

**Sava** 

**Business operations of the Sava Group  
and the company Sava d.d. for the  
period January – September 2007**



Kranj, November 2007

**Sava Group**



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## INTRODUCTORY EXPLANATIONS

**Based on the provisions of the Ljubljana Stock Exchange d.d. the company Sava, d.d., Škofjeloška cesta 6, 4000 Kranj, informs the shareholders and the general public about the business operations of the Sava Group and the company Sava d.d. in the period January-September 2007.**

The financial statements for the Sava Group have been prepared in accordance with International Financial Reporting Standards and are not audited.

The financial statements for the holding company Sava d.d. have been prepared in accordance with Slovene Accounting Standards and are not audited

The Board of Management of Sava d.d. made the Supervisory Board of the company acquainted with the report on operations of the Sava Group and the company Sava d.d. in the first nine months of this year.

Significant changes in data included in the Stock Exchange brochure are announced in the Ljubljana Stock Exchange electronic information system SEOnet on an on-going basis. The announcement can be accessed also on the official company website [www.sava.si](http://www.sava.si) as of the announcement date, 15 November 2007.



## 1. CUMULATIVE SURVEY OF OPERATIONS OF THE SAVA GROUP IN THE PERIOD JANUARY – SEPTEMBER 2007

**Business operations of the Sava Group in nine months this year were in accordance with the set strategy. For 2007, the Sava Group plans to make consolidated sales revenues of 185.0 million euros. The companies of the Group plan to generate a total pre-tax profit of 33.5 million euros in 2007 and a net profit of 30.6 million euros. Given the achieved result and the estimate the planned profit will be surpassed in the coming quarter.**

The Sava Group includes 30 companies: the holding company, 27 subsidiaries and 2 joint ventures.

In nine months this year the companies of the Sava Group made sales revenues of 138.9 million euros, which was 14 per cent more than in the same period last year and 5 per cent better than dynamically planned. These revenues represent 75 per cent of the annual sales plan.

The largest share in sales had Rubber Manufacturing with the foreign trade network, which contributed 61 per cent to Group's sales, Tourism had a 34 and other divisions a 5 per cent share in sales revenues of the Sava Group. The companies of both largest Sava's divisions – Rubber Manufacturing and Tourism – strongly enhanced their sale in comparison with last year; Rubber Manufacturing by 16 and Tourism by 12 per cent.

Total pre-tax profit of the Sava Group in nine months this year amounted to 35.6 million euros and net profit 33.9 million euros. The generated net profit was 24 per cent higher than in the same period last year and already achieves the level planned for the year. The asset value of the Sava Group – our principal goal - has substantially enhanced in this year. The balance sheet total increased by more than 30 per cent.

For investments in property, plant, equipment and investment property the companies of the Sava Group earmarked 28.7 million euros, mainly for the building of the new 4\* Grand Hotel Primus in Ptuj, which opened September this year.

For investments in the capital market (financial investments) Sava d.d. earmarked over 134 million euros, mainly for the purchase of a 23.78 per cent share in Abanka Vipava d.d.

The value of the Sava share moved between 223 and 552 euros. On the last trading day of the third quarter its value stood at 549.5 euros, which was 137 per cent more than in the beginning of the year. The market value of the Sava share as at 30/09/2007 amounted to 549.5 euros, or 137 per cent more than at the end of 2006 and 125 per cent above its book value.

At the end of the third quarter the Sava Group employed 2,680 associates, or 116 more than at the end of last year. New jobs are due to the business expansion in Rubber Manufacturing and Tourism.



## 2. PROFILE OF THE HOLDING COMPANY SAVA D.D.

Firm: **Sava, družba za upravljanje in financiranje, d.d.**

Abbreviated company name: **Sava, d.d.**

Head office: **Škofjeloška c. 6, 4000 Kranj, Slovenia**

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**fax: +386 4 206 64 46**

**e-mail: info@sava.si**

**http://www.sava.si**

Registration No: **5111358**

VAT-ID No: **SI 75105284**

Entry No. in court register: **10024800**

Date of entry in court register: **26/04/1996**

Company's share capital as at 30/06/2007: **€83,751,567.51**

No. of shares on 30/06/2007: **2,006,987 ordinary freely transferable personal shares - no par value shares**

Shares listed on: **Ljubljana Stock Exchange, d.d., stock exchange listing**

Share name: **SAVA**

Chairman of the Board of Management: **Janez Bohorič**

Members of the Board of Management: **Vinko Perčič and Emil Vizovišek**

Chairman of the Supervisory Board: **Stanislav Valant, MA**

Deputy Chairman of the Supervisory Board: **Miran Kalčič**

### ***The nature of our business and most important activities:***

- Managing companies in which Sava d.d. has a majority or significant ownership share;
- Providing financing and leasing of real estate;
- Forming and managing competence centres of knowledge;
- Managing portfolio investments;
- Other commercial business that directly or indirectly contributes to achieving the goals of the company and involves the purchase and sale of real estate;
- Formation of subsidiaries and companies and take-over of equity in Slovenia and abroad; and
- Joining businesses in an association with commercial interests, and making commercial contracts of all types.



### 3. SURVEY OF MORE IMPORTANT EVENTS AND ACHIEVEMENTS

#### 3.1. More important events and achievements in the period January – September 2007

##### January

- We start to implement the development strategy of the Sava Group that was adopted last December, in which we have set ambitious goals for the next five year period, by the year 2011.
- The Velo programme in the company Savatech starts to market a new tyre segment – ATV tyres for all terrain vehicles).
- Celebrating a successful introduction of the euro-currency in Slovenia, GH Toplice Bled is visited by the highest representatives of the EU member states and European institutions, important meetings follow throughout the year.
- At the conference titled *20 Keys and Continual Improvements Processes* we survey the achievements of the Sava Group companies after five years of implementing this method, establish that an important progress is made and set new goals for advancement in priority fields of our future operations.
- Actual arrangements on occasion of a visit by the delegation from the Ministry of Defence with the Minister Karl Erjavec at the head, open up new potentials for a cooperation in the area of environmental protection products and rescue actions, as well as other development-technology-related areas in rubber manufacturing and tourism. We begin activities for counter-supplies to the Finnish Patria.
- The share capital of the company Energetika Črnomelj d.o.o. is increased by the Republic of Slovenia by investing 320,000 euros, thereby reducing the shareholding of Sava d.d. to 50.68 per cent.

##### February

- The companies from Sava's Tourism division organise a successful 14-day presentation as well as promotion of Slovene culture in Slovenian House in Brussels as the first Slovene company to do so. The guests from Benelux and numerous employees in the European Union are presented attractions of Bled and Pannonian Spas.
- According to the original recipe used already for 50 years, the 9<sup>th</sup> million cream cake – *kremšnita* – a culinary symbol of Bled is made in Hotel Park.
- The government of the Republic of Slovenia visits Terme 3000 and Terme Radenci as part of its visit in Pomurje region.

##### March

- In the international trade fair of industrial rubber products – RTI in Moscow the Conveyor Belts programme of the company Savatech d.o.o., together with the company Tehnokomlekt, its largest partner in the Russian Federation, receives two awards by the trade fair organisers: a golden plaque for a ripped Chevron A 44 conveyor belt, and a silver plaque for standard smooth conveyor belts.



- Sava d.d. fulfils conditions for purchasing a qualified stake in the company Abanka Vipava d.d., and in June after the entire share package is rebooked, it becomes the owner of 1,307,966 shares in total, or 23.78 per cent of the bank's equity. The value of investment amounts to about 100 million euros.
- Sava d.d. increases the share capital in the company Terme Ptuj d.o.o. with 7 million euros.
- More than 100 foreign and domestic business partners visit the Rubber Manufacturing division. We welcome them in the greatest Slovene sports event, which is held in Planica and sponsored by Sava too.
- For the sixth time consecutively we organise the *Let's clean Kranj* campaign together with the Scouts Association and the Municipality of Kranj; 28 organisations and a record number, more than 600 participants join the campaign.

## April

- The meetings of all three Sava's tourist companies in Bled give their support to their integration and adopt a resolution about merging the companies Golf in Kamp Bled d.d., and Grand Hotel Toplice Bled d.o.o., to the company G&P Hoteli Bled d.o.o., as well as its renaming to Sava Hoteli Bled d.o.o.
- 54 new vacancies in catering and tourism are offered in Terme Ptuj to cover the requirements of the new 4\* Grand Hotel Primus.
- In the BAUMA trade fair in Munich, the most important building trade fair worldwide visited by about one million visitors, the programmes in Rubber Manufacturing successfully present their range of products for the building industry.
- New tyres for Enduro motorcycles are presented to the Slovene and Croatian sellers and journalists from the same countries as well as Bosnia covering the car market segment.
- The Supervisory Board of Sava d.d. deals with and adopts the audited annual report of the Sava Group and the company Sava d.d. for 2006. It assesses the work done by the Board of Management of Sava d.d. as very successful, since all set goals were not only achieved but considerably surpassed.

## May

- The Sava Group is among the first Slovene companies to obtain the basic *Family-friendly Certificate* in the international project called *The Family-friendly Company*. The certificate commits us to implement the planned measures in three years' time; the goal is to improve the coordination between the family life and professional career of our employees.
- The company Biool d.o.o. is renamed to SavaPro d.o.o., Kranj. It will deal with the projects of the Sava Group in the territory of the Russian Federation. Its first project is to establish the company SavaRus d.o.o. in mixed ownership which will manufacture rubber profiles in Russia.
- We sign a partnership deed and an agreement about a mutual cooperation of campsites from Sava's Tourism divisions and the Croatian company Valamar.
- In the 13<sup>th</sup> Shareholders' Meeting, shareholders relieve the Board of Management and Supervisory Board of Sava d.d., thereby adopting and approving of their work in last year. They adopted the proposed changes of the Articles of Association and determine a dividend of 2.8 euro to be paid for Sava share.
- Hotel Park, the largest hotel facility in Bled, celebrates its 30<sup>th</sup> anniversary.



## REPORT ON BUSINESS OPERATIONS OF THE SAVA GROUP AND SAVA D.D. FOR THE PERIOD JANUARY-SEPTEMBER 2007

### June

- The Slovene Project Management Association presents us with the project excellence award 2007 – the highest award by this association - for the *E-learning Introduction* project as the first Slovene company to receive it.
- In the companies of Pannonian Spas we organise open days where families of our employees and retired employees meet. The planned activities of this and other kinds within the Family-friendly project will follow in other parts of the Sava Group during the year.
- In line with the contractual provisions about a possibility for purchasing, Sava d.d., acquires 15,091 shares of the company Gorenjska Banka d.d. and thus increases its present ownership stake in this company to 45.9 per cent. Sava pays 22.3 million euros for the investment.
- We establish the company ENSA BH d.o.o, Srbac, Bosnia and Herzegovina whose first project will be the manufacture of timber biomass in Bosnia, and will afterwards examine potentials for investments in windmills and hydroelectric power stations and the manufacture of biomass in the former Yugoslavia.

### July

- By entering Sava Hoteli Bled, d.o.o., into a court register, Sava's tourist companies in Bled are united and managed by directors Andrej Šprajc and Lidija Dokl.
- After a successfully passed audit Sava d.d. as one among the first Slovene companies obtains the Learning Company standard (USP S-10) granted by the USP Institute from Ljubljana.

### August

- A tournament celebrating the 70th anniversary of the golf course is organised in Bled, only one of numerous events to mark the anniversary of the oldest and most beautiful golf course in Slovenia.
- The company Gip Sava Kranj d.o.o., Ruma is established in Serbia to deal with the real estate business.

### September

- In the Kranj-based companies and in Ptuj an open day is organised, attended by almost 900 participants - employees and their relatives as well as retired employees of the Sava Group.
- In Terme Ptuj we officially open the new 4\* Grand Hotel Primus, which is noted for its innovative marketing approach based on the cultural-historical view. A good 2 million euros were contributed by the European Regional Development Fund, the total value of the largest investment this year amounted to about 20 million euros.
- The company Savapro d.o.o, Kranj established its subsidiary Savarus d.o.o., Yaroslavl, under 99.5 per cent ownership to deal with the production and marketing of rubber profiles in the Russian market.



