



# 2017 ANNUAL REPORT





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# THE COURSE OF FINANCIAL RESTRUCTURING OF SAVA D.D. IN 2017

## 1. Introductory explanation

The Ljubljana District Court published that the compulsory settlement proceedings for Sava d.d. managed under Ref. No. St 2868/2015 were finally concluded on 12/11/2016 (public notice at AJPES on 21/11/2016).

According to the provisions of Article 40 of the ZFPPIPP, when a compulsory settlement has been made final by the court, and until the debtor pays the claims of all creditors that are affected by the compulsory settlement, the debtor must ensure that all measures outlined in the Financial Restructuring Plan are carried out. The report must contain:

- a description of financial restructuring measures that have been carried out;
- their effects on the debtor's liquidity and solvency;
- the total of payments of claims of creditors that are affected by the compulsory settlement and the portion of paid claims;

- the financial statements for the respective period (balance sheet, income statement, cash flow statement) and
- a statement by the management that the debtor has not acted in any way to contribute to the unequal treatment of creditors who are in equal position towards the company.

The management must draw up the report for each calendar three-month period and submit it to the court that decided on the confirmation of compulsory settlement within forty-five days following the expiry of the relevant period.

After the compulsory settlement became final, Sava d.d. submitted to the Ljubljana District Court five reports on implementing financial restructuring measures, which are available at the AJPES online portal.

## 2. Report on implementing financial restructuring measures

### 2.1. DESCRIPTION OF THE IMPLEMENTED FINANCIAL RESTRUCTURING MEASURES

#### a) With the compulsory settlement becoming final, the following measures related to the financial restructuring of Sava d.d. were implemented:

- 19 creditors converted their claims of €65,036 thousand into the capital of Sava, d.d.;
- 21,678,535 new shares (SAVR) at the nominal value of €1/share were issued;
- the value of the share capital was €21,679 thousand;
- the additional paid-in capital resulting from the conversion of creditors' claims amounted to €43,357 thousand;
- the write-off of creditors' ordinary claims was realised in the amount of €9,358 thousand;
- secured claims of €136,782 thousand and ordinary claims of €1,040 thousand (€137,822 in total) were transferred from short-term to long-term financial liabilities with a maturity of 30/11/2019;
- the total positive effects of the final compulsory settlement on the capital of Sava d.d. equalled €74,394 thousand.

#### b) The litigation procedure that was highlighted as necessary for the successful implementation of the Financial Restructuring Plan was completed:

- The contentious relationships between DUTB d.d. and Sava d.d. regarding the issue related to ownership of Sava Turizem d.d. shares were resolved by restoring the state of ownership and encumbrance to the state prior to the start of the litigation procedures.

### 2.2. DESCRIPTION OF THE IMPLEMENTED OPERATIONAL RESTRUCTURING MEASURES

#### a) Labour cost cutting measures

On 31/12/2017, Sava d.d. had 9 employees, which is 5 fewer than at the end of 2016.

The 2017 labour costs of €743 thousand were 25% lower year-on-year. In 2017, the average monthly labour costs amounted to €62 thousand. The lower labour costs were the result of layoffs and pay cuts of the remaining employees within the framework of implementing labour cost optimisation measures set out in the Financial Restructuring Plan.

#### b) Service cost cutting measures

Sava d.d. incurred €1,450 thousand in service costs in 2017. These were 5% lower year-on-year.

They include the exit charges incurred at the sale of the investment coupons, the costs of consultants in the sales procedure for the Gorenjska banka d.d. Kranj shares and the costs of consultants appointed for the subsequent performance of activities and implementation of the strategy in the Tourism business, as per the Financial Restructuring Plan.

#### c) Measures related to sales

The business reorganisation of Sava d.d. that saw the Internal Audit Department moved to a subsidiary company as of 01/01/2017 resulted in lower operating revenues for Sava d.d. in 2017 as well as lower costs related to internal auditing.

#### d) Disinvestment measures

*Sale of investment coupons of Alpen.Si, now ALTA.SI*

In 2017, 12,499,384 ALTA.SI coupons were sold, with the value of the sale reaching €11,729 thousand, while the exit charges equalled €352 thousand. The sales transaction generated €3,729 thousand of financial revenue. €11,377 thousand was repaid to the creditors of Sava d.d.

*Sale – transfer of Kompas Hoteli Bled minority owner shares to the main shareholder*

The 17th General Meeting of Kompas Hoteli Bled d.d. taking place on 25/04/2017 adopted the resolution to transfer the shares of minority shareholders to the

main shareholder Hotel Slon d.d. against payment of €10.37 per share. Sava d.d. had 13,500 Kompas Hoteli Bled shares, meaning that the value of the sale was €140 thousand, from which the company generated €93 thousand of financial revenue. €139 thousand was repaid to the creditors of Sava d.d.

*Sale of VROS shares – Triglav Osiguranje Makedonija*

Sava d.d. had 648 VROS shares and achieved a sales value of €154 thousand, from which it generated €130 thousand of financial revenue.

*Sale of Elektro Celje shares*

Sava d.d. had 24,260 Elektro Celje shares; the value of the sale was €71 thousand and the financial revenue equalled €17 thousand.

*Disposal of the 100% share in GIP Sava Kranj d.o.o., Ruma, Serbia*

The company was founded with only a minimum share capital to resolve the matter of ownership of a real estate property in Ruma, which was recorded in the books of account of Sava d.d. As the real estate property was sold off in 2016, there is no longer any reason for having an investment in GIP Sava Kranj d.d.

*Repayment of loans from pledged funds*

Sava d.d. used pledged funds to repay €391 thousand of creditors' claims.

*Highlights in the disposal of the financial investment in Gorenjska banka d.d. shares.*

- following the extension of the Agreement on the joint sale of 54.57% of Gorenjska banka d.d. shares, with validity until 31/12/2017, and based on the mandate provided by members of the Committee of the sale procedure consortium, Sava d.d. coordinated the agreements with the chosen financial and legal consultants and implemented the activities related to the signing of both agreements.

Afterwards, the sale procedure progressed to the implementation phase, meaning the submission of marketing documentation to potential investors as well as activities for executing agreements on confidential data protection with the potential investors who expressed their interest.

The sale procedure continued with the forwarding of Process Letter I and the information memorandum to the potential investors, resulting in the receipt of non-binding offers. With this, the sale procedure reached the second stage of the implementation phase (binding phase), which meant the submission of Process Letter II, access to the virtual data room, responding to any questions of potential investors, presentation of the bank, collection of binding offers and negotiations and conclusion of the sale and purchase agreement. The Committee and the Board of Directors of Sava d.d. were made aware of the main elements of the received binding offers.

- Afterwards, the Committee's resolutions on improving the offers were implemented. Despite being called on multiple times to improve its offer, one of the potential tenderers who submitted a binding offer insisted on its conditions, which did not meet the Consortium's expectations under the Agreement on the joint sale, meaning that final negotiations with said tenderer could not be initiated.  
At the same time, two potential tenderers expressed their interest but then failed to take any action towards preparing a binding offer.
- At the end of negotiations with another potential tenderer who submitted a binding offer, the Committee for the joint sale of shares reached an agreement on the sale price of €298 per share, on the limitation of the sellers' warranties solely to the ownership of shares, on the non-encumbrance of shares and on the right to sell the shares, as per the terms agreed by the sellers under the Agreement on the joint sale. The final sale and purchase agreement was confirmed by the consortium of sellers in mid-December 2017. Consent for the sale of the GBKR shares was given on 30/01/2018 at the General Meeting of Sava d.d.  
The buyer failed to provide evidence to the Board of Directors of Sava d.d. as required under the adopted General Meeting resolution.



## 2.3. THE EFFECTS OF THE IMPLEMENTED FINANCIAL RESTRUCTURING MEASURES ON THE DEBTOR'S LIQUIDITY AND SOLVENCY

### a) Cumulative positive effects of the final compulsory settlement on the debtor's liquidity and solvency

The cumulative positive effects of the final compulsory settlement on the capital of the company equalled €74,394 thousand in 2016. On 31/12/2016, Sava, d.d. had positive capital equalling €26,312 thousand. Its share in own funds is 16%, and the share of long-term liabilities in own funds is 83%.

On 31/12/2017, Sava, d.d. had positive capital equalling €25,073 thousand. Its share in own funds is 16%, and the share of long-term liabilities in own funds is 82%.

Table of the direct effects of implementing the Financial Restructuring Plan on the capital of Sava d.d.

Reporting period	Amount in € 000	Notes
November–December 2016	74,394	upon the finality of the compulsory settlement
January–March 2017	0	no changes
April–June 2017	0	no changes
July–September 2017	0	no changes
October–December 2017	0	no changes
<b>TOTAL from the finality of the compulsory settlement to the end of the reporting period</b>	<b>74,394</b>	

## 2.4. THE PAYMENTS AND THE SHARE OF REPAYMENTS OF CREDITORS' CLAIMS THAT ARE SUBJECT TO COMPULSORY SETTLEMENT

In 2016, Sava d.d. began disposing of its assets before the finality of the compulsory settlement and repaid €2,150 thousand of recognised claims using the purchase money it received for the real estate property.

Using the purchase money received from the sale of the financial investment in ALTA.SI, Sava d.d. was able to repay €16,050 thousand of claims affected by the compulsory settlement in 2016. The share of claims affected by the compulsory settlement that was repaid is 10.2%.

Using the purchase money received from the sale of financial investments, Sava d.d. was able to repay €11,907 thousand of claims affected by the compulsory settlement in 2017. Refinancing the Sava Group companies' liabilities released the guarantees provided by Sava d.d., thereby reducing the company's contingent liabilities in the amount of €4,209 thousand.

On 31/12/2017, the share of claims affected by the compulsory settlement that was repaid is 20.4%.

Table of repayments of creditors' claims and other changes in claims that are subject to compulsory settlement

Reporting period	Amount in € 000	Share of paid creditors' claims that are subject to compulsory settlement
<b>January–October 2016</b>	<b>18,200</b>	<b>10.2%</b>
- from the real estate property sale	2,150	0.0%
- from the financial investment sale	16,050	10.2%
<b>November–December 2016</b>	<b>0</b>	<b>0.0%</b>
<b>January–March 2017</b>	<b>0</b>	<b>0.0%</b>
<b>April–June 2017</b>	<b>5,749</b>	<b>3.6%</b>
- from the sale of investment coupons of Alpen.Si	5,610	3.5%
- from the sale of Kompas Hoteli Bled shares	139	0.1%
<b>July–September 2017</b>	<b>6,158</b>	<b>3.9%</b>
- from the sale of investment coupons of ALTA.SI (formerly Alpen.Si)	5,767	3.6%
- from the pledged funds	391	0.2%
<b>October–December 2017</b>	<b>0</b>	<b>0.0%</b>
<b>TOTAL REPAYMENTS from the finality of the compulsory settlement to the end of the reporting period</b>	<b>30,107</b>	<b>17.7%</b>
<b>Decrease in contingent claims – release of guarantees upon the refinancing of the Sava Group companies' liabilities</b>	<b>4,209</b>	<b>2.7%</b>
<b>TOTAL DECREASE IN CLAIMS from the finality of the compulsory settlement to the end of the reporting period</b>	<b>34,316</b>	<b>20.4%</b>

## 2.5. CALCULATION AND PAYMENT OF INTEREST FOR SECURED CREDITORS' CLAIMS

The Financial Restructuring Plan envisages the secured creditors' claims to accumulate interest as of the finality of the compulsory settlement at the 1% nominal annual interest rate.

Sava d.d. is settling its obligations arising from interest within the agreed deadlines.

## 1. Report by the Chairman of the Board of Directors

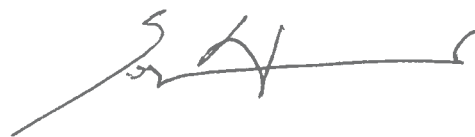
### *Dear Stakeholders!*

In 2017, Sava d.d. continued taking action as outlined in the Financial Restructuring Plan and following the provisions of the Resolution on confirmation of compulsory settlement.

With a view to selling off non-strategic assets, the sale of the ownership stake in Gorenjska banka d.d. was in full swing throughout the year. The Board of Directors of Sava d.d. confirmed the final sale and purchase agreement proposal for the shares and adopted the decision to convene the General Meeting, which took place on 30 January 2018 and saw the owners confirm the sale provided that the buyer fulfils a suspensive condition. The buyer failed to provide the evidence required by the General Meeting decision. In 2017 and early 2018, the disposal of the Alta.SI fund's points was completed. In 2017, Sava d.d. repaid €11.9 million in secured claims to creditors and a further €5.7 million in January 2018 when the disposal was completed. With these disposals, Sava d.d. has carried out a majority of the disposals of non-strategic assets outlined in the Financial Restructuring Plan.

2017 was also a successful year for Sava d.d. in terms of strategic investment development. Companies in the Tourism business saw intensified investment activity and thereby significantly improved their operating performance and exceeded the planned results. To protect its interests and the interests of its creditors, Sava d.d. in 2017 signed an agreement on resolving the issue of claims due from NFD holding d.d. – in bankruptcy, which are secured with, including but not limited to, the shares of Hoteli Bernardin d.d. The resolution of this issue represents an important next step in the strategy of development and investment value growth of the Tourism business. Accordingly, Sava d.d. prepared an investment proposal and presented it to the company's largest owners. In addition to the independent assessments of external consultant, the investment proposal also confirms the prudence and economic viability of developing the Tourism business in the outlined direction.

We believe that we will successfully continue carrying out the activities we have set for ourselves in this year as well and thereby justify the trust placed in us by the owners, creditors and other partners of Sava d.d.



**Klemen Boštjančič**

*Chairman of the Board of Directors of Sava d.d.*

## 2. Report by the Board of Directors

2017 was the first year in which Sava d.d. operated under a one-tier management system. The Board of Directors of Sava d.d. comprises five members, of which four are appointed by the General Meeting and one member is the employee representative.

The composition and the operations of the Board of Directors in 2017 are presented in the Report by the Board of Directors.

### COMPOSITION OF THE BOARD OF DIRECTORS

The Board of Directors has quite a diverse composition in terms of academic degrees, age, gender and work experience, enabling it to function efficiently.

The representatives of shareholders on the Board of Directors were:

- Klemen Boštjančič,  
Chairman of the Board of Directors
- Dejan Rajbar,  
Deputy Chairman of the Board of Directors
- Tina Pelcar Bugar, Member
- Aleš Škoberne, Member

The representatives of employees on the Board of Directors were:

- Matej Narat, employee representative  
(as of 31/10/2017);
- Milan Marinič, employee representative  
(until 30/10/2017).

### ACTIVITIES OF THE BOARD OF DIRECTORS

The Board of Directors of Sava d.d. held its first meeting on 06/01/2017 and held a total of nineteen meetings in 2017, fourteen of them regular and five correspondence. The meetings were held at the company's registered office.

Since the 2017 financial year was the first year following the final confirmation of the compulsory settlement, the Board of Directors focused primarily on monitoring the implementation of the Financial Restructuring Plan and whether the provisions of the Resolution on confirmation of compulsory settlement were being observed.

The Board of Directors supervised and directed all activities for the disposal of non-strategic assets and the development of the company's strategic assets. Within the framework of the disposal of non-strategic assets as outlined by the Financial Restructuring Plan, the Board of Directors in 2017 consented to the partial disposal of the points in the ALTA.SI sub-fund and the shares of Triglav Osiguruvanje ad, Skopje as well as the disposal of the shares of Elektro Celje d.d. and confirmed the

final sale and purchase agreement (SPA) for the sale of the shares of Gorenjska banka d.d. In terms of the development of strategic assets, it actively monitored the operations of the companies in the Tourism business in which Sava d.d. holds significant ownership stakes and the resolution of the issue of claims due from NFD holding d.d. – in bankruptcy.

At its first meeting, the Board of Directors appointed Klemen Boštjančič Chairman of the Board of Directors and Dejan Rajbar Deputy Chairman. The Board of Directors observed the provisions of the Articles of Association and chose the Executive Director from among non-members of the Board of Directors, appointing Gregor Rovnšek to the position for a five-year term. The Executive Director's term began on 28/12/2016. The Executive Director represents the company along with the Chairman or the Deputy Chairman of the Board of Directors, manages any ongoing company operations that are not within the powers reserved for the Board of Directors and carries out tasks in accordance with the resolutions adopted by the Board of Directors. At its first meeting, the Board of Directors appointed the Audit Committee.

At its second meeting, the Board of Directors adopted the Rules of Procedure of the Board of Directors and the Rules of Procedure of Executive Directors, followed during the year by the adoption of the Rules of Procedure of the Audit Committee and the Policy on Communication with the Shareholders of Sava d.d. At its fifth meeting on 23/03/2017, the Board of Directors adopted the resolution that the management and governance of Sava d.d. will comply with the Corporate Governance Code for State-Owned Enterprises.

At its second meeting, the Board of Directors adopted the Sava d.d. Business Plan for 2017 and was briefed about the Sava Group's Business Plan for 2017. During 2017, it regularly monitored and supervised the operations of Sava d.d. and the Sava Group, which were presented to it in the form of monthly, quarterly and semi-annual reports. It was kept current on the progress of the Financial Restructuring Plan through quarterly Reports on implementing financial restructuring measures, which Sava d.d. is obliged to draw up under Article 40 of the ZFPPIPP. Its operations monitoring activities were focused on the operations of Sava Turizem d.d., because the Financial Restructuring Plan identifies the Tourism business as a key development activity of the Sava Group.

