Business operations of the Sava Group and Sava d.d. in the period January-June 2013

Sava Group

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FINANCIAL REPORT

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Introductory explanation

Based on the provisions of the Rules of the Ljubljana Stock Exchange d.d. and the applicable legislation, Sava d.d., Dunajska cesta 152, 1000 Ljubljana, informs its shareholders and a broader public about

the business operations of the Sava Group and Sava d.d. in the period January – June 2013.

The financial statements of the Sava Group have been compiled in accordance with the International Financial Reporting Standards and have not been audited. The financial statements of Sava d.d. have been compiled in accordance with the Slovene Accounting Standards and have not been audited.

The Management Board of Sava d.d. made the Supervisory Board of the company acquainted with the operations of the Sava Group and the parent company Sava d.d. in the period January-June 2013.

Significant changes in the 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 at www.sava.si as of the announcement date, i.e. 30 August 2013. The announcement will remain posted on the company website for at least 5 years.

Summary of business operations of the Sava Group and Sava d.d. in the first half-year of 2013

Despite the adverse business environment, the Sava Group companies continue to implement the business-financial restructuring strategy until the end of 2014.

The two major strategic achievements of the past months were:

Firstly, the sale of the Rubber Manufacturing division, which owing to the generated profit enabled a significant decrease in the financial liabilities of Sava was finalised; and

Secondly, the restructuring of total Sava's loan obligations with the creditors was concluded, thereby satisfying the key condition for achieving solvency and liquidity, and enabling further strategic shifts towards reducing indebtedness, renewal of profitability and generating long-term value for the shareholders of Sava.

In the first half-year of 2013, Sava d.d. generated a net profit of €17.8 million and reduced its financial liabilities by €71.7 million at the same time. In this period, the Sava Group made sales revenues of €29.9 million. A loss of €6.0 million was made at the Group's level, while indebtedness reduced by even €53.3 million.

At the end of the first half-year, the Sava Group included 14 companies (the parent company Sava d.d. and 13 subsidiaries), or 8 companies less than at the end of 2012. Presently, the largest operations in the Group are management of financial investments of Sava d.d., with the major investments in the banking sector (Gorenjska banka d.d. and Abanka Vipa d.d.), and the merged Tourism division. The Other Operations companies form a minor part of the Group and are mainly earmarked for future disinvestments.

In the first half-year of 2013, the Sava Group companies generated sales revenues of €29.9 million, which were 10% below the sales revenues in the same period last year in relation to a comparable Group's composition and 5% below the planned values for the period. In the same period last year, when the Group incorporated Rubber Manufacturing and the mainstay of Real Estate, sales revenues totalled €96.6 million.

The Tourism division generated the majority of Group's revenues or nearly 92% of total sale in the first half-year. The generated sales revenues amounted to €27.5 million or 6% less than in the same period last year and 7% below the plan. Doing business in the tourism sector faces serious economic circumstances, which further aggravated in this year as a result of a decline in purchasing power and, consequently, less spending by guests, as well as a strong price competition.

A drop in the number of guests and lower consumption, which in Sava's Tourism division was thus below the average of the tourism sector, have been intensively substituted for with a re-orientation to the market segments and markets less affected by the crisis. A thorough upgrade of the health service providing sector, being of vital significance for further growth, is in progress.

The operative performance is strengthened through business rationalisation measures, including a transfer of certain services to the contractors, specialised service providers, and introduction of energy improvement projects.

The largest investment performed this year in the Tourism division was the acquisition of the rest of tourism real property, which in January was bought from the parent company Sava d.d. In the first half-year, a sum of €1.9 million was invested in a renewal of capacities and enriched tourist offer.

In the first half-year of 2013, Sava d.d. reached a total profit of €18.5 million or a net profit of €17.8 million. Its amount was greatly affected by the financial revenues generated in the sale of Rubber Manufacturing totalling €23.5 million and a profit made in the sale of fixed assets totalling €5.2 million. The achieved cost rationalisations, inclusive of further optimisation of internal business organisation and employee downsizing, influenced the result positively. Sava d.d. generated a profit from operations totalling €2.9 million. The result was negatively impacted by the impairments of financial investments carried out due to the general trends in the economic sector and stock exchange; in the first half-year of 2013, impairments amounted to €1.8 million and mainly referred to the investments in connection with the associated companies of Sava d.d. At the end of the first half-year, the book value of the Sava share amounted to €29.7, which significantly exceeds the levels the stock exchange market has been experiencing for some time now due to the general negative economic trends and low liquidity of the Slovene capital market.

The Sava Group companies made a pre-tax profit of €5.3 million, at which the net loss after computing the corporate income tax reached €6.0 million. The result of the Group was vitally influenced by the profit made by Sava d.d. in selling the Rubber Manufacturing division, which in this year's financial statements was only partly considered (in the amount of €8.8 million), since in accordance with the accounting rules its prevailing portion had been included in the financial statements of the past years.

A loss from operations of subsidiaries, which, however, is season-related, totalling €3.9 million affected the result negatively and was also slightly higher - by €0.5 million - than planned. The unplanned impairments of financial investments amounted to €1.1 million at the level of the Sava Group.

Sava d.d. and the companies of the Sava Group significantly improved their financial position and stability of operations in the past period of 2013.

At the end of June, total financial liabilities of Sava d.d. amounted to €226.9 million and with regard to the end of 2012, they reduced by €71.7 million. At the end of the first half-year, total financial liabilities of the Sava Group decreased by €53.5 million compared to the end of the past year and amounted to €292.2 million.

The major achievement was the agreement on restructuring the loan obligations of Sava d.d. made with the lending banks this July. By restructuring the existing loan obligations in the amount of €187.7 million, the banks enabled Sava d.d. to defer payment of the principals under the existing loans of Sava d.d.; on the other hand, Sava d.d. committed itself to carry on with the implementation of the strategy and to regularly pay a 1% interest rate in the contract period from 28 February 2013 to 30 November 2014, whereas the deferred interest at 2% interest rate shall be payable at the end of contract period. A lower interest rate and its recalculation for the period from the end of February until the end of June 2013 will positively influence the values in the financial statements of Sava d.d. in the next quarter.

In July, an agreement on restructuring the financial liabilities was also signed by the subsidiary of Sava d.d., Sava Turizem d.d.; based on the agreement the existing loan obligations of €49.7 million will be restructured at the interest rate EURIBOR + 5%, with a five-year contract period until 2 August 2018.

INTRODUCTION

Business operations of the Sava Group and Sava d.d., January-June 2013

1.

Significant performance data and indicators

€ in millions

The Sava Group according to the International Financial Reporting Standards							
CONSOLIDATED INCOME STATEMENT	**2008**	**2009**	**2010**	**2011**	**2012**	**JAN - JUN 2012**	**JAN - JUN 2013**
Sales	231.8	172.9	176.7	193.8	192.2	96.6	29.9
Pre-tax profit	0.3	22.5	-105.1	-169.1	-93.4	-9.2	-5.3
Net profit	1.9	23.4	-99.9	-157.2	-99.3	-12.5	-6.0
EBITDA	21.4	25.5	20.9	19.8	24.0	11.4	0.9
CONSOLIDATED STATEMENT OF FINANCIAL POSITION at 31/12	**2008**	**2009**	**2010**	**2011**	**2012**	**JAN - JUN 2012**	**JAN - JUN 2013**
Balance sheet total	921.6	941.4	760.8	611.3	480.9	577.4	387.0
Long-term assets	815.4	776.8	643.2	491.8	349.9	481.0	345.8
Short-term assets	106.2	164.6	117.6	119.5	131.0	96.4	41.2
Equity	482.4	475.4	323.3	165.8	67.3	153.3	60.4
Long-term liabilities	218.6	178.8	232.8	81.4	70.2	73.1	81.2
Short-term liabilities	220.6	287.2	204.7	364.1	343.4	351.0	245.4
Investment in property, plant and equipment	23.3	6.7	6.4	6.3	5.9	3.0	2.0
INDICATORS							
Net earnings/loss per share - €	1.2	11.8	-50.0	-78.7	-49.7	-6.3	-3.0
Independence rate (equity/balance sheet total) - %	52	51	42	27	14	27	16
Liquidity (short-term assets / short-term liabilities) -%	48	57	57	33	38	27	17
SHARE							
Book value on the last day of the period - €	240.0	236.2	161.1	82.2	32.9	76.0	29.7
Market value on the last day of the period - €	253.2	240.1	89.5	12.0	3.4	6.2	3.0
Dividend paid per a share in the year for the previous year - €	3.0	3.1	3.2	0.0	0.0	0.0	0.0
EMPLOYEE NUMBER							
Status on the last day of the period	2,692	2,370	2,286	2,256	2,107	2,218	1,210

2.
Profile of Sava d.d.

Company name:	Sava družba za upravljanje in financiranje, d. d.
Abbreviated name:	Sava d. d.
Head office:	Dunajska cesta 152, 1000 Ljubljana, Slovenia Tel: +386 4 206 50 00 Fax: +386 206 64 46 E-mail: info@sava.si http://www.sava.si
Registration number:	5111358
VAT-ID No:	SI 75105284
Activity code:	64.200 – holding companies
Date of entry in court register:	26 April 1996
Share capital at 30/06/2013:	€25,441,851.48 EUR
No. of shares at 30/06/2013:	2,006,987 ordinary personal no-par value shares
Share listing:	Ljubljana Stock Exchange d.d., stock exchange listing
Share designation:	SAVA
President of the Management Board:	Matej Narat, MSc
Member of the Management Board:	Andrej Andoljšek
Chairman of the Supervisory Board:	Aleš Skok
Deputy Chairman of the Supervisory Board*:	Miran Kraševec

** Until a consensual termination of office, i.e. 4 August 2013, Miha Resman was a member of the Management Board too.*

The more important business areas of Sava d.d.:

- Managing companies, in which the company has a majority or significant ownership stake.
- Forming and managing professional services of Sava d.d.
- Acquiring and selling securities and other ownership shares.
- Managing portfolio investments.
- Implementing financial engineering tasks.
- Formation of subsidiaries and companies, and takeovers of ownership stakes in Slovenia and abroad.
- Leasing of real estate.
- Consulting services.
- All other commercial business that directly or indirectly contributes to achieving the goals of the company and involves the purchase and sale of real estate.
- Joining in commercial interest associations and concluding commercial contracts of all types.

3. Organisational structure of the Sava Group

In the process of implementing the restructuring strategy, the Sava Group has thoroughly changed its image. After divesting its, until that time, traditional business of Rubber Manufacturing and the major part of the Real Estate, the remodelled Sava Group now consists of 14 companies (the parent company Sava d.d. and 13 subsidiaries) and 6 associated companies, which include both largest investments in the banking sector.

3.1. About the Sava Group

The Sava Group now includes the following divisions:

- Investment Finance
- Tourism
- Other Operations.

The Sava Group employs about 1,200 associates, mainly in the Tourism division.

As outlined in the restructuring strategy of Sava until 2014, divestment processes will be carried on and that will show in further remodelling of the Sava Group composition.

3.2. About Sava d.d.

Sava d.d. is the management centre of the Sava Group and it also carries out the investment finance operations.

Based on the adopted restructuring strategy, Sava d.d. remodelled into a strategically supervised financial holding at the end of 2011 and modified internally. The new organisation of Sava d.d. was established with the beginning of 2012.

A decentralised organisational structure defines the competences and the responsibilities shared between the parent company and its subsidiaries more clearly:

- The management of Sava d.d. is responsible for managing the company's investment portfolio and a strategic supervision over the Group.
- The management teams in divisions and companies are responsible for their operative business.

The renewed internal organisation of Sava d.d. results from the changed Group's management model, which replaced the former active network management by way of competence centres of knowledge. It assures more efficient operations and a simplified supervision over the implementation of tasks. Furthermore, it assures compliance of the operations in the Sava Group companies with the internal policies and rules, and the applicable legislation.

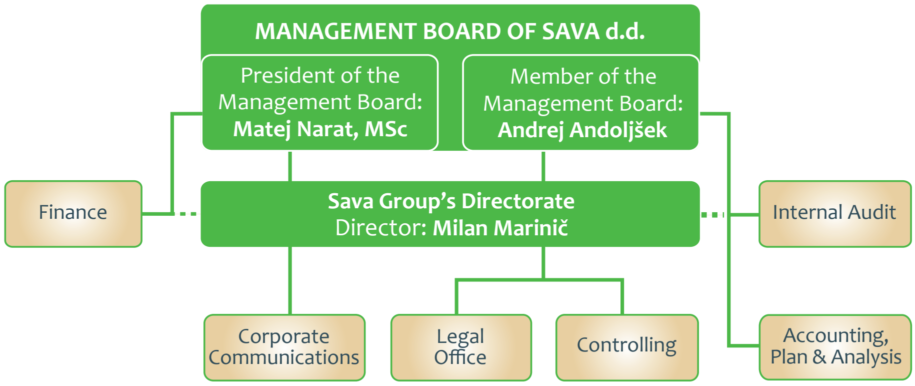
The Management Board, Sava Group's Directorate and specialist services with associates carry out the mission of Sava d.d.

The role of the Sava Group's Directorate is to ensure management and strategic supervision over individual Group's companies, enforce Sava Group's policies, and to manage and supervise other companies, in which Sava d.d. holds equity investments.

The core team of Directorate includes three professional services: Corporate Communications, Legal Office and Controlling. In performing the mission, the Directorate closely cooperates with other professional services: Finance, Accounting, Plan & Analysis, and Internal Audit.

The basic function of professional services is to provide a high-quality expert basis for the decision-making process of the Management Board of Sava d.d. and to report to the Management Board on the implementation of the policy and the decisions adopted by the Management Board. The managers of professional services report to the Management Board member, who is responsible for an individual business area.

Organisational scheme of Sava d.d. – after the 2nd phase of Management Board reorganisation in August 2013



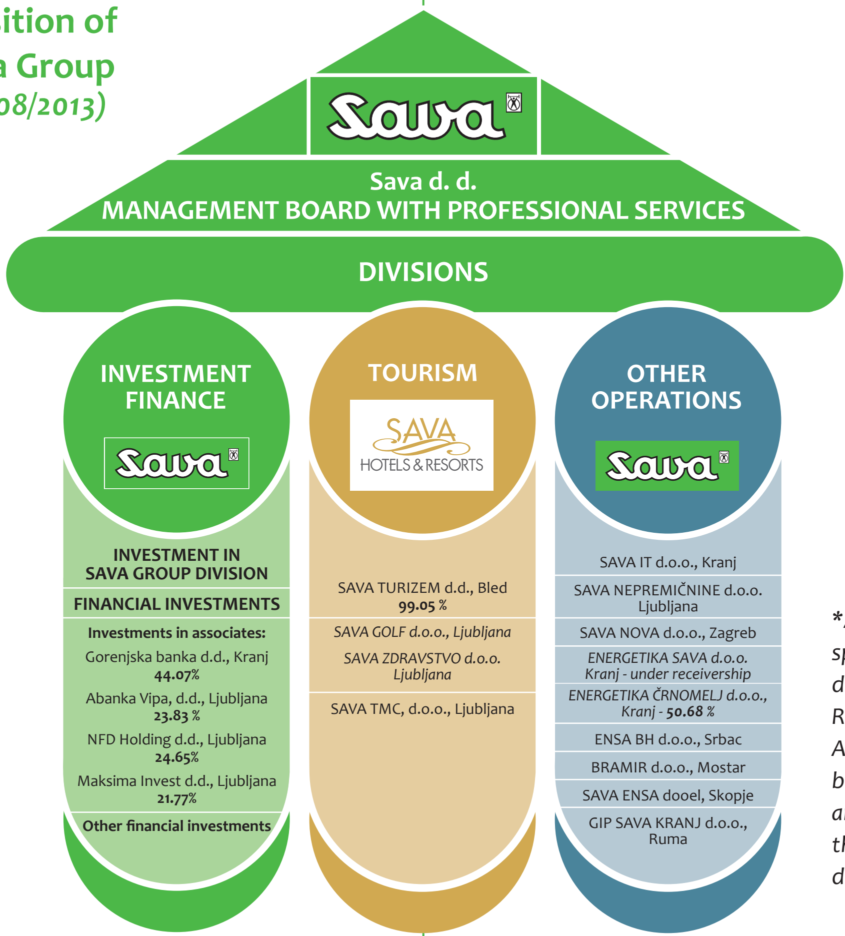
Already at the beginning of 2012, the Management Board of Sava d.d. restructured the previous 13 competence centres into 7 specialist services. At the beginning of 2013, Sava d.d. underwent further reorganisation and business rationalisation. The number of specialist services reduced to 6 as the business function HR Development & Organisation was entirely outsourced. Based on these two changes employee number strongly reduced in all specialist services of Sava d.d.

In accordance with the dynamics of implementing the key phases of business-financial restructuring, both phases of reorganising the Management Board took place this year. The number of Management Board members first reduced from the original 4 to 3 members and then to 2 members. The responsibility of individual Management Board members for a particular business line was adapted to the reduced composition of the management team and increased accordingly.

The internal organisational structure of Sava d.d. will continue to follow the company's strategy implementation.

3.3. Composition of the Sava Group

(as at 20/08/2013)



**After fulfilment of suspensory conditions defined in the Debt Restructuring Agreement concluded between NFD Holding d.d. and its creditors, the share of Sava will decrease to 21.09%.*

3.4. Divisions of the remodelled Sava Group

INVESTMENT FINANCE

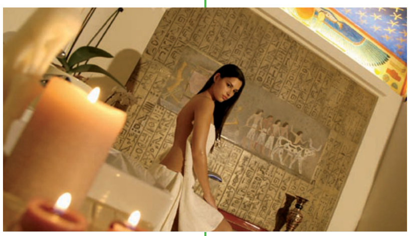
This operation is carried out within the company Sava d.d.; its main tasks are optimising the value of individual investments, support in financing Sava's divisions and concern for the assets of the Sava Group.

The two major financial investments that Sava d.d. has in the associated companies are the ones in Gorenjska Banka d.d. and Abanka Vipa d.d. The value of both investments represents more than 40% of the investments of Sava d.d.

TOURISM

Sava Turizem d.d., Bled, is the largest provider of tourist services in Slovenia. The division operates under the common brand name Sava Hotels & Resorts and incorporates five destinations: Sava Hoteli Bled, Terme 3000 in Moravske Toplice, Terme Lendava d.o.o., Terme Ptuj d.o.o., and Zdravilišče Radenci d.o.o. with Terme Banovci.

Sava Turizem d.d. has two daughter companies: Sava Golf d.o.o., Ljubljana and Sava Zdravstvo d.o.o., Ljubljana; both companies were



established for the needs of future development projects.

This division also includes the company Sava TMC d.o.o., Ljubljana, which owns tourist real property for leasing out.

The Tourism division markets hotel, health and other tourist services, as well as golf courses and campsites of the top-notch category. Owing to the sustainable-oriented development of the division most importance is given to interaction with a narrower and broader environment.

OTHER OPERATIONS

This division includes the company Sava IT d.o.o., to which Sava transferred the business of providing IT services for the Sava Group at the beginning of 2012.

After selling the mainstay of Real Estate, the part of Other Operations includes Sava Nepremičnine d.o.o., Ljubljana, to which a part of assets suitable for building was transferred, and Sava Nova d.o.o., Zagreb.

GIP Sava Kranj d.o.o. manages ownership issues in connection with the real estate in Serbia.

In energy management business, the disposal processes are in progress. The alternative energy sources business otherwise includes the following companies: EnergetikaČrnomelj d.o.o. in Slovenia, and in the former Yugoslav markets: EnsaBH, d.o.o., Srbac, Bramir d.o.o., Mostar, and Sava Ensa dooel, Skopje.

4. Management and governing bodies

4.1. Presentation of the Management Board

Sava d.d. is managed by a two-member Management Board consisting of: President Matej Narat, MSc, and Member Andrej Andoljšek, who represent the company jointly. Their five-year office shall be until 31 March 2016.

Since taking up office on 31 March 2011 until a suspensory termination, the company was also managed by the Management Board Members: Franci Strajnar, MSc, responsible for law, compliance and internal audit (until 31 December 2012), and Miha Resman responsible for finance, risk management and accounting (until 4 August 2013).

It was planned to decrease the Management Board team from four to two members and this process was carried out in accordance with the dynamics of implementing the key phases of restructuring strategy outlined for Sava, and thus represents a part of a wider set of rationalisation activities for the business of Sava d.d.

Matej Narat, MSc, President of the Management Board of Sava d.d.

MANAGEMENT BOARD OF SAVA D.D.:

MATEJ NARAT, MSc, President of the Management Board

- MSc (Economics), born in 1967.
- Responsible for managing and supervision of the Group, organisation, HR and corporate communications. As of 5 August 2013, he is also responsible for finance and risk management.

Membership of Supervisory Boards:

- Chairman of the Supervisory Board of Sava Turizem d.d., Bled.
- Deputy Chairman of the Supervisory Board of Hoteli Bernardin d.d., Portorož.

Other current functions and memberships:

- Member of the council at the Faculty of Economics in Ljubljana.
- Member of the Slovenian Directors' Association.

ANDREJ ANDOLJŠEK, Member of the Management Board

- BSc (Economics), MBA, born in 1970.
- Responsible for controlling of the Group and business development;
  As of 1 January 2013 also responsible for law, operations compliance and internal audit.
  As of 5 August 2013, he is also responsible for accounting, plan and analysis

Membership of Supervisory Boards:

- Deputy Chairman of the Supervisory Board of Sava Turizem d.d., Bled.
- Member of the Supervisory Board of Abanka Vipa d.d., Ljubljana

Other current functionsand memberships:

- Member of the Innovation-Development Institute at University of Ljubljana.
- Member of the administrative board of Helios Basketball Club, Domžale.
- Member of the Slovenian Directors' Association.

Andrej Andoljšek, Member of the Management Board of Sava d.d.

4.2. Presentation of the Supervisory Board

The current Supervisory Board of Sava d.d. consists of six shareholder representatives and three employee representatives. Aleš Skok is the Chairman, while Miran Kraševec is the Deputy Chairman of the Supervisory Board.

A four-year term of office of two Supervisory Board members – shareholder representatives, Robert Ličen, MSc, and Aleš Skok, appointed at the 17th Shareholders' Meeting, began on 9 June 2011 and shall be until 9 June 2015.

A four-year term of office of three members of the Supervisory Board – shareholder representatives, Miran Kraševec, Roman Ambrož and Rok Ponikvar, appointed at the 18th Shareholders' Meeting of Sava d.d., and the term of office of all three members – employee representatives, appointed by the Workers' Council: Aleš Aberšek, Lučka Pogačnik and Gregor Rovanšek, began on 29 June 2012 and shall be until 29 June 2016.

At the 19th Shareholders' Meeting of Sava d.d., Miro Medvešek was appointed Supervisory Board member – shareholder representative with a four-year term of office from 30 April 2013 to 30 April 2017. In the Supervisory Board he replaced a shareholder representative Tomaž Perše, MSc, who had been appointed at the 18th Shareholders' Meeting of Sava d.d. but resigned from member office on 18 October 2012.

SUPERVISORY BOARD OF SAVA D.D. – MEMBERS – SHAREHOLDER REPRESENTATIVES:

ALEŠ SKOK, Chairman of the Supervisory Board, HR commission member

- BSc (Chemical Technology), born in 1967.
- Member of the Management Board of Helios d.d.

Other current functions and memberships:

- Chairman of the Supervisory Board of Belinka Belles d.o.o., Ljubljana.
- Chairman of the Supervisory Board of HGtrade d.o.o., Ljubljana.
- Chairman of the Supervisory Board of Helios Slovakia s.r.o., Žilina, Slovakia.
- Chairman of the Supervisory Board of HG Trade BH d.o.o., Čapljina, Bosnia and Herzegovina.
- Member of the Supervisory Board of Chromos Boje i Lakovi d.d., Zagreb, Croatia.
- Member of the Capital Mutual Pension Fund.
- Member and holder of the Slovenian Directors' Association certificate.

MIRAN KRAŠEVEC, Deputy Chairman of the Supervisory Board, HR commission chairman

- Graduate from High Administrative School, born in 1954.
- President of the Management Board of NFD Holding d.d.

Other current functions and memberships:

- Chairman of the Supervisory Board of Hoteli Bernardin d.d., Portorož.

ROBERT LIČEN, MSc, member – shareholder representative, audit commission chairman

- MSc (Business Administration and Organisation), born in 1967.
- Owner and director of the company Profit Plus d.o.o., Ljubljana.
- Executive director of CVS Mobile d.d., Ljubljana.

Other current functions and memberships:

- Chairman of the Supervisory Board of Peko d.d., Tržič.
- Chairman of the Supervisory Board of Peko d.o.o., Split, Croatia.
- Member and holder of the Slovenian Directors' Association certificate.

ROMAN AMBROŽ, member – shareholder representative, audit commission member

- BSc (Economics); born in 1959.
- Chairman of the Management Board of NFD d.o.o., Ljubljana.

Other current functions and memberships:

- Chairman of the Supervisory Board of Melamin d.d., Kočevje.

ROK PONIKVAR, member – shareholder representative, HR commission member

- BSc (Economics), born in 1972.
- General Director of Slorest d.o.o., Ljubljana.

MIRO MEDVEŠEK, member - shareholder representative

- BSc (Economics), born in 1964
- Director of Svetovanje M d.o.o., Ljubljana.
- Executive Director of Commerce d.d., Ljubljana.

Other current functions and memberships:

- Chairman of the board of Commerce d.d., Ljubljana.
- Member and holder of the Slovenian Directors' Association certificate.

SUPERVISORY BOARD OF SAVA D.D. – MEMBERS – EMPLOYEE REPRESENTATIVES

ALEŠ ABERŠEK, member – employee representative

- BSc (Economics), born in 1977.
- Assistant manager of the professional service Investment Finance, Sava d.d.

Principal current functions and memberships:

- Member of the Supervisory Board of Abanka Vipa d.d., Ljubljana.
- Member of the Supervisory Board of RSG Kapital d.o.o., Ljubljana.
- Member of the Slovenian Directors' Association.

LUČKA POGAČNIK, member – employee representative

- BSc (Economics), born in 1965.
- Assistant manager of the professional service Accounting, Plan & Analysis, Sava d.d.

Principal current functions and memberships:

- Member of the Association of Accounting and Financial Employees, Kranj.
- Member of the Slovenian Directors' Association.

GREGOR ROVANŠEK, član – member – employee representative, audit commission member

- BSc (Economics), born in 1981.
- Manager of the professional service Controlling, Sava d.d., Kranj

Principal current functions and memberships:

- Certified internal auditor at the Slovenian Audit Institute.
- Member of the audit commission of the Supervisory Board of Sava Turizem d.d., Bled.
- Member of the audit commission of the Supervisory Board of Istrabenz d.d., Koper.
- Member of the Slovenian Directors' Association.

5. Overview of major events and achievements

5.1. Major events and achievements in the period January-June 2013

January

- As of January 2013, the Management Board of Sava d.d. consists of only three members.
- Sava d.d. becomes the owner of a 16.32% equity holding of Istrabenz d.d.; considering the favourable share prices, this transaction represents an opportunity for optimising and a potential for consolidating the strategic investments of the company.
- Sava d.d. sells the remaining tourist real property (mainly hotel capacities in Bled) to the company Sava TMC d.o.o. In this way, the Tourism division is rounded off to an economic entity, while the received purchase consideration of €15.3 million facilitates Sava d.d. to further deleverage.
- Sava d.d. receives a sum of €69.4 million for the sale of Rubber Manufacturing. The effects of this and other performed divestitures enable the Sava Group to reduce its debts by about €100 million.
- The Supervisory Boards of Gorenjska Banka d.d. and Abanka Vipa d.d. endorse the performance of further phases in a tie-up process based on the analysis prepared by an external advisor, which shows a high synergetic effect of a tied-up bank. A due diligence begins in both banks.

Conclusion of the sale of Rubber Manufacturing

February

- The shareholding of Sava d.d. in Gorenjska banka d.d. decreases from 45.90% to 44.07% due to cashing in 6,050 shares of Gorenjska banka d.d. The shares were alienated in the procedure of cashing in the collateral under the call option contract for shares.

March

- Sava d.d. sells its 0.67% shareholding of Ljubljanske mlekarne d.d.
- The Supervisory Board of Sava d.d. deals with and endorses the audited annual reports of the Sava Group and Sava d.d. for 2012.
- Sava Turizem d.d. begins to renovate the hotel Radin in the health resort Radenci. The project, which includes energy improvements of the hotel in order to increase energy efficiency and the renovation of the hotel exterior, will be completed this autumn.

April

- After downsizing staff, Sava d.d. further adapts its internal organisation and continues with other rationalisation measures in the company' operations.

Investment in the renovation of Radin Hotel, health resort Radenci

- The Management Board of Sava d.d. successfully harmonises the conditions for the master agreement, the so-called term-sheet, with the lending banks, which leads to a final phase of entering into the agreement for a long-term maturity coordination of total financial liabilities of Sava d.d.
- On 30 April 2013, the 19th regular Shareholders' Meeting of the joint stock company Sava d.d. is held in the hotel Golf in Bled. With a high, more than 90%, majority of the capital present, the shareholders motion all the resolutions proposed in the call by the Management Board and Supervisory Board of Sava d.d. There were no counter-proposals and no announced challenging actions at the Shareholders' Meeting.
- A four-year term of office of a Supervisory Board member – shareholder representative is taken by Miro Medvešek, the newly elected member, appointed at the 19th Shareholders' Meeting of Sava d.d.
- The assembly of the company Energetika Sava d.o.o. adopts a resolution on renaming the company to Energetika d.o.o.
- The assembly of the company Sava Nepremičnine d.o.o. adopts a resolution on changing the headquarters of the company, which are now in Dunajska 152 in Ljubljana.
- The assembly of the company Sava TMC d.o.o. adopts a resolution on changing the headquarters of the company, which are now in Dunajska 152 in Ljubljana.
- In 2013, the 60th anniversary of the original Bled cream cake is celebrated. On this occasion, the pastry shop of the hotel Park is presented with the Order of the Municipality of Bled.

Investment in the renovation of the swimming pool complex Terme 300, MoravskeToplice

- In Terme 3000, MoravskeToplice, the renovation works in the infrastructure of the swimming pool complex begin and will be completed before the summer season starts.

May

- With entering in the court register and based on the resolution from the Shareholders' Meeting, Sava d.d. changes its headquarters, which are now in Dunajska 152, Ljubljana.
- With entering of the resolution from the Shareholders' Meeting, the share capital of Sava d.d. decreases from €83,751,567.51 to €25,441,851.48. This decrease is carried out with the unchanged number of shares, the belonging amount of each share in the share capital amounts to €12.68 after this decrease.
- Sava Turizem d.d. establishes two subsidised companies for the needs of future development projects: Sava Golf d.o.o., Ljubljana and Sava Zdravstvo d.o.o., Ljubljana; both are under its 100% ownership.

