



**Raiffeisen
LEASING**
Slovenia

ANNUAL REPORT 2007





PLANNING

THE FUTURE



Raiffeisen
LEASING

Annual report 2007

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INTRODUCTION

The 2007 financial year was successful for Raiffeisen leasing d.o.o., since the decisions made in the previous years - forecasting the business centralization, financing of mainly the real estate and above all, the increased scope of activity in the development and construction of the Company's own real estate projects - proved to be correct and the results can be seen in the financial data for the year 2007.

By increasing the scope of the development and construction of the Company's own real estate projects, this particular activity was given a considerably more important role and in 2008, the number of employees and the scale of operations will be further increased.

The companies in the Raiffeisen Group, in Slovenia include Raiffeisen leasing and Raiffeisen Bank, cooperate well in the financial monitoring of legal and natural persons as well as in the provision of a complete offer of financial services to business partners. This cooperation is particularly intense in Ljubljana, where within the Financial centre Tivoli, our customers are offered a comprehensive range of financial services

under one roof. In 2008, the Group plans an even closer cooperation between the Bank and Leasing, since within the process of reorganization at the Group level, additional opportunities of cooperation and the resulting synergy effects will be explored, also regarding the cost reduction.

Raiffeisen leasing d.o.o. continues to focus its attention on the education and professional improvement of our staff. The education is conducted within the Group in Europe, primarily at the head office in Vienna. As a result of the changes in tax legislation and preparations for compliance with the new regulation concerning capital adequacy according to the Basel II rules, training was particularly focused in this area.

However, the successful performance and increase in the Company's business could not be achieved without the cooperation and the trust of our business partners, the support within the Group, excellent cooperation with the owner, and of course without the commitment, knowledge and enthusiasm of our colleagues, for which we are sincerely grateful.



Management board


Janez Dečman


Borut Božič

KOČEVJE SPORTS CENTRE



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SPORTS HALL KOČEVJE

On September 20, 2006, Raiffeisen Leasing, the Ministry of Education and Sport, and the Municipality of Kočevje signed an agreement for a financial lease in amount of €4.85 million. The chosen constructor was CGP d.d.

The project was to build a 2.595 m² hall with 832 spectator seats.

The hall consists of a competition surface, spectator stands, a gallery, an entry hall, requisites room, dressing rooms, washrooms, referee rooms, teacher rooms and a boiler room.

The project handover was on January 18, 2008.

The new building is a long-awaited asset for both high schools of Kočevje, as well as all the sports clubs and associations of the municipality.

BUSINESS ENVIRONMENT

1. Leasing

The Company has been engaged in leasing since its establishment in 2000. We are specialized in real estate leasing.

Market position and market share

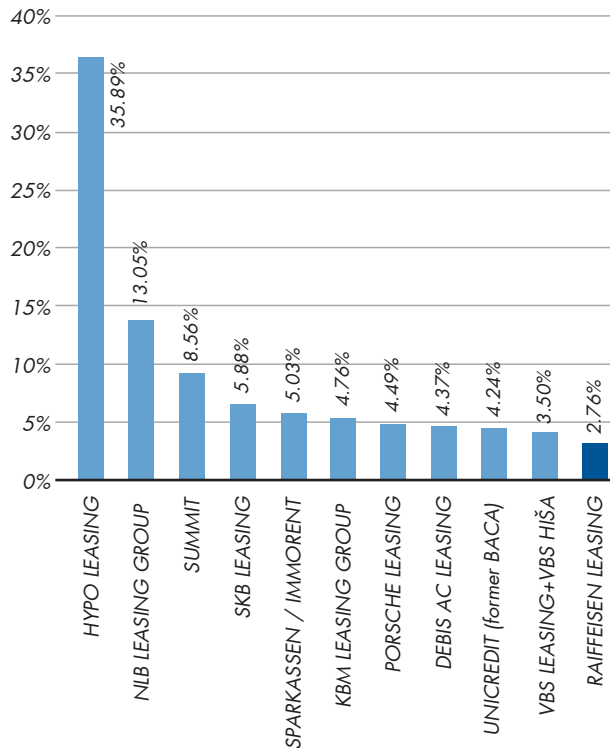
The Slovene leasing market is a well developed market with almost 25 active leasing companies. According to the information of the Leasing Association of Slovenian leasing companies in 2007, the annual growth of the

leasing market was 30-percent compared to the year 2006.