Regarding the 24th General Meeting of Sava d.d., which took place on 31/08/2017 at the registered office of the company, the Board of Directors, at its fifth regular meeting on 23/03/2017:

- determined that the Executive Director compiled the Annual Report of Sava d.d. and the Sava Group

for 2016 and submitted them together with the Auditor's Report of the chosen auditor, Deloitte Revizija d.o.o., to the Board of Directors for verification and confirmation;

- determined that the Audit Committee proposed that the Board of Directors confirm the audited Annual Report of Sava d.d. and the Sava Group for 2016;
- verified and confirmed the Annual Report of Sava d.d. and the Sava Group for 2016;
- received information from the Executive Director on the amount of the accumulated loss and of the remunerations the management and supervisory bodies received for the performance of their tasks at the company in 2016.

and at its third correspondence meeting on 25/07/2017, the Board of Directors accepted the proposals of resolutions for the 24th General Meeting related to:

- familiarisation with the audited Annual Report of Sava d.d. for 2016, the audited consolidated Annual Report of the Sava Group for 2016 and the written report by the Board of Directors for 2016;
- disbursement of net profit of Sava d.d. as at 31/12/2016;
- granting discharge to the company's Management Board, the Supervisory Board and the Board of Directors;
- appointment of the auditor of the financial statements of Sava d.d. and the Sava Group for 2017.

To carry out activities related to the operations of the companies in the Tourism business in which Sava d.d. holds significant ownership stakes, the Board of Directors set up a Committee for monitoring and directing the project of consolidation of investments in the Tourism business at its eighth meeting, which took place on 25/05/2017.

At its thirteenth regular meeting on 30/11/2017, the Board of Directors adopted the Sava d.d. Business Plan for 2018 and was briefed about the Sava Group's Business Plan for 2018.

At the fifth correspondence meeting on 21/12/2017, the Board of Directors discussed the material for and adopted the proposed resolutions related to the signing of a sale and purchase agreement, whereby the shares of the issuer Gorenjska banka d.d. would be sold and transferred to the buyer AIK Banka a.d. Beograd, within the framework of the 25th General Meeting of Sava d.d. The company's 25th General Meeting was scheduled at the end of December to convene on 30/01/2018.

At its 14th regular meeting on 13/12/2017, the Board of Directors adopted the schedule of the meetings of the Board of Directors for 2018.

Members of the Board of Directors are required to notify the Board of Directors of any conflicts of interest that might arise. In 2017, there was

a conflict of interest when voting to adopt two resolutions, and two members of the Board of Directors removed themselves from the vote.

In 2017, members of the Board of Directors signed the Statement confirming the absence of any conflict of interest and the Statement of independence of a member of the Board of Directors/Committee of the Board of Directors of Sava d.d., whereby all members of the Board declared themselves as independent.

The Board of Directors operates in compliance with the applicable legislation, the Articles of Association and the adopted Rules of Procedure.

## COMPOSITION AND WORK OF THE BOARD'S COMMITTEES

Two Committees operated within the framework of the Board of Directors:

- the Audit Committee whose tasks are stipulated by Article 280 of the Companies Act. The Audit Committee comprising Dejan Rajbar as Chairman and Tina Pelcar Bugar, Milan Marinič and Janko Gedrih as members was appointed by the Board of Directors at its first meeting;
- the Board of Directors also set up the Committee for monitoring and directing the project of consolidation of investments in the Tourism business consisting of Matej Narat as Chairman and Klemen Boštjančič, Milan Marinič and Aleš Škoberne as members.

Both Committees provided regular activity reports to the Board of Directors.

In 2017, the Audit Committee met at five regular meetings. It discussed the Annual Report of Sava d.d. and the Sava Group for 2016 in the presence of the auditor. Its main focus was on the business reports of Sava d.d. and the Sava Group. It also prepared a proposal for the Rules of Procedure of the Audit Committee and discussed the Internal Audit Activity Report of the Sava Group for 2016. The Committee proposed to the Board of Directors that Deloitte Revizija d.o.o. be chosen to audit the financial statements of the Sava Group for 2017 and was familiarised with the submitted Internal Audit Action Plan of the Sava Group for 2018.

The Committee for monitoring and directing the project of consolidation of investments in the Tourism business was formed in late May to discuss all matters related to the Tourism business investment consolidation project or to monitor and supervise activities connected to the companies in the Tourism business in which Sava d.d. holds significant ownership stakes. In 2017, the Committee held seven meetings and operated in cooperation with an external independent advisory firm for tourism.

## AUDITOR'S REPORT

The Board of Directors was briefed about the independent auditor's reports containing the opinion that in all material respects the financial statements give a true and fair view of the financial position, the profit or loss and the cash flows of Sava d.d. and the Sava Group for 2017. Working with the auditor, the Audit Committee of the Board of Directors verified the interpretation of the definition of material uncertainty and concluded that these indications refer to the risks associated with the fulfilment of commitments to be completed in 2019 as set out in the Financial Restructuring Plan.

## REVIEWING THE PERFORMANCE OF THE EXECUTIVE DIRECTOR AND THE BOARD OF DIRECTORS

The Board of Directors finds that the Executive Director supplied it with suitable information regularly and timely, thereby providing a basis for quality and efficient action and the adoption of appropriate decisions. The Board of Directors believes that its members participated constructively in their work and adopted decisions for the benefit of the company.

Ljubljana, 05/04/2018

2017 was the first year of operation for the Board of Directors of Sava d.d. In collaboration with external contractors, the Board evaluated the effectiveness of its work at the end of the financial year. When analysed, this evaluation will serve as the basis for its continued effective and successful work. Upon the conclusion of the financial year, the Board of Directors adopted the Policy on the diversity of the management and supervisory bodies of Sava d.d. and the Sava Group.

The Board estimates that its work in 2017 was done well and successfully.

## APPROVING THE ANNUAL REPORT AND THE CONSOLIDATED ANNUAL REPORT

At its 20th meeting on 05/04/2018, the Board of Directors verified and confirmed the two Annual Reports for 2017.

The Board of Directors gives a positive opinion on the reports by the independent auditor on the financial statements of Sava d.d. and the Sava Group and confirms without any remarks the Annual Report of Sava d.d. for 2017 and the consolidated Annual Report of the Sava Group for 2017.

## BOARD OF DIRECTORS OF SAVA D.D.:

  
**Klemen Boštjančič**, Chairman

  
**Dejan Rajbar**, Deputy Chairman

  
**Tina Pelcar Burgar**, Member

  
**Matej Narat**, Member

  
**Aleš Škoberne**, Member

### 3. Profile of the company Sava d.d.

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

*Abbreviated name:* Sava, d.d.

*Head office:* Dunajska cesta 152, 1000 Ljubljana, Slovenia

*Telephone:* +386 4 206 5510

*Fax:* +386 4 206 6446

*Email:* info@sava.si

*Website:* www.sava.si

*Chairman of the Board of Directors:* Klemen Boštjančič

*Executive Director:* Gregor Rovnšek

*Registration number:* 5111358

*VAT ID No.:* SI75105284

*Principal activity:* 64.200 Activities of holding companies

*Court registry:* 08/09/1989, file No. 10024800

*Share capital as at 31/12/2017:* €21,678,535.00

*Number of shares (SAVR):* 21,678,535 ordinary registered no-par value shares



## 4. Presentation of the company Sava d.d. and the Sava Group

Sava d.d. is a non-listed company with a one-tier management system. The company is the management centre of the Sava Group whose strategic activity includes investments into the Tourism business. As the main company in charge of the Tourism business, Sava Turizem d.d. offers six destinations (Bled, Moravske Toplice, Ptuj, Radenci, Lendava and Banovci) and is the biggest provider of tourist services in Slovenia that offers and develops all key tourist products as defined by the Strategy for the Sustainable Growth of Slovenian Tourism for 2017–2021, with the exception of coastal tourism. Sava Turizem d.d. is complemented by the subsidiaries Cardial, d.o.o., diagnostični center, a point of contact with the health sector, and the education institute SEIC Moravske Toplice, which was founded in 2016 as a consortium of the reference Slovenian educational institutions. Its focus is on boosting the quality and professionalism of hotel and health sector employees. Sava Zdravstvo d.o.o. is inactive. Besides managing the abovementioned companies, the Tourism business of Sava d.d. also encompasses managing the direct and indirect capital investments in Hoteli Bernardin d.d. and Istrabenz Turizem d.d.

Other investments are classified as non-strategic assets and are subject to disposal activities in accordance with the Financial Restructuring Plan that Sava d.d. has been implementing since the compulsory settlement became final. In addition to financial investments, the real estate companies Sava Nepremičnine d.o.o. and Sava Nova d.o.o. belong within the framework of companies having other core activities, while Sava NRS d.o.o. specialises in providing internal auditing services in the Sava Group and beyond as well as other business consultancy services.

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## 5. Management and governing bodies

### BOARD OF DIRECTORS

Klemen Boštjančič, Chairman

Dejan Rajbar, Deputy Chairman

Tina Pelcar Bugar, Member

Aleš Škoberne, Member

Matej Narat, Member (*as of 31/10/2017*)

Milan Marinič, Member (*as of 30/10/2017*)

### EXECUTIVE DIRECTOR

Gregor Rovanšek

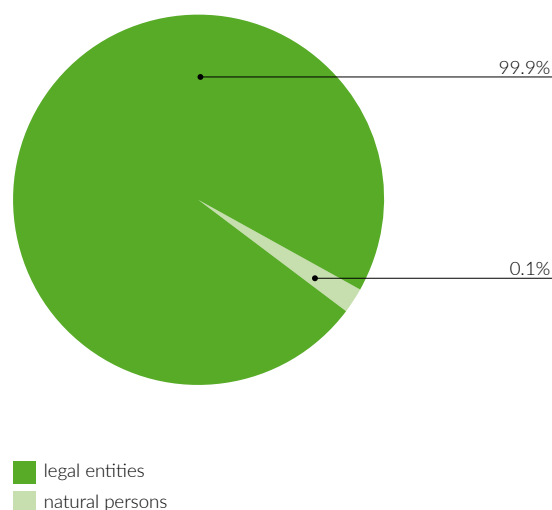
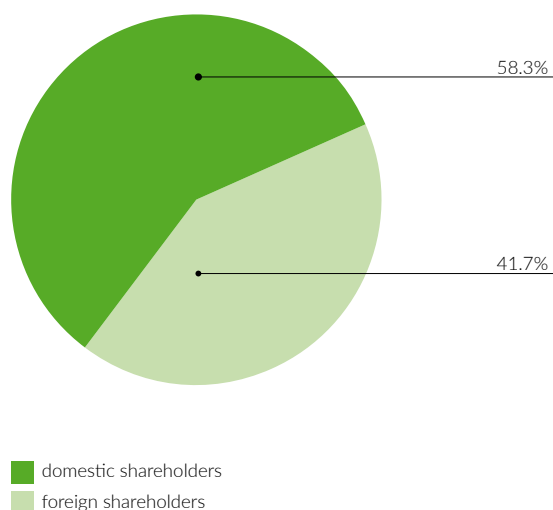
A comprehensive presentation of the management and governance bodies and their committees is given in the Annual Report of the Sava Group and the company Sava d.d. for 2017, in the Report by the Board of Directors for 2017 and in the Statement on Corporate Governance (Composition of the management / Board of Directors in the 2017 financial year).

## 6. Ownership structure

The ownership structure of Sava d.d. consists of 19 shareholders, of which 58.3% are domestic and 41.7% are foreign. The foreign shareholder is from Luxembourg. The proportion of legal entities

represented 99.9% and that of private individuals 0.1% of company shareholders. The ten biggest shareholders own 99.9% of total company equity.

Ownership structure by individual categories as at 31/12/2017  
(in %)



10 biggest shareholders as at 31/12/2017

10 biggest shareholders	Ownership share	Number of shares
SLOVENSKI DRŽAVNI HOLDING D.D.	22.56%	4,891,650
KAPITALSKA DRUŽBA D.D.	22.56%	4,891,651
YORK GLOBAL FINANCE OFFSHORE BDH (LUXEMBOURG) S.A.R.L.	41.74%	9,048,773
SKUPNA POKOJNINSKA DRUŽBA D.D., LJUBLJANA (JOINT BOND PENSION FUND WITH GUARANTEED RETURNS)	3.67%	795,240
ZAVAROVALNICA TRIGLAV D.D.	3.16%	684,046
DEŽELNA BANKA SLOVENIJE D.D.	2.80%	607,729
NOVA KREDITNA BANKA MARIBOR D.D.	2.29%	496,851
SALUS D.D., LJUBLJANA	0.71%	154,866
SKUPNA POKOJNINSKA DRUŽBA D.D., LJUBLJANA	0.29%	61,946
VASIN, POSLOVNO SVETOVANJE D.O.O.	0.05%	10,066
IMP INVESTICIJE d.o.o.	0.05%	10,000
<b>10 biggest shareholders total</b>	<b>99.88%</b>	<b>21,652,818</b>
Other shareholders	0.12%	25,717
<b>TOTAL</b>	<b>100.00%</b>	<b>21,678,535</b>

Members of the Board of Directors and the Executive Director do not own shares in Sava d.d.

The book value per Sava share as at 31/12/2017 was €1.71.

The Articles of Association of Sava d.d. do not include any provisions regarding authorised capital and a conditional increase in share capital.

## 7. Operation and performance highlights

### Financial operation and performance highlights for the Sava Group

in EUR million

<b>CONSOLIDATED INCOME STATEMENT</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Sales	67.2	63.0	66.0	69.1	74.7
Profit or loss before tax	-45.7	-36.0	-27.9	25.3	6.4
Net profit or loss	-55.6	-47.0	-27.8	24.5	5.9
EBITDA	9.6	9.5	12.0	14.2	13.7
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>	<b>31/12/2013</b>	<b>31/12/2014</b>	<b>31/12/2015</b>	<b>31/12/2016</b>	<b>31/12/2017</b>
Balance sheet total	326.2	285.5	260.3	244.7	231.7
Long-term assets	290.6	255.0	187.7	171.0	164.7
Short-term assets	35.6	30.5	72.6	73.7	67.0
Equity	16.2	-21.2	-54.0	34.7	37.2
Long-term debts	66.2	57.9	56.6	183.0	174.9
Short-term debts	243.8	248.8	257.7	27.0	19.6
Fixed capital formation	5.5	4.7	6.3	4.2	13.5
<b>INDICATORS</b>					
Net profit / loss per share – EUR	-27.80	-23.50	-13.95	1.13	0.27
Equity financing share (equity / liabilities) – %	5	negative	negative	14	16
Current ratio (short-term assets / short-term liabilities) – %	15	12	28	173	342
<b>SHARE</b>					
Book value – EUR	7.5	negative	negative	1.6	1.7
Dividend paid per share – EUR	0.0	0.0	0.0	0.0	0.0
<b>NUMBER OF EMPLOYEES</b>					
Number at end of period	973	1,003	1,029	1,029	1,029

## 8. Statement on Corporate Governance

In line with the adopted amendments to its Articles of Association, Sava d.d. has a one-tier management system as of 28/12/2016: the company is led by the Board of Directors, which appoints an Executive Director who is not a member of the Board of Directors. On 28/12/2016, the amendments to the company's Articles of Association adopted at the 23rd General Meeting on 23/12/2016 entered into force.

### NOTES IN ACCORDANCE WITH THE COMPANIES ACT

Based on the 5th paragraph of Article 70 of the Companies Act, which defines the minimum contents of the Statement on Corporate Governance, and based on the recommendations of the Corporate Governance Code for State-Owned Enterprises, Sava d.d. hereby provides the following notes:

#### Statement of Compliance with the Corporate Governance Code for State-Owned Enterprises

As of 28/12/2016, Sava d.d. is a non-listed company with a one-tier management system. At its meeting on 23/03/2017, the Board of Directors adopted the resolution that the management and governance of Sava d.d. will comply with the Corporate Governance Code for State-Owned Enterprises ('the Code'). In 2017, the company introduced the Code and the Recommendations and Expectations of the Slovenian Sovereign Holding ('the Recommendations') throughout its management and governance system.

The Statement of Compliance with the Code and the Recommendations refers to the period between the release of the former and the present statement, i.e. to the period from 23/03/2017 to 05/04/2018. The Statement forms a constituent part of the 2017 Annual Report, which provides a comprehensive presentation of the management and governance system of the company Sava d.d. and the Sava Group. In the indicated period, Sava d.d. followed the provisions of the Code version adopted in March 2016 and the latest version adopted in May 2017. The entire text of the Code is available at the website of Slovenian Sovereign Holding d.d. ([www.sdh.si](http://www.sdh.si)).

The Board of Directors is introducing management policies and systems and adopting decisions to ensure the highest possible compliance of the company's corporate governance with the Corporate Governance Code for State-Owned Enterprises. At the same time, the adopted management systems comply with the implementation activities for the Financial Restructuring Plan, which sets out the company's objectives for the next three-year period.

