

# Annual Report 2012



NLB  Leasing



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# Statement of the Management Board

## Dear business partners, owners and employees,

The operations of NLB Leasing Ljubljana ("the Company") in 2012 were once again marked by extremely difficult macro-economic conditions, which have greatly influenced the results achieved. The high loss has primarily resulted from deterioration of situation in subsidiaries, Optima Leasing and OL Nekretnine, and from the consequent capital increase of both companies in the total amount of EUR 45.8 million. Despite the high loss, which was not planned, the Company had successful current operations and has fulfilled the majority of the goals set in the Company's strategy and in business and financial plan.

Merger by acquisition of NLB Leasing Koper and NLB Leasing Maribor by the holding company NLB Leasing Ljubljana was extremely successful from the organisational, process and HR perspective. The merger by acquisition contributed greatly to the rationalisation of operations, a noticeable reduction of costs and decrease in the number of employees.

Among other adopted measures which will, in our opinion, have positive impacts on the Company's operations, minimising the new non performing receivables and reaching financial goals in the near future, we would like to point out the following:

- Intensifying efforts in the field of sale of inventories and repossessed assets;
- Careful monitoring of first signs of deterioration of client operations and careful monitoring of clients during the so called intensive care;
- Establishing of the credit committee of the Company and a board for asset management with an active role of the entire Management at the activities of the committee and board; and
- Implementing a more conservative approach for entering into new business with an additional emphasis on the judgement of client creditworthiness.

We would also like to emphasise that a five-year strategy as well as business and financial plan expecting further operations of the Company with a gradual decrease in the amount of total assets and restructuring of assets were adopted at the end of the year. During the period from 2013 to 2017, it is expected that total assets will reduce, primarily due to active management of non performing receivables, new business should be entered into especially in the field of movable property leasing with an emphasis on personal and commercial vehicles.



**Janez Saje**  
Member of the  
Management Board



**Bojan Iskra**  
Member of the  
Management Board



**Andrej Pucer**  
President of the  
Management Board

# Key financial indicators

Table 1:  
Overview of key financial indicators for 2012  
and 2011

NLB Leasing Ljubljana		
In EUR thousand	2012	2011
<b>Balance sheet indicators</b>		
Total assets	398,792	281,043
Equity	12,971	12,630
Debt to equity (D/E)	29.7	21.3
<b>Income statement indicators</b>		
Loss before tax	-49,117	-28,446
Loss after tax	-51,894	-24,128
Revenue	49,907	31,856
<b>Profitability indicators</b>		
Return on average equity before taxes (ROE v %)*	–	–
Return on average assets before taxes (ROA v %)*	–	–
<b>Other indicators</b>		
Number of employees	79	62
Total assets per employee	5,048	4,533

\*Indicator calculation is meaningless because of the loss generated for the year.  
Source: NLB Leasing



# 1 Business report

# NLB Leasing Ljubljana

## Presentation

Companies of NLB Leasing are part of the NLB Group, the largest Slovene international financial group, operating with the universal bank offer on the domestic and foreign markets. With its 47 member companies on 15 markets, the NLB Group is a stable partner that offers numerous services for any business. Besides banking, the NLB Group also covers leasing, factoring, forfeiting, export financing, insurance and asset management activities.

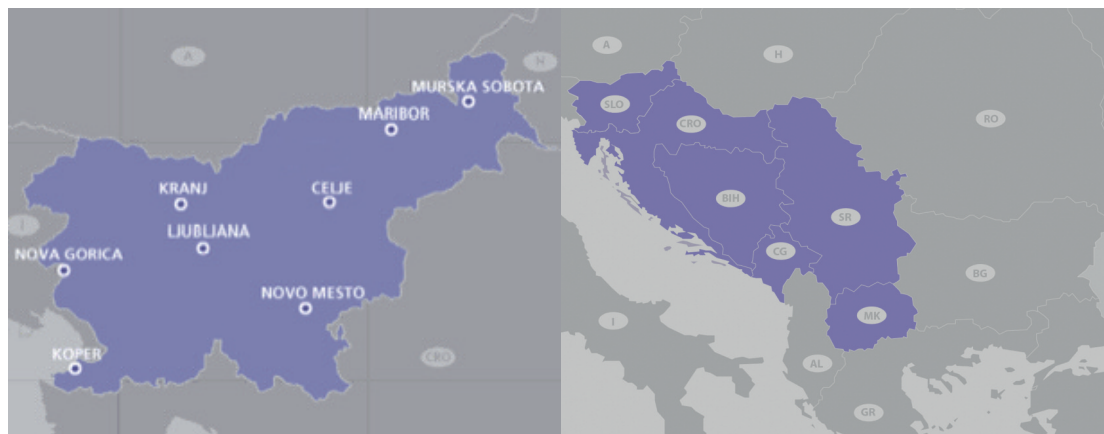
As at 31 December 2012, the NLB Group includes 1 leasing company with 8 branches in Slovenia and 6 companies on the Southeast European markets. NLB Leasing Ljubljana has been earmarked as the development leader and coordinator of this business segment within the NLB Group. As of 31 December 2012, the Company had 3 subsidiaries (Optima Leasing Zagreb, OL Nekretnine and NLB Leasing Sofia) which comprise consolidated group, whereas together with associated companies, it represents the wider group of NLB Leasing companies. The wider group has 153 employees whereas the core NLB Leasing Group employs 102 people.

This report presents the business and financial data of the leading company of this group, **NLB Leasing Ljubljana**, which, together with its firms and branches, is present in both, domestic and foreign markets. With seven companies, NLB Leasing represents an important activity within the NLB Group, and with its presence on the Slovene

and Southeast European markets builds up the universality of banking and financial services of the NLB Group. Over the past years, the development strategy of NLB Leasing Group has been focused mostly on Southeast European markets, which then enjoyed high growth rates, however recent significant changes marked by the financial and economic crisis necessitates adjustment of the current business process and adjustment of future strategic direction. To adapt to the new market situation and optimize operations, the process of reorganization of the leasing activities within the NLB Group began in 2009 and continued from 2010 to 2012. At the same time, measures were adopted to manage the financial crisis. NLB Leasing complies with the basic strategic direction of the NLB Group and ensures harmonisation of mutual procedures and rules.

In the reorganisation process of leasing activities within the NLB Group, NLB Leasing Beograd and NLB Real Estate were sold by the parent company NLB Leasing Ljubljana (the first one to NLB d.d. and the second one to NLB Srbija d.o.o.) already in 2010. NLB Real Estate was later merged to NLB Srbija d.o.o., and thus stopped operating as an independent entity. In 2011 the reorganization continued with the disposal of NLB Leasing d.o.o. Sarajevo and in 2012 with the disposal of NLB Leasing Podgorica d.o.o. Both companies passed into the ownership of NLB d.d.

Picture 1:  
Market presence of NLB Leasing



Source: NLB Leasing

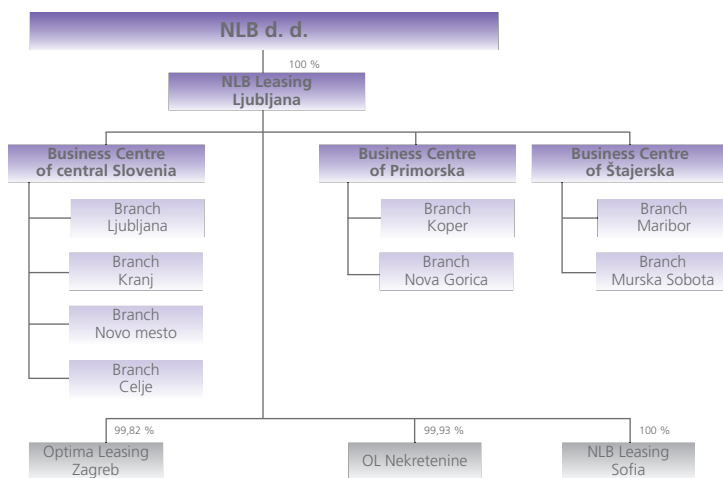


Based on strategic directions and adjustments to the market situation, greater shift was made in the sense of reorganisation on the Slovene market as well in 2012. Three Slovene NLB Leasing companies merged. NLB Leasing Koper and NLB Leasing Maribor were merged by acquisition to NLB Leasing Ljubljana, under which three business centres operate currently: Business Centre of central Slovenia, Business Centre of Primorska and Business Centre of Štajerska.

NLB Leasing Ljubljana offers leasing services to private individuals, legal entities and sole traders. Its two main activities are financial leasing and operating leasing. In the past, beside classic leasing activities (financial and operating), the Company

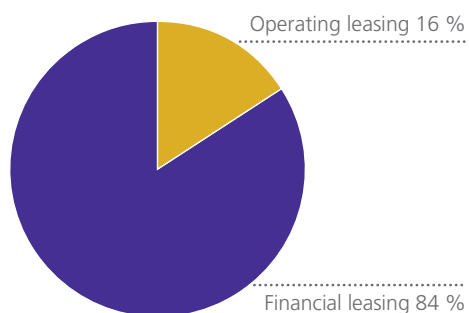
also offered loans and carried out its own real estate projects, and thus followed the development strategy of that time. With the financial and economic crisis, the leasing companies faced decreased demand on the market and less reliable payment by their customers on the one hand, and limited acquisition of financial resources on the other. Financial regulators requirements became stricter, which additionally limited operational possibility of leasing companies. Consequently, NLB Leasing Ljubljana cut down its activities to two basic types of leasing services (financial and operating), and at the same time, focused especially on financing of movable property with emphasis on private cars.

Picture 2:  
NLB Leasing Ljubljana organisation chart as at 31 December 2012



Source: NLB Leasing

Picture 3:  
Structure of new leasing volume of NLB Leasing Ljubljana in 2012



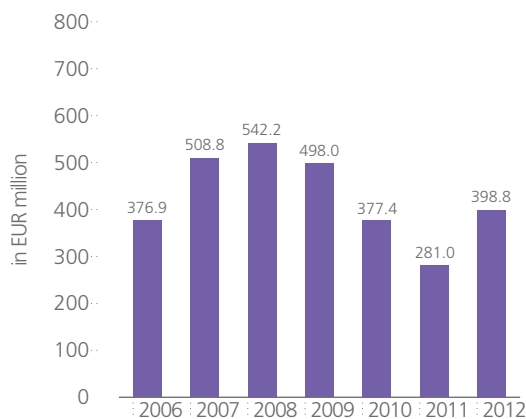
Source: NLB Leasing

## Growth and development

Market reaction to the problems caused by the liquidity crisis in international financial markets had a significant effect on the growth of the leasing activity. After 2008, a substantial decrease in new leasing volume occurred on the market, which resulted in lower turnover for individual leasing companies. NLB Leasing Ljubljana tried to adapt to these circumstances by taking various measures, nevertheless it suffered a decrease in its total assets and equity

in both 2010 and 2011. The strategic focus of the NLB Group and the related reorganization of the Group with disposal of some subsidiaries also contributed to this decrease. In 2012, the total assets increased in comparison to the previous two years; however, it needs to be considered that this is a consequence of the aforementioned merger of three Slovene NLB Leasing companies.

Picture 4:  
Movements of total assets of NLB Leasing Ljubljana



Source: NLB Leasing

Picture 5:  
Movements of equity of NLB Leasing Ljubljana



Source: NLB Leasing

# Strategy

Changed economic situation with reduced economic activity and additional requirements of financial market regulators demand adjustments of financial institutions, especially in the field of capital adequacy and corporate operations. NLB Group and NLB Leasing Group adapt to the current and future market situation with new strategies that are focused mainly on rationalization and consolidation.

## Values, vision and mission

The vision and mission of the leasing are based on the **basic values** as: **security, reliability, client-orientation, quality, professional competences, proactive operations**, and **result-orientation**.

**The vision of NLB Leasing companies** in the medium-term period is to remain a leasing group generating profit regardless of the risks taken. Operations of the leasing group are focused on Slovenia.

**Mission:** To be a reliable partner that clients can count on. The Company provides its clients first-class services and solutions necessary for reaching their goals.

## Strategic directions and goals

Market situation triggered the need for renovation of future strategic focus of leasing activities within the NLB Group. Based on and within the strategic goals of the NLB Group, the new Strategy of leasing activities within the NLB Group defines implementation of leasing as a complementary activity to banking services on the Slovene market and other strategic markets of the NLB Group. In accordance with the adopted strategy of the NLB Group, leasing of vehicles (movable property) is defined as the primary leasing activity, whereas the leasing of other objects as supplementary activity only.

Based on the given direction, market focus in the coming years will mainly be vehicle leasing, which represents a diversification of portfolio, as well as standardized products and extremely developed secondary market (sale of used vehicles).

Goals of the new strategic focus:

- Gradual decrease of total assets with sustainable maximisation of value for the shareholder;
- Portfolio diversification;
- Partnerships with networks of authorized vehicle sellers;
- Reduction of the volume and share of outstanding overdue receivables;
- Active management and disinvestment of Company's real estate.

## Major events

### Major events in the financial year 2012:

- Merger by acquisition of NLB Leasing Koper d.o.o. and NLB Leasing Maribor d.o.o. with the NLB Leasing Ljubljana d.o.o. (May 2012);
- Expansion of the Management Board of NLB Leasing, d.o.o., Ljubljana to three members (May 2012);
- Signing of contract on the disposal of business share of NLB Leasing Podgorica to the parent bank, Nova Ljubljanska Banka, d.d. (June 2012);
- Capital increase of subsidiary Optima Leasing, d.o.o., Zagreb in the amount of EUR 27.8 million (December 2012);
- Capital increase of subsidiary OL Nekretnine, d.o.o. in the amount of EUR 18.0 million (December 2012);
- Capital increase of NLB Leasing, d.o.o., Ljubljana by NLB d.d. in the amount of EUR 45.8 million (December 2012).

After the end of the financial year 2012, there were no major events that would materially influence the operations of NLB Leasing Ljubljana.

### Plans for 2013

In 2013, the Company will closely follow market movements and adapt its activity to the circumstances in order to maintain its significant market position in Slovenia and strategically defined markets of Southeast Europe. It will adapt its activities to seeking new opportunities for investments, managing the existing portfolio, controlling costs, and maintaining its suppliers' network. The emphasis will also be on ensuring adequate financial resources as well as managing credit and non-credit risks.

At the same time, it will also continue with its harmonisation and standardization processes in the operations of the NLB Group.

# Operational review

## Macroeconomic environment

### Slovenia

In 2012, the trends in the Slovene economic environment determined a decrease in economic activities, shrinking of investment spending, a reduction of household and government consumption on the one side and economic growth cooling down in the EU as well as distrust at international financial markets to Slovene long-term state debt and consequently to the banks on the other side. Continuing economic and financial crisis deteriorates the operating conditions of Slovene companies more and more and also reduces their demand for loans, especially the demand for investment loans. Similar was seen with the economies, which is shown in decrease of the amount of the granted bank loans.

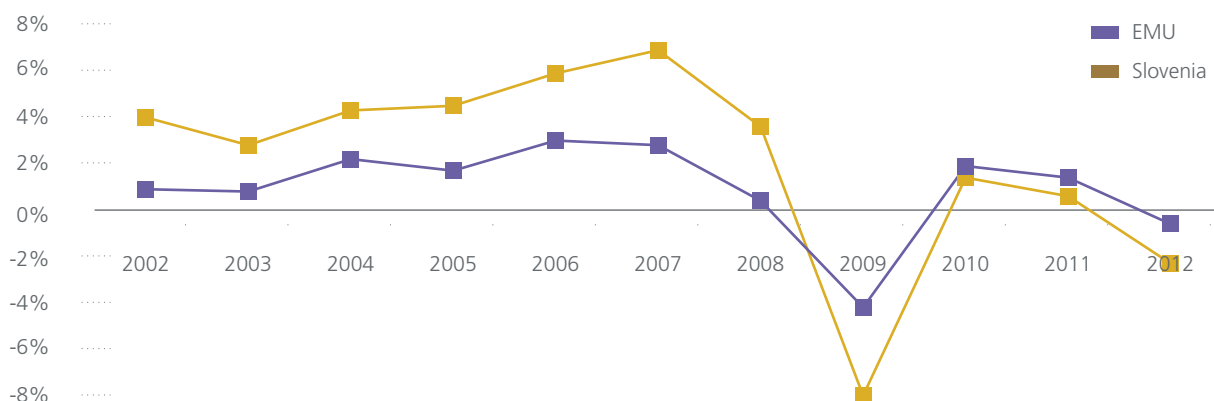
In 2012, the GDP decreased by 2.0%, especially as a result of a larger decrease in the investment part of domestic consumption, low final government and household consumption as well as a weak contribution of external balance. The labour market responded to the economic

situation by rapid decrease of employment, at the same time employment opportunities worsened, which is shown by a strong decrease in the number of job vacancies and new employments. Due to the increase of people seeking their first employment, the registered unemployment rate reached 12.2%. A similar trend was also noticed in the survey-based employment figures (ILO), where the unemployment rate was 9.2%.

In 2012, inflation gradually increased, which is in accordance with the increase of energy, alcohol and tobacco products prices. The average harmonised index of consumer prices amounted to 2.8% at the end of the year.

Rapid growth of Slovene public debt and (too) slow reform measures were not unnoticed by credit rating agencies, which consequently led to another downgrade of credit rating for Slovenia by all three largest credit rating agencies. Moody's downgraded the credit rating of Slovenia's long-term government debt from

Picture 6:  
Real growth of GDP in Slovenia and EMU



Source: Eurostat

A2 to Baa2, Standard & Poor's from AA- to A and Fitch from AA- to A-.

In 2012, the operations in Slovene banks and leasing companies were still under the influence of economic and financial crisis, which continues to worsen the operating conditions of Slovene companies and reduces demand for loans, which is why the total assets of commercial banks in Slovenia decreased by more than EUR 2 billion.

Loans to non-banking sector decreased by 5.7%, especially due to decrease of loans to non-financial companies and continuingly lower growth rate of residential loans. Due to decreasing of household deposits and deleveraging of banks to foreign creditors, the credit potential of banks in the domestic private sector decreased by EUR 1.9 billion, which increased the price of new financing.

Table 2:  
**Movement of key macroeconomic indicators for Slovenia and EMU in the period 2010–2012**

	2010	2011	2012
<b>Slovenia</b>			
GDP (real growth in %)	1.4	0.6	-2.0
Average annual inflation – HICP (in %)	2.1	2.1	2.8
Surveyed unemployment rate – ILO (in %)	7.3	8.1	9.2
Current account of payment balance (in % GDP)	-0.8	-0.5	2.0
Public debt (in % GDP)	38.8	45.1	53.8
Budget deficit/surplus (in % GDP)	-5.8	-5.5	4.3
<b>EMU</b>			
GDP (real growth in %)	1.9	1.4	-0.5
Average annual inflation – HICP (in %)	1.6	2.7	2.2
Surveyed unemployment rate – ILO (in %)	10.1	10.2	11.7
Current account of payment balance (in % GDP)	-0.4	-0.6	0.9
Public debt (in % GDP)	85.6	88.0	92.9
Budget deficit/surplus (in % GDP)	-6.2	-4.1	-3.3

Source: Eurostat, SORS, IMAD, Ministry of Finance RS, European Commission

## 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 of leasing activities 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 reaching a high market share in 2012 are mostly Summit Leasing and Porsche Leasing. The biggest universal leasing providers are NLB Leasing, Hypo Leasing, SKB Leasing and Unicredit Leasing, although the trend of emphasising the financing of vehicles has been showing here as well.

In the last four years, the Slovene leasing market registered significantly lower volume of new leasing contracts compared to 2008 and 2007. The comparison between 2009 and 2008 shows that the 2009 new leasing volume was only 58% of that of 2008, and this is the first time we have experienced a negative growth. In 2010, the leasing activity further decreased by 1%, in 2011, the activity remained at the same level as in 2010 and in 2012, it further decreased by

20%. The total volume of new leasing volume in 2012 amounted to EUR 1,317.3 million (in 2011 EUR 1,639.7 million). In the following, there is a table of new leasing volume per quarters and years for the period 2009-2012.

