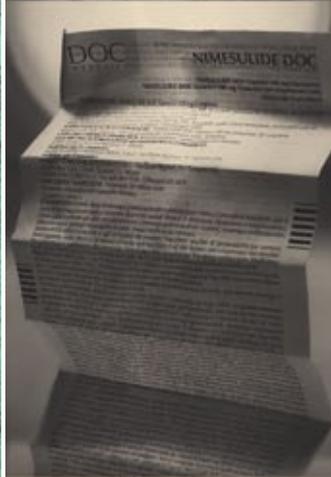




GORIČANE



newspaper 1

number
year XIX

It has been ten years since the start of ownership consolidation of Papermill Goričane, formerly a state property. The share purchase contract was signed on November 7 2002 between SRD (Slovene Development Corporation), the former owner, and Papigor holding d.d. established by the papermill's leading managers in cooperation with Krekova družba. Those of us who were present during these events will certainly not forget our efforts (reinforced by a protest meeting out on the streets) to provide the papermill a good majority owner. Fortunately, we succeeded and that is why we are still here today.

Over the years, our fight has changed its form but it is nevertheless always present. The papermaking industry is very intense. The market changes almost on a daily basis, challenging us to be flexible in everything we do. There are no shortcuts and we have to work hard for everything we've got. Our success is a result of being aware of the efforts we need to invest to make it work. And because we care.

It has been an exciting year here at Goričane. Several major projects were implemented, focused on production, investments and development. Extensive preparations were made for the biggest investment this year – the replacement of the pulp line, and the most wide-ranging maintenance works in the energy sector in the last decade – the steam turbine overhaul. Both projects were completed successfully. Unfortunately, the contractor had some problems and the turbine overhaul was delayed for 14 days, but the good news is that everything worked as planned after the project had finally been completed. We were of course unable to sell the lost products on the market, which is reflected in worse business results for this period.

Since the long-term contract with the supplier of natural gas - our main energy product - expired this year, intense negotiations were launched to secure an extension. We were able to come to an agreement and sign a new contract further providing us with continuous supply of gas, on competitive level.

In sales, our efforts were focused on strengthening customer satisfaction by being responsive, flexible, open to suggestions and cooperative.

We found several new suppliers of pulp, thus extending the possibility of competitive selection in the purchase department.

Yes, it has definitely been a year of action and intensity.

Business figures in 2012



In the first 10 months of 2012, 64.605 tons of paper were produced and 61.512 tons were sold. A total of 87.8 % of production was exported. In comparison with 2011, the net sale revenue in the first 10 months of this year increased by 1 % and amounted to EUR 54.5 million. Foreign market sales amounted to EUR 51.4 million. EU market sales represent 67 % of foreign sales whereas the remaining share of foreign sales was produced on markets outside the EU, especially in Turkey. In comparison with 2011, the share of sheet paper sales increased by 6% (from 35% to 41%), meaning that we exceeded expectations set out in our business plan. Considering the added value, it is gratifying to know that a similar positive trend is expected in the future as well. Therefore, our efforts and investments remain focused on bringing the best out of the possibilities provided by both cutters.

In the end, let me thank you all for your cooperation and wish you a Merry Christmas and a Happy New Year.

Andraž Stegu

It has been ten years ...



November 7th marked the tenth anniversary of buying Papermill Goričane from its former owner, Slovene Development Corporation (SRD). On the photo: Marija Zagožen, former chairwoman of Goričane Supervisory Board, Andraž Stegu, Managing Director, Izidor Rejc, former president of SRD Supervisory Board and Andrej Pagon, former vice-chairman of Goričane Supervisory Board.

Visit from supplier - CMPC



In June, we hosted representatives of CPMC Celulosa, our supplier of pulp based in Chile. The guests took a tour of the production hall with great interest and expressed their willingness to continue our cooperation in the future.

Annual general meeting

The annual general meeting of Goričane d.d. was held on June 27th 2012. The meeting was attended by 97.34 % of shareholders with the right to vote. The 2011 annual report and the report of the supervisory board were presented, followed by the adoption of decision proposals. The accumulated profit remained undistributed. The shareholders appointed KPMG Slovenija d.o.o. as the auditor for Goričane d.d. in financial year 2012.

Tea Rezelj

Environmental Report

Introduction

The strategy of Papermill Goričane remains focused on emission management by means of effective production and small material and heat losses in order to strengthen environmental awareness and enhance our business success. The IPPC environmental permit provides the requirements regarding substance and heat emissions to air and water as well as noise imissions, electromagnetic radiation and waste management in a 10-year period. Throughout the years, monitoring performed by external partners has been a constant proof of our compliance with environmental requirements.

Use of natural resources

Rational consumption of raw materials is being monitored by means of the material loss indicator. In 2011, the production process slightly exceeded the target goals for material losses. The share of losses has increased significantly in 2012 and amounted to 1 %, which is why we have taken up active measures to reduce this share in order to draw near the target value by the end of the year.

FSC products

In 2011, 3,321 tons of FSC MIX products were sold. Also, 3,488 tons of FSC mixed pulp and 12,064 tons of FSC CW pulp (controlled origin) were consumed in FSC production. In the first half of the year 2,892 tons of FSC MIX papers were sold.

Table 1: Average material losses from production process

Indicator		Goal	2007	2008	2009	2010	2011	2012 (1st half-year)
Material loss	% (calculation acc.to gross production)	0.7	0.8	0.7	0.72	0.81	0.75	1.03

Table 2: Consumption of energy products

Indicator		BAT/ legislation	2007	2008	2009	2010	2011
Consumption of water	Fresh water (water wells) 1000 m ³		4.832	4.844	4.626	4.552	4.624
	Fresh water (cooling in the power station) 1000 m ³		3.620	3.685	3.483	3.387	3.492
	Fresh water (technological purpose) 1000 m ³		1.210	1.158	1.143	1.163	1.133
	Spec.consumption of process water	15	12	12,3	11,4	14,2	11,6
Consumption of energy	Natural gas 1000 Sm ³		16.519	15.744	15.679	15.638	15.987
	Electricity purchased (MWh)		29.838	28.088	28.428	26.623	26.766
	Emission coupons	32.834	30.959	29.507	29.385	29.309	29.963
	Surplus of emission coupons		3.610	3.327	3.449	3.525	2.871
	Consumption of electricity MWh/ton	0,7 to 0,9	0,603	0,583	0,545	0,580	0,652
	Consumption of heat GJ/ton	7 to 8	3,92	4,103	3,814	3,931	3,82

Emissions

TO AIR

Emissions to air are monitored by an outsourced institution. In line with the requirements of the IPPC environmental permit, emissions to air need to be monitored every third year. The last monitoring was performed in 2012. The results of NOx and dust measurements are in compliance with the legislation.

