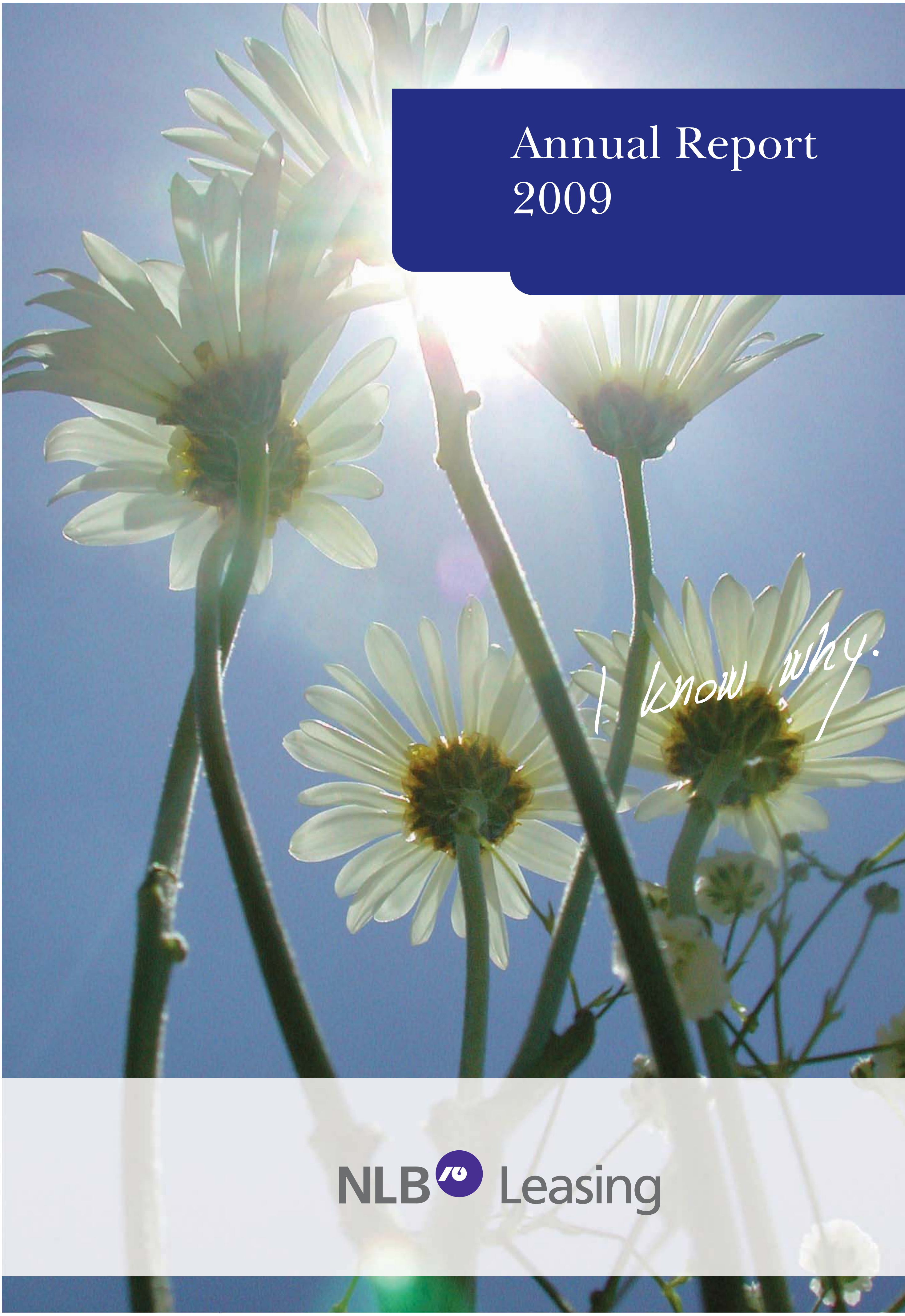
Annual Report
2009



NLB Leasing

Contents

Statement of 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. As the market is not currently showing significant signs of improvement, we can expect similar conditions also in 2010. In 2009, the global recession deeply affected the whole financial and leasing market and weakened our clients who suffered a major decline in orders and turnover, and as a result faced problems with liquidity. The performance of financial and leasing institutions hinged to large extent on their ability to adapt to these market conditions.

The NLB Leasing Group and its controlling company NLB Leasing d.o.o., Ljubljana, took several measures to combat the recession and minimise the adverse effect of the difficult economic conditions on the trading of the companies within the Group. These measures involved the reorganisation of the leasing companies in the Group, a more focused sales activity, a reorganisation of human resources, an increased focus on the recovery and disposal of repossessed leased property, improving cost-effectiveness and harmonizing business practice in the Group as well as increased control over risk management in the Group. In this way, we tried to mitigate the adverse effects on the leasing companies of the more difficult refinancing conditions and less reliable payment by our customers. Other Slovene companies experienced similar problems including sharp fall in custom, which in turn reduced the demand for our services.

In 2009 the NLB Leasing Group balance sheet total decreased to Euro 619 million. A major part of the decrease is a result of the disposal of the company OL Nekretnine d.o.o., Zagreb, to its sister company NLB Leasing Koper d.o.o., and so since February 2009 OL Nekretnine d.o.o., has no longer been part of the NLB Leasing Group. The rest is attributable to lower sales. The disposal of the company OL Nekretnine d.o.o. is a first step in the future reorganization of the leasing companies in the NLB Group.

We have been achieving a turnover in line with our agreed business plan and the additional guidelines set out by the NLB Group within the constraints imposed by the available liquidity and market demand.

The NLB Leasing Group ended last year with a net of loss of Euro 6.1 million. Because of the extremely difficult economic conditions on all the markets where we were present, the Group acted very prudently, recognising a large impairment in receivables, which impacted negatively on the income statement. Without this impairment, the result would have been in line with previous years.

Despite the adverse market conditions, we continued to invest in internal and external training of our employees, in upgrades of our IT system and of our risk management tools as well as in the optimisation or our work processes. 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.

The coming period will be difficult, but we also see opportunities for new success stories with all of you, our partners and trusted clients who have remained loyal to us. We believe that we will successfully steer the company through the crisis and celebrate new achievements in the near future. Therefore, in 2010, we will put even more effort into being attentive to your needs and wishes and finding the best solutions for you.

Samo Turk,
Member of the Management Board

Borut Simonič,
Chairman of the Management Board

Key Financial Indicators

Table 1:
Overview of key financial indicators

In thousand of euros	NLB Leasing Group		NLB Leasing Ljubljana	
	2009	**2008**	**2009**	**2008**
Balance sheet indicators				
Balance sheet total	619.457	722,422	498,035	542,153
Equity	31,958	39,141	31,312	37,063
Debt to equity (D/E)	18.4	17.5	14.9	13.6
Profit and loss statement indicators				
Profit before tax	(7,369)	1,929	(6,885)	685
Profit after tax	(6,077)	1,002	(5,374)	377
a) attributable to equity holders of parent	(6,219)	947	-	-
b) attributable to minority interest	142	55	-	-
Revenue	88,819	132,962	41,249	52,881
Profitability indicators				
Return on average equity before taxes (ROE v %)*	-	5.4	-	2.1
Return on average equity before taxes (ROA v %)*	-	0.3	-	0.1
Other indicators				
Number of employees	122	137	69	77
Total assets per employee	5,078	5,273	7,218	7,041

* Indicator calculation for 2009 is not meaningful because of the loss for the year.
Source: NLB Leasing

1 Business Report

Presentation

The NLB Leasing Group is part of the largest Slovenian banking and financial group, the NLB Group, comprising 54 member companies as at 31 December 2009. The main business of NLB Group is banking and in recent years it has been developing other financial activities such as leasing, factoring, export financing, insurance and asset management.

As at 31 December 2009 the NLB Group includes 3 leasing companies and 6 branches in Slovenia as well as 8 leasing companies and 5 branches in the Southeast European markets. NLB Leasing Ljubljana has been earmarked within the Group as the development leader and coordinator of this business segment. The company in Ljubljana has 6 subsidiaries which comprise the consolidated NLB Leasing Group and together with associated companies represents the wider group of NLB Leasing Group. The wider group has 174 employees, while the NLB Leasing Group has 122 employees.

This report presents the business and financial data of the consolidated NLB Leasing Group, which together with its companies and branches is present in both domestic and foreign markets. Over the past years, the development strategy of the NLB Leasing Group has been focused mostly on Southeast European markets, which then enjoyed high growth rates, however in 2008 and 2009 the growth rates fell. At the same time enhanced Group corporate governance processes were implemented and we started the process of adapting the Group's organisational structure to the negative market trends in Slovenia and in Southeast Europe.

After expanding to new markets in the past, the reorganisation process of leasing activities within the NLB Group began in 2009, with the purpose of reacting to the expected opportunities presented by individual markets. In 2009, the parent company NLB Leasing Ljubljana sold the company OL Nekretnine, Zagreb, to its sister company NLB Leasing Koper.

NLB Leasing Group offers leasing services to private individuals, legal entities and to sole traders. Financial leasing and operating leasing are the two main activities of the Group. As a universal provider of leasing services, NLB Leasing Group offers leasing for all kinds of assets including motor vehicles, equipment, boats, real estate and property development.

Rewards and recognitions

In terms of annual turnover in the Southeast European region, the NLB Leasing Group with its

Figure 1:
NLB Leasing Group organisation chart as at 31 December 2009

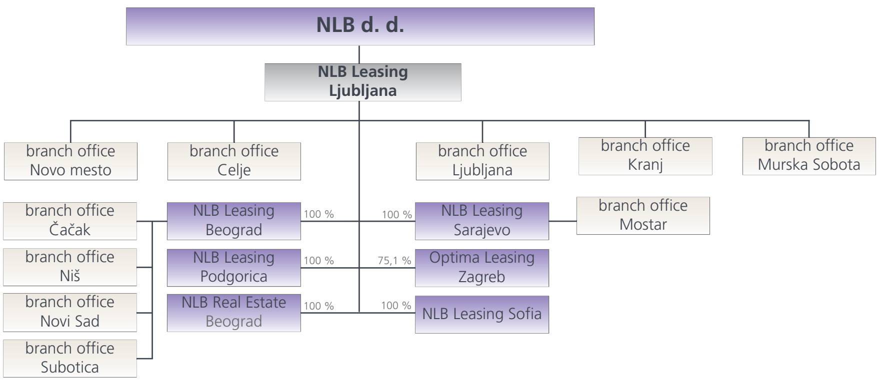
Source: NLB Leasing

three subsidiaries ranked 64th in the Leaseurope TOP 100. This chart is drawn up by one of the two most important leasing associations in Europe (Leaseurope), bringing together national leasing associations of which the Association of leasing companies of Slovenia is a member. The members represent approximately 93% of the whole European leasing market

Growth and development

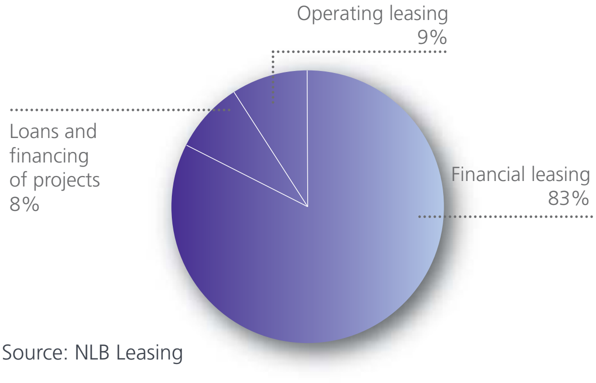
Market reaction to the problems caused by the liquidity crisis in international financial markets had a significant effect on growth in the leasing business. There was a substantial decrease in new investment in the market, which resulted in lower turnover for individual leasing companies. The NLB Leasing Group tried to adapt to these circumstances by taking various measures, nevertheless it suffered in 2009 a decrease in its balance sheet total and equity. A shift in the strategic focus of the NLB Group also contributed to this decrease, since as part of a strategic reorganisation, OL Nekretnine, which in 2008 was still a part of the NLB Leasing Group, was sold.

Figure 2:
NLB Leasing Group organisation chart as at 31 December 2009



Source: NLB Leasing

Figure 3:
Structure of newly activated investments of the NLB Leasing Group in 2009



Source: NLB Leasing

Figure 4:
Growth of balance sheet assets of the NLB Leasing Group

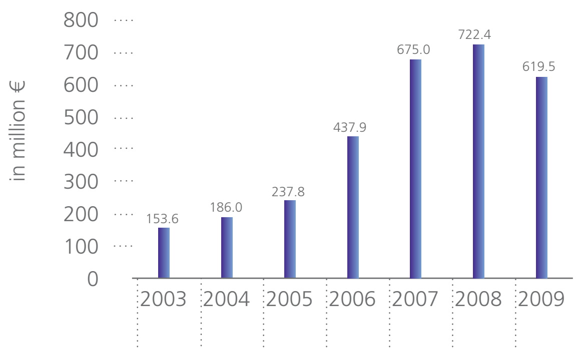
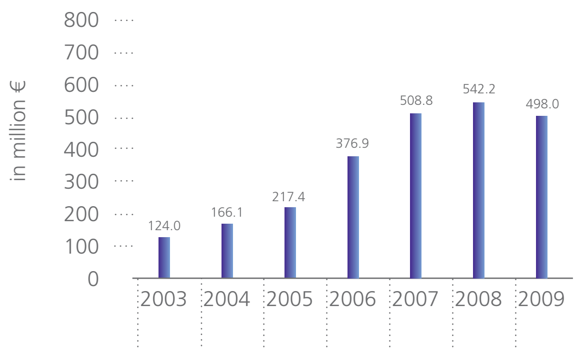


Figure 5:
Growth of balance sheet assets of the company NLB Leasing Ljubljana



Source: NLB Leasing

Figure 6:
Growth of capital of the NLB Leasing Group

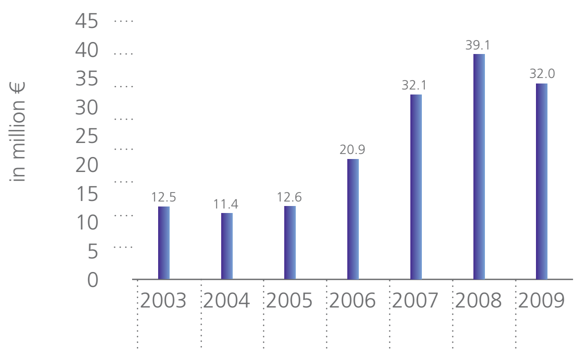
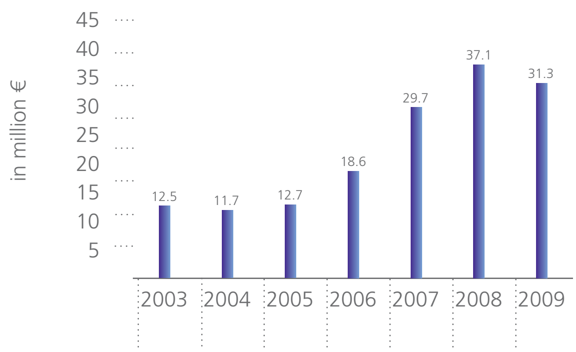


Figure 7:
Growth of capital of the company NLB Leasing Ljubljana



Source: NLB Leasing

Strategy

Mission

The NLB Leasing Group's mission is to be a reliable and dependable long-term partner offering good quality leasing services for present and future clients. We aim through our business to create added value and growth for the whole Group.

Values

Our business values are:

- tradition - trust - excellence;
- focus on our clients;
- competent and professional staff;
- initiative.

Strategic directions and goals

In the NLB Leasing Group we strive to achieve the long-term stability of our business and safety of our investments; through our active presence in Slovenia and the countries of South Eastern Europe. We want to offer our customers a global partnership and trust, with the focus on the following directions and goals:

- active continuation of the harmonisation process in the NLB Group;
- achieving the target market share of the NLB Group in individual markets;
- providing leasing products for small and medium sized enterprises and households.

Major Events

Major business events in the financial year 2009 within the NLB Leasing Group were:

- the merger of the Velenje and Celje branches to form a combined branch based in Celje (January 2009);
- the companies NLB Leasing Sofia and NLB Real Estate ceased new investment and focused on the active management of the existing portfolio (January 2009);
- disposal of the business share of OL Nekretnine to the subsidiary NLB Leasing Koper (February 2009).

Major business events after the financial year end within the NLB Leasing Group were:

- appointment of a new president and members of the Supervisory Board of NLB Leasing Ljubljana (February 2010);

- sale of a stake in NLB Leasing Belgrade to the parent company Nova Ljubljanska banka d.d. (April 2010).

Plans for 2010

In 2010 the NLB Leasing Group will follow closely developments in the market and adapt its activity to the circumstances in order to maintain its significant market position in the Slovenia and most of Southeast Europe. The Group will adapt its activities in seeking new opportunities for investments, managing the existing portfolio, controlling costs, and maintaining its suppliers' network. The main emphasis will also be on ensuring adequate financial resources for the entire group of companies in the NLB Leasing Group, as well as managing credit and non-credit risks.

Based on its strategic plan the NLB Leasing Group will continue with the structural and business reorganisation of leasing activities within the NLB Group with the aim of optimising its business processes and maximising efficiency.

In 2010 the NLB Leasing Group aims to complete two projects: BCP and NOVA. The former present an uninterrupted operation plan and the second the replacement of the current software in all leasing companies within the NLB Group.

The Group will also pursue its group-wide harmonization processes that are the standardisation of operations in the NLB Group.

Macroeconomic Environment

Slovenia

The last quarter of 2008 heralded the arrival of the worldwide economic and financial crisis in the local economy. In 2009 short-term indicators showed a more marked decline in economic activity from month to month, which resulted in the largest fall in economic growth in Slovenia since independence. Owing to the country's high dependence on exports, the country suffered most from decreased external demand, which quickly led to a fall in exports. A fall in investment of more than 30%, a decrease in external commercial trade of approximately 25% and a fall of more than 20% in added value in manufacturing took its toll on the economy. The second half of the year did show an improvement in economic activity, however economic growth in 2009 still dropped by 7.8%.

The fragile economic activity and the movement of oil prices on the world market also affected national price movements in 2009. Given the high growth rate in previous years, the rate of cost of living was subject to deflation in 2009. Last year, the average annual inflation was 0.9% and, after two years of exceeding the convergence criterion of price stability, it returned to the permitted range.

Delayed by a few months, the worse economic activity and severe economic climate also affected the labour market. The rate of registered unemployment increased month by month, and surpassed the 10% mark by the end of the year.

The Slovenian government tried to avoid the negative effects and consequences of the crisis by taking different measures in support of the financial and real sector.

Table 2:
Movement of key macroeconomic indicators for Slovenia and EMU

	2007	2008	2009
Slovenia			
GDP (real growth in %)	6.8	3.5	-7.8
Average annual inflation* (in %)	3.8	5.5	0.9
Surveyed unemployment rate – ILO (in %)	4.9	4.4	5.9
Current account of payment balance (in % GDP)	-4.8	-6.2	-0.6
Public debt (in % GDP)	23.3	22.5	34.0 **
Budget deficit/surplus (in % GDP)	0.0	-1.8	-5.8
EMU			
GDP (real growth in %)	2.8	0.6	-4.1
Average annual inflation * (in %)	2.1	3.3	0.3
Surveyed unemployment rate – ILO (in %)	7.4	7.5	9.4
Current account of payment balance (in % GDP)	0.2	-0.7	-1.6
Public debt (in % GDP)	66.2	69.3	77.7**
Budget deficit/surplus (in % GDP)	-0.6	-2.0	-6.1**

*HICP – harmonised customer price index
**Estimate
Source: BS, SURS, UMAR, ECB, EUROSTAT

Southeast Europe

In 2009 the strategic markets of Southeast Europe were affected by the financial and economic crisis which had already been present in developed economies already in 2008. Because of the high dependency on the external environment, the adverse effects of the crisis hit our strategic markets mostly in the non-financial services sector. The trend of negative economic growth, already experienced in most countries in the beginning of the year, later intensified. However, the negative economic growth in 2009 was in all the countries concerned primarily the result of the withdrawal of foreign investors, which in turn decreased indirect foreign investment, external commercial trade, production and consumption. The biggest fall in economic growth of nearly 6% occurred in Croatia, whereas for the other countries in the region the fall in GDP was in the region of 1% - 5%.

Lower domestic and foreign demand quickly affected the volume of industrial production, which underwent a substantial decrease in 2009. With respect to individual industries, the construction sector was considerably affected, whereas by individual countries the volume of industrial production mainly declined in Montenegro (by approximately 30%), Bulgaria and Serbia (more than 12%).

After the inflationary pressures from the world markets subsided, prices in SE European countries started to fall. Among other things, due to the high bases in 2008, the strong downward trend of industrial products prices started to slowly subside in the final months of 2009. Serbia is the only country that was not affected by a deflation of industrial products prices.

Decreased economic activity also impacted the labour market. Once again, the unemployment rate rose in all countries and prognoses expect even worse for 2010. Bosnia – Herzegovina continue to have the highest unemployment rates, at over 40%, followed by approximately 30% in Macedonia and between 10% and 20% in other countries in the region. In addition to increased unemployment rates in 2009, all countries saw a slowdown in salary increases.

Table 3:
Movement of key macroeconomic indicators by member countries of the NLB Leasing Group

		Bosnia	Macedonia	Serbia	Montenegro	Bulgaria	Croatia
GDP (real growth in %)							
	2009	-3.2*	-1.0	-2.9*	-5.3*	-5.0	-5.8
	2008	5.7	4.8	5.5	6.9	6.0	2.4
	2007	6.2	5.9	6.9	10.7	6.2	5.5
Inflation (in %)							
	2009	-0.4	-0.8	8.4	3.4	2.8	2.4
	2008	7.4	8.3	11.7	7.4	12.3	6.1
	2007	1.5	2.3	6.5	4.2	8.4	2.9
Degree of registered unemployment (in %)							
	2009	42.1	32.2	16.9	11.3	9.1	14.9
	2008	40.6	33.8	14.4	15.1	6.3	13.4
	2007	42.9	34.9	18.8	19.4	6.9	15.1
Current account of the balance of payments (in % GDP)							
	2009	-8.3*	-10.0*	-7.4	-22.8	-8.6	-5.5*
	2008	-15.1	-12.8	-17.8	-27.5*	-24.3	-9.2
	2007	-10.4	-7.6	-16.2	-32.5	-21.6	-7.6
Budget deficit/surplus (in % GDP)							
	2009	-5.3*	-2.8	-4.5*	-2.3	-0.9	-2.9*
	2008	-2.0	-1.0	-2.5	-0.3	3.0	-0.9
	2007	1.3	0.6	-1.9	6.4	3.5	-1.2

*Forecast
Source: Central banks and statistical offices of individual countries

Business Environment of Leasing Activity

Business environment – Slovenia

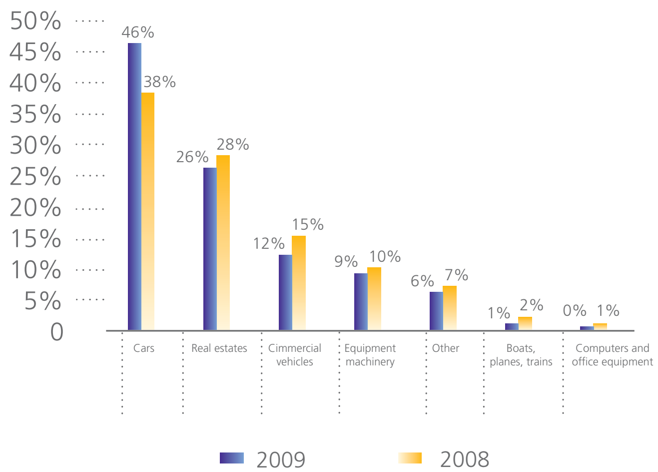
The Slovene leasing market is divided mainly between companies or groups that act as universal leasing providers in the market and "captive leasing companies" that are owned by vehicle distributors. The latter offer exclusively the leasing of personal and commercial vehicles leasing. Among those which 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.

