



Statement Of The Management Board

In accordance with the Article 60a of the Companies Act, the Management Board of the company NLB Leasing Koper d.o.o. ensures that the annual report of the NLB Leasing Koper company and group for 2009, including the statement of self-management, is prepared and published in accordance with the Companies Act and the Slovene Accounting Standards.

The Management Board confirms that appropriate accounting policies were consistently applied in preparing the financial statements, that the accounting estimates were made on the basis of prudent and sound management. The financial statements have been prepared on the assumption that the Company will continue to operate as a going concern.

The Management Board of the company NLB Leasing Koper d.o.o. declares that to the best of their knowledge:

- the financial report of the company and group NLB Leasing Koper for 2009 presents a true and fair view of the assets and liablities, financial position and performance of the company NLB Leasing Koper d.o.o. and the company OL Nekretnine, Zagreb, which is included in the consolidated financial statements:
- the business report of the company and of the NLB Leasing Koper group for the year ended 31 December 2009 presents a true and fair view of the development and performance of the Company, as well as of its financial position, including the description of main types of risks to which it is exposed.

Andrej Pucer

Rok Sabadin

Goran Simčič

Managing director

Company Officer

Company Officer

Koper, 19.4.2010

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Introduction

Letter from the Management Board

The year 2009 was characterised by the deepening global financial and economic crisis which had begun to affect Slovenia already at the beginning of 2008 and as yet shows no signs of improvement.

A fall in economic activity in the non-financial sector and as a result deteriorating financial discipline in sectors where demand has been most affected by the crisis has also had an impact on financial institutions' operations. At a time when global economic conditions are testing, we are at NLB Leasing Koper d.o.o. facing less reliable payment by our customers and finding financing more difficult and expensive to obtain in foreign markets. We made our priorities managing our liquidity and maintaining capital adequacy, planning cash flows, and checking our customer's credit quality.

Because of the market situation, we strengthened our activities in managing the risks to which we are directly exposed. For this purpose, we upgraded our credit, market, currency, liquidity, interest rate as well as operational risk management systems. This enables us to achieve long-term stability in our operations which strengthens both our trading position as well as the confidence of all our stakeholders.

Despite the unfavourable situation in 2009, hope and optimism can be drawn from our good trading results in this period. With a careful investment policy we managed to make EUR 34 million of new investments, reach balance sheet total of EUR 111 million and realise profit before tax of EUR 304 thousand and EUR 205 thousand net profit after tax, despite EUR 1.6 million of impairments of receivables and investments.

In this period we purchased from our sister firm NLB Leasing d.o.o. Ljubljana a majority shareholding in the company OL Nekretnine d.o.o. Zagreb, and thus expanded our operational network to the South Eastern European region. Because of the difficult market conditions and poor trading results of OL Nekretnine d.o.o. Zagreb, we have written off the whole investment and begun a financial consolidation process.

In 2009 we successfully continued to invest in training our employees and in their professional development, the rewards of which can be seen in the optimization of operational processes and greater satisfaction of our business partners. Together with all our employees we aim to offer our customers a complete range of services, continually enhancing them and striving to attain complete satisfaction of our customers and business partners at the same time as fulfilling our corporate social responsibility.

We believe that despite the negative trend of the global economy, the business strategy of the firm will enables us to achieve our long-term goals. By running our business prudently in all areas and building on our past experience and knowledge and by developing and expanding the range of our services, we have reasons to be optimistic also in 2010.

Andrej Pucer

Rok Sabadin

Goran Simčič

Managing director

Koper, 19.4.2010

Company Officer

Company Officer

Report Of The Supervisory Board

The Supervisory Board of NLB Leasing Koper d.o.o, in accordance with the clauses of Article 282 of the Company Act and this report, informs the general assembly of the following:

- means and scope of verifying the management of the Company during the financial year 2009;
- verifying and confirming the annual report of the company and group NLB Leasing Koper for 2009;
- verifying the proposal for the appropriation of the Company's profits;
- Supervisory Board's view on the auditor's reports.

Until 11 March 2009, as capital representatives in the Supervisory Board there were: Samo Turk (Chairman), Mirjam Štebe (Vice-Chairman) and Marko Herzog. On 11 March 2009, the members of the Supervisory Board became Samo Turk (Chairman), Dušan Mandič (Vice-Chairman) and Marko Herzog. The composition of the Supervisory Board operated remained unchanged until the end of 2009.

Tracking and supervision of the operations of the company

In 2009, the Supervisory Board held 15 meetings, of which 5 were regular and 9 by correspondence. Beside current information on the operations of the company and management of legal transactions, where prior agreement of the Supervisory Board is needed, the Supervisory Board was informed also about every area that materially influences the long-term interests of the company and realization of the adopted business plan.

Based on the Decision on limits on operations of the company and group, the management needs to obtain the prior agreement of the Supervisory Board for entering into legal transactions, exceeding EUR 2,300.000.

In 2009, the Supervisory Board considered the following important issues:

- adoption of the annual report for 2008 including auditor's report;
- consent to choose the audit firm PricewaterhouseCoopers d.o.o. for auditing the financial statements and annual report of the Company and Group for financial year 2009;
- consent to the management's proposal of the management for the distribution of all profits for the year 2008 to the sole shareholder;
- confirmation of changes to the Company's organization and structure;
- adoption of the policy on liquidity, interest and currency risk management in the firm;
- adoption of the decision on trading limits for the firm and group;
- confirmation of total limit of outstanding balances of business partners;
- consent to the investment in the firm OL Nekretnine, Zagreb;
- confirmation of the operations of subsidiaries.

The Supervisory Board judges that the management prepared adequate and correct reports, information and analyses, which were subject to additional clarifications by management at meetings of the supervisory, or, on occasion, by those who prepared the documentation.

The Supervisory Board thus obtained the required access to all key operational fields which enables it to function smoothly, i.e. tracking and supervision of the operations of the Company within its powers and competences that are defined by the law and the Memorandum of Association.

Verifying the annual plan and position towards the auditor's report

The independent auditor's report to the annual report 2009 states that the financial statements are in all important views a fair presentation of the financial position of the firm and group, its profit and loss, and cash flows in 2009.

Following the verification, the Supervisory Board of NLB Leasing Koper has no additional remarks on the annual report of the firm and group NLB Leasing Koper for 2009, and confirmed the report on 28.5.2010.

At the session on 28.5.2010, the Supervisory Board convened an annual general meeting, and verified the proposal for using profit for appropriation, as defined in the annual balance.

Conclusion and proposal for the appropriation of profits

The Company NLB Leasing Koper d.o.o. ended the financial year 2009 with net profit of EUR 205 thousand.

On its 2nd regular session on 28.5.2010, the Supervisory Board consented to the management's proposal to pay the whole profit to the sole shareholder.

In addition to the above, the Supervisory Board also recommends that the annual general meeting of shareholders of the Company to discharge the management and Supervisory Board for operations in 2009.

James

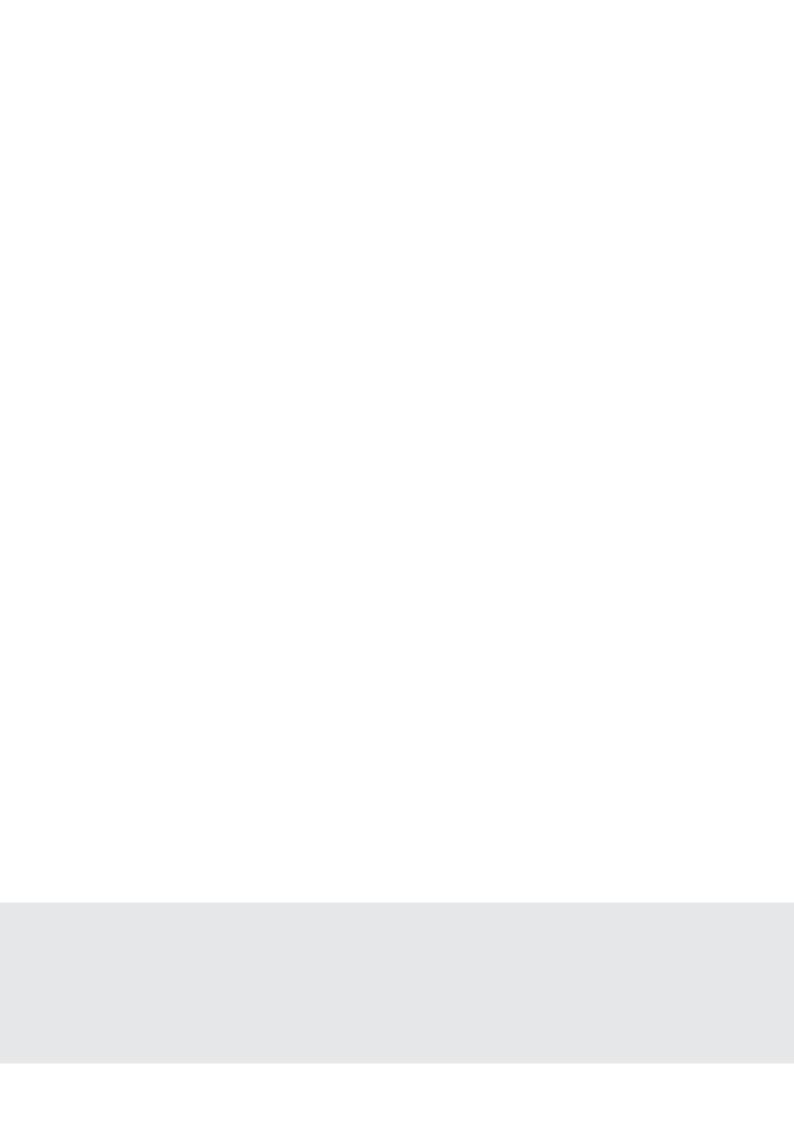
Marko Herzog Chairman of the Supervisory Board

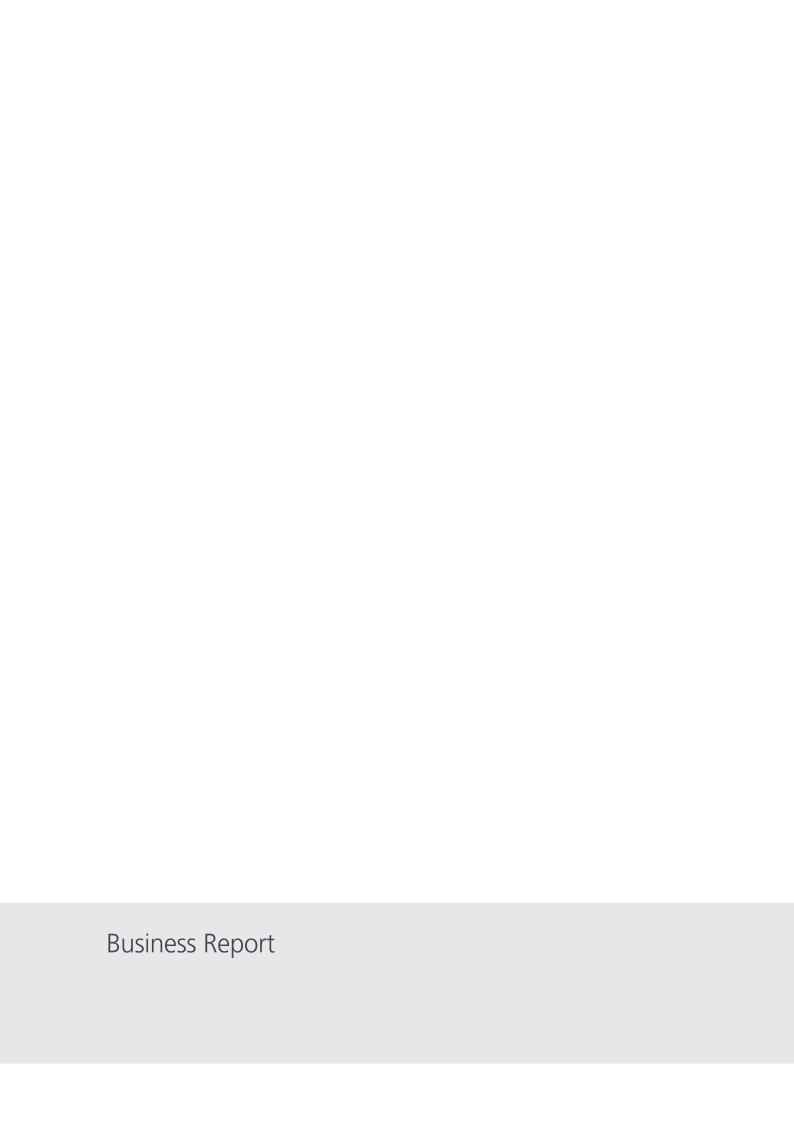
Ljubljana, 28.5.2010

Important Events After The End Of The Financial Year

On 17 February 2010, the current members of the Supervisory Board were recalled by the sole shareholder, and new members were named for a 4-year term: Marko Herzog (Chairman), Dušan Mandič (Vice-Chairman) and Marko Ninčevič.

There were no other important business events that impact on the information here presented.





Presentation

Firm:	NLB Leasing Koper d.o.o.
Headquarters:	Ferrarska 10/II
	6000 Koper
	Slovenia
Managing director:	Andrej Pucer
Company Officers:	Rok Sabadin, Goran Simčič
Chairman of Supervisory Board:	Marko Herzog
Telephone:	05 6100 400
Facsimile:	05 6391 136
Info:	http://www.nlbleasing.si
Company registration n°:	5970440
VAT Nr:	SI52129004
Registration of a company:	1/05232/00.
Activity code:	65.210
Financial year:	31 December
Date of company registration:	6.12.1996
Share capital:	1.825.862,45 EUR
Bank account:	SI56022360010376331, NLB d.d.
Registered activity:	• finance leasing
	operating leasing
	• leasing of real estate, motor vehicles, boats, agricultural, building, office and other equipment
	• dealing in own real estate
	other lending activities
	wholesale and retail of motor vehicles.
Ownership structure:	Nova Ljubljanska banka d.d., Ljubljana – 100,00%
Business offices:	NLB Leasing Koper d.o.o., Poslovalnica Nova Gorica
Registered office:	Cesta 25. junija 1J
	5000 Nova Gorica
	Slovenia
Manager:	Goran Simčič
Telephone:	05 33 555 71
Facsimile:	05 33 555 70
Subsidiary:	OL Nekretnine d.o.o., Zagreb
Registered office:	Miramarska 24
	10000 Zagreb
	Croatia
Managing director:	Andrej Pogačnik
Telephone:	+385 (1) 63 29 972
Facsimile:	+385 (1) 61 77 228
E-mail:	info@OL-nekretnine.hr
Ownership structure:	NLB Leasing Koper d.o.o. – 75,1 %

Information on ownership and controlling entity

The Company NLB Leasing Koper d.o.o. is in fully owned subsidiary of Nova Ljubljanska banka d.d., Ljubljana, Trg republike 2, 1520 Ljubljana, which prepares a consolidated annual report.

From 17 February 2009 onwards, the firm NLB Leasing Koper d.o.o. has owned a 75.1 % shareholding in the company OL Nekretnine d.o.o. Zagreb. The Company NLB Leasing Koper d.o.o. prepares a consolidated annual report including this subsidiary company.

The NLB Leasing Koper group comprises NLB Leasing Koper d.o.o. and its subsidiary OL Nekretnine d.o.o., Zagreb.

Connections with related parties

As a subsidiary of the NLB Group, the firm NLB Leasing Koper d.o.o. has the following types of relations with the group:

- **ownership** through capital employed it is connected with NLB d.d. which as sole shareholder controls the annual general meeting of shareholders,
- **control** members of the Supervisory Board, named by the general meeting: two members representative the ultimate owner (NLB d.d.), one member is an external professional and is from the immediate owner NLB Leasing d.o.o. Ljubljana,
- business the firm has business relations with its owner, which as a bank, is the source of its credit. It also has business relations with its sister company, NLB Leasing d.o.o. Ljubljana, with which it has signed a Market-sharing Agreement and aligns its general operational requirements, its contractual practises and commercial actions and also has a service contract, according to which the companies provide one another required services for which they lack their own human resources,
- management as a parent bank in the NLB Group, NLB d.d. leads a harmonization operational policy in all companies in which it has a direct or indirect equity holding in order to manage risks. Monitoring of operations and management is carried by Line of business, through the Alco Committee, strategy conferences as well as lower level meetings. The Company's management reports on all important events within the firm at ordinary sessions of the Supervisory Board, and also convenes extraordinary sessions, especially for obtaining consents to conclude bigger deals. The Supervisory Board's work is being supervised by NLB d.d. through the supportive function of Centre of Management Group. At its sessions, the management board of NLB d.d. considers material relating to the management and supervision of the Company.

As the controlling company of the NLB Leasing Koper Group, the firm NLB Leasing Koper d.o.o. has the following relations:

- ownership through its equity investment it controls the Company OL Nekretnine d.o.o. Zagreb,
- **control** members of the Supervisory Board, named by the owner of the Company, include: two members who are external experts from its immediate owners (from NLB Leasing Ljubljana d.o.o.), one member who is a representative of the minority interest.

About Leasing

What is leasing?

Leasing is a specialised form of financing the use of equipment and real estate. It is neither a full lease nor a full loan, even though it has characteristics of both. The object of the contract is made available for use by the leaseholder (in return for a specified fee and for a specified period). The lessor thus purchases the object of the contract and makes it available to lessee. The latter makes lease payments in accordance with the leasing contract. Throughout the duration of the leasing contract, the owner of the object of the contract is the lessor. At the end of the contractual relationship, the leaseholder can purchase the object of the contract.

Difference between leasing and credit

The difference between leasing and credit lies in the security of lender. With leasing, there is no need to secure the claim, as the object of the contract, an asset or real estate, is secured by the outright ownership of the lessor.

Advantages of leasing compared with other means of financing

There is a greater ability to tailor the terms of financing to individual needs and fast and simple procedure for approving the financing.

Legal entities are entitled to certain influences of financing on balance sheet and financial statement.

Clients with a slightly lower can also obtain financing, as can young and newly established companies.

With leasing, there is usually no need for additional security for longer term investments.

Investment financing through certain modes of leasing does not lower the client's credit potential, thus improving working capital.

Finance leasing

Finance leasing is the most frequent mode of leasing, suitable for both natural persons and legal entities. On signing a contract, the lessee states that at the end of repayment period they wishes to become the legal owner of the object of the contract (car, apartment, house, boat etc.), by purchasing the ownership rights. Until all instalments have been repaid and the right to purchase has been exercised, the legal owner of the object of the contract is the lessor.

Operating leasing

Operational leasing is suitable to those clients who are primarily interested in the use, but not the purchase of the object of the contract. Usually, legal entities and entrepreneurial individuals who have the possibility of adjusting the level of monthly lease payments, opt for this form of leasing. At the end of the contract, they can prolong the rental, return or purchase the object of the contract.

The lessee is entitled to all advantages of off-balance-sheet financing (legal entities). The whole rent represents the distributable expenditure, and consequently lowers taxable profits and the corporate income tax expense.

Sale & Lease Back

The owner of the subject of the leasing sells the underlying asset to leaseholder at the agreed purchase price, and the latter leases it back to the same legal entity, or puts it up for economic ownership through finance or operationing leasing. Thus, the company is able to obtain additional assets for:

- current assets, needed for expanding the scope of operations
- new investments
- refinancing other transactions with unfavourable price or maturity

Investment leasing

This method of financing is suitable for both natural persons and legal entities, and is used only with real estate leasing. It enables the financing and construction of business premises, multipurpose buildings, warehouses, production buildings, housing for sale on the open market. The share of private funding needed is determined on a case by case basis for each investment.

How To Obtain Leasing?

At both NLB Leasing Koper d.o.o. establishments, there are experts who respond to clients' questions. Clients receive a questionnaire to complete and return it to the establishment, together with the required documentation. An agreement is reached on most suitable mode of leasing is made, the appropriate financing period and other financing conditions (the offer is adjusted to the needs and wishes of the clients).

After the receipt of needed documentation, in the shortest time possible, checks are performed on the credit rating of the client and on the object of the leasing contract. The next step is signing the leasing contract and adoption of the subject of the leasing.

Macroeconomic Environment 2009

The Institute for Economic Reasearch at the Faculty of Law in Ljubljana concluded in their publication "Gospodarska gibanja" (Economic trends) that the economic indicators at the end of 2009 were moving in completely different ways, which increases uncertainty.

In September 2009, domestic demand increased by 4.4%; however, it did not reach the seasonal level. It increased at a consumer level and in terms of investment, but fell at a state level. The improvement of consumer expenditure, indeed, visibly tailed off over the past two months, with the lowest potential for a pick up in the construction sector. In September, export demand greatly increased; however, it was still a fifth lower compared to the previous year. Export orders are continuing to increasing and expected export demand is increasing even more, more noticeably in goods than in services.

The decrease in trade deficit continued in October, interim dynamics was according to the scope of exchange and trade deficit decrease more favourable than the average of ten months. The economic climate improved in the past month; however, its growth was barely noticeable. In November, the economic climate indicator was still 22% lower than long-term average. The trust in the industry is higher, and in non-industry activities mostly lower.

After the stabilization of service activities in October, the trust was lowered again in November, especially in retail that is coping with insufficient demand, strong competition and high personnel costs. Industrial production decreased once more in October, with supplies at producers lower than a month before, and significantly lower than in October 2008. Among non-industry activities, the activity in October was a bit higher only in construction and maritime shipping of goods. The number of touristic accommodations was slightly lowered also during autumn months.

The crisis in the car market worsened once more, in October there were almost one-fifth less new road vehicles registered in comparison with 2008.

The number of working population did increase in September; however the number was 3.6% lower than the previous year. In November, more than 95,000 job-seekers were registered, which is 50% more than the previous year, whereas there were one-fourth less new posts. The surveyed unemployment rate was significantly increased as well. Significant price increase for 0.9% in November was not only seasonal. It was focused on goods, and service prices even lowered. The index was higher especially due to controlled prices. The increase of harmonized price index that enables comparison with price growth in the euro area was significant. Among the economies in the euro area, Slovenia had the second highest interim inflation rate.

Price expectations at goods already increased above the long-term average and stay significantly below the long-term average at services. Prices at producers remained unchanged, whereas the growth of expected prices stopped in November. The price of raw materials on world markets is continuously increasing.

Personnel costs in Slovenia are slowly stabilizing, in 3rd quarter the costs were even below the growth in the euro area. In September, the average gross wages were increased by 1.2%, and in October by 1.7% on yearly basis. Such low wage increases are partly a consequence of decreased number of working hours. General government revenues decreased in November for 3%, and this especially showed at indirect tax.

Out of important indirect tax forms, in November only incomes of personal income tax slightly increased, whereas all other forms remained unchanged or even decreased.

The liquidity drought continuous. In October, joint credits remained almost unchanged, with company credits being decreased, and population credits increased. Increasing issues with liquidity is even more illustrated by deposits dynamics, and not only credit dynamics, as in October they were decreased for both population and companies.

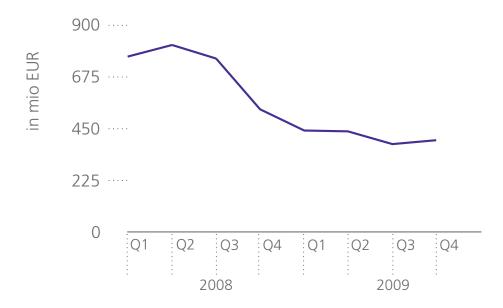
Consumer credits in Slovenia remain cheaper than in the euro area, other credits are more expensive, whereas banks in Slovenia offer more than banks in the euro area for deposits, especially long-term ones. Despite the beginning of economic exchange with the rest of the world in the second half, the current account balance remains positive even after ten months Net liabilities increased in October, and decreased in ten months as a whole.

When purchasing the firm OL Nekretnine in 2009, the NLB Leasing Koper Group had to cope with the issues and consequences of the global financial crisis in the Croatian market. In 2009, Croatia registers lower economic growth than previous years, especially due to worsening of outer-trade balance where lower export was registered. Lower demand from abroad influenced also on smaller scope of industrial production, which influenced on increase of unemployment and decrease of consumption.

Lower level of financing capital markets, lower level of liquidity in financial sector and higher interbank rates were registered as well.

Business Environment Of Leasing Activity 2009

Figure 1: New investments in mio € per quarters in 2008 and 2009

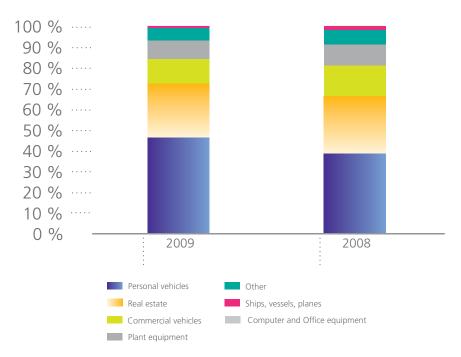


Source: Association of leasing companies in Slovenia.

Growth in the Slovene leasing market ground to a halt in the last two quarters of 2008 and then fell in 2009. If we look at the cost of equipment subject to new leasing contracts in 2009, the 2009 new leasing turnover is only 58% of that of 2008. It is the first time in the history of the Slovene leasing market that the yearly growth was negative. In Q1, there were EUR 439.7 million new leasing turnover (2008: EUR 760.9 million), in Q2 EUR 436.3 million (2008: EUR 811.8 million), Q3 EUR 381.0 million (2008: EUR 753.4 million), and Q4 EUR 398.3 million (2008: EUR 532.6 million).

V letu 2009 so še naprej največjo vlogo na trgu igrali Hypo Leasing, Skupina SKB Leasing, Summit Leasing, Porsche Leasing in NLB Leasing. Omenjene družbe skupaj dosegajo 73,9% tržnega deleža. V obliki lizing storitev je bilo leta 2009 na slovenskem trgu financiranih 1.655,4 mio EUR naložb, leta 2008 pa 2.858,7 mio EUR naložb. Obseg finančnega lizinga je v letu 2009 znašal 1.036,8 mio EUR (63%), poslovnega najema 274,5 mio EUR (17%) in posojil 344,1 mio EUR (21%).

