

Evolving with movement, of mind and body.

the right  
*feeling*  
again.

*Keep it simple.*

24<sup>h</sup>  
sofa

**simpo**

**“SIMPO” JSC, Vranje**



# General Information

Full legal name	Company for production, trade and services "SIMPO" JSC, Vranje
Address	Radnicka 12, Vranje
Identification Number	07105681
Core activity	Manufacture of other furniture
Foundation Year	1963
Number of Employees	2.724

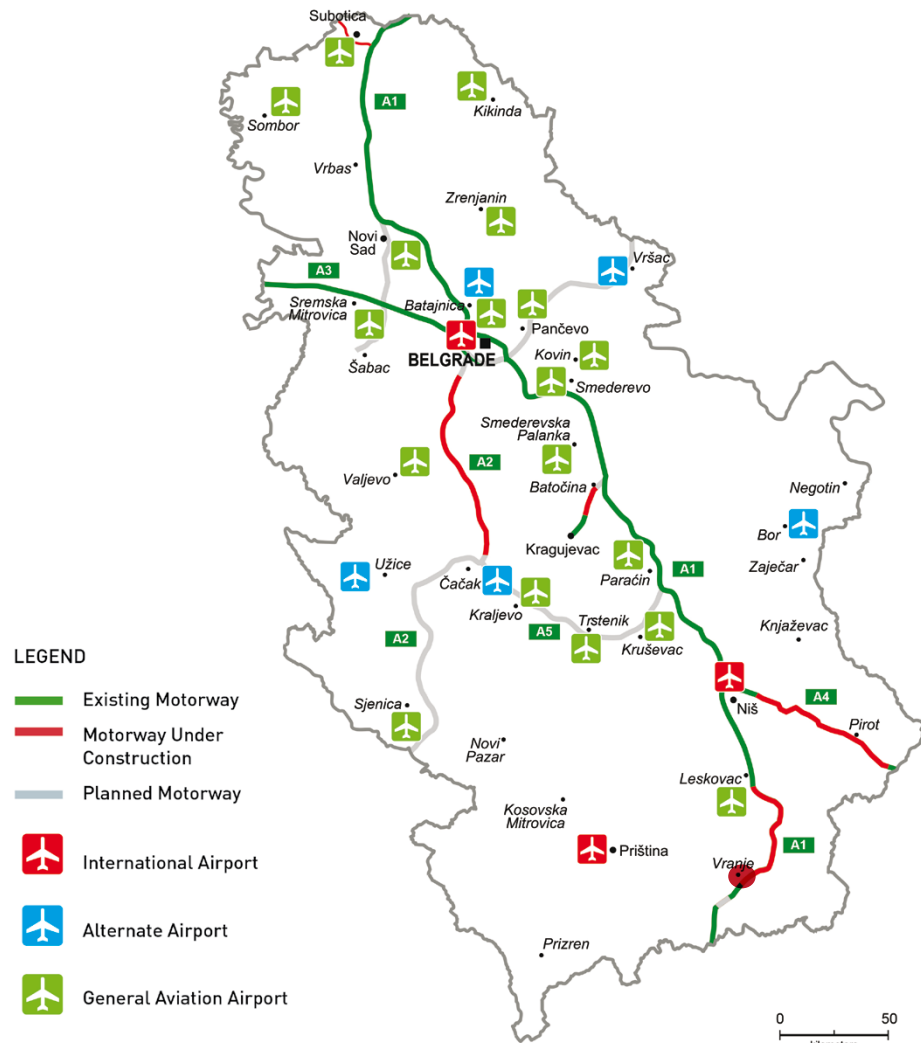


## Capital structure (in%)

Local authorities	31.14
State-owned	20.19
Socially-owned	2.16
Shareholders' fund	6.89
Pension and Disability Funds	5.73
Health Fund	15.75
National Employment Service	4.50
Development fund	0.25
Others	13.39

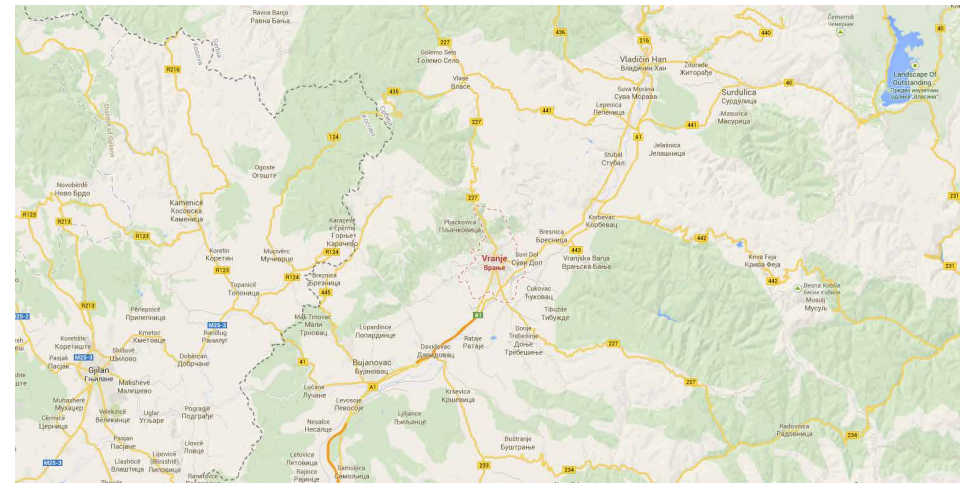
# General Information

**simpo**



## Distance form the Company to:

Belgrade	360 km
Regional Center	120 km
Main road	next to the highway
Port	500 km
Railway	next to the railway station





# Location



Pan-European Transport Corridors

Vranje is a city located in southern Serbia. The population of the city administrative area is 83,524, while the urban area has 55,138 people. It is the administrative center of the Pčinja District of Serbia and the southernmost settlement which is in an official category of a city. It is located on the Pan-European Corridor X, close to the borders with Macedonia and Bulgaria.

Geographical location of SIMPO JSC, Vranje is of strategic importance in the market area of southeast Europe and provides opportunity for intensive business cooperation.