In 2007, with a 2.76 percent market share, Raiffeisen leasing d.o.o. achieved 11th position among all Slovene leasing companies.

	in mio €	2006	in %	in mio €	2007	in %	
HYPOTHEK LEASING	883.09		28.10	911.19	35.89%		1
NLB LEASING GROUP	243.03		88.39	331.42	13.05%		2
SUMMIT	166.33		50.92	217.25	8.56%		3
SKB LEASING	144.22		5.20	149.42	5.88%		4
SPARKASSEN / IMMORENT	125.79		1.92	127.71	5.03%		5
KBM LEASING GROUP	109.76		11.03	120.79	4.76%		6
PORSCHE LEASING	49.18		64.86	114.04	4.49%		7
DEBIS AC LEASING	103.29		7.71	111.00	4.37%		8
UNICREDIT (former BACA)	107.65		0.09	107.74	4.24%		9
VBS LEASING+VBS HIŠA	88.94		0.00	88.94	3.50%		10
RAIFFEISEN LEASING	68.49		1.54	70.03	2.76%		11

Source: Association of Leasing Companies in Slovenia



There is strong competition between the leasing companies in the field of standard leasing products such as vehicles and equipment financing. The increased competition resulted in a significant cut in the interest rates. Accordingly, Raiffeisen leasing reduced its market share in this particular segment and focused its efforts on financial leasing of real estate and project financing. In 2007, we achieved third place in the segment of real estate financing.

In view of a strongly competitive Slovenian leasing market, Raiffeisen Leasing intends to continue developing its own projects also in the future.

2. Project financing

In 2003, the Company began to develop financing of the construction projects as well as its own construction projects for the market. This segment of our business can be roughly divided into two parts. The first represents financing construction projects of business and residential properties for a known lessee or tenant. The second part represents the development and the realization of construction projects for the market. In previous years, our young and highly professional team successfully developed numerous projects, some of which are described below:

a) financing construction projects for a known tenant or lessee:

- **Bosch Indramat Factory, Škofja loka**
Location: Škofja Loka
Year: 2004
Gross floor area: plant: 4,100 m²,
offices: 1,000 m²
Value: € 5.5 million
- **Avto Krka Krško, business & commercial centre**
Location: Krško
Year: 2006
Gross floor area: 3,457 m²
Value: € 3.5 million
- **Eurospin Maribor, business & commercial centre**
Location: Maribor
Year: 2007
Gross floor area: 1,625 m²
Value: 2.2 mil. EUR
- **Bršljin Novo mesto, business & commercial centre**
Location: Novo mesto
Year: 2003
Gross floor area: 3-storey building,
4,100 m²
Value: € 5.5 million
- **Kočevje sports centre (the tender)**
Location: Kočevje
Year: 2007
Gross floor area: 2,595 m²
Value: € 4.85 million

b) construction of projects for the market

Podgora residential community

Location:	Dol pri Ljubljani
Year:	2004/2005
Gross area:	12,000 m ²
Units:	29 single-family houses and 5 duplex houses
Unit sizes:	single-family house 148 m ² , duplex 167 m ²
Value:	€ 4.8 million

Brezjanski gaj villas triplet

Location:	Maribor (Brezje)
Year:	2005
Velikost zemljišča:	3,500 m ²
Units:	3 units, total 27 apartments
Unit sizes:	apartments from 41 m ² to 213 m ²
Value:	€ 2.5 million

Jedinščica residential neighbourhood

Location:	Novo mesto
Year:	2006/2007
Gross area:	30,000 m ²
Units:	46 single-family houses
Unit size:	165 m ²
Value:	€ 5 million

Other projects:

In 2007, the Company started to develop two major projects, namely construction of three office buildings alongside Letaliska cesta in Ljubljana and an industrial zone development alongside the airport at Brnik.

REPORT OF THE MANAGEMENT BOARD

In 2007, the Company agreed new contracts in the amount of €70 million, which is an increase of more than 50% compared to 2006 and is in accordance with the plan. Among all the leasing companies operating on the Slovenian market, Raiffeisen Leasing achieved 11th place with a 2.76-percent market share, whereas in the segment of real estate financing we achieved third place with an 8.4-percent market share.

Due to the changed strategy introduced in 2006, the share of real estate in the financing structure has increased to 94 percent. The leasing market in Slovenia enjoys strong growth, and in 2007, the real estate leasing increased by 34% compared to the year 2006, while the scope of leasing transactions agreed by Raiffeisen Leasing increased by almost 58%.

In 2007, the balance sheet total of the Company increased by 14% to €155 million. The trend of increase in profits continued in 2007 and the Company achieved net profit of €1.93 million.

There were no changes in the ownership of the Company in 2007 and Raiffeisen Leasing International GmbH remains the sole owner with a 100% holding.

The Company continued its operations in the field of project financing as described in detail on the previous page.

With the ever growing competition in the leasing market, the Company plans to focus on the development of its own project.



REPORT OF THE ADVISORY BOARD

Members:

- g. Michael Hackl, Chairman
- g. Heinz Hödl, Deputy Chairman
- g. Dieter Scheidl, Member

The Advisory Board advises on strategic issues and provides the necessary support to the Management Board of the Company.