### 3.2. More important events and achievements after the accounting period – October, November 2007

#### October

- The strategic partner increases the share capital in the company Savarus d.o.o., Jaroslavl, d.o.o., thus becoming its 40 per cent owner, while Sava d.d. keeps its majority share, 60 per cent, in the company.
- The company Sava Hoteli Bled d.o.o. starts a renewal of the Golf Apartments, which after the refurbishment will be the first family-friendly hotel in Slovenia, called Savica. The project in the value of 3.6 million euros is co-financed by European funds in the amount of 900,000 euros.
- The company Terme Radenci d.o.o., celebrating its 125<sup>th</sup> anniversary this year, commences a renewal of its oldest building, the hotel Terapija. One quarter of the investment, whose total value amounts to 5.6 million euros, will be co-financed by the European Regional Development Fund.
- Sava d.d. signs an agreement about establishing a consortium for taking-over the company Merkur d.d. The holder of the take-over bid is the company Merfin d.o.o.; in the consortium, Sava d.d. collaborates as a financial partner solely and does not assume any financial or other liabilities.
- The company Sava, d.d. purchases 355,773 shares of the company Terme Lendava d.d. from its subsidiary Terme 3000 d.d., which represents 93.09 per cent of company's share capital; this is restructuring in terms of capital within the Sava Group.
- In a campaign by the Slovene Reader's Digest, Terme 3000, Moravske Toplice, obtains a title of »Trusted Brand 2007« in the field of spas, and most trusted brand among Slovene spa resorts.
- In the 54th catering-tourist meeting held in Terme Olimia, the employees from the Sava Group receive numerous awards and acknowledgement such as a diamond badge of quality, a banner of quality, 5 acknowledgements for quality and success, 18 gold medals, 22 silver and 14 bronze medals, and one acknowledgement.
- The company Savatech d.o.o. is awarded the *Good practice in the field of Industrial Safety and Health 2007* award by the Ministry of Labour, Family and Social Affairs an award titled
- In the Best Slovene Swimming Pool campaign, Terme Ptuj wins the second place in the large-sized spas category.

#### November

- In the competition organised by the Finance magazine for the best annual report 2006, Sava's business report is awarded the title of the best report among the Slovene companies.
- The renowned publishing house Condé Nast Johansens, which publishes international luxury hotels guides, selects the hotel Golf in Bled for the best resort hotel in Europe and the Mediterranean.
- In the project My country – beautiful and hospitable, the commission of the Slovene Tourist Board awards Terme 3000 the title of the best arranged Slovenian spa resort in the large-size spa category.
- On occasion of its visit to the region of Spodnje Podravje, the government of the Republic of Slovenia chooses the new Grand Hotel Primus for the venue of meeting with mayors, economists, members of the parliament and the national council.



## 4. THE SAVA SHARE AND OWNERSHIP STRUCTURE

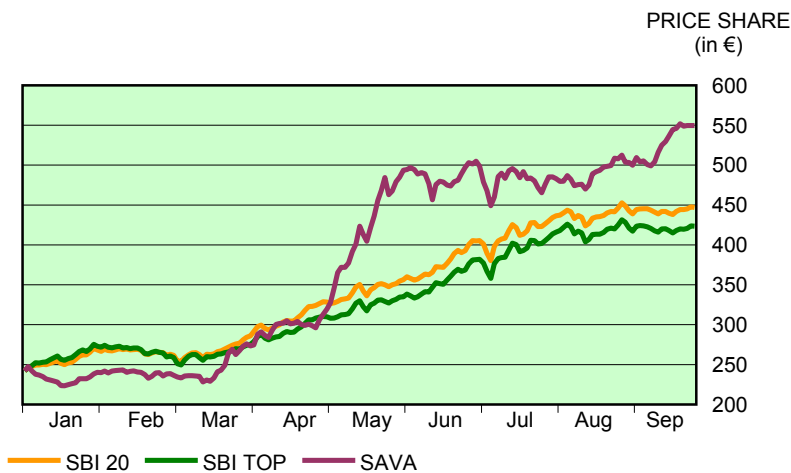
### 4.1. Further growth in the Sava share value

In the first nine months of 2007 the value of the Sava share continued its impressive growth that we already had witnessed last year. On the last trading day the price of the Sava share stood 549.5 euros, which was 137 per cent higher than at the beginning of the year. In addition to successful business results and favourable atmosphere on the Ljubljana Stock Exchange, the increase was influenced also by great investor trust into the future successful business of the Sava Group.

The increase of 137 per cent shows that it considerably surpassed the growth of the SBI 20 index whose value was only 85 per cent higher. The SBI 20 index is frequently used in comparisons of the Sava share yield, for it measures the total yield in the Slovene capital market and includes in its structure the largest and most liquid shares of the Stock exchange and free market. The growth of the Sava share value considerably surpassed the growth of other comparison stock exchange indices as well. The growth in value exceeded the growth of the Slovene blue-chip index – SBI TOP (+75%) and the stock exchange index from the area of south-east Europe - SETX (+37.4%).

The most important growth factors were good business achievements of both the Sava Group and the parent company Sava d.d., as well as the great trust of investors in the future business of the Sava Group. A favourable atmosphere on the Stock Exchange and good market liquidity contributed to the growth.

#### ***Movement of the Sava share price in the first nine months of 2007 and comparison with the movement of SBI 20 and SBI TOP indices***



*Note: To be able to compare the data on the movement of SBI 20 and SBI TOP index was adapted so as to keep the ratio between the Sava share price and the SBI 20 and SBI TOP index as it was on 3 January 2007.*

### 4.2. Increase of share in the structure of important stock exchange indices

In the first nine months of 2007 the market capitalisation increased by 617 million euros, at the end of September it totalled 1,103 million euros. A higher market capitalisation is reflected in the increase of share in the structure of various stock exchange indices.



The share of the Slovene stock exchange index - SBI 20 amounted to 10.74 per cent at the end of first nine month-period and compared to the situation at the end of 2006 it increased by 4.5 percentage point.

For several years now the Sava share has been included in the Dow Jones and other international indices which quote the largest companies from south-east Europe. This means that the international business environment has recognised the company as a successful one with solid foundations and attractive potential for long-term growth and development.

**Participation of the Sava share in important stock exchange indices as at 30/09/2007**

	Share in index structure	Ranked in index structure	Total No. of companies in index structure
Slovene Stock Exchange Index - SBI 20	10.7 %	4 <sup>th</sup>	15
Slovene blue-chip index - SBI TOP	9.4 %	4 <sup>th</sup>	10
South-east Europe Traded Index - SETX	2.7 %	11 <sup>th</sup>	20
Dow Jones SOX EU Enlarged TMI	0.8 %	29 <sup>th</sup>	160

**4.3. Ownership structure**

On 30 September 2007 there were 17,212 shareholders entered in the Sava share book, which ranks it among the largest Slovene companies considering the number of shareholders. The stock of domestic investors at the end of the third quarter 2007 amounted to 98.5 per cent, whereas that of foreign investors totalled 1.5 per cent. In comparison with the situation at the end of 2006 the share of foreign shareholders fell by 0.7 percentage point. The proportion of legal entities in the ownership structure of Sava d.d. at the end of the third quarter 2007 represented 82.3 per cent, and natural persons 17.7 per cent. The share of investment funds and banks amounted to 14.9 per cent in total.

Most recent information on the ownership structure of Sava d.d. is available on the Sava homepage [www.sava.si/Shareholder](http://www.sava.si/Shareholder) Relations.

**Ownership by number of shares at 30/09/2007**

Ownership by number of shares	No. of shareholders	% of shareholders	Total number of shares	Shareholding in capital
1 - 100	16,938	98.41%	314,707	15.7%
101 - 1000	222	1.29%	53,335	2.6%
1.001 - 10.000	33	0.19%	93,841	4.7%
10.001 - 100.000	15	0.09%	565,576	28.2%
over 100.001	4	0.02%	979,528	48.8%
<b>Total</b>	<b>17,212</b>	<b>100.00%</b>	<b>2,006,987</b>	<b>100.0%</b>

**Ownership of shares by state at 30/09/2007**

Ownership by state	% by state
Slovenia	98.5%
Austria	0.7%
Germany	0.4%
Luxembourg	0.3%
Other countries	0.1%
<b>Total</b>	<b>100.0%</b>



# REPORT ON BUSINESS OPERATIONS OF THE SAVA GROUP AND SAVA D.D. FOR THE PERIOD JANUARY-SEPTEMBER 2007

## Ownership of shares by category at 30/09/2007

Ownership by category	% ownership	No. of shares
State institutions	29.8%	597,926
Investment funds	6.6%	132,736
Banks and insurance companies	8.3%	167,238
Other legal persons	37.5%	753,171
Natural persons	17.7%	355,916
<b>Total</b>	<b>100.00%</b>	<b>2,006,987</b>

## 10 largest shareholders at 30/09/2007

10 largest shareholders	% ownership	No. of shares
Kapitalska Družba, d.d.	18.7%	375,542
Slovene Compensation Comapny, d.d.	11.1%	222,029
Klub Modrih	9.5%	191,345
NFD Holding, d.d.	9.5%	190,612
NFD 1 Delniški Investicijski Sklad, d.d.	4.8%	96,880
NFD, d.o.o.	3.9%	77,773
FINETOL, d.d.	3.6%	72,496
GB d.d., Kranj	2.6%	52,500
Zvon Ena Holding, d.d.	2.1%	41,763
Banka Koper, d.d.	2.1%	41,500
<b>Total 10 largest shareholders</b>	<b>67.9%</b>	<b>1,362,440</b>
Other shareholders	32.1%	644,547
<b>Total</b>	<b>100.00%</b>	<b>2,006,987</b>

## COMPANY SECURITIES – TRADING WITH TREASURY SHARES

On 30 September 2007 Sava d.d. had 3,289 treasury shares, the value of which amounted to 224,400 euros with regard to the average purchase price. The number of treasury shares represents 0.16 per cent of the total shares issued.

There was no trading with treasury shares in the first nine months 2007.

## COMPANY SECURITIES – BOARD OF MANAGEMENT AND SUPERVISORY BOARD MEMBERS

On 30 September 2007 the members of the Board of Management and Supervisory Board of Sava d.d. owned 2,685 shares in the joint stock company Sava d.d., or a 0.13 per cent stake in total company capital. In comparison with the previous year the balance did not change.

Board of Management members who own Sava shares	Position	No. of shares at 31/12/2006	Stake in capital	No. of shares at 30/09/2007	Stake in capital
Janez Bohorič	Chairman	706	0.035%	706	0.035%
Vinko Perčič	Member	717	0.036%	717	0.036%
Emil Vizovišek	Member	1,140	0.057%	1,140	0.057%
<b>TOTAL</b>		<b>2,563</b>	<b>0.128%</b>	<b>2,563</b>	<b>0.128%</b>

Supervisory Board members who own Sava shares	Position	No. of shares at 31/12/2006	Stake in capital	No. of shares at 30/09/2007	Stake in capital
Miran Kalčič	Vice Chairman	86	0.004%	86	0.004%
Janko Kastelic	Member	36	0.002%	36	0.002%
<b>TOTAL</b>		<b>122</b>	<b>0.006%</b>	<b>122</b>	<b>0.006%</b>

<b>TOTAL BOARD OF MANAGEMENT AND SUPERVISORY BOARD MEMBERS</b>		<b>2,685</b>	<b>0,134%</b>	<b>2,685</b>	<b>0.134%</b>
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#### 4.4. Key data on the Sava share

		2004	2005	2006	1-9 / 2006	1-9 / 2007
<b>No. of shares at period end</b>	(No of shares)	2,006,987	2,006,987	2,006,987	2,006,987	2,006,987
<b>Market capitalisation</b>	(€ in millions)	368.2	352.8	464.9	397.8	1,102.8
<b>Share book value</b>	(€)	190.9	193.7	214.3	209.5	244.3
<b>Share price</b>						
- highest	(€)	183.5	199.4	234.3	198.2	552.0
- lowest	(€)	116.0	172.2	162.8	162.8	223.4
- at period end	(€)	183.5	180.3	231.6	198.2	549.5
<b>Average daily liquidity</b>	(€ in thousands)	170.7	21.8	42.4	38.1	192.6
<b>Average daily trading with shares</b>	(No. of shares)	1,170	208	222	211	540
<b>Net earnings per share</b>	(€)	24.9	19.1	17.0	13.5	16.8
<b>Dividend per share</b>	(€)	2.6	2.7	2.8	-	-
<b>Share of dividend in net profit</b>	(%)	10.4%	14.0%	16.5%	-	-
<b>Total amount of dividends paid</b>	(€ in millions)	5.2	5.4	5.6	-	-
<b>Share yield</b>	(%)	59.6%	0.1%	32.2%	9.9%	137.2%
- dividend yield	(%)	1.4%	1.5%	1.2%	-	-
- capital yield	(%)	58.2%	-1.4%	31.0%	9.9%	137.2%
<b>P / E</b>						
- highest		7.4	10.5	13.8	14.6	32.8
- lowest		4.7	9.0	9.6	12.0	13.3
- at period end		7.4	9.5	13.7	14.6	32.7
<b>P / B</b>	(%)	96%	93%	108%	95%	225%

#### Explanations for the calculation of key data on the Sava share

- **Book value of the Sava share** equals the fraction product of the difference between the equity of the Sava Group without minority interest and the weighed average number of ordinary shares excluding treasury shares
- **Net earnings per share** is calculated so that the net profit belonging to Sava d.d. (numerator) is divided with the weighed average number of ordinary shares being exercised in the accounting period (denominator).
- **Share of dividends in net profit** equals the fraction product of dividend per share and the number of Sava shares on the ex-dividend date in the share register and net profit on the last day of the year.
- **Dividend yield** equals the fraction of dividend per share and market price of the Sava share on the last trading day of the year.
- **Capital yield** equals the fraction of the market price of the share in the beginning and the market price of the share at the end of the year.
- **Market capitalisation** equals the multiple of the number of Sava shares and the market value of shares on the last day of the year.
- **The P/E index** is calculated as a fraction of market price of the share on the last day of the year (or the highest and lowest market prices in the calendar year) and earning per share.
- **The P/B index** is calculated as the fraction of the price of the Sava share on the last trading day of the year and book value of the share in the same period.