The Board of Directors hereby states that Sava d.d. has followed the provisions of the Code except for the following deviations, for which it gives the following explanations:

#### Recommendation 3.2 – Management Policy

The Management Policy of the company is not available on the company's website. Sava d.d. is not a public limited company and therefore does not publish its Policy on its website.

#### Recommendation 3.6 – Diversity Policy

The Board of Directors adopted the Diversity Policy in February 2018. Pursuant to the Policy on Communication with the Shareholders, the Diversity Policy is available to all shareholders of the company.

#### Recommendation 4.2 – Principle of Equal Treatment of Shareholders

In April 2017, the company adopted the Policy on Communication with the Shareholders of Sava d.d., which ensures the equal treatment of the company's shareholders.

#### Recommendation 6.4.1 – Competence Profile for Supervisory Board Members

The Competence Profile is defined by the company's Articles of Association.

#### Recommendation 6.6.1 – Statement of Independence

The completed and signed Statements of Independence are not published on the company's public website.

#### Recommendation 6.9.6 – Payments for the Service of Members of the Board of Directors

Members of the Board of Directors of Sava d.d. do not receive payments higher than those outlined under Item 6.9.2.

#### Recommendation 8.1.1 – Development of the Company's Business Activities, Current Condition and Achievements in Accordance with the Legislation and Established Practice

The company deviates from the Code in the part "reporting about the sustainable development of a company or a statement on non-financial operations", which is not applicable. Sava d.d. is in the implementation phase of the Financial Restructuring Plan.

#### Recommendation 8.3 – Disclosing Income Received and Other Rights Held by an Individual Member of Management or Supervisory Bodies

Items 1.3.38 and 2.5.7 of the Annual Report disclose the income received by the management and supervisory bodies in accordance with legal provisions.

#### Recommendation 8.5 – Financial Calendar

The Financial Calendar for 2017 was not published on the company's website. The company keeps its

shareholders updated pursuant to the Policy on Communication with the Shareholders of Sava d.d.

*Recommendation 9.2.8 – Internal Assessments Regarding the Quality of the Internal Audit Activity*

An internal assessment regarding the quality of the internal audit activity has not yet been performed.

*Recommendation 10.1 – Code of Ethics*

The Sava Group is going to adopt the Code of Ethics as a separate document in 2018. Sava Turizem d.d. has adopted a Code of Ethics.

*Recommendation 10.2.2 – System of Internal Warning/ Whistle-Blower Tools and Whistle-Blower Protection Mechanisms*

The system of internal warning/whistle-blower tools and whistle-blower protection mechanisms will be fully established across the Sava Group once the Code is adopted by the subsidiary Sava Turizem d.d.

The Board of Directors hereby states that Sava d.d. has followed the provisions of the Recommendations except for the following deviations, for which it gives the following explanations:

*Recommendation 2.1 – Periodic Reporting on Performance of Company/Group*

Pursuant to the adopted Policy on Communication, periodic reports are available within the deadlines outlined in the Policy.

*Recommendation 3.6 – Contracts of Mandate (of a General, Special or Framework Nature) and Service Contracts*

These recommendations are not observed due to the protection of business secrets.

*Recommendation 4.4 – Publication of the Execution of Payments Referred to in Item 4.3.2*

This information is not published on the company's website. Labour cost figures are disclosed in the Annual Report.

*Recommendation 4.5 – Public Publication of Binding Collective Agreements and Agreements with Representatives of Employees*

This information is not published on the company's website.

*Recommendation 5.1 (in conjunction with 5.2–5.4) – Self-Assessment According to the Proven European EFQM Excellence Model*

Sava d.d. is in the implementation phase of the Financial Restructuring Plan and therefore does not perform the indicated self-assessment.

**Description of main characteristics of the internal control and risk management systems in the company in connection with the financial reporting procedure**

The internal control and risk management systems in connection with the financial reporting by Sava d.d. incorporate accounting rules and procedures that enable timely, true and fair reporting on the financial position, changes of assets and liabilities and the profit or loss of Sava d.d. and the Sava Group.

The Executive Director of Sava d.d. is responsible for the functioning of the internal control system and for supervising its efficiency. The purpose of the internal control system of the Sava Group is to ensure that company or Group assets are secured, and business events correctly performed and documented. The existing structure of the internal control system includes, among others, the internal audit function and selection and training of competent specialists. In the Sava Group, standardised accounting policies apply, which are detailed in the accounting regulations of the companies. The regulations precisely define the duties and responsibilities of individual accounting operations as well as their monitoring and supervision. In this manner, a standardised approach to recording business events, procedure standardisation and in-depth employee expertise are assured. The use of a standardised central management information system supports the system of monthly monitoring and internal financial reporting on operations, of which the Board of Directors is also being briefed, and it enables a timely response to any deviations or changes.

**Significant direct and indirect ownership of the company's securities in the sense of achieving a qualifying holding, as stipulated by the act regulating takeovers**

The holders of qualifying holdings in Sava d.d. as stipulated by the Takeovers Act on 31/12/2017 include: Slovenski državni holding d.d., Ljubljana (qualifying holding: 22.56% or 4,891,650 shares); Kapitalska družba d.d., Ljubljana (22.56% or 4,891,651 shares); York Global Finance Offshore BDH (Luxembourg) s.a.r.l., Luxembourg (qualifying holding: 41.74% or 9,048,773 shares).

**Notes on holders of securities that grant special controlling rights**

Individual shareholders of Sava d.d. have no special controlling rights based on the ownership of Sava shares.

**Notes on all limitations on voting rights**

The shareholders of Sava d.d. have no limitations in exercising their voting rights.

**Company rules on appointing and replacing members of the management and supervisory bodies and changes in the Articles of Association**

Appointments and replacements of members of management or supervisory bodies are set out in the Articles of Association and the Rules of Procedure

of the Board of Directors. The company applies the applicable legislation in full in regard to any amendments to its Articles of Association.

#### Authorisations of executives, especially those for the issue or purchase of treasury shares

In 2017, Sava d.d. did not have any authorisations for the issue or purchase of treasury shares.

#### Functioning of the General Meeting and its key competencies

The shareholders of Sava d.d. exercise their rights by way of the General Meeting. Calls for the General Meeting are regulated by the company's Articles of Association and comply with the legislation. All shareholders, or their proxies or representatives, may attend, provided that they announce their attendance in writing in good time. The Call for the General Meeting is issued at least a month before

#### Composition of the Board of Directors and the committees in 2017

Name and surname	Position	First appointment to position	End of position / term	Shareholder / employee representative	Attendance at SB/BoD meetings compared to the total number of SB/BoD meetings	Gender	Citizenship
KLEMEN BOŠTJANČIČ	Chairman of the Board of Directors	28/12/2016	28/12/2021	Shareholder representative	19 / 19	Male	Slovenian
DEJAN RAJBAR	Deputy Chairman of the Board of Directors	28/12/2016	28/12/2021	Shareholder representative	19 / 19	Male	Slovenian
TINA PELCAR BURGAR	Member of the Board of Directors	28/12/2016	28/12/2021	Shareholder representative	19 / 19	Female	Slovenian
ALEŠ ŠKOBERNE	Member of the Board of Directors	28/12/2016	28/12/2021	Shareholder representative	17 / 19	Male	Slovenian
MILAN MARINIČ	Member of the Board of Directors	28/12/2016	30/10/2017	Employee Representative	16 / 16*	Male	Slovenian
MATEJ NARAT	Member of the Board of Directors	31/10/2017	28/12/2021	Employee Representative	3 / 3**	Male	Slovenian

\* until the end of their term

\*\* from the start of their term

\*\*\* as an external member from 31/10/2017

\*\*\*\* as an external member until 30/10/2017

the Meeting in the form of an announcement made at the website of the Agency of the Republic of Slovenia for Public Legal Records and Related Services (AJPES) or in a daily newspaper that is published throughout the territory of the Republic of Slovenia. The Call for the General Meeting is also announced at the company's website. The powers of the General Meeting and the rights of shareholders are stipulated by law and exercised as set out in the company's Articles of Association and by the chairperson of the General Meeting.

### Composition and operation of management or supervisory bodies and their committees

A comprehensive presentation of the management and supervisory bodies and their committees is given in the Annual Report of the Sava Group and the company Sava d.d. for 2017 in the following chapters: Management and governing bodies and the Report by the Board of Directors.

Year of birth	Education	Professional profile	Independence under Article 6.6 of the Code	Existence of conflict of interest in the financial year	Membership in supervisory bodies of other companies	Membership in committees	Chairman/Member	Attendance at committee meetings compared to the total number of committee meetings
1972	univ. dipl. ekonomist	Corporate governance	YES	NO	Sava Turizem d.d.	Committee for monitoring and directing the project of consolidation of investments in the Tourism business	Member	7/7
1976	univ. dipl. ekonomist, CFA	Finance	YES	YES (conflict of interest in the vote to adopt two resolutions; the member excluded himself from voting)	Merkur trgovina d.d., Cinkarna Celje d.d.	Audit Committee	Chairman	4/5
1976	univ. dipl. pravica	Law	YES	NO	Sava Turizem d.d., Elektrooptika d.d.	Audit Committee	Member	4/5
1975	univ. dipl. ekonomist, BA in International Business	Finance	YES	YES (conflict of interest in the vote to adopt two resolutions; the member excluded himself from voting)	Elements Skladi d.d., Merkur trgovina d.d., Sava Turizem d.d.	Committee for monitoring and directing the project of consolidation of investments in the Tourism business	Member	6/7
1952	univ. dipl. inž. elektrotehnike, univ. dipl. ekonomist	Corporate governance	YES	NO	Istrabenz d.d., Hoteli Bernardin d.d.	Audit Committee and the Committee for monitoring and directing the project of consolidation of investments in the Tourism business	Member***	5/5 and 6/7
1967	magister ekonomskih znanosti	Consolidation of investments	YES	NO	Sava Turizem d.d., Hoteli Bernardin d.d.	Committee for monitoring and directing the project of consolidation of investments in the Tourism business	Chairman****	6/7

#### Composition of the management in the financial year

Name and surname	Position	Area of work in management	First appointment to position First appointment to position	End of position/ term	Gender	Citizenship	Year of birth	Education	Professional profile	Membership in supervisory bodies of non-associated companies
GREGOR ROVANŠEK	Executive Director	/	28/12/2016	28/12/2021	Male	Slovenian	1981	magister poslovnih ved, MBA	Corporate governance	Istrabenz Turizem d.d., Gorenjska banka d.d.

#### External member in committees (Audit, Personnel, etc.)

Name and surname	Committee	Attendance at committee meetings compared to the total number of committee meetings	Gender	Citizenship	Education	Year of birth	Professional profile	Membership in supervisory bodies of non-associated companies
JANKO GEDRIH	Audit Committee	4/5	Male	Slovenian	univ. dipl. pravnik	1949	Finance	Istrabenz d.d.

#### Description of the Diversity Policy

The Board of Directors adopted the Diversity Policy as a stand-alone document in February 2018. This policy on the diversity of the management and supervisory bodies of the Sava Group outlines the companies' commitments regarding a diverse composition of the companies' management and supervisory bodies. The companies' commitments on diversity pertain to representation in the management and supervisory bodies in terms of gender, age and education.

With the Diversity Policy, the Sava Group has set up a framework that allows and promotes a diverse composition of the management and supervisory bodies, with each of them acting as a homogeneous whole.

The policy aims to achieve greater diversity in the management and supervisory bodies as a whole, increasing their efficiency for improved operating performance and a higher business reputation of each company and business group.

The statement will be accessible on the company's website at [www.sava.si](http://www.sava.si) as of the announcement date.

Ljubljana, 05/04/2018


#### BOARD OF DIRECTORS OF SAVA D.D.:

  
Klemen Boštjančič, Chairman

  
Dejan Rajbar, Deputy Chairman

  
Tina Pelcar Burgar, Member

  
Matej Narat, Member

  
Aleš Škoberne, Member



## 9. Signing of the Annual Report and its constituent parts for Sava d.d. and the Sava Group for 2017

The Chairman and the Members of the Board of Directors of Sava d.d. hereby confirm to be acquainted with the content of constituent parts of the Annual Report of Sava d.d. and the Sava Group for 2017.

The Annual Report is herewith adopted and confirmed with respective signatures.

Ljubljana, 05/04/2018

### BOARD OF DIRECTORS OF SAVA D.D.:



**Klemen Boštjančič**, Chairman




**Dejan Rajbar**, Deputy Chairman



**Tina Pelcar Burgar**, Member



**Matej Narat**, Member



**Aleš Škoberne**, Member

# BUSINESS ANALYSIS

## 1. General economic trends

According to forecasts of the Institute of Macroeconomic Analysis and Development (IMAD), high economic growth is expected in Slovenia in 2017, 4% on average, but this is set to decline gradually, reaching 3.4% in 2020.

Growth in 2017 will be largely influenced by domestic demand (robust growth in private consumption fuelled by increasing disposable income and decreasing uncertainty) and a strong export sector (the growth of the export sector is expected to be supported by new investments in equipment and machinery and new production lines with a higher added value). The recovery in the economy also improves the labour market situation. Despite the boost in 2017, growth will gradually slow down due to the increasing impact of demographic changes, while the wage growth will be moderate and should not exceed productivity growth. According to data of the Statistical Office of the Republic of Slovenia, inflation in Slovenia increased to 1.9% by the end of 2017 following two years of negative growth levels, which is more than the average in the euro area. The movement of the growth rate of inflation in 2017 was mainly influenced by external factors (the movement of global oil prices). Inflation will be around 2% in the next years as a result of strengthening service prices and the continued moderate growth in energy product and non-energy commodity prices (in the absence of raw material related shocks from abroad).

### TOURISM

World tourism generates about 10.2% of the world's GDP. According to WTTC forecasts, world tourism in 2017 grew by 4.0% (2016: 3.1%) and is expected to increase annually by 4% up to 2027.

Tourism generates about 13% of the GDP in Slovenia. According to WTTC forecasts, Slovenian tourism in 2017 grew by 4.3% (2016: 3.5%) and is expected to increase annually by 4.1% up to 2027. According to the data by the Statistical Office of the Republic of Slovenia, the total number of tourist arrivals in 2017 increased by 13.4% compared to the previous year, whereby arrivals by domestic guests increased by 5.6% and arrivals by foreign guests by 16.7%. Furthermore, the total number of overnight stays shows an 11.3% improvement on 2016, whereby a 4.3% increase in overnight stays is due to domestic guests and a 15% increase is due to foreign guests.

Aimed at promoting tourism development, the Strategy for the Sustainable Growth of Slovenian Tourism for 2017–2021 is based on the current findings about Slovenian tourism and the special features of its development, on developing competitive advantages and promoting systemic solutions in this area, on effective integration of national, local and regional and entrepreneurial interests regarding tourism development, on promoting global, national and local tourist products where Slovenia has recognisable competitive advantages and on understanding and introducing modern management methods and techniques in strategic planning and in steering entrepreneurial competitive networks.

## 2. Business operations of the Sava Group

In 2017, the Sava Group generated sales revenues of €74.7 million, which is 8% higher year-on-year, and 10% higher than planned. They were chiefly the result of the achievements of the Sava Turizem group. A net profit of €5.9 million was generated.

The Sava Group's balance sheet total on 31/12/2017 was €231.7 million, which is €13.0 million lower than at the end of 2016.

The equity of the Sava Group on 31/12/2017 equalled €37.2 million, which is €2.5 million higher year-on-year.

The value of long-term loans received and short-term financial liabilities of the Sava Group on 31/12/2017 was €169.3 million, which is €17.0 million lower than at the end of 2016. This change is entirely the result of loan repayments.

### 2.1. BUSINESS PERFORMANCE OF SAVA TURIZEM GROUP COMPANIES

2017 was a successful financial year for the Sava Turizem group. It generated sales revenues of €73.4 million, which is 7% higher year-on-year. The high revenue growth was driven by the favourable economic climate, sharp rise in tourism, extremely good weather conditions in the main season and active marketing.

The operating profit totalled €7.5 million and was comparable to last year's level; the EBITDA (earnings before interest, taxes, depreciation and amortisation) of €15.8 million was 5% above last year's figure, while net profit was €5.4 million.

Investments in 2017 equalled €13.5 million and were predominantly used for extensive renovations of accommodation capacities and the accompanying infrastructure as well as for activities involving the preparation of new sales products.

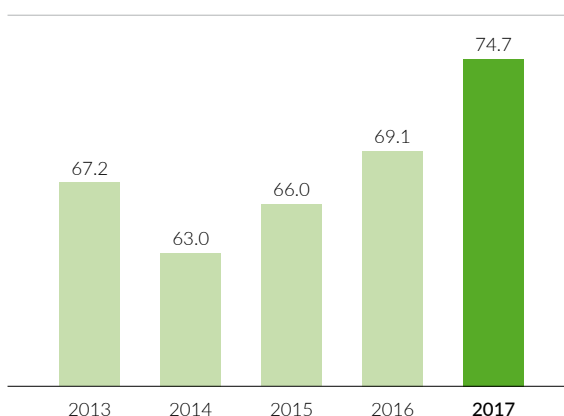
### 2.2. NOTES TO THE CONSOLIDATED INCOME STATEMENT

#### SALES REVENUES

In 2017, sales revenues of €74.7 million were generated by the Sava Group companies; they were 8% higher year-on-year and exceeded the sales revenues plan by 10%.