The Advisory Board consists of a minimum of three members.

The tasks of the Advisory Board are determined in the Articles of the Association of Leasing Companies in Slovenia and in the Internal Regulations – written guidelines for the conduct of the Advisory Board.

The Advisory Board elects, suspends or dismisses the Management Board, enters into or terminates employment and, if applicable, pension agreements with the members of the Management Board.

The Advisory Board meetings are convened by the Chairman according to the requirements of the Company. A meeting of the Advisory Board is convened

at the request of one or more members of the Advisory Board or one or more members of the Management Board. The purpose and reasons for the meeting should be stated. In an individual year, the Advisory Board should hold at least three meetings.

Subsequent to the election of the Advisory Board at the Annual General Meeting of shareholders, a regular meeting of the Advisory Board is held for the election of the Chairman; this meeting is convened without any special invitation.

The Annual General Meeting of shareholders is not bound by the resolutions of the Advisory Board.

Resolutions of the Advisory Board do not substitute those which have to be adopted in accordance with the law or the Articles of the Association of Leasing Companies in Slovenia.

JEDINŠČICA RESIDENTIAL NEIGHBOURHOOD – NOVO MESTO

The company undertook this project with the Novo Mesto-based company Emix d.o.o., which was responsible for the entire engineering work in the construction of infrastructure and residential buildings.

With the assistance of the ARHA architectural office, we drew up a plan and determined the following objective as being the most basic and important: to build high-quality housing and provide a pleasant living environment for residents.

The result of our work is 46 attractive and unique single-family houses. The Jedinščica family settlement extends across an area of 30,000 m². Houses have a net surface area of 165 m² spread across two floors. The ground floor contains the living area (kitchen, living room, small bathroom, hallway and garage); the first floor contains a bedroom, two children's rooms and a bathroom. One condition for the construction of residential buildings was, of course, the construction of all the necessary infrastructure (water supply, sewage system, gas, electricity and telephone network, cable TV and a road with pavements and street lighting). A children's playground is currently being laid out in the abandoned quarry on the edge of the settlement.

The houses were handed over to their buyers at the end of 2007. We invested a total of € 5 million in the project.



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BOURHOOD JEDINŠČICA

Income Statement

in €	2007	2006
Net sales	1,575,014	1,751,972
Change in inventories of finished products and work in progress	0	0
Capitalized own products and services	0	0
Other operating revenues (including revaluation operating revenue)	3,375,920	792,164
Costs of goods, materials and services	-834,601	-700,768
Labour costs	-782,973	-757,084
Write-downs	-1,088,962	-1,323,645
Other operating expenses	-27,449	0
Financial revenue from loans	171,945	250,374
Financial revenue from operating receivables	5,863,556	5,711,855
Financial revenue from investment impairment and write-offs	0	0
Financial expenses from financial liabilities	-5,598,254	-4,349,553
Financial expenses from operating liabilities	-3,566	-3,145
Other revenue	0	0
Other expenses	-23,313	0
Income tax	-664,683	-531,083
Deferred taxes	-23,401	73,191
Net profit for the year	1,939,232	914,279

Balance Sheet

in €		31.12.2007	31.12.2006
ASSETS		154,767,875	135,641,337
A.	Long-term assets	97,285,951	88,974,392
I.	Intangible assets and long-term deferred costs	90,396	118,429
II.	Property, plant and equipment	1,238,080	1,817,414
III.	Investment properties	11,889,249	4,912,405
IV.	Long-term investments	2,166,533	989,005
V.	Long-term operating receivables	81,588,585	80,800,632
VI.	Deferred tax assets	313,107	336,508
B.	Current assets	57,455,091	46,640,012
I.	Assets (disposal groups) held for sale	1,491,827	121,807
II.	Inventories	6,697,008	9,246,742
III.	Short-term investments	310,508	20,293,873
IV.	Short-term operating receivables	44,574,186	14,809,717
V.	Cash	4,381,562	2,167,873
C.	Short-term deferred costs and accrued revenue	26,834	26,933
EQUITY AND LIABILITIES		154,767,875	135,641,337
A.	Equity	6,445,820	4,519,660
I.	Called-up capital	3,738,107	3,738,107
II.	Capital surplus	105,778	105,778
III.	Profit reserves	142,676	0
IV.	Revaluation surplus	0	0
V.	Retained earnings	662,703	-238,503
VI.	Net profit for the year	1,796,557	914,279
B.	Provisions and long-term accrued cost and deferred revenue	36,147	0
C.	Long-term liabilities	108,631,390	102,222,795
I.	Long-term liabilities	108,631,390	102,222,795
II.	Long-term operating liabilities	0	0
III.	Deferred tax liabilities	0	0
D.	Short-term liabilities	37,882,847	27,755,123
I.	Liabilities of disposal groups	0	0
II.	Short-term financial liabilities	28,480,319	25,040,147
III.	Short-term operating liabilities	9,402,528	2,714,977
E.	Short-term accrued costs and deferred revenue	1,771,671	1,143,759



VILLAS TRIPLET BREZJANS



BREZJANSKI GAJ - TRIPLET OF RESIDENTIAL VILLAS

The triplet of modern residential villas Brezjanski gaj is situated only 3 kilometers from the centre of Maribor, not far away from the Ljubljana-Graz motorway.