19th Shareholders' Meeting – shareholders endorse all proposed resolutions

- The hotel Livada Prestige receives a prestigious 2013 Traveller's Choice Award based on the selection of the TripAdvisor tourist portal.
- As one of the companies - creditors, Sava d.d. co-signs the Agreement on Restructuring and Converting a Part of Loans into the Capital of NFD Holding d.d., which is endorsed by the June assembly of this company. After suspensory conditions defined in the agreement are met, the ownership stake of Sava d.d. will reduce to 21.09%.

5.2. Major events and achievements after the end of the accounting period - as of July 2013

July

- The Management Board of Sava d.d. successfully completes the process of concluding the so-called Master Restructuring Agreement with the lending banks. The Agreement refers to restructuring the existing loan obligations of Sava d.d. until December 2014.
- Sava Turizem d.d.,a subsidiary of Sava d.d., concludes an agreement on restructuring the loans, thereby regulating the conditions for payment of the existing loan obligations of the company in instalments. The loan restructuring agreement has been made for the period of five years (60 months).
- To achieve a suitable quality of services, improved flexibility and performance efficiency, the service of cleaning in Sava Turizem d.d. is transferred to the contractors specialising in this line of business. These two companies will also take over 127 employees, a transfer to be carried out in stages between 1 July and 1 September 2013 in all destinations of Sava Hotels & Resorts.

August

- The Supervisory Board of Sava d.d. endorses a proposal by the Management Board to further reduce the number of Management Board members. After a successful conclusion of the agreement on restructuring the loan obligations of Sava d.d., Miha Resman consensually terminates his employment relationship with the company, effective on 4 August 2013. The business lines so far covered by Miha Resman will now be managed by Matej Narat, MSc, President of the Management Board, and Andrej Andoljšek, Member of the Management Board.

BUSINESS ANALYSIS

Business operations of the Sava Group and Sava d.d., January-June 2013

1.

Restructuring strategy of Sava until 2014

The strategy of business-financial restructuring of Sava until 2014 facilitates a significant increase in the value of the company, a decrease in indebtedness and a stronger basis for the growth in the Sava share value. An extensive divesting process allowed for a significant deleverage and changed the image of the Sava Group.

The major achievement of the past period of 2013 is the agreement with the lending banks on restructuring the finance sources, i.e. restructuring the existing loan obligations of Sava d.d. made this July.

Year 2011 –the start of renewal and the goals of Sava's restructuring strategy

The effects of high impairments in Sava's financial investments due to the economic crisis, the need for strengthening the cash flow and decreasing the financial liabilities as well as business- organisation-related difficulties, so characteristic of diversified business systems, strongly aggravated the financial position of Sava and requested for a revision of the strategy and company's business model.

At the end of March 2011 when the present Management Board of Sava d.d. took up their duty, the process of producing the restructuring strategy was intensely carried out. In May 2011, the Management Board first prepared a short-term measures programme, which aimed at improving the operations and in the months that followed it developed it to a strategy of a business-financial restructuring and consolidation of the Sava Group until the end of 2014.

At its 28th regular meeting held on 27 September 2011, the Supervisory Board of Sava d.d. expressed their unanimous support to the presented strategy of business-financial restructuring of Sava until 2014. At its 2nd regular meeting also the Supervisory Board of Sava d.d. in its new composition, who began their term of office on 29 June 2012, gave their full support to further implementation of the restructuring strategy.

The business-financial strategy assures stability and further development of the new, renewed Sava Group, and facilitates a long-term future to all of its previous divisions, which develop and will after restructuring continue to develop outside of the Sava Group, respectively.

The strategy considers the interests of all stakeholder groups: Sava and its employees, lending banks, shareholders and potential new investors to Sava.

Preparation: 2011
Implementation: 2012–2014

GOAL OF THE BUSINESS-FINANCIAL RESTRUCTURING STRATEGY OF THE SAVA GROUP AND SAVA D.D.

CREATE CONDITIONS:

- For improving business performance.
- For increasing the assets of the company and the growth in the value of the Sava share.
- For increasing the profit.
- For generating new sources for a dividend pay-out to Sava shareholders.

The three key phases of restructuring strategy

The business-financial restructuring strategy and consolidation of Sava until the end of 2014 includes the three key phases, as described below.

PHASE 1
Until the end of 2011

PREPARATION – CREATE THE CONDITIONS FOR THE IMPLEMENTATION OF THE RESTRUCTURING STRATEGY

KEY STEPS:
- Assure liquidity.
- Make an agreement on coordination of maturity for Sava's financial liabilities.
- Establish a new organisation of Sava d.d., cost rationalisation and change the management model of the Group.
- Complete the preparations for merging the Tourism companies.

PHASE 2
Beginning in 2011, mainly in 2012, carrying on in 2013

IMPLEMENT THE RESTRUCTURING STRATEGY AND/OR DIVEST INDIVIDUAL INVESTMENTS OF SAVA D.D.

KEY STEPS:
- Divest the selected investments of Sava d.d., which are saleable at a suitable price.
- Restructure and consolidate other investments and improve their operations, thereby increasing their value for keeping or a potential sale under more suitable conditions.
- Deleverage and make an agreement on restructuring the financial liabilities of Sava d.d.

PHASE 3
in 2013 and 2014

MAXIMISE THE VALUE OF INVESTMENTS OF SAVA D.D.

KEY STEPS:
- Proceed with certain divesting processes.
- Focus on further improvements of operations and implement the synergies in divisions.
- New potential acquisitions of stakes and take-overs.

Implementation of Sava's restructuring strategy

Until the end of 2011, the Management Board of Sava d.d. consistently fulfilled all key strategic commitments from the 1st phase of preparation, thereby providing the basis for implementing the next strategy phase.

The backbone of the present – 2nd strategy phase - which was carried out in the past financial year and is carried on in 2013, is the restructuring or divestment of individual investments of Sava d.d.

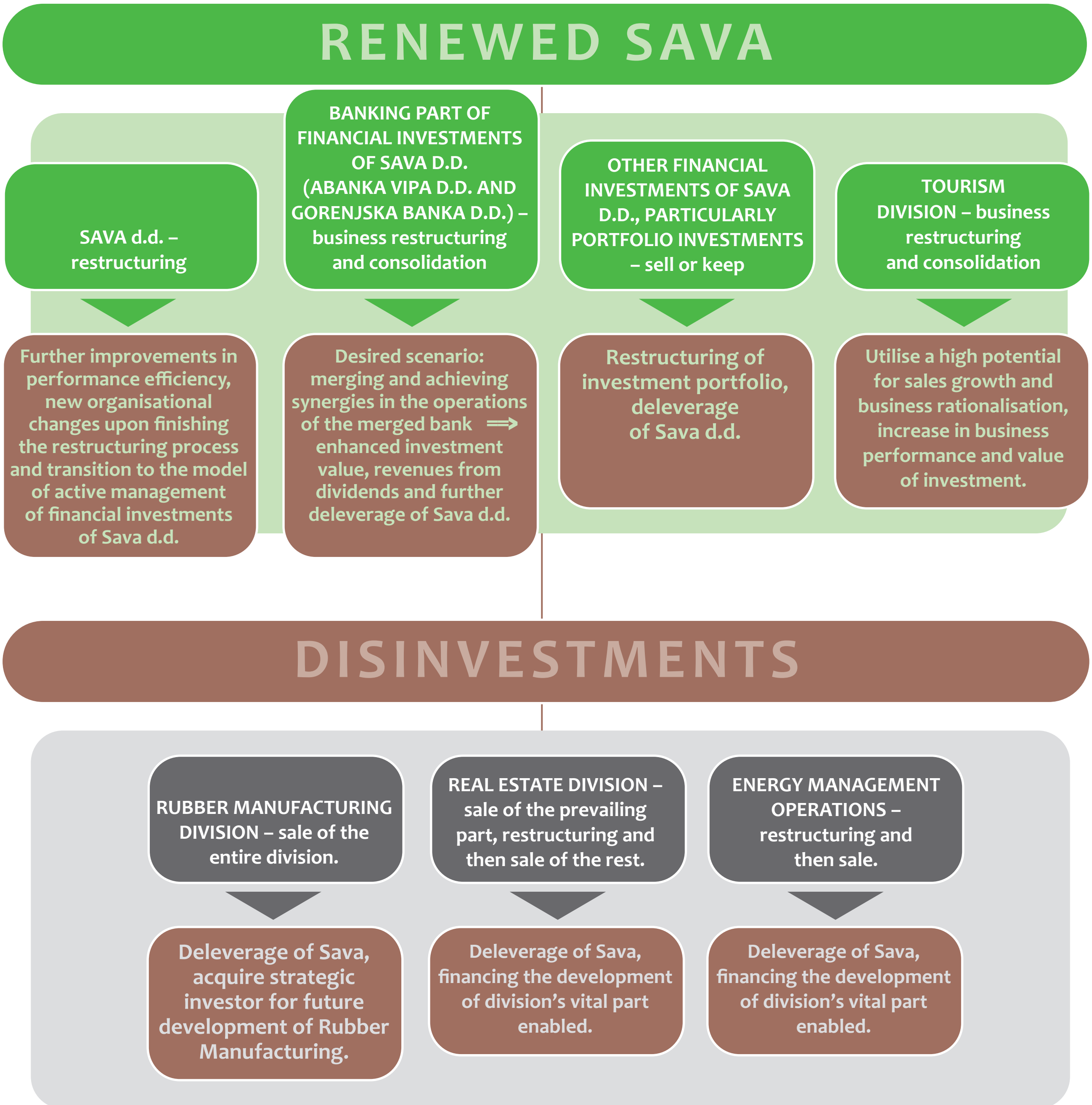
In this year too, Sava d.d. continues to carry out a complex set of activities that aim at improvement in operative business and generation of free cash flow of the Group's companies.

After last year's sale of the mainstay of the Real Estate division, a disposal of the Rubber Manufacturing division with the Foreign Trade Network was finalised this January. The sale of the energy management business is in progress, while a disposal of portfolio investments of Sava d.d. is continued too.

Along with the measures for improving the operative performance and divesting processes, one of the key future activities of the restructuring strategy is represented by our further endeavour to establish a capital tie-up between Abanka Vipa d.d. and Gorenjska banka d.d., which is thus in compliance with a required consolidation of the Slovene banking system.

The major achievement of the past period in 2013 was the July conclusion of the agreement with the lending banks on restructuring the finance sources – restructuring the loan obligations of Sava d.d. This agreement provides a basis for financial stability of the company and enables further strategic shifts towards reducing indebtedness, renewal of profitability and generation of long-term value for shareholders of Sava.

Restructuring strategy until 2014 – remodelling Sava d.d. and its divisions



The renewed Sava after the completion of restructuring strategy

It is anticipated that the renewed Sava after the completion of restructuring will be composed of:

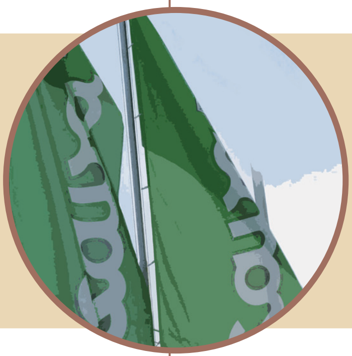
- Sava d. d., a cost-efficient holding of subsidised and associated companies highly adapted to business environment.
- The renewed Tourism, a more rational and successful division.
- Shareholdings of both banks or a merged bank or other financial investments.

During the strategy implementation until the end of 2014, the cash flow from operating activities of the renewed Sava Group will substantially increase as a result of the implemented restructuring of the investment portfolio and that in spite of selling a great deal of financial investments of Sava d.d.

The financial liabilities of the Group will draw nearer to a long-term sustainable level, at which the structure of liabilities will significantly improve owing to an ongoing and substantial deleveraging.

After the restructuring, Sava d. d. will be a financial investor which:

- **Is still listed on the stock exchange.**
- **Generates profit from operations, acquisitions and disposals of investments.**



The investment policy at Sava d.d. will focus on making investments in the shares and stakes of companies that have:

- **A growth potential but low profitability for the time being and thus need restructuring.**
- **A potential for creating synergies with the existing portfolio of investments at Sava d.d.**

In this way, a sound financial platform will be built and other conditions for further growth of the new, renewed Sava will be created, while a suitable development of the former Sava's divisions outside of Sava will be enabled by selecting the most appropriate strategic partners.

2.

The Sava share and ownership structurea

In the first half-year of 2013, the Sava share price moved between €2.9 and €5.4. At the end of this June, the average price per share amounted to €3.0 and thus dropped by 11.8% with regard to the end of 2012.

Movement of the Sava share price

The range of value, within which the Sava share moved, reached the lowest point at €2.9 and the highest at €5.4. The main reason for low price levels is the general negative movements of the domestic economy and poor liquidity of the Slovene capital market, which in the first half-year of 2013 slightly increased - by 5.7% - with regard to the comparable period in the past year.

Market capitalisation

At the end of the first half-year of 2013, the market capitalisation amounted to €6.0 million and was lower than at the end of 2012. The market capitalisation of all shares in the Ljubljana Stock Exchange amounted to €4.8 billion and compared to the end of 2012 it fell by 2.2%.

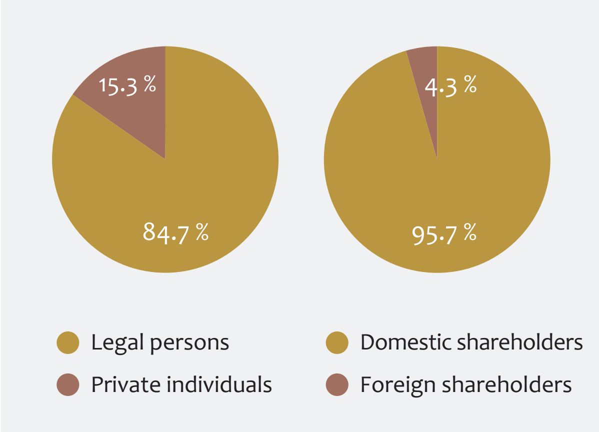
Movement of the Sava share price in the period from the beginning of July 2012 until the end of June 2013

Source: Thomson Reuters Datastream.

Ownership structure

As at 30 June 2013, Sava d.d. had 14,061 shareholders entered in the register book, which ranks it among the larger Slovene listed public joint stock companies. The stock of domestic shareholders amounted to 95.7% and that of foreign shareholders to 4.3%. In comparison with the end of 2012, the stock of foreign shareholders increased by 0.7 percentage point. The majority of foreign shareholders originate from Great Britain, the United States of America, Croatia, Germany and Austria. The proportion of legal entities represented 84.7% and that of private individuals 15.3%. The ten major shareholders own 65.26% of total company equity.

Ownership structure by category at 30/06/2013
(in %)



10 major shareholders at 30/06/2013

10 major shareholders	% shareholding	No. of shares
Kapitalska družba d.d.	18.71%	375,542
Slovenska odškodninska družba d.d.	11.06%	222,029
FINETOL d.d. - under receivership	7.19%	144,334
Merkur d.d.	6.72%	134,923
NFD 1 mixed flexible subfund– Southeast Europe	5.07%	101,702
NFD Holding d.d.	4.33%	86,915
Probanka d.d.	3.97%	79,582
Gorenjska banka d.d.	2.81%	56,475
PSL storitve d.d. - under receivership	2.78%	55,851
TCK d.o.o.	2.61%	52,459
Total 10 major shareholders	**65.26%**	**1,309,812**
Sava d.d. (treasury shares)	1.52%	30,541
Other shareholders	33.22%	666,634
Total	**100.00%**	**2,006,987**

The most recent information on the ownership structure of Sava d.d. is available on the Sava homepage sava.si/Shareholder Relations.html.

Company securities

Trading with treasury shares

In the period from the beginning of April 2012 until the end of June 2013, Sava d.d. did not purchase any treasury shares, hence on 30 June 2013 it owned 30,541 treasury shares in the value of €4,977 thousand – valued at the average purchase price; this represents 1.52% of total Sava shares.

Management Board and Supervisory Board members who own Sava shares

At the end of the first half-year, the members of the Management Board and Supervisory Board of Sava d.d. held 267 Sava shares, or a 0.013% of total company capital. With regard to the end of 2012 this balance did not change.

Management Board and Supervisory Board members who own Sava shares

Management Board members	Position	No. of shares 31/12/2012	% shareholding 31/12/2012	No. of shares 30/06/2013	% shareholding 30/06/2013
Matej Narat, MSc	President	117	0.006%	117	0.006%
Miha Resman*	Member	129	0.006%	129	0.006%
Total		**246**	**0.012%**	**246**	**0.012%**

Supervisory Board members	Position	No. of shares 31/12/2012	% shareholding 31/12/2012	No. of shares 30/06/2013	% shareholding 30/06/2013
Aleš Aberšek	Member	18	0.001%	18	0.001%
Gregor Rovanšek	Member	3	0.000%	3	0.000%
Total		**21**	**0.001%**	**21**	**0.001%**
Total Management and Supervisory Board members		**267**	**0.013%**	**267**	**0.013%**

* *As of 5 August 2013, Miha Resman is no longer a member of the Management Board of Sava d.d.*

Key data on the Sava share

		2008	2009	2010	2011	2012	1-6 / 2012	1-6 2013
No. of shares at period end	(No. of shares)	2,006,987	2,006,987	2,006,987	2,006,987	2,006,987	2,006,987	2,006,987
Market capitalisation at period end	(€ in million)	508.2	481.9	179.6	24.1	6.8	12.4	6.0
Share book value	(€)	239.7	236.2	161.1	82.2	32.9	76.0	29.7
Share price								
- highest	(€)	624.1	258.5	250.0	95.0	13.0	13.0	5.4
- lowest	(€)	223.0	192.0	88.0	12.0	3.2	5.1	2.9
- at period end		253.2	240.1	89.5	12.0	3.4	6.2	3.0
Average daily liquidity	(€ in thousands)	101.4	41.8	58.2	5.9	3.4	4.4	1.0
Average daily trading with shares	(No. of shares)	259	180	308	133	572	807	234
Net earnings per share	(€)	2.3	13.7	-50.0	-78.7	-49.7	-6.3	-3.0
Dividend per share	(€)	3.0	3.1	3.2	-	-	-	-
Share of dividend in net profit	(%)	131.4	22.7	-6.4	-	-	-	-
Total amount of dividends paid			6.2	6.4	-	-	-	-
Share yield			-3.9	-59.2	-86.6	-71.7	-48.3	-11.8
- dividend yield		1.2	1.3	3.6	-	-	-	-
- capital yield			-5.2	-62.7	-86.6	-71.7	-48.3	-11.8
Price-Earnings ratio (P / E ratio)								
- highest			18.9	-5.0	-1.2	-0.3	-2.1	-1.8
- lowest			14.1	-1.8	-0.2	-0.1	-0.8	-1.0
- at period end			17.6	-1.8	-0.2	-0.1	-1.0	-1.0
Price-to-Book ratio (P / B ratio)	(%)	**143**	**137**	**56**	**15**	**10**	**8**	**10**

Explanations for the computation of key data for the Sava share:

- ***Book value of the Sava share:*** *the equity of the Sava Group without minority interest divided with the weighted average number of ordinary shares excluding treasury shares.*
- ***Net earnings per Sava share:*** *the net result belonging to Sava d.d. divided with the weighted average number of ordinary shares excluding treasury shares.*
- ***Share of dividends in net profit:*** *dividend per share divided with net earnings per share*
- ***Dividend yield:*** *dividend per share divided with the Sava share market price on the last trading day of the period.*
- ***Capital yield:*** *relative change in the market price of the Sava share at the end of the period with regard to the share market price at the beginning of the period.*
- ***Market capitalisation:*** *multiple of the number of Sava shares and the market price of the share on the last day of the period.*
- ***The Price-Earnings ratio (P/E):*** *share market price on the last day of the period (or the highest and lowest market price in the calendar year) divided with earnings per share.*
- ***The Price-to-Book ratio (P/B):*** *share market price on the last day of the period divided with the share book value at the end of the period.*

Additional data on the Sava share

	Share name	Issuer's code
Ljubljana Stock Exchange	SAVA	SAV
ISIN - International Securities Identification Number	SI0031108457	

Share book value

The book value of the Sava share at 30/06/2013 amounted to €29.7. When calculating the book value, the number of treasury shares is deducted from the total number of shares.

Risk associated with the investment in the Sava share

Such risks are due to:

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

Cross links with other companies

Referring to the criteria as defined in the Corporate Governance Code for Public Joint-stock Companies, Sava d.d. was cross-linked at the end of the first half-year 2013, as follows:

- In Gorenjska Banka d.d. it had a 44.07% equity stake, whereas Gorenjska Banka had a 2.81% equity stake in Sava d.d.
- In Abanka Vipa d.d. it had a 23.83% equity stake, whereas Abanka Vipa had a 1.75% equity stake in Sava d.d.
- In the company Maksima Invest d.d. (under receivership) it had a 21.77% equity stake, whereas Maksima Invest had a 1.34% equity stake in Sava d.d.
- In the company Merkur d.d. it had a 6.62% equity stake, whereas Merkur had a 6.72% equity stake in Sava d.d.
- In the company Daimond d.d. it had a 7.59% equity stake, whereas Daimond had a 0.02% equity stake in Sava d.d.
- In the company NFD Holding d.d. it had a 24.65% equity stake, whereas NFD Holding d.d. had a 4.33% equity stake in Sava d.d.

Approved capital and conditional increase in share capital

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

3. Business operations of the Sava Group and Sava d.d.

3.1. Business operations of the Sava Group

Owing to divesting the division of Rubber Manufacturing with the Foreign Trade Network the present image of the Sava Group has changed significantly. Since January 2013, the major line of Group's business is managing the financial investments of Sava d.d., with the investments in the banking sector having the major share, and the Tourism division.

In the first half-year of 2013, the Sava Group companies made sales revenues of €29.9 million, which was by 10% less in relation to a comparable Group's composition in the same period last year and by 5% less with regard to the sales revenues plan. A net loss of €6.0 million was made. The Group's result was positively influenced by sales revenues generated in disposal of Rubber Manufacturing, while the subsidised companies operated with a loss as a result of their season-driven business.

Business performance

The information on business performance includes comparative analyses in relation to the same period in the past year but consider the present composition of the Sava Group. The income statement of the Sava Group shows the actual values generated in 2012.

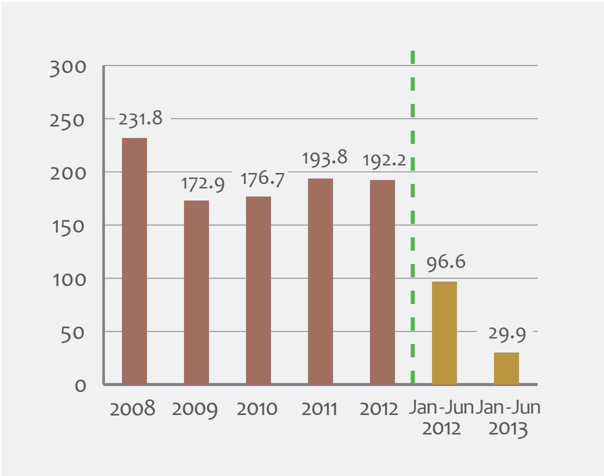
Sales revenues

In the first half-year of 2013, the Sava Group companies generated sales revenues of €29.9 million, which was 10% below the sales revenues generated in the same period last year and 5% below the planned values.

The Tourism division faces the additional aggravation of economic situation, particularly in the Slovene market. A strong decline in spending power has affected the entire sector. The offer of tourist products is reoriented to the markets and market segments less affected by the crisis. A thorough upgrade of health services business is in progress and extra rationalisation programmes have been introduced. In the first half-year of 2013, Tourism generated sales revenues of €27.5 million, which was 6% down on the revenues of the same period last year and 7% below the plan.

The companies of Other Operations (two real estate companies, energy management companies, and two smaller service providing companies) generated sales revenues of €2.2 million, which was 19% less than last year and 5% below the business plan.

Sales revenues of the Sava Group from 2008 to June 2013 *(€ in millions)*



Operating expenses

Operating expenses of €34.8 million were by 3% lower than in the same period last year and in accordance with the planned values. Costs of goods, materials and services had a 49% share in the expenses structure, labour costs a 36%, depreciation and write-offs a 14% and other expenses 1% share.

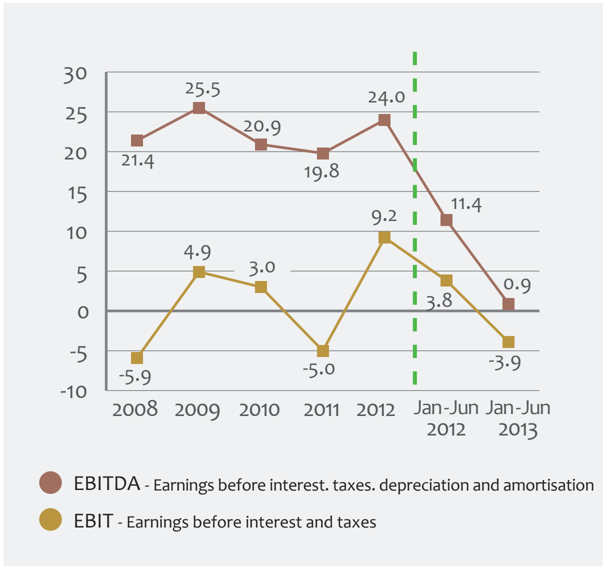
Operating loss (EBIT)

At the end of the first half-year 2013, the Sava Group companies made an operating loss of €3.9 million, thereby exceeding the result of the same period last year by €1.3 million and the plan by €0.5 million.

Tourism made an operating loss of €1.4 million, Sava d.d.* €2.1 million and Other Operations €0.4 million.

** In the separate financial statements Sava d.d. shows profit from operations of €3.0 million, which is due to other revenues in the amount of €5.1 million generated in the sale of hotel real property to Tourism. In the consolidated financial statements, the mentioned profit is excluded as it was made within the Sava Group.*

EBITDA and EBIT in the Sava Group from 2008 to June 2013 *(€ in millions)*



Financial income

Financial income was generated in the amount of €10.7 million and owing to divesting the companies of Rubber Manufacturing with the Foreign Trade Network it was significantly higher than in the same period of the previous year. The major portion of financial income was made in the parent company Sava d.d.

Explanation of the difference between the generated profit of Sava d.d. and the profit in the Sava Group in connection with divesting the companies of Rubber Manufacturing

	Sava d.d.	Sava Group	Note
Profit from selling the investment	+€23.5 million	+€23.5 million	
Exclusions in consolidation 2013	-	-€14.7 million	profit of Rubber Manufacturing in the Sava Group recognised already in the past
Profit from selling Rubber Manufacturing With the Foreign Trade Network	**+€23.5 million**	**+€8.8 million**	

Financial expenses

Financial expenses in the amount of €11.0 million were 11% lower than in the same period last year. They surpassed the planned financial expenses by €5.7 million, which was partly due to the unplanned impairments and partly to a postponed restructuring of obtained loans. The interest for the obtained bank loans in the period January-June 2013 was namely computed according to the contractual interest rate applicable before signing the Master Restructuring Agreement for Sava d.d. Based on the new contractual provisions, the value of financial expenses for interest will be adapted to the new contractual provisions effective in July.

Net financial expenses

Net financial expenses amounted to €0.3 million.

Impairments of financial investments in the associated companies

Impairments of financial investments in the associated companies amounted to €1.1 million in the first half-year of 2013 and referred to the impairments of financial investments in Gorenjska banka d.d. in relation to reducing the number of shares held by Sava d.d., and to the impairments of a financial investment in NFD Holding d.d. owing to a further drop in the stock exchange price of the share.

Pre-tax loss

A total pre-tax loss amounted to €5.3 million. A portion of the profits of Sava d.d. totalling €19.8 million is not recognised in the consolidated financial statements; these referred to selling the Rubber Manufacturing with the Foreign Trade Network and hotel real property.

Pre-tax profit / loss structure

€ in millions

	2008	2009	2010	2011	2012	JAN - JUN 2012	JAN - JUN 2013
Profit/loss from operations less write-off	5.0	9.1	5.5	5.8	10.4	4.6	-3.4
Impairments of assets through income statement	-25.8	-35.9	-93.1	-160.3	-85.4	-4.4	-3.1
Financial result less impairments	-3.4	31.9	-20.1	-25.5	-18.4	-9.4	+1.2
Result of associated companies less impairments	24.5	17.4	2.6	10.9	0	0	0
Pre-tax profit /loss	**0.3**	**22.5**	**-105.1**	**-169.1**	**-93.4**	**-9.2**	**-5.3**

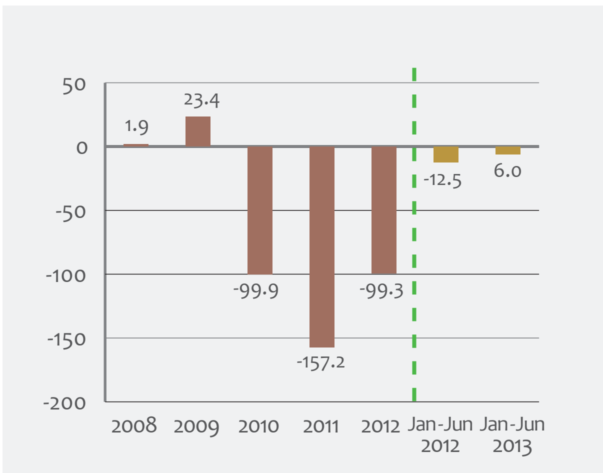
Corporate income tax

With reference to the changed corporate income tax legislation and considering the operating result in the first half-year 2013, the estimated value of corporate income tax of Sava d.d. amounts to €0.7 million.

Net loss

In the first half-year 2013, the Sava Group made a net loss of €6.0 million.

Net profit / loss in the Sava Group from 2008 to June 2013 (*€ in millions*)



Income statement of the Sava Group by quarter in 2013

The parent company Sava d.d. makes a significant contribution to the results of the Group. The dynamics of achieving the business performance of Sava d.d. by quarter greatly depends on the moment of selling the financial investmentsand receiving the dividends as well as on the interim movement of fair values of financial investments. Certain divisions face seasonal fluctuations, therefore a comparison of the quarterly results with the quarterly results of last year is not reasonable.

Income statement of the Sava Group by quarter in 2013

€ in thousands

	JAN - MAR 2013	APR - JUN 2013
Net sales revenues from goods sold and services rendered	12,377	17,551
Change in inventories	32	48
Other operating revenues	469	462
Operating revenues	**12,878**	**18,061**
Costs of goods, materials and services	-8,484	-8,515
Labour costs	-6,128	-6,338
Depreciation and amortisation	-2,195	-2,037
Write-offs	-348	-163
Other operating expenses	-260	-338
Operating expenses	**-17,415**	**-17,391**
Operating profit /loss	**-4,537**	**670**
Financial income	10,469	197
Financial expenses	-4,663	-6,315
Net financial income / expenses	**5,806**	**-6,118**
Net income/expenses of associates	**-1,057**	**-21**
Pre-tax profit/ loss	**212**	**-5,469**
Tax	-993	251
Net profit/ loss for the year	**-781**	**-5,218**

Assets and liabilities structure

Balance sheet total, and assets and liabilities structure

The *balance sheet total* of the Sava Group companies amounted to €387.0 million at 30/06/2013 and was by €93.9 million or 20% lower than at the end of 2012. The net decrease in the balance sheet total was mainly due to selling the companies of Rubber Manufacturing with the Foreign Trade Network.