Table 3 shows that in 2009, 2010 and 2011, a comparable volume of new leasing contracts was concluded in the Slovene leasing market, whereas in 2012 this volume was significantly lower. The average growth of the Slovene leasing market in the last eight years reached 10% per year, with the last four years experiencing the lowest growth or negative growth. Compared to 2011, there was a lower volume of new contracts with all types of equipment in 2012. Moreover, the personal vehicles volume decreased by 12%, the volume of manufacturing equipment by 10% and the volume of commercial vehicles by 1% in 2012. The biggest decline was registered in real estate (-68%), where the decline was also absolutely the highest (EUR 180.4 million less than in 2011). In 2012, personal vehicles continued to cover the largest market share within the overall Slovene leasing market (63%), which was even

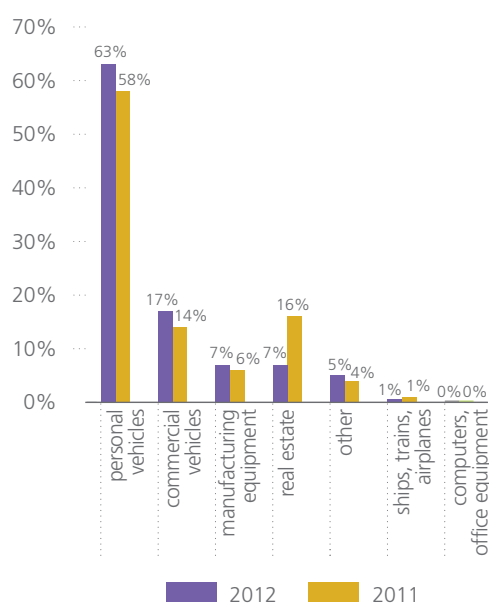
Table 3: :  
New leasing volume in the Slovene leasing market per quarters and years in the period 2009–2012 in EUR million

Period	New leasing volume	Period	New leasing volume
1-3 2009	439.7	1-3 2011	355.4
4-6 2009	436.3	4-6 2011	496.5
7-9 2009	381.0	7-9 2011	374.3
10-12 2009	398.3	10-12 2011	413.5
<b>Total 2009</b>	<b>1,655.4</b>	<b>Total 2011</b>	<b>1,639.7</b>
1-3 2010	372.6	1-3 2012	344.3
4-6 2010	435.0	4-6 2012	356.2
7-9 2010	372.2	7-9 2012	307.4
10-12 2010	461.9	10-12 2012	309.4
<b>Total 2010</b>	<b>1,641.7</b>	<b>Total 2012</b>	<b>1,317.3</b>

Source: Banking Association of Slovenia (BAS)

somewhat higher than in 2011. These are followed by commercial vehicles (17%), manufacturing equipment (7%) and real estate (7%).

Picture 7:  
Structure of new leasing volume in Slovenia for 2012 and 2011



Source: BAS

Table 4:  
New leasing volume (purchase and financed value) by BAS data in 2012

in EUR million	NEW LEASING VOLUME 2012					
	<i>purchase price</i>	<i>GRADE</i>	<i>MS%</i>	<i>financed value</i>	<i>GRADE</i>	<i>MS%</i>
SKB LEASING-GROUP SG	352.4	1	26.8 %	312.9	1	27.9 %
HYPO LEASING	237.4	2	18.0 %	206.0	2	18.4 %
PORSCHE LEASING	158.0	3	12.0 %	132.8	4	11.9 %
SUMMIT LEASING	154.1	4	11.7 %	137.3	3	12.3 %
UNICREDIT LEASING	111.8	5	8.5 %	94.3	5	8.4 %
VBS LEASING+VBS HIŠA	85.8	6	6.5 %	66.0	6	5.9 %
<b>NLB LEASING LJUBLJANA</b>	<b>80.5</b>	<b>7</b>	<b>6.1 %</b>	<b>64.2</b>	<b>7</b>	<b>5.7 %</b>
FINOR	46.8	8	3.6 %	33.0	8	2.9 %
BKS-LEASING	23.6	9	1.8 %	20.0	9	1.8 %
ALEASING	19.3	10	1.5 %	15.3	10	1.4 %
GROUP KBM LEASING	16.4	11	1.2 %	13.4	11	1.2 %
SPARKASSEN	12.0	12	0.9 %	9.5	12	0.8 %
VBKS LEASING	8.5	13	0.6 %	6.9	13	0.6 %
RAIFFEISEN	5.6	14	0.4 %	4.4	14	0.4 %
PROBANKA LEASING	3.8	15	0.3 %	3.2	15	0.3 %
MICRA T	1.4	16	0.1 %	1.1	16	0.1 %
<b>TOTAL</b>	<b>1,317.3</b>		<b>100.0 %</b>	<b>1,120.5</b>		<b>100.0 %</b>

Source: BAS

Based on the business profile of the lessees, private-service sector represented 57% of the Slovene movable property in 2012, followed by private individuals (24%) and industry (13%). The Slovene real estate leasing market was dominated by the private-service sector (68%), followed by industry (19%). Private individuals represented only 3% of the cost of total leasing volume in real estate.

In 2012, the largest players on the market were SKB Leasing, Hypo Leasing, Porsche Leasing and Summit Leasing. These companies together have a combined market share of 68.5%. In 2012, leasing companies financed EUR 1,317.3 million worth of new leasing volume on the Slovene market, while the corresponding amount for 2011 was EUR 1,639.7 million. Financial leasing volume represented EUR 706.3 million (54%) in 2012, while the operating leasing volume represented EUR 155.5 million (12%), loans EUR 71.0 million (5%), and financing of inventories EUR 384.5 million (29%).

NLB Leasing Ljubljana achieved a 6.1% market share (5.2% in 2011). Market share of leasing companies in Slovenia is defined based on the purchase price of new leasing; if the market share was calculated on same the basis as it is used for banking (i.e. total assets), NLB Leasing Ljubljana would have a 9.1% market share and 2nd position in the market.



## European Union leasing market

Preliminary statistic data for 2012 show that there were 2.7% less new leasing contracts concluded in the European leasing market compared to 2011. LeasEurope estimates the new leasing volume in 2012 to EUR 242 billion. The new leasing volume decreased especially in the segment of real estate leasing (-31.7%) mainly in the Austrian, Slovene, Swiss, Danish, Greek and Dutch market. New equipment leasing volume also decreased, whereas the vehicle leasing market strengthened somewhat in 2012. The growth of new vehicle leasing volume amounted to 0.4%.

According to the surveys, different fall/growth patterns and leasing activity structures show across individual regions despite the general decline on the European leasing market. For instance

Denmark, Sweden, Estonia, Latvia, Lithuania and Turkey recorded growth in leasing activity. Growth in the segment of real estate was recorded only in Czech Republic, Hungary and Finland.

Expectations for 2013 in the EU countries continue to be a bit uncertain; consequently, the leasing activity will still depend on the success of recovers of individual market, in particular the financial markets, where there was still no improvement in 2012. In 2013, we can continue to expect a similar spread of leasing services by type of equipment as in previous years. This means that leasing contracts for personal and commercial vehicles and manufacturing equipment will continue to be predominant.

## Overview of operations

Financial year 2012 required rapid adjustments of business decisions to the changed situation on financial markets, however the Company managed to retain its position among the important leasing providers, despite the limited volume of new leasing contracts.

In 2012, NLB Leasing Ljubljana realised a higher volume of new leasing contracts compared to 2011, however, the fact needs to be considered that a merger of three Slovene NLB Leasing companies took place in 2012. In 2011, the volume of new leasing contracts decreased by 40% compared to 2010, however, in 2012, the volume increased by 2.5 times because of the merger.

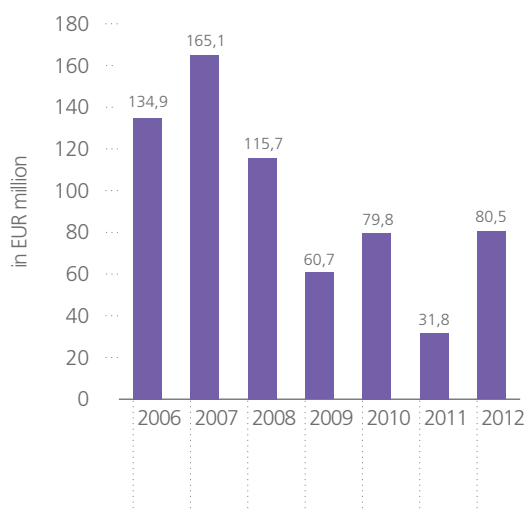
In 2012, the Company concluded and activated new leasing volume of EUR 80.5 million, which is 2.5 times higher than in 2011. Compared to 2011, the decline in percentage was most noticeable with real estate whereas the growth was noticeable with personal and commercial

vehicles, partly also with the group of ships, trains, airplanes, however the volume was much lower here.

The largest absolute decrease in volume compared to 2011 was also with the real estate, the volume of which was lower by EUR 3.5 million in 2012 compared to 2011. The largest absolute growth was reached with personal and commercial vehicles. The total volume of new leasing contracts in 2012 was by EUR 48.7 million higher than in 2011.

In 2012, personal vehicles represented 73% of the entire new leasing volume of NLB Leasing Ljubljana, which is 27 percentage points more than the year before. Second place was taken by the commercial vehicles, representing 15% of the entire new leasing volume. As already mentioned, the biggest fall was noticed with the real estate, which represented only a 6% share of the new leasing volume, whereas this share amounted to 26% in 2011.

Picture 8:  
Volume of new leasing – NLB Leasing  
Ljubljana in 2005–2012 (in EUR million)



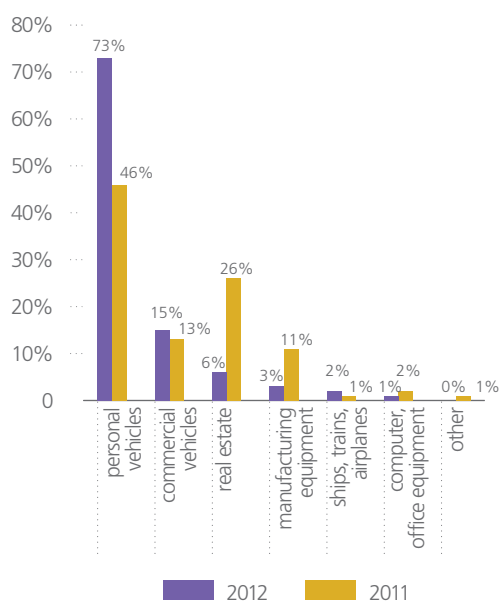
Source: NLB Leasing

Table 5: :  
Breakdown of new leasing volume – NLB  
Leasing Ljubljana (in EUR million and in %)

	2012		2011		2012/2011
	EUR million	%	EUR million	%	Index
Personal vehicles	58.9	73	14.5	46	407
Commercial vehicles	11.9	15	4.2	13	285
Computers, office equipment	0.5	1	0.6	2	89
Manufacturing equipment	2.6	3	3.6	11	72
Real estate	4.8	6	8.3	26	58
Ships, trains, airplanes	1.8	2	0.4	1	407
Other	0.0	0	0.3	1	8
<b>Total</b>	<b>80.5</b>	<b>100</b>	<b>31.8</b>	<b>100</b>	<b>253</b>

Source: NLB Leasing

Picture 9:  
Volume of new leasing – NLB Leasing  
Ljubljana in 2012 and 2011



## Financial results of NLB Leasing Ljubljana in 2012

In 2012, the Company was faced with extremely demanding economic circumstances as a result of the global recession and its impact on the real sector of the economy. As a consequence, financial discipline and the level of demand in the market remained low. Obtaining resources tightened on the financial markets as well in 2012, maintaining nominal financing costs at a high level. New resources were replaced with higher margins to a great extent as the banks had provided to the Company in the past years.

To mitigate adverse economic movements, the Company adapted its operations to the changed situation in the market, difficulties in obtaining sufficient and suitable sources of finance, increasing lack of financial discipline, and consequently, to the conservative policy of recognizing a high level of impairment of its receivables.

In 2012, the Company realised EUR 80.5 million of new leasing contracts (in 2011 – EUR 31.8 million), the majority of these were covered by financing of personal vehicles, which is in accordance with the strategic guidelines, expecting the finance leasing and financing of real estate to be the key pillars in the years to come.

In 2012, the Company also continued with the reorganisation of the group and carried out a merger of the Slovene leasing companies during this process and at the same time, disposed of its subsidiary NLB Leasing Podgorica.

NLB Leasing Ljubljana concluded this financial year with a net loss of EUR 51.894 million (in 2011, the loss amounted to EUR 24.128 million). The loss realised is mainly a consequence of:

- Impairment of investments in our subsidiaries (Optima Leasing d.o.o. Zagreb and OL Nekretnine d.o.o.), which received a capital increase in December of 2012 and were impaired in the same amount immediately afterwards. The total amount of the capital increase was EUR 45.8 million, EUR 27.8 million for Optima Leasing and EUR 18.0 million for OL Nekretnine.

In 2012, total assets of NLB Leasing Ljubljana increased from EUR 281.0 million (as per 31 December 2011) to EUR 398.8 million (as per 31 December 2012). As mentioned, the increase of total assets is mainly a result of the merger by acquisition of both Slovene NLB Leasing companies in May 2012.

Table 6:  
Key trading indicators of NLB Leasing Ljubljana  
in 2012 and 2011

	2012	2011
New leasing volume (in EUR million)	80.5	31.8
Average leasing duration (years)	3.4	3.8
Debt to equity (D/E)	29.7	21.3
ROE % (before taxes)*	-	-
ROA % (before taxes)*	-	-
Net loss (in EUR thousand)	-51,894	-24,128
Total revenue (in EUR thousand)	49,907	31,856

\*Indicator calculation is not reasonable due to generated net loss.  
Source: NLB Leasing

# Risk management

Risk management is one of the key activities for achieving the strategic goals and business results, especially in the relatively difficult macro-economic situation which NLB Leasing Ljubljana is facing in the last years. The Company devotes all the necessary attention to measuring and assessing, and especially pointing out all the types of risks and cooperating in the decision-making processes with the aim of timely implementation of adequate measures.

## Credit risk

Leasing distinguishes itself from other forms of financing in that the lessor has collateral against non-repayment of its investment in the form of the leased asset, purchased on the basis of an order placed by the lessee. Compared to banking activities of providing loans, collateral in the form of an ownership of the leased asset usually reduces the risk of such transactions, however, it does not substitute an assessment of creditworthiness of the lessee, which receives a special attention within the leasing activities as well.

NLB Leasing Ljubljana is exposed to a credit risk, representing the risk of loss resulting from the default by the lessees to fulfil their obligations towards the lessors, arising from their leasing contracts.

Credit risk management requires special attention in the current economic and financial conditions in the last years. In addition to carrying out credit ratings of customers in order to minimise credit risk, the Company 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, and pledge on movable assets) as well as active monitoring of the existing operations.

In 2012, NLB Leasing Ljubljana established a Credit Committee (all members are also the members of the Company's Management Board) with the purpose of more effective risk management and making of adequate business decisions; the Committee is deciding on classification, reclassification, determination of upper limits of borrowing and on approving of investment leasing, moreover, the system of authorisation was also changed for this purpose.

As of June 2012 and in accordance with the requirement of the management of NLB d.d., all other leasing companies within the NLB Group are obliged to obtain approval from the Risk Management Department of NLB Leasing Ljubljana for all transactions above the determined exposure, which has brought an additional element of conservatism into the investment approval process. For transactions with a higher exposure, the companies have to additionally obtain the opinions from the risk management departments of the local bank and NLB d.d. in accordance with the Company's system of authorisation.

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

## Management of non-credit risks

NLB Leasing Ljubljana monitors non-credit risks within its non-credit risk management policies prepared in accordance with the standards determined by NLB d.d. for the NLB Group members. The Company developed its own IT application for monitoring non-credit risks and automating processes and reports.

The adopted policies on liquidity, interest rate and currency risk follow the recommendations and guidelines, prepared within the risk management standards in the NLB Group.

## Interest rate risk

In the past years, the Company started to monitor the exposure to interest rate risk using the interest rate spreads. The methodology is based on classifying cash flows of financial instruments subject to interests into time intervals in accordance with their residual maturity at fixed interest rate, or with a period of re-definition of interest rate at variable interest rate.

A major part of the Company's investments is at a variable interest rate, comprising of the Euribor interest rate for the six-month deposits plus a margin, since the interest rates on the Company's own bank borrowing are structured in a similar way. To a minimal extent, the Company also concludes contracts with a fixed interest rate.

## Currency and foreign exchange risk

NLB Leasing Ljubljana regularly monitors currency and foreign exchange risks according to its policy on currency and foreign exchange risk. The Company maintains a conservative policy in managing currency and foreign exchange risks, closing the open currency positions within set limits. The portfolio share in CHF is relatively low, as the majority of investments are made in Euro or with Euro-value clause. The currency mismatch in Euro is mostly a result of structural imbalance of assets, or liabilities of NLB Leasing Ljubljana.

## Operating risks

Within the NLB Leasing Ljubljana, the operations are monitored for operating risks, in accordance with the NLB Group standards, since 2008. Management of operating risks aims at limiting the volume of potential loss and lowering the possibility of their occurrence to the level that is acceptable for the Company in terms of financial damage.

The purpose of managing operating risks is to monitor loss events, identify risks, assess and manage risks.

## Sources of financing and liquidity

In 2012, harsh conditions at financial markets continued. Since these are very closed and do not provide new loans, NLB Leasing Ljubljana responded to these conditions by obtaining more funding from banks within the NLB Group, transferring financing of NLB Leasing Podgorica to NLB d.d., and by reducing the commercial activity. NLB d.d. granted a part of the funds of EUR 45.8 million through capital injection; these funds were necessary for increasing the capital in our subsidiaries. A change in the structure of funding was also noticeable, since in 2012, the Company restructured the major part of the current loans into the non-current loans and thus contributed to better matching of maturity of liabilities and assets.

## Information technology

The largest project in 2012, also from the IT perspective, was the project of merger by acquisition of NLB Leasing Maribor and NLB Leasing Koper. After a good preparation in 2011, the project successfully continued and was completed in May 2012. Integration of the two most important programme solutions was carried out with an extensive support of suppliers, while we took care of the infrastructure and smaller solutions with our own knowledge. From the IT aspect, the project was carried out adequately and successfully, which was also confirmed by the audit.

In general, 2012 was a successful year in the field of IT. We are proud of our 99.988%

availability of our main programme solution. There were no serious issues or incidents recorded in other fields as well.

Regardless of our good experiences, we are also ready for surprises and have thus thoroughly renewed the business continuity plan in accordance with the methodology and merger by acquisition,

2012 was marked with optimisation and cost effectiveness, which was a subject of numerous minor projects and organisational and process changes.

# Corporate governance and social responsibility

## Corporate governance of NLB Leasing Group

NLB Leasing Ljubljana as the parent company provides corporate governance for NLB Leasing Group by following fundamental doctrines of corporate administration and management as well as other standards ensuring effective business supervision.

The most important mechanism in this field is risk management, which monitors and manages various types of risks (credit and non-credit risks). In addition, the controlling company defines the roles or responsibilities of individual bodies and organizational units and ensures that they operate in a goal congruent way towards meeting business objectives and harmonising business practices for all markets. In this way, the 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 and other reporting that needs to be submitted by the subsidiary companies. The system of corporate governance in NLB Leasing Group also has the following mechanisms:

- Methods of harmonisation and standardization;
- Strategic conferences (where all leasing companies of the NLB Group are present);
- Meetings of regional directors and of directors of NLB leasing companies.

Corporate governance of NLB Leasing Group 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 NLB Group. In line with general corporate regulations, NLB Leasing Group is 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 representatives of NLB Leasing Ljubljana Management Board to supervisory bodies of its members.

## Human resource management

Following the merger of the Slovene NLB Leasing companies in May 2012, the number of employees in NLB Leasing Ljubljana increased, though it can be said that the real number of employees has been optimised and decreased due to the merger. As at 31 March 2012, all three merged companies had a total of 91 employees, whereas at 31 December 2012, only 79 people were employed. Taking into account the situation before the merger, the number of employees has decreased by 12 employees or 13%.

Table 7:  
Number of employees by company in the NLB Leasing Group in 2012 and 2011

Company	31 December 2012	31 December 2011
NLB Leasing, d. o. o., Ljubljana	79	62
NLB Leasing Podgorica, d. o. o.*	-	7
Optima Leasing, d. o. o., Zagreb	20	17
NLB Leasing Sofia, e. o. o. d.	2	2
OL Nekretnine, d.o.o.*	1	-
<b>NLB Leasing Group</b>	<b>102</b>	<b>88</b>

\*Companies OL Nekretnine (2011) and NLB Leasing Podgorica (2012) were not a part of the Group at the end of the year.  
Source: NLB Leasing



At the level of the consolidated group, the number of employees increased compared to the previous year due to the merger and despite the fact that the ownership of NLB Leasing Podgorica was transferred to the parent bank NLB d.d. At the end of 2011, the consolidated group employed 88 people, while this number increased to 102 employees in 2012 due to the above described facts.

Employees in the NLB Leasing Group are encouraged to be innovative, dynamic, customer- and achievement-focused through education, training and motivation programmes. In 2012, NLB Leasing Group organised many seminars, trainings and social events, encouraging team work amongst employees and creating positive working atmosphere. In the past year, employees in NLB Leasing Group also took part in many external seminars, organized across various fields of expertise, which further developed their knowledge.