Brezjanski gaj is placed in a neat, urban residential housing estate on a margin of a grove and a vast meadow, perfect for outdoors activities. There are many green surfaces ideal for children and evening walks.

The three villas contain nine apartments each - one-roomed and two-roomed flats from 41 to 80 m², two-and-a-half and three-roomed flats from 80 to 92 m² and double-decker flats from 160 to 213 m².

There are roomy elevators and spacious staircases in each villa and a depository in the basement. All apartments have a big balcony and a terrace with a beautiful view towards the hillsides. Each villa has an exquisit underground garage with 49 parking spaces.



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Notes to the Financial Statements

Principles of the preparation of the financial statements

The financial statements are compiled in accordance with Slovene Accounting Standards and the Companies Act. In the preparation of these financial statements, the two basic accounting assumptions of going concern and accrual were considered. Quality characteristics of the financial statements are based on understandability, relevance, reliability and comparability. The same accounting policies as in the previous year were considered.

Accounting policies

The most significant accounting policies, considered in the preparation of the financial statements of Raiffeisen Leasing d.o.o. for the financial year ended 31 December 2007, are described below.

Intangible assets

The items of intangible assets comprise long-term deferred operating costs, development costs, software supporting the recording and reporting of the financial and operating leasing, and the licences.

The items of intangible assets are recognised if it is probable that economic benefits associated with them will flow to the entity and if their costs can be reliably measured. On initial recognition, the items of intangible assets are measured at cost. Subsequent to initial recognition, they are amortised over the useful lives of the assets. In the balance sheet, they are reported at the carrying amount, as the difference between their cost and the accumulated amortisation.

<i>Intangible assets</i> <i>in €</i>	<i>Long-term deferred costs</i>	<i>Trademarks and licences</i>	<i>Total</i>
COST			
<i>Balance at 31.12.2006</i>	18,009	222,114	240,124
<i>Additions</i>	0	25,262	25,262
<i>Disposals</i>	1,753	48,262	50,015
<i>Balance at 31.12.2007</i>	16,256	199,115	215,371
ACCUMULATED AMORTISATION			
<i>Balance at 31.12.2006</i>	5,745	115,951	121,695
<i>Additions</i>	684	101	785
<i>Disposals</i>	1,753	48,262	50,015
<i>Amortisation expense for the year</i>	3,602	48,908	52,509
<i>Balance at 31.12.2007</i>	8,278	116,697	124,975
CARRYING AMOUNT			
<i>Balance at 31.12.2006</i>	12,265	106,164	118,429
<i>Balance at 31.12.2007</i>	7,979	82,418	90,396

Property, plant and equipment

The items of property, plant and equipment comprise equipment of the Company and equipment under operating leases.

The items of property, plant and equipment are recognised if it is probable that economic benefits associated with them will flow to the entity and if their cost can be measured reliably. On initial recognition, the items of property, plant and equipment are measured at cost, composed of the purchase price, duties and all the costs directly attributable to making the asset ready for its intended use. Subsequent expenditure on an item of property, plant and equipment increases its cost if it increases its future benefits in excess of the originally assessed, whereas the subsequent expenditure enabling the extension of the useful life of the asset initially reduces the accumulated depreciation.

In the balance sheet, the items of property, plant and equipment are reported at their carrying amount, as the difference between their cost and accumulated depreciation.

<i>Property, plant and equipment in €</i>	<i>Land</i>	<i>Buildings</i>	<i>Company Equipment</i>	<i>Equipment under operating lease</i>	<i>Total</i>
COST					
<i>Balance at 31.12.2006</i>	0	0	313,152	3,152,650	3,465,802
<i>Additions</i>	0	0	31,968	140,848	172,816
<i>Disposals</i>	0	0	77,359	696,051	773,410
Balance at 31.12.2007	0	0	267,761	2,597,447	2,865,208
ACCUMULATED DEPRECIATION					
<i>Balance at 31.12.2006</i>	0	0	226,631	1,421,757	1,648,388
<i>Disposals</i>	0	0	67,918	565,976	633,894
<i>Depreciation expense for the year</i>	0	0	30,193	582,441	612,634
Balance at 31.12.2007	0	0	188,906	1,438,223	1,627,128
CARRYING AMOUNT					
<i>Balance at 31.12.2006</i>	0	0	86,521	1,730,893	1,817,414
Balance at 31.12.2007	0	0	78,856	1,159,224	1,238,080

The depreciation is accounted for on the basis of the cost of the items of property, plant and equipment on a straight-line basis (proportionally) over the entire useful life of the assets.

