

**UNAUDITED  
FINANCIAL STATEMENTS AND BUSINESS REPORT  
OF MERKUR GROUP**

**AND**

**MERKUR, D. D.**

**FOR THE INTERIM PERIOD FROM JANUARY TO SEPTEMBER 2007**

**Naklo, October 2007**

**MERKUR**

**We Aim To Please**

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## BASIC DATA ON MERKUR GROUP

### Parent Company:

**MERKUR - trgovina in storitve, d. d.**  
Cesta na Okroglo 7, SI-4202 Naklo

**Register of companies at:** District Court in Kranj, entry no. 10001500  
**Share capital:** EUR 54,773,201.47

**Registry number:** 5003563      **Tax number:** SI 98492462      **Nature of business code:** G/51.540  
**Telephone:** +386 (0)4 258 80 00      **Fax:**+386 (0)4 258 88 05      **E-mail:** [info@merkur.si](mailto:info@merkur.si)  
**Website:** [www.merkur.eu](http://www.merkur.eu)

### Transaction accounts:

- Gorenjska banka, d. d., Kranj: 07000-0000002321	- Banka Koper, d. d., Koper: 10100-0032602083
- SKB, d. d., Ljubljana: 03138-1002701594	- NLB, d. d., Ljubljana: 02923-00116828282
- Abanka, d. d. Ljubljana: 05100-8000018034	- Probanka, d. d., Maribor: 25100-9700292128
- NKBM d. d., Maribor: 04515-0000270653	- Probanka, d. d., Maribor: 25100-9700214140
- Bank Austria CA, d. d., Ljubljana: 29000-0001816667	- HYPO ALPE-ADRIA – BANK d. d.: 33000-0001958809

### Management Board (Term of Office from 1 December 2003 until 1 December 2008):

Mag. Bine Kordež, Chairman of the Management Board - CEO  
Mag. Goran Čelesnik, Member of the Management Board – Director of Commerce  
Mag. Milan Jelovčan, Member of the Management Board – Director of Organisation and IT  
Marijana Kajzer, Member of the Management Board – Director of Labour Relations

### Supervisory Board (Term of Office from 20 December 2006 until 19 December 2010):

#### **Shareholders' representatives:**

Zlatko Kavčič, Chairman of the Supervisory Board  
Jakob Piskernik, Deputy Chairman  
Janez Bohorič  
Miha Resman  
Marta Bertoncelj  
Aleksander Svetelšek, from 2 July 2007

#### **Workers' Representatives:**

Peter Podplatnik  
Vika Rozman  
Marjan Smrekar

### Subsidiaries in Slovenia:

#### **BOFEX, d. o. o., Ljubljana – MERKUR GROUP** Šmartinska cesta 152, SI-1000 Ljubljana

Registry no.: 5464943      Tax number: SI 18224326      Nature of business code: G/52.120  
Telephone: +386 (0)1 309 37 00      Fax: +386 (0)1 309 37 60      E-mail: [info@bofex.si](mailto:info@bofex.si)  
Websites: [www.bof.si](http://www.bof.si), [www.bigbang.si](http://www.bigbang.si)  
Transaction accounts:  
- NLB d.d. Ljubljana: 02923-0254441325  
- Abanka:, d. d., Ljubljana: 05100-8010040365  
- SKB, d. d., Ljubljana: 03171-1007727196  
Ownership: 100%  
Director: Bojan Knuplež

**KOVINOTEHNA, d. o. o., CELJE**  
**Mariborska 7, SI-3502 Celje**

Registry number: 5099501      Tax number: SI 94968683      Nature of business code: 51.540  
Telephone: +386 (0)3 543 20 00      Fax: +386 (0)3 543 25 54  
Transaction account: Abanka, d. d. Ljubljana: 05100-8000029092  
Ownership: 100%  
Director: Zoran Ledinek

**Subsidiaries abroad:**

**MERKUR INTERNATIONAL ZAGREB, d. o. o.**  
**Kelekova 18a, 10360 Zagreb - Sesvete, Croatia**

Telephone: +385 1 2009 333      Fax: +385 1 2008 708      E-mail: [merkur@merkurint.hr](mailto:merkur@merkurint.hr)  
Ownership: 100%  
Director: Bojan Vidmar

**MERKUR NEKRETNINE, d. o. o.**  
**Kelekova 18a, 10360 Zagreb - Sesvete, Croatia**

Telephone: +385 1 2009 333      Fax: +385 1 2008 708      E-mail: [merkur@merkurint.hr](mailto:merkur@merkurint.hr)  
Ownership: Merkur International Zagreb, d. o. o., 100%  
Director: Bojan Vidmar

**MERKUR INTERNATIONAL d. o. o., Beograd**  
**Partizanske avijacije 4, 11070 Novi Beograd, Serbia**

Telephone: +381 11 222 8 900      Fax: +381 11 222 8 902      E-mail: [merkurbg@merkurint.co.yu](mailto:merkurbg@merkurint.co.yu)  
Ownership: 100%  
Director: Zoran Cvijović

**BOFEX, d.o.o. Beograd, MERKUR GROUP**  
**Terazije 42, 11000 Beograd, Serbia**

Telephone: +381 11 262 24 63      Fax: +381 11 268 51 70      E-mail: [vojcin.deljanin@bofex.co.yu](mailto:vojcin.deljanin@bofex.co.yu)  
Ownership: Bofex, d. o. o., 100%  
Director: v. d. Vojin Deljanin

**INTERMERKUR, d. o. o., Sarajevo**  
**Ul. Safeta Zajke 267, Rajlovac**  
**71000 Sarajevo, Bosnia and Herzegovina**

Telephone: +387 33 772 800      Fax: +387 33 772 819      E-mail: [merkursa@bih.net.ba](mailto:merkursa@bih.net.ba)  
Ownership: 100%  
Director: Igor Lipanović

**MERKUR MAKEDONIJA, doo, Skopje**  
**Ul. Edvard Kardelj 12, 1000 Skopje, Macedonia**

Telephone: +389 232 19 701      Fax: +389 232 19 710      E-mail: [general@merkurmak.com.mk](mailto:general@merkurmak.com.mk)  
Ownership: 90.35%  
Director: Metodi Petrov

**PERLES MERKUR ITALIA, s.r.l.**  
**Via Aquileia 15/A, 34070 Villesse, Italy**

Telephone: +39 04 81 96 46 11      Fax: +39 04 81 91 81 67      E-mail: [info@perlesmerkur.com](mailto:info@perlesmerkur.com)  
Ownership: 100%  
Director: Anton Serianz

**MERKUR INTERNATIONAL PRAHA, spol. S. r. o.**  
**Slepa II. 1007/15, 14200 Praha 4 - Lhotka, Czech Republic**

Telephone: +42 02 6171 1405, +42 02 6171 0446      E-mail: [merkur@merkurpraha.cz](mailto:merkur@merkurpraha.cz)  
Fax: +42 02 4171 1574  
Ownership: 100%  
Director: Marko Čop

**MERKUR MI HANDELS, GmbH**

**Münchner Str. 13, D- 85540 Haar, Germany**

Telephone: +49 89 99 02 26 23 Fax:+49 89 99 02 01 60

Ownership: 100%

Director: Mitja Ježovnik

E-mail: [info@merkur-mi.de](mailto:info@merkur-mi.de)

**MERKUR ČELIK d.o.o., Beograd**

**Partizanske avijacije 4, 11070 Novi Beograd, Serbia**

Telephone: +381 11 222 89 00

Fax: +381 11 222 89 02

Ownership: Merkur, d. d., 66.16%

Merkur International d.o.o., Beograd 33.84%

Director: Zoran Cvijović

**Offices abroad:**

**Moscow Office**

**Olofa Palme 3, 119590 Moscow, Russia**

Telephone: +74 95 242 30 41 Fax: +74 95 242 30 69

Head: Nekir Kukuruzović

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**Office in China**

**Slovenia Merkur Suzhou Representative Office**

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## Performance Indicators of Merkur Group in the Past and Plan for 2007

Item	In thousand EUR					
	2002- SAS	2003- SAS	2004- SAS	2005- IFRS	2006- IFRS	Plan 2007- IFRS
Net sales revenue	549,859	610,018	748,313	783,988	999,029	1,032,937
Gross profit from sales	111,557	118,586	143,254	145,896	183,303	187,347
EBITDA	19,014	19,976	23,216	27,494	48,543	36,588
Operating profit	9,079	9,954	12,268	16,875	36,765	25,276
Net profit	8,316	9,906	11,103	14,960	21,594	16,971
Earnings per share (in EUR)	9,1	9,1	9,1	12,3	16,8	12,9
Return on revenue in %	1.4	1.6	1.4	1.8	2.1	1.6
Return on equity (in %)	7.0	7.3	7.3	9.0	11.4	8.3
Balance sheet total as at 31 Dec.	480,522	508,956	585,599	634,941	784,108	741,419
Equity capital as at 31 Dec.	123,851	154,913	160,153	179,711	218,671	218,973
Investments	19,649	18,998	26,375	17,343	39,586	19,524
Number of employees from hours worked	2,820	2,969	3,158	3,408	3,821	4,044
Employees as at 31 Dec.	2,988	3,108	3,370	3,680	4,075	4,311

## Performance Indicators of Merkur, d. d. in the Past and Plan for 2007

Item	In thousand EUR					
	2002- SAS	2003- SAS	2004- SAS	2005- IFRS	2006- IFRS	Plan 2007- IFRS
Net sales revenues	462,247	519,305	636,774	642,051	798,540	836,225
Gross profit from sales	87,072	94,068	112,763	110,392	133,713	137,705
EBITDA	13,375	18,540	29,444	21,634	28,545	28,040
Operating profit	5,638	10,506	21,080	14,238	20,618	20,535
Net profit	8,237	10,134	11,765	10,932	12,756	14,605
Earnings per share (in EUR)	9,0	9,3	9,7	9,0	9,9	11,1
Return on revenue in %	1.7	1.9	1.8	1.7	1.6	1.7
Return on equity (in %)	6.5	7.0	7.4	6.6	6.6	6.9
Balance sheet total as at 31 Dec.	454,106	489,069	529,794	554,621	742,809	711,372
Equity capital as at 31 Dec.	131,824	162,665	168,396	176,441	212,658	224,239
Investments	26,225	21,839	24,807	2,595	18,880	12,413
Number of employees from hours worked	2,295	2,346	2,380	2,467	2,602	2,862
Employees as at 31 Dec.	2,411	2,453	2,523	2,615	2,899	3,028

SAS – Slovenian Accounting Standards

IFRS – International Financial Reporting Standards

## **BUSINESS REPORT**

# 1 HIGHLIGHTS ON OPERATIONS FROM JANUARY TO SEPTEMBER 2007

## MERKUR GROUP

In EUR if not stated otherwise

Item	January - September			Index	
	2007	Plan 2007	2006	Plan=100	2006=100
Net sales revenues	848,519,362	751,768,438	702,753,672	112.9	120.7
Net operating profit or loss from regular operations - EBIT	16,896,204	17,568,348	13,124,579	96.2	128.7
EBITDA (earnings before interest, tax, depreciation and amortization)	25,830,534	25,915,320	22,043,065	99.7	117.2
Profit before tax	16,084,962	15,049,828	11,541,529	106.9	139.4
Net profit	12,669,602	12,087,821	8,777,929	104.8	144.3
Added value	86,085,983	78,335,086	74,483,271	109.9	115.6
Assets (as at 30 September)	856,647,670		762,410,670	-	112.4
Equity capital (as at 30 September)	236,070,207		201,582,907	-	117.1
Number of employees from hours worked	4,051	4,012	3,818	101.0	106.1
Equity / liabilities (in %)	27.6		26.4	-	104.2
Net sales revenue per employee	209,480	187,375	184,063	111.8	113.8
Added value per employee	21,253	19,525	19,508	108.9	108.9
Net profit per employee	3,119	3,011	2,295	103.6	135.9
Net return on equity - ROE (% p.a.)	6.81		6.08	-	111.9
Total revenue net profitability rate (in %)	1.46	1.59	1.23	92.0	119.1
Book value of share (as at 30 September)	179.72		152.98	-	117.5
Market price per share (as at 30 September)	408.21		175.71	-	232.3
Market price per share in comparison to its book value (as at 30 September – in %)	227		115	-	197.8
Net profit of Merkur Group per MER share	9.63	9.20	6.85	104.6	140.6

## MERKUR, D. D.

In EUR if not stated otherwise

Item	January - September			Index	
	2007	Plan 2007	2006	Plan=100	2006=100
Net sales revenues	687,298,361	617,217,524	558,115,874	111.4	123.1
Net operating profit or loss from regular operations - EBIT	13,874,952	15,121,353	12,279,999	91.8	113.0
EBITDA (earnings before interest, tax, depreciation and amortization)	20,012,193	20,684,256	18,292,172	96.8	109.4
Profit before tax	14,235,983	14,033,189	11,434,706	101.4	124.5
Net profit	11,371,703	11,226,551	8,919,070	101.3	127.5
Added value	65,815,313	61,639,235	56,361,238	106.8	116.8
Assets (as at 30 September)	792,873,586		692,515,419	-	114.5
Equity capital (as at 30 September)	234,276,925		205,421,128	-	114.0
Number of employees from hours worked	2,822	2,860	2,552	98.7	110.6
Equity / liabilities (in %)	29.5		29.7	-	99.6
Net sales revenue per employee	243,585	215,818	218,697	110.6	111.4
Added value per employee	23,326	21,553	22,085	108.2	105.6
Net profit per employee	4,030	3,926	3,495	102.7	115.3
Net return on equity - ROE (% p.a.)	6.44		6.12	-	105.3
Total revenue net profitability rate (in %)	1.62	1.79	1.57	-	102.9
Book value of share (as at 30 September)	178.49		156.50	-	114.0
Market price per share (as at 30 September)	408.21		175.71	-	232.3
Market price per share in comparison to its book value (as at 30 September – in %)	229		112	-	203.7
Price-earnings ratio (P/E)	8.66	8,55	6.97	101.3	124.3

## 2 PREAMBLE

### 2.1 Reporting Standards

Merkur, d. d. has drawn the unaudited consolidated financial statements of the Merkur Group and the unaudited financial statements of Merkur, d. d. for the periods from January to September 2007 and January to September 2006 pursuant to the Companies Act, the EU adopted International Financial Reporting Standards (hereinafter referred to as IFRS), and Notes adopted by the International Accounting Standards Board (IASB).

The Merkur Group prepares and releases its consolidated financial statements in compliance with IFRS for all accounting periods after 1 January 2005. Merkur, d. d. prepares its financial statements in compliance with IFRS for all accounting periods after 1 January 2006. Unaudited consolidated financial statements of the Merkur Group and unaudited financial statements of Merkur, d. d. for the period from January to September 2007 observe the same accounting principles as the audited financial statements for the year 2006, and unaudited financial statements for the period from January to September 2006.

### 2.2 Functional and Presentation Currency

These financial statements are presented in the euro (EUR). The audited financial statements of Merkur Group and Merkur, d. d. for 2006 prepared in SIT have been translated into the euro at the exchange rate of 239.6400 SIT/EUR.