In the *assets structure*, financial investments had a 39% share, property, plant and equipment a 45% share, and other assets (inventories, operating receivables, approved loans, deferred tax receivables and other) had a 16% share.

In the *liabilities structure*, capital had a 16% share, long-term debts a 21% and short-term debts a 63% share.

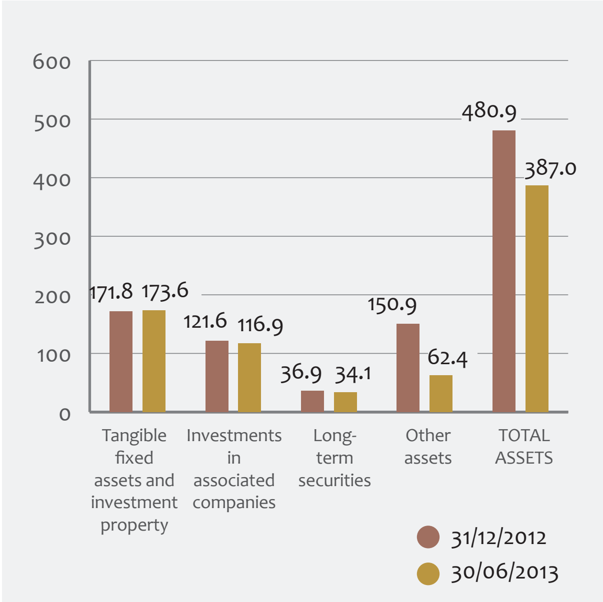
41% of the *long-term assets* of the Sava Group companies were financed with long-term sources and 59% of them with short-term sources.

Assets

With regard to the end of 2012, the following major **changes in the assets** of the Sava Group took place:

- The value of **investment property**, which at 30/06/2013 amounted to €10.9 million, increased by €4.0 million if compared to the end of the past year. The net increase was mainly due to transferring the value of real property intended for sale in Sava Nepremičnine d.o.o. from inventories to investment property in the amount of €6.5 million and selling the land in Kranj in the amount of €2.2 million.
- The value of **investments in the associated companies**, which amounted to €116.9 million at 30/06/2013, decreased by €4.6 million in comparison with the end of the previous year. The decrease mainly arose from cashing in 6,050 pledged shares of Gorenjska banka d.d. and thus a reduction in the shareholding Sava d.d. holds in Gorenjska banka d.d. by 1.83 percentage point, to the present 44.07%.
- **Assets for sale**, which at 31/12/2012 were shown in the amount of €91.4 million, referred to total assets of the companies of Rubber Manufacturing with the Foreign Trade Network. The share sale transaction was completed in January 2013, which is why these assets are no longer included in the assets of the Sava Group.
- **Inventories**, which at 30/06/2013 were shown in the amount of €5.4 million, decreased by €6.3 million with regard to the end of the previous year due to transferring the value of real property under investment property. 87% of inventory balance still refers to the real property of Sava Nova d.o.o., Zagreb, in which case a final decision as to the sale or continuing the activities on the land has not been made yet.
- The value of **operating and other receivables**, which at 30/06/2013 amounted to €13.8 million, was by €5.9 million higher than at the end of the previous year. The increase is mainly due to the assets on the escrow account originating from the sale of Rubber Manufacturing with the Foreign Trade Network, which are drawn on a monthly basis subject to the agreement with the lending banks.

Comparison of assets of the Sava Group at 30/06/2013 and 31/12/2012 (*€ in millions*)



Capital and liabilities

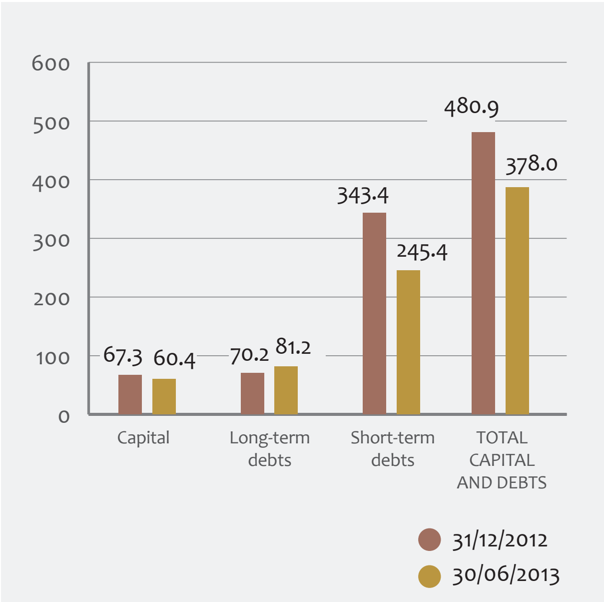
The major **changes in the liabilities** in the first half-year 2013 were as follows:

- **Capital** in the amount of €60.4 million represented 16% of total liabilities; its decrease by €6.8 million if compared to the end of the previous year was due to a loss of the Group totalling €6.0 million, and minor changes in the fair value reserves and changes in the capital that belongs to minority owners.
- **Long-term debts** reached the value of €81.2 million and with regard to the end of the previous year they were by €10.9 million higher. The net increase was mainly due to approving a long-term loan to Sava TMC d.o.o. in the amount of €13.5 million in connection with reducing the financial liabilities of Sava d.d. (sale of hotel real property), while a decrease in the amount of €2.6 million referred to transferring long-term loans under short-term portion.
- **Short-term debts** amounted to €245.4 million and were €98.0 million lower than at the end of the previous year. A decrease in short-term loans of €33.2 million referred to total liabilities of Rubber Manufacturing with the Foreign Trade Network. The share sale transaction was completed in January 2013, which is why these liabilities are no longer included under the liabilities of the Sava Group.

Short-term financial liabilities decreased by €64.6 million: a sum of €53.0 million referred to reducing debts of the Sava Group companies, and a sum of €11.5 million net referred to transforming short-term loans into long-term loans (sale of hotel real property).

- The value of **total obtained long-term loans and short-term financial liabilities** of the Sava Group companies amounted to €292.2 million at 30/06/2013, which is €53.3 million less than at the end of 2012.

Comparison of liabilities structure of the Sava Group at 30/06/2013 and 31/12/2012 (€ in millions)



Investments

In the first six months, the Sava Group companies made **investments** in the value of €2.0 million, which were entirely carried out in the Tourism division.

Employee number in the Sava Group

At 30/06/2013, the Sava Group employed 1,210 associates or 897 associates fewer than at the end of the previous year. The decrease of 923 employees was due to selling Rubber Manufacturing with the Foreign Trade Network, while a net increase by 26 associates is due to the seasonal driven character of work in the Tourism division.

Financial restructuring of Sava d.d. and Sava Turizem d.d.

On 23 July 2013, the Management Board of Sava d.d. successfully completed the process of concluding the so-called Master Restructuring Agreement with the organiser, collateral agent of a bank consortium – Nova Ljubljanska Banka d.d., and other lending banks. The Agreement refers to restructuring the existing loan obligations of Sava d.d. in the amount of €187.7 million at a 3% interest rate, with the restructuring enactment date of 28 February 2013 and the final date of 30 November 2014.

By signing this Agreement, the lending banks enabled Sava to defer payment of the principals under the existing loans. Sava d.d. undertook to pay 1% interest in this period, while the deferred interest falls due at the end of contract period. Furthermore, by signing the Agreement, the Management Board of Sava d.d. gave its commitment to the banks for its further consistent implementation of the envisaged strategy that aims at divesting the financial assets of the company, decreasing costs and improving performance.

On 2 July 2013, the Management Board of Sava Turizem d.d. and the lending banks signed the agreement on restructuring the financial liabilities. One of the lending banks did not join the agreement, it, however, concluded an annex to the loan agreement with Sava Turizem d.d. under the same conditions as emanating from the restructuring agreement . The agreement refers to restructuring the existing loan obligations of Sava Turizem d.d. in the amount of €49.7 million, interest rate being EURIBOR + 5%, with restructuring enactment date of 2 July 2013 and the final date of 2 August 2018.

3.2. Business operations by division

Owing to divesting the division of Rubber Manufacturing with the Foreign Trade Network the present image of the Sava Group has changed significantly. Since January 2013, the major line of Group's business is managing the financial investments of Sava d.d., with the investments in the banking sector having the major share, and the Tourism division. The division of Other Operations includes real estate and energy management companies, and certain smaller service providing companies.

Investment Finance

The Investment Finance operations are carried out within the parent company Sava d.d. whose business is described in the separate chapter of the semi-annual report.

Tourism

Division structure

The destinations of Sava Hotels Bled, Terme 3000, and health resort Radenci, spa resorts Banovci, Ptuj and Lendava have been operating under the wing of one company, Sava Turizem d.d. for the second year now. The company Sava TMC d.o.o. has no employees, but shows certain hotel real property under its assets. In 2013, the companies Sava Golf d.o.o. and Sava Zdravstvo d.o.o. were established which both are 100% owned by Sava Turizem d.d. The newly established companies were at a standstill in the first half-year 2013. The Tourism division thus includes 4 companies.

The destinations incorporated in the Tourism division of the Sava Group represent on of the key tourist services provider in Slovenia; they appear under the umbrella brand of Sava Hotels & Resorts.

Economic environment

In this first half-year, the economic circumstances aggravated. A 4.2% decline in private spending was experienced. Additional taxes imposed in connection with balancing the Slovene budget have already decreased and will continue to decrease the performance.

Business performance

The number of overnight stays in Sava Turizem d.d. dropped by 5.2% with regard to the same period last year. Moreover, the achieved price is lower, which is due to a harsh price competition, lower demand for higher-priced accommodations and partly also due to the changed dynamics of doing business with greater partners.

In the first half-year 2013, Tourism generated sales revenues of €27.5 million*, which was 6% less than in the same period last year and 7% below the planned revenues. The deviations in the sales results are partly compensated with numerous extra activities customised to foreign guests. We design additional B&B offer, while extra spending is encouraged by utilising the specific features and advantages of every individual destination.

* *Sales revenues are consolidated.*

In the first half-year 2013, Tourism made a net loss of €2.8 million, which was by €0.8 million higher than in the same period last year and €0.1 million more than planned for the period. In addition to the extra sales activities, also the internal processes and purchasing as well as training of key personnel have been introduced to improve the performance.

The *balance sheet* total of Tourism amounted to €184.4 million at 30/06/2013. In the assets structure, long-term assets – real property and equipment – amount to €167.7 million or 91%, and short-term assets €16.7 million. With regard to the end of the past year, the assets rose by net of €10.7 million.

A major change took place with purchasing the hotel properties in Bled, which were owned by Sava d.d., and their transferring to Sava TMC d.o.o., thereby making the Tourism division a delineated economic entity.

In the *liabilities structure*, capital amounts to €90.1 million or 49% of the balance sheet total. Long-term provisions and long-term liabilities amount to €43.9 million and short-term liabilities to €50.4 million. Financial liabilities of Tourism were by €9.6 million higher than at the end of the past year; this increase is due to buying off the hotel real properties from Sava d.d.

Investments made by the Tourism companies amounted to €1.9 million in the first half-year and referred to refurbishing the capacities in order to comply with the standards and a renovation of the infrastructure in connection with the swimming pools and energy improvements of facilities.

At 30/06/2013, employee number in the Tourism division reached 1,135 associates, or 38 associates more than at the end of 2012.

Other Operations

Division structure

Other Operations include:

- Real estate companies: Sava Nepremičnine d.o.o., Ljubljana, and Sava Nova d.o.o., Zagreb.
- Energy management companies: Energetika Črnomelj d.o.o., Kranj, Ensa BH d.o.o., Srbac, Bosnia and Herzegovina, Bramir d.o.o., Mostar, Bosnia and Herzegovina, and Sava Ensa d.o.o.e.l., Skopje, Macedonia.
- IT services for the Group's companies: Sava IT d.o.o., Kranj.

Business performance

Real estate companies carry out activities for selling the land as well as resolving the pending court proceedings.

The management team of the energy management companies was replaced, while the company Energetika d.o.o. declared insolvency in August 2013. Negotiations about restructuring the liabilities and searching for parties interested in joining the energy management business as owner are in progress.

The reorganisation process of Sava IT d.o.o. is in progress, which incorporates a definition of the future organisational models of IT services and the activities with regard to dividing IT in two parts.

In the first half-year 2013, Other Operations generated revenues from operations of €2.4 million, of which €0.5 million was due to Sava Group companies. The balance sheet total amounted to €19.7 million, of which €12.1 million referred to the real properties, €5.9 million to the assets of energy management companies and €1.7 million to the assets of other companies. At 30/06/2013, capital amounted to €7.2 million and mainly referred to the capital of real estate companies.

At 30/06/2013, there were 51 associates employed in Other Operations or 5 associates less than at the end of 2012.

3.3. Business operations of Sava d.d.

The sale of the entire Rubber Manufacturing division with the Foreign Trade Network was the major project of 2012 and represents one of the key milestones in the restructuring strategy as set for Sava. The agreement with the Czech rubber holding ČGS, a selected strategic investor, was signed at the end of October 2012. At the beginning of January 2013 the contractually defined suspensory conditions were fulfilled, after which the purchase consideration for a 100% share of Savatech d.o.o. totalling €69.4 million, and a 60% share of Savapro d.o.o. totalling €1.0 million was paid. A profit of €23.5 million was generated in this transaction.

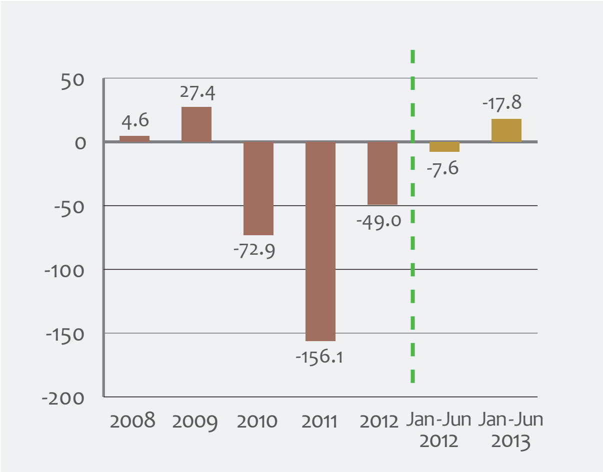
By selling the hotel real properties to the company of the Tourism division, this has become a delineated economic entity, while Sava d.d. made a profit of €5.2 million.

In the first half-year 2013, Sava d.d. thus generated a net profit of €17.8 million and reduced its financial obligations by €71.7 million.

On 23 July 2013, the Management Board of Sava d.d. signed the Master Restructuring Agreement on financial restructuring of loan obligations that Sava d.d. has. By doing so, the key condition for achieving solvency and liquidity of the company as well as for further implementation of the envisaged restructuring strategy was satisfied.

Business performance of Sava d.d.

Net profit / loss of Sava d.d. – by year (€ in millions)



Overview of significant data on the operations of Sava d.d. – by year

€ in millions

	2008	2009	2010	2011	2012	JAN – JUN 2012	JAN – JUN 2013
Net sales revenues	8.4	8.1	8.7	5.5	3.1	1.5	0.9
Other revenues	0.7	0.2	1.6	0.0	0.5	0.0	5.2
Operating expenses	-13.4	-11.1	-10.6	-9.5	-6.5	-3.0	-3.2
Operating result	**-4.3**	**-2.8**	**-0.3**	**-4.0**	**-2.9**	**-1.5**	**2.9**
Financial result	**6.6**	**27.8**	**-79.2**	**-167.6**	**-41.8**	**-3.8**	**15.6**
Total pre-tax result	**2.3**	**25.8**	**-79.4**	**-170.7**	**-44.7**	**-5.3**	**18.5**
Net result	**4.6**	**27.4**	**-72.9**	**-156.1**	**-49.0**	**-7.6**	**17.8**

Income statement of Sava d.d. by quarter of 2013

€ in thousands

	JAN–MAR 2013	APR–JUN 2013
01. NET SALES REVENUES	**716**	**211**
a) Revenues in domestic market	331	202
To companies in the Group	230	117
To associates	0	0
To others	101	85
b) Revenues in foreign market	385	8
To companies in the Group	8	8
To associates	0	0
To others	377	0
02. CHANGE IN THE VALUE OF INVENTORIES OF PRODUCTS AND WORK IN PROGRESS	**0**	**0**
03. CAPITALISED OWN PRODUCTS AND SERVICES	**0**	**0**
04. OTHER OPERATING REVENUES (with operating revenues from revaluation adjustment)	**5,210**	**0**
05. COSTS OF MERCHANDISE, MATERIALS AND SERVICES	**-1,667**	**-492**
a) Cost of merchandise and material sold and cost of material used	-20	-18
b) Cost of services	-1,647	-474
06. LABOUR COSTS	**-463**	**-461**
a) Salaries and wages	-379	-365
b) Social security cost (pension insurance cost shown separately)	-66	-64
- Social security cost	-28	-27
- Pension insurance cost	-38	-37
c) Other labour cost	-18	-32
07. AMORTISATION AND DEPRECIATION EXPENSE, WRITE-OFFS	**-41**	**-54**
a) Amortisation	-41	-27
b) Operating expenses from revaluation of intangible and tangible fixed assets	0	0
c) Operating expenses from revaluation of current assets	0	-27
08. OTHER OPERATING EXPENSES	**-9**	**1**
09. FINANCIAL REVENUES FROM SHARES	**25,419**	**144**
a) Financial revenues from shares in Group's companies	0	24,302
b) Financial revenues from shares in associates	0	0
c) Financial revenues from shares in other companies	24,302	-24,158
d) Financial revenues from other investments	1,117	0
10. FINANCIAL REVENUES FROM GRANTED LOANS	**621**	**-36**
a) Financial revenues from loans granted to Group's companies	62	68
b) Financial revenues from loans granted to other entities	559	-104
11. FINANCIAL REVENUES FROM OPERATING RECEIVABLES	**0**	**0**
a) Financial revenues from operating receivables due from Group's companies	0	0
b) Financial revenues from operating receivables due from other entities	0	0
12. FINANCIAL EXPENSES FROM IMPAIRMENT AND WRITE-OFFS IN FINANCIAL INVESTMENTS	**-1,396**	**-1,139**
13. FINANCIAL EXPENSES FROM FINANCIAL LIABILITIES	**-3,532**	**-4,522**
a) Financial expenses from borrowings obtained from Group's companies	-66	-57
b) Financial expenses from borrowings obtained from banks	-2,902	-3,897
c) Financial expenses from issued bonds	-470	-474
d) Financial expenses from other financial liabilities	-94	-94
14. 14. FINANCIAL EXPENSES FROM OPERATING LIABILITIES	**0**	**0**
a) Financial expenses from operating liabilities due to Group's companies	0	0
b) Financial expenses from trade payables and bill payables	0	0
c) Financial expenses from other operating liabilities	0	0
15. OTHER REVENUES	**9**	**3**
16. OTHER EXPENSES	**0**	**-4**
17. TAX ON PROFIT	**-993**	**273**
18. DEFERRED TAXES	**0**	**0**
19. NET PROFIT FOR THE FINANCIAL PERIOD	**23,874**	**-6,076**

The dynamics of achieving the business result of Sava d.d. by quarter strongly depends on the time of selling financial investments, receiving dividends, interim fluctuations in the stock exchange prices and elaboration of the financial investments evaluation; it is, therefore, not reasonable to compare the achieved results with the quarterly data of the past year.

Net sales revenues

- Net sales revenues of €0.9 million were generated, which was 1% less than planned and 37% less than in the same period last year. The deviations of net sales revenues in comparison with the previous year were due to a discontinued charging of services in connection with the sale of Rubber Manufacturing with the Foreign Trade Network.
- 61% of net sales revenues were generated in relation to the partners outside of the Group, and 39% were generated by selling the services provided by Sava d.d. to the companies in the Group.

Other revenues

- Other revenues of €5.2 million were generated, which represented the difference in the sale of fixed assets.
- In January 2013, the sale of hotel real properties to Sava TMC d.o.o., a part of the Tourism division, was carried out. The purchase consideration for the real property based on the Real Property Rights Evaluation Report amounted to €15.3 million. In this transaction, Sava d.d. made a profit of €5.1 million and the Tourism division became a delineated economic entity.
- The remaining other revenues of €0.1 million were generated in selling the land in Kranj.

Operating expenses

- These amounted to €3.2 million and due to a shift in consulting costs they were by 21% lower than planned. Owing to the costs of legal and financial consulting in selling Rubber Manufacturing with the Foreign Trade Network these are not comparable with the expenses made in the same period last year. Excluding the mentioned costs, the operating expenses in this half-year were 32% lowerthan last year.
- Costs of services had a 68% share, labour costs a 29% and depreciation and other expenses have a 3% share in the expenses structure.
- A considerable amount of these expenses was due to managing financial investments, which is why a part of financial revenues is earmarked for their coverage.

Operating profit / loss

- A profit from operations in the amount of €3.0 million was generated in the sale of fixed assets and due to a shift in consulting costs it was by 38% higher than planned for the period.

Financial result

- On account of a favourable sale of Rubber Manufacturing with the Foreign Trade Networkthe **financial result** of Sava d.d. was positive and amounted to €15.6 million.
- **Interest for the obtained bank loans** in the period January-June 2013 were charged according to the contract interest rate, valid before signing the Master restructuring Agreement. In July, the value of interest expenses will be adapted to the new contract provisions.

Financial result by type of activities

€ in millions

	Financial result	Financial result	Financial result	Financial result	Financial result	Financial revenues	Financial expenses	Financial result
	2008	**2009**	**2010**	**2011**	**2012**	**JAN – JUN 2013**		
Dividends	33.2	20.8	29.3	11.3	8.1	0.1	0.0	0.1
Sale of Rubber Manufacturing with FTN	0.0	0.0	0.0	0.0	0.0	24.3	-0.8	23.5
Securities	0.6	39.8	0.8	1.6	0.5	0.1	0.0	0.1
Impairments of financial investments	-14.9	-22.7	-95.0	-158.1	-34.5	0.0	-1.7	-1.7
Interest	-12.3	-10.1	-12.9	-16.1	-15.8	0.6	-8.1	-7.5
Other	0.0	0.0	-1.4	-6.3	-0.1	1.1	0.0	1.1
Total	**6.6**	**27.8**	**-79.2**	**-167.6**	**-41.8**	**26.2**	**-10.6**	**15.6**

Total pre-tax profit

In the first half-year, Sava d.d. generated a total pre-tax profit of €18.5 million, its amount being affected by the financial revenues from the sale of Rubber Manufacturing with the Foreign Trade Network totalling €23.5 million and the revenues from the sale of fixed assets totalling €5.2 million. The stock exchange and general economic movements did not require significant impairments of financial investments.

Corporate income tax

With reference to the changed corporate income tax legislation and considering the result from operations in the first-half year 2013, the estimated value of corporate income tax of Sava d.d. amounted to €0.7 million.

Net profit

The generated net profit of Sava d.d. in the first half-year 2013 amounted to €17.8 million, while the business plan for the period planned a net profit of €21.2 million. This deviation from the plan was due to the computed corporate income tax liability and interest expenses, which in accordance with the signed Master Restructuring Agreement will be reduced in July for the period as of the restructuring enactment date. Considering the mentioned deviations, the generated net profit complies with the planned values.

Accumulated profit

€ in millions

Net profit for the period Jan-Jun 2013	17.8
Retained net loss from previous years	0.0
Accumulated profit as at 30/06/2013*	**17.8**

**At 19th Shareholders' Meeting of Sava d.d. held on 30 April 2013, a resolution on a simplified decrease of share capital was adopted. In terms of contents, a share capital decrease in the amount of €58.3 million represented total retained loss coverage, and was entered in the court register on 20 May 2013. The accumulated profit of 2013 thus refers only to the operating profit 2013.*

Assets and liabilities structure

Balance sheet total

It amounted to €280.1 million and compared to the end of 2012, it was lower by 20%.

Assets structure

The major or an 81% share in the assets structure had long-term financial investments. Granted loans had a 7% share, deferred tax receivables a 7% and other assets a 5% share.

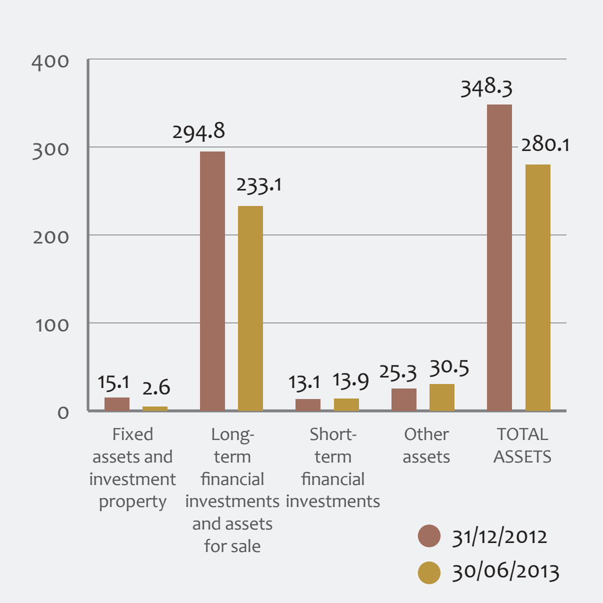
- The value of **tangible fixed assets and investment property** amounted to €2.6 million at 30/06/2013. With regard to the end of the previous year the value reduced by €12.4 million:
  - A decrease is mainly due to selling the hotel properties by Sava d.d. to the Tourism division. The book value of sold real property amounted to €10.2 million and the estimated selling value to €15.3 million. The difference in the price, which had been included in the income statement of Sava d.d., amounted to €5.1 million.
  - The rest of net decrease totalling €2.2 million referred to disposal of the land in Kranj.
- **Long-term financial investments (and assets for sale)** in the amount of €233.1 million were by €61.7 million lower than at the end of the past year and its structure underwent the following changes in the first half-year 2013:
  - Ownership stakes in the companies of Rubber Manufacturing with the Foreign Trade Network were sold, whose book value amounted to €58.4 million (basic purchasing value €46.9 million) and selling value to €70.4 million. A net profit of €23.5 million was realised in the transaction.
  - Investments in the associated companies went down by €3.8 million, mainly due to redeeming 6,050 shares of Gorenjska Banka, which were used as collateral for the purchase of securities.
  - Other net increases amounted to €0.5 million.
- **Short-term financial investments** in the amount of €13.9 million were by €0.8 million higher than at the end of the past year.

The financial investments structure was as follows:

- A gross receivable from short-term loans granted to NFD Holding d.o. amounted to €17.8 million and compared to the end of the past year it reduced by €4.0 million due to loan repayment. Based on the collaterals suitability estimate, the granted loans were impaired by €9.3 million. In July 2013, the suspensory conditions according to the Restructuring Agreement for NFD Holding d.d. were met, therefore a part of the granted loan in the amount of €1.7 million will be transformed into a long-term financial investment.
- Other short-term financial investments of €5.4 million referred to short-term loans granted to the companies of the Sava Group and short-term deposits to the banks.

• **Other assets** shown in total amount of €30.5 million consisted of the following items:
  - The largest portion or €20.7 million referred to the deferred tax receivables due from the state. Deferred tax receivables mainly arose from impairments of financial investments to the fair value.
  - Operating receivables of €3.9 million referred to the assets on the escrow account originating from the sale of Rubber Manufacturing, which in agreement with the banks are drawn on a monthly basis.
  - The amount of €1.8 million referred to a receivables due from a customer of real estate company – until fulfilment of suspensory conditions defined in the contract.
  - The remaining amount of €4.1 million referred to operating receivables due from the Group's companies, interest receivables for the granted loans and cash on the accounts.

Assets structure of Sava d.d. at 30/06/2013 and a comparison with 31/12/2012 *(€ in millions)*



Liabilities structure

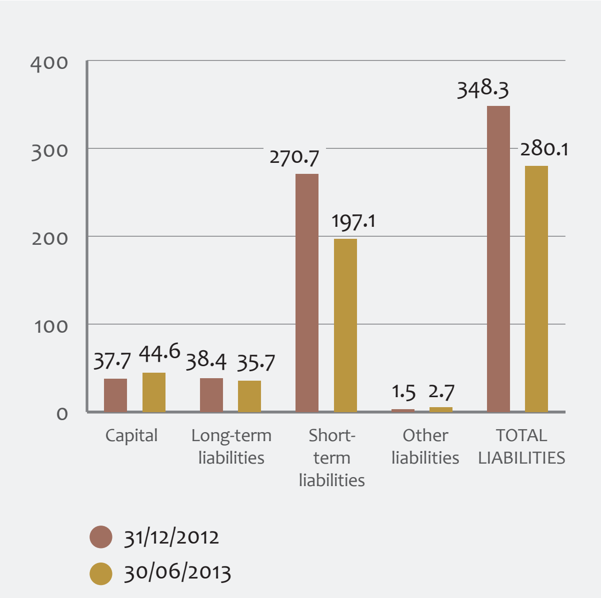
• **Capital** of Sava d.d. totalling €44.6 million was by €6.9 million or 18% higher than at the end of the past year. It has a 16% share in the liabilities structure. The following changes took place in capital:
  - A profit for the period of €17.8 million was generated.
  - Revaluation reserve decreased by €10.9 million.
  - Based on the resolution about a simplified decrease of share capital adopted by the Shareholders' Meeting, a loss from previous years totalling €58.3 million was covered from the share capital, which had no influence on the amount of total capital

• **Total financial liabilities** of Sava d.d. amounted to €226.9 million and compared to the end of the past year they reduced by €71.7 million. Their share in the balance sheet total reached 81%. Sava d.d. shows granted loans out of the Sava Group in the amount of €219.0 million under total financial liabilities.

  To secure the liabilities from the obtained loans, Sava d.d. pledged the assets of Sava d.d. in the amount of €198.9 million and the assets of Tourism in the amount of €14.0 million in favour of creditors at 30/06/2013.

- Other liabilities totalling €8.6 million referred to short-term operating liabilities, short- and long-term provisions and deferred tax liabilities. The mentioned amount also includes interest liabilities for the obtained loans charged according to the contract interest rates valid before signing the Master Restructuring Agreement. In July, the amount of interest liabilities will be adapted to the new contractual provisions.

Liabilities structure of Sava d.d. at 30/06/2013 and a comparison with 31/12/2012 (€ in millions)



Employee number

At 30/06/2013, Sava d.d. employed 24 associates, their number being lower by 7 associates in comparison with the end of 2012 and that on account of reassignments to other companies outside of the Sava Group or leaving the company.

Financial restructuring of Sava d.d.

On 23 July 2013, the Management Board of Sava d.d. successfully completed the process of concluding the so-called Master Restructuring Agreement with the organiser, collateral agent of bank consortium – Nova Ljubljanska Banka d.d., and other lending banks. The Agreement refers to restructuring the existing loan obligations of Sava d.d. in the amount of €187.7 million at a 3% interest rate, with the restructuring enactment date of 28 February 2013 and the final date of 30 November 2014.