The following depreciation and amortisation rates were applied to intangible assets and property, plant and equipment:

	Annual depreciation rates
Long-term deferred costs	20%
Software	20% - 50%
Licences and patents	20% - 33.33%
Real estate-buildings	3% - 5%
Computer equipment	20% - 25%
Telephone equipment	20% - 33.33%
Furniture	10% - 33.33%
Company cars	20%
Technical equipment	20% - 33.33%
Heavy Goods Vehicles - operating lease	20% - 25%
Equipment - operating lease	20% - 25%
Cars - operating lease	20% - 25%
Other equipment	0% - 33.33%

Investment properties

Investment properties comprise real estate (land and buildings), which is held to earn rent and/or to increase their value.

Investment properties are recognised, if it is probable that the future economic benefits that are associated with them will flow to the entity and if the cost of the investment property can be measured reliably. On initial recognition, they are measured at cost.

Investment properties in €	Land	Buildings	Total
COST			
Balance at 31.12.2006	141,990	5,487,997	5,629,987
Additions	1,100,000	6,194,393	7,294,393
Disposals	0	0	0
Balance at 31.12.2007	1,241,990	11,682,389	12,924,380
ACCUMULATED DEPRECIATION			
Balance at 31.12.2006	0	717,582	717,582
Additions	0	0	0
Depreciation expense for the year	0	317,548	317,548
Balance at 31.12.2007	0	1,035,131	1,035,131
CARRYING AMOUNT			
Balance at 31.12.2006	141,990	4,770,414	4,912,405
Balance at 31.12.2007	1,241,990	10,647,259	11,889,249

Financial assets

Financial assets represent investments in financial liabilities of other entities and natural persons or loans. They are classified into long-term investments, if they relate to the period of more than one year, and short-term investments, comprising of the current amounts of long-term investments that mature within a period of one year.

Long-term investments in long-term loans are initially measured at the amount paid representing the principal of the loan. They are reduced by the repaid amounts of the principal. The book value of long-term investments is equal to the amounts paid, reduced by the principal repayments, by the current amounts of long-term investments that mature within a period of one year and which are transferred to short-term investments, and by impairment loss.

Inventories

Inventories include projects under construction, which are intended for subsequent sale on the market. The value of inventories comprises total costs of construction such as the cost of acquisition of land, the costs of the project documentation, and the construction work.

Long-term operating receivables

The long-term operating receivables of €81,588,585 represent long-term receivables from the financial lease of real estate and movable property. Current amounts of receivables from financial lease which mature within a period of one year after the balance sheet date are transferred to short-term operating receivables.

Principal amounts of the leased assets are reported in the balance sheet as long-term operating receivables. On the contract date, the long-term receivables are equal to the cost of the leased assets. Long-term receivables are reduced by the instalments repaid (the amounts of the principal repaid and the interest). The interest is recognised as financial revenue of the current period.

The interest rate on long-term operating receivables is tied to the EURIBOR. The lessor has the right to change the monthly instalment if the EURIBOR changes by more than 0.25 percent.

The allowances against operating receivables are based on the assessed recovery of the receivables. Allowances are made against individual disputed receivables. When recognising allowances, the Company applies the uniform accounting policy of the Raiffeisen Zentralbank Osterreich Group, Vienna, prescribing the percentage of allowances against the outstanding receivables in terms of the number of days past due, and additional allowances with regards to the compulsory termination of contracts. As of the balance sheet date, the balance of doubtful and disputed receivables from financial lease is €1,229,063 (€ 1,500,113 in 2006).

Short-term operating receivables

Short-term receivables in of €44,574,186 represent the receivables that fall due within one year of the balance sheet date. The short-term operating receivables comprise receivables subject to operating lease contracts, receivables in respect of the real estate sales, allowances made against short-term receivables, and current amounts of long-term operating receivables for financial lease that mature in 2008. Other short-term receivables include receivables for input value added tax according to the invoices, short-term receivables due from the employees, short-term receivables due from the insurance undertaking for damages, and advances paid.

On initial recognition, the receivables are recognised at amounts, deriving from the relevant documents, under the assumption that they will be collected. As a rule, subsequent increases of the receivables (other than advances) increase the operating or financial revenue. The interest on the receivables is recognised as financial revenue.

The allowances against operating receivables are based on the assessed recovery of the receivables. Allowances are made against individual disputed receivables. When recognising allowances, the Company applies the uniform accounting policy of the Raiffeisen Zentralbank Osterreich Group, Vienna, prescribing the percentage of allowances against the outstanding receivables in terms of the number of days past due, and additional allowances with regards to the compulsory termination of contracts.