Growth in the Slovene leasing market ground to a halt in the last two quarters of 2008 and then fell in 2009, which is borne out when we compare the figures for 2009 and 2008. 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. This is the first time we have experienced negative growth, and if we further compare the new leasing turnover for individual quarters in 2009 with the corresponding quarters in 2008, we also see a significant fall: for Q1 2009 Euro 439.7 million compared to Euro 760.9 million in Q1 2008, for Q2 2009 Euro 436.3 million compared Euro 811.8 million in Q2 2008, Q3 2009 Euro 381.0 million compared to Euro 753.4 million in Q3 2008, and Q4 2009 Euro 398.3 million compared to Euro 532.6 million in Q4 2008.

As mentioned above, the Slovene leasing market suffered a decline of 42% in 2009, whereas 2008 still enjoyed growth of 13%. Average growth in the last seven years reached 16%, with the last two years experiencing the lowest growth. Compared to the year 2008, there has been less investment in the leasing of equipment, while the leasing of personal vehicles in 2009 come the closest to the 2008 volume at 70% and had the largest market share of the whole leasing market in Slovenia in 2009, followed by real estate, commercial vehicles and equipment.

If we look at the business profile of leases, the private-service sector represented 38% of the Slovene moveable property and equipment leasing market in 2009, followed by private individuals (26%) and industry (19%). The Slovene real estate leasing market in 2009 was dominated by the private-service sector (61%), followed by industry

Figure 8:
Structure of leasing in Slovenia



Source: BAS

(26%). Private individuals represent only 3% of the cost of all investments in real estate.

The largest 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 Euro 1,655.4 million worth of investments in the Slovene market, while the corresponding figure for 2008 was Euro 2,858.7 million. Financial leasing represented Euro 1,036.8 million (63%) in 2009, while operational leasing represented Euro 274.5 million (17%), and loans Euro 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 position in the market.

Business environment –

Southeastern Euroope

The NLB Leasing Group is present in the Slovene and South Eastern European markets; the individual markets are very diverse and changeable, and so the Group adopts a flexible

Table 4:
Amount of new investments (purchase and financial value) by BAS data in 2009

	YEARLY TURNOVER 2009					
in million of euros	**Purchase Price**	**GRADE**	**MS %**	**Financial value**	**GRADE**	**MS %**
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	7	4.5
VBS LEASING + VBS HIŠA	86.0	7	5.2	63.1	6	4.7
DAIMLER AC LEASING	63.7	8	3.8	53.7	8	4.0
FINOR	40.5	9	2.4	29.9	10	2.2
ALEASING	40.1	10	2.4	29.4	11	2.2
SKUPINA KBM LEASING	32.9	11	2.0	30.4	9	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**

Source: BAS

approach and adapts its operations to the specificities of the individual markets.

In Croatia, the NLB Leasing Group, together with Optima Leasing, d.o.o., Zagreb, has successfully managed to establish itself in a relatively competitive market, which comprises 25 different leasing companies. The most sought after leasing products in Croatia include properties, primarily in Zagreb and the touristical area.

In Serbia, the leasing market comprises primarily the financial leasing of cars and commercial vehicles, and to a lesser extent, the operating leasing of motor vehicles; the law (specifically the Leasing Act) does not allow the finance leases for real estate. Nevertheless, there has been a considerable interest in leasing as a form of finance in recent years, though in 2009 there was a significant drop in demand.

The Bosnian leasing market also experienced a financial crisis and loss of liquidity, and consequently lower demand in 2009. In 2009 Bosnia adopted a new Leasing Act, which brought in a number of changes to leasing companies' operations, including the establishment of a new regulatory agency for leasing companies.

Table 5:
Market share of NLB Leasing Group by individual markets in 2009

	Market share %	Company grade
Slovenia	7.1	5
Serbia*	8.3	4
Montenegro	14.7	4
Croatia	2.6	9
Bosnia	8.0	6
Bulgaria	0.0	-

*MS on the basis of the financial leasing business (without the lease)
Source: Statistical data of leasing associations and of NLB Leasing

Montenegro has undergone huge change in the last few years as a result of foreign investment and aid, a trend that is evident particularly in the real estate and on stock market. Demand for property financing through leasing was significantly lower in 2009; personal cars and commercial vehicles represent the lion's share of leasing investments.

The Bulgarian leasing market experienced serious liquidity problems in 2009 as well as lower supply and demand because of the country's dependence on investors from other Euroopean markets. The focus of operations in 2009 was on active management of the existing portfolio.

The NLB Leasing Group is thus present in 5 countries in addition to Slovenia, with a sister company in Skopje also covering the Macedonian market. The market share held by the Group in individual markets is shown in table 5.

European Union leasing market

According to the latest research, the European leasing market decreased in 2009, but still presents a significant source of funds for new business investments. The size of the market or leasing portfolio is estimated at Euro 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.

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. We can continue to expect a similar spread of leasing services by type of equipment as in previous years. This means leasing investments in real estate, personal and commercial vehicles, and plant equipment are likely to continue to be predominant.

Review of Operations

The financial year required constant fine-tuning of the Group's strategy to adapt to changes on financial markets and the Group thereby managed to maintain its position as a universal leasing provider. The changed circumstances are evident in particular in the more stringent terms for obtaining liquidity, in particular short-term funding, in the constantly increasing interest rates and margins.

These particularly difficult conditions were the main factor behind the lower volume of leasing investments in 2009 compared to the previous year. This occurred for the first time in 2008. The volume of new leasing by NLB Leasing Group fell by 60% compared to 2008. Average annual growth in the volume of new investment between 2003 and 2009 was 26%. NLB Leasing Ljubljana, which enjoyed average annual growth of up to 25% over the past seven years, realized 48% less new investment in 2009 compared to 2008.

Figure 11 gives a breakdown of new leasing by asset-type for the NLB Leasing Group for 2009 and 2008. In relation to 2008, the largest change in 2009 can be seen in the category "other", where OL Nekretnine Zagreb generated much of the business. As this company was no longer part of the Group at the end of 2009, the share of this line of business fell significantly in 2009 (and therefore also real estate and vehicles) increased, especially ships, trains, airplanes and personal vehicles. Compared to 2008, there is also a visible decrease in the financing of commercial vehicles, as the recession hit the transport sector particularly hard.

Market conditions also caused a slight change in the breakdown of new leasing investments by NLB Leasing Ljubljana. In 2009, the financing of real estate projects in the category "other" was replaced by standard real estate financing. The change occurred because of lower investments in construction, and as a result the company practically did not finance any new construction projects. There were no significant changes in 2009 in the breakdown of the leasing of other types of equipment.

In 2009, the NLB Leasing Group concluded Euro 115.3 million worth of new leasing contracts, which represents 60% less than the previous year. Compared to 2008, the biggest decrease was in the category "other", commercial vehicles and equipment.

The largest absolute decrease in leasing volume compared to 2008 was also in the category "other", which amounted to Euro 88.4 million, while the commercial vehicles segment decreased

Figure 9:
Volume of new leasing - NLB Leasing Group

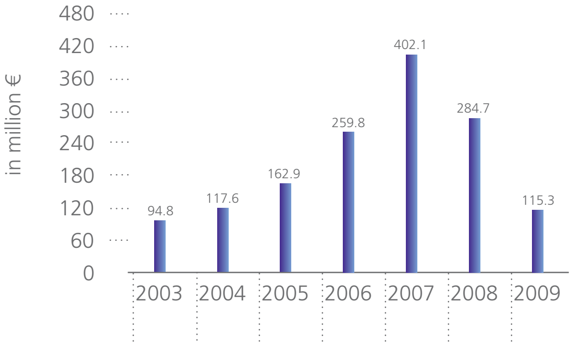
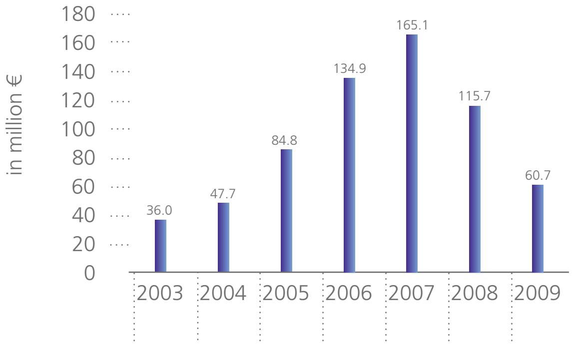
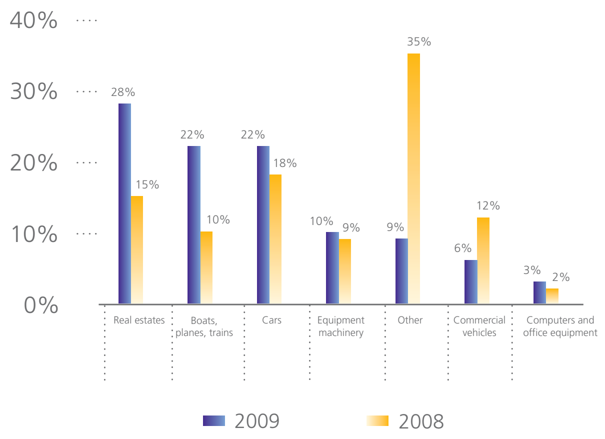


Figure 10:
Volume of new leasing - NLB Leasing Ljubljana



Source: NLB Leasing

Figure 11:
Breakdown of new leasing volume NLB Leasing Group



Source: NLB Leasing

Figure 12:
Breakdown of new leasing volume NLB Leasing Ljubljana

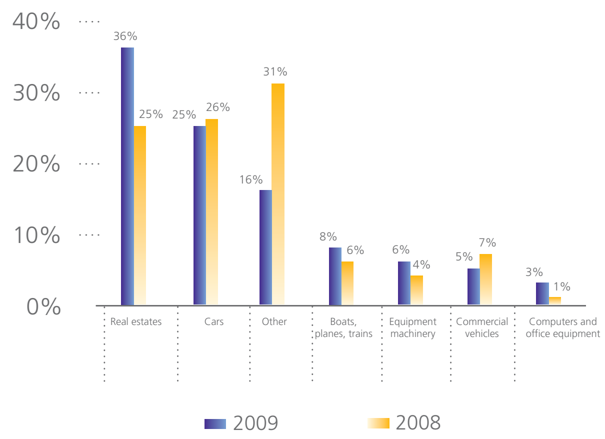


Table 6:
Breakdown of new leasing volume - NLB Leasing Group (in Euro million)

	2009		2008		2009/2008
	million €	%	million €	%	Index
Personal vehicles	24.8	22	50.5	18	49
Commercial vehicles	6.8	6	33.5	12	20
Computers, office equipment	3.9	3	5.7	2	68
Equipment	12.1	10	25.3	9	48
Real estate	31.7	28	41.8	15	76
Ships, trains, planes	25.9	22	29.5	10	88
Other	10.0	9	98.5	35	10
TOTAL	**115.3**	**100**	**284.7**	**100**	**40**

Source: NLB Leasing

by Euro 26.8 million. The total leasing volume in 2009 decreased by Euro 169.5 million compared to 2008.

The volume of new leasing in 2009 can be split between Slovenia and the South East Europe region: the Slovene market achieved 53% and the South East Europe region 47% of all new leasing in the NLB Leasing Group. In 2009 the turnover of foreign companies decreased, whereas in previous years, it had increased. These companies contributed 52% of new leasing in 2007 and 59% in 2008. Despite the lower volume of new leasing, the group companies in foreign markets managed to retain their market position, as the competition also had a lower volume of new leasing than in 2008.

Financial results of the NLB Leasing Group in 2009

The NLB Leasing Group faced extremely demanding trading conditions in 2009 as a result of the global recession and its impact on the non-financial services sector of the economy. The actual level of economic activity was lower than expected in all markets where the Group was present. As a consequence, financial discipline deteriorated on one hand, and on the other, the level of demand in the market fell significantly. Because of the recession, nominal financing costs remained high, despite the fall in reference interest rates. Financial sources received in 2009 had significantly higher margins than those at which banks had provided to Group at the beginning of 2008.

Table 7:
Volume of new leasing by companies in the NLB Leasing Group in 2009 (in Euro million)

	OSV	KOV	RAO	POP	NPR	LVL	OST	Total
Ljubljana	15.2	2.7	1.6	3.9	22.1	5.2	10.0	60.7
Belgrade	1.2	3.3	1.0	2.1	0.0	8.8	0.0	16.3
Sarajevo	0.3	0.1	0.9	4.7	2.6	0.0	0.0	8.6
Podgorica	1.4	0.3	0.0	0.2	2.7	0.0	0.0	4.5
Zagreb	6.8	0.4	0.4	1.2	4.3	12.0	0.0	25.2
Real Estate Belgrade	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sofia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NLB Leasing Group	**24.8**	**6.8**	**3.9**	**12.1**	**31.7**	**25.9**	**10.0**	**115.3**

Legend: OSV – personal vehicles; KOV – commercial vehicles; RAO – computers, office equipment, POP – equipment; NPR – real estate; LVL – ships, trains, planes; OST – other

Source: NLB Leasing

The NLB Leasing Group sought opportunities for new investments in the changed market conditions - notably the difficulting in obtaining sufficient and suitable sources of finance, and an increasing lack of financial discipline - and accordingly adopted a prudent policy in recognising a high level of impairment provisions of its receivables. In 2009 the NLB Leasing Group concluded Euro 115.3 million of new leasing (compared to Euro 284.7 million in 2008) and as a result its balance sheet total decreased from Euro 722 million to Euro 619 million. The fall in the level of commercial activity occurred as a result of lower demand, lack of available financial sources in the market and also because of the owner's strategy to trim the balance sheet. The disposal of OL Nekretnine Zagreb of course caused a further decrease in the balance sheet total. The higher level of impairment of receivables had a negative impact on the profit and loss of EURO 6.1 million, indeed before the impairment charge, the Group actually made a profit.

Financial results of NLB Leasing Ljubljana in 2009

In light of the negative market conditions and the NLB Group's decision to reorganise the leasing sub-group, the parent company NLB Leasing Ljubljana saw a fall in its balance sheet total and total revenue in 2009; the balance sheet total was Euro 498 million at the end of 2009. At the same time the company places particular emphasis on controlling costs and maintained a prudent policy on impairing receivables.

Table 8:
Key trading indicators of the NLB Leasing Group

	2009	2008
New leasing volume (in million €)	115.3	284.7
Average leasing duration (years)	4.3	3.8
Debt to equity (D/E)	18.4	17.5
ROE % (before taxes)*	-	5.4
ROA % (before taxes)*	-	0.3
Profit after tax – major (in thousand €)	(6,219)	947
Total revenues (in thousand €)	88,819	132,962

*Indicator calculation for 2009 is not meaningful because of the net loss realised.
Source: NLB Leasing

Table 9:
Key trading indicators of NLB Leasing Ljubljana

	2009	2008
New leasing volume (in million €)	60.7	115.7
Average leasing duration (years)	2.7	4.0
Debt to equity (D/E)	14.9	13.6
ROE % (before taxes)*	-	2.1
ROA % (before taxes)*	-	0.1
Profit after taxes (in thousand €)	(5,374)	377
Total revenue (in thousand €)	41,249	52,881

*Indicator calculation for 2009 is not meaningful because of net loss realised.
Source: NLB Leasing

Risk Management

Risk Management is vital to achieving business objectives, as its aim is to assess all kinds of risks to enable a timely response and to lower exposure to risks. In 2009, we placed an emphasis on the continued development of our risk management covering both credit and non-credit risks.

Credit risks

Leasing distinguishes itself from other forms of financing in that the lesser has a security against non-repayment of its investment in the form of the leased asset, which it purchased on the basis of an order placed by the lessee.

The Group is exposed to credit risk in its portfolio, represented by the risk of losses resulting from the default by individual lessees' on the obligations arising from their leasing contracts.

Credit risk management requires special attention in the current economic and financial conditions. In addition to carrying out credit ratings of customers in order to minimise credit risk, the Group also applies certain other security measures in its operations. These include the following:

- increasing the lessees participation in the financing of the investment;
- adapting the period of lease according to the nature of the leased asset;
- requiring additional instruments and/or forms of collateral (bills of exchange, guarantees, mortgages, pledge on movable assets).

When monitoring its operations, the Group constantly strives to improve its credit risk management in approving investments and to reduce the share of overdue outstanding receivables.

Managing non-credit risks

In 2009 the Group expanded its monitoring and managing of non-credit risks within its non-credit risk management policy. The adopted policies on liquidity, interest rate and currency risk follow the recommendations and guidelines, prepared within the Development and minimum standards programme on risk management in the NLB Group.

The Group independently developed an IT application to monitor non-credit risks.

Interest rate risk

NLB Leasing Group monitors the exposure to interest rate risk using interest rate spreads. In 2010, the interest rate risk will be supplemented with a detailed monitoring of interest rate spreads by duration.

A major part of the Group’s investment is at a variable interest rate, being the Euroibor interest rate for the six-month deposits plus a margin, since the interest rates on the Group’s own bank borrowing are structured in a similar way. To a lesser extent the Group finances its investments with fixed interest rate borrowings.

Currency and foreign exchange risk

The NLB Leasing Group regularly monitors currency and foreign exchange risks according to its policy on currency and foreign exchange risk. The Group maintains a prudent policy in managing currency and foreign exchange risk, closing open currency positions within set limits. The portfolio share in CHF is relatively low, as the new investments in 2009 were made in Euro or with Euro-value clause. The currency mismatch in Euro is mostly a result of structure imbalance of resources, or responsibilities of the NLB Leasing Group's companies.

Operating risks

Notwithstanding the above measures and procedures, the Group's operations are constantly subject to other risks which are defined as operating risks. These risks relate to deficiencies or errors in the operation of internal processes, systems or to human error or are due to external events. The policy on managing operational risk was adopted by the Group in 2008 (by the parent company already in 2007), and updated in 2009.

Source of financing and cash flow

In 2009 financial sources were harder to come by, repayment terms were shorter and margins were higher. Due to uncertain economic conditions and credit crunch NLB Leasing Ljubljana is more dependent on obtaining financial sources from the parent bank. The NLB Leasing Group's companies responded to the new conditions by reducing the commercial activity and obtaining more finance from banks in the NLB Group. An important consequence of the financial crisis has been to increase the proportion of short-term loans in the Group financing structure.

The financial statements of NLB Leasing Ljubljana have been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Information Technology

In the first half of the year the selection of our core software solution was completed. The replacement of the company's basic software in the company is a demanding project and an almost simultaneous implementation in all companies of the NLB Leasing Group does not make it any less demanding.

The new solution is based on a modern architecture with the use of modern technologies and will enable significantly easier management of all additional demands that financial institutions receive these days from regulators. In accordance with the time plan, the last company will switch to the new software solution in the first half of July 2010.

One of the more important projects that we started in the beginning of 2009 and will be finished in the first half of 2010 is to guarantee uninterrupted operation of the business.

In line with the economic situation and conditions on the financial markets, the project of developing software solutions for managing financial risks is no less important. The project began at the end of 2008 and was completed in the first half of 2009. It is based on internet technologies and provides review and active monitoring of liquidity, interest and currency risks for all companies within the NLB Leasing Group.

After this system was implemented in 2007 in the company in Ljubljana, and was expanded in 2008, we decided to expand this system to other leasing companies.

In addition to the above major projects and despite more complicated circumstances, we managed to complete a few smaller infrastructure projects in accordance with the Group strategy and corporate governance goals. We updated the e-mail system which is now unified for all companies within the Group. The next project, the Safe distance project, was finished in 2008 in Ljubljana, and in 2009 extended to the remaining companies within the Group.

Corporate Governance and Social Responsibility

NLB Leasing Ljubljana, as the parent company and in line with established business principles, provides corporate governance for the NLB Leasing Group by following fundamental doctrines of corporate administration and management as well as other standards that ensure effective business supervision.

The most important mechanism is risk management which monitors and manages various types of risks (credit and non-credit alike). In addition, the controlling company defines the roles or responsibilities of various bodies and other organizational units and ensures that they operate in a goal congruent way towards meeting business objectives and harmonises business practices for all markets where we are present. In this way the controlling company aims to ensure a smooth and co-ordinated operation of the business in the various areas of the individual group companies, mainly through checking the accuracy of correct financial reporting, which is essential for the preparation of consolidated financial statements at the Group level and other reporting that need to be submitted by the subsidiary companies. The system of corporate governance in NLB Leasing Group also has the following mechanisms:

- methods of harmonization and standardization;
- strategic conferences (where all leasing companies in the Group are present);
- meetings of regional directors and of directors of leasing companies in NLB Group

The corporate governance is exercised in accordance with fundamental principles of the Corporate Governance Policy of the NLB Group, which governs the management and supervision of the whole Group. In line with general corporate regulations, the NLB Leasing Group is by governed at a corporate level through the appropriate Group governing bodies by means of:

- votes held at NLB Leasing Group shareholders' meetings,
- votes held at NLB Leasing Group Supervisory Board meetings,
- appointing members to the NLB Leasing Management Board.

Table 10:
Number of employees by company in the NLB Leasing Group

Company	31.12.2009	31.12.2008
NLB Leasing d.o.o., Ljubljana	69	77
NLB Leasing d.o.o., Beograd	19	21
NLB Leasing d.o.o., Sarajevo	9	11
NLB Leasing Podgorica d.o.o.	7	7
Optima Leasing d.o.o., Zagreb	14	12
NLB Real Estate d.o.o., Beograd	1	1
NLB Leasing Sofia e.o.o.d.	3	6
OL Nekretnine d.o.o.*	-	2
NLB Leasing skupina	122	137

*Company OL Nekretnine d.o.o., was at the end of 2009 no longer a part of the NLB Leasing Group.

Source: NLB Leasing

Human resource management

As at 31 December 2009 the NLB leasing Group had for 122 employees compared to 137 as at 31 December 2008. The decrease is the result of the organisational restructuring and measurements, leading to better efficiency and optimized operations within the Group.

Employees in the NLB Leasing Group are encouraged to be innovative, dynamic, customer-focused through our education, training and motivation programmes. The NLB Leasing Group organised many professional training seminars and social events in 2009, encouraging team work amongst employees and creating a positive working environment. Employees in the NLB Leasing Group also took part in many external seminars in 2009, organized across various fields of expertise, which further developed their knowledge.

Internal audit

The internal audit function of NLB Leasing Ljubljana operates in accordance with the International Standards of Professional Conduct in Internal Auditing, the Code of Professional Ethics of Internal Auditors and the Code of the Principles of Internal Auditing. It has an independent, objective, expert and advisory function within the Company and evaluates the Company's internal control system, its, operational and other key risks as well as the overall management of the business. The main function of internal audit is to provide the Company's management board with an impartial assessment of the administration and assurance on the effectiveness of the Company's risk management. The Internal audit department performs theses functions for the entire NLB Leasing Group.

In 2009 the internal audit department conducted four full regular internal audit assignments and two extraordinary internal audit assignments. In addition the internal audit department liaised between the Bank of Slovenia inspectors, who carried out a review of the operations of the NLB Leasing companies in Slovenia in 2009, and the Company's own employees as well as between our external auditor PricewaterhouseCoopers and the various other companies in the Group. The other activities of the internal audit department related to providing advice and coordinating ongoing projects. In 2010, in addition to completing the some of 2009 internal audit assignments, the work of the department will follow the plan agreed for 2010 and the end of audit reviews that were initiated in 2009. The service will focus its activities mainly on key risks identified at planned regular internal audit assignments. The operation of the internal audit department is set out in the Regulations governing the functioning of Internal Audit and the operation guidelines are in accordance with Manual for the work of internal auditors of the NLB's Internal Audit Centre. The planning of audits is based on an analysis of the inherent and control risks that are present in the NLB Leasing Group. In performing internal audits most emphasis is placed on the internal control system and risk management, which is consistent with the COSO (the Committee of Sponsoring Organization of the Treadway Commission) model. Internal audit reports regularly to the management and supervisory boards of NLB Leasing Ljubljana and also to Internal Audit Centre of NLB d.d.