### 2.3 Companies Included in the Consolidation

<b>Subsidiaries and associates</b>	<b>Country</b>	<b>Ownership share since</b>	<b>Ownership share in % at 30 Sept. 2007</b>	<b>Ownership share in % at 30 Sept. 2006</b>
- Kovinotehna, d. o. o., Celje	Slovenia	1999	100	100
- Bofex, d. o. o., Ljubljana – Merkur Group	Slovenia	1999	100	100
- Merkur International Zagreb, d. o. o.	Croatia	1994	100	100
- Merkur Nekretnine Zagreb, d. o. o.	Croatia	2000	100	100
- Merkur International Beograd, d. o. o.	Serbia	1994	100	100
- Merkur Čelik d.o.o., Beograd*	Serbia	2007	100	-
- Bofex d.o.o. Beograd, Merkur Group	Serbia	2005	100	100
- Merkur Makedonija, doo, Skopje	Macedonia	1994	90.35	90.35
- Intermerkur, d. o. o., Sarajevo	Bosnia and Herzegovina	1998	100	99.99
- Merkur International Praha spol. S.r.o.	Czech Republic	1994	100	100
- Merkur - MI Handels, GmbH	Germany	1994	100	100
- Perles Merkur Italia, s.r.l.	Italy	1994	100	100
- Sava Trade, d. d.	Slovenia	2006	**	98.34
- Železokrivnica SCT – Merkur, d. o. o., Ljubljana***	Slovenia	2006	45	45

\* Subsidiary Merkur Čelik, d. o. o., Beograd has been included in consolidation since 1 September 2007.

\*\* In 2006, the business of Sava Trade, d. d., Ljubljana, was successfully transferred to Merkur, d. d., and in April 2007 the subsidiary merged with Merkur, d. d.

\*\*\* Železokrivnica SCT – Merkur, d. o. o., Ljubljana, is an affiliated company and is included in the consolidated financial statements under equity method.

## Acquisition of the Ownership Share in a Subsidiary, Merkur Čelik, d. o. o.

In EUR

Company	Date of acquisition	Equity capital as at the acquisition date	Acquired share	Acquired equity	Payment for the acquired share	Goodwill
Merkur Čelik, d.o.o., (acquired by Merkur, d. d.)	7 Sept. 2007	8,849,434	66.16	5,854,786	5,865,870	11,084
Merkur Čelik, d.o.o., (acquired by MI Beograd )	7 Sept. 2007	8,849,434	33.84	2,994,648	3,000,000	5,352
			100.00	8,849,434	8,865,870	16,436

## Acquired Assets and Liabilities of the Merkur Čelik, d.o.o. Subsidiary, as at the Acquisition Date 1 September 2007

In EUR

Item	Fair value of assets and liabilities	Recognised assets and liabilities
Cash and cash equivalents	502	502
Property, land and equipment	8,549,488	8,549,488
Intangible assets	299,444	299,444
<b>Fair value of net assets</b>	<b>8,849,434</b>	<b>8,849,434</b>

## 2.4 Explanation Concerning Seasonal Character of Sales

In the third quarter of 2007, the performance was even better than in the first two. This trend has been observed for years, both in Merkur, d. d., and in Merkur Group. In the third quarter of 2007, Merkur Group exceeded planned revenue by 9.8%, and Merkur, d. d. by 4.7% respectively. In comparison to the same period of 2006, in the third quarter of 2007, Merkur Group exceeded sales revenue by 15.8%, and Merkur by 11.8% respectively.

### **3 APPRAISAL OF MERKUR GROUP OPERATIONS IN THE PERIOD FROM JANUARY TO SEPTEMBER 2007**

In the third quarter of 2007, the sales volume of Merkur Group was larger than in the second. If indices of growth for 2006 and 2007 are compared, in the first two quarters of 2007 the increase in sales volume was significant, and the growth was sustained in the third quarter as well. Due to the exceptionally sharp growth in the third quarter of 2006, the index of growth in the third quarter of 2007 failed to reach the index of first two quarters. Sales revenue amounted to EUR 848.5 million, or nearly 21% more than in the same period of 2006. Sixty-six percent of total sales volume were earned in Slovenia, or 12% more than the year before, if the performance of Sava Trade is included in the 2006 data. If Sava Trade operations are excluded from the 2006 results, domestic sales went up by 19%. In comparison to the same period of 2006, Bofex increased its sales by 30%, and the Group improved its sales outside Slovenia by 59% respectively. As far as core programmes are concerned, sales of metal products saw the steepest growth and increased the sales value by nearly 50%. This was mostly possible thanks to higher prices of metal products, which grew by 20%. In terms of quantity, that programme increased its sales by 33% in comparison to the year before, especially sales of reinforcing steel. By the end of September, the Group sold a total of 470,000 tons of steel, and this was roughly equal to the total quantity of metal products sold in 2006.

In the first nine months of 2007, the price difference percentage averaged slightly short of the 2006 figure. This happened mostly because the sales structure changed: The share of reinforcing steel in total sales increased significantly, but this material always sells at lower-than-average price difference. If we analyse the difference in prices by individual sales segments, a nearly one percentage point improvement can be observed. Gross profit from sales went up by 15.6%, or EUR 19.5 million. Sales abroad contributed 35% to the improvement, Bofex 15% or EUR 3 million, and Merkur's domestic sales added the remaining 50%.

In comparison to the first nine months of 2006, the costs increase lagged behind the growth in gross profit by two percentage points, and profit from operations grew by 36%. Labour costs represented a little less than 50% of the total cost structure. They rose by nearly 15%, but if the 6.1% increase in the number of employees is considered, labour costs grew by 8.3% per employee. Thanks to the excellent performance, the stimulation included in salaries and wages increased. In addition to that, in September every employee received a special bonus for good performance in total of EUR 450 net. If other operating revenues and expenses are included, operating profit of Merkur Group reached EUR 16.9 million, and this was 28.7% more than in the same period of 2006. Interest rates rose, and financial assets engaged in current operations were slightly less than 25% higher. Even so, net financing costs were lower because profits from financial investments increased considerably. In the first nine months of 2007, net financial costs amounted to EUR 811,000 in comparison to the same period of 2006 when they reached a total of EUR 1,583,000.

If financing costs are considered, profit in the first nine months of 2007 totalled EUR 16.1 million. After income tax deduction, net profit of Merkur Group reached EUR 12.7 million, or 44.3% more than in the same period last year. In comparison to sales revenue, this represents 1.5%, whereas return on equity reached 7.6%, if calculated to the annual level.

In the third quarter of 2007, Merkur Group invested most heavily in Serbia. The Group opened its second sales centre in Novi Sad. In September 2007, the Group also acquired Merkur Čelik, d. d. Beograd. Thanks to the purchase, Merkur Group got the opportunity to further increase the sales of metal products on the Serbian market, and acquired the warehousing facilities and 170,000 square metres of land to pursue its development plans in Serbia. In Slovenia and Croatia, Merkur Group continued all the activities to obtain the required necessary documentation for construction of new sales centres and warehouses. The first construction works are due in 2007. Merkur Group started building its first sales centre in Sarajevo, and the opening is planned before summer 2008.

In the third quarter of 2007, the ownership structure of the company changed as well. Already at the beginning of July 2007, 65 top managers of Merkur established Merfin, d. o. o. (Ltd) and acquired 21% of Merkur shares. At the beginning of October, Merfin acquired another lot of shares and achieved a 49% ownership share. At present, Merfin and four of its partners control 79.5% of Merkur, and they announced a takeover bid to acquire the remaining Merkur shares at EUR 405 per share. The bid price is slightly lower than the highest price offered at the Ljubljana Stock Exchange (i.e. EUR 426 per share on 4 September 2007), but the bid price exceeds the average 2006 stock exchange price for a Merkur share by 143%, and the average 2007 share price by 33%. As at 30 September 2007, the book value of a MER

share totalled EUR 179.

In the first nine months of 2007, Merkur Group operated successfully. The majority of performance indicators improved by 20% at least. If present trends continue, good results can be expected at the end of the year as well. The index of growth in the last quarter of 2007, however, is expected to present a slightly lower growth rate in comparison to the indices of the first three quarters of 2007 due to the exceptionally high sales volume in the last quarter of 2006. The observed trends and figures assured us that our strategy is correct. In the years to come, our ambitious goals will be fulfilled. To ensure this, the ownership structure will be changed. We must, however, be aware that good performance at present is also possible thanks to favourable global trends, and that the competition on the markets of former Yugoslavia – in the countries where we intend to expand our business the most – will become much keener. A properly devised strategy and commitment of all the employees will therefore play the key role in our success.

Mag. Bine Kordež  
Chairman of the Management Board and CEO

## **4 IMPORTANT EVENTS IN THE PERIOD FROM JANUARY TO SEPTEMBER 2007**

### **Successful Adoption of the Euro**

On 1 January 2007, Merkur successfully introduced the euro as the new national currency. The company closely observed all legal requirements, and implemented new software that enabled smooth and trouble-free transition to the euro. Merkur had given a public promise not to change prices after the adoption of the euro, and the customers soon found out that the prices in fact remained unchanged.

### **Notification on Entry of No-Par Value Shares in the Central Register of Central Securities Clearing Corporation and Translation of Share Capital from SIT to EUR**

On 9 February 2007, following the Decision reference no. KD 1844 of 7 February 2007, *KDD-Centralna klirinško depotna družba, d. d., Ljubljana (Central Securities Clearing Corporation)* amended the nominal value of the Merkur-trgovina in storitve, d. d. - MER shares - in the central register of securities to read "1 no-par value share", with no actual replacement of shares being made. On 1 January 2007, Slovenia introduced the euro as its national currency. At their 16<sup>th</sup> meeting of 3 June 2006, the General Meeting of Shareholders authorized the Supervisory Board to translate the share capital stated in the Articles of Association in total of SIT 13,125,850,000.00 to the euro at the exchange rate of SIT 239.640 for one euro. Following the Decision no. Srg. 2007/00200, the translated share capital and the related amendment to the Articles of Association were entered into the Register of Companies at the District Court in Kranj on 19 February 2007. Share capital of the company now totals EUR 54,773,201.47.

### **Merkur Increased Its Investment in Gorenjska banka, d. d., Kranj**

In the period from January to September 2007, several transactions with shares of Gorenjska banka, d. d., Kranj were conducted. Merkur, d. d. acquired 46,889 shares of Gorenjska banka, d. d., Kranj, or 14.15% of its share capital and voting rights.

### **Acquisition of Sava Trade, d. d.**

On 27 February 2007, the Supervisory Board passed the proposal for a downstream merger of Sava Trade, d. d. with Merkur. In 2006, the operations were successfully transferred to Merkur, and at the beginning 2007 Sava Trade no longer operated independently. The merger was the best possible solution, and was also approved by the General Meeting of Shareholders of Sava Trade, d. d. of 2 April 2007. The alteration was duly entered into the Register of Companies on 20 April 2007.

### **Significant Changes in Ownership Structure**

At the end of December 2006, the State put on auction its 24.3% share in Merkur through Kapitalaska družba (KAD) and Slovenska odškodninska družba (SOD). In January, the complete stake was sold to Engrotuš, d. o. o., and eventually Engrotuš, d. o. o. sold 66,197 MER shares to Banka Koper, d. d. In

February 2007, Engrotuš, d. o. o. sold another 70,422 of MER shares to Nova Ljubljanska banka, d. d. and 59,386 MER shares to Abanka, d. d. respectively. After the aforesaid transactions, Engrotuš, d. o. o. as at 30 June still controlled 84,376 MER shares, or 6.43% of the issuer's share capital and voting rights.

Sixty-five top managers of Merkur, including all members of the Management Board, had joined their assets to establish Merfin, d. o. o. On 9 July 2007, Merfin, d. o. o. acquired 15.64%, and on 16 July 2007 another 5.24% of all Merkur shares. The shareholders of Merfin – if also their personal holdings in Merkur are observed – now hold nearly 24% of the company. Merfin has become the largest shareholder in Merkur. The majority owner supports the existing strategic plans and objectives, i.e. to become the leading dealer in non-food items in South-Eastern Europe.

### **The Merkur House**

On 1 January 2007, Merkur successfully presented its project *Merkurjeva hiša (the Merkur House)*. The company also launched a new portal to stimulate the environment-friendly and energy-saving construction and promote the sales of quality construction and installation materials. In addition to this, the company updated its online **MERKURPARTNER** portal as well.

### **A New Distribution Facility**

On 12 February, Merkur opened a new office building for transport services, including the organisation of domestic and foreign transport, personal receipt of goods, customs activities, export related activities, receipt of goods, and security services. At the same time the regime of entering and exiting the distribution centre in Naklo was changed.

### **Fairs**

In March 2007, Merkur Makedonija appeared at the Moebel fair in Skopje, Macedonia with a bathroom range, laminates, doors and windows. Also in March, another Merkur Group company, Intermerkur, presented construction materials and wood, technical products for domestic and industrial applications, and installation materials at the fair in Banja Luka. In April, Merkur participated at the Formatool fair in Celje, and displayed quality tools, band saws, grinding paper, and workshop furniture. Merkur also appeared in Novi Sad at the Poljoprivreda fair to exhibit lawnmowers and tractors, and other items from the gardening programme. In Zenica, Bosnia and Herzegovina, Merkur presented its programme of ferrous and non-ferrous metal products, and construction materials.

### **Merkur Days**

It has become a tradition for Merkur to organize Merkur Days for suppliers and business partners to meet, obtain information, and socialise. So far this year Merkur Days have been held for partners dealing with power distribution, electro-installation materials, heating, ventilating and air-conditioning, gardening and greenery, and for trading partners. In Serbia, the company has organised a Merkur Day for buyers of locks and furniture fittings, tools and bathroom equipment.

### **Merkur Is One of the Best Slovene Companies**

According to the research *Poslovni ugled podjetij* (Credit Ratings of Slovene Companies), Merkur ranked high and won the sixth place among one hundred best Slovene companies. In comparison to the year before, Merkur moved up one place.

### **Prizes**

On 22 February 2007 at the *Logistika 07* conference organised by the Faculty of Logistics Celje, Tatjana Oražem, Executive Director of Logistics at Merkur, was awarded the title of *the best logistic officer of the year 2006*.

### **Service »Se zgodi« (It Happens)**

On 13 February 2007, Merkur's subsidiary Bofex, d. o. o. launched a new service »Se zgodi« (*It Happens*) for its customers. When they buy a product, the buyers may ask for prolonged product warranty. The warranty period may be extended to three or six years at convenient prices.

## **17<sup>th</sup> Annual General Meeting of Shareholders of Merkur, d. d.**

On 2 July 2007, the General Meeting of Shareholders convened at their 17<sup>th</sup> regular meeting. The shareholders passed the proposal concerning the distribution of accumulated profit for 2006, and discharged the Management and Supervisory Boards from their duties. The shareholders appointed the certified auditor (KPMG Slovenija, podjetje za revidiranje, d. o. o.) to audit business operations and financial statements of Merkur, d. d. and Merkur Group. At 16<sup>th</sup> General Meeting of Shareholders of 3 July 2006, Mrs Zvonka Novak Habot was appointed to the Supervisory Board of Merkur as a shareholders' representative. However, the ownership structure of Merkur changed subsequently, so at the first meeting of the new Supervisory Board of 25 January 2005, her resignation was accepted. General Meeting of Shareholders appointed Mr Aleksander Svetelšek, the director of Engrotuš, d. o. o. as a replacement member to the Supervisory Board to act as a shareholders' representative in the term of office until 19 December 2010. No challenging actions were announced at the General Meeting of Shareholders.