# Long tradition and expertise



SIMPO Group developed from the Furniture Factory "Sima Pogačarević" established in 1963. The nomination of the current President of SIMPO a.d., Mr. Dragan Tomić, to the post of General Manager, in 1967, was the turning point in the business operations of SIMPO and it marked the beginning of the accelerated development .

At the end of 1968, the Company started recording positive results. The period between 1970 and 1980, was recorded as a period of the big successes, when substantial funds were invested into the construction of new facilities: SIMPO became richer for a mattress factory, a plant for cardboard products, a sawmill with a drying shed, a Recreation Centre in Pržar, a Business Centre in Belgrade, fabric factory... In

the period 1980-1990, SIMPO was the leading company in the domestic wood processing industry. Manufacturing activity expanded to include manufacturing of fabrics, carpets and chemicals. According to the number of employees and the production capacities SIMPO was one of the biggest companies for furniture manufacturing in Europe, which exported to 40 countries in the world.

The next decade was marked by the disintegration of the country, sanctions, bombardment of Serbia... SIMPO sustained enormous direct and indirect damages, but it managed to preserve production and to introduce new activities. Company launched first domestic brand of the natural bottled water "Rosa". Also, SIMPO established Wafers Factory „Kondiva“ and entered in the field of agribusiness and stock-breeding, as well as the fruit processing industry.

From 2006 till today SIMPO has modernised its production facilities, built a new Factory of polyethylene foams, expanded exports and improved the retail network.

SIMPO is a leading regional company trading in furniture and accessories, with its own logistics and the retail network of more than 60 department stores and showrooms in 5 countries. Within the wide range of its activities, the core business of the SIMPO Group is furniture industry, in which it ranks among the largest European manufacturers. In this activity, we have the rounded-off production process, from raw materials and intermediate goods to final product, which makes us unique on the European market. Such a concept enables us the maximum control of quality, costs and just-in-time delivery, which makes our products competitive both on the domestic and international markets.

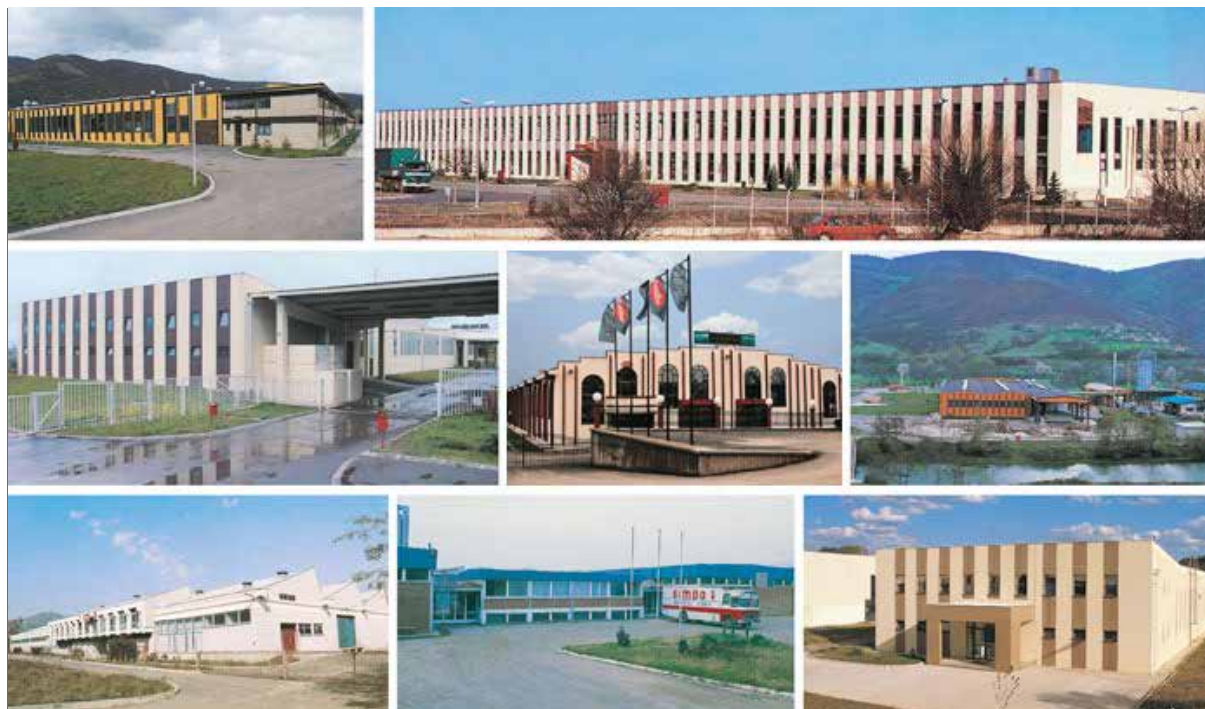
## **1. Furniture industry (core business)**

## **2. Trade**

## **3. Food industry**

## **4. Agrobusiness**

## **5. Services**





# Product portfolio



## BRANDS OF THE SIMPO GROUP

For the half a century, SIMPO has been one of the most recognized brands in Serbia, and a leading regional brand in the area of the furniture industry and retail trade. It is the only brand in Serbia that has been awarded five times as the best national brand in its category, within the traditional campaign „Best of Serbia”. SIMPO is the winner of this recognition award for 2005, 2008, 2009, 2011 and 2012, granted on the basis of the study of opinions of the consumers and the representatives of the professional public, as well as the analysis made by the professional Jury.

Along with the main SIMPO brand, our Group has more than twenty brands in the category of furniture industry, including Simposan, 24-hour Sofa, IQ Home, SIMPO Junior and Simpo Carpet. Smilies, Praline, Napolitana and Waffelo are the bestselling confectionery brands in their categories on the Serbian market.





**50**  
GODINA  
1963 - 2013

## POSVEĆENI VAMA

**simpo**

**KUĆNA IZLOŽBA 2013**  
**OD 10. DO 24. NOVEMBRA**  
BEOGRAD, Hadži Nikole Živkovića 6 • NOVI SAD,  
Bulevar Oslobođenja 31 NIŠ, Bulevar Zorana Đinđića 17

SAJAMSKI  
POPUSTI  
od 20%

SPECIJALNI  
POPUSTI  
do 50%

## 1. FURNITURE INDUSTRY

### Rounded-off production

SIMPO is unique in the European furniture industry for its concept which combines the strategic stages of the production process. The combination of the strategic stages of the production process, from semi-finished products to final products, is made within a single business group. The approach based on the subsidiaries, which supplement each other, makes our business operations independent, safe, efficient and economical.