Corporate Social Responsibility

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 among employees and business partners is also part of our corporate social responsibility .

Sponsorships and donations

NLB Leasing Group is actively involved in sports, cultural and charitable events.

On the sporting front we are together with our parent company the main sponsor of the NLB League (basketball), in our capacity we sponsor the Volleyball Club ACH Volley, Volleyball Club Olimpija, the Sailing Club Horizont, NK Maribor, In 2009 the Group was involved also with the following organizations and institutions: Red Cross Slovenia, the charity Klic v sili, Rdeči noski – Association for the help of suffering and sick people, Municipality of Ljubljana, Cultural centre Narodni dom Maribor, the Tourist association of Merezige, Pangea – association for environmental protection of Koper.

In addition, the NLB Leasing Group contributed to the purchase of the needed heated water bed at the Ljubljana maternity hospital. The bed is intended for newborn babies, and is adorned with the NLB Leasing fish called Zlatka, and is already available at the maternity hospital Ljubljana. In the NLB Leasing Group we all hope that the new acquisition will provide a warm welcome for this world to many children and their parents.

2 Financial Report

Financial Report NLB Leasing d.o.o., Ljubljana

In accordance with Slovenian Accounting Standards

Contents

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers d.o.o.
Cesta v Kleče 15,
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Independent auditor's report

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

Report on Financial Statements

We have audited the accompanying financial statements of NLB Leasing d.o.o. Ljubljana 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.

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 financial statements present fairly, in all material respects, the financial position of the NLB Leasing d.o.o. Ljubljana 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 NLB Leasing d.o.o. Ljubljana.

In our opinion, the Management Report is consistent with the accompanying financial statements of the NLB Leasing d.o.o. Ljubljana as of 31 December 2009.

Ljubljana, 1 April, 2010

PricewaterhouseCoopers d.o.o.

Mojca Vrečar
Certified Auditor

Francois 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."

Balance Sheet

In thousand of euros		N	31.12.2009	31.12.2008
Assets			**498,035**	**542,153**
A)	**Non-current assets**		**347,491**	**382,107**
I.	**Intangible assets, non-current deferred cost and accrued revenue**	**3.1.1 3.1.2**	**203**	**87**
II.	**Property, plant and equipment**	**3.1.3**	**13,200**	**15,834**
1.	Land and buildings		4,816	5,133
2.	Other plant and equipment		8,384	10,672
3.	Property, plant and equipment being acquired		-	29
III.	**Investment property**	**3.1.4**	**5,579**	**6,758**
IV.	**Non-current financial assets**	**3.1.5**	**324,781**	**358,114**
1.	Financial assets other than loans		8,820	8,946
	a) capital investments - subsidiaries		8,820	8,908
	b) other non-current financial investments		-	38
2.	Non-current loans and receivables from finance leases		315,961	349,168
	a) non-current loans to Group companies		178,015	175,195
	b) non-current loans to others		15,300	22,452
	c) non-current receivables from finance leases to Group companies		18	1,360
	d) non-current receivables from finance leases to others		122,628	150,161
V.	**Non-current trade receivables**	**3.1.6**	**7**	**7**
VI.	**Deferred tax asset**	**3.1.7**	**3,721**	**1,307**
B)	**Current assets**		**150,371**	**159,876**
I.	**Assets (disposal group) held for sale**	**3.1.8**	**4,498**	**5,743**
II.	**Inventories**	**3.1.9**	**11,874**	**7,292**
1.	Work in progress		7,778	4,314
2.	Products and merchandise		4,096	2,978
III.	**Current financial assets**	**3.1.10**	**125,926**	**139,464**
1.	Current loans and receivables from finance leases		125,926	139,464
	a) current loans to Group companies		12,497	15,661
	b) current loans to others		59,016	72,283
	c) current receivables from finance leases		54,413	51,520
IV.	**Current trade receivables**	**3.1.11**	**3,940**	**5,612**
1.	Current trade receivables due from Group companies		61	144
2.	Current trade receivables		1,163	1,975
3.	Current trade receivables due from others		2,716	3,493
V.	**Cash and cash equivalents**	**3.1.12**	**4,133**	**1,765**
C)	**Prepayments and accrued income**	**3.1.13**	**173**	**170**

The notes on pages 47-73 are a part of the financial statements

In thousand of euros		N	31.12.2009	31.12.2008
Equity and liabilities			**498,035**	**542,153**
A)	**Equity**		**31,312**	**37,063**
I.	**Called-up capital**		**20,981**	**20,981**
1.	Share capital		20,981	20,981
II.	**Capital surplus (share premium)**		**7,268**	**7,268**
III.	**Revenue reserves**		**3,061**	**3,323**
1.	Legal reserves		431	431
2.	Other revenue reserves		2,630	2,892
IV.	**Revaluation surplus**		**2**	**2**
V.	**Retained earnings**		**-**	**5,112**
VI.	**Net profit or loss for the period**		**-**	**377**
B)	**Provisions and non-current accrued items**		**1,296**	**1,591**
1.	Provisions for employees	**3.2.1**	106	106
2.	Non-current accrued costs and deferred revenue	**3.2.2**	1,190	1,485
C)	**Non-current liabilities**		**176,378**	**239,234**
I.	**Non-current financial liabilities**	**3.2.3**	**176,378**	**239,234**
1.	Non-current financial liabilities to Group		9,888	13,367
2.	Non-current financial liabilities to banks		166,046	225,364
3.	Other non-current financial liabilities		444	503
D)	**Current liabilities**		**288,924**	**264,126**
I.	**Current financial liabilities**	**3.2.4**	**284,063**	**259,778**
1.	Current financial liabilities to Group		145,809	123,139
2.	Current financial liabilities to banks		138,254	136,639
II.	**Current trade liabilities**	**3.2.5**	**4,861**	**4,348**
1.	Current trade liabilities to Group		2	4
2.	Current trade liabilities to suppliers		2,512	1,013
3.	Current trade liabilities - advances		1,092	1,983
4.	Other current trade liabilities		1,255	1,348
E)	**Accruals and deferred income**	**3.2.6**	**125**	**139**

The notes on pages 47-73 are a part of the financial statements

Income Statement

In thousand of euros	N	2009	2008
1. Net sales revenue	**4.1**	**4,976**	**6,377**
a) sales revenue		1,669	2,908
b) revenue from operating leases and investment property		3,307	3,469
2. Changes in inventories of finished goods and work in progress	**4.2**	**2,970**	**78**
3. Other operating revenue (with revaluation operating revenues)	**4.3**	**474**	**1,436**
a) net gains on disposal of property, plant and equipment		258	220
b) other revaluating revenues		216	1,216
4. Cost of goods, materials and services	**4.4**	**(5,169)**	**(3,809)**
a) cost of materials used and goods sold		(2,967)	(1,298)
b) cost of services		(2,202)	(2,511)
5. Labour costs	**4.5**	**(3,132)**	**(3,233)**
a) employment costs		(2,122)	(2,194)
b) social security costs		(386)	(390)
c) other employment costs		(624)	(649)
6. Write-downs in value	**4.6**	**(4,857)**	**(6,196)**
a) amortisation and depreciation expenses		(2,233)	(2,690)
b) revaluation operating expenses associated with intangible and tangible fixed assets		(845)	(778)
c) revaluation operating expenses associated with operating current assets		(1,779)	(2,728)
7. Other operating expenses	**4.7**	**(518)**	**(676)**
8. Financial revenue from shares and interests	**4.8**	**1,697**	**1,467**
a) financial revenue from interests in Group companies		950	1,140
b) financial revenue from other investments		747	327
9. Financial revenue from loans and finance leases	**4.9**	**31,036**	**43,210**
a) financial revenue from loans to Group companies		9,956	15,255
b) financial revenue from loans to others		5,075	6,215
c) financial revenue from finance leases to Group companies		25	67
d) financial revenue from finance leases		12,976	20,842
e) financial revenue from reversal of impairments		3,004	831
10. Financial expenses from impairments and investments write-offs	**4.10**	**(15,496)**	**(4,677)**
11. Financial expenses from financial liabilities	**4.11**	**(18,909)**	**(33,439)**
a) financial expenses from loans received from Group		(5,624)	(7,358)
b) financial expenses from loans received from banks		(12,018)	(24,536)
c) financial expenses from other financial liabilities		(1,267)	(1,545)
12. Financial expenses from trade payables	**4.12**	**(17)**	**(5)**
a) financial expenses from liabilities - suppliers		(17)	(2)
b) financial expenses from other liabilities		-	(3)
13. Other revenue	**4.13**	**96**	**313**
14. Other expenses	**4.14**	**(36)**	**(161)**
15. Income tax	**4.15**	**(903)**	**(1,026)**
16. Deferred tax	**4.15**	**2,414**	**718**
17. Net profit or loss for the period	**4.16**	**(5,374)**	**377**

The notes on pages 47-73 are a part of the financial statements

Cash Flow Statement

	In thousand of euros	2009	2008
	Cash flow statement according to format II. (indirect method)		
A)	***Cash flows from operating activities***		
a)	**Items of income statement**		
	Operating revenue (excluding revaluations) and financial revenue from operating receivables	5,073	6,746
	Operating expenses excluding amort. (except for reval.) and financial expenses from operating liabilities	(6,174)	(7,796)
	Income tax and other taxes, not included in operating expenses	19	(1,832)
		(1,082)	**(2,882)**
b)	**Changes in net current assets in balance sheet items (including accruals, provisions, deferred receivables and tax liabilities)**		
	Opening less closing trade receivables	693	4,160
	Opening less closing deferred costs and accrued revenue	(3)	850
	Opening less closing deferred tax assets	-	-
	Opening less closing assets (disposal group) held for sale	2,286	224
	Opening less closing inventories	(1,499)	(1,353)
	Closing less opening trade liabilities	(924)	(3,272)
	Closing less opening accrued costs and deferred revenue and provisions	(309)	(615)
	Closing less opening deferred tax liabilities	-	-
		244	**(6)**
c)	**Net cash inflow from operating activities**	**(838)**	**(2,888)**
B)	***Cash flows from investing activities***		
a)	**Cash inflows from investing activities**		
	Interest and dividends received from investing activities	29,076	33,471
	Cash inflows from disposal of intangible assets	-	-
	Cash inflows from disposal of property, plant and equipment	1,814	2,605
	Cash inflows from disposal of investment properties	41	150
	Cash inflows from disposal of non-current investments	31,954	104,226
	Cash inflows from disposal of current investments	60,049	55,492
		122,934	**195,944**
b)	**Cash outflows from investing activities**		
	Cash outflows to purchase intangible assets	(39)	(17)
	Cash outflows to purchase property, plant and equipment	(2,854)	(4,995)
	Cash outflows to purchase investment properties	(28)	(370)
	Cash outflows to purchase non-current investments	(35,096)	(94,255)
	Cash outflows to purchase current investments	(25,207)	(53,099)
		(63,224)	**(152,736)**
c)	**Net cash inflow from investing activities**	**59,710**	**43,208**
C)	***Cash flows from financing activities***		
a)	**Cash inflows from financing activities**		
	Cash inflows from paid-in capital	-	10,904
	Cash inflows from increase in long-term borrowing	15,054	48,197
	Cash inflows from increase in short-term borrowing	252,029	305,245
		267,083	**364,346**
b)	**Cash outflows from financing activities**		
	Interest paid on financing activities	(21,347)	(25,055)
	Cash outflow for repayment of capital	-	-
	Cash outflow for repayment of long-term borrowing	(97,203)	(82,487)
	Cash outflow for repayment of short-term borrowing	(204,660)	(302,918)
	Dividends paid	(377)	(4,404)
		(323,587)	**(414,864)**
c)	**Net cash outflow from financing activities**	**(56,504)**	**(50,518)**
D)	***Cash and cash equivalents at end of period***	**4,133**	**1,765**
x)	**Net cash inflows or outflows for the period (addition for net cash Ac, Bc and Cc)**	**2,368**	**(10,198)**
y)	**Cash and cash equivalents at beginning of period**	**1,765**	**11,963**

Statement of changes in Equity

In thousand of euros	Called-up capital	Capital surplus	Revenue reserves		Revaluation surplus	Retained earnings	Net profit or loss for the period	Total equity
	Share capital		Legal reserves	Other revenue reserves		Net profit carried over	Net loss from the financial year	
Balance as of 1 January 2009	**20,981**	**7,268**	**431**	**2,892**	**2**	**5,112**	**377**	**37,063**
Transfer to capital accounts	**-**	**-**	**-**	**-**	**-**	**-**	**(5,374)**	**(5,374)**
Transfer of additional capital contributions	-	-	-	-	-	-	-	**-**
Transfer of profit or loss for the financial year	-	-	-	-	-	-	(5,374)	(5,374)
Other additions in capital	-	-	-	-	-	-	-	**-**
Transfer between capital accounts	**-**	**-**	**-**	**(262)**	**-**	**(4,735)**	**4,997**	**-**
Allocation of profit to other capital accounts by resolution of Management and Supervisory Board	-	-	-	-	-	377	(377)	-
Transfer to cover net loss for the period	-	-	-	(262)	-	(5,112)	5,374	**-**
Other transfer of capital	-	-	-	-	-	-	-	**-**
Transfer from capital accounts	**-**	**-**	**-**	**-**	**-**	**(377)**	**-**	**(377)**
Dividend payments	-	-	-	-	-	(377)	-	(377)
Final balance as of 31 December 2009	**20,981**	**7,268**	**431**	**2,630**	**2**	**-**	**-**	**31,312**

The notes of pages 47-73 are a part of financial statements.

In thousand of euros	Called-up capital	Capital surplus	Revenue reserves		Revaluation surplus	Retained earnings	Net profit or loss for the period	Total equity
	Share capital		Legal reserves	Other revenue reserves		Net profit carried over	Net profit from the financial year	
Balance as of 1 January 2008	**10,077**	**6,742**	**431**	**2,892**	**2**	**5,112**	**4,404**	**29,660**
Transfer to capital accounts	**10,904**	**526**	**-**	**-**	**-**	**-**	**377**	**11,807**
Transfer of additional capital contributions	10,904	-	-	-	-	-	-	10,904
Transfer of profit or loss for the financial year	-	-	-	-	-	-	377	377
Other additions in capital	-	526	-	-	-	-	-	526
Transfer between capital accounts	**-**	**-**	**-**	**-**	**-**	**4,404**	**(4,404)**	**-**
Allocation of profit to other capital accounts by resolution of Management and Supervisory Board	-	-	-	-	-	4,404	(4,404)	-
Other transfer of capital	-	-	-	-	-	-	-	**-**
Transfer from capital accounts	**-**	**-**	**-**	**-**	**-**	**(4,404)**	**-**	**(4,404)**
Dividend payments	-	-	-	-	-	(4,404)	-	(4,404)
Final balance as of 31 December 2008	**20,981**	**7,268**	**431**	**2,892**	**2**	**5,112**	**377**	**37,063**

Notes to the statement of changes in equity

The capital surplus consists of:

- paid in capital surplus in the amount of Euro 5,254 thousand
- capital reserves from NLB Leasing Murska Sobota (effects of a merger); Euro 343 thousand
- capital reserves from NLB Leasing Velenje (effects of a merger); Euro 183 thousand
- equity revaluation; Euro 1,488 thousand

Net profit brought forward increased by Euro 377 thousand as a result of the allocation of net profit from 2008 and was distributed to shareholder. The current year loss was offset against the profit brought forward and revenue reserves.

Annex to the statement of changes in equity - balance sheet profit / loss

In thousand of euros	**2009**	**2008**
Net profit for the financial year	(5,374)	377
Retained earnings	5,112	5,112
Reduction of revenue reserves	262	-
Balance sheet profit / loss	-	**5,489**

Statement of management's responsibility

The management 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 is responsible for the preparation of the annual report in and ensuring that it represents a true and fair presentation of the assets and liabilities and the results of its operations for the year ended 31 December 2009.

The management confirms that suitable accounting policies have been used and applied consistently and that reasonable and prudent judgments and estimates have been made in preparing the financial statements. The management also confirms that financial statements, together with the notes hereto, have been prepared on the basis of assumption of going concern and in accordance with the legislation in force and Slovenian Accounting Standards.

The management is also responsible for maintaining proper accounting records, taking reasonable steps to safeguard assets and to prevent and detect fraud and any other irregularities or discrepancies.

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 in accordance with the Corporate Income Tax Act (DDPO) or other taxes and charges. The management is not aware of any circumstances which could lead to eventual liabilities in this regard.

Ljubljana, 1.4.2010

Samo Turk,
Member of the Management Board

Borut Simonič,
Chairman of the Management Board

Notes to the Financial Statements

1 BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

The financial statements of NLB Leasing d.o.o. Ljubljana (hereafter referred to as NLB Leasing Ljubljana) have been prepared in accordance with the 2006 Slovenian Accounting Standards (hereafter referred to as SRS 2006) and the Companies Act (ZGD-1). The data presented in the financial statements are based on accounting records and books of account that are kept in accordance with SRS 2006.

The company also draws up consolidated financial statements in accordance with SRS 2006, which include NLB Leasing Ljubljana and all of its subsidiaries (hereafter referred to as the Leasing Group). All of the subsidiaries where NLB Leasing Ljubljana has more than half of the voting rights either directly or indirectly are fully consolidated. The consolidated and company financial statements are available at the company's registered office and on www.nlbleasing.si. The annual report of the NLB Group as parent company of the NLB Leasing d.o.o. Ljubljana is available on www.nlb.si.

In order to obtain accurate information of the financial position and results of the entire Leasing Group, it is necessary to read the individual financial statements of NLB Leasing Ljubljana in conjunction with the consolidated financial statements.

The preparation of the financial statements involves certain fundamental accounting assumptions: the accrual basis, going concern and the qualitative characteristics of financial statements; i.e. understandability, relevance, reliability and comparability. The accounting framework also involves the application of the following accounting principles: prudence, substance over form and materiality.

Items presented in the financial statements are measured in the currency of the primary economic environment where the company operates. The financial statements are presented in Euros, which is the company's functional and presentational currency.

Items presented on the face of the income statement and balance sheet, have been sub-divided in order to present a more realistic picture. Any subsection containing the term "group" includes relations both towards the NLB Leasing Group as well as towards the NLB Group. A more detailed breakdown of accounts "in the group" has been disclosed in the notes to the financial statements.

NLB Leasing Murska Sobota d.o.o. and NLB Leasing Velenje d.o.o. merged with NLB Leasing Ljubljana d.o.o. in 2008. The merger was in accordance with the provisions of the introduction to Slovene Accounting Standards 2006 and International Finance Reporting Standard 3, carried out at book value as the companies merged were under common control.

2 ACCOUNTING POLICIES

2.1 Intangible assets

Intangible assets include the capitalised 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. Licences and similar assets are recognised as intangible assets at acquisition cost, if it can be demonstrated that they can be used for more than one year.

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 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.

2.2 Property, plant and equipment

Property, plant and equipment represents assets owned by the company 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 are 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 decommissioning, removal and restoration costs. If the acquisition value of an item of property, plant and equipment 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 company 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 expectation differs from previous estimates.

Each year, the company also assesses whether there are indications of impairment of property, 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 impairment charge is taken immediately in the income statement.

2.3 Depreciation & amortisation

Amortisation and depreciation rates are determined by the company based on the useful life of individual tangible and intangible assets, and a straight-line method of amortisation or depreciation is used.

The depreciation rates for property, plant and equipment are:

• buildings	3.0%
• computer equipment	50.0%
• freight vehicles	25.0%
• personal motor vehicles	12.5%
• other equipment	25.0%

The amortisation rates for intangible assets are:

• capitalised costs of investment into others tangible fixed assets	10.0 - 100.0%
• other intangible assets	10.0 - 25.0%

2.4 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 and finance lease receivables;
- financial assets available for sale.

Financial assets include shares in group companies, long-term and short-term loans and finance lease receivable and derivatives. The company has no other types of financial assets.

The revaluation of financial assets involves a change to its book value. It may involve a revaluation of a financial asset to its fair value, a revaluation of a financial asset due to impairment, or the revaluation of a financial asset as a result of the reversal of its impairment.

Financial assets are derecognised when a contractual right to cash flow deriving from them expires or when the respective financial asset is transferred and the transfer meets the conditions for derecognition.

The book value of financial assets in the balance sheet represents a possible exposure to credit risk.

a) Investments in subsidiaries

Investments in subsidiaries are recorded at cost. When establishing impairments of investments in subsidiaries, the company compares the carrying amount of the investment to its recoverable value, which is the higher of the value in use and the net selling price. If the carrying amount of the investment is higher, the difference is recognised as impairment in the income statement. If the price and circumstances, which gave rise to the impairment, change after the impairment is made, the difference is recognised in the income statement.

b) Derivatives

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.

c) Loans and receivables from finance leases

Loans and finance lease receivables are measured based using amortised cost, which means that all expenses and revenues directly connected to the loan are accrued (credit or debit) and proportionately recognised in the income statement according to the duration of the contract.

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. Assets subject to finance leases are shown as receivables in the amount of the net investment upon initial recognition in the balance sheet. Receivables in respect of finance lease assets given are measured 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. All costs and revenues that relate directly to the contract are added to or deducted from the initial value of the receivables and are progressively transferred to the income statement according to the duration of the contract. In this way the company ensures that finance lease receivables are accounted for in accordance with the amortised cost and the effective interest rate method. Interest (contractual and penalty) from non-current and current financial assets is charged in accordance with the terms of the contract or general provisions of the law and are included under financial revenue in the income statement.

Loans and receivables from finance lease 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.

Provisions against finance lease loans and receivable (impairments) are recognised on a quarterly basis.

Provisions or impairments are made only if the company, based on objective evidence, evaluates that in certain cases collateral provided for the loans and finance lease receivables can not be capitalised 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 or impairment do not need to be recognised.

All loans and finance lease receivables due from citizens which are above a given amount and overdue by a given number of days are individually reviewed for impairment. 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 finance lease 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 finance lease receivables from the same credit rating group.

In addition it is necessary to review on an individual basis all loans to customers in all credit rating groups above a given exposure. In determining the crediting rating of such loans criteria concerning the trading performance of the companies are taken into consideration as well as any delays in settlement.

Unrecoverable loans and finance lease receivables are those for which all legal means for collection have been exhausted and so the amount of the loss is final. In the event of later repayment of a financial assets which has been written off, the amount received is recognised as revenue in the income statement.

Since finance leases represent the majority of the company's portfolio, there is security 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 is recognised as financial revenue, and conversely any decrease is recognised as financial expense.

2.5 Inventories

Inventories include primarily construction projects under development which the company intends to make available on a finance lease.

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.

Work in progress is valued at acquisition cost plus any associated costs, using the production costs method. In consumption of stock, the company uses the first in, first out pricing method (FIFO).

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.

2.6 Assets (disposal groups) held for sale

Owned non-current assets are those whose carrying amount will be recovered mainly through selling the asset rather than through subsequent use. This condition is only met when the asset is available for immediate sale in its current state. The management must be committed to sell, and the sale must be carried out within one year from the date of initial recognition as non-current assets held for sale. Owned non-current assets which are held for sale are measured at the lower of book value or fair value less selling costs. Gains or losses arising on disposal or revaluation are presented in the income statement under revaluation operating revenue or expenses.

Non-current assets held for sale include the repossessed vehicles, equipment and property of lessees who have defaulted on their contractual obligations.