TO WATER

Before being discharged to the water course, process waste water is treated on the mechanical chemical waste water treatment plant. Annual monitoring shows compliance with the requirements of the IPPC environmental permit.

Noise

In accordance with the IPPC permit, noise monitoring should be performed every third year. The last one was carried out in 2010. Noise measurements on three locations in the vicinity of the papermill were below the maximum permitted limit for daytime, evening time and nighttime. The next regular monitoring of noise emissions to the environment will be performed in 2013.

Table 3: Emissions to air

	Indicator	IPPC environmental permit	2007	2008	2009	2010	2011	2012
Emissions to air	NOx mg/m3	200	184	184	163	163*	163*	152
	Dust mg/m3	150	5.3	5.3	4.2	4.2*	4.2*	4,8

*Results obtained during the 2009 monitoring

Table 4: Emissions of substances to water

Emissions to water	Indicator	Limits by 2013	2007	2008	2009	2010	2011	2012 1.(1st six months)
Suspended solids	mg/l	35	7.0	10.2	7.1	13.5	12.8	17.1
	kg/ton	0.4	0.1	0.1	0.1	0.2	0.1	0.1
COD	mg/l		103	92	84	146	162	149
	kg/ton	4**	1.2	1.2	0.9	2.0	1.7	1.0
BOD5	mg/l	50**	20	27	28	39	39	42
	kg/ton		0.2	0.4	0.3	0.6	0.4	0.3
N tot	mg/l	10	5.8	5.5	5.1	5	5.6	5.2
	kg/ton		0.06	0.07	0.06	0.07	0.06	0.03
P tot	mg/l	2	0.08	0.2	0.1	0.1	0.07	0.084
	kg/ton		0.001	0.002	0.001	0.001	0.001	0.005
AOX	mg/l		0.1	0.1	0.12	0.25	0.12	0.17
	kg/ton	0.015	0.001	0.001	0.001	0.003	0.001	0.001

**this limit is valid for production with more than one production programme change a day

Waste

The papermill has a well-established system of separating waste at its source with smaller containers for separate types of waste. These containers are then emptied to ecological collecting waste units for the purpose of recycling. All units are marked with labels for individual waste types.

Hazardous substance management

In hazardous substance management, our well-kept and regularly maintained storage tanks and pumpings enabled us to retain a low risk rate. This year, the environmental inspector examined our plan of hazardous chemicals management outlining all activities that are necessary in order to harmonise our operations with the legislation. Our employees are being regularly trained for hazardous substance management and for the course of conduct in cases of accidental spillage of hazardous substance.

Exceptional events

In September, an increased level of noise caused by the release of high-pressure steam within regular periodic maintenance activities had a negative effect on the environment. The duration of increased noise level had been announced on local TV before the maintenance works started but unfortunately, the whole process took longer than expected due to some problems on the turbine. In order to reduce the noise level, new noise silencers were installed on main discharge locations whereas the existing ones will be upgraded with additional capacity. The duration of steam discharge is laid down in technical specifications and cannot be shortened. On several locations, an intermittently increased level of noise was detected during the discharge of high-pressure steam. The highest level of noise, 70 dB, was detected in Ladja and further uphill in Goričane, whereas the range of noise in the lower areas was between 50 and 55 dB. During the overhaul, we had received a few complaints and replied to all of them.

Environmental goals and programmes

The following environmental projects were implemented in 2011 and 2012:

- The EUREKA ZEROEF project was successfully completed; it included a pilot test of process waste water microfiltration, a definition of the most charged sources of process waste waters and an ATREX pilot trial testing the reuse of paper sludge in production process. Waste water treatment was tested directly on the existing mechanical-chemical waste water treatment plant by means of BIO-AMP microorganisms cultivated for this particular purpose. Due to the absence of organic charge, a pilot trial was performed later on in order to examine the conditions required for achieving the desired effect of waste water treatment.
- Setting up of two silencers on the discharges of low-pressure and high-pressure steam. The high-pressure steam silencer was unable to sustain the load, hence the manufacturer is designing a new, more robust silencer construction.
- Adaptation of storage facilities for hazardous chemicals to meet the new legislative requirements. We purchased safety equipment for automatic termination of filling.

For the past few years, we have been actively looking for a solution to decrease the organic charge while maintaining a highly closed substance and water loop. Our development strategy goes into two main directions: to either reuse the remains of waste water treatment in the process of production or to use the remains to make a completely new product. Waste water treatment techniques are being developed within the framework of two international projects: the EUREKA ZEROEF project (performing waste water treatment by means of microfiltration and returning stock to production) and the CORNET ALBAQUA project (performing waste water treatment using algae, a new idea focused on producing biomass by means of waste water treatment). In 2012, both projects were completed with promising results. However, these developmental projects were based on smaller-scale pilot trials and require additional time for implementation. Our plan is to reapply for international projects next year with the goal of finding partners for the development of new waste water treatment techniques.

Jerneja Pečnik, Environmental Protection Agent

Table 5: Waste

	Indicator	Waste management plan	2007	2008	2009	2010	2011	2012 1. (1st half-year)
Paper sludge	tons	max. 1,600	1,897	1,604	1,739	1,815	1,511	1,635
Municipal waste	tons	max. 50	41	44	47	51	31	24
Paper packaging	tons	max. 300	132	249	305	290	294	276
Metal packaging	tons	max. 110	142	126	102	123	119	102
Plastic packaging	tons	max. 15	15	7	6	8	9	18
Wood packaging	tons	max. 50		26	17	32	43	49

Sales in 2012



In order to provide a short description of the current situation, it is fair to say that it resembles the situation from last year, including high production capacities in the first six months, an enormous amount of sheet paper orders, pretty considerable demand during the summer and a decrease of orders in the second part of October. However, this does not really describe the main characteristics of 2012 which has been quite special on many levels.

The events of the enormous demand for sheet paper in 2011 have taught us a lesson and forced us to be well-prepared for a similar situation - which indeed did happen. This time, we reacted quickly and organised for paper to be cut elsewhere in order to keep pace with the increasing demand and ship orders on time. One of the main characteristics of 2012 was definitely the consolidation of our position on the regional market of pharmaceutical papers. We have sold enough sheet cut paper to become the biggest suppliers in our region. Since the sales of sheet cut paper, particularly light-weight, are expected to grow, we will have to act accordingly and expand our capabilities for sheet paper cutting here at Goričane.