Table 8:  
**Educational structure of employees in  
NLB Leasing Ljubljana**

Level of education	31 December 2012
level V	25
level VI	17
level VII or higher	37

Source: NLB Leasing

## Internal audit

Internal audit department of NLB Leasing Ljubljana operates as an independent, objective and advisory function in evaluation of internal the control system, risk management and overall management of the business. The department operates in accordance with the International Standards of Professional Conduct in Internal Auditing, Code of Professional Ethics of Internal Auditors and the Code of the Principles of Internal Auditing. In 2012, the department obtained an external quality assessment in accordance with the rules of internal audit, adopted by the Institute of Internal Auditors with its headquarters in the US and by the

Slovenian Institute of Auditors. The most important finding is that general compliance with the standards was determined in all material aspects. Recommendations were also made with the purpose of enhancing the quality of operations of the internal audit department.

The internal audit department performs its function for all leasing companies within the NLB Group. In 2012, the internal audit department conducted four full regular and extraordinary audits, for which it monitors the implementation of audit recommendations. In addition in 2012, the internal audit department monitored the implementation of recommendations, provided during the inspection by the Bank of Slovenia and Hanfa in Croatia. The internal audit department also acts as a liaison between the Company's own employees and the external auditor as well as other companies in the Group throughout the year.

The other activities of the internal audit department related to providing advice and coordinating the on-going projects and matters. The operation of the internal audit department is set out in the Regulations governing the functioning of Internal Audit whereas the operation guidelines are included in the Manual for the work. The planning of audits is based on determination of audit environment and risk analysis of individual audit unit (integrated risk, control risk and importance or materiality) in individual leasing company of the NLB Leasing Group. In performing internal audits, the major emphasis is placed on the internal control system and risk management, which is consistent with the COSO model (The Committee of Sponsoring Organization of the Treadway Commission). Internal audit regularly reports to the management and supervisory board of NLB Leasing Ljubljana, the Internal Audit Centre of NLB and if required to external regulators.

## Corporate social responsibility

### Environmental protection

In 2012, the NLB Leasing Ljubljana 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 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.



Photo: Uroš Hočevár

Source: Slovene national handball team: Škof, Zorman.

### Sponsorships and donations

As a subsidiary of the NLB Group, we are aware that excellence needs to be achieved at each step, which is why we can put ourselves alongside the excellent organisations and support teams and people that we share our thinking with. We are a proud sponsor of the Slovene national handball team and an exclusive sponsor of the 1<sup>st</sup> NLB Leasing league, comprising 12 best Slovene handball clubs.

**NLB**  **Leasing**  
**Prva liga**

Slovene handball is the only collective sport in Slovenia that has been ranked among the six best in the world. In January of this year, the national team won the 4<sup>th</sup> place at the World Championship in Spain, while the 1<sup>st</sup> NLB Leasing league team was placed among the 16 best clubs in the Euroleague. The 1<sup>st</sup> NLB Leasing league has two representatives in the Champions League and another two in the Euroleague and this year, all four representatives

managed to get to TOP 16, which is also a unique success in the Slovene sport.

In 2012, we have also remained the sponsor of the Horizon sailing club, which once again proved to deserve our trust. With the sailing boat and sails, carrying our name, they have been reaching their goals and exceeding expectations. Throughout the season, they have been a fierce competition and took first place overall. All efforts were rewarded at the closing regatta of the Slovenian Cup, where they finished as first in their class and won first place overall in the class of 2012 Slovenian Cup.





# 2 Financial Statements



# Financial Statements of NLB Leasing d.o.o.

**Prepared in accordance with Slovene Accounting Standards**

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## INDEPENDENT AUDITOR'S REPORT

**To the Shareholder of NLB Leasing d.o.o. Ljubljana**

### **Report on the Financial Statements**

We have audited the accompanying separate financial statements of NLB Leasing d.o.o. Ljubljana ("the Company") which comprise balance sheet as of 31 December 2012 and statements of comprehensive income, changes in equity and cash flows 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 separate financial statements in accordance with Slovene Accounting Standards and with the requirements of the Slovene Companies Act, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these separate 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 separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate 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 controls relevant to the entity's preparation and fair presentation of the separate 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 separate financial statements.

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

#### *Opinion*

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of NLB Leasing d.o.o. Ljubljana standing alone as of 31 December 2012, and its financial performance and its cash flows for the year then ended in accordance with Slovene Accounting Standards and with the requirements of the Slovene Companies Act.

#### *Emphasis of matter*

Without qualifying our report we highlight the fact that the current and retained losses present 66% of the Company's share capital. In accordance with Slovene Act on the financial business operations, insolvency and administration proceedings the management needs to prepare a business plan, based on which the Company will fulfil the capital adequacy requirements and present this to the Supervisory Board. Note 1.1 to the Financial Statements provides details on the planned management's actions. Notwithstanding these facts we highlight the fact that the Company's future operations are highly dependent on the financial support of the sole owner.

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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 34.802. The list of employed auditors is available at the registered office of the company.



## **Report on Other Legal and Regulatory Requirements**

Management is also responsible for preparing the Directors' Report in accordance with the Slovene Companies Act. Our responsibility is to assess whether the management report is consistent with the accompanying separate financial statements of the Company. The management report is consistent with the accompanying separate financial statements.

Ljubljana, 10 June 2013

PricewaterhouseCoopers d.o.o.

Leon Živec  
Statutory 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 the reference purpose only and is not to be signed.

## Balance sheet

In EUR thousand	Notes	31.12.2012	31.12.2011 Restated	31.12.2011 Reported
<b>ASSETS</b>		<b>398,792</b>	<b>281,845</b>	<b>281,043</b>
<b>A. Non-current assets</b>		<b>255,435</b>	<b>163,070</b>	<b>162,268</b>
<b>I. Intangible assets and non-current deferred costs and accrued revenue</b>	<b>3.1.1</b>	<b>614</b>	<b>286</b>	<b>286</b>
1. Licences		607	278	278
2. Other non-current deferred costs and accrued revenue		7	8	8
<b>II. Property, land and equipment</b>	<b>3.1.2</b>	<b>19,018</b>	<b>12,406</b>	<b>12,406</b>
1. Land and buildings		6,594	4,574	4,574
2. Other equipment		12,355	7,362	7,362
3. Work in progress		69	470	470
<b>III. Investment property</b>	<b>3.1.3</b>	<b>51,415</b>	<b>40,050</b>	<b>40,050</b>
<b>IV. Non-current financial investments</b>	<b>3.1.4</b>	<b>170,157</b>	<b>96,917</b>	<b>96,922</b>
1. Non-current financial investments other than loans		799	200	200
a) Investments in subsidiaries		0	200	200
b) Other non-current financial investments		799	0	0
2. Non-current financial investments and receivables from finance leases		169,358	96,717	96,722
a) non-current loans to others		7,751	6,767	6,767
b) non-current receivables from finance leases in the Group		0	1	6
c) non-current receivables from finance leases		161,607	89,949	89,949
<b>V. Non-current operating receivables</b>	<b>3.1.5</b>	<b>32</b>	<b>7</b>	<b>7</b>
1. Non-current operating receivables from others		32	7	7
<b>VI. Deferred tax assets</b>	<b>3.1.6</b>	<b>14,199</b>	<b>13,404</b>	<b>12,602</b>
<b>B. Current assets</b>		<b>143,246</b>	<b>118,602</b>	<b>118,602</b>
<b>I. Non current assets held for sale</b>		<b>0</b>	<b>0</b>	<b>13,842</b>
<b>II. Inventories</b>	<b>3.1.7</b>	<b>46,843</b>	<b>23,520</b>	<b>9,678</b>
1. Work in progress		1,976	1,880	1,880
2. Products and merchandise		44,867	21,640	7,798
<b>III. Current financial investments</b>	<b>3.1.8</b>	<b>90,807</b>	<b>86,093</b>	<b>86,088</b>
1. Current loans and receivables from finance leases		90,807	86,093	86,088
a) Current loans to group companies		335	27,174	27,174
b) Current loans to others		23,433	34,416	34,416
c) Current receivables from finance leases in the Group		2	5	0
d) Current receivables from finance leases		67,037	24,498	24,498
<b>IV. Current operating receivables</b>	<b>3.1.9</b>	<b>5,476</b>	<b>8,657</b>	<b>8,657</b>
1. Current operating receivables from group companies		60	77	77
2. Current operating trade receivables		3,070	4,806	4,806
3. Current operating receivables from others		2,346	3,774	3,774
<b>V. Cash and cash equivalents</b>	<b>3.1.10</b>	<b>120</b>	<b>332</b>	<b>332</b>
<b>C. Current deferred costs and accrued revenue</b>	<b>3.1.11</b>	<b>111</b>	<b>173</b>	<b>173</b>
<b>D. OFF-BALANCE SHEET ASSETS</b>		<b>435,079</b>	<b>271,752</b>	<b>18,202</b>

## Balance sheet

In EUR thousand	Notes	31.12.2012	31.12.2011 Restated	31.12.2011 Reported
<b>LIABILITIES</b>		<b>398,792</b>	<b>281,845</b>	<b>281,043</b>
<b>A. Equity</b>	<b>3.2.1</b>	<b>12,971</b>	<b>13,432</b>	<b>12,630</b>
<b>I. Called-up capital</b>		<b>38,481</b>	<b>28,481</b>	<b>28,481</b>
1. Share capital		38,481	28,481	28,481
<b>VI. Net loss for the period</b>		<b>(25,510)</b>	<b>(15,049)</b>	<b>(15,851)</b>
<b>B. Provisions and non-current accrued costs and deferred revenue</b>	<b>3.2.2</b>	<b>5,190</b>	<b>5,374</b>	<b>5,374</b>
1. Provisions for retirement benefits		90	85	85
2. Other provisions		4,345	4,461	4,146
3. Non-current accrued costs and deferred revenue		755	828	828
<b>C. Non-current liabilities</b>		<b>204,400</b>	<b>120,245</b>	<b>120,245</b>
<b>I. Non-current financial liabilities</b>	<b>3.2.3</b>	<b>204,397</b>	<b>120,245</b>	<b>120,245</b>
1. Non-current financial liabilities to group companies		163,569	70,034	69,974
2. Non-current financial liabilities to banks		40,828	50,211	50,211
3. Other non-current financial liabilities		0	0	60
<b>II. Non-current operating liabilities</b>	<b>3.2.4</b>	<b>3</b>	<b>0</b>	<b>0</b>
1. Other non-current operating liabilities		3	0	0
<b>Č. Current liabilities</b>		<b>175,361</b>	<b>142,008</b>	<b>142,008</b>
<b>I. Current financial liabilities</b>	<b>3.2.5</b>	<b>171,381</b>	<b>139,837</b>	<b>139,837</b>
1. Current financial liabilities to group companies		123,710	39,134	39,134
2. Current financial liabilities to banks		47,671	100,703	100,703
<b>II. Current operating liabilities</b>	<b>3.2.6</b>	<b>3,980</b>	<b>2,171</b>	<b>2,171</b>
1. Current operating liabilities to group companies		24	0	0
2. Current trade liabilities		1,136	403	403
3. Current operating liabilities for advances		1,709	784	784
4. Other current operating liabilities		1,111	984	984
<b>D. Current accrued costs and deferred revenue</b>	<b>3.2.7</b>	<b>870</b>	<b>786</b>	<b>786</b>
<b>E. OFF-BALANCE SHEET LIABILITIES</b>	<b>3.2.8</b>	<b>435,079</b>	<b>271,752</b>	<b>18,202</b>

The notes to financial statements represent an integral part of the financial statements and should be read in relation to them.

## Income statement – Format I

In EUR thousand	Notes	2012	2011
<b>1. Net sales</b>	<b>4.1</b>	<b>8,782</b>	<b>10,146</b>
a) Revenue from sales of goods and services		955	5,021
b) Revenue from sales of merchandise		532	0
c) Rental income		7,295	5,125
<b>2. Changes in the value of inventory and work in progress</b>	<b>4.2</b>	<b>0</b>	<b>592</b>
<b>3. Other operating income (with operating income from revaluation)</b>	<b>4.3</b>	<b>9,547</b>	<b>1,023</b>
a) Operating income from revaluation of fixed assets – gains		8,545	t2
b) Operating income from revaluation – reversal of impairment		804	999
c) Income from derecognition of provisions		198	22
<b>4. Cost of goods, material and services</b>	<b>4.4</b>	<b>(2,561)</b>	<b>(6,160)</b>
a) Cost of goods sold and materials		(816)	(3,471)
b) Cost of services		(1,745)	(2,689)
<b>5. Labour costs</b>	<b>4.5</b>	<b>(3,998)</b>	<b>(3,110)</b>
a) Salaries		(3,048)	(2,235)
b) Other social security		(196)	(340)
c) Pension insurance costs		(249)	0
d) Other labour costs		(505)	(535)
<b>6. Write-downs in value</b>	<b>4.6</b>	<b>(14,725)</b>	<b>(5,312)</b>
a) Depreciation and amortisation		(2,864)	(1,596)
b) Operating expenses from revaluation of intangible and fixed assets		(8,801)	(895)
c) Operating expenses from revaluation of current assets		(3,060)	(2,821)
<b>7. Other operating expenses</b>	<b>4.7</b>	<b>(275)</b>	<b>(4,943)</b>
<b>8. Financial income from investments</b>	<b>4.9</b>	<b>1,440</b>	<b>1,011</b>
a) Financial income from investments in group companies		114	950
c) Financial income from other investments		1,326	61
<b>9. Financial income from loans and finance leases</b>	<b>4.10</b>	<b>30,859</b>	<b>19,054</b>
a) Financial income from loans to group companies		2,917	4,301
b) Financial income from loans to others		16,848	10,755
c) Financial income from reversal of loan impairment		11,094	3,998
<b>10. Financial income from operating receivables</b>	<b>4.11</b>	<b>19</b>	<b>4</b>
a) Financial income from operating receivables from group companies		2	2
b) Financial income from operating receivables due from others		17	2
<b>11. Financial expenses from impairment and write-downs of investments</b>	<b>4.12</b>	<b>(61,584)</b>	<b>(26,838)</b>
<b>12. Financial expenses from financial liabilities</b>	<b>4.13</b>	<b>(16,026)</b>	<b>(13,200)</b>
a) Financial expenses from loans due to group companies		(9,651)	(5,465)
b) Financial expenses from loans due to banks		(5,517)	(6,976)
c) Financial expenses from other financial liabilities		(858)	(759)
<b>13. Financial expenses from operating liabilities</b>	<b>4.14</b>	<b>(396)</b>	<b>(19)</b>
a) Financial expenses from operating liabilities to group companies		(80)	(13)
b) Financial expenses from trade payables		(23)	(3)
c) Financial expenses from other operating liabilities		(293)	(3)
<b>14. Other income</b>	<b>4.15</b>	<b>117</b>	<b>26</b>
<b>15. Other expenses</b>	<b>4.16</b>	<b>(316)</b>	<b>(720)</b>
<b>16. Deferred taxes</b>	<b>4.18</b>	<b>(2,777)</b>	<b>5,120</b>
<b>17. Net loss for the period</b>		<b>(51,894)</b>	<b>(23,326)</b>
<b>Gross loss for the period</b>		<b>(49,117)</b>	<b>(27,644)</b>

## Statement of other comprehensive income

In EUR thousand	2012	2011
<b>Net loss for the period</b>	<b>(51,894)</b>	<b>(23,326)</b>
<b>Total comprehensive income for the period</b>	<b>(51,894)</b>	<b>(23,326)</b>

The notes to financial statements represent an integral part of the financial statements and should be read in relation to them.

The Management Board of NLB Leasing d.o.o. Ljubljana hereby confirms these Financial Statements and accompanying notes.

Ljubljana, 10 June 2013



**Janez Saje**

Member of the  
Management Board



**Bojan Iskra**

Member of the  
Management Board



**Andrej Pučer**

President of the  
Management Board

## Cash flow statement – Format II

In EUR thousand	2012	2011
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>a) Income statement items</b>	<b>(1,180)</b>	<b>804</b>
Operating income (excluding revaluations) and financial income from operating receivables	8,830	10,171
Operating expenses excluding depreciation and amortisation (excluding revaluations) and financial expenses from operating activities	(7,233)	(11,064)
Income taxes and other taxes not included in operating expenses	(2,777)	1,697
<b>b) Changes in net current assets (and accrued and deferred items, provisions, deferred tax assets and liabilities)</b>	<b>(9,218)</b>	<b>(18,183)</b>
Opening less closing operating receivables	4,380	(4,658)
Opening less closing current deferred costs and accrued revenue	108	29
Opening less closing deferred tax assets	1,974	(5,120)
Opening less closing inventories	(14,617)	(8,206)
Closing less opening operating liabilities	(620)	(1,224)
Closing less opening accrued costs, deferred revenue and provisions	(443)	194
<b>c) Net cash inflow or net cash outflow from operating activities (a + b)</b>	<b>(10,398)</b>	<b>(18,181)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>a) Cash inflows from investing activities</b>	<b>198,869</b>	<b>138,443</b>
Cash inflows from interests and dividends from others related to investing activities	0	13,938
Cash inflows from disposal of fixed assets	12,596	2,390
Cash inflows from disposal of non-current investments	133,969	119,517
Cash inflows from disposal of current investments	52,304	2,598
<b>b) Cash outflows from investing activities</b>	<b>(164,614)</b>	<b>(25,072)</b>
Cash outflows for acquisition of intangible assets	(32)	(5)
Cash outflows for acquisition of fixed assets	(14,626)	(3,986)
Cash outflows for acquisition of non-current investments	(135,509)	(19,935)
Cash outflows for acquisition of current investments	(14,447)	(1,146)
<b>c) Net cash inflows or net cash outflows from investing activities (a + b)</b>	<b>34,255</b>	<b>113,371</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>a) Cash inflows from financing activities</b>	<b>331,730</b>	<b>109,456</b>
Cash inflows from paid-in capital	46,604	16,000
Cash inflows from increase in non-current financial liabilities	129,006	15,115
Cash inflows from increase in current financial liabilities	156,120	78,341
<b>b) Cash outflows from financing activities</b>	<b>(356,264)</b>	<b>(208,945)</b>
Cash outflows for payment of interests	(16,026)	(12,608)
Cash outflows for repayment of non-current financial liabilities	(177,634)	(98,148)
Cash outflows for repayment of current financial liabilities	(162,604)	(98,189)
<b>c) Net cash inflows or net cash outflows from financing activities (a + b)</b>	<b>(24,534)</b>	<b>(99,489)</b>
<b>Č. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (X+Y)</b>	<b>120</b>	<b>332</b>
<b>x) Net cash inflows for the period (Ac+Bc+Cc)</b>	<b>(677)</b>	<b>(4,299)</b>
<b>y) Cash and cash equivalents – closing balance</b>	<b>797</b>	<b>4,631</b>
<b>Cash and cash equivalents – merger</b>	<b>465</b>	<b>0</b>
<b>Cash and cash equivalents – opening balance</b>	<b>332</b>	<b>0</b>

The notes to financial statements represent an integral part of the financial statements and should be read in relation to them.



**Statement of changes in equity from  
1 January 2012 to 31 December 2012**

In EUR thousand	I. Called-up capital	II. Capital reserves	III. Revenue reserves	V. Retained earnings	VI. Net profit or loss for the period	VII. Total
<b>A.1. As at the end of the previous reporting period – 31 December 2011</b>	<b>28,481</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(15,049)</b>	<b>13,432</b>
<b>A.2. Opening balance sheet of the reporting period – 1 January 2012</b>	<b>28,481</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(15,049)</b>	<b>13,432</b>
<b>Merger – 1 January 2012</b>	<b>0</b>	<b>7,058</b>	<b>33</b>	<b>961</b>	<b>(2,419)</b>	<b>5,633</b>
<b>B.1. Changes in equity – transactions with owners</b>	<b>10,000</b>	<b>35,800</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>45,800</b>
č) Additional paid up capital	10,000	35,800	0	0	0	45,800
<b>B.2. Total comprehensive income for the reporting period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(51,894)</b>	<b>(51,894)</b>
a) Net profit or loss for the reporting period	0	0	0	0	(51,894)	(51,894)
<b>B.3. Changes in equity</b>	<b>0</b>	<b>(42,858)</b>	<b>(33)</b>	<b>(961)</b>	<b>43,852</b>	<b>0</b>
a) Allocation to other components of equity	0	0	0	(961)	961	0
b) Allocation of part of net profit or loss on other components of equity upon a decision of the management and supervisory board	0	(42,858)	(33)	0	42,891	0
<b>C. Closing balance sheet of the reporting period – 31 December 2012</b>	<b>38,481</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(25,510)</b>	<b>12,971</b>

**Statement of changes in equity from  
1 January 2011 to 31 December 2011**

In EUR thousand	I. Called-up capital	II. Capital reserves	III. Revenue reserves	V. Retained earnings	VI. Net profit or loss for the period	VII. Total
<b>A.1. As at the end of the previous reporting period – 31 December 2010</b>	<b>28,481</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(7,721)</b>	<b>20,760</b>
b) Retroactive adjustments	0	0	0	0	(2)	(2)
<b>A.2. Opening balance sheet of the reporting period – 1 January 2011</b>	<b>28,481</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(7,723)</b>	<b>20,758</b>
<b>B.1. Changes in equity – transactions with owners</b>	<b>0</b>	<b>16,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,000</b>
č) Entry of additional paying-up of capital	0	16,000	0	0	0	16,000
<b>B.2. Total comprehensive income for the reporting period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(23,326)</b>	<b>(23,326)</b>
a) Entry of net profit or loss for the reporting period	0	0	0	0	(23,326)	(23,326)
<b>B.3. Changes in equity</b>	<b>0</b>	<b>(16,000)</b>	<b>0</b>	<b>0</b>	<b>16,000</b>	<b>0</b>
a) Allocation to other components of equity	0	0	0	(7,723)	7,723	0
b) Allocation of part of net profit or loss on other components of equity upon a decision of the management and control authority	0	(16,000)	0	7,723	8,277	0
<b>C. Closing balance sheet of the reporting period – 31 December 2011</b>	<b>28,481</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(15,049)</b>	<b>13,432</b>

The notes to financial statements represent an integral part of the financial statements and should be read in relation to them.