The Sava Turizem group achieved €73.4 million of sales revenues, which is 7% higher year-on-year and 8% more than planned.

The Sava Group's sales revenues from 2013 to 2017 – in EUR million



## OTHER OPERATING REVENUES

Other operating revenues amounting to €1.7 million chiefly included revenues from the sale of equipment, reversing unused provisions and from drawing on deferred revenues arising from the assets financed through European grants.

## OPERATING EXPENSES

The Sava Group's operating expenses of €70.1 million were 6% higher year-on-year along with an 8% growth in sales. In the cost structure, the costs of goods, materials and services represented 49%, labour costs 35%, amortisation 10% and write-downs and other operating expenses 6%.

Sava Turizem's operating expenses of €67.3 million were 7% higher year-on-year along with a 7% increase in operating revenue. €0.9 million of operating expenses are associated with impairments of fixed assets and investment properties.

The parent company Sava d.d. generated operating expenses of €2.2 million, which is 21% lower than last year despite the costs incurred in the sale of financial investments.

The companies active in other areas produced operating expenses to a lesser extent.

## OPERATING PROFIT (EBIT)

In 2017, the Sava Group companies generated an operating profit of €5.4 million, 15% less than in the previous year due to the impairments of real estate in Sava Turizem d.d.

Sava Turizem generated a profit from regular operations in the amount of €7.5 million, which is at the level of operating profit from the previous year.

Sava d.d. made a loss from regular operations in the amount of €1.6 million, 6% better than planned.

The companies operating in other areas generated a profit from regular operations of €0.1 million.

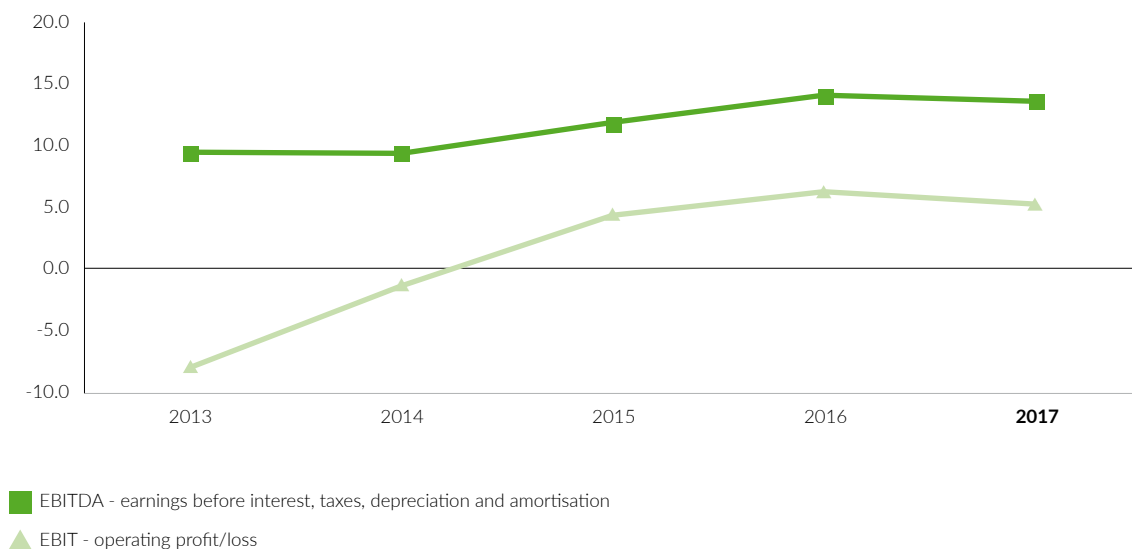
Under operating profit, the financial statements prepared in accordance with IFRSs additionally disclose extraordinary revenues and extraordinary expenses in the net negative amount of €0.6 million.

## FINANCING REVENUES

Financing revenues reached €4.0 million and consisted of:

- proceeds from the sale of investment coupons of ALTA.SI of €3.7 million and
- proceeds from the sale of available-for-sale securities of €0.3 million.

EBITDA and EBIT in the Sava Group from 2013 to 2017 – in EUR million



## FINANCING EXPENSES

Financing expenses totalling €3.0 million include €2.8 million of interest from financial liabilities and €0.2 million of impairments of assets, and other financial expenses.

Interest expenses at Sava d.d. for the 2017 financial year were charged at a 1% interest rate.

## NET FINANCING REVENUE

A net financing revenue of €1.0 million was generated.

## PROFIT BEFORE TAX

Profit before tax equalled €6.4 million.

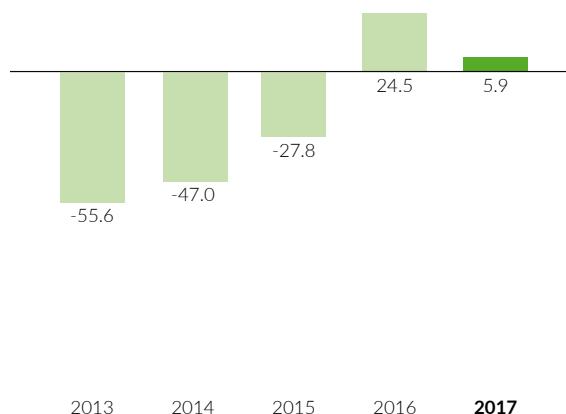
### Composition of profit / loss before tax

	in EUR million				
	2013	2014	2015	2016	2017
Operating profit w/o write-downs	1.5	1.8	4.7	6.9	6.5
Financial result from the final compulsory settlement of Sava d.d.	-	-	-	17.3	-
Other financial result w/o impairments	4.2	-6.8	-16.1	2.0	1.1
Impairments of assets through the income statement	-51.4	-31.0	-16.5	-0.9	-1.2
<b>PROFIT / LOSS BEFORE TAXES</b>	<b>-45.7</b>	<b>-36.0</b>	<b>-27.9</b>	<b>25.3</b>	<b>6.4</b>

## NET PROFIT OF THE SAVA GROUP

In 2017, the Sava Group generated a net profit of €5.9 million.

### Net profit / loss in the Sava Group from 2013 to 2017 – in EUR million



## 2.3. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### BALANCE SHEET TOTAL AND STRUCTURE OF ASSETS AND SOURCES OF ASSETS

The Sava Group companies' balance sheet total on 31/12/2017 was €231.7 million, which is €13.0 million or 5% lower than at the end of 2016.

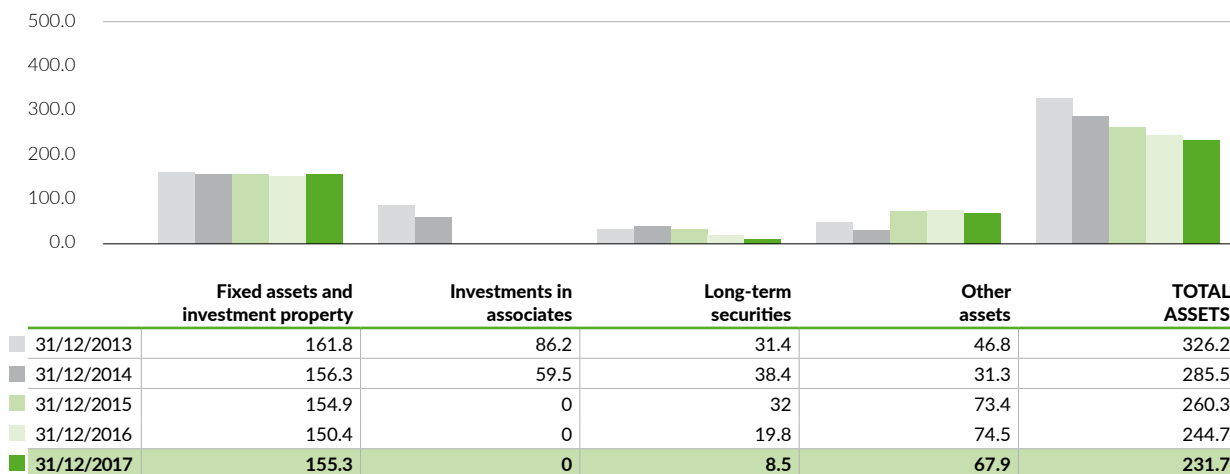
In the Group's asset structure, property, plant and equipment represented 67%, financial investments and assets held for sale 22% and other assets (inventories, operating receivables, loans granted and other) 11%.

### ASSETS

The biggest changes in the assets of the Sava Group in 2017 were as follows:

- the value of *property, plant and equipment*, which was €150.7 million on 31/12/2017, saw a net increase of €5.1 million compared to the end of last year. Depreciation and amortisation of €7.0 million were taken into account, €13.2 million of investments in property, plant and equipment were fully realised within the scope of the Tourism business, an impairment of €0.9 million was carried out and other decreases of €0.2 million were also achieved;
- the value of *long-term securities available for sale* amounted to €8.5 million on 31/12/2017, whereby the net decrease of €11.4 million compared to the end of last year is largely due to the sale of the ALTA.SI investment coupons;
- the value of *inventory*, which on 31/12/2017 amounted to €1.0 million, was €0.9 million lower than at the end of last year, mainly thanks to the sale of the construction project in Zagreb that was launched in the past;
- the value of *operating and other receivables and loans granted*, which on 31/12/2017 amounted to €16.2 million, was €2.0 million lower than at the end of last year. The net decrease was chiefly due to the repayment of loans granted.

Structure of Sava Group assets from 2013 to 2017 – in EUR million

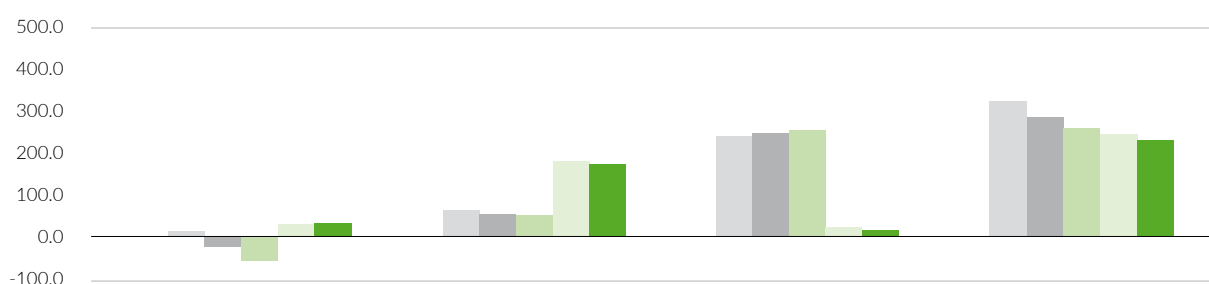


## EQUITY AND LIABILITIES

The biggest changes in the sources of assets in 2017 were as follows:

- the equity of the Sava Group on 31/12/2017 equalled €37.2 million, which is €2.5 million higher year-on-year:
  - the Group posted a profit of €5.9 million;
  - the €2.9 million net decrease in fair value reserves was primarily the result of the disposal of financial investments,
- the purchase of additional Sava Turizem d.d. shares increased the retained profit or loss by €0.3 million,
- on the other hand, the purchase of additional Sava Turizem d.d. shares decreased the minority interest by €0.8 million.
- the amount of long-term loans received and short-term financial liabilities of the Sava Group companies on 31/12/2017 was €169.3 million, which is €17.0 million lower than at the end of 2016. This change is entirely the result of loan repayments.

Structure of the sources of assets of the Sava Group from 2013 to 2017 – in EUR million



	Equity	Long-term debts	Short-term debts	Total equity and debts
31/12/2013	16.2	66.2	243.8	326.2
31/12/2014	-21.2	57.9	248.8	285.5
31/12/2015	-54	56.6	257.7	260.3
31/12/2016	34.7	183	27	244.7
31/12/2017	37.2	174.9	19.6	231.7

## 2.4. INVESTMENTS

The Sava Group's investments in 2017 totalled €13.5 million and were all carried out within the Tourism business. They were predominantly used for extensive renovations of accommodation capacities and the accompanying infrastructure as well as for activities involving the preparation of new sales products.

## 2.5. EMPLOYEES IN THE SAVA GROUP

On 31/12/2017, the Sava Group had 1,029 employees, which is the same as on the last day of 2016. The majority of them are employed at Sava Turizem d.d.

The Sava Group companies in 2017 on average had 823 employees, compared to 830 year-on-year.

### Educational structure of Sava Group employees

Education level	2017		2016	
	Number of employees	Average number of employees	Number of employees	Average number of employees
1st level – incomplete primary school	4	3	4	5
2nd level – primary school	76	59	89	60
3rd level – up to 2 years of vocational education	10	7	14	9
4th level – at least 3 years of vocational education	281	228	275	249
5th level – secondary education	378	300	383	280
6th – higher vocational college	97	78	85	91
7a level – professional college	111	84	111	82
7b level – university degree	61	53	57	45
8th level – master's degree	8	7	10	8
9th level – PhD	3	2	1	1
<b>TOTAL</b>	<b>1,029</b>	<b>823</b>	<b>1,029</b>	<b>830</b>

### Age structure of Sava Group employees

Age	2017		2016	
	Number of employees	Average number of employees	Number of employees	Average number of employees
Up to 20 years	7	2	10	6
From 20 to 30	226	170	188	151
From 31 to 40	266	215	281	228
From 41 to 50	270	232	288	240
From 51 to 60	244	192	254	199
Over 60	16	13	8	6
<b>TOTAL</b>	<b>1,029</b>	<b>823</b>	<b>1,029</b>	<b>830</b>

### Sava Group employees by gender

Gender	2017		2016	
	Number of employees	Average number of employees	Number of employees	Average number of employees
Women	606	471	613	470
Men	423	352	416	359
<b>TOTAL</b>	<b>1,029</b>	<b>823</b>	<b>1,029</b>	<b>830</b>



### 3. Business operations of Sava d.d.

2017 was the first year in which Sava d.d. began implementing the Financial Restructuring Plan after the compulsory settlement was approved. Activities aimed at selling off any non-strategic assets and laying the foundations for further development of strategic investments into the Tourism business continued, and Sava d.d. ended 2017 with a profit of €1.6 million.

On the revenue side, the profit was affected by the financial revenues generated from the sale of financial investments and dividends received.

Sava d.d.'s balance sheet total on 31/12/2017 was €152.8 million, which is €13.2 million lower than at the end of 2016. Sava d.d. had €25.1 million of equity and a 6.4% net ROE. The company settled, within the agreed deadlines, its liabilities arising from interest on secured financial liabilities and repaid €11.9 million of financial liabilities.

#### 3.1. NOTES TO THE INCOME STATEMENT

Overview of major performance figures of Sava d.d.

	in EUR million				
	2013	2014	2015	2016	2017
Net sales revenues	1.9	0.9	0.9	0.8	0.6
Other revenues	5.3	0.2	0.1	1.8	0.0
Operating expenses	-7.3	-3.6	-3.0	-2.8	-2.2
OPERATING PROFIT OR LOSS	-0.2	-2.5	-2.0	-0.2	-1.6
FINANCIAL RESULT	-1.5	-34.7	-34.4	17.0	3.7
RESULT FROM OTHER ITEMS	0.1	0.1	0.1	0.0	-0.5
PROFIT OR LOSS BEFORE TAX	-1.6	-37.1	-36.3	16.8	1.6
<b>NET PROFIT OR LOSS</b>	<b>-11.4</b>	<b>-48.0</b>	<b>-36.3</b>	<b>16.8</b>	<b>1.6</b>

Sava d.d. operating performance indicators

	2013	2014	2015	2016	2017
<b>Equity financing share – in %</b>					
Equity / liabilities	6.1	-11.1	-35.7	15.8	16.4
<b>Long-term financing share – in %</b>					
Sum of equity and long-term liabilities (incl. provisions and deferred taxes) and long-term accrued costs and deferred revenues / liabilities	6.2	-10.6	-35.3	99.2	99.0
<b>Share of fixed assets in the assets – in %</b>					
Fixed assets / assets	1.0	1.2	1.3	0.1	0.0
<b>Share of long-term assets in the assets – in %</b>					
Sum of fixed assets and long-term deferred costs and accrued revenues, investment property, long-term financial investments and long-term operating receivables / assets	91.6	90.7	66.7	64.7	63.0
<b>Cash ratio</b>					
Cash / short-term liabilities	0.0	0.0	0.0	2.0	1.1
<b>Quick ratio</b>					
(Sum of liquid assets, short-term receivables and short-term financial investments / short-term liabilities)	0.1	0.1	0.1	26.8	33.4
<b>Current ratio</b>					
Short-term assets / short-term liabilities	0.1	0.1	0.2	104.1	145.3
<b>Operating efficiency ratio</b>					
Operating and financial revenues / operating and financial expenses	neg	neg	neg	4.7	1.5
<b>Net return on equity</b>					
Net profit / average equity (excluding net profit/loss for the period)	neg	neg	neg	n.s.	6.4
<b>Dividends to share capital ratio – in %</b>					
Dividends paid in financial year / average share capital	0.0	0.0	0.0	0.0	0.0

## OPERATING REVENUES

- Operating revenues amounted to €0.6 million and included net revenues from remunerations for trademark use, rents and other business services.
- 7% of net sales revenues were generated in relation to partners outside the Group, while 93% of them were sales of Sava d.d. services to Group companies.
- Net revenues exceeded the planned revenue figures by 10%.