2.7 Receivables

Receivables are mostly from customers (in connection with products and merchandise sold and services rendered as well as other assets sold) or other financers of sold products and rendered services. Receivables can also be from the company's suppliers (in respect of advance payments, over-payments, security given), employees, participants in the allocation of the company's profit or loss (tax receivables due from the state), providers of finance and the users of financial investments.

Receivables are divided into long-term and short-term receivables according to the due date of their payment. 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.

Receivables are initially recognised in amounts shown on the corresponding source documents, on the assumption that they will be paid.

Repayments of the receivables are regularly surveyed and in case of the delays impairment is recognised.

a) Operating leases

A lease is classified as an operating lease when no significant risks and rewards associated with the ownership of the leased asset are transferred. 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. Upon initial recognition the company follows the principle of substance over form, and subsequent changes in estimates and circumstances do not cause changes to the classification of the lease (as operating or finance).

The company has security against the non-payment of operating lease obligations in the form of legal ownership of the underlying asset until settlement of the final lease instalment.

2.8 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.

Deferred tax liabilities are amounts of income tax that will have to be paid in future periods as a result of taxable temporary differences.

Deferred tax assets and liabilities are subject to a tax rate of 21% in the financial year 2009. In 2010, deferred tax assets shall be subject to a lower tax rate, of 20%.

2.9 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 on an operating lease and of with the aim of capital appreciation.

Investment property is initially recognised at cost, which comprises the purchase price plus any associated costs of acquisition.

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.

The company includes the following types of property in investment property:

- land held for long-term capital appreciation and not for sale in the near future in the course of ordinary operations;
- land whose future use the company has not yet determined;
- owned buildings leased out on operating leases.

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.

2.10 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.

2.11 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 expenses 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.

2.12 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 surplus.
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.

Capital reserves are divided into: capital surplus, general capital revaluation adjustment and other 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 and other revenue reserves. Revenue reserves are recognised by resolution of the competent corporate governing body.

Retained earnings from previous years are recognised when a resolution concerning the allocation of profit from a previous period is passed (excluding amounts for covering previous year losses, amounts for reserves and shares of capital owners).

The revaluation surplus relates to the increase of book value of property, plant and equipment.

Dividends paid to the owners reduce the capital of the company in the period they were approved by the owners.

2.13 Provisions and long-term accrued costs 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 company has established provisions relating to employee benefits, which include long-service benefits, severance pay upon retirement and other benefits and which are calculated based on actuarial calculation taking into account the number of employees, estimate fluctuations in the workforce, long-term salary growth and pensionable age.

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.

2.14 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 trade 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.

Current financial liabilities represent short-term loans payable. Current trade liabilities include advances and security received from clients, liabilities to both domestic and foreign suppliers, liabilities for uncharged goods and services, 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.

2.15 Revenue

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.

a) Operating revenue

Operating revenue is revenues 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. Revenue from the sale of products, merchandise and materials 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. Revaluation operating revenue arises on the sale of property, plant and equipment and intangible assets as the 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 derecognition of financial assets.

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

Financial revenue also includes 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 be recognised as revenue.

c) Other revenues

Other revenues include unusual items (extraordinary revenue) and other revenues that increases the company's net profit.

2.16 Expenses

Expenses are classified as operating expenses, financial expenses and other expenses.

a) Operating expenses

Operating expenses include all costs accrued in the financial year, itemised as, for example, 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.

b) Financial expenses

Financial expenses are expenses from financial liabilities from impairment and write-offs of financial assets. Expenses categorised as financial 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 in respect of the portion of the costs which relate to the current accounting period.

c) Other expenses

Other expenses include unusual items (extraordinary expenses) and other expenses which reduce the company's profit.

3 NOTES ON BALANCE SHEET ITEMS

3.1 Assets

3.1.1 Intangible assets

In thousand of euros	Capitalised costs of investments into others' tangible fixed assets	Software licenses	Total
Cost			
Balance at 1 January 2009	**19**	**132**	**151**
Write-offs	(3)	(5)	(8)
Additions	2	120	122
Balance at 31 December 2009	**18**	**247**	**265**
Adjustments to net book value			
Balance at 1 January 2009	**(9)**	**(55)**	**(64)**
Write-offs	3	5	8
Amortisation	(2)	(13)	(15)
Balance at 31 December 2009	**(8)**	**(63)**	**(71)**
Net book value at 31 December 2008	**10**	**77**	**87**
Net book value at 31 December 2009	**10**	**184**	**194**

No intangible fixed assets of the company are subject to a pledge as security for loans or on any other grounds. The company signed a contract for the purchase of a new IT system in respect of which it has incurred a Euro 159 thousand liability.

In thousand of euros	Capitalised costs of investments into others' tangible fixed assets	Software licenses	Total
Cost			
Balance at 1 January 2008	**107**	**158**	**265**
Opening balance of subsidiaries	-	40	40
Write-offs	(88)	(82)	(170)
Additions	-	16	16
Balance at 31 December 2008	**19**	**132**	**151**
Adjustments to net book value			
Balance at 1 January 2008	**(43)**	**(87)**	**(130)**
Opening balance of subsidiaries	-	(39)	(39)
Write-offs	43	82	125
Amortisation	(9)	(11)	(20)
Balance at 31 December 2008	**(9)**	**(55)**	**(64)**
Net book value at 31 December 2007	**64**	**71**	**135**
Net book value at 31 December 2008	**10**	**77**	**87**

3.1.2 Non-current deferred costs

Input VAT on the purchase of investment property is included under long-term deferred costs in the amount 9 thousand Euros. The full amount of input VAT paid to purchase an investment property cannot be recovered immediately after the purchase of the property, but is progressively offset against the output VAT on the rental income received in respect of the same property in the company's monthly VAT returns.

3.1.3 Property, plant and equipment

In thousand of euros	Land	Buildings	Equipment made available on operating leases	Furniture and other equipment	Total
Cost					
Balance at 1 January 2009	**1,030**	**4,230**	**13,580**	**1,089**	**19,929**
Write-offs	-	-	(808)	(207)	(1,015)
Additions	-	47	2,755	128	2,930
Disposals	-	-	(3,998)	(35)	(4,033)
Transfer to investment property	-	(245)	-	-	(245)
Transfer from assets held for sale	-	-	118	-	118
Balance at 31 December 2009	**1,030**	**4,032**	**11,647**	**975**	**17,684**
Adjustment to net book value					
Balance at 1 January 2009	**-**	**(127)**	**(3,459)**	**(538)**	**(4,124)**
Write-offs	-	-	161	115	276
Disposals	-	-	1,513	20	1,533
Depreciation	-	(119)	(1,927)	(172)	(2,218)
Reduction of impairment	-	-	46	3	49
Balance at 31 December 2009	**-**	**(246)**	**(3,666)**	**(572)**	**(4,484)**
Net book value at 31 December 2008	**1,030**	**4,103**	**10,121**	**551**	**15,805**
Net book value at 31 December 2009	**1,030**	**3,786**	**7,981**	**403**	**13,200**

At 31 December 2009 no property, plant or equipment of the company was subject to pledges as security for loans or of any other kind. The company has liabilities to suppliers for equipment made available on operating leases in amount Euro 94 thousand. The company judges that there are no signs of impairment of property, plant and equipment on the basis of available data as at 31 December 2009.

Future revenue from operating leases is disclosed in the Net revenue from sales note (4.1).

The company does not have in its records any fixed property, plant or equipment acquired through finance leases.

In thousand of euros	Land	Buildings	Equipment made available on operating leases	Furniture and other equipment	Total
Cost					
Balance at 1 January 2008	**1,030**	**4,199**	**17,305**	**1,227**	**23,761**
Opening balance of subsidiaries	-	-	935	198	1,133
Write-offs	-	-	-	(434)	(434)
Additions	-	31	4,724	241	4,996
Disposals	-	-	(9,384)	(23)	(9,407)
Transfer to/from property, plant and equipment	-	-	-	(120)	(120)
Balance at 31 December 2008	**1,030**	**4,230**	**13,580**	**1,089**	**19,929**
Adjustments to net book value					
Balance at 1 January 2008	**-**	**-**	**(2,856)**	**(536)**	**(3,392)**
Opening balance of subsidiaries	-	-	(120)	(123)	(243)
Write-offs	-	-	-	258	258
Disposals	-	-	1,773	23	1,796
Depreciation	-	(127)	(2,329)	(214)	(2,670)
Reduction of impairment	-	-	73	54	127
Balance at 31 December 2008	**-**	**(127)**	**(3,459)**	**(538)**	**(4,124)**
Net book value at 31 December 2007	**1,030**	**4,199**	**14,449**	**691**	**20,369**
Net book value at 31 December 2008	**1,030**	**4,103**	**10,121**	**551**	**15,805**

As of 31 December 2008 the company has received advance payments in amount 29 thousand Euros for fixed assets.

3.1.4 Investment properties

In thousand of euros	Buildings	Land	Total
Balance at 1 January 2009	**4,154**	**2,604**	**6,758**
Acquisition	18	-	18
Disposals	-	(2,332)	(2,332)
Transfer from property, plant and equipment	245	-	245
Transfer from assets held for sale	890	-	890
Balance at 31 December 2009	**5,307**	**272**	**5,579**

Investment property includes:

• two residential houses in amount of Euro 281 thousand,
• parking lot in the amount of Euro 150 thousand,
• apartments in the amount of Euro 509 thousand,
• a part of a parking lot and office building in Ljubljana in the amount of Euro 966 thousand,
• part of an office building in Kranj in the value of Euro 2,997 thousand,
• business premises in Maribor in amount of Euro 276 thousand,
• premises in Škofja Loka in the amount of Euro 400 thousand.

An interest was expressed in letting some of the property classified as held for sale, so this property has accordingly been transferred to investment property; similarly some business premises which had been classified as fixed assets and now actually being let out, have also been transferred to investment property.

In accordance with internal policy and the valuations obtained from certified valuers, it was decided that revaluation of investment property was not necessary.

In 2009 revenue from rents from investment property amounted to Euro 461 thousand (2008: Euro 573 thousand).

There were no major costs in respect repair and maintenance of investment property in 2009.

3.1.5 Non-current financial assets

In thousand of euros	2009	2008
Non-current financial assets, except loans	**8,820**	**8,946**
Shares and shareholdings in group companies	8,820	8,908
Other non-current financial investments	-	38
Long-term loans receivable	**193,315**	**197,647**
Long-term loans receivable from group companies	179,444	175,195
Transfer to short-term loans receiveble	(1,000)	-
Long-term loans receivable from others	27,875	33,711
Transfer to short-term loans	(12,228)	(10,975)
Impairment of loans receivable	(776)	(284)
Long-term finance lease receivables	**122,646**	**151,521**
Long-term finance lease receivables to group companies	18	1,360
Long-term finance lease receivables to others	185,179	206,971
Transfer to short-term finance lease receivables	(54,391)	(51,520)
Impairment of finance lease receivables	(8,160)	(5,290)
Total	**324,781**	**358,114**

a) Statement of changes in non-current financial assets, except loans

In thousand of euros	Shares and shareholdings in group companies	Other financial investments	Total
Cost			
Balance at 1 January 2009	**9,293**	**38**	**9,331**
Reduction	-	(38)	(38)
Sale of subsidiary	(41)	-	(41)
Balance at 31 December 2009	**9,252**	**-**	**9,252**
Impairments			
Balance at 1 January 2009	**(385)**	**-**	**(385)**
Increase	(200)	-	(200)
Decrease	153	-	153
Balance at 31 December 2009	**(432)**	-	**(432)**
Value at 1 January 2009	**8,908**	**38**	**8,946**
Value at 31 December 2009	**8,820**	**-**	**8,820**

The company reversed an impairment of its investment in subsidiary companies, since it judged on the basis of trading results in the past few years that the impairment was no longer necessary. The impairments were recognised in respect of the company's investment in NLB Leasing Sofia e.o.o.d.

Other financial investments in 2008 included receivables from NLB d.d. arising from the valuation of derivatives used to hedge interest rate risk (Interest Rate Swap - IRS), which were designated as and measured at fair value through profit and loss. Monthly valuation of derivatives company received from NLB d.d.

b) Statement of changes in long-term loans receivable

In thousand of euros	Long-term loans from group companies	Long-term loans from others	Total
Cost			
Balance at 1 January 2009	**175,195**	**22,736**	**197,931**
Increase	4,715	5,243	9,958
Transfer to short-term loans	(1,000)	(12,228)	(13,228)
Reduction	(466)	(104)	(570)
Balance at 31 December 2009	**178,444**	**15,647**	**194,091**
Impairments			
Balance at 1 January 2009	**-**	**(284)**	**(284)**
Increase	(429)	(332)	(761)
Write-offs	-	194	194
Decrease	-	75	75
Balance at 31 December 2009	**(429)**	**(347)**	**(776)**
Value at 1 January 2009	**175,195**	**22,452**	**197,647**
Value at 31 December 2009	**178,015**	**15,300**	**193,315**

c) Analysis of loans receivable by maturity

In thousand of euros	2009	2008
Less than 1 year	79,015	88,317
From 1 to 5 years	186,085	188,526
More than 5 years	8,006	9,405
Total	**273,106**	**286,248**

* Impairments are not included

d) Statement of changes in long-term finance lease receivables

IIn thousand of euros	Receivables from finance leases of equipment	Receivables from finance leases of property	Total
Cost			
Balance at 1 January 2009	**73,808**	**83,003**	**156,811**
Increase	31,857	17,659	49,516
Transfer to short-term finance leases	(38,778)	(15,613)	(54,391)
Reduction	(18,326)	(2,804)	(21,130)
Balance at 31 December 2009	**48,561**	**82,245**	**130,806**
Impairment			
Balance at 1 January 2009	**(3,796)**	**(1,494)**	**(5,290)**
Increase	(3,489)	(2,377)	(5,866)
Write-offs	173	75	248
Decrease	2,237	511	2,748
Balance at 31 December 2009	**(4,875)**	**(3,285)**	**(8,160)**
Value at 1 January 2009	**70,012**	**81,509**	**151,521**
Value at 31 December 2009	**43,686**	**78,960**	**122,646**

The company records its long-term receivables from finance leases according to the net principle, whereby the balance is reduced by deferred approval fees relating to signed lease agreements and any adjustments in the value of receivables in accordance with the adopted methodology. Receivables from finance leases are secured with ownership of the leased assets. In addition, there are other forms of security in place, such as bills of exchange, guarantees and mortgages.

The part of long-term receivables from finance leases which fall due within 12 months following the balance sheet date is transferred to short-term finance lease receivables.

e) Analysis of finance lease receivables by maturity

In thousand of euros	Gross receivables	Deferred revenues	Carrying value
Less than 1 year	67,781	(8,374)	59,407
From 1 to 5 years	102,933	(12,345)	90,588
More than 5 years	46,505	(6,287)	40,218
Total	**217,219**	**(27,006)**	**190,213**

* Impairments are not included

f) Overdue receivables

In thousand of euros	
Overdue receivables from loans	6,745
Overdue finance lease receivables	16,004
Overdue trade receivables	2,428
Total	**25,177**

* Impairments are not included

g) Interest in group companies

In thousand of euros		% Ownership		Value of investment		Subsidiary's capital		Net profit or loss of subsidiary	
Group companies	**Address**	**31.12.09**	**31.12.08**	**31.12.09**	**31.12.08**	**31.12.09**	**31.12.08**	**31.12.09**	**31.12.08**
NLB Leasing Podgorica d.o.o.	Stanka Dragojevića 44 A, 81000 Podgorica	100.00	100.00	200	200	1,911	988	(178)	250
NLB Leasing d.o.o., Sarajevo	Zmaja od Bosne 14c, 71000 Sarajevo	100.00	100.00	434	434	319	207	223	84
Optima Leasing d.o.o., Zagreb	Miramarska 24, 10000 Zagreb	75.10	75.10	197	99	941	420	578	105
NLB Leasing d.o.o., Beograd	Bul. Mihaila Pupina 165 v, 11070 Novi Beograd	100.00	100.00	7,979	7,924	8,271	9,185	625	1,241
NLB Real Estate d.o.o., Beograd	Bul. Mihaila Pupina 165 v, 11070 Novi Beograd	100.00	100.00	10	10	(90)	(57)	(37)	(109)
NLB Leasing Sofia e.o.o.d.	36 Dragan Tsankov Blvd., 1040 Sofia	100.00	100.00	-	200	(2,315)	(964)	(1,350)	(977)
OL Nektretnine d.o.o.	Miramarska 24, 10000 Zagreb	-	75.10	-	41	-	336	-	328
Total				**8,820**	**8,908**	**9,037**	**10,115**	**(139)**	**922**

The capital and net profit are stated based on local balance sheets of subsidiaries conversion into Euros at the Bank of Slovenia exchange rate.

The company OL Nekretnine d.o.o. was sold on 17 February 2009 to NLB Leasing Koper for Euro 41 thousand; no gain or loss is shown in respect of the sale. At the date of sale, NLB Leasing Ljubljana held 75.10% of the capital, in the amount of Euro 150 thousand. If the subsidiary company had been sold at the exact value of its capital, NLB Leasing Ljubljana would have had sale proceeds of Euro 109 thousand.

3.1.6 Non-current trade receivables

In thousand of euros	2009	2008
Other non-current trade receivables	7	7
Total	**7**	**7**

Non-current trade receivables represent payments made into the property reserve fund.

3.1.7 Deferred tax asset

In thousand of euros	Impairments	Provisions for liabilities	Non-recognised amortisation/ depreciation	Other	Total
Balance at 1 January 2009	**1,214**	**21**	**34**	**38**	**1,307**
Increase	2,394	-	35	2	2,431
Reduction	-	-	-	(17)	(17)
Balance at 31 December 2009	**3,608**	**21**	**69**	**23**	**3,721**

Any increase or decrease in deferred tax assets or liabilities is shown directly in the income statement.

Deferred tax assets represent the amount of income tax which will be reimbursed in the future periods in respect of deductible temporary differences. Considering that the applicable tax rate in 2010 will be 20%, the company has recalculated and recognised its deferred tax assets using the 20% tax rate.

3.1.8 Assets (disposal groups) held for sale

In thousand of euros	Repossessed vehicles	Repossessed equipment	Repossessed property	Total
Cost				
Balance at 1 January 2009	**1,311**	**7**	**4,760**	**6,078**
Increase	1,235	33	2,252	3,520
Reduction	(1,773)	-	(513)	(2,286)
Transfer to equipment	(118)	-	-	(118)
Transfer to investment property	-	-	(1,044)	(1,044)
Transfer to inventory	-	-	(1,418)	(1,418)
Balance at 31 December 2009	**655**	**40**	**4,037**	**4,732**
Impairments				
Balance at 1 January 2009	**(50)**	**-**	**(285)**	**(335)**
Increase	-	-	(103)	(103)
Decrease	8	-	-	8
Transfer	42	-	154	196
Balance at 31 December 2009	**-**	**-**	**(234)**	**(234)**
Value at 1 January 2009	**1,261**	**7**	**4,475**	**5,743**
Value at 31 December 2009	**655**	**40**	**3,803**	**4,498**

Among the assets held for sale, the company includes inventories of property and equipment which was repossessed from lessees who had defaulted on their contractual obligations. All assets are in the process of being sold and are expected to be sold in 2010. In the case of some of the repossessed property, the company decided to continue the construction (for unfinished property development projects) or to carry out additional building (or maintenance) work. This property has been transferred to inventories on the balance sheet. Properties which have been let out have been transferred to investment property on the balance sheet.

The company obtained new valuations of the repossessed property in 2009 on the basis of which it was determined that impairments charges needed to be recognised for two properties.

3.1.9 Inventories

In thousand of euros	Work in progress	Inventories	Other merchandise	Total
Balance at 1 January 2009	**4,314**	**2,967**	**11**	**7,292**
Increase	3,401	186	-	3,587
Transfer from assets held for sale	781	637	-	1,418
Other transfers	(295)	295	-	-
Balance at 31 December 2009	**8,201**	**4,085**	**11**	**12,297**
Impairments				
Balance at 1 January 2009	**-**	**-**	**-**	**-**
Increase	(423)	-	-	(423)
Balance at 31 December 2009	**(423)**	**-**	**-**	**(423)**
Value at 1 January 2009	**4,314**	**2,967**	**11**	**7,292**
Value at 31 December 2009	**7,778**	**4,085**	**11**	**11,874**

Work in progress includes property under construction for future sale or letting under finance lease, while inventories include already constructed property which is held for sale. In the case of repossessed property which was transferred form assets held for sale, a new valuation was obtained at end of the year and impairment recognised on this basis.

There were no inventory surpluses or shortfalls in the 2009 year end stock-take. In the prior reporting year the company has not pledged inventories as a guarantee for payment.

3.1.10 Current financial assets

In thousand of euros	2009	2008
Short-term loans receivable from group companies	11,497	15,661
Short-term portion of long-term loans receivable from group companies	1,000	-
Short-term loans receivable from others	54,290	61,681
Short-term portion of long-term loans receivable from others	12,228	10,975
Impairments of short-term loans receivable	(7,502)	(373)
Short-term finance lease receivables	59,407	51,520
Impairments of finance lease receivables	(4,994)	-
Total	**125,926**	**139,464**

Short-term deposits with an original maturity of up to 90 days are included within cash and cash equivalents.

a) Statement of changes in short-term loans and finance lease receivable

In thousand of euros	Short-term loans receivable from group companies	Short-term loans receivable from others	Short-term finance lease receivables	Total
Cost				
Balance at 1 January 2009	**15,661**	**72,656**	**51,520**	**139,837**
Increase	9,406	9,277	217	18,900
Transfer to short-term portion of long-term loans	1,000	12,228	54,391	67,619
Reduction	(13,570)	(27,643)	(52,659)	(93,872)
Transfer	-	-	5,938	5,938
Balance at 31 December 2009	**12,497**	**66,518**	**59,407**	**138,422**
Impairments				
Balance at 1 January 2009	**-**	**(373)**	**-**	**(373)**
Increase	-	(7,292)	(908)	(8,200)
Write-offs	-	1	883	884
Decrease	-	162	19	181
Transfer	-	-	(4,988)	(4,988)
Balance at 31 December 2009	**-**	**(7,502)**	**(4,994)**	**(12,496)**
Value at 1 January 2009	**15,661**	**72,283**	**51,520**	**139,464**
Value at 31 December 2009	**12,497**	**59,016**	**54,413**	**125,926**

Current financial leasing receivables and associated impairments increased as a result of the transfer of receivables to this category from current trade receivables. These receivables relate to the restructuring of NLB Leasing Velenje d.o.o. (merged in 2008), when all overdue outstanding receivables were included under trade receivables. It was decided to adopt a more correct presentation of the financial information and show all receivables by their type.

3.1.11 Current trade receivables

In thousand of euros	2009	2008
Short-term receivables due from customers	**1,224**	**2,119**
Short-term receivables due from group companies	61	144
Short-term receivables due from domestic customers	2,983	7,918
Impairment of short-term receivables due from customers	(1,820)	(5,943)
Short-term advances and security given	**216**	**799**
Other short-term receivables	**2,500**	**2,694**
Short-term receivables due from the state	2,343	2,535
Others short-term receivables	202	188
Impairment of other short-term receivables	(45)	(29)
Total	**3,940**	**5,612**

Short-term advances in the amount of Euro 216 thousand (2008: Euro 799 thousand) relate to payments to suppliers for goods and services which had not yet been received as at 31 December 2009. The majority is represented by advance payments for purchase of equipment to be leased out to customers on finance leases.