Figure 2: Structure of leasing in Slovenia in 2009 and 2008



Vir: Association of leasing companies in Slovenia

The biggest players on the market in 2009 were still Hypo Leasing, Skupina SKB Leasing, Summit Leasing, Porsche Leasing and NLB Leasing. These companies together have a combined market share of 73.9%. Leasing companies in 2009 financed EUR 1,655.4 million worth of investments in the Slovene market, while the corresponding figure for 2008 was EUR 2,858.7 million. Financial leasing represented EUR 1,036.8 million (63%) in 2009, while operational leasing represented EUR 274.5 million (17%), and loans EUR 344.1 million (21%).

NLB Leasing companies operating in Slovenia (NLB Leasing Ljubljana, NLB Leasing Koper and NLB Leasing Maribor) achieved a 7.1% market share and NLB Leasing Ljubljana a market share of 3.7%, using the purchase cost of new leasing as the basis for calculating market share. If the market share was calculated on same the basis as is used for banking (i.e. balance sheet total), the NLB Leasing would have a 12.9% market share, and 2nd place in the market.

Table 1:

Amount of new investments
(purchase and financial value) in 2009

		,	YEARLY TURNOVE	R 2009 (in mio €)		
	Purchase price	GRADE	TD %	Financial value	RANG	TD %
HYPO LEASING	547.9	1	33.1	438.2	1	32.7
SKB-SKUPINA SG	271.0	2	16.4	246.9	2	18.4
SUMMIT LEASING	157.7	3	9.5	121.3	3	9.0
PORSCHE LEASING	128.5	4	7.8	105.6	4	7.9
DRUŽBE NLB LEASING	118.1	5	7.1	94.6	5	7.1
UNICREDIT LEASING	86.4	6	5.2	60.7	6	4.5
VBS LEASING + VBS HIŠA	86.0	7	5.2	63.1	7	4.7
DAIMLER AC LEASING	63.7	8	3.8	53.7	8	4.0
FINOR	40.5	9	2.4	29.9	9	2.2
ALEASING	40.1	10	2.4	29.4	10	2.2
SKUPINA KBM LEASING	32.9	11	2.0	30.4	11	2.3
BKS-LEASING	29.5	12	1.8	22.8	12	1.7
SPARKASSEN / IMMORENT	24.9	13	1.5	21.5	13	1.6
PROBANKA LEASING	15.3	14	0.9	13.1	14	1.0
MICRA T	8.8	15	0.5	6.3	15	0.5
VBKS LEASING	4.3	16	0.3	3.6	16	0.3
TOTAL	1,655.4		100.0	1,341.2		100.0
NLB Leasing Koper d.o.o.	45.1	9	2.7%	34.4	9	2.6%

Vir: Association of leasing companies in Slovenia

The Slovene leasing market is divided mainly between companies or groups that act as universal leasing providers in the market and "captive leasing companies" that are owned by vehicle distributors. The latter offer exclusively the leasing of personal and commercial vehicles. Among those which have high market share are Summit Leasing, Porsche Leasing and Daimler AC Leasing. The biggest universal leasing providers are Hypo Leasing, SKB Leasing and NLB Leasing.

Among biggest providers in the segment of personal vehicles leasing there are both universal providers and firms that are organized within vehicle distributors, whereas in the segment of real estate there are only universal leasing providers.

The European Leasing Market

Expectations for 2010 in EU countries continue to be uncertain; the ultimate outcome will be dependent on how successfully individual markets recover, in particular the financial markets, where a slight improvement is expected in 2010. According to the latest research, the European leasing market on the whole contracted in 2009, but still presents a major source of funds for new business investments. The size of the market or leasing portfolio is estimated at EUR 501 billion and compared to 2008 the market fell by 8%. According to Leaseurope, there was a much bigger fall in the volume of new investment in 2009, amounting to some 31%. The amount of new investments fell throughout the year, with variations between different member states, depending on when the financial crisis hit the non-financial services sector of the economy.

The most sought after leasing products in Croatia include properties, primarily in Zagreb and the touristy coastal towns. The increased interest is mostly dependent on how successfully Croatia will align to the EU. Even before 2008, according to the Act on leasing a special agency (HAFNA) was introduced that supervises operations of leasing firms. The Act permits only financial and operating leasing, and forbids lending operations.

Review Of Operations 2009

Table 2: Important data on operations in 2009

	EUR 000
Revenues:	11,832
Profit before taxes:	304
Net profit:	205
Capital:	4,550
Balance sheet total:	110,845
ROE % before taxes:	6.7
ROA % before taxes:	0.27
CIR %:	40
K/P %:	4.1
Number of employees (average):	20
Net profit per employee:	10.3
Balance sheet total per employee:	5,542

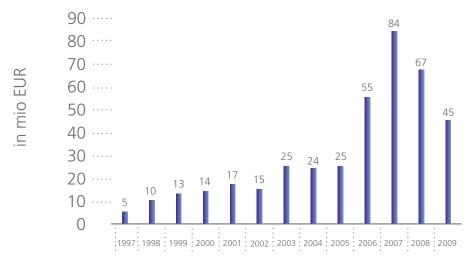
In 2009, the volume of financing reached 2.7% market share in Slovenia.

Table 3: Overview of the firm's investments per years

Year	Nr. of contracts	Investment (in mio EUR)
1997	278	5.00
1998	409	9.85
1999	498	12.59
2000	908	13.56
2001	1,025	16.53
2002	1,050	14.85
2003	1,442	24.68
2004	1,383	23.57
2005	1,551	25.27
2006	2,055	54.55
2007	2,830	84.13
2008	2,611	67.12
2009	2,175	45.10
Total	18,215	396.80

Source: NLB Leasing Koper.

Figure 3: **Volume of investments per years**



Source: NLB Leasing Koper.

Sale

The firm NLB Leasing Koper d.o.o. operates in the territory of SW Slovenia, and offers financial and operational leasing to legal entities, sole traders and natural persons.

The firm operates at its headquarters in Koper and establishment in Nova Gorica. It has a good cooperation with the NLB d.d. establishments in Koper and Nova Gorica.

In 2009, the firm concluded EUR 45.1 million worth leasing volumes per value of equipment, and concluded 2,175 contracts.

Table 4:

Breakdown of new leasing contracts per year per specific equipment type (in mio EUR)

Equipment group	2002	2003	2004	2005	2006	2007	2008	2009
Personal vehicles	6.35	10.43	10.31	12.12	17.31	27.49	31.28	27.70
Commercial vehicles	4.73	7.09	5.54	3.97	6.07	7.07	4.13	3.60
Computer and office equipment	0.18	0.77	0.30	0.15	0.42	0.68	0.59	0.20
Production equipment	1.10	0.90	1.64	1.69	4.66	5.60	3.56	4.00
Real estate	0.39	2.23	1.51	3.60	19.00	31.63	21.38	7.20
Ships, vessels, planes	0.71	0.81	1.59	0.39	0.90	2.46	1.27	1.50
Other and loans	1.65	2.6	2.73	3.58	6.19	9.21	4.90	1.00
Total	15.10	24.84	23.61	25.50	54.55	84.13	67.12	45.10

Source: NLB Leasing Koper.

In the breakdown of new leasing contracts in 2009, the majority represent the investments in personal vehicles (61%), followed by investments in real estate (16%).

In 2009, the firm NLB Leasing Koper d.o.o. decreased its activity in all segments due to worsened market situation in the field of resources procurement. Consequently, in the past year the firm focused solely on regular clients and regular suppliers of vehicles and equipment.

Table 5: Ratio between gross and net investments in 2009 (in mio €)

	Gross investments	Net investments	Average lodging
Personal vehicles	27.70	19.00	31%
Commercial vehicles	3.60	3.20	10%
Computer and office equipment	0.20	0.20	23%
Production equipment	4.00	3.80	4%
Real estate	7.20	6.10	14%
Ships, vessels, planes	1.50	1.20	21%
Other and loans	1.00	1.00	0%
TOTAL	45.10	34.40	24%

Source: NLB Leasing Koper.

In 2009, the firm concluded 34.4 mio EUR net investments, with average lodging or private funding by leaseholders at 24% which exceeds the plan that envisaged the value of 22%. With that, the firm improved the cash flow and, on average, lowered claim risks

Table 6: Non-remunerated revenues as % of net investments in 2009

	Approval commission (EUR 000)		Approval commissions as % of investments
Personal vehicles	539.9	19.0	2.84%
Commercial vehicles	22.5	3.2	0.70%
Computer and office equipment	2.3	0.2	1.23%
Production equipment	17.1	3.8	0.45%
Real estate	14.8	6.1	0.24%
Ships, vessels, planes	5.4	1.2	0.46%
Other and loans	3.1	1.0	0.32%
TOTAL	605.0	34.4	1.76%

Vir: NLB Leasing Koper.

The firm concluded the largest average approval commissions for approved leasing operations at personal vehicles. In 2009, the average percentage of approval commission was 1.76% from net value of financing.

Table 7: Investments maturity in months, comparison between 2008 and 2009

	Maturity 2008	Maturity 2009	Index 2009/2008
1. personal vehicles	38	40	105
2. commercial vehicles	48	45	94
3. computer and office equipment	48	39	81
4. production equipment	31	32	103
5. real estate	84	66	79
6. ships, vessels, planes	52	25	48
7. loans and other	20	18	90
Total months	53	43	81

In 2009, the average maturity of investments was 43 months. The firm records shortening of maturity in comparison with the previous year which is positive, considering the possibility of renting mostly short-term resources in the market.

In thirteen years of operation, the firm cooperated with 10,457 leaseholders, out of which 8,298 (79%) were natural persons and 2,158 (21%) legal entities. On 31 December 2009, the firm had 5,395 active contracts.

In the past years, the firm obtained several regular suppliers, especially in the field of personal vehicles. Later, the firm cut off some business connections due to suppliers' connection with "captive leasing companies" (e.g. Summit, Debis, Porsche, Micra-T). In those cases, the vehicle vendors are bound to a specific leasing firm by the umbrella contract.

Bigger vehicles vendors in the region are entitled to award contracts and perform vehicle registrations at their registered office, finance the supply of test vehicles and vehicles for rent to third parties.

Interest margin

In 2009, the average supplement to reference interest rate amounted to 5.26% which represents an important raise in comparison with the previous year when it totalled 2.95%. The increase reflects financial market situation.

Employees

Table 8: Average number of employees per year

	16 17 16 19 19 20
1997 1998 1999 2000 2001 2002 2003	2004 2005 2006 2007 2008 2009

Source: NLB Leasing Koper.

At the end of the financial year, the firm NLB Leasing Koper d.o.o. had 20 employees.

The employees and their adequate educational structure are among key factors for successful performance of the firm.

Table 9: Educational structure of the employees

Level of education	Number of employees
VIII level of education	2
VII level of education	9
VI level of education	5
V level of education	4
TOTAL:	20

Source: NLB Leasing Koper.

Research and development

Special attention was given to tracking market analyses in the field of leasing both in Slovenia and Europe that were published by the Bank Association of Slovenia and Leaseurope. Considering economic movement and law modifications, proposals for various actions, new forms of cooperation with suppliers and new products for clients are being prepared. Otherwise, all strategic research is being conducted jointly on level of all leasing firms in the NLB Group.

Environmental protection

In 2009 the NLB Leasing Group was in full compliance with the legislation governing health and safety at work, fire protection and protection of environment. Training of employees in this field was conducted in accordance with the guidelines of the NLB Leasing Group and organized at least once in the current financial period. The promotion of environmental and fire-safety awareness, as well as choosing subjects of leasing that are not environmentally disputed, among employees and business partners is also part of our corporate social responsibility.

Donations and sponsorships

The firm operation is not aiming only to reaching the best possible business results, but also to strengthening relations within the society. Listening to the society needs is a key element of success.

In 2009, the firm NLB Leasing Koper allocated its assets as donations or sponsorships to 20 different associations in the field of culture, social work, and sport.

Important events of the firm's operations in 2009

The year 2009 was marked with the continuation of global financial crisis that had a significant impact on the firm's operations. Despite that, the firm operated quite successfully, as it concluded 45.10 mio EUR worth leasing deals which represents 32% less than in the previous year, and 44% above the plan. The firm also concluded 2,175 contracts which is 17% less than the previous year. The above mentioned states that the firm concluded relatively more contracts, or of less value, and thus dispersed the risk. Apart from that, the firm concluded leasing contracts by depositing that was higher than planned, and thus additionally lowered the risk and improved the cash flow.

The firm made a net profit of 205 thousand EUR, and thus reached 92% of the plan, with significant increase of claims value corrections as a consequence of conservative estimate of portfolio.

Operational Overview In 2009 - Croatia

The main activity of the firm OL Nekretnine d.o.o. Zagreb is operation with real estate and financing projects in the real estate market that are intended for further sale. In 2009, the firm continued with financing the projects that were approved in 2007 and 2008. The firms maintains its liquidity level with resources payment that are reached through the sale of constructed buildings.

Table 10:

Important data on operations in 2009

	EUR 000
Results before taxes:	(1,217)
Capital:	(1,122)
CIR %:	16.8
Number of employees (average):	2
Balance sheet total:	38,961
Balance sheet total per employee:	19,480

Source: OL Nekretnine d.o.o. Zagreb

In 2009, the firm OL Nekretnine d.o.o. Zagreb incurred a loss of 1,217 thousand EUR that exceeds the amount of the initial capital and profit transferred from previous years.

Table 11:

Overview of the firm's loans per year

	2008	2009
Number of loan agreements:	8	7
Number of clients:	6	6
Value of loan agreements (in mio EUR)	33.5	34.1

Source: OL Nekretnine d.o.o. Zagreb

In 2009, the number of active loan agreements decreased to one compared with 2008.

Table 12:

Maturity of loans (in thousand EUR)

Up to 1 year	From 1 to 2 years	From 2 to 5 years	Above 5 years
23,690	6,942	1,908	1,600

Source: OL Nekretnine d.o.o. Zagreb

The average maturity of the agreements is 32.86 months. After reprogramming, the average maturity is 45.14 months.

Employees

Table 13: Average number of employees per year

2008	2009
2	2

Source: OL Nekretnine d.o.o. Zagreb

At the end of the financial year, the firm OL Nekretnine d.o.o. Zagreb had 2 employees.

Goals and Measurements For The Firm's Risk Management

Risk management means managing the risks to which the firm is exposed to while operating. The management implements its responsibility through adopting appropriate measurements that are divided between organisational and business ones, with the intention to, if possible, avoid any risks the firm might incur

Organisational measurements means that the firm has an organized department or services within which leaseholders' credit ratings are evaluated, all leasing investments are approved, recoveries take place, the whole portfolio of the firm is monthly verified and evaluated, and possible claims reservation are formed. It is here that planning and analysing takes place, financing resources are provided, and internal controls of operations are implemented with the help of accountancy. In this way, the firm manages all types of risks from one place.

Business measurements represent precisely described working procedures in the firm, in the form of internal working instructions and regulations that guide the employees to avoid risks while taking daily business decisions.

According to its operations, the firm might incur the following risks:

- Credit risk represents current or permanent incapability of a leaseholder to pay the financial value. To avoid his risk, every leaseholders', be it legal entity or sole trader, credit ratings are evaluated according to balance or solvency, and permanent employment and wage amount is verified by natural persons. The subject of the leasing is verified as well supplier, its market value, possibility of fast forfeiture, ability to sell and thus the conditions of the approval are adjusted appropriately (interest rate, lodging, additional insurance). The purpose of the verifications is that the market value of the subject of the leasing covers the net claim at any time. Possible exposure of the potential leaseholder or his related persons at the firm is considered as well. Any business prepared in such way is approved in accordance with the decision on limits on various instances. Every three months, in accordance with the Methodology of forming reservations according to IFRS and SAS for subsidiaries that are not banks, prepared by NLB d.d., approximately 70% of its portfolio is verified per contracts. In case of delinquency of the leaseholder, when the claim exceeds the market value of the subject of the leasing, a reservation is formed for such a contract in the amount of the exceeded claim that directly burdens the business result and portrays the real situation of the firm's position.
- **Currency risk** is managed by the firm through borrowing a loan in the same currency as its placed investments. In case of placement in foreign currency (e.g. CHF), beside the adequate source, consistency of maturing liabilities within the month due to possible currency fluctuation.

- **Interest risk** is managed by the firm through consistency of interest rates on the side of finance resources with interest rates at conducted investments. At liabilities, the firm takes up credits which have an interest rate made of same elements as at assets side.
- Operational risk is the risk that incurs due to deficiency or errors at internal procedures operations, systems, or people, or external events (fraud), and influences income statement. Within the firm, we manage these risks with detailed working instructions, regulations on signature powers, implementation of internal controls, and especially with regular meetings of the staff where we analyze observed errors and communicate dangers of external frauds. At the side of the employees, the operational risks present non-compliance with the internal working instructions and working procedures which is minimized through regular examinations of operations (internal audit).

When conducting businesses in the real estate market, the firm OL Nekretnine d.o.o. Zagreb carefully verifies the credit ratings of its clients. Its operation is exclusively based on financing well-known clients with recommendations, and thus the firm does not expect issues when repaying the claims. The claims are insured with additional mortgages, insurances and similar.

The Date Of The Approval Of The Annual Report

The annual report of the firm NLB Leasing Koper d.o.o. and the NLB Leasing Koper Group was approved at the 2nd regular session of the Supervisory Board in Koper on 28.5.2010.

Plans For 2010

Expectations for 2010 are still undefined for the EU countries, especially at financial markets where substantial uncertainty can still be noticed.

In accordance with the adopted strategy on development of the whole NLB Group, the firm will follow its set goals. It will ensure that adequate return on equity is reached, and maintain adequate market share, considering the fact that there are market limits within the leasing firms in NLB Group and refinance resources are limited.

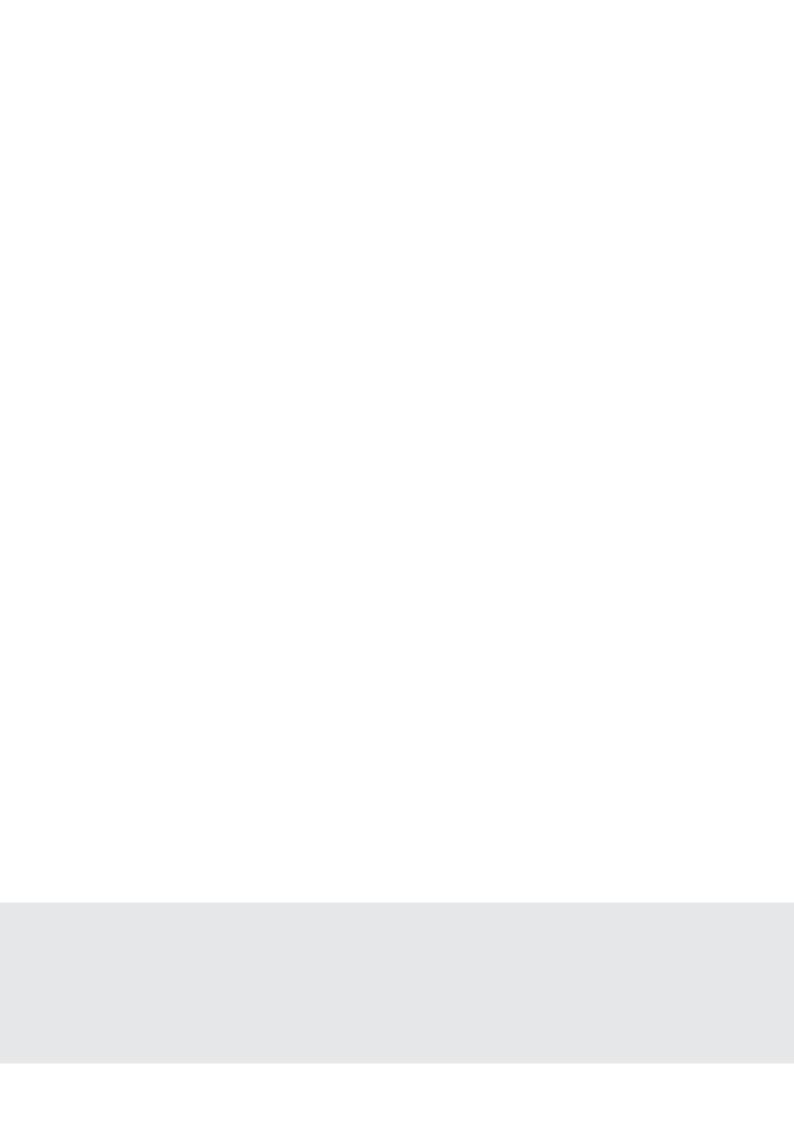
In 2010, the firm plans to maintain the portfolio diversification. The investment structure is expected to include more personal vehicles, which would adequately subdivide the risk.

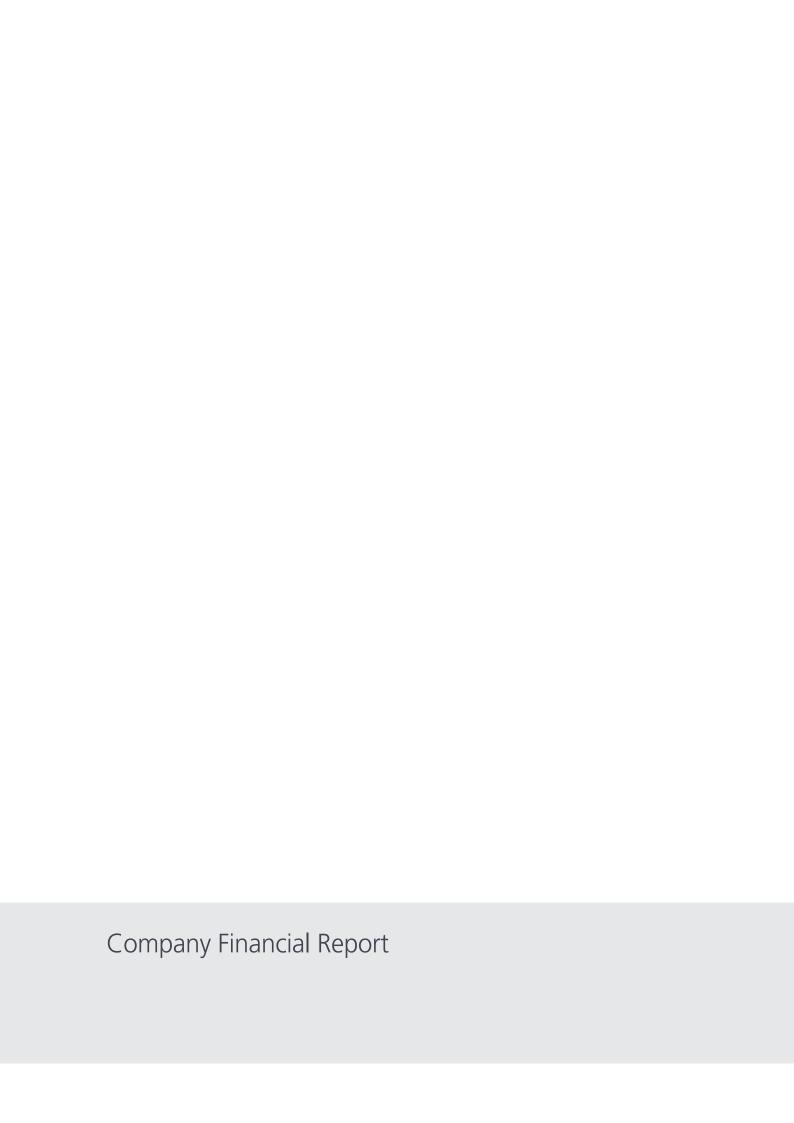
To reach the set goals, it is going to be vital to constantly seek adequate finance resources, and possible capital increase.

The firm will focus its development potential in new solutions in the field of business rentals of vehicles, and in the field of real estate.

One of the key tasks will be consistently meeting the guidelines on risk management in all phases – approving and controlling leasing contracts. Special attention needs to be given to upgrading the computer programme for compiling more demanding reports in accordance with the client's and other institutions' requirements.

The key to the firm's success are adequately trained and satisfied co-workers, and thus special attention will be given to them, their additional education, and increasing their motivation. They will attend several business meetings both within the NLB group and with business partner, and pass various educations in individual fields. Only trained and motivated co-workers can guarantee the high quality of services, which the Company provides to its customers.





Auditor's report



PricewaterhouseCoopers d.o.o.

Cesta v Kleče 15, SI-1000 Ljubljana, Slovenia Telephone: 01 5836 000 Facsimile: 01 5836 099 Matriculation No.: 5717159

Matriculation No.: 5717 VAT No.: SI35498161

Independent auditor's report

To the shareholders of NLB Leasing Koper d.o.o.

Report on Financial Statements

We have audited the accompanying financial statements of NLB Leasing Koper d.o.o., (the 'Company') which comprise the balance sheet as of 31 December 2009 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Slovenian Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with Slovenian Accounting Standards.

Report on Other Legal and Regulatory Requirements

Management is also responsible for preparing the Management Report as required by the Slovene Corporation Act.

We are required to read the Management Report and to express an opinion whether the Management Report is consistent with the financial statements of the Company.

In our opinion, the Management Report is consistent with the accompanying financial statements of the Company as of 31 December 2009.

Ljubljana, 19 April 2010

PricewaterhouseCoopers d.o.o.

Mojca Vrečar Certified Auditor François Mattelaer Partner

"Translation note: This version of our report is a translation from the original, which was prepared in Slovene language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation. This translation is provided for reference purposes only and is not to be signed."