## Note to the statement of changes in equity

On 3 May 2012, the two companies NLB Leasing Koper d.o.o. and NLB Leasing Maribor d.o.o. were merged to NLB Leasing d.o.o. Ljubljana at the accounting date of the merger 31 December 2011. All assets and liabilities of both companies were transferred to the acquiring Company. Consequently, equity of the acquiring Company was increased by EUR 5,633 thousand. Share capital of the acquiring Company remained the same while share capitals of the acquired companies were transferred to capital reserves.

In 2012, the Company recorded a negative operating result of EUR 51,894 thousand. At the end of 2012, the only shareholder adopted a decision on capital increase of the Company in the amount of EUR 45,800 thousand. The share capital of the Company increased by EUR 10,000 thousand whereas the capital for covering balance sheet loss (share premium) increased by EUR 35,800 thousand.

### Balance sheet loss

In EUR thousand	2012	2011 Restated	2011 Reported
a) Net loss for the period	(51,894)	(23,326)	(24,128)
b) Retained loss	(16,507)	(7,723)	(7,723)
c) Decrease in revenue reserves	33	0	0
d) Decrease in capital reserves	42,858	16,000	16,000
<b>Balance sheet loss</b>	<b>(25,510)</b>	<b>(15,049)</b>	<b>(15,851)</b>

In 2011 Financial Statements the Company did not recognise deferred tax assets related to unused tax losses. The Management of the Company made a correction of a prior period error and did a restatement on 2011 figures (Note 1.2).

## statement of Management's responsibilities

The Management Board hereby confirms its responsibility for the preparation of the financial statements the year ended December 31, 2012, and for the accompanying accounting policies and notes to the accounting policies.

The Management Board is responsible for the preparation and fair presentation of these financial statements so as to give a true and fair view of the financial position of the Company as at December 31, 2012 and its financial result and cash flows for the year then ended.

The Management Board also confirms that the appropriate accounting policies were consistently applied, and that the accounting estimates were prepared according to the principles of prudence and good management. The Management Board further confirms that the financial statements of the Company, together with the notes, have been prepared on a going-concern basis for the Company and in line with valid legislation and the Slovene Accounting Standards.

The Management Board is also responsible for appropriate accounting practices, for the adoption of appropriate measures for the safeguarding of assets, and for the prevention and identification of fraud and other irregularities or illegal acts.

The tax authorities may audit the operations of the Company at any time within 5 years from the day of the tax statement, which could result in an additional tax liability, default interest and fines for corporate income tax or for other taxes or levies. The Management Board is not aware of any circumstances that could give rise to a potential material liability in this respect.

Ljubljana, 10. 06. 2013



**Janez Saje**  
Member of the  
Management Board



**Bojan Iskra**  
Member of the  
Management Board



**Andrej Pucer**  
President of the  
Management Board

# Notes to financial statements

## 1 BASIS FOR PREPARATION

The financial statements of NLB Leasing, d.o.o., Ljubljana ("the Company") have been prepared in accordance with the 2006 Slovenian Accounting Standards (hereinafter referred to as SAS 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.

The preparation of financial statements involves certain fundamental accounting assumptions: the accruals basis, going concern and the qualitative characteristics of financial statements, i.e.: transparency, relevance, reliability and comparability. The accounting framework also involves the application of following the basic 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 presentation currency.

Financial statements for 2012 are not completely comparable to those of 2011, since the items of statements for 2011 include only amounts of NLB Leasing d.o.o., Ljubljana. On 3 May 2012, the companies NLB Leasing Koper d.o.o. and NLB Leasing Maribor d.o.o. were merged with NLB Leasing d.o.o.; on this date the merger was entered into the Slovene court register, while the accounting date of the merger is 31 December 2011. At the date of the entry of the merger into the Slovene court register, the both acquired companies ceased with their operations and were deleted from the Slovene court register. All transactions, created by the date of deletion of both companies from the Slovene court register were merged to the turnover of NLB Leasing d.o.o., Ljubljana.

### Foreign exchange rates and translation into local currency

For the purpose of maintaining their real value, receivables or liabilities in a foreign currency are evaluated at an exchange rate determined and agreed among the parties as a contractual exchange rate. Receivables from finance lease as well as current and non-current loans given are carried at a contractual selling rate of NLB d.d.

Cash and cash equivalents are presented in EUR.

Liabilities from non-current and current loans as well as interests are translated at a selling rate of NLB d.d. Foreign liabilities are translated at a central rate of the Bank of Slovenia.

The Company records its foreign currency receivables and liabilities exclusively in CHF.

### Material disclosures for the financial year 2012

On 3 May 2012, NLB Leasing Koper d.o.o. and NLB Leasing Maribor d.o.o. were merged with the NLB Leasing d.o.o., Ljubljana, whereas the accounting date of the merger was 31 December 2011. Entire assets and liabilities of both acquired companies were transferred to the acquiring company NLB Leasing d.o.o. Ljubljana by the way of universal successor.

In June 2012, the Company sold the 100% investment share in NLB Leasing d.o.o., Podgorica, to the NLB d.d. bank.

### Consolidated financial statements

In accordance with the Slovene Accounting Standards, a controlling company which is at the same time also a subsidiary and is controlled by another company with the head office in the Republic of Slovenia does not need to prepare consolidated financial statements.

NLB Leasing d.o.o. is controlled by NLB d.d. with the head office in Slovenia. Since NLB Leasing d.o.o. Group includes less and less subsidiaries and since all these companies are consolidated on the level of NLB d.d., intermediate consolidation is not performed. The consolidated financial statements of NLB Group are available at its headquarters on Trg republike 2, 1000 Ljubljana.

### Nature of business

The Company provides leasing services to natural and legal persons and sole traders. The core activities of the Company represent financial and operational leasing. In addition to the traditional leasing services (financial and operating leasing), the Company also provided loans and implemented its own real estate projects in the past and in this way, followed the development strategy of that time. Through financial and economic crisis, the leasing companies were faced with a reduced demand at the market and late-payment culture on the one hand and with limited acquiring of financial resources on the other. The requirements of the regulators also became stricter, which additionally limited the opportunities for operations of the leasing companies. Consequently, the Company has shrunk its activities to two basic types of services (financial and operating leasing) and has focused on financing of movable property with an emphasis on passenger cars at the same time.

### 1.1 Going concern basis

The adopted strategy of NLB Leasing d.o.o. aims at gradual decrease of the Company's total assets, which amounted to EUR 398.8 million as at 31 December 2012.

NLB Leasing d.o.o. finished the year 2012 with net loss of EUR 51,9 million. The loss realized at the end of 2012, together with the retained losses from previous years (EUR 16.5 million), exceeded the half of the Company's share capital.

Realized loss in 2012 is a consequence of high impairment in the amount of EUR 50.7 million. The level of impairment was significantly influenced by impairment of investments in our subsidiaries (Optima Leasing d.o.o. Zagreb and OL Nekretnine d.o.o.), which received a capital injection in December 2012 and were impaired immediately afterwards in the same amounts

In order to improve general business model and results in NLB Leasing d.o.o., the management implemented certain measures and activities already in 2012, which will continue in the future as well:

- Intensive sale of inventories/repossessed property;
- Intensive treatment of ICL (Intensive Care List)/ (NP) Non Performing clients and adopting measures;

- More conservative approach to conducting new businesses;
- Emphasis on cost reduction;
- Changes in interest rates on the active side.

In accordance with the decision of the only shareholder, the restructuring of items within the Company's equity will be realized in the following steps:

1. Covering current and past losses from Company's reserves – drawing on entire reserves, where EUR 25.5 million of uncovered loss remains (as well as EUR 38.5 million of share capital), and
2. Covering a part of residual loss from the decrease of the share capital (simplified decrease of share capital) – due to covering losses, the share capital of the Company is reduced by EUR 23.6 million, while EUR 10.6 million of losses remains uncovered.

With the above described system of covering losses the capital adequacy of the Company will be ensured. In 2013, the management plans to operate profitably in order to prevent additional burden on the capital and capital adequacy of the Company.

In 2012, the Company continued to face with the difficult situation in the field of liquidity and available funds, however, despite that, it has renewed the majority of current loans from banks outside the NLB d.d. Group, and at the same time, it has restructured the majority of non-current loans from NLB, which were due past due in that period, into the majority current loans.

New borrowings outside the NLB Group (except for the renewal of the existing loans) based on the results achieved in 2012 is very difficult and consequently, the

Company is replacing all payments to other banks, which are not possible to be repaid from the operating cash flow of the Company, with the funds of NLB d.d. In 2012, NLB d.d. provided EUR 140.8 million of loans.

Within the NLB Group, this Company is classified among the non-strategic members, however, it operates normally despite this fact, which is also evident from the realized scope of business in 2012 and plan for 2013. Marketing focus of the Company was based on concluding contracts on personal/passenger vehicles. The Company activated EUR 64.3 million on net new investments, 88% of which represent financing of passenger and commercial vehicles. A similar scope of new business is also planned for 2013.

Based on the above stated, the management of the Company assesses that it is appropriate for the financial statements to be prepared under going concern assumption.

## 1.2 Changes in classification and correction of a prior period error

### a) Changes in classification

In the balance sheet for 2011, the following items were reclassified:

- Non-current receivables from finance leases in the group were reduced by EUR 5 thousand and reclassified to current receivables from finance leases in the group.
- Assets (disposal groups) held for sale in the amount of EUR 13,842 thousand were reclassified to inventories.

Classifications as at 31 Dec 2011:

In EUR thousand	Note	Reported	Reclassified	Reclassified amount
Non-current receivables from finance leases in the group	3.1.4	6	1	(5)
Current receivables from finance leases in the group	3.1.4	5	0	5
Assets (disposal groups) held for sale		13,842	0	(13,842)
Inventory	3.1.7	9,678	23,520	13,842

In the income statement for 2011, the following items were reclassified:

- Costs of services were reduced by EUR 4,479 thousand and reclassified to other operating expenses
- Financial income from loans and finance leases decreased by EUR 4 thousand and were reclassified to financial income from operating receivables.
- Within financial income from loans and financial leases, another reclassification occurred from financial income from reversal of impairment to financial income from loans to group companies of EUR 1,157 thousand.

In EUR thousand	Note	Reported	Reclassified	Reclassified amount
Costs of services	4.4	(7,168)	(2,689)	4,479
Other operating expenses	4.7	(464)	(4,943)	(4,479)
Financial income from loans and finance leases	4.10	19,058	19,054	(4)
Financial income from loans to group companies	4.10	3,146	4,301	1,155
Financial income from loans to others	4.10	10,757	10,755	2
Financial income from reversal of impairment	4.10	5,155	3,998	(1,157)
Financial income from operating receivables	4.11	0	4	4

## b) Changes in classification

In financial statements for 2011 the Management did not recognise a deferred tax assets related to temporary differences arising from unused tax losses. During 2012, the management noted that according to SAS 5.18 deferred tax assets should be recognised on such differences in the prior period.

The management corrected the prior period error, adjusted the comparative financial information and presented a third balance sheet. The adjustments affect the balance sheet, income statement and statement of changes in equity as at 31 December 2011.

The effect of restatement in the balance sheet was as follows:

In EUR thousand	Note	Reported	Correction	Restated
Deferred tax assets	3.1.6	12,602	802	13,404
Net loss for the period	3.2.1	(24,128)	802	(23,326)

The effect of restatement in the income statement was as follows:

In EUR thousand	Note	Reported	Correction	Restated
<b>Loss before tax</b>		<b>(28,446)</b>	<b>0</b>	<b>(28,446)</b>
Deferred tax assets	4.18	4,318	802	5,120
Net loss for the period	3.2.1	(24,128)	802	(23,326)

## c) Third balance sheet

Based on the described reclassifications and prior period error the balance sheet presents a third balance sheet as at 31 December 2011. The notes to the financial statements have been amended accordingly. The management assessed the significance of individual disclosures and decided, that they will present this additional information only in those disclosures that were impacted by the prior period error.

## 2 ACCOUNTING POLICIES

### 2.1 Intangible assets

Intangible assets include licences and other non-current deferred costs. They are non-monetary assets and generally do not exist in physical form.

Purchase value of intangible assets is recognized if there is a probability of inflow of future economic benefits, and if their purchase value may be reliably measured.

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

All intangible assets have a finite useful life. Their book value is decreased for accumulated amortisation and impairment. 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 income, if the net sale proceeds are greater than 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, land and equipment

Property, land and equipment represents assets owned by the Company or held under a finance leases, or controlled by the Company in some other way, 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, land and equipment are initially recognised at cost. The cost of property, land 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, land and equipment tangible fixed asset is high, it is divided into subcomponents. Within property, land and equipment, the Company recognizes in addition to assets the Company uses also fixed assets (vehicles, equipment) that are subject to operating leasing.

Subsequently accrued costs which are linked to the said assets increase its acquisition value if future benefits rise in relation to preliminary estimates.

Investments in property, land and equipment owned by other entities are also shown as property, land and equipment.

After initial recognition the Company measures property, land and equipment according to the cost model which requires an asset to be measured at cost, less accumulated depreciation and impairment.

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 management's expectation differs from previous estimates.

Each year, the Company also assesses whether there are indications of impairment of property, land and equipment based on the assessment of a certified appraiser and euro tax. If it is found that such indications are present, valuation methods are used to estimate the recoverable amounts of the assets. The recoverable amount is the higher of the value in use or net realisable value. If the recoverable amount is higher than book value, the asset does not require impairment, whereas if the recoverable amount is lower than the book value, an impairment charge is recognised immediately in the income statement.

### 2.3 Depreciation and 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.

For the business purposes and based on the useful life, the Company may depreciate individual tangible fixed asset according to the rates that differentiate from the maximum tax recognized rates as per Corporate Profit Tax Act (ZDDPO-2), which needs to be considered at the preparation of balance sheet.

For tangible fixed asset whose useful life exceeds one year and individual purchase value does not exceed EUR 500, a write-off of the entire purchase value is recognized as expense when transferred into use.

### 2.4 Financial investments

Financial assets are presented as non-current or current. Non-current financial assets are those which the Company holds for more than a year and does not intend to sell. Those non-current 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 profit or loss;
- Financial assets held to maturity;
- Loans;
- Financial assets available for sale.

Depreciation rates for property, land and equipment	2012
	%
* Buildings	2.5 – 10
* Computer equipment	20 – 50
* Personal motor vehicles	12.5 – 20
* Other equipment	12.5 – 25
* Investments in buildings owned by third party	10
Depreciation rates for property, land and equipment	2011
	%
* Buildings	3
* Computer equipment	50
* Personal motor vehicles	12.5 – 20
* Other equipment	12.5 – 25
* Investments in buildings owned by third party	10
Amortisation rates for intangible assets	2012
	%
* Licences	
– Computer software	10 – 50
– Trade mark	10
Amortisation rates for intangible assets	2011
	%
* Licences	
– Computer software	10
– Trade mark	10



Financial assets include investments in subsidiaries, noncurrent and current loans receivable, finance leases receivables 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) Financial investments in subsidiaries**

Financial investments in shares of subsidiaries are recognised as financial assets in the balance sheet if it is probable that economic benefits will arise thereof and their cost price is measurable.

Financial investments in subsidiaries are recorded in the stand-alone financial statement per their purchase price. Received dividends are recorded under incomes in the period when the Company receives the payment.

At the determination of potential impairment of investments in subsidiaries, the Company compares the purchase value of the investment with its recoverable amount. If the bookkeeping value is higher, the difference is recognized as impairment in the income statement.

#### **b) Derivative financial instruments**

Derivatives are instruments whose values change based on a change in a certain variable, such as an interest rate, currency, price, FX 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 through income statement, which is determined based on their published market price, the discounted future cash flow model or by using a pricing model as appropriate.

#### **c) Financial investments in loans**

Financial investments in loans and finance leases receivables are measured at amortised cost based on the effective interest rate method, which means that all expenses and income, directly connected to the loan are accrued (credit or debit) and proportionately recognised in the income statement income according to the duration of the contract.

In its balance sheet, the lessor must recognize the assets under finance leases as receivables in the amount that equals the net investment into loan. Recognition of financial incomes must be formed in a way that it reflects a continuing periodical profitability rate of the lessor's net investment in the finance leases.

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 income 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.

Finance lease loans and 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. Considering that the major part of the Company's portfolio is represented by the finance leases, the collateral is ensured by legal ownership of the leased item until the last instalment is paid.

#### **d) Impairment of financial assets**

Impairment of financial assets and other receivables are recognised on a monthly basis. Each month, the Company reviews if the value of impairment is real. In addition to this, the Company forms provisions or impairment for claims or fraud instances identified in the previous months.

Impairment is recognised only if the Company, based on objective evidence, assesses that in collateral provided for loans and finance lease receivables cannot be cashed-in in accordance with the contract or loss is expected. If the Company assesses that its customers, based on their credit ratings, will repay their outstanding debt in full, impairment is not recognised.

All finance investments, namely loans and receivables due from financial leases to natural persons above a given amount, are individually reviewed for impairment, whereas for loans and receivables due from natural persons which are beneath that amount a group calculation is performed. All legal entities which are leasing customers are allocated to a credit rating group from A to E. All loans and receivables in groups D and E above a given amount, as well as a significant proportion by value of the riskiest loans above the amount in credit rating group C are reviewed individually. Impairment on other financial investments in credit-rating groups from C to E that are not individually reviewed is assessed at group level. For receivables allocated to a credit rating group A and B are reviewed with the group calculation. In the case of operating lease receivables, 100% impairment is recognized for all overdue lease payments after a given time on the basis of an individual review.

The loss amount due to the impairment of the financial assets, recognized at amortised cost is measured as a difference between the book value of the asset and the current value of the expected future cash flows, discounted according to the effective interest rate, calculated at initial recognition. The book value of the asset has decreased through value adjustment, whereas the value of loss is recognised in the Income statement.

By impairment of financial assets, a fair value is ensured. Unrecoverable financial assets 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 loan which has been written off, the amount received is recognised as revenue in the income statement.

### **2.5 Inventories**

Company inventories include primarily real estate development projects under development which the Company intends afterwards to make available on a finance lease or sale, merchandise inventories and the disposed equipment after terminated contracts of the finance lease.

Inventories are recognised in the accounting records if it is probable that they will generate associated economic



benefits, and if their acquisition value (cost) can be measured with a degree of reliability. Inventories are derecognised 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 other direct costs of acquisition. 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.

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 realizable value. Increases in the value of inventories are not recognised. Assets are impaired if their book value exceeds their net realisable value.

## 2.6 Receivables

Receivables are mostly from customers in connection with products and stock items sold and services rendered. Receivables can also be from suppliers in respect of advance payments and security deposits given, from employees, from the state in respect of taxes paid.

Receivables are divided into non-current and current receivables according to the due date of their payment. Non-current trade receivables represent receivables due from customers, which fall due after more than one year. The portion of non-current receivables falling due within a year of the balance sheet date is included in current trade receivables.

Receivables are initially recognised at a fair value, these arise from corresponding source documents on the assumption that they will be paid

Regarding impairment and write-offs, receivables are treated the same as financial investments. The procedure is further described in Note 2.4.d).

### 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.

The Company has collateral 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.

## 2.7 Deferred taxes

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.

