospodarske družbe DATALAB Tehnologije d.d., Ljubljana, ki vključujejo izkaz finančnega položaja na dan 30. junija 2010, izkaz vseobsegajočega donosa, izkaz sprememb lastniškega kapitala in izkaz denarnih tokov za tedaj končano leto ter povzetek bistvenih računovodskih usmeritev in druge pojasnjevalne opombe. Pregledali smo tudi poslovno poročilo.

Odgovornost posloводства za računovodske izkaze

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

Revizorjeva odgovornost

Naša odgovornost je izraziti mnenje o teh računovodskih izkazih na podlagi revizije. Revizijo smo opravili v skladu z mednarodnimi standardi revidiranja. Ti standardi zahtevajo od nas izpolnjevanje etičnih zahtev ter načrtovanje in izvedbo revizije za pridobitev sprejemljivega zagotovila, da računovodski izkazi ne vsebujejo pomembno napačne navedbe. Revizija vključuje izvajanje postopkov za pridobitev revizijskih dokazov o zneskih in razkritjih v računovodskih izkazih. Izbrani postopki so odvisni od revizorjeve presoje in vključujejo tudi ocenjevanje tveganj napačne navedbe v računovodskih izkazih zaradi prevare ali napake. Pri ocenjevanju teh tveganj prouči revizor notranje kontroliranje, povezano s pripravljanjem in poštenim predstavljanjem računovodskih izkazov družbe, da bi določil okoliščinam ustrezne revizijske postopke, ne pa, da bi izrazil mnenje o uspešnosti notranjega kontroliranja družbe. Revizija vključuje tudi ovrednotenje ustreznosti uporabljenih računovodskih usmeritev in utemeljenosti računovodskih ocen posloводства kot tudi ovrednotenje celotne predstavitve računovodskih izkazov.

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

Mnenje

Po našem mnenju so računovodski izkazi v vseh pomembnih pogledih poštena predstavitev finančnega stanja družbe DATALAB Tehnologije d.d., Ljubljana na dan 30. junija 2010 ter njenega vseobsegajočega donosa in denarnih tokov za tedaj končano leto v skladu z mednarodnimi standardi računovodskega poročanja, kot jih je sprejela EU.

Poslovno poročilo je skladno z revidiranimi računovodskimi izkazi.

Ljubljana, 26.11.2010

UHY Revizija in svetovanje d.o.o.

Franci Žgajnar
pooblaščen revizor



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A member of UHY, an international association of independent accounting and consulting firms



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