### **Meeting of Merkur Group Employees**

On 1 September, employees from all Merkur Group companies met at *Gospodarsko razstavišče* in Ljubljana. In the morning, sporting games were organised, and in the afternoon the employees gathered for a social meeting. On this occasion, the best fellow worker was selected from among the proposed candidates from all parts of the company.

### **New Sales Centre in Novi Sad**

Merkur International, d. o. o., Beograd is one of the subsidiaries of Merkur. On 21 September it opened a modern sales centre in Novi Sad, Serbia. The centre consists of two parts, **MERKURDOM** and **MERKURPROFI**, and offers a complete range of products for home, garden, and workshop.

### **Sales Contract on Merkur Čelik, d.o.o., Beograd**

In September, a sales contract was signed. Accordingly, Merkur Group acquired the Serbian company Merkur Čelik, d.o.o. This used to be the most important metal product dealer in Serbia in the past. Thanks to the acquisition, Merkur plans to increase sales. It obtained 17 hectares of land, and warehousing facilities on 11,000 square metres.

## **5 IMPORTANT EVENTS AFTER THE ACCOUNTING PERIOD**

### **Changes in Ownership Structure**

On 1 October 2007, NFD 1 – an investment security fund – disposed of 137,563 MER shares. Before the transaction, NFD 1 held 137,866 ordinary MER shares, or 10.5% of the voting right from shares. After the transaction, NFD1 still held 303 MER shares, or 0.02% of the voting right.

On 2 October, Banka Koper, d. d. disposed of 66,197 MER shares, or 5.04% of the issuer's voting right. After the transaction, Banka Koper still held 47,403 MER shares, or 3.61% of the voting right.

On 2 October, Gorenjska banka, d. d. disposed of 84,955 MER shares, or 6.4723% of the voting right. After the aforesaid transaction, Gorenjska banka does not own any MER shares.

On 26 September, Merfin, d. o. o. acquired 13,500 MER shares, on 1 October a further 137,563 MER shares, and on 2 October another 222,813 MER shares. After all those transactions, Merfin, d. o. o. owned a total of 647,498 MER shares, or 49.330% of voting rights in Merkur.

### **A Takeover Intent and Public Announcement of a Takeover Bid**

On 3 October 2007, a consortium of five major owners of Merkur that hold 78.5% of all MER shares, made a public announcement that they intend to take over Merkur, the largest trading company in non-food items in Slovenia. In their takeover intent, the consortium of five major owners of Merkur obliged themselves to announce within thirty days at the latest a public bid to acquire all Merkur shares. Merfin,

who is the largest stakeholder of Merkur in the consortium and thus the principal partner, owns 49.3% of MER shares. The stake is so high that – according to the law – a public bid for takeover of Merkur must be announced. The Management Board of Merkur and the company's top management support the intention.

On 30 October 2007, the acquiring companies:

- MERFIN, holdinška družba, d.o.o. Ljubljana,
- SAVA, družba za upravljanje in financiranje, d.d. Kranj,
- BANKA KOPER d.d. Koper,
- EURO - VENETO, d.o.o. Zagreb, Croatia, and
- INTERFIN, finančna družba, d. d., Koper

were issued a permit by the Securities Market Agency to announce a takeover bid for the acquisition of 282,125 ordinary registered shares of Merkur-trgovina in storitve, d. d., 4202 Naklo. The number represents the total of all 1,312,585 MER shares reduced by the 1,030,433 MER shares already held by the acquiring parties.

On 2 November 2007, the acquiring parties submitted a takeover bid to buy off the remaining 21.5% of MER shares. The acquiring parties, who are all members of a consortium for the takeover of the target company, placed a bid to settle the full price in cash. The bid price for a security (i.e. one MER designated share) totals EUR 405. The takeover bid shall be in force from 2 November 2007 until noon on 1 December 2007. The successful bid threshold has not been determined.

### Appraisals and Awards

On 12 October, the employees of Merkur received yet another prize for the Group's excellent performance. The management committee of *Združenje Manager (The Managers' Association of Slovenia)* awarded **mag. Bine Kordež**, the Chairman of the Management Board of Merkur, the title *the Best Manager of the Year 2007* for joint efforts of the corporation. **The Best Manager of the Year** is one of the most prestigious titles in management. *Združenje Manager* brings together the most successful Slovene managers. Since 1991, the Association has been conferring the awards on the best managers. The criteria for selection are:

- Best financial results,
- Most challenging improvements,
- Best care for the future of the company,
- Best managerial competencies.

The management committee of *Združenje Manager* ensures objective assessments of the candidates.

On 4 October 2007 in Nova Gorica, an HRM conference was held. For the fifth consecutive time, prizes were awarded for the Slovene HRM project of the year. The project **sMPA** (Business Academy of Merkur Group) won the third place. This is Merkur's fourth project (after "Sistemizacija in kompetence", "Informatizacija in prenova MLR", and "Sistem nagrajevanja") to win a place among the best projects in the country.

## 6 SALES VOLUME – SALES REVENUE

Company	In EUR					In EUR				
	January – September		2006	Index		3 <sup>rd</sup> Quarter	2 <sup>nd</sup> Quarter	1 <sup>st</sup> Quarter	Index	
	2007	Plan 2007		2007	2007	2007	2007	2007	9=6/7	10=7/8
	1	2	3	4=1/2	5=1/3	6	7	8	9=6/7	10=7/8
<b>Merkur, d. d.</b>	<b>687,298,361</b>	<b>617,217,524</b>	<b>558,115,874</b>	<b>111.4</b>	<b>123.1</b>	<b>235,198,402</b>	<b>256,755,579</b>	<b>195,344,380</b>	<b>91.6</b>	<b>131.4</b>
<b>Subsidiaries in Slovenia</b>	<b>80,234,586</b>	<b>69,032,114</b>	<b>94,004,140</b>	<b>116.2</b>	<b>85.4</b>	<b>30,308,093</b>	<b>24,384,359</b>	<b>25,542,134</b>	<b>124.3</b>	<b>95.5</b>
Bofex Group	80,215,185	69,002,392	61,494,709	116.2	130.4	30,301,536	24,377,779	25,535,870	124.3	95.5
Sava Trade, d. d.	0	14,722	32,493,816	-	-	0	0	0	-	-
Kovinotehna, d. o. o.	19,401	15,000	15,615	129.3	124.2	6,557	6,580	6,264	99.7	105.0
<b>Subsidiaries abroad</b>	<b>266,932,010</b>	<b>187,491,336</b>	<b>172,292,293</b>	<b>142.4</b>	<b>154.9</b>	<b>85,469,071</b>	<b>99,783,893</b>	<b>81,679,046</b>	<b>85.7</b>	<b>122.2</b>
Merkur International Zagreb, d. o. o.	91,654,556	77,554,994	65,521,157	118.2	139.9	30,925,201	32,631,762	28,097,593	94.8	116.1
Merkur International Beograd, d. o. o.	43,571,133	30,014,096	26,171,958	145.2	166.5	17,468,606	15,232,594	10,869,933	114.7	140.1
Merkur Čelik, d.o.o., Beograd	79,496	0	0	-	-	79,496	0	0	-	-
Perles Merkur Italia, s.r. l., Villesse	32,935,007	25,459,959	26,064,351	129.4	126.4	6,596,482	14,000,672	12,337,853	47.1	113.5
Merkur International Praha spol. S.r.o.	23,454,088	18,649,979	18,327,979	125.8	128.0	6,315,057	9,081,748	8,057,283	69.5	112.7
Merkur - MI Handels GmbH, München	24,620,961	12,091,390	16,456,289	203.6	149.6	6,824,128	8,621,706	9,175,127	79.2	94.0
Intermerkur, d. o. o., Sarajevo	40,342,103	17,201,318	11,485,124	234.5	351.3	13,983,327	16,238,415	10,120,361	86.1	160.5
Merkur Makedonija, d.o.o., Skopje	10,274,666	6,519,600	8,265,436	157.6	124.3	3,276,774	3,976,996	3,020,896	82.4	131.6
<b>Merkur Group non-consolidated</b>	<b>1,034,464,957</b>	<b>873,740,974</b>	<b>824,412,306</b>	<b>118.4</b>	<b>125.5</b>	<b>350,975,566</b>	<b>380,923,831</b>	<b>302,565,560</b>	<b>92.1</b>	<b>125.9</b>
Eliminations	185,945,595	121,972,536	121,658,633	152.4	152.8	47,370,030	79,136,541	59,439,024	59.9	133.1
<b>MERKUR GROUP CONSOLIDATED</b>	<b>848,519,362</b>	<b>751,768,438</b>	<b>702,753,672</b>	<b>112.9</b>	<b>120.7</b>	<b>303,605,536</b>	<b>301,787,290</b>	<b>243,126,536</b>	<b>100.6</b>	<b>124,1</b>

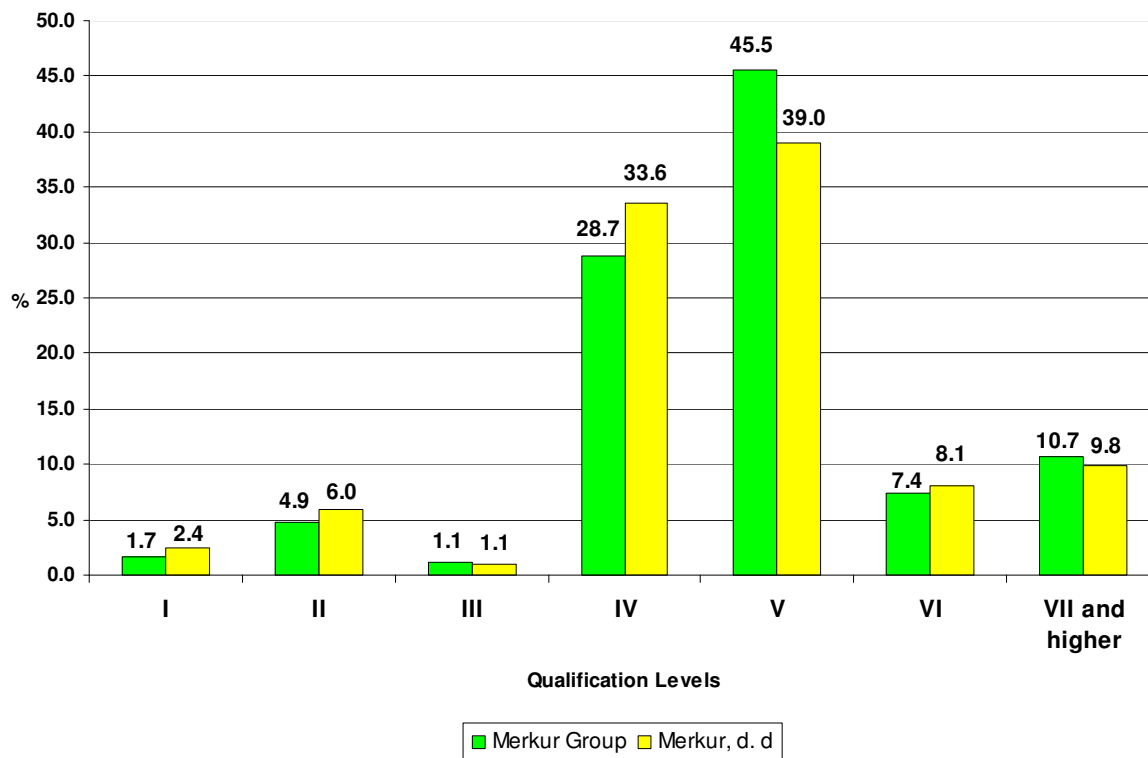
	<u>January – September 2007</u>	<u>Sept. 2007</u>
Index of growth	<u>January – September 2006</u>	<u>Dec. 2006</u>
<b>Consumer price index</b>	<b>103.0</b>	<b>103.6</b>
<b>Producer price index of manufactured goods</b>	<b>105.0</b>	<b>105.1</b>
<b>Construction material price index of manufactured goods</b>	<b>105.3</b>	<b>101.9</b>
<b>Merkur, d. d. price index</b>		
- calculation observed the sales by core groups of goods	<b>107.3</b>	

## 7 EMPLOYEES

### 7.1 Number of Employees by Merkur Group Companies

Company	30 Sept.	30 Sept.	Index	Employees from hours worked January - September		
	2007	2006		2007	2006	Index
<b>MERKUR GROUP</b>	<b>4,412</b>	<b>4,022</b>	<b>109.7</b>	<b>4,051</b>	<b>3,818</b>	<b>106.1</b>
<b>Merkur, d. d.</b>	<b>3,004</b>	<b>2,752</b>	<b>109.2</b>	<b>2,822</b>	<b>2,552</b>	<b>110.6</b>
<b>Subsidiaries in Slovenia</b>	<b>509</b>	<b>637</b>	<b>79.9</b>	<b>474</b>	<b>683</b>	<b>69.4</b>
Bofex, d. o. o., Ljubljana, Merkur Group	509	480	106.0	474	450	105.3
Sava Trade, d. d.	0	157	-	0	233	-
Kovinotehna, d. o. o.	0	0	-	0	0	-
<b>Subsidiaries abroad</b>	<b>899</b>	<b>633</b>	<b>142.0</b>	<b>755</b>	<b>583</b>	<b>129.5</b>
Merkur International Zagreb, d.o.o.	528	450	117.3	469	417	112.5
Merkur International Beograd, d. o. o.	217	118	183.9	156	104	150.0
Merkur Čelik, d.o.o., Beograd	51	0	-	34	0	-
Intermerkur, d.o.o., Sarajevo	51	23	221.7	45	22	204.5
Merkur Makedonija, doo, Skopje	26	20	130.0	25	20	125.0
Perles Merkur Italia, s.r.l., Villesse	12	9	133.3	11	9	122.2
Merkur International Praha spol. S.r.o.	5	5	100.0	4	5	80.0
Merkur - MI Handles GmbH, München	3	5	60.0	4	3	133.3
Bofex Beograd, d. o. o., Merkur Group	6	3	200.0	7	3	233.3

### 7.2 Qualification Profile in Merkur Group and Merkur as at 30 September 2007



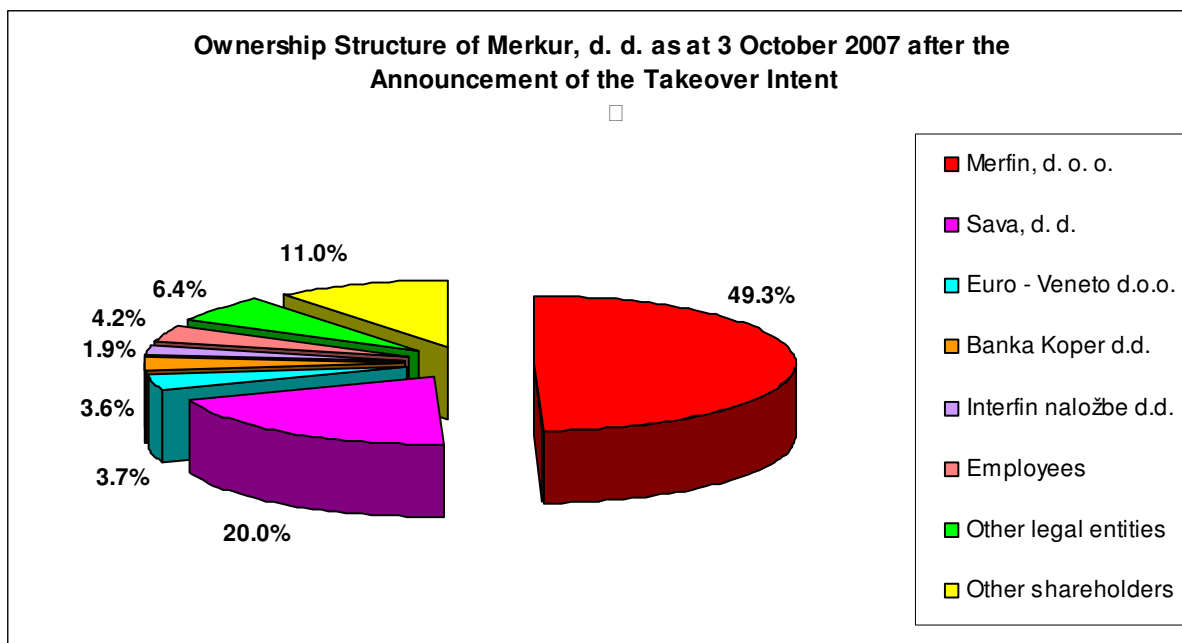
## 8 SHARES OF MERKUR, d. d.