### A. FINAL PRODUCTS

### B. SEMI-FINISHED PRODUCTS

## 2. FURNISHING

## 3. TRADE

## 4. FOOD INDUSTRY

## 5. AGRIBUSINESS

## 6. SERVICES



## A. FINAL PRODUCTS

SIMPO manufactures all kinds of home furniture and mattresses, and furnishings for hotels and other public and business facilities. The product range and design have resulted from the study of modern trends, and market and consumers' requirements. The production process is certified in conformity with the standards SRPS ISO 9001:2008 and the official standards of our foreign partners, and the materials that are built in the products meet the high international standards of health safety and safe use of products.



- **FURNITURE FACTORY**
- **INTERIOR FACTORY**
- **UPHOLSTERY FACTORY**
- **COT BED FACTORY**
- **REPRODUCTION FURNITURE FACTORY**
- **LAMINATED FURNITURE FACTORY**
- **MATTRESS AND BED FACTORY**
- **CARPET FACTORY**

# Furniture Industry



## FURNITURE FACTORY

**Established in 1963.**

**Location: Vranje**

**Area: 21,590 m<sup>2</sup>**

**Annual production volume: 45,000 bedrooms**

**bedrooms / wall cabinets / rooms for children / dining rooms/  
entryway furniture / office furniture / living rooms / piece  
furniture / kitchens**



The Furniture Factory is the first production facility of the SIMPO Group. Since its establishment, it has been reconstructed thoroughly and modernized several times. It manufactures panel furniture which complies with the highest international standards and market requirements, owing to its complex finishing, design, quality, structure and functionality. It is technologically equipped for mass production, and the product range includes all kinds of semi-finished products that are used in wood processing industry (massif, veneer, enamelled boards, MDF). More than 30 percent of the production is export-intended, predominantly to the markets of the former Yugoslav Republics and the Western Europe.



## **INTERIOR DESIGN FACTORY**

**Established in 1997.**

**Location: Vranje**

**Area: 1,092 m<sup>2</sup>**

**Annual capacity: 94,000 h of labour**

The Interior Design Factory is operating in the synergy with the Furniture Factory, and it is intended primarily for the production of small and special series of panel products. Major part of the production accounts for the furniture for public spaces – hotels, business facilities, schools, hospitality facilities and health institutions. Owing to this factory, SIMPO can meet the nonstandard and complex requirements of the buyers, without suspending the course of the serial production. This ensures high flexibility and the possibility for implementation of large furnishing projects on short delivery terms.



## UPHOLSTERY FACTORY

Established in 1965.

Location: Vranje

Area: 12,293 m<sup>2</sup>

Annual production volume: 350,000 items

**Leather suites / fabric suites / sectionals / three-seater sofa beds, two-seater sofa beds – fixed and with a mechanism/ armchairs / ottomans**



The Upholstery Factory manufactures suites in leather, eco-leather and fabrics of different composition (sectionals, three-seater and two-seater sofas, fixed and with folding mechanism, armchairs, ottomans). The multiannual experience in manufacturing suites in leather and fabric, and constant progress in research and launching of new models, and flexibility in production, enabled export of this Factory's products to the whole world. Almost 60% of its products are exported to the foreign markets – mainly to Italy, Russia, Austria and other European countries, as well as Asian countries.



# Furniture Industry



## CHILDREN'S FURNITURE FACTORY

Established in 1988.

Location: Radovnica, Trgovište

Area: 7,030 m<sup>2</sup>

Annual production volume: 80,000 children's beds



Children's Furniture Factory in Radovnica, near Vranje, manufactures a wide range of children's beds, cot beds and cradles, and other furniture for children. More than 80% of these products is exported to the markets of Europe, USA and Canada. In 2009, the factory was completely reconstructed and technologically and industrially modernized.

# Furniture Industry



## REPRODUCTION FURNITURE FACTORY STIL

**Established in 1981.**

**Location: Surdulica**

**Area: 4,500 m<sup>2</sup>**

**Annual production volume: 60, 000 reproduction furniture parts**

**Along with the sawmill for log working, the Factory STIL, owns the facilities for technical timber drying, which is used for further manufacturing of a wide range of high-quality reproduction wooden structures for leather, eco leather and fabric suites. This factory also manufactures and finishes decorative wooden structure, and decorative elements and profiles for reproduction furniture.**



# Furniture Industry



## LAMINATED FURNITURE FACTORY

Established in 1990.

Location: Zubin potok

Area: 5,900 m<sup>2</sup>

Annual production volume: 47,000 conditional units

chairs/ tables /office furniture / upholstery suites

This factory manufactures a special laminated furniture programme. Its capacities are mainly utilized for permanent buyers from Scandinavia, the Western Europe and the former Yugoslav Republics. It exports more than 70% of its products. The factory disposes of its own sawmill for manufacturing timber and different wooden elements for the needs of the wooden industry.





# Furniture Industry



## MATTRESS AND BED FACTORY

**Established in 1984.**

**Location: Bujanovac**

**Area: 20,980 m2**

**Annual production volume:**

**570,000 mattresses / 36,000 click-clack beds /**

**18,000 upholstery beds / 18,000 suites in fabric and artificial leather**

### Mattress Manufacturing

The new Mattress Factory was built in 1984, and it was completely modernized in 2011. With 11 million mattresses produced, the export to all countries of Europe, Russia, the USA and the Near and Far East countries, and with the power of the SIMPOSAN trademark – we are a leader in the South-Eastern Europe. The product range includes Bonelli coil spring mattresses, mattresses with pocket springs, and the high-tech premium programme of memory foam mattresses. The factory also manufactures frame mattresses and roll-up mattresses of different sizes.

### Bed Manufacturing

SIMPO is on the top of the European production of two-seater sofas, three-seater sofas and sectionals, with the sleeping mechanisms of the most recent generation, so called “bed-sofa”. SIMPO is one of the biggest suppliers of these products to the markets of Russia and France, and also export to the majority of the remaining European countries. Along with the bed-sofa, factory in Bujanovac manufactures numerous types of upholstery bed-sofas and beds with the click-clack mechanism.