Cash

Cash represents cash in hand, deposit money on bank accounts and cash equivalents. Cash equivalents are short-term bank deposits i.e. call deposits and deposits with maturity of up to three months.

Deferred costs and accrued revenue

Short-term deferred costs and accrued revenue comprise short-term deferred costs or short-term deferred expenses and short-term accrued revenue. They are recognised at amounts arising from the relevant documents evidencing their occurrence and existence.

Equity

Total equity consists of called-up capital, capital surplus, profit reserve, retained earnings or net loss brought forward, revaluation surplus and undistributed net profit or unsettled net loss of the financial year.

In the year 2007, there were no changes in the share capital of €3,738,107. Capital surplus amounts to €105,778. In 2007, the Company formed statutory reserves of €142,676 on account of 5% of the net profit generated in 2006 and 5% of the net profit generated in 2007. Retained earnings of €675,776 were reduced by the amount of provisions for termination bonuses upon retirement of €9,339 and provisions for anniversary bonuses of €3,734. At 31 December 2007, retained earnings of €662,703 were recognised. The net profit for the financial year amounts to €1,796,557.

Provisions and long-term accrued costs and deferred revenue

Provisions are made for present obligations arising from obligating past events and are expected to be settled in a period which cannot be defined with certainty, but a reliable estimate can be made of the amount of the obligation. The amounts, recognised as provisions, are the best estimate of the expenditure required for the settlement of the present obligations on the balance sheet date.

Long long-term accrued costs and deferred revenue represent provisions for termination bonuses upon retirement and anniversary bonuses, as well as provisions for legal actions.

The provisions and long-term accrued costs and deferred revenue are reduced by the amounts of costs or expenses for which they were made.

Long-term liabilities

Long-term liabilities represent the liabilities for borrowings on the basis of loan agreements, if they should be settled or repaid in a period of more than one year. They are reduced by the current amounts that fall due in 2008. The current amounts of long-term liabilities are transferred to short-term financial liabilities.

On initial recognition they are recognised at the amounts arising from the relevant documents evidencing the receipt of cash or the repayment of another obligation. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method.

<i>in €</i>	31.12.2007	31.12.2006
Long-term liabilities	108,631,390	102,222,795
<i>Long-term financial liabilities to group companies</i>	4,212,121	4,636,362
<i>Long-term financial liabilities to banks</i>	104,419,269	97,586,433

Long-term financial liabilities comprise long-term borrowings from banks in the Group and borrowings raised from foreign banks. In order to finance its own activities, 3.88% of long-term loans were raised by the Company from related parties; the remaining 96.12% of loans were raised from foreign banks.

Short-term liabilities

Short-term liabilities are divided into financial and operating liabilities.

Short-term financial liabilities represent short-term loans, which should be settled or repaid within a period of one year from 31.12.2007 and current amounts of long-term loans.

Short-term operating liabilities are short-term supplier payables for goods or services purchased, payables to the employees for their work performed, short-term liabilities in respect of interest and similar items, and short-term liabilities to the state arising from taxes, including the value added tax payable. A specific class of short-term operating liabilities is liabilities to customers arising from advances and short-term collateral received.

Short-term liabilities (debts) are initially recognised at the amounts arising from the relevant documents evidencing the receipt of products or services, the work performed or costs accrued, a expense or a share in the profit or loss. Subsequent increases in the short-term liabilities, other than those for advances and collateral may, upon agreement with the creditors, reduce the relevant costs or operating expenses or financial expenses.

As a result of the change in the purchasing power of the local currency, the short-term liabilities are not restated unless they are expressed in a foreign currency and the exchange rate changes after their initial recognition. In this case the increase in short-term liabilities represents regular financial expenses.

Accrued costs and deferred revenue

Accrued costs and deferred revenue comprise short-term accrued costs or short-term accrued expenses and short-term deferred revenue. They are recognised at amounts, arising from the relevant documents evidencing their occurrence and existence. The majority of accrued costs and deferred revenue represents accrued interest costs on loans raised from foreign banks and banks in the Group.

Revenue

The revenue is recognised, if it is probable that economic benefits will flow to the entity and they can be measured reliably. The revenue is broken down into operating revenue, financial revenue and other revenue. Operating revenue and financial revenue are considered as ordinary revenue.

According to Slovene Accounting Standards, operating revenue includes sales revenue and other operating revenue associated with products and services. Sales revenue is recognised when all significant risks and benefits, deriving from the ownership, are transferred to the customer; the amount of revenue can be reliably estimated; it is probable that economic benefits associated with the transaction will flow to the company; and the costs incurred in respect of the transaction can be measured reliably. Operating revenue includes also the rent according to the operating lease contracts. The rent derived from investment properties is recognised over the duration of individual lease contracts.