### 8.1 Basic Data on MER Shares

Data	30 September 2007	30 September 2006	Index
Number of shares	1,312,585	1,312,585	100.0
Market capitalisation (in thousand EUR)	535,810	230,628	232.3
Number of shareholders	5,102	4,515	113.0
Share price (in EUR)	408,21	175,71	232.3
Book value (in EUR)	178,49	156,50	114.0
Average weighted annual price excluding lots in the period from January to September (in EUR)	305,46	153,87	198.5
Net earnings per share (in EUR)	8,66	6,97	124.3
Market price per share in comparison to its book value	2,29	1,12	203.7
Lowest daily price (in EUR)	216,00	141,92	152.2
Highest daily price (in EUR)	426,00	179,44	237.4

### 8.2 Ownership Structure of Merkur, d. d. as at 30 September 2007

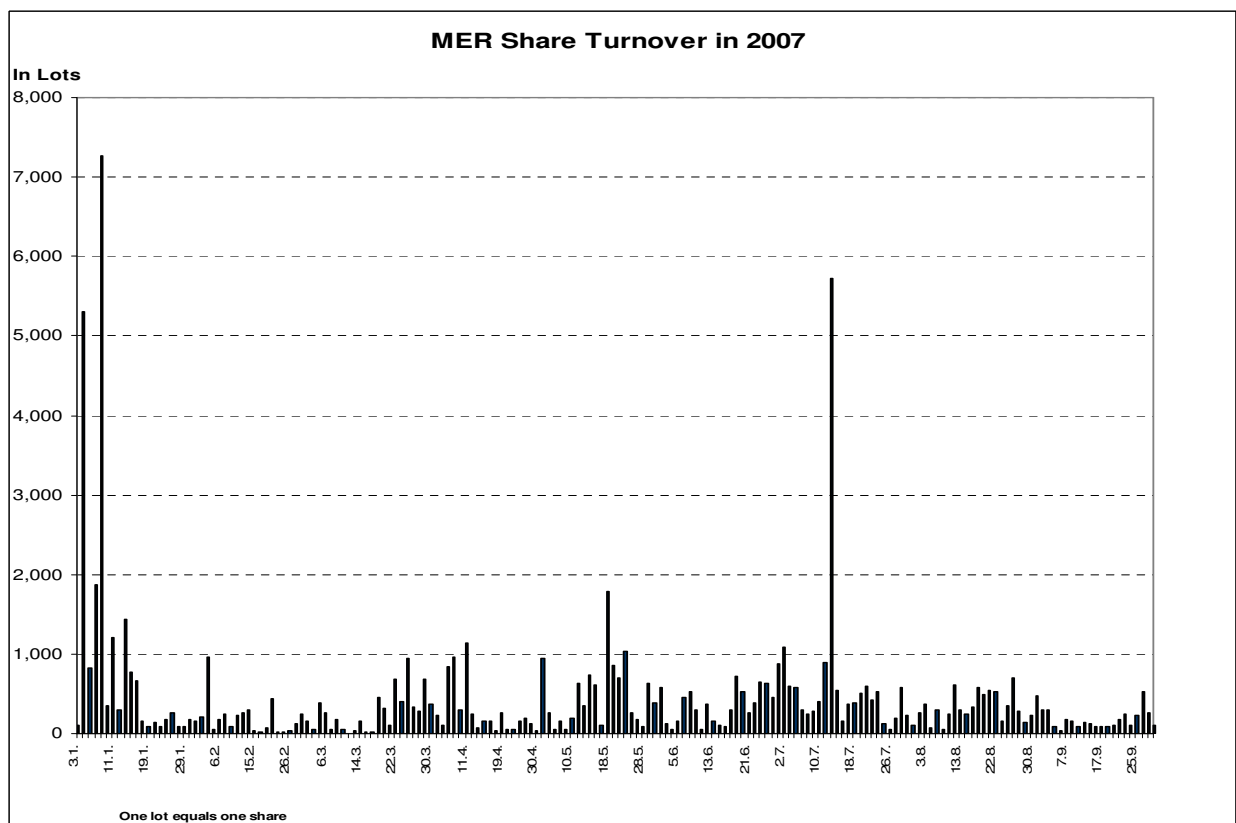
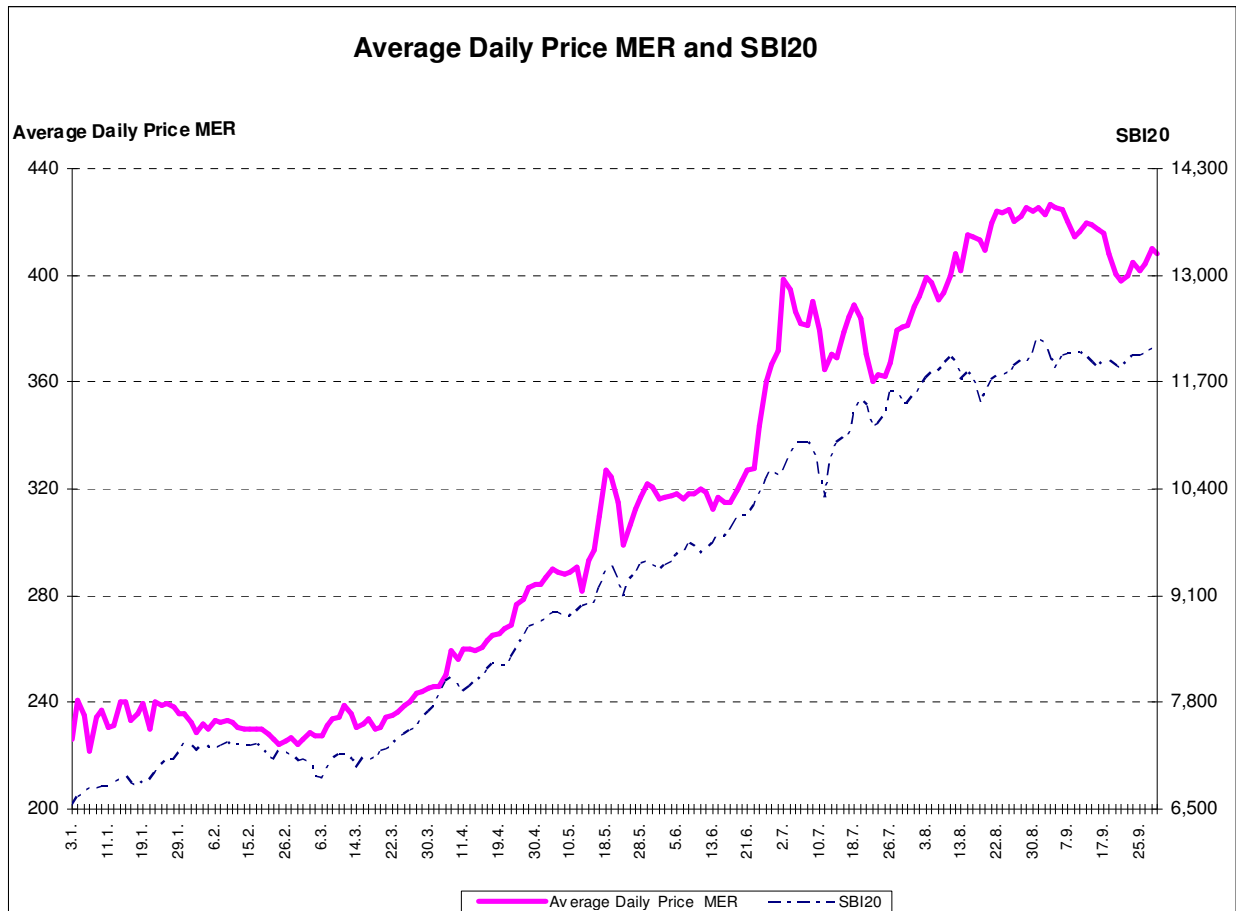
Name	30 Sept. 2007			31 Dec. 2006		
	Number of shareholders	Total shares Number	%	Number of shareholders	Total shares Number	%
Merfin d.o.o.	1	282,122	21.49		0	0.00
Sava, d.d.	1	262,841	20.02	1	262,841	20.02
NFD 1 investicijski sklad, d.d.	1	137,866	10.50	1	116,286	8.86
Banka Koper d.d.	1	113,600	8.65	1	86,403	6.58
Gorenjska banka, d.d.	1	84,955	6.47	1	84,955	6.47
A banka d.d.	1	59,386	4.52	1	30	0.00
Euro - Veneto d.o.o.	1	48,000	3.66		0	0.00
Zavarovalnica Triglav	1	17,729	1.35	1	17,729	1.35
SOP	1	15,761	1.20	1	15,761	1.20
Abančna DZU delniški aktivni	1	6,910	0.53	1	8,211	0.63
Employees	626	82,232	6.26	678	94,944	7.23
Other legal entities	161	54,058	4.12	164	475,732	36.24
Other shareholders	4,305	147,125	11.21	3,901	149,693	11.40
<b>TOTAL</b>	<b>5,102</b>	<b>1,312,585</b>	<b>100.00</b>	<b>4,751</b>	<b>1,312,585</b>	<b>100.00</b>



### 8.3 Capital Stakes Held by Members of the Management and Supervisory Boards of Merkur, d. d. as of 30 September 2007

Management and Supervisory Boards	Number of shares	Holding in % of total shares
<b>Management Board</b>	<b>6,128</b>	<b>0.467</b>
Kordež Bine	3,316	0.253
Čelesnik Goran	1,041	0.079
Jelovčan Milan	967	0.074
Kajzer Marijanca	804	0.061
<b>Supervisory Board</b>	<b>2,508</b>	<b>0.191</b>
Bertoncelj Marta	1,276	0.097
Piskernik Jakob	509	0.039
Rozman Viktorija	426	0.032
Smrekar Marjan	240	0.018
Bohorič Janez	57	0.004
Kavčič Zlatko	-	-
Resman Miha	-	-
Podplatnik Peter	-	-
Svetelšek Aleksander – from 2 July 2007	-	-

### 8.4 Turnover of MER Shares at the Ljubljana Stock Exchange in the Period from January to September 2007



## 9 RISK MANAGEMENT

Merkur Group has recorded the expected risk exposure, and this has not changed much in comparison to the previous periods. The Group has paid special attention to the financial risk control.

### Financial Risks

In 2007, Merkur Group has closely observed the adopted financial policy in risk control and management. This includes the basic guidelines for effective and systematic control over financial risks. The active risk management objectives are as follows:

- To attain stability of operations and reduce the risk exposure to an acceptable level;
- To increase the market value of the Merkur Group, its competitiveness and credit rating;
- To improve the predictability of cash flow and profit;
- To alleviate the effects of exceptional loss or damage sustained.

The financial risk consists of the following risk groups:

- **Credit risk** indicates any risk that customers or other business partners might fail to settle their liabilities to the company thus reducing the company's economic benefits;
- **Market risk** includes the interest risk, foreign exchange risk, inflation risk, liquidity risk, risk of changes in market prices of securities;
- **Insolvency risk** represents the short-term and long-term inability to settle the liabilities on time.

### CREDIT RISK

Merkur, d. d. and Merkur Group have adopted effective credit risk management policies, including the regular monitoring of outstanding receivables, absolute exposure, and its structure. All entities that buy goods from the parent company, and entities that buy from the Group subsidiaries, have been included in the system.

Already in 2006, the company upgraded its credit risk control over the business partners whose net exposure exceeds EUR 100,000. The credit risk control now also includes an independent risk assessment and a recommendation of a credit limit given by an external party to objectively identify the highest risk partners. The company intends to continue this policy in 2007 as well.

We also closely observed those partners against whom petitions have been filed (for e.g. compulsory settlement, bankruptcy, or winding up). According to our observations, the assets engaged in business with such partners have remained unchanged and most cases are not new. It could therefore be concluded that credit monitoring of partners and of order confirmation systems yielded good results.

From January to September 2007, the parent company and the Group recorded no write-offs of receivables due to outstanding payments without any appropriate adjustments made, so these did not affect the results of operations in terms of value.

### INTEREST RISK

The EURIBOR variable interest rate applies to the majority of Merkur's loans, so operations are exposed to interest risk. The company, however, continually adjusted the interest rates arising from assets to the interests arising from equity and liabilities, and established that the balance sheet – as far as financing is concerned – is capable of absorbing the changes of interest rates. For that reason, Merkur did not opt for hedging with derivatives. Thanks to the adjustment of interest rates applied to assets and liabilities and internal protection, the exposure to interest risk is moderate.

### CURRENCY RISK

On 1 January 2007, Slovenia adopted the euro as its national currency, so the previously basic currency pair EUR/SIT was eliminated. Other significant currency pairs were determined according to the geographical location of the subsidiaries abroad. Although moderate, the exposure to currency risk was still low, if the entire business share in the Merkur Group is considered.

## **Insurance of Property, Liability and Employees**

In 2007, Merkur Group provided for optimum safety, and obtained insurance against various damages. The Group has taken out various insurances, including:

- fire insurance,
- earthquake insurance,
- general liability insurance, including ecological damages,
- business interruption insurance,
- cargo insurance for shipments in domestic and international transport,
- burglary insurance,
- machine breakdown insurance,
- land motor vehicle insurance,
- full coverage collision insurance, and
- credit insurance.

## **10 MERKUR GROUP PERFORMANCE ANALYSIS**

In the first nine months of 2007, Merkur Group performed very well. In comparison to the same period of 2006, this year:

- sales volume measured as sales revenue increased by 20.7%,
- gross profit from sales went up by 15.6%,
- EBITDA (earnings before interest, tax, depreciation and amortization) grew by 17.2 %
- Growth of costs lagged behind the increase in sales volume and gross profit, and costs including other operating expenses increased by less than 13%,
- Profit from operations rose by 28.7%,
- Profit before tax went up by 39.4%,
- Net profit advanced by 44.3%.