1. BALANCE SHEET

Table 14: **BALANCE SHEET - assets**

			EUR 000
	Notes	31.12.2009	31.12.2008
ASSETS		110,845	117,148
A. NON-CURRENT ASSETS		76,556	85,473
I. Intangible assets	1.1.	124	49
1. Licences and other contracts		61	49
3. Advances for intangible assets		63	0
II. Property, plant and equipment	1.2.	7,227	8,453
1. Land and buildings		632	654
b) Buildings		632	654
2. Manufacturing plant and equipment		6,404	7,494
3. Other plant and equipment		191	305
III. Investment property (at fair value)	1.3.	3,347	1,460
IV. Non-current financial assets	1.4.	65,021	75,037
1. Non-current financial assests other than loans		92	57
a) capital investments – subsidaries		0	0
č.) other non-current financial investments		92	57
2. Non-current loans		64,929	74,980
b.) Non-current loans to others		64,929	74,980
V. Non-current trade recievables	1.5.	12	2
3. Non-current trade recievables to others		12	2
VI. Deffered tax asset	1.6.	825	472
B. CURRENT ASSETS		34,285	31,673
I. Assets (disposal group) held for sale		0	0
II. Inventories	1.7.	4,568	866
1. Material		0	0
2. Work in progress		506	741
3. Products and merchandise		4,062	125
III. Current financial assets	1.8.	27,830	28,266
Current financial assests other than loans		0	0
2. Current loans		27,830	28,266
b.) Current loans to others		27,830	28,266
IV. Current trade recievables	1.9.	1,864	585
Current trade recievables due from Group companies		3	5
2. Current trade recievables		376	220
3. Current trade recievables due from others		1,485	360
V. CASH AND CASH EQUIVALENTS	1.10.	23	1,956
C. PREPAYMENTS AND ACCRUED INCOME	1.11.	4	2
Off-balance sheet items	1.17.	7,980	8,831

BALANCE SHEET (continued)

Table 15: BALANCE SHEET – liabilities

			EUR 000
	Notes	31.12.2009	31.12.2008
 Liabilities	110003	110.845	117,148
 A. EQUITY	1.12.	4,550	4,513
 I. Called-up capital		1,826	1,826
 1. Share capital		1,826	1,826
 II. Share premium account		1,847	1,847
III. Revenue reserves		33	33
 1. Legal reserves		33	33
 V. Retained earnings		639	639
 VI. Net profit or loss for the period		205	168
 B. Provisions	1.13.	136	104
 1. Provisions for employees – pension plans		24	24
 2. Other provisions		3	0
 3. Non-current accrued costs and deffered revenue		109	80
 C. Non-current liabilities	1.14.	52,479	64,886
I. Non-current financial liabilities		52,478	64,885
 1. Non-current financial liabilities to Group		30,147	34,259
 2. Non-current financial liabilities to banks		22,317	30,615
 3. Bonds		0	0
4. Other non-current financial liabilities		14	11
 II. Non-current trade liabilities		1	1
 4. Non-current advances or deposits recieved		1	1
III. Deffered tax liabilities		0	0
Č. Current liabilities	1.15.	53,433	47,544
II. Current financial liabilities	1.15.1.	51,621	44,205
Current financial liabilities to Group		38,253	30,632
2. Current financial liabilities to banks		13,368	13,573
III. Current trade liabilities	1.15.2.	1,812	3,339
Current trade liabilities to Group		189	392
2. Current trade liabilities to suppliers		527	1.309
3. Bills of exchange		0	0
4. Current trade liabilities – advances		512	927
5. Other current trade laibilities		584	711
D. ACCRUALS AND DEFFERED INCOME	1.16.	247	101
Off-balance sheet items	1.17.	7,980	8,831

^{*} The notes from page 44 to page 73 are part of the financial statements and need to be read in conjunction with financial statements.

2. INCOME STATEMENT

Table 16: INCOME STATEMENT

			EUR 000
	Notes	31.12.2009	31.12.2008
1. Revenue	2.1.	2,257	2,195
4. Other operating revenue	2.2.	409	456
5. Cost of goods, materials and services	2.3.	(816)	(727)
a) cost of materials used and goods sold		(354)	(349)
b) cost of services		(462)	(378)
6. Labour costs	2.4.	(868)	(762)
a) employment costs		(679)	(550)
b) social security costs		(90)	(94)
c) other employment costs		(99)	(118)
7. Depreciation, amortisation and impairment	2.5.	(1,777)	(1,884)
a) amortisation and depriciation expenses		(1.324)	(1.349)
b) impairments of the non-current assets		(376)	(406)
c) impairments of the current assets		(77)	(129)
8. Other operating expenses	2.6.	(59)	(46)
9. Financial revenue from shares and intrests	2.7.1.	148	88
č) financial revenue from other investments		148	88
10. Financial revenue from loans	2.7.2.	8,772	9,837
a) financial revenue from loans to Group companies		37	16
b) financial revenue from loans to others		8,735	9,821
11. Financial revenue from trade recievables	2.7.3.	219	16
a) financial revenue from trade recievables due from Group		0	0
b) financial revenue from trade recievables due from others		219	16
12. Financial expenses from impairments of financial assets	2.8.1.	(4,271)	(1,977)
13. Financial expenses from financial liabilities	2.8.2.	(3,581)	(6,994)
a) financial expenses from loans received from Group		(2,016)	(3,897)
b) financial expenses from loans received from banks		(1,355)	(3,017)
č) financial expenses from other financial liabilities		(210)	(80)
14. Financial expenses from trade payables	2.8.3.	(33)	(100)
a) financial expenses from liabilities - Group		0	0
b) financial expenses from liabilities – suppliers		(0)	(0)
c) financial expenses from other operating liabilities		(33)	(100)
15. Other revenue	2.9.	27	156
16. Other expenses	2.10.	(123)	0
17. Income tax	2.11.	(452)	(137)
18. Deferred tax	2.11.	353	48
19. NET PROFIT OR LOSS FOR THE PERIOD	2.12.	205	169

^{*} The notes from page 44 to page 73 are part of the financial statements and need to be read in conjunction with financial statements.

3. CASH FLOW STATEMENT

Table 17: CASH FLOW STATEMENT (indirect method)

			EUR 000
		2009	2008
A. Cash flows from operatin			
a) Items of income statemer		825	691
Operating revenue (excludin	g reval.) and financial revenue from operating receivables	2,258	2,200
Operating expenses excludir	ng amort. (except for reval.) and financial expenses form operating liabilities	(1,301)	(1,559)
Income tax and other taxes,	not included in operating expenses	(132)	50
b) Changes in net current as	sets in balance sheet items (including accruals,		
provisions, deffered receivab	oles and tax liabilities)	(2,473)	(2,158)
Operating less closing opera	ting receivables	(1,286)	(631)
Operating less closing deffer	red costs and accrued revenue	(2)	13
Operating less closing deffer	red tax assets	0	C
Operating less closing assets	s (disposal group) held for sale	0	0
Operating less closing inven	tories	43	(261)
Closing less opening operati	ing liabilities	(1,204)	(1,334)
Closing less opening accrue	s costs and deffered revenue and provsions	(24)	55
Closing less opening deffere	ed tax liabilities	0	C
c) Net cash inflow from ope	rating activities (a + b)	(1,649)	(1,467)
B. Cash flows from investing	g activities		
a) Cash inflows from investi	ing activities	62,149	31,744
Interest and dividends receiv	red from investing activities	0	C
Cash inflows from disposal of	of intangible assets	0	C
Cash inflows from disposal of	of property, plant and equipment	4,880	5,259
Cash inflows from disposal of	of investment properties	0	C
Cash inflows from disposal of	of non-current investments	44,116	9,901
Cash inflows from disposal of	of current investments	13,153	16,584
b) Cash outflows from inves	sting activities	(53,323)	(32,660)
Cash outflows to purchase i	ntangible assets	(19)	(28)
Cash outflows to purchase p	property, plant and equipment	(5,390)	(5,748)
Cash outflows to purchase i	nvestment properties	(1,640)	(480)
Cash outflows to purchase r	non-current investments	(34,434)	(4,038)
Cash outflows to purchase of	current investments	(11,840)	(22,366)
c) Net cash inflow from inve	esting activities (a+b)	8,827	(916)
C. Cash flows from financing		· · · · · · · · · · · · · · · · · · ·	. , ,
a) Cash inflows from financi		192,393	187,877
Cash inflows from paid-in ca		0	1,500
Cash inflows from increase i	1	0	1,740
Cash inflows from increase i		192,393	184,637
b) Cash outflows from finar		(201,504)	(186,099)
Interest paid on financing ac		(3,894)	(6,197)
Cash outflow for repayment		0	(0,137)
Cash outflow for repayment		(13,181)	(12,776)
Cash outflow for repayment		(184,261)	(166,891)
Dividends paid		(168)	(235)
c) Net cash outflow from fir	nancing activities (a + b)	(9,111)	1,778
Č. Cash and cash equivalent		23	1,956
	ows for the period (addition for net cash Ac, Bc in Cc)	(1,933)	(605)
y) Cash and cash equivalent		1,956	2,561

^{*} The notes from page 44 to page 73 are part of the financial statements and need to be read in conjunction with financial statements.

4. STATEMENT OF CHANGES IN EQUITY

Table 18: STATEMENT OF CHANGES IN EQUITY 2009

						EUR 000
	Share capital	Share premium account	Legal reserves		Net profit (loss) from the financial year	Total equity
A. Balance as of 1st January 2009	1,826	1,847	33	639	168	4,513
B. Transfer to capital accounts					205	205
d. Transfer of income for the financial year				205		205
C. Transfer between capital accounts				168	(168)	
a. Allocation of profit to other capital accounts by reso- lution of Management and Supervisory Board				168	(168)	
Č. Transfer from capital accounts				(168)		(168)
d. Reduction in other capital accounts				(168)		(168)
D. Final balance as of 31st December 2009	1,826	1,847	33	639	205	4,550

^{*} The notes from page 44 to page 73 are part of the financial statements and need to be read in conjunction with financial statements.

Table 19: STATEMENT OF CHANGES IN EQUITY 2008

EUR 000						
Total equity	Net profit (loss) from the financial year	Net profit carried over	Legal reserves	Share premium account	Share capital	
3,080	249	639	19	1,847	326	A. Balance as of 1st January 2008
1,668	168				1,500	B. Transfer to capital account
1,500					1,500	a. Transfer of additional capital contributions
168		168				d. Transfer of income for the financial year
	(249)	235	14			C. Transfer between capital accounts
	(249)	235	14			a. Allocation of profit to other capital accounts by re- solution of Management and Supervisory Board
(235)		(235)				Č. Transfer from capital accounts
(235)		(235)				a. Dividend payments
4,513	168	639	33	1,847	1,826	D. Final balance as of 31st December 2008

^{*} The notes from page 44 to page 73 are part of the financial statements and need to be read in conjunction with financial statements.

Table 20: Notes to the statement of changes in equity – balance sheet profit

		EUR 000
	2009	2008
A. Net profit for the financial year	205	168
C. Retained earnings	639	653
E. Reduction of revenue reserves	0	14
1. Reduction of legal reserves	0	14
G. Balance sheet profit	844	807

Statement of Management's Responsibility

The management of NLB Leasing Koper d.o.o. hereby approves the financial statements for the year ended 31 December 2009 and the accompanying accounting policies and notes to the financial statements.

The management hereby declares to approve the annual report shown below for the year ended 31 December 2009.

The management confirms that suitable accounting policies have been used and applied consistently in preparing the financial statements, that reasonable, prudent judgments and estimates have been made on the basis of prudent and sound management, and that the annual report presents a true and fair value of the Group's assets and liabilities and its performance for the year 2009.

The management confirms that the financial statements have been prepared in accordance with the Companies Act, Slovene Accounting Standards and all other regulations governing accounting and the preparation of financial statements. The financial statements have been prepared on a going concern basis.

The tax authorities are entitled to inspect company operations at any time within five years following the year in which a tax assessment was due, which can as a result give rise to additional tax liabilities, interest and penalties from the Corporate income tax or other taxes and charges. The management is not aware of any circumstances which could lead to eventual liabilities in this regard.

Andrej Pucer Director Rok Sabadin Company Officer Goran Simčič Company Officer

Koper, 19.4.2010

ACCOUNTING POLICIES AND PRESENTATION OF THE COMPANY'S FINANCIAL STATEMENTS

1. BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements and notes to the financial statements of the company NLB Leasing Koper d.o.o. (hereafter "NLB Leasing Koper") are prepared in accordance with the Companies Act (ZGD-1) and Slovenian Accounting Standards (further refer to as SAS) applicable since 1 January 2006

Financial year is the same as calendar year.

Fundamental accounting assumptions and qualitative characteristics of financial statements

The preparation of financial statements is based on two fundamental accounting assumptions:

- the accrual basis and
- going concern.

Financial statements represent a true and fair presentation of the assets and liabilities, of financial position and performance of the Company. During the preparation of financial statements, the Company also applied the following accounting principles: adequacy, understandability, reliability and comparability.

Basis for measuring economic categories

The basis for measuring economic categories in the financial statements is the initial values in final fair values derived from the accounting records in accordance with Slovene Accounting Standards and Legislation.

Foreign currency and method of converting into domestic currency

In order to maintain their real values, receivables or liabilities denominated in foreign currencies are revalued according to the contractual exchange rate that is agreed between parties as the contractual exchange rate. Receivables due from finance leases and short-term and long-term loans receivable are generally accounted for at the contractual selling exchange rate set by NLB d.d.

Liabilities in the form of long-term and short-term loans payable, including interest, are converted according to the Bank of Slovenia middle exchange rate.

Receivables and liabilities in foreign currency are expressed exclusively in CHF.

Foreign exchange rate differencies are presented among financial revenue or financial expenses.

Amounts in financial statements are expressed in FUR

Comparability of data for the year 2008

Balance sheet is prepared in accordance with SAS 24, where the value of assets and liabilities is presented for the current and prior financial year.

The income statement is prepared in accordance with SAS 25, where the profit and loss are presented for the current and prior financial year.

Cash flow statement is prepared in accordance with SAS 26, where changes in value of cash and cash equivalents are presented for the current and prior financial year.

Presentation of date in financial statements and notes to financial statements

All data in the financial statements and notes to the financial statements are presented for the financial year in question and are expressed in round thousands of Euros (EUR '000). Because of the automated computer preparation and transposition of numerical data expressed in round thousands of Euros, there may be some instances of rounding differences, but these are not material.

In the notes to financial statements of the Company NLB Leasing Koper d.o.o., the expression "parent company" is frequently used and refers to the company Nova ljubljanska banka d.d. (hereafter NLB d.d.).

2. ACCOUNTING POLICIES FOR THE VALUATION OF ACCOUNTING CATAGORIES

The accounting policies below relate to the financial report of the company NLB Leasing Koper d.o.o. and of the NLB Leasing Koper group which follows it..

BALANCE SHEET

Intangible assets

Intangible assets include the capitalized costs of investment in the property plant and equipment of other entities, investments in concessions, patents, licences, trademarks and similar rights. They are non-monetary assets and generally do not exist in physical form.

Following the initial recognition, intangible assets are measured using the cost method.

All intangible assets have a finite useful life. Their book value is reduced based on accumulated amortisation and impairment losses. Intangible assets with a finite useful life are amortised within their respective useful life. Amortisation is applied on a straight-line basis.

The carrying values of intangible assets must be reassessed in detail at the end of each financial year. If the expected useful life of individual intangible assets with a finite useful life differs significantly from the previous assessment and if expected economic benefits deriving from the assets changes significantly, it is necessary to adjust the amortisation period and method accordingly.

The difference between net sale proceeds and the book value of intangible assets sold is included under revaluation operating revenues, if the net sale proceeds are greater that the book value, or under revaluation operating expenses, if the book value is greater than the net sale proceeds.

The company also reviews whether an individual intangible asset was impaired on the date of preparation of the financial statements, by comparing its book value to its recoverable value. The recoverable value is the higher of the value in use and the realisable value. Any impairment identified is recognised immediately in the income statement.

Property, plant and equipment

Property, plant and equipment represents assets owned by the Group or held under a finance lease, which are used in creating products and rendering services or for leasing out or for administrative purposes, and are expected to remain in use for more than one accounting period.

Property, plant and equipment is initially recognised at cost. The cost of property, plant and equipment comprises the purchase price, import duties and other non-refundable charges and all other costs that may be directly attributable to bringing the assets to the location and condition for their intended use as far as is necessary, as well as an estimate of decommissionings, removal and restoration costs. If the acquisition value of an item of property, plant and equipment tangible fixed asset is high, it is divided into subcomponents. Subsequently accrued costs which are linked to the said assets increase its acquisition value if future benefits rise in relation to preliminary estimates.

Following initial recognition, the company measures property, plant and equipment according to the cost model, which requires an asset to be measured at cost less accumulated depreciation and impairment losses.

Accounting for depreciation begins on the first day of the following month once the asset is fit for use. The Group uses a straight-line depreciation method. Depreciation is calculated based on the original acquisition value of depreciable assets less the eventual estimated residual value. Depreciation is calculated at a rate which reflects the useful life of the assets and is set for an individual fixed asset and is disclosed in amortisation/depreciation notes below.

The residual value and useful life of assets is reviewed on the balance sheet date and duly adjusted in so far as the management's expectation differs from previous estimates.

Each year, the company also assesses whether there are indications of impairment of propety, plant and equipment. If it is found that such indications are present, valuation methods are used to estimate the recoverable amounts of the assets.. The recoverable amount is the higher of the value in use or net realisable value. If the recoverable amount is higher than book value, the asset does not require impairment, whereas if the recoverable amount is lower than the book value,

an impairment charge is recognised immediately in the income statement.

Depreciation

Depreciation is calculated on the original acquisition cost of depreciating assets less their estimated residual value. Where the value of an asset has increased so that it exceeds its orginal acquisition cost, the excess over the original acquisition cost is also depreciated. Property, plant and equipment is depreciated on an asset by asset basis. Only the straight-line method of depreciation is used.

Depreciation is calculated using the rates, determined for each individual asset and does not change during the financial year. The depreciation rates used are shown in the Property, plant and equipment. In year ended 31 December 2009, the company changed its depreciation rate for other equipment from 25% to 20%.

The depreciation rates for property, plant and equip	ment
a) buildings	3
b) computer equipment	50
c) personal motor vehicles	12.5
d) other equipment	20
The amortisation rates for intangible assets	%
Licences and other contacts	10

Investment property

Investment property is property which the company does not use directly in order to carry out its business activity, but which is owned with the purpose of leasing out and with the aim of capital appreciation.

Investment property is initially recognised at cost, which comprises the purchase price plus any associated costs of acquistion. The company's investment property is subsequently measured using the fair value model. The fair value is determined by a certified valuer on the basis of International Valuation Standards. The fair value is based on current market prices. Gains or losses on revaluation to the fair value are recognised in the income statement.

If the company owns property where a part of a building is leased out, this part is included under investment property, if the part in question may be sold separately. The part intended for own use is accounted for separately in the form of the company's own fixed assets.

Financial assets

Financial assets are presented as non-current (i.e. long-term) or current (short-term). Non-current financial assets are those which the company holds for more than a year and does not intend to sell. Those long-term financial assets which mature within one year following the balance sheet statement date are transferred to current financial assets.

Upon initial recognition, financial assets may be classified as one of the following:

- financial assets measured at fair value through the profit and loss statement;
- financial assets held to maturity;
- loans
- financial assets held for sale.
- za prodajo razpoložljiva finančna sredstva,

According to changes in Slovenian Accounting Standards 2006 adopted in 2008, the non-current recievables from finance leases are also included in non-current financial assets.

Financial assets include long-term and short-term loans, long-term receivables from finance leases and associated short-term receivables and derivatives. The company has no other types of financial assets.

After initial recognition assets subject to finance leases are shown in the balance sheet as the difference between the sum of contractual lease payments and unguaranteed residual value of the asset with the total interest receivable included in the rent. Interest (contractual and penalty) from non-current and current financial assets is charged in accordance with the terms of the contract are included under financial revenue in the income statement

In case risks and rewards are not transfered the lease is classified as an operating lease among trade receivables. Upon initial recognition the Group follows the substance over form principle where later changes of estimations and circumstances do not effect the change of lease clasification.

Regarding bad debt provisions for loans and noncurrent receivables from finance leases and their conversion to the domestic currency is the same as for trade receivables.

Derivatives are instruments whose values change based on a change in a certain variable, such as an interest rate, currency, price, exchange rate, price index, creditworthiness and other similar variables. Derivatives are always classified as financial assets measured at fair value through profit and loss. Derivatives are initially recognised in the balance sheet at cost, which is equal to the fair value of a payment made or received. Derivatives are subsequently measured at fair value, which is duly determined based on their published market price, the discounted future cash flow model or by using a pricing model.

Financial assets are derecognised when a contractual right to cash flow deriving from them expires or when the respective financial asset is sold.

Receivables

Receivables are divided into long-term and short-term receivables. Long term trade receivables represent receivables due from customers, which fall due after more than one year. The portion of long-term receivables falling due within a year of the balance sheet statement date is included in short-term trade receivables.

Among the trade receivables are also receivables from operating lease. Assets leased on an operating lease are recognised in the balance sheet statement in accordance with their nature, and operating lease revenue is recognised on a straight line basis over the duration of the lease term.

Receivables are initially recognised in amounts shown on the corresponding source documents, on the assumption that they will be paid. Receivables, which it is believed will not be settled at all or will only be settled in part, are classed as doubtful, or rather questionable, and if they are subject to legal proceedings, they are classed as disputed.

Bad debt provisions are made every three months. Methodology for bad debt provisons is in compliance with Slovenian Accounting Standards and International Financial Reporting Standards.

Provisions or impairments are made only if case the company, based on objective evidence, evaluates that in certain cases collateral provided for the finance lease loans and receivables cannot be capitalized in accordance with the contract or a loss is still expected.

When the company estimates that customers, based on their credit ratings, will repay their outstanding liability in full, provisions do not need to be recognised.

The Group individually reviews loans and finance lease receivables due from natural persons which are above a given amount and overdue by a given number of days. All legal entities which are leasing customers are allocated to a credit rating group from A to E,

depending on the extent to which there are overdue unpaid receivables. All receivables in groups D and E as well as the highest value receivables in groups A to C are individually assessed for impairment. For the remaining financial loans and receivables, which are not individually assessed or where an individual assessment does not show any signs of impairments, a group provision for impairment is recognised on the following basis: the total value of non individually assessed financial assets in an individual credit rating group is multiplied by the average percentage of impairment charge (calculated on an individual basis) of loans and receivabes from the same credit rating group.

For receivables, expected not to be recovered in the contractual amounts and due dates, is necessary to estimate their recoverability. At estimation of recoverability is considered the value of lease and other colateral. At valuation of lease subject is considered market value.

Since finance leases represent the majority of the Group's loan portfolio, there is security over the loans in the form of legal ownership over the leased asset until the final instalment is paid.

Financial assets denominated in a foreign currency are converted to the local currency at the balance sheet date. Any increase in loans is recognised as financial revenue, and conversely any decrease is recognised as financial expense.

Deferred tax

Deferred tax assets are recognised for all deductible temporary differences, but only if it is probable that there will be future taxable profits against which the deferred tax assets can be utilized. Deferred tax assets and liabilities are subject to a tax rate of 20% in the financial year 2009.

Inventories

Inventories are recognised in the accounting records if it is probable that they will generate economic benefits, and if their purchasing value (cost) can be measured with a degree of reliability. Inventories are derecognised at the moment they are used or sold.

Inventories are initially recognised at cost which is composed of the purchase price, import and other dues and other direct costs of purchasing. The purchase price is reduced for any discounts granted.

Inventory revaluation is a change in its book value. It is carried out either at the end of the financial year or during the course thereof. Inventories are valued at the lower of carrying value or net realisable value. Increases in value of inventories are not recognised. Assets are revalued in the case of impairment, if their book value exceeds their net realisable value.

Inventories include the repossessed vehicles, equipment and property of lessees who have defaulted on their contractual obligations. The fair value is determined by a certified valuer on the basis of International Valuation Standards. The fair value is based on current market prices. Gains or losses on revaluation to the fair value are recognised in the income statement.

Inventories also include real estate projects under development valued at construction value.

Cash and cash equivalents

Cash is initially recognised in the amount that emanates from the corresponding source documents. Cash expressed in foreign currency is converted into the local currency using the exchange rate on the date of receipt.

Cash held in foreign currency accounts is revalued on a monthly basis using the Bank of Slovenia middle exchange rate.

Cash includes cash in hand, deposits, cash in the process of collection and cash equivalents; the latter are investments which may be converted quickly or in the near future into known amounts of cash and where the risk of a change in value is insignificant. These include short-term deposits and cash held on deposit with an original maturity date of up to 90 days.

Prepayments and accruals

Prepayments and accruals are receivables and other assets and liabilities which are expected to arise in the next or subsequent accounting periods, which are likely to arise and the amount of which can be reliably estimated. The purpose of accruals is to present all revenues and expences in the income statement in the period they relate to, irrespective of whether they were actually paid or received at that time.

We distinguish between prepayments, deferred costs, and accrued revenue (i.e. accrued assets), on the one hand, and accrued expenses and deferred revenues (i.e. accrued liabilities) on the other hand.

Accruals are not subject to revaluation. However, during the course of the financial year and in the course of preparing the financial statements, it is necessary to check existence as well as the company's

entitlement or liability to them, and adjust them accordingly.

Capital and reserves

The total capital of the company is divided into share capital, capital reserves, reserves from profits, retained earnings from previous years, net profit or loss for the financial year and revaluation.

Share capital is recognised financial contributions or as contributions in kind. When recognising share capital, the decisive factor is the capital recorded in the companies' register.

Major part of capital reserves was made from the payments of associates in year 2006 (payments, that did not increase the share capital), the remaining part when changed to SAS 2006 due to transfer of general revaluation of share capital to capital reserves.