**ADDITIONAL DATA ON THE SHARE**

Stock Exchange	Share name	Code of issuer
Ljubljana Stock Exchange	SAVA	SAV
ISIN – international security designation	SI0031108457	

**SHARE BOOK VALUE**

The book value of the Sava share at 30 September 2007 amounted to 244.3 euros. When calculating the book value the number of treasury shares was deducted from the total number of shares

**4.5. Shareholders' Meeting and dividend per share**

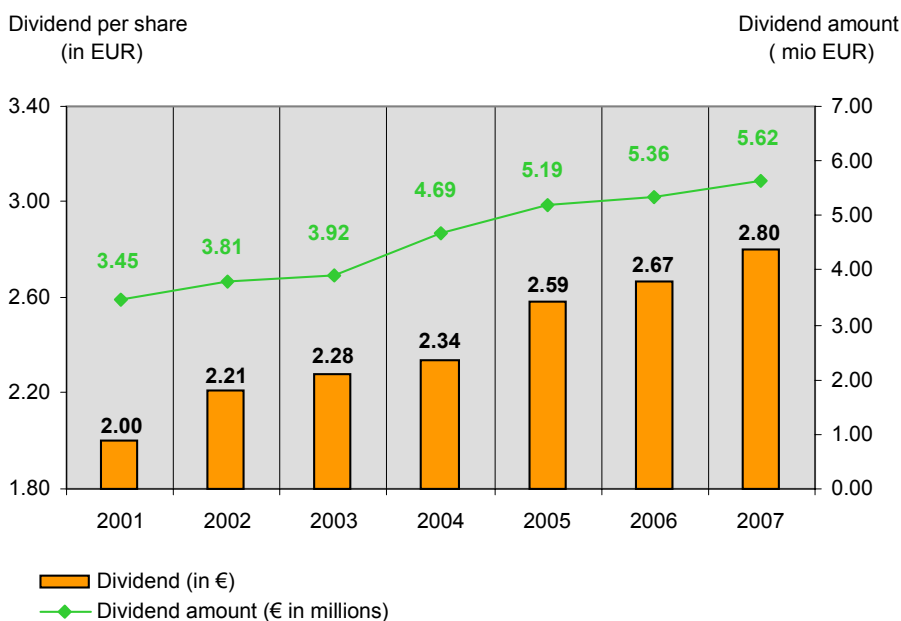
At 13<sup>th</sup> regular Shareholders' Meeting in May, 85 per cent of the total capital of the company Sava d.d. was present. If compared to the regular Shareholders' Meeting last year, the presence enhanced by 4 percentage points. Detailed information on the 13<sup>th</sup> Shareholders' Meeting is available on company' homepage [www.sava.si/Shareholders](http://www.sava.si/Shareholders) Relations.

**DIVIDEND PER SHARE AND TOTAL AMOUNT OF PAID DIVIDENDS**

On proposal by the Board of Management and Supervisory Board of the company Sava d.d. the Shareholders' Meeting adopted a resolution to pay share owners a dividend of 2.8 euros per a share for the business year 2006; the total amount of paid dividends in 2007 amounts to 5.6 million euros, or 5 per cent more than in the previous year.

Considering the proposed dividend per a share and the Sava share price on the last trading day in 2006 the dividend yield would amount to 1.2 per cent in the a.m. year. Ever since 1996 when Sava was structured as a joint stock company, it has been increasing the dividend amount per a share meaning that we assure our shareholders stable dividend yields

**Dividend per share and total amount of paid dividends**





### **Risks associated with investment in the Sava share**

Such risks are due to:

- factors of systematic risk-taking characteristic for all securities listed on the Ljubljana Stock Exchange d.d. such as changed conditions in the issuer's business, changes in tax legislation and regulations relating to the securities market and force majeure; and;
- factors of non-systematic risk-taking that are connected with the operation of every individual company (investment, interest, solvency and foreign currency risk).

By diversifying investments in line with the integrated strategy and taking into account the situation in the capital market, the company Sava d.d. endeavours to minimise investment risk in connection with investing in the Sava share. As reported by the liquidity coordinators on the Ljubljana Stock Exchange d.d. the Sava share ranks second out of four liquidity groups

### **Approved capital and conditional increase in share capital**

The Articles of Association of Sava d.d. do not include any provisions in this regard.

### **Relations with shareholders: a fair and open dialogue with all members of the capital market**

We manage to achieve the strategic sustainable and long-term development of the company through a fair and open dialogue with all participants in the domestic and foreign capital market. We held numerous also individual meetings with potential public and private investors in Slovenia and abroad.

More information on relations with shareholders in the company Sava d.d. is available on company homepage [www.sava.si/Shareholder](http://www.sava.si/Shareholder) Relations.



# REPORT ON BUSINESS OPERATIONS OF THE SAVA GROUP AND SAVA D.D. FOR THE PERIOD JANUARY-SEPTEMBER 2007

## 5. BUSINESS OPERATIONS OF THE SAVA GROUP IN THE PERIOD JANUARY-SEPTEMBER 2007

### 5.1. Composition of the Sava Group, associated companies and representative offices in the Sava Group as at 30/09/2007

List of companies that besides the parent company Sava d.d. are included in the Sava Group, with a comparison of ownership stakes as at 30/09/2007 and 31/12/2006

	% ownership 30/ 09/ 2007	% ownership 31/12/ 2006	Change in % of ownership 2007
<b>RUBBER MANUFACTURING DIVISION</b>			
SAVATECH d.o.o., Kranj	100.00%	100.00%	0.00%
SAVA-GTI d.o.o., Kranj	100.00%	100.00%	0.00%
SAVA-ROL d.o.o., Zagreb	76.00%	76.00%	0.00%
SAVA-SCHÄFER d.o.o., Kranj	50.00%	50.00%	0.00%
<b>- FOREIGN TRADE NETWORK</b>			
SAVA TRADE GmbH, Munich, Germany	100.00%	100.00%	0.00%
SAVA TRADE sp.z.o.o., Warsaw, Poland	100.00%	100.00%	0.00%
SAVA TRADE spol.s.o.o., Prague, Czech Republic	100.00%	100.00%	0.00%
SAVA TRADE d.o.o., Split, Croatia	70.00%	70.00%	0.00%
SAVATECH TRADE Ltd., London, Great Britain	100.00%	100.00%	0.00%
SAVATECH CORP., Port Orange, Florida	95.00%	95.00%	0.00%
<b>TOURISM DIVISION</b>			
SAVA HOTELI BLED, d.o.o., Bled*	96.71%	0.00%	96.71%
GOLF IN KAMP BLED, d.d., Bled*	0.00%	100.00%	-100.00%
GRAND HOTEL TOPLICE, d.o.o., Bled*	0.00%	99.68%	-99.68%
G&P HOTELI BLED, d.o.o., Bled*	0.00%	95.77%	-95.77%
TERME 3000 d.d., Moravske Toplice	97.72%	97.61%	0.11%
- Terme Lendava, d.d., Lendava (owned by Terme 3000, d.d.)	0.00%	93.02%	-93.02%
- Terme Radenci, d.o.o., Radenci (owned by Terme 3000, d.d.)	100.00%	100.00%	0.00%
TERME LENDAVALA, d.d., Lendava	93.30%	0.00%	93.30%
TERME PTUJ, d.o.o., Ptuj	100.00%	100.00%	0.00%
<b>REAL ESTATE DIVISION</b>			
SAVA IP, d.o.o., Ljubljana	100.00%	100.00%	0.00%
- IP Nova d.o.o., Ljubljana (owned by SAVA IP d.o.o.)	100.00%	100.00%	0.00%
- IP NOVA A d.o.o., Ljubljana (owned by SAVA IP d.o.o.)	100.00%	100.00%	0.00%
- SAVA IPN d.o.o., Ljubljana (owned by SAVA IP d.o.o.)	100.00%	100.00%	0.00%
- PC AG d.o.o., Velenje (owned by SAVA IP d.o.o.)	0.00%	50.00%	-50.00%
- SAVA IMG d.o.o., Poreč (owned by SAVA IP d.o.o.)	50.00%	50.00%	0.00%
SAVA NOVA d.o.o., Zagreb	100.00%	100.00%	0.00%
<b>OTHER OPERATIONS</b>			
SAVA MEDICAL IN STORITVE, d.o.o., Kranj	100.00%	100.00%	0.00%
GIP SAVA KRANJ, d.o.o., Ruma	100.00%	0.00%	100.00%
ENERGETIKA SAVA, d.o.o., Kranj	100.00%	100.00%	0.00%
ENERGETIKA ČRNOMELJ, d.o.o., Kranj	50.68%	100.00%	-49.32%
ENSA BH, d.o.o., Srbac	100.00%	0.00%	100.00%
GEA SOL International, d.o.o., Kranj**	100.00%	100.00%	0.00%
SAVAPRO, d.o.o., Kranj***	100.00%	100.00%	0.00%
- SAVARUS, d.o.o., Yaroslavl (owned by SAVAPRO, d.o.o., Kranj)	99.50%	0.00%	99.50%

\* Merging the company Golf in Kamp Bled, d.d., and the company Grand Hotel Toplice, d.o.o., to the company G&P Hoteli Bled, d.o.o., and renaming to Sava Hoteli Bled, d.o.o.

\*\* The company has been suspended.

\*\*\* The company renamed from Biool, d.o.o., to Savapro, d.o.o.



As at 30 September 2007 the Sava Group included 30 companies: the parent company Sava d.d., 27 subsidiaries and 2 joint ventures. The financial statements of all these companies are included in the consolidated financial statements of the Sava Group. In all companies the capital and voting rights are in accord.

#### CHANGES IN THE COMPOSITION OF THE SAVA GROUP

##### ■ TOURISM

Through additional purchases the stake in the company Terme 3000, d.d., Moravske Toplice enhanced by 0.11 percentage point.

Sava's tourist companies in Bled were integrated by joining the companies Golf in Kamp Bled, d.d., and Grand Hotel Toplice Bled, d.o.o., to the company G&P Hoteli Bled, d.o.o.. The merged company renamed to Sava Hoteli Bled, Hotelirstvo in Turizem, d.o.o.

The company Terme Lendava, d.d., became a subsidy of the parent company, an additional 0.21 per cent share was purchased.

##### ■ REAL ESTATE

The company PC AG, d.o.o., Velenje, under a 50 per cent ownership of Sava IP, d.o.o., discontinued its operations. The company had namely been established to perform a real estate project, which was successfully implemented, therefore there is no need for the existence of this company.

##### ■ OTHER OPERATIONS

The company Gip Sava Kranj, d.o.o., Ruma in Serbia was established under 100-per cent ownership of Sava d.d. Its basic operation will be linked with the real estate business.

The share capital in the company Energetika Črnomelj, d.o.o., was increased by the Republic of Slovenia, which resulted in a change of Sava d.d.'s ownership stake.

The company Ensa BH, d.o.o., Srbac, Bosnia and Herzegovina was established, 100 per cent owned by Sava d.d., to expand the energy-related business to foreign markets.

The company Biool d.o.o. renamed to Savapro d.o.o. Through this company and its newly established subsidiary Savarus d.o.o., Yaroslavl, the project for an increase in the rubber profiles manufacturing will be implemented. In October when a strategic partner joined the project, the ownership stake of Sava d.d. changed to 60 per cent. By activating the project the companies will be included in the Rubber Manufacturing division.

#### INCREASE IN SHARE CAPITAL OF SUBSIDIARIES

In nine months of 2007 the holding company Sava,d.d. increased share capital in the following subsidiaries:

- The company Terme Ptuj d.o.o., by money paid in totalling 7,000,000 euros;
- The company Savapro, d.o.o., by money paid in totalling 1,758,000 euros.



# REPORT ON BUSINESS OPERATIONS OF THE SAVA GROUP AND SAVA D.D. FOR THE PERIOD JANUARY-SEPTEMBER 2007

## Associated companies in the Sava Group

	% ownership 30/ 09/ 2007	% ownership 31/ 12/ 2006	Change in % of ownership 2007
<b>SAVA, d.d., družba za upravljanje in financiranje, Kranj - as the parent company</b>			
- Gorenjska banka, d.d., Kranj	45.90%	41.35%	4.55%
- Abanka Vipava, d.d., Ljubljana	23.78%	0.00%	23.78%
- Merkur-trgovina in storitve, d.d., Naklo	20.03%	20.03%	0.00%
- Limb, d.o.o., Ptuj	37.50%	37.50%	0.00%
- Job, d.o.o., Maribor	27.00%	27.00%	0.00%
<b>SAVA HOTELI BLED, d.o.o. - as the parent company</b>			
- Gorenjska Banka, d.d., Kranj	0.16%	0.16%	0.00%
<b>TERME LENDAVA, d.d. - as the parent company</b>			
- Turizem Lendava, d.o.o.	33.00%	33.00%	0.00%
<b>ENSA BH, d.o.o., Srbac - as the parent company</b>			
- Panensa, d.o.o., Srbac	40.00%	0.00%	40.00%

According to the set strategy the holding company Sava d.d. continued to purchase shares of Gorenjska Banka d.d., Kranj. As at 30/09/2007 its ownership stake amounted to 45.90 per cent and was higher by 4.55 percentage point than at the end of the year 2006. In total, the companies of the Sava Group have a 46,06 per cent share in Gorenjska Banka d.d. at the end of September 2007.