In the period from January to September 2007, Merkur Group exceeded plans in all important points, especially as far as revenues, difference in prices and net profit are concerned. The number of employees from hours worked grew by 6%, and as of 30 September, Merkur Group employed 4,412 people, but performance was nevertheless very good. The ratios per employee also improved, especially the productivity, added value, and net profit.

Thanks to excellent results, the Management Board decided to remunerate all the employees of Merkur Group, and the payment was made in September 2007. The employer thus incurred a cost in total of EUR 3.49 million, or EUR 810 per employee. The remuneration was not planned in advance, but it was included completely in the income statement and affected profit or loss from the operations for the first nine months. Thanks to this, it was 3.8% short of plan. If remuneration had not been paid, the ratios would have been as follows:

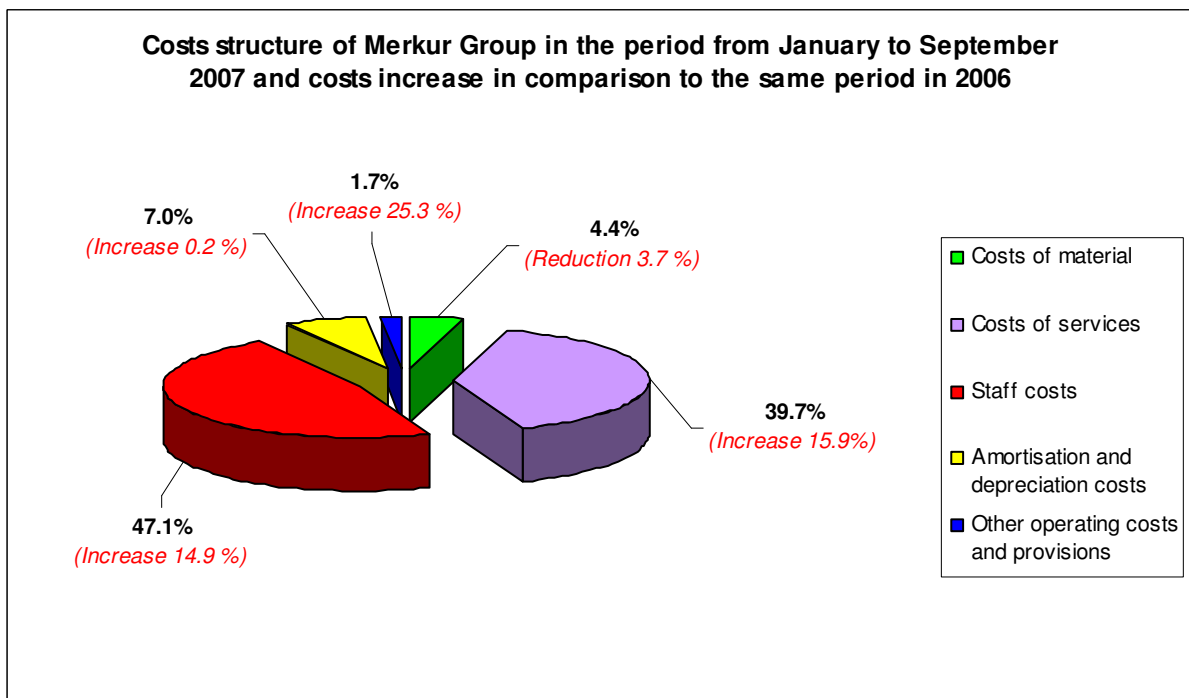
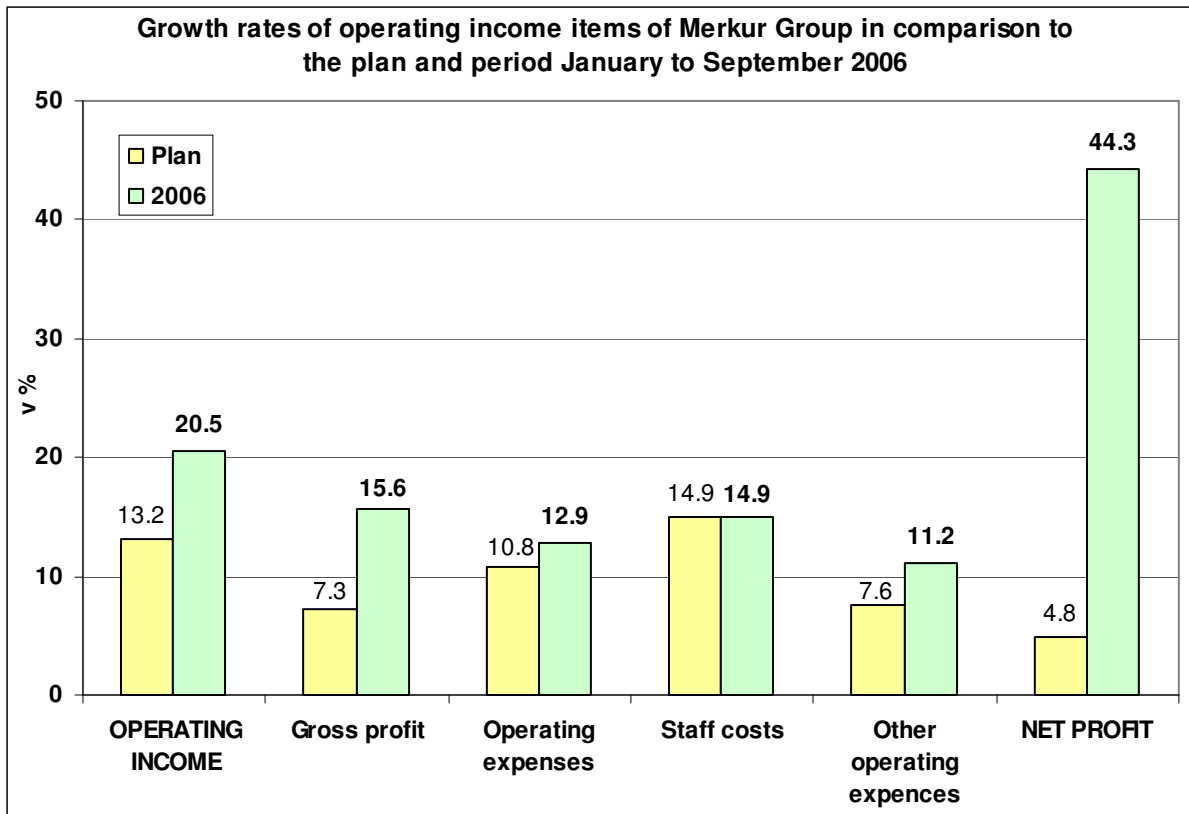
- EBITDA (earnings before interest, tax, depreciation and amortization) would be 33% higher than the year before and would exceed the plan by 13%,
- Profit from operations would be 55% higher than in the same period of 2006 and 16% higher than planned,
- Net profit would be 34% higher than planned and 84% higher than last year.

By the end of 2007, all the indicators are expected to exceed the plan.

In addition to that, receivables were collected faster, short-term liabilities settled more promptly, and the inventory turnover ratio was much lower than last year.

**Survey of the Most Important Items from the Consolidated Income Statement of Merkur Group**  
In EUR

Item	January - September				
	2007	Plan 2007	2006	Index	
	1	2	3	4=1/2	5=1/3
<b>OPERATING INCOME</b>	<b>851,942,428</b>	<b>752,849,677</b>	<b>706,955,133</b>	<b>113.2</b>	<b>120.5</b>
Sales revenue	848,519,362	751,768,438	702,753,672	112.9	120.7
Other operating income	3,423,066	1,081,239	4,201,461	316.6	81.5
<b>GROSS PROFIT FROM SALES</b>	<b>144,724,682</b>	<b>134,910,912</b>	<b>125,215,256</b>	<b>107.3</b>	<b>115.6</b>
<b>OPERATING EXPENSE</b>	<b>131,251,544</b>	<b>118,423,803</b>	<b>116,292,138</b>	<b>110.8</b>	<b>112.9</b>
<b>Costs by nature</b>	<b>127,789,389</b>	<b>115,894,748</b>	<b>112,782,924</b>	<b>110.3</b>	<b>113.3</b>
Costs of materials	5,682,851	5,976,452	5,901,523	95.1	96.3
Costs of services	50,740,717	47,537,336	43,785,724	106.7	115.9
Staff costs	60,255,449	52,419,766	52,440,206	114.9	114.9
Amortisation and depreciation expense	8,934,330	8,346,972	8,918,486	107.0	100.2
Other operating costs and provisions	2,176,042	1,614,222	1,736,985	134.8	125.3
<b>Other operating expenses</b>	<b>3,462,155</b>	<b>2,529,055</b>	<b>3,509,214</b>	<b>136.9</b>	<b>98.7</b>
<b>PROFIT FROM OPERATIONS</b>	<b>16,896,204</b>	<b>17,568,348</b>	<b>13,124,579</b>	<b>96.2</b>	<b>128.7</b>
Financial income	13,063,872	7,779,978	7,320,077	167.9	178.5
Financial expense	13,875,114	10,298,498	8,903,127	134.7	155.8
<b>NET FINANCIAL INCOME/EXPENSE</b>	<b>-811,242</b>	<b>-2,518,520</b>	<b>-1,583,050</b>	<b>32.2</b>	<b>51.2</b>
<b>PROFIT BEFORE TAX</b>	<b>16,084,962</b>	<b>15,049,828</b>	<b>11,541,529</b>	<b>106.9</b>	<b>139.4</b>
Income tax expense	3,415,360	2,962,007	2,763,600	115.3	123.6
<b>PROFIT FOR THE PERIOD</b>	<b>12,669,602</b>	<b>12,087,821</b>	<b>8,777,929</b>	<b>104.8</b>	<b>144.3</b>
<b>Average number of employees from hours worked</b>	<b>4,051</b>	<b>4,012</b>	<b>3,818</b>	<b>101.0</b>	<b>106.1</b>



## Assets, Equity and Liabilities of Merkur Group as at 30 September 2007

Item	In EUR				
	30 Sept. 2007	1 Jan. 2007	30 Sept. 2006	Index	
	1	2	3	4=1/2	5=1/3
Land, property, plant, equipment and intangibles	240,227,686	221,580,133	216,712,534	108.4	110.9
Financial assets, investment property, and other non-current assets	90,113,406	90,312,611	99,812,798	99.8	90.3
<b>Total non-current assets</b>	<b>330,341,092</b>	<b>311,892,744</b>	<b>316,525,332</b>	<b>105.9</b>	<b>104.4</b>
Inventories	212,433,468	167,558,680	179,203,361	126.8	118.5
Current financial assets and cash	44,752,928	80,628,852	27,845,411	55.5	160.7
Current trade receivables and other assets	269,120,182	224,027,574	238,836,566	120.1	112.7
<b>Total current assets</b>	<b>526,306,578</b>	<b>472,215,106</b>	<b>445,885,338</b>	<b>111.5</b>	<b>118.0</b>
<b>TOTAL ASSETS</b>	<b>856,647,670</b>	<b>784,107,850</b>	<b>762,410,670</b>	<b>109.3</b>	<b>112.4</b>
<b>Total equity attributable to equity holders of the parent</b>	<b>235,899,374</b>	<b>218,533,484</b>	<b>200,803,192</b>	<b>107.9</b>	<b>117.5</b>
<b>Minority interest</b>	<b>170,833</b>	<b>137,636</b>	<b>779,715</b>	<b>124.1</b>	<b>21.9</b>
<b>Total equity</b>	<b>236,070,207</b>	<b>218,671,120</b>	<b>201,582,907</b>	<b>108.0</b>	<b>117.1</b>
<b>Total non-current liabilities</b>	<b>117,719,589</b>	<b>114,108,888</b>	<b>81,249,577</b>	<b>103.2</b>	<b>144.9</b>
Current financial liabilities	250,513,286	218,214,589	215,058,020	114.8	116.5
Current trade and other payables	252,344,588	233,113,253	264,520,166	108.2	95.4
<b>Total current liabilities</b>	<b>502,857,874</b>	<b>451,327,842</b>	<b>479,578,186</b>	<b>111.4</b>	<b>104.9</b>
<b>Total liabilities</b>	<b>620,577,463</b>	<b>565,436,730</b>	<b>560,827,763</b>	<b>109.8</b>	<b>110.7</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>856,647,670</b>	<b>784,107,850</b>	<b>762,410,670</b>	<b>109.3</b>	<b>112.4</b>

### Investments in fixed assets

In the period from January to September 2007, the companies of Merkur Group continued the activities to launch construction of the new sales centres on the locations determined in the annual or strategic investment plans. The Group invested considerably in construction of sales centres in Serbia. In addition to the newly opened sales centre in Novi Sad, the Group also started preparing the project documentation for construction of another two sales centres in Beograd: Beograd II and Beograd III. In 2007, thanks to the acquisition of Merkur Čelik, d. o. o., Beograd, the Group obtained land and warehousing facilities for further development of metal products in Serbia.

In Sarajevo, the Group started building its first sales centre in Bosnia and Herzegovina.

In Croatia, the Group has undertaken the activities for construction of sales centres in Slavonski Brod, Zadar and Zagreb, all of them second sales centres in their respective towns.

In Slovenia, the Group has started the procurement of land for new sales centres in several towns, and in addition to that investments in logistic infrastructure, IT, and telecommunication equipment have been planned.

In 2007, the Group disposed of certain property that was deemed unnecessary, i.e. the old sales centre in Velenje, office building in Mariborska cesta Celje, office premises in WTC, and certain other smaller premises.

In 2007, the value of land, plant and equipment, intangible assets, investment property and non-current financial investment increased by a total of EUR 28.9 million.