Reserves from profits represent part of the net profit purposely retained from previous year, mainly to cover the future losses. Reserves are further subdivided into legal reserves, reserves for the purchase of own shares, statutory reserves and other revenue reserves.

Paid dividends decrease the owner's equity in the period when they are approved by the owners.

Provisions and long term accrued costs and deferred revenues

Provisions are recognised if the company has any legal or indirect liabilities as a result of a past event, the amount of which may be reliably estimated and where it is probable that settlement of the said liabilities will result in an outflow of resources embodying economic benefits.

The company has established provisions relating to employee benefits, which include long-service benefits, severance pay upon retirement and other liabilities.

A provision may be used only for the purpose for which it was originally recognised.

The company's long-term accrued costs and deferred revenue include deferred operating lease deposits, which are recognised as income proportionately over the duration of the lease agreement.

Liabilities

Current and non-current liabilities are initially recognised in the amounts shown in the corresponding source documents.

Non-current liabilities are disclosed as non-current financial liabilities and non-current operating liabilities. Non-current financial liabilities represent long-term loans. Non-current financial liabilities are increased by accrued interest and reduced by amounts repaid and any other forms of settlement, if an agreement has been concluded with the respective creditors. The carrying value of non-current liabilities is equal to their original value, less for repayments of the principal and transfers to current liabilities, unless there is a need to revalue the liability. All expenses relating financial liabilities are accrued and recognised as expenses proportionally over the repayment period of the liability.

Short-term financial liabilities represent short-term loans payable. Current operating liabilities include advances and security received from clients, liabilities to both domestic and foreign suppliers, liabilities for advances recieved, liabilities towards employees, liabilities to state institutions and other liabilities.

A revaluation of liabilities denominated in foreign currencies is performed at the balance sheet date using the Bank of Slovenia middle exchange rate.

INCOME STATEMENT

Revenue

In accordance with SAS 18, the company NLB Leasing Koper subdivides revenue between operating revenue, financial revenue and other revenue.

Revenue is recognised if the increase in economic benefits in a respective period is linked to an increase in assets or reduction of liabilities and if the increase in economic benefits can be reliably measured. Revenue is recognized when the expectation of income is justified.

Company recognizes reveneue based on the amounts shown in the corresponding source documents.

a. Operating revenue

Operating revenue is revenue from sales and other operating revenue associated with the sale of products and services.

Revenue from sales comprises the selling price of products, merchandise and material sold, including services rendered, within an accounting period. It is measured on the basis of the sales prices stated on invoices and other documents, less for any discounts approved upon sale or subsequently, including early payment discounts. Value added tax is not part of operating income, but a liability to the state.

Revaluation operating revenue arises on the sale of property, plant and equipment and intangible assets as surplus of their sales values over their book values.

b. Financial revenue

Financial revenue represents revenue from investments. It arises in relation to financial assets and receivables in the form of interest charged, shares in profits in other entities and revaluation financial revenue. Revaluation financial revenue arises on the derecognition of financial assets.

Financial revenue is recognized regardless of the income, if there is no justified doubt regarding their value, due date and repayment.

Dividends and other shares in profits are recognised as revenue when the company becomes entitled to receive the payment.

Financial revenue also includes revenues foregn exchange gains.

Fees charged to clients upon concluding finance lease agreements are deferred according to the duration of the respective agreement. Only the portion relating to the current accounting period is to be recognised as revenue.

c. Other revenue

Other revenue includes unusual items and other revenue that increases the company's net profit in the accounting period. It includes grants and other revenue not related to business operations, claims received and other unordinary items.

Expenses

Expenses are classified variously as operating expenses, financial expenses and other expenses. Operating and financial expences are ordinary expenses. Expenses are recognized if a decrease in economic benefits in an accounting period relates to a decrease in an asset or increase in debt and the decrease can be reliably measured.

a. Operating expenses

Operating expenses include all costs accrued in the financial year, recorded as the cost of materials, cost of services, labour costs, depreciation and amortisation and other expenses.

Revaluation operating expenses arise in relation to property, plant and equipment, intangible assets and current assets as a result of their impairment or sale below their book value. They also include the write-off of bad and doubtful debts.

b. Financial expenses

Financial expenses include financial and investment expenses.

They are recognized after have been incurred regardless irrespective of whether they have been paid.

Financial expenses include interest payable while expenses relating to investments include revaluation losses arising from impairment.

Financial expenses also include foreign exchange losses

Fees paid to banks for loan agreements concluded are deferred in accordance with the duration of the respective loan agreement. Expenses are recognised only of in respect of the portion of the costs which relate to the current accounting period.

c. Other expenses

Other expenses include unusual items and other expenses from previous period which reduce the company's profit.

CASH FLOW STATEMENT

Cash flow statement is prepared using the indirect method (format II) based on data from the balance sheet as at 31 December 2009 and at 1 January 2009, from the income statement for the year ended 31 December 2009 and additional data necessary to adjust inflows and outflows to present an appropriate beakdown of material items.

Based on the results of individual operations, it is possible to conclude from which sources the company obtains cash and where it is spent. Such information is useful when evaluating ability of the company to generate cash as well as the timing and degree of certainty of receiving.

STATEMENT OF CHANGES IN EQUITY

The statement of changes in equity presents in tabular form the changes in all the individual components of capital and reserves in accordance with SAS 27. It is prepared using format I.

NOTES AND DISCLOSERS TO FINANCIAL STATEMENTS

1. BALANCE SHEET

General

Information regarding basis for financial statement preparation, special accounting policies and methods used for important business events are introduced in notes for individual assets and liabilities.

1.1. Intangible assets

Table 21: Changes in intangible assets

			EUR 000
	Licences and other contracts	Advances for Intangible assets	Total
Cost			
Balance at 01.01.2009	91	0	91
Additions	18	63	81
Revaluation	0	0	0
Balance at 31.12.2009	109	63	172
Adjustments to net book value			
Balance at 01.01.2009	42	0	42
Disposals and write-offs	0	0	0
Amotization	6	0	6
Balance at 31.12.2009	48	0	48
NET BOOK VALUE			
Balance at 01.01.2009	49	0	49
Balance at 31.12.2009	61	63	124

Non-current licences and other contracts include computer software used by the company and licence to use "NLB" brand. In 2009 prepayments for the purchase of new IT system were made in amount of EUR 63 thousand.

1.2. Property, plant and equipment (PP&E)

In property, plant and equipment the Company includes: buildings (business premises in the amount EUR 632 thousand), own equipment (vehicles, office equipment, computers), equipment leased out on operating leases, equipment subject to contracts not yet in force, and prepayments for acquisition of property, plant and equipment. No fixed assets of the company are subject to pledges as security for loans or on any other grounds.

The residual value of property, plant and equipment is only taken into consideration for material items.

The purchase value of the business premises in which the Group carries out its activities are part of the building (floor ownership) and also includes the value of co-ownership share in the corresponding land. The share in the land, which belongs to a co-owner, cannot be a separate subject of legal transactions and cannot be presented as individual fixed asset. Its value is included in the purchase value of business premises or part of building.

Table 22: Changes in property, plant and equipment

						EUR 000
	Buildings	Equipment	Equipment made available on operating leases	Contracts not yet in force	Advances	Total
Cost						
Balance at 01.01.2009	726	240	8.935	157	503	10,561
Additions	0	62	5,415	2,457	6,727	14,661
Disposals	0	(22)	(6,074)	(2,604)	(6,840)	(15,540)
Revaluations	0	0	(94)	0	0	(94)
Corrections to valuations	0	0	23	0	0	23
Balance at 31.12.2009	726	280	8,205	10	390	9,611
Adjustments of net book value						
Balance at 01.01.2009	72	161	1,677	0	198	2,108
Revaluation - increase	0	16	5,013	0	1	5,030
Depreciation	22	26	1,270	0	0	1,318
Revaluation - decrease	0	(21)	(6,051)	0	0	(6,072)
Balance at 31.12.2009	94	182	1,909	0	199	2,384
NET BOOK VALUE						
Balance at 01.01.2009	654	79	7,258	157	305	8,453
Balance at 31.12.2009	632	96	6,292	10	191	7,227

Large portion of property, plant and equipment includes equipment leased out on operating leasea. The value of operating lease equipment which was not yet delivered till 31.12.2009 amounts to EUR 10 thousand.

Liabilities to suppliers due to the purchase of fixed assets amount to EUR 86 thousand as at 31.12.2009 and will be settled from current operations inflows.

In order to ensure that the net book value of fixed assets did not exceed their market value impairment charges were recognized in 2009 in the amount of EUR 94 thousand. As a result of the partial sale of fixed assets impairment charges from previous year were reduced in amount EUR 23 thousand. Own Group real estate/buildings were not impaired because their net book value is comparable to market prices based on valuations obtained from a certified valuer which were conducted in accordance with International Valuation Standards.

1.3. Investment property

As at 31.12.2009 the Group owned several investment properties, including part of the building on Ferrarska 10, at NLB Leasing KOPER d.o.o. headquarters. Part of this building is rented out in order to earn rent, measured 446.12 m2, representing 53,62% of floor surface on Ferrarska 10, which is in the Group's ownership (832 m2).

In the accounting records the investment property in Lucija (Portorož) at Obala 114 is recognised as a separate and is leased out to NLB d.d. It measures 110 m2 and its value as at 31.12.2009 compared to 31.12.2008 fell by EUR 118 thousand. An impairment charge for this investment property was recognised for this amount; a market valuation was obtained from certified valuer in accordance with International Valuation Standards.

The remaining investment properties in the Company's possession are recognised as single property portfolio in the Company's accounting records. Their value at 31.12.2009 amounted to EUR 2,005 thousand. It includes three business premises total 158.85 m2 in Piran (together valued at EUR 448 thousand), business premises totalling 339.37 m2 in Dobrovo (together valued at EUR 320 thousand) and a production-storage facility in Slavina municipality measuring 11,586 m2 (valued at EUR 1,237 thousand).

All investment properties have been valued by a certified valuer with exception of premises in Dobrovo, since they were bought in 2009 at market price in fourth construction phase. The only impaired investment property was the one in Lucija, the net book value of which differed from the fair market value.

In 2009 rental revenue from investment properties was recognized in the total amount of EUR 167 thousand; there were no major repair and maintenance costs.

Table 23: Changes in investment property measured at fair value

				EUR 000
	Lucija	Koper	Other investment propertiy	Total
Balance at 01.01.2009	638	822	0	1,460
Additions	0	0	2,005	2,005
Disposals	0	0	0	0
Impairment of investment property	(118)	0	0	(118)
Balance at 31.12.2009	520	822	2,005	3,347

1.4. Non-current financial assets

Table 24: **Non-current financial assets**

		EUR 000
	2009	2008
Non-current financial assets other than loans	92	57
Capital investments - subsidaries	41	0
Impairment of capital investments – subsidaries	(41)	0
Other non-current financial investments	92	57
Non-current loans incl. non-current receivables from finance lease	64,929	74,980
Non-current loans to others	2,948	2,945
Transfer to short term loans	(275)	(520)
Non-current loans to others – accrued arrangement fees	(3)	(2)
Impairment of values of given long-term loans	(21)	(107)
Non-current receivables from finance leases	93,633	100,995
Transfer to current finance leases	(27,088)	(25,920)
Non-current receivables from finance leases – accrued arrangement fees	(558)	(330)
Impairment of non-current receivables from finance leases	(3,707)	(2,081)
Total	65,021	75,037

As at 31 December 2009 the company had EUR 65,021 thousand non-current financial assets.

EUR 92 thousand relates to hedged items that represent two interconnected investments – two financial leases connected to the same lessee. The interest rate as the hedging instrument is estimated at fair value in accordance with formally adopted internal documentation. The revaluation effect is presented through profit and loss.

EUR 64,929 thousand of non-current financial assets includes non-current loan receivables and non-current receivables from finance leases. Listed receivables are presented according to net principle, while the balance is decreased by transfers between current financial investments (due for payment within 12 months after the balance sheet date), accrued loan arrangement fees, relating to signed leasing contracts and deferred over the duration of the contract and potential loan or receivables impairments according to our accounting polices.

Table 25: **Changes in non-current financial assets**

					EUR 000
	Non-current loans to ohters	Non-current receivables from finance leases	Capital investments - subsidaries	Other non-current financial investments	Total
GROSS VALUE					-
Balance at 01.01.2009	2,423	74,745	0	57	77,225
Additions	661	34,097	41	176	34,975
Due for payment in current year	245	(1,168)	0	0	(923)
Disposals	(659)	(41,395)	0	(141)	(42,195)
Transfer to inventories	0	(27)	0	0	(27)
Accrued arrangement fees	0	(228)	0	0	(228)
Revaluation – exchange rate	0	(37)	0	0	(37)
 Balance at 31.12.2009	2,670	65,987	41	92	68,790
 ADJUSTMENTS TO NET BOOK VALU	IE				
 Balance at 01.01.2009	107	2,081	0	0	2,188
 Revaluation increase	14	3,701	41	0	3,756
 Revaluation decrease	(100)	(2,075)	0	0	(2,175)
 Balance at 31.12.2009	21	3,707	41	0	3,769
Net value 01.01.2009	2,316	72,664	0	57	75,037
 Net value 31.12.2009	2,649	62,280	0	92	65,021

Finance lease receivables are secured through direct ownership of the object of the lease, bills of exchange, guarantees and mortgages, amongst other types of security.

Table 26: Non-current receivables from finance leases by type

		EUR 000
	2009	2008
Finance leases of movable property with retention of title	26,311	29,860
Finance leases of real estate	35,836	42,804
Total	62,147	72,664

Most non-current finance lease receivables are due within 1 to 5 years. As at 31 December 2009 group receivables due within 1 year included also overdue non-current finance lease receivables in the amount of EUR 4,982 thousand.

Table 27: Breakdown of non-current receivables from from finance leases by due date

				EUR 000
	Less than 1 year	Form 1 to 5 years	More than 5 years	Total
Gross receivables	32,275	49,205	30,634	112,114
Accrued revenue	(4,094)	(8,710)	(6,130)	(18,934)
Present value of receivables	28,181	40,495	24,504	93,180

Note: value adjustments have not been taken account in the above figures

Total overdue finance lease receivables at 31.12.2009 amounted to EUR 5,231 thousand.

Table 28: **Breakdown of overdue receivables from finance leases**

						EUR 000
	Less than 30 days	From 31 to 90 days	From 91 to 180 days	From 181 to 360 days	More than 360 days	Total
Overdue receivables	1,282	999	1,119	435	1,396	5,231

In February 2009 the company acquired 75,1% share in the Croatian company OL Nekretnine d.o.o. Zagreb, company registration number 080634333, and thereby increased its non-current financial assets by EUR 41 thousand. Because of the subsidiary's realized loss in 2009 the impairment of investment was made in amount of 41 thousand EUR.

1.5. Non-current trade receivables

Table 29: **Non-current trade receivables**

		EUR 000
	2009	2008
Non-current trade receivables due from others	12	2
Total	12	2

EUR 12 thousand EUR of non-current trade receivables relate to contributions to the reserve fund for the building on Ferrarska 10 in Koper.

All the non-current trade receivables at 31.12.2009 are due for payment after more than 5 years.

1.6. Deferred tax assets

Table 30: **Deferred tax assets**

		EUR 000
	2009	2008
Deferred tax assets arising from impairments to investments and receivables	816	462
 Deferred tax assets arising from provision for employee benefits	6	6
 Deferred tax assets arising from impairments to non-current assets	3	4
Total	825	472

Deferred tax assets are corporate income tax which will be refunded in future periods as a result of deductible temporary differences. They arise as a result of provision in tax law whereby income and expenses are recognised in different periods for tax purposes than when they are recognised in the financial statements.

The Company expects to realise profits in future periods against which it will be able to utilise these deductible temporary differences. Since the applicable corporate income rate in 2010 is 20%, the Company has calculated its deferred tax assets using this rate. As a result of using the 2010 tax rate, deferred tax assets and deferred income have fallen by EUR 10 thousand.

Table 31: Movement in deferred tax assets

				EUR 000
	Impairments of invest- ments and receivables	Provisions for employee benefits	Impairments of non-current assets	Total
GROSS VALUE				
Balance at 01.01.2009	462	6	4	472
Increase in 2009 (additional impairments)	810	0	0	810
Reversal of impairments following payment of receivables or change in customer credit rating	(444)	0	0	(444)
Reversal of impairments following write-off of receivables	(12)	0	0	(12)
Reversal of impairments following sale of fixed assets	0	0	(1)	(1)
Balance at 31.12.2009	816	6	3	825

The movement in the above deferred tax assets is reflected in its entirety in the Company's income statement, with no effect on capital. All deductible temporary differences have been recognised.

1.7. Inventories

Table 32: Inventories

Т	otal	4,568	866
	Repossessed assets	4,062	125
	Buildings under construction	506	741
		2009	2008
			EUR 000

The Company shows as inventories real estate and movable property which has been repossessed from the lessees (as a result of breach of the contractual terms of the leases) as well buildings under construction in the amount of EUR 506 thousand. The value of buildings under construction increased by EUR 16 thousand in the past reflected cost related to a planned project and legal and technical advice received.

One of the properties, which was shown as stock at 31.12.2008 because it was then under construction, was completed and sold in 2009 and, as a result, the value of inventories fell by EUR 251 thousand.

Whereas the Company only had repossessed movable property at 31.12.2008, as at 31.12.2009 it had both repossessed real estate and movable property. During the year two properties with a total value of EUR 4,399 were repossessed, however one was subsequently transferred to investment property.

The Company is in the process of selling the repossessed movable property and expects that it will be sold within one year. The Company is also currently negotiated with potential lessors of the repossessed real estate.

Because of sales of repossessed movable property or transfers to non-current financial investments during the year, the value of inventory fell by EUR 193 thousand.

Table 33: **Changes in inventories**

				EUR 000
	Buildings under construction	Repossessed realestate	Repossessed vehicles	Total
Balance at 01.01.2009	741	0	125	866
Increase – additions	16	0	0	16
Repossessed assets from leaseholder	0	4,399	27	4,426
Reduction – disposals, transfers	0	(369)	(193)	(562)
Reduction – transfer to account 702000	(251)	0	0	(251)
Impairment of inventories	0	0	(10)	(10)
Reduction of inventories impairment	0	0	83	83
Balance at 31.12.2009	506	4,030	32	4,568

Valuations from a certified valuer have been obtained for movable property and real estate in inventory; in order to ensure that the book value of inventory does not exceed its net realisable value, the Company has recognised impairments in the amount of EUR 10 thousand. As a result of sales of part of the movable property in inventory or transfers to not current assets, previous impairments amounting to EUR 83 thousand have been reversed.

There were no inventory surpluses or shortfalls in the 2009 year end stock-take.

1.8. Current financial assets

The Company shows under current financial assets short-term loans receivable, the short-term portion of long-term loans receivable and the short-term portion of long-term finance lease receivables.

The short-term portion of long-term receivables is secured in the same was as the long-term portion.

Table 34: **Changes in current financial assets**

urrent loans to others	Current portion of non-current loans	Current portion of investments from finance leases	Total
1,925	520	25,920	28,365
11,860	0	1,168	13,028
(13,158)	(245)	0	(13,403)
627	275	27,088	27,990
99	0	0	99
100	0	133	233
(172)	0	0	(172)
27	0	133	160
1,826	520	25,920	28,266
600	275	26,955	27,830
	1,925 11,860 (13,158) 627 99 100 (172) 27 1,826	to others non-current loans 1,925 520 11,860 0 (13,158) (245) 627 275 99 0 100 0 (172) 0 27 0 1,826 520	turrent loans to others Current portion or non-current loans investments from finance leases 1,925 520 25,920 11,860 0 1,168 (13,158) (245) 0 627 275 27,088 99 0 0 100 0 133 (172) 0 0 27 0 133 1,826 520 25,920

1.9. Current trade receivables

Table 35: **Current trade receivables**

		EUR 000
	2009	2008
Current receivables due from Group companies	3	5
Current receivables due from domestic customers	376	220
Short-term advances or deposits paid	139	26
Current interests receivable due from Group companies	0	0
Current interests receivable due from others	119	88
Other current receivables	1,227	246
Total	1,864	585

Short-term receivables from group companies represent rent receivable in respect of business premises in Lucija, which are let to NLB d.d.

Short-term receivables from domestic customers comprise rent receivable in accordance with the operating lease contracts, receivable subject to court processes and other short-term receivables.

Short-term advances and deposits paid represent payments to suppliers for goods or services which have not yet been supplied.

Short-term interest receivable from others represents almost entirely penalty interest: only EUR 1 thousand relates to short-term loans to the suppliers of vehicles for the financing of inventories.

The majority of other short-term receivables from the state and state institutions are sick-leave payments and in particular refundable VAT; EUR 15 thousand represents receivables from insurance institutions in respect of claims agreed but not yet settled.

All short-term receivables fall due within less than a year from the balance sheet date.

Operating lease receivables are secured with bills of exchange when the contracts are signed, other short-term trade receivables are non-secured.

Table 36: **Movement in current trade receivables**

					EUR 000
	Current trade receivables due from Group companies	Current trade receivables due from customers	Short-term advances	Other current receivables	Total
COST					
Balance at 1.1.2009	5	355	26	390	776
Increase	71	9,663	163	13,738	23,635
Decrease	(73)	(9,492)	(47)	(12,724)	(22,336)
Revaluation	0	0	0	0	0
Balance at 31.12.2009	3	526	142	1,404	2,075
IMPAIRMENTS					
Balance at 1.1.2009	0	135	0	56	191
Increase	0	60	3	2	65
Decrease	0	(45)	0	0	(45)
Revaluation	0	0	0	0	0
Balance at 31.12.2009	0	150	3	58	211
Value at 1.1.2009	5	220	26	334	585
Value at 31.12.2009	3	376	139	1,346	1,864

The impairment in short-term trade receivables in the amount of EUR 150 thousand relates to operating lease receivables to receivables which are subject to legal proceedings to enforce collection and which have been 100% impaired.

In accordance with Company's practice in providing for bad and doubtful debts, EUR 60 thousand of new bad debt provisions were recognised in 2009 and EUR 45 thousand were reversed.

1.10. Cash and cash equivalents

Table 37: Cash and cash equivalents

	2009	2008
Petty cash	0	0
Cash in hand and cheques recieved	0	0
Cash in banks and other financial institutions	23	1,956
Cash assets on bank account	23	11
Short-term deposits and call deposits	0	1,945
Total	23	1,956
Skupaj	23	1,956

As at 31 December 2009 the Company only held cash at bank in current accounts and did not have any deposits.

1.11. Prepayments and accrued income

Table 38: **Prepayments and accrued income**

					EUR 000
	Deferred short-term insurance costs for non-current assets	Accrued arrangement fees for short-term loans payable	Accrued employee statutory holiday allowance	Other deferred costs (subscriptions)	Total
Balance at 31.12.2008	2	0	0	0	2
Increase	5	0	25	1	31
Decrease	(3)	0	(25)	(1)	(29)
Balance at 31.12.2009	4	0	0	0	4

Prepayments at 31.12.2009 represent prepaid insurance costs relating to the year ending 31 December 2010 or other expenses which will only be recognised in the Company's income statement in 2010.

1.12. Equity

Table 39: **Equity**

Called-up capital Share capital	1,826	1,826
Share premium account		1,847
Share premium account	1,847	1,847
Revenue reserves	33	33
Legal reserves	33	33
Net profit	844	807
Retained earnings	639	639
Net profit or loss for the period	205	168
Total	4,550	4,513

The Company's share capital represents the equity share of the sole shareholder NLB d.d. The majority of the capital reserves (EUR 1,839 thousand) represent shareholders' contributions in 2006 (which did not increase the share capital); capital reserves increased by EUR 8 thousand as a result of the transition to new Slovene Accounting Standards in 2006 because of the transfer of the general revaluation reserve to capital reserves.

1.13. Provisions and accruals

Table 40:

Movement in provisions

				EUR 000
	Non-current provisions for post-retirement benefits and jubilee awards	Accrued licence payments	Long-term deferred income – deferral of operating lease deposits	Total
Balance at 31.12	24	0	80	104
Increase	0	5	150	155
Decrease	0	(2)	(121)	(123)
Balance at 31.12	24	3	109	136

As at 31 December 2009, the Company had set up a provision for post-retirement benefits and jubilee awards in accordance with SAS 10.44 and IAS 19 as well as for the second and third instalments of licence payments which it was required to pay for the use of the "NLB" brand over the following two years. The purpose of these provisions is to accrue the costs which the Company will be required to pay out in the future.

Deferred income relates to deposits paid by lessees on signing operating lease agreements (EUR 109 thousand), which are accrued evenly over the number of lease payments stipulated in the lease agreement. The amounts accrued will be recognised as income from 2011 on.

The value of accrued licence payments and deferred income was derived from the contracts in question, while the provision for post-retirement benefits and jubilee awards was determined on the basis of

actuarial valuations from 2008 in accordance with the requirements of Slovene and International accounting standards.

The actuarial calculation was prepared in such a way that the retirement costs of each individual employee, according to their entitlements under their employment contract, was taken into consideration and the costs of all expected jubilee awards for the total length of employment or length of employment in the Company. The Book reserve method was used taking with the following assumptions:

- Average annual wage growth in the Republic of Slovenia is 4.5% which represents the estimated long wage growth,
- The annual growth in severance pay on retirement and jubilee awards arising from the Regulation of the level of expenses relating to employment and other income which are not included in the calculation of taxable profits is 4.5%,
- The liability in respect of severance pay on retirement is dependent on the individual employee's length of employment,
- Staff turnover is correlated in particular with age of the workforce,
- It is possible to estimate employee's death rate using the death rate tables for the Slovene population for the years 2000-2002,
- The current value of the Company's liability in laying off employees is equal to the present value of the liability in respect of the severance payment,
- In individual cases of severance payments on regular retirement past and future employment periods are taken in account.
- Employees will exercise their right to retirement when they reach retirement age, therefore the Company and so the Company is not taking on liabilities for paying jubilee awards, which would according to projections have been paid later.