## **CARPET FACTORY**

**Established in 1972.**

**Location: Donji Stajevac, Vranje**

**Area: 1,200 m<sup>2</sup>.**

**Annual production volume: 12,500-13,500 m<sup>2</sup> of carpets and rugs**

The factory with a 40-year long tradition, manufactures woollen, leather and polypropylene carpets. All carpets are handmade and produced from the supreme quality materials. The designs are diversified, from the Persian to the authentic national motives, to the simple ones with abstract patterns and geometric details. The product range also includes the carpets for children's rooms and babies' rooms, designed in conformity with the specific needs of the youngest. All carpets have the anti-allergic and anti-bacteria protection, and they can be manufactured to suit the special consumers' requirements regarding pattern and size. The factory is unique by its leather carpets programme, which is manufactured from the pieces of this material left over in manufacturing of upholstery suites. This way, by creating a market attractive product, SIMPO Group pursues consistently its policy of recycling and sustainable development.



## B. SEMI - FINISHED PRODUCTS

The parent company and the subsidiaries of the SIMPO Group make a fully rounded-off business system, which produces the most important strategic semi-finished products for manufacturing of furniture and other final products. These factories and the production plants are located in the close vicinity of the main production facilities for final products, which shortens the purchase and transportation times, and reduces the logistic costs to the minimum.



- **TIMBER MANUFACTURING**
- **DECORATIVE FABRICS FACTORY**
- **FURNITURE FRAME FACTORY**
- **VENEER AND WOOD PANEL FACTORY**
- **POLYURETHANE FOAMS PUHIN AND NONWOVEN FABRIC FACTORY**
- **MANUFACTURING OF GLASS AND MIRRORS**
- **PRODUCTION OF WIRE PRODUCTS**



## **LOGS MANUFACTURING „SIMPO DRVO“**

**Established in 2002.**

**Location: Čičevac**

**Area: 22,000 m<sup>2</sup>**

**Sawmill capacity:**

**15,000 m<sup>3</sup> of cut logs (12,000 m<sup>3</sup> beech and 3,000 m<sup>3</sup> poplar)**

**Drying capacity: 800 m<sup>3</sup> of cut timber per shift**

**Steaming capacity: 15,000 m<sup>3</sup> of timber annually**

**„SIMPO DRVO“ manufactures timber and components for the needs of the furniture industry. Major part of the production is supplied to the factories of the SIMPO Group, and a part is exported. Most important international markets are Italy and Poland. The production is organized in Čičevac, near Kruševac, where the company's sawmill „SIMPO DRVO“ is located.**



## **PRODUCTION OF DECORATIVE FABRICS „SIMPO DEKOR“**

**Established in 1979.**

**Location: Vranje**

**Area:13,700 m<sup>2</sup>**

**Annual production volume: 2,000,000 m of fabrics**

**Fabrics and cloths in various patterns / plain and patterned plush/ printed plush and linen/ jacquard fabric and linen / chenille fabric**

**Since its establishment, the factory has been modernized several times, and today it is equipped with the state-of-the-art technologies for production of cloth and other decorative fabrics for the needs of the furniture industry and interior furnishing.**

**A special segment to which great attention is attached is making fabric fireproof, according to the standards of the EU. This kind of fabric is intended for furnishing railway wagons, buses, cars, theatres, hotels, cinemas and other public and residential spaces. The product range includes dirt-resistant fabrics, waterproof fabrics and oil-proof fabrics. The products of this factory are used by the members of SIMPO Group, whereas the major part of the production is exported. In addition, the products of „Simpo dekor“ are also used by other furniture manufacturers in Serbia.**



# Furniture Industry



## **FURNITURE FRAME FACTORY**

**Established in 1982.**

**Location: Preševo**

**126 employees / the area of 7,014 m<sup>2</sup>**

**Annual production volume:**

**3,000 frames unassembled**

**For three-seater sofas, two-seater sofas, armchairs and beds**

**3,000 suites for upholstered furniture**

**100 t of briquette.**

**FBy establishing this factory, SIMPO secured supply of furniture frames for the Upholstery Plants in Preševo and Mattress and Bed Factory in Bujanovac, in the most rational way, and on the permanent basis. In conformity with the sustainable development policy of the SIMPO Group, this factory has also developed briquette production, using as a raw material the wood scrap from the furniture frame production.**



# Furniture Industry



## **COMPANY FOR PRODUCTION OF WOOD VENEER AND PANELS „SIMPO ŠIK“**

**Established in 1990.**

**Location: Kuršumlija**

**Area: 32,969 m<sup>2</sup>**

**Annual production capacity:**

**Sawmill 22,000 m<sup>3</sup> of logs annually**

**Parquet 120,000 m<sup>2</sup>**

**Plywood: 3,000 m<sup>3</sup>**

**Fibreboard: 44,000 t**

**Enamelled fibreboard: 12,000,000 m<sup>2</sup>**

**Massif wood furniture factory – product range and capacity to suit the needs of buyers**

**Main product range includes: fibreboard, logs, plywood (regular and waterproof), beech elements and parquet, manufactured in conformity with the standards SPRS ISO 9001:2008. The factory manufactures the massif wood furniture, whose product range is adaptable to the buyers' needs. The products of „SIMPO ŠIK“ are present on the markets of Serbia, Bosnia and Herzegovina, Macedonia, Croatia, Montenegro, Turkey, Italy, Germany, Sweden, Belgium, Morocco, Greece, Holland, Romania and Hungary, and in the IKEA chain, for which it produces two chair models.**



# Furniture Industry



## **COMPANY FOR PRODUCTION AND SALE OF SPONGE AND NONWOVEN FABRICS „SIMPEN“**

**Established in 2003.**

**Location: Bujanovac**

**Area: 20,000 m<sup>2</sup>**

**Annual production volume: 4,000 tons PU foam; 700 tons of nonwoven fabrics**

**soft polyurethane (PU) foam blocks (sponge) / regeneration soft PU foam / manufacturing of PU foam and regeneration foams / polyester nonwoven fabrics (Simflin)**