Due to the high production capacity, the second half of the year provided us with a chance to reduce the amount of Sora Press paper where the pressure on prices is just enormous. The amounts of white offset papers are expected to be further reduced in the future whereas the situation with colour papers is quite the opposite. Although their amounts have been increasing constantly, we have decided to be more selective and keep the segments and markets with better prices. Our project focused on scented papers is about to be completed and we will have to adopt a decision on how to proceed. Based on market feedback, this paper grade seems to be quite popular and it just might redirect our activities to a more profitable segment.

As far as silicone papers are concerned, sales in 2012 decreased in comparison with previous years when the annual growth on this particular segment used to exceed 10 % on a regular basis. This downfall was caused by several factors, mostly financial (weak solvency, bankruptcies ...), and partly by less market demand. Since we are currently testing products for new customers, we believe that the level of paper production will increase soon. The majority of growth is expected on markets outside the EU.

On the self-copy paper segment, sales have decreased as well. There has been much talk lately of a dramatic turn that

is supposed to limit production in order to balance supply and demand throughout Europe. Currently, the market is monopolized by three major European paper manufacturers. We decided to adjust the quality of self-copy papers in order to keep pace with the novelties in this particular segment. Having only one grade of self-copy papers is supposed to improve planning and increase production efficiency.

In 2012, significant progress was made in the segment of label papers as well since we managed to boost sales and will do our best to continue such growth. The production will be mainly focused on sheet paper and partly on rolls as well (laminating etc.).

In addition, we are always up-to-date with the latest trends in digital printing (electrophotography and inkjet). In cooperation with one of the leading manufacturers of inkjet printing machines, we managed to develop Sora Jet Matt which is a matt coated paper for inkjet printing. Considering the satisfactory results of test printing, it is most likely that we will soon try and launch the sales of these otherwise technically extremely demanding papers which require highly qualified professionals both in development and production.

Here are the main characteristics of the current market events:

- the consumption of graphic coated papers decrease, production exceeded consumption and there was an enormous price pressure;
- despite the increase of expenses, paper prices remained unchanged or were even reduced;
- the operating conditions became fierce, requiring an even stricter control of the customers' financial stability;
- paper manufacturers are constantly searching for segments with anticipated growth or at least financially more stable production chain (pharmacy, beauty industry);
- growing competition from South America and the Far East.

Our strategy remains unchanged – to strengthen our position in the market and emphasize our role as papermakers requiring knowledge, skills, flexibility and technical excellence. I am convinced we will succeed together, as a team.

Andrej Gradišek

Production In 2012



New pulp line.



New

Similar to last year, production in 2012 was full of ups and downs and the amount of orders seemed to vary constantly. However, we were much better prepared for this and in addition, the average production capacity was higher and lasted longer than in 2011. Orders started coming in February already and continued their constant flow until the second half of August, the time of shutdown due to the investments on the pulp line and the energy sector overhaul that has to be performed once in a decade. The shutdown lasted until mid-September.

Generally, the type of products ordered has changed, e.g. the amount of sheet paper produced has been increasing constantly and has already exceeded the 45 % share of paper rolls produced for sheet cutting.

The increasing amount of sheet paper has strengthened our desire to cut sheet paper into another grade in order to improve flexibility, incre-

ase the number of small orders and reduce the accumulation of finished products in stock. We had been prepared for this at the end of 2011 already but the plan was finally realised in February 2012 when a partly automated Polar 137 high-speed cutter was purchased and installed. The increasing demand for sheet cut paper forced us to organise an additional shift for paper cutting and in the previous month, for example, as many as 140 tons of paper were produced on the high-speed cutter.

Undoubtedly, the most important investment in production was the replacement of the no.1 pulp line that had been operating since 1975. The goal was to provide the latest pulper with a completely automated cycle of hardwood and softwood pulping on the same line. The project involved numerous companies from Sweden, Slovenia, Austria and Germany.

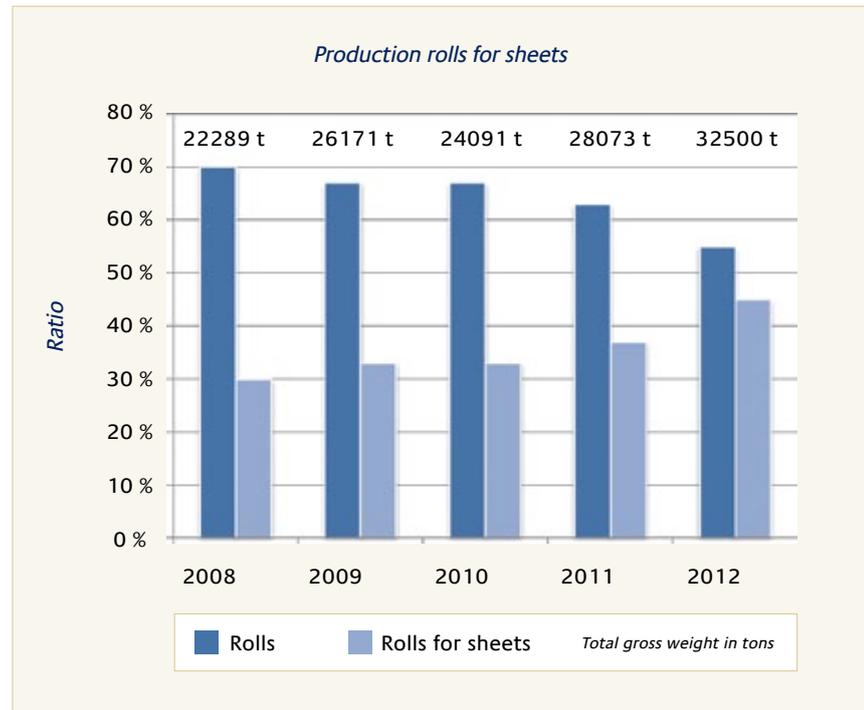
The line start-up and the process automation were based exclusively

on the know-how of our maintainers and technologists. The whole line is a part of the machine's DCS system, ensuring complete control of operation. In addition, the line is designed to simplify operation as much as possible and create enough time for the other lines to be used as well (broke). Its dimensions allow for the whole pulping process required by the PM to be carried out on one single line if only a certain type of hardwood and a certain type of softwood is used. The line includes energy efficient engines and frequency converters that significantly reduce the consumption of electricity.

Allow me to say that we are able to implement new knowledge of roll covers on the PM, proven by the new type of pick-up roll cover with a modified structure of the roll's surface, and the crowning of the roll that provides for a flat pressing and dewatering profile in the first nip of the press section. In addition, we have managed to optimise machine clothing



pulper.



both in the wet end (of wire and felt) and in the dryer section – and will continue to do so. With wet felt, we took a big step forward – we are no longer marking the wire side of paper which improved the quality of Sora Matt Plus papers considerably.