## 2.8 Investment property

Investment property is property which the Company owns with the purpose of leasing out on an operating lease and of with the aim of non-current capital appreciation.

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

The investment property is subsequently measured using the fair value model that is determined by a certified valuator on the basis of International Valuation Standards (by using the following ways of value assessment: market comparison, profit-based aspect and purchase value aspect). Gains or losses on revaluation to the fair value are recognised in the income statement.

The group includes the following types of real estate in investment property:

- Land for non-current capital appreciation and not for sale in the near future in the course of ordinary operations;
- Owned buildings leased out on operating leases.

If the Group owns real estate 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.

## 2.9 Cash and cash equivalents

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

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

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 current deposits and cash held on deposit with an original maturity date of up to 90 days.

## 2.10 Accruals

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 whose amount of which can be reliably estimated. The purpose of accruals is to present all in the income statement revenue and expenditure in the period to which they relate, irrespective of whether they were actually paid or received at that time.

We distinguish between 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.

## 2.11 Equity

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 reserves.

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

Profit and loss of the Company is recognised as difference between income and expenditures less income tax, adjusted for the amount of deferred tax based on temporary deductible differences.

## 2.12 Provisions and non-current 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 are calculated based on actuarial calculation and with the consideration of the number of employees, estimated fluctuation, years of pensionable service etc.

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

The Company's non-current accrued costs and deferred revenue include deferred operating lease deposits, which are proportionally transferred to receivables throughout the period of the agreement duration.

## 2.13 Liabilities

In the balance sheet, liabilities are recognised, when upon consideration of contractual date or the date of income or income and their related calculations, liability arises as set in the contract or other legal Act.

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

Non-current liabilities are measured at amortised cost, based on the method of effective interests.

Non-current liabilities are disclosed as non-current financial liabilities and non-current operating liabilities. Non-current financial liabilities represent non-current loans. Non-current financial liabilities are increased by accrued interest and decreased for 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 that relate to received financial obligations are deferred and the Company transfers them to expenses proportionate to the repayment period of liabilities.

Current financial liabilities represent current loans payable and part of non-current loans transferred to the current part. Current operating liabilities include advances and security deposits received from clients, liabilities to both domestic and foreign suppliers, liabilities towards employees, liabilities to state institutions and other liabilities.

## 2.14 Revenue

Revenue is subdivided between operating revenue, financial revenue and other income. Revenue is recognised if the

increase in economic benefits in a respective period is linked to an increase in assets or decrease in 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 and services rendered, within an accounting period and the sale of merchandise. Revenue from the sale of products and services rendered as well as the revenue from the sale of merchandise 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. The major part of the operating revenue is revenue from rent on investment property and rent on operating leasing.

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

### b) Financial revenue

Financial revenue represents revenue from investments. It arises in relation to financial assets and receivables in the form of interest charged, share of the profits of others, and revaluation financial revenue.

Dividends and other shares in profit are recognised when the Company's right to receipt of payment is exercised.

Financial revenue from financial assets also include income from foreign exchange gains based on the translation of foreign currency into local currency on the day on which settlement occurs and with the final assessment at the end of the year.

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 income

Other income includes unusual items (extraordinary revenue) and other income that increases the Company's net profit.

## 2.15 Expenses

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

### a) Operating expenses

Operating expenses are in principle equal to accrued costs in the accounting period increased for costs in the opening balances of inventory and decreased for costs in the closing balances of inventory. Operating expenses also include the purchase price of sold goods, labour costs in the extended profit, and revaluation operating expenses that are not deemed as expenses.

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

Operating expenses from revaluation arise in relation to property, land and equipment, intangible assets and current assets as a result of their impairment if the

reduced value is not covered with the surplus based on revaluation of capital from their previous increase in value.

## **b) Financial expenses**

Financial expenses are expenses from financial liabilities from impairment and investment expenses. Expenses categorised as financial include interest payable, while expenses relating to investments include revaluation losses arising in relation to financial investments due to their impairment. Financial expenses also include foreign exchange losses occurring due to translation of foreign currency into local currency on the day on which settlement occurs and with the final assessment at the end of the year.

Financial expenses are transferred to the income statement in accordance with the amortised cost method.

## **c) Other expenses**

Other expenses include unusual items and other expenses which decrease the profit.

## **2.16 Corporate income tax**

The Company is liable for tax return and payment of corporate income tax at the legally determined rate of tax basis with prior recognition of tax mark-up and tax allowances.

## **2.17 Cash flow statement**

Cash flow statement is prepared using the indirect method (Format II). The basis for preparation of the cash flow statement is the Company's income statement, balance sheet of two successive years, and additional data from administrative system. In order to achieve that inflows in the cash flow statement are as close as possible to receipts, and outflows as close as possible to expenditures, the Company based on balance sheet data makes adjustments, such as e.g. exemption of depreciation expense, effects of FX rate differences, impairment and revaluations etc.

## **2.18 Exposure and risk management**

The Company is exposed to various risks, e. g.: credit, foreign-exchange, interest and operational risks.

### **Credit risk**

Credit risk is a risk of creating a loss for the Company, which is a consequence of debtor's inability to fulfil its contractual obligations for whatever reason.

Credit risk occurs with risky active balance sheet items and risky off-balance-sheet items. These items within the Company include non-current and current financial investments, current operating receivables, including advances and granted but unused financial investments. The Company performs an overview of the credit portfolio regularly. For these purposes, criteria for treatment of debtors and their exposure are defined, which requires even more careful monitoring.

For the purposes of credit risk assessment, the Company established a system of client classification into the credit standing groups.

In the assessment of credit risk, debtor's abilities of fulfilling the contractual obligations are taken into consideration (the amount as well as the time) and the type of collateral for receivables.

If Company determines any potential losses from credit risks, it recognises impairment in the income statement.

### **Interest rate risk**

Interest risk is a risk of creating a loss for the Company with an interest rate sensitive balance sheet items and off-balance sheet items. The risk occurs with the change of market interest rates.

The basis for determining the exposure to interest rate risk is the methodology of interest rate spreads.

For the purposes monitoring this interest rate risk, the Company identifies the exposure to interest rate risks in the local and foreign currency and in accordance with the adopted policy of management of the interest rate risk within the Company. The main policy of the Company is to provide the lowest interest rate spreads possible between the interest rate sensitive active and passive balance-sheet items.

### **Foreign-exchange risk**

Foreign-exchange risk is a risk of creating a loss for the Company due to currency mismatch of receivables and liabilities as a consequence of market rates and mismatch of cash flows in the foreign currency.

For the purposes of monitoring the foreign-exchange risk, the Company prepares a report on exposure to foreign-exchange risk on a monthly basis and in accordance with the adopted policy of foreign-exchange risk management within the Company.

For foreign-exchange risk measurement, the methodology of the net open position by gross principle is used, without including of impairment in the opened position. The position is calculated for each individual currency and for all currencies together.

The Company maintains the net opened positions as closed as possible, however, it still has a certain limit of a divide between the active and passive balance sheet items by an individual currency.

### **Liquidity risk**

Liquidity risk is a risk of creating a loss, when a Company is not able to meet due obligations.

Liquidity risk is closely related to other risks within the Company (credit, interest-rate, foreign-exchange risks). The Company manages the liquidity risk at the operational and structural level. At the operational level by monitoring and planning the cash flows, finding additional funds, fixed-term deposit services, etc. and at the structural level by regular monitoring and calculating of indicators of structural liquidity.

For the purposes of monitoring the liquidity risks, the Company prepares a report on exposure to this risk on a monthly basis and in accordance with the adopted policy for management of liquidity risk within the Company.

### **Operational risk**

Operational risk is a risk of creating a loss due to inadequate or irregular implementation of internal processes, other irregularities by Company's employees, inadequacy or irregular operation of systems and external events. The definition includes legal risk but does not include strategic risk and risk of losing goodwill.

With the purpose of lowering danger and probability of major damages and lowering the amount of potential and actual losses, the Company adopted a risk management policy for operational risks.

### 3 NOTES TO INDIVIDUAL BALANCE SHEET ITEMS

#### 3.1 Assets

##### 3.1.1 Intangible assets and non-current deferred costs and accrued revenue

In EUR thousand	31.12.2012	31.12.2011
Licences	893	393
Other non-current deferred costs and accrued revenue	7	8
Allowance account for licences due to amortisation	(286)	(115)
<b>Total</b>	<b>614</b>	<b>286</b>

#### Movements in intangible assets in 2012

In EUR thousand	Non-current deferred costs and accrued revenue	Licences	TOTAL
<b>Cost:</b>			
<b>Balance as at 31 December 2011</b>	<b>8</b>	<b>393</b>	<b>401</b>
<b>Merger</b>	<b>0</b>	<b>550</b>	<b>550</b>
Purchase	0	38	38
Sale	(1)	(88)	(89)
<b>Balance as at 31 December 2012</b>	<b>7</b>	<b>893</b>	<b>900</b>
<b>Allowance account:</b>			
<b>Balance as at 31 December 2011</b>	<b>0</b>	<b>(115)</b>	<b>(115)</b>
<b>Merger</b>	<b>0</b>	<b>(165)</b>	<b>(165)</b>
Sale	0	81	81
Amortisation	0	(87)	(87)
<b>Balance as at 31 December 2012</b>	<b>0</b>	<b>(286)</b>	<b>(286)</b>
<b>Carrying value:</b>			
<b>Balance as at 31 December 2011</b>	<b>8</b>	<b>278</b>	<b>286</b>
<b>Balance as at 31 December 2012</b>	<b>7</b>	<b>607</b>	<b>614</b>

#### Movements in intangible assets in 2011

In EUR thousand	Non-current deferred costs and accrued revenue	Licences	TOTAL
<b>Cost:</b>			
<b>Balance as at 31 December 2010</b>	<b>8</b>	<b>388</b>	<b>396</b>
Purchase	0	5	5
<b>Balance as at 31 December 2011</b>	<b>8</b>	<b>393</b>	<b>401</b>
<b>Allowance account:</b>			
<b>Balance as at 31 December 2010</b>	<b>0</b>	<b>(79)</b>	<b>(79)</b>
Amortisation	0	(36)	(36)
<b>Balance as at 31 December 2011</b>	<b>0</b>	<b>(115)</b>	<b>(115)</b>
<b>Carrying value:</b>			
<b>Balance as at 31 December 2010</b>	<b>8</b>	<b>309</b>	<b>317</b>
<b>Balance as at 31 December 2011</b>	<b>8</b>	<b>278</b>	<b>286</b>

At the end of the year, the Company shows in majority licences and non-current deferred costs and accrued revenues among intangible assets. The licences represent bought computer software and the deferred costs and accrued revenues include input VAT as a temporary non-deductible item for own real estate in Ljubljana, due to the taxable leases of one part of this real estate to the lessors. The value of these accruals is reduced every year by the amount of deducted input VAT hereof.

The Company shows no pledged intangible assets as a guarantee for debts.

### 3.1.2 Property, land and equipment

In EUR thousand	31.12.2012	31.12.2011
<b>Property</b>	<b>7,926</b>	<b>5,062</b>
Land valued at cost model	1,429	1,030
Buildings valued at cost model	6,497	4,032
<b>Allowance account of property</b>	<b>(1,332)</b>	<b>(488)</b>
Depreciation	(1,332)	(488)
<b>Carrying value of property</b>	<b>6,594</b>	<b>4,574</b>
<b>Equipment and other fixed assets</b>	<b>18,801</b>	<b>11,584</b>
Equipment valued at cost model	1,389	980
Equipment under operating leases	17,394	10,585
Capitalised costs of investments into a foreign fixed assets	18	19
<b>Allowance account of equipment</b>	<b>(6,446)</b>	<b>(4,222)</b>
Allowance account of equipment due to depreciation	(1,137)	(770)
Allowance account of equipment under operating leases due to depreciation	(5,297)	(3,441)
Allowance account of capitalised costs of investments into fixed assets owned by third parties	(12)	(11)
<b>Carrying value of equipment</b>	<b>12,355</b>	<b>7,362</b>
<b>Short term advances for fixed assets</b>	<b>69</b>	<b>470</b>
<b>Total</b>	<b>19,018</b>	<b>12,406</b>

### Movements in property, land and equipment in 2012

In EUR thousand	Land	Buildings	Assets under operating leases	Furniture and other equipment	Capitalised costs of investments in foreign fixed assets	Advances for fixed assets	Total
<b>Cost:</b>							
<b>Balance as at 31 December 2011</b>	<b>1,030</b>	<b>4,032</b>	<b>10,585</b>	<b>980</b>	<b>19</b>	<b>470</b>	<b>17,116</b>
<b>Merger</b>	<b>402</b>	<b>2,477</b>	<b>6,944</b>	<b>533</b>	<b>0</b>	<b>384</b>	<b>10,740</b>
Purchase	0	0	10,581	61	0	3,984	14,626
Sale / Transfer	(3)	(12)	(10,716)	(185)	(1)	(4,557)	(15,474)
<b>Balance as at 31 December 2012</b>	<b>1,429</b>	<b>6,497</b>	<b>17,394</b>	<b>1,389</b>	<b>18</b>	<b>281</b>	<b>27,008</b>
<b>Allowance account:</b>							
<b>Balance as at 31 December 2011</b>	<b>0</b>	<b>(488)</b>	<b>(3,441)</b>	<b>(770)</b>	<b>(11)</b>	<b>0</b>	<b>(4,710)</b>
<b>Merger</b>	<b>0</b>	<b>(616)</b>	<b>(1,843)</b>	<b>(399)</b>	<b>0</b>	<b>0</b>	<b>(2,858)</b>
Increase	0	0	0	0	0	(212)	(212)
Sale / Transfer	0	0	2,441	127	0	0	2,568
Depreciation	0	(228)	(2,454)	(95)	(1)	0	(2,778)
<b>Balance as at 31 December 2012</b>	<b>0</b>	<b>(1,332)</b>	<b>(5,297)</b>	<b>(1,137)</b>	<b>(12)</b>	<b>(212)</b>	<b>(7,990)</b>
<b>Carrying value:</b>							
<b>Balance as at 31 December 2011</b>	<b>1,030</b>	<b>3,544</b>	<b>7,144</b>	<b>210</b>	<b>8</b>	<b>470</b>	<b>12,406</b>
<b>Balance as at 31 December 2012</b>	<b>1,429</b>	<b>5,165</b>	<b>12,097</b>	<b>252</b>	<b>6</b>	<b>69</b>	<b>19,018</b>

## Movements in property, land and equipment in 2011

In EUR thousand	Land	Buildings	Assets under operating leases	Furniture and other equipment	Capitalised costs of investments in foreign fixed assets	Advances for fixed assets	TOTAL
<b>Cost:</b>							
<b>Balance as at 31 December 2010</b>	<b>1,030</b>	<b>4,032</b>	<b>11,247</b>	<b>1,049</b>	<b>18</b>	<b>0</b>	<b>17,376</b>
Purchase	0	0	3,326	104	1	679	4,110
Sale / Transfer	0	0	(3,988)	(173)	0	(209)	(4,370)
<b>Balance as at 31 December 2011</b>	<b>1,030</b>	<b>4,032</b>	<b>10,585</b>	<b>980</b>	<b>19</b>	<b>470</b>	<b>17,116</b>
<b>Allowance account:</b>							
<b>Balance as at 31 December 2010</b>	<b>0</b>	<b>(367)</b>	<b>(3,521)</b>	<b>(658)</b>	<b>(10)</b>	<b>0</b>	<b>(4,556)</b>
Increase	0	0	0	0	0	(212)	(212)
Sale / Transfer	0	0	1,360	46	0	0	1,406
Depreciation	0	(121)	(1,280)	(158)	(1)	0	(1,560)
<b>Balance as at 31 December 2011</b>	<b>0</b>	<b>(488)</b>	<b>(3,441)</b>	<b>(770)</b>	<b>(11)</b>	<b>(212)</b>	<b>(4,710)</b>
<b>Carrying value:</b>							
<b>Balance as at 31 December 2010</b>	<b>1,030</b>	<b>3,665</b>	<b>7,726</b>	<b>391</b>	<b>8</b>	<b>0</b>	<b>12,820</b>
<b>Balance as at 31 December 2011</b>	<b>1,030</b>	<b>3,544</b>	<b>7,144</b>	<b>210</b>	<b>8</b>	<b>258</b>	<b>12,406</b>

Within property, land and equipment, the Company shows: property like buildings – these are business premises at the following locations: Ljubljana, Nova Gorica, Koper and Maribor as well as the land (and parking places) where Company operates, own equipment (vehicles, equipment of business premises, computer equipment), equipment under operating leases, investments in foreign fixed assets and advances for acquiring fixed assets.

No property, land or equipment of the Company was pledged as collateral for the debts or for any other reason.  
No property, land or equipment was acquired by financial leases.

The Company does not record any liabilities for purchase of property, land and equipment. Based on the valuations as at 31 December 2012, the Company evaluates that there are no signs of impairment of property, land and equipment.

## 3.1.3 Investment property

In EUR thousand	31.12.2012	31.12.2011
Investment property valued at fair value mode	51,611	40,470
Revaluation of investment property to fair value	(196)	(420)
<b>Skupaj:</b>	<b>51,415</b>	<b>40,050</b>

## Movements in investment property in 2012

In EUR thousand	Investment buildings	Investment land	TOTAL
<b>Cost:</b>			
<b>Balance as at 31 December 2011</b>	<b>39,839</b>	<b>211</b>	<b>40,050</b>
<b>Merger</b>	<b>2,942</b>	<b>0</b>	<b>2,942</b>
Purchase	10,100	0	10,100
Sale – Transfer	(1,397)	(84)	(1,481)
Revaluation	(130)	(66)	(196)
<b>Balance as at 31 December 2012</b>	<b>51,354</b>	<b>61</b>	<b>51,415</b>

## Movements in investment property in 2011

In EUR thousand	Investment buildings	Investment land	TOTAL
<b>Cost:</b>			
<b>Balance as at 31 December 2010</b>	<b>37,390</b>	<b>211</b>	<b>37,601</b>
Purchase	3,028	0	3,028
Sale – Transfer	(205)	0	(205)
Revaluation	(374)	0	(374)
<b>Balance as at 31 December 2011</b>	<b>39,839</b>	<b>211</b>	<b>40,050</b>

Investment property includes investments bought for the purpose of renting and investment properties acquired by disposal due to terminated contracts on finance lease (reclassification of assets from non-current financial investments or inventories occurred).

Investment property is valued at fair value. In accordance with the internal policy of the Company and valuations obtained from certified valuers, revaluation of investment property was carried out through income statement.

Income from rents of investment property amounted to EUR 3,868 thousand (in 2011 EUR 2,874 thousand), whereas the costs related to this property amounted to EUR 165 thousand (EUR 21 thousand in 2011).

### 3.1.4 Non-current investments

In EUR thousand	31.12.2012	31.12.2011
<b>Non-current financial investments excluding loans</b>	<b>799</b>	<b>200</b>
Shares and interests in group companies	53,147	7,950
Impairment of shares and interests in group companies	(53,147)	(7,750)
Other non-current financial investments	799	0
<b>Non-current loans</b>	<b>7,751</b>	<b>6,767</b>
Non-current loan to group companies	7,858	35,198
Impairment of loans to group companies	(7,523)	(8,024)
Transfer to current loans	(335)	(27,174)
Non-current loans to others	23,896	20,386
Impairment of loans to others	(7,511)	(4,284)
Transfer to current loans	(8,634)	(9,335)
<b>Non-current finance lease receivables</b>	<b>161,607</b>	<b>89,949</b>
Non-current finance lease receivables in the group	3	6
Non-current finance lease receivables from other	261,442	131,091
Impairment of finance lease receivables	(32,799)	(16,654)
Transfer to current finance lease receivables	(67,039)	(24,494)
<b>Total:</b>	<b>170,157</b>	<b>96,917</b>



## a) Movements in non-current financial investments excluding loans in 2012

In EUR thousand	Shares and interests in group companies	Other non-current financial investments	TOTAL
<b>Cost</b>			
<b>Balance as at 31 December 2011</b>	<b>7,950</b>	<b>0</b>	<b>7,950</b>
<b>Merger</b>	<b>41</b>	<b>569</b>	<b>610</b>
Increase	45,356	230	45,586
Sale of subsidiary	(200)	0	(200)
<b>Equity</b>	<b>53,147</b>	<b>799</b>	<b>53,946</b>
<b>Impairment</b>			
<b>Balance as at 31 December 2011</b>	<b>(7,750)</b>	<b>0</b>	<b>(7,750)</b>
<b>Merger</b>	<b>(41)</b>	<b>0</b>	<b>(41)</b>
Increase	(45,356)	0	(45,356)
<b>Balance as at 31 December 2012</b>	<b>(53,147)</b>	<b>0</b>	<b>(53,147)</b>
<b>Balance as at 31 December 2011</b>	<b>200</b>	<b>0</b>	<b>200</b>
<b>Balance as at 31 December 2012</b>	<b>0</b>	<b>799</b>	<b>799</b>

## Movements in non-current financial investments excluding loans in 2011

In EUR thousand	Shares and interests in group companies
<b>Cost</b>	
<b>Balance as at 31 December 2010</b>	<b>6,790</b>
Increase	1,826
Sale of subsidiary	(667)
<b>Equity</b>	<b>7,949</b>
<b>Impairment</b>	
<b>Balance as at 31 December 2010</b>	<b>(6,155)</b>
Increase	(1,826)
Sale of subsidiary	232
<b>Balance as at 31 December 2011</b>	<b>(7,749)</b>
<b>Balance as at 31 December 2010</b>	<b>635</b>
<b>Balance as at 31 December 2011</b>	<b>200</b>

Within the non-current financial investments (excluding loans), the Company shows investments in subsidiaries. Other non-current financial investments include two hedged items, presenting two inter-related investments – two finance lease contracts, granted to the same lessee. The hedging instrument is interest rate swap, which is valued at fair value in accordance with the formally adopted internal document, whereas the revaluation effect is shown in the income statement.