1.14. Non-current liabilities

Non-current financial liabilities

Table 41: **Non-current liabilities**

		EUR 000
	2009	2008
 Non-current financial liabilities to banks	22,318	30,615
 Other domestic banks	25,805	33,584
Accrued arrangement fees – other domestic banks	(12)	(12)
Other foreign banks	4,894	5,620
 Accrued arrangement fees – other foreign banks	(1)	(4)
Transfer of liabilities to banks to short-term	(8,368)	(8,573)
Non-current financial liabilities to group companies	30,146	34,259
Liabilities to NLB d.d.	33,419	38,094
Transfer of liabilities to NLB to short term	(3,363)	(3,874)
Accrued arrangement fees	(13)	(17)
Other non-current financial liabilities to Group companies	103	56
Other non-current financial liabilities	14	11
 Recalculation of financial liabilities to contractual exchange rate	14	11
Total	52,478	64,885

The Company includes liabilities in respect of loans payable under financial liabilities. All loans payable are secured with bills of exchange and letters of guarantee from the parent company.

The Company includes liabilities in respect of loans payable under financial liabilities. All loans payable are secured with bills of exchange and letters of guarantee from the parent company.

Other non-current financial liabilities to group companies in the amount of EUR 103 thousand relate to the revaluation of derivative instruments used to hedge against the interest rate risk, which the Company is exposed to in relation to two fixed rate investments financed with two variable rate loans.

Table 42: Outstanding balance of non-current loans due on 31.12.2009

				EUR 000
	Less than 1 year	From 1 to 5 years	More than 5 years	Total
Loans from NLB Group	3,363	21,553	8,504	33,419
Loans from other domestic banks	7,924	15,256	2,624	25,805
Loans from other foreign banks	444	4,450	0	4,894
Total	11,731	41,259	11,128	64,118

1.15. Current liabilities

1.15.1. Current financial liabilities

Table 43: **Current financial liabilities**

		EUR 000
	2009	2008
Short-term loans received from group companies	34,890	26,758
Short-term share of long-term loans from group companies	3,363	3,874
Short-term loans from domestic banks	2,000	2,000
Short-term share of long-term loans from domestic banks	7,924	7,847
Short-term loans from foreign banks	3,000	3,000
Short-term share of long-term loans from foreign banks	444	726
Total	51,621	44,205

Under current financial liabilities the Company includes liabilities in respect of short-term loans received and the short-term portion of long-term loans, all of which fall due within less than a year of the balance sheet date.

The average interest rate on short-term loans payable was 5.56%.

1.15.2. Current trade liabilities

Table 44: **Current trade liabilities**

		EUR 000
	2009	2008
 Short-term liabilities to suppliers	527	1,312
Short term liabilities to suppliers – group companies	0	3
Short term liabilities to suppliers – others	527	1,309
Short-term advances and security received	512	927
Short-term advances received	501	927
Short-term securitiy received	11	0
Short-term liabilities to employees	45	51
Short term liabilities for net salaries and wages	23	25
Short-term liabilities for other income from employment	10	11
Short-term liabilities for salary contributions	7	10
Short-term liabilities for other employment income	5	5
Liabilities to state and other institutions	345	22
Liabilities for VAT	12	9
Employer social security contributions	7	8
Payroll tax	0	0
Liabilities for corporate income tax	326	5
Other short-term liabilities	383	1,027
Short-term liabilities for interests to group companies	189	389
Short-term liabilities for interest to others	191	634
 Short-term liabilities for wage deductions	3	4
 Total	1,812	3,339

The majority of the Company's current trade liabilities represent short-term payables to suppliers, which had not yet been paid by 31.12.2009 (here liabilities to suppliers in respect of goods leased out on finance leases predominate) and deposits and security payments received.

Short-term deposits received relate to monies received in respect of finance and operating lease agreements and also include customer deposits paid in respect of contracts which are not yet active and customer prepayments. The Company also had as at 31.12.2009 customer security in the amount of EUR 11 thousand, representing security paid by lessors as a means of ensuring that they will fulfil their contractual obligations. Part of the deposits received represents payments received from third parties for the purchase of vehicles.

Liabilities to employees represent December 2009 salaries which were paid in January 2010.

Liabilities to state institutions include VAT, corporate income tax and social security contributions on December's pay.

Also included under current liabilities are accrued interest on loans, which had not fallen due for payment as at 31.12.2009 and current liabilities in respect of amounts withheld from pay (wage assignment, contributions to the group pension company skupna pokojninska družba).

1.16. Accruals and deferred income

Table 45 **Changes in accruals and deferred income**

				EUR 000
	Accrued costs and expenses	Provisions for unused annual leave for employees	Short-term accrued income – accrued operating lease deposits	Total
 Balance at 31.12.2008	31	14	56	101
Increase	320	18	26	364
Decrease	(205)	(13)	0	(218)
Balance at 31.12.2009	146	19	82	247

Included under accruals are accrued auditing fees and other operating expenses, for which invoices had not yet been received at the time of drawing up the financial statements. In addition part of the accrued costs relate to the provision for employees' untaken holiday and part to short-term deferred income in respect of lease premium payments. The premium payments is progressively recognised as income, as monthly rental income is calculated under the terms of the lease agreements.

1.17. Off-balance sheet assets and liabilities

Off-balance sheet assets and liabilities in the amount of EUR 7,980 thousand represent mostly the unutilised portion of the revolving bank credit and the principle of two loans for which the Company concluded interest rate swap agreements which mature in 2026.

2. INCOME STATEMENT

General

Details on the basis for the preparation of the income statement and individual accounting policies which have been applied to important transactions and other operating events are given the notes of individual significant items of income and expenditure.

Format I of the income statement per SAS (2006) 25.5 has been used.

2.1. Revenue

Table 46: **Revenue**

		EUR 000
	2009	2008
Revenue from operating leases	1,611	1,578
Revenue from operating leases – handling expenses	5	13
Revenue from business premises rent	167	121
Revenue from rent – vessel	10	0
Revenue from operating leases	1,793	1,712
Revenue from financial leases – reminders	46	78
Revenue from financial leases – margin	25	22
Revenue from handling expenses	84	81
Other operating revenue	24	18
Other operating revenue	180	200
Net revenue from sale of real estate	284	283
Net revenue from sale of realestate	284	283
Total	2,257	2,195

In the year ended 31 December 2009 the company realised net income from sales of EUR 2,257 thousand, of which 79% derived from operating leases and 13% from the sale of real estate (investment leasing). The remaining 8% comprised other operating income. The Breakdown of operating lease income in 2009 is comparable to that in the prior year. EUR 65 thousand of operating lease income comprises rental income receivable in respect of business premises let out to the parent company. The Company also received in 2009 income of EUR 10 thousand relating to the leasing of boats.

2.2. Other operating revenue

Table 47:

Other operating revenue

		EUR 000
	2009	2008
Revenue from the reversal of provisions	0	35
Revaluation revenue – non-current assets	293	338
Revaluation operating revenue – reversal of impairment of receivables and inventories	116	83
Total	409	456

Revaluation operating income relating to non-current assets represents gains on the sale of the Company's own assets, i.e. motor vehicles which had been let out on operating leases.

Revaluation operating income arising from the reversal of impairments, which had been recognised in prior periods totals EUR 116 thousand, including EUR 22 thousand in respect of impairments of operating lease receivables (relating to both equipment and real estate), EUR 11 thousand of reversed impairments of receivables subject to court recovery and EUR 83 thousand of reversed impairments of inventories.

2.3. Cost of goods, materials and services

Table 48

Cost of goods, materials and services

		EUR 000
	2009	2008
Cost of real eatates sold	(251)	(251)
Cost of real estates sold	(251)	(251)
Cost of materials	(103)	(98)
Energy cost	(18)	(16)
Cost of replacement parts and maintenance materials	(62)	(50)
Cost of office materials and technical literature	(21)	(30)
Other costs of materials	(2)	(2)
Cost of services	(462)	(378)
Cost of transportation, post, telegraph and telecommunication services	(47)	(42)
Maintenance costs	(27)	(27)
Reimbursement costs to employees	(16)	(16)
Cost of payment transactions and banking services	(172)	(114)
Cost of intellectual services	(91)	(72)
Costs of fares, advertising and entertainment	(82)	(82)
Cost of services rendered by individuals	(6)	(14)
Cost of other services	(22)	(12)
Total	(816)	(727)

The cost of services represents 57% of the costs of goods, materials and services.

Just as in 2008 the greatest growth is in the banking costs followed the high costs for loan arrangement fees.

Costs of materials and energy used represent 13% of total costs of goods materials and services and are at comparable level to the prior year.

The breakdown of costs by operating groups is shown in the table below.

Table 49:

The breakdown of costs by operating groups

		EUR 000
	2009	2008
Cost of materials used and goods sold	(251)	(251)
Production costs of goods sold Costs of sales	(2,160)	(1,999)
General administrative costs	(656)	(635)
Total costs by operating group	(3.067)	(2 885)

2.4. Labour costs

Table 50: **Labour costs**

		EUR 000
	2009	2008
Salaries and wages	(661)	(536)
Social insurance contributions	(41)	(42)
Pension security contributions	(49)	(52)
Costs of transportation to work	(17)	(17)
Cost of meal allowances	(19)	(20)
Statutory employee holiday allowance	(31)	(36)
Cost of additional pension insurance of employees	(22)	(22)
Provision for outstanding leave of absence	(19)	(14)
Other employment costs	(9)	(23)
Total	(868)	(762)

Employment costs increase by 13.9% compared to the prior year. In accordance with the changes to the payscale set out in the Collective bargaining agreement for banks and savings institutions in Slovenia (Official Gazette of the Republic of Slovenia n° 19/2009), the Bank increased gross starting salaries by 1.15%.

Table 51: Changes in number of employees

	2009	2008
At 01.01.2009	19	19
New employees	2	3
Leavers	(1)	(3)
At 31.12.2009	20	19

The number of employees increased one compared to the prior year.

In 2009 two employees went on maternity leave and one returned from maternity leave; the latter employee has also exercised her right as a parent to work shorter hours.

2.5. Depreciation, amortisation and impairments

Table 52:

Depreciation, amortisation and impairments

		EUR 000
	2009	2008
Amortisation	(1,324)	(1,349)
Amortisation of intangible assets	(6)	(3)
Depreciation of buildings	(22)	(19)
Depreciation of equipment and replacement	(1,296)	(1,326)
Revaluation operating expenses	(453)	(535)
Revaluation operating expenses for intangible assets, PP&E and inventories	(376)	(406)
Revaluation operating expenses for current assets, excluding financial investments and investment property	(77)	(129)
Total	(1,777)	(1,884)

Amortisation and depreciation expenses are the result of amortising intangible assets and depreciating property, plant and equipment on a straight line basis and at the amortisation or depreciation rates stipulated in the sections "Intangible non-current assets" and "Property, Plant and Equipment" over their useful economic lives.

In 2009 the Company changed its accounting policy in respect of the depreciation of other equipment. The amortisation was changed from 25% to 20%. As the change was not material, it does not constitute the correction of a significant error from a prior period. For this reason no prior period adjustment was made in accordance with the Introduction to the Slovene Accounting Standards, but instead the change was reflected as reduction of costs for the year ended 31 December 2009.

Revaluation operating expenses relating to non-current assets relate to losses on the sale of motor vehicles leased out under operating lease agreements (in the amount of EUR 282 thousand) as well as to the impairment (in the amount of EUR 94 thousand) of motor vehicles on operating leases, i.e. an impairment to bring the book value down to the net realisable value.

Because of the new way of recognising impairments of finance lease receivables in respect of movable property and real estate in 2009, the comparative figure for revaluation operating expenses relating to current assets (excluding investments and investment property) was corrected for 2008 in order to ensure the comparability of the data. The latter fell by EUR 1,263 thousand as a result of the correction. The 2008 figure for finance expenses (impairments and write-offs of finance lease assets) has not been changed.

2.6. Other operating expenses

Table 53:

Other operating expenses

		EUR 000
	2009	2008
Other taxes or duties not connected to labour costs or other types of cost	3	0
Other costs	56	46
Total	59	46

Duties which are not connected to labour costs relate to local property taxes.

The increase in other costs reflects a greater participation in sponsoring activities (EUR 23 thousand in 2009 compared to EUR 15 thousand in 2008) and the increase in non-recoverable VAT as a result of the increase in the proportion of exempt activities (issuing loans and other activities) in the partial exemption calculation from 9% to 12%.

2.7. Financial revenue

2.7.1. Financial revenue from shares and interests

Table 54
Financial revenue from shares and interests

		EUR 000
	2009	2008
Financial revenue from revaluation - SWAP	148	88
Total	148	88

Financial revenue from shares represents gains on the revaluation of a derivative financial instrument, used to hedge against interest rate risk and which is valued at fair value through profit and loss.

2.7.2. Financial revenue from loans

Table 55
Financial revenue from loans

		EUR 000
	2009	2008
Financial revenue from loans to Group companies	37	16
Financial revenue from loans	408	414
Financial revenue from finance leases	5,866	7,900
Other financial revenue – penalty interest re finance leases	234	113
Financial revenue from reversal of loan impairments	259	280
Financial revenue from reversal of impairments of financial lease receivables	1,968	1,114
Total	8,772	9,837

Financial revenue from loans to group companies comprises bank interest on deposits and on current and foreign currency accounts.

Financial revenue from finance leases represents interest from the finance leasing of equipment and real estate as well as net accrued approval and other fees on both kinds of leasing. Such revenue fell by EUR 2,034 thousand compared to the prior period.

Financial revenue from the reversal of loan impairments relates to the reversal loan impairments recognised in prior periods.

Financial revenue from the reversal of impairments of finance lease receivables fell by EUR 854 thousand compared to the prior year.

2.7.3. Financial revenue from operating receivables

Table 56:

Financial revenue from operating receivables

		EUR 000
	2009	2008
Financial revenue from operating receivable – penalty interest re operating leases	6	4
Financial revenue from operating receivables due from others	213	12
Total	219	16

Financial revenue from operating receivables due from others includes penalty (late payment) interest relating to operating leases and foreign currency gains.

2.8. Financial expenses

2.8.1. Financial expenses arising from the impairment of financial assets

Table 57:

Financial expenses arising from the impairment of financial assets

		EUR 000
	2009	2008
Impairments of non-current and current loans	(114)	(352)
Impairments and write-offs of receivables – finance leases	(3,831)	(1,263)
Impairment of investment in subsidiary	(41)	(0)
Revaluation loss re derivatives - SWAP	(285)	(362)
Total	(4,271)	(1,977)

The Company recognised impairments on loans receivable in the amount of EUR 114 thousand and on finance leases in the amount of EUR 3,831 thousand.

The Company also impaired in 2009 its investment in its subsidiary OL Nekretnine, Zagreb in the amount of EUR 41 thousand.

The revaluation loss in the amount of EUR 285 thousand relates to the revaluation of derivative financial intruments used to hedge against interest rate risk.

2.8.2. Financial expenses from financial liabilities

Table 58: Financial expenses from financial liabilities

		EUR 000
	2009	2008
Financial expenses from loans from Group companies	(2,016)	(3,897)
Financial expenses from loans from banks	(1,355)	(3,017)
Financial expenses from other financial liabilities	(210)	(80)
Total	(3,581)	(6,994)

Financial expenses relating to financial liabilities represent financing expenses including loan interest payable and foreign exchange losses arising on the revaluation of financial liabilities denominated in foreign currencies.

The reduction in loan interest payable in 2009 compared to 2008 is largely the result of the fall in the reference interest rate.

2.8.3. Financial expenses from operating liabilities

Table 59: Financial expenses from operating liabilities

		EUR 000
	2009	2008
Financial expenses from other operating liabilities	(33)	(100)
Total	(33)	(100)

The majority of financial expenses relating to operating liabilities (EUR 32 thousand) in 2009 represents foreign exchange losses arising on the revaluation of finance leases of movable property and real estate.

2.9. Other revenue

Table 60:

Other revenue

		EUR 000
	2009	2008
Revenue from the reversal of prior period expenses	19	133
Compensations for non-current assets received	0	11
Other revenue	8	12
Total	27	156

EUR 19 thousand of other income received represents the reversal of expenses recognised in the prior year including EUR 2 thousand relating to the parent company. No compensation relating to non-current assets was received in 2009.

2.10. Other expenses

Table 61:

Other expenses

Expenses arising from revaluation of investment property at fair value (118) Other expenses (5)	(118) 0
Other synances (E)	

The loss on revaluing the investment property in Lucija at fair value represents 96% of other expenses.

2.11. Income tax

Table 62:

Income tax

		EUR 000
	2009	2008
Income tax expense	(452)	(137)
Deferred tax revenue (expense)	353	48
Total	(99)	(89)

The corporate income tax expense represents the tax on profits for the year reduced by deferred tax assets, which will be realised in future periods as result of deductible temporary differences. Deferred tax income, which arises a result of temporary differences between the accounting and taxable profit, reduces the tax on profits. Deferred tax assets recognised in 2009 amount to EUR 802 thousand. Previously recognised deferred tax assets reversed during the year include EUR 444 thousand as a result of the repayment of receivables and changes to customers' credit ratings, EUR 12 thousand as result of the write of receivables and EUR 1 thousand as a result of the disposal of non-current assets.

The calculation of the Company's corporate income tax charge is shown in the table below:

Calculation of corporate income tax charge

		EUR 000
	2009	2008
Accounting profit	11,832	12,748
Non-taxable income	(2,219)	(1,408)
Taxable income	9,613	11,340
Expenses recognised in financial statements	11,528	12,491
Non-tax deductible expenses	(4,157)	(1,840)
Tax-deductible expenses not recognised in financial statements	45	25
Tax-deductible expenses	7,417	10,675
Difference between taxable income and tax-deductible expenses	2,197	665
Adjustment of tax-deductible expenses recognised in prior years	4	0
Taxable profits	2,201	665
 Available tax reliefs	(47)	(44)
Taxable profits for the purposes of determining tax payments on account	2,154	621
Income tax on profits	452	137

In accordance with the Corporate Income Tax Act, corporate income tax on profits is assessed at a rate of 21% on the Company's taxable profits.

2.12. Net profit or loss for the period

Table 64:

Net profit or loss for the period

		EUR 000
	2009	2008
Revenue		
Net sales revenue	2,257	2,195
Other operating revenue	409	456
Financial revenue from shares and interests	148	88
Financial revenue	8,991	9,853
Other revenue	27	156
Total	11,832	12,748
Expenses		
Cost of goods, materials and services	(816)	(727)
Labour costs	(868)	(762)
Depreciation, amortisation and impairment	(1,777)	(3,148)
Other operating expenses	(59)	(46)
Financial expenses	(7,885)	(7,808)
Other expenses	(123)	0
Total	(11,528)	(12,491)
Tax	(99)	(89)
NET PROFIT OR LOSS FOR THE PERIOD	205	168

Table 65:

Profit/(loss) by activity

Net profit or loss for the period	205	168
Тах	(99)	(89)
Profit (loss) from other operations	(96)	156
Profit (loss) from financial operations	1,254	2,133
Operating profit (loss)	(854)	(2,032)
	2009	2008
		EUR 000

Net profit or loss after revaluation of capital to take into account the effect of inflation:

Table 66:

Net profit or loss after revaluation of capital to take into account the effect of inflation

Ca	pital at 31.12.2009	% CPI growth	Calculated effect	Profit or loss
Capital – all categories, excluding current profits	4,345	1.8	78	126

The net profit after tax for the year ended 31 December 2009 is EUR 205 thousand. If we take inflation into account, using the 2009 growth in the Consumer Price Index (CPI) of 1.8%, then in order to preserve purchasing power, the Company's capital would need to increase by EUR 78 thousand, which would reduce the Company's net profit to EUR 126 thousand.

3. SUMMARY OF OPERATIONS BETWEEN RELATED PARTIES

Table 67: Income statement

		EUR 000
	2009	2008
1. Net sales revenue	65	57
a) net sales realized between Group companies	65	57
- NLB d.d. Ljubljana	65	56
- NLB Leasing d.o.o. Ljubljana	0	1
4. Other operating revenue	0	0
a) revaluation operating revenue from non-current assets	0	0
5. Cost of goods, materials and services	(78)	(71)
b) cost of services	(78)	(71)
- NLB d.d. Ljubljana	(70)	(54)
- NLB Leasing d.o.o. Ljubljana	(8)	(17)
9. Financial revenue from shares and interests	56	31
č) financial income from other investments	56	31
- NLB d.d. Ljubljana	56	31
10. Financial revenue from loans	37	0
a) financial revenue from loans to Group companies	37	0
- NLB d.d. Ljubljana	37	0
11. Financial revenue from operating receivables	0	16
a) financial revenue from operating receivables due to Group companies	0	16
- NLB d.d. Ljubljana	0	16
12. Financial expences from impairment and write-offs of financial investments	(270)	(363)
b) other financial expenses from revaluation	(270)	(363)
* impairment of investment in subsidiary	(41)	(0)
- OL Nekretnine, Zagreb	(41)	(0)
* revaluation expense re derivatives (interest rate SWAPs)	(229)	(363)
- NLB d.d. Ljubljana	(229)	(363)
13. Financial expenses from financial liabilities	(2,016)	(3,899)
a) financial expenses from loans to group companies	(2,016)	(3,899)
 - NLB d.d. Ljubljana	(2,016)	(3,899)
15. Other revenue	2	0
 - NLB d.d. Ljubljana	2	0

Table 68: Balance sheet

		EUR 000
	2009	2008
Assets	26	1.962
IV. Current trade receivables	3	5
Current trade receivables due to Group companies	3	5
- NLB d.d. Ljubljana	3	5
V. Cash and cash equivalents	23	1,956
- NLB d.d. Ljubljana	23	1,956
Liabilities	68,589	65,282
C. Non-current liabilities	30,147	34,259
I. Non-current financial liabilities	30,147	34,259
Non-current financial liabilities to Group companies	30,147	34,259
- NLB d.d. Ljubljana	30,147	34,259
Č. Current liabilities	38,442	31,024
II. Current financial liabilities	38,253	30,632
Current financial liabilities to Group companies	38,253	30,632
- NLB d.d. Ljubljana	38,253	30,632
III. Current trade liabilities	189	392
2. Current trade liabilities to Group companies	189	392
- NLB d.d. Ljubljana	189	389
- NLB Leasing d.o.o. Ljubljana	0	3

4. CASH FLOW STATEMENT

4.1. General

The cash flow statement shows changes in the Company's cash flows for the period.

The Company prepares its cash flow statement using the direct method - format II per SAS (2006) 26.9.

4.2. Cash flows

Table 69: **Type of cash flow**

		EUR 000
	2009	2008
A. Cash flow from operating activities	(1,649)	(1,467)
B. Cash flow from investing activities	8.827	(916)
C. Cash flow from financing activities	(9,111)	1,778
Č. Cash flow for the period	(1,933)	(605)

5. STATEMENT OF CHANGES IN EQUITY

5.1. General

The statement of changes in equity shows changes in the various components of the Company's capital and reserves during the year.

The Company presents its statement of changes in equity such that all components of capital and reserves are shown in tabular form – format I per SAS (2006) 27.2.

5.2. Transfers to capital reserves

The Company's equity increased by EUR 205 thousand during the year, representing the net profit after tax for the year.

5.3. Transfer between capital accounts

Capital movements during the year in the amount of EUR 168 thousand relate to the distribution of the Company's net income for the year ended 31 December 2008 following a resolution of the sole shareholder.

5.4. Transfer from equity

The Company's capital fell by EUR 168 thousand in the year ended 31 December 2009 as result of the distribution to the owner of the net income for the year ended 31 December 2008 in this amount.

5.5. Retained earnings

Retained earnings as at 31 December 2009 amount to EUR 844 thousand. The owner has the decision over whether to distribute the retained earnings o not.

6. OTHER DISCLOSURES

Earnings of management and employees for whom the collective bargaining agreement payscale applies

The Company's management comprises the director and a company officer.

Payments received by management and employees on the basis of collective bargaining agreement comprise:

- Gross receipts, notified as such for personal income tax purposes;
- Other receipts (e.g. food and per diem allowances)
- Additional pension contributions

Management receipts include payments received by all those who exercised management functions during the year ended 31 December 2009. The payments received by the two members of the Company's management were determined on the basis of payscale in the applicable collective bargaining agreement.

Earnings of Supervisory Board members

The supervisory board comprises the president and two other members.

Earnings of Management and Supervisory Board members

Table 70: Earnings of individual groups of employees

		EUR 000
	2009	2008
Management Board	173	156
Members of Supervisory Board	5	10
Total	179	166

The Company did not approve in 2009 any advances, loans and guarantees in favour of the above categories of persons, nor does the Company have to these persons any short or long-term liabilities or material trade receivables.

Auditor's fee

The Company is subject to an annual audit of its financial statements in accordance with article 57 of the Companies Act (ZGD-1). The total amount payable to the auditor chosen by the Company in respect of the year ended 31 December 2009 was EUR 12 thousand.

Proposal for the distribution of profits

The total profit for the year ended 31 December 2009 in the amount of EUR 205 thousand is remains undistributed and is available for payment to the sole shareholder.

Related party transactions

On 17 February 2009, the Company NLB Leasing Koper d.o.o. purchased a 75.1% shareholding in the company OL Nekretnine d.o.o. Zagreb (company registration n° 080634333) from NLB Leasing Ljubljana. The consolidated financial statements are given in the NLB Leasing Koper group financial report.

Events after the balance sheet statement date

Events after the balance sheet date are presented in the business report at the beginning of the annual report. Up to the date of the completion of the financial statements there were no events which might have had a material impact on the financial statements here presented.