By operating without an offset press, we were able to proceed from AnKD to AKD sizing in order to reduce prices and improve the reliability of Cobb value. The rotation of the PM in a new direction, however, can be proven by the results of several industrial trials of the new Sora Jet Matt paper that has been tested both in EU and the USA. We have already received positive feedback and first orders for paper that resulted from our cooperation with one of the leading manufacturers of non-contact paper printing machines.

In order to ensure appropriate technological parameters, we decided to start keeping track of the parameters on the PM in order to achieve

progress regarding the co-called network regulation designed for the monitoring of numerous parameters used in papermaking. In addition, we acquired a new control system for the steam-condensate system and the air conditioning of the hall and the hood located in control room.

The increasing share of sheet cut paper forced us to cut some of the rolls elsewhere in order to be able to ensure proper production capability to our customers. In order to avoid this, we are currently thinking about converting the no.1 sheet-cutter to increase its cutting capabilities and at the same time allow for the cutting of lower grammages as well.

During the August shutdown, internal training for the PM crew was organised since it is our firm belief that people are the key factor in quality paper production. Therefore, we will further emphasize the importance of working with people and encouraging new ideas that promote com-

pany growth and smooth operation of the paper machine.

Cooperation and sharing of knowledge and experience are indispensable. This year, as many as five employees from production will retire after 40 active years of service or more. But before leaving, they saw to it to share their knowledge and experience with the successors since only quality paper delivered on time can ensure that a company will grow and develop.

Klemen Burgar

Active year in maintenance and investments



High-speed cutter.



Pile turner.

In 2012, the supporting activities were definitely diverse and dynamic. At the end of 2011, we started looking into proper solutions for guillotine cutting of sheet paper. At the same time, quotes for a brand new line and information on second-hand equipment were acquired. In addition, various potentially suitable high-speed cutters were inspected on site and just before the end of 2011, we finally found one that should be right up our street. We inspected the machine and did a few test cuts. Both the quality of the equipment and the cutting itself was up to standards but we were mostly persuaded by the added bonus of a whole line including a stack lift automatic jogger and transomat.

Our maintainers installed the line in February 2012 and successfully started it.

In addition to acquiring a line for sheet paper high-speed cutting, another of our long-time wishes came true. The purchase of the new line included a pile turner equipped with a blower. Although the reverser was out of function when brought to the papermill, our maintainers managed to repair it and it has been working flawlessly since then.

In maintenance, the first six months of the year were rather uneventful. However, we should congratulate ourselves on being able to repair a leakage on the WB40 boiler by using a special pressure-induced method during normal operation. No shutdown was needed. There was a leakage on a smaller pipe, extending from day to day. Any repairs required a shutdown and steam boiler discharge, e.g. more than 24 hours of production non-operation right in the middle of a very busy period. So we called a contractor who applied a special method to put up a kind of a shell around the problematic area. The point of leakage was then repaired without any effect on production.

Activities in investments were focused on setting up a new pulp line. In addition, thorough preparations for the August

shutdown had been commenced before the annual vacation period in order to ensure smooth operation of numerous activities planned during the shutdown. We installed two new silencers in the energy sector and improved the exterior power supply from the near-by town of Škofja Loka.

The whole plant was shut down from August 20 until September 1. During that period, we started the overhaul on the steam turbine and the WB40 boiler as well as the energy sector in general. The whole production sector was subjected to urgent maintenance works. In order to avoid overlapping of activities, some of them were performed in night-time as well. A great amount of work was done in the press section where we replaced a part of the construction, cleaned it, removed any excessive grease and applied fresh multi-layer coating for protection. In other sectors of the papermill, we renovated all stock and water containers, hollanders, ceilings above individual chests, various drains, concrete bases and to some extent the building's exteriors, metal constructions etc. Lots of discarded equipment was removed and the bleaching hall and sortation were thoroughly cleaned, the latter having been more or less abandoned and left to the ravages of time ever since the pulp production shutdown.

Extensive construction and maintenance works were performed on the water treatment plant as well. The reservoirs were emptied and the walls of the larger reservoir subjected to high-pressure cleaning and treated with waterproof coating. We also removed large amounts of old residual deposits.

The energy sector boilers' interior was cleaned, followed by an inspection check of both. In addition to the main starting valve, numerous other manual and steam valves were replaced as well. We checked all safety valves, performed a pressure test on steam distributors and repaired the turbine condenser. We opened the steam cylinders in the papermill, inspected their interiors and did pressure tests on steam distributors, separators and other pressure vessels and safety valves.

Before the actual shutdown, however, preparations for the installation of a new pulp line were launched, starting with the dismantling of metal parts and constructions and followed by construction works such as demolition, excavation and building of new foundations. The project involved several outsourced contractors coordinated by our colleagues from maintenance and production.

Paper production and the WB40 steam boiler were restarted on September 1. For us, production was conducted in new and uncommon circumstances. We waited impatiently for production to start again because we expected our theories concerning this particular method of operation to be confirmed, especially with regards to boiler start-up, the boiler's interior parameters, the operation of the steam pressure reducing station, the tightness of individual valves, the response of devices to sudden changes, the stability of both exterior and interior power supply systems and numerous other issues that occurred before or during the shutdown. Steam production on the steam boiler was performed with minimum parameters possible (in the absence of steam turbine bleedout, any disturbance in production is immediately reflected in the energy sector as well) Operation in production and the energy sector was limited and difficult, which is why I would like to use this opportunity to thank all of you who were involved in the production or maintenance process during this period.

Unfortunately, additional anomalies occurred on several segments of the turbine during its overhaul, requiring extra work and repairs, and causing the restart of the steam turbine's operation to be delayed. The situation was quite testing for both the contractors and the people who live nearby. Again, thank you all for your patience and understanding! Such an extensive overhaul of the energy sector is conducted only every ten years or so. During this year's overhaul, we gained lots of new experience we can use for the upgrade or purchase of individual devices, machines and assemblies that will improve the existing operating conditions. In addition, experience might just come in handy in the process of planning future shutdowns and methods of operation.

The energy sector overhaul was concluded on September 22 when normal operation conditions were re-established throughout the papermill as well. The new pulp line was launched and that involved an active role of our maintainers, especially those in the electronics department who managed to program everything just by themselves.

Despite the enormous scope of work, the numerous external contractors, companies and institutions, and the highly demanding operating conditions, everything that we had planned was successfully completed without any significant damage or injury.