Receivables due from the state mostly represent corporate income tax receivables in the amount of Euro 441 thousand (2008: Euro 1,122 thousand), value added tax in amount of Euro 995 thousand (2008: Euro 1,229 thousand) and withholding tax in the amount of Euro 746 thousand (2008: Euro 175 thousand).

a) Statement of changes in current trade receivables

In thousand of euros	Short-term receivables due from customers	Short-term advances	Other short-term receivables	Total
Cost				
Balance at 1 January 2009	**8,062**	**799**	**2,723**	**11,584**
Increase	12,340	5,787	20,343	38,470
Reduction	(11,420)	(6,370)	(20,521)	(38,311)
Transfer	(5,938)	-	-	(5,938)
Balance at 31 December 2009	**3,044**	**216**	**2,545**	**5,805**
Impairments				
Balance at 1 January 2009	**(5,943)**	**-**	**(29)**	**(5,972)**
Increase	(1,237)	-	(16)	(1,253)
Write-offs	165	-	-	165
Decrease	207	-	-	207
Transfer	4,988	-	-	4,988
Balance at 31 December 2009	**(1,820)**	**-**	**(45)**	**(1,865)**
Value at 1 January 2009	**2,119**	**799**	**2,694**	**5,612**
Value at 31 December 2009	**1,224**	**216**	**2,500**	**3,940**

3.1.12 Cash and cash equivalents

In thousand of euros	2009	2008
Cash in hand	1,633	345
Short term deposits and call deposits	2,500	1,420
Total	**4,133**	**1,765**

Short-term deposits have an original maturity date of less than 90 days.

3.1.13 Prepayments and accrued income

In thousand of euros	2009	2008
Short-term deferred costs	66	51
Short-term accrued revenue	63	-
VAT on advance payments received	44	119
Total	**173**	**170**

Deferred costs or expenses represent mainly costs of materials and services incurred in the current year.

Prepayments and deferred costs recognised in 2008 were used up in 2009.

3.2 Equity and liabilities

3.2.1 Provisions

In thousand of euros	2009	2008
Provisions for long service benefits	9	9
Provisions for severance pay upon retirement	97	97
Total	**106**	**106**

In year 2009 the company in accordance with International Financial Reporting Standard 19 calculated employees' liabilities for long service benefits and severance pay upon retirement.

The calculation of the provisions for retirement and benefits payment was based on the following assumptions:

- an average monthly gross salary in the amount of Euro 1,467;
- a starting salary of I. tariff class of the Collective bargaining agreement for banks and savings institutions in the Republic of Slovenia in amount of Euro 378.23;
- estimated annual salary growth of 4.75%;
- average salary growth in RS of 4.5% annually;
- increase in amount of benefits and one-off retirement payment of 4.5% annually;
- estimation of employee fluctuation of 6% for up to 30 years, from 30 to 40 years 3%, from 40 to 50 years 2%, from 50 to 60 years 1%, over 60 years 0%;
- discount factor of 7.75%.

3.2.2 Long-term accrued costs and deferred revenue

In thousand of euros	
Balance at 1 January 2009	**1,485**
Increase	192
Reduction	(487)
Balance at 31 December 2009	**1,190**

In accordance with Slovenian and International Accounting Standards, operating lease revenue is recognised proportionately over the duration of the lease agreement. Deposits received are accrued by setting-up long-term provisions which are gradually released to the income statement.

3.2.3 Non-current financial liabilities

In thousand of euros	2009	2008
Long-term loans payable to group companies	**9,888**	**13,367**
Long-term loans payable to group companies	13,360	17,538
Transfer to short-term portion of loans payable	(3,472)	(4,171)
Long-term loans payable to domestic banks	**104,845**	**144,038**
Long-term loans payable to domestic banks	157,939	201,677
Transfer to short-term portion of loans payable	(53,094)	(57,639)
Long-term loans payable to foreign banks	**61,201**	**81,326**
Long-term loans payable to foreign banks	81,375	116,181
Transfer to short-term portion of loans payable	(20,174)	(34,855)
Other long-term financial liabilities	**444**	**503**
Total	**176,378**	**239,234**

Other long-term financial liabilities included receivables from NLB d.d. arising from the valuation of derivatives used to hedge interest rate risk (Interest Rate Swap - IRS), which were designated as and measured at fair value through profit and loss.

3.2.4 Current financial liabilities

In thousand of euros	2009	2008
Short-term loans payable to group companies	**145,809**	**123,139**
Short-term loans payable to group companies	142,337	118,968
Short-term portion of long-term loans payable to group companies	3,472	4,171
Short-term loans payable to domestic banks	**102,802**	**100,056**
Short-term loans payable to domestic banks	49,708	42,417
Short-term portion of long-term loans payable to domestic banks	53,094	57,639
Short-term loans payable to foreign banks	**35,452**	**36,583**
Short-term loans payable to foreign banks	15,278	1,728
Short-term portion of long-term loans payable to foreign banks	20,174	34,855
Total	**284,063**	**259,778**

Current financial liabilities are liabilities for the financing of the company's operations, which need to be repaid within no more than 1 year and which need to be repaid in cash.

a) Maturity of financial liabilities

In thousand of euros				
Outstanding balance due at 31 December 2009	**Less than 1 year**	**From 1 to 5 years**	**More than 5 years**	**Total**
To group companies	145,809	10,235	97	156,141
To domestic banks	102,802	95,975	8,870	207,647
To foreign banks	35,452	54,654	6,547	96,653
Total	**284,063**	**160,864**	**15,514**	**460,441**

In thousand of euros				
Outstanding balance at 31 December 2008	**Less than 1 year**	**From 1 to 5 years**	**More than 5 years**	**Total**
To group companies	123,139	13,088	782	137,009
To domestic banks	100,056	111,038	33,000	244,094
To foreign banks	36,583	69,680	11,646	117,909
Total	**259,778**	**193,806**	**45,428**	**499,012**

Non-current and current liabilities are guaranteed with bills of exchange, pledged receivables and/or soft letters of comfort from the parent company.

3.2.5 Current trade liabilities

In thousand of euros	2009	2008
Short-term liabilities to group companies	**2**	**4**
Short-term liabilities to suppliers	**2,512**	**1,013**
Short-term liabilities to domestic suppliers	2,492	560
Short-term liabilities to foreign suppliers	-	62
Short-term liabilities for uncharged goods and services	20	391
Short-term advances and security received	**1,092**	**1,983**
Short-term advances received	934	1,974
Short-term security from lessees received	158	9
Short-term liabilities to employees	**123**	**127**
Short-term liabilities for net salaries and wages	95	99
Short-term liabilities for other income from employment	28	28
Liabilities to state and other institutions	**98**	**229**
Corporate income tax payable	-	124
Other liabilities to state and other institutions	98	105
Other short-term liabilities	**1,034**	**992**
Liabilities arising from the waiver of receivables	218	-
Other short-term liabilities	816	992
Total	**4,861**	**4,348**

Liabilities for uncharged goods and services relate to property development projects. Goods and services were accounted in accordance with the respective contracts and the company has yet to receive invoices for the goods received and services rendered.

3.2.6 Accruals and deferred income

In thousand of euros	2009	2008
Accrued costs and expenses	110	126
Short-term deferred revenue	1	13
Value added tax on advances paid	14	-
Total	**125**	**139**

The majority of accrued costs relate to uncased annual leaves in the current financial year in amount of Euro 48 thousand (2008: Euro 57 thousand).

Accruals from 2008 were used up in the current financial year.

3.3 Off-balance sheet assets and liabilities

In thousand of euros	2009	2008
Guarantees given	30	20,196
Derivatives (SWAPs)	11,262	19,916
Total	**11,292**	**40,112**

3.3.1 Maturity of off-balance sheet assets/liabilities

In thousand of euros	2009	2008
Less than 1 year	4,619	28,820
From 1 to 5 years	2,077	6,463
More than 5 years	4,596	4,829
Total	**11,292**	**40,112**

4 NOTES TO THE INCOME STATEMENT

4.1 Net sales revenue

In thousand of euros	2009	2008
Net revenue from operating leases	2,846	2,896
Revenue from investment properties	461	573
Other rental revenue	8	2
Net revenue from sale of merchandise	-	466
Net revenue from sale of products	-	1,107
Other net sales revenue	1,661	1,333
Total	**4,976**	**6,377**

Net revenue from operating leases represents monthly rental payments for use of the leased asset. The amount of rents for operating leases that company would receive in the future based on contracts currently in force amounts to Euro 8,843 thousand:

- less than 1 year Euro 2,207 thousand
- from 1 to 5 years Euro 3,740 thousand
- more than 5 years Euro 2,896 thousand

At 31 December 2009, the company also had concluded some property rental agreements in addition to operating lease contracts; the properties in respect of the former are included under investment property in the balance sheet. The terms of the agreements are as follows:
- rental agreements for business premises on Šlandrova ulica, the total non-discounted value of which amounts to Euro 377 thousand;
- rental agreements for parking lots, which the company has classified as investment property, with a monthly rental value of Euro 250 to Euro 637;
- rental agreements related to residential property with a monthly rental value of Euro 450 to Euro 1,200.

Other net sales revenues in the amount of Euro 1,661 thousand (2008: Euro 1,333 thousand) are revenues generated from fees charged in respect of payment reminders, handling charges or approval commission in relation to operating leases and handling charges for the early termination of lease agreement.

All net sales revenue is measured based on the sales prices that were stated on invoices or other corresponding source documents.

4.2 Changes in inventories of finished goods and work in progress

In 2009 the change in the value of finished goods and work in progress amounted to Euro 2,970 thousand (2008: Euro 78 thousand) and relates to the capitalised costs of inventory in respect of property development projects, based on the applied concept of presenting costs according to their nature ("nature of cost method").

4.3 Other operating revenue (including revaluation operating revenue)

In thousand of euros	2009	2008
Revaluation operating revenue - fixed assets	258	220
Reversal of bad debt provision	207	45
Revaluation operating revenue - assets held for sale	9	1,133
Elimination of provisions	-	26
Other	-	12
Total	**474**	**1,436**

Operating revenues from the revaluation of property, plant and equipment represent profits from the company's own fixed assets which had been made available on operating leases.

Operating revenue from the reversal of bad debts provisions represents revenue arising from the reversal of impairments which were made in previous periods.

4.4 Cost of goods, materials and services

In thousand of euros	2009	2008
Cost of goods sold	**-**	**(435)**
Cost of materials	**(2,967)**	**(863)**
Cost of materials	(2,855)	(756)
Energy costs	(55)	(31)
Cost of office materials and professional literature	(48)	(66)
Write-offs of small tools	(4)	(5)
Other costs of materials	(5)	(5)
Costs of services	**(2,202)**	**(2,511)**
Costs of intellectual services	(487)	(597)
Costs of banking services and insurance premiums	(315)	(129)
Costs of fairs, advertising and entertainment	(307)	(489)
Repairs and maintenance of property, plant and equipment	(272)	(281)
Costs of postal, telecommunications services, incl. transport costs	(168)	(170)
Reimbursements to employees of work-related expenses	(84)	(76)
Rent	(65)	(108)
Training	(61)	(45)
Costs of services rendered by individuals who are not registered as a business entity	(28)	(85)
Cost of other services	(415)	(531)
Total	**(5,169)**	**(3,809)**

Cost of materials relates primarily to property development projects. Cost of other services represents mostly the costs of project documentation and telecommunications connections in property development projects. Accrued costs relating to the repossession of the equipment of customers who have defaulted on their contractual provisions are also included in the above costs.

4.5 Labour costs

In thousand of euros	2009	2008
Salaries and wages	(2,122)	(2,194)
Pension contributions	(212)	(206)
Social insurance contribution	(174)	(184)
Pay for annual leave, reimbursements and other earnings of employees	(480)	(434)
Additional employee pension contribution	(96)	(94)
Other employer contributions on salaries, reimbursements and benefits.	-	(66)
Provision for uncased annual leaves	(48)	(55)
Total	**(3,132)**	**(3,233)**

4.6 Write-downs in value

In thousand of euros	2009	2008
Amortisation and depreciation	**(2,233)**	**(2,690)**
Amortisation of intangible assets	(15)	(20)
Depreciation of the buildings	(119)	(129)
Depreciation of equipment and replacement parts	(2,099)	(2,541)
Revaluation operating expenses	**(2,624)**	**(3,506)**
Revaluation operating expenses for fixed assets	(845)	(778)
Revaluation operating expenses for current trade assets	(1,253)	(2,697)
Revaluation operating expenses for assets held for sale	(103)	-
Revaluation of operating expenses for inventories	(423)	(31)
Total	**(4,857)**	**(6,196)**

Revaluation operating expenses in relation to fixed assets relate to losses incurred on their disposal.

Upon an examination of the property, plant and equipment balance it was found that it did not reconcile with the fixed asset register, since some assets which had been sold had not been removed. The discrepancy was corrected during the current year, resulting in an additional Euro 128 thousand charge under revaluation operating expenses.

4.7 Other operating expenses

In thousand of euros	2009	2008
Other taxes or duties not connected to labour costs or other types of costs	(249)	(466)
Other costs	(269)	(210)
Total	**(518)**	**(676)**

Other taxes or duties not connected to labour costs or other types of costs include Euro 237 thousand of withholding tax on interest on foreign loans (2008: Euro 457 thousand). Other costs relate to student work, court and other administrative costs and membership fees for the Bank Association of Slovenia.

4.8 Financial revenue from shares and interest

In In thousand of euros	2009	2008
Financial revenue from shareholdings in group companies	950	1,140
Financial revenue from other investments	747	327
Total	**1,697**	**1,467**

Financial revenue from shares in group companies relate to distributions of profits from the subsidiary company NLB Leasing Beograd in the amount of Euro 950 thousand (2008: Euro 1,140 thousand).

Financial revenue from other investments includes bank interest on deposits and cash held on accounts amounting to Euro 19 thousand (2008: Euro 72 thousand), revenue from financial assets at fair value through profit and loss in the amount of Euro 503 thousand (2008: Euro 43 thousand) and revenues from interest on swap agreements amounting to Euro 72 thousand (2008: Euro 212 thousand Euro).

4.9 Financial revenue from loans and finance leases

In thousand of euros	2009	2008
Financial revenue from loans receivable from group companies	9,956	15,255
Financial revenue from loans receivable from others	5,075	6,215
Financial revenue from finance leases with group companies	25	67
Financial revenue from finance leases with others	12,976	20,842
Financial revenue from the reversal of impairments	3,004	831
Total	**31,036**	**43,210**

Financial revenue from loans relates to accrued interest on loans including accrued foreign exchange gains in the amount of Euro 435 thousand (2008: Euro 1,058 thousand).

Financial revenue from finance leases includes interest on finance leases of equipment and property, fees and other handling charges which are deferred and proportionately taken to the income account over the duration of the agreements and foreign exchange gains on financial receivables amounting to Euro 852 thousand (2008: Euro 2,531 thousand).

For commercial reasons, NLB Leasing Ljubljana has decided not to disclose the interest rates it charges on finance leases, operating leases and loans; this information is considered to be confidential commercial information.

Financial revenue from the reversal of impairments relates to impairments on loans and finance leases recognised in previous years.

4.10 Financial expenses from impairments and investment write-offs

In thousand of euros	2009	2008
Impairments of loans and finance lease	(14,827)	(3,905)
Impairments of investment in subsidiary	(200)	-
Valuation of derivatives	(469)	(772)
Total	**(15,496)**	**(4,677)**

As a result of NLB Leasing Sofia d.o.o.' s poor trading performance, negative capital and deteriorating cash flow, it was determined that the book value of the investment in the company was higher than its net realisable value and so the investment has been impaired.

4.11 Financial expenses from financial liabilities

In thousand of euros	2009	2008
Financial expenses for loans payable to group companies	(5,624)	(7,358)
Financial expenses for loans payable to banks	(12,018)	(24,536)
Financial expenses for other financial liabilities	(1,267)	(1,545)
Total	**(18,909)**	**(33,439)**

Financial expenses for financial liabilities represent financing expenses including interest expense on loans and foreign exchange losses arising from the revaluation of foreign currency denominated financial liabilities.

Financial expenses for financial liabilities include foreign exchange losses from loans payable amounting to Euro 468 thousand (2008: Euro 2,235 thousand) and from financial lease amounting to Euro 825 thousand (2008: Euro 944 thousand). Other financial liabilities include also interest on swap agreements to Euro 442 thousand.

For commercial reasons, NLB Leasing Ljubljana has decided not to disclose the interest rates on its own sources of financing; this information is considered to be confidential commercial information.

4.12 Financial expenses from trade payables

In thousand of euros	2009	2008
Financial expenses from liabilities to suppliers	(17)	(2)
Financial expenses from other liabilities	-	(3)
Total	**(17)**	**(5)**

4.13 Other revenue

In thousand of euros	2009	2008
Compensation and penalty fees received	11	56
Revenue from the sale of investment property	41	42
Other extraordinary revenue	44	215
Total	**96**	**313**

Compensation and penalty fees received charges levied under finance and operating lease agreements.

4.14 Other expenses

In thousand of euros	2009	2008
Penalties and fines	-	(39)
Other expenses	(36)	(122)
Total	**(36)**	**(161)**

Other expenses comprise extraordinary expenses, unnecessary operating costs and donations.

4.15 Income tax and deferred taxes

In thousand of euros	2009	2008
Income tax expense	(903)	(1,026)
Deferred tax revenue	2,414	718
Total	**1,511**	**(308)**

The calculation of income tax is shown in the following table

In thousand of euros	2009	2008
Taxable revenue	37,423	49,853
Tax deductable expenses	(32,993)	(45,061)
Difference between taxable revenue and tax deductable expenses	**4,430**	**4,792**
Change in taxable properties as a result of adoption of new accounting polices	-	(79)
Increase in taxable profits as a result of prior tax reliefs claimed	-	83
Taxable profits before tax reliefs	**4,430**	**4,796**
Tax reliefs	(133)	(134)
Taxable profits after tax reliefs	**4,297**	**4,662**
Tax on profits	**903**	**1,026**

In the company's tax return the year 2009 corporate income tax is charged at 21% of taxable profits.

4.16 Net profit or loss for the period

In thousand of euros	2009	2008
Revenue		
Net sales revenue	4,976	6,377
Changes in inventories of finished good and work in progress	2,970	78
Other operating revenue	474	1,436
Revenue from financing	32,733	44,677
Other revenue	96	313
Total	**41,249**	**52,881**
Expenses		
Cost of goods, material and services	(5,169)	(3,809)
Labour costs	(3,132)	(3,233)
Write-downs in value	(4,857)	(6,196)
Other operating expenses	(518)	(676)
Expenses from financing	(34,422)	(38,121)
Other expenses	(36)	(161)
Total	**(48,134)**	**(52,196)**
Taxes	1,511	(308)
Net profit or loss for the period	**(5,374)**	**377**

In thousand of euros	2009	2008
Type of profit/loss		
Operating profit/loss	(5,256)	(6,023)
Profit/loss from financing	(1,689)	6,556
Profit/loss from other operations	60	152
Taxes	1,511	(308)
Net profit/loss for the financial year	**(5,374)**	**377**

Net profit or loss after revaluation of capital for inflation

In thousand of euros	Capital at 31 December 2009	Calculated effect	Profit or loss
Capital - all categories excluding current result	36,686	660	(6,034)

We revualued the movement in capital (the payment of a dividend in December) using the consumer goods price index for 2009 which was 1.8%.

5 SUMMARY OF OPERATIONS BETWEEN RELATED PARTIES

Income statement

In thousand of euros	2009	2008
1. Net sales revenues	**485**	**553**
a) net sales realised between group companies	117	142
- in NLB Leasing Group	97	105
- in NLB Group	20	37
b) net sales from operating lease and investment properties	368	411
- in NLB Leasing Group	1	-
- in NLB Group	367	411
2. Costs of goods, materials and services	**(73)**	**(121)**
- in NLB Leasing Group	-	(11)
- in NLB Group	(73)	(110)
3. Financial revenue from investments	**1,687**	**1,467**
a) financial revenues from shares in group companies	950	1,140
- in NLB Leasing Group	950	1,140
b) financial revenues from other investments	**737**	**327**
- in NLB Leasing Group	153	-
- in NLB Group	584	327
4. Financial revenues from loans receivable and finance lease	**9,981**	**15,322**
- in NLB Leasing Group	9,618	14,401
- in NLB Group	363	921
5. Financial expenses from impairments and financial write-off investments	**(1,098)**	**(772)**
- in NLB Leasing Group	(629)	-
- in NLB Group	(469)	(772)
6. Financial expenses from financial liabilities	**(5,624)**	**(7,545)**
a) financial expenses from loans received from group companies	**(5,182)**	**(7,358)**
- in NLB Group	(5,182)	(7,358)
b) financial expenses from other financial liabilities	**(442)**	**(187)**
- in NLB Group	(442)	(187)

Balance sheet

In thousand of euros	2009	2008
Assets		
I. Non-current financial assets	**186,853**	**185,501**
1. Long- term investments, excluding loans	8,820	8,946
a) shares and shareholdings in group companies	8,820	8,908
- in NLB Leasing Group	8,820	8,908
b) other long-term investments	-	38
- in NLB Group	-	38
2. Long-term loans receivable and finance lease	178,033	176,555
- in NLB Leasing Group (loans)	178,015	175,195
- in NLB Leasing Group (finance lease)	-	1,360
- in NLB Group (finance lease)	18	-
II. Short-term finance investments	**12,497**	**15,661**
- in NLB Leasing Group	12,497	15,661
III Short-term trade receivables	**61**	**144**
- in NLB Leasing Group	8	87
- in NLB Group	53	57
IV. Cash and cash equivalents	**1,622**	**1,763**
- in NLB Group	1,622	1,763
Liabilities		
I. Provisions and long-term accrued costs and deferred revenue	**29**	**-**
1. Long-term accrued costs and deferred revenue	29	-
- in NLB Group	29	-
II. Long-term liabilities	**10,332**	**13,870**
1. Long-term financial liabilities	9,888	13,367
- in NLB Group	9,888	13,367
2. Other long-term financial liabilities	444	503
- in NLB Group	444	503
III. Short-term liabilities	**145,811**	**123,143**
1. Short-term financial liabilities	145,809	123,139
- in NLB Group	145,809	123,139
2. Short-term trade liabilities	2	4
- in NLB Group	2	4

OTHER IMPORTANT DISCLOSURES

Receivables from liabilities due to members of the Management Board, Supervisory Board members and employees based on individual employment contracts.

The company has receivables from loans and finance leases due from employees on individual employment contracts in the amount of Euro 148 thousand (2008: Euro 111 thousand) and liabilities in respect of gross salaries for December 2009 in amount of Euro 35 thousand (2008: Euro 49 thousand).

Earnings of Management Board members and other employees on individual employment contracts, including Supervisory Board members

In 2009, employees on individual contracts for the performance of specific jobs received gross earnings in the amount of Euro 671 thousand; including Euro 33 thousand severance pay (2008: Euro 718 thousand). Members of the Supervisory Board received gross earnings amounting to Euro 16 thousand (2008: Euro 27 thousand).

Auditor's fees

Pursuant to Article 57 of the Companies Act (ZGD-1), the company is obliged to carry out an audit of its operations. The entire sum spent on the selected certified auditor in 2009 was Euro 30 thousand (2008: Euro 22 thousand) and relates to the audit of the 2009 annual report.

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.

Cash is expressed in Euro.

Liabilities in the form of long-term and short-term loans payable, including interest, are converted according to the selling corporate exchange rate set by NLB d.d. Liabilities due to foreign entities are valued using the middle exchange rate of the Bank of Slovenia.

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

Segmental reporting

The main characteristic of leasing, which distinguishes it from other forms of financing is that the lessor is the legal owner of the leased item until the final instalment of the lease has been paid and in the fact that the selling price of the lease is usually greater than the value of receivables at any given time for the duration of the leasing agreement - i.e. exposure of the lessor to credit risk. Based on these characteristics we believe that risks for individual products are similar for all types of client (financial and operating lease of equipment and property to corporates, retail lending). Therefore, the company has not defined any separate segments, but rather defined a geographical breakdown of its corporate activities on the secondary level- the summary of which is presented below. The item "abroad" includes countries of the former Yugoslavia.