## OPERATING EXPENSES

- Operating expenses of €2.2 million were 21% lower than last year and 1% lower than planned.
- 65% of the operating expenses were costs of services, 33% labour costs and 2% other expenses.
- The costs of services of €1.5 million were 5% lower than last year. €0.4 million of these are associated with the exit charge on the disposal of coupons of the flexible mixed ALTA.SI sub-fund, €0.1 million with the costs incurred from the sale of Gorenjska banka d.d. shares and 0.2 million with the costs of consultants in the implementation of the strategy in the Tourism business, as per the Financial Restructuring Plan.
- In 2017, 9.72 associates were employed on average; labour costs amounted to €0.7 million and were 25% lower than in the previous year. The lower labour costs were the result of the optimisation measures set out in the Financial Restructuring Plan, i.e. layoffs and pay cuts of the remaining employees.

## OPERATING PROFIT OR LOSS

- A loss in the amount of €1.6 million was made, which is 6% lower than planned.

## FINANCIAL RESULT

- The financial result of Sava d.d. was positive and equalled €3.7 million.
- Dividends received amounting to €1.2 million are related to the financial investment into Sava Turizem d.d.
- Financial revenues arising from investments in available-for-sale securities were generated in the amount of €4.0 million, and they chiefly consisted of proceeds from the sale of ALTA.SI investment coupons (€3.7 million) and other financial investments (€0.3 million).
- Impairments of financial investments were carried out in the amount of €0.3 million.
- Interest on granted loans amounting to €0.1 million consisted of the loans granted to the subsidiaries.
- Interest for loans received in the amount of €1.3 million represents the 1% interest charged on secured financial liabilities.

## Financial result by type of activity

	Financial result	Financial result	Financial result	Financial result	Financial revenues	Financial expenses	Financial result
	2013	2014	2015	2016	JAN-DEC 2017		
Dividends	0.1	0.0	0.0	0.0	1.2	0.0	1.2
Disposal of Rubber Manufacturing	23.5	0.0	0.0	0.0	0.0	0.0	0.0
Securities	0.1	1.3	0.2	4.5	4.0	0.0	4.0
Impairments of financial investments	-19.0	-31.1	-20.9	-1.6	0.0	-0.3	-0.3
Interest	-7.4	-5.2	-13.4	0.1	0.1	-1.3	-1.2
Other	1.2	0.3	-0.3	14.0	0.0	0.0	0.0
<b>Total</b>	<b>-1.5</b>	<b>-34.7</b>	<b>-34.4</b>	<b>17.0</b>	<b>5.3</b>	<b>-1.6</b>	<b>3.7</b>

in EUR million

## OPERATING RESULT FROM OTHER ITEMS

- The operating result from other items was negative and equalled €0.5 million.
- Other revenues of €0.2 million represent the compensation received in the bankruptcy proceeding.
- Other expenses of €0.7 million comprise late interest paid within the framework of the tax dispute and the provision formed in relation to the Bank of Slovenia's fine for failing to implement the Bank of Slovenia's Decision ordering Sava d.d. to sell its stake in Gorenjska banka d.d. The litigation procedure for both cases is underway.

## CORPORATE INCOME TAX

Sava d.d. had no corporate income tax liability accounted for 2017 and the identified tax loss was €5.4 million. On 31/12/2017, the balance of the unsettled tax loss amounted to €334.1 million.

## NET PROFIT OR LOSS

A net profit of €1.6 million was generated in 2017. It consisted of an operating loss of €1.6 million and of a positive financial result of €3.7 million and of a loss from other items of €0.5 million.

Pursuant to the provisions of Article 230 of ZGD-1, the net profit of €1.6 million was used to cover the retained loss at the time this Annual Report was being compiled.

## ACCUMULATED LOSS

On 31/12/2017, the accumulated loss was €41.7 million.

### Accumulated loss on 31/12/2017

	in EUR million
Net profit or loss for 2017	1.6
Retained loss	-43.3
Other changes	0.0
Accumulated loss on 31/12/2017	-41.7

## 3.2. NOTES TO THE BALANCE SHEET

### BALANCE SHEET TOTAL

The balance sheet total was €152.8 million, which is €13.2 million or 8% lower than at the end of 2016, mainly due to the disposal of assets and the repayments of financial liabilities.

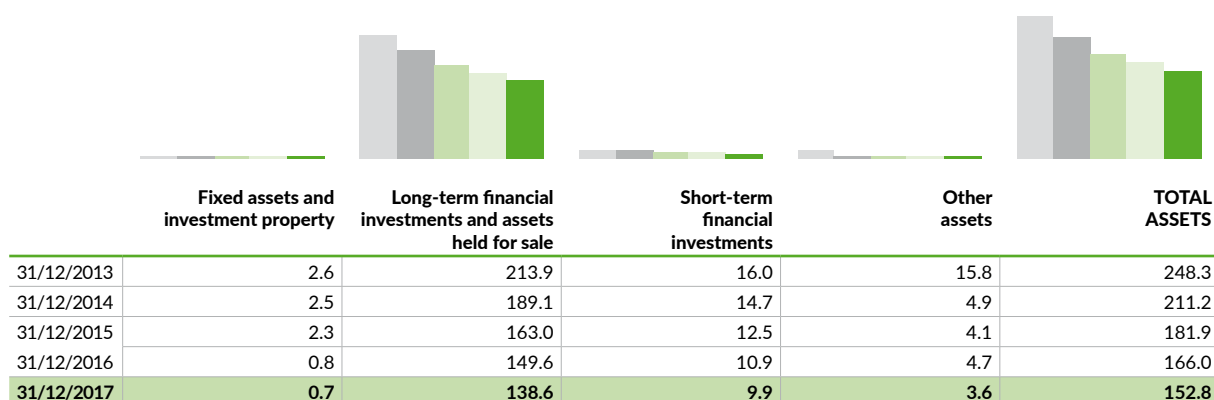
### ASSET STRUCTURE

Long-term financial investments and short-term assets available for sale had the largest share in the asset structure (91%). Loans granted had a 6% share while other assets had a 3% share.

The following significant changes appeared in the asset structure in 2017:

- Compared to the end of last year, investments into subsidiary companies of €86.6 million increased by €0.5 million, which is due to the purchase of 342,302 Sava Turizem d.d. shares for which Sava d.d. obtained all necessary consents pursuant to the provisions of the ZFPPIPP and the Financial Restructuring Plan. On the other hand, the investments decreased due to the impairment of the investment into a smaller subsidiary equalling €0.2 million.
- Other shares and stakes in the amount of €8.3 million were €11.4 million lower, mainly due to disposals of investments, than at the end of last year.

### Structure of Sava d.d. assets from 2013 to 2017 – in EUR million



## STRUCTURE OF THE SOURCES OF ASSETS

On 31/12/2017, the company had €25.1 million of equity, down €1.2 million compared to the end of the previous year.

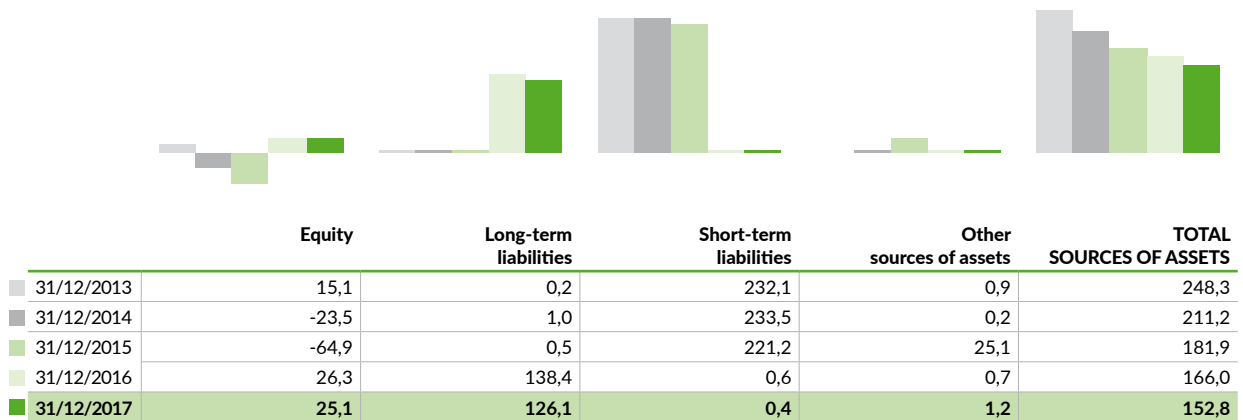
The following changes took place:

- the profit for the 2017 financial year was €1.6 million,
- fair value reserves in connection with the disposal of the financial investments decreased by €3.6 million and increased by €0.8 million due to the valuation of the remaining investments.

Compared to the end of 2016, the long-term financial liabilities in the amount of €125.9 million decreased by €11.9 million. This sum is entirely the result of the repayments of the loans secured with the Sava d.d. assets that were sold off.

Short-term accrued costs and deferred revenues of €1.2 million increased in net terms by €0.5 million compared to the end of last year. This change stems primarily from the provision formed in relation to the Bank of Slovenia's fine for failing to implement the Bank of Slovenia's Decision ordering Sava d.d. to sell its stake in Gorenjska banka d.d.

Structure of Sava d.d. sources of assets from 2013 to 2017 – in EUR million



### 3.3. EMPLOYEES

Number of employees as at 31/12/2017

On 31/12/2017, Sava d.d. had 9 employees, which is 5 fewer than at the end of 2016.

In 2017, Sava d.d. had 9.72 employees on average, or 4.58 fewer than in 2016.

#### Educational structure of employees as at 31/12/2017

Education level	2017		2016	
	Number of employees	Average number of employees	Number of employees	Average number of employees
- 6th – higher vocational college	1	1.00	1	1.00
- 7a level – professional college	2	1.42	1	1.00
- 7b level – university degree	2	3.30	8	8.30
- 8th level – master's degree	4	4.00	4	4.00
- 9th level – PhD	0	0.00	0	0.00
<b>TOTAL</b>	<b>9</b>	<b>9.72</b>	<b>14</b>	<b>14.30</b>

#### Age structure of employees as at 31/12/2017

Age	2017		2016	
	Number of employees	Average number of employees	Number of employees	Average number of employees
From 20 to 30	1	0.67	0	0.00
From 31 to 40	4	4.77	7	7.30
From 41 to 50	2	2.00	3	3.00
From 51 to 60	2	2.28	4	4.00
Over 60	0	0.00	0	0.00
<b>TOTAL</b>	<b>9</b>	<b>9.72</b>	<b>14</b>	<b>14.30</b>

#### Employees by gender as at 31/12/2017

Gender	2017		2016	
	Number of employees	Average number of employees	Number of employees	Average number of employees
Women	7	7.72	9	9.00
Men	2	2.00	5	5.30
<b>TOTAL</b>	<b>9</b>	<b>9.72</b>	<b>14</b>	<b>14.30</b>

## 4. Business plan for 2018

The business plans of Sava d.d. and of the Sava Group for 2018 envisage fulfilling the commitments outlined in the Financial Restructuring Plan and complying with the Resolution on confirmation of compulsory settlement. The main measures pertain to the continued development of strategic tourism-related investments and the disposal of non-strategic assets.

Thanks to its direct and indirect investments into the tourism business, the Ordinance on State Assets Management Strategy for 2015 places Sava d.d. among important investments. Furthermore, its active role in the integration of tourist companies is in accordance with the adopted Strategy for the Sustainable Growth of Slovenian Tourism for 2017–2021. In terms of strategic investment development, 2018 is an important period for Sava d.d. and for the integration of companies. Considering the integration and the realisation of synergistic potential, the amount of funds envisaged for investments (the envisaged share of investments in net sales revenues for 2018 is 18.8%) and the positive trends in tourism, the conditions for improved performance of tourist companies are guaranteed, along with increases in the value of investments in companies. The Sava Group plans to achieve an EBITDA margin of 18.7% in 2018, whereby the planned net-debt-to-EBITDA ratio is 6.1.

The Sava Group's business plan for 2018 includes the following main elements and assumptions:

- given the favourable economic environment and trends, further improvement of the operations of the tourism business companies is planned, with emphasis on investing in renovations, capacity upgrades and the improvement of products and services,
- further cooperation and integration of tourist companies and thus activation of potential synergies in various business areas,
- further disposal of non-strategic assets,
- ensuring adequate liquidity of the companies.

# FINANCIAL REPORT

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# 1. Financial statements of the Sava Group with notes in accordance with 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

	Notes	31/12/2017	31/12/2016
€ thousand			
<b>ASSETS</b>			
Property, plant and equipment	1.3.9.	150,737	145,623
Intangible assets	1.3.10.	857	728
Investment property	1.3.11.	4,577	4,769
Investments in associates	1.3.12.	5	5
Long-term securities available for sale	1.3.13.	8,474	19,854
Long-term loans and receivables	1.3.14.	18	18
Deferred tax assets		0	0
<b>Long-term assets</b>		<b>164,668</b>	<b>170,997</b>
Assets held for sale	1.3.15.	43,656	43,656
Inventories	1.3.16.	971	1,887
Operating and other receivables	1.3.17.	6,422	6,570
Corporate income tax receivables		0	0
Short-term financial investments		0	0
Loans granted	1.3.18.	9,807	11,664
Cash and cash equivalents	1.3.19.	6,178	9,916
<b>Short-term assets</b>		<b>67,034</b>	<b>73,693</b>
<b>Assets</b>		<b>231,702</b>	<b>244,690</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		21,679	21,679
Share premium account		43,357	43,357
Reserves		0	0
Fair value reserves		2,112	5,023
Treasury shares		0	0
Translation reserve		0	0
Retained net profit / loss		-30,070	-36,298
<b>Equity attributable to equity holders of the parent</b>		<b>37,078</b>	<b>33,761</b>
Minority interest		120	954
<b>Equity</b>	<b>1.3.20.</b>	<b>37,198</b>	<b>34,715</b>
Long-term provisions	1.3.21.	1,684	1,619
Deferred government grants	1.3.22.	7,678	8,075
Long-term loans received	1.3.23.	165,434	172,853
Long-term operating liabilities		0	0
Deferred tax liabilities	1.3.24.	127	433
<b>Long-term debts</b>		<b>174,923</b>	<b>182,980</b>
Liabilities for sale		0	0
Short-term financial liabilities	1.3.23.	3,856	13,447
Short-term operating liabilities	1.3.25.	9,513	9,028
Short-term accrued expenses and deferred revenues	1.3.26.	6,212	4,520
<b>Short-term debts</b>		<b>19,581</b>	<b>26,995</b>
<b>Total debts</b>		<b>194,504</b>	<b>209,975</b>
<b>Equity and liabilities</b>		<b>231,702</b>	<b>244,690</b>

The notes form an integral part of these financial statements and should be read in conjunction with them.



## Consolidated income statement

		€ thousand	
	Notes	JAN-DEC 2017	JAN-DEC 2016
Sales revenues	1.3.27.	74,734	69,087
Change in inventories		-921	0
Other operating revenues	1.3.28.	1,669	3,107
<b>Operating revenues</b>		<b>75,482</b>	<b>72,194</b>
Costs of goods, materials and services	1.3.29.	-34,469	-32,210
Labour costs	1.3.30.	-24,279	-23,269
Depreciation/amortisation		-7,234	-7,254
Write-offs	1.3.31.	-1,096	-499
Other operating expenses	1.3.32.	-3,000	-2,582
<b>Operating expenses</b>		<b>-70,078</b>	<b>-65,814</b>
<b>Operating profit/loss</b>		<b>5,404</b>	<b>6,380</b>
Financing revenues		4,030	21,981
Financing expenses		-3,044	-3,059
<b>Net financing revenues/expenses</b>	1.3.33.	<b>986</b>	<b>18,922</b>
<b>Net expenses from associates</b>		<b>0</b>	<b>0</b>
<b>Profit/loss before tax</b>		<b>6,390</b>	<b>25,302</b>
Tax	1.3.34.	-486	-777
<b>Net profit/net loss for the fin. year</b>		<b>5,904</b>	<b>24,525</b>
Net profit/net loss for the fin. year is attributable to:			
Equity holders of the parent		5,898	24,517
Minority interest		6	8
<b>Net profit/net loss for the fin. year</b>		<b>5,904</b>	<b>24,525</b>
Basic net profit/net loss per share (in EUR)		0.27	1.13
Diluted net profit/net loss per share (in EUR)		0.27	1.13

The notes form an integral part of these financial statements and should be read in conjunction with them.