In 2012, NLB leasing Podgorica – subsidiary – was sold to NLB d.d. at the estimated value of EUR 314 thousand. Net sales realised amounted to EUR 114 thousand.

In 2012, companies OL Nekretnine d.o.o. Zagreb and Optima Leasing d.o.o. Zagreb received capital injection in the total amount of EUR 45,356 thousand. Both investments subject to the capital increase were also impaired by 100% in the same year.

Investments in subsidiaries with participating interests in capital of these companies at the end of 2012:

In EUR thousand		Investment	Participating interest in capital		Capital	Net profit or loss			
Group companies	Head office	31.12.2012	31.12.2011	31.12.2012	31.12.2011	31.12.2012	31.12.2011	31.12.2012	31.12.2011
NLB Leasing Sofia, e.o.o.d.	Bolgarija	200	200	100.00%	100.00%	(5,878)	(4,916)	(962)	(1,280)
NLB Leasing Podgorica, d. o. o.	Črna gora	-	200	-	100.00%	-	384	-	95
Optima Leasing d. o. o., Zagreb	Hrvaška	35,134	7,550	99.82%	99.15%	(27,402)	(18,082)	(9,413)	(10,682)
OL Nekretnine d. o. o., Zagreb	Hrvaška	17,813	-	99.93%	-	1,211	-	484	-



## b) Movements in non-current loans in 2012

In EUR thousand	Non-current loans to Group companies	Non-current loans to others	TOTAL
<b>Cost</b>			
<b>Balance as at 31 December 2011</b>	<b>0</b>	<b>11,051</b>	<b>11,051</b>
<b>Merger</b>	<b>0</b>	<b>1,425</b>	<b>1,425</b>
Increase	1,183	868	2,051
Decrease	(28,530)	(5,514)	(34,044)
Transfer to current loans	27,347	1,365	28,712
<b>Balance as at 31 December 2012</b>	<b>0</b>	<b>9,195</b>	<b>9,195</b>
<b>Impairment</b>			
<b>Balance as at 31 December 2011</b>	<b>0</b>	<b>(4,284)</b>	<b>(4,284)</b>
<b>Merger</b>	<b>0</b>	<b>(616)</b>	<b>(616)</b>
Increase	(630)	(778)	(1,408)
Decrease	1,131	728	1,859
Transfer to current loans	(501)	3,506	3,005
<b>Balance as at 31 December 2012</b>	<b>0</b>	<b>(1,444)</b>	<b>(1,444)</b>
<b>Balance as at 31 December 2011</b>	<b>0</b>	<b>6,767</b>	<b>6,767</b>
<b>Balance as at 31 December 2012</b>	<b>0</b>	<b>7,751</b>	<b>7,751</b>

## Movements in non-current loans in 2011

In EUR thousand	Non-current loans to Group companies	Non-current loans to others	TOTAL
<b>Cost</b>			
<b>Balance as at 31 December 2010</b>	<b>48,783</b>	<b>20,991</b>	<b>69,774</b>
Increase	0	7,676	7,676
Decrease	(13,585)	(8,281)	(21,866)
Transfer to current loans	(35,198)	(9,335)	(44,533)
<b>Balance as at 31 December 2011</b>	<b>0</b>	<b>11,051</b>	<b>11,051</b>
<b>Impairment</b>			
<b>Balance as at 31 December 2010</b>	<b>(5,884)</b>	<b>(2,215)</b>	<b>(8,099)</b>
Increase	(3,298)	(3,357)	(6,655)
Decrease	1,158	1,288	2,446
Transfer to current loans	8,024	0	8,024
<b>Balance as at 31 December 2011</b>	<b>0</b>	<b>(4,284)</b>	<b>(4,284)</b>
<b>Balance as at 31 December 2010</b>	<b>42,899</b>	<b>18,776</b>	<b>61,675</b>
<b>Balance as at 31 December 2011</b>	<b>0</b>	<b>6,767</b>	<b>6,767</b>

## c) Maturity of non-current loans

In EUR thousand	31.12.2012	31.12.2011
Under 1 year	22,493	45,778
From 1 to 5 years	4,962	5,686
Over 5 years	4,299	4,120
<b>Total:</b>	<b>31,754</b>	<b>55,584</b>

Non-current loans with maturity of less than 1 year also include overdue loans. All overdue non-current loans and loans with maturity of less than 1 year from the balance sheet date are shown among current financial investments in the balance sheet statement. Current loans also include value adjustments of these receivables or their impairment due to credit risk.

The above table shows maturity of loans without value adjustments.

Non-current loans are collateralised with mortgages and bills of exchange.

The Company is exposed to various risks e. g.: credit, foreign-exchange and interest rate risk.

## d) Movements in non-current finance lease receivables in 2012

In EUR thousand	Finance lease of equipment	Finance lease of property	TOTAL
<b>Cost</b>			
<b>Balance as at 31 December 2011</b>	<b>68,766</b>	<b>37,837</b>	<b>106,603</b>
<b>Merger</b>	<b>32,565</b>	<b>101,322</b>	<b>133,887</b>
Increase	85,571	2,301	87,872
Decrease	(91,926)	(20,994)	(112,920)
Transfer to current finance lease receivables	(26,777)	(23,741)	(50,518)
<b>Stanje 31. 12. 2012</b>	<b>68,199</b>	<b>96,725</b>	<b>164,924</b>
<b>Impairment</b>			
<b>Balance as at 31 December 2011</b>	<b>(10,744)</b>	<b>(5,910)</b>	<b>(16,654)</b>
<b>Merger</b>	<b>2,368</b>	<b>2,024</b>	<b>4,392</b>
Increase	(5,552)	(5,443)	(10,995)
Decrease	2,033	2,243	4,276
Transfer to current finance lease receivables	11,443	4,221	15,664
<b>Balance as at 31 December 2012</b>	<b>(452)</b>	<b>(2,865)</b>	<b>(3,317)</b>
<b>Balance as at 31 December 2011</b>	<b>58,022</b>	<b>31,927</b>	<b>89,949</b>
<b>Balance as at 31 December 2012</b>	<b>67,747</b>	<b>93,860</b>	<b>161,607</b>

## Movements in non-current finance lease receivables in 2011

In EUR thousand	Finance lease of equipment	Finance lease of property	TOTAL
<b>Cost</b>			
<b>Balance as at 31 December 2010</b>	<b>70,945</b>	<b>47,300</b>	<b>118,245</b>
Increase	49,815	27,949	77,764
Decrease	(16,307)	(8,193)	(24,500)
Transfer to current finance lease receivables	(35,687)	(29,219)	(64,906)
<b>Balance as at 31 December 2011</b>	<b>68,766</b>	<b>37,837</b>	<b>106,603</b>
<b>Impairment</b>			
<b>Balance as at 31 December 2010</b>	<b>(8,933)</b>	<b>(3,731)</b>	<b>(12,664)</b>
Increase	(3,541)	(2,779)	(6,320)
Decrease	1,730	600	2,330
<b>Balance as at 31 December 2011</b>	<b>(10,744)</b>	<b>(5,910)</b>	<b>(16,654)</b>
<b>Balance as at 31 December 2010</b>	<b>62,012</b>	<b>43,569</b>	<b>105,581</b>
<b>Balance as at 31 December 2011</b>	<b>58,022</b>	<b>31,927</b>	<b>89,949</b>

## Maturity of non-current finance lease receivables as at 31 December 2012

In EUR thousand	Gross receivable	Deferred revenue	Current value
Under 1 year	107,676	(10,416)	97,260
From 1 to 5 years	115,430	(22,011)	93,419
Over 5 years	81,241	(10,475)	70,766
<b>Total:</b>	<b>304,347</b>	<b>(42,902)</b>	<b>261,445</b>

## Zapadlost dolgoročnih terjatev iz finančnega najema dne 31. 12. 2011

In EUR thousand	Gross receivable	Deferred revenue	Current value
Under 1 year	30,536	(5,307)	25,229
From 1 to 5 years	63,342	(11,061)	52,281
Over 5 years	59,185	(5,598)	53,587
<b>Total balance as at 31 December 2011:</b>	<b>153,063</b>	<b>(21,966)</b>	<b>131,097</b>

Value of non-current finance lease receivable is decreased / increased by:

- Transfer of receivables to current financial investments (maturity under 12 months after the balance sheet date and investments past due);
- Fees, paid and received, relating to the loan period are accrued over the maturity of the loan,
- Impairment of loans and finance lease receivables, and
- Interest income, accrued at the balance sheet date according to the document date of the last instalment before the balance sheet date and according to the document date of the following instalment.

Non-current finance lease receivables falling due within 1 year also include receivables past due.

The above table shows the maturity of non-current finance lease receivables without value adjustments. In 2012, EUR 44 thousand of non-current finance lease receivables were written-off (in 2011–EUR 547 thousand).

Receivables from finance leases are secured by means of ownership of the leased item. In addition, other forms of collateral are in place, such as bills of exchange, guarantees and mortgages.

The Company is exposed to various types of risks, such as credit, foreign-exchange, and interest rate risk.

The last credit risk assessment was done on 31 December 2012.

### 3.1.5 Non-current operating receivables

In EUR thousand	31.12.2012	31.12.2011
Non-current operating receivables due from others	32	7
<b>Total:</b>	<b>32</b>	<b>7</b>

#### Movements in non-current operating receivables in 2012

In EUR thousand	Other non -current operating receivables
<b>Cost</b>	
<b>Balance as at 31 December 2011</b>	<b>7</b>
<b>Merger</b>	<b>30</b>
Increase	2
Decrease	(7)
<b>Balance as at 31 December 2012</b>	<b>32</b>

#### Movements in non-current operating receivables in 2011

In EUR thousand	Other non -current operating receivables
<b>Cost</b>	
<b>Balance as at 31 December 2010</b>	<b>7</b>
<b>Balance as at 31 December 2011</b>	<b>7</b>

Non-current operating receivables include payments made into reserve fund. These receivables have no due date.

## 3.1.6 Deferred tax assets

In EUR thousand	31.12.2012	31.12.2011 Restated	31.12.2011 Reported
Deferred taxes for impairment of loans and receivables	13,941	10,973	10,973
Deferred taxes for employee provisions	8	17	17
Deferred taxes for non-tax deductible depreciation/amortisation	74	85	85
Deferred taxes for other purposes	176	2,329	1,527
<b>Total</b>	<b>14,199</b>	<b>13,404</b>	<b>12,602</b>

## Movements in deferred tax assets in 2012

In EUR thousand	Impairment of loans and receivables	Provisions	Non-tax deductible depreciation/ amortisation	Other	TOTAL
<b>Balance as at 31 December 2011</b>	<b>10,973</b>	<b>17</b>	<b>85</b>	<b>2,329</b>	<b>13,404</b>
<b>Merger</b>	<b>3,565</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>3,572</b>
Increase	3,226	0	2	0	3,228
Decrease	(3,823)	(16)	(13)	(2,153)	(6,005)
<b>Balance as at 31 December 2012</b>	<b>13,941</b>	<b>8</b>	<b>74</b>	<b>176</b>	<b>14,199</b>

In financial statements for 2011 the Management did not recognise a deferred tax assets related to temporary differences arising from unused tax losses. During 2012, the management noted that according to SAS 5.18 deferred tax assets should be recognised on such differences. The management corrected the prior period error and adjusted the comparative financial information.

## Movements in deferred tax assets in 2011

In EUR thousand	Impairment of loans and receivables	Provisions	Non-tax deductible depreciation/ amortisation	Other	TOTAL
<b>Balance as at 31 December 2010</b>	<b>7,031</b>	<b>21</b>	<b>76</b>	<b>1,156</b>	<b>8,284</b>
Increase	3,942	0	9	371	4,322
Restatement (Note 1.2)	0	0	0	802	802
Decrease	0	(4)	0	0	(4)
<b>Balance as at 31 December 2011</b>	<b>10,973</b>	<b>17</b>	<b>85</b>	<b>2,329</b>	<b>13,404</b>

Deferred tax assets represent the amounts of income tax which will be reimbursed to the Company in the future tax periods by reduced tax payment, when it will be possible to use the receivables. Deferred tax assets were recognised from the deductible temporary differences, since the Company expects future availability of taxable income, which will be charged for deductible temporary differences. At the end of 2012, the deferred tax assets were calculated to a 17 % rate, which is the rate at which the positive tax basis, determined in 2013, will be taxed.

For 2012, the Company did not recognise deductible temporary differences from revaluation of capital investments in the amount of EUR 53,147 thousand.

### 3.1.7 Inventories

In EUR thousand	31.12.2012	31.12.2011
Work in progress	1,976	1,880
Property bought for the market (inventory of merchandise)	16,634	1,886
Repossessed property and equipment	26,838	19,754
Vehicles under operating lease for under 1 year	1,395	0
<b>Total:</b>	<b>46,843</b>	<b>23,520</b>

#### Movements in inventories in 2012

In EUR thousand	Work in progress	Property bought for the market	Repossessed property and equipment	Vehicles under operating leas	Total
<b>Cost</b>					
<b>Balance sheet as at 31 December 2011</b>	<b>1,880</b>	<b>1,886</b>	<b>19,754</b>	<b>0</b>	<b>23,520</b>
<b>Merger</b>	<b>547</b>	<b>2,451</b>	<b>7,122</b>	<b>0</b>	<b>10,120</b>
Increase	111	13,030	15,323	1,889	30,353
Decrease	(205)	(400)	(14,637)	(494)	(15,736)
Impairment	(357)	(333)	(724)	0	(1,414)
<b>Balance as at 31 December 2012</b>	<b>1,976</b>	<b>16,634</b>	<b>26,838</b>	<b>1,395</b>	<b>46,843</b>

#### Movements in inventories in 2011

In EUR thousand	Work in progress	Property bought for the market	Repossessed property and equipment	Total
<b>Cost</b>				
<b>Balance as at 31 December 2010</b>	<b>3,980</b>	<b>3,808</b>	<b>8,175</b>	<b>15,963</b>
Increase	763	15	18,499	19,277
Decrease	(2,863)	(350)	(5,790)	(9,003)
Impairment	0	(1,587)	(1,130)	(2,717)
<b>Balance as at 31 December 2011</b>	<b>1,880</b>	<b>1,886</b>	<b>19,754</b>	<b>23,520</b>

Within inventories, the Company shows work in progress, inventory of merchandise, repossessed equipment due to termination of finance lease contracts and vehicles under operating leases for less than 1 year.

Work in progress includes construction of buildings. Inventories of merchandise cover property – apartments. Repossessed equipment and property represent inventory acquired by repossession due to terminated finance lease contracts resulting from disregard of contractual provision. Inventories also include vehicles under operating leases with duration under 1 year. According to the Slovene Accounting Standards, this group does not meet the criteria for classification among fixed assets, which is why the equipment in operating leases for less than 1 year is shown among inventories.

All inventories are held for sale. Valuation is done at historical cost or net realisable value, whichever is lower. Last valuation was done at the end of 2012.

The inventory stock count at the end of the year did not result in any deficits or surpluses.

## 3.1.8 Current financial investments

In EUR thousand	31.12.2012	31.12.2011
<b>Current loans</b>	<b>23,768</b>	<b>61,590</b>
Current portion of non-current loans to Group companies	7,858	35,198
Current portion of impairment of non-current loans to Group companies	(7,523)	(8,024)
Current loans to others	40,272	50,404
Current portion of non-current loans to others	14,701	9,335
Impairment of current loans to others	(25,473)	(25,323)
Current portion of impairment of non-current loans to others	(6,067)	0
<b>Current finance lease receivables</b>	<b>67,039</b>	<b>24,498</b>
Current finance lease receivables	992	735
Current portion of non-current finance lease receivables	96,520	24,494
Impairment of finance lease receivables	(992)	(731)
Current portion of impairment of finance lease receivables	(29,481)	0
<b>Total:</b>	<b>90,807</b>	<b>86,088</b>

## Movements in current financial investments in 2012

In EUR thousand	Current loans to group companies	Current loans to others	Current finance lease receivables	TOTAL
<b>Cost</b>				
<b>Balance as at 31 December 2011</b>	<b>35,198</b>	<b>59,739</b>	<b>25,229</b>	<b>120,166</b>
<b>Merger</b>	<b>0</b>	<b>7,534</b>	<b>25,325</b>	<b>32,859</b>
Increase	7	14,431	9	14,447
Decrease	0	(25,366)	(3,569)	(28,935)
Transfer to current portion	(27,347)	(1,365)	50,518	21,806
<b>Balance as at 31 December 2012</b>	<b>7,858</b>	<b>54,973</b>	<b>97,512</b>	<b>160,343</b>
<b>Impairment</b>				
<b>Balance as at 31 December 2011</b>	<b>(8,024)</b>	<b>(25,323)</b>	<b>(731)</b>	<b>(34,078)</b>
<b>Merger</b>	<b>0</b>	<b>(2,759)</b>	<b>(14,069)</b>	<b>(16,828)</b>
Increase	0	(5,659)	(9)	(5,668)
Decrease	0	5,707	0	5,707
Transfer to current portion	501	(3,506)	(15,664)	(18,669)
<b>Balance as at 31 December 2012</b>	<b>(7,523)</b>	<b>(31,540)</b>	<b>(30,473)</b>	<b>(69,536)</b>
<b>Carrying value as at 31 December 2011</b>	<b>27,174</b>	<b>34,416</b>	<b>24,498</b>	<b>86,088</b>
<b>Carrying value as at 31 December 2012</b>	<b>335</b>	<b>23,433</b>	<b>67,039</b>	<b>90,807</b>

## Movements in current financial investments in 2011

In EUR thousand	Current loans to group companies	Current loans to others	Current finance lease receivables	TOTAL
<b>Cost</b>				
<b>Balance as at 31 December 2010</b>	<b>34,850</b>	<b>58,354</b>	<b>50,869</b>	<b>144,073</b>
Increase	2,908	1,139	14	4,061
Decrease	(37,758)	(9,089)	(50,148)	(96,995)
Transfer to current portion	35,198	9,335	24,494	69,027
<b>Balance as at 31 December 2011</b>	<b>35,198</b>	<b>59,739</b>	<b>25,229</b>	<b>120,166</b>
<b>Impairment</b>				
<b>Balance as at 31 December 2010</b>	<b>0</b>	<b>(14,321)</b>	<b>(3,447)</b>	<b>(17,768)</b>
Increase	0	(11,309)	(1)	(11,310)
Decrease	0	307	74	381
Transfer to current portion	(8,024)	0	2,643	(5,381)
<b>Balance as at 31 December 2011</b>	<b>(8,024)</b>	<b>(25,323)</b>	<b>(731)</b>	<b>(34,078)</b>
<b>Balance as at 31 December 2010</b>	<b>34,850</b>	<b>44,033</b>	<b>47,422</b>	<b>126,305</b>
<b>Balance as at 31 December 2011</b>	<b>27,174</b>	<b>34,416</b>	<b>24,498</b>	<b>86,088</b>

Current financial investments of the Company also include current loans and current finance lease receivables. Current loans category includes current portions of non-current loans as well as current loans.

Current finance lease receivables include current portions of non-current finance lease receivables and current receivables representing a portion of claims in legal proceedings.

Current loans and current portions of non-current loans are collateralised by mortgages and bills of exchange.

Current portions of receivables from the financial leases of property and equipment are secured by means of ownership of the leased item, guarantees, and bills of exchange and other. Current finance lease receivables in legal proceedings are not collateralised.

Company is exposed to various types of risks, such as: credit, foreign-exchange and interest rate risk.