In thousand of euros			2009		
	Slovenia	**Abroad**	**Total**	**Share in Slovenia**	**Share abroad**
Revenue from operations and financing	24,132	14,419	38,551	62.6 %	37.4 %
Operating and financing expenses	(15,083)	(4,396)	(19,479)	77.4 %	22.6 %
Assets	250,438	247,597	498,035	50.3 %	49.7 %
Liabilities	378,553	119,482	498,035	76.0 %	24.0 %

In thousand of euros	2008				
	Slovenia	Abroad	Total	Share in Slovenia	Share abroad
Revenue from operations and financing	27,284	25,519	52,803	51.7%	48.3%
Operating and financing expenses	(23,970)	(11,428)	(35,398)	67.7%	32.3%
Assets	299,333	242,820	542,153	55.2%	44.8%
Liabilities	395,281	146,872	542,153	72.9%	27.1%

*Costs of services and materials, labour costs and impairments are not included in the segmental analysis.

Cash flow statement

The cash flow statement has been composed according to format II following the indirect method. The basis for the cash flow statement is the company's profit and loss statement, the balance sheet statement and additional data from the company's analytical records. In order to ensure that the cash inflows in the cash flow statement are as close as possible to cash receipts and similarly cash outflows to cash payments, the company made various adjustments to the balance sheet data including the elimination of amortisation costs, effective exchange rate differences, impairments and allowances.

Events after the balance sheet statement date

We believe that there were no events following the balance sheet date that could significantly affect the financial statements of the company.

Important disclosures relating to financial year 2010

In April 2010, NLB Leasing Ljubljana sold it’s 100% share of investments in NLB Leasing Beograd to Nova Ljubljanska banka d.d.

Financial Report NLB Leasing Group

In accordance with Slovenian Accounting Standards

Contents

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Independent auditor's report

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of NLB Leasing 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 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.

PRICEWATERHOUSECOOPERS

Opinion
In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the NLB Leasing 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 NLB Leasing Group.

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

Ljubljana, 19 April, 2010

PricewaterhouseCoopers d.o.o.

Mojca Vrečar Certified Auditor	Francois 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."

Balance Sheet

In thousand of euros	N	31.12.2009	31.12.2008
Assets		**619,457**	**722,422**
A) Non-current assets		**351,762**	**437,200**
I. Intangible assets, non-current deferred cost and accrued revenue	**3.1.1 3.1.2**	**570**	**363**
II. Property, plant and equipment	**3.1.3**	**32,231**	**44,529**
1. Land and buildings		4,932	6,435
a) land		1,030	2,213
b) buildings		3,902	4,222
2. Other plant and equipment		27,299	34,344
3. Property, plant and equipment being acquired		-	3,750
III. Investment property	**3.1.4**	**17,632**	**19,430**
IV. Non-current financial assets	**3.1.5**	**297,577**	**371,559**
1. Financial assets other than loans		-	38
a) other non-current financial investments		-	38
2. Non-current loans and receivables from finance leases		297,577	371,521
a) non-current loans receivable		26,843	30,807
b) non-current receivables from finance leases		270,734	340,714
V. Non-current trade receivables	**3.1.6**	**7**	**7**
VI. Deferred tax assets	**3.1.7**	**3,745**	**1,312**
B) Current assets		**267,365**	**284,815**
I. Assets (disposal groups) held for sale	**3.1.8**	**14,223**	**6,308**
II. Inventories	**3.1.9**	**11,874**	**7,292**
1. Work in progress		7,778	4,314
2. Products and merchandise		4,096	2,978
III. Current financial assets	**3.1.10**	**195,457**	**223,878**
1. Current loans receivable		63,014	100,826
2. Current receivables from finance leases		132,443	123,052
IV. Current trade receivables	**3.1.11**	**15,466**	**10,418**
1. Current trade receivables		4,452	3,929
2. Current receivables due from others		11,014	6,489
V. Cash and cash equivalents	**3.1.12**	**30,345**	**36,919**
C) Prepayments and accrued income	**3.1.13**	**330**	**407**

The notes on pages 87-109 are a part of financial statements

In thousand of euros	N	31.12.2009	31.12.2008
Equity and liabilities		**619,457**	**722,422**
A) Equity		**31,958**	**39,141**
I. Called-up capital		**20,981**	**20,981**
1. Share capital		20,981	20,981
II. Capital surplus (share premium)		**7,268**	**7,268**
III. Revenue reserves		**3,061**	**3,323**
1. Legal reserves		431	431
2. Other revenue reserves		2,630	2,892
IV. Revaluation surplus		**2**	**2**
V. Retained earnings		**1,881**	**7,647**
VI. Net profit or loss for the period		**-**	**947**
VII. Currency translation differences		**(1,469)**	**(1,160)**
VIII. Minority interest		**234**	**133**
B) Provisions and non-current accrued items		**1,426**	**1,721**
1. Provisions for employees	**3.2.1**	131	131
2. Other provisions	**3.2.1**	105	105
3. Non-current accrued costs and deferred revenue	**3.2.2**	1,190	1,485
C. Non-current liabilities		**192,171**	**353,587**
I. Non-current financial liabilities	**3.2.3**	**191,974**	**353,448**
1. Non-current financial liabilities to banks		191,530	352,945
2. Other non-current financial liabilities		444	503
II. Non-current trade liabilities	**3.2.4**	**77**	**78**
III. Deferred tax liabilities	**3.2.5**	**120**	**61**
D) Current liabilities		**393,731**	**327,782**
I. Current financial liabilities	**3.2.6**	**381,990**	**317,535**
1. Current financial liabilities to banks		381,990	317,535
II. Current trade liabilities	**3.2.7**	**11,741**	**10,247**
1. Current trade liabilities to suppliers		2,639	1,217
2. Current trade liabilities - advances		6,563	6,876
3. Other trade operating liabilities		2,539	2,154
E) Accruals and deferred income	**3.2.8**	**171**	**191**

The notes on pages 87-109 are a part of financial statements

Income Statement

In thousand of euros	N	2009	2008
1. Net sales revenue	**4.1**	**13,426**	**14,897**
a) sales revenue		3,225	4,511
b) revenue from operating leases and investment property		10,201	10,386
2. Changes in inventories of finished goods and work in progress	**4.2**	**2,970**	**78**
3. Other operating revenue (with revaluation operating revenues)	**4.3**	**845**	**2,297**
a) net gains on disposal of property, plant and equipment		629	1,073
b) other revaluating revenues		216	1,224
4. Cost of goods, materials and services	**4.4**	**(7,013)**	**(5,532)**
a) cost of materials used and goods sold		(3,077)	(1,413)
b) cost of services		(3,936)	(4,119)
5. Labour costs	**4.5**	**(4,614)**	**(4,672)**
a) employment costs		(3,264)	(3,345)
b) social security costs		(572)	(557)
c) other employment costs		(778)	(770)
6. Write-downs in value	**4.6**	**(10,044)**	**(11,387)**
a) amortisation and depreciation expenses		(7,113)	(7,575)
b) revaluation operating expenses associated with intangible and tangible fixed assets		(1,029)	(911)
c) revaluation operating expenses associated with operating current assets		(1,902)	(2,901)
7. Other operating expenses	**4.7**	**(1,620)**	**(1,143)**
8. Financial revenue from investments	**4.8**	**961**	**327**
b) financial revenue from other investments		961	327
9. Financial revenue from loans and finance leases	**4.9**	**67,825**	**107,852**
a) financial revenue from loans		15,236	33,008
b) financial revenue from finance leases		47,717	73,465
c) financial revenue from reversal of impairments		4,872	1,379
10. Financial revenue from trade receivables	**4.10**	**2,292**	**6,906**
11. Financial expenses from impairments and investments write-offs	**4.11**	**(22,699)**	**(7,952)**
12. Financial expenses from financial liabilities	**4.12**	**(49,617)**	**(95,939)**
a) financial expenses from loans received from banks		(38,904)	(68,508)
b) financial expenses from other financial liabilities		(10,713)	(27,431)
13. Financial expenses from trade payables	**4.13**	**(515)**	**(4,224)**
a) financial expenses from liabilities - suppliers		(178)	(232)
b) financial expenses from other liabilities		(337)	(3,992)
14. Other revenue	**4.14**	**500**	**605**
15. Other expenses	**4.15**	**(66)**	**(184)**
16. Income tax	**4.16**	**(1.111)**	**(1,634)**
17. Deferred tax	**4.16**	**2,403**	**707**
18. Net profit or loss for the period	**4.17**	**(6,077)**	**1,002**
a) attributable to owners of parent		(6,219)	947
b) attributable to minority shareholders		142	55

The notes on pages 87-109 are a part of the financial statements

Cash Flow Statement

	In thousand of euros	2009	2008
A)	***Cash flows from operating activities***		
a)	**Items of income statement**		
	Operating revenue (excluding revaluations) and financial revenue from operating receivables	13,520	15,666
	Operating expenses excluding amort. (except for reval.) and financial expenses from operating liabilities	(10,515)	(11,635)
	Income tax and other taxes, not included in operating expenses	(336)	(2,565)
		2,669	**1,466**
b)	**Changes in net current assets in balance sheet items (including accruals, provisions, deferred receivables and tax liabilities)**		
	Opening less closing trade receivables	(2,403)	9,198
	Opening less closing deferred costs and accrued revenue	98	630
	Opening less closing deferred tax assets	-	-
	Opening less closing assets (disposal group) held for sale	2,286	224
	Opening less closing inventories	(1,499)	(1,353)
	Closing less opening trade liabilities	(1,971)	(3,590)
	Closing less opening accrued costs and deferred revenue and provisions	(305)	(612)
	Closing less opening deferred tax liabilities	-	-
		(3,794)	**4,497**
c)	**Net cash inflow from operating activities**	**(1,125)**	**5,963**
B)	***Cash flows from investing activities***		
a)	**Cash inflows from investing activities**		
	Interest and dividends received from investing activities	32,288	49,494
	Cash inflows from disposal of intangible assets	-	1
	Cash inflows from disposal of property, plant and equipment	6,540	3,485
	Cash inflows from disposal of investment properties	41	150
	Cash inflows from disposal of non-current investments	68,567	198,487
	Cash inflows from disposal of current investments	99,277	42,781
		206,713	**294,398**
b)	**Cash outflows from investing activities**		
	Cash outflows to purchase intangible assets	(200)	(51)
	Cash outflows to purchase property, plant and equipment	(9,241)	(19,089)
	Cash outflows to purchase investment properties	(28)	(633)
	Cash outflows to purchase non-current investments	(74,236)	(238,615)
	Cash outflows to purchase current investments	(44,211)	(57,064)
		(127,916)	**(315,452)**
c)	**Net cash inflow from investing activities**	**78,797**	**(21,054)**
C)	***Cash flows from financing activities***		
a)	**Cash inflows from financing activities**		
	Cash inflows from paid-in capital	-	10,904
	Cash inflows from increase in long-term borrowing	10,757	93,854
	Cash inflows from increase in short-term borrowing	283,790	299,452
		294,547	**404,210**
b)	**Cash outflows from financing activities**		
	Interest paid on financing activities	(28,042)	(32,617)
	Cash outflow for repayment of capital	-	-
	Cash outflow for repayment of long-term borrowing	(97,681)	(71,858)
	Cash outflow for repayment of short-term borrowing	(251,371)	(289,586)
	Dividends paid	(377)	(4,404)
		(377,471)	**(398,465)**
c)	**Net cash outflow from financing activities**	**(82,924)**	**5,745**
D)	***Cash and cash equivalents at end of period***	**30,345**	**36,919**
x)	**Net cash inflows or outflows for the period (addition for net cash Ac, Bc and Cc)**	**(5,252)**	**(9,346)**
y)	**Cash and cash equivalents at beginning of period**	**35,597**	**46,265**

Statement of changes in Equity

In thousand of euros	Called-up capital	Capital surplus	Revenue reserves		Revaluation surplus	Retained earnings	Net profit or loss for the period	Currency translation differences	Minority interest	Total equity
	Share capital		Legal reserves	Other revenue reserves		Net profit carried over	Net loss from the financial year			
Balance as of 1 January 2009	**20,981**	**7,268**	**431**	**2,892**	**2**	**7,647**	**947**	**(1,160)**	**133**	**39,141**
Transfer to capital accounts	**-**	**-**	**-**	**-**	**-**	**-**	**(6,219)**	**-**	**142**	**(6,077)**
Transfer of additional capital contributions	-	-	-	-	-	-	-	-	-	-
Transfer of profit or loss for the financial year	-	-	-	-	-	-	(6,219)	-	142	(6,077)
Other additions in capital	-	-	-	-	-	-	-	-	-	-
Transfer between capital accounts	**-**	**-**	**-**	**(262)**	**-**	**(5,010)**	**5,272**	**-**	**-**	**-**
Allocation of profit to other capital accounts by resolution of Management and Supervisory Board	-	-	-	-	-	947	(947)	-	-	-
Transfer to cover net loss for the period	-	-	-	(262)	-	(5,957)	6,219	-	-	-
Other transfer of capital	-	-	-	-	-	-	-	-	-	-
Transfer from capital accounts	**-**	**-**	**-**	**-**	**-**	**(756)**	**-**	**(309)**	**(41)**	**(1,106)**
Other capital decrease	-	-	-	-	-	(157)	-	-	(44)	(201)
Dividend payments	-	-	-	-	-	(377)	-	-	-	(377)
Currency translation differences	-	-	-	-	-	(222)	-	(309)	3	(528)
Final balance as of 31 December 2009	**20,981**	**7,268**	**431**	**2,630**	**2**	**1,881**	**-**	**(1,469)**	**234**	**31,958**

The notes of pages 87-109 are a part of the financial statements.

IIn thousand of euros	Called-up capital	Capital surplus	Revenue reserves		Revaluation surplus	Retained earnings	Net profit or loss for the period	Currency translation differences	Minority interest	Total equity
	Share capital		Legal reserves	Other revenue reserves		Net profit carried over	Net profit from the financial year			
Balance as of 1 January 2008	**10,077**	**6,742**	**445**	**2,892**	**2**	**7,509**	**4,863**	**(500)**	**80**	**32,110**
Transfer to capital accounts	**10,904**	**191**	**-**	**-**	**-**	**-**	**947**	**-**	**55**	**12,097**
Transfer of additional capital contributions	10,904	-	-	-	-	-	-	-	-	10,904
Transfer of profit or loss for the financial year	-	-	-	-	-	-	947	-	55	1,002
Other additions in capital	-	191	-	-	-	-	-	-	-	191
Transfer between capital accounts	**-**	**335**	**(14)**	**-**	**-**	**4,542**	**(4,863)**	**-**	**-**	**-**
Allocation of profit to other capital accounts by resolution of Management and Supervisory Board	-	-	-	-	-	4,863	(4,863)	-	-	-
Other transfer of capital	-	335	(14)	-	-	(321)	-	-	-	-
Transfer from capital accounts	**-**	**-**	**-**	**-**	**-**	**(4,404)**	**-**	**(660)**	**(2)**	**(5,066)**
Other capital decrease	-	-	-	-	-	(60)	-	-	-	(60)
Dividend payments	-	-	-	-	-	(4,404)	-	-	-	(4,404)
Currency translation differences	-	-	-	-	-	60	-	(660)	(2)	(602)
Final balance as of 31 December 2008	**20,981**	**7,268**	**431**	**2,892**	**2**	**7,647**	**947**	**(1,160)**	**133**	**39,141**

Notes to the statement of changes in equity

The capital surplus consists of:

- paid in capital surplus in the amount of Euro 5,254 thousand
- capital reserves from NLB Leasing Murska Sobota (effects of a merger); Euro 343 thousand
- capital reserves from NLB Leasing Velenje (effects of a merger); Euro 183 thousand
- equity revaluation; Euro 1,488 thousand

The net profit brought forward increased by Euro 947 thousand as a result of the allocation of the net profit for 2008. The current year loss was offset against the profit brought forward and revenue reserves.

Annex to the statement of changes in equity - balance sheet profit

In thousand of euros	2009	2008
Net profit for the financial year	(6,219)	947
Retained earnings	7,838	7,647
Reduction of revenue reserves	262	-
Balance sheet profit	**1,881**	**8,594**

Statement of management's responsibilities

The management hereby approves the Group financial statements for the year ended 31 December 2009 and the accompanying accounting policies and notes to the financial statements.

The management is responsible for the preparation of the annual report and ensuring that it represents a true and fair presentation of the Group's assets and liabilities and the results of its operations for the year ended 31 December 2009.

The management confirms that suitable accounting policies have been used and applied consistently and reasonable and prudent judgments and estimates have been made in preparing the financial statements. The management also confirms that financial statements, together with the notes hereto, have been prepared on the basis of assumption of going concern and in accordance with the applicable legislation and Slovenian Accounting Standards.

The management is also responsible for maintaining proper accounting records and for taking reasonable steps to safeguard assets and to prevent and detect fraud and any other irregularities or discrepancies.

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 in accordance with the Corporate Income Tax act (DDPO) or other taxes and charges. The management is not aware of any circumstances which could lead to eventual liabilities in this regard.

Ljubljana, 19.4.2010

Samo Turk,
Member of the Management Board

Borut Simonič,
Chairman of the Management Board

Notes to the Financial Statements

1 BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

The financial statements of NLB Leasing Group (hereinafter referred to as Group) have been prepared in accordance with the 2006 Slovenian Accounting Standards (hereinafter referred to as SRS 2006) and the Companies Act (ZGD-1). The numbers presented in the financial statements are based on accounting records and books of account that are kept in accordance with Slovenian Accounting Standards.

In addition to the Group's financial statements, financial statements have also been prepared for the individual group companies in accordance with local legislation. All subsidiaries where NLB Leasing Ljubljana has more than half of the voting rights, either directly or indirectly, are fully consolidated. Consolidated and individual financial statements are available at the Company's registered office.

The preparation of financial statements involves certain fundamental accounting assumptions: the accruals basis, going concern and the qualitative characteristics of financial statements, i.e.: understandability, relevance, reliability and comparability. The accounting framework also involves the application of following the basic accounting principles: prudence, subtsance over form and materiality.

Items presented in the financial statements of individual group companies are measured in the currency of the primary economic environment where the company operates. The financial statements are presented in Euros, which is the Group's functional and presentation currency. The income statement and balance sheet of group companies whose functional currency is different from the presentational currency are translated into the presentational currency in the following way:

- assets and liabilities are translated according at the final exchange rate on the balance sheet date;
- revenue, expenses and costs are translated at the average exchange rate;
- all accrued currency differences are recognised in equity.

In the consolidation, foreign exchange differences relating to the translation of net investments in foreign entities are shown separately in capital.

Subsidiaries of the Group are included in the Group financial statements according to the full consolidation method. The process of consolidation involves: eliminating the investment made by the parent company against the capital of the subsidiary, eliminating all receivables and liabilities between Group companies as well as all revenues and expenses generated within the Group. Accounting policies within the group have been harmonised in order to ensure the suitability of the data. The minority interest is shown in the statement of changes in equity.

2008 saw a merger of companies NLB Leasing Murska Sobota d.o.o. and NLB Leasing Velenje d.o.o. with NLB Leasing, d.o.o. Ljubljana. The merger was, in accordance with provisions of the introduction to Slovenian Accounting Standards 2006 and International Finance Reporting Standard 3, carried out at book value, as the companies merged were under common control.

Pursuant to the provisions of SRS 24 and SRS 25, the Group does not include “group” items in the balance sheet or income statement. The balance of receivables and liabilities between companies within the NLB Group and currency differences within the NLB Group and NLB Leasing group are included in under other items within the same category.

In 2009, NLB Leasing Ljubljana sold its share of investment in OL Nekretnine, in the statements of changes the sale is presented as "Sale of subsidiary".

2 ACCOUNTING POLICIES

2.1 Intangible assets

Intangible assets include the capitalised costs of investment in 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 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 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.

2.2 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 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 property, 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 taken immediately in the income statement.

2.3 Depreciation & amortisation

Amortisation and depreciation rates are determined by the company based on the useful life of individual tangible and intangible assets and a straight-line method of amortisation or depreciation method is used.

The depreciation rates for property, plant and equipment are:

• buildings	2.0 - 3.0%
• computer equipment	20.0 - 50.0%
• freight vehicles	14.3 - 25.0%
• personal motor vehicles	10.0 - 50.0%
• other equipment	20.0 - 25.0%

The amortisation rates for intangible assets are:

• capitalised costs of investment into others tangible fixed assets	10.0 - 100.0%
• other intangible assets	10.0 - 25.0%

2.4 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 transfered 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 and receivables from finance lease;
- financial assets available for sale.

Financial assets include long-term and short-term loans and finance lease receivable and derivatives. The Group has no other types of financial assets.

The revaluation of financial assets involves a change to its book value. It may involve a revaluation of financial assets to its fair value, a revaluation of financial asset due to impairment or the revaluation of financial assets as a result of the reversal of its impairment.

Financial assets are derecognised when contractual rights to cash flows deriving from them expire or when the respective financial asset is transferred and the transfer meets the conditions for derecognition.

The book value of financial assets in the balance sheet represents a possible exposure to credit risk.

a) Derivatives

Derivatives are instruments whose value changes based on a change in a certain variable, such as an interest rate, currency, price, exchange rate, price index, creditworthiness and 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 flows model or by using a pricing model.

b) Loans and receivables from finance leases

Loans and finance lease receivables are measured at amortised cost, which means that all expenses and revenue directly connected to the loan are accrued (credit or debit) and proportionately recognised in the income statement according to the duration of the contract.

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. Assets subject to finance leases are shown as receivables in the amount of the net investment upon initial recognition in the balance sheet. Receivables in respect of finance lease assets given are measured 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. All costs and revenues that relate directly to the contract are added to or deducted from the initial value of the receivables and are progressively transferred to the income statement according to the duration of the contract. In this way the Group ensures that finance lease receivables are accounted for in accordance with the amortised cost and the effective interest rate method. Interest (contractual and penalty) from non-current and current financial assets is charged in accordance with the terms of the contract or general provisions of the law and are included under financial revenue in the income statement.

Loans and finance lease 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.

Provisions against finance lease loans and receivables (impairments) are recognised on a quarterly basis.

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

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

All loans and finance lease receivables due from citizens which are above a given amount and overdue by a given number of days are individually reviewed for impairment. 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 lease 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.

In addition it is necessary to review on an individual basis all loans to customers in all credit rating groups above a given exposure. In determining the crediting rating of such loans criteria concerning the trading performance of the companies are taken into consideration as well as any delays in settlement.

Unrecoverable loans and finance lease receivables are those for which all legal means for collection have been exhausted and so the amount of the loss is final. In the event of later repayment of a financial assets which has been written off, the amount received is recognised as revenue in the income statement.

Since finance leases represent the majority of the Group's portfolio, there is security 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 is recognised as financial revenue, and conversely any decrease is recognised as financial expenses.

2.5 Inventories

Group inventories include primarily construction projects under development which the Group intends afterwards to make available on a finance lease.

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 when 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.

Work in progress is valued based at acquisition cost plus any associated costs, using the production costs method. In consumption of stock, the company uses the first in, first out (FIFO) pricing method.

Stock 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 the value of inventories are not recognised. Assets are revalued in the case of impairment, if their book value exceeds their net realisable value.

2.6 Assets (disposal groups) held for sale

Owned non-current assets are those whose carrying amount will be recovered mainly through selling the asset rather than through subsequent use. This condition is only met when the asset is available for immediate sale in its current state. The management must be committed to sell and the sale must be carried out within one year from the date of initial recognition as non-current assets held for sale. Owned non-current assets which are held for sale are measured at the lower of book value or fair value less selling costs. Gains or losses arising on disposal or revaluation are presented in the income statement under revaluation operating revenue or expenses.