7. FINANCIAL RATIOS

Tabela 71: Financial ratios

			EUR 000
		2009	2008
	1. Equity financing rate		
	equity / liabilities	4.10%	3.85%
	2. Long term financing rate		
	equity and non-current debt sum / liabilities	51.45%	59.24%
	3. Fixed-asset turnover		
	fixed assets (after amortisation/depreciation) / assets	6.63%	7.26%
	4. Long term investing rate		
	fixed assets (after amortisation/depreciation), investment properties, non-current financial assets, non-current operating receivables and deferred tax assets / assets	68.95%	72.96%
	5. Equity to operating fixed assets		
	equity / Fixed assets (after amortisation/depreciation)	0.619	0.531
	6. Immediate solvency ratio		
	liquid assets / current liabilities	0.000	0.041
	7. Quick ratio		
	liquid assets and current receivables / current liabilities	0.035	0.053
	8. Current ratio		
	current assets / current liabilities	0.644	0.666
	9. Operating efficiency ratio		
	operating revenue / operating expences	0.758	0.566
	10. Net return on equity		
•••••	net profit for the period / average equity (excluding net profit for the period)	0.046	0.045

As at 31 December 2009 the Company's equity (net assets) represented 4.10% of total liabilities. Compared to 31 December 2008, the proportion of total liabilities represented by the owner's equity increased significantly in 2009 as result of the net profit for the year and the fall in total liabilities.

The Company finances 51% of its assets using long-term financing and 49% using short-term financing. The proportion of long-term financing as at 31 December 2009 is 8% lower compared 31 December 2008 because of the increase in capital and short-term financing and decrease in long-term financing.

The proportion of non-current tangible and intangible assets of total assets is 6.6% lower at 31 December 2009 compared to 31 December 2008.

The Company's non-current assets represent 69% of the Company's total assets; this indicator is significantly lower at 31 December 2009 compared to 31 December 2008 because of an increase in the Company's current assets.

The equity to operating fixed assets ratio is 0.62 in 2009, which means that the Company's operations are only financed to a small extent by equity.

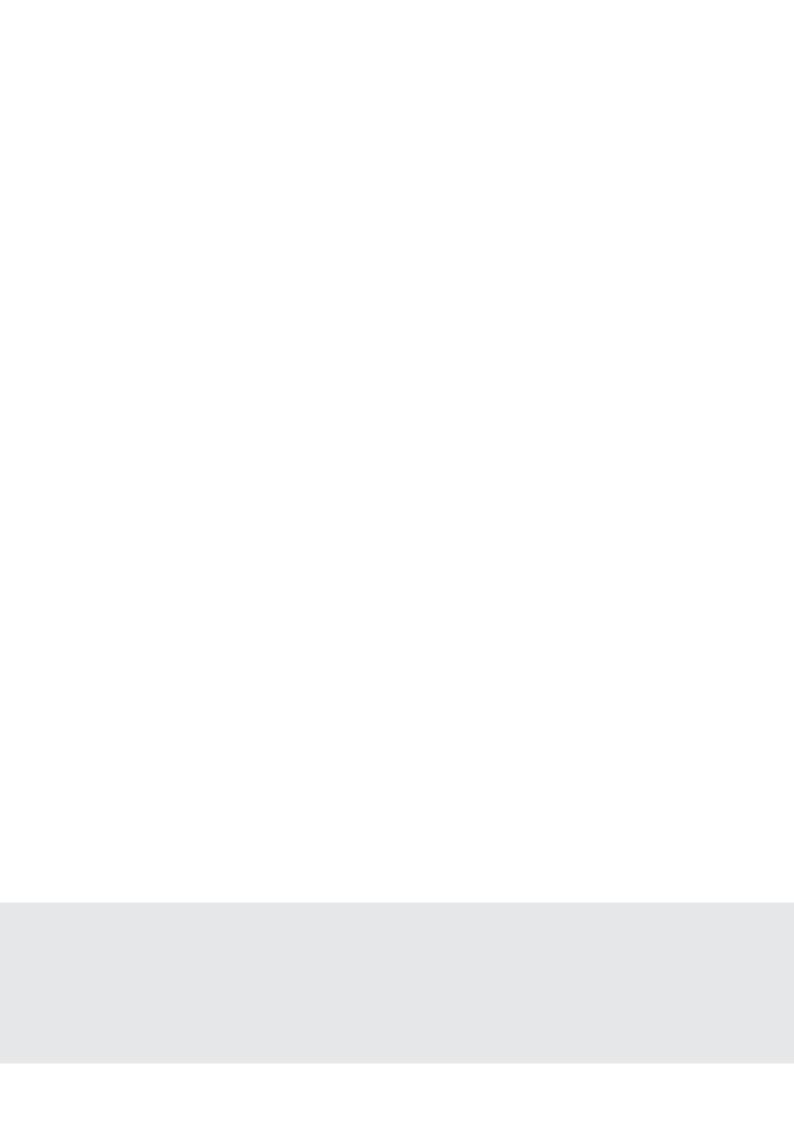
The quick ratio represents the ratio between liquid assets and current liabilities. Since the Company only holds limited cash, this ratio is close to zero, which means that the Company cannot meet its current liabilities using its liquid resources.

Financial Report NLB Leasing Koper d.o.o.

The quick ratio as at 31 December 2009 was 0.035, which means that the Company finances part of its current assets using current liabilities. The current ratio as at 31 December 2009 was 0.65 and remained at a similar level to that of the prior year.

In the year ended 31 December 2009 the Company's was operating income was 24% lower, as were operating expenses. The operating margin was more favourable in 2009, as operating expenses fell compared to the prior year.

The Company earned EUR 5 of net profits for every EUR 100 of capital; this ratio improved by 0.1 of a percentage point compared to 2008 because of the higher profit for the year.



Group Financial Report

NLB Leasing Koper

Auditor's report



PricewaterhouseCoopers d.o.o.

Cesta v Kleče 15, SI-1000 Ljubljana, Slovenia Telephone: 01 5836 000 Facsimile: 01 5836 099 Matriculation No.: 5717159 VAT No.: SI35498161

Independent auditor's report

To the shareholders of NLB Leasing Koper d.o.o.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Group NLB Leasing Koper (the 'Group') which comprise the consolidated balance sheet as of 31 December 2009 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Slovenian Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The company is registered by District court in Ljubljana under the number 12156800 as well in to the register of the Auditing companies by Slovene Audit Institute under the number RD-A-014. The amount of the registered share capital is EUR 34.820. The list of employed auditors is available at the registered office of the company.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with Slovenian Accounting Standards.

Report on Other Legal and Regulatory Requirements

Management is also responsible for preparing the Management Report as required by the Slovene Corporation Act.

We are required to read the Management Report and to express an opinion whether the Management Report is consistent with the consolidated financial statements of the Group.

In our opinion, the Management Report is consistent with the accompanying consolidated financial statements of the Group as of 31 December 2009.

Ljubljana, 19 April 2010

PricewaterhouseCoopers d.o.o.

Mojca Vrečar Certified Auditor François Mattelaer Partner

[&]quot;Translation note: This version of our report is a translation from the original, which was prepared in Slovene language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation. This translation is provided for reference purposes only and is not to be signed."

1. GROUP BALANCE SHEET

Table 72: GROUP BALANCE SHEET - assets

		EUR 000
	Notes	31.12.2009
ASSETS		149,807
A. NON-CURRENT ASSEST		81,401
I. Intangible assets	1.1.	146
1. Licences and other contracts		74
2. Advances for intangible assets		72
II. Property, plant and equipment	1.2.	8,497
1. Land and buildings		1,900
a) land		1,268
b) buildings		632
2. Manufacturing plant and equipment		6,406
3. Other plant and equipment		191
III. Investment property (at fair value)	1.3.	3,347
IV. Non-current financial assets	1.4.	68,574
1. Non-current financial assets other than loans		92
a.) capital investments - subsidiaries		0
č.) other non-current financial investments		92
2. Non-current loans		68,482
b.) non-current loans to others		68,482
 V. Non-current trade receivables	1.5.	12
3. Non-current trade receivables to others		12
VI. Deferred tax assets	1.6.	825
B. CURRENT ASSETS		68,402
I. Assets (disposal group) held for sale		0
II. Inventories	1.7.	8,806
 1. Material		0
 2. Work in progress		4,744
3. Products and merchandise		4,062
 III. Current financial assets	1.8.	57,047
 1. Current financial assets other than loans		0
 2. Current loans		57,047
 b) current loans to others		57,047
 IV. Current trade receivables	1.9.	2,448
 Current trade receivables due from Group companies		3
 2. Current trade receivables		869
 3. Current trade receivables due from others		1,576
 V. CASH AND CASH EQUIVALENTS	1.10.	101
 C. PREPAYMENTS AND ACCRUED INCOME	1.11.	4
Off-balance sheet items	1.17.	7,980

GROUP BALANCE SHEET (continued)

Table73: GROUP BALANCE SHEET - liabilities

		EUR 000
	Notes	31. 12. 2009
 Liabilities		149,807
 A. EQUITY	1.12.	3,428
 I. Called-up capital		1,826
1. Share capital		1,826
II. Share premium account		1,847
III. Revenue reserves		33
1. Legal reserves		33
V. Retained earnings		639
VI. Net profit or loss for the period		(632)
VII. Capital consolidation adjustment		(8)
VIII. Minority interest		(277)
B. PROVISIONS	1.13.	136
1. Provisons for employees – pension plans		24
2. Other provisions		3
3. Non-current accrued costs and deferred revenue		109
C. NON-CURRENT LIABILITIES	1.14.	68,668
I. Non-current financial liabilities		68,667
1. Non-current financial liabilities to Group		45,143
2. Non-current financial liabilities to banks		22,317
3. Bonds		0
4. Other non-current financial liabilities		1,207
II. Non-current trade liabilities		1
4. Non-current advances or deposits received		1
III. Deferred tax liabilities		0
Č. Current liabilities	1.15.	77,318
II. Current financial liabilities	1.15.1.	75,473
1. Current financial liabilities to Group		62,105
2. Current financial liabilities to banks		13,368
III. Current trade liabilities	1.15.2.	1,845
1. Current trade liabilities to Group		189
2. Current trade liabilities to suppliers		533
3. Bills of exchange		0
4. Current trade liabilities - advances		512
5. Other current trade liabilities		611
D. ACCRUALS AND DEFERRED INCOME	1.16.	257
Off-balance sheet items	1.17.	7,980

^{*} The notes from page 92 to page 115 are part of the consolidated financial statements and need to be read in conjunction with consolidated financial statements.

2. GROUP INCOME STATEMENT

Table 74: GROUP INCOME STATEMENT

		EUR 000
	Notes	31.12.2009
1. Revenue	2.1.	2,257
4. Other operating revenue	2.2.	563
5. Cost of goods, materials and services	2.3.	(846)
 a) cost of materials used and goods sold		(354)
b) cost of services		(492)
 6. Labour costs	2.4.	(897)
 a) employment costs		(701)
 b) social security costs		(94)
 c) other employment		(101)
 7. Depreciation, amortisation and impairment	2.5.	(1,782)
 a) amortisation and depreciation expenses		(1,329)
 b) impairments of non-current assets		(376)
 c) impairments of current assets		(77)
 8. Other operating expenses	2.6.	(63)
 9. Financial revenue from shares and interests	2.7.1.	148
 č) financial revenue from other investments		148
 10. Financial revenue from loans	2.7.2.	13,074
 a) financial revenue from loans to Group companies		37
b) financial revenue from loans to others		13,037
11. Financial revenue from trade receivables	2.7.3.	256
a) financial revenue from trade receivables due from Group companies		0
b) financial revenue from trade receivables due from others		256
12. Financial expenses from impairments of financial assets	2.8.1.	(5,883)
13. Financial expenses from financial liabilities	2.8.2.	(7,483)
a) financial expenses form loans payable to Group		(3,195)
b) financial expenses form loans received from banks		(1,355)
č) financial expenses form other financial liabilities		(2,933)
14. Financial expenses from trade payables	2.8.3.	(33)
a) financial expenses from liabilities - Group		0
b) financial expenses from liabilities - suppliers		0
c) financial expenses from other operating liabilities		(33)
15. Other revenue	2.9.	27
16. Other expenses	2.10.	(123)
17. Income tax	2.11.	(529)
 18. Deferred tax	2.11.	353
18.a Net income attributable to minority interest		328
19. NET PROFIT OR LOSS FOR THE PERIOD	2.12.	(632)

^{*} The notes from page 92 to page 115 are part of the consolidated financial statements and need to be read in conjunction with consolidated financial statements.

3. GROUP CASH FLOW STATEMENT

Table 75 **CASH FLOW STATEMENT according to format II. (indirect method)**

	EUR 000
	2009
A. Cash flows from operating activities	
a) Items of income statement	775
Operating revenue (excluding revaluations) and financial revenue from operating receivables	2,360
Operating expenses excluding amortisation (except revaluation losses) and financial expense	s from operating liabilities (1,363)
Income tax and other taxes, not included in operating expenses	(222)
b) Changes in net current assets in balance sheet items (including accruals,	
provisions, deferred receivables and tax liabilities)	(4,090)
Opening less closing operating receivables	(1,390)
Opening less closing deferred costs and accrued revenue	(2)
Opening less closing deferred tax assets	0
Opening less closing (disposal group) held for sale	0
Opening less closing inventories	43
Closing less opening operating liabilities	(2,717)
Closing less opening accrued costs and deferred revenue and provisions	(24)
Closing less opening deferred tax liabilities	0
c) Net cash inflow from operating activities (a + b)	(3,316)
B. Cash flows from investing activities	
a) Cash inflows from investing activities	63,956
Interests and dividends received from investing activities	0
Cash inflows from disposal of intangible assets	0
Cash inflows from disposal of property, plant and equipment	4,880
Cash inflows from disposal of investment properties	0
Cash inflows from disposal of non-current investments	45,923
Cash inflows from disposal of current investments	13,153
b) Cash outflows from investing activities	(53,294)
Cash outflow to purchase intangible assets	(31)
Cash outflow to purchase property, plant and equipment	(5,390)
Cash outflow to purchase investment properties	(1,640)
Cash outflow to purchase non-current investments	(34,393)
Cash outflow to purchase current investments	(11,840)
c) Net cash inflow from investing activities (a+b)	10,663
C. Cash flows from financing activities	
a) Cash inflows from financing activities	208,583
Cash inflow from paid-in capital	0
Cash inflows from increase in long-term borrowing	16,190
Cash inflows from increase in short-term borrowing	192,393
b) Cash outflows from financing activities	(217,764)
Interest paid on financing activities	(5,089)
Cash outflow for repayment of capital	0
Cash outflow for repayment of long-term borrowing	(13,181)
Cash outflow for repayment of short-term borrowing	(199,326)
Dividends paid	(168)
c) Net cash outflow from financing activities (a + b)	(9,181)
Č.Cash and cash equivalents at end of period	142
x) Net cash inflows or outflows for the period (addition for net cash Ac, Bc in Cc)	(1,834)
y) Cash and cash equivalents at beginning of period	1,976

^{*} The notes from page 92 to page 115 are part of the consolidated financial statements and need to be read in conjunction with consolidated financial statements.

4. GROUP STATEMENT OF CHANGES IN EQUITY

Table 76:

STATEMENT OF CHANGES
IN EQUITY 2009

								EUR 000
	Share capital	Share premium account	Legal reserves	Net profit carried over	Net profit (loss) from the financial year	Consolidtion adjustment capital	Minority interest	Total equity
 A. Balance as of 1st January 2009	1,826	1,847	33	639	168	0	0	4,513
 B. Transfer to capital account					(632)	(8)	(277)	(917)
a. Trasfer of additional capital contributions							14	14
d. Transfer of income for the financial year					(632)		(328)	(960)
f. Other additions in capital						(8)	37	29
C. Transfer between capital accounts				168	(168)			0
 a. Allocation of profit to other capital accounts by resolution of Manage- ment Board and Supervisory Board 				168	(168)			0
Č. Transfer from capital accounts				(168)				(168)
a. Dividend payments				(168)				(168)
d. Other reductions in capital reserves								
 D. Final balance as of 31st December 2009	1,826	1,847	33	639	(632)	(16)	(554)	3,428

^{*} The notes from page 92 to page 115 are part of the consolidated financial statements and need to be read in conjunction with consolidated financial statements.

Statement of Management's Responsibility

The management of NLB Leasing Koper d.o.o. approves the Group's financial statements for the year ended 31 December 2009 and the accompanying accounting policies and notes to the financial statements.

The management hereby declares that they approve the annual report which follows for the year ended 31 December 2009.

The management confirms that suitable accounting policies have been used and applied consistently in preparing the financial statements, that reasonable, prudent judgments and estimates have been made on the basis of prudent and sound management, and that the annual report presents a true and fair value of the Group's assets and liabilities and its performance for the year 2009.

The management confirms that the Group's financial statements have been prepared in accordance with the Companies Act, Slovene Accounting Standards and all other regulations governing accounting and the preparation of financial statements. The Group's financial statements have been prepared on a going concern basis.

Andrej Pucer Director Rok Sabadin Company Officer Goran Simčič Company Officer

Koper, 19.4.2010

ACCOUNTING PRINCIPLES, POLICIES AND PRESENTATION OF GROUP'S FINANCIAL STATEMENTS

1. BASIS FOR THE PREPARATION OF GROUP'S FINANCIAL STATEMENTS

Financial statements and notes to the financial statements of group NLB Leasing Koper are prepared in accordance with Companies Act (ZGD-1) and Slovenian Accounting Standards (further refer to as SAS) valid since January 1st 2006.

Financial year is the same as calendar year.

The Group financial statements are prepared in Euros. The financial statements of the controlling company NLB Leasing Koper are also prepared in Euros. The financial statements of individual companies in the NLB Leasing group are prepared in the national currency of the country in question.

The group is an economic but not a legal entity and cannot have legal rights or obligations. Financial statements are presented for the group of companies as though it were a single company and represent the combination of the financial statements of the individual group companies with consolidation adjustments (to eliminate intragroup balances and transactions).

Fundamental accounting assumptions and qualitative characteristisc of financial statements

The preparation of financial statements is based on two fundametal accounting assumptions:

- the accrual basis and
- going concern.

Financial statements are a true and fair presentation of assets and liabilities, financial position and income statement of the Group. During preparations of financial statements the Group also applied the following accounting principles such as adequacy, understandibility, reliability and comparability.

Basis for measuring economic categories

The basis for measuring economic categories in the financial statements is the initial values in final fair values derived from the accounting records in accordance with Slovene Accounting Standards and Legislation

Companies included in consolidated financial statements

On 17th February 2009, NLB Leasing Koper d.o.o. bought 75.1% share of company OL Nekretnine, Zagreb. For this reason NLB Leasing Koper d.o.o. prepared consolidated financial statements for the first time in year 2009.

Companies included in consolidated financial statements:

- NLB Leasing Koper d.o.o.;
- OL Nekretnine Zagreb d.o.o.

In the following text the term "group" is used for companies of group NLB Leasing Koper included in consolidated financial statements.

Full consolidation

The financial statements of the group companies are combined to form the group financial statements on the principle of full consolidation. The financial statements are consolidated on a line by line basis, such that related items of assets, debts, capital, income and expenses are combined. In order to present the group as an independent company, we eliminated:

- The financial investment of the parent company in its subsidiary as well as its share in the capital of the subsidiary company;
- Receivables and liabilities between group companies;
- Income and expenditure between group companies.

The minority interest's share in the Group's profit or loss is also shown in the Group's income statement, while the minority interest's share in the Group's equity is shown in the Group's balance sheet and statement of changes in equity.

Foreign currency and method of converting into the local currency

Items denominated in foreign currency in individual group companies' income statements are revalued in the individual income statements using the Bank of Slovenia exchange rate on the day of occurrence.

The assets and liabilities in individual financial statements of Group companies expressed in foreign currency are revalued using the Bank of Slovenia exchange rate as at 31 December 2009.

Foreign exchange differences are included under financial revenue or financial expenses. Foreign exchange rate differences as a result of consolidation are shown in the line capital consolidation adjustment in the balance sheet.

In translating the financial statements of the foreign subsidiary company for inclusion in the Group financial statements:

- assets and liabilities were revalued using the Bank of Slovenia exchange rate at 31 December 2009
- revenue and expenses were revalued using the Bank of Slovenia average exchange rate for the year ended 31 December 2009.

Comparative data for year 2008

Since the company NLB Leasing Koper d.o.o. prepared the Group's financial statements for the first time for the year ended 31 December 2009, comparative data for the year ended 31 December 2008 does not exist

Presentation of data in financial statements and notes to financial statements

All data in the Group financial statements and notes to the Group financial statements are presented for the financial year in question and are expressed in round thousands of Euros (EUR '000). Because of the automated computer preparation and transposition of numerical data expressed in round thousands of Euros, there may be some instances of rounding differences, but these are not material.

In the notes to the Group financial statements of the Company NLB Leasing Koper d.o.o., the expressions "parent or controlling company" are frequently used and refer to the company NLB Leasing Koper d.o.o.

2. ACCOUNTING POLICIES FOR THE VALUATION OF ACCOUNTING CATEGORIES

In preparing the Group financial statements all accounting policies in valuation methods for material items have been harmonised between the group companies.

The consolidated financial statements comprise:

- a consolidated balance sheet;
- a consolidated income statement;
- a consolidated cash flow statement:
- a consolidated statement of changes in equity;
- accounting policies and notes to the consolidated financial statements.

BALANCE SHEET

Intangible assets

Intangible assets include the capitalized costs of investment in the property plant and equipment of other entities, investments in concessions, patents, licences, trademarks and similar rights. They are non-monetary assets and generally do not exist in physical form.

Following the initial recognition, intangible assets are measured using the cost method.

All intangible assets have a finite useful life. Their book value is reduced based on accumulated amortisation and impairment losses. Intangible assets with a finite useful life are amortised within their respective useful life. Amortisation is applied on a straight-line basis.

The carrying values of intangible assets must be re-assessed in detail at the end of each financial year. If the expected useful life of individual intangible assets with a finite useful life differs significantly from the previous assessment and if expected economic benefits deriving from the assets changes significantly, it is necessary to adjust the amortisation period and method accordingly.

The difference between net sale proceeds and the book value of intangible assets sold is included under revaluation operating revenues, if the net sale proceeds are greater that the book value, or under revaluation operating expenses, if the book value is greater than the net sale proceeds.

The Group also reviews whether an individual intangible asset was impaired on the date of preparation of the financial statements, by comparing its book value to its recoverable value. The recoverable value is the higher of the value in use and the realisable value. Any impairment identified is recognised immediately in the income statement

Property, plant and equipment

Property, plant and equipment represents assets owned by the Group or held under a finance lease, which are used in creating products and rendering services or for leasing out or for administrative purposes, and are expected to remain in use for more than one accounting period.

Property, plant and equipment is initially recognised at cost. The cost of property, plant and equipment comprises the purchase price, import duties and other non-refundable charges and all other costs that may be directly attributable to bringing the assets to the location and condition for their intended use as far as is necessary, as well as an estimate of decommissionings, removal and restoration costs. If the acquisition value of an item of property, plant and equipment tangible fixed asset is high, it is divided into subcomponents. Subsequently accrued costs which are linked to the said assets increase its acquisition value if future benefits rise in relation to preliminary estimates.

Following initial recognition, the Group measures property, plant and equipment according to the cost model, which requires an asset to be measured at cost less accumulated depreciation and impairment losses.

Accounting for depreciation begins on the first day of the following month once the asset is fit for use. The Group uses a straight-line depreciation method. Depreciation is calculated based on the original acquisition value of depreciable assets less the eventual estimated residual value. Depreciation is calculated at a rate which reflects the useful life of the assets and is set for an individual fixed asset and is disclosed in amortisation/depreciation notes below.

The residual value and useful life of assets is reviewed on the balance sheet date and duly adjusted in so far as the management's expectation differs from previous estimates.

Each year, the Group also assesses whether there are indications of impairment of propety, plant and equipment. If it is found that such indications are present, valuation methods are used to

estimate the recoverable amounts of the assets. The recoverable amount is the higher of the value in use or net realisable value. If the recoverable amount is higher than book value, the asset does not require impairment, whereas if the recoverable amount is lower than the book value, an impairment charge is recognised immediately in the income statement.

Depreciation and amortisation

Depreciation and amortisation are calculated on the original acquisition cost of depreciating assets less their estimated residual value. Where the value of an asset has increased so that it exceeds its original acquisition cost, the excess over the original acquisition cost is also depreciated. Property, plant and equipment is depreciated on an asset by asset basis. Only the straight-line method of depreciation is used.

Depreciation is calculated using the rates, determined for each individual asset and does not change during the financial year. The depreciation rates used are shown in the Property, plant and equipment. In year ended 31 December 2009, the company changed its depreciation rate for other equipment from 25% to 20%.

The depreciation rates for property, plant and equip	ment
a) buildings	3
b) computer equipment	50
c) personal motor vehicles	12.5
d) other equipment	20
The amortisation rates for intangible assets	%
Licences and other contacts	10

Investment property

Investment property is property which the Group does not use directly in order to carry out its business activity, but which is owned with the purpose of leasing out and with the aim of capital appreciation.

Investment property is initially recognised at cost, which comprises the purchase price plus any associated costs of acquistion. The Group's investment property is subsequently measured using the fair value model. The fair value is determined by a certified valuer on the basis of International Valuation Standards. The fair value is based on current market prices. Gains or losses on revaluation to the fair value are recognised in the income statement.

If the Group owns property where a part of a

building is leased out, this part is included under investment property, if the part in question may be sold separately. The part intended for own use is accounted for separately in the form of the Group's own fixed assets.

Financial assests

Financial assets are presented as non-current (i.e. long-term) or current (short-term). Non-current financial assets are those which the Group holds for more than a year and does not intend to sell. Those long-term financial assets which mature within one year following the balance sheet statement date are transferred to current financial assets.

Upon initial recognition, financial assets may be classified as one of the following:

- financial assets measured at fair value through the profit and loss statement;
- financial assets held to maturity;
- loans;
- financial assets held for sale.