## Merkur Group Ratios

Ratio	30 Sept. 2007	30 Sept. 2006	Index
<b>Profitability ratios</b>			
Net return on equity ratio - ROE: (net profit for the accounting period / average equity (without net profit or loss for the accounting period) – in % p.a.	7.58	6.15	123.3
Net return on assets ratio – ROA: (profit or loss for the accounting period / average assets) - in % p.a.	2.00	1.56	128.1
Gross profit rate: (gross profit / operating revenue) – in %	17.06	17.82	95.7
Total revenue net profitability rate: (net profit for the accounting period / total revenue) – in %	1.46	1.23	119.1
<b>Financing state ratios</b>			
Equity financing rate: (equity / liabilities) – in %	27.56	26.44	104.2
Long-term financing rate: ((equity + long-term liabilities) / liabilities) – in %	41.30	37.10	111.3
Financial strength ratio: (long-term liabilities / average equity)	0.516	0.412	125.3
<b>Investment ratios</b>			
Operating fixed assets rate: (non-current assets without receivables / assets) - in %	37.92	40.76	93.0
Long-term assets rate: (non-current assets / assets) – in %	38.56	41.52	92.9
Investment assets rate: ((Long-term and short-term investments + investment property / assets) - in %	12.84	13.14	97.7
<b>Horizontal financial structure ratios</b>			
Equity to fixed assets ratio: (equity / (property + intangible assets + assets held for sale))	0.983	0.930	105.6
Acid test ratio: (liquid assets / short-term liabilities)	0.013	0.015	89.3
Quick ratio: (current assets without inventories / short-term liabilities)	0.624	0.556	112.2
Current ratio: (current assets / short-term liabilities)	1.047	0.930	112.6
<b>Operating efficiency ratios</b>			
Operating efficiency ratio: (operating revenue / operating expenses)	1.020	1.019	100.1
Total revenue per employee (in EUR)	213,529	187,081	114.1
Net profit per employee (in EUR)	3,119	2,295	135.9
Value added per employee (in EUR)	21,253	19,508	108.9
<b>Turnover ratios and solvency ratios</b>			
Inventory turnover ratio	3.34	3.49	95.8
Receivables turnover ratio	3.34	3.19	105.0
Payables turnover ratio	2.13	2.01	106.2

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF  
MERKUR GROUP  
AND  
UNAUDITED FINANCIAL STATEMENTS OF  
MERKUR, D. D.  
FOR THE ACCOUNTING PERIOD FROM  
JANUARY TO SEPTEMBER 2007**

# 1 UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MERKUR GROUP

## Balance Sheet of the Merkur Group as at 30 September 2007

### Merkur Group Assets

Item	Note	In EUR					in %		
		30 Sept. 2007	1 Jan. 2007	30 Sept. 2006	Index		30 Sept. 2007	1 Jan. 2007	30 Sept. 2006
		1	2	3	4=1/2	5=1/3	6=1 in %	7=2 in %	8=3 in %
Property, plant and equipment	3.1	237,521,056	213,654,336	214,414,160	111.2	110.8	27.7	27.3	28.1
Intangible assets	3.2	2,706,630	7,925,797	2,298,374	34.1	117.8	0.3	1.0	0.3
Investment property	3.3	12,729,034	14,043,273	14,588,378	90.6	87.3	1.5	1.8	1.9
Investments under equity method (investments in associates)		350,643	350,643	350,643	100.0	100.0	0.0	0.0	0.0
Non-current financial assets	3.4	71,512,173	68,831,122	79,080,701	103.9	90.4	8.3	8.8	10.4
Non-current trade receivables	3.5	1,012,056	1,625,538	1,452,441	62.3	69.7	0.1	0.2	0.2
Deferred tax assets		4,509,500	5,462,035	4,340,635	82.6	103.9	0.5	0.7	0.6
<b>Total non-current assets</b>		<b>330,341,092</b>	<b>311,892,744</b>	<b>316,525,332</b>	<b>105.9</b>	<b>104.4</b>	<b>38.6</b>	<b>39.8</b>	<b>41.5</b>
Inventories	3.6	212,433,468	167,558,680	179,203,361	126.8	118.5	24.8	21.4	23.5
Current financial assets	3.7	38,108,197	69,815,878	20,746,454	54.6	183.7	4.4	8.9	2.7
Income tax receivable		652,410	886,592	494,909	73.6	131.8	0.1	0.1	0.1
Current trade receivables and other assets	3.8	268,467,772	223,140,982	238,341,657	120.3	112.6	31.3	28.4	31.3
Cash and cash equivalents	3.9	6,644,731	10,812,974	7,098,957	61.5	93.6	0.8	1.4	0.9
<b>Total current assets</b>		<b>526,306,578</b>	<b>472,215,106</b>	<b>445,885,338</b>	<b>111.5</b>	<b>118.0</b>	<b>61.4</b>	<b>60.2</b>	<b>58.5</b>
<b>TOTAL ASSETS</b>		<b>856,647,670</b>	<b>784,107,850</b>	<b>762,410,670</b>	<b>109.3</b>	<b>112.4</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

## Balance Sheet of the Merkur Group as at 30 September 2007

### Merkur Group Liabilities

Item	Note	In EUR					in %		
		30 Sept. 2007	1 Jan. 2007	30 Sept. 2006	Index		30 Sept. 2007	1 Jan. 2007	30 Sept. 2006
		1	2	3	4=1/2	5=1/3	6=1 in %	7=2 in %	8=3 in %
Issued capital		54,773,201	54,773,201	54,773,201	100.0	100.0	6.4	7.0	7.2
Capital reserves		76,701,377	76,701,377	76,701,377	100.0	100.0	9.0	9.8	10.0
Revenue reserves		15,665,588	15,510,537	15,423,869	101.0	101.6	1.8	2.0	2.0
Retained earnings		56,355,462	48,910,140	35,811,551	115.2	157.4	6.6	6.2	4.7
Fair value reserve		30,865,433	21,131,248	18,084,155	146.1	170.7	3.6	2.7	2.4
Translation reserves		1,538,313	1,506,981	9,039	102.1	-	0.2	0.2	0.0
<b>Total equity attributable to equity holders of the parent</b>		<b>235,899,374</b>	<b>218,533,484</b>	<b>200,803,192</b>	<b>107.9</b>	<b>117.5</b>	<b>27.5</b>	<b>27.9</b>	<b>26.3</b>
<b>Minority interest</b>		<b>170,833</b>	<b>137,636</b>	<b>779,715</b>	<b>124.1</b>	<b>21.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>
<b>Total equity</b>	<b>3.10</b>	<b>236,070,207</b>	<b>218,671,120</b>	<b>201,582,907</b>	<b>108.0</b>	<b>117.1</b>	<b>27.6</b>	<b>27.9</b>	<b>26.4</b>
Non-current financial liabilities	3.11	100,048,212	91,824,149	59,489,993	109.0	168.2	11.7	11.7	7.8
Non-current trade payables	3.12	3,372,590	3,422,926	3,804,315	98.5	88.7	0.4	0.4	0.5
Deferred tax liabilities		6,939,369	7,442,580	8,716,133	93.2	79.6	0.8	1.0	1.1
Long-term provisions	3.13	7,359,418	11,419,233	9,239,136	64.4	79.7	0.9	1.5	1.2
<b>Total non-current liabilities</b>		<b>117,719,589</b>	<b>114,108,888</b>	<b>81,249,577</b>	<b>103.2</b>	<b>144.9</b>	<b>13.7</b>	<b>14.6</b>	<b>10.7</b>
Current financial liabilities	3.14	250,513,286	218,214,589	215,058,020	114.8	116.5	29.2	27.8	28.2
Current trade and other payables	3.15	244,642,975	229,209,485	250,993,760	106.7	97.5	28.6	29.2	32.9
Current tax payable		92,933	672,780	692,778	13.8	13.4	0.0	0.1	0.1
Short-term provisions		7,608,680	3,230,988	12,833,628	235.5	59.3	0.9	0.4	1.7
<b>Total current liabilities</b>		<b>502,857,874</b>	<b>451,327,842</b>	<b>479,578,186</b>	<b>111.4</b>	<b>104.9</b>	<b>58.7</b>	<b>57.5</b>	<b>62.9</b>
<b>Total liabilities</b>		<b>620,577,463</b>	<b>565,436,730</b>	<b>560,827,763</b>	<b>109.8</b>	<b>110.7</b>	<b>72.4</b>	<b>72.1</b>	<b>73.6</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>856,647,670</b>	<b>784,107,850</b>	<b>762,410,670</b>	<b>109.3</b>	<b>112.4</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

**Income Statement of the Merkur Group for the Period from 1 January 2007 to 30 September 2007**

In EUR

Item	Note	January - September			Index	
		2007	Plan 2007	2006	4=1/2	5=1/3
		1	2	3		
<b>REVENUE</b>		<b>848,519,362</b>	<b>751,768,438</b>	<b>702,753,672</b>	<b>112.9</b>	<b>120.7</b>
Cost of sales		703,794,680	616,857,526	577,538,416	114.1	121.9
<b>GROSS PROFIT</b>		<b>144,724,682</b>	<b>134,910,912</b>	<b>125,215,256</b>	<b>107.3</b>	<b>115.6</b>
Other operating income	3.16	3,423,066	1,081,239	4,201,461	316.6	81.5
Distribution expenses	3.17	96,541,273	90,365,398	86,863,153	106.8	111.1
Administrative expenses	3.17	31,248,116	25,529,350	25,919,771	122.4	120.6
Other operating expenses	3.18	3,462,155	2,529,055	3,509,214	136.9	98.7
<b>OPERATING PROFIT</b>		<b>16,896,204</b>	<b>17,568,348</b>	<b>13,124,579</b>	<b>96.2</b>	<b>128.7</b>
Financial income	3.19	13,063,872	7,779,978	7,320,077	167.9	178.5
Financial expenses	3.19	13,875,114	10,298,498	8,903,127	134.7	155.8
<b>NET FINANCE COSTS</b>		<b>-811,242</b>	<b>-2,518,520</b>	<b>-1,583,050</b>	<b>32.2</b>	<b>51.2</b>
<b>PROFIT BEFORE TAX</b>		<b>16,084,962</b>	<b>15,049,828</b>	<b>11,541,529</b>	<b>106.9</b>	<b>139.4</b>
Income tax expense		3,415,360	2,962,007	2,763,600	115.3	123.6
<b>PROFIT FOR THE PERIOD</b>		<b>12,669,602</b>	<b>12,087,821</b>	<b>8,777,929</b>	<b>104.8</b>	<b>144.3</b>
Equity holders of the parent		12,635,038	12,079,366	8,761,275	104.6	144.2
Minority interest		34,564	8,454	16,654	408.8	207.5
<b>Earnings per share (in EUR)</b>		<b>9.63</b>	<b>9.20</b>	<b>6.85</b>	<b>104.6</b>	<b>140.6</b>

**Cash Flow Statement of the Merkur Group for the Period from 1 January 2007 to 30 September 2007**

Item	In EUR		
	January - September		Index
	2007	2006	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit or loss for the period</b>	<b>12,669,602</b>	<b>8,777,929</b>	<b>144.3</b>
<b>Adjustments for:</b>	<b>14,057,457</b>	<b>12,829,320</b>	<b>109.6</b>
Depreciation of property, plant and equipment	8,415,853	8,357,737	100.7
Amortisation of intangible assets	518,477	560,749	92.5
Impairment of assets	3,019,963	3,001,056	100.6
Gain / Loss on disposal of property, plant and equipment	-2,120,656	-3,434,093	61.8
Investment income / expenditure	-11,662,277	-5,563,162	209.6
Foreign exchange gain / loss	-701,874	-673,046	104.3
Financial expenses	13,175,393	7,819,258	168.5
Decrease in long-term provisions	-2,782	-2,779	100.1
Income taxes paid	3,415,360	2,763,600	123.6
<b>Change in net operating current assets and provisions</b>	<b>-81,970,547</b>	<b>-66,113,203</b>	<b>124.0</b>
Increase in trade and other receivables	-45,634,141	-46,101,736	99.0
Increase / Decrease in inventories	-45,195,733	-37,042,505	122.0
Increase / Decrease in trade and other payables	8,538,668	13,945,464	61.2
Increase in accruals and deferrals, and provisions	320,659	3,085,574	10.4
<b>Net cash from operating activities</b>	<b>-55,243,488</b>	<b>-44,505,954</b>	<b>124.1</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	5,323,214	4,633,993	114.9
Foreign exchange differences received	1,379,097	1,368,052	100.8
Dividends received	3,285,593	61,676	-
Proceeds from sale of property, plant and equipment	4,109,754	14,121,804	29.1
Proceeds from sale of investment property	6,328,443	15,451,039	41.0
Proceeds from sale of investments	112,394,067	36,595,297	307.1
Acquisition of property, plant and equipment	-25,237,411	-31,589,359	79.9
Acquisition of intangible assets	-621,572	-186,751	332.8
Acquisition of investment property	0	-7,015,260	-
Acquisition of investments	-78,361,252	-32,373,131	242.1
<b>Net cash used in investing activities</b>	<b>28,599,933</b>	<b>1,067,360</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital	0	14,803,872	-
Proceeds from / Repayment of borrowings	40,522,761	36,812,465	110.1
Payment of foreign exchange differences	-774,942	-997,183	77.7
Dividends and profit shares to shareholders	-4,719,650	-4,039,234	116.8
Interest paid	-12,552,856	-7,427,529	169.0
<b>Net cash used in financing activities</b>	<b>22,475,313</b>	<b>39,152,391</b>	<b>57.4</b>
<b>NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>-4,168,243</b>	<b>-4,286,203</b>	<b>97.2</b>
Cash and cash equivalents at beginning of period	10,812,974	11,385,161	95.0
Cash and cash equivalents at end of period	6,644,731	7,098,957	93.6

**Statement of Changes in Equity of the Merkur Group for the Period from 1 January 2007 to 30 September 2007**

In EUR

Items of equity	Share capital	Capital reserves	Legal reserves	Other revenue reserves	Retained earnings	Fair value reserve - land and buildings	Fair value reserve - financial assets	Translation reserves	TOTAL EQUITY HOLDERS OF THE PARENT	MINORITY INTEREST	TOTAL EQUITY
<b>Balance at 1 Jan. 2007</b>	<b>54,773,201</b>	<b>76,701,377</b>	<b>6,080,041</b>	<b>9,430,496</b>	<b>48,910,140</b>	<b>1,705,486</b>	<b>19,425,762</b>	<b>1,506,981</b>	<b>218,533,484</b>	<b>137,636</b>	<b>218,671,120</b>
Net profit for the period taken to equity	-	-	-	-	12,635,038	-	-	-	<b>12,635,038</b>	34,564	<b>12,669,602</b>
Changes in fair value of property and available-for-sale financial assets	-	-	-	-	-	-	10,337,200	-	<b>10,337,200</b>	-	<b>10,337,200</b>
Net profit for the period allocated to legal reserves under the resolution adopted by the Management Board	-	-	155,051	-	-155,051	-	-	-	<b>0</b>	-	<b>0</b>
Dividends and profit shares to shareholders	-	-	-	-	-4,903,562	-	-	-	<b>-4,903,562</b>	-	<b>-4,903,562</b>
Fair value of property and available-for-sale financial assets transferred to income	-	-	-	-	-	-	-1,141,102	-	<b>-1,141,102</b>	-	<b>-1,141,102</b>
Increase / Decrease in exchange differences	-	-	-	-	-	-	-	31,332	<b>31,332</b>	-1,367	<b>29,965</b>
Increase / Decrease in deferred taxes	-	-	-	-	-131,103	42,166	495,921	-	<b>406,984</b>	-	<b>406,984</b>
<b>Balance at 30 September 2007</b>	<b>54,773,201</b>	<b>76,701,377</b>	<b>6,235,092</b>	<b>9,430,496</b>	<b>56,355,462</b>	<b>1,747,652</b>	<b>29,117,781</b>	<b>1,538,313</b>	<b>235,899,374</b>	<b>170,833</b>	<b>236,070,207</b>

Statement of Changes in Equity of the Merkur Group for the Period from 1 January 2006 to 30 September 2006