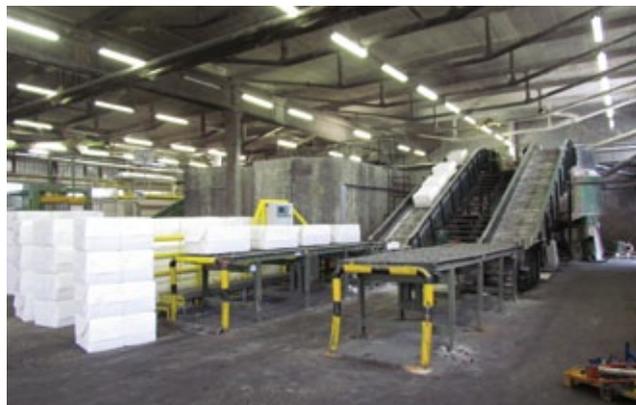
Janez Gale



Silencer.



Stator of the turbine at the end of overhaul.



Pulp line 1 before the reconstruction.



Cleaned blaching hall.

Energy sector overhaul in September 2012



Steam turbine overhaul.

This year's energy sector overhaul was focused on the big boiler included in the periodical internal inspection, whereas the steam turbine required a more thorough revision and repair.

In order for its interior to be properly examined, the boiler has to be prepared and cleaned in certain parts so that the energy inspector is able to assess the condition of the lining and the pipe systems. No visible irregularities or non-conformities were discovered and the inspector approved further operation of the boiler. The inspector's visit usually

lasts a day, whereas the whole process, including cleaning the boiler before the inspection and closing it afterwards takes a few days which is a lot shorter than the steam turbine overhaul.

The steam turbine was inspected and repaired by the Croatian company Tvornica Turbina Karlovac (TTK) which was chosen due to positive experience shared by several other Slovenian operators of similar steam turbines. The overhaul started on August 20 with the dismantling of turbine component parts - beginning with protective plates and insu-



Value control.



Steam turbine assembled and working.

lation material, the measuring and regulating equipment and the oil pipes, and continuing with larger parts such as the covers of the turbine, reductor and bearings. In addition, the wear of various machine parts was tested. The larger parts were then transported to TTK to be analysed in detail. The most important among these parts was the turbine rotor. The inspection of its blades shows that they are in good condition whereas some other machine parts were too worn to be further used. Any spare parts for replacement were ordered during the overhaul in order to reduce the costs of having to order the parts beforehand and accumulating unnecessary stock. Larger machine parts such as most of the bearings were repaired by TTK on their main location whereas the deformed valve seats on the cover of the steam turbine, for example, were handled by TTK in Jesenice.

In addition to control measurements and spare part production in Karlovac, the overhaul activities took place at Goričane as well. We continued with the dismantling and cleaning of larger valves, cleaned the turbine oil reservoir and filtered the oil. Other parts of the energy sector were busy as well: we repaired the ground-floor condenser in the boiler hall and pressure-tested the distributor of steam for the paper machine. In addition, we checked the condition of safety valves throughout the energy sector.

The boiler inspection and the paper machine overhaul were completed a lot earlier than the repairs on the steam turbine, which is why we restarted paper production on September 1 without the turbine. Consequently, steam from the boiler could not pass through the steam turbine and excessive steam produced during unplanned events (e.g. paper breaks or PM shutdowns) had to be released into the environment.

The final works on the steam turbine took almost a week since it is of key importance that the spinning parts are

installed carefully and precisely in order to ensure smooth operation. The construction and alignment precision provide a smooth operation of the rotor when spinning with high speed. Steam turbine construction and synchronisation were successfully completed on September 22nd.

Marko Žiberna



Steam turbine rotor.



Steam turbine cover.



Gear box.

Development focused on creating high added value



Agent's meeting 2012.



Training at printing house Rolgraf.

Product and technology development focused on creating high added value is a continual challenge here at Papermill Goričane, requiring constant monitoring of trends on the global market, timely recognition of risks and opportunities on all segments of operation as well as quick responses based on well-designed development projects.

In 2012, development projects were focused on developing new products and optimizing the quality of existing products. Here is a list of current projects:

- development of paper for inkjet digital printing
- development of market niche for electrophotographic digital printing techniques
- development of scented paper
- expanding the market niches for one-sided Face paper
- optimizing the quality of silicone paper surface
- optimizing the quality of self-copy papers, focusing on the speed of colour development based on developing a new coating mixture
- optimizing the quality of matt-coated graphic papers
- optimizing the wet end of the paper machine
- optimizing production processes to reduce impurities in paper
- optimizing the quality of sheet paper to achieve high-speed printing
- upgrading the system of reporting related to the monitoring of technological parameters for all PM workplaces in order to ensure timely reactions in cases of potential non-compliance with the regulations.

Our development projects are successful because they involve highly-qualified experts from development and production. We are focused on teamwork and our teams include employees from various departments, depending on the activities and issues involved. The development projects strive for excellence by bringing together suppliers of raw materials and manufacturers of machine clothing and various papermaking and printing machines. We are aware of the fact that knowledge can

be built only by developing products provided by our suppliers. Paper development and optimization are adjusted to follow the development of printing machines both in relation to different printing techniques and the constantly increasing printing speed. Targeted training of our employees is an important part of successful development, which is why we attend various seminars and fairs and cooperate with different educational institutions. The newly acquired skills and knowledge are then shared with our colleagues in other departments, thus enabling them to be aware of new production processes and methods of controlling required by new products. The aim of training employees is to emphasize the importance of customer-driven quality assurance.

New products on the market are tested by a professional technical service with the purpose of assessing paper quality and applicability by taking into consideration the opinions of various paper customers on the market. It is extremely important to get the right information on time since market-attractive products can only be developed by understanding the requirements for a certain product. Agents are an indispensable part of development projects. They are the ones actively supporting the development of new products and performing initial market analyses as the basis for development project preparation. In addition, they have an important role in the process of test trials since their job is to find appropriate customers who are willing to test a new product. However, their main responsibility is to be fully focused on the final stage of development when a product enters the market. Regardless of its quality, a product cannot be successful if its entry is not planned and well-prepared. This year's agent meeting involved a workshop titled »Best approaches in sales and marketing«. The purpose of this workshop was to take a look at the various approaches of agents on different markets. We analysed some cases of more and less successful market entries of products developed in the recent years, trying to specify what we had done right and what could have been changed. The workshop was concluded with a summary of activities to be performed in cooperation with agents if we want to achieve the sales goals set for the next five years. As the year is coming to its end, we can proudly look back at the results in development and congratulate project managers and all of you who were involved in development teams. You did an excellent job!