The first experiences in the production of soft PU foam date back to 1980, when the first discontinued line for casting PU foam was commissioned in the Company SIMPO. The Company „Simpfen“ was established in 2003, and a new horizontal line for manufacturing soft PU foam was commissioned in 2006. It produces soft PU foam (sponge) blocks, soft PU regeneration foam and polyester nonwoven fabrics (Simflin), and deals with manufacturing of PU foam and regeneration foam blocks. The product range includes various types of PU foam: standard (15-50 kg/m<sup>3</sup>), of higher hardness (20-50 kg/m<sup>3</sup>), soft (20-40 kg/m<sup>3</sup>), highly elastic HR foams (20-65 kg/m<sup>3</sup>), Visco-elastic (memory) foams (25-70 kg/m<sup>3</sup>), self-extinguishing foams (25-70 kg/m<sup>3</sup>) and „Simreg“ – a higher density product used, among other things, for insulation in building industry. SIMPEN also produces pillows stuffed with silicon fibres, therapeutic contour pillows of various dimensions and forms made from memory foam, and roll-up mattresses of the same material. The complete production process is carried out in conformity with the international standards and norms for environmental protection and sustainable development. „Simpfen“ implements the quality management standards ISO 9001:2008, environmental protection management standards ISO 14001: 2005 and health safety and safety at work management standards OHSAS 18001: 2008. Owing to the state-of-the-art technology and permanent product quality control, it meets the most demanding quality standards, such as IOS-MAT-0010 and IOS-MAT-0076, which are implemented with the IKEA Company.



## **FACTORY FOR MANUFACTURING AND WORKING OF GLASS AND MIRRORS „VISIT“**

**Established in 1995.**

**Location: Vranjska banja**

**Annual production capacity: 25.000 m<sup>2</sup> glass and mirrors**

**The factory operates within the Furniture Factory and for the needs of the SIMPO Group and third parties. It produces glass and mirror components, for rendering the service of glazing and cutting, drilling and grinding. The work process is technologically complex and consists of several operations, which are performed on the modern specialized machines. These machines can work more than 6 mm thick glass, and because of the speed of the working process and the technology, it requires a small number of operators.**



# Furniture Industry



## **COMPANY FOR PRODUCTION OF WIRE PRODUCTS AND STAPLES SIK**

**Established in 1993.**

**Location: Vranje**

**SIK (Serbian Staple Industry) was established in 1993, as one of the projects from the Development Strategy of the SIMPO Group. From the small family factory, which sold its products primarily to its direct neighbourhood, this company has become a leader in manufacturing industrial staples, pins and collated coil nails on the domestic market, with a substantial export of products to the neighbouring countries. In its production process it uses the last generation technology and machines, with the application of modern knowhow and permanent improvement of the quality control. The total business operation conforms to the strict requirements of the quality standards ISO 9001:2008, and it has been certified by AQA International. The company offers high quality pneumatic rivet tools for staples, pins and nails, and provides servicing and maintenance. The products and services of "SIK" are also available through the Distribution Centre in Belgrade.**



## SIMPO LINE

The Company „Simpo Line“ d.o.o. specialized in furnishing of all kinds of interior – hotels, business and residential facilities, restaurants, office space, hospitals and schools. „Simpo Line“ combines all the activities related to the commercial furnishing – from the design, technological elaboration, manufacturing, transportation, all the way to installation. Its market concept is based entirely, and in all its segments, on the parent company potential. Therefore, it delivers to its clients not only the panel and upholstery furniture, but also floor and wall cladding, carpets, mattresses, draperies, bed linen, table cloths, and the interior flowers that we grow in our greenhouses. The portfolio of „Simpo Line“ includes numerous business buildings and prestigious hotels, such as the International Trade Centre in Moscow, the Hotels „Four Seasons“ (Limasol, Cyprus), „Klaus K“ (Helsinki, Finland), „Intercontinental“ (Doha, Qatar), „Grand hotel Admiral“ (Dubrovnik, Croatia), and „Holiday Inn“ (Belgrade), and the Sports Village for the University Sports Games in Belgrade.





## EXPORT AND WHOLESALE TRADE

**SIMPO is one of the biggest exporters in the national industry, which sells furniture to 30 countries of the world. Major export markets are the Western Europe countries, primarily France, Italy and Germany. We have a long standing cooperation with the most prestigious specialized retail chains, such as the French Roshe Bobois Group, Crozatier, the Italian Semeraro and Grancasa, the Austrian KIKA, XXLLutz and many others. Most important partner for more than three decades has been the largest furniture retail chain IKEA, and the products of SIMPO can be bought in its centres in the Western Europe, Russia and the Near East.**



## RETAIL TRADE

**SIMPO is a regional leader in retail trade in furniture, with a network of 63 specialized department stores and showrooms, located on the best locations in all bigger towns on the four markets – Serbia, Macedonia, Montenegro and Bosnia and Herzegovina. Retail concept is based on the principle “everything for the interior”, and it implies the entire supply of furniture, supplementary programmes and decorative accessories. The retail network is categorized by size of the showroom into the formats ranging from S to XL, whereby all the facilities have on supply the product range for each room of the home.**

# Food industry



## CONFECTIONERY INDUSTRY „KONDIVA“

With the establishment of the Confectionery Industry „Kondiva“, in 2002, the SIMPO Group first started the Wafer Factory, and three years later, the Candy and Caramel Factory was opened. As one of the market leaders, it has been recognized by its wafer product brand „Napolitana“ and the hard and soft candy brands „Kondi Bo“ and „Karamela“. In 2006, „Kondiva“ started producing chocolates and chocolate desserts. Its brands, „Smilies“ and „Pralinea“, produced from the fine Belgium chocolate, are the national synonym for the best quality moulded chocolate today.

Location: Žbevac – Bujanovac

## BREAD AND ROLL FACTORY SIMPEK

The bread and roll factory started operating in 1994. Owing to the modern technology, capacity development and upgrading of technological processes and recipes, this factory supplies Vranje with eight special bread types and various white bread types. The SIMPEK's product range includes a wide range of fine rolls and traditional dough products. The factory is certified for the HACCP Quality System.