In 2012, the Company had no financial instruments for hedging. The last credit risk assessment was carried out on 31 December 2012.

### 3.1.9 9 Current operating receivables

In EUR thousand	31.12.2012	31.12.2011
<b>Current operating receivables from customers</b>	<b>3,130</b>	<b>4,883</b>
Current receivables from Group companies	60	77
Current receivables from customers	10,094	10,419
Impairment of current receivables from customers	(7,024)	(5,613)
<b>Current advances and security deposits given</b>	<b>95</b>	<b>89</b>
Other current advances and payments on account	262	256
Current security deposits given	1	0
Impairment of current advances and security deposits given	(168)	(167)
<b>Current receivables in relation to financial income</b>	<b>6</b>	<b>0</b>
Current interest receivables	54	0
Impairment of current receivables in relation to financial income	(48)	0
<b>Other current receivables</b>	<b>2,245</b>	<b>3,685</b>
Current receivables from state	1,973	3,554
Other current receivables	935	205
Impairment of other current receivables	(663)	(74)
<b>Total:</b>	<b>5,476</b>	<b>8,657</b>

## Movements in current operating receivables in 2012

In EUR thousand	Current receivables from customers	Current advances and security deposits given	Current receivables in relation to financial income	Other current receivables	TOTAL
<b>Cost</b>					
<b>Balance as at 31 December 2011</b>	<b>10,496</b>	<b>256</b>	<b>0</b>	<b>3,759</b>	<b>14,511</b>
<b>Merger</b>	<b>1,108</b>	<b>4</b>	<b>1,147</b>	<b>1,087</b>	<b>3,346</b>
Increase	32,418	8,885	12	27,336	68,651
Decrease	(33,868)	(8,882)	(1,105)	(29,274)	(73,129)
<b>Balance as at 31 December 2012</b>	<b>10,154</b>	<b>263</b>	<b>54</b>	<b>2,908</b>	<b>13,379</b>
<b>Impairment</b>					
<b>Balance as at 31 December 2011</b>	<b>(5,613)</b>	<b>(167)</b>	<b>0</b>	<b>(74)</b>	<b>(5,780)</b>
<b>Merger</b>	<b>(595)</b>	<b>(202)</b>	<b>(161)</b>	<b>(504)</b>	<b>(958)</b>
Formation	(1,225)	(172)	(28)	(248)	(1,425)
Reversal	409	373	141	163	923
<b>Balance as at 31 December 2012</b>	<b>(7,024)</b>	<b>(168)</b>	<b>(48)</b>	<b>(663)</b>	<b>(7,240)</b>
<b>Carrying value as at 31 December 2011</b>	<b>4,883</b>	<b>89</b>	<b>0</b>	<b>3,685</b>	<b>8,657</b>
<b>Carrying value as at 31 December 2012</b>	<b>3,130</b>	<b>95</b>	<b>6</b>	<b>2,245</b>	<b>5,476</b>

## Movements in current operating receivables in 2011

In EUR thousand	Current receivables from customers	Current advances and security deposits given	Current receivables in relation to financial income	Other current receivables	TOTAL
<b>Cost</b>					
<b>Balance as at 31 December 2010</b>	<b>4,281</b>	<b>257</b>	<b>0</b>	<b>1,970</b>	<b>6,508</b>
Increase	20,997	8,031	0	13,044	42,072
Decrease	(14,782)	(8,032)	0	(11,255)	(34,069)
<b>Balance as at 31 December 2011</b>	<b>10,496</b>	<b>256</b>	<b>0</b>	<b>3,759</b>	<b>14,511</b>
<b>Impairment</b>					
<b>Balance as at 31 December 2010</b>	<b>(2,460)</b>	<b>(5)</b>	<b>0</b>	<b>(45)</b>	<b>(2,465)</b>
Formation	(4,069)	(225)	0	(39)	(4,294)
Reversal	916	63	0	10	979
<b>Balance as at 31 December 2011</b>	<b>(5,613)</b>	<b>(167)</b>	<b>0</b>	<b>(74)</b>	<b>(5,780)</b>
<b>Balance as at 31 December 2010</b>	<b>1,821</b>	<b>252</b>	<b>0</b>	<b>1,925</b>	<b>3,998</b>
<b>Balance as at 31 December 2011</b>	<b>4,883</b>	<b>89</b>	<b>0</b>	<b>3,685</b>	<b>8,657</b>

Current receivables from customers primarily derive from fees charged in relation to finance and operating lease, from rents and other current receivables.

Current advances and security deposits of EUR 95 thousand relate to payments to suppliers for the goods and services not yet provided.

Current receivables related to financial income are receivables from interests on current loans to suppliers of passenger cards for financing of inventories.

Receivables due from the state represent the largest portion among other current receivables. Receivables due from the state represent receivables from VAT, advance payments of corporate income tax, withholding tax for interests paid abroad and receivables from reimbursements – sickness benefits. Other current receivables relate to receivables for loss events towards insurance companies in relation to contracts concluded for operating leases and to other receivables in legal proceedings.

Current receivables from customers in relation to finance and operating leases are secured by bills of exchange, while other current receivables are not secured.  
The Company is exposed to credit risk in relation to these receivables. Last credit risk assessment was carried out on 31 December 2012.



### 3.1.10 Cash and cash equivalents

In EUR thousand	31.12.2012	31.12.2011
Cash on current account	120	173
Cash for special purposes	0	159
<b>Total:</b>	<b>120</b>	<b>332</b>

The category of cash and cash equivalents shows cash on current account. The Company does not have a cash register.

### 3.1.11 Current deferred costs and accrued revenue

In EUR thousand	31.12.2012	31.12.2011
Current deferred costs or expenses	96	125
Current accrued income	0	48
VAT on advances received	15	0
<b>Skupaj:</b>	<b>111</b>	<b>173</b>

#### Movements in current deferred costs and accrued revenue in 2012

In EUR thousand	
<b>Balance as at 31 December 2011</b>	<b>173</b>
<b>Merger</b>	<b>45</b>
Increase	208
Decrease	(315)
<b>Balance as at 31 December 2012</b>	<b>111</b>

#### Movements in current deferred costs and accrued revenue in 2011

In EUR thousand	
<b>Balance as at 31 December 2010</b>	<b>200</b>
Increase	402
Decrease	(429)
<b>Balance as at 31 December 2011</b>	<b>173</b>

Current deferred costs and expenses refer to the invoices received in 2012, while the costs or expenses will be incurred in 2013. These are deferred costs for advertising, insurance, subscriptions and other similar costs.

Accruals from 2011 were used in the current year.

## 3.2 Liabilities

### 3.2.1 Equity

In EUR thousand	31.12.2012	31.12.2011 Restated	31.12.2011 Reported
<b>Called-up capital</b>	<b>38,481</b>	<b>28,481</b>	<b>28,481</b>
Share capital	38,481	28,481	28,481
<b>Net loss</b>	<b>(25,510)</b>	<b>(15,049)</b>	<b>(15,851)</b>
Net loss for the period	(25,510)	(15,049)	(15,851)
<b>Total:</b>	<b>12,971</b>	<b>13,432</b>	<b>12,630</b>

In financial statements for 2011 the Management did not recognise a deferred tax assets related to temporary differences arising from unused tax losses. During 2012, the management noted that according to SAS 5.18 deferred tax assets should be recognised on such differences. The management corrected the prior period error and adjusted the comparative financial information. Because of this the net loss is lower for EUR 802 thousand (Note 1.2).

Share capital of the Company comprises the capital share of the only owner, Nova Ljubljanska banka d.d., Ljubljana.

### 3.2.2 Provisions and non-current accrued costs and deferred revenue

In EUR thousand	31.12.2012	31.12.2011
Non-current provisions for jubilee awards	19	15
Non-current provisions for retirement benefits	72	70
Non-current provisions for off-balance-sheet liabilities	119	235
Provisions for onerous contracts	4,226	4,226
Non-current accrued costs and deferred revenue	754	828
<b>Total:</b>	<b>5,190</b>	<b>5,374</b>

#### Movements in provisions and non-current accrued costs and deferred revenue in 2012

In EUR thousand	Non-current provisions for jubilee awards	Non-current provisions for retirement benefits	Non-current provisions for off-balance- sheet liabilities	Provisions for onerous contracts	Non-current accrued costs and deferred revenue	TOTAL
<b>Balance as at 31 December 2011</b>	<b>15</b>	<b>70</b>	<b>235</b>	<b>4,226</b>	<b>828</b>	<b>5,374</b>
<b>Merger</b>	<b>8</b>	<b>29</b>	<b>67</b>	<b>0</b>	<b>511</b>	<b>615</b>
Increase	0	0	164	0	294	458
Decrease	(4)	(27)	(347)	0	(879)	(1,257)
<b>Balance as at 31 December 2012</b>	<b>19</b>	<b>72</b>	<b>119</b>	<b>4,226</b>	<b>754</b>	<b>5,190</b>

### Movements in provisions and non-current accrued costs and deferred revenue in 2011

In EUR thousand	Non-current provisions for jubilee awards	Non-current provisions for retirement benefits	Non-current provisions for off-balance-sheet liabilities	Provisions for onerous contracts	Non-current accrued costs and deferred revenue	TOTAL
<b>Balance as at 31 December 2010</b>	<b>7</b>	<b>89</b>	<b>0</b>	<b>4,226</b>	<b>1,111</b>	<b>5,433</b>
Increase	8	2	243	0	402	655
Decrease	0	(21)	(8)	0	(685)	(714)
<b>Balance as at 31 December 2011</b>	<b>15</b>	<b>70</b>	<b>235</b>	<b>4,226</b>	<b>828</b>	<b>5,374</b>

At the end of the year, the Company records provisions for off-balance sheet liabilities, expected loss and towards the employees in accordance with SAS 10.44 and IAS 19.

Provisions for off-balance sheet liabilities are formed due to the credit risk for the non-current financial investments already approved, but not yet realised. Provisions for onerous contracts were already formed in previous periods, based on obligations from concluded agreements. Provisions for employees were formed for non-current benefits, such as jubilee awards and retirement benefits, based on actuarial calculation.

The last actuarial calculation was made according to the balance as at 31 December 2011. The calculation is made for each employee and includes retirement benefit one is entitled to in accordance with the employment contract and the cost of all expected jubilee awards for the period of employment in the Company until retirement.

In case of IAS 19 where the employers have no formal funds for covering future financial obligations from employee entitlements, the book reserve method is applied. An estimate is made about obligations to employees incurred in the accounting period and about the growth of the present value of obligations due to the approaching deadline of payment.

For the calculation of the present value, IAS 19 foresees a discount interest rate which is equal to market profitability of corporate bonds of the issuer with a high credit rating and issued in the currency which is the same as the currency of employer's liability. The discount interest rate chosen amounted to 7.25% annually.

Actuarial calculation took into consideration the following assumptions: salary growth in the Republic of Slovenia, growth of retirement benefits and jubilee awards, staff turnover, employee mortality rate and retirement conditions.

The category of non-current accrued costs and deferred revenues refers to non-current deferred revenues. These are deposits paid at the conclusion of operating lease agreements and paid approval fees. Deposits and fees paid are allocated evenly according to the total amount of rents from the concluded agreement. The amounts recorded among non-current accrued costs and deferred revenues will be recorded among revenues from 2014 on.

### 3.2.3 Non-current financial liabilities

In EUR thousand	31.12.2012	31.12.2011
<b>Non-current loans payable to Group companies</b>	<b>162,862</b>	<b>69,974</b>
Non-current loans payable to Group companies	280,937	72,393
Transfer to current portion of loans	(118,075)	(2,419)
<b>Non-current loans payable to domestic banks</b>	<b>28,949</b>	<b>30,659</b>
Non-current loans payable to domestic banks	46,432	86,031
Transfer to current portion of loans	(17,483)	(55,372)
<b>Non-current loans payable to foreign banks</b>	<b>11,879</b>	<b>19,552</b>
Non-current loans payable to foreign banks	20,172	31,950
Transfer to current portion of loans	(8,293)	(12,398)
<b>Other non-current financial liabilities</b>	<b>707</b>	<b>60</b>
<b>Total:</b>	<b>204,397</b>	<b>120,245</b>

In the category of non-current financial liabilities, the Company records debts from loans received under loan agreements. Upon the initial recognition, the non-current financial liabilities are evaluated with the amounts from the loan agreements, which are then followed by the receipt of funds on the current account, whereas the liabilities are reduced by the amounts paid.

Non-current financial liabilities are reduced due to transfer of liabilities which fall due within a year and bank approval fees for the loans received.

The Company did not provide any collateral for the loans received (neither current nor non-current).

<b>Maturity as at 31 December 2012</b>				In EUR thousand
Non-current financial liabilities to:	<b>Under 1 year</b>	<b>From 1-5 years</b>	<b>Over 5 years</b>	<b>TOTAL</b>
To Company groups	123,710	132,522	31,047	287,279
To domestic banks	39,334	27,347	1,602	68,283
To foreign banks	8,337	11,879	0	20,216
<b>Total as at 31 December 2012:</b>	<b>171,381</b>	<b>171,748</b>	<b>32,649</b>	<b>375,778</b>

<b>Zapadlost v plačilo dne 31. 12. 2011</b>				In EUR thousand
Non-current financial liabilities to:	<b>Under 1 year</b>	<b>From 1-5 years</b>	<b>Over 5 years</b>	<b>TOTAL</b>
To Company groups	39,134	65,859	4,175	109,168
To domestic banks	86,544	23,250	7,409	117,203
To foreign banks	14,159	19,552	0	33,711
<b>Total as at 31 December 2011:</b>	<b>139,837</b>	<b>108,661</b>	<b>11,584</b>	<b>260,082</b>

### 3.2.4 Non-current operating liabilities

In EUR thousand	<b>31.12.2012</b>	<b>31.12.2011</b>
Non-current operating liabilities from advances	3	0
<b>Total:</b>	<b>3</b>	<b>0</b>

Non-current operating liabilities of the Company also include non-current security deposits.

### 3.2.5 Current operating liabilities

In EUR thousand	<b>31.12.2012</b>	<b>31.12.2011</b>
<b>Current loans from group companies</b>	<b>123,710</b>	<b>39,134</b>
Current loans from group companies	5,635	36,715
Current portion of non-current loans	118,075	2,419
<b>Current loans from domestic banks</b>	<b>39,334</b>	<b>86,544</b>
Current loans from domestic banks	21,851	31,172
Current portion of non-current loans	17,483	55,372
<b>Current loans from foreign banks</b>	<b>8,337</b>	<b>14,159</b>
Current portion of non-current loans from foreign banks	44	1,761
Current portion of non-current loans	8,293	12,398
<b>Total:</b>	<b>171,381</b>	<b>139,837</b>

Current financial liabilities of the Company also show current portions of liabilities from non-current loans. These are financial liabilities that fall due within one year from the balance sheet date. This category also shows current loans received.

### 3.2.6 Current operating liabilities

In EUR thousand	31.12.2012	31.12.2011
<b>Current liabilities to suppliers</b>	<b>1,160</b>	<b>403</b>
Current liabilities to suppliers, group companies	24	0
Current liabilities to domestic suppliers	578	350
Current liabilities to foreign suppliers	537	0
Current liabilities for goods and services not charged	21	53
<b>Current advances and security deposits received</b>	<b>1,709</b>	<b>784</b>
Current advances received	1,571	691
Current security deposits received	138	93
<b>Current liabilities to employees</b>	<b>252</b>	<b>174</b>
Current liabilities for salaries	201	155
Current liabilities for other income from employment relationship	51	19
<b>Liabilities to the state and other institutions</b>	<b>127</b>	<b>73</b>
Value added tax liabilities	87	47
Liabilities for salaries	40	26
<b>Other current liabilities</b>	<b>732</b>	<b>737</b>
Other current liabilities in relation to salaries deductions	11	7
Other current operating liabilities	721	730
<b>Total</b>	<b>3,980</b>	<b>2,171</b>

In the category of current operating liabilities, the Company shows liabilities to suppliers that have not been paid yet. The major part of these liabilities refers to suppliers of equipment under finance leases.

Current advances and security deposits received refer to the funds received from loan and leasing contracts and represent paid deposits under these contracts, which are not yet active, and overpayments under contracts concluded for receivables that have not fallen due yet.

Current liabilities to employees refer to December salary, which was calculated but not paid. The payment was made in January 2013.

Liabilities to state institutions arise from liabilities for contributions of December salaries and from the calculated VAT.

Other current liabilities include liabilities from salaries deductions and liabilities subject to contracts for services.

### 3.2.7 Current accrued costs and deferred revenue

In EUR thousand	31.12.2012	31.12.2011
Accrued costs or expenses	600	416
Current deferred revenue	262	343
VAT on deposit and advances paid	8	27
<b>Total</b>	<b>870</b>	<b>786</b>

## Movements in current accrued costs and deferred revenue in 2012

In EUR thousand	Accrued costs or expenses	Current deferred revenue	VAT on deposit and advances paid	TOTAL
<b>Balance as at 31 December 2011</b>	<b>416</b>	<b>343</b>	<b>27</b>	<b>786</b>
<b>Merger</b>	<b>183</b>	<b>84</b>	<b>0</b>	<b>267</b>
Increase	3,061	178	264	3,503
Decrease	(3,060)	(343)	(283)	(3,686)
<b>Balance as at 31 December 2012</b>	<b>600</b>	<b>262</b>	<b>8</b>	<b>870</b>

## Movements in current accrued costs and deferred revenue in 2011

In EUR thousand	Vnaprej vračunani stroški	Kratkoročno odloženi prihodki	DDV od danih predujmov	SKUPAJ
<b>Balance as at 31 December 2010</b>	<b>233</b>	<b>365</b>	<b>1</b>	<b>599</b>
Increase	545	150	332	1,027
Decrease	(362)	(172)	(306)	(840)
<b>Balance as at 31 December 2011</b>	<b>416</b>	<b>343</b>	<b>27</b>	<b>786</b>

Within the category of current accrued costs and deferred revenue, the Company records liabilities for management bonuses under individual employment agreements and provisions for unused annual leave, as well as current portion of non-current accrued costs and deferred revenue, which refer to current deferred revenue for the funds paid as deposits for concluded operating lease agreements. Monthly accrued rents are gradually transferred to revenue. The category of current accrued costs and deferred revenue also include the value of charged VAT from advances, since these are recorded at their gross value.

### 3.2.8 Off-balance-sheet assets and liabilities

In EUR thousand	31.12.2012	31.12.2011
Derivative financial instruments – interest rate swaps	4,222	612
Undrawn loans from group companies	12,568	4,847
Cession of receivables	5,549	7,246
Undrawn limit on current account	611	600
Undrawn loans given	224	0
Collateral received	406,425	253,550
Other off-balance-sheet items	5,480	4,897
<b>Total</b>	<b>435,079</b>	<b>271,752</b>

The category of off-balance-sheet assets and liabilities shows the following items:

- Derivative financial instruments recording the principal balance of two loans, where interest rate swap agreement with maturity in 2026 was concluded;
- Undrawn loans received;
- Silent cession of receivables;
- Undrawn framework limit on current account and Company cards.
- Undrawn loans given – concluded finance lease agreements that have not been activated yet at the end of the year;
- Collateral received, referring exclusively to mortgages received under loan agreements and in the form of market value of the leased items under financial leases; and
- Other off-balance-sheet assets comprising potential liabilities from received lawsuits, received guarantees and receivables written-off.

The Company does not record any liabilities from guarantees given.

## 4 NOTES TO INDIVIDUAL ITEMS IN THE INCOME STATEMENT

### 4.1 Net revenue from sales

In EUR thousand	2012	2011
Revenue from services	955	4,961
Revenue from merchandise sold	532	50
Rental income from operating leases of equipment	3,735	2,251
Rental income from operating leases of property	3,560	2,884
<b>Total:</b>	<b>8,782</b>	<b>10,146</b>

Net revenue from services represents revenue generated from fees charged in respect of payment reminders, insurance fees, handling charges for the early termination of lease agreements and other revenues generated from services charged to the leaseholders from finance and operating leases.

Net revenue from the goods sold refers to the revenue from sale of property, bought for the market. Rental income refers to the rents charged from operating lease contracts for equipment and property.

### Future revenue from operating leases in 2012

In EUR thousand	
Future revenue falling due within 1 year	4,908
Future revenue falling due within 1 – 5 years	12,959
Future revenue falling due in more than 5 years	54,981
<b>Total</b>	<b>72,848</b>

### Future revenue from operating leases in 2011

In EUR thousand	
Future revenue falling due within 1 year	4,037
Future revenue falling due within 1 – 5 years	11,836
Future revenue falling due in more than 5 years	16,349
<b>Total</b>	<b>32,349</b>

### 4.2 Change in the value of inventories produced and work in progress

In EUR thousand	2012	2011
Change in the value of inventories of work in progress	0	592
<b>Total</b>	<b>0</b>	<b>592</b>

Change in the value of inventories of work in progress refers to capitalised costs of inventories related to construction of buildings – based on the concept of presentation of costs according to their nature. In 2012, the indicated item is recorded only among the inventories of work in progress.