By signing this Agreement, the lending banks enabled Sava to defer payment of the principals under the existing loans. Sava d.d. undertook to regularly pay 1% interest in this period, while the deferred interest falls due at the end of contract period. Furthermore, by signing the Agreement, the Management Board of Sava d.d. gave its commitment to the bank for further consistent implementation of the envisaged strategy that aims at divesting the financial assets of the company, decreasing costs and improving performance.

FINANCIAL REPORT

Business operations of the Sava Group and Sava d.d., January-June 2013

Sava Group

1. Financial statements of the Sava Group with the selected explanatory notes in accordance with the International Financial Reporting Standards as adopted by the EU

1.1. Consolidated financial statements of the Sava Group in accordance with International Financial Reporting Standards as adopted by the EU

Consolidated statement of financial position

€ in thousands

	30/06/2013	30/06/2012	31/12/2012
ASSETS			
Property, plant and equipment	162,675	213,163	164,969
Intangible assets	559	429	565
Investment property	10,885	9,911	6,865
Investments in associates	116,949	199,016	121,585
Long-term equity securities, available for sale	34,147	35,477	36,582
Long-term loans	2	364	20
Deferred tax receivables	20,555	22,675	19,293
Long-term assets	**345,772**	**481,035**	**349,879**
Assets for sale	0	0	91,427
Inventories	5,418	29,237	11,710
Operating and other receivables	13,776	37,703	7,863
Income tax receivable	0	560	0
Short-term financial investments	0	0	0
Granted loans	19,391	23,987	19,500
Cash and cash equivalents	2,656	4,878	551
Short-term assets	**41,241**	**96,365**	**131,051**
Assets	**387,013**	**577,400**	**480,930**

€ in thousands

	30/06/2013	30/06/2012	31/12/2012
EQUITY AND LIABILITIES			
Issued capital	25,442	83,751	83,751
Share premium paid-in	0	0	0
Reserves	4,977	4,977	4,977
Fair value reserve	-4,214	-4,741	-3,782
Treasury shares	-4,977	-4,977	-4,977
Translation reserve	0	273	0
Retained net profit	38,083	72,447	-14,241
Total equity attributable to equity holders of the parent	**59,311**	**151,730**	**65,728**
Minority interest	1,139	1,613	1,568
Equity	**60,450**	**153,343**	**67,296**
Long-term provisions	2,808	6,376	2,921
Deferred government grants	9,321	12,130	9,598
Obtained long-term loans	69,062	54,549	57,740
Long-term operating liabilities	0	42	0
Deferred tax liabilities	0	0	0
Long-term liabilities	**81,191**	**73,097**	**70,259**
Liabilities for sale	0	0	33,197
Short-term financial liabilities	223,100	307,227	287,738
Short-term operating liabilities	16,097	36,432	18,418
Short-term provisions (acc.costs and defer. liabil.)	6,175	7,301	4,022
Short-term liabilities	**245,372**	**350,960**	**343,375**
Total liabilities	**326,563**	**424,057**	**413,634**
Total equity and liabilities	**387,013**	**577,400**	**480,930**

The selected explanatory notes are an integral part of these financial statements.

Consolidated income statement

€ in thousands

	JAN - JUN 2013	JAN - JUN 2012
Revenues from goods sold and services rendered	29,928	96,609
Change in inventories of products	80	67
Other operating revenues	931	2,145
Operating revenues	**30,939**	**98,821**
Costs of goods, materials and services	-16,999	-59,794
Labour cost	-12,466	-26,653
Depreciation and amortisation	-4,232	-6,895
Write-offs	-511	-721
Other operating expenses	-598	-924
Operating expenses	**-34,806**	**-94,987**
Operating profit / loss	**-3,867**	**3,834**
Financial revenues	10,666	1,970
Financial expenses	-10,978	-13,383
Net financial revenues / expenses	**-312**	**-11,413**
Share in profit of associates	0	0
Share in loss of associates	0	0
Impairments of financial investments in associates	-1,078	-1,576
Net expenses from associates	**-1,078**	**-1,576**
Pre-tax profit / loss	**-5,257**	**-9,155**
Tax	-742	-3,376
Net profit / loss for the year	**-5,999**	**-12,531**
Net profit /loss for the year attributable to:		
Equity holders of the parent	-5,986	-12,493
Minority interest	-13	-38
Net loss for the period	**-5,999**	**-12,531**
Basic net loss per share (€)	-3.00	-6.26
Diluted net loss per share (€)	-3.00	-6.26

The selected explanatory notes are an integral part of these financial statements.

Consolidated statement of comprehensive income

€ in thousands

	JAN - JUN 2013	JAN - JUN 2012
Net profit / loss for the period	-5,999	-12,531
Other comprehensive income		
- Foreign currency translation differences for foreign operations	0	37
- Effective portion of changes in fair values of cash flow hedges	0	0
- Change in fair value of available-for-sale financial assets	-378	595
- Deferred tax on change in fair value of available-for-sale financial assets	3	-114
- Change in fair value of investments in associates	0	0
- Change in fair value of available-for-sale financial assets transferred to profit or loss	-57	-665
- Deferred tax on change in fair value of available-for-sale financial assets transferred to profit or loss	0	122
- Actuarial gains / losses in the pension scheme with guaranteed benefits	0	0
- Deferred tax	0	167
Other comprehensive income for the period, net of deferred tax	**-432**	**143**
Total comprehensive income for the period	**-6,431**	**-12,388**
Total comprehensive income for the period attributable to:		
Owners of the company	-6,418	-12,350
Minority interest	-13	-38
Total comprehensive income for the period	**-6,431**	**-12,388**

The selected explanatory notes are an integral part of these financial statements.

Consolidated cash flow statement

€ in thousands

	JAN - JUN 2013	JAN - JUN 2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/loss before taxation	-5,999	-12,531
Adjustments for:		
Depreciation of property, plant and equipment	4,070	6,620
Depreciation of intangible assets	54	44
Depreciation of investment property	108	135
Write-offs and impairment of property, plant and equipment	0	2
Write-offs and impairments of investment property	141	0
Impairment of receivables	370	0
Impairment of financial assets	1,532	1,750
Impairment of investments in associates	1,078	831
Proceeds from sale of plant, property and equipment	0	-40
Loss in sale of plant, property and equipment	0	18
Proceeds from sale of investment property	-126	0
Foreign currency translation difference	0	37
Proceeds from sale of securities	-73	-664
Loss in sale of subsidiaries	0	101
Received dividends and shares in profit	0	-68
Impairment of granted loans to associates	0	745
Proceeds from purchase of subsidiaries	0	-68
Interest expenses	9,446	11,167
Interest revenues	-485	-919
Liabilities/receivables for corporate income tax	0	3,376
Profit from operations prior to change in operating equity and provisions		**10,536,530**
Change in long-term receivables	-1,262	2,037
Change in short-term receivables	-18,585	-8,765
Change in inventories	-24	110
Change in short-term operating liabilities	-3,265	4,095
Change in long-term operating liabilities	0	-592
Change in provisions	-113	-239
Change in government grants	-277	-112
Acquired cash in operations	**13,410**	**7,070**
Paid income tax	0	-1,164
Net cash flow from operations		**5,906**

€ in thousands

	JAN - JUN 2013	JAN - JUN 2012
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Purchase of property, plant and equipment	-2,025	-3,122
Proceeds from sale of property, plant and equipment	249	186
Purchase of intangible assets	-48	-14
Proceeds from sale of intangible assets	0	0
Expenses for purchase of investment property	0	-7
Proceeds from sale of investment property	2,300	0
Proceeds from sale of subsidiaries	70,400	5,760
Expenses for purchase of subsidiaries	0	0
Proceeds from sale of associates	3,557	0
Proceeds from repaid loans	3,973	11,112
Expenses for granted loans	-3,846	-15,612
Purchase of long-term securities	-122	-23
Proceeds from sale of long-term securities	726	4,636
Received dividends from associates	0	0
Other dividends and shares in profit received	0	0
Received interest	485	919
Net cash flow from investment activities	**75,649**	**3,825**
CASH FLOWS FROM FINANCING ACTIVITIES		
Acquisition of own shares	0	0
Other changes in capital	-469	-65
Proceeds from obtained long-term loans	0	111
Expenses for obtained long-term loans	-285	-3,077
Proceeds from obtained short-term loans	0	10,044
Expenses for obtained short-term loans	-53,031	-11,348
Expenses for dividends of Group's shareholders	0	0
Paid interest	-6,349	-11,167
Net cash flow from financing activities	**-60,134**	**-15,502**
Net increase or decrease in cash and cash equivalents	**2,105**	**-5,771**
Cash and cash equivalents at the beginning of the year	551	10,649
Cash and cash equivalents from companies for sale	0	0
Cash and cash equivalents at the end of the period	2,656	4,878

The selected explanatory notes are an integral part of these financial statements.

Consolidated statement of changes in equity

€ in thousands

	Issued capital	Share premium	Reserves	Reserves for own shares	Reserves for fair value of financial assets	Reserves from a change in the value of financial investments in associated companies	Reserves for fair value of interest rate swaps	Own shares	Translation reserve	Net profit/ loss for the financial year	Net profit/ loss brought forward	Capital attributed to owners of the controlling interest	Non-controlling interest	Total
Balance at 31/12/2011	83,751	0	0	4,977	758	-5,604	-1	-4,977	236	-10,162	95,102	164,080	1,716	165,796
Total comprehensive income														
Loss for the year	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-12,493**	**0**	**-12,493**	**-38**	**-12,531**
Other comprehensive income	**0**	**0**	**0**	**0**	**105**	**0**	**0**	**0**	**37**	**0**	**0**	**143**	**0**	**143**
Foreign currency translation differences for foreign operations	0	0	0	0	0	0	0	0	37	0	0	**37**	0	37
Effective portion of changes in fair values of cash flow hedges - interest rate swaps	0	0	0	0	0	0	0	0	0	0	0	**0**	0	0
Change in fair value of available-for-sale financial assets	0	0	0	0	595	0	0	0	0	0	0	**595**	0	595
Deferred tax on change in fair value of available-for-sale financial assets	0	0	0	0	-114	0	0	0	0	0	0	**-114**	0	-114
Change in fair value of investments in associates	0	0	0	0	0	0	0	0	0	0	0	**0**	0	0
Change in fair value of available-for-sale financial assets transferred to profit or loss	0	0	0	0	-665	0	0	0	0	0	0	**-665**	0	-665
Deferred tax on change in fair value of available-for-sale financial assets transferred to profit or loss	0	0	0	0	289	0	0	0	0	0	0	**289**	0	289
Total comprehensive income	**0**	**0**	**0**	**0**	**105**	**0**	**0**	**0**	**37**	**-12,493**	**0**	**-12,351**	**-38**	**-12,388**
Transactions with owners, recorded directly in equity														
Dividend pay-out	0	0	0	0	0	0	0	0	0	0	0	**0**	0	0
Transfer of net profit of the previous year in the retained net profit	0	0	0	0	0	0	0	0	0	10,162	-10,162	**0**	0	0
Acquisition of own shares	0	0	0	0	0	0	0	0	0	0	0	**0**	0	0
Decrease in minority interest due to exchange rate change	0	0	0	0	0	0	0	0	0	0	0	**0**	-44	-44
Decrease in minority interest due to purchase of stakes	0	0	0	0	0	0	0	0	0	0	0	**0**	-21	-21
Total transactions with owners recorded in capital	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**10,162**	**-10,162**	**0**	**-65**	**-65**
Changes in capital														
Covering a loss	0	0	0	0	0	0	0	0	0	0	0	**0**	0	0
Formation of reserves for own shares	0	0	0	0	0	0	0	0	0	0	0	**0**	0	0
Other changes in capital	0	0	0	0	0	0	0	0	0	0	0	**0**	0	0
Total changes in capital	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Balance at 30/06/2012	83,751	0	0	4,977	863	-5,604	-1	-4,977	273	-12,493	84,940	151,730	1,613	153,343

€ in thousands

	Issued capital	Share premium	Reserves	Reserves for own shares	Reserves for fair value of financial assets	Reserves from a change in the value of financial investments in associated companies	Reserves for fair value of interest rate swaps	Own shares	Translation reserve	Net profit/ loss for the financial year	Net profit/ loss brought forward	Capital attributed to owners of the controlling interest	Non-controlling interest	Total
Balance at 31/12/2012	83,751	0	0	4,977	1,822	-5,605	0	-4,977	0	-99,181	84,940	65,728	1,568	67,296
Total comprehensive income														
Loss for the year	0	0	0	0	0	0	0	0	0	-5,986	0	-5,986	-13	-5,999
Other comprehensive income	0	0	0	0	-432	0	0	0	0	0	0	-432	0	-432
Foreign currency translation differences for foreign operations	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Effective portion ofchanges in fair valuesof cash flow hedges - interest rate swaps	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Change in fair value of available-for-sale financial assets	0	0	0	0	-378	0	0	0	0	0	0	-378	0	-378
Deferred tax on change in fair valueof available-for-sale financial assets	0	0	0	0	3	0	0	0	0	0	0	3	0	3
Change in fair value of investments in associates	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Change in fair value of available-for-sale financial assets transferred to profit or loss	0	0	0	0	-57	0	0	0	0	0	0	-57	0	-57
Deferred tax on change in fair value of available-for-sale financial assets transferred to profit or loss	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total comprehensive income	0	0	0	0	-432	0	0	0	0	-5,986	0	-6,418	-13	-6,431
Transactions with owners, recorded directly in equity														
Transfer of net loss of the previous year in the retained net profit	0	0	0	0	0	0	0	0	0	99,181	-99,181	0	0	0
Acquisition of own shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Decrease in minority interest due to exchange rate change	0	0	0	0	0	0	0	0	0	0	0	0	-416	-416
Decrease in minority interest due to purchase of minority stake	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total transaction with owners recorded in capital	0	0	0	0	0	0	0	0	0	99,181	-99,181	0	-416	-416
Changes in capital														
Covering a loss	-58,309	0	0	0	0	0	0	0	0	0	58,309	0	0	0
Formation of reserves for own shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other changes in capital	0	0	0	0	0	0	0	0	0		0	0	0	0
Total changes in capital	-58,309	0	0	0	0	0	0	0	0	0	58,309	0	0	0
Balance at 30/06/2013	25,442	0	0	4,977	1,390	-5,605	0	-4,977	0	-5,986	44,069	59,310	1,139	60,450

1.2. Composition of the Sava Group and data about the operations of the subsidised companies in the period January-June 2013

At 30/06/2013, the Sava Group consisted of 14 companies: the parent company Sava d.d. and 13 subsidiaries. The financial statements of all these companies are included in the consolidated financial statements of the Sava Group with the exception of the company, for which a proposal for receivership proceedings was filed at the court, based on which the court issued a resolution in August 2013 to enter bankruptcy. In all companies the capital and control rights are in accord.

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 30/06/2013 and 31/12/2012:

	% ownership 30/06/2013	% ownership 31/12/2012	Change in % of ownership 2013
RUBBER MANUFACTURING WITH THE FOREIGN TRADE NETWORK			
SAVATECH d.o.o., Kranj*	**0.00%**	**100.00%**	**-100.00%**
- SAVA TRADE GmbH, Munich, Germany (owned by Savatech d.o.o)*	0.00%	100.00%	-100.00%
- SAVA TRADE sp.z.o.o., Warsaw, Poland (owned by Savatech d.o.o)*	0.00%	100.00%	-100.00%
- SAVA TRADE spol.s.o.o., Prague, Czech Republic (owned by Savatech d.o.o)*	0.00%	100.00%	-100.00%
- SAVATECH TRADE Ltd., London, Great Britain (owned by Savatech d.o.o)*	0.00%	100.00%	-100.00%
- SAVATECH CORP., Port Orange, Florida (owned by Savatech d.o.o)*	0.00%	100.00%	-100.00%
- SAVA-ROL, d.o.o., Zagreb (owned by Savatech d.o.o)*	0.00%	76.00%	-76.00%
SAVAPRO d.o.o., Kranj*	**0.00%**	**60.00%**	**-60.00%**
- SAVARUS d.o.o., Jaroslavl, Russia (owned by SAVAPRO, d.o.o.)*	0.00%	100.00%	-100.00%
TOURISM			
SAVA TURIZEM d.d., Bled	**99.05%**	**99.05%**	**0.00%**
Sava Golf d.o.o., Ljubljana (owned by Sava Turizem d.d.)	100.00%	0.00%	100.00%
Sava Zdravstvo d.o.o., Ljubljana (owned by Sava Turizem d.d.)	100.00%	0.00%	100.00%
SAVA TMC d.o.o., Kranj	**100.00%**	**100.00%**	**0.00%**
REAL ESTATE			
SAVA NEPREMIČNINE d.o.o., Kranj	**100.00%**	**100.00%**	**0.00%**
SAVA NOVA d.o.o., Zagreb	**100.00%**	**100.00%**	**0.00%**
OTHER OPERATIONS			
SAVA MEDICAL IN STORITVE d.o.o., Kranj (owned by Savatech d.o.o)*	**0.00%**	**100.00%**	**-100.00%**
GIP SAVA KRANJ d.o.o., Ruma, Serbia	**100.00%**	**100.00%**	**0.00%**
ENERGETIKA d.o.o., Kranj	**100.00%**	**100.00%**	**0.00%**
ENERGETIKA ČRNOMELJ d.o.o., Kranj	**50.68%**	**50.68%**	**0.00%**
ENSA BH d.o.o., Srbac, Bosnia and Herzegovina	**100.00%**	**100.00%**	**0.00%**
SAVA ENSA dooel., Skopje, Macedonia	**100.00%**	**100.00%**	**0.00%**
BRAMIR d.o.o., Mostar, Bosnia and Herzegovina	**100.00%**	**100.00%**	**0.00%**
SAVA IT d.o.o. Kranj	**100.00%**	**100.00%**	**0.00%**

* *In October 2012, a contract was signed on selling the companies of Rubber Manufacturing with the Foreign Trade Network, the sale procedure being finalised on 8 January 2013.*

Changes in the composition of the Sava Group

At 30/06/2013, the Sava Group consisted of 8 companies less than at the end of 2012.

A disposal of the entire **Rubber Manufacturing with the Foreign Trade Network** was the major project of 2012 and represented one of the key milestones in Sava's restructuring strategy. The contract with the Czech rubber manufacturing company ČGS as a select strategic investor was signed at the end of October 2012. At the beginning of January 2013, all of the contractually determined suspensory conditions were satisfied, after which the purchase consideration for a 100% share of Savatech d.o.o. in the amount of €69.4 million and a 60% share of Savapro d.o.o. in the amount of €1.0 million was transferred. A profit of €23.5 million was generated in this transaction.

The Tourism division established two companies: **Sava Golf d.o.o.** and **Sava Zdravstvo d.o.o.** Both companies are under 100% ownership of Sava Turizem d.d. In the first half-year of 2013, both companies were at a standstill.

A proposal was filed at the Kranj District Court to begin receivership proceedings for the company Energetika, družba za naložbe in upravljanje z energijo, d.o.o. In August 2013, the Court issued a resolution to enter bankruptcy on 5 August 2013.

Other explanations

- The head office of the parent company Sava d.d. was changed and now reads: Dunajska cesta 152, Ljubljana.
- The head office of Sava TMC d.o.o. was changed and now reads: Dunajska cesta 152, Ljubljana.
- The head office of Sava Nepremičnine d.o.o. was changed and now reads: Dunajska cesta 152, Ljubljana.
- The name of the company Energetika Sava d.o.o. was changed and now reads: Energetika d.o.o.

Associated companies of the Sava Group

In the first half-year of 2013, the number of shares of Gorenjska banka d.d. owned by Sava d.d. reduced by 6,050 shares to 146,060 shares, with a stake decreasing by 1.83 percentage point to 44.07%. The shares were alienated in the procedure of realising collateral based on the call option contract on securities. The controlling stake reduced to 48.82%.

List of associated companies with a comparison of ownership stakes at 30/06/2013 and 31/12/2012:

	% ownership 30/06/2013	% ownership 31/12/2012	Change in % of ownership 2013	Controlling stake 30/06/2013***
SAVA, d.d., družba za upravljanje in financiranje, - as parent company				
- Gorenjska banka d.d., Kranj*	44.07%	45.90%	-1.83%	48.82%
- Abanka Vipa d.d., Ljubljana	23.83%	23.83%	0.00%	23.86%
- NFD Holding d.d., Ljubljana**	24.65%	24.65%	0.00%	24.65%
- Maksima Invest d.d., Ljubljana	21.77%	21.77%	0.00%	21.77%
SAVA TURIZEM d.d. - as parent company				
- Gorenjska banka d.d., Kranj	0.16%	0.16%	0.00%	0.17%
- Turizem Lendava d.o.o.	29.92%	29.92%	0.00%	29.92%
ENSA BH d.o.o., Srbac, Bosnia and Herzegovina - as parent company				
- Panensa d.o.o., Srbac, Bosnia and Herzegovina	40.00%	40.00%	0.00%	40.00%

* *Sava d.d. transferred 27,917 shares of Gorenjska Banka d.d., Kranj, under a fiduciary ownership of the fiduciary Abanka Vipa d.d., Ljubljana. The fiduciary saves them in favour of the holders of bonds issued by Sava d.d. as collateral for the liabilities arising from the bonds until their maturity, which is on 09/12/2014.*

** *After suspensory conditions defined in the debts restructuring agreement, which NFD Holding d.o.o. made with the creditors, are met, the stake of Sava d.d. will reduce to 21.09%.*

*** *The controlling stake is calculated as a ratio between the number of shares owned by Sava d.d. and total number of issued shares of the associated company less treasury shares.*

Sales revenues of subsidiaries in the period January-June 2013, capital of subsidiaries at 30/06/2013 and operating profit/loss of subsidiaries in the period January-June 2013:

€ in thousands

Company / head office	Sales revenues JAN - JUN 2013	Equity value 30/06/2013	Net profit / loss JAN - JUN 2013
TOURISM	**28,232**	**90,113**	**-2,785**
SAVA TMC d.o.o., Dunajska cesta 152, 1000 Ljubljana	774	292	233
Sava Turizem d.d., Cankarjeva 6, 4260 Bled	27,458	89,808	-3,018
- Sava Golf d.o.o., Dunajska cesta 152, 1000 Ljubljana	0	6	0
- Sava Zdravstvo d.o.o., Dunajska cesta 152, 1000 Ljubljana	0	7	0
REAL ESTATE	**0**	**5,784**	**-262**
SAVA NEPREMIČNINE d.o.o., Dunajska cesta 152, Ljubljana	0	6,293	-147
SAVA NOVA d.o.o., Fra Filipa Grabovca 14, 10000 Zagreb, Croatia	0	-509	-115
OTHER OPERATIONS	**2,406**	**1,394**	**-208**
GIP SAVA KRANJ, d.o.o., Industrijski put bb, 22400 Ruma, Serbia	0	3	0
Sava IT, d.o.o., Škofjeloška cesta 6, 4000 Kranj	808	330	-99
ENERGETIKA, d.o.o., Škofjeloška cesta 6, 4000 Kranj	-	-	-
ENERGETIKA ČRNOMELJ, d.o.o., Škofjeloška cesta 6, 4000 Kranj	207	580	31
ENSA BH, d.o.o., Prijeblezi BB, 78429 Srbac, Bosnia and Herzegovina	1,176	632	-136
BRAMIR d.o.o., Kralja Petra Krešimira IV, Mostar, Bosnia and Herzegovina	215	-135	-4
SAVA ENSA, dooel., Ul Veljko Vlahović br. 16/4, 1000 Skopje, Macedonia	0	-16	0
SUBSIDIARIES TOTAL	**30,638**	**97,291**	**-3,255**

Sales revenues of subsidiaries in the period January-June 2012, capital of subsidiaries at 31/12/2012 and operating profit/loss of subsidiaries in the period January-June 2012:

€ in thousands

Company / head office	Sales revenues JAN - JUN 2012	Equity value 30/06/2012	Net profit / loss JAN - JUN 2012
RUBBER MANUFACTURING DIVISION WITH THE FOREIGN TRADE NETWORK	**74,630**	**75,078**	**4,550**
SAVATECH d.o.o., Škofjeloška cesta 6, 4000 Kranj	59,680	70,161	4,400
SAVA-ROL d.o.o., Fallerovo šetalište 22, 10000 Zagreb, Croatia	183	152	14
SAVAPRO d.o.o., Škofjeloška cesta 6, 4000 Kranj	0	3,312	7
SAVARUS d.o.o., Spartakovskaja 1d, 150036 Jaroslavl, Russia	1,819	-2,320	-112
- FOREIGN TRADE NETWORK			
SAVA TRADE GmbH, Kobellstrasse 4, 80336 Munich, Germany	7,026	1,809	214
SAVA TRADE sp.z.o.o., Ul Przyparkova 19, 05-850 Ozarow Mazowiecki, Poland	2,209	102	12
SAVA TRADE spol.s.o.o., U Elektry 650/50, Budova K, 190 00 Prague, Czech Republic	2,549	1,371	63
SAVATECH TRADE Ltd., Bourne House, 475 Godstone Road, Whyteleafe, Surrey CR 3 OBL, Great Britain	54	86	13
SAVATECH CORP., 413 Oak Place, Blgd 5-J, Port Orange, FL 32127, USA	1,110	405	-61
TOURISM	**29,341**	**92,880**	**-1,949**
SAVA TMC d.o.o., Škofjeloška cesta 6, 4000 Kranj	23	58	-195
Sava Turizem d.d. (SAVA HOTELI BLED, d.d.), Cankarjeva 6, 4260 Bled	29,318	92,821	-1,754
REAL ESTATE	**338**	**25,074**	**-748**
Investicijsko podjetje d.o.o., Davčna ulica 1, 1000 Ljubljana*	331	18,767	-638
IP NOVA d.o.o., Davčna ulica 1, 1000 Ljubljana	7	245	2
IP NOVA A d.o.o., Davčna ulica 1, 1000 Ljubljana	0	9	0
SAVA NEPREMIČNINE d.o.o., Škofjeloška cesta 6, 4000 Kranj	0	6,440	0
SAVA NOVA d.o.o., Fra Filipa Grabovca 14, 10000 Zagreb, Croatia	0	-387	-112
OTHER OPERATIONS	**4,528**	**4,328**	**-209**
SAVA MEDICAL IN STORITVE d.o.o., Škofjeloška cesta 6, 4000 Kranj	1,584	2,982	53
GIP SAVA KRANJ d.o.o., Industrijski put bb, 22400 Ruma, Serbia	16	3	1
Sava IT d.o.o., Škofjeloška cesta 6, 4000 Kranj	1,057	430	158
ENERGETIKA SAVA d.o.o., Škofjeloška cesta 6, 4000 Kranj	241	-428	-70
ENERGETIKA ČRNOMELJ d.o.o., Škofjeloška cesta 6, 4000 Kranj	216	549	34
ENSA BH d.o.o., Prijeblezi BB, 78429 Srbac, Bosnia and Herzegovina	1,199	756	-478
BRAMIR d.o.o., Kralja Petra Krešimira IV, Mostar, Bosnia and Herzegovina	215	51	93
SAVA ENSA dooel., Ul Veljko Vlahović br. 16/4, 1000 Skopje, Macedonia	0	-16	0
SUBSIDIARIES TOTAL	**108,837**	**197,359**	**1,644**

* *The data for Sava IP d.o.o. refers to the period January-June 2012 (disposal of investment).*

1.3. Selected explanatory notes to the financial statements of the Sava Group in accordance with the International Financial Reporting Standards as adopted by the EU

1. 3.1. The reporting company

The controlling company Sava d.d. is domiciled in Dunajska cesta 152, 1000 Ljubljana. The consolidated financial statements of the Sava Group, which include the controlling company Sava d.d., its subsidiaries, and the interests in the associated companies, have been drawn for the period ending on 30 June 2013.

1.3.2. Basis of preparation

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU, and in compliance with the IFRICs as adopted by theInternational Accounting Standards Board (IASB), and in accordance with the Companies Act.

The Management Board approved the issue of the financial statements on 20 August 2013.

b) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis except for the financial instruments classified as available for sale and derivative financial instruments that are stated at their fair value.

c) Functional and presentation currency

The consolidated financial statements are presented in Euro, which is the functional currency of the company. All financial information is presented in Euro, rounded to the nearest thousand. When adding together, minor differences can appear due to rounding off.

The Sava Group companies, which have their company seat out of Slovenia, use the following currencies: HRK, BAM, MKD.

1.3.3. Significant accounting policies

The companies in the Sava Group have consistently applied the determined accounting policies for all the periods shown in the enclosed consolidated financial statements.

a) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at the reference exchange rate of the ECB ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the reference exchange rate of the ECB ruling at that date. Foreign exchange gains/losses present differences between the repayment value in functional currency at the beginning of the period adjusted by the amount of effective interest and payments during the period and the repayment value in foreign currency calculated at the reference exchange rate of the ECB at the period end. The foreign exchange gains/losses arising on translation are recognised in the income statement.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at the reference exchange rate of the ECB ruling at the transaction date. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Euro at the reference exchange rate of the ECB ruling at the date the fair value was determined.

Foreign exchange gains/losses arising from the retranslation are recognised in the income statement, which is not the case with gains/losses arising from the calculation of capital instruments available for sale, or non-financial liability determined as a cash-flow hedge against risk, which is recognised directly in equity.

Foreign operations

The assets and liabilities of foreign operations including goodwill and fair value revaluation adjustments upon consolidating are translated to Euro at the reference exchange rate of the ECB ruling at the reporting date. The revenues and expenses of foreign operations are translated to Euro at rates ruling at the dates of transactions. Foreign exchange gains/losses arising on retranslation are recognised in other comprehensive income as a translation reserve in equity. In the case of a subsidiary, which is not wholly-owned, a suitable proportionate share of translation reserve is reallocated under the non-controlling share. At eliminating a foreign operation, the translation reserve amount is transferred in the income statement..

b) Financial instruments

b1) Non-derivative financial instruments

Non-derivative financial instruments include investments in equity and debtor's securities, operating and other receivables, cash and cash equivalents, received and granted loans, operating and other liabilities.Non-derivative financial instruments are initially recognised at fair value increased by costs which directly relate to the transaction.

Non-derivative financial instruments are recognised if the group becomes a party to the contractual provisions of the instrument. The recognition of financial assets is eliminated when contractual rights of the group towards the cash flows expire or the financial instrument is transferred to another party including risks and benefits. Purchases and sales carried out in an ordinary way are accounted for on the day when the group obliges itself to purchase or sell an asset. The recognition of financial liabilities is eliminated when the contractual liabilities of the group are expired, terminated or interrupted.

Financial assets and liabilities are offset and net amount is shown in the balance sheet if and only if the group has a legal right to either settle the net amount or cash in the asset, and to settle its liability at the same time.

Loans and receivables

At initial recognition loans are recognised at fair value, after initial recognition they are recognised at their repayment value, any difference between the original and amortised cost is recognised in the income statement in the repayment period. The method of effective interest rate is applied.

At their initial recognition the operating receivables are shown in the amounts that arise from the corresponding documents on condition that they will be paid. As a rule, receivables are measured at amortised cost using the method of effective interest rates. Short-term operating receivables are not discounted on the balance sheet date.