In addition to the investment in Gorenjska Banka d.d., a purchase of a 23.78 per cent share in Abanka Vipava d.d., represents the highest and most important long-term strategic investment in the investment portfolio of Sava d.d.. As an important shareholder Sava d.d. will together with other shareholders search for links and solutions that will assure banks' customers security and shareholders suitable earnings over a longer period of time.

The operation of the Panensa d.o.o., Srbac, will be connected with energy-related projects in Bosnia, the remaining 60 per cent in the shareholding of this company belongs to the strategic partner.

## Representative offices in the Sava Group

As part of the Sava Group, the company Savatech d.o.o. Kranj has representative offices, these being in Moscow and Trieste.



## 5.2. Business operations of the Sava Group

The first nine months 2007 were marked by important investment and other activities in the Sava Group such as:

- Acquisition of a 23.78 per cent share in Abanka Vipa d.d., Ljubljana - a long-term strategic investment beside the investment in Gorenjska Banka d.d., Kranj, the largest and most important in the investment portfolio created by Investment Finance;
- Completing the building of Grand Hotel Primus in Ptuj and other investments in Tourism;
- Establishing a company for the rubber profile manufacturing in Russia to provide a stronger presence of the Rubber manufacturing division in the Russian market;
- Establishing a company for the manufacturing of timber biomass in Bosnia.

The success of the Sava Group has been further confirmed by surpassing planned values in all important performance indicators.

### Business performance of the Sava Group

*Survey of important data on the basis of the consolidated income statement of the Sava Group*

	SAVA GROUP according to International Financial Reporting Standards		
	JAN – SEP 2007 (€ mio)	JAN – SEP 2006 (€ mio)	Index 2007/2006
Net sales revenues	138.9	121.9	114
Other revenues	7.0	6.1	115
<b>TOTAL OPERATING REVENUES</b>	<b>145.9</b>	<b>128.0</b>	<b>114</b>
Coverage	61.5	56.3	109
- Coverage/operating revenues - in %	42.2	44.0	96
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	22.2	17.6	126
Earnings before interest and taxes (EBIT)	10.6	7.8	136
Net financing income	-2.1	7.5	-
Share in the income of associates	27.1	14.2	191
Total pre-tax profit	35.6	29.5	121
Tax	-1.7	-2.2	77
Net profit of the Sava Group	33.9	27.3	124
- Net profit/operating revenues - in %	23.2	21.3	109
<b>Net profit of the Sava Group attributable to Sava d.d.</b>	<b>33.7</b>	<b>27.1</b>	<b>124</b>



# REPORT ON BUSINESS OPERATIONS OF THE SAVA GROUP AND SAVA D.D. FOR THE PERIOD JANUARY-SEPTEMBER 2007

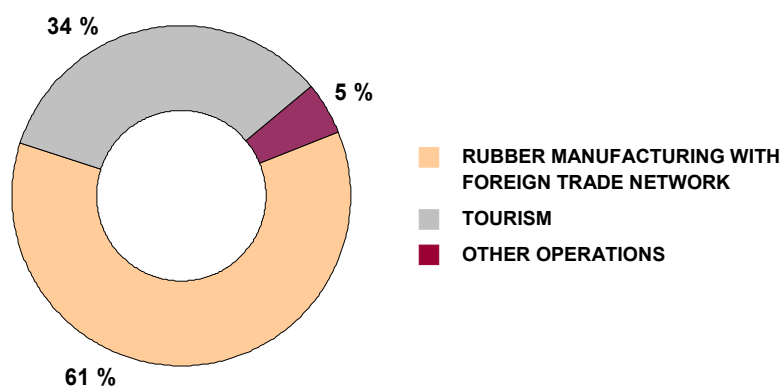
## Income statement of the Sava Group by quarter in 2007

€ in millions	JAN - MAR 2007	APR - JUN 2007	JUL - SEP 2007
Net sales revenues from good and services sold	40.8	48.4	49.7
Change in inventories	3.0	-1.1	3.1
Other operating revenues	1.0	0.3	0.7
<b>Operating revenues</b>	<b>44.8</b>	<b>47.6</b>	<b>53.5</b>
Costs of goods, materials and services	-27.6	-27.5	-29.2
Labour costs	-11.6	-13.2	-12.7
Depreciation and amortisation	-3.7	-3.7	-3.8
Write-offs	-0.1	-0.3	-0.2
Other operating expenses	-0.7	-0.4	-0.5
<b>Operating expenses</b>	<b>-43.7</b>	<b>-45.1</b>	<b>-46.4</b>
<b>Operating income</b>	<b>1.1</b>	<b>2.5</b>	<b>7.1</b>
Financial income	1.6	0.9	4.0
Financial expenses	-1.8	-3.0	-3.9
Net financing income	-0.2	-2.1	0.1
Share in the income of associates	5.4	13.4	8.3
<b>Pre-tax profit</b>	<b>6.2</b>	<b>13.9</b>	<b>15.4</b>
Tax	-0.2	-1.0	-0.5
<b>Net profit for the year</b>	<b>6.0</b>	<b>12.9</b>	<b>15.0</b>

## OPERATING REVENUES

- We created operating revenues of 145.9 million euros, which is 14 per cent more than last year.
- Sales revenues in the amount of 138.9 million euros were 5 per cent better than planned, and 14 per cent better than last year.
- In their structure by division Rubber Manufacturing had a 61, Tourism a 34 and other divisions a 5 per cent share.
- 49 per cent of the consolidated sales revenues were made in foreign markets.

## Structure of sales revenues by division of the Sava Group in nine months 2007





## OPERATING EXPENSES

Operating expenses amounted to **135.3 million euros**. Costs of goods, material and services had a 62, labour costs a 28, depreciation an 8 and other operating expenses a 2 per cent share.

## EARNINGS BEFORE INTEREST AND TAXES (EBIT)

- 10.6 million euros were generated; with regard to the same period last year the sum was higher by 36 per cent and at the planned level.
- If compared to last year, the subsidiaries had significantly increased their operating result, which was due to a more strict supervision over the cost increase and use of operating assets.

## NET FINANCING INCOME

- Financing income of 6.6 million euros were created, which was less than in the same period last year and in accordance with the business plan. Owing to a change in the strategy of selling strategic financial investments the financial income of the Sava Group was planned at a level lower from that achieved in the same period last year.
- Financing expenses in the amount of 8.7 million euros were by one half higher than last year. The prevailing part were expenses for received bank loans. Due to high investments in subsidiaries the balance of indebtedness as at 30/09/2007 was considerably higher than at the end of 2006.
- Owing to the named reasons the financial result was negative and achieved 2.1 million euros, which corresponds the plan.

## SHARE IN THE INCOME OF ASSOCIATES

- These revenues relate to Gorenjska Banka d.d., Abanka Vipava d.d., and Merkur d.d., and totalled 27.1 million euros, which was twice as much as in the same period last year and above the planned ones for the period. We acquired an important investment in Abanka Vipava d.d. faster than planned in the strategy and Gorenjska Banka d.d. operates much better than planned.
- 10.6 million euros were paid in form of dividends, which was 39 per cent of revenues made in subsidiaries; the difference in the amount of 16.5 million euros, or 61 per cent, was the remaining sum of attributable profit of associates considering the equity method of assessing investments in associates.

## TOTAL PRE-TAX PROFIT

The total pre-tax profit of the Sava Group in the amount of 35.6 million euros was 40 per cent higher than dynamically planned one, or 21 per cent higher from the pre-tax profit in the same period last year. In nine months 2007 the total pre-tax profit achieved the level as planned for the year.

## TAX

- Tax on profit totalled 1.7 million euros, or 33 per cent less than in the same period last year.
- The effective tax rate amounted to 5 per cent, and was 2 percentage points lower than last year, above all due to realised revenues from dividends from associates.

## NET PROFIT

The net profit of the Sava Group totalled 33.9 million euros and was 40 per cent above dynamic plan, if compared to last year, it was 24 per cent higher. In nine months 2007 the generated net profit achieves the level planned for the net profit.



## Assets and liabilities structure of the Sava Group

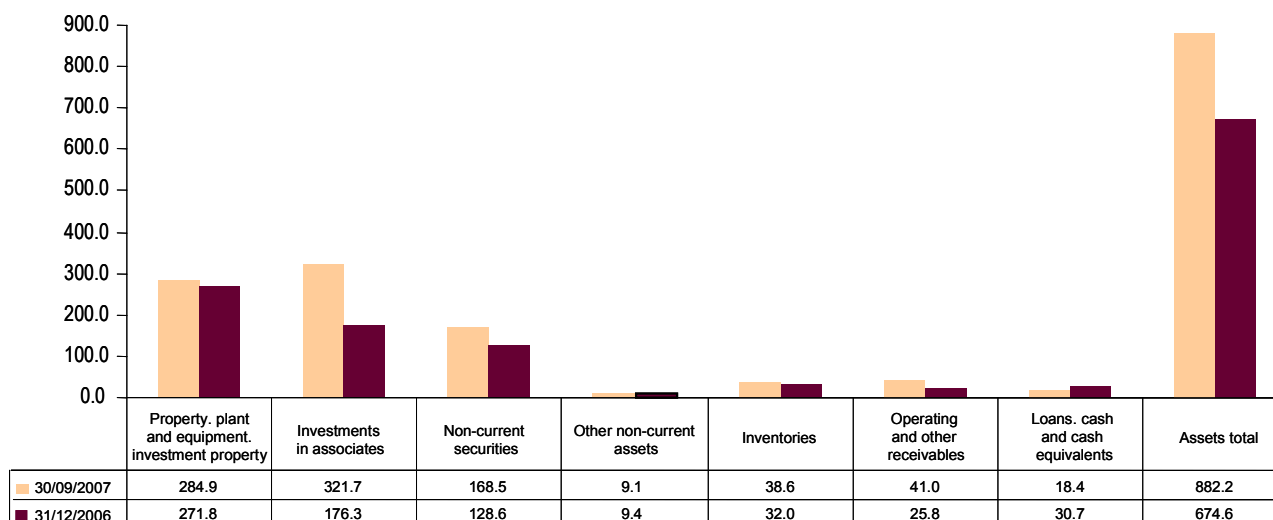
### BALANCE SHEET TOTAL (ASSETS OF SAVA GROUP COMPANIES)

The balance sheet total on the last day of the accounting period totalled 882.2 million euros and was 31 per cent higher than at the end of 2006.

### ASSETS

- Property, plant, equipment and investment property represented 32 per cent, investments in associates 36 per cent, non-current securities available for sale 19, current and other assets 13 per cent of all assets in the Sava Group.
- Investments in associates were 83 per cent higher than at the end of last year, the reason being the acquisition of an important stake in Abanka Vipa d.d., increase of stake in Gorenjska Banka d.d., and allocating the profit of associates in the consolidated financial statements.

### Assets structure of the Sava Group as at 30/09/2007 – € in millions

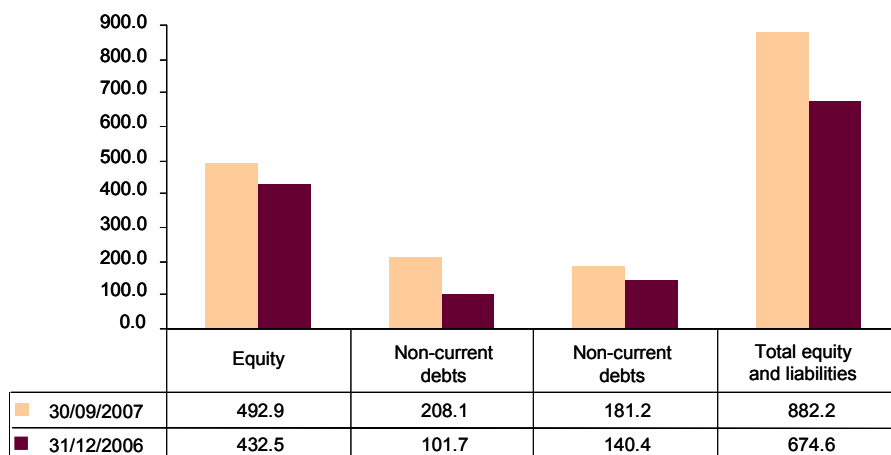


### EQUITY AND LIABILITIES

- In the liabilities structure equity had a 56 per cent share, or 8 percentage points less than in the previous year. Non-current liabilities had a 24 and current liabilities a 20 per cent share.
- In total liabilities the largest item was received loans totalling 306.1 million euros; they were 65 per cent higher than at the end of 2006. The indebtedness of the Sava Group was increased mainly due to extensive strategic investment activities in the Investment Finance division.