Location: Vranje







## **SHEEP FARM**

**Established in 1993.**

**Location: Vlasina Mountain / Area:1.200 ha**

The farm is located on the highlands of the Vlasina Mountain, and along with sheep-breeding, it deals with vegetable growing on its estate. It is situated on the totally clean, isolated natural environment, at the height of 1,200 meters, which guarantees the highest level of health and ecological safety of the food produced. The farm breeds the herd of about 1,500 sheep, which bring forth 1,200 lambs every year. They are fed with the natural, health food (hay and alfalfa) from the highlands of the Vlasina Mountain. Due to such a way of breeding, the lamb meat from the SIMPO's farm is highly appreciated, not only on the Serbian market, but also in the neighbouring countries. The farm has developed the controlled potato growing, applying natural nourishment of nursery plants, without any use of pesticides. The same way, it produces up to 100 tons of hay, which is partly used for cattle feeding and partly sold on the market.

## **FRUIT GROWING AND PROCESSING**

**Established in 1997. / Location: Crna Trava**

The development policy for this branch of industry is based on the cooperation with the local agricultural producers, to whom we provide high quality nursery plants free of charge. Our main commitment has been to revive and expand the orchards of the autochthonous quince variety, by which the Vranje region has been known for centuries. Until now, the contracts have been made with 650 contract farmers, and the quince nursery plantations have been grown on 75 hectares, with 56,000 trees of this fruit. Along with quince, we enabled the small farmers to grow the nursery plantations of other fruits. Thus, our contract farmers today grow 33,000 trees of plums on 50 hectares. The apple orchards spread on more than 20 hectares with 15,000 trees, and 6,500 pear nursery plants have been planted on 8 hectares. Raspberries and hazelnuts have been planted on the area of 4,000 hectares each. All the fruit plantations have been formed on the hilly terrain, where application of substantial chemical protection is not necessary as much as it is with the fruit growing in lowlands. Under the supervision of our agricultural experts, the fruits are treated exclusively in the stage of flower buds formation and blossom fade, without additional treatment after that. Owing to this, the fruits do not contain any chemicals, and they are classified as ecological, healthy food. We buy out the entire yield of our contract farmers and process it further in our Factory SIMBI, which is located in Crna Trava. The largest quantities of fruit are processed into natural fruit brandy from quince and plum, and smaller quantities are used for production of pear brandy.

## **CULTIVATION OF ORNAMENTAL FLOWERS AND SEEDLINGS – THE COMPANY „SIMPO FLOWERS“**

**Established in 1997. / Area:10 hectares of land / 59,000 m<sup>2</sup> under roof**

The Company „SIMPO cveće“ deals with the production and marketing of all kinds of foyer and garden flowers from the famous assortment flowers grown in Holland, cultivation of flower seedlings, and partly vegetable growing. The seedlings are produced in the factory, under the glass roof, on the area of 59,000 m<sup>2</sup>. Since the water temperature in the Vranjska Spa goes up to 92.7 degrees Celsius, it is ideal for the development of modern greenhouse plant growing. This hot water is used for heating of the greenhouses, and it replaces other energy sources, thus achieving large energy savings and environmental protection. „SIMPO cveće“ also deals with horticultural arrangement of outdoor green areas and interiors using decorative biomaterial.



## TRANSPORT

For many years, the Transport Department has been transporting successfully the products of SIMPO to the consumers both on the domestic and international markets, and delivering goods of other suppliers to its shops. The motor pool consists of 30 big trailers, 20 trucks with the cargo capacity of 5 to 10 tons, 30 commercial vehicles, 11 buses for transport of the employees and a large number of passenger cars. It is qualified for performing transport on all routes in Europe, and the transport of goods for third parties. The Transport Department has its own workshop for maintenance and servicing of its vehicles, and the Forwarding Service for customs clearance of goods.

With such an organization of the transportation and logistics operations, SIMPO guarantees flexibility and timeliness in its products delivery to any location in Europe, including the Russian market, increasing minimally its products prices for these costs.

Location: Vranje

## HOTEL INDUSTRY

### The „Pržar“ Hotel

On the Pržar Hill, a few kilometres above the northern part of Vranje, there is a hotel bearing the same name. It is situated at the location of the old resort, in the beautiful pine forest ambience, with the gazebos providing attractive view of the town of Vranje and the entire Vranje Valley. The Hotel has 18 rooms with modern furniture and accessories, two exquisite suites and a banquet room for 200 guests.

The Hotel facilities also include two meeting rooms, small football pitches, and a corner for children's games.

Owing to the excellent location and modern facilities, the „Pržar“ Hotel is an ideal venue for business meetings, team workshops and smaller seminars, as well as professional gatherings. Highly professional and hospitable staff of the „Pržar“ Hotel welcome their guests with the famous heartiness of the people from Vranje and the rich traditional and international cuisine.

### Business Club „Haremluk“

In the onetime pasha's quarters, built in 1765, or more specifically, in the building of the former Women's House "Haremluk", today there is a Business Club with an open type restaurant. "Haremluk" is an authentic building, which was proclaimed a cultural and historical monument, and has a ground floor and the first floor. The interior rooms are grouped around the lobbies, from which it is entered into spacious rooms, between which there are smaller rooms with a fireplace. All rooms are decorated with richly worked wooden ceilings that have undergone careful restoration and conservation. In 1993, SIMPO restored the building of "Haremluk", under the supervision of the Office for the Protection of Cultural Monuments in Niš, which ensured the durability and preservation of the authentic look of this historically valuable building. In 1995, the Ministry of Culture of the Republic of Serbia awarded our Company for this great undertaking, which is a good example of preservation and use of cultural monuments. The guests of „Haremluk“ have at their disposal the private meeting rooms and dining rooms, and the rich menu with the specialties of the traditional cuisine of the Vranje region and the south of Serbia, in the atmosphere permeated by the dignified charm of the history.



# Certificates



## Quality assurance certificate ISO 9001

Company owns quality assurance certificate ISO 9001

## Ecology

According to applicable regulations, the requirements for environment protection are fulfilled.

## QUALITY POLICY

The quality policy of SIMPO a.d. is a part of its entire business policy and it is based on development, implementation and maintaining of the market-oriented business system, and the quality management principles. The objective is to meet completely the requirements, needs and expectations of consumers, business partners and beneficiaries of our products and services, but also of the community at large in which we carry out our business activities.