## Consolidated statement of comprehensive income

		€ thousand	
	Notes	JAN-DEC 2017	JAN-DEC 2016
Net profit for the period		5,904	24,525
<b>Other comprehensive income:</b>			
<b>Items that may be classified in profit or loss subsequently</b>			
- Change in fair value of available-for-sale financial assets	1.3.13.	844	4,560
- Deferred tax on change in fair value of available-for-sale financial assets	1.3.24.	-108	-463
- Change in fair value of investments in associates transferred to profit or loss		0	0
- Change in fair value of available-for-sale financial assets transferred to profit or loss	1.3.13.	-3,969	-4,547
- Deferred tax on change in fair value of available-for-sale financial assets transferred to profit or loss	1.3.24.	417	406
<b>Items that will not be classified in profit or loss subsequently</b>			
- Actuarial gains/losses on defined benefit pension plans		-105	-109
- Deferred tax on actuarial gains/losses on defined benefit pension plans		10	10
<b>Other comprehensive income less deferred tax for the fin. period</b>		<b>-2,911</b>	<b>-143</b>
<b>Total comprehensive income for the fin. period</b>		<b>2,993</b>	<b>24,382</b>
Comprehensive income is attributable to:			
Equity holders of the parent		2,987	24,374
<b>Minority interest</b>		<b>6</b>	<b>8</b>
<b>Total comprehensive income for the fin. period</b>		<b>2,993</b>	<b>24,382</b>

The notes form an integral part of these financial statements and should be read in conjunction with them.

## Consolidated cash flow statement

€ thousand

	Notes	JAN-DEC 2017	JAN-DEC 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit/loss		5,904	24,525
Adjustments for:			
Depreciation of property, plant and equipment	1.3.9.	7,041	7,038
Depreciation of intangible assets	1.3.10.	101	80
Depreciation of investment property	1.3.11.	92	136
Write-offs and impairments of property, plant and equipment	1.3.31.	877	24
Impairment of receivables	1.3.31.	66	364
Write-offs and impairments of intangible assets	1.3.10.	1	0
Write-offs and impairments of investment property	1.3.11.	100	106
Impairments of financial assets	1.3.13.	130	142
Proceeds from sale of property, plant and equipment	1.3.28.	-414	-24
Loss from disposal of property, plant and equipment	1.3.31.	53	4
Proceeds from sale of investment property	1.3.28.	0	-1,192
Proceeds from sale of securities	1.3.33.	-4,000	-4,547
Loss from sale of securities	1.3.33.	0	3
Dividends and share in profits received	1.3.33.	-18	-20
Impairment of loans granted	1.3.33.	12	0
Impairment of assets available for sale	1.3.33.	0	438
Interest expenses	1.3.33.	2,836	2,474
Interest revenues	1.3.33.	-1	-13,925
Corporate income tax liabilities/receivables	1.3.34.	486	777
<b>Operating profit prior to change in operating equity and provisions</b>		<b>13,266</b>	<b>16,403</b>
Change in long-term receivables	1.3.14.	0	-18
Change in short-term receivables	1.3.17.	70	-563
Change in inventories	1.3.16.	915	1,017
Change in short-term operating liabilities and accrued expenses and deferred revenues	1.3.25., 1.3.26.	2,322	-2,867
Change in deferred tax liabilities	1.3.24.	13	362
Change in provisions	1.3.21.	-39	-933
Change in government grants	1.3.22.	-397	-233
<b>Cash from operating activities</b>		<b>16,150</b>	<b>13,168</b>
Income tax paid	1.3.34.	-473	-417
<b>Net cash flow from operating activities</b>		<b>15,677</b>	<b>12,751</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	1.3.9.	-13,245	-4,088
Proceeds from sale of property, plant and equipment		574	70
Purchase of intangible assets	1.3.10.	-230	-108
Proceeds from sale of investment property		0	2,518
Purchase of associates		-459	0
Receipts from repaid loans		4,000	5,801
Expenditure on loans granted		-2,142	-2,597
Proceeds from the sale of long-term securities		12,124	16,543
Dividends and share in profits received	1.3.33.	18	20
Interest received		1	11
<b>Net cash flow from investing activities</b>		<b>641</b>	<b>18,170</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Other changes in capital		-52	-678
Receipts from long-term loans received		47,661	6,250
Expenditure on long-term loans received		-64,644	-20,545
Receipts from short-term loans received		0	2
Expenditure on short-term loans received		-60	-8,150
Expenditure on dividends of the Group's shareholders		-15	0
Interest paid		-2,946	-2,288
<b>Net cash flow from financing activities</b>		<b>-20,056</b>	<b>-25,409</b>
<b>Net increase or decrease in cash and cash equivalents</b>		<b>-3,738</b>	<b>5,512</b>
Cash and cash equivalents at beginning of year		9,916	4,404
Cash and cash equivalents at the end of the period		6,178	9,916

The notes form an integral part of these financial statements and should be read in conjunction with them.

## Consolidated statement of changes in equity

	Share capital	Share premium account	Reserves for treasury shares
<b>Balance as at 31/12/2015</b>	<b>14,061</b>	<b>0</b>	<b>4,977</b>
<b>Total comprehensive income</b>			
<b>Loss in the year</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>
Items that will not be reclassified in profit or loss	0	0	0
Change in fair value of available-for-sale financial assets		0	0
Deferred tax on change in fair value of available-for-sale financial assets	0	0	0
Change in fair value of available-for-sale financial assets transferred to profit or loss	0	0	0
Deferred tax on change in fair value of available-for-sale financial assets transferred to profit or loss	0	0	0
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Transactions with owners recorded in equity</b>			
Dividend payment	0	0	0
Transfer of net loss from previous year to retained net profit	0	0	0
Change in capital – effects of the compulsory settlement of Sava d.d.	7,618	0	0
Withdrawal of own shares and stakes – effects of the compulsory settlement of Sava d.d.	0	0	-4,977
<b>Total transactions with owners recorded in equity</b>	<b>7,618</b>	<b>0</b>	<b>-4,977</b>
<b>Changes in capital</b>			
Covering losses	0	0	0
Other changes in capital	0	43,357	0
<b>Total changes in capital</b>	<b>0</b>	<b>43,357</b>	<b>0</b>
<b>Balance as at 31/12/2016</b>	<b>21,679</b>	<b>43,357</b>	<b>0</b>

	Share capital	Share premium account	Reserves for treasury shares
<b>Balance as at 31/12/2016</b>	<b>21,679</b>	<b>43,357</b>	<b>0</b>
<b>Total comprehensive income</b>			
<b>Profit or loss in the year</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>
Items that will not be reclassified in profit or loss	0	0	0
Change in fair value of available-for-sale financial assets		0	0
Deferred tax on change in fair value of available-for-sale financial assets	0	0	0
Change in fair value of available-for-sale financial assets transferred to profit or loss	0	0	0
Deferred tax on change in fair value of available-for-sale financial assets transferred to profit or loss	0	0	0
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Transactions with owners recorded in equity</b>			
Dividend payment	0	0	0
Transfer of net loss from previous year to retained net profit	0	0	0
Decrease in minority interests due to acquisitions of companies	0	0	0
<b>Total transactions with owners recorded in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Changes in capital</b>			
Covering losses	0	0	0
Other changes in capital	0	0	0
<b>Total changes in capital</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance as at 31/12/2017</b>	<b>21,679</b>	<b>43,357</b>	<b>0</b>

€ thousand

Reserves for the fair value of financial assets	Own shares	Translation reserve	Net profit/loss for the fin. year	Retained net profit/loss	Equity attributable to equity holders of the parent	Minority interest	Total
5,166	-4,977	0	-27,834	-46,370	-54,978	953	-54,025
0	0	0	24,517	0	24,517	8	24,525
-143	0	0	0	0	-143	0	-143
-99	0	0	0	0	-99	0	-99
4,560	0	0	0	0	4,560	0	4,560
-463	0	0	0	0	-463	0	-463
-4,547	0	0	0	0	-4,547	0	-4,547
406	0	0	0	0	406	0	406
-143	0	0	24,517	0	24,374	8	24,382
0	0	0	0	0	0	0	0
0	0	0	27,834	-27,834	0	0	0
0	0	0	0	0	7,618	0	7,618
0	4,977	0	0	0	0	0	0
0	4,977	0	27,834	-27,834	7,618	0	7,618
0	0	0	-16,829	16,829	0	0	0
0	0	0	0	13,390	56,747	-7	56,740
0	0	0	-16,829	30,219	56,747	-7	56,740
5,023	0	0	7,688	-43,985	33,761	954	34,715

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€ thousand

Reserves for the fair value of financial assets	Own shares	Translation reserve	Net profit/loss for the fin. year	Retained net profit/loss	Equity attributable to equity holders of the parent	Minority interest	Total
5,023	0	0	7,688	-43,985	33,761	954	34,715
0	0	0	5,898	0	5,898	6	5,904
-2,911	0	0	0	0	-2,911	0	-2,911
-95	0	0	0	0	-95	0	-95
844	0	0	0	0	844	0	844
-108	0	0	0	0	-108	0	-108
-3,969	0	0	0	0	-3,969	0	-3,969
417	0	0	0	0	417	0	417
-2,911	0	0	5,898	0	2,987	6	2,993
0	0	0	0	0	0	-11	-11
0	0	0	-7,688	7,688	0	0	0
0	0	0	0	369	369	-829	-459
0	0	0	-7,688	8,057	369	-840	-470
0	0	0	-1,596	1,596	0	0	0
0	0	0	0	-41	-41	0	-41
0	0	0	-1,596	1,555	-41	0	-41
2,112	0	0	4,302	-34,372	37,078	120	37,198

## 1.2. COMPOSITION OF THE SAVA GROUP AND PERFORMANCE DATA ON SUBSIDIARY COMPANIES IN 2017

On 31/12/2017, the Sava Group consisted of 8 companies: the parent company Sava d.d. and 7 subsidiaries – daughter and granddaughter companies. The financial statements of all these companies are included in the consolidated financial statements of the Sava Group. The capital and controlling stakes are in accord in all companies except Cardial d.o.o., where the controlling stake is 99.91% as a result of the 85% ownership and the 15% own share.

In 2017, the following changes in the composition of the Sava Group took place:

- the ownership stake in Sava Turizem d.d. was increased to 99.91% through the purchase of an additional 342,302 shares. Pursuant to the provisions of the ZFPPIPP and the Financial Restructuring Plan, Sava d.d. obtained all necessary consents to carry out the transaction,
- TMC d.o.o. was acquired by Sava Turizem d.d.,
- GIP SAVA KRANJ d.o.o., Ruma, Serbia was sold off.

List of companies included in the Sava Group besides the parent company Sava d.d., with a comparison of ownership stakes as at 31/12/2017 and 31/12/2016:

	% ownership 31/ 12/2017	% ownership 31/ 12/2016	Change in % of ownership in 2017
<b>TOURISM DIVISION</b>			
SAVA TURIZEM d.d., Ljubljana	99.91%	99.05%	0.86%
- Cardial d.o.o., Ljubljana (owned by Sava Turizem d.d.)	85.00%	85.00%	0.00%
- SEIC Institute, Moravske Toplice (owned by Cardial d.o.o.)	50.00%	50.00%	0.00%
- Sava Zdravstvo d.o.o., Ljubljana (owned by Sava Turizem d.d.)	100.00%	100.00%	0.00%
- Sava TMC d.o.o., Ljubljana (owned by Sava Turizem d.d.)	0.00%	100.00%	-100.00%
- SEIC Institute, Moravske Toplice (owned by Sava Turizem d.d.)	50.00%	50.00%	0.00%
<b>REAL ESTATE DIVISION</b>			
SAVA NEPREMIČNINE d.o.o., Ljubljana	100.00%	100.00%	0.00%
SAVA NOVA d.o.o., Zagreb	100.00%	100.00%	0.00%
<b>OTHER OPERATIONS</b>			
GIP SAVA KRANJ d.o.o., Ruma, Serbia	0.00%	100.00%	-100.00%
SAVA NRS d.o.o., Ljubljana	100.00%	100.00%	0.00%

The Gorenjska banka d.d. investment and the associate as at 31/12/2017 and 31/12/2016:

	% ownership 31/ 12/2017	% ownership 31/12/2016	Change in % of ownership in 2017	Controlling stake* 31/12/2017
<b>SAVA d.d., družba za upravljanje in financiranje, Ljubljana - as the parent</b>				
- Gorenjska banka d.d., Kranj**	37.65%	37.65%	0.00%	0.00%
- BLS Sinergije d.o.o., Portorož	10.00%	10.00%	0.00%	10.00%
<b>SAVA TURIZEM d.d., Ljubljana – as the parent</b>				
- Gorenjska banka d.d., Kranj	0.13%	0.13%	0.00%	0.00%
- BLS Sinergije d.o.o., Portorož	30.00%	30.00%	0.00%	30.00%

\* The controlling stake is calculated as a ratio between the number of shares owned by Sava d.d. and the total number of shares less own shares.

\*\* On 17/09/2015, the Bank of Slovenia issued a decision withdrawing Sava d.d.'s authorisation to acquire a qualifying holding in Gorenjska banka d.d. and ordered the disposal of Gorenjska banka d.d. shares. The Gorenjska banka d.d. financial investment was transferred to assets held for sale on 31/12/2015. 34,287 shares (10.35%) of Gorenjska banka d.d. is under fiduciary ownership of Abanka d.d., which is holding them as collateral for the financial liabilities of Sava d.d. arising from the bonds issued.

Sales revenues of subsidiaries in 2017, capital of subsidiaries as at 31/12/2017 and profit/loss of subsidiaries in 2017:

Company/head office	€ thousand		
	Sales revenues JAN-DEC 2017	Capital value 31/12/2017	Profit or loss JAN-DEC 2017
<b>TOURISM DIVISION</b>	<b>73,451</b>	<b>101,128</b>	<b>5,353</b>
SAVA TMC d.o.o., Dunajska cesta 152, 1000 Ljubljana	0	0	0
Sava Turizem d.d., Dunajska cesta 152, 1000 Ljubljana	72,177	100,886	5,334
Cardial d.o.o., Zaloška cesta 69, 1000 Ljubljana	1,214	209	0
SEIC Moravske Toplice, Kranjčeva ul. 12, 9226 Moravske Toplice	60	27	19
Sava Zdravstvo d.o.o., Dunajska cesta 152, 1000 Ljubljana	0	7	0
<b>REAL ESTATE DIVISION</b>	<b>1,257</b>	<b>-1,787</b>	<b>82</b>
SAVA NEPREMIČNINE d.o.o., Dunajska cesta 152, 1000 Ljubljana	5	1,377	-22
SAVA NOVA d.o.o., Fra Filipa Grabovca 14, 10000 Zagreb, Croatia	1,252	-3,164	104
<b>OTHER OPERATIONS</b>	<b>179</b>	<b>115</b>	<b>-155</b>
GIP SAVA KRANJ d.o.o., Industrijski put bb, 22400 Ruma, Serbia	0	0	0
Sava NRS d.o.o., Dunajska cesta 152, 1000 Ljubljana	179	115	-155
<b>SUBSIDIARIES TOTAL</b>	<b>74,887</b>	<b>99,456</b>	<b>5,280</b>

Sales revenues of subsidiaries in 2016, capital of subsidiaries as at 31/12/2016 and profit/loss of subsidiaries in 2016:

Company/head office	€ thousand		
	Sales revenues JAN-DEC 2016	Capital value 31/12/2016	Profit or loss JAN-DEC 2016
<b>TOURISM DIVISION</b>	<b>70,534</b>	<b>97,081</b>	<b>28</b>
SAVA TMC d.o.o., Dunajska cesta 152, 1000 Ljubljana	1,536	-2,420	-3,854
Sava Turizem d.d., Dunajska cesta 152, 1000 Ljubljana	67,823	99,278	3,830
Cardial d.o.o., Zaloška cesta 69, 1000 Ljubljana	1,162	208	47
SEIC Moravske Toplice, Kranjčeva ul. 12, 9226 Moravske Toplice	13	8	6
Sava Zdravstvo d.o.o., Dunajska cesta 152, 1000 Ljubljana	0	7	0
<b>REAL ESTATE DIVISION</b>	<b>5</b>	<b>-1,869</b>	<b>-950</b>
SAVA NEPREMIČNINE d.o.o., Dunajska cesta 152, 1000 Ljubljana	5	1,399	-730
SAVA NOVA d.o.o., Fra Filipa Grabovca 14, 10000 Zagreb, Croatia	0	-3,268	-220
<b>OTHER OPERATIONS</b>	<b>141</b>	<b>272</b>	<b>-104</b>
GIP SAVA KRANJ d.o.o., Industrijski put bb, 22400 Ruma, Serbia	6	2	0
Sava NRS d.o.o., Dunajska cesta 152, 1000 Ljubljana	135	270	-104
<b>SUBSIDIARIES TOTAL</b>	<b>70,680</b>	<b>95,484</b>	<b>-1,026</b>

## 1.3. NOTES TO THE FINANCIAL STATEMENTS OF THE SAVA GROUP IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EU

### 1.3.1. THE REPORTING COMPANY

The controlling company Sava d.d. is domiciled at 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 financial year ended on 31 December 2017.

### 1.3.2. BASIS FOR 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 the International Accounting Standards Board (IASB) and the Companies Act.

The Executive Director approved the financial statements on 27/03/2018.

#### b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the available-for-sale financial assets and financial derivatives that are stated at their fair values.

The methods applied in fair value measurement are described under Item 1.3.4. below.

#### c) Functional and presentation currency

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

The Sava Group companies with head offices outside of Slovenia use the HRK currency.

#### d) Application of estimates and assumptions

Preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, revenues and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Adjustments to accounting estimates are recognised for the period in which the estimate is adjusted and for any future years the adjustment may have an effect on.