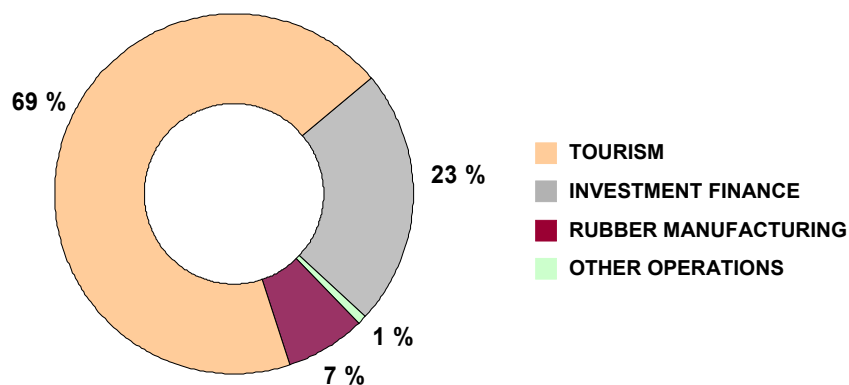
**Liabilities structure of the Sava Group as at 30/09/2007 – € in millions**



**INVESTMENTS**

- In nine months 2007, the companies of the Sava Group allocated 28.7 million euros for investments in the infrastructure, which was 72 per cent of the sum planned at the annual level.
- For investments in the **capital market** (outside of the Group) the holding company Sava d.d. earmarked 134.4 million euros, mainly for investments in associates.

**Structure of investments in infrastructure by division of the Sava Group as at 30/09/2007**





## REPORT ON BUSINESS OPERATIONS OF THE SAVA GROUP AND SAVA D.D. FOR THE PERIOD JANUARY-SEPTEMBER 2007

### DATA ABOUT THE SAVA SHARE VALUE AS AT 30/09/2007

- The book value of the Sava share calculated as the ratio between the balance of the capital of the Sava Group without minority interest and the weighed average of ordinary shares without treasury shares stood at 244.3 euros on 30/09/2007, or 14 per cent more than at the end of last year;
- The market value of the Sava share on 30/09/2007 stood at 549.5 euros, or 137 per cent more than at the end of 2006 as well as 125 per cent above its book value;
- Earnings per share calculated as the ratio between the net profit belonging to Sava d.d. and the weighed average of ordinary shares without treasury shares amounted to 16.83 euros in nine months 2007, or 24 per cent more than in the same period last year.

### NUMBER OF EMPLOYEES IN THE SAVA GROUP

- On 30 September 2007 there were 2,680 associates employed with the Sava Group, or 116 associates more than at the end of last year. On account of expanding operations new jobs opened in Rubber Manufacturing and Tourism.



### 5.3. Unaudited consolidated financial statements of the Sava Group in accordance with International Financial Reporting Standards

#### Unaudited consolidated balance sheet of the Sava Group as at 30/09/2007

<i>EUR in thousands</i>	30.9.2007	30.9.2006	Ind 09-2007 / 09-2006	31/12/2006	Ind 09-2007 / 12-2006
<b>ASSETS</b>					
Property, plant and equipment	261,190	245,098	107	245,613	106
Intangible assets	681	927	73	792	86
Investment property	23,702	30,337	78	26,163	91
Investments in associates	321,686	169,822	189	176,263	183
Non-current equity securities	168,477	129,610	130	128,602	131
Non-current receivables	8,504	12,448	68	8,709	98
<b>Non-current assets</b>	<b>784,240</b>	<b>588,242</b>	<b>133</b>	<b>586,142</b>	<b>134</b>
Inventories	38,608	31,444	123	32,001	121
Trade and other receivables	39,623	31,134	127	25,827	153
Current tax receivable	0	0	-	160	0
Short-term investments	1,403	42,859	3	0	-
Current loans	15,531	4,697	331	27,610	56
Cash and cash equivalent	2,841	2,600	109	2,846	100
<b>Current assets</b>	<b>98,006</b>	<b>112,734</b>	<b>87</b>	<b>88,444</b>	<b>111</b>
<b>Total assets</b>	<b>882,246</b>	<b>700,976</b>	<b>126</b>	<b>674,586</b>	<b>131</b>
<b>EQUITY AND LIABILITIES</b>					
Issued capital	83,752	83,750	100	83,750	100
Share premium	125,608	125,608	100	125,608	100
Reserves	46,886	34,982	134	46,888	100
Fair value reserve	72,000	37,148	194	39,970	180
Treasury shares	-224	-224	100	-224	100
Retained earnings	161,495	138,431	117	133,378	121
<b>Total equity attributable to equity holders of the parent</b>	<b>489,517</b>	<b>419,695</b>	<b>117</b>	<b>429,370</b>	<b>114</b>
Minority interest	3,410	3,796	90	3,162	108
<b>Total equity</b>	<b>492,927</b>	<b>423,491</b>	<b>116</b>	<b>432,532</b>	<b>114</b>
Non-current provisions	6,896	11,285	61	6,651	104
Deferred government grants	10,679	8,351	128	10,108	106
Non-current interest-bearing borrowings	170,036	97,910	174	74,222	229
Non-current operating liabilities	196	0	-	102	192
Deferred tax liabilities	20,307	11,203	181	10,626	191
<b>Non-current liabilities</b>	<b>208,114</b>	<b>128,749</b>	<b>162</b>	<b>101,709</b>	<b>205</b>
Current interest-bearing borrowings	136,047	120,796	113	110,786	123
Current operating liabilities	35,355	24,858	142	28,669	123
Accrued expenses	9,803	3,082	318	890	1.101
<b>Current operating liabilities</b>	<b>181,205</b>	<b>148,736</b>	<b>122</b>	<b>140,345</b>	<b>129</b>
<b>Total liabilities</b>	<b>389,319</b>	<b>277,485</b>	<b>140</b>	<b>242,054</b>	<b>161</b>
<b>Total equity and liabilities</b>	<b>882,246</b>	<b>700,976</b>	<b>126</b>	<b>674,586</b>	<b>131</b>



## REPORT ON BUSINESS OPERATIONS OF THE SAVA GROUP AND SAVA D.D. FOR THE PERIOD JANUARY-SEPTEMBER 2007

### Unaudited consolidated income statement of the Sava Group for the period January – September 2007

<i>EUR in thousands</i>	JAN - SEP 2007	JAN - SEP 2006	Ind 2007 / 2006
Net sales revenues from goods sold and services rendered	138,924	121,884	114
Change in inventories of products and work in progress	5,078	3,023	168
Other operating revenue	1,874	3,106	60
<b>Operating revenue</b>	<b>145,876</b>	<b>128,013</b>	<b>114</b>
Cost of goods, materials and services	-84,411	-71,662	118
Labour cost	-37,550	-34,019	110
Depreciation and amortisation	-11,138	-9,517	117
Other write-offs	-532	-274	194
Other operating expense	-1,642	-4,727	35
<b>Operating expenses</b>	<b>-135,273</b>	<b>-120,199</b>	<b>113</b>
<b>Operating income</b>	<b>10,603</b>	<b>7,814</b>	<b>136</b>
Financial income	6,565	13,113	50
Financial expense	-8,686	-5,569	156
<b>Net financing income</b>	<b>-2,121</b>	<b>7,544</b>	<b>-28</b>
Share in income of associates	27,102	14,184	191
<b>Pre-tax profit</b>	<b>35,584</b>	<b>29,542</b>	<b>120</b>
Tax	-1,721	-2,245	77
<b>Net profit for the year</b>	<b>33,863</b>	<b>27,297</b>	<b>124</b>
Net profit for the year attributable to:			
Equity holders of the parent	33,727	27,139	124
Minority interest	136	158	86
<b>Net profit for the period</b>	<b>33,863</b>	<b>27,297</b>	<b>124</b>
<b>Basic earnings per share (EUR)</b>	<b>16,83</b>	<b>13,54</b>	<b>124</b>



**Unaudited consolidated cash flow statement of the Sava Group for the period January – September 2007**

<i>EUR in thousands</i>	JAN - SEP 2007	JAN - SEP 2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	33,863	27,139
Adjustments for:		
Depreciation of property, plant and equipment	10,332	9,365
Depreciation of intangible assets	248	152
Depreciation of investment property	558	605
Impairment in property, plant and equipment	54	18
Impairment in intangible assets	0	0
Impairment in investment property	0	0
Impairment in financial investments	0	0
Impairment in receivables and inventories	0	274
Revenues from elimination of negative goodwill	-155	0
Proceeds from sale of plant, property and equipment	-407	-1,790
Loss at disposal of property, plant and equipment	0	18
Profit in sale of current financial investments	0	0
Profit in sale of non-current securities	-3,991	-11,229
Loss in sale of securities	0	497
Share in income of associates	-27,102	-14,184
Other dividends received	-724	-403
Interest expense	8,182	4,773
Interest revenue	-827	-518
Income tax liability	1,721	2,245
<b>Income from operations prior to change in operating equity and provisions</b>	<b>21,752</b>	<b>16,962</b>
Change in non-current receivables	57	-1,162
Change in current receivables	-14,825	15,681
Change in inventories	-6,607	12,553
Change in current operating liabilities and accrued costs	18,760	-13,947
Change in non-current operating liabilities	-1,508	-73
Change in provisions	244	3,672
Change in government grants	571	-222
<b>Acquired cash in operations</b>	<b>18,444</b>	<b>33,464</b>
Paid income tax	-4,995	-2,694
<b>Net cash flow from operations</b>	<b>13,449</b>	<b>30,770</b>



# REPORT ON BUSINESS OPERATIONS OF THE SAVA GROUP AND SAVA D.D. FOR THE PERIOD JANUARY-SEPTEMBER 2007

<i>EUR in thousands</i>	JAN - SEP 2007	JAN - SEP 2006
<b>CASH FLOW IN INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment equipment	-26,688	-26,204
Proceeds from sale of property, plant and equipment equipment	848	1,754
Purchase of intangible assets	-140	-89
Proceeds from sale of intangible assets	0	196
Purchase of investment properties	-730	-8,651
Proceeds from sale of investment properties	3,028	1,890
Purchase of subsidiaries	-41	0
Proceeds from sale of subsidiaries	0	26,481
Purchase of associates	-128,941	-43,812
Proceeds from sale of current financial investments	-215	6,718
Proceeds from repaid loans	19,973	0
Expenses for granted loans	-7893	-2,301
Purchase of equity securities available for sale	-6,115	-54,325
Proceeds from sale of non-current securities	13,692	55,689
Received dividends of associates	10,620	9,358
Other dividends received	724	403
Received interests	827	518
<b>Net cash flow from investment activities</b>	<b>-121,051</b>	<b>-32,375</b>
<b>CASH FLOWS IN FINANCING ACTIVITIES</b>		
Increase in share capital	0	0
Other increase in equity	314	-976
Proceeds from granted non-current loans	75,492	38,396
Expenditures for granted non-current loans	-10,452	-437
Proceeds from granted current loans	266,177	292,444
Expenses for granted current loans	-210,142	-325,818
Expenses for dividends of Group's shareholders	-5,610	-5,351
Paid interests	-8,182	-4,773
<b>Net cash flow from financing activities</b>	<b>107,597</b>	<b>-6,515</b>
<b>Net increase or decrease in cash and cash equivalents</b>	<b>-5</b>	<b>-8,120</b>
Cash and cash equivalents at year begin	2,846	10,720
Cash and cash equivalents at the end of the period	2,841	2,600

# REPORT ON BUSINESS OPERATIONS OF THE SAVA GROUP AND SAVA D.D. FOR THE PERIOD JANUARY-SEPTEMBER 2007



## *Unaudited consolidated statement of changes in equity of the Sava Group for the period January – September 2007*

<i>EUR in thousands</i>	Issued capital	Share premium	Reserves	Fair value reserve	Treasury shares	Retained earnings	Majority interest	Minority interests	Total
<b>Balance at 31/12/2005</b>	<b>83,750</b>	<b>125,608</b>	<b>34,982</b>	<b>27,378</b>	<b>-224</b>	<b>116,643</b>	<b>388,137</b>	<b>4,773</b>	<b>392,910</b>
Profit 2006	0	0	0	0	0	27,139	27,139	158	27,297
Profit allocation to reserves	0	0	0	0	0	0	0	0	0
Dividend and bonus payout	0	0	0	0	0	-5,351	-5,351	0	-5,351
Revaluation of securities available for sale to fair value	0	0	0	20,547	0	0	20,547	0	20,547
Decrease due to sale of securities	0	0	0	-10,777	0	0	-10,777	0	-10,777
Decrease in minority interest due to purchase of stakes	0	0	0	0	0	0	0	-2,157	-2,157
Selling companies with minority interest	0	0	0	0	0	0	0	1,022	1,022
<b>Balance at 30/09/2006</b>	<b>83,750</b>	<b>125,608</b>	<b>34,982</b>	<b>37,148</b>	<b>-224</b>	<b>138,431</b>	<b>419,695</b>	<b>3,796</b>	<b>423,491</b>
<b>Balance at 31/12/2006</b>	<b>83,750</b>	<b>125,608</b>	<b>46,888</b>	<b>39,970</b>	<b>-224</b>	<b>133,378</b>	<b>429,370</b>	<b>3,162</b>	<b>432,532</b>
Profit 2007	0	0	0	0	0	33,727	33,727	136	33,863
Dividend payout	0	0	0	0	0	-5,610	-5,610	0	-5,610
Revaluation of securities available for sale to fair value	0	0	0	38,199	0	0	38,199	0	38,199
Decrease due to sale of securities	0	0	0	-6,169	0	0	-6,169	0	-6,169
Decrease in minority interest due to purchase of stakes	0	0	0	0	0	0	0	-202	-202
Selling companies with minority interest	,	0	,	0	0	0	0	314	314
Other	2	0	-2	0	0	0	0	0	0
<b>Balance at 30/09/2007</b>	<b>83,752</b>	<b>125,608</b>	<b>46,886</b>	<b>72,000</b>	<b>-224</b>	<b>161,495</b>	<b>489,517</b>	<b>3,410</b>	<b>492,927</b>