### 4.3 Other operating income (including operating income from revaluation)

In EUR thousand	2012	2011
Operating income from revaluation of fixed assets	8,545	2
Operating income from reversal of impairment	804	999
Derecognition of provisions	198	22
<b>Total:</b>	<b>9,547</b>	<b>1,023</b>

Operating income from revaluation of fixed assets mainly represents the sales value of fixed assets from sale – motor vehicles under operating leases. In accordance with IAS 16.68 A, income is recorded at sales value excluding VAT in comparison to sale of own fixed assets that were not given under operating leases. The income from the latter is recorded as an effect of sale that is either profit or loss from sale.

Operating income from reversal of impairment relates to released impairment created in the past periods due to the credit risk related to operating receivables. Reversal was recognised based on settled receivables.

Income from derecognition of provisions relates to derecognition of provisions for employees in respect of severance payments and jubilee awards, calculated on the basis of the actuarial calculation. Income was incurred due to termination of employment relationships with the employees.

### 4.4 Cost of goods, materials and services

In EUR thousand	2012	2011
<b>Purchase value of goods sold</b>	<b>(481)</b>	<b>(2,787)</b>
<b>Cost of materials</b>	<b>(335)</b>	<b>(684)</b>
Costs of materials	0	(565)
Energy	(204)	(69)
Costs of spare parts for fixed assets and material for maintenance of fixed assets	(33)	0
Write-off of small tools	(11)	(2)
Office supplies and technical literature	(80)	(44)
Other material costs	(7)	(4)
<b>Cost of services</b>	<b>(1,745)</b>	<b>(2,689)</b>
Cost of postage, telegraph and telephone services	(221)	(148)
Maintenance of PPE	(333)	(390)
Rents	(61)	(144)
Refund of expenses to employees	(68)	(49)
Bank and insurance fees and charges	(133)	(789)
Intellectual services	(452)	(497)
Trade fairs, advertising and entertainment	(257)	(289)
Cost of services provided by individuals not registered as traders	(46)	(16)
Costs of other services	(174)	(367)
<b>Total</b>	<b>(2,561)</b>	<b>(6,160)</b>

### 4.5 Labour costs

In EUR thousand	2012	2011
Salaries and compensations	(2,488)	(1,897)
Accrued costs	(451)	(338)
Pension contributions – the Company's share	(126)	(92)
Allowance for annual leave, reimbursements and other payments	(388)	(364)
Employer's contributions – Other social security contributions	(196)	(153)
Employer's contributions – Pension contributions	(239)	(187)
Provision for unused annual leave	(110)	(79)
<b>Total</b>	<b>(3,998)</b>	<b>(3,110)</b>

Accrued costs were recognised for management bonuses under individual employment agreements and for the cost of unused annual leave for 2012.

As at 31 December 2011, the Company had 79 employees.



#### 4.6 Amortisation/Depreciation expense

In EUR thousand	2012	2011
<b>Depreciation and amortisation</b>	<b>(2,864)</b>	<b>(1,596)</b>
Amortisation of non-current intangible assets	(88)	(38)
Depreciation of buildings	(228)	(121)
Depreciation of equipment and spare parts	(2,548)	(1,437)
<b>Operating expenses from revaluation</b>	<b>(11,861)</b>	<b>(3,716)</b>
Operating expenses from revaluation of intangible assets and property, land and equipment	(8,801)	(895)
Operating expenses from revaluation of current operating receivables	(1,853)	(1,691)
Operating expenses from revaluation of inventory	(1,207)	(1,130)
<b>Total</b>	<b>(14,725)</b>	<b>(5,312)</b>

Depreciation and amortisation derive from of depreciation of property, land and equipment and amortisation of intangible assets in accordance with the straight-line method and rates as indicated in accounting policies under the paragraphs of intangible assets and property, plant and equipment.

Operating expenses from revaluation of property, land and equipment relate to the carrying values of the equipment sold under operating leases, whereas there were no operating expenses from revaluation of impairment of property, land and equipment.

Operating expenses in relation to current operating receivables relate to newly formed value adjustments for credit risks.

Operating expenses from revaluation of inventories relate to writing down their book values to their realisable values.

In EUR thousand	2012	2011
<b>Provision costs</b>	<b>(8)</b>	<b>(4,479)</b>
Provisions for jubilee awards	0	(8)
Provisions for retirement benefits	0	(2)
Provisions for off-balance-sheet liabilities	(8)	(4,469)
<b>Other expenses</b>	<b>(267)</b>	<b>(464)</b>
Other taxes or duties not connected to labour or other types of costs	(51)	(41)
Internship and students	(49)	(7)
Other expenses	(167)	(416)
<b>Total</b>	<b>(275)</b>	<b>(4,943)</b>

Provision expenses include provisions for off-balance-sheet liabilities relating to granted but not yet used non-current financial investments.

The category of other expenses includes other taxes or duties not connected to labour or other types of costs, internship and other expenses. Taxes or duties not connected to other types of costs include compensation for the use of building sites, contributions for disabled persons, since the Company does not employ the proposed quota of disabled persons, withholding tax for the payment of interests to foreign lenders. Other expenses relate to court fees, court expenses and input VAT, which is not deductible.

#### 4.8 Structure of costs and operating expenses

In EUR thousand	2012	2011	2012%	2011%
Cost of goods and material sold	(481)	(2,787)	2.21	14.27
Costs of material	(335)	(684)	1.54	3.50
Costs of services	(1,745)	(2,689)	8.02	13.77
Labour costs	(3,998)	(3,110)	18.37	15.93
Amortisation/Depreciation	(2,864)	(1,596)	13.16	8.17
Operating expenses from revaluation	(12,068)	(3,716)	55.44	19.03
Provisions	(8)	(4,479)	0.04	22.94
Other expenses	(267)	(464)	1.23	2.38
<b>Total</b>	<b>(21,766)</b>	<b>(19,525)</b>	<b>100.00</b>	<b>100.00</b>

#### 4.9 Financial income from investments

In EUR thousand	2012	2011
Financial income from investments in group companies	114	950
Financial income from other investments	1,326	61
<b>Total</b>	<b>1,440</b>	<b>1,011</b>

Financial income from investments in group companies relate to the income from sale of subsidiary NLB Leasing Podgorica to the parent Company or owner, NLB d.d.

Financial income from other investments represents the income from revaluation of derivative financial instruments, valued at fair value through the income statement. The derivative financial instruments were introduced for the purpose of economic hedging against interest risk.

#### 4.10 Financial income from loans and finance leases

In EUR thousand	2012	2011
Financial income from loans to group companies	1,785	3,144
Financial income from loans to others	910	2,051
Financial income from finance leases to group companies	1	0
Financial income from finance leases	14,887	8,224
Financial income from reversal of loan impairment – Company groups	1,131	1,157
Financial income from reversal of loan impairment	6,489	1,595
Financial income from reversal of finance lease impairment	4,605	2,403
Financial income from late payment interests	929	466
Other financial income	122	14
<b>Total</b>	<b>30,859</b>	<b>19,054</b>

Financial income from loans and finance leases refers to interests from loan agreements and agreements on finance leases of property and equipment. The category includes deferred net fees arising from these activities.

Financial income from reversal of loan and financial leases refers to reversal of previously formed value adjustments for credit risks for agreements on finance leases and loans given.

Financial income from late payment interests relates to late payment interests charged on all receivables that were paid late.

Other financial income refers to positive revaluation of receivables and liabilities.

#### 4.11 Financial income from operating receivables

In EUR thousand	2012	2011
Financial income from operating receivables from group companies	2	2
Financial income from operating receivables from others	17	2
<b>Total</b>	<b>19</b>	<b>4</b>

Financial income from operating receivables from group companies is related to balances on current and foreign currency account.  
Financial income from operating receivables to others refers to late payment interests from these receivables.

#### 4.12 Financial expenses from impairment and write-downs of financial investments

In EUR thousand	2012	2011
Financial expenses arising from impairment of loans, group companies	(630)	(3,298)
Financial expenses arising from impairment of loans	(6,382)	(14,659)
Financial expenses arising from impairment of finance leases	(7,943)	(6,933)
Financial expenses arising from impairment of investments in subsidiaries	(45,356)	(1,889)
Financial expenses for revaluation of financial instruments – swap	(1,273)	(59)
<b>Total</b>	<b>(61,584)</b>	<b>(26,838)</b>

Financial expenses from impairment of loans and finance leases refer to new value adjustments for credit risks arising from these investments.

Financial expenses from impairment of investments in subsidiaries refer to impairment of capital investments, which increased in 2012.

Financial expenses for revaluation of financial instruments refer to revaluation of derivative financial instruments used for economic hedging of individual investments against interest risk.

#### 4.13 Financial expenses from financial liabilities

In EUR thousand	2012	2011
Financial expenses arising from loans received from group companies	(9,501)	(5,465)
Financial expenses arising from loans received from banks	(5,517)	(6,976)
Financial expenses arising from other financial liabilities	(1,008)	(759)
<b>Total</b>	<b>(16,026)</b>	<b>(13,200)</b>

Financial expenses arising from loans received from group companies refer to accrued interests for loans received and to deferred fees, charged at the inception and are deferred over the duration of the loan contract. Financial expenses arising from loans received from banks refer to accrued interests after the loans received from other domestic or foreign banks and to deferred fees.  
Financial expenses arising from other financial liabilities relate to negative FX rate differences.

#### 4.14 Financial expense from operating liabilities

In EUR thousand	2012	2011
Financial expenses arising from liabilities to group companies	(80)	(13)
Financial expenses arising from trade payables	(23)	(3)
Financial expenses arising from other operating liabilities	(293)	(3)
<b>Total</b>	<b>(396)</b>	<b>(19)</b>

Financial expenses arising from liabilities to group companies relate to negative FX rate differences upon the purchase of foreign currencies and to default interest charged.

Financial expenses arising from trade payables relate to charged late interests.

Financial expenses arising from other operating liabilities relate to expenses for taxes, namely withholding tax, paid abroad for payment of interests from loans to group companies.

Since the Company recorded uncovered tax loss in 2012, the receivables from withholding tax cannot be included in the tax return, which is why the receivables were transferred to expenses.

#### 4.15 Other income

In EUR thousand	2012	2011
Income from investment property	13	0
Compensations received	29	5
Other income	75	21
<b>Total</b>	<b>117</b>	<b>26</b>

In the category of other income, the Company records income from investment property, compensations and other income. Income from investment property represents positive valuation of the latter. Compensations were received from insurance companies and stolen equipment under operating leases. Other income relates to overpayments received.

#### 4.16 Other expenses

In EUR thousand	2012	2011
Expenses arising from valuation of investment property	(207)	0
Other expenses	(109)	(720)
<b>Total</b>	<b>(316)</b>	<b>(720)</b>

Other expenses include expenses arising from valuation of investment properties and other expenses.

#### 4.17 Net loss for the period

In EUR thousand	2012	2011	2012%	2011%
<b>Income</b>				
Net revenue from sales	8.782	10.146	17,30	31,85
Change in value of inventories	0	592	0,00	1,86
Other operating income	9.547	1.023	18,81	3,21
Financial income	32.318	20.069	63,66	63,00
Other income	117	26	0,23	0,08
<b>Total</b>	<b>50.764</b>	<b>31.856</b>	<b>100,00</b>	<b>100,00</b>
<b>Expenses</b>				
Cost of goods, materials and services	(2,561)	(6,160)	2.56	10.22
Labour costs	(3,998)	(3,110)	4.00	5.16
Depreciation, amortisation and impairment	(14,932)	(5,312)	14.95	8.81
Other operating expenses	(275)	(4,943)	0.28	8.20
Financial expenses	(78,006)	(40,057)	78.10	66.43
Other expenses	(109)	(720)	0.11	1.19
<b>Total</b>	<b>(99,881)</b>	<b>(60,302)</b>	<b>100.00</b>	<b>100.00</b>
Deferred taxes	(2,777)	4,318		
<b>Net loss for the period</b>	<b>(51,894)</b>	<b>(24,128)</b>		

In EUR thousand	2012	2011
<b>Type of profit/loss</b>		
Profit/(loss) from operations	(3,437)	(7,764)
Profit/(loss) from financing activities	(45,688)	(19,988)
Profit/(loss) from other activities	8	(694)
Deferred taxes	(2,777)	4,318
<b>Net loss for the period</b>	<b>(51,894)</b>	<b>(24,128)</b>

### Loss calculated based on consumer price inflation

				2012
In EUR thousand	Amount	Growth %	Calculated effect	Corrected net loss
Equity without current loss	38,481	2.70%	1,039	(26,549)
Net operating loss for the period	(25,510)			
Consumer price inflation in 2012		2.70%		

### Loss calculated based on consumer price inflation

				2011
In EUR thousand	Amount	Growth %	Calculated effect	Corrected net loss
Equity without current loss	20,758	2.00%	415	(24,543)
Net operating loss for the period	(24,128)			
Consumer price inflation in 2011		2.00%		

### 4.18 Income tax and deferred tax

In EUR thousand	2012	2011
Income tax	0	0
Income/expenses from deferred taxes	(2,777)	5,120
<b>Total</b>	<b>(2,777)</b>	<b>5,120</b>

### Income tax calculation

In EUR thousand	2012	2011
Income determined in accordance with accounting rules	50,764	34,016
Income adjustment to the level of taxable income – decrease	(13,032)	(6,958)
<b>Taxable income</b>	<b>37,732</b>	<b>27,058</b>
Expenses determined in accordance with accounting rules	(99,881)	(62,462)
Expense adjustment to the level of taxable expenses – decrease	65,206	31,971
Expense adjustment to the level of taxable expenses – increase	(84)	(624)
<b>Taxable expenses</b>	<b>(34,759)</b>	<b>(31,115)</b>
<b>Difference between taxable income and expenses</b>	<b>2,973</b>	<b>(4,057)</b>
Increase of tax base	3	48
<b>Tax base</b>	<b>2,976</b>	<b>(4,009)</b>
Covering of tax loss	(2,976)	0

At the end of 2012, the Company records uncovered tax loss of EUR 1,033 thousand (in 2011 – EUR 4,009 thousand)

## 5 RELATED PARTY TRANSACTIONS

In EUR thousand	2012	2011
<b>Balance sheet</b>		
<b>ASSETS</b>	<b>517</b>	<b>27,632</b>
<b>A. Non-current assets</b>	<b>0</b>	<b>206</b>
<b>IV. Non-current financial investments</b>	<b>0</b>	<b>206</b>
– NLB	0	200
– other companies within the NLB Group	0	6
<b>B. Current assets</b>	<b>517</b>	<b>27,426</b>
<b>III. Current financial investments</b>	<b>337</b>	<b>27,176</b>
– other companies within the NLB Group	337	27,176
<b>IV. Current operating receivables</b>	<b>120</b>	<b>77</b>
– NLB	46	23
– other companies within the NLB Group	74	54
<b>V. Cash and cash equivalents</b>	<b>120</b>	<b>173</b>
– NLB	120	173
<b>LIABILITIES</b>	<b>286,596</b>	<b>139,176</b>
<b>B. Provisions and non-current accrued costs and deferred revenue</b>	<b>0</b>	<b>7</b>
– other companies within the NLB Group	0	7
<b>C. Non-current liabilities</b>	<b>162,862</b>	<b>70,034</b>
<b>I. Non-current financial liabilities</b>	<b>162,569</b>	<b>70,034</b>
– NLB	163,569	70,034
<b>C. Current liabilities</b>	<b>123,734</b>	<b>39,135</b>
<b>II. Current financial liabilities</b>	<b>123,710</b>	<b>39,134</b>
– NLB	123,710	39,134
<b>III. Current operating liabilities</b>	<b>24</b>	<b>1</b>
– NLB	23	0
– other companies within the NLB Group	1	1

## Income statement

In EUR thousand	2012	2011
<b>1. Net revenue from sales</b>	<b>419</b>	<b>545</b>
– NLB	373	397
– other companies within the NLB Group	46	148
<b>4. Other operating income (with operating income from revaluation)</b>	<b>3</b>	<b>0</b>
– other companies within the NLB Group	3	0
<b>5. Cost of goods, material and services</b>	<b>(127)</b>	<b>(42)</b>
– NLB	(121)	(42)
– other companies within the NLB Group	(6)	0
<b>7. Write-downs in value</b>	<b>(4)</b>	<b>0</b>
– other companies within the NLB Group	(4)	0
<b>9. Financial income from investments</b>	<b>114</b>	<b>950</b>
– other companies within the NLB Group	114	950
<b>10. Financial income from loans and finance leases</b>	<b>2,917</b>	<b>4,301</b>
– NLB	602	971
– other companies within the NLB Group	2,315	3,330
<b>11. Financial income from operating receivables</b>	<b>2</b>	<b>2</b>
– NLB	2	2
<b>12. Financial expenses from impairment and write-downs of financial investments</b>	<b>(46,690)</b>	<b>(5,187)</b>
– NLB	(704)	(122)
– other companies within the NLB Group	(45,986)	(5,065)
<b>13. Financial expenses from financial liabilities</b>	<b>(9,505)</b>	<b>(5,465)</b>
– NLB	(9,505)	(5,465)
<b>14. Financial expenses from operating liabilities</b>	<b>(80)</b>	<b>(13)</b>
– NLB	(80)	(13)

## 6 OTHER IMPORTANT DISCLOSURES

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

The Company records receivables from loans and finance lease from employees on individual employment contracts in the amount of EUR 79 thousand (2011: EUR 82 thousand) and liabilities in respect of gross salaries in the amount of EUR 54 thousand (2011: EUR 37 thousand).

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

In 2012, employees on individual contracts received gross earnings in the amount of EUR 638 thousand (2011: EUR 318 thousand) for the performance of specific jobs within the Company. Members of the Supervisory Board did not receive any remuneration in 2012 (2011: 0).

### Auditor's fees

Pursuant to Article 57 of the Companies Act (ZGD-1), the Company is obliged to carry out an audit. In 2012, the overall fee for the selected certified auditor amounted to EUR 40 thousand (2011: EUR 27 thousand) and relates to the audit of the annual report.

### Segment reporting

The main characteristic of leasing, which distinguishes it from the 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 leases of equipment and property to legal entities, private individuals). Therefore, the Company has not defined any separate segments, but rather defined a geographical breakdown of its corporate activities on a secondary level, a summary of which is presented below.

In EUR thousand	2012				
	Slovenia	EU and abroad	Together	Share in Slovenia	Share in the EU and abroad
1. Revenue	50,604	160	50,764	99.68%	0.32%
2. Expenses	(99,837)	(44)	(99,881)	99.96%	0.04%
3. Assets	384,207	14,585	398,792	96.34%	3.66%
4. Liabilities	377,266	21,526	398,792	94.60%	5.40%

### Events after the reporting date

Because the current loss, together with retained losses, exceeded half of the Company's share capital and because the Company cannot cover these losses from retained earnings or other reserves, the Management of the Company proposed to the Supervisory Board actions regarding the financial restructuring. Among others these actions include also decrease of share capital (procedures of a simple decrease of capital) which has been already initiated.



## 7 FINANCIAL RATIOS

	2012	2011
<b>1. FINANCIAL CONDITION RATIOS</b>		
a) Equity financing rate	3.25%	4.49%
Equity / Liabilities		
b) Non-current financing rate	54.51%	47.28%
(Equity + Non-current debts) / Liabilities		
<b>2. INVESTMENT RATIOS</b>		
a) Operating fixed assets rate	4.92%	4.51%
Operating fixed assets at carrying value / Assets		
b) Non-current asset rate	42.68%	34.49%
Non-current assets (excluding deferred tax) / Assets		
<b>3. HORIZONTAL FINANCIAL STRUCTURE RATIOS</b>		
a) Equity to operating fixed assets ratio	0.66	1.00
Equity / Operating fixed assets at carrying value		
b) Acid test ratio	0.00	0.00
Liquid assets / Current liabilities		
c) Quick ratio	0.55	0.67
(Liquid assets + Current receivables) / Current liabilities		
d) Current ratio	0.82	0.84
Current assets / Current liabilities		
<b>4. OPERATING EFFICIENCY RATIOS</b>		
a) Operating efficiency ratio	0.85	0.57
Operating income / Operating expenses		
<b>5. EARNINGS RATIOS</b>		
a) Net return on equity	-1.55	-1.69
Net loss for the period / Average value of equity (excluding net ROE)		
b) Dividends to share equity ratio	0.00	0.00
Dividend sum for the period / Average value of share capital		