The quality management system in all business activities and production processes has been established in conformity with the standards SRPS ISO 9001:2008. The focus of all employees is permanent responsibility in respect of reaching the required quality of products and services, protection of the environment and health and safety at work.

Along with the international certificates prevailing in the EU, our production processes have been certified for the internal quality standards of our partners. With the aim to cooperate with IKEA, we implement their IWAY standard relating to the safety and health protection at work and environmental protection. In addition, all the materials that we build in our products have passed the strictest international tests for health safety and security for use. All this makes SIMPO your first choice for furnishing your family and public space.

Along with SRPS ISO 9001:2008, all restaurants of the SIMPO Group, and our companies SIMPEK and KONDIVA, implement also HACCP quality system.



# Production and Capacity



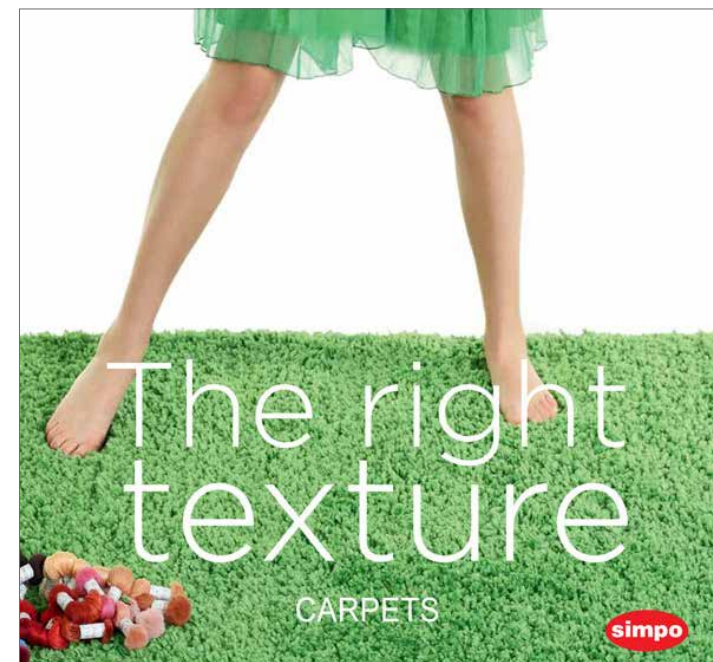
Product	Unit	Quantity			Value in EUR		
		2011	2012	2012	2011	2012	2013
FRED IKEA set	piece	5,780	7,220	6,256	4,670,468	5,477,201	4,848,908
Mattresses:	piece	61,205	59,471	47,022	5,544,390	5,058,526	4,142,527
POLAR NIGHT set	piece	5,530	4,696	2,973	4,900,799	3,907,524	2,516,780
Beds:	piece	11,355	9,738	9,017	2,601,115	2,094,439	1,959,481
CONTESSA set	piece	759	3,128	4,069	368.632	1,425,980	1,910,162
NEVENA set	piece	3,280	2,694	1,797	1,539,436	1,187,346	803,169
NORD IKEA set	piece	1,272	1,685	1,556	615,945	766,394	719,130
Bedroom Keln	piece	1,788	1,492	1,248	908,641	712,225	615,193
PARIS NIGHT set	piece	3,321	1,596	932	2,240,099	1,010,901	601,437
Living room Frame	piece	2,529	2,282	1,887	755,689	640,469	545,908
Tapestry factory chairs	piece	2,765	1,782	1,616	248,192	150,143	138,440
Club tables	piece	2,258	1,543	1,655	197,236	126,514	137,820

# Production and Capacity

simpo

## Capacity utilization

Machine (Production line)	% of utilization		
	2011	2012	2013
Furniture factory	0.65	0.64	0.53
Tapestry factory	0.87	0.76	0.63
Mattress factory	0.75	0.67	0.65
Laminate factory	0.28	0.20	0.16



# Realization



## Movement in sale volume

Product/service	Unit	Quantity sold			Value in EUR		
		2011	2012	2013	2011	2012	2013
Bedrooms	piece	9,673	6,220	5,779	4,512,652	2,900,844	2,698,189
Child bedrooms	piece	342	197	481	151,642	86,178	216,107
Living room	piece	5,339	4,282	3,752	1,558,826	1,211,133	1,046,849
Dining rooms	piece	1,097	728	820	562,906	376,967	417,569
Club tray tables	piece	2,179	1,450	1,970	205,455	130,428	140,638
Unit serial furniture	piece	13,302	19,700	16,409	1,606,915	1,598,599	1,267,458
Wall painting furniture	piece	31,648	25,955	20,635	19,558,624	17,661,476	14,280,975
Chairs	piece	3,559	2,082	1,938	277,110	160,836	146,238
Mattresses upholstery	piece	26,721	17,357	14,480	13,856,408	9,825,349	8,249,151
Beds	piece	11,740	10,039	9,201	2,709,495	2,159,213	1,999,466
Mattresses	piece	72,599	61,311	47,983	5,775,409	5,214,974	4,227,260
Other	piece				6,366,851	6,030,586	4,251,265
<b>TOTAL:</b>					<b>57,142,293</b>	<b>47,356,582</b>	<b>38,941,166</b>

## Sales structure

Sales structure in %	2011	2012	2013
Domestic market	49.10	35.50	36.00
Foreign market	50.90	64.50	64.00
<b>TOTAL :</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

## Distribution channels

Distribution channels	% of share
Direct sale	40.80
Wholesale	8.10
Retail	27.80
Intermediaries	23.30

# Organization



## EMPLOYEES



### Number of employees

Working	149
Paid leave	1,479
Unpaid leave	2
Other (sick leave, vacation, etc.)	1,094
<b>TOTAL NUMBER OF EMPLOYEES</b>	<b>2,724</b>

### Age structure of employees

Age	-25	25-35	35-40	40-45	45-50	50-55	55+
Number	60	517	490	570	537	416	134

### Average salaries in EUR

(gross and net) in 2011, 2012 and 2013

Year	Gross	Net
2011	443	271
2012	460	281
2013	485	297



# Assets Overview



	31/12/2011	31/12/2012	31/12/2013
CURRENT ASSETS	115,797,064	112,876,520	71,396,668
NON-CURRENT ASSETS	105,748,422	109,157,462	130,843,940



**Demounting mechanism Type 1, 2, 3**

**Type 1** Type 1 is the rapid mechanism, which supports the backrest cushions and enables the transformation of the three-seat sofa into a bed in one step. It is found within the Mondo, Incanto, Emily, De Marco, Contessa, Lago, Polar Night, Nord, Moon, Joy2, Fred, and Nora models.