The data about important estimates of uncertainties and critical judgments, which the management prepared in the process of implementing the accounting policies and which have the strongest effect on the amounts in the financial statements, are described under the following Items:

- 1.3.21. Provisions
- 1.3.37. Contingent liabilities
- 1.3.13. Evaluation of financial instruments

### 1.3.3. SIGNIFICANT ACCOUNTING POLICIES

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

#### a) Basis of consolidation

##### Business combinations

In 2017, the ownership stake in Sava Turizem d.d. was increased to 99.91% through the purchase of an additional 342,302 shares. Sava TMC d.o.o. was absorbed into Sava Turizem d.d. There were no other mergers. Since this was a company under joint management, the merger was carried out according to the carrying amounts of the assets and liabilities of the subsidiary and thus had no effect on the consolidated financial statements.

##### Composition of the Sava Group

The Sava Group includes the parent company Sava d.d., 7 subsidiaries and 1 associated company. The financial statements of the indicated subsidiaries are entirely included in the Group's consolidated financial statements, whereas the equity accounting method is used for the associated company, i.e. the attributable profit is added to the financial result of the Group, and equity revaluation adjustment is attributed to the equity of the Group. The parent company and subsidiaries prepare separate financial statements in accordance with SAS, whereas adjustments to IFRSs as adopted by the EU are carried out for the purpose of consolidation.

##### Subsidiaries

Subsidiaries are the entities controlled by Sava d.d. Control exists when the parent company has the power to decide on the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the existence and effect of voting rights are considered which at that time can be exercised or exchanged. The capital and controlling stakes are in accord in all companies except Cardial d.o.o., where the controlling stake is



99.91% as a result of the 85% ownership and the 15% own share.

The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences and until the date control ceases.

Accounting policies of subsidiaries are adapted to the policies of the Sava Group. Losses that refer to non-controlling interests in a subsidiary are reallocated under non-controlling interest even if this item shows a negative balance as a result.

### **Associated companies**

Associated companies are those entities in which the Sava Group has a significant, but not controlling, influence over the financial and operating policies. At initial recognition, investments are measured at fair value, which equals the trading value (cost); the equity method is used subsequently. Consolidated financial statements include the Sava Group's share of gains or losses and equity revaluation adjustments of the associated companies on an equity accounting basis, from the date that significant influence commences until the date that significant influence ceases. Consolidated financial statements include the Sava Group's share of total recognised gains or losses and equity revaluation adjustments of the associated companies on an equity accounting basis, from the date that significant influence commences until the date that significant influence ceases.

### **Transactions excluded from the consolidation**

Any balances of receivables and liabilities and any unrealised gains and losses or revenues and expenses arising from transactions within the Sava Group are excluded when preparing the consolidated financial statements.

Unrealised losses are excluded in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

## **b) Foreign currency**

### **Foreign currency transactions**

Transactions in foreign currencies are translated to the functional currency at the reference exchange rate of the ECB on the date of the transaction. Cash and liabilities denominated in foreign currencies on the reporting date are translated to the functional currency at the reference exchange rate of the ECB in force on the last day of the accounting period. Foreign exchange gains/losses represent differences between the amortised cost in functional currency at the beginning of the period adjusted by the amount of effective interest and payments during the period and the amortised cost in foreign currency calculated at the reference exchange rate of the ECB at the period end. Foreign exchange differences are recognised in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost are translated to the functional currency at the

reference exchange rate of the ECB in force on the transaction date. Non-monetary items and liabilities denominated in foreign currencies that are stated at fair value are translated to the euro at the reference exchange rate of the ECB in force on the date the fair value was determined.

Foreign exchange gains/losses are recognised in the income statement, which is not the case with gains/losses arising from the restatement of available-for-sale capital instruments or of the non-financial liability classified 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 consolidation are translated to the euro at the reference exchange rate of the ECB in force on the reporting date. The revenues and expenses of foreign operations are translated to the euro at rates in force on the transaction dates. Foreign exchange gains/losses arising from translation are recognised under other comprehensive income as a translation reserve under the equity item. In the case of a subsidiary that is not wholly owned, a suitable proportionate share of translation reserve is reallocated under non-controlling interest. Upon disposal of a foreign business, the translation reserve amount is transferred to the income statement.

## **c) Financial instruments**

### **c 1) Non-derivative financial instruments**

Non-derivative financial instruments include investments in equity and debt securities, operating and other receivables, cash and cash equivalents, received and granted loans and operating and other liabilities. Non-derivative financial instruments are initially recognised at fair value increased by the costs directly associated with 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 the group's contractual rights to the cash flows expire or the financial asset is transferred to another party along with the risks and benefits. Purchases and sales carried out in an ordinary way are accounted for on the day when the group undertakes to purchase or sell an asset. The recognition of financial liabilities is eliminated when the contractual obligations of the group expire or are terminated or suspended.

Financial assets and liabilities are offset and the 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 to cash in the asset and settle its liability at the same time.

### Loans and receivables

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

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

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

Any receivables where the assumption is that they will not be settled, or that they will not be settled in full, must be considered doubtful and, if court proceedings have already begun, disputable.

### Cash

Cash and cash equivalents comprise cash on hand and in transaction accounts and deposits redeemable at notice. Overdrafts on transaction accounts with banks 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 statement of financial position.

### Financial assets available for sale

Non-current securities are classified in the Group as financial assets available for sale. They are divided into investments in shares of listed companies and the shares and stakes of unlisted companies and in the investment in a sub-fund. 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. After initial recognition, they are measured at market value: average share price at the date of the statement of financial position for listed financial instruments; in the case of unlisted financial instruments, the evidence for whether an impairment is needed is examined 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 a 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 the fair value of a financial asset available for sale was recognised directly as a negative revaluation reserve and impartial evidence exists that the asset is impaired over a long-term period, the impairment is recognised in the income statement as a financial expense.

### Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date of their creation. 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 they expire. Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Group has a legal right to offset the recognised 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: loans arising from issued bonds, loans and credits, trade payables and receivables. Such financial liabilities are initially recognised at fair value plus any directly attributable transaction costs. After initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

## C 2) Derivative financial instruments

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

The Group used derivative financial instruments to hedge its exposure to interest rate risk. During the compulsory settlement of Sava d.d., liabilities arising from interest rate hedging were reclassified under long-term financial liabilities.

Derivative financial instruments are initially recognised at fair value; transaction-related costs are recognised in profit or loss upon their creation. After initial recognition, derivative financial instruments are measured at fair value, while related changes are recognised in profit or loss.

### Economic hedges

In derivative financial instruments used as hedges for monetary assets and liabilities in a foreign currency, economic 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 for payment if the company is closed down. It is determined on the basis of the sums invested by the owners and the sums generated during operation that belong to

the owners. It is decreased by loss from operations, repurchased own shares and withdrawals (payouts). Total capital comprises share capital, capital reserves, profit reserves, retained net profit or loss, fair value reserves and own shares as a deductible item.

#### Ordinary no-par value shares

Additional costs directly attributable to the issue of ordinary shares and stock options are recognised as a decrease in equity.

#### Repurchase of treasury shares

The repurchase of treasury shares is shown as a deductible item of equity. The controlling company has no treasury shares.

#### Dividends

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

#### Net earnings/loss per share

The share capital of the Group is divided in ordinary nominal no-par value shares, which is why the Group disclosed the basic earnings per share. Basic earnings per share are 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 preference shares or convertible bonds available. There were no changes in the number of shares issued in 2017.

### d) 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. Costs include the costs 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 were located as well as capitalised borrowing costs.

Costs may also include transfers from other comprehensive income of any gains or losses 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. The 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 that 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 directly in profit or loss.

#### 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 if it is probable that the future economic benefits embodied in 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 property, plant and equipment. Land is not depreciated. The suitability of the method and useful lives are reviewed on the day of reporting.

The estimated useful lives are as follows:

	2017	2016
Hotels, commercial buildings, warehouses	20 to 71 years	20 to 71 years
Office buildings	25 to 40 years	25 to 40 years
Hotel furnishings	5 to 20 years	5 to 20 years
Computer equipment	2 to 5 years	2 to 5 years
Other equipment	6 to 20 years	6 to 20 years

## e) 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 the group's share in the net fair value of ascertained assets, liabilities and contingent liabilities of the acquired company.

### Subsequent measurement

Goodwill is measured at cost less any accumulated impairment losses. In respect of equity accounted 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 or 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 are 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 costs are recognised in the income statement under expenses 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.

## f) Investment property

Investment properties are properties that 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 directly to the purchase, such as legal fees, tax on property transfer and other transaction costs.

In cases where it needs to be decided whether an asset is an investment property or a real property,

the asset is an investment property if more than 20% of its total value is used 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 investment property. Land is not depreciated.

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

## g) 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 inventories of Real Estate also include interest expense on loans hired for a specific project.

## h) Impairment of assets

### Financial assets

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

An impairment loss in relation to a financial asset measured at amortised cost is calculated as the difference between the carrying amount and the estimated future cash flows discounted at the original effective interest rate. Impairment losses are recognised in the income statement.

Impairment losses related to a financial asset intended for sale are accounted for at their 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 characteristics in risk exposure.

## Non-financial assets

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

Impairment of an asset or a cash-generating unit is recognised when its carrying amount exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates financial inflows that are largely independent of the financial inflows from other assets or groups of assets. Impairment is recognised 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 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 its value in use or fair value less costs to sell, whichever is higher. In determining 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.

### i) Employee benefits

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

### j) 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 if 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 severance payment upon retirement and employee jubilee benefits

In compliance with the law, the collective agreement and the internal rules, the company is obligated to

pay jubilee benefits and severance payment upon retirement to employees for which it forms long-term provisions. No other pension liabilities exist.

Provisions are formed for employees in those countries where a legal obligation for severance payment upon retirement and jubilee benefits exists, i.e. in the amount of the estimated future severance payment upon retirement and jubilee benefits discounted at the balance sheet date. The calculation includes expenses of severance payment upon retirement and costs of all expected jubilee benefits until retirement. The calculation based on a projected unit has been prepared by a certified actuary. Actuarial gains or actuarial losses arising from jubilee benefits and severance payment upon retirement for the current financial year are, when ascertained, recognised in the income statement and in equity respectively.

### Provisions for reorganisation

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

### Provisions for lawsuits

Provisions for lawsuits are formed when legal proceedings begin. The amount of provisions for lawsuits is determined in consideration of the estimated outcome of an individual claim.

## k) Government grants

Government grants are recognised in financial statements as deferred revenue when they are received and when there is a reasonable assurance that the conditions attached to them will be complied with. Received assets from government grants are strictly recognised as revenues in the periods in which expenses to be compensated by the received grants are incurred. Grants that compensate the Group for the cost of an asset are strictly recognised in the income statement as other operating revenues over the useful life of the asset.

## l) Revenues

### Services rendered

Revenue from services rendered is recognised in the income statement with regard to the stage of completion on the reporting date. The stage of completion is assessed by surveys of work performed. Revenue from services in the Tourism business 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 under revenues on a straight line basis over the term of the lease.

### m) Financial revenues and financial expenses

Financial revenues comprise interest revenues on investments, dividend revenues, gains on disposal of available-for-sale financial assets, foreign exchange gains and gains arising from instruments for hedging against risk that are recognised in the income statement. Interest revenue is recognised as it arises by using the effective interest rate method. Dividend revenue is recognised in the income statement on the date when the shareholder's right to payment is exercised.

Financial expenses comprise interest expense on borrowings, expenses from the disposal of available-for-sale financial assets, foreign exchange losses, impairment losses in the value of financial assets and losses arising from hedging against risk that 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 that are attributed to intangible and tangible assets under construction or preparation.

### n) Corporate income tax

Corporate income tax for the financial year comprises current and deferred tax. Corporate income tax is disclosed in the income statement, except where it refers to items directly disclosed in equity, in which case it is disclosed 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 disclosed 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 amount payable in line with the law upon the elimination of temporary differences enacted or substantively enacted on the reporting 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 deferred asset can be utilised in the future. Deferred tax assets are reduced by the amount for which it is no longer probable that an asset-related tax benefit can be claimed. Deferred tax from tax losses was not accounted for.

### o) Segment reporting

A business segment is a recognisable component of the Group that engages in business activities from which it earns revenues and incurs expenses. Separate financial information is available for business segments. All business segments' operating results are reviewed regularly by the management body of Sava d.d. to make decisions about resources

to be allocated to each segment and to assess Sava Group's performance.

### p) Initial use of new amendments to the existing standards effective in the present accounting period

In the present reporting period, the following updates in the existing standards and explanations apply that were issued by the International Accounting Standards Board and adopted by the EU:

- **Amendments to IAS 7 – Cash-flow Statements**  
Disclosure initiative adopted by the EU on 06/11/2017 (effective for annual periods beginning on or after 01/01/2017).
- **Amendments to IAS 12 – Income Taxes;**  
Recognition of deferred tax assets for unrealised losses adopted by the EU on 06/11/2017 (effective for annual periods beginning on or after 01/01/2017).
- **Amendments to various standards – Annual Improvements to IFRS 2014-2016 Cycle;**  
They ensue from the IFRS annual improvement process (IFRS 1, IFRS 12 and IAS 28), mainly with the intention of eliminating inconsistencies and interpretations – adopted by the EU on 08/02/2018 (amendments to IFRS 12 are effective for annual periods beginning on or after 01/01/2017).

### r) Standards and amendments to the existing standards issued by IASB and adopted by the EU but not yet effective

On the date of approving these financial statements, the following new standards produced by IASB and adopted by the EU were issued but are not effective yet:

- **IFRS 9 – Financial Instruments;** adopted by the EU on 22/11/2016 (effective for annual periods beginning on or after 01/01/2018).  
*Clarification of the effects of applying IFRS 9 on the opening consolidated financial statements as at 01/01/2018: the reserves arising from the valuation of financial investments at fair value on 31/12/2017 equal €2,084 thousand gross, deferred tax liabilities €226 thousand and net reserves €1,858 thousand. Gross reserves from the valuation of financial investments at fair value as at 31/12/2017 will be recorded in retained profit or loss on 01/01/2018.*
- **IFRS 15 – Revenue from Contracts with Customers;** and further amendments to IFRS 15 – Effective Date of IFRS 15, adopted by the EU on 22/09/2016 (effective for annual periods beginning on or after 01/01/2018).
- **Amendments to IFRS 15 – Revenue from Contracts with Customers;** notes to IFRS 15 – Revenue from Contracts with Customers, adopted by the EU on 31/10/2017 (effective for annual periods beginning on or after 01/01/2018).



- **IFRS 16 – Leases**; adopted by the EU on 31/10/2017 (effective for annual periods beginning on or after 01/01/2019).
- **Amendments to IFRS 4 – Insurance Contracts**; Applying IFRS 9 – Financial Instruments with IFRS 4 – Insurance Contracts, adopted by the EU on 03/11/2017 (effective for annual periods beginning on or after 01/01/2018 or when first applying IFRS 9).
- **Amendments to various standards – Annual Improvements to IFRS 2014-2016 Cycle**; they ensue from the IFRS annual improvement process (IFRS 1, IFRS 12 and IAS 28), mainly with the intention of eliminating inconsistencies and interpretations – adopted by the EU on 08/02/2018 (amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after 01/01/2018).
- **Amendments to IAS 28 – Investments in Associates and Joint Ventures**; Long-term interests in associates and joint ventures (effective for annual periods beginning on or after 01/01/2019).
- **Amendments to IAS 40 – Investment Property**; Transfers of investment property (effective for annual periods beginning on or after 01/01/2018).
- **Amendments to various standards – Annual Improvements to IFRS 2015-2017 Cycle**; they ensue from the IFRS annual improvement process (IFRS 3, IFRS 11, IAS 12 and IAS 23), mainly with the intention of eliminating inconsistencies and interpretations (effective for annual periods beginning on or after 01/01/2019).
- **IFRIC 22 – Foreign Currency Transactions and Advance Consideration**; (effective for annual periods beginning on or after 01/01/2018).
- **IFRIC 23 – Uncertainty over Income Tax Treatments**; (effective for annual periods beginning on or after 01/01/2019).

#### s) New standards and amendments to the existing standards issued by the IASB but not yet adopted by the EU

Currently, the IFRS as adopted by the EU do not significantly differ from the regulations adopted by the IASB with the exception of the following new standards and amendments to the existing standards and new notes, which were not yet endorsed for use in the EU on the date of approval of the financial statements:

- **IFRS 14 – Regulatory Deferral Accounts**; (effective for annual periods beginning in or after January 2016). The European Commission decided not to begin the validation procedure of this interim standard but will wait for the issuance of its final version.
- **IFRS 17 – Insurance Contracts**; (effective for annual periods beginning on or after 01/01/2021).
- **Amendments to IFRS 2 – Share-based Payment**; Classification and measurement of share-based payment transactions (effective for annual periods beginning on or after 01/01/2018).
- **Amendments to IFRS 9 – Financial Instruments**; Prepayment features with negative compensation (effective for annual periods beginning on or after 01/01/2019).
- **Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures**; Sale or contribution of assets between an investor and its associate or joint venture and further amendments (effective date deferred indefinitely until the completion of the research project on the equity method).
- **Amendments to IAS 19 – Employee Benefits**; Plan amendment, curtailment or settlement (effective for annual periods beginning on or after 01/01/2019).