## 6. BUSINESS OPERATION OF SAVA D.D. IN THE PERIOD JANUARY – SEPTEMBER 2007

### 6.1. Business operations of Sava d.d.

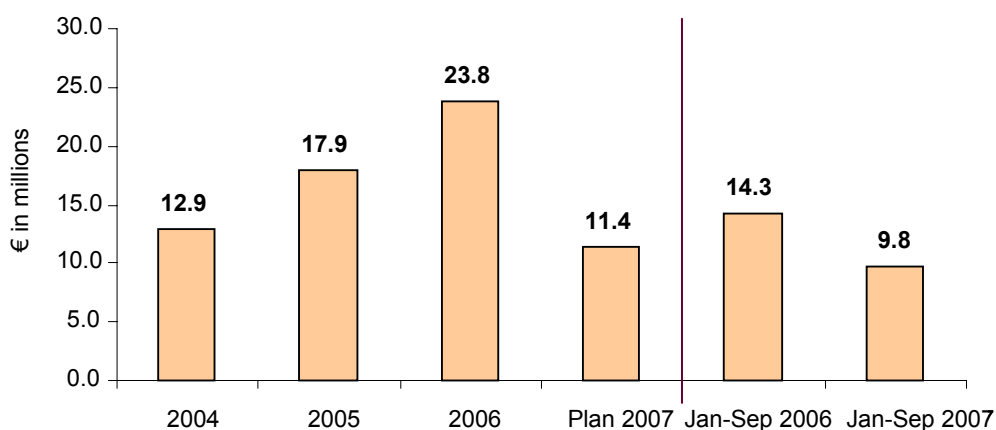
#### Business performance of Sava d.d.

The holding company Sava d.d. is the parent company of the Sava Group. In addition to the management of subsidiaries an extensive part of its operation includes investment finance, which contributes a significant share to the common success of the parent company. In nine months 2007, the company operated with success, the achieved results are completely in accordance with plan and coincide with the implementation of the integrated strategy of the holding company and the Sava Group for the period from 2007 to 2011. A net profit of 9.8 million euros was achieved, which is 85 per cent of the net profit planned for the year. In this period the joint stock company Sava earmarked 153.4 million euros for investments in fixed assets, investment property and capital market.

#### *Survey of more important data on performance of Sava d.d.*

	JAN – SEP 2007 € in mio	JAN – SEP 2006 € in mio	Index 2007 / 2006
Net sales revenues	6.7	5.5	121
Other revenues	0.4	0.6	62
Operating expenses	-8.1	-8.9	91
FINANCING INCOME	11.4	18.8	61
TOTAL PRE-TAX PROFIT	10.3	16.0	64
<b>TOTAL PROFIT</b>	<b>9.8</b>	<b>14.3</b>	<b>68</b>

#### *Net profit of Sava d.d. by year*



# REPORT ON BUSINESS OPERATIONS OF THE SAVA GROUP AND SAVA D.D. FOR THE PERIOD JANUARY-SEPTEMBER 2007



## Income statement of Sava d.d. by quarter in 2007

<i>EUR in thousands</i>	JAN- MAR 2007	APR-JUN 2007	JUL-SEPT 2007
<b>1. NET SALES REVENUES</b>	<b>2,220</b>	<b>2,227</b>	<b>2,231</b>
a) Revenues in domestic market	2,219	2,226	2,231
To companies in the Group	1,759	1,757	1,756
To associates	32	31	30
To others	428	438	445
b) Revenues in foreign market	1	1	0
To companies in the Group	1	1	0
To associates	0	0	0
To others	0	0	0
<b>2. CHANGE IN THE VALUE OF INVENTORIES OF PRODUCTS AND WORK IN PROGRESS</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>3. CAPITALISED OWN PRODUCTS AND SERVICES</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>4. OTHER OPERATING REVENUES (with operating revenues from revaluation adjustment)</b>	<b>278</b>	<b>67</b>	<b>32</b>
<b>5. COSTS OF MERCHANDISE, MATERIALS AND SERVICES</b>	<b>-791</b>	<b>-1,867</b>	<b>-923</b>
a) Cost of merchandise and material sold and cost of material used	-84	-46	-109
b) Cost of services	-707	-1,821	-814
<b>6. LABOUR COSTS</b>	<b>-721</b>	<b>-1,030</b>	<b>-791</b>
a) Salaries and wages	-552	-794	-609
b) Social security cost (pension insurance cost shown separately)	-101	-140	-110
- Social security cost	-60	-40	-45
- Pension insurance cost	-41	-100	-65
c) Other labour cost	-68	-96	-72
<b>7. AMORTISATION AND DEPRECIATION EXPENSE, WRITE-OFFS</b>	<b>-589</b>	<b>-591</b>	<b>-586</b>
a) Amortisation	-589	-591	-586
b) Operating expenses from revaluation of intangible and tangible fixed assets	0	0	0
c) Operating expenses from revaluation of current assets	0	0	0
<b>8. OTHER OPERATING EXPENSES</b>	<b>-53</b>	<b>-57</b>	<b>-57</b>
<b>9. FINANCIAL REVENUES FROM SHARES</b>	<b>1,202</b>	<b>8,597</b>	<b>5,521</b>
a) Financial revenues from shares in Group's companies	8	0	9
b) Financial revenues from shares in associates	0	8,589	1,999
c) Financial revenues from shares in other companies	1,194	8	3,513
d) Financial revenues from other investments	0	0	0
<b>10. FINANCIAL REVENUES FROM GRANTED LOANS</b>	<b>528</b>	<b>738</b>	<b>573</b>
a) Financial revenues from loans granted to Group's companies	307	315	342
b) Financial revenues from loans granted to other entities	221	423	231
<b>11. FINANCIAL REVENUES FROM OPERATING RECEIVABLES</b>	<b>32</b>	<b>5</b>	<b>15</b>
a) Financial revenues from operating receivables due from Group's companies	0	0	0
b) Financial revenues from operating receivables due from other entities	32	5	15
<b>12. FINANCIAL EXPENSES FROM IMPAIRMENT AND WRITE-OFFS IN FINANCIAL INVESTMENTS</b>	<b>0</b>	<b>0</b>	<b>-11</b>
<b>13. FINANCIAL EXPENSES FROM FINANCIAL LIABILITIES</b>	<b>-1,074</b>	<b>-2,020</b>	<b>-2,710</b>
a) Financial expenses from borrowings obtained from Group's companies	-69	-103	-105
b) Financial expenses from borrowings obtained from banks	-1,005	-1,917	-2,605
c) Financial expenses from issued bonds	0	0	0
d) Financial expenses from other financial liabilities	0	0	0
<b>14. FINANCIAL EXPENSES FROM OPERATING LIABILITIES</b>	<b>-19</b>	<b>2</b>	<b>-16</b>
a) Financial expenses from operating liabilities due to Group's companies	0	0	0
b) Financial expenses from trade payables and bill payables	-4	-1	0
c) Financial expenses from other operating liabilities	-15	3	-16
<b>15. OTHER REVENUES</b>	<b>17</b>	<b>0</b>	<b>0</b>
<b>16. OTHER EXPENSES</b>	<b>-30</b>	<b>-30</b>	<b>-1</b>
<b>17. TAX ON PROFIT</b>	<b>-60</b>	<b>-375</b>	<b>-113</b>
<b>18. DEFERRED TAXES</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>19. NET PROFIT FOR THE FINANCIAL YEAR</b>	<b>940</b>	<b>5.666</b>	<b>3.164</b>



# REPORT ON BUSINESS OPERATIONS OF THE SAVA GROUP AND SAVA D.D. FOR THE PERIOD JANUARY-SEPTEMBER 2007

## NET SALES REVENUES

- Sava d.d., generated sales revenues of 6.7 million euros, or 21 per cent more than in the same period last year.
- Net sales revenues mainly presented the sale within the Sava Group and achieved only 4 per cent of the cumulative Group's sale.
- Their structure: 63 per cent were rents for business premises, 6 percent rents for equipment, 31 per cent were contributed by subsidiaries for the use of trademark and services provided by the competence centres of knowledge.

## OTHER REVENUES

- They totalled 0.4 million euros and were lower than in 2006.
- They include revenues from the sale of real estate.

## OPERATING EXPENSES

- They totalled 8.1 million euros, or 9 per cent below last year's figure.
- In their structure costs of goods, material and services had a 44, labour costs a 32, write-offs a 22, and other expenses a 2 per cent share.
- A considerable portion of these costs was due to managing financial investments, therefore a surplus in financing income is allocated to their coverage too.

## FINANCING INCOME

- **Financial revenues** of 17.2 million euros were created, which was 22 per cent less than last year.
- **Financial expenses** in the amount of 5.8 million euros were 80 per cent higher than last year.
- **Surplus in financial revenues over financial expenses** totalling 11.4 million euros was 39 per cent below the value created in 2006.
- The movement of financing income of the holding company Sava d.d. is in line with plans, deviations with regard to the same period last year are the consequence of the planned strategic decrease in the sale of financial investments and planned higher indebtedness due to intensive investment activities in the capital market. For 2007 the company plans a lower profit than achieved in 2006.

### Financing income by type of operation - € in millions

	Financial revenues	Financial expenses	Financing income	Financial revenues	Financial expenses	Financing income
	Jan – Sep 2007			Jan – Sep 2006		
Dividends	11.3	0.0	11.3	9.8	0.0	9.8
Securities	4.0	0.0	4.0	11.2	-0.5	10.7
Interest	0.9	-5.5	-4.6	0.1	-2.6	-2.5
Subsidiaries	0.9	-0.3	0.6	0.9	-0.1	0.8
Other	0.1	0.0	0.1	0.0	0.0	0.0
<b>Total</b>	<b>17.2</b>	<b>-5.8</b>	<b>11.4</b>	<b>22.0</b>	<b>-3.2</b>	<b>18.8</b>



- Dividends from associates totalling 11.3 million euros represented a 94 per cent share in received **dividends**. Other dividends surpass payments received in the same period last year.
- **Financial revenues from the sale of securities** totalled 4.0 million euros and were mainly generated by selling shares of the companies Petrol and Krka.
- **Interest revenues** totalling 0.9 million euros referred to granted loans and deposits; **interest expenses** totalling 5.5 million euros were due to the indebtedness of companies with banks and compared to the end of last year they significantly grew due to extensive investment activities this year.
- **Financial revenues relating to subsidiaries** totalling 0.9 million euros included received interests and charged guarantees in connection with the operations with subsidiaries; **financial expenses** in connection with subsidiaries were implemented in the amount of 0.3 million euros.

#### TOTAL PRE-TAX PROFIT

In the first nine months 2007 the total pre-tax profit of Sava d.d. amounted to 10.3 million euros and was 36 per cent lower than in the previous year; it represents 85 per cent of the planned total profit in 2007.

#### INCOME TAX

- The tax liability of Sava d.d. amounted to 0.5 million euros. In comparison with the previous year this figure was substantially lower due to revenues from dividends which did not present a renewed tax liability.
- The achieved effective tax rate of 5.3 per cent was much lower than in the same period last year.

#### NET PROFIT

The generated net profit of Sava d.d. totalling 9.8 million euros was 32 per cent lower than in the same period last year and represents a 85 per cent share in the planned net profit 2007.

#### ACCUMULATED PROFIT

- Totalled 36.7 million euros at 30 September 2007.
- Payment of dividends for 2006 was carried out in accordance with the adopted dividend policy of the company.

#### *Movement of the accumulated a profit of Sava d.d. in 2007*

	<i>€ in millions</i>
Net profit	9.8
Retained profit from 2006	32.5
Payment of dividends in 2007	-5.6
<b>Accumulated profit at 30/09/2007</b>	<b>36.7</b>

#### NUMBER OF EMPLOYEES

At the end of the period 58 associates were employed at Sava d.d., or 2 more than at the end of last year.