In EUR

Items of equity	Share capital	Capital reserves	Legal reserves	Other revenue reserves	Retained earnings	Fair value reserve - land and buildings	Fair value reserve - financial assets	Translation reserves	TOTAL EQUITY HOLDERS OF THE PARENT	MINORITY INTEREST	TOTAL EQUITY
<b>Balance at 1 January 2006</b>	<b>50,683,734</b>	<b>65,986,972</b>	<b>5,997,329</b>	<b>9,343,828</b>	<b>31,662,498</b>	<b>1,599,349</b>	<b>14,504,181</b>	<b>-230,938</b>	<b>179,546,953</b>	<b>1,057,586</b>	<b>180,604,539</b>
Additional paid-in capital taken to equity	4,089,467	10,714,405	-	-	-	-	-	-	14,803,872	-	14,803,872
Net profit for the period taken to equity	-	-	-	-	8,761,275	-	-	-	8,761,275	16,654	8,777,929
Changes in fair value of property and available-for-sale financial assets	-	-	-	-	-	-	2,839,359	-	2,839,359	-	2,839,359
Net profit for the period allocated to legal reserves under the resolution adopted by the Management Board	-	-	82,712	-	-82,712	-	-	-	0	-	0
Dividends and profit shares to shareholders	-	-	-	-	-4,208,867	-	-	-	-4,208,867	-	-4,208,867
Fair value of property and available-for-sale financial assets transferred to income	-	-	-	-	-	-	-198,531	-	-198,531	-	-198,531
Other decreases – changes in ownership structure in favour of majority holders	-	-	-	-	-	-	-	-	0	-311,475	-311,475
Increase / Decrease in exchange differences	-	-	-	-	-	-	-	239,977	239,977	16,950	256,927
Increase / Decrease in deferred taxes	-	-	-	-	-320,643	-	-660,203	-	-980,846	-	-980,846
<b>Balance at 30 September 2006</b>	<b>54,773,201</b>	<b>76,701,377</b>	<b>6,080,041</b>	<b>9,343,828</b>	<b>35,811,551</b>	<b>1,599,349</b>	<b>16,484,806</b>	<b>9,039</b>	<b>200,803,192</b>	<b>779,715</b>	<b>201,582,907</b>

## 2 UNAUDITED FINANCIAL STATEMENTS OF MERKUR, D. D.

### Balance sheet of Merkur, d. d. as at 30 September 2007

#### Assets of Merkur, d. d.

Item	Note	In EUR					in %		
		30 Sept. 2007	1 Jan. 2007	30 Sept. 2006	Index		30 Sept. 2007	1 Jan. 2007	30 Sept. 2006
		1	2	3	4=1/2	5=1/3	6=1 in %	7=2 in %	8=3 in %
Property, plant and equipment	3.1	166,622,052	166,488,930	147,087,882	100.1	113.3	21.0	22.9	21.2
Intangible assets	3.2	1,018,682	697,223	495,652	146.1	205.5	0.1	0.1	0.1
Investment property	3.3	12,465,853	13,779,755	13,784,894	90.5	90.4	1.6	1.9	2.0
Investments in associates		135,203	135,203	350,643	100.0	38.6	0.0	0.0	0.1
Non-current financial assets	3.4	141,415,890	114,743,128	151,006,610	123.2	93.6	17.8	15.8	21.8
Non-current trade receivables	3.5	766,307	1,125,692	1,067,147	68.1	71.8	0.1	0.1	0.2
Deferred tax assets		3,877,897	4,777,930	3,745,502	81.2	103.5	0.5	0.7	0.5
<b>Total non-current assets</b>		<b>326,301,884</b>	<b>301,747,861</b>	<b>317,538,328</b>	<b>108.1</b>	<b>102.8</b>	<b>41.2</b>	<b>41.5</b>	<b>45.9</b>
Inventories	3.6	138,652,382	112,136,675	128,978,714	123.6	107.5	17.5	15.5	18.6
Current financial assets	3.7	37,583,271	68,348,431	13,736,964	55.0	273.6	4.7	9.4	2.0
Income tax receivable		596,111	0	131,343	-	-	0.1	0.0	0.0
Current trade receivables and other assets	3.8	287,495,172	241,998,726	230,766,174	118.8	124.6	36.3	33.3	33.3
Cash and cash equivalents	3.9	2,244,766	2,228,430	1,363,896	100.7	164.6	0.3	0.3	0.2
<b>Total current assets</b>		<b>466,571,702</b>	<b>424,712,262</b>	<b>374,977,091</b>	<b>109.9</b>	<b>124.4</b>	<b>58.8</b>	<b>58.5</b>	<b>54.1</b>
<b>TOTAL ASSETS</b>		<b>792,873,586</b>	<b>726,460,123</b>	<b>692,515,419</b>	<b>109.1</b>	<b>114.5</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

## Balance sheet of Merkur, d. d. as at 30 September 2007

### Liabilities of Merkur, d. d.

Item	Note	In EUR					in %		
		30 Sept. 2007	1 Jan. 2007	30 Sept. 2006	Index		30 Sept. 2007	1 Jan. 2007	30 Sept. 2006
		1	2	3	4=1/2	5=1/3	6=1 in %	7=2 in %	8=3 in %
Issued capital		54,773,201	54,773,201	54,773,201	100.0	100.0	6.9	7.5	7.9
Capital reserves		76,701,377	76,701,377	76,701,377	100.0	100.0	9.7	10.6	11.1
Revenue reserves		14,894,958	14,894,958	14,894,959	100.0	100.0	1.9	2.0	2.2
Retained earnings		57,049,280	50,658,843	40,974,758	112.6	139.2	7.2	7.0	5.9
Fair value reserve		30,858,109	21,123,924	18,076,832	146.1	170.7	3.9	2.9	2.6
<b>Total equity</b>	<b>3.10</b>	<b>234,276,925</b>	<b>218,152,303</b>	<b>205,421,128</b>	<b>107.4</b>	<b>114.0</b>	<b>29.5</b>	<b>30.0</b>	<b>29.7</b>
Non-current financial liabilities	3.11	94,811,431	86,538,982	46,709,510	109.6	203.0	12.0	11.9	6.7
Non-current trade payables	3.12	3,007,860	3,020,141	3,232,403	99.6	93.1	0.4	0.4	0.5
Deferred tax liabilities		6,926,400	7,429,568	8,222,488	93.2	84.2	0.9	1.1	1.2
Long-term provisions	3.13	6,487,736	10,319,168	7,597,901	62.9	85.4	0.8	1.4	1.1
<b>Total non-current liabilities</b>		<b>111,233,427</b>	<b>107,307,859</b>	<b>65,762,302</b>	<b>103.7</b>	<b>169.1</b>	<b>14.0</b>	<b>14.8</b>	<b>9.5</b>
Current financial liabilities	3.14	240,066,785	206,531,717	202,445,973	116.2	118.6	30.3	28.4	29.2
Current trade and other payables	3.15	201,615,400	191,824,178	218,436,780	105.1	92.3	25.4	26.4	31.5
Current tax payable		0	191,582	0	-	-	0.0	0.0	0.0
Short-term provisions		5,681,049	2,452,484	449,236	231.6	1.264.6	0.7	0.4	0.1
<b>Total current liabilities</b>		<b>447,363,234</b>	<b>400,999,961</b>	<b>421,331,990</b>	<b>111.6</b>	<b>106.2</b>	<b>56.4</b>	<b>55.2</b>	<b>60.8</b>
<b>Total liabilities</b>		<b>558,596,661</b>	<b>508,307,820</b>	<b>487,094,291</b>	<b>109.9</b>	<b>114.7</b>	<b>70.5</b>	<b>70.0</b>	<b>70.3</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>792,873,586</b>	<b>726,460,123</b>	<b>692,515,419</b>	<b>109.1</b>	<b>114.5</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Income Statement of Merkur, d. d. for the period from 1 January 2007 to 30 September 2007

In EUR

Item	Note	January - September				
		2007	Plan 2007	2006	Index	
		1	2	3	4=1/2	5=1/3
<b>REVENUE</b>		<b>687,298,361</b>	<b>617,217,524</b>	<b>558,115,874</b>	<b>111.4</b>	<b>123.1</b>
Cost of sales		581,583,173	516,761,294	468,678,977	112.5	124.1
<b>GROSS PROFIT</b>		<b>105,715,188</b>	<b>100,456,230</b>	<b>89,436,897</b>	<b>105.2</b>	<b>118.2</b>
Other operating income	3.16	2,578,328	521,616	2,710,240	-	95.1
Distribution expenses	3.17	68,422,843	64,541,958	59,229,190	106.0	115.5
Administrative expenses	3.17	23,606,997	19,832,999	18,200,447	119.0	129.7
Other operating expenses	3.18	2,388,724	1,481,536	2,437,502	161.2	98.0
<b>OPERATING PROFIT</b>		<b>13,874,952</b>	<b>15,121,353</b>	<b>12,279,999</b>	<b>91.8</b>	<b>113.0</b>
Financial income	3.19	13,157,139	8,428,649	6,443,010	156.1	204.2
Financial expenses	3.19	12,796,108	9,516,813	7,288,303	134.5	175.6
<b>NET FINANCE REVENUE/EXPENSE</b>		<b>361,031</b>	<b>-1,088,164</b>	<b>-845,293</b>	<b>-</b>	<b>-</b>
<b>PROFIT BEFORE TAX</b>		<b>14,235,983</b>	<b>14,033,189</b>	<b>11,434,706</b>	<b>101.4</b>	<b>124.5</b>
Income tax expense		2,864,280	2,806,638	2,515,636	102.1	113.9
<b>PROFIT FOR THE PERIOD</b>		<b>11,371,703</b>	<b>11,226,551</b>	<b>8,919,070</b>	<b>101.3</b>	<b>127.5</b>
<b>Earnings per share (in EUR)</b>		<b>8.66</b>	<b>8.55</b>	<b>6.97</b>	<b>101.3</b>	<b>124.3</b>

## Cash Flow Statement of Merkur, d. d. for the Period from 1 January 2007 to 30 September 2007

Item	In EUR		
	January - September		Index
	2007	2006	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit or loss for the period</b>	<b>11,371,703</b>	<b>8,919,070</b>	<b>127.5</b>
<b>Adjustments for:</b>	<b>8,907,948</b>	<b>9,156,510</b>	<b>97.3</b>
Depreciation of property, plant and equipment	5,963,063	5,837,752	102.1
Amortisation of intangible assets	174,178	174,420	99.9
Impairment of assets	2,092,130	2,183,338	95.8
Gain / Loss on disposal of property, plant and equipment	-1,824,435	-2,399,900	76.0
Investment income / expenditure	-12,494,620	-5,812,181	215.0
Foreign exchange gain / loss	-392,732	-273,356	143.7
Financial expenses	12,526,321	6,930,830	180.7
Decrease in long-term provisions	-237	-29	817.2
Income taxes paid	2,864,280	2,515,636	113.9
<b>Change in net operating current assets and provisions</b>	<b>-66,532,712</b>	<b>-38,322,363</b>	<b>173.6</b>
Increase in trade and other receivables	-45,624,503	-45,135,057	101.1
Increase / Decrease in inventories	-26,752,628	-38,647,400	69.2
Increase / Decrease in trade and other payables	6,447,049	45,632,845	14.1
Decrease in accruals and deferrals, and provisions	-602,630	-172,751	348.8
<b>Net cash from operating activities</b>	<b>-46,253,061</b>	<b>-20,246,783</b>	<b>228.4</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	5,749,594	4,921,415	116.8
Foreign exchange differences received	542,275	602,187	90.1
Dividends received	3,285,593	60,979	-
Proceeds from sale of property, plant and equipment	3,229,784	10,852,717	29.8
Proceeds from sale of investment property	6,328,443	15,032,753	42.1
Proceeds from sale of investments	111,039,602	35,817,397	310.0
Acquisition of property, plant and equipment	-12,516,075	-17,597,530	71.1
Acquisition of intangible assets	-495,637	-63,428	781.4
Acquisition of investment property	0	-7,015,260	-
Acquisition of investments	-95,289,003	-71,118,198	134.0
<b>Net cash used in investing activities</b>	<b>21,874,576</b>	<b>-28,506,968</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital	0	14,803,872	-
Proceeds from / Repayment of borrowings	41,807,517	43,900,346	95.2
Payment of foreign exchange differences	-166,725	-290,048	57.5
Dividends and profit shares to shareholders	-4,719,650	-4,039,234	116.8
Interest paid	-12,526,321	-6,930,830	180.7
<b>Net cash used in financing activities</b>	<b>24,394,821</b>	<b>47,444,106</b>	<b>51.4</b>
<b>NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS</b>			
	<b>16,336</b>	<b>-1,309,645</b>	<b>-</b>
Cash and cash equivalents at beginning of period	2,228,430	2,673,539	83.4
Cash and cash equivalents at end of period	2,244,766	1,363,896	164.6

Statement of Changes in Equity of Merkur, d. d. for the Period from 1 January 2007 to 30 September 2007

In EUR

Items of equity	Share capital	Capital reserves	Legal reserves	Other revenue reserves	Retained earnings	Fair value reserve - land and buildings	Fair value reserve - financial assets	Own shares	TOTAL EQUITY
<b>Balance at 1 January 2007</b>	<b>54,773,201</b>	<b>76,701,377</b>	<b>5,551,133</b>	<b>9,343,825</b>	<b>50,658,843</b>	<b>1,698,163</b>	<b>19,425,761</b>	<b>0</b>	<b>218,152,303</b>
Net profit for the period taken to equity	-	-	-	-	11,371,703	-	-	-	11,371,703
Changes in fair value of property and available-for-sale financial assets	-	-	-	-	-	-	10,337,200	-	10,337,200
Dividends and profit shares to shareholders	-	-	-	-	-4,903,562	-	-	-	-4,903,562
Fair value of property and available-for-sale financial assets transferred to income	-	-	-	-	-	-	-1,141,102	-	-1,141,102
Increase / Decrease in deferred taxes	-	-	-	-	-77,704	42,166	495,921	-	460,383
<b>Balance at 30 September 2007</b>	<b>54,773,201</b>	<b>76,701,377</b>	<b>5,551,133</b>	<b>9,343,825</b>	<b>57,049,280</b>	<b>1,740,329</b>	<b>29,117,780</b>	<b>0</b>	<b>234,276,925</b>

Statement of Changes in Equity of Merkur, d. d. for the Period from 1 January 2006 to 30 September 2006

In EUR

Items of equity	Share capital	Capital reserves	Legal reserves	Other revenue reserves	Retained earnings	Fair value reserve - land and buildings	Fair value reserve - financial assets	Own shares	TOTAL EQUITY
<b>Balance at 1 January 2006</b>	<b>50,683,734</b>	<b>65,986,972</b>	<b>5,551,134</b>	<b>9,343,824</b>	<b>36,585,198</b>	<b>1,592,029</b>	<b>14,504,184</b>	<b>0</b>	<b>184,247,075</b>
Additional paid-in capital taken to equity	4,089,467	10,714,405	-	-	-	-	-	-	14,803,872
Net profit for the period taken to equity	-	-	-	-	8,919,070	-	-	-	8,919,070
Changes in fair value of property and available-for-sale financial assets	-	-	-	-	-	-	2,839,359	-	2,839,359
Dividends and profit shares to shareholders	-	-	-	-	-4,208,867	-	-	-	-4,208,867
Fair value of property and available-for-sale financial assets transferred to income	-	-	-	-	-	-	-198,531	-	-198,531
Increase / Decrease in deferred taxes	-	-	-	-	-320,643	-	-660,207	-	-980,850
<b>Balance at 30 September 2006</b>	<b>54,773,201</b>	<b>76,701,377</b>	<b>5,551,134</b>	<b>9,343,824</b>	<b>40,974,758</b>	<b>1,592,029</b>	<b>16,484,805</b>	<b>0</b>	<b>205,421,128</b>