<i>in €</i>	2007	2006
Operating revenue	4,950,934	2,544,136
<i>Revenue from operating lease</i>	1,460,157	1,624,020
<i>Revenue from financial lease</i>	53,947	328,812
<i>Revenue from reminders</i>	25,766	78,718
<i>Revenue from costs invoiced to tenants</i>	75,715	9,463
<i>Revenue from the sales of projects</i>	3,111,802	446,066
<i>Revenue from the lease contracts</i>	38,063	42,416
<i>Revaluation operating revenue</i>	181,847	0
<i>Other revenue</i>	3,637	14,642

Financial revenue is the revenue generated from investments. Financial revenue arises in relation to long-term and short-term investments and also in relation to receivables. Financial revenue comprises accrued interest and other financial revenue. Financial revenue includes financial revenue from financial lease contracts.

<i>in €</i>	2007	2006
Financial revenue from loans	171,945	250,374
Financial revenue from operating receivables	5,863,556	5,711,855
<i>Interest revenue from financial leases in the Group</i>	136	2,495
<i>Interest revenue from financial leases of movable property</i>	822,713	987,253
<i>Interest revenues from financial leases of real estate</i>	4,492,125	4,213,427
<i>Interest revenues from the moratorium</i>	507,590	265,947
<i>Revenue from deferred handling charges</i>	118,096	129,896
<i>Reduction of revenue due to deferred costs</i>	-169,007	-171,012
<i>Revenues from default interest</i>	72,277	76,215
<i>Other financial revenue</i>	19,626	26,757
<i>Revenue from the revaluation of loans</i>	0	180,877

Other revenue consists of unusual items that increase the profit or loss from ordinary activity.

Expenses

The expenses are divided into operating expenses, financial expenses and other expenses. Operating and financial expenses are considered as ordinary expenses.

Operating expenses are by function classified as selling expenses, general and administrative expenses, and other expenses.

<i>in €</i>	<i>Other operating expenses</i>	<i>Selling expenses</i>	<i>General and administrative expenses</i>	<i>Total</i>
<i>Goods and materials</i>	52,414	13,103	26,207	91,724
<i>Services</i>	424,502	106,125	212,251	742,878
<i>Total goods, materials and services expenses</i>	476,915	119,229	238,458	834,601
<i>Wages and salaries</i>	318,008	79,502	159,004	556,515
<i>Pension insurance costs</i>	29,055	7,264	14,527	50,845
<i>Other social insurance costs</i>	23,801	5,950	11,900	41,651
<i>Other staff expenses</i>	76,550	19,137	38,275	133,962
<i>Total staff expenses</i>	447,413	111,853	223,707	782,973
<i>Amortisation and depreciation expense</i>	561,538	140,385	280,769	982,692
<i>Operating revaluation expenses</i>	60,726	15,181	30,363	106,270
<i>Write-downs</i>	622,264	155,566	311,132	1,088,962
<i>Total expenses</i>	1,546,592	386,648	773,296	2,706,537

Financial expenses are interest expenses incurred on financing activities.

<i>in €</i>	<i>2007</i>	<i>2006</i>
<i>Financial expenses from financial liabilities</i>	5,598,254	4,349,553
<i>Financial expenses from loans, received from group companies</i>	378,117	534,147
<i>Financial expenses from bank loans</i>	5,220,132	3,814,840
<i>Financial expenses from other financial liabilities</i>	5	566
<i>Financial expenses from operating liabilities</i>	3,566	3,145
<i>Financial expenses from other operating liabilities</i>	3,566	3,145

Other expenses consist of unusual items which reduce profit or loss from ordinary activities in the accounting period.

Tax position

The Company is subject to tax in accordance with the Corporate Income Tax Act, Value Added Tax Act and the Regulation on the Implementation of the Value Added Tax Act.

Income tax

Income tax is charged on the basis of revenues and expenditure included in the income statement in accordance with Slovene Accounting Standards and the Corporate Income Tax Act. In the 2007 financial year, the Company reported tax base of €2,889,926. The tax charge for the year 2007 amounts to €664,683.

Value added tax

The Company charges value added tax at the rate of 20% and 8.5%.

In the case of financial leases, the tax base can include the cost of the leased item and the add-on value of financing (the interest) or only the cost of the leased item, whereas the interest on financing is exempt (in accordance with the Regulation on the Implementation of the Value Added Tax Act-1).

In the case of operating lease, the tax basis of the value added tax is the amount of monthly rent.

Deferred taxes

Deferred income tax assets and liabilities are charged according to the balance sheet liability method. Only deferred tax assets and liabilities arising from temporary differences are recognised. Deferred tax assets are recognised also for unused tax losses and unused tax credits carried forward to the next period if it is likely that in the future the taxable profit will be available against which the unused tax losses and unused tax credits may be utilised.