### Assets and liabilities structure of Sava d.d.

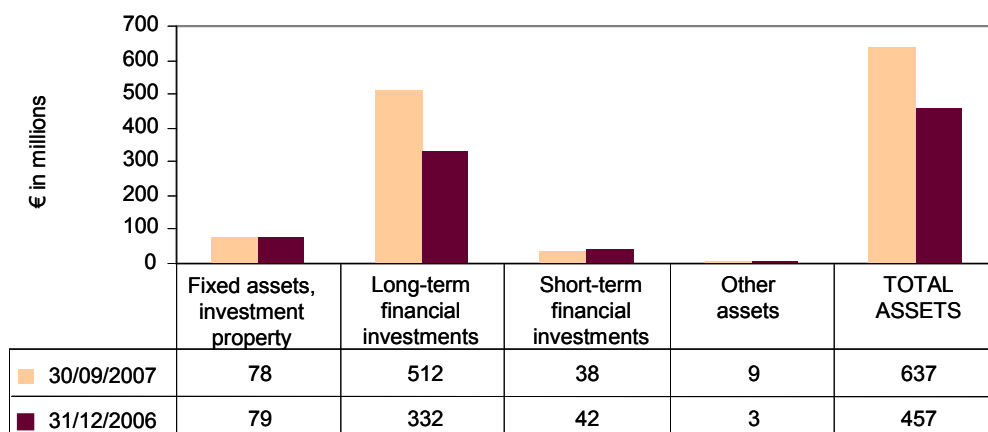
#### BALANCE SHEET TOTAL (ASSETS OF THE COMPANY)

It amounted to 636.8 million euros, which is 39 per cent higher in comparison with the end of 2006.

#### ASSETS STRUCTURE

- The largest, i.e. an 81 per cent, share was represented by long-term financial investments; tangible fixed assets and investment property had a 12, other assets a 7 per cent share.
- In the structure of long-term financial investments totalling 512.7 million euros certain important changes have appeared in relation to the ownership in associates. The acquisition of a 23.78 per cent share in Abanka Vipava d.d. represents a long-term strategic investments, which besides the investment in Gorenjska Banka d.d., is the largest and most important in the portfolio of financial investments of Sava d.d.

#### Assets structure of Sava d.d. as at 30/ 09/ 2007



#### LIABILITIES STRUCTURE

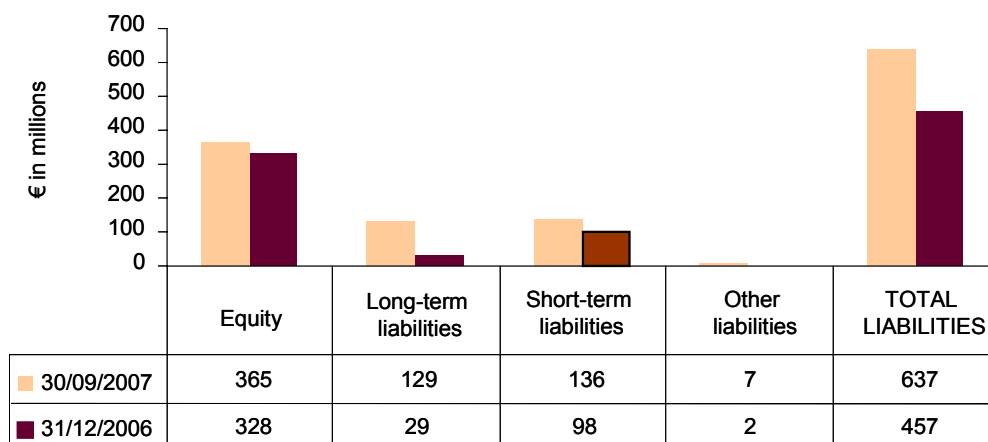
The **equity** of the joint stock company Sava in the amount of 364.5 million euros was 11 per cent higher than at the end of last year. In the liabilities structure it had a 57 per cent share. The changes in equity were as follows:

- In nine months this year the net profit totalled 9.8 million euros;
- 5.6 million euros were earmarked for payment of dividends;
- The surplus from revaluation in connection with evaluation of long-term financial investments at fair value increased by 32.0 million euros.

**Long- and short-term financial liabilities** in total amount of 231.9 million euros were 116 per cent higher than at the end of 2006. Due to extensive strategic investment activity, which were predominantly financed through bank loans, the value of financial liabilities enhanced and has a 36 per cent share in the structure of balance sheet total.



**Liabilities structure of Sava d.d. as at 30/09/2007**



**INVESTMENTS**

6.6 million euros were earmarked for investments in tangible fixed assets and investment property, mainly for building real property for the market, whereas investments in the capital market totalled 146.8 million euros, of which 72 per cent were allocated to the purchase of shareholding in Abanka Vipa d.d., 15 per cent to the increase in shareholding in Gorenjska Banka d.d. and 13 per cent to the increase in other shares and stakes, as well as the increase in share capital in subsidiaries.

**FINANCIAL POSITION OF THE COMPANY**

The joint stock company Sava is highly liquid and solvent and has a favourable capital structure. We estimate that as far as solvency is concerned, there are no risks involved in conducting business with the joint stock company Sava as the company has sufficient capital available with regard to the volume and type of business it conducts.



# REPORT ON BUSINESS OPERATIONS OF THE SAVA GROUP AND SAVA D.D. FOR THE PERIOD JANUARY-SEPTEMBER 2007

## 6.2. Unaudited financial statement of Sava d.d. in accordance with Slovene Accounting Standards

### Unaudited balance sheet of Sava d.d. as at 30/09/2007

€ in thousands	30/09/2007	30/09/2006	Index 09-2007/ 09-2006	31/12/2006	Index 09-2007/ 2006
<b>ASSETS</b>					
<b>A. FIXED ASSETS</b>	<b>592,496</b>	<b>415,187</b>	<b>143</b>	<b>412,693</b>	<b>144</b>
<b>I. INTANGIBLE FIXED ASSETS AND LONG-TERM DEFERRED COSTS AND ACCRUED REVENUES</b>	<b>205</b>	<b>318</b>	<b>64</b>	<b>290</b>	<b>71</b>
1. Long-term industrial property rights	205	318	64	290	71
<b>II. TANGIBLE FIXED ASSETS</b>	<b>22,406</b>	<b>21,577</b>	<b>104</b>	<b>19,989</b>	<b>112</b>
1. Land and buildings	4,703	4,853	97	4,814	98
b) Buildings	4,703	4,853	97	4,814	98
2. Plant and machinery	4,451	5,345	83	4,990	89
3. Other equipment	205	264	78	251	82
4. Tangible fixed assets under construction	13,047	11,115	117	9,934	131
a) Tangible fixed assets under construction and manufacture	13,047	11,115	117	7,673	170
b) Advances for tangible fixed assets	0	0	-	2,261	-
<b>III. INVESTMENT PROPERTY</b>	<b>56,491</b>	<b>55,522</b>	<b>102</b>	<b>59,319</b>	<b>95</b>
<b>IV. LONG-TERM FINANCIAL INVESTMENTS</b>	<b>512,710</b>	<b>336,773</b>	<b>152</b>	<b>332,149</b>	<b>154</b>
1. Long-term financial investments except loans	509,329	329,352	155	328,925	155
a) Shares and stakes in Group's companies	103,066	89,902	115	90,617	114
b) Shares and stakes in associates	238,209	110,147	216	109,888	217
c) Other shares and stakes	168,054	129,303	130	128,420	131
2. Long-term loans	3,381	7,421	46	3,224	105
a) Long-term loans to companies in the Group	3,373	7,409	46	3,216	105
b) Long-term loans to other entities	8	12	67	8	100
<b>V. LONG-TERM OPERATING RECEIVABLES</b>	<b>461</b>	<b>763</b>	<b>60</b>	<b>699</b>	<b>66</b>
3. Long-term receivables to other entities	461	763	60	699	66
<b>VI. DEFERRED TAX RECEIVABLES</b>	<b>223</b>	<b>233</b>	<b>96</b>	<b>247</b>	<b>90</b>
<b>B. SHORT-TERM ASSETS</b>	<b>43,614</b>	<b>65,398</b>	<b>67</b>	<b>44,220</b>	<b>99</b>
<b>I. ASSETS (GROUPS FOR DISPOSAL) FOR SALE</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>
<b>II. INVENTORIES</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>
<b>III. SHORT-TERM FINANCIAL INVESTMENTS</b>	<b>38,218</b>	<b>60,301</b>	<b>63</b>	<b>42,049</b>	<b>91</b>
1. Short-term financial investments except loans	1,101	42,454	3	845	130
b) Other shares and stakes	50	0	-	50	100
c) Other short-term financial investments	1,051	42,454	2	795	132
2. Short-term loans	37,117	17,848	208	41,204	90
a) Short-term loans to companies in the Group	25,697	14,522	177	19,260	133
b) Short-term loans to other entities	11,420	3,326	343	21,944	52
<b>IV. SHORT-TERM OPERATING RECEIVABLES</b>	<b>5,358</b>	<b>5,067</b>	<b>106</b>	<b>2,124</b>	<b>252</b>
1. Short-term operating liabilities to companies in the Group	784	660	119	672	117
2. Short-term trade receivables	726	746	97	651	112
3. Short-term operating receivables to other entities	3,848	3,661	105	801	480
<b>V. CASH</b>	<b>38</b>	<b>30</b>	<b>127</b>	<b>47</b>	<b>81</b>
<b>C. SHORT-TERM DEFERRED COSTS AND ACCRUED REVENUES</b>	<b>693</b>	<b>13</b>	<b>5,331</b>	<b>45</b>	<b>1,540</b>
<b>ASSETS TOTAL</b>	<b>636,803</b>	<b>480,598</b>	<b>133</b>	<b>456,958</b>	<b>139</b>

# REPORT ON BUSINESS OPERATIONS OF THE SAVA GROUP AND SAVA D.D. FOR THE PERIOD JANUARY-SEPTEMBER 2007



€ in thousands	30/09/2007	30/09/2006	Index 09-2007/ 09-2006	31/12/2006	Index 09-2007/ 2006
<b>LIABILITIES</b>					
<b>A. CAPITAL</b>	<b>364,510</b>	<b>316,160</b>	<b>115</b>	<b>328,334</b>	<b>111</b>
<b>CALLED-UP CAPITAL</b>	<b>83,752</b>	<b>83,750</b>	<b>100</b>	<b>83,750</b>	<b>100</b>
1. Share capital	83,752	83,750	100	83,750	100
<b>II. CAPITAL RESERVES</b>	<b>125,608</b>	<b>125,608</b>	<b>100</b>	<b>125,608</b>	<b>100</b>
<b>III. REVENUE RESERVES</b>	<b>46,662</b>	<b>34,758</b>	<b>134</b>	<b>46,664</b>	<b>100</b>
1. Legal reserves	7,182	7,182	100	7,182	100
2. Reserves for treasury shares and own business stakes	224	224	100	224	100
3. Treasury shares and own business shares (as a deductible item)	-224	-224	100	-224	100
5. Other revenue reserves	39,480	27,576	143	39,482	100
<b>IV. SURPLUS FROM REVALUATION</b>	<b>71,851</b>	<b>37,140</b>	<b>193</b>	<b>39,835</b>	<b>180</b>
<b>V. RETAINED NET PROFIT OR LOSS FROM PREVIOUS PERIODS</b>	<b>26,867</b>	<b>20,588</b>	<b>130</b>	<b>20,571</b>	<b>131</b>
<b>VI. NET PROFIT OR LOSS FOR THE FINANCIAL YEAR</b>	<b>9,770</b>	<b>14,316</b>	<b>68</b>	<b>11,906</b>	<b>82</b>
<b>B. PROVISIONS AND LONG-TERM ACCRUED COSTS AND DEFERRED REVENUES</b>	<b>1,125</b>	<b>3,833</b>	<b>29</b>	<b>1,116</b>	<b>101</b>
1. Provisions for pensions and similar liabilities	860	875	98	870	99
2. Other provisions	239	2,945	8	239	100
3. Long-term accrued costs and deferred revenues	26	13	200	7	371
<b>C. LONG-TERM LIABILITIES</b>	<b>129,082</b>	<b>37,686</b>	<b>343</b>	<b>29,111</b>	<b>443</b>
<b>I. LONG-TERM FINANCIAL LIABILITIES</b>	<b>107,684</b>	<b>25,247</b>	<b>427</b>	<b>17,225</b>	<b>625</b>
2. Long-term financial liabilities to banks	107,684	25,247	427	17,225	625
<b>II. LONG-TERM OPERATING LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>
<b>III. DEFERRED TAX LIABILITIES</b>	<b>21,398</b>	<b>12,439</b>	<b>172</b>	<b>11,886</b>	<b>180</b>
<b>D. SHORT-TERM LIABILITIES</b>	<b>136,453</b>	<b>116,420</b>	<b>117</b>	<b>97,844</b>	<b>139</b>
<b>I. LIABILITIES INCLUDED IN GROUPS FOR DISPOSAL</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>
<b>II. SHORT-TERM FINANCIAL LIABILITIES</b>	<b>124,204</b>	<b>111,358</b>	<b>112</b>	<b>90,098</b>	<b>138</b>
1. Short-term financial liabilities to Group's companies	11,769	9,154	129	7,143	165
2. Short-term financial liabilities to banks	97,147	70,148	138	78,109	124
4. Other short-term financial liabilities	15,288	32,056	48	4,846	315
<b>III. SHORT-TERM OPERATING LIABILITIES</b>	<b>12,249</b>	<b>5,062</b>	<b>242</b>	<b>7,746</b>	<b>158</b>
1. Short-term operating liabilities to Group's companies	2,754	2,030	136	3,674	75
2. Short-term trade payables	197	407	48	700	28
4. Short-term operating liabilities arising from advances	4,050	0	-	1	-
5. Other short-term operating liabilities	5,248	2,625	200	3,371	156
<b>E. SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUES</b>	<b>5,633</b>	<b>6,499</b>	<b>87</b>	<b>553</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>636,803</b>	<b>480,598</b>	<b>133</b>	<b>456,958</b>	<b>139</b>