According to changes in Slovenian Accounting Standards 2006 adopted in 2008, the non-current recievables from finance leases are also included in non-current financial assets.

Financial assets include long-term and short-term loans, long-term receivables from finance leases and associated short-term receivables and derivatives. The Group has no other types of financial assets.

Loans and financinal investments are measured using amortised cost.

After initial recognition assets subject to finance leases are shown in the balance sheet as the difference between the sum of contractual lease payments and unguaranteed residual value of the asset with the total interest receivable included in the rent. Interest (contractual and penalty) from non-current and current financial assets is charged in accordance with the terms of the contract are included under financial revenue in the income statement.

Upon concluding an agreement, a lease is classified as a finance lease when practically all risks and rewards associated with the ownership of the leased asset is transferred.

In case risks and rewards are not transfered the lease is classified as an operating lease among trade receivables. Upon initial recognition the Group follows the substance over form principle where later changes of estimations and circumstances do not effect the change of lease clasification.

Regarding bad debt provisions for loans and noncurrent receivables from finance leases and their conversion to the domestic currency is the same as for trade receivables.

Derivatives are instruments whose values change based on a change in a certain variable, such as an interest rate, currency, price, exchange rate, price index, creditworthiness and other similar variables. Derivatives are always classified as financial assets measured at fair value through profit and loss.

Derivatives are initially recognised in the balance sheet at cost, which is equal to the fair value of a payment made or received. Derivatives are subsequently measured at fair value, which is duly determined based on their published market price, the discounted future cash flow model or by using a pricing model.

Financial assets are derecognised when a contractual right to cash flow deriving from them expires or when the respective financial asset is sold.

Receivables

Receivables are divided into long-term and short-term receivables. Long-term trade receivables represent receivables due from customers, which fall due after more than one year. The portion of long-term receivables falling due within a year of the balance sheet statement date is included in short-term trade receivables.

Among the trade receivables are also receivables from operating leases. Assets leased on an operating lease are recognised in the balance sheet statement in accordance with their nature, and operating lease revenue is recognised on a straight line basis over the duration of the lease term. Receivables are initially recognised in amounts shown on the corresponding source documents, on the assumption that they will be paid. Receivables, which it is believed will not be settled at all or will only be settled in part, are classed as doubtful, or rather questionable, and if they are subject to legal proceedings, they are classed as disputed.

Bad debt provisions are made every three months. Methodology for bad debt provisons is in compliance with Slovenian Accounting Standards and International Financial Reporting Standards.

Provisions or impairments are made only if case the company, based on objective evidence, evaluates that in certain cases collateral provided for the finance lease loans and receivables cannot be capitalized in accordance with the contract or a loss is still expected.

When the company estimates that customers, based on their credit ratings, will repay their outstanding liability in full, provisions do not need to be recognised.

The Group individually reviews loans and finance lease receivables due from natural persons which are above a given amount and overdue by a given number of days. All legal entities which are leasing customers are allocated to a credit rating group from A to E, depending on the extent to which there are overdue unpaid receivables. All receivables in groups D and E as well as the highest value receivables in groups A to C are individually assessed for impairment. For the remaining financial loans and receivables, which are not individually assessed or where an individual assessment does not show any signs of impairments, a group provision for impairment is recognised on the following basis: the total value of non individually assessed financial assets in an individual credit rating group is multiplied by the average percentage of impairment charge (calculated on an individual basis) of loans and receivabes from the same credit rating group.

For receivables, expected not to be recovered in the contractual amounts and due dates, is necessary to estimate their recoverability. At estimation of recoverability is considered the value of lease and other colateral. At valuation of lease subject is considered market value.

Since finance leases represent the majority of the Group's loan portfolio, there is security over the loans in the form of legal ownership over the leased asset until the final instalment is paid.

Financial assets denominated in a foreign currency are converted to the local currency at the balance sheet date. Any increase in loans is recognised as financial revenue, and conversely any decrease is recognised as financial expense.

Deferred tax

Deferred tax assets are recognised for all deductible temporary differences, but only if it is probable that there will be future taxable profits against which the deferred tax assets can be utilised.

Inventories

Inventories are recognised in the accounting records if it is probable that they will generate economic benefits, and if their purchasing value (cost) can be measured with a degree of reliability. Inventories are derecognised at the moment they are used or sold.

Inventories are initially recognised at cost which is composed of the purchase price, import and other dues and other direct costs of purchasing. The purchase price is reduced for any discounts granted.

Inventory revaluation is a change in its book value. It is carried out either at the end of the financial year or during the course thereof. Inventories are valued at the lower of carrying value or net realisable value. Increases in value of inventories are not recognised. Assets are revalued in the case of impairment, if their book value exceeds their net realisable value.

Inventories include the repossessed vehicles, equipment and property of lessees who have defaulted on their contractual obligations. The fair value is determined by a certified valuer on the basis of International Valuation Standards. The fair value is based on current market prices. Gains or losses on revaluation to the fair value are recognised in the income statement.

Inventories also include real estate projects under development valued at construction value.

Cash and cash equivalents

Cash is initially recognised in the amount that emanates from the corresponding source documents. Cash expressed in foreign currency is converted into the local currency using the exchange rate on the date of receipt.

Cash held in foreign currency accounts is revalued on a monthly basis using the Bank of Slovenia middle exchange rate.

Cash includes cash in hand, deposits, cash in the process of collection and cash equivalents; the latter are investments which may be converted quickly or in the near future into known amounts of cash and where the risk of a change in value is insignificant. These include short-term deposits and cash held on deposit with an original maturity date of up to 90 days.

Prepayments and accruals

Prepayments and accruals are receivables and other assets and liabilities which are expected to

arise in the next or subsequent accounting periods, which are likely to arise and the amount of which can be reliably estimated. The purpose of accruals is to present all revenues and expences in the income statement in the period they relate to, irrespective of whether they were actually paid or received at that time

We distinguish between prepayments, deferred costs, and accrued revenue (i.e. accrued assets), on the one hand, and accrued expences and deferred revenues (i.e. accrued liabilities) on the other hand.

Accruals are not subject to revaluation. However, during the course of the financial year and in the course of preparing the financial statements, it is necessary to check existance as well as the company's entitlement or liability to them, and adjust them accordingly.

Capital and reserves

The total capital of the company is divided into share capital, capital reserves, reserves from profits, retained earnings from previous years, net profit or loss for the financial year and revaluation.

Share capital is recognised financial contributions or as contributions in kind. When recognising share capital, the decisive factor is the capital recorded in the companies' register.

Major part of capital reserves was made from the payments of associates in year 2006 (payments, that did not increase the share capital), the remaining part when changed to SAS 2006 due to transfer of general revaluation of share capital to capital reserves.

Reserves from profits represent part of the net profit purposely retained from previous year, mainly to cover the future losses. Reserves are further subdivided into legal reserves, reserves for the purchase of own shares, statutory reserves and other revenue reserves.

Exchange gains and losses from arising from the translation of foreign currency items in the financial statements of foreign group companies for the purposes of consolidation are shown in the line capital consolidation adjustment.

The minority interest's equity represents their share of the capital of the subsidiary companies.

Provisions and long-term accrued cost and deferred revenue

Provisions are recognised if the company has any legal or indirect liabilities as a result of a past event, the amount of which may be reliably estimated and where it is probable that settlement of the said liabilities will result in an outflow of resources embodying economic benefits.

The Group has established provisions relating to employee benefits, which include long-service benefits, severance pay upon retirement and other liabilities.

A provision may be used only for the purpose for which it was originally recognised.

The Group's long-term accrued costs and deferred revenue include deferred operating lease deposits, which are recognised as income proportionately over the duration of the lease agreement.

Liabilities

Current and non-current liabilities are initially recognised in the amounts shown in the corresponding source documents.

Non-current liabilities are disclosed as non-current financial liabilities and non-current operating liabilities. Non-current financial liabilities represent long-term loans. Non-current financial liabilities are increased by accrued interest and reduced by amounts repaid and any other forms of settlement, if an agreement has been concluded with the respective creditors. The carrying value of non-current liabilities is equal to their original value, less for repayments of the principal and transfers to current liabilities, unless there is a need to revalue the liability. All expenses relating financial liabilities are accrued and recognised as expenses proportionally over the repayment period of the liability.

Short-term financial liabilities represent short-term loans payable. Current operating liabilities include advances and security received from clients, liabilities to both domestic and foreign suppliers, advances received, liabilities towards employees, liabilities to state institutions and other liabilities.

A revaluation of liabilities denominated in foreign currencies is performed at the balance sheet date using the Bank of Slovenia middle exchange rate.

INCOME STATEMENT

Revenue

In accordance with SAS 18 revenue is subdivided between operating revenue, financial revenue and other revenues.

Revenue is recognised if the increase in economic benefits in a respective period is linked to an increase in assets or reduction of liabilities and if the increase in economic benefits can be reliably measured. Revenue is recognized, when it can be reasonably expected that actual receipts will be generated, if not already generated on origination.

The Group recognizes revenue based on the amounts shown in the corresponding source documents.

a. Operating revenue

Operating revenue is revenue from sales and other operating revenue associated with the sale of products and services.

Revenue from sales comprises the selling price of products, merchandise and material sold, including services rendered, within an accounting period. It is measured on the basis of the sales prices stated on invoices and other documents, less for any discounts approved upon sale or subsequently, including early payment discounts. Value added tax is not part of operating income, but a liability to the state.

Revaluation operating revenue arises on the sale of property, plant and equipment and intangible assets as surplus of their sales values over their book values.

b. Financial revenue

Financial revenue represents revenue from investments. It arises in relation to financial assets and receivables in the form of interest charged, shares in profits in other entities and revaluation financial revenue. Revaluation financial revenue arises on the derecognition of financial assets.

Financial revenue is recognized regardless of the income, if there is no justified doubt regarding their value, due date and repayment.

Dividends and other shares in profits are recognised as revenue when the company becomes entitled to receive the payment.

Financial revenue also includes revenues foreign exchange gains.

Fees charged to clients upon concluding finance lease agreements are deferred according to the duration of the respective agreement. Only the portion relating to the current accounting period is to be recognised as revenue.

c. Other revenue

Other revenue includes unusual items and other revenue that increases the Group's net profit in the accounting period. It includes grants and other revenue not related to business operations, claimes received and other unordinary items.

Expenses

Expenses are classified variously as operating expenses, financial expenses and other expenses. Operating and financial expences are ordinary expenses. Expenses are recognized if a decrease in economic benefits in an accounting period relates to a decrease in an asset or increase in debt and the decrease can be reliably measured.

a. Operating expenses

Operating expenses include all costs accrued in the financial year, recorded as the cost of materials, cost of services, labour costs, depreciation and amortisation and other expenses.

Revaluation operating expenses arise in relation to property, plant and equipment, intangible assets and current assets as a result of their impairment or sale below their book value. They also include the write-off of bad and doubtful debts.

b. Financial expenses

Financial expenses include financial and investment expenses.

They are recognized after have been incurred regardless irrespective of whether they have been paid.

Financial expenses include interest payable while expenses relating to investments include revaluation losses arising from impairment.

Financial expenses also include foreign exchange losses.

Fees paid to banks for loan agreements concluded are deferred in accordance with the duration of the respective loan agreement. Expenses are recognised only of in respect of the portion of the costs which relate to the current accounting period.

c. Other expenses

Druge odhodke sestavljajo neobičajne postavke in postavke iz prejšnjih obdobij, ki v tekočem obračunskem obdobju zmanjšujejo poslovni izid pod tistega, ki izhaja iz rednega poslovanja.

CASH FLOW STATEMENT

Cash flow statement is prepared using the indirect method (format II) based on data from the balance sheet as at 31 December 2009 and at 1 January 2009, from the income statement for the year ended 31 December 2009 and additional data necessary to adjust inflows and outflows to present an appropriate beakdown of material items.

Based on the results of individual operations, it is possible to conclude from which sources the company obtains cash and where it is spent. Such information is useful when evaluating ability of the company to generate cash as well as the timing and degree of certainty of receiving.

STATEMENT OF CHANGES IN EQUITY

The statement of changes in equity presents in tabular form the changes in all the individual components of capital and reserves in accordance with SAS 27. It is prepared using format I.

NOTES AND DISCLOSURES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GROUP BALANCE SHEET

General

Information regarding the basis for the preparation of the financial statements, individual accounting policies and methods used are presented in notes for individual classes of assets and liabilities.

The Group does not have any other additional information that is not presented in thes Group financial statement and which would be material for fair presentation of the Group's assets and liabilities.

The risk exposure related to individual types of asset and liability and risk management are discussed in the business part of this report.

1.1. Intangible assests

Table 77: **Changes in intangible**

EUR 000			
Total	Advances for intangible assets	Licenses and other contracts	
			COST
111	0	111	Balance at 01.01.2009
92	72	20	Additions
0	0	0	Revaluation
203	72	131	Balance at 31.12.2009
			ADJUSTMENTS TO NET BOOK VALUE
46	0	46	Balance at 01.01.2009
0	0	0	Disposals and write-offs
11	0	11	Amortisation
57	0	57	Balance at 31.12.2009
			NET BOOK VALUE
65	0	65	Balance at 01.01.2009
146	72	74	Balance at 31.12.2009

Non-current licences and other contracts include computer software used by the Group and licence to use the "NLB" brand. In 2009 prepayments for the purchase of a new IT system were made in amount EUR 72 thousand.

1.2. Property, plant and equipment

In property, plant and equipment the Group includes: buildings (business premises in the amount of EUR 632 thousand and land in the amount of EUR 1,268 thousand), own equipment (vehicles, office equipment, computers), equipment leased out on operating leases, equipment subject to contracts not yet in force, and prepayments for acquisition of property, plant and equipment. No fixed assets are subject to pledges as security for loans or on any other grounds; only land in Novigrad in amount EUR 1,268 thousand EUR was acquired throug finance leasing.

The residual value of property, plant equipment is only taken into consideration for material assets.

The purchase value of business premises in which the Group carries out their activities are part of the building (floor ownership), also includes the value of co-ownership share in the corresponding land. Ideal proportion of land, which belongs to the partial owner can not be a separet subject of legal transactions and can not be presented as individual fixed asset. Its value is included in the purchase value of business premises or part of building.

Table 78: Changes in property, plant and equipment

EUR 000							
Total	Advances	Contracts not yet in force	Equipment made available on operating leases	Equipment	Buildings		
						COST	
15,504	503	157	8,935	242	5,667	Balance at 01.01.2009	
14,661	6,727	2,457	5,415	62	0	Additions	
(19,213)	(6,840)	(2,604)	(6,074)	(22)	(3,673)	Disposals	
(94)	0	0	(94)	0	0	Revaluation	
23	0	0	23	0	0	Corrections to revaluations	
10,881	390	10	8,205	282	1,994	Balance at 31.12.2009	
						ADJUSTMENTS TO NET BOOK VALUE	
2,108	198	0	1,677	161	72	Balance at 01.01.2009	
5,030	1	0	5,013	16	0	Revaluation - increase	
1,318	0	0	1,270	26	22	Depreciation	
(6,072)	0	0	(6,051)	(21)	0	Revaluation - decrease	
2,384	199	0	1,909	182	94	Balance at 31.12.2009	
						NET BOOK VALUE	
13,396	305	157	7,258	81	5,595	Balance at 01.01.2009	
8,497	191	10	6,296	100	1,900	Balance at 31.12.2009	

The majority of property, plant and equipment comprises equipment leased out on operating leases. The value of operating lease equipment which had not been delivered as at 31.12.2009 amounted to EUR 10 thousand.

Liabilities to suppliers for the purchase of fixed assets amounted to EUR 86 thousand EUR at 31.12.2009 and will be settled from current operating inflows.

In order to ensure that the net book value of fixed assets did not exceed their market value impairment charges were recognized in 2009 in the amount of EUR 94 thousand. As a result of the partial sale of fixed assets impairment charges from previous year were reduced in amount EUR 23 thousand. Own Group real estate/buildings were not impaired because their net book value is comparable to market prices based on valuations obtained from a certified valuer which were conducted in accordance with International Valuation Standards.

1.3. Investment property

As at 31.12.2009 the Group owned several investment properties, including part of the building on Ferrarska 10, at NLB Leasing Koper d.o.o. headquarters. Part of this building is rented out in order to earn rent, measured 446.12 m2, representing 53.62% of floor surface on Ferrarska 10, which is in the Group's ownership (832 m2).

In the accounting records the investment property in Lucija (Portorož) at Obala 114 is recognised as a separate and is leased out to NLB d.d. It measures 110 m2 and its value as at 31.12.2009 compared to 31.12.2008 fell by EUR 118 thousand. An impairment charge for this investment property was recognised for this amount; a market valuation was obtained from certified valuer in accordance with International Valuation Standards.

The remaining investment properties in the Group's possession are recognised as single property portfolio in the Company's accounting records. Their value at 31.12.2009 amounted to EUR 2,005 thousand. It includes three business premises totalling 158.85 m2 in Piran (together valued at EUR 448 thousand), business premises totalling 339.37 m2 in Dobrovo (together valued at EUR 320 thousand) and a production-storage facility in Slavina municipality measuring 11,586 m2 (valued at EUR 1,237 thousand).

All investment properties have been valued by a certified valuer with exception of premises in Dobrovo, since they were bought in 2009 at market price in fourth construction phase. The only impaired investment property was the one in Lucija, the net book value of which differed from the fair market value.

In 2009 rental revenue from investment properties was recognized in the total amount of EUR 167 thousand; there were no major repair and maintenance costs.

Table 79: Changes in investment property measured at fair value

				EUR 000
	Business premises - Lucija	Business premises - Koper	Other investment property	Total
Balance at 01.01.2009	638	822	0	1,460
Additions	0	0	2,005	2,005
Disposals	0	0	0	0
Impairment of investments property	(118)	0	0	(118)
Balance at 31.12.2009	520	822	2,005	3,347

1.4. Non-current financial assets

Table 80: Non-current financial assets

	EUR 000
	2009
Non-current financial assets other than loans	92
Other non-current financial investments	92
Non-current loans, incl. non-current receivables from finance leases	68,349
 Non-current loans to others	6,532
Transfer to short-term loans	(306)
Non-current loans to others – accrued arrangement fees	(3)
Impairment of values of given long-term loans	(21)
Non-current receivables from finance leases	93,633
Trasfer to current finance leases	(27,088)
Non-current receivables from finance leases - accrued arrangement fees	(558)
Impairment of non-current receivables from finance leases	(3,707)
Total	68,574

As at 31 December 2009 the company had EUR 65,021 thousand non-current financial assets.

EUR 92 thousand related to hedged items that represent two interconnected investments – two financial leases connected to the same lessee. The interest rate as the hedging instrument is estimated at fair value in accordance with formally adopted internal documentation. The revaluation effect is presented through profit and loss.

EUR 64,929 thousand of non-current financial assets includes non-current loan receivables and non-current receivables from finance leases. Listed receivables are presented according to net principle, while the balance is decreased by transfers between current financial investments (due for payment within 12 months after the balance sheet date), accrued loan arrangement fees, relating to signed leasing contracts and deferred over the duration of the contract and potential loan or receivables impairments according to our accounting polices.

Table 81: Changes in non-current financial assets

EUR 000				
Tota	Other non-current financial investments	Non-current eceivables from finance leases	Non-current loans to others	
				GROSS VALUE
82,581	57	74,745	7,779	Balance at 01.01.2009
34,975	176	34,097	661	Additions
(920)	0	(1,168)	248	Due for payment in current year
(44,001)	(141)	(41,395)	(2,465)	Disposals
(27)	0	(27)	0	Trasfers to inventories
(228)	0	(228)	0	Accrued arrangement fees
(37)	0	(37)	0	Revaluation – exchange rate
72,343	92	65,987	6,223	Balance at 31.12.2009
				ADJUSTMENTS TO NET BOOK VALUE
2,188	0	2,081	107	Balance at 01.01.2009
3,756	0	3,701	14	Revaluation increase
(2,175	0	(2,075)	(100)	Revaluation decrease
3,769	0	3,707	21	Balance at 31.12.2009
80,393	57	72,664	7,672	Net book value at 01.01.2009
68,574	92	62,280	6,202	Net book value at 31.12.2009

Finance lease receivables are secured through direct ownership of the object of the lease, bills of exchange, guarantees and mortgages, amongst other types of security.

Table 82: Non-current receivables from finance leases by type

	EUR 000
	2009
Finance lease of movable property with retention of title	26,444
Finance lease of real estate	35,836
Total	62,280

Most non-current finance lease receivables are due within 1 to 5 years. As at 31 December 2009 group receivables due within 1 year included also overdue non-current finance lease receivables in the amount of EUR 4,982 thousand.

Table 83:

Breakdown of non-current receivables from finance leases by due date

				EUR 000
	Less than 1 year	From 1 to 5 years	More than 5 years	Total
Gross receivables	32,170	49,205	30,634	112,009
Accrued revenue	(4,094)	(8,710)	(6,130)	(18,934)
Present value of receivables	28,076	40,495	24,504	93,075

Note: value adjustments have not been taken account in the above figures.

1.5. Non-current trade receivables

Table 84:

Non-current trade receivables

Total	12
Non-current trade receivables due from others	12
	2009
	EUR 000

As at 31.12.2009 the Group had EUR 12 thousand of non-current trade receivables consisting of contributions to the reserve fund for the building on Ferrarska 10 in Koper.

The total value of non-current receivables as at 31.12.2009 are due for payment after more than 5 years

1.6. Deferred tax assets

Table 85:

Deferred tax assets

	EUR 000
	2009
 Deferred tax assets arising from impairments to investments and receivables	816
Deferred tax assets arising from provision for employee benefits	6
 Deferred tax assets arising from impairments to non-current assets	3
Total	825

Deferred tax assets are corporate income tax which will be refunded in future periods as a result of deductible temporary differences. They arise as a result of provision in tax law whereby income and expenses are recognised in different periods for tax purposes than when they are recognised in the financial statements.

The Group expects to realise profits in future periods against which it will be able to utilise these deductible temporary differences. Since the applicable corporate income rate in 2010 is 20%, the Group has calculated its deferred tax assets using this rate. As a result of using the 2010 tax rate, deferred tax assets and deferred income have fallen by EUR 10 thousand.

Table 86:

Movement in deferred tax assets

EUR 000				
Total	Impairments of non-current assets	Provisions for employee benefits	Impairments of investments and receivables	
				GROSS VALUE
472	4	6	462	Balance at 01.01.2009
810	0	0	810	Increase in 2009 (additional impairments)
(444)	0	0	(444)	Reversal of impairments following payment of receivables or change in customer credit rating
(12)	0	0	(12)	Reversal of impairments following write-off of receivables
(1)	(1)	0	0	Reversal of impairments following sale of fixed assets
825	3	6	816	Balance at 31.12.2009

The movement in the above deferred tax assets is reflected in its entirety in the Company's income statement, with no effect on capital. All deductible temporary differences have been recognised.

1.7. Inventories

The Group shows as inventories real estate and movable property which has been repossessed from the lessees (as a result of breach of the contractual terms of the leases), buildings under construction valued at EUR 506 thousand and land at EUR 4,238 thosuand. The value of buildings under construction increased by EUR 16 thousand in the past reflected cost related to a planned project and legal and technical advice received.

One of the properties, which was shown as stock at 31.12.2008 because it was then under construction, was completed and sold in 2009 and, as a result, the value of inventories fell by EUR 251 thousand.

Whereas the Group only had repossessed movable property at 31.12.2008, as at 31.12.2009 it had both repossessed real estate and movable property. During the year two properties with a total value of EUR 4,399 were repossessed, however one was subsequently transferred to investment property.

The Group is in the process of selling the repossessed movable property and expects that it will be sold within one year. The Group is also currently negotiated with potential lessors of the repossessed real estate.

Because of sales of repossessed movable property or transfers to non-current financial investments during the year, the value of inventory fell by EUR 193 thousand in the year ended 31 December 2009.

					EUR 000
	Land	Buildings under construction	Repossessed real estate	Repossessed vehicles	Total
 Balance at 01.01.2009	0	741	0	125	866
 Increase - additions	4,238	16	0	0	4,254
Repossessed assets from leaseholders	0	0	4,399	27	4,426
Reduction – disposals, transfers	0	0	(369)	(193)	(562)
 Reduction – transfer to account 702000	0	(251)	0	0	(251)
 Impairment of inventories	0	0	0	(10)	(10)
 Reduction of inventories impairment	0	0	0	83	83
Balance at 31.12.2009	4,238	506	4,030	32	8,806

Valuations from a certified valuer have been obtained for movable property and real estate in inventory; in order to ensure that the book value of inventory does not exceed its net realisable value, the Group has recognised impairments in the amount of EUR 10 thousand. As a result of sales of part of the movable property in inventory or transfers to not current assets, previous impairments amounting to EUR 83 thousand have been reversed.

There were no inventory surpluses or shortfalls in the 2009 year end stock-takes.

1.8. Current financial assets

The Group shows under current financial assets short-term loans receivable, the short-term portion of long-term loans receivable and the short-term portion of long-term finance lease receivables.

The short-term portion of long-term receivables is secured in the same was as the long-term portion.

Table 88: Changes in current financial assets

Current share of investments from finance leases	Current share of non-current loans	Current loans to others	
			GROSS VALUE
25,920	28,897	1,925	Balance at 01.01.2009
1,168	2,570	11,860	Increase
0	(245)	(13,158)	Decrease
27,088	31,222	627	Balance at 31.12.2009
			ADJUSTMENTS TO NET BOOK VALUE
0	108	99	Balance at 01.01.2009
133	1,622	100	Revaluation increase
0	0	(172)	Revaluation decrease
133	1,730	27	Balance at 31.12.2009
25,920	28,789	1,826	Net book value at 01.01.2009
26,955	29,492	600	Net book value at 31.12.2009
	25,920 1,168 0 27,088 0 133 0 133 25,920	Current share of non-current loans investments from finance leases	Current loans to others Current share of non-current loans investments from finance leases 1,925 28,897 25,920 11,860 2,570 1,168 (13,158) (245) 0 627 31,222 27,088 99 108 0 100 1,622 133 (172) 0 0 27 1,730 133 1,826 28,789 25,920

1.9. Current trade receivables

Table 89: **Current trade receivables**

	EUR 000
	2009
Current receivables due from Group companies	3
Current receivables due from domestic customers	869
Short-term advances	141
Current interests receivable due from Group companies	0
Current interests receivable due from others	119
Other current receivables	1,316
Total	2,448

Short-term receivables from group companies represent rent receivable in respect of business premises in Lucija, which are let to NLB d.d.