### 3 NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS OF MERKUR GROUP AND MERKUR, D. D.

#### 3.1 Property, plant and equipment

In EUR

Item	Merkur Group		Merkur, d. d.	
	30 Sept. 2007	30 Sept. 2006	30 Sept. 2007	30 Sept. 2006
<b>Property, plant and equipment</b>	<b>237,521,056</b>	<b>214,414,160</b>	<b>166,622,052</b>	<b>147,087,882</b>
Land and buildings	167,894,471	150,633,705	118,081,629	100,155,746
- Land	67,105,762	58,003,998	47,306,783	37,680,191
- Buildings	100,788,709	92,629,707	70,774,846	62,475,555
Plant and equipment	32,425,313	28,874,546	22,844,752	20,378,267
Property, plant and equipment in process of acquisition	37,201,272	34,905,909	25,695,671	26,553,868
- Property, plant and equipment under construction	30,959,912	32,070,831	21,742,748	25,716,166
- Advances for acquisition of property, plant and equipment	6,241,360	2,835,078	3,952,923	837,702

#### 3.2 Intangible assets

In EUR

Item	Merkur Group		Merkur, d. d.	
	30 Sept. 2007	30 Sept. 2006	30 Sept. 2007	30 Sept. 2006
<b>Intangible assets</b>	<b>2,706,630</b>	<b>2,298,374</b>	<b>1,018,682</b>	<b>495,652</b>
Non-current property rights	2,220,483	2,298,374	532,535	495,652
Intangible assets in process of acquisition	486,147	0	486,147	0

#### 3.3 Investment property

In EUR

Item	Merkur Group		Merkur, d. d.	
	30 Sept. 2007	30 Sept. 2006	30 Sept. 2007	30 Sept. 2006
<b>Investment property</b>	<b>12,729,034</b>	<b>14,588,378</b>	<b>12,465,853</b>	<b>13,784,894</b>
Land	6,440,972	8,405,558	6,440,972	7,961,626
Buildings	6,288,062	6,182,820	6,024,881	5,823,268

#### 3.4 Non-current financial assets

In EUR

Item	Merkur Group		Merkur, d. d.	
	30 Sept. 2007	30 Sept. 2006	30 Sept. 2007	30 Sept. 2006
<b>Non-current financial assets</b>	<b>71,512,173</b>	<b>79,080,701</b>	<b>141,415,890</b>	<b>151,006,610</b>
Non-current investments in subsidiaries	0	0	65,009,649	72,229,720
Long-term loans to subsidiaries	0	0	6,867,770	2,524,691
Long-term loans to other entities	6,939,740	24,350,514	4,966,038	21,580,362
Available-for-sale financial assets	64,572,433	54,730,187	64,572,433	54,671,837

### 3.5 Non-current operating receivables

In EUR

Item	Merkur Group		Merkur, d. d.	
	30 Sept. 2007	30 Sept. 2006	30 Sept. 2007	30 Sept. 2006
<b>Non-current operating receivables owed by others</b>	<b>1,012,056</b>	<b>1,452,441</b>	<b>766,307</b>	<b>1,067,147</b>

### 3.6 Inventories

In EUR

Item	Merkur Group		Merkur, d. d.	
	30 Sept. 2007	30 Sept. 2006	30 Sept. 2007	30 Sept. 2006
<b>Inventories</b>	<b>212,433,468</b>	<b>179,203,361</b>	<b>138,652,382</b>	<b>128,978,714</b>
Material	361,696	438,812	197,862	311,985
Work in progress	224,408	1,534,886	224,408	1,534,886
Products and merchandise	211,847,364	177,229,663	138,230,112	127,131,844

### 3.7 Current financial assets

In EUR

Item	Merkur Group		Merkur, d. d.	
	30 Sept. 2007	30 Sept. 2006	30 Sept. 2007	30 Sept. 2006
<b>Current financial assets</b>	<b>38,108,197</b>	<b>20,746,454</b>	<b>37,583,271</b>	<b>13,736,964</b>
Short-term loans	28,475,379	16,485,224	37,562,646	13,716,337
Available-for-sale financial assets	9,612,193	4,240,603	0	0
Current financial instruments/assets at fair value through profit or loss	20,625	20,627	20,625	20,627

### 3.8 Current trade and other receivables

In EUR

Item	Merkur Group		Merkur, d. d.	
	30 Sept. 2007	30 Sept. 2006	30 Sept. 2007	30 Sept. 2006
<b>Current trade receivables</b>	<b>268,467,772</b>	<b>238,341,657</b>	<b>287,495,172</b>	<b>230,766,174</b>
Advances for inventories	1,663,785	3,446,169	1,740,210	3,183,605
Current operating receivables due by customers	248,502,503	214,334,714	188,632,495	165,344,584
Current operating receivables due by subsidiaries	0	0	89,076,304	52,219,542
Current operating receivables due by affiliated companies	2,640,540	3,063,637	2,640,540	3,063,637
Current operating receivables due by others	15,660,944	17,497,137	5,405,623	6,954,807

### 3.9 Cash and cash equivalents

In EUR

Item	Merkur Group		Merkur, d. d.	
	30 Sept. 2007	30 Sept. 2006	30 Sept. 2007	30 Sept. 2006
<b>Cash and cash equivalents</b>	<b>6,644,731</b>	<b>7,098,957</b>	<b>2,244,766</b>	<b>1,363,896</b>
Cash in hand	1,941,493	986,388	1,809,015	855,154
Cash at banks	3,405,053	4,738,082	435,751	387,515
Cheques	1,298,185	1,374,487	0	121,228

### 3.10 Equity

#### Statement of recognised income and expenses

In EUR

Item	Merkur Group		Merkur, d. d.	
	Jan. - Sept. 2007	Jan. - Sept. 2006	Jan. - Sept. 2007	Jan. - Sept. 2006
<b>Net income recognised directly in equity</b>	<b>9,633,047</b>	<b>1,519,847</b>	<b>9,676,481</b>	<b>1,659,982</b>
Foreign exchange differences	29,965	256,927	0	0
Change in fair value of financial assets available-for-sale	10,337,200	2,442,297	10,337,200	2,839,359
Other increases in equity	-1,141,102	-198,531	-1,141,102	-198,531
Deferred taxes	406,984	-980,846	480,383	-980,846
<b>Profit for the period</b>	<b>12,669,602</b>	<b>8,777,929</b>	<b>11,371,703</b>	<b>8,919,070</b>
<b>Total recognised income and expense for the period</b>	<b>22,302,649</b>	<b>10,297,776</b>	<b>21,048,184</b>	<b>10,579,052</b>
- Equity holders of the parent	22,269,452	10,264,172	21,048,184	10,579,052
- Minority interest	33,197	33,605	0	0

#### Earnings per share (P/E)

In EUR

Item	Merkur Group		Merkur, d. d.	
	Jan. - Sept. 2007	Jan. - Sept. 2006	Jan. - Sept. 2007	Jan. - Sept. 2006
Net profit or loss	12,635,038	8,761,275	11,371,703	8,919,070
Average number of issued shares	1,312,585	1,279,918	1,312,585	1,279,918
Average number of own shares	0	0	0	0
Average number of shares exclusive of own shares	1,312,585	1,279,918	1,312,585	1,279,918
Earnings per share	9,63	6,85	8,66	6,97

Basic earnings per share and diluted earnings per share of Merkur Group or Merkur, d. d. remained unchanged because the company had not issued any preference shares with dividends payable. All Merkur shares are ordinary shares. Earnings per share were calculated under the following procedure: total profit or loss was reduced by income tax expense and by profit attributable to minority interest holders, and then divided by the average number of shares. That was calculated at the end of every month in the accounting period. In the period from January to September 2007 and 2006, the company and Group held no own shares.

As of 30 September 2007, total legal reserves not subject to appropriation amounted to EUR 6,235,092 in Merkur Group, and EUR 5,551,133 in Merkur, d. d. respectively.

#### Authorised Capital

Merkur, d. d. has not adopted any resolutions on authorised capital.

#### Conditional Increase in Share Capital

Articles of Association of Merkur, d. d. do not include any stipulations on conditional increase in share capital.

### 3.11 Long-term borrowings

In EUR

Item	Merkur Group		Merkur, d. d.	
	30 Sept. 2007	30 Sept. 2006	30 Sept. 2007	30 Sept. 2006
<b>Non-current liabilities to banks</b>	<b>100,048,212</b>	<b>59,489,993</b>	<b>94,811,431</b>	<b>46,709,510</b>

### 3.12 Non-current operating liabilities

In EUR

Item	Merkur Group		Merkur, d. d.	
	30 Sept. 2007	30 Sept. 2006	30 Sept. 2007	30 Sept. 2006
<b>Non-current operating liabilities</b>	<b>3,372,590</b>	<b>3,804,315</b>	<b>3,007,860</b>	<b>3,232,403</b>
Non-current operating liabilities from advances	79,478	0	79,478	0
Other non-current operating liabilities to others	3,293,112	3,804,315	2,928,382	3,232,403

### 3.13 Non-current provisions

In EUR

Item	Merkur Group		Merkur, d. d.	
	30 Sept. 2007	30 Sept. 2006	30 Sept. 2007	30 Sept. 2006
<b>Non-current provisions</b>	<b>7,359,418</b>	<b>9,239,136</b>	<b>6,487,736</b>	<b>7,597,901</b>
Provisions for termination benefits	6,267,530	7,087,252	5,648,219	5,896,824
Provisions for share options	0	1,700,910	0	1,700,910
Other provisions	1,091,888	450,974	839,517	167

### 3.14 Short-term borrowings

In EUR

Item	Merkur Group		Merkur, d. d.	
	30 Sept. 2007	30 Sept. 2006	30 Sept. 2007	30 Sept. 2006
<b>Non-current financial liabilities</b>	<b>250,513,286</b>	<b>215,058,020</b>	<b>240,066,785</b>	<b>202,445,973</b>
Current liabilities to banks	237,104,627	211,596,411	226,658,867	193,922,571
Current liabilities to subsidiaries	0	0	0	5,061,793
Current liabilities to others	13,408,659	3,461,609	13,407,918	3,461,609

### 3.15 Current trade and other payables

In EUR

Item	Merkur Group		Merkur, d. d.	
	30 Sept. 2007	30 Sept. 2006	30 Sept. 2007	30 Sept. 2006
<b>Current trade and other payables</b>	<b>244,642,975</b>	<b>250,993,760</b>	<b>201,615,400</b>	<b>218,436,780</b>
Current operating liabilities from advances	3,694,570	5,234,385	3,397,449	5,036,083
Current trade payables	214,247,068	222,575,196	165,120,123	177,993,353
Current bills payable	498,379	574,612	487,946	574,612
Short-term trade payables – to subsidiaries	0	0	15,925,374	19,895,159
Short-term trade payables – to associates	816,702	91,366	816,702	91,366
Short-term trade payables – to others	25,386,256	22,518,201	15,867,806	14,846,207

### 3.16 Other operating income

In EUR

Item	Merkur Group		Merkur, d. d.	
	Jan. - Sept. 2007	Jan. - Sept. 2006	Jan. - Sept. 2007	Jan. - Sept. 2006
<b>Other operating income</b>	<b>3,423,066</b>	<b>4,201,461</b>	<b>2,578,328</b>	<b>2,710,240</b>
Proceeds from disposal of property investment	1,461,668	2,339,601	1,248,070	2,268,415
Proceeds from disposal of property, plant and equipment	741,174	1,216,408	615,577	153,676
Other operating income	620,626	455,763	355,705	223,556
Collected receivables	516,515	158,730	293,187	50,455
Government grants	67,213	15,995	65,552	14,109
Income from reversal of long-term provisions	15,870	14,964	237	29

### 3.17 Costs by nature

In EUR

Item	Merkur Group		Merkur, d. d.	
	Jan. - Sept. 2007	Jan. - Sept. 2006	Jan. - Sept. 2007	Jan. - Sept. 2006
<b>Costs by nature</b>	<b>127,789,389</b>	<b>112,782,924</b>	<b>92,029,840</b>	<b>77,429,636</b>
Cost of materials	5,682,851	5,901,523	4,140,121	4,379,607
Costs of services	50,740,717	43,785,724	34,572,967	27,810,946
- <i>Transport services</i>	<i>12,605,922</i>	<i>11,660,749</i>	<i>10,849,669</i>	<i>9,782,382</i>
- <i>Costs of rents</i>	<i>11,984,980</i>	<i>10,539,551</i>	<i>6,361,112</i>	<i>5,386,384</i>
- <i>Costs of advertising and participation at fairs</i>	<i>6,604,039</i>	<i>5,724,954</i>	<i>4,296,550</i>	<i>3,843,436</i>
- <i>Other costs of services</i>	<i>19,545,776</i>	<i>15,860,470</i>	<i>13,065,636</i>	<i>8,798,744</i>
Employee benefits expense	60,255,449	52,440,206	45,803,120	38,069,066
- <i>Salaries and wages</i>	<i>39,921,745</i>	<i>34,218,544</i>	<i>29,976,368</i>	<i>25,070,084</i>
- <i>Pension insurance contributions</i>	<i>4,494,990</i>	<i>4,460,090</i>	<i>3,858,669</i>	<i>3,219,571</i>
- <i>Other insurance contributions</i>	<i>3,479,789</i>	<i>3,296,411</i>	<i>2,356,834</i>	<i>1,927,779</i>
- <i>Other employee benefits expense</i>	<i>12,358,925</i>	<i>10,465,161</i>	<i>9,611,249</i>	<i>7,851,632</i>
Amortisation and depreciation expense	8,934,330	8,918,486	6,137,241	6,012,172
Non-current provisions	13,088	12,185	0	0
Other costs	2,162,954	1,724,800	1,376,391	1,157,845

### 3.18 Other operating expenses

In EUR

Item	Merkur Group		Merkur, d. d.	
	Jan. - Sept. 2007	Jan. - Sept. 2006	Jan. - Sept. 2007	Jan. - Sept. 2006
<b>Other operating expenses</b>	<b>3,462,155</b>	<b>3,509,214</b>	<b>2,388,724</b>	<b>2,437,502</b>
Impairment loss on trade receivables	2,699,018	2,588,082	1,855,209	1,993,019
Other operating expenses	343,570	386,242	257,382	231,973
Inventories written down to their recoverable value	320,945	412,974	236,921	190,319
Write-downs and losses associated with property, plant and equipment	75,497	118,857	32,523	19,133
Impairment of goodwill	16,436	0	0	0
Direct operating expenses relating to investment property	6,689	3,059	6,689	3,059

### 3.19 Financial revenues and expenses

In EUR

Item	Merkur Group		Merkur, d. d.	
	Jan. - Sept. 2007	Jan. - Sept. 2006	Jan. - Sept. 2007	Jan. - Sept. 2006
<b>Financial revenues</b>	<b>13,063,872</b>	<b>7,320,077</b>	<b>13,157,139</b>	<b>6,443,010</b>
Interest income	5,914,682	5,148,882	6,746,924	5,211,530
Dividend income	3,285,593	61,676	3,285,593	60,979
Gain on disposal of financial assets	2,515,832	369,450	2,515,832	352,758
Foreign exchange gains	1,347,765	1,524,629	608,790	602,303
Profit share in associates	0	215,440	0	215,440
<b>Financial expenses</b>	<b>13,875,114</b>	<b>8,903,127</b>	<b>12,796,108</b>	<b>7,288,303</b>
Interest expense	13,175,393	7,819,258	12,526,321	6,930,830
Foreign exchange losses	645,891	851,583	216,058	328,948
Losses due to impairment of financial assets	53,830	224,282	53,729	20,522
Losses due to disposal of financial assets	0	8,004	0	8,004