# REPORT ON BUSINESS OPERATIONS OF THE SAVA GROUP AND SAVA D.D. FOR THE PERIOD JANUARY-SEPTEMBER 2007

## Unaudited income statement of Sava d.d. for the period January – September 2007

<i>€ in thousands</i>	JAN-SEPT 2007	JAN-SEPT 2006	Index 2007/2006
<b>1. NET SALES REVENUES</b>	<b>6.678</b>	<b>5.542</b>	<b>121</b>
a) Revenues in domestic market	6,676	5,540	121
To companies in the Group	5,272	4,311	122
To associates	93	92	101
To others	1,311	1,137	115
b) Revenues in foreign market	2	2	100
To companies in the Group	2	2	100
<b>2. CHANGE IN THE VALUE OF INVENTORIES OF PRODUCTS AND WORK IN PROGRESS</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>3. CAPITALISED OWN PRODUCTS AND SERVICES</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>4. OTHER OPERATING REVENUES (with operating revenues from revaluation adjustment)</b>	<b>377</b>	<b>611</b>	<b>62</b>
<b>5. COSTS OF MERCHANDISE, MATERIALS AND SERVICES</b>	<b>-3,581</b>	<b>-2,356</b>	<b>152</b>
a) Cost of merchandise and material sold and cost of material used	-239	-166	144
b) Cost of services	-3,342	-2,190	153
<b>6. LABOUR COSTS</b>	<b>-2,542</b>	<b>-2,160</b>	<b>118</b>
a) Salaries and wages	-1,955	-1,599	122
b) Social security cost (pension insurance cost shown separately)	-351	-294	119
- Social security cost	-145	-120	121
- Pension insurance cost	-206	-174	118
c) Other labour cost	-236	-267	88
<b>7. AMORTISATION AND DEPRECIATION EXPENSE, WRITE-OFFS</b>	<b>-1,766</b>	<b>-1,647</b>	<b>107</b>
a) Amortisation	-1,766	-1,626	109
b) Operating expenses from revaluation of intangible and tangible fixed assets	0	-19	-
c) Operating expenses from revaluation of current assets	0	-2	-
<b>8. OTHER OPERATING EXPENSES</b>	<b>-167</b>	<b>-2,813</b>	<b>6</b>
<b>9. FINANCIAL REVENUES FROM SHARES</b>	<b>15,320</b>	<b>20,995</b>	<b>73</b>
a) Financial revenues from shares in Group's companies	17	0	-
b) Financial revenues from shares in associates	10,588	9,358	113
c) Financial revenues from shares in other companies	4,715	11,632	41
d) Financial revenues from other investments	0	5	-
<b>10. FINANCIAL REVENUES FROM GRANTED LOANS</b>	<b>1,839</b>	<b>1,077</b>	<b>171</b>
a) Financial revenues from loans granted to Group's companies	964	945	102
b) Financial revenues from loans granted to other entities	875	132	663
<b>11. FINANCIAL REVENUES FROM OPERATING RECEIVABLES</b>	<b>52</b>	<b>9</b>	<b>578</b>
a) Financial revenues from operating receivables due from Group's companies	0	0	-
b) Financial revenues from operating receivables due from other entities	52	9	578
<b>12. FINANCIAL EXPENSES FROM IMPAIRMENT AND WRITE-OFFS IN FINANCIAL INVESTMENTS</b>	<b>-11</b>	<b>-507</b>	<b>-</b>
<b>13. FINANCIAL EXPENSES FROM FINANCIAL LIABILITIES</b>	<b>-5,804</b>	<b>-2,734</b>	<b>212</b>
a) Financial expenses from borrowings obtained from Group's companies	-277	-153	181
b) Financial expenses from borrowings obtained from banks	-5,527	-2,581	214
<b>14. FINANCIAL EXPENSES FROM OPERATING LIABILITIES</b>	<b>-33</b>	<b>-2</b>	<b>1,650</b>
b) Financial expenses from trade payables and bill payables	-5	-2	250
c) Financial expenses from other operating liabilities	-28	0	-
<b>15. OTHER REVENUES</b>	<b>17</b>	<b>49</b>	<b>35</b>
<b>16. OTHER EXPENSES</b>	<b>-61</b>	<b>-28</b>	<b>216</b>
<b>17. TAX ON PROFIT</b>	<b>-548</b>	<b>-1,719</b>	<b>32</b>
<b>18. DEFERRED TAXES</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>19. NET PROFIT FOR THE FINANCIAL YEAR</b>	<b>9,770</b>	<b>14,316</b>	<b>68</b>



**Unaudited cash flow statement of Sava d.d. for the period January – September 2007**

€ in thousands	JAN-SEPT 2007	JAN-SEPT 2006
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>a) Net profit for the financial year</b>	<b>9,770</b>	<b>14,316</b>
- pre-tax profit	10,318	16,035
- profit tax and other taxes	-548	-1,719
<b>b) Adjustments for:</b>	<b>-9,913</b>	<b>-17,619</b>
- depreciation	1,766	1,626
- operating revenues from revaluation	-335	-587
- operating expenses from revaluation	0	19
- financial revenues excluding financial revenues from operating receivables	-17,159	-21,879
- financial expenses excluding financial expenses from operating liabilities	5,815	3,202
<b>c) Change in net current assets (and accruals, deferrals, provisions and deferred tax receivables and liabilities) balance sheet items</b>	<b>4,006</b>	<b>1,083</b>
- opening minus closing operating receivables	-2,673	-2,415
- opening minus closing deferred costs and accrued revenues	-648	-9
- opening minus closing deferred tax receivables	24	-233
- opening minus closing assets (groups for disposal) for sale	0	0
- opening minus closing inventories	0	0
- closing minus opening operating liabilities	3,990	-2,523
- closing minus opening accrued costs and deferred revenues and provisions	5,089	2,732
- closing minus opening tax liabilities	-1,776	3,531
<b>d) Surplus in inflows from operating activities or surplus of outflows from operating activities</b>	<b>3,863</b>	<b>-2,220</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>a) Inflows from investing activities</b>	<b>77,199</b>	<b>86,063</b>
- revenues from received interests and shares in profit	12,513	10,649
- revenues from disposal of intangible fixed assets	0	0
- revenues from disposal of tangible fixed assets	450	5,349
- revenues from disposal of investment property	2,966	923
- revenues from disposal of long-term financial investments	13,681	69,142
- revenues from disposal of short-term financial investments	47,589	0
<b>b) Outflows from investing activities</b>	<b>-195,065</b>	<b>-71,919</b>
- expenses for purchase of intangible fixed assets	0	-92
- expenses for purchase of tangible fixed assets	-3,624	-8,523
- expenses for purchase of investment properties	-727	-36
- expenses for purchase of long-term financial investments	-146,956	-66,691
- expenses for purchase of short-term financial investments	-43,758	3,423
<b>c) Surplus in inflows from investing activities or surplus in outflows from investing activities</b>	<b>-117,866</b>	<b>14,144</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>a) Inflows from financing activities</b>	<b>334,548</b>	<b>310,915</b>
- revenues from paid-in capital	0	0
- revenues from increase in long-term financial liabilities	69,977	17,996
- revenues from increase in short-term financial liabilities	264,571	292,919
<b>b) Outflows from financing activities</b>	<b>-220,554</b>	<b>-322,820</b>
- expenses for interests related to financing	-5,173	-2,705
- expenses for return of capital	0	0
- expenses for repayment of long-term financial liabilities	-6,764	-437
- expenses for repayment of short-term financial liabilities	-203,786	-314,327
- expenses for payment of dividends and other shares in profit	-4,831	-5,351
<b>c) Surplus in inflows from financing activities or surplus in expenses from financing activities</b>	<b>113,994</b>	<b>-11,905</b>
<b>D. CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		
<b>x) Net increase in cash and cash equivalents</b>	<b>-9</b>	<b>19</b>
<b>y) Cash and cash equivalents at beginning of period</b>	<b>47</b>	<b>11</b>

# REPORT ON BUSINESS OPERATIONS OF THE SAVA GROUP AND SAVA D.D. FOR THE PERIOD JANUARY-SEPTEMBER 2007

## Unaudited statement of changes in equity of Sava d.d. for the period January – September 2007

€ in thousands	Called-up capital I		Capital reserves II	Revenue reserves III					Surplus from revaluation IV	Retained net profit or loss from previous periods V		Net profit or loss for the financial year VI		Total capital
	Share capital	Uncalled capital (as a deductible item)	Capital reserves	Legal reserves	Reserves for treasury shares and own business stakes	Treasury shares and own business stakes (as a deductible item)	Statutory reserves	Other reserves	Surplus from revaluation	Retained net profit	Retained net loss	Net profit for the financial year	Net loss for the financial year	
<b>A. INITIAL BALANCE 31/12/2006</b>	<b>83.750</b>	<b>0</b>	<b>125.608</b>	<b>7.182</b>	<b>224</b>	<b>-224</b>	<b>0</b>	<b>39.482</b>	<b>39.835</b>	<b>20.571</b>	<b>0</b>	<b>11.906</b>	<b>0</b>	<b>328.334</b>
<b>B. Transfer to equity</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-2</b>	<b>38.185</b>	<b>0</b>	<b>0</b>	<b>9.770</b>	<b>0</b>	<b>47.955</b>
e) Entry of net profit or loss for the financial year	0	0	0	0	0	0	0	0	0	0	0	9.770	0	9.770
g) Other increases in capital	2	0	0	0	0	0	0	-2	38.185	0	0	0	0	38.185
<b>C. Transfer within equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11.906</b>	<b>0</b>	<b>-11.906</b>	<b>0</b>	<b>0</b>
g) Other allocations within capital items	0	0	0	0	0	0	0	0	0	11.906	0	-11.906	0	0
<b>D. Transfer from equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-6.169</b>	<b>-5.610</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-11.779</b>
a) Dividend payment	0	0	0	0	0	0	0	0	0	-5.610	0	0	0	-5.610
e) Other decreases in capital items	0	0	0	0	0	0	0	0	-6.169	0	0	0	0	-6.169
<b>D. END BALANCE 30/09/2007</b>	<b>83.752</b>	<b>0</b>	<b>125.608</b>	<b>7.182</b>	<b>224</b>	<b>-224</b>	<b>0</b>	<b>39.480</b>	<b>71.851</b>	<b>26.867</b>	<b>0</b>	<b>9.770</b>	<b>0</b>	<b>364.510</b>

## Unaudited statement of changes in equity of Sava d.d. for the period January – September 2006

€ in thousands	Called-up capital I		Capital reserves II	Revenue reserves III					Surplus from revaluation IV	Retained net profit or loss from previous periods V		Net profit or loss for the financial year VI		Total capital
	Share capital	Uncalled capital (as a deductible item)	Capital reserves	Legal reserves	Reserves for treasury shares and own business stakes	Treasury shares and own business stakes (as a deductible item)	Statutory reserves	Other reserves	Surplus from revaluation	Retained net profit	Retained net loss	Net profit for the financial year	Net loss for the financial year	
<b>A. INITIAL BALANCE 31/12/2005</b>	<b>83.750</b>	<b>0</b>	<b>125.608</b>	<b>7.182</b>	<b>224</b>	<b>-224</b>	<b>0</b>	<b>27.576</b>	<b>27.378</b>	<b>16.992</b>	<b>0</b>	<b>8.947</b>	<b>0</b>	<b>297.433</b>
<b>B. Transfer to equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9.762</b>	<b>0</b>	<b>0</b>	<b>14.316</b>	<b>0</b>	<b>24.078</b>
e) Entry of net profit or loss for the financial year	0	0	0	0	0	0	0	0	0	0	0	14.316	0	14.316
g) Other increases in capital	0	0	0	0	0	0	0	0	9.762	0	0	0	0	9.762
<b>C. Transfer within equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8.947</b>	<b>0</b>	<b>-8.947</b>	<b>0</b>	<b>0</b>
f) Other allocations within capital items	0	0	0	0	0	0	0	0	0	8.947	0	-8.947	0	0
<b>D. Transfers from equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-5.351</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-5.351</b>
a) Dividends payment	0	0	0	0	0	0	0	0	0	-5.351	0	0	0	-5.351
d) Other decreases in capital items	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>D. END BALANCE 30/09/2006</b>	<b>83.750</b>	<b>0</b>	<b>125.608</b>	<b>7.182</b>	<b>224</b>	<b>-224</b>	<b>0</b>	<b>27.576</b>	<b>37.140</b>	<b>20.588</b>	<b>0</b>	<b>14.316</b>	<b>0</b>	<b>316.160</b>

Sava, d.d.  
Board of Management