Short-term receivables from domestic customers comprise rent receivable in accordance with the operating lease contracts, receivable subject to court processes and other short-term receivables.

Short-term advances and deposits paid represent payments to suppliers for goods or services which have not yet been supplied.

Short-term interest receivable from others represents almost entirely penalty interest: only EUR 1 thousand relates to short-term loans to the suppliers of vehicles for the financing of inventories.

The majority of other short-term receivables from the state and state institutions are sick-leave payments and in particular refundable VAT; EUR 15 thousand represents receivables from insurance institutions in respect of claims agreed but not yet settled.

All short-term receivables fall due within less than a year from the balance sheet date.

Operating lease receivables are secured with bills of exchange when the contracts are signed, other short-term trade receivables are non-secured.

Table 90: Changes in current trade receivables

EUR 000					
Total	Other current receivables	Short-term advances	Current trade receivables due from customers	Current trade receivables due from Group companies	
					COST
776	451	26	704	5	Balance at 1.1.2009
25,587	13,766	165	11,585	71	Increase
(24,114)	(12,724)	(47)	(11,270)	(73)	Decrease
0	0	0	0	0	Revaluation
2,659	1,493	144	1,019	3	Balance at 31.12.2009
					IMPAIRMENTS
191	56	0	135	0	Balance at 1.1.2009
65	2	3	60	0	Increase
(45)	0	0	(45)	0	Decrease
0	0	0	0	0	Revaluation
211	58	3	150	0	Balance at 31.12.2009
585	395	26	569	5	Value at 1.1.2009
2,448	1,435	141	869	3	Value at 31.12.2009

The impairment in short-term trade receivables in the amount of EUR 150 thousand relates to operating lease receivables to receivables which are subject to legal proceedings to enforce collection and which have been 100% impaired.

In accordance with Group's practice in providing for bad and doubtful debts, EUR 60 thousand of new bad debt provisions were recognised in 2009 and EUR 45 thousand were reversed.

1.10. Cash and cash equivalents

Table 91: **Cash and cash equivalents**

	EUR 000
	2009
Petty cash	0
Cash in hand and cheques received	0
Cash in bans and other financial institutions	101
Cash assets on bank account	101
Short-term deposits and call deposits	0
Total	101

As at 31 December 2009 the Company only held cash at bank in current accounts and did not have any deposits.

1.11. Prepayments and accrued income

Table 92: Changes in prepaymenst and accrues income

				EUR 000
	Deferred short-term insurance costs for fixed assest	Accrued employee statutory holiday allowance	Other deferred costs (subscriptions)	Total
Balance at 31.12.2008	2	0	0	2
Increase	5	25	1	31
Decrease	(3)	(25)	(1)	(29)
Balance at 31.12.2009	4	0	0	4

Prepayments at 31.12.2009 represent prepaid insurance costs relating to the year ending 31 December 2010 or other expenses which will only be recognised in the Company's income statement in 2010.

1.12. Equity

Table 93: **Equity**

Total	3,428
Minority interest	(277)
Capital consolidation adjustment	(8)
Net profit of loss for the period	(632)
Retained earnings	639
Net profit	7
Legal reserves	33
Revenue reserves	33
Share premium account	1,847
Share premium account	1,847
Share capital	1,826
Called-up capital	1,826
	2009
	EUR 000

The Group's share capital represents the equity share of the sole shareholder NLB d.d.

The majority of the capital reserves (EUR 1,839 thousand) represent shareholders' contributions in 2006 (which did not increase the share capital); capital reserves increased by EUR 8 thousand as a result of the transition to new Slovene Accounting Standards in 2006 because of the transfer of the general revaluation reserve to capital reserves.

1.13. Provisions

Table 94: **Changes in provisions**

					EUR 000
		Non-current provisions for employees – postretirement benefits and jubilee awards	Accrued long-term licences	Long-term deferred income – deferral of operating lease deposits	Total
Balance a	at 31.12.2008	24	0	80	104
Increase		0	5	150	155
Decrease		0	(2)	(121)	(123)
Balance a	at 31.12.2009	24	3	109	136

As at 31 December 2009, the Group had set up a provision for post-retirement benefits and jubilee awards in accordance with SAS 10.44 and IAS 19 as well as for the second and third instalments of licence payments which it was required to pay for the use of the "NLB" brand over the following two years. The purpose of these provisions is to accrue the costs which the Company will be required to pay out in the future.

Deferred income relates to deposits paid by lessees on signing operating lease agreements (EUR 109 thousand), which are accrued evenly over the number of lease payments stipulated in the lease agreement. The amounts accrued will be recognised as income from 2011 on.

The value of accrued licence payments and deferred income was derived from the contracts in question, while the provision for post-retirement benefits and jubilee awards was determined on the basis of actuarial valuations from 2008 in accordance with the requirements of Slovene and International accounting standards.

The actuarial calculation was prepared in such a way that the retirement costs of each individual employee, according to their entitlements under their employment contract, was taken into consideration and the costs of all expected jubilee awards for the total length of employment or length of employment in the Company. The Book reserve method was used taking with the following assumptions:

- Average annual wage growth in the Republic of Slovenia is 4.5% which represents the estimated long wage growth,
- The annual growth in severance pay on retirement and jubilee awards arising from the Regulation of the level of expenses relating to employment and other income which are not included in the calculation of taxable profits is 4.5%,
- The liability in respect of severance pay on retirement is dependent on the individual employee's length of employment,
- Staff turnover is correlated in particular with age of the workforce,
- It is possible to estimate employee's death rate using the death rate tables for the Slovene population for the years 2000-2002,
- The current value of the Company's liability in laying off employees is equal to the present value of the liability in respect of the severance payment,
- In individual cases of severance payments on regular retirement past and future employment periods are taken in account.
- Employees will exercise their right to retirement when they reach retirement age, therefore the Company and so the Company is not taking on liabilities for paying jubilee awards, which would according to projections have been paid later.

1.14. Non-current liabilities

Non-current financial liabilities

Table 95: **Non-current financial liabilities**

	EUR 000
	2009
Non-current financial liabilities to banks	22,317
Other domestic banks	25,804
Accrued arrangement fees – other domestic banks	(12)
 Other foreign banks	4,894
Accrued arrangement fees – other foreign banks	(1)
 Transfer of liabilities to banks to short-term	(8,368)
Non-current financial liabilities to group companies	45,143
Liabilities to NLB d.d.	48,431
Transfer of liabilities to NLB to short term	(3,363)
Accrued arrangement fees	(29)
 Other non-current financial liabilities to Group companies	104
Other non-current financial liabilities	1,207
 Recalculation of financial liabilities to contractual exchange rate	1,193
 Non-current financial liabilities to banks	14
Total	68,667

Under non-current financial liabilities the Group has long-term loans and finance lease liabilities payable to the company Optima leasing d.o.o., Zagreb.

Long-term loans payable are secured with bills of exchange, letters of guarantee from the parent company and acknowledgements of debt, while long-terms finance leasing liabilties are secured with bills of exchange.

Other long-term finance liabilities to group companies in the amount of EUR 104 thousand relate to revaluation of derivative financial instruments used to hedge NLB Leasing Koper against the interest rate risk to which it is exposed in relation to fixed rate investments financed with two variable rate loans.

The amount of other long-term financial liabilities is composed of long-term finance lease liabilities in the amount of EUR 1,193 thousand, the remainder derives from the conversion of financial liabilities to the contractual exchange rate.

The long-term finance lease liabilties fall due for payment within five years of the balance sheet date: EUR 382 thousand after one year, EUR 811 thousand between 2011 and 2014.

Table 96:

Outstanding balance of non-current loans due on 31.12.2009

				EUR 000
	Less than 1 year	From 1 to 5 years	More than 5 years	Total
Loans from NLB Group	3,363	36,565	8,504	48,431
Loans from other domestic banks	7,923	15,256	2,624	25,804
Loans from other foreign banks	444	4,450	0	4,894
Total	11,730	56,271	11,128	79,129

The average interest rate on long-term loans payable in 2009 was 3.16%

1.15. Current liabilities

1.15.1. Current financial liabilities

Tabela 97:

Current financial liabilities

	EUR 000
	2009
Short-term loans from Group companies	58,742
Short-term share of long-term loans from Group companies	3,363
Current loans from domestic banks	2,000
Short-term share of long-term loans from domestic banks	7,924
Short-term loans from foreign banks	3,000
Short-term share of long-term loans from foreign banks	444
Total	75,473

Under current financial liabilities the Company includes liabilities in respect of short-term loans received and the short-term portion of long-term loans, all of which fall due within less than a year of the balance sheet date.

Short-term loans payable are secured with bills of exchange and letters of guarantee from the parent company.

The average interest rate on short-term loans payable was 4.47%.

1.15.3. Current trade liabilities

Table 98: **Current trade liabilities**

EUR 000		
2009		
533	Short-term liabilities to suppliers	
0	Short-term liabilities to suppliers – Group companies	
533	Short-term liabilities to suppliers – others	
512	Short-term advances and security received	
501	Short-term advances received	
11	Short-term security received	
48	Short-term liabilities to employees	
25	Short-term liabilities for net salaries and wages	
11	Short-term liabilities for other income from employment	
7	Short-term liabilities for salary contribution	
5	Short-term liabilities for other employment income	
369	Liabilities to state and other institutions	
36	Liabilities for VAT	
7	Employer social security contributions	
326	Liabilities for corporate income tax	
383	Other short-term liabilities	
189	Short-term liabilities for interests to Group companies	
191	Short-term liabilities for interests to others	
3	Short-term liabilities for wage deductions	
1,845	Total	

The majority of the current trade liabilities represent short-term payables to suppliers, which had not yet been paid by 31.12.2009 (here liabilities to suppliers in respect of goods leased out on finance leases predominate) and deposits and security payments received.

Short-term deposits received relate to monies received in respect of finance and operating lease agreements and also include customer deposits paid in respect of contracts which are not yet active and customer prepayments. The Group also had as at 31.12.2009 customer security in the amount of EUR 11 thousand, representing security paid by lessors as a means of ensuring that they will fulfil their contractual obligations. Part of the deposits received represents payments received from third parties for the purchase of vehicles.

Liabilities to employees represent December 2009 salaries which were paid in January 2010.

Liabilities to state institutions include VAT, corporate income tax and social security contributions on December's pay.

Also included under current liabilities are accrued interest on loans, which had not fallen due for payment as at 31.12.2009 and current liabilities in respect of amounts withheld from pay (wage assignment, contributions to the group pension company skupna pokojninska družba).

1.16. Accruals and deferred income

Table 99

Changes in accruals and deferrd income

				EUR 000
	Accrued costs and expences	Provisions for unused annual leave for employees	Short-term accrued income – accrued operating lease deposits	Total
Balance at 31.12.2008	41	14	56	111
Increase	320	18	26	364
Decrease	(205)	(13)	0	(218)
Balance at 31.12.2009	156	19	82	257

Included under accruals are accrued auditing fees and other operating expenses, for which invoices had not yet been received at the time of drawing up the 2009 financial statements. In addition part of the accrued costs relate to the provision for employees' untaken holiday and part to short-term deferred income in respect of lease premium payments. The premium payments is progressively recognised as income, as monthly rental income is calculated under the terms of the lease agreements.

1.17. Off-balance sheet assets and liabities

Off-balance sheet assets and liabilities in the amount of EUR 7,980 thousand represent mostly the unutilised portion of the revolving bank credit and the principle of two loans for which the Company concluded interest rate swap agreements which mature in 2026.

2. GROUP INCOME STATEMENT

General

Details on the basis for the preparation of the income statement and individual accounting policies which have been applied to important transactions and other operating events are given the notes of individual significant items of income and expenditure.

Format I of the income statement per SAS (2006) 25.5 has been used.

2.1. Revenue

Table 100: **Revenue**

	EUR 000
	2009
Revenue from operating leases	1,611
Revenue from operating leases – handling fees	5
Revenue from business premises rent	167
Revenue from rent - vessel	10
Revenue from operating leases	1,793
Revenue from financial leases - reminders	46
Revenue from finance leases - margin	25
Revenue from handling expences	84
Other operating revenue	24
Other operating revenue	180
Net revenue from sale of real estate	284
Net revenue from sale of real estate	284
Total	2,257

In the year ended 31 December 2009 the Group realised net income from sales of EUR 2,257 thousand, of which 79% derived from operating leases and 13% from the sale of real estate (investment leasing). The remaining 8% comprised other operating income. The Breakdown of operating lease income in 2009 is comparable to that in the prior year. The Group also received in 2009 income of EUR 10 thousand relating to the leasing of boats.

2.2. Other operating revenue

Table 101: Other operating revenue

Total	563
Revenue from mergers (revaluation surplus – negative goodwill)	154
Revaluation operating revenue – reversal of impairment for receivables and invcentories	116
Revaluation revenue – fixed assets	293
Revenue from provision reversal	0
	2009
	EUR 000

Revaluation operating income relating to non-current assets represents gains on the sale of the Company's own assets, i.e. motor vehicles which had been let out on operating leases.

Revaluation operating income arising from the reversal of impairments, which had been recognised in prior periods totals EUR 116 thousand, including EUR 22 thousand in respect of impairments of operating lease receivables (relating to both equipment and real estate), EUR 11 thousand of reversed impairments of receivables subject to court recovery and EUR 83 thousand of reversed impairments of inventories. All revaluation operating revenue relates to the parent company; the subsidiary company did not have any such income in the year ended 31 December 2009.

On the purchase of a 75.1% shareholding of the company OL Nekretnine d.o.o., the NLB Leasing Koper group recognised on its first consolidation EUR 154 thousand of income from the merger (revaluation surplus – negative goodwill).

2.3. Cost of goods, materials and services

Table 102: **Cost of goods, materials and services**

		EUR 000
		2009
C	Cost of real estates sold	(251)
C	Cost of real estates sold	(251)
C	Cost of materials	(103)
E	nergy cost	(18)
C	Cost of replacement parts and maintnance materials	(62)
C	Cost of office materials and technical literature	(21)
C	Other costs of materials	(2)
C	Cost of services	(492)
C	Cost of transportation, post, telegraph and telecommunication services	(47)
Λ	Maintainance costs	(32)
R	Reimbursement costs to employees	(16)
C	Costs of payment transactions and banking services	(177)
C	Cost of intellectual services	(101)
C	Costs of fairs, advertising and entertaiment	(86)
C	Costs of services rendered by individuals	(6)
C	Cost of other services	(28)
Т	Total	(846)

The cost of services represents 58% of the costs of goods, materials and services. The total costs of services of the subsidiary company amount to EUR 30 thousand.

All the costs of material and cost of real estate sold relate to the parent company.

The breakdown of costs by operating groups is shown in the table below.

Table 103:

The breakdown of costs by operating groups

Total costs by operating group	(3,141)
General administrative costs	(725)
Costs of sales	(2,165)
Cost of materials used and goods sold	(251)
	2009
	EUR 000

2.4. Labour costs

Table 104: **Labour costs**

	EUR 000
	2009
Salaries and wages	(683)
Social insurance contributions	(45)
Pension security contributions	(49)
Cost of transportation to work	(17)
Cost of meal allowances	(19)
Regres za letni dopust	(31)
Cost of additional pension insurance of employees	(22)
Provision for outstanding leave of absence	(19)
Other employment costs	(12)
Total	(897)

There are 22 employees in the group, of which 2 work for OL Nekretnine.d.o.o. Zagreb.

2.5. Depreciation, amortisation and impairment

Table 105: **Depreciation, amortisation and impairment**

Total	(1,782)
Revaluation operating expenses for current assets, excluding financial investments and investment property	(77)
Revaluation operating expences for intangible assets, PP&E and inventories	(376)
Revaluation operating expenses	(453)
Depreciation of equipment and spare parts	(1,297)
Depreciation of buildings	(22)
Amortisation of intangible assets	(10)
Amortisation	(1,329)
	2009
	EUR 000

Amortisation and depreciation expenses are the result of amortising intangible assets and depreciating property, plant and equipment on a straight line basis and at the amortisation or depreciation rates stipulated in the sections "Intangible non-current assets" and "Property, Plant and Equipment" over their useful economic lives.

Revaluation operating expenses relating to non-current assets relate to losses on the sale of motor vehicles leased out under operating lease agreements (in the amount of EUR 282 thousand) as well as to the impairment (in the amount of EUR 94 thousand) of motor vehicles on operating leases, i.e. an impairment to bring the book value down to the net realisable value. These losses relate to the parent company NLB Leasing Koper d.o.o.

2.6. Other operating expenses

Table 106:

Other operating expenses

Total	(63)
Other costs	(60)
Other taxes or duties not connected to labour costs or other types of cost	(3)
	2009
El	JR 000

Duties which are not connected to labour costs relate to local property taxes.

Other group cost were sponsoring (EUR 23 thousand) and non-recoverable VAT using a partial recovery factor of 12% relating to supply of partially exempt services (issuing loans and other activities).

The Compnany OL Nekretnine paid in accordance with the applicable national (Croatian) legislation a forestry real estate tax in the amount of EUR 4 thousand.

2.7. Financial revenue

2.7.1. Financial revenue from shares and interests

Table 107:

Financial revenue from shares and interests

	EUR 000 2009
Financial revenue from revaluation of derivatives – interest rate SWAP	148
Total	148

Financial revenue from shares represents gains on the revaluation of a derivative financial instrument, used to hedge against interest rate risk by parent company NLB Leasing Koper, and which is valued at fair value through profit and loss.

2.7.2. Financial revenue from loans

Table 108

Financial revenue from loans

	EUR 000
	2009
Financial revenue from loans to Group companies	37
Financial revenue from loans	4,710
Financial revenue from finance leases	5,866
Other financial revenue – penalty interest re finance leases	234
Financial revenue from reversal of loan impairments	259
Financial revenue from reversal of impairments of financial lease receivables	1,968
Total	13,074

Financial revenue from loans to group companies comprises bank interest on deposits and on current and foreign currency accounts.

The lesser portion of the financial revenue from loans receivable in the Group comprises interest receivable per loan agreements, the majority derives from foreign currency gains as result of the volality of the Croatian kuna.

Financial revenue from finance leases represents interest from the finance leasing of equipment and real estate as well as net accrued approval and other fees on both kinds of leasing, realised by the parent company NLB Leasing Koper d.o.o.

Financial revenue from the reversal of loan impairments relates to the reversal loan impairments recognised in prior periods.

2.7.3. Financial revenue from trade receivables

Table 109: Financial revenue from trade receivables

Total	256
Financial revenue from operating receivables due from others	250
Financial revenue from operating receivable – penalty interest re operating leases	6
	2009
	EUR 000

Financial revenue from operating receivables due from others includes penalty (late payment) interest relating to operating leases and foreign currency gains, arising as a result of the volatility of the Croatian kuna.

2.8. Financial expenses

2.8.1. Financial expenses from the impairment of financial assets

Table 110: Financial expenses from the impairment of financial assets

	EUR 000
	2009
Impairments of non-current and current loans	(1,726)
Impairments and write-offs of receivables – finance leases	(3,831)
Impairment of investment in subsidiary	(41)
Revaluation loss re derivatives - SWAP	(285)
Total	(5,883)

The Group recognised impairments on loans receivable in the amount of EUR 1,726 thousand and on finance leases in the amount of EUR 3,831 thousand.

The Company also impaired in 2009 its investment in its subsidiary OL Nekretnine, Zagreb in the amount of EUR 41 thousand.

The revaluation loss in the amount of EUR 285 thousand relates to the revaluation of derivative financial intruments used to hedge against interest rate risk.

2.8.2. Financial expenses from financial liabilities

Table 111:

Financial expenses from financial liabilities

Total	(7,483)
Financial expenses from other financial liabilities	(2,933)
Financial expenses from loans from banks	(1,355)
Financial expenses from loans from Group companies	(3,195)
	2009
	EUR 000

Financial expenses relating to financial liabilities represent financing expenses including loan interest payable and foreign exchange losses arising on the revaluation of financial liabilities denominated in foreign currencies.

A significant proportion of financial expenses comprise foreign exchange losses arising as a result of the volatility of the Croatian kuna.

2.8.3. Financial expenses from operating liabilities

Table 112:

Financial expenses from operating liabilities

Total	(33)
Financial expenses from other operating liabilities	(33)
	2009
	EUR 000

The majority of financial expenses relating to operating liabilities (EUR 32 thousand) in 2009 represents foreign exchange losses arising on the revaluation of finance leases of movable property and real estate.

2.9. Other revenue

Table113:

Other revenue

Total	27
Other revenue	8
Revenue from the reversal of prior period expenses	19
	2009
	EUR 000

EUR 19 thousand of other income received represents the reversal of expenses recognised in the prior year including EUR 2 thousand relating to NLB d.d.. No compensation relating to non-current assets was received in 2009.

2.10. Other expenses

Table 114:

Other expenses

Total	(123)
Other expenses	(5)
Expenses arising from revaluation of investment property at fair value	(118)
	2009
	EUR 000

The loss on revaluing the investment property in Lucija at fair value represents 96% of other expenses.

2.11. Income tax

Table 115: **Income tax**

Total	(176)
Deferred tax revenue (expense)	353
Income tax expense	(529)
	2009
	EUR 000

The corporate income tax expense represents the tax on profits for the year reduced by deferred tax assets, which will be realised in future periods as result of deductible temporary differences. Deferred tax income, which arises a result of temporary differences between the accounting and taxable profit, reduces the tax on profits. Deferred tax assets recognised in 2009 amount to EUR 802 thousand. Previously recognised deferred tax assets reversed during the year include EUR 444 thousand as a result of the repayment of receivables and changes to customers' credit ratings, EUR 12 thousand as result of the write of receivables and EUR 1 thousand as a result of the disposal of non-current assets.

2.12. Net profit or loss for the period

Table 116:

Net profit or loss for the period

	EUR 000
	2009
Revenue	
Net sales revenue	2,257
Other operating revenue	563
Financial revenue from shares and interests	148
Financial revenue	13,330
Other revenue	27
Total	16,325
Expences	
Cost of goods, materials and services	(846)
Labour costs	(897)
Depreciation, amortisation and impairments	(1,782)
Other operating expenses	(63)
Financial expenses	(13,399)
Other expenses	(123)
Total	(17,110)
Tax	(176)
Net profit or loss for the period	(960)
a. majority owners	(632)
b. minority owners	(328)

Table117:

Profit/(loss) by activity

Net pro	fit or loss for the period	(960)
Tax		(176)
Profit (lo	ss) from other operations	(96)
Profit (lo	ss) from financial operations	79
Operatin	g profit (loss)	(768)
		2009
		EUR 000

Net profit or loss after revaluation of capital to take into account the effect of inflation:

Table 118:

Net profit or loss after revaluation of capital

				EUR 000
	Capital at 31.12.2009	% CPI growth	Calculated effect	Profit or loss
Capital – all categories, excluding current profits	4,345	1,8	78	(1,038)

The Group loss for the year ended 31 December 2009 was EUR 960 thousand. If take inflation into account, using the 2009 growth in the Consumer Price Index (CPI) of 1.8%, then in order to preserve purchasing power, the Group's capital would need to increase by EUR 78 thousand, which would increase the Company's net profit to EUR 1,038 thousand.

3. GROUP CASH FLOW STATEMENT

General

The Group cash flow statement shows changes in cash resources during the period.

Cash resources comprise cash in hand, recorded balances on current bank accounts and deposits on call.

The Group prepares its cash flow statement using the direct method - format II per SAS (2006) 26.9.

The data used in the Group cash flow statement is obtained from the cash flow statements of the individual group companies adjusted for the purposes of consolidation.

3.1. Cash flows

Table 119:

Cash flows by type

	EUR 000
	2009
A. Cash flows from operating activities	(3,316)
B. Cash flows from investing activities	10,663
C. Cash flows from financing activities	(9,181)
D. Cash flow for the period	(1,834)

4. GROUP STATEMENT OF CHANGES IN EQUITY

4.1. General

The statement of changes in equity shows changes in the various components of the Company's capital and reserves during the year.

4.2. Method

Transfers to capital reserves in the year ended 31 December 2009 amounted to EUR 917 thousand.

The Group's equity excluding the minority interest decreased by EUR 640 thousand during the year, broken down as follows:

- A decrease EUR 632 thousand representing the group's net loss for the year,
- A decrease of EUR 8 thousand as a result of a consolidation adjustment arising from foreign currency translation differences relating to the foreign subsidiary.

The equity of the minority interest fell by EUR 277 thousand during the year, broken down as follows:

- An increase of EUR 14 thousand as a result of including a new company in the group,
- A decrease of EUR 328 thousand representing the minority interest's share of the group's net loss for the year,
- An increase of EUR 37 thousand representing the retained earnings brought forward of the subsidiary company attributable to the minority interest.

4.4. Transfers between capital accounts

Capital movements during the year in the amount of EUR 168 thousand relate to the distribution of the Company's net income for the year ended 31 December 2008 following a resolution of the sole shareholder.

4.5. Transfers from capital

The Company's capital fell by EUR 168 thousand in the year ended 31 December 2009 as result of the distribution to the owner of the net income for the year ended 31 December 2008 in this amount.

Events after the balance sheet statement date

Up to the date of the completion of the financial statements there were no events which might have had a material impact on the financial statements here presented.