SORA JET – a new opportunity

A popular saying claims that third time is the charm. Hopefully, this will be true for the SORA JET paper that is currently in development. On our paper machine, paper for inkjet printing was first produced in 1998 but the quality was unfortunately not up to standards. In 2003 we tried again and had no better luck.

This time it is different. Manufacturers of printing machines are interested in close cooperation with papermakers. They are searching for paper with the perfect price-quality rate. Printing machines have been rapidly developing in the last few years with speeds already exceeding 120 m/min, using rolls wider than 50 cm and different types of inks in order to reproduce the quality and durability of prints produced by offset printing machines. Quality and durability are factors speaking against inkjet printing, whereas flexibility, cost efficiency and printing without inventories tip the scales strongly in its favour. The point of developing specialty paper has been thoroughly discussed as well and there are claims that with the quality of inks to be developed soon, specialty paper will be no longer needed at all, but the current development of inks and printing machines has proven quite the opposite. This is a trend we should follow.

Sora Jet paper was developed in cooperation with one of the leading manufactures of printing machines, a company interested in working with us, motivating us with goals we were eager and able to achieve. The success of their sales in 2011 placed them among the top manufacturers on the market. Being able to perform tests at their development centre extremely important for quick progress and provided opportunities to acquire the much needed knowledge,

equipping us with key information for our sales agents. Trial printing is performed on different printing machines depending on potential applications.

In addition and based on forecasts promising fast growth, we started printing books as well. This new activity is actually a part of our long-term vision of becoming the leading company in the segment of specialty, light-weight papers. We produced a grammage which was a novelty for printing machine manufacturers and printers as well.

For us, production of SORA JET paper was a major challenge. It brought along numerous fears. How do we include a completely different stock in our product line? How to produce a suitable foundation since it has such an enormous effect on the final quality? And - how to analyse everything that has been done?

We succeeded because we relied on knowledge.

We have the control methods, the optimised foundation, the satisfactory coating, quality suppliers and a strong support in putting our paper on the market. But we also have the most important ingredient - people who believe in a new product, who strive for quality and who are aware of the importance of reliable paper machine operation.

Inkjet paper is the contemporary science and we are involved. We should be enormously proud!

And this is only the beginning ...

Maja Mrgole



Idea management



The old conveyor belt, completely corroded.



Team work.

The idea management project has been implemented at Papermill Goričane for 6 successive years. Our slogan, "EACH IDEA COUNTS", is an appeal to all employees to observe their work environment, keep an open mind, notice any issues that might occur in their daily work process and submit even the simplest ideas for improvement to their superiors or the Idea Management Committee.

Only 17 ideas were submitted in 2012, which is nevertheless more than last year. In the first three years, however, the number was almost by half higher. When I inquire about the reasons for not submitting the improvements already implemented, our employees often explain that it is difficult for them to write down ideas. As I have mentioned before, all managers should be aware of their role in motivating employees

to submit their ideas. In addition, they can help them to actually write down these ideas, especially the ones that have been implemented with their approval.

In January 2013, we will give awards to three most original useful proposals. The awarded employees will be featured in the next issue of our newspaper.

As the president of the Idea Management Committee, I have the honour to choose some ideas and their authors and present them in the newspaper. This time, I chose a case of good practice in the mechanical maintenance workshop. Ideas and solutions suggested by employees in this department have significantly improved their work and at the same time contributed to a reduction of expenses and better environment.

Idea management overhaul

	2007	2008	2009	2010	2011	2012
No. of proposals	35	44	32	18	5	17
No. of proposals per employee	0.18	0.18	0.15	0.08	0.025	0.08
No. of so-called PAPIRKO proposals	0	7	17	1	0	4
No. of proposers	19	20	11	13	6	11
No. of collective proposals	2	7	0	2	2	3
Share of proposers (%)	9,5	10	5	6	3	5
No. of realized proposals	16	5	7	10	3	12
Share of realized proposals (%)	46	11	22	56	60	71
Payment of net awards (€)	3,875	748	462	1026	320	In process
No. of proposals by department						
Paper mill		10	6	11	3	9
Finishing		0	10	0	0	0
Production planning		2	11	3	0	0
Maintenance		25	3	3	1	7
Logistics		7	0	0	0	0
Water treatment plant				1	0	0
Quality control				0	1	1

nmental awareness. Due to many years of operating in a corrosive environment, the dewatering press on the water treatment plan was in a very bad condition and no spare parts were available. Thus, the maintainers decided to gradually build certain parts of the machine by themselves. In 2012, they made a conveyor belt. With their own creativity, they improved certain parts in order to enhance the operation of the rubber belt, and they used additional reinforcements and carefully selected materials to ensure a long useful life of the belt's construction.

The creativity of our maintainers is limitless, proven by numerous improvements in the process of lubrication. Manual filling of the device for bearings lubrication allowed the air and impurities to enter the machine, whereas a large amount of waste was usually accumulated due to the excessive grease around the tank.

The maintainers managed to achieve the filling of the lubricator through the dosing head by means of air from the pump. They used old, already disposed air pumps that had been repaired for this purpose. In addition to achieving controlled input of grease to the lubricator, they managed to reduce the amount of rags used for wiping away excessive grease.

The waste oil container used to be transported by a forklift where it could slide off the forks and cause oil spillage. Our employees found a solution by using clamps to fix the 200 l container to an old base, thus ensuring safe transport to the waste oil collection site. The container is equipped with a filling opening.

The bearing on the no. 29 guide roll had to be replaced quite frequently because lubricating it with grease caused fire on the drive side. The maintainers suggested lubrication with oil. The picture below shows the system of oil lubrication which improved the functioning of the bearing, prolonged its useful life and reduced potential unplanned shutdowns.

In addition, our highly creative maintainers used an old industrial vacuum cleaner for oil pumping in case of spillage. They repaired a useless vacuum cleaner which additionally reduced the amount of waste since rags or absorbents are no longer necessary. For several years, they had been playing with the idea of simply vacuuming excessive oil on the waste water treatment plant in case of spillage. Oil cannot be absorbed with absorbents since they get soaked with water. During this year's spillage of oil on the water treatment plant the maintainers used the industrial vacuum cleaner and efficiently prevented the pollution of river Sora.



Bottom part of conveyor belt construction.



Distributors for various types of lubricants.