**Type 2** Type 2 is the classic mechanism, which is drawn out together with the sofa seats, while the backrest cushions are unattached, facilitating the implementation of the most modern design solutions and various combinations of prints. It is found within the Athens, Today, Brevity, Leo Lux, Commodo, Chester, and Christian models.

**Type 3** Type 3 mechanism is incorporated into head rests and back rests. It can be lowered into various positions, and it can form different angles as to provide the optimum and most relaxing position for the body during sitting or lying down. It is found in Theo and Sesta three seater.

46-47 24<sup>h</sup> sofa bed / demounting mechanism



A) Information contain in this document is based on the data recieved from the company, and as such has not been verified by the Privatization Agency. Accordingly, the Privatization Agency shall have no liability with respect to the accuracy and validity of the information contained here in.

B) Pursuant to the law, enterprises from the Republic of Serbia were obliged as of 2004 to prepare Financial Statements in accordance with the International Standards of Financial Reports (ISFR).

# SWOT Analysys

## **STRENGTHS:**

Rounded production process, developed market, a large number of buyers and suppliers, developed retail network and developed foreign trade.

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## **WEAKNESS:**

Restricted market, deficiencies of certain materials in the domestic market, lack of stimulating export policy, bad environment and ambience for normal operations, large and slow management system.

## **OPPORTUNITIES:**

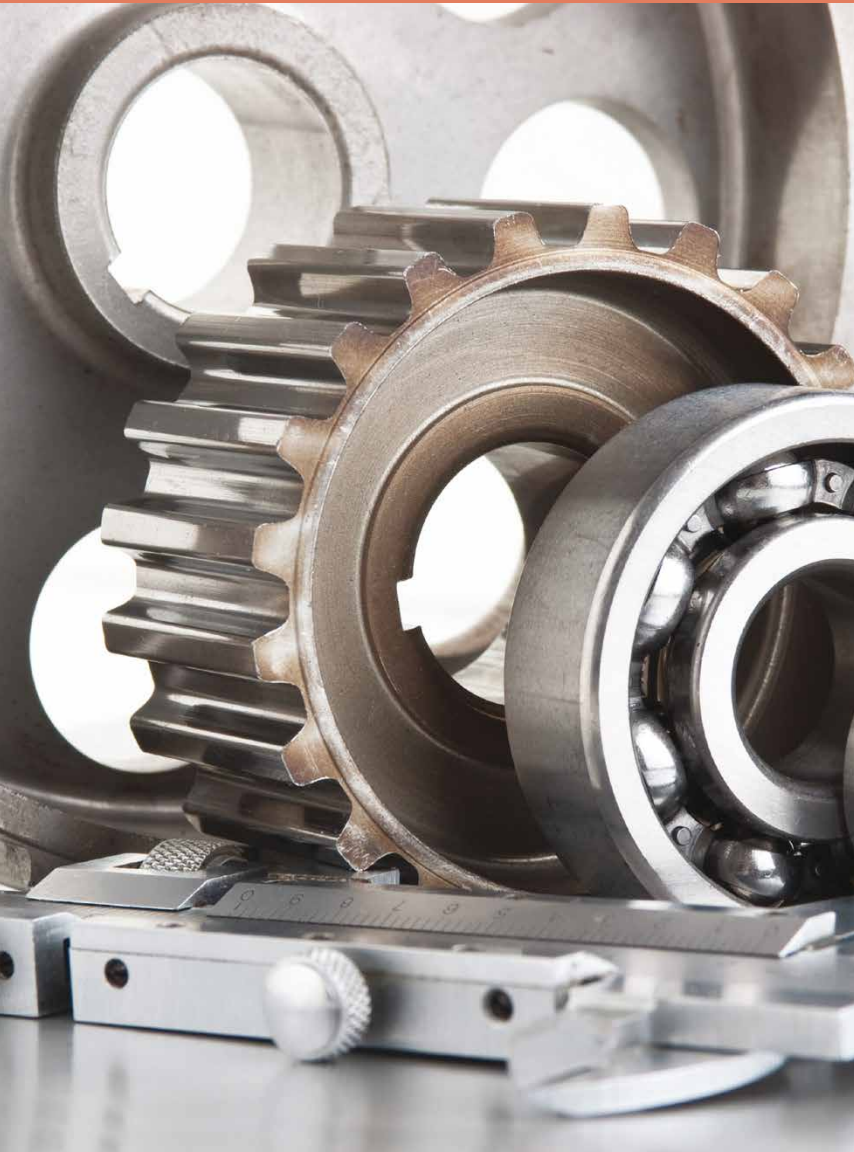
The only chance for survival are proper privatization, opening of foreign markets, market expansion, recovery of motor pool, etc.

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## **THREATS:**

Unfair competition, the growing presence of furniture and consumer goods from the East, the lack of certain materials in the domestic market and greater dependence on imports, deteriorating economic environment in the country, insolvency etc.

# Advantages of Investing in Serbia



Favorable geographic position, owing to which any shipment can reach any location in Europe within 24 hours

Highly educated and cheap labor force

Restructured and stable financial system

Simple procedures for a company start-up and registration

Simple procedures for foreign trade transactions and foreign investments

Several free trade agreements have been signed, ensuring supply of goods to nearly 800 million consumers:

- In March 2012 Serbia was granted the candidates status by the EC
- CEFTA
- Agreement with the EFTA members
- Autonomous trade preferences granted by the EU in December 2000, and implementation of the Interim Trade Agreement with the EU started in February 2010
- Agreement with the Russian Federation, Belarus and Kazakhstan
- Agreement with Turkey

# Contact



Republic of Serbia

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