If impartial evidence exists that a receivable recognised at amortised cost resulted in a loss due to impairment, the loss is measured as a difference between the carrying amount of a receivable and expected cashable value and is recognised in the income statement.

Receivables, which are assumed not be settled within the due term and in the total amount, respectively, are considered doubtful and, if a court procedure has already begun, disputable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, on transaction accounts and call deposits. Overdrafts on transaction accounts subject to settlement on call and being a component of managing monetary assets in the Group are included under cash and cash equivalents in the cash flow statement.

Financial assets available for sale

Non-current securities are located in the Group and classified under financial assets available for sale. They comprise investments in shares and stakes of listed and unlisted companies and investments in mutual funds. More than 99% of these assets are located in the parent company Sava d.d.

The available-for-sale financial assets are initially measured at fair value on the day of acquisition. Subsequent to initial recognition, they are measured at market value: share bid price at balance sheet date for listed financial instruments; in the case of unlisted financial instruments, the evidence for a needed impairment is determined at least once a year.

Any changes in fair value and foreign exchange losses/gains in capital instruments available for sale are shown in other comprehensive income. A loss due to impairment is recognised in profit or loss. In reversing the recognised investment, the cumulative gains and losses shown in other comprehensive income for the period are transferred to profit or loss.

If a decrease in fair value of a financial asset available for sale was recognised directly as a negative revaluation reserve and there exists impartial evidence that the asset is impaired over a long-term period, the impairment is recognised in the income statement as a financial expense. It is considered that impartial evidence for the examination of a financial investment exists when the fair value of the financial asset on the balance sheet date is 20% lower than the cost value of the financial asset. The examination of the impairment of the financial asset is carried out separately for each investment or group of investments.

Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. The Group has the following non-derivative financial liabilities: issued bonds, loans and borrowings, trade payables and receivables. Such financial liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

b2) Derivative financial instruments

The Group does not hold or issue any financial instruments for trading purposes.

The Group applies derivative financial instruments to hedge its interest rate risk exposure.

Derivative financial instruments are initially recognised at fair value; costs related to a transaction are recognised in profit or loss upon its appearance. After initial recognition derivative financial instruments are measured at fair value, while related changes are recognised in the income statement.

Cash flow hedging

Changes in fair value of a derivative financial instrument determined to hedge its exposure to risk are recognised directly in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued.

Hedging against risks

With derivative financial instruments which hedge monetary assets and liabilities in a foreign currency, hedging against risk is not performed. Changes in the fair value of derivative financial instruments are recognised in the income statement as part of foreign exchange gains and losses.

Capital

Total capital of a company is its liability towards its owners which falls due if the company discontinues its operation. It is determined on the basis of the sums invested by the owners, and the sums that appeared during operation and belong to the owners. It is decreased by the loss from operations, repurchased own shares and withdrawals (payments). Total capital comprises share capital, capital reserves, revenue reserves, retained net profit, fair value reserve and own shares as a deductible item.

Ordinary no-par value shares

Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

Repurchase of treasury shares

Repurchase of treasury shares is shown as a deduction from total equity.

Dividends

Dividends are recognised in the financial statements of the Group in the period in which the Shareholders' Meeting adopts a resolution on dividend payment.

Net earnings per share

Share capital of the Group is divided in ordinary no-par value shares therefore the Group shows the basic earnings per share. The basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding in the financial year.

Diluted net earnings per share equal the basic net earnings per share as the Group has no preferential shares or exchangeable bonds available. The number of issued shares did not change during the year.

c) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Value at cost includes costs that are directly attributed to the purchase of an asset. The cost of self-constructed assets includes cost of materials, direct labour costs and other costs directly attributed to its putting into intended use, and costs of dismantling and removing property, plant and equipment and restoring the site at which they are located, as well as capitalised borrowing costs. Costs may also include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

When parts of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Sava Group companies determine at least once a year whether there exists evidence for any impairment.

Transfer of property from tangible fixed assets to investment property

If an owner-occupied property changes to an investment property, this property is measured at its fair value and reclassified as investment property. The gain which appears in the repeated measurement is recognised in profit or loss to the extent the gain reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised in other comprehensive income and presented in the revaluation reserve to the extent that an amount had previously been included in the revaluation reserve relating to the specific property, with any remaining loss recognised immediately in profit or loss, while the loss is recognised directly in the income statement.

Subsequent costs

The group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

Depreciation

Depreciation is calculated and recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The suitability of the method and useful lives are reviewed on the day of reporting.

Estimated useful lives in the current and comparable period are as follows:

Manufacturing buildings	25 to 80 years
Hotels, commercial buildings, warehouses	20 to 71 years
Office buildings	25 to 40 years
Hotel furnishing	5 to 20 years
Computer equipment	2 to 5 years
Other equipment	6 to 20 years

d) Intangible assets

Goodwill

Goodwill represents amounts arising on acquisition of subsidiaries, associated companies and joint ventures and refers to a surplus or difference between the acquisition cost and share of the group in the net fair value of ascertained assets, liabilities and contingent liabilities of the acquired company.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted for investments, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investment.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as incurred.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date they are available for use. The estimated useful lives for the current and comparative periods for computer software and other patents and licences amount to ten years.

e) Investment property

Investment properties are properties which are held either to earn rental income or for long-term investment appreciation or for both. For evaluating investment properties the cost model is applied. Investment property is initially measured at cost, which includes purchase price and costs that can be attributed to the purchase such as legal fees, tax on property transfer and other transaction costs.

When it should be decided whether an asset is an investment property or property, plant and equipment, the asset is an investment property if more than 20% of its entire value is used as held to earn rental income.

Depreciation is accounted for on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

The useful lives for investment property are the same as for property, plant and equipment.

f) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The item cost of other inventories includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity. The use of inventories is stated at weighted average prices.

Inventories in the Real Estate division include interest expense for loans hired for a specific project.

g) Impairment of assets

Financial assets

Financial assets are impaired when impartial evidence exists, which shows that the expected future cash flows from this asset is decreased as a result of one or several events that can be reliably measured.

Impairment loss related to financial assets stated at payment value is calculated as the difference between the net value of an asset and the future expected cash flows, discounted at an originally valid interest rate. Impairment loss is recognised in the income statement.

Impairment loss related to a financial asset intended for sale is accounted for at its present fair value. The cumulative impairment loss recognised in other comprehensive income and stated in the fair value reserve is transferred to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost and the current fair value less any impairment loss previously recognised in profit or loss.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit and loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income for the period.

With an important financial asset an impairment estimate is performed individually. The impairment estimate of other financial assets is carried out collectively with regard to their common characteristic in risk exposure.

Non-financial assets

The carrying amounts of the Group's non-financial assets other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the reporting time.

Impairment of assets or cash-generating items is recognised when its carrying amount exceeds its recoverable value. A cash generating unit is the smallest group of assets which generates financial inflows that to a great extent do not depend on financial inflows from other assets or groups of assets. Impairment is stated in the income statement. Loss recognised in a cash-generating unit arising from an impairment is classified so as to first reduce the carrying amount of the goodwill allocated to the cash-generating unit, and then on other assets of the unit (group of units) in proportion to the carrying amount of each item in the group.

The recoverable amount of an asset or a cash-generating unit is the greater of their fair values in use or fair value less selling costs. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment is stated in the income statement.

h) Employee benefits

Liabilities for short-term employee benefits are measured without discounting and stated under expenses as work in connection with definite short-term benefits is done.

i) Provisions

A provision is recognised if the Group has a present legal or constructive obligation as a result of a past event, which is measurable, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Warranties for products and services

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and considering all possible outcomes with regard to their probability.

Provisions for retirement amounts and employee jubilee benefits

As stipulated by law, collective agreement and internal regulations the Group is committed to pay employee jubilee benefits and retirement amounts, for which long-term provisions are formed. No other liabilities due to pensions exist.

Provisions are formed for employees in those countries where a legal obligation for payment of retirement amounts and jubilee benefits exists and that in the amount of estimated future payments of retirement amounts and jubilee benefits discounted at the balance sheet date. The calculation includes expenses of retirement amounts and costs of all expected jubilee benefits until retirement. In calculating, the certified actuary considered the project unit method. Actuarial gains or actuarial losses from the current operations are entirely recognised in the income statement when ascertained.

Provisions for reorganisation

Provisions for reorganisation include direct costs of reorganisation and refer to severance pay to employees in connection with the changes in the organisational structure of companies.

Provisions for lawsuits

Provisions for lawsuits are formed when legal proceeding begins. The amount of provisions for law suits is determined in consideration of the estimated outcome of an individual claim.

j) Government grants

Provisions from assigned contributions are formed according to the Employment Rehabilitation Act at accounting for salaries and wages. These funds may be used for the material development of the company and covering various expenses and any deficit in revenues and for other purposes in compliance with legal requirements. Government grants are recognised in financial statements as deferred revenue when they are received and when there is a reasonable assurance that the conditions attaching to them will be complied with. Grants that compensate the Group for the cost of an asset are strictly recognised in the income statement as other operating income on a systematic basis over the useful life of the asset.

k) Revenue

Goods sold

Revenue from goods sold is recognised at fair value of received payment or receivable less paybacks and discounts, rebates for further sale and quantity discounts. Revenue is shown when the buyer has assumed all significant risks and rewards of ownership and there exists a certainty regarding the recovery of the consideration due, associated costs or the possible return of goods or products and when the Group ceases to make further decisions about sold products.

Transfer of risks and rewards depends on individual provisions of the sale contract. When selling goods a transfer is performed when the goods arrive in a customer's warehouse, and in certain international consignments a transfer is performed when the goods are loaded on a truck.

Services rendered

Revenue from services rendered is recognised in the income statement with regard to the stage of completion to date. The stage of completion is assessed by surveys of work performed. Revenue from services in the Tourism division is recognised as a service is rendered. When revenue from a tourist arrangement relates to two accounting periods they are deferred with regard to the number of days in each individual accounting period.

Rental income

Rental income from investment property is recognised in the income statement on a straight line basis over the term of the lease.

l) Finance income and finance costs

Net finance income comprises interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets, foreign exchange gains and gains arising from instruments for hedging against risk which are recognised in the income statement. Interest income is recognised as it arises by using the effective interest rate method. Dividend income is recognised in the income statement on the data when the shareholder's right for payment is established.

Finance costs comprise interest expense on borrowings, expenses from the disposal of available-for-sale financial assets, foreign exchange loss, impairment losses in the value of financial assets and losses arising from hedging against risk, which are recognised in the income statement. The expense of lease payments is recognised in the income statement using the effective interest rate method except those which are attributed to intangible and tangible assets under construction or preparation.

m) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax from tax losses was not accounted for.

n) Segment reporting

A segment is a component of the Group that engages either in business activities from which it may earn revenues and incur expenses. For operating segments discrete financial information is available. All operating segments' operating results are reviewed regularly by the Management Board of Sava d.d. to make decisions about resources to be allocated to the segment and to assess the Sava Group's performance.

1.3.4. Determination of fair values

In view of the accounting policies that are applied in the Group and the breakdowns, it is required to determine the fair value of both financial and non-financial assets and liabilities. The Group determined fair values of individual groups of assets for measuring and reporting purposes in accordance with the methods described below. Where additional explanations in respect of assumptions for the determination of fair values are required, these are mentioned in the notes to individual items of assets or liabilities of the Group.

Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property can be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably and willingly. The market value of plant, equipment, fixtures and fittings is based on the quoted prices for similar items.

Intangible assets

The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned. The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of assets.

Investment property

The fair value is based on market values, which equals the estimated value for which a property can be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably and willingly.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the expected cash flows from renting out the property. A yield that reflects the specific risks is applied in the calculation of property value on the basis of discounted net cash flows at the annual level.

Valuations reflect the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and general perception of their creditworthiness, furthermore the allocation of maintenance and insurance between the Group and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated revisionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

Inventories

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

Investments in equity and debt securities

The fair value of financial instruments classified as held for trading and available for sale is their quoted closing bid price at the reporting date. The fair value of shares and stakes which are not listed is estimated on the basis of signs for needed impairments.

Operating and other receivables

The fair value of operating and other receivables, except construction work in progress whose maturity is longer than one year, is calculated as the current value of future cash flows discounted at the market interest rate to date.

Derivatives

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for similar instruments at the measurement date.

Non-derivative financial liabilities

For the purpose of reporting, the fair value is calculated considering the current value of future payments of the principal and interest discounted at the market interest rate on the day of reporting. For financing leases the market rate of interest is determined by reference to similar lease agreements.

Preparation of the cash flow statement

The cash flow statement has been prepared by considering the data from the income statement for the period January-June 2013 (for the past period January-June 2012), the balance sheet data as at 30/06/2013 and 31/12/2012 (for the past period30/06/2012 and 31/12/2011), and other required data. The cash flow statement excludes the more important values which are not connected with revenues and expenses

1.3.5. Selected explanatory notes to major business events and transaction in the period January-June 2013

a) Write-offs of inventories, adjustments of receivables

At the end of 2012, inventories of land in the amount of €6,316 thousand were shown in Sava Nepremičnine d.o.o. Based on the Management Board's estimate of further practices with the mentioned land, these real properties were transferred under investment property. In the first half-year of 2013, the real property was impaired in the amount of €141 thousand and revaluation adjustments were carried out in the amount of €370 thousand.

b) Losses due to impairments of financial assets

In the first half-year of 2013, the following impairments of financial assets were carried out:

- Impairments of securities available for sale in the amount of €1,532 thousand.
- Impairments of investments in associated companies in the amount of €1,078 thousand.

The losses recognised due to impairments of financial assets were not reversed in the reported period. With regard to 2012, the valuation of financial investments in the shares of Abanka Vipa d.d. did not change; at the end of the year, the value will be re-verified.

c) Reversal of provisions for restructuring expenses

At Sava d.d., provisions in the amount of €57 thousandwere utilised for severance pays to employees due to further restructuring process.

d) Take-overs and alienation of fixed assets and investment property

- *Selling hotel real property owned by Sava d.d. to Sava TMC d.o.o. (a part of the Tourism division)*

  Ever since entering in the ownership of Tourism in Bled, Sava d.d. was in possession of certain hotel capacities in Bled. By realising the sale of real property, the division has become a delineated entity. Purchase consideration for real property amounted to €15,300 thousand, the amount being defined based on the Real Property Rights Evaluation Report; in this transaction, Sava d.d. generated a profit of €5,084 thousand. Since the mentioned transaction was carried out within the Sava Group companies, the profit was excluded from the consolidated financial statements. Sava d.d. reduced its debts with the banks by €13,500 thousand, while Sava TMC d.o.o. obtained a new loan in the same amount.

- *Selling land in Kranj*

  As part of divesting Rubber Manufacturing with the Foreign Trade Network, Sava d.d. also sold the land in Labore, Kranj. The selling value amounted to €2,300 thousand, at which a profit of €126 thousand was generated.

- *Investments in the first half-year of 2013*

  Investments in the amount of €2,025 thousand were made in the Sava Group companies in the first half-year of 2013; these were mainly realised in Sava Turizem d.d. and earmarked for modernisation of the existing hotel capacities and improvements in services.

e) Explanation in connection with the sale of Rubber Manufacturing with the Foreign Trade Network finalised on 8 January 2013

- The subject of the sale was a 100% share of Savatech d.o.o. with all of its daughter companies, a 60% share of Savapro d.o.o., Kranj and the Sava trademark in the part referring to the manufacturing process of Savatech d.o.o.
- A primary goal of the sale was to maximise purchase consideration to reduce the debts of Sava d.d, while its secondary goal was to preserve the division as a whole and keep the production in the Kranj premises.
- The sale procedure was carried out in several phases, with strategic and financial investors being invited to cooperate.
- Besides the members of the Management Board of Sava d.d. also financial advisors of EquityGate Advisors and legal consultants from Jadek&Pensa law firm collaborated in conducting the sale procedure.
- The Czech rubber manufacturing group ČGS a.s. was selected strategic partner as the best bidder, the sale contract being signed on 25 October 2012.
- The conditions defined in the contract as regards transfer of purchase consideration were met until 8 January 2013, which is why a total amount was transferred on that day. The sale procedure for Rubber Manufacturing was thus formally finished.
- Purchase consideration for a 100% share of Savatech d.o.o. amounted to €69,400 thousand. The obtained purchase consideration in the amount of €49,300 thousand was used for repayment of bank loans, €4,932 thousand for settling liabilities that Sava d.d. had to the Rubber Manufacturing companies, a sum of €15,168 thousand was transferred to the escrow account at the notary. Sava generated a profit of €24,302 thousand in this transaction.
- Purchase consideration for a 60% share of Savapro d.o.o. amounted to €1,000 thousand and was entirely settled. Sava generated a loss of €794 thousand in this transaction.

Information about the values in the income statement and statement of financial position of Rubber Manufacturing with the Foreign Trade Network at 31/12/2012 (before disposal)

€ in thousands

	2012	2011
Sales revenues from products sold and services rendered	146,328	142,696
Changes in the value of inventories	-739	1,812
Other revenues	1,515	1,553
Costs of goods, material and services	-107,119	-105,947
Labour costs	-24,966	-24,563
Depreciation and write-offs	-5,211	-5,449
Other operating expenses	-837	-1,161
Financial and other revenues	1,732	1,902
Financial expenses	-1,960	-2,522
Tax	-1,273	-1,560
Net profit for the financial year	**7,470**	**6,762**

Information about the values in the income statement and statement of financial position of Rubber Manufacturing with the Foreign Trade Network at 31/12/2012 (before disposal)

€ in thousands

	31/12/2012	Excluded from consolidation 31/12/2012	Transfer to available for sale 31/12/2012	31/12/2011
Property, plant and equipment	57,740	-11,227	46,513	57,877
Intangible fixed assets	100	0	100	9
Investment property	1,600	-283	1,317	1,589
Long-term financial investments	3,438	-3,438	0	171
Long-term loans and receivables	313	0	313	2,023
Deferred tax receivables	429	0	429	520
Inventories	16,344	0	16,344	17,217
Operating and other receivables	25,708	-6,759	18,949	26,528
Granted loans	9,199	-8,303	896	8,761
Cash and cash equivalents	6,566	0	6,566	8,176
Assets	**121,437**	**-30,010**	**91,427**	**122,871**
Capital	78,060	-78,060	0	78,567
Provisions	4,628	0	4,628	4,714
Obtained long-term loans	0	0	0	0
Long-term operating liabilities	0	0	0	1,403
Deferred tax liabilities	0	0	0	0
Obtained short-term loans	19,765	-2,715	17,050	18,454
Short-term operating liabilities	18,414	-7,465	10,949	19,127
Short-term provisions	570	0	570	607
Capital and liabilities	**121,437**	**-88,240**	**33,197**	**122,871**

f) Call option

Sava d.d. had a call option contract for 26,748 shares of NLB d.d. concluded with Factor banka d.d. with the maturity date of 15 January 2013. The contract was secured with 6,050 shares of Gorenjska banka d.d. Upon the maturity date, Sava d.d. did not exercised its right for purchasing shares of NLB d.d., whereas the seller exercised its right arising from the collateral. After this event, the ownership of Sava d.d. in Gorenjska banka d.d. reduced from 45.90% to 44.07%.

g) Loan obligations restructuring

Sava d.d.

On 23 July 2013, the Master Restructuring Agreement was signed between Sava d.d., Nova Ljubljanska Banka d.d. as organiser, agent and collateral agent of the bank consortium, and other lending banks, thereby successfully finalising the process of regulating the existing financial liabilities of Sava d.d.

The significant data:

- Amount: €187.7 million.
- Interest rate: 3%.
- Restructuring enactment date: 28 February 2013.
- Final date: 30 November 2013
- Interest rate 1% p.a. falls due quarterly, the difference in the amount of 2% p.a. falls due at the final date.
- In the period January-June 2013, the interest for the obtained bank loans is still computed in accordance with the contract interest rate valid prior to signing the Master Restructuring Agreement. The value of interest expenses will be adjusted to the new contractual provisions in the next accounting period.

Sava Turizem d.d.

The agreement of financial liabilities restructuring between Sava Turizem d.d. and the lending banks was signedon 2 July 2013. One of the lending banks did not joined to the agreement; however, it will conclude an annex to the loan contract under the same conditions as defined in the agreement on financial restructuring made with other lending banks.

The significant data:

- Amount: €49.7 million.
- Interest rate: 3-month EURIBOR + 5%.
- Restructuring enactment date: 2 July 2013.
- Final date: 2 August 2018.
- The principals of loans and interest are paid quarterly.

h) Introducing receivership proceedings for Energetika d.o.o.

On 30 May 2013, a proposal was filed at the Kranj District Court to begin receivership proceedings for the company Energetika, družba za naložbe in upravljanje z energijo, d.o.o. According to the resolution by the Court, the receivership proceedings began on 5 August 2013.

At 31/12/2012, the company Energetika d.o.o. showed balance sheet total of €174 thousand. It had a negative capital of €428 thousand; its structure included uncovered losses of €1,308 thousand.

At Sava d.d., the risks with further operation of Eneregetika d.o.o. were already recognised in the form of impairments in total amount of €1,097 thousand. At 30/06/2013, the company was excluded from the consolidated financial statements of the Sava Group.

i) Other explanations

In the first half-year of 2013:

- There are no significant amounts of unsettled liabilities for purchase of fixed assets.
- There were no significant changes in connection with the course of the existing legal proceedings, inclusive of denationalisation claims in the Tourism division. An action by a private individual for damage payment in connection with a management employment contract was filed anew. The management of the defendant party estimates the action not grounded and does not expect any negative financial consequences.
- There were no corrections of mistakes made retroactively.
- There were no unusual transactions between the related companies.
- There were no transfers between the fair value hierarchies used in measurement of fair value of financial instruments.

- There were no other changes in the classification owing to the change of purpose or use of these assets.
- There were no significant changes in contingent liabilities.
- An explanation about regulating the loan obligations of Sava d.d. and Sava Turizem d.d. carried out after the balance sheet date is given under paragraph g).
- The information by segment is given in the business part of the semi-annual report – Business operations by division. Rubber manufacturing with the Foreign Trade Network was entirely sold this year.

1.3.6. Other explanations

a) Disclosures of fair value of financial instruments

€ in thousands

	30/06/2013 Book value	30/06/2013 Fair value	31/12/2012 Book value	31/12/2012 Fair value
Securities available for sale	34,147	34,147	36,582	36,582
Assets for sale	0	0	91,427	91,427
Long-term receivables – financial lease	0	0	0	0
Other long-term receivables	2	2	10	10
Short-term receivables	13,776	13,776	7,863	7,863
Derivative financial instruments – interest rate swaps	0	0	0	0
Granted loans	19,391	19,391	19,500	19,500
Cash and cash equivalents	2,656	2,656	551	551
Long-term loans with fixed interest rate	-6,268	-6,281	-6,194	-6,188
Long-term loans – issued bonds with fixed interest rate	-26,515	-22,538	-26,515	-22,538
Long-term loans with variable interest rate	-36,279	-36,279	-25,031	-25,031
Liabilities for sale	0	0	33,197	33,197
Long-term operating liabilities	0	0	0	0
Short-term loans	-219,394	-219,394	-283,356	-283,356
Derivative financial instruments – interest rate swaps	-2,997	-2,997	-3,673	-3,673
Liabilities for dividends	-709	-709	-709	-709
Short-term operating liabilities	16,097	16,097	18,418	18,418

b) Classification of financial instruments with regard to the fair value computation

Financial instruments valued at fair value are classified in three levels:

- Level 1: assets or liabilities at stock exchange price as at 30/06.
- Level 2: assets or liabilities that are not classified as Level 1, their value being determined directly or indirectly based on the market data.
- Level 3: assets or liabilities whose value cannot be acquired from the market data.

Classification of financial instruments with regard to the fair value computation:

€ in thousands

	30/06/2013				31/12/2012			
	Total	Level 1	Level 2	Level3	Total	Level 1	Level 2	Level3
Securities available for sale	34,147	3,999	24,374	5,774	36,582	4,683	25,874	6,025
Derivative financial instruments assets	0	0	0	0	0	0	0	0
Derivative financial instruments liabilities	-2,997	0	-2,997	0	-3,673	0	-3,673	0
Total	**31,150**	**3,999**	**21,377**	**5,774**	**32,909**	**4,683**	**22,201**	**6,025**

c) Explanations of individual items and various explanations with reference to the capital of the Sava Group

On 20 May 2013, a resolution about a simplified share capital decrease was entered in the Court register based on the resolution from the Shareholders' Meeting; share capital was decreased by €58,310 thousand, which in terms of its contents represented covering the past losses of Sava d.d.

€ in thousands

Structure of retained net profit / net loss	30/06/2013	31/12/2012
Retained net profits from previous years – balance at 01/01	-14,241	84,960
Decreased by paid dividends of Sava d.d.	0	0
Net operating result for the accounting period attributable to Sava d.d.	-5,986	-99,181
Covering a loss of Sava d.d. according to a simplified share capital decrease procedure	58,310	0
Retained net profit / net loss	**38,083**	**-14,241**

Dividends

In 2013, as well as in 2012, no dividends were paid.

Net earnings per share

Share capital is divided into 2,006,987 ordinary personal no-par value shares, which all have voting rights and are freely transferable. All shares are paid in full. The company is not in possession of any bonds that could be converted into shares.

Weighted average number of shares

€ in thousands

	30/06/2013	2012
No. of total shares	2,006,987	2,006,987
Own shares	-30,541	-30,541
Weighted average number of shares	1,995,423	1,995,423

Net loss attributable to ordinary shares

Structure of retained net profit / net loss (€000)	JAN – JUN 2013	JAN – JUN 2012
Net profit / loss for the financial year (€000)	-5,999	-12,531
Net profit / loss of the accounting period attributable to owners of parent company (€000)	-5,986	-12,493
Weighted average number of shares	1,995,423	1,995,423
Basic net loss per share (in €)	**-3.00**	**-6.26**

The diluted net loss per share equals the net loss per share as capital consists of ordinary shares only.

1.3.7. Events after the balance sheet date

The events that appeared after the balance sheet date are described in the business part of the semi-annual report. None of these events is of the nature that would require to make adjustments in the consolidated financial statements.

However, the following event is to be mentioned:

- On 30 May 2013, a proposal was filed at the Kranj District Court to begin receivership proceedings for the company Energetika, družba za naložbe in upravljanje z energijo, d.o.o. According to the resolution by the Court, the receivership proceedings began on 5 August 2013.

1.4. Statement of Management Responsibility for the Sava Group

The Management Board confirms the consolidated financial statements of the Sava Group for the period ending on 30 June 2013.

The Management Board confirms that when drawing up the consolidated financial statements the corresponding accounting policies were consistently applied, and that the consolidated report gives a true and fair view of the company's assets and operating results for the first half-year of 2013.

The Management Board is also responsible for the proper managing of its accounting procedures, establishing, operation and maintaining internal control in relation to the preparation and fair presentation of the financial statements, which do not contain any material misstatements originating from fraud or error, and for adopting suitable measures to secure assets and other funds. The Management Board confirms herewith that the financial statements and the selected explanatory notes have been produced on the going concern presumption of the companies within the Group and in accordance with the valid legislation and International Financial Reporting Standards as adopted by the European Union.

Matej Narat, MSc
President of the Management Board

Andrej Andolišek
Member of the Management Board

Ljubljana, 20 August 2013

FINANCIAL REPORT

Business operations of the Sava Group and Sava d.d., January-June 2013

Sava d. d.

2.

Financial statements of Sava d.d. with notes in accordance with Slovene Accounting Standards

2.1. Financial statements of Sava d.d. in accordance with Slovene Accounting Standards

Balance sheet of Sava d.d. at 30/06/2013

€ in thousands

	Notes	30/6/2013	31/12/2012
ASSETS			
A. FIXED ASSETS		**256,418**	**272,111**
I. INTANGIBLE FIXED ASSETS AND LONG-TERM DEFERRED COSTS AND ACCRUED REVENUES	**2.4.1.**	**26**	**19**
1. Long-term industrial property rights		26	19
2. Goodwill		0	0
3. Advances for intangible fixed assets		0	0
4. Long-term deferred development costs		0	0
5. Other long-term deferred costs and accrued revenues		0	0
II. TANGIBLE FIXED ASSETS	**2.4.2.**	**232**	**169**
1. Land and buildings		0	0
a) Land		0	0
b) Buildings		0	0
2. Plant and machinery		138	82
3. Other equipment		94	87
4. Tangible fixed assets under construction		0	0
a) Tangible fixed assets under construction and manufacture		0	0
b) Advances for tangible fixed assets		0	0
III. INVESTMENT PROPERTY	**2.4.3.**	**2,392**	**14,877**
1. Leased to subsidiaries		0	10,280
2. Leased to other companies		1,888	4,242
3. Not leased		504	355
IV. LONG-TERM FINANCIAL INVESTMENTS	**2.4.4.**	**233,096**	**236,367**
1. Long-term financial investments except loans		227,002	233,208
a) Shares and stakes in Group's companies		97,400	97,400
b) Shares and stakes in associates		95,536	99,301
c) Other shares and stakes		34,066	36,507
d) Other long-term financial investments		0	0
2. Long-term loans		6,094	3,159
a) Long-term loans to companies in the Group		6,094	3,159
b) Long-term loans to other entities		0	0
c) Long-term unpaid called-up capital		0	0

€ in thousands

	Notes	30/6/2013	31/12/2012
V. LONG-TERM OPERATING RECEIVABLES	**2.4.5.**	**3**	**10**
1. Long-term operating receivables to companies in the Group		0	0
2. Long-term operating trade receivables		0	0
3. Long-term receivables to other entities		3	10
VI. DEFERRED TAX RECEIVABLES	**2.4.6.**	**20,669**	**20,669**
B. SHORT-TERM ASSETS		**23,580**	**76,145**
I. ASSETS (GROUPS FOR DISPOSAL) FOR SALE	**2.4.7.**	**0**	**58,402**
II. INVENTORIES		**0**	**0**
1. Material		0	0
2. Work in process		0	0
3. Products and merchandise		0	0
4. Advances for inventories		0	0
III. SHORT-TERM FINANCIAL INVESTMENTS	**2.4.8.**	**13,892**	**13,136**
1. Short-term financial investments except loans		0	0
a) Shares and stakes in Group's companies		0	0
b) Other shares and stakes		0	0
c) Other short-term financial investments		0	0
2. Short-term loans		13,892	13,136
a) Short-term loans to companies in the Group		385	459
b) Short-term loans to other entities		13,507	12,677
c) Short-term unpaid called-in capital		0	0
IV. SHORT-TERM OPERATING RECEIVABLES	**2.4.9.**	**9,170**	**4,604**
1. Short-term operating liabilities to companies in the Group		2,033	321
2. Short-term trade receivables		34	59
3. Short-term operating receivables to other entities		7,103	4,224
V. CASH	**2.4.10.**	**518**	**3**
1. Cash on hand and accounts		518	3
2. Short-term deposits		0	0
a) Short-term deposits Group’s companies		0	0
b) Short-term deposits in associates		0	0
c) Short-term deposits in other entities		0	0
C. SHORT-TERM DEFERRED COSTS AND ACCRUED REVENUES		**68**	**20**
ASSETS TOTAL		**280,066**	**348,276**

€ in thousands

	Notes	30/6/2013	31/12/2012
LIABILITIES			
A. CAPITAL	**2.4.11.**	**44,611**	**37,729**
I. CALLED-UP CAPITAL		**25,442**	**83,751**
1. Share capital		25,442	83,751
2. Uncalled capital (as a deductible item)		0	0
II. CAPITAL RESERVES		**0**	**0**
III. REVENUE RESERVES		**0**	**0**
1. Legal reserves		0	0
2. Reserves for treasury shares and own business stakes		4,977	4,977
3. Treasury shares and own business shares (as a deductible item)		-4,977	-4,977
4. Statutory reserves		0	0
5. Other revenue reserves		0	0
IV. SURPLUS FROM REVALUATION		**1,370**	**12,288**
- From tangible fixed assets		0	0
- From intangible fixed assets		0	0
- From long-term financial investments		1,370	12,288
- From short-term financial investments		0	0
V. RETAINED NET PROFIT OR LOSS FROM PREVIOUS PERIODS		**0**	**-9,274**
VI. NET PROFIT OR LOSS FOR THE FINANCIAL YEAR		**17,799**	**-49,036**
B. PROVISIONS AND LONG-TERM ACCRUED COSTS AND DEFERRED REVENUES	**2.4.13.**	**122**	**122**
1. Provisions for pensions and similar liabilities		122	122
2. Other provisions		0	0
3. Long-term accrued costs and deferred revenues		0	0

€ in thousands

	Notes	30/6/2013	31/12/2012
C. LONG-TERM LIABILITIES	**2.4.14.**	**35,708**	**38,362**
I. LONG-TERM FINANCIAL LIABILITIES		**35,466**	**37,078**
1. Long-term financial liabilities to Group's companies		0	0
2. Long-term financial liabilities to banks		2,932	4,540
3. Long-term financial liabilities arising from bonds		26,515	26,515
4. Other long-term financial liabilities		6,019	6,023
II. LONG-TERM OPERATING LIABILITIES		**0**	**0**
1. Long-term operating liabilities to Group's companies		0	0
2. Long-term trade payables		0	0
3. Long-term bills payables		0	0
4. Long-term operating liabilities arising from advances		0	0
5. Other long-term operating liabilities		0	0
III. DEFERRED TAX LIABILITIES		**242**	**1,283**
D. SHORT-TERM LIABILITIES	**2.4.15.**	**197,122**	**270,653**
I. LIABILITIES INCLUDED IN GROUPS FOR DISPOSAL		**0**	**0**
II. SHORT-TERM FINANCIAL LIABILITIES		**191,397**	**261,442**
1. Short-term financial liabilities to Group's companies		4,163	9,930
2. Short-term financial liabilities to banks		183,528	247,130
3. Short-term liabilities arising from bonds		0	0
4. Other short-term financial liabilities		3,706	4,382
III. SHORT-TERM OPERATING LIABILITIES		**5,725**	**9,211**
1. Short-term operating liabilities to Group's companies		29	98
2. Short-term trade payables		173	444
3. Short-term bills payables		0	0
4. Short-term operating liabilities arising from advances		30	30
5. Other short-term operating liabilities		5,493	8,639
E. SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUES	**2.4.16.**	**2,503**	**1,410**
TOTAL LIABILITIES		**280,066**	**348,276**

The notes form an integral part of these financial statements.