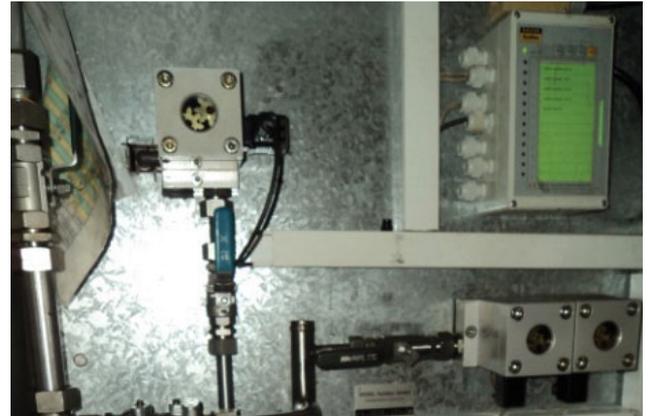
Upper part of conveyor belt.



Waste oil transport trolley.



Updated method for lubricator filling.



Bearing lubrication system.

As the president of the Idea Management Committee, I would like to use this opportunity to thank those of you who have submitted your ideas and expressed your creativity. In 2012, we received useful proposals from Azem Korač, Šaćir Velić, Rafael Kušar, Franci Jamnik, Ivica Bijelić, Aleš Pavlin, Klemen Burgar, Husein Bečić, Francel Laknar, Nenad Trope and

Nurfet Avdić. Members of the Idea Management Committee who have assessed the submitted ideas with great care include Maja Mrgole, Klemen Burgar, Matjaž Maretič and Janez Gale. My sincere thanks for your support to the idea management project.

Jerneja Pečnik

Operation	Name
Change of rope relative speed on the pope reel with regards to the SF.	Korač
Installation of a double filter system before the micromotion.	Korač
Cleaning of cylinder drying wires in cases of dark spots on the Parsytec.	Korač
Installation of HP washing to the III. and IV. group of cylinder drying wires.	Velić
Cutting of CF paper without phenols on the old rewinder to reduce dusting (slower rewinding reduces dusting).	Kušar
Connecting the operation of the shaker device to the 20M06 stock pump.	Omejc, Jamnik
Conversion of the intake for recovered water to the slushing section in order to reduce energy consumption.	Burgar
Visualisation of the regulator vacuum condition on the wire section.	Burgar
Conversion of inlet pipes to chest no. 10 by submerging the pipes below the level required to reduce the amount of paper stock impurities caused by the spraying of stock at the chest inlet.	Bijelić, Pavlin
Blockage of stock pump activation based on the rate of water flow through the headbox.	Bečić
Installation of automatic valves on positions 63.09.03 and 63.15.03 in order to ensure the dosing of each separate kaolin from storage tanks.	Avdić, Laknar
Proposal to produce a new conveyor belt for paper sludge on the water treatment plant with new materials, additional supporting structures and an improved wheel system.	Trope
Proposal for the transport of a 200 l waste oil container on a trolley. The container should be fixed to the trolley with clips. Additional filling mouth for waste oil.	Trope, Laknar
Proposal to fill the manual lubricator with grease through the dosing head by means of the air pump in order to ensure appliance of grease without the inlet of air or impurities. Reduced environmental pollution.	Laknar
Proposal to use oil instead of grease for the lubrication of bearings on the n0. 29 driving roll.	Laknar
Proposal to pour oil in or out of the 200-litre container by means of a smaller hydraulic aggregate taken from the lifting ramps and converted into an oil pump. It becomes portable if fixed to a base equipped with a handle.	Laknar
Proposal for automatic blowing off of sludge from the sedimentator's pyramids by means of air and water. Current system: manual blowing off with air.	Laknar
Proposal to use an old industrial vacuum cleaner for vacuuming spilled oil in order to reduce oil cloth waste.	Laknar

Training courses for papermaking technicians



The constant development of science and technology requires regular and life-long learning in our personal and professional lives. Regardless of our profession, level of education or job position, it is important to be informed and aware of any changes, updates or novelties that concern us. This is the only way to ensure competitive advantage and successful operation.

Our company provides the possibility of employee promotion which is why we offer various types of education and training courses.

Therefore, we decided again to join the correspondence training programme for papermaking technicians organized by the Austrian education institution Ausbildungszentrum der Österreichischen Papierindustrie. It was chosen because there are no educational programmes for papermaking technicians in Slovenia anymore. The first group of five employees (working as the PM operator, stock preparation manager and shift supervisor) started their courses in Autumn 2010 and successfully completed the programme in December 2011. Their impressions were extremely positive. They really liked the way the courses were carried out and they think the programme was really useful since they can apply the newly gained knowledge on a daily basis. The training programme starts with a two-day course in Austria whereas the rest takes place in Slovenia, more precisely at Papermill Goričane and Papermill Vevče, which makes it so much easier to regularly attend the courses. Lectures, taught by highly qualified and well trained colleagues from

Goričane, Papermill Vevče and Količevo Karton are scheduled for two afternoons a month. The training programme is completed by attending an obligatory 4-week course at the Ausbildungszentrum in Austria where participants are actively preparing for the written and oral exam before the Austrian state expert commission.

Due to the numerous advantages offered by such training courses, we decided to form a new group of four candidates who have started their lessons in October. They expect to finish the course in March 2014. Candidates chosen for the correspondence training programme are occupying the following job positions: cross-cutter operator, PM II assistant and the packaging machine operator. They have already attended the introductory meeting in Austria where they were informed of the details and now they are preparing for the first courses (out of 16 total) that will take place here in Slovenia. All lessons and other study materials have been translated to Slovenian. In addition, there is a Slovenian interpreter present during the Austrian courses that are held in German.

Although the costs of this training programme are certainly not negligible and represent a considerable financial burden, we believe that by providing this possibility, we offer our employees a chance to acquire in-depth knowledge and qualifications to be applied throughout the production process. After all, having skilled employees improves the overall business operation and product quality, which is why we plan to continue providing this opportunity in the future as well.

Andreja Kalan

Strategic management workshop



Creating our common values.



Establishing a strategy.

In October, the top management of Papermill Goričane attended a strategic management workshop in order to establish the company's strategy in the next five years. We defined the following fundamental values of our company: responsibility, cooperation, freedom of action, innovation and commitment. In addition, we reconfirmed the company's vision of becoming one of the leading European manufacturers of light-weight specialty papers by acting accordingly. In the future, the decisions adopted during the workshop will be integrated in the preparation of annual plans.

The key agreement is supported by four pillars: unconditional respect of our values, committed realisation of the common vision, implementation of business strategy and constant surpassing of the common goals.

Tea Rezelj



SORA face

One-side coated wood free label paper with silky finish.