Non-current assets held for sale include the repossessed vehicles, equipment and property of lessees who have defaulted on their contractual obligations.

2.7 Receivables

Receivables are mostly from customers (in connection with products and merchandise sold and services rendered as well as other assets sold) or other financers of sold products and rendered services. Receivables can also be from Group suppliers (in respect of advance payments, overpayments, security given), employees, participants in the allocation of the Group's profit or loss (tax receivables due from the state), providers of finance and the users of financial investments.

Receivables are divided into long-term and short-term receivables according to the due date of their payment. 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 date is included in short-term trade receivables.

Receivables are initially recognised in amounts shown on the corresponding source documents, on the assumption that they will be paid.

Repayments of the receivables are regularly surveyed and in case of the delays impairment is recognised.

a) Operating leases

A lease is classified as an operating lease when no significant risks and rewards associated with the ownership of the leased asset are transferred. 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. Upon initial recognition the Group follows the principle of substance over form and subsequent changes in estimates and circumstances do not cause changes to the classification of the lease (as operating or finance).

The Group has security against the non-payment of operating lease obligations in the form of legal ownership of the underlying asset until settlement of the final lease instalment.

2.8 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.

Deferred tax liabilities are amounts of income tax that will have to be paid in future periods as a result of taxable temporary differences.

2.9 Investment property

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

Investment property is initially recognised at cost, which comprises the purchase price and associated costs of acquisition.

The 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.

The Group includes the following types of property in investment property:

- land for long-term capital appreciation and not for sale in the near future in the course of ordinary operations;
- land whose future use the company has not yet determined;
- owned buildings leased out on operating leases.

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.

2.10 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 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 sums 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.

2.11 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 expenses 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 Group's entitlement or liability to them and adjust them accordingly.

2.12 Capital and reserves

The total capital of the Group 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 surplus.

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

Capital reserves are divided into: capital surplus, general capital revaluation adjustment and other capital reserves.

Reserves from profits represent part of the net profit purposely retained from previous years mainly to cover future losses. Reserves are further subdivided into legal reserves and other revenue reserves. Revenue reserves are recognised by resolution of the competent corporate governing body.

Retained earnings from previous years are recognised when a resolution concerning the allocation of profit from a previous period is passed (excluding amounts for covering previous year losses, amounts for reserves and shares of capital owners).

The revaluation surplus refers to increase of book value of property, plant and equipment.

Dividends paid to the owners reduce the capital of the company in the period when they were approved by the owners.

2.13 Provisions and non-current accrued costs and deferred revenue

Provisions are recognised if the Group 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 benefits.

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

The Group's long-term accrued costs and deferred revenues include deferred operating lease deposits.

2.14 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 trade 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 repayments of the principal and transfers to current liabilities, unless there is a need to revalue the liability.

Current financial liabilities represent short-term loans payable. Current trade liabilities include advances and security received from clients, liabilities to suppliers both home and abroad, liabilities for uncharged goods and services, liabilities towards employees, liabilities to state institutions and other liabilities.

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

2.15 Revenue

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.

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 sale price of products, merchandise and material sold, including services rendered, within an accounting period. Revenue from the sale of products, merchandise and materials 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. Revaluation operating revenue arises on the sale of property, plant and equipment and intangible assets, as the surplus of their sale 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 the profits of other entities and revaluation financial revenue. Revaluation financial revenue arises on derecognition of financial assets.

Financial revenue also includes 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 recognised as revenue.

c) Other revenue

Other revenue includes unusual items (extraordinary revenue) and other revenues that increases net profit.

2.16 Expenses

Expenses are classified as operating expenses, financial expenses and other expenses.

a) Operating expenses

Operating expenses include all costs accrued in the financial year, itemised as, for example, 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.

b) Financial expenses

Financial expenses are expenses from financial liabilities from impairment and write-offs of financial assets. Expenses categorised as financial include interest payable, while expenses relating to investments include revaluation losses arising from impairment. Financial expenses also include foreign currency translation 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 in respect of the portion of the costs which relate to the current accounting period.

c) Other expenses

Other expenses include unusual items (extraordinary expenses) and other expenses which reduce net profit.

3 NOTES ON BALANCE SHEET ITEMS

3.1 Assets

3.1.1 Intangible assets

In thousand of euros	Capitalised costs of investments into others' tangible fixed assets	Software licenses	Total
Cost			
Balance at 1 January 2009	**120**	**408**	**528**
Sale of subsidiary	-	(20)	(20)
Write-offs	(3)	(5)	(8)
Additions	2	298	300
Currency translation differences	(7)	(3)	(10)
Balance at 31 December 2009	**112**	**678**	**790**
Adjustments to net book value			
Balance at 1 January 2009	**(14)**	**(174)**	**(188)**
Sale of subsidiary	-	4	4
Write-offs	3	5	8
Amortisation	(5)	(52)	(57)
Currency translation differences	-	4	4
Balance at 31 December 2009	**(16)**	**(213)**	**(229)**
Net book value at 31 December 2008	**106**	**234**	**340**
Net book value at 31 December 2009	**96**	**465**	**561**

The Group signed a contract for the purchase of a new IT system in respect of which it has incurred a Euro 500 thousand liability.

In thousand of euros	Capitalised costs of investments into others' tangible fixed assets	Software licenses	Total
Cost			
Balance at 1 January 2008	**243**	**362**	**605**
Opening balance of subsidiaries	-	3	3
Write-offs	(88)	(81)	(169)
Additions	-	105	105
Transfer	(28)	28	-
Currency translation differences	(7)	(9)	(16)
Balance at 31 December 2008	**120**	**408**	**528**
Adjustments to net book value			
Balance at 1 January 2008	**(59)**	**(188)**	**(247)**
Opening balance of subsidiaries	-	(3)	(3)
Write-offs	43	81	124
Amortisation	(12)	(57)	(69)
Other transfer	14	(14)	-
Currency translation differences	-	7	7
Balance at 31 December 2008	**(14)**	**(174)**	**(188)**
Net book value at 31 December 2007	**184**	**174**	**358**
Net book value at 31 December 2008	**106**	**234**	**340**

3.1.2 Non-current deferred costs

Input VAT on the purchase of investment property is included under long-term deferred costs in the amount 9 thousand Euros. The full amount of input VAT paid to purchase an investment property cannot be recovered immediately after the purchase of the property, but is progressively offset against the output VAT on the rental income received in respect of the same property in the company's monthly VAT returns.

3.1.3 Property, plant and equipment

In thousand of euros	Land	Buildings	Buildings under construction	Equipmen made available on operating leases	Furniture and other equipment	Total
Cost						
Balance at 1 January 2009	**2,213**	**4,354**	**3,721**	**42,860**	**1,916**	**55,064**
Sale of subsidiary	(1,183)	-	(3,721)	-	(2)	(4,906)
Write-offs	-	-	-	(808)	(187)	(995)
Additions	-	47	-	8,498	234	8,779
Disposals	-	-	-	(11,471)	(85)	(11,556)
Transfer	-	-	-	173	(173)	-
Transfer to investment property	-	(245)	-	-	-	(245)
Transfer from assets held for sale	-	-	-	118	-	118
Currency translation differences	-	-	-	142	(14)	128
Balance at 31 December 2009	**1,030**	**4,156**	**-**	**39,512**	**1,689**	**46,387**
Adjustments to net book value						
Balance at 1 January 2009	**-**	**(132)**	**-**	**(9,559)**	**(873)**	**(10,564)**
Sale of subsidiary	-	-	-	-	-	-
Write-offs	-	-	-	248	116	364
Disposals	-	-	-	3,006	79	3,085
Depreciation	-	(122)	-	(6,647)	(287)	(7,056)
Reduction of impairment	-	-	-	46	3	49
Currency translation differences	-	-	-	(43)	9	(34)
Balance at 31 December 2009	**-**	**(254)**	**-**	**(12,949)**	**(953)**	**(14,156)**
Net book value at 31 December 2008	**2,213**	**4,222**	**3,721**	**33,301**	**1,043**	**44,500**
Net book value at 31 December 2009	**1,030**	**3,902**	**-**	**26,563**	**736**	**32,231**

As at 31 December 2009 no property, plant or equipment of the Group was subject to pledges as security for loans or of any other kind. The Group has liabilities to suppliers for equipment made available on operating leases in amount Euro 94 thousend. As at 31 December 2009 the Group did not have any property, plant or equipment acquired through finance leases. The Group judges that there are no signs of impairment of property, plant and equipment on the basis of available data as at 31 December 2009.

Future revenue from operating leases is disclosed in the Net revenue from sales note (4.1).

In thousand of euros	Land	Buildings	Buildings under construction	Equipment made available on operating leases	Furniture and other equipment	Total
Cost						
Balance at 1 January 2008	**2,217**	**4,323**	**-**	**38,121**	**2,037**	**46,698**
Opening balance of subsidiaries	-	-	-	280	81	361
Write-offs	-	-	-	(62)	(436)	(498)
Additions	-	31	3,721	18,942	417	23,111
Disposals	-	-	-	(14,009)	(79)	(14,088)
Transfer to/from property, plant and equipment	-	-	-	(116)	(79)	(195)
Currency translation differences	(4)	-	-	(296)	(25)	(325)
Balance at 31 December 2008	**2,213**	**4,354**	**3,721**	**42,860**	**1,916**	**55,064**
Adjustments to net book value						
Balance at 1 January 2008	**-**	**(3)**	**-**	**(4,696)**	**(848)**	**(5,547)**
Opening balance of subsidiaries	-	-	-	(19)	(45)	(64)
Write-offs	-	-	-	47	272	319
Disposals	-	-	-	1,962	38	2,000
Depreciation	-	(129)	-	(7,023)	(354)	(7,506)
Reduction of impairment	-	-	-	73	54	127
Currency translation differences	-	-	-	97	10	107
Balance at 31 December 2008	**-**	**(132)**	**-**	**(9,559)**	**(873)**	**(10,564)**
Net book value at 31 December 2007	**2,217**	**4,320**	**-**	**33,425**	**1,189**	**41,151**
Net book value at 31 December 2008	**2,213**	**4,222**	**3,721**	**33,301**	**1,043**	**44,500**

As of 31 December 2008 the Group has received advance payments in amount 29 thousand Euros for fixed assets.

3.1.4 Investment property

In thousand of euros	Buildings	Land	Total
Balance at 1 January 2009	**16,826**	**2,604**	**19,430**
Acquisition	1,020	-	1,020
Disposals	(1,744)	(2,332)	(4,076)
Transfer from property, plant and equipment	245	-	245
Transfer from assets held for sale	890	-	890
Revaluation to fair value	121	-	121
Currency translation differences	2	-	2
Balance at 31 December 2009	**17,360**	**272**	**17,632**

Investment property includes:

- two residential houses in the amount of Euro 281 thousand,
- a parking lot in the value of Euro 150 thousand ,
- apartments whose value amounts to Euro 509 thousand,
- a part of a parking lot and office building in Ljubljana in the amount of Euro 966 thousand,
- part of an office building in Kranj in the amount of Euro 2,997 thousand,
- business premises in Maribor in the amount of Euro 276 thousand,
- premises in Škofja Loka in the amount of Euro 400 thousand,
- business premises in Republika Srbska, Bosnia and Hercegovina, in amount of Euro 2,987 thousand,
- office building in Podgorica in amount of Euro 9,066 thousand.

There was a revaluation gain on investment property held by NLB Leasing Sarajevo on the basis of valuation by a certified valuer. In accordance with internal policy and the valuations obtained from certified valuers, it was decided that revaluation of investment property held by NLB Leasing Ljubljana and NLB Leasing Podgorica was not necessary.

An interest was expressed in letting some of the property classified as held for sale, so this property has accordingly been transferred to investment property; similarly some business premises, which had been classified as fixed assets and now actually being let out, have also been transferred to investment property.

In 2009 revenue from rents from investment property amounted to EURO 1,369 thousand (2008: Euro 2,061 thousand). There were no major costs in respect of the repair and maintenance of investment property in 2009.

3.1.5 Non-current financial assets

In thousand of euros	2009	2008
Non-current financial assets, except loans	**-**	**38**
Other non-current financial investments	-	38
Long-term loans receivable	**26,843**	**30,807**
Long-term loans receivable	43,673	70,708
Transfer to short-term loans receivable	(16,483)	(39,612)
Impairment of loans receivable	(347)	(289)
Long-term finance leases receivables	**270,734**	**340,714**
Long-term finance leases receivables to others	388,403	459,554
Transfer to short-term finance lease receivables	(107,722)	(111,409)
Impairment of finance lease receivables	(9,947)	(7,431)
Total	**297,577**	**371,559**

In year 2008 the item "other non-current financial investments" included receivables due from NLB d.d. arising from the valuation of derivatives used to hedge interest rate risk (Interest Rate Swap - IRS), which were designated as and measured at fair value through profit and loss. Monthly valuation of derivatives Group received from NLB d.d.

a) Statement of changes in other financial assets and long-term loans receivable

In thousand of euros	Other financial investments	Long-term loans receivables
Cost		
Balance at 1 January 2009	**38**	**31,091**
Sale of subsidiary	-	(5,315)
Increase	-	18,720
Transfer to short-term	-	(16,483)
Reduction	(38)	(832)
Currency translation differences	-	9
Balance at 31 December 2009	**-**	**27,190**
Impairments		
Balance at 1 January 2009	**-**	**(284)**
Increase	-	(332)
Write offs	-	194
Decrease	-	75
Balance at 31 December 2009	**-**	**(347)**
Value at 1 January 2009	**38**	**30,807**
Value at 31 December 2009	**-**	**26,843**

b) Statement of changes in long-term finance lease receivables

In thousand of euros	Receivables from finance leases of equipment	Receivables from finance leases of property	Total
Cost			
Balance at 1 January 2009	**217,467**	**130,678**	**348,145**
Increase	98,466	44,958	143,424
Reduction	(82,061)	(17,266)	(99,327)
Transfer to short-term finance leases	(63,101)	(44,621)	(107,722)
Currency translation differences	(4,185)	346	(3,839)
Balance at 31 December 2009	**166,586**	**114,095**	**280,681**
Impairment			
Balance at 1 January 2009	**(5,937)**	**(1,494)**	**(7,431)**
Increase	(4,639)	(2,377)	(7,016)
Write offs	173	75	248
Decrease	3,686	511	4,197
Currency translation differences	55	-	55
Balance at 31 December 2009	**(6,662)**	**(3,285)**	**(9,947)**
Value at 1 January 2009	**211,530**	**129,184**	**340,714**
Value at 31 December 2009	**159,924**	**110,810**	**270,734**

The Group records its long-term receivables from finance leases according to the net principle, whereby the balance is reduced by deferred approval fees relating to signed leasing agreements and any adjustments in the value of receivables in accordance with the adopted methodology. Receivables from finance leases are secured with ownership of the leased assets. In addition, there are other forms of security in place, such as bills of exchange, guarantees and mortgages.

The part of long-term receivables from finance leases which fall due within 12 months following the balance sheet date is transferred to short-term finance lease receivables.

c) Analysis of loans receivable by maturity

In thousand of euros	2009	2008
Less than 1 year	70,908	31,091
From 1 to 5 years	13,261	81,913
More than 5 years	13,929	19,393
Total	**98,098**	**132,397**

* Impairments are not included

d) Analysis of finance lease receivables by maturity

In thousand of euros	Gross receivables	Deferred revenue	Carrying value
Less than 1 year	164,067	(19,539)	144,528
From 1 to 5 years	242,335	(34,828)	207,507
Over 5 years	83,811	(10,637)	73,174
Total	**490,213**	**(65,004)**	**425,209**

* Impairments are not included

e) Overdue receivables

In thousand of euros	2009
Overdue receivables from loans	8,467
Overdue finance lease receivables	30,297
Overdue trade receivables	2,553
Total	**41,317**

3.1.6 Non-current trade receivables

In thousand of euros	2009	2008
Other non-current trade receivables	7	7
Total	**7**	**7**

Long-term operating receivables represent payments made into the property reserve fund.

3.1.7 Deferred tax assets

In thousand of euros	Impairments	Provisions for liabilities	Non-recognised amortisation/ depreciation	Other	Total
Balance at 1 January 2009	**1,215**	**25**	**34**	**38**	**1,312**
Increase	2,394	-	53	3	2,450
Reduction	-	-	-	(17)	(17)
Balance at 31 December 2009	**3,609**	**25**	**87**	**24**	**3,745**

Deferred tax assets represent the amount of income tax which will be repaid in future periods in respect of deductible temporary differences. Any increase or decrease in deferred tax assets or liabilities is shown directly in the income statement.

3.1.8 Assets (disposal groups) held for sale

In thousand of euros	Repossessed vehicles	Repossessed equipment	Repossessed property	Total
Cost				
Balance at 1 January 2009	**1,876**	**7**	**4,760**	**6,643**
Increase	3,151	1,479	9,269	13,899
Reduction	(2,551)	(455)	(513)	(3,519)
Transfer to equipment	(118)	-	-	(118)
Transfer to investment property	-	-	(1,044)	(1,044)
Transfer to inventory	-	-	(1,418)	(1,418)
Currency translation differences	(4)	(12)	34	18
Balance at 31 December 2009	**2,354**	**1,019**	**11,088**	**14,461**
Impairments				
Balance at 1 January 2009	**(50)**	-	**(285)**	**(335)**
Increase	(4)	-	(103)	(107)
Decrease	8	-	-	8
Transfer	42	-	154	196
Balance at 31 December 2009	**(4)**	**-**	**(234)**	**(238)**
Net book value at 1 January 2009	**1,826**	**7**	**4,475**	**6,308**
Net book value at 31 December 2009	**2,350**	**1,019**	**10,854**	**14,223**

Among the assets held for sale, the Group includes inventories of property and equipment which was repossessed from lessees who had defaulted on their contractual obligations.

In the case of some of the repossessed property, the Group decided to continue the construction (for unfinished property development projects) or to carry out additional building (or maintenance) work. This property has been transferred to inventories on the balance sheet. Properties which have been let out have been transferred to investment property on the balance sheet.

The NLB Leasing Ljubljana obtained new valuations of the repossessed property in 2009 on the basis of which it was determined that impairments charges needed to be recognised for two properties. Impairment on repossessed vehicles was recognised in Optima Zagreb.

All assets are in the process of being sold and are expected to be sold in 2010.

3.1.9 Inventories

In thousand of euros	Work in progress	Inventories	Other merchandise	Total
Balance at 1 January 2009	**4,314**	**2,967**	**11**	**7,292**
Increase	3,401	186	-	3,587
Transfer from assets held for sale	781	637	-	1,418
Other transfers	(295)	295	-	-
Balance at 31 December 2009	**8,201**	**4,085**	**11**	**12,297**
Impairments				
Balance at 1 January 2009	**-**	**-**	**-**	**-**
Increase	(423)	-	-	(423)
Balance at 31 December 2009	**(423)**	**-**	**-**	**(423)**
Net book value at 1 January 2009	**4,314**	**2,967**	**11**	**7,292**
Net book value at 31 December 2009	**7,778**	**4,085**	**11**	**11,874**

Work in progress includes property under construction for future sale or letting under finance lease, while inventories include already constructed property which is held for sale.

In the case of repossessed property which was transferred from assets held for sale, a new valuation was obtained at end of the year and impairment recognised on this basis.

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

The Group did not pledge any inventories as guarantee for payment during the year.

3.1.10 Current financial assets

In thousand of euros	2009	2008
Short-term loans receivable from others	54,425	61,694
Short-term portion of long-term loans receivable from others	16,483	39,612
Impairments of short-term loans receivable	(7,894)	(480)
Short-term finance lease receivables	144,528	124,392
Impairments of finance lease receivables	(12,085)	(1,340)
Total	**195,457**	**223,878**

Short-term deposits with original maturity of up to 90 days are included within cash and cash equivalents.

a) Statement of changes in short-term loans and finance lease receivables

In thousand of euros	Short-term loans receivable	Short-term finance lease receivables	Total
Cost			
Balance at 1 January 2009	**101,306**	**124,392**	**225,698**
Sale of subsidiary	(28,163)	-	(28,163)
Increase	9,420	5,680	15,100
Transfer to short-term portion of long-term loans	16,483	107,722	124,205
Reduction	(28,142)	(97,600)	(125,742)
Currency translation differences	4	(1,604)	(1,600)
Transfer	-	5,938	5,938
Balance at 31 December 2009	**70,908**	**144,528**	**215,436**
Impairments			
Balance at 1 January 2009	**(480)**	**(1,340)**	**(1,820)**
Sale of subsidiary	107	-	107
Increase	(7,684)	(7,089)	(14,773)
Write offs	1	883	884
Decrease	162	438	600
Currency translation differences	-	17	17
Transfer	-	(4,988)	(4,988)
Balance at 31 December 2009	**(7,894)**	**(12,079)**	**(19,973)**
Value at 1 January 2009	**100,826**	**123,052**	**223,878**
Value at 31 December 2009	**63,014**	**132,449**	**195,463**

b) Elimination of items on consolidation of loans and finance lease receivables

In thousand of euros	2009	2008
Company		
NLB Leasing d.o.o., Belgrade	105,974	109,086
NLB Leasing d.o.o., Sarajevo	44,688	41,367
NLB Leasing Podgorica d.o.o.	31,155	31,130
NLB Leasing Sofija e.o.o.d.	8,105	8,613
NLB Real Estate d.o o.	590	1,027
OL Nekretnine d.o.o.	-	1,265
Total	**190,512**	**192,488**

3.1.11 Current trade receivables

In thousand of euros	2009	2008
Short-term receivables due from customers	**4,452**	**3,929**
Short-term receivables due from customers	6,391	9,872
Impairment of short-term receivables due from customers	(1,939)	(5,943)
Short-term advances and security given	**7,406**	**2,912**
Other short-term receivables	**3,608**	**3,577**
Short-term receivables due from the state	2,999	3,165
Other short-term receivables	654	441
Impairment of other short-term receivables	(45)	(29)
Total	**15,466**	**10,418**

Short-term advances in the amount of Euro 7,406 thousand (2008: Euro 2,912 thousand) relate to payments to suppliers for undelivered goods and services. The largest share is represented by advances for purchase of equipment to be leased out to customers on finance leases.

Receivables due from the state mostly represent corporate income tax receivables in amount of Euro 682 thousand (2008: Euro 1,303), value added tax in amount of Euro 1,372 thousand (2008: Euro 1,687 thousand) and withholding tax in the amount of Euro 746 thousand (2008: Euro 175 thousand).

a) Statement of changes in current trade receivables

In thousand of euros	Short-term receivables due from customers	Short-term advances	Other short-term receivables	Total
Cost				
Balance at 1 January 2009	**9,872**	**2,912**	**3,606**	**16,390**
Sale of subsidiary	(346)	-	(61)	(407)
Increase	32,590	28,350	27,537	88,477
Reduction	(29,798)	(23,862)	(27,414)	(81,074)
Transfer	(5,938)	-	-	(5,938)
Currency translation differences	11	6	(15)	2
Balance at 31 December 2009	**6,391**	**7,406**	**3,653**	**17,450**
Impairments				
Balance at 1 January 2009	**(5,943)**	**-**	**(29)**	**(5,972)**
Increase	(1,356)	-	(16)	(1,372)
Write offs	165	-	-	165
Decrease	207	-	-	207
Transfer	4,988	-	-	4,988
Balance at 31 December 2009	**(1,939)**	**-**	**(45)**	**(1,984)**
Value at 1 January 2009	**3,929**	**2,912**	**3,577**	**10,418**
Value at 31 December 2009	**4,452**	**7,406**	**3,608**	**15,466**

3.1.12 Cash and cash equivalents

In thousand of euros	2009	2008
Petty cash	**13**	**-**
Cash at bank and other financial institutions	**30,332**	**36,919**
Cash in hand	21,398	22,587
Short term deposits and call deposits	8,934	14,332
Total	**30,345**	**36,919**

Short-term deposits have an original maturity date of less than 90 days. Cash and cash equivalents includes the obligatory reserves, which NLB Leasing Beograd is required to hold according to local regulations.