Income statement of the company Sava d.d. for the period January-June 2013

€ in thousands

	Notes	JAN - JUN 2013	JAN - JUN 2012
1. NET SALES REVENUES	**2.4.17.**	**927**	**1,465**
a) Revenues in domestic market		533	1,457
To companies in the Group		347	1,159
To associates		0	0
To others		186	298
b) Revenues in foreign market		393	8
To companies in the Group		16	8
To associates		0	0
To others		377	0
2. CHANGE IN THE VALUE OF INVENTORIES OF PRODUCTS AND WORK IN PROGRESS		**0**	**0**
3. CAPITALISED OWN PRODUCTS AND SERVICES		**0**	**0**
4. OTHER OPERATING REVENUES (with operating revenues from revaluation adjustment)	**2.4.18.**	**5,210**	**7**
5. COSTS OF MERCHANDISE, MATERIALS AND SERVICES	**2.4.20.**	**-2,159**	**-1,562**
a) Cost of merchandise and material sold and cost of material used		-38	-37
b) Cost of services		-2,121	-1,526
6. LABOUR COSTS	**2.4.21.**	**-924**	**-1,267**
a) Salaries and wages		-744	-1,037
b) Social security cost (pension insurance cost shown separately)		-130	-192
- Social security cost		-55	-78
- Pension insurance cost		-75	-114
c) Other labour cost		-50	-38
7. AMORTISATION AND DEPRECIATION EXPENSE, WRITE-OFFS	**2.4.22.**	**-95**	**-150**
a) Amortisation		-68	-131
b) Operating expenses from revaluation of intangible and tangible fixed assets		0	0
c) Operating expenses from revaluation of current assets		-27	-19
8. OTHER OPERATING EXPENSES	**2.4.23.**	**-8**	**-55**
9. PROFIT FROM OPERATIONS		**2,951**	**-1,562**
10. FINANCIAL REVENUES FROM SHARES	**2.4.24.**	**25,563**	**8,632**
a) Financial revenues from shares in Group's companies		24,302	7,900
b) Financial revenues from shares in associates		0	0
c) Financial revenues from shares in other companies		144	732
d) Financial revenues from other investments		1,117	0
11. FINANCIAL REVENUES FROM GRANTED LOANS	**2.4.25.**	**585**	**1,023**
a) Financial revenues from loans granted to Group's companies		130	160
b) Financial revenues from loans granted to other entities		455	863
12. FINANCIAL REVENUES FROM OPERATING RECEIVABLES	**2.4.26.**	**0**	**1**
a) Financial revenues from operating receivables due from Group's companies		0	0
b) Financial revenues from operating receivables due from other entities		0	1
13. FINANCIAL EXPENSES FROM IMPAIRMENTS AND WRITE-OFFS IN FINANCIAL INVESTMENTS	**2.4.27.**	**-2,535**	**-4,145**

€ in thousands

	Notes	JAN - JUN 2013	JAN - JUN 2012
14. FINANCIAL EXPENSES FROM FINANCIAL LIABILITIES	**2.4.28.**	**-8,054**	**-9,306**
a) Financial expenses from borrowings obtained from Group's companies		-123	-323
b) Financial expenses from borrowings obtained from banks		-6,799	-7,626
c) Financial expenses from issued bonds		-944	-951
d) Financial expenses from other financial liabilities		-188	-405
15. FINANCIAL EXPENSES FROM OPERATING LIABILITIES		**0**	**0**
a) Financial expenses from operating liabilities due to Group's companies		0	0
b) Financial expenses from trade payables and bill payables		0	0
c) Financial expenses from other operating liabilities		0	0
16. OTHER REVENUES	**2.4.29.**	**12**	**1**
17. OTHER EXPENSES	**2.4.29.**	**-4**	**-11**
18. TAX ON PROFIT	**2.4.30.**	**-720**	**0**
19. DEFERRED TAXES	**2.4.31.**	**0**	**-2,233**
20. NET PROFIT/LOSS FOR THE ACCOUNTING PERIOD		**17,799**	**-7,601**

The notes form an integral part of these financial statements.

Statement of other comprehensive income of Sava d.d. for the period January-June 2013

€ in thousands

	JAN - JUN 2013	JAN - JUN 2012
Net profit /loss for the period	**17,799**	**-7,601**
Other comprehensive income:	**0**	**0**
- Change in fair value of available-for-sale financial assets	-378	587
- Deferred tax from change in fair value of available-for-sale financial assets	3	-114
- Change in fair value of investment in associates	0	0
- Change in fair value of available-for-sale financial assets transferred to profit or loss	-11,582	-3,028
- Deferred tax from a change in fair value of available-for-sale financial assets transferred to profit or loss	1,039	370
- Actuarial gains / losses in the pension scheme with guaranteed benefits	0	0
- Deferred tax	0	167
Other comprehensive income for the period, net of income tax in the period	**-10,918**	**-2,018**
Total comprehensive income for the period	**6,880**	**-9,619**

Cash flow statement of Sava d.d. for the period January-June 2013

€ in thousands

	JAN - JUN 2013	JAN - JUN 2012
A. CASH FLOWS FROM OPERATING ACTIVITIES		
a) Net profit for the financial year	**17,799**	**-7,601**
Pre-tax profit	18,519	-5,368
Profit tax and other taxes not included in operating expenses	-720	-2,233
b) Adjustments for:	**-20,701**	**3,926**
Depreciation (+)	68	131
Operating revenues from revaluation in connection with items of investing and financing activities	-5,210	0
Operating expenses from revaluation in connection with items of investing and financing activities	0	0
Financial revenues excluding financial revenues from operating receivables	-26,148	-9,655
Financial expenses excluding financial expenses from operating liabilities	10,589	13,451
c) Change in net current assets (and accruals, deferrals, provisions and deferred tax receivables and liabilities) balance sheet items	**9,639**	**-1,418**
Opening minus closing operating receivables	10,055	-1,701
Opening minus closing deferred costs and accrued revenues	-48	72
Opening minus closing deferred tax receivables	0	2,253
Opening minus closing assets (groups for disposal) for sale	0	0
Opening minus closing inventories	0	0
Closing minus opening operating liabilities	-786	-1,016
Closing minus opening accrued costs and deferred revenues and provisions	1,093	-239
Closing minus opening tax liabilities	-676	-788
d) Surplus in inflows from operating activities or surplus of outflows from operating activities (a+b+c)	**6,736**	**-5,093**
B. CASH FLOWS FROM INVESTING ACTIVITIES		
a) Inflows from investing activities	24,732	20,680
Revenues from received interests and shares in profit in relation to investing activities	3,390	6,455
Revenues from disposal of intangible fixed assets	0	141
Revenues from disposal of tangible fixed assets	1	82
Revenues from disposal of investment property	2,299	0
Revenues from disposal of long-term financial investments	1,655	10,396
Revenues from disposal of short-term financial investments	17,387	3,606
b) Outflows from investing activities	**-21,293**	**-6,980**
Expenses for purchase of intangible fixed assets	-8	0
Expenses for purchase of tangible fixed assets	-84	-1
Expenses for purchase of investment properties	0	0
Expenses for purchase of long-term financial investments	-3,096	-486
Expenses for purchase of short-term financial investments	-18,105	-6,494
c) Surplus in inflows from investing activities or surplus in outflows from investing activities (a+b)	**3,439**	**13,700**

€ in thousands

	JAN - JUN 2013	JAN - JUN 2012
C. CASH FLOWS FROM FINANCING ACTIVITIES		
a) Inflows from financing activities	**2,091**	**14,097**
Revenues from paid-in capital	0	0
Revenues from increase in long-term financial liabilities	0	0
Revenues from increase in short-term financial liabilities	2,091	14,097
b) Outflows from financing activities	**-11,752**	**-22,701**
Expenses for interests related to financing	-7,197	-9,732
Expenses for return of capital	0	0
Expenses for repayment of long-term financial liabilities	-1,264	0
Expenses for repayment of short-term financial liabilities	-3,291	-12,970
Expenses for payment of dividends and other shares in profit	0	0
c) Surplus in inflows from financing activities or surplus in expenses from financing activities (a+b)	**-9,661**	**-8,604**
D. CASH AND CASH EQUIVALENTS AT END OF PERIOD	**518**	**3**
a) Net increase in cash and cash equivalents (sum of Ad, Bc and Cc)	**515**	**3**
b) Cash and cash equivalents at beginning of period	**3**	**0**

Statement of changes in equity of Sava d.d. for the period from 31/12/2012 to 30/06/2013

€ in thousands

	Called up capital I		Capital reserves II	Revenue reserves III					Re-valuation reserve IV	Retained net profit/loss from previous periods V		Net profit/loss for the financial year VI		
	Share capital	Uncalled capital (as deductible item)	Capital reserves	Legal reserves	Reserve for treasury shares and own business stakes	Treasury shares and own business stakes (as deductible item)	Statutory reserves	Other revenue reserves	Revaluation reserves	Retained net profit	Retained net loss	Net profit for the financial year	Net loss for the financial year	Total capital
	I/1	I/2	II	III/1	III/2	III/3	III/4	III/5	IV	V/1	V/2	VI/1	VI/2	
A.1 Balance at 31/12/2012	**83,751**	**0**	**0**	**0**	**4,977**	**-4,977**	**0**	**0**	**12,288**	**0**	**-9,274**	**0**	**-49,036**	**37,729**
A.2 Initial balance at 01/01/2013	**83,751**	**0**	**0**	**0**	**4,977**	**-4,977**	**0**	**0**	**12,288**	**0**	**-9,274**	**0**	**-49,036**	**37,729**
B.1. Changes in equity - transactions with owners	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
B.2. Total comprehensive income for the period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-10,918**	**0**	**0**	**17,799**	**0**	**6,881**
a) Entry of net profit/loss for the period	0	0	0	0	0	0	0	0	0	0	0	17,799	0	17,799
d) Change in fair value of available-for-sale financial assets	0	0	0	0	0	0	0	0	-378	0	0	0	0	-378
e) Deferred tax from a change in fair value of available for-sale financial assets	0	0	0	0	0	0	0	0	3	0	0	0	0	3
f) Change in fair value of available-for-sale financial assets to be transferred to profit or loss	0	0	0	0	0	0	0	0	-11,582	0	0	0	0	-11,582
g) Deferred tax from a change in fair value of available-for-sale financial assets to be transferred to profit or loss	0	0	0	0	0	0	0	0	1,039	0	0	0	0	1,039
B.3. Changes within equity	**-58,310**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**9,274**	**0**	**49,036**	**1**
a) Allocation of the remaining net profit part for the comparative period to other capital components	0	0	0	0	0	0	0	0	0	0	-49,036	0	49,036	0
b) Settling a loss as a deductible equity item	-58,310	0	0	0	0	0	0	0	0	0	58,310	0	0	1
C. END BALANCE at 30/06/2013	**25,442**	**0**	**0**	**0**	**4,977**	**-4,977**	**0**	**0**	**1,370**	**0**	**0**	**17,799**	**0**	**44,611**

Statement of changes in equity of Sava d.d. for the period from 31/12/2011 to 30/06/2012

€ in thousands

	Called up capital I		Capital reserves II	Revenue reserves III					Re-valuation reserve IV	Retained net profit/loss from previous periods V		Net profit/loss for the financial year VI		
	Share capital	Uncalled capital (as deductible item)	Capital reserves	Legal reserves	Reserve for treasury shares and own business stakes	Treasury shares and own business stakes (as deductible item)	Statutory reserves	Other revenue reserves	Re-valuation reserves	Retained net profit	Retained net loss	Net profit for the financial year	Net loss for the financial year	Total capital
	I/1	I/2	II	III/1	III/2	III/3	III/4	III/5	IV	V/1	V/2	VI/1	VI/2	
A.1. BALANCE AT 31/12/2011	83,751	0	0	0	4,977	-4,977	0	0	13,177	0	0	0	-9,274	87,654
A.2. INITIAL BALANCE at 01/01/2012	83,751	0	0	0	4,977	-4,977	0	0	13,177	0	0	0	-9,274	87,654
B.1. Changes in equity - transactions with owners	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B.2. Total comprehensive income for the period	0	0	0	0	0	0	0	0	-2,018	0	0	0	-7,601	-9,618
d) Change in fair value of available-for-sale financial assets	0	0	0	0	0	0	0	0	587	0	0	0	0	587
e) Deferred tax from a change in fair value of available for-sale financial assets	0	0	0	0	0	0	0	0	-114	0	0	0	0	-114
f) Change in fair value of available-for-sale financial assets to be transferred to profit or loss	0	0	0	0	0	0	0	0	-3,028	0	0	0	0	-3,028
g) Deferred tax from a change in fair value of available-for-sale financial assets to be transferred to profit or loss	0	0	0	0	0	0	0	0	370	0	0	0	0	370
h) Other items of comprehensive income of the period	0	0	0	0	0	0	0	0	167	0	0	0	0	167
B.3. Changes within equity	0	0	0	0	0	0	0	0	0	0	-9,274	0	9,274	0
a) Allocation of the remaining net profit part for the comparative period to other capital components	0	0	0	0	0	0	0	0	0	0	-9,274	0	9,274	0
C. END BALANCE 30/06/2012	83.751	0	0	0	4.977	-4.977	0	0	11.159	0	-9.274	0	-7.601	78.036

Calculation of the accumulated profit / loss for the company Sava d.d. at 30/06/2013

€ in thousands

	30/06/2013	31/12/2012
NET PROFIT OR LOSS FOR THE ACCOUNTING PERIOD	17,799	-49,036
Retained profit / loss at 01/01	-58,310	-9,274
Decrease due to payment of dividends/stakes	0	0
Decrease / reversal of capital reserves	0	0
Decrease (reversal) of revenue reserves	0	0
Increase (additional allocation) of revenue reserves	0	0
Other changes	58,310	0
Accumulated profit /loss at the end of the accounting period	**17,799**	**-58,310**

2.2. Notes to the financial statements of Sava d.d.

2.2.1. Basis for drawing the financial statements

Reporting company

Sava d.d., Družba za upravljanje in financiranje, Dunajska cesta 152, 1000 Ljubljana, is the controlling company of the Sava Group. The financial statements of Sava d.d. have been drawn up for the period that ended on 30 June 2013 and have not been audited. The ownership structure of Sava d.d. is explained in the chapter about the Sava share and ownership structure, which forms a part of the business semi-annual report.

The annual report can be accessed on the company's website at www.sava.si.

Statement of compliance

The financial statements have been prepared in accordance with Slovene Accounting Standards, which had been issued by the Slovene Institute of Auditors.

The Management Board approved the issue of financial statements on 20 August, 2013.

Functional currency

The financial statements are presented in Euro, which as of 1 January 2007 has been the functional currency of the company.The financial information is presented in Euro, rounded to one thousand units.When adding together, minor differences can appear due to rounding up.

Changes in accounting policies

In 2013, there were no changes in the accounting policies.

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at the reference exchange rate of the ECB ruling at the transaction date.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the reference exchange rate of the ECB ruling at last day of the accounting period. Foreign exchange gains/losses present differences between the repayment value in functional currency at the beginning of the period adjusted by the amount of effective interest and payments during the period and the repayment value in foreign currency calculated at the reference exchange rate of ECB at the period end. Foreign exchange losses/gains are recognised in the income statement.

Non-monetary assets and liabilities that are stated at original value in foreign currency are translated to functional currency at the reference exchange rate of the ECB ruling at the transaction date. Non-monetary items and liabilities shown in foreign currency and measured at fair value are translated to Euro at the reference exchange rate of ECB ruling at the day when fair value is determined.

Foreign exchange losses/gains are recognised in the income statement.

2.2.2. Significant accounting policies

Intangible assets

Intangible fixed assets have their useful lives defined. They are measured at cost less depreciation adjustment and accumulated losses due to impairment.

Cost also includes import and non-refundable purchasing taxes, as well as interest on loans for acquisition of an intangible fixed asset until it is put in service for use.

Tangible fixed assets

Tangible fixed assets are measured at cost less depreciation adjustment and accumulated loss due to impairment.

At initial recognition a tangible fixed asset is valued at cost. The cost includes its purchase expense, import and non-refundable purchasing taxes and expenses which can be attributed directly to its placement in service for the intended use, especially expenses for its transport and installation and estimated cost of its dismantling, removal and restoration. Costs are increased due to the interests on loans for acquiring a tangible fixed asset until it is put in service for use.

Those parts of tangible fixed assets that have different useful lives are calculated as individual fixed assets.

Subsequent expenditures in connection with tangible fixed assets

Subsequent expenditures in connection with a tangible fixed asset increase its cost value if the future economic benefits embodied in the assets are higher than originally estimated.

Repairs of or maintaining tangible fixed assets are intended for renewing or preserving the future economic benefits expected on the basis of the originally estimated level of asset efficiency. They are recognised as expenses when incurred.

Investment property

Investment property is property which is held either to earn rental income or for capital appreciation or both. Investment property is not intended for the manufacture of products, supply of goods, providing services or for office purposes like tangible fixed assets. Investment property is also not intended for short-term sale.

A property which is built or developed to be used as an investment property in the future is dealt with as an investment property in construction and stated at cost until the completion date when it becomes an investment property.

In cases when a decision should be made as to whether a property is an investment property or an owner-occupied property, the property is classified as an investment property when more than 20 per cent of the property is used as investment property.

When an investment property becomes owner-occupied, it is reclassified as property, fixtures and fittings.

Investment property is stated at the cost value model less depreciation adjustment and accumulated loss due to impairment.

For the needs of disclosure the fair value of investment properties is ascertained.

Depreciation

The carrying amount of a tangible fixed asset, intangible fixed asset and investment property is decreased through depreciation.

We use the method of depreciation on a straight-line basis considering thereby the useful life of an asset. Land is not depreciated. The remaining value of a tangible fixed asset is not assessed.

Intangible fixed asset, tangible fixed asset and investment property start to be depreciated on the first day of the next month when it is available for use.

The depreciation rates are based on the useful lives of the assets and in percentage they amount to:

	Current year	Past year
Intangible fixed assets from 10.0 to 20.0		
Buildings	from 2.0 to 5.0	from 2.0 to 5.0
Plant and machinery	from 5.0 to 33.3	from 5.0 to 33.3
Other equipment	from 10.0 to 25.0	from 10.0 to 25.0

The useful lives of investment property equal those valid for property of the same kind which is kept as tangible fixed assets.

Impairment of intangible assets, tangible fixed assets and investment property

At least once a year the company examines the remaining carrying amount of intangible assets, tangible assets and investment property in order to ascertain whether they are impaired. If they are impaired, the recoverable value of the asset is estimated.

Impairment of assets or cash-generating items is recognised when its carrying amount exceeds its recoverable value. A cash-generating unit is the smallest group of assets which generates financial inflows that to a great extent do not depend on financial inflows from other assets or groups of assets. Impairment is stated in the income statement. Loss recognised in a cash-generating unit arising from impairment is allocated to other assets of the unit (group of units) in proportion to the carrying amount of each item in the group.

The recoverable amount of an asset or a cash-generating unit is the greater of their fair values in use or fair value less selling costs. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Financial investments

In the balance sheet, financial investments are stated as long- and short-term financial investments. Long-term financial investments are those which are in possession for more than one year, and are not held for trading.

Financial investment in capital, proprietary securities of other companies or debtor's securities of other companies or the state as well as approved loans are initially recognised at the cost of purchase, which equals the paid sum of money or its equivalents.

In the financial statements, long-term financial investment in subsidiaries and associates are valued at cost. In the parent company, the associates are valued at cost and checked at least once a year whether indication for impairment exists. The impairment estimate is based on the examination of recoverable value, i.e.verifying the value in use (estimate of discounted cash flows) and fair value; the recoverable value is the higher of both.

With regard to the purpose of their acquisition the investments in debtor and proprietary securities are dealt with as available for sale. They are divided into investments in shares of listed companies, investments in shares and stakes of unlisted companies and investments in mutual funds. These financial instruments are recognised or reversed on the transaction day. The fair value of listed securities available for sale equals the bid price of these shares on the balance sheet date. The fair value of shares and stakes of companies which are not listed is ascertained by checking whether indication for impairment exists.

The fair value of securities available for sale is assessed at least every three months, the last evaluation was carried out on 30 June 2013. The change in fair value is recognised in capital as a revaluation reserve.

If a decrease in the fair value of a financial instrument available for sale was recognised directly as a negative revaluation reserve and there exists impartial evidence that the asset is long-term impaired, the impairment is recognised in the income statement as a financial expense. It is considered that impartial evidence for the examination of a financial investment exists when the fair value of the financial asset on the balance sheet date is 20% lower than the cost value of the financial asset. The examination of the impairment in the financial asset is carried out separately for each investment or group of investments.

The fair value of an interest swap is the estimated amount that the company would receive or pay upon suspending the interest rate swap at the balance sheet date, considering thereby current interest rate and current borrowing power of swap participants.

Receivables

At their initial recognition, the receivables of all types are shown in the amounts that arise from the corresponding documents on condition that they will be paid. The original receivables can later be increased, or irrespective of payment or any other settlement, decreased by every amount, which is proven by an agreement.

The advances in the balance sheet are shown in relation with things they refer to.

Receivables, which are assumed not be settled within the due term and in the total amount, respectively, are considered doubtful and, if a court procedure has already begun, disputable.

The revaluation adjustments in receivables are formed as follows:

- a 100 per cent adjustment in all sued receivables and receivables filed in a bankruptcy proceeding and obligatory enforcement proceeding; and
- a 100 per cent adjustment for receivables which according to the best professional judgement are doubtful and the outcome of law suit is uncertain due to customer insolvency.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances on transaction accounts.

Capital

Total capital of a company is its liability towards its owners, which falls due if the company discontinues its operation. It is determined on the basis of the amounts invested by the owners, and the amounts that appeared during operation and belong to the owners. It is decreased by the loss from operations, repurchased own shares and withdrawals (payments). The total capital comprises share capital, capital reserves, revenue reserves, retained net profit, fair value reserve and own shares as a deductible item.

Long-term and short-term provisions

Provisions are recognised if a company due to a past event has legal or indirect liabilities that can be reliably estimated and it is likely that to settle the liability an outflow of assets which assure economic benefits will be required. The amount of provision is defined by discounting the expected future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

In accordance with the legal regulations, collective agreement and internal book of rules, the company is obliged to pay employee jubilee benefits and retirement amounts, for which it forms long-term provisions in the amount of the estimated future payments of retirement amounts and jubilee benefits discounted at the balance sheet date. There are no other retirement liabilities.

Provisions for the reorganisation include direct costs of reorganisation and refer to severance pays to the employees in connection with the changed organisational structure of Sava d.d.

Government grants are recognised in financial statements as deferred revenue when received and there is a reasonable assurance that it will comply with the conditions attaching to it. Grants that compensate for expenses incurred are recognised as revenue on a systematic basis in the same periods in which the expenses are incurred. Grants are strictly recognised in the income statement as other operating income on a systematic basis over the useful life of the asset.

Liabilities

Liabilities are financial or operating, short-term or long-term.

All liabilities are initially recognised with the amounts arising from the corresponding documents about their appearance, which prove the receipt of cash or redemption of any operating liability.

Long-term liabilities are further increased by imputed interests or decreased by repaid amounts and any other settlements, agreed upon with a creditor. The book value of long-term liabilities equals their original value decreased by repayment of the principal and transfers under short-term liabilities until the need for a revaluation adjustment of long-term debts appears.

The book value of short-term liabilities equals their original value adjusted by their increases or decreases as agreed upon with the creditors until the need for their revaluation adjustment appears.

Short-term and long-term liabilities of all kinds are initially shown with the amounts which arise from the corresponding documents on condition that the creditors request their repayment. The liabilities are later increased with imputed yields (interests, other compensations), about which an agreement is made with the creditor. Liabilities are decreased by repaid amounts and any other settlements in agreement with the creditor.

When measuring long-term liabilities the company follows the policy that the interest rate being agreed upon does not considerably differ from the effective interest rate if the difference is not more than one percentage point.

Short-term accruals and deferrals

Short-term accruals and deferrals include receivables and other assets and liabilities that are anticipated to appear within a year and whose appearance is probable and their size reliably estimated. Receivables and liabilities relate to the known and not yet known legal entities or natural persons towards whom actual receivables and debts will then appear, while assets include products and services to their debit.

Deferred costs and accrued revenues include short-term accrued revenues and short-term deferred costs. Accrued costs and deferred revenues include short-term deferred revenues and short-term accrued cost.

Recognition of revenues

Revenues are recognised if the enhancement of economic benefits in the accounting period is connected with an increase in an asset or a decrease in a liability and such an increase could be reliablymeasured. Revenues are recognised when it is legitimate to expect they will result in earnings if these were not already implemented at their appearance.

Operating revenues

Revenues from services rendered are recognised in the income statement with regard to the level of the completeness of a transaction on the reporting date. The level of completeness is estimated with a survey of the work performed.

Revenues from rents from investment property are recognised in expenses on a straight line basis during the rent period.

Revenues from received subsidies or endowments are measured in amounts that are approved for this purpose.

Operating revenues from revaluation arise upon the disposal of tangible fixed assets, intangible fixed assets and investment property as surpluses of their selling value over their carrying amount.

Financial revenues

Financial revenues include interest revenues from investments, revenues from dividends, revenues from disposal of financial assets available for sale, foreign exchange gains and proceeds from hedging instruments when they are recognised in the income statement. Interest revenues are recognised as they arise by using an effective interest rate method. Revenues from dividends are recognised in the income statement in the period when the Shareholders’ Meeting adopts a resolution about dividend payment.

Other revenues

Other revenues consist of extraordinary items; they appear in actually incurred amounts.

Recognition of expenses

Expenses are recognised if a decrease in economic benefits in the accounting period is connected with a decrease in assets or an increase in liabilities and this decrease could be reliably measured.

Operating expenses

Operating expenses are recognised when the material is used and service provided, respectively, in the period, to which they relate.

Operating expenses from revaluation arise in connection with tangible fixed assets, intangible fixed assets and current assets due to their impairment.

Financial expenses

Financial expenses include expenses for interest, foreign exchange losses, and losses due to impairment in the value of financial assets and loss of risk hedging instruments, which are recognised in the income statement.In the income statement the expenses for borrowing are recognised according to the effective rate method except for those which are attributed to intangible and tangible fixed assets under construction and preparation, respectively.

Other expenses

Other expenses consist of extraordinary items; they appear in actually incurred amounts.

Income tax and deferred tax

Income tax on the profit or loss for the financial year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Net earnings per share

Share capital of the Group is divided into ordinary personal no-par value shares; therefore the company states the basic earnings per share. The basic earnings of the share are calculated so as to divide profit or loss with the weighted number of ordinary shares in the business year.

The diluted net earnings per share equal the basic earnings per share as the company is not in possession of any preference shares or exchangeable bonds. There were no changes in the number of issued shares during the year.

Criteria of importance for disclosures

The company states the accounting policies at least for the assets and liabilities whose value exceeds 10 per cent of the value of assets or liabilities at the balance sheet date.

The company discloses an individual asset or debt at least when it exceeds 10 per cent of the balance sheet total. Lower amounts are disclosed when the company evaluates them of importance for a fair view of its business.

Drawing up a cash flow statement

The cash flow statement has been prepared in accordance with SAS 26 - variant II. It has been prepared by considering the data from the income statement for the period January-June 2013 (for the past period January-June 2012), the balance sheet data as at 30/06/2013 and 31/12/2012 (for the past period 30/06/2012 and 31/12/2011), and other required data. The cash flow statement excludes the values not connected with the revenues and expenses.

2.3. Financial risk management for Sava d.d.

Sava d.d. is exposed to the following financial risks:

Risk of a change in the fair value of assets (price risk)

Risk of a change in the fair value is the risk that the company will suffer a loss of economic benefits as a result of a change in the value of a financial asset.