Deferred tax assets are reviewed on the balance sheet date and are reduced to the extent that it is no longer probable that taxable profits will be available in the future against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured on the basis of tax rates expected to be used when the asset is realised or the liability is settled. For this purpose, the tax rates (and tax laws) enacted or substantively enacted by the balance sheet date are used.

The deferred tax is recognised directed in equity if the tax relates to the items recognised directly in equity.

In 2007, the Company recognised deferred taxes in the amount of €313,107. The relatively high amount of deferred taxes is the result of non-deductible expenditure on account of receivable allowances which are included in the balance sheet for accounting purposes, but not for tax purposes.

Functional and presentation currency

The enclosed financial statements are presented in the Euro, the functional currency of Slovenia. All accounting information is presented in the Euro without cents.

On 1 January 2007, the Republic of Slovenia introduced the Euro as its official currency, replacing the Slovenian Tolar. Comparative data in the balance sheet as of 31 December 2006 are translated into the Euro at the then prevailing exchange rate (1 € = 239.64 SIT).



AVTO KRKA



**AVTO KRKA
BUSINESS & COMMERCIAL CENTRE
(lessee)**

Location: Krško

Year: 2006

Gross floor area: 3,475 m²

Value: € 3.5 million



FACTORY INDRAMAT ELEKTROMOTORJI

INDRAMAT ELEKTROMOTORJI (BOSCH REXROTH) FACTORY

Location: Škofja Loka

Year: 2004

Gross floor area: plant 4,100 m²
offices 1,000 m²

Value: € 5.5 milion



Raiffeisen
LEASING

INDEPENDENT AUDITOR'S REPORT



Auditor's report to the owner of Raiffeisen Leasing d.o.o.

We have audited the financial statements of Raiffeisen Leasing d.o.o., Ljubljana for the year ended December 31, 2007, from which the summarized financial statements were derived, in accordance with International Standards on Auditing. In our report dated March 28, 2008, we expressed an unqualified opinion on the financial statements from which the summarized financial statements were derived.

In our opinion, the accompanying summarized financial statements are consistent, in all material respects, with the financial statements from which they were derived.

For a better understanding of the Company's financial position and the results of its operations for the period and of the scope of our audit, the summarized financial statements should be read in conjunction with the financial statements from which the summarized financial statements were derived and our audit report thereon.

Ljubljana, 12 May 2008
Stephen Fish
Director
Ernst & Young d.o.o.
Dunajska 111, Ljubljana


Lidija Šinkovec
Certified Auditor



BRŠLJIN BUSINESS & COMMERCIAL CENTRE

Location: Novo mesto

Year: 2003

Gross floor area: 3-storey building,
4,100 m²

Value: € 5.5 million



**Raiffeisen
LEASING**

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COMPANY PROFILE

Firm:	Raiffeisen leasing, trgovina in leasing d.o.o. (Raiffeisen leasing, Trade and Leasing, Ltd.)
Short name:	Raiffeisen leasing d.o.o. (Raiffesien leasing Ltd.)
Legislative type:	Limited liability Company
Headquarters:	Tivolska cesta 30, Ljubljana, Slovenia
Registration:	District Court of Ljubljana, registry No. 1/33493/00
Capital:	€ 3,738,107
Partners:	RAIFFEISEN-LEASING INTERNATIONAL GmbH Vienna, Austria, 100% interest
Authorized representatives:	Borut Božič, Director Janez Dečman, Director Franci Veber, Legal representative
Authorization restrictions:	The Company is represented by two directors jointly or one director jointly with the statutory representative, with the exception of transactions of less than €417 where each director represents the company on his own.
Principal activity:	The Company is registered for a number of activities, of which the most important ones include are: <ul style="list-style-type: none">- Letting of own property- Buying and selling of own real estate- Renting of automobiles- Renting of water transport equipment- Renting of machinery and equipment- Financial leasing- Other financial intermediation- Activities auxiliary to financial intermediation
Company size:	According to Article 55 of the Companies Act, the net sales revenue is one of the primary criteria for classification of companies; accordingly, the Company is considered a "micro company". The Company's primary business is finance, and it generates primarily financial income. If the sales and financial income are considered as the criterion, the Company is considered a "small company". Financial disclosures were made in accordance with the requirements set for small companies.
Number of employees at the year-end:	21



PODGE

RESIDENTIAL COMMUNITY



Raiffeisen
LEASING

GORA



PODGORA RESIDENTIAL COMMUNITY (Dol pri Ljubljani)

Location: Dol pri Ljubljani

Year: 2004 / 2005

Units: 29 single-family houses and
five duplexes, total 39 units

Value: 4,8 mil. EUR