3.1.13 Prepayments and accrued income

In thousand of euros	2009	2008
Short-term deferred costs	145	279
Short-term accrued revenue	141	9
VAT on advance payments received	44	119
Total	**330**	**407**

Deferred costs represent mostly estimated costs of goods and services relating to 2009.

Prepayments and deferred costs recognised in 2008 were used up in 2009.

3.2 Equity and liabilities

3.2.1 Provisions

In thousand of euros	2009	2008
Provisions for long service benefits	25	25
Provisions for severance pay upon retirement	106	106
Provisions for future liabilities	105	105
Total	**236**	**236**

In year 2008 the group calculated, in accordance with International Financial Reporting Standard 19, the employer's liabilities for long service benefits and severance pay upon retirement only for NLB Leasing Ljubljana, since the calculation was not required for other companies.

3.2.2 Long-term accrued costs and deferred revenue

In thousand of euros	
Balance at 1 January 2009	**1,485**
Increase	192
Reduction	(487)
Balance at 31 December 2009	**1,190**

Long-term accrued costs and deferred revenue include long-term deposits for operating leases.

3.2.3 Non-current financial liabilities

In thousand of euros	2009	2008
Long-term loans payable to NLB Group companies	**22,514**	**121,506**
Long-term loans payable to NLB Group companies	25,986	184,402
Transfer to short-term portion of loans payable	(3,472)	(62,896)
Long-term loans payable to domestic banks	**104,845**	**144,038**
Long-term loans payable to domestic banks	157,939	201,677
Transfer to short-term portion of loans payable	(53,094)	(57,639)
Long-term loans payable to foreign banks	**64,171**	**87,401**
Long-term loans payable to foreign banks	84,345	127,213
Transfer to short-term portion of loans payable	(20,174)	(39,812)
Other long-term financial liabilities	**444**	**503**
Total	**191,974**	**353,448**

3.2.4 Non-current operating liabilities

In thousand of euros	2009	2008
Liabilities in respect of advances received	77	78
Total	**77**	**78**

3.2.5 Deferred tax liabilities

In thousand of euros	Impairments	Impairment on equipment	Total
Balance at 1 January 2009	**-**	**61**	**61**
Increase	6	58	64
Reduction	-	(5)	(5)
Balance at 31 December 2009	**6**	**114**	**120**

3.2.6 Current financial liabilities

In thousand of euros	2009	2008
Short-term loans payable to NLB Group companies	**243,736**	**174,528**
Short-term loans payable to NLB Group companies	240,264	111,632
Short-term portion of long-term loans payable to NLB Group companies	3,472	62,896
Short-term loans payable to domestic banks	**102,802**	**101,467**
Short-term loans payable to domestic banks	49,708	43,828
Short-term portion of long-term loans payable to domestic banks	53,094	57,639
Short-term loans payable to foreign banks	**35,452**	**41,540**
Short-term loans payable to foreign banks	15,278	1,728
Short-term portion of long-term loans payable to foreign banks	20,174	39,812
Total	**381,990**	**317,535**

a) Maturity of financial liabilities

In thousand of euros				
Outstanding balance due at 31 December 2009	**Up to 1 year**	**From 1 to 5 years**	**Over 5 years**	**Total**
To NLB Group banks	243,736	22,861	97	266,694
To other banks	138,254	153,599	15,417	307,270
Total	**381,990**	**176,460**	**15,514**	**573,964**

In thousand of euros				
Outstanding balance due at 31 December 2008	**Up to 1 year**	**From 1 to 5 years**	**Over 5 years**	**Total**
To NLB Group banks	174,528	121,227	782	296,537
To other banks	143,007	186,793	44,646	374,446
Total	**317,535**	**308,020**	**45,428**	**670,983**

Non-current and current liabilities are guaranteed with bills of exchange, pledged receivables and/or soft letters of comfort from the parent company.

3.2.7 Current trade liabilities

In thousand of euros	2009	2008
Short-term liabilities to suppliers	**2,639**	**1,217**
Short-term liabilities to suppliers	2,619	826
Short-term liabilities for uncharged goods and services	20	391
Short-term advances and security received	**6,563**	**6,876**
Received short-term advances	6,405	3,968
Received short-term security from lessees	158	2,908
Short-term liabilities to employees	**181**	**152**
Short-term liabilities for net salaries and wages	126	119
Short-term liabilities for other income from employment	55	33
Liabilities to state and other institutions	**1,142**	**1,010**
VAT payable	973	481
Corporate income tax payable	56	309
Other liabilities to state and other institutions	113	220
Other short-term liabilities	**1,216**	**992**
Liabilities arising from the waiver of receivables	218	-
Property sales tax liability	126	-
Other short-term liabilities	872	992
Total	**11,741**	**10,247**

Liabilities for uncharged goods and services relate to property development projects undertaken by NLB Leasing Ljubljana. Goods and services were accounted for in accordance with the respective contracts and the company has yet to receive invoices for the goods received and services rendered.

Other short-term liabilities to state and other institutions are include mostly liabilities for taxes and social security contributions on salaries as well as the Optima Leasing Zagreb 5% property sales tax liability.

3.2.8 Accruals and deferred income

In thousand of euros	2009	2008
Accrued costs and expenses	152	154
Short-term deferred revenue	5	37
Value added tax on advances paid	14	-
Total	**171**	**191**

Short-term accrued costs and deferred revenue include accrued costs and calculated bonuses pursuant to individual employment contracts in the amount of Euro 44 thousand (2008: Euro 38 thousand) and accrued costs for uncased annual leaves in the current financial year in amount of Euro 68 thousand (2008: Euro 70 thousand). Accruals from 2008 were used up in the current financial year.

3.3 Off-balance sheet assets and liabilities

In thousand of euros	2009	2008
Guarantees	30	101
Derivatives (SWAPs)	11,262	19,916
Total	**11,292**	**20,017**

3.3.1 Maturity of off-balance sheet assets/liabilities

In thousand of euros	2009	2008
Less than 1 year	4,619	8,725
From 1 to 5 years	2,077	6,463
More than 5 years	4,596	4,829
Total	**11,292**	**20,017**

4 NOTES TO THE INCOME STATEMENT

4.1 Net sales revenue

In thousand of euros	2009	2008
Net revenue from operating leases	8,832	8,325
Revenue from investment property	1,369	2,061
Other rental revenue	8	-
Net revenue from sale of merchandise	-	466
Net revenue from sale of products	-	1,107
Other net sales revenue	3,217	2,938
Total	**13,426**	**14,897**

Other net revenue from sales in the amount of Euro 3,217 thousand (2008: Euro 2,938 thousand) are revenues generated from fees charged for payment reminders, handling charges or operating lease approval commission based and administrative fees for the early termination of lease agreements. The remainder is generated from sales of other services, which respective companies render for their lessees (insurance, operating lease approval fees, etc.)

All net sales revenue is measured based on sales prices that were stated on invoices or other corresponding documents.

Net revenue from operating leases is represented by monthly rents for use of the leased asset. The amount of rents for operating lease that Group would receive in the future based on contracts currently in force amounts to Euro 29,832 thousand:

- less than 1 year Euro 7,721 thousand
- from 1 to 5 years Euro 12,958 thousand
- more than 5 years Euro 9,153 thousand

As of 31 December 2009, the Group also had concluded some property rental agreements in addition to operating lease contracts; the properties in respect of the former are included under investment property in the statement of financial position. The terms of the agreements are as follows:

- rental agreements for business premises on Šlandrova ulica, the total non-discounted value of which amounts to Euro 377 thousand;
- rental agreements for parking lots, which the company has classified as investment property, with a monthly rental value of Euro 250 to EURO 637;
- rental agreements related to residential property with a monthly rental value of Euro 450 to Euro 1,200;
- rental agreement for an office building in Podgorica, the monthly rental value of which amounts to Euro 63,170;
- lease of offices in Republika Srbska and Bosnia and Herzegovina, the total monthly rental value amounts to Euro 25,160.

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4.2 Changes in inventories of finished goods and work in progress

In 2009 the change in the value of finished goods and work in progress amounted to Euro 2,970 thousand (2008: Euro 78 thousand) and relates to the capitalised costs of inventory in respect of property development projects, based on the applied concept of presenting costs according to their nature ("nature of cost method")

4.3 Other operating revenue (including revaluation operating revenue)

In thousand of euros	2009	2008
Revaluation operating revenue - fixed assets	630	1,073
Reversal of bad debt provision	207	1,224
Revaluation operating revenue - assets held for sale	8	-
Total	**845**	**2,297**

Operating revenue from the revaluation of property, plant and equipment represents profits from the Group's own fixed assets (mostly motor vehicles) which had been made available on operating leases.

Operating revenue from the reversal of bad debt provisions represents revenue arising from the reversal of impairments which were made in previous periods.

4.4 Cost of goods, materials and services

In thousand of euros	2009	2008
Cost of goods sold	**-**	**(435)**
Cost of materials	**(3,077)**	**(978)**
Cost of materials	(2,858)	(794)
Energy costs	(102)	(59)
Cost of office material and professional literature	(101)	(108)
Write-offs of small tools	(4)	(5)
Other costs of materials	(12)	(12)
Costs of services	**(3,936)**	**(4,119)**
Costs of intellectual services	(866)	(871)
Repairs and maintenance of property, plant and equipment	(627)	(570)
Costs of fairs, advertising and entertainment	(501)	(591)
Costs of banking services and insurance premiums	(440)	(349)
Rent	(340)	(375)
Costs of postal, telecommunications services, incl. transport costs	(322)	(379)
Reimbursement of employees' work-related expenses	(128)	(176)
Training	(99)	(66)
Costs of services rendered by individuals who are not registered as a business entity	(54)	(162)
Costs of other services	(559)	(580)
Total	**(7,013)**	**(5,532)**

Cost of materials relates primarily to property development projects undertaken by NLB Leasing Ljubljana. Cost of other services represents mostly the costs of project documentation and telecommunications connections in property development projects. Accrued costs relating to the repossession of the equipment of customers who have defaulted on their contractual provisions are also included in the above costs.

In 2009 the Group had Euro 340 thousand of costs for the lease of office space (2008: Euro 375 thousand). The majority of group companies have long-term rent agreements, subject to termination on prior notice (except for NLB Leasing Sarajevo). The total monthly rental cost amounts to Euro 28 thousand (2008: Euro 28 thousand/month, excluding the rent paid by NLB Leasing Ljubljana before it moved to its own business premises).

4.5 Labour costs

In thousand of euros	2009	2008
Salaries and wages	(3,264)	(3,345)
Pension contributions	(286)	(276)
Social insurance contributions	(286)	(281)
Additional employee pension contributions	(104)	(121)
Pay for annual leave, reimbursements and other earnings of employees	(560)	(512)
Other employer contributions on salaries, reimbursements and benefits	(20)	(66)
Provision for uncased annual leaves	(68)	(68)
Other labour costs	(26)	(3)
Total	**(4,614)**	**(4,672)**

4.6 Write-downs in value

In thousand of euros	2009	2008
Amortisation and depreciation	**(7,113)**	**(7,575)**
Amortisation of intangible assets	(57)	(69)
Depreciation of the buildings	(122)	(129)
Depreciation of equipment and replacement parts	(6,934)	(7,377)
Revaluation operating expenses	**(2,931)**	**(3,812)**
Revaluation operating expenses for fixed assets	(1,029)	(911)
Revaluation operating expenses for current trade assets	(1,372)	(2,901)
Revaluation operating expenses relating to assets held for sale	(107)	-
Revaluation operating expenses for inventories	(423)	-
Total	**(10,044)**	**(11,387)**

The cost of fixed assets placed on operating lease in year 2008 amounted to Euro 42,860 thousand and in 2009 was Euro 39,512 thousand.

Depreciation of the buildings relates mostly to the depreciation of the business premises of NLB Leasing Ljubljana and of the NLB Leasing Sarajevo.

Revaluation operating expenses relating to property, plant and equipment represent losses incurred in the sale of leased motor vehicles (on operating leases) and impairments of leased motor vehicles (i.e. impairment of their market value).

Revaluation operating expenses relating to current assets represent impairments of loans and finance lease receivables in line with Group accounting policies.

4.7 Other operating expenses

In thousand of euros	2009	2008
Other taxes or duties not connected to labour costs or other types of costs	(418)	(694)
Other costs	(1,202)	(449)
Total	**(1,620)**	**(1,143)**

Other taxes or duties not connected to labour costs or other types of costs include Euro 237 thousand of withholding tax on interest on foreign loans (2008: Euro 457 thousand).

4.8 Financial revenue from investments

In thousand of euros	2009	2008
Financial revenues from other investments	961	327
Total	**961**	**327**

Financial revenue from other investments includes bank interest on deposits and cash held on accounts amounting to Euro 19 thousand (2008: Euro 72 thousand), revenue from financial assets at fair value through profit and loss in the amount of Euro 503 thousand (2008: Euro 43 thousand) and revenues from interest on swap agreements amounting to Euro 72 thousand (2008: Euro 212 thousand).

4.9 Financial revenue from loans and finance leases

In thousand of euros	2009	2008
Financial revenue from loans receivable	15,236	33,008
Financial revenue from finance leases	47,717	73,465
Financial revenue from the reversal of impairments	4,872	1,379
Total	**67,825**	**107,852**

Small part of financial revenue relate to interest charged on loans within the NLB Group. The majority is represented by currency translation differences, resulting in particular from the volatility of the Serbian Dinar and Croatian Kuna.

Financial revenue from the reversal of impairments relates to impairments on loans and financial leases recognised in previous years.

4.10 Financial revenue from trade receivables

In thousand of euros	2009	2008
Financial revenue from other trades receivables	2,292	6,906
Total	**2,292**	**6,906**

The majority of financial revenue from trade receivables is represented by currency translation differences in NLB Leasing Belgrade and Optima Leasing.

4.11 Financial expenses from impairments and investment write-offs

In thousand of euros	2009	2008
Impairments of loans and finance lease	(22,121)	(7,180)
Loss on sold financial investment	(109)	-
Valuation of derivatives	(469)	(772)
Total	**(22,699)**	**(7,952)**

4.12 Financial expenses from financial liabilities

In thousand of euros	2009	2008
Financial expenses for loans payable	(38,904)	(68,508)
Financial expenses for other financial liabilities	(10,713)	(27,431)
Total	**(49,617)**	**(95,939)**

A significant portion of financial expenses is made up of currency translation differences, predominately due to volatility of the Serbian Dinar and Croatian Kuna.

4.13 Financial expenses from trade payables

In thousand of euros	2009	2008
Financial expenses from liabilities to suppliers	(178)	(232)
Financial expenses from other liabilities	(337)	(3,992)
Total	**(515)**	**(4,224)**

Most of the financial expenses for trade payables results from foreign exchange losses in subsidiaries.

4.14 Other revenue

In thousand of euros	2009	2008
Compensation and penalty fees received	200	279
Revenue from the sale of investment property	93	42
Revenue from the revaluation of investment property	121	-
Other extraordinary revenue	86	284
Total	**500**	**605**

Compensation and penalty fees received relate to charges levied under finance and operating lease agreements.

4.15 Other expenses

In thousand of euros	2009	2008
Penalties and fines	(20)	(52)
Other expenses	(46)	(132)
Total	**(66)**	**(184)**

Other expenses include extraordinary expenses, unnecessary operating costs and donations.

4.16 Income tax and deferred tax

In thousand of euros	2009	2008
Income tax expense	(1,111)	(1,634)
Deferred tax revenue	2,403	707
Total	**1,292**	**(927)**

4.17 Net profit or loss for the period

In thousand of euros	2009	2008
Revenue		
Net sales revenue	13,426	14,897
Changes in inventories of finished good and work in progress	2,970	78
Other operating revenue	845	2,297
Revenue from financing	71,078	115,085
Other revenue	500	605
Total	**88,819**	**132,962**
Expenses		
Cost of goods, material and services	(7,013)	(5,532)
Labour costs	(4,614)	(4,672)
Write-downs in value	(10,044)	(11,387)
Other operating expenses	(1,620)	(1,143)
Expenses from financing	(72,831)	(108,115)
Other expenses	(66)	(184)
Total	**(96,188)**	**(131,033)**
Taxes	1,292	(927)
Net profit or loss for the period	**(6,077)**	**1,002**
a) attributable to equity holders of the parent	(6,219)	947
b) attributable to minority interest	142	55

In thousand of euros	2009	2008
Type of profit/loss		
Operating profit/loss	(6,050)	(5,462)
Profit/loss from financing	(1,753)	6,970
Profit/loss from other operations	434	421
Taxes	1,292	(927)
Net profit/loss for the financial year	**(6,077)**	**1,002**
a) attributable to equity holders of the parent	(6,219)	947
b) attributable to minority interest	142	55

OTHER IMPORTANT DISCLOSURES

The NLB Leasing Group

The NLB Leasing Group is made up of the parent company and its subsidiaries, where the parent company holds the majority share of the votes.

The NLB Leasing Group includes the following entities:

• NLB Leasing d.o.o., Ljubljana
• NLB Leasing d.o.o., Belgrade
• NLB Real Estate d.o.o., Belgrade
• NLB Leasing Podgorica d.o.o.
• NLB Leasing d.o.o., Sarajevo
• NLB Leasing Sofia e.o.o.d.
• Optima Leasing d.o.o., Zagreb

Names of Members of the Management Board and other Bodies

The corporate bodies of companies which make up the NLB Leasing Group include the Shareholder's Meeting, the Supervisory Board and the Management Board.

The management boards or directors of the Group companies are as follows:

• NLB Leasing d.o.o., Ljubljana
- Management Board Chairman: Borut Simonič
- Management Board Member: Samo Turk

• NLB Leasing d.o.o., Belgrade
- Managing Director: Dušan Stankov

• NLB Real Estate d.o.o., Belgrade
- Managing Director: Samo Turk

• NLB Leasing Podgorica, d. o. o.
- Managing Director: Milan Marković

• NLB Leasing d.o.o., Sarajevo
- Managing Director: Zdravko Kukovič
- Managing Director: Amela Kalisi

• NLB Leasing Sofia e.o.o.d.
- Managing Director: Tomaž Žnidaršič (until 10.1.2009)
- Managing Director: Dimitar Atanasov Angelov (since 11.1.2009)
- Clerk: Vito Cigoj (since 11.1.2009)

• Optima Leasing d.o.o., Zagreb
- Management Board Chairman: Ana Kralj
- Management Board Member: Romana Fišer

The Supervisory Board of NLB Leasing d.o.o., Ljubljana includes the following members (until 22.2.2010):

• Chairman: Alojz Slavko Jamnik
• Member: Jože Gašper Filiplič
• Member: Manja Kerstein
• Member: Božo Štor jr.
• Member: Marko Herzog

The Supervisory Board of NLB Leasing d.o.o., Ljubljana includes the following members from 23.2.2010:

• Chairman: Marko Jazbec
• Member: Nataša Veselinovič
• Member: Mateja Pfeifer
• Member: Uršula Kovačič Košak
• Member: Tadej Krašovec

The Consultation Committee of NLB Leasing d.o.o., Beograd and NLB Real Estate d.o.o., Beograd includes the following members:

- Chairman: Borut Simonič
- Member: Marko Herzog
- Member: Borut Stanič (until 31.12.2009)
- Member: Boris Završnik (from 1.1.2010)

The Supervisory board of NLB Leasing d.o.o., Sarajevo includes the following members:

- Chairman: Borut Simonič
- Member: Marko Herzog
- Member: Ernest Žvar
- Member: Andrej Flis
- Member: Nihat Hamšić (from 21.9.2009)

The Board of Directors of NLB Leasing d.o.o., Podgorica includes the following members:

- Chairman: Borut Simonič
- Member: Črtomir Mesarič
- Member: Marko Herzog

The Supervisory Board of Optima Leasing d.o.o., Zagreb includes the following members:

- Chairman: Borut Simonič
- Member: Goran Crnčević
- Member: Marko Herzog

The Consultation Committee of NLB Leasing Sofija e.o.o.d. includes the following members:

- Chairman: Borut Simonič
- Member: Vito Cigoj
- Member: Marko Herzog

Major events in the companies of the NLB Leasing Group

In February 2009, NLB Leasing d.o.o., Ljubljana sold its 75.1% share of investments in OL Nekretnine d.o.o., Zagreb to company NLB Leasing Koper d.o.o.

Financial statements

The companies making up the NLB Leasing Group were audited within the scope agreed upon with the Group's independent auditor. The financial year corresponds to the calendar year.

The Group annual report is prepared by the parent company and is available at its registered office, namely NLB Leasing d.o.o. Ljubljana, Šlandrova ul. 2, Ljubljana.

The Group financial statements of the NLB Leasing Group for 2009 are prepared in accordance with the Slovene Accounting Standards and fundamental accounting assumptions; going concern, true and fair presentation and application of the accruals basis of accounting.

Segmental reporting

In thousand of euros	2009				
	Slovenia	**Abroad**	**Total**	**Share in Slovenia**	**Share abroad**
Revenue from operations and financing	25,597	55,164	80,761	31.7 %	68.3 %
Operating and financing expenses	(24,266)	(28,582)	(52,848)	45.9 %	54.1 %
Assets	253,181	366,276	619,457	40.9 %	59.1 %
Liabilities	486,138	133,319	619,457	78.5 %	21.5 %

In thousand of euros	2008				
	Slovenia	Abroad	Total	Share in Slovenia	Share abroad
Revenue from operations and financing	56,218	74,063	130,281	43.2%	56.8%
Operating and financing expenses	(57,116)	(45,285)	(102,401)	55.8%	44.2%
Assets	299,333	423,089	722,422	41.4%	58.6%
Liabilities	553,850	168,572	722,422	76.7%	23.3%

*Costs of services and materials, labour costs and impairments are not included in the segmental analysis.

Cash flow statement

The cash flow statement has been composed according to format II following the indirect method. The basis for the cash flow statement is the company's profit and loss statement, the balance sheet statement and additional data from the company's analytical records. In order to ensure that the cash inflows in the cash flow statement are as close as possible to cash receipts and similarly cash outflows to cash payments, the company made various adjustments to the balance sheet data including the elimination of amortisation costs, effective exchange rate differences, impairments and allowances.

Receivables and liabilities due to Management Board members and other employees based on individual contracts and from members of the Supervisory Board.

The Group has receivables due from employees based on individual employment contracts in the amount of Euro 198 thousand (2008: Euro 165 thousand) and liabilities in respect of gross pay in the amount of Euro 104 thousand (2008: Euro 67 thousand).

Earnings of Management Board members and other employees on individual employment contracts, including Supervisory Board members

In 2009 employees on individual employment contracts for the performance of specific tasks received gross earnings in the amount of Euro 1,085 thousand (2008: Euro 1,117 thousand). Members of the Supervisory Board received gross earnings amounting to Euro 49 thousand (2008: Euro 43 thousand).

Auditor's fees

Pursuant to the provisions of the Companies Act (ZGD-1), the company is obliged to carry out an audit of individual Group companies as well as group operations. The entire sum spent on the selected certified auditor for the Group in 2009 was Euro 99 thousand (2008: Euro 74 thousand) and relates to auditing of the annual reports of individual Group companies, as well as the Group annual report.

Events following the balance sheet statement date

We judge that there were no events following the balance sheet date that could significantly affect the financial statements of the Group.

Important disclosures for financial year 2010

In April 2010, NLB Leasing Ljubljana sold its 100% share of investments in NLB Leasing d.o.o., Beograd to NLB d.d.

Annual report approval

Supervisory Board approved Annual report of the NLB Leasing d.o.o., Ljubljana and NLB Leasing Group at its 6th regular meeting on 13 May 2010.