This risk is one of the most important risks Sava d.d. is exposed to as it is strongly connected with achieving the planned return and the implementation of the outlined strategy. In the first half-year of 2013 the price of financial investments continued to fluctuate due to a poor economic situation and a high uncertainty. Changes in the value of financial investments strongly impact the structure of financial assets of the parent company Sava d.d. These risks are reduced through diversifying the investment portfolio and active supervision over the operations of the companies, in which Sava d.d. holds a significant equity share. We continually examine investment opportunities and in accordance with the adopted long-term strategy, we have produced a plan for divesting certain investments in order to assure suitable solvency.

Foreign currency risk

This involves a risk of losing economic benefits due to the changes in the foreign currency exchange rates. Sava d.d. mainly conducts business in the Euro Zone, but it also has investments in the markets of Croatia, Serbia, Macedonia, and Bosnia and Herzegovina, which is why it is exposed to the changes in the exchange rates of the Croatian Kuna, Serbian Dinar and Macedonian Denar. We actively pursue the macro-economic movements and fluctuations in the foreign exchange rates in these geographical regions and try to naturally protect ourselves against foreign currency risk by non-exposing to foreign currency risk.

In the first half-year of 2013, we did not use any derivative financial instruments to hedge against foreign currency risk, since due to high interest rate differences between the interest rate for the above-mentioned currencies and the interest rate for Euro there were no suitable hedge instruments available in the market that would successfully eliminate risks in this connection.

Interest rate risk

This involves a risk that the value of financial instrument and costs of indebtedness will fluctuate due to changes in the market interest rates.

At Sava d.d.,we use suitable derivative financial instruments to hedge against interest rate risk; 3.6% of obtained loans is hedged against interest risk.

In the uncertain economic circumstances the risk of changes in the market interest rate is high.

Credit risk

This involves a risk that a customer engaged in a business relationship will not meet its obligations and will cause the company to make a financial loss.Credit risk is directly connected with commercial risk and presents a danger that trade receivables or receivables due from other business partners will be settled with delay or not at all.

Sava d.d. mainly sells its services to its subsidiaries where the risk of non-payment is low. Special attention is devoted to solvency of customers out of the Group with which Sava d.d. has established a business relationship. We regularly monitor open and outstanding receivables, the maturity structure of receivables and movement of average payment terms. We have an established customer rating system available for supervision over bad payers and carry out on-going compensations.

The major part of the increased credit risk of Sava d.d. results from transactions made with NFD Holding d.d. in the past. Sava d.d. granted two short-term loans to NFD Holding d.d. At 30/06/2013, the value of the loans granted to NFD Holding d.d. amounted to €17,806 thousand. In April 2013, NFD Holding d.d. entered in the agreement about restructuring financial liabilities, which also regulates the loans relationship with Sava d.d. The loans have been entirely secured with bills of exchange and securities. The estimated value of the pledged securities amounts to €9,517 thousand representing 53% of the short-term loans value.

Considering the above-mentioned business events, we estimate credit risks for Sava d.d. as high.

Solvency risk

This involves a risk that a company will not be able to fulfil its financial liabilities in due time. In the Sava Group, the solvency risk is centrally managed and a uniform financial policy has been established. The goal of such arrangement is to assure suitable liquidity of the parent company and subsidiaries, and to ensure all Sava Group companies financing under most favourable conditions.

As a result of continued tough economic circumstances, the situation in the money market remains adverse also in the first half-year of 2013. Banks examine the rating of economic entities more carefully and impose stricter terms and conditions for approving extra lines of credit; in this way, the access to the financial sources is impeded, which causes problems in assuring solvency and an on-going settlement of liabilities.

This year, Sava d.d. devoted a great deal of its attention to assuring solvency, regular settlement of financial liabilities and arranging the relations with the lending banks. The company consistently performs the activities defined in the long-term business strategy until

2014. This is based on restructuring financial liabilities and determined the activities that aim at divesting financial investments. The sale of the Rubber Manufacturing division and hotel real property at the beginning of this year is in accordance with the strategy and enabled Sava d.d. to reduce its debt by €67.7 million.

Parallel with the activities in the parent company Sava d.d., also the subsidiaries of the Sava Group carry out on-going measures to stabilise the operations, the activities for cash flow consolidation, operating cost rationalisation and other steps that aim at increasing the operating profit.

Due to the aggravated situation in the money market the solvency risk in Sava d.d. is estimated as high in 2013.

Management of capital

An adequate capital structure assures the confidence of investors, creditors, the market and sustainable development of the entire Sava Group. In 2011, Sava d.d. revised the long-term business strategy, which is based on financial restructuring of liabilities and divesting of financial investments; based on that, the capital structure will improve and investors and other partners' trust in the business and long-term development of the company will enhance.

Sava d.d. has no programme of granting stock options to its employees.

Regulatory bodies do not have any capital requirements towards the parent company or subsidiaries in the Sava Group.

At 31/12/2012, Sava d.d. showed an uncovered loss of €58.3 million, representing 69.6% of share capital. On 20 May 2013, a resolution on a simplified decrease of share capital in the amount of €58.3 million was entered in the court's register. On the reporting date, Sava d.d. thus shows no uncovered loss.

2.4. Breakdown and notes to the financial statements of Sava d.d.

2.4.1. Intangible fixed assets and long-term deferred costs and accrued revenues

Intangible assets totalling €26 thousand refer to the new information systems for accounting services and documents scanning. In the first half-year of 2013, depreciation of intangible fixed assets was accounted for in the amount of €1 thousand.

Movement of intangible fixed assets and long-term deferred costs and accrued revenues

€ in thousands

		Property rights				
Cost value	**Long-term deferred development costs**	**Investments in acquired rights to industrial property and other rights**	**Advances for intangible long-term assets**	**Goodwill of acquired company**	**Other long-term deferred costs and accrued revenues**	**Total**
Balance at 01/01/2013	**0**	**19**	**0**	**0**	**0**	**19**
Increase, purchase	0	8	0	0	0	8
Balance at 30/06/2013	**0**	**27**	**0**	**0**	**0**	**27**
VALUE ADJUSTMENT						
Balance at 01/01/2013	**0**	**0**	**0**	**0**	**0**	**0**
Depreciation	0	-1	0	0	0	-1
Balance at 30/06/2013	**0**	**-1**	**0**	**0**	**0**	**-1**
CARRYING AMOUNT						
Balance at 01/01/2013	**0**	**19**	**0**	**0**	**0**	**19**
Balance at 30/06/2013	**0**	**26**	**0**	**0**	**0**	**26**

2.4.2. Tangible fixed assets

The value of tangible fixed assets totals €232 thousandat 30/06/2013 and is slightly higher than at the end of 2012. Investments of €84 thousand were financed with own financial resources, which is why the cost of borrowings did not increase the value of tangible fixed assets.

In the first half-year of 2013, the depreciation of tangible fixed assets was accounted for in the amount of €21 thousand.

Movement of tangible fixed assets

€ in thousands

Cost value	Land	Buildings	Plant and machinery	Other equip-ment	Tangible fixed assets under construction and manufacture	Advances for tangible fixed assets	Total
Balance at 01/01/2013	**0**	**0**	**170**	**90**	**0**	**0**	**260**
Increase, purchase	0	0	67	17	0	0	84
Decreases	0	0	-4	0	0	0	-4
Balance at 30/06/2013	**0**	**0**	**233**	**107**	**0**	**0**	**340**
VALUE ADJUSTMENT							
Balance at 01/01/2013	**0**	**0**	**-88**	**-3**	**0**	**0**	**-91**
Decreases	0	0	3	0	0	0	3
Depreciation	0	0	-11	-10	0	0	-21
Balance at 30/06/2013	**0**	**0**	**-95**	**-13**	**0**	**0**	**-108**
CARRYING AMOUNT							
Balance at 01/01/2013	**0**	**0**	**82**	**87**	**0**	**0**	**169**
Balance at 30/06/2013	**0**	**0**	**138**	**94**	**0**	**0**	**232**

2.4.3. Investment property

Investment property amounts to €2,392 thousand. In comparison with the previous year its value reduced by €12,485 thousand on account of selling the land and hotel real property in Bled, Kranj and Prekmurje to Sava TMC d.o.o., a part of the Tourism division. In the first half-year 2013, depreciation of investment property was accounted for in the amount of €46 thousand.

On the real property BTC in Ljubljana whose total book value amounts to €1,493 thousand a mortgage for a long-term syndicated loan has been placed. At 30/06/2013, the balance of unpaid loan portion amounts to €96,939 thousand.

We estimate that the fair value of investment property does not deviate significantly from the book values.

Revenues of €260 thousand and expenses of €103 thousand were made with the leased out investment property. The investment property not leased out shows expenses in the amount of €7 thousand.

Movement of investment property

€ in thousands

Cost value	Land-investment properties	Buildings-investment properties	Total
Balance at 01/01/2013	**6,791**	**13,361**	**20,152**
Decrease due to sale	-5,607	-8,833	-14,440
Balance at 30/06/2013	**1,184**	**4,528**	**5,712**
VALUE ADJUSTMENT			
Balance at 01/01/2013	**0**	**-5,275**	**-5,275**
Decrease due to sale	0	2,002	2,002
Depreciation	0	-46	-46
Balance at 30/06/2013	**0**	**-3,319**	**-3,319**
CARRYING AMOUNT			
Balance at 01/01/2013	**6,791**	**8,086**	**14,877**
Balance at 30/06/2013	**1,184**	**1,209**	**2,392**

2.4.4. Long-term financial investments

Long-term financial investmentsin the amount of €233,096 thousand represent 83% of the balance sheet total. In comparison with the previous year their value reduced by €3,271 thousand, partly as a result of the impairments carried out and partly as a result of selling financial investments.

a) Shares and stakes in Sava Group companies

Shares and stakes in Sava Group companies totalling €97,400 thousand did not change in comparison with the end of the previous year.

The entire ownership stake of Sava Turizem d.d. was pledged for the obtained loans, its book value at 30/06/2013 amounting to €88,960 thousand. Disclosures in connection with the composition of the Sava Group, share in capital, amount of capital and operating result of the subsidiaries are described in the financial part of the annual report of the Sava Group.

b) Shares and stakes in the associated companies

The value of shares and stakes in the associated companies amounted to €95,536 thousand and was by €3,765 thousand lower than at the end of the previous year. The decrease was mainly due to cashing in 6,050 shares of Gorenjska banka d.d., which were put as security for the call option for NLB d.d. shares. The stake of Sava d.d. in Gorenjska banka d.d. thus decreased from 45.90% to 44.07%.

- The value of a 44.07% stake of Sava d.d. in **Gorenjska Banka d.d., Kranj** amounts to €85,886 thousand. In comparison with the end of the previous year the ownership stake reduced by 1.83 percentage point, while the value of investment decreased by €3,557 thousand, both due to cashing in 6,050 shares of Gorenjska banka d.d., which were put as security for the call option for NLB d.d. shares. The book value of financial investment in Gorenjska banka d.d. amounts to €588 for a share at 30/06/2013.

  121,708 shares of Gorenjska Banka d.d. were pledged for the loans obtained by Sava d.d., for the issued bonds and the loans of subsidiaries. The book value of pledged shares amounted to €71,566 thousand.

- The value of a 23.83% stake of **Abanka Vipa d.d., Ljubljana** amounted to €9,609 thousand. In comparison with the end of the previous year, the ownership stake and the value of investment did not change. At the end of the previous year, the value of investments was estimated at €5.6 for a share. The value of investment ascertained by using the stock exchange price on the last trading day in June in the amount of €0.3 per a share totalled €515 thousand.

Information about the evaluation of a 23.83% equity holding of Abanka Vipa d.d. for the financial reporting purpose at 31/12/2012

For the financial reporting purpose, an evaluation report for a 23.83% equity holding of Abanka Vipa d.d. was produced as per 31/12/2012. The evaluation was carried out by a certified company evaluator licensed with the Slovene Audit Institute.

In calculating the equity value of Abanka Vipa d.d., the value in use was estimated based on the method of the current value of the expected free cash flow. The following assumptions were taken into consideration: going-concern, business projections on the unconsolidated basis were prepared using the analysis of the past performance results, publicly announced strategic platform and policy of the company, analysis of macro-economic environment and the sector, 25% of profit is retained in the company every year as of 2013, minimum Tier 1 at level of 9%, a 10% minority owner discount, a 24% package discount for shortage of marketability, required return on equity of 15.71%, a 2% growth in normalised cash flow.

The estimate of value in use was made in the range between €5.0 for a share and €6.2 for a share, with a mean value of €5.6 for a share.

- The value of a 24.65% stake in **NFD Holding d.d., Ljubljana***, ascertained by using the stock exchange price at 30/06/2013, amounted to €41 thousand. In comparison with the end of the previous year, the ownership stake did not change, whereas the value of investment decreased by €208 thousand in the first half-year of 2013 as a result of furtherdrops in stock exchange prices. The impairment of investment was included in the income statement.

  ** After the suspensory conditions defined in the Restructuring Agreement, which NFD Holding d.d., Ljubljana, signed with the creditors, are fulfilled, the stake of Sava d.d. will reduce to 21.09%.*

- Owing to introducing insolvency proceedings, the value of a 21.77% stake in **Maksima Invest d.d – under receivership, Ljubljana**,was entirely impaired in 2012.

c) Other shares and stakes

Other shares and stakes totalling €34,066 thousand were by €2,441 thousand lower than in the previous year. Other shares and stakes included listed securities available for sale in the amount of €3,999 thousand, unlisted securities available for sale in the amount of €5,693 thousand, and investments in a mutual fund in the amount of €24,374 thousand.

At 30/06/2013, securities available for sale were valued at fair value;the net negative effect from revaluation amounted to €1,910 thousand, of which €1,532 thousand were impairments in the income statement, while a net increase in the value of financial investments totalling €378 thousand was shown in equity revaluation adjustments.

The value of a 23.35% ownership stake in **NFD 1 d.d., Ljubljana** amounted to €24,374 thousand. The fair value was ascertained by using the stock exchange price at 30/06/2013.

Despite a 23.35% ownership stake, the investment in NFD 1 d.d. is considered as available for sale and not as an associated company. NFD 1 d.d. is managed by the management company, in which Sava d.d. has no ownership stake. The Supervisory Board of the company solely supervises the fund operation. Furthermore, NFD 1 restructured from a closed mutual fund to an open mutual fund in 2011, after which Sava d.d. became the owner of a certain portion of mutual fund coupons and has no influence on managing the fund whatsoever.

The total - 23.35% - share in NFD 1 d.d. was pledged for the loans obtained by Sava d.d. The book value of pledged shares amounts to €24,374 thousand.

The value of **other shares and stakes** amounted to €9,692 thousand, and included 837,000 shares of Hoteli Bernardin d.d, 13,500 shares of Kompas Bled d.d, 1,504 shares of NLB d.d., 4,987 shares of Pokojninska Družba A d.d., 9,874 shares of Jubmes Banka d.d., 251,566 shares of Merkur d.d., pledged for the loans obtained by Sava d.d. The book value of the pledged shares amounts to €2,910 thousand.

Call option contract

Sava d.d. had a call sale contract for 26,748 shares of NLB d.d. with Factor Banka d.d. concluded with the maturity date of 15/01/2013. The contract was secured with 6,050 shares of Gorenjska banka d.d. Upon its maturity, Sava d.d. did not exercise its right for buying the shares of NLB d.d., whereas the seller exercised its rights from the collateral. After this event, the ownership of Sava d.d. in Gorenjska banka d.d. decreased from 45.90% to 44.07%.

Types of securities available for sale

€ in thousands

	30/06/2013	31/12/2012
Shares of listed companies	3,999	4,683
Shares of unlisted companies	5,693	5,950
Mutual funds	24,374	25,874
Total	**34,066**	**46,507**

d) Long-term loans to Group companies

Long-term loans to Sava Group companies totalling €6,094 thousand were partly insured with bills of exchange. Interest rates for long-term loans to Group companies amounted from 3.0% to 8%, and a 3-month EURIBOR +1%.

Movement of long-term financial investments

€ in thousands

	Long-term financial investments, excluding loans					Long-term loans				
	Stocks and shares in the Group	Stocks and shares in associates	Other stocks and shares	Other long-term financial investments	Total long-term financial investments, excluding loans	Long-term loans to Group companies	Other long-term loans	Long-term unpaid called-up capital	Total long-term loans	Total long-term investments
GROSS VALUE										
Balance at 01/01/2013	**110,106**	**251,300**	**116,416**	**0**	**477,821**	**4,537**	**0**	**0**	**4,537**	**482,358**
Purchase, increase	0	0	122	0	122	2,974	0	0	2,974	3,096
Decrease	0	-3,557	-1,510	0	-5,067	0	0	0	0	-5,067
Transfers	0	0	0	0	0	-38	0	0	-38	-38
Revaluation	0	0	-378	0	-378	0	0	0	0	-378
Balance at 30/06/2013	**110,106**	**247,743**	**114,650**	**0**	**472,498**	**7,472**	**0**	**0**	**7,472**	**479,970**
VALUE ADJUSTMENT										
Balance at 01/01/2013	**-12,705**	**-151,998**	**-79,909**	**0**	**-244,613**	**-1,378**	**0**	**0**	**-1,378**	**-245,991**
Decrease	0	0	857	0	857	0	0	0	0	857
Revaluation	0	-208	-1,532	0	-1,740	0	0	0	0	-1,740
Balance at 30/06/2013	**-12,705**	**-152,206**	**-80,584**	**0**	**-245,496**	**-1,378**	**0**	**0**	**-1,378**	**-246,874**
NET VALUE										
Balance at 01/01/2013	**97,400**	**99,301**	**36,507**	**0**	**233,208**	**3,159**	**0**	**0**	**3,159**	**236,367**
Balance at 30/06/2013	**97,400**	**95,536**	**34,066**	**0**	**227,002**	**6,094**	**0**	**0**	**6,094**	**233,096**

2.4.5. Long-term operating receivables

Long-term operating receivables in the amount of €3 thousand refer to long-term loans approved to employees for the purchase of flats. These loans are insured with a creditor's mortgage on flats. The interest rate for the granted housing loans amounted from TOM + 2% to TOM + 3%. Long-term operating receivables will be settled this year.

Movement of long-term operating receivables

€ in thousands

	30/06/2013	31/12/2012
Balance at 01/01	10	63
Repayment of receivables	-7	-53
Balance at 31/12	**3**	**10**

2.4.6. Deferred tax receivables

Deferred tax receivables were formed in the amount of €20,669 thousand and did not change in comparison with the previous year. The majority of them are due to a revaluation of securities available for sale and of financial investments in the associated companies to fair value. At the end of 2012, a 15% tax rate was used in computing of deferred tax receivables, while this year the level of deferred tax receivables was kept at the same level despite the changed legislation.

Deferred tax receivables from tax loss are not accounted for, since we estimate that in the foreseeable future there will be no revenues generated, which in addition to the deferred receivables arising from the impaired financial investments would also cover the deferred tax receivables. The amount of the not accounted for deferred tax receivables from tax loss by using a 15% tax rate amounts to €14,390 thousand as at 31/12/2012.

Movement of deferred tax receivables

€ in thousands

	30/06/2013	31/12/2012
Balance at 01/01	**20,669**	**25,065**
Decrease in receivables due to sale of securities - in other comprehensive income	0	-19
Decrease in receivables due to sale of securities - through profit or loss	0	-516
Increase in receivables due to impairment of securities - through profit or loss	0	2,819
Decrease in receivables for provisions for severance pay - through profit or loss	0	-25
Other changes - in other comprehensive income	0	-1
Other changes - through profit or loss	0	-6,654
Final balance	**20,669**	**20,669**

2.4.7. Assets for sale

The value of assets for sale amounted to €58,402 thousand at 31/12/2012. These assets referred to the financial investment in Savatech d.o.o. totalling €56,608 thousand and the financial investments in Savapro d.o.o. totalling €1,794 thousand. Both investments were sold on 8 January 2013, in which a net profit of €23,508 thousand was generated.

2.4.8. Short-term financial investments

With regard to the previous year, the value of short-term financial investments in the amount of €13,892 thousand was by €756 thousand higher with regard to the previous year.

Short-term loans

Short-term loans in the amount of €16,771 thousand are as follows:

- Short-term loans to Group companies in total amount of €385 thousand are not insured.
- Short-term deposits to banks in the amount of €5,000 thousand.
- Short-term loan to others - NFD Holding d.d.* – in total gross amount of €17,807 thousand, the balance of value adjustment at 30/06/2013 amounts to €9,309 thousand, the shown net value of receivable amounts to €8,498 thousand. In comparison with the end of the previous year, the balance of loans granted to NFD Holding d.d. was reduced by €3,973 thousand. The granted loan is insured with bills of exchange and securities, which included 9,154,192 sharesof Hoteli Bernardin d.d., 346,243 shares of NFD 1 d.d., 647,318 shares of Istrabenz d.d., 166,484 shares of Melamin d.d., 56,839 shares of Finetol d.d., 5,806 shares of Krka d.d., 893 shares of Petrol d.d., 32,936 shares of Sava d.d. and 125 shares of Menin. With all the mentioned shares except for Menin, Sava d.d. is partly the first-entered lien-holder and partly the second-entered lien-holder. The estimated value of securities received in the pledge amounts to €9,535 thousand.

** After fulfilment of suspensory conditions defined in the Debt Restructuring Agreement concluded by NFD Holding d.d. with its creditors, a 2.70 % interest rate will apply to the rest of the debt in 2013.*

2.4.9. Short-term operating receivables

Short-term operating receivables in the amount of €9,170 thousand were €4,566 thousand higher than at the end of the previous year. They mainly refer to the interest from the granted loans and the receivables due from buyers of financial investments originating from the sale of the company IP Nepremičnine d.o.o. and the Rubber Manufacturing division and to the receivables from the sale of investment property to Sava TMC d.o.o.

Short-term operating receivables by maturity

€ in thousands

	30/06/2013 TOTAL	Due	Not due
IV) Short-term operating receivables	**9,170**	**48**	**9,122**
1. Short-term receivables due from Group companies	2,033	17	2,016
2. Short-term trade receivables	34	31	3
3. Short-term operating liabilities to other entities	7,103	0	7,103

Valuation allowance in trade receivables for services

At 30/06/2013,the balance of valuation allowance in trade receivables amounted to €165 thousand and with regard to the previous year it was lower by €27 thousand.

Movement of valuation allowance in trade receivables for services

€ in thousands

	30/6/2013	31/12/2012
Balance at 01/01	**138**	**428**
Increase of value adjustment	27	19
Decrease of value adjustment	0	-309
Final balance	**165**	**138**

The maturity structure of receivables is shown in chapter 2.5.3 – Financial instruments – financial risks.

2.4.10. Cash and cash equivalents

The agreed amount of overdraft credit on transaction accounts amounted to €1,260 thousand and was entirely utilised at the end of the half-year 2013.

2.4.11. Capital

The value of capital of Sava d.d. which totals €44,611 thousand (€37,729 thousand at the end of 2012) was by €6,882 thousand or by 18% higher than at the end of the previous year. In the structure of financing sources, capital had a 16% share.

Changes in capital

In the first half-year of 2013, the following changes were carried out in capital:

- A net profit of the accounting period was made in the amount of €17,799 thousand.
- Revaluation reserve decreased by €10,918 thousand.

At 31/12/2012, a total uncovered loss amounted to €58,310 thousand. On 20 May 2013, a resolution about a simplified decrease of share capital adopted by the Shareholder's Meeting was entered in the court register, which as to its contents represented coverage of the past losses. Sava d.d. thus shows no uncovered loss on the reporting date.

Reserves for own shares within other revenue reserve

At 30/06/2013, reserves for own shares amounted to €4,977 thousand, the number of own shares totalled 30,541, which was 1.52% of totally issued shares. With regard to the end of 2012, no changes appeared in the first half-year of 2013.

Sava d.d. received another 32,936 Sava shares in pledge, which represents 1.64% of totally issued shares.

Revaluation reserve from long-term financial investments

At 30/06/2013, the revaluation reserve from long-term financial investments amounted to €1,370 thousand (at the end of 2012: €12,288 thousand). In both reported periods, the mentioned amount referred to only a positive revaluation reserve.

2.4.12. Paid dividends, weighted average number of shares and net loss per share

Paid dividends

	2013	2012
Dividend per ordinary share in the year *(in €)*	0.00	0.00
Total amount of dividends to the debit of retained profit *((€ in thousands)*	0	0

The share capital is divided in 2,006,987 ordinary personal no-par value shares, which all have voting rights and are freely transferable. All shares have been paid in full. The company has no bonds for conversion to shares.

Weighted average number of shares

	30/06/2013	31/12/2012
No. of all shares at 01/01	2,006,987	2,006,987
Own shares	-30,541	-30,541
Weighted average number of shares at 30/06	**1,995,423**	**1,995,423**

Net profit / loss attributable to shares

	30/06/2013	30/6/2012
Net profit / loss for the financial year *(€ in thousands)*	17,799	-7,601
Weighted average number of shares	1,995,423	1,995,423
Basic net profit / loss per share *(in €)*	8.92	-3.81

The diluted net profit / loss per share equal the net loss per share as capital consists of ordinary shares only.

2.4.13. Provisions and long-term accrued costs and deferred revenues

The value of provisions and long-term accrued costs and deferred revenues in the amount of €122 thousand entirely represented the provisions for retirement amounts and jubilee benefits. With regard past year the balance of provisions did not change in 2013.

The actuary calculation as per 31/12/2012 was made considering the following assumptions: retirement amounts and jubilee benefits and their growth in accordance with the provisions from the collective and individual employment contracts; no increase in wages is expected for 2013, employee fluctuation is considered, while the chosen discount interest rate amounts to 4.70 % p.a. and represents a yield of 10-annual loan stock with a high rating in the Euro Zone increased by the local risk margin.

Movement of provisions and long-term accrued costs and deferred revenues

€ in thousands

	Provisions for retirement amounts and similar liabilities	Other provisions	Long-term accrued costsand deferred revenues	Total
Balance at 01/01/2013	122	0	0	122
Balance at 30/06/2013	**122**	**0**	**0**	**122**

2.4.14. Long-term liabilities

At 30/06/2013, the company showed long-term liabilities of €35,708 thousand, which represented a 13% share in the structure of financing sources. They include long-term financial liabilities and deferred tax liabilities. In comparison with the end of the previous year, they were by €2,654 thousand lower, mainly as a result of transferring the obtained loans under short-term liabilities.

The explanation about the value of assets of Sava d.d., placed as collateral for the obtained long- and short-term loans are explained in chapter 2.5.2.

The maturity of long-term financial liabilities totalling €35,466 thousand is as follows:

- year 2013 €4 thousand
- year 2014 €33,171 thousand
- year 2015 €2,291 thousand

Total €35,466 thousand

Movement of long-term financial liabilities

€ in thousands

	30/06/2013	31/12/2012
Balance at 01/01	**37,078**	**42,296**
Hiring new loans in the year	0	23
Transfer from short-term part during year	0	6,000
Repayment of loans in the year	-4	-25
Transfer under short-term part at the end of the period	-1,608	-11,216
Final balance	**35,466**	**37,078**

Long-term financial liabilities to banks

Long-term loans in total amount of €2,932 thousand are all nominated in Euro and hired with domestic banks. The interest rate for the obtained long-term loans are 6-month EURIBOR + 4.50%. The obtained loans are insured.

Long-term liabilities originating from bonds

Long-term liabilities originating from bonds amounted to €26,515 thousand. Total nominal value of issued bonds amounted to €26,500 thousand; owing to the submitted binding bids additional €15 thousand were paid induring the issuance procedure in 2009.

Additional explanations in connection with the issue of bonds:

- *Type of bond:* ordinary bond nominated in euro, nominal, issued in non-materialised form entered in the central registry at KDD d.d. Ljubljana.
- *Bonds listing:* in the bonds market of the Ljubljana Stock Exchange under the designation SA02.
- *Denomination structure:* total issue includes 26,500 denominations at €1,000.00 each.
- *Interest rate:* amounts to 7.20 % p.a. and is fixed; interests fall due for payment six months in arrears.
- *Payment of the principal and maturity date:* nominal value of the principal falls entirely due in a single amount upon maturity of bonds at 09/12/2014.
- *Collateral:* bonds are secured with 27,917shares of Gorenjska Banka d.d. The book value of the pledged shares amounts to €16,416 thousand.

Other long-term financial liabilities

Other long-term financial liabilities totalling €6,019 thousand consist of:

- A loan in the amount of €6,000 thousand granted by Pokojninska Družba Ad.d., at a 6.30% interest rate. The obtained loan is secured with placing a mortgage on the real property of Grand Hotel Toplice with the Panorama Restaurant and on the Savica hotel building.
- Financial leasing of a vehicle totalling €19 thousand.

Maturity of long-term loans obtained out of the Group

€ in thousands

	30/06/2013	31/12/2012
From 1 to 2 years	7,312	8,272
From 2 to 5 years	1,639	2,291
Total	**8,951**	**10,563**

Loans obtained out of the Group either at fixed or variable interest rate

€ in thousands

	Fixed interest rate	Variable interest rate	Total
Long-term loans	6,019	2,932	8,951
Short-term loans	67,020	116,508	183,528
Total	**73,039**	**119,440**	**192,479**

Deferred tax liability

A deferred tax liability in the amount of €242 thousand was formed in connection with evaluation of financial investments at fair value. It is accounted for at a 15% tax rate.

Movement of deferred tax liability

€ in thousands

	30/06/2013	31/12/2012
Balance at 01/01	**1,283**	**1,694**
Increase in liabilities due to revaluation of securities to fair value - in other comprehensive income	57	216
Decrease in liabilities due to revaluation of securities to fair value - in other comprehensive income	-60	-63
Decrease in liabilities due to sale of securities- in other comprehensive income	-1,038	-282
Other changes- in other comprehensive income	0	-281
Final balance	**242**	**1,283**

2.4.15. Short-term liabilities

Short-term liabilities in the amount of €197,122 thousand were €73,531 thousand lower than in the previous year, in the finance sources structure they had a 70% share.

The explanation about the value of assets of Sava d.d., put as collateral for the obtained long- and short-term loans is given in chapter 2.5.2.

Short-term financial liabilities

Short-term financial liabilities to Group companies in the amount of €4,163 thousand were due to the management of financial sources in Sava Group companies. Liabilities have not matured yet and are not secured. The interest rate for short-term loans obtained from the Sava Group companies amounts to1%.

Short-term financial liabilities to banks in the amount of €183,528 thousand were 26% or €63,602 thousand lower than at the end of the previous year, the reason being repayment of short-term loans. Short-term loans are hired with banks in Slovenia and abroad, the interest rates being from 5.50% to 7.00%, 3-month EURIBOR + 3.75% to 4.90%, and six-month EURIBOR +3.25% to 4.50%. Short-term financial liabilities to banks are not matured and are insured. On 23 July 2013, an agreement on restructuring the loans of Sava d.d. was made with the banks.

Other short-term financial liabilities in the amount of €3,706 thousand included the liabilities from interest rate hedging in the amount of €2,997 thousand and the liabilities for the unpaid dividends in the amount of €709 thousand.