Excellent flatness, high bulk and rigidity assure high printing and labelling speed. Its primary characteristics are multifunctionality and reliability. As a cost-effective product it is ideally suited for self-adhesive labels, jar and can labels; one-way bottles (plastic, PET, glass); wrapping of soft cigarette packets.

The stories of our employees: IVAN GLAVINA – IVEK



Ivan Glavina, our long-time colleague who has been working as a machinery analyst for the last few years, will retire in January 2013 after almost 42 years of service, 38 thereof at Papermill Goričane. Before he retreats to his well-deserved retirement, however, we decided to share his story and a few stories and thoughts that are definitely worth mentioning.

Ivan Glavina or Ivek - as we like to call him - was born in Croatia in 1950. He finished secondary vocational school to become a tinsmith and insulation contractor and then headed for Slovenia to find a job in search of a better future and new adventures.

His first employment was in Termika, a company based in Ljubljana. He worked there from 1971 until 1975 before moving on to former Aero where he was offered a job at the mechanical maintenance workshop. At the time, the company offered its employees a possibility of formal education. In 1979, Ivek successfully finished secondary technical school and became a mechanical engineering technician. With his new education, he had been offered a job at the investment and construction department where he worked until 1992. After the pulp production shutdown, he was promoted to the position of the mechanical maintenance workshop manager. At the time, the company was going through a phase of extensive development focused on state-of-the-art machinery and all that equipment required someone to control its operation. The maintenance department and the management decided to open a new position of a machinery analyst and offer it to Ivek. The job was right up his street and he has kept it to this day.

He admits that such an opportunity presented a great challenge but he gladly performed his tasks. His was always pleased to have discovered a malfunction, thus preventing more serious damage or machine shutdowns. His favourite memory? That moment in April 1976 when the first roll of paper appeared on the pope reel! Ivek is proud to say he was there to witness such a great novelty in the history of Goričane. He also remembers the insecurity that prevailed when pulp production had been shut down at the beginning of 1990s and how he and his colleagues feared the future.

Ivek says that it is really important to create a relaxed atmosphere of cooperation, honesty and mutual respect among coworkers. He has always been willing to help others, even during his free time. In his opinion, we should all strive for the common good of the company and try to contribute to its success as best as we can. He says that this papermill has given him a lot, especially with regards to knowledge which he has now readily shared with younger colleagues.

In addition, he stresses how proud he is to have worked at our company and how happy he is to be retiring soon since he is still very active and looking forward to spending time with his family, focusing on his hobbies.

Ivek would like to thank his coworkers, including those who have already retired. It has been a pleasure to work with you, he says, and wishes you all the best. And if he happens to pass by the papermill in the future, he will definitely check the smoke coming from the »Goričane chimney«, a clear message that the company is still operating successfully.

Andreja Kalan

The stories of our employees: TOMAŽ TRATNIK



1. Please tell us something about yourself.

I am 36 years old and I live in the village of Sora. My girlfriend and I have a 3-year old son Lian. I am a precision mechanic by trade, whereas I try to spend my free time in nature which really means a lot to me. My hobbies are mushroom picking and hunting.

2. When did you get a job at Goričane, which work position do you hold and what are your responsibilities?

I accepted a mechanic position at Goričane in May 2010 in order to replace a retired colleague. I am currently training to become a machinery analyst and replace another colleague who is also going to retire. I usually monitor machine and bearings condition, take care of shaft alignment and adjust the doctors.

3. What are your goals in this company?

My goals is to be as successful as my predecessor.

4. What do you like about your work the most?

I like the fact that new and exciting things are happening

on a daily basis. It is interesting to monitor machine operation and get to know all the novelties related to our work which makes it really diverse.

5. Which work principles are important to you?

I am focused on quality, cooperation and positive communication with my coworkers. Commitment to the company means a lot to me as well.

6. Where do you see yourself 10 years from now?

I hope that in 10 years, I will still be an employee at Pa-permill Goričane, contributing to the overall success of the company.

7. Do you think your opinion is heard and considered?

Definitely. If anyone discovers a defect or if anything goes wrong, we can always say so and our opinions are never ignored.

8. Is there something else you would like your colleagues to know?

It is my hope and wish to continue the quality relationships I have with my coworkers and to work well on my own and in a team, since this is the only way to provide good products and ensure progress.

Andreja Kalan

Human resources in 2012

ANNIVERSARIES IN 2012

We were happy to award two of our colleagues for 40 years of service:

Slavko Omejc and Dušan Turk.

Awards for 30 years of service were given to:

Silvo Bernard, Erna Kuralt, Slavko Čurguz, Rašid Mušič, Em-sud Đulsić, Marija Šiljić and Šačir Velič.

Awards for 10 years of service were given to:

Zoran Kršinar, Aleš Kralj, Jernej Čarman and Tadej Sirmnik.

2012 was an extraordinarily fruitful year in the baby department as well. Here is the abundant offspring:

Isa Islamaj son Ian, Lidija Kos son Anel, Petra Rahne daughter Katjuša, Marko Žiberna daughter Teja, Petra Hunjadi daughter Iva, Aleš and Polona Pavlin daughter Laura, Sanel Šmrković daughter Sara, Aleš and Andreja Kralj daughter Maruša, Boštjan Perić son Tine and Rasim Handanagić son Ajdin.

CONGRATULATIONS!

Andreja Kalan

Sixteen employees left the company since the last issue of newspaper, of them retired:

Dušan Turk, Safet Kuburić, Perica Gudelj, Darko Cafuta, Vin-ko Mesec, Rafael Kušar, Ibrahim Abdić and Slavko Omejc.

New employees:

Semir Duranović, Alojz Gal, Marko Šušteršič, Vukosava Cvijanović, Selvad Čelić, Jelena Kondić, Suzana Stojanović, An-drej Luštrik, Zdenka Cvajnar, Jan Dolenc, Vilko Malovrh, Almir Dedić, Marko Žagar, Erazem Jamnik and Jernej Jurčič.

Newspaper of the company
GORIČANE, tovarna papirja Medvode, d.d.

Ladja 10, 1215 Medvode, tel. + 386 /0/ 1 58 23 400

AD&D: KOFEIN DIZAJN d.o.o.

Printing: Tiskarna Grafos

Printed on SORA Matt 150g in SORA Matt 100g.

Merry Christmas
and Happy New Year



GORIČANE



SOTA form cf

SOTA silico epc

SOTA silico pva

SOTA aop laser

SOTA matt+

SOTA matt 1.1

SOTA Silk

SOTA press

SOTA press cream

SOTA light

SOTA medico

SOTA medico opaque

SOTA print opaque

SOTA face

SOTA Quality paper
- **your size**