Short-term operating liabilities

Short-term operating liabilities shown in the amount of €5,725 thousand mainly referred to the liabilities from interest for bank loans and to the rest of liabilities from the call option contract.

2.4.16. Short-term accrued expenses and deferred revenues

Short-term accrued expenses and deferred revenues in the amount of €2,503 thousand refer to short-term accrued expenses in relation to the reorganisation of Sava d.d., and deferred interest on loans and other accrued expenses.

2.4.17. Net sales revenues

61% of net sales revenues of Sava d.d., which totalled €927 thousand in the first half-year of 2013 (€1,465 thousand in the first half-year 2012), referred to the sale to other companies, and 39% of net sales revenues referred to the sale within the Sava Group. Sales revenues were generated from leasing out real estate and providing other services. In the first half-year of 2013, net sales revenues were 37% lower than in the same period last year, which was due to the sale of real estate to a subsidiary and the reorganisation of strategic services.

57% of net sales revenues were generated in Slovenia.

Net sales revenues

€ in thousands

	JAN - JUN 2013	JAN - JUN 2012
Net sales revenues from services	672	905
Net sales revenues from rentals	255	560
Total net sales revenues	**927**	**1,465**

2.4.18. Other operating revenues (with operating revenues from revaluation)

Other operating revenues with operating revenues from revaluation totalling €5,210 thousand (€7 thousand in the first half-year of 2013) were mainly generated in the sale of real property in Bled and Prekmurje to Sava TMC d.o.o. and in the sale of construction land in Kranj to Savatech d.o.o.

2.4.19. Costs by functional group

Total operating cost in the amount of €3,186 thousand (€3,034 thousand in the first half-year of 2013) referred to costs of overheads.

2.4.20. Costs of merchandise, materials and services

In the operating costs structure, costs of merchandise, materials and services had a 68% share. They totalled €2,159 thousand and compared to the same period last year, when they totalled €1,562 thousand, they were higher on account of finalising the sale of Rubber Manufacturing.

Costs of merchandise, materials and services by type of cost

€ in thousands

	JAN - JUN 2013	JAN - JUN 2012
Cost of material	38	37
Cost of transportation services	4	16
Cost of maintenance services	47	60
Cost of rentals	108	225
Cost refunds to employees	5	8
Cost of payment transactions, bank services and insurance premiums	111	88
Cost of intellectual and personal services	1,476	666
Cost of fairs, advertising and office allowances	79	97
Cost of other services	291	365
Total	**2,159**	**1,562**

2.4.21. Labour costs

Labour costs in the amount of €924 thousand (€1,267 thousand in the first half-year of 2012) had a 29% share in the operating costs structure. With regard to the same period last year, they reduced by 27% on account of employee downsizing.

Labour costs include the accounted for premiums for additional pension insurance in the amount of €7 thousand. At 30/06/2013, the company Sava d.d. employed 24 associates (37 at 30/06/2012), the average number of employees on the basis of man-hour amounted to 23.06 in the first half -year of 2013 (36,81 in the first half-year of 2012).

2.1.22. Amortisation, depreciation expenses and write-offs

Amortisation and depreciation expenses, write-offs totalled €95 thousand (first half-year 2012: €150 thousand) were 37% lower than in the same period last year. The accounted for amortisation is namely lower due to the sale of real estate.

2.4.23. Other operating expenses

Other operating expenses totalling €8 thousand (€55 thousand in the first half-year of 2012) referred to the paid contributions for urban real estate as well as the housing and compensation fund.

2.4.24. Financial revenues from stakes

Financial revenues from stakes totalled €25,563 thousand and were significantly higher than in the same period last year when they reached the value of €8,632 thousand. They mainly arise from the sale of Rubber Manufacturing with the Foreign Trade Network.

Financial revenues from stakes in Group companies

Financial revenues from stakes in Group companies totalling €24,302 thousand referred to the profit generated in the sale of the subsidiary Savatech d.o.o.

Financial revenues from stakes in associates

No financial revenues from stakes in the associates were generated in the first half-year of 2013, neither were generated in the first half-year of 2012.

Financial revenues from stakes in other companies

51% of financial revenues from stakes in other companies shown in the amount of €144 thousand (the first half-year of 2012: €732 thousand) referred to the revenues from the sale of securities available for sale, while 49% were the dividends obtained from other companies.

Financial revenues from other investments

Financial revenues from other investment in the amount of €1,117 thousand referred to the profit in cashing in the collateral in connection with the call option.

2.4.25. Financial revenues from granted loans

Financial revenues from loans granted to Group companies in the amount of €130 thousand (the first half-year of 2012: €160 thousand) and financial revenues from loans granted to other entities in the amount of €455 thousand (the first half-year of 2012: 863 thousand) mainly referred to interest from granted loans and revenues arising from the default interest imputed in the past.

In total financial revenues from granted loans, €234 thousand were generated in relation to the associated companies (the first half-year of 2012: €763 thousand).

2.4.26. Financial revenues from operating receivables

There were no financial revenues from operating receivables in the first half-year of 2013 (the first half-year of 2012: €1 thousand), which represent interest charged to customers.

2.4.27. Financial expenses from impairments and write-offs of financial investments

Financial expenses from impairments and write-offs of financial investments in the amount of €2,535 thousand were significantly lower than in the same period last year when they amounted to €4,145 thousand.

The impairments refer to the following financial investments:

- Impairment of investments in the associated companies in the amount of €208 thousand (the first half-year of 2012: €1,082 thousand).
- Impairments of long-term securities available for sale in the amount of €1,533 thousand (the first half-year of 2012:€1,749 thousand).
- Loss made in the sale of financial investment in SavaPro d.o.o. in the amount of €794 thousand (the first half-year of 2012: €242 thousand).
- No impairments of granted loans were made in this first half-year, in the same period last year these amounted to €1,072 thousand.

2.4.28. Financial expenses from financial liabilities

Financial expenses from financial liabilities in the amount of €8,054 thousand (the first half-year of 2012: €9,306 thousand) were 13% lower than in the same period last year. The difference is mainly due to reducing the debts with the banks and the Sava Group companies at the beginning of 2013, which resulted from the sale of Rubber Manufacturing with the Foreign Trade Network and the sale of hotel real properties to Sava TMC d.o.o.

84% or €6,799 thousand of financial expenses was interest for bank loans, 12% of financial expenses from financial liabilities or €944 thousand was interest for the issued bonds, the remaining 4% or €311 thousand was interest on loans obtained from Group's companies and interests on loans granted by other companies.

€1,618 thousand of financial expenses referred to the associated companies.

2.4.29. Other revenues and other expenses

Other revenues amounted to €12 thousand (the first half-year of 2012: €1 thousand) and were mainly due to payment of cancelled receivables and exchange rate differences.

Other expenses amounted to €4 thousand (the first half-year of 2012: €11 thousand) and referred to payment of compensations.

2.4.30. Corporate income tax

For the first half-year of 2013, the corporate income tax liability for Sava d.d. is estimated at €720 thousand. The expenses which are not deductible for tax purposes include: revaluation of long-term financial investments, revaluation of receivables and other expenses which are not deductible under the Corporate Income Tax Act. At 31/12/2012, Sava d.d.showed the unused tax loss of €95,934 thousand and unused other tax reliefs of €37 thousand.In the semi-annual estimate of corporate income tax, the utilisation of tax loss has been adapted to the changed tax legislation.

2.4.31. Deferred tax receivables and liabilities for the year

Deferred tax receivables and liabilities for the first half-year of 2013

€ in thousands

30/6/2013	Receivables	Liabilities	Net
Financial investments	20,627	242	20,385
Operating receivables	22	0	22
Provisions	20	0	20
Total	**20,669**	**242**	**20,427**

Deferred tax receivables and liabilities for 2012

€ in thousands

31/12/2012	Receivables	Liabilities	Net
Financial investments	20,627	1,283	19,344
Operating receivables	22	0	22
Provisions	20	0	20
Total	**20,669**	**1,283**	**19,386**

2.4.32. Shares in profit

The Shareholders' Meeting did not approve any shares in the profit to non-shareholders.

2.5. Other disclosures

2.5.1. Contingent assets , contingent liabilities and mortgages

The item mortgages in the amount of €1,493 thousand shows the book value investment property, which is pledged for the obtained syndicated loan.

65% of the issued guarantees and sureties in the amount of €768 thousand refer to the loans obtained by the companies in the Sava Group, while the rest is issued guarantees and sureties to the companies outside of the Group.

Interest rate swaps totalling €8,000 thousand represent a contracting value of the insurance for a portfolio of obtained loans.

The pledge of securities in the amount of €197,419 thousand - a detailed explanation under 2.5.2.

Overview of the off-balance sheet items

€ in thousands

	30/6/2013	Structure 30/06/2013	31/12/2012	Structure 31/12/2012	Index 2013/2012
Mortgages	1,493	0.7%	7,799	2.6%	19
Issued guarantees	768	0.4%	5,663	1.9%	14
Interest rate swaps	8,000	3.9%	10,000	3.4%	80
Call option contracts	0	0.0%	7,184	2.4%	0
Pledge of securities	197,419	95.1%	267,589	89.7%	74
Total	**207,680**	**100.0%**	**298,235**	**100.0%**	**70**

2.5.2. Pledge of assets for the obtained long-term and short-term loans of Sava d.d. at 30/06/2013

At 30/06/2013, Sava d.d. shows financial liabilities from the obtained loans out of the Sava Group totalling €218,975 thousand. The total value of pledged assets for the obtained loans of Sava d.d. amounted to €212,910 thousand.

Sava d.d. pledged its own assets for the obtained loans in total amount of €198,912 thousand, which represents 71.0% of the balance sheet total of Sava d.d., the assets of Sava TMC d.o.o. in the amount of €9,128 thousand, and the assets of Sava Turizem d.d., Bled in the amount of €4,870 thousand.

Breakdown of financial liabilities of Sava d.d. from the loans obtained out of the Sava Group

€ in thousands

Type of financial liability	Long-term financial liabilities	Short-term financial labilities	Total financial liabilities
- to associated banks (GB, AB)	0	40,714	40,714
- to other banks	2,932	142,814	145,746
- to other partners	6,000	0	6,000
- from issuance of bonds	26,515	0	26,515
Total	**35,447**	**183,528**	**218,975**

Pledged assets of Sava Turizem d.d. and Sava TMC d.o.o., Ljubljana for the loans obtained by Sava d.d.

€ in thousands

Type of assets	Book value of the pledge
Mortgages on real property owned by Sava Turizem d.d.	
- Family hotel Savica	4,870
Mortgages on real property owned by Sava TMC d.o.o	
- Family hotel Savica	9,128
Total value of pledged assets	**13,998**

Mortgages on real property owned by Sava d.d.

€ in thousands

Type of assets	Book value of the pledge
Mortgage on real property	
- Real property BTC, Ljubljana	1,493
Total value of pledged assets	**1,493**

Breakdown of pledged assets of Sava d.d. by type of assets for the loans obtained by Sava d.d.

€ in thousands

Type of assets	Book value of the pledge
Pledged assets	
- pledged shares of companies owned by Sava d.d.	197,419
- pledged real property of companies owned by Sava d.d.	1,493
Total value of pledged assets owned by Sava d.d.	**198,912**
Balance sheet total of Sava d.d. at 30/06/2013	**280,066**
Share of pledged assets in the balance sheet total	**71.0 %**

Breakdown by type of pledged shares

Type of assets	Available number of shares	Pledged number of shares for loans of Sava d.d.	Pledged number of shares for loans of subsidiaries and other liabilities	Number of unpledged shares	Book value of pledge - 000 EUR
Pledged shares					
- shares of Abanka Vipa d.d. - ABKN	1,715,841	1,715,841	0	0	9,609
- shares of NFD 1, delniški podsklad - NF1N	37,498,152	37,498,152	0	0	24,374
- shares of Gorenjska banka d.d. - GBKR	146,060	118,098	3,610	24,352	71,566
- shares of Hoteli Bernardin d.d. - HBPN	1,468,221	837,000	0	631,221	1,548
- shares of Sava Turizem d.d. - SHBR	39,308,317	39,308,317	0	0	88,960
- shares of Kompas Hoteli Bled d.d. - KHIR	13,500	13,500	0	0	115
- shares of Nova ljubljanska banka d.d. - NLB	1,504	1,504	0	0	57
- shares of Merkur d.d. - MER	251,566	0	251,566	0	0
- shares of Pokojninska družba A d.d. - PDAR	4,987	4,987	0	0	594
- shares of Jubmes banka a.d. - JBMN	13,638	9,874	0	3,764	596
Total value of pledged shares					**197,419**

2.5.3. Financial instruments - financial risks

Foreign exchange risk

Overview of foreign exchange risk

€ in thousands

	30/06/2013					31/12/2012				
	Total in €	€	USD	CHF	Other currencies	Total in €	€	USD	CHF	Other currencies
Trade receivables	2,067	2,067	0	0	0	380	380	0	0	0
Insured bank loans	-145,746	-145,746	0	0	0	-171,311	-171,311	0	0	0
Borrowings from Group companies	-4,163	-4,163	0	0	0	-9,930	-9,930	0	0	0
Borrowings from associated companies	-40,714	-40,714	0	0	0	-80,359	-80,359	0	0	0
Bonds	-26,515	-26,515	0	0	0	-26,515	-26,515	0	0	0
Other financial liabilities	-6,709	-6,709	0	0	0	-6,733	-6,733	0	0	0
Trade payables and other liabilities	-5,725	-5,725	0	0	0	-9,211	-9,211	0	0	0
Gross exposure of balance sheet	**-227,505**	**-227,505**	**0**	**0**	**0**	**-303,679**	**-303,679**	**0**	**0**	**0**
Estimated forecast sales	935	935	0	0	0	1,079	1,079	0	0	0
Estimated forecast purchasing	3,046	3,046	0	0	0	2,558	2,558	0	0	0
Gross exposure	**3,981**	**3,981**	**0**	**0**	**0**	**3,637**	**3,637**	**0**	**0**	**0**
Net exposure	**-223,524**	**-223,524**	**0**	**0**	**0**	**-300,042**	**-300,042**	**0**	**0**	**0**

Interest rate risk

In accordance with hedging against interest risk arising from the anticipated change in the reference interest rate EURIBOR, Sava d.d. has one financial instrument concluded for hedging against interest risk with a total nominal value amounting to €8 million.

At the end of June 2013, the net value of interest rate swaps as a difference between the receivables and the liabilities arising thereof is negative and amounted to €2,997 thousand at 30/06/2013 (negative of €3,672 thousand at the end of 2012). Using this financial instrument, 3.6% of all obtained loans are hedged. In the first half-year of 2013, the average interest rate for the hired loans amounted to 5.59%.

Interest risk management in Sava d.d. using the financial instrument

€ in thousands

30/06/2013	Book value	Contracted cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
Interest rate swaps							
Assets	0	0	0	0	0	0	0
Liabilities	-2,997	-2,997	-400	-400	-2,197	0	0
Total	**-2,997**	**-2,997**	**-400**	**-400**	**-2,197**	**0**	**0**

v 000 EUR

31/12/2012	Book value	Contracted cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
Interest rate swaps							
Assets	0	0	0	0	0	0	0
Liabilities	-3,672	-3,672	-400	-400	-1,600	-1,272	0
Total	**-3,672**	**-3,672**	**-400**	**-400**	**-1,600**	**-1,272**	**0**

Solvency risk

Overview of solvency risk

€ in thousands

30/06/2013	Book value	Contracted cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
Non-derivative financial liabilities	**229,591**	**-225,526**	**-186,440**	**-2,370**	**-35,068**	**-1,647**	**0**
Insured bank loans(without associated companies)	145,746	-146,072	-141,329	-1,696	-1,405	-1,642	0
Loans from Group companies	4,163	4,163	3,663	500	0	0	0
Trade payables and other liabilities	5,725	-5,725	-5,651	-41	-31	-2	0
Borrowings from associated companies	40,714	-41,971	-41,971	0	0	0	0
Bonds	26,515	-29,359	-962	-946	-27,451	0	0
Other financial liabilities	6,709	-6,542	-187	-183	-6,172	0	0
Overdrafts on bank accounts	0	0	0	0	0	0	0
Liabilities from financial lease	19	-19	-4	-4	-8	-3	0
Derivative financial liabilities	**2,997**	**-2,997**	**-400**	**-400**	**-2,197**	**0**	**0**
Interest rate swaps for hedging against risk	2,997	-2,997	-400	-400	-2,197	0	0
Total	**232,588**	**-228,523**	**-186,840**	**-2,770**	**-37,265**	**-1,647**	**0**

€ in thousands

31/12/2012	Book value	Contracted cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
Non-derivative financial liabilities	**304,059**	**-309,741**	**-267,454**	**-2,884**	**-37,066**	**-2,337**	**0**
Insured bank loans	171,311	-172,536	-166,060	-1,731	-2,407	-2,337	0
Loans from Group companies	9,930	-10,046	-10,046	0	0	0	0
Trade payables and other liabilities	9,211	-9,211	-9,211	0	0	0	0
Borrowings from associated companies	80,359	-81,003	-81,003	0	0	0	0
Bonds	26,515	-30,196	-946	-962	-28,288	0	0
Other financial liabilities	6,733	-6,749	-187	-191	-6,371	0	0
Overdrafts on bank accounts	0	0	0	0	0	0	0
Liabilities from financial lease	0	0	0	0	0	0	0
Derivative financial liabilities	**3,672**	**-3,672**	**-400**	**-400**	**-1,600**	**-1,272**	**0**
Interest rate swaps for hedging against risk	3,672	-3,672	-400	-400	-1,600	-1,272	0
Total	**307,731**	**-313,413**	**-267,854**	**-3,284**	**-38,666**	**-3,609**	**0**

Credit risk

Trade receivables by geographic region

€ in thousands

	Book value	
	30/06/2013	31/12/2012
Slovenia	2,026	355
Other EU countries	1	0
Other	40	25
Total	**2,067**	**380**

Balance and movement of value adjustments in trade receivables

€ in thousands

	30/06/2013	31/12/2012
Balance at 01/01	138	428
Increase in value adjustment	27	19
Decrease in value adjustment	0	-309
Final balance	**165**	**138**

Maturity of trade receivables

€ in thousands

	30/06/2013			31./2/2012		
	Gross receivable	Impairment	Net receivable	Gross receivable	Impairment	Net receivable
Not past due	2,019	1	2,018	322	0	322
Past due 0 - 30 days	74	8	66	31	0	31
Past due 31 - 120 days	24	8	16	19	0	19
Past due more than 120 days	115	148	-33	146	138	8
Total	**2,232**	**165**	**2,067**	**518**	**138**	**380**

Sensitivity analysis to financial risks

- **Sensitivity analysis to the interest rate change**

  At the end of June, Sava d.d. had 54% of its loan portfolio tied to the reference interest rate EURIBOR. In the first half year of 2013, EURIBOR did not change significantly.

The fluctuation of the future interest rate will be in strong relation to the economic situation in the Euro Zone. For 2013, the reference interest rate in the Euro Zone is not expected to rise, however, if the interest rate changes, the sensitivity of the loan portfolio is still high. In the case that the interest rate would change by 50 basis points, the interest expense would increase by €1,122 thousand taking into account the indebtedness of Sava d.d. at the end of June 2013.

	30/6/2013	31/12/2012	Highest value	Lowest value	Mean value	Daily standard deviation	Coefficient of variation
3-month EURIBOR	0.22%	0.19%	0.23%	0.19%	0.21%	0.98%	21.3%
6-month EURIBOR	0.34%	0.32%	0.38%	0.29%	0.33%	0.96%	34.2%

- **Sensitivity analysis to the increased indebtedness**

  At the end of June 2013, Sava d.d. had short-term and long-term financial liabilities of €223.2 million from the obtained loans. In the event that Sava d.d. contracts an additional debt of €10 million, the interest expenses at the average weighted interest rate valid at the end of June 2013 would increase by €559 thousand.

- **Sensitivity analysis to a change in the value of foreign currencies**

  Sava d.d. has a majority of inflows and outflows mutually balanced, and the major part of assets is tied to the domestic currency. For this reason, the company is not strongly exposed to the changes in the value of foreign currencies.

2.5.4. Estimating fair values

Securities available for sale

The fair value of listed securities available for sale equals the announced standard bid market price at the balance sheet date. The fair value of shares and stakes of unlisted companies equals the cost value less any impairment based on checking for any indications of impairment.

Granted and obtained loans

The fair value is estimated as a discounted value of the expected cash flow from the principal and interest, whereby the effective interest rate equals the contracting interest rate, which is variable.

Issued bonds

The fair value of issued bonds was ascertained by using the stock exchange price achieved in the bonds listing in the Ljubljana Stock Exchange.

Short-term receivables and liabilities

For receivables and liabilities with a remaining life of less than one year, the notional value is deemed to reflect the fair value.

Fair values of financial instruments

€ in thousands

	30/06/2013		31/12/2012	
	Book value	Fair value	Book value	Fair value
Securities available for sale	34,066	34,066	36,507	36,507
Long-term receivables	3	3	10	10
Short-term receivables	9,170	9,170	4,604	4,604
Approved loans	19,986	19,986	16,295	16,295
Cash and cash equivalents	518	518	3	3
Long-term loans	8,951	8,951	10,563	10,563
Issued bonds	26,515	22,538	26,515	22,538
Short-term loans	191,397	191,397	261,442	261,442
Short-term operating liabilities	5,725	5,725	9,211	9,211

2.5.5. Hierarchy of fair values

Financial instruments valued at fair value are classified in three levels:

- Level 1: assets or liabilities at stock exchange price on the last day of accounting period.
- Level 2: assets or liabilities, which are not classified as level 1; their value is defined directly or indirectly on the basis of the market data.
- Level 3: assets or liabilities whose value cannot be obtained from the market data.

Hierarchy of financial instruments considering computation of their fair value

€ in thousands

	30/06/2013				31/12/2012			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Value of securities available for sale	34,066	3,999	24,374	5,693	36,507	4,683	25,874	5,950
Derivative financial instruments – assets	0	0	0	0	0	0	0	0
Derivative financial instruments – liabilities	-2,997	0	-2,997	0	-3,673	0	-4,683	0
Total	**31,069**	**3,999**	**22,201**	**5,693**	**32,834**	**4,683**	**22,201**	**5,950**

2.5.6. Converting capital by means of living

€ in thousands

	Capital	% growth	Calculated effect	Net profit for the financial year less calculation effect
CAPITAL - calculation for cost of living	25,442	1.90%	483	17,315

2.5.7. Related parties

Related parties include subsidiaries and associates, Supervisory Board members, Management Board members and their closer family members.

Relations among companies in the Sava Group

Business relations between Sava d.d. and its subsidiaries relate to:

- Provided services, which include use of brand name and services provided by the specialist services.
- Financial operations in connection with managing the granted and obtained loans.

Transactions among the Sava Group companies are performed under the same conditions as valid in an ordinary arm's length transaction. The capital of subsidiaries as per 30/06/2013, operating income and net result of subsidiaries for the first half-year of 2013 are disclosed in the Notes to the Financial Statements of the Sava Group.

Relations with the associated companies

Gorenjska Banka d.d., Abanka Vipa d.d., NFD Holding d.d., and Maksima Invest d.d.- under receivership are the associated companies of Sava d.d.

GORENJSKA BANKA d.d., Kranj

Sava d.d. raises loans with Gorenjska Banka d.d. Terms and conditions for these transactions equal those effective for other companies with a similar rating.

Ownership of the Sava share

	30/06/2013	31/12/2012
No. of Sava d.d. shares owned by Gorenjska Banka d.d.	56,475	56,475
Ownership stake of Gorenjska Banka d.d. in Sava d.d.	2.81%	2.81%

Transactions with Gorenjska Banka d.d. – obtained loans and deposits

€ in thousands

	30/06/2013	31/12/2012
Balance of received loans at 01/01	**35,537**	**33,038**
Hiring new loans	0	2,942
Repayment of loans	-10,823	-443
Revaluation of foreign currency loans	0	0
Balance of received loans at period end	**24,714**	**35,537**
Balance of deposits at period end	**0**	**196**

Other transactions with Gorenjska Banka d.d.

- The balance of operating receivables due from Gorenjska Banka d.d. amounted to €3 thousand at 30/06/2013 (none in 2012).
- The balance of short-term operating liabilities from interests to Gorenjska Banka d.d. amounted to €443 thousand at 30/06/2013 (€411 thousand at 31/12/2012).
- In doing business with Gorenjska Banka d.d. in the first half-year of 2013, no financial revenues from operating receivables were generated (none in 2012 too). Financial expenses from payment transaction fees amounted to €8 thousand (€24 thousand in 2012).
- In doing business with Gorenjska Banka d.d. in the first half-year of 2013, interest revenues from deposits were generated in the amount of €45 thousand (€1 thousand in 2012). Interest expenses totalled €988 thousand (€1,903 thousand in 2012).

ABANKA VIPA D.D., Ljubljana

Sava d.d. raises loans with Abanka Vipa d.d. Terms and conditions for these transactions equal to those effective for other companies with a similar rating.

At 30/06/2013, Abanka Vipa held bonds issued by Sava in the amount of €9,281 thousand.

Transactions with Abanka Vipa d.d.-obtained loans and deposits

€ in thousands

	30/06/2013	31/12/2012
Balance of received loans at 01/01	**44,822**	**46,300**
Hiring new loans	1,478	15,544
Repayment of loans	-30,300	-17,022
Revaluation of foreign currency loans	0	0
Balance of received loans at period end	**16,000**	**44,822**
Balance of deposits at period end	**0**	**0**

Other transactions with Abanka Vipa d.d.

- No operating receivables due from Abanka Vipa d.d. were shown at 30/06/2013 (none at 31/12/2012 too).
- The balance of short-term operating liabilities from interests to Abanka Vipa d.d. amounted to €273 thousand at 30/06/2013 (€204 thousand at 31/12/2012).
- In doing business with Abanka Vipa d.d. in the first half-year of 2013, no financial revenues from operating receivables were generated (none in 2012, too), while financial expenses from payment transaction fees amounted to €2 thousand (€32 thousand in 2012).
- In doing business with Abanka Vipa d.d. in the first half-year of 2013, no financial revenues from loans were generated (€2 thousand in 2012), while interest expenses amounted to €1,574 thousand (€2,489 thousand in 2012).

NFD HOLDING d.d., Ljubljana

At 30/06/2013, the balance of the receivable arising from the granted loans due from NFD Holding d.d. amounted to €17,807 thousand (€21,780 thousand in 2012). At 30/06/2013, operating receivables from the accounted interest for loans amounted to €1,228 thousand (€1,683 thousand in 2012). In the first half-year of 2013, interest revenues amounted to €232 thousand (€1,540 thousand in 2012), and financial revenues from operating receivables were generated in the amount of €4 thousand in the first half-year of 2013 (€4 thousand in 2012).

MAKSIMA INVEST d.d. – under receivership, Ljubljana

Transactions with Maksima Invest d.d. – under receivership – obtained loans

€ in thousands

	30/06/2013	31/12/2012
Balance of received loans at 01/01	**0**	**121**
Hiring new loans	0	5
Repayment of loans	0	-126
Revaluation of foreign currency loans	0	0
Balance of received loans at period end	**0**	**0**
Balance of deposits at period end	**0**	**0**

Relations with natural persons

Related natural persons own 267 Sava shares, which represents 0.013% of ownership.

Ownership of the Sava share

	30/06/2013		31/12/2012	
	Number	Stake	Number	Stake
Sava d.d. Management Board members	246	0.012%	246	0.012%
Sava d.d. Supervisory Board members	21	0.001%	21	0.001%
Directors of subsidiaries	0	0.000%	180	0.009%

The name list of the Management Board and Supervisory Board members who own Sava shares is disclosed in the business part of the semi-annual report, chapter- The Sava share and ownership structure.

Data about the group of persons – Management Board

In the first half-year of 2013, gross emoluments of the Management Board members amounted to €275 thousand and their net emoluments to €126 thousand or 46% of the gross amount. In comparison with the same period last year, their gross emoluments were lower by 26%.

Data about the group of persons – other employees with individual contracts of employment

12 employees (at the end of 2012 there were 16 such associates) had individual contracts of employment at 30/06/2013 and received gross emoluments of €405 thousand in the first half-year of 2013 or 47% less than in the same period last year. At 30/06/2013, Sava showed no receivables from approved loans due from the associates employed under individual contracts of employment.

Data about the group of persons – Supervisory Board and its commissions

In the first half-year of 2013, the gross emoluments of the Supervisory Board members amounted to €63 thousand or 9% less than in the same period last year.

2.5.8. Disclosure of business with the selected auditor

According to the contract made with Deloitte d.o.o. the contractual value of auditing the separate and consolidated financial statements of Sava d.d. and the Sava Group for 2013 amounts to €43 thousand.

2.5.9. Influence by events after the balance sheet date

Important events that appeared after the balance sheet date are disclosed in the business part of the semi-annual report. The nature of these events does not affect the balance of assets and liabilities shown in the financial statements of Sava d.d. for the first half-year of 2013 or the going-concern presumption.

We separately give the following explanations:

a) Restructuring the financial liabilities of Sava d.d.

On 23 July 2013, the Management Board of Sava d.d. successfully completed the process of concluding the so-called Master Restructuring Agreement with the organiser, collateral agent of a bank consortium – Nova Ljubljanska Banka d.d., and other lending banks. The Agreement refers to restructuring the existing loan obligations of Sava d.d. in the amount of €187.7 million at a 3 % interest rate, with the restructuring enactment date of 28 February 2013 and the final date of 30 November 2014.

By signing this Agreement, the lending banks enabled Sava to defer payment of the principals under the existing loans. Sava d.d. undertook to regularly pay 1% interest in this period, whereas a part of deferred interest falls due at the end of contract period. Furthermore, by signing the Agreement, the Management Board of Sava d.d. gave its commitment to the banks for its further consistent implementation of the envisaged strategy that aims at divesting the financial assets of the company, decreasing costs and improving performance.

b) Receivables arising from loans approved to NFD Holding d.d.

In May, Sava d.d. as the only crediting company co-signed the Debts Restructuring Agreement and Conversion of Part of Loans into the Capital of NFD Holding, which was endorsed by the June assembly of the company.

2.6. Statement of Management Responsibility for Sava d.d.

The Management Board of Sava d.d., Ljubljana, confirms the financial statements of the company Sava d.d. for the period that ended on 30 June 2013, which have been prepared in accordance with Slovene Accounting Standards.

The Management Board confirms that when drawing up the financial statements the corresponding accounting policies were consistently applied, the accounting estimates were elaborated according to the principle of prudence and good management, and the report gives a true and fair view of the company's assets and business results in the first half-year of 2013.

The Management Board is responsible for the proper managing of its accounting procedures, establishing, operation and maintaining internal control in relation to the preparation and fair presentation of the financial statements, which do not contain any material misstatements originating from fraud or error, and for adopting suitable measures for securing assets and other funds. The Management Board confirms herewith that the financial statements and the notes have been produced on the going concern presumption and in accordance with the legislation in force and Slovene Accounting Standards.

Matej Narat, MSc
President of the Management Board

Andrej Andoljšek
Member of the Management Board

Ljubljana, 20 August 2013

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