The Sava Group anticipates that introducing these new standards and amendments to the existing standards will not significantly influence its financial statements during the initial use period, with the exception of the implementation of IFRS 9 – Financial Instruments, the effects of which as at 01/01/2018 are clarified under Item r).

At the same time, the accounting of hedging against risk in relation to a portfolio of financial assets and liabilities whose principles the EU has not yet adopted still remains unregulated.

#### 1.3.4. DETERMINATION OF FAIR VALUE

In accordance with the accounting policies applied in the Group and the breakdowns, it is necessary 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 and after proper marketing 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 estimated future discounted 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 respective asset is valued after deducting a fair return on all 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 the assets.

### Investment property

The fair value is based on the market value of property, which is the estimated amount for which a property can be exchanged on the date of valuation and after proper marketing 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 the active market, the valuations are prepared by considering the aggregate of the expected cash flows from renting out the property. Yield reflecting the specific risks is included in the calculation of the value of real estate property based on the discounted net cash flows on an annual basis.

Valuations reflect the type of lessees actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation and the general perception of their creditworthiness as well as the allocation of maintenance and insurance between the Group and the lessee and the remaining economic life of the investment 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 in good 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 assets classified as held for trading and available for sale is their quoted average price on the balance sheet date. The fair value of unlisted shares and stakes is estimated using one of the valuation methods outlined in IFRS 13.

### 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 present value of future cash flows discounted at the market interest rate on the reporting date.

### Non-derivative financial liabilities

For reporting purposes, the fair value is calculated considering the present value of future payments of the principal and interest discounted at the market interest rate on the reporting date. 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 from January to December 2017 (for the past period from January to December 2016), the data from the statement of financial position as at 31/12/2017 and 31/12/2016 (for the past period 31/12/2016 and 31/12/2015) and other required data. The cash flow statement excludes the more important values that are not connected with revenues and expenses.

## 1.3.5. FINANCIAL RISK MANAGEMENT

In the Sava Group, we examine and analyse economic circumstances and regularly monitor the exposure to various risks and take measures to manage them. In 2017, the Sava Group was exposed to the following financial risks:

- Risk of change in the fair value (price risk)
- Credit risk
- Solvency risk
- Interest rate risk
- Foreign exchange risk
- Capital management

### Risk of change in the fair value (price risk)

The risk of a change in fair value is one of the most important risks of the Sava Group, as it is associated with achieving the planned return on financial assets and it impacts the implementation of the formulated strategy. Risks in connection with fair value changes are decreased through diversifying the investment portfolio and active supervision over the companies' operations in which the parent company holds major equity holdings. In terms of changes in the value of investments, the market circumstances are relatively stable, and we estimate that the risk of fair value change in the Sava Group is moderate.



### **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 represents a danger that trade receivables or receivables due from other business partners will be settled with a delay or not at all.

The Sava Group regularly monitors debts to be collected and due receivables, the maturity of receivables and movements of average payment terms. To decrease exposure to this risk, we make use of the customer rating system to supervise bad payers and carry out ongoing compensations. Measures to minimise credit risk exposure rely on our own in-depth ratings, operations based on advance payments, supervision over bad payers, ongoing debt recovery, by lodging executions, compensations and using recovery via collection agencies.

The majority of the increased credit risk Sava d.d. is exposed to is due to credit transactions made with NFD Holding d.d. in the past, which has been in bankruptcy proceedings since 06/01/2015, but Sava d.d. is managing this risk by implementing the activities outlined in the Financial Restructuring Plan.

On the basis of the events described above, we find that the credit risk in the Sava Group is managed.

### **Solvency risk**

This involves the risk that a company may not meet its financial obligations in due time.

Sava d.d. is settling its financial obligations pursuant to the final Resolution on confirmation of compulsory settlement, which envisages repayment upon the disposal of the company's pledged financial investments or at the end of a three-year period following the final confirmation of the compulsory settlement. On 31/12/2017, Sava d.d. had recognised financial obligations in the amount of €125,915 thousand (31/12/2016: €137,822 thousand).

Companies in the Tourism business in 2017 refinanced existing loans, thereby ensuring sector-appropriate maturity and sources with a more favourable interest rate. The Sava Group companies regularly settle the agreed financial and other commercial obligations and seek options for improvements in operative business to strengthen their cash flow.

Taking into account the final conclusion of the compulsory settlement of Sava d.d. in 2016, the fulfilment of the Financial Restructuring Plan and the refinancing of the companies in the Tourism business, the solvency risk in the Sava Group is low.

### **Interest rate risk**

Interest rate risk involves the risk that the value of financial instruments and cost of contracting debts will change as a result of the changed market interest rates.

Until the expiry of three years following the finality of the compulsory settlement, the financial receivables are going to accrue interest at a fixed nominal interest rate of 1% p.a. In 2017, Sava Turizem d.d. rescheduled its financial obligations under more favourable financing conditions based on changes in the EURIBOR rate. The EURIBOR interest rate remained negative in 2017, and no major changes are expected in 2018.

We estimate that the Sava Group's exposure to interest rate risk is low.

### **Foreign exchange risk**

Foreign exchange rate risk involves the risk of losing economic benefits due to changes in the foreign currency exchange rates. Since the Sava Group mainly does business in the eurozone, we estimate that exposure to foreign exchange risk is low.

### **Guarantees and sureties**

As at 31/12/2017, the Sava Group companies have not issued any guarantees or sureties.

### **Capital management**

Sava d.d. has no employee stock option scheme. The regulatory bodies do not have any capital requirements towards the parent company or subsidiaries of the Sava Group.

**The ratio between the liabilities and adjusted capital of the Sava Group:**

	€ thousand	
	2017	2016
1. Total debts	194,504	209,975
2. Less cash and cash equivalents	-6,178	-9,916
3. Net liabilities (1. - 2.)	188,326	200,059
4. Total capital	37,198	34,715
5. Decrease/increase by amounts accumulated in equity in connection with elements of cash flow hedging	0	0
6. Adjusted capital amount (4. + 5.)	37,198	34,715
7. Debts to adjusted capital ratio at 31/12 (3./6.)	5.06	5.76

### 1.3.6. SEGMENT REPORTING

The Group reports on information by operating segment. The basic form of reporting that arises from the operating – business segments is based on the internal organisation and management of the Group.

Prices of transfers between the segments are measured on the net business basis. Performance of individual segments is measured through profit or loss before corporate income tax.

Profit or loss and assets and liabilities by segment contain items that can be attributed directly to the segment, which is ensured by a suitable legal and formal organisation of the Group.

#### Operating segments

The Sava Group consists of the following operating segments:

- Investment Finance (Sava d.d.)
- Tourism
- Real Estate
- other operations

### 1.3.7. DATA BY SEGMENT

Data in the continuation is shown in terms of the operating segments represented by the Sava Group's divisions.

#### Data by operating segment for 2017

€ thousand

	TOURISM	REAL ESTATE	Other operations	INVESTMENT FINANCE	Excluding Group operations	Total
Revenues from the sale of products	0	1,252	0	0	0	1,252
Revenues from services rendered	71,723	0	179	559	-750	71,711
Rental revenue	916	5	0	44	-6	959
Revenues from merchandise sold	812	0	0	0	0	812
Change in inventories	0	-921	0	0	0	-921
Other operating revenues	1,407	0	2	26	234	1,669
Total operating revenues	74,858	336	181	629	-522	75,482
Interest revenues	27	0	0	92	-118	1
Interest expenses	-1,556	-91	0	-1,309	120	-2,836
Net profit/loss for the fin. year	5,353	82	-155	1,596	-972	5,904
Assets	170,922	2,580	235	152,801	-94,835	231,702
Investments in associates	5	0	0	0	0	5
Liabilities	69,794	4,367	120	127,728	-7,505	194,504
Purchase of property, plant and equipment	13,229	0	2	0	0	13,231
Amortisation	7,185	0	3	46	0	7,234
Impairment in property, plant and equipment	848	0	0	0	0	848
Impairment in investment property	100	0	0	0	0	100

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#### Data by operating segment for 2016

€ thousand

	TOURISM	REAL ESTATE	Other operations	INVESTMENT FINANCE	Excluding Group operations	Total
Revenues from services rendered	67,329	0	139	623	-838	67,253
Rental revenue	2,356	5	2	160	-1,539	984
Revenues from merchandise sold	850	0	0	0	0	850
Other operating revenues	1,112	0	0	1,831	164	3,107
Total operating revenues	71,646	5	141	2,614	-2,212	72,194
Interest revenues	9	0	0	14,283	-367	13,925
Interest expenses	-2,410	-243	-35	-183	397	-2,474
Net profit/loss for the fin. year	28	-950	-104	16,829	8,722	24,525
Assets	171,414	3,553	399	166,037	-96,713	244,690
Investments in associates	5	0	0	0	0	5
Liabilities	74,333	5,422	126	139,725	-9,632	209,975
Purchase of property, plant and equipment	4,127	0	0	11	0	4,138
Amortisation	7,167	0	6	81	0	7,254
Impairment in property, plant and equipment	0	0	0	0	0	0
Impairment in investment property	0	0	0	106	0	106

#### Data about sales revenues by region

€ thousand

	Slovenia	Other EU countries	Other	Total
2017	73,482	1,252	0	74,734
2016	69,081	0	6	69,087

The assets are not segmented by region, since the carrying amount of assets referring to the companies in Slovenia represents 99.99% of total Group's assets (2016: 99.2%).

Sales to the biggest customer of the Sava Group, i.e. a customer of Tourism, amounted to €2,433 thousand in 2017 (2016: a Tourism division customer: €2,340 thousand).

### **1.3.8. ACQUISITIONS AND DISPOSALS OF OWNERSHIP STAKES IN SUBSIDIARIES**

#### **2017**

Sava d.d. purchased 342,302 Sava Turizem d.d. shares in the amount of €459 thousand, for which it obtained all necessary consents in accordance with the provisions of the ZFPPIPP and the Financial Restructuring Plan.

This means that its share of ownership in Sava Turizem d.d. on 31/12/2017 was 99.91%.

Sava d.d. sold off 100% of its ownership stake in GIP Sava Kranj d.o.o., Ruma, Serbia. The company was established with minimum capital for the purpose of resolving the ownership of the real property in Ruma. As the real property was sold off, there was no further reason for the existence of the financial investment.

#### **2016**

No such events took place in 2016.

### 1.3.9. PROPERTY, PLANT AND EQUIPMENT

Movement of property, plant and equipment of the Sava Group for 2017

€ thousand

	Land	Buildings	Production, plant and machinery	Other plant and equipment	Qualifying assets	Advances for tangible fixed assets	Total
<b>COST</b>							
Balance as at 01/01/2017	20,314	235,076	43,161	4,717	980	0	304,247
Procurement	221	1,072	1,221	843	9,873	0	13,231
Increase in advance payments	0	0	0	0	0	14	14
Put into use	0	8,461	1,563	77	-10,101	0	0
Decrease due to sale	-57	-184	-431	-4	0	0	-675
Decrease due to sale of subsidiary	0	0	-2	0	0	0	-2
Write-offs	0	0	-1,474	-490	0	0	-1,964
Impairment	0	-1,573	-98	-15	0	0	-1,685
Balance as at 31/12/2017	20,478	242,853	43,941	5,128	752	14	313,166
<b>ACCUMULATED DEPRECIATION</b>							
Balance as at 01/01/2017	0	-117,799	-37,273	-3,550	0	0	-158,622
Decrease due to sale	0	100	359	3	0	0	462
Decrease due to sale of subsidiary	0	0	1	0	0	0	1
Write-offs	0	0	1,454	480	0	0	1,934
Impairment	0	778	52	7	0	0	837
Depreciation/amortisation	0	-4,898	-1,716	-428	0	0	-7,041
Balance as at 31/12/2017	0	-121,817	-37,123	-3,488	0	0	-162,429
<b>CARRYING AMOUNT</b>							
Balance as at 01/01/2017	20,314	117,278	5,887	1,166	980	0	145,623
Balance as at 31/12/2017	20,478	121,035	6,818	1,640	752	14	150,737

The equipment whose carrying amount equals €181 thousand (31/12/2016: €128 thousand) is under a finance lease. The balance of liabilities from the finance lease equals €139 thousand (31/12/2016: €97 thousand).

In Sava Turizem d.d. in 2017, the value of tangible fixed assets at the destinations Terme Lendava and Terme Banovci was impaired in the total amount of €373 thousand and €474 thousand respectively.

The impairment was carried out on the basis of the valuation prepared as part of the financial reporting on 31/12/2017 by a certified real estate valuer. The estimated recoverable amount of the Lendava destination is €8,239 thousand and of the Banovci destination €5,037 thousand. In estimating the value of the fixed assets of both destinations, the income approach was used. The Terme Lendava destination's estimate was prepared by applying the value in use valuation method. The Terme Banovci destination's estimate was prepared on the basis of the fair value less costs to sell valuation method.

#### Impact of fixed asset impairments

€ thousand

Terme Lendava destination			
	Cost	Accumulated depreciation	Present value
Before impairment	17,752	-9,140	8,612
After impairment	16,898	-8,659	8,239
<b>Difference</b>	<b>854</b>	<b>-481</b>	<b>373</b>

€ thousand

Terme Banovci destination			
	Cost	Accumulated depreciation	Present value
Before impairment	8,814	-3,303	5,511
After impairment	7,983	-2,946	5,037
<b>Difference</b>	<b>831</b>	<b>-357</b>	<b>474</b>

## Movement of property, plant and equipment of the Sava Group for 2016

€ thousand

	Land	Buildings	Production, plant and machinery	Other plant and equipment	Qualifying assets	Advances for tangible fixed assets	Total
<b>COST</b>							
Balance as at 01/01/2016	20,348	233,074	42,869	13,694	1,026	49	311,060
Procurement	22	846	715	354	2,201	0	4,138
Increase in advance payments	0	0	0	0	0	-49	-49
Put into use	0	1,981	177	89	-2,247	0	0
Transfers	-48	-825	188	-9,227	0	0	-9,912
Decrease due to sale	-8	0	-114	-1	0	0	-123
Write-offs	0	0	-675	-192	0	0	-867
Impairment	0	0	0	0	0	0	0
Balance as at 31/12/2016	20,314	235,076	43,161	4,717	980	0	304,247
<b>ACCUMULATED DEPRECIATION</b>							
Balance as at 01/01/2016	0	-113,931	-35,844	-12,637	0	0	-162,412
Transfers	0	873	-188	9,227	0	0	9,912
Decrease due to sale	0	0	73	0	0	0	73
Write-offs	0	0	654	189	0	0	843
Impairment	0	0	0	0	0	0	0
Depreciation/amortisation	0	-4,741	-1,968	-329	0	0	-7,038
Balance as at 31/12/2016	0	-117,799	-37,273	-3,550	0	0	-158,622
<b>CARRYING AMOUNT</b>							
Balance as at 01/01/2016	20,348	119,143	7,025	1,057	1,026	49	148,647
Balance as at 31/12/2016	20,314	117,278	5,887	1,166	980	0	145,623

## Overview of mortgage values as at 31/12/2017

€ thousand

	Carrying amount of mortgaged assets	Mortgage value on real property
Sava Turizem d.d.	105,860	46,474
<b>Total</b>	<b>105,860</b>	<b>46,474</b>

## Overview of mortgage values as at 31/12/2016

€ thousand

	Carrying amount of mortgaged assets	Mortgage value on real property
Sava d.d.	-	-
Sava Nepremičnine d.o.o.*	1,260	7,000
Sava Turizem d.d.	93,936	40,421
SAVA TMC d.o.o.	12,462	17,579
<b>Total</b>	<b>107,658</b>	<b>65,000</b>

\* The value of mortgages in Sava Nepremičnine d.o.o. whose book value equalled €1,260 thousand refers to investment property.

### 1.3.10. INTANGIBLE ASSETS

Movement of intangible assets of the Sava Group for 2017 and 2016

	€ thousand	
	31/12/2017	31/12/2016
<b>COST</b>		
Balance as at 01/01	1,910	1,754
Increases, purchases	230	108
Transfers	0	57
Write-offs	-1	-8
Final balance	2,140	1,910
<b>ACCUMULATED DEPRECIATION</b>		
Balance as at 01/01	-1,182	-1,054
Transfers	0	-57
Write-offs	0	8
Depreciation/amortisation	-101	-80
Final balance	-1,283	-1,182
<b>CARRYING AMOUNT</b>		
Balance as at 01/01	728	700
Final balance	857	728

In the income statement, depreciation of intangible fixed assets is stated under depreciation.

### 1.3.11. INVESTMENT PROPERTY

Movement of investment property of the Sava Group from January to December 2017

€ thousand

	Land – investment property	Buildings – investment property	Total
<b>COST</b>			
Balance as at 01/01/2017	4,387	4,684	9,071
Transfer	2,543	0	2,543
Decrease due to sale	0	0	0
Write-offs	0	0	0
Impairment	0	-270	-270
<b>Balance as at 31/12/2017</b>	<b>6,930</b>	<b>4,414</b>	<b>11,343</b>
<b>ACCUMULATED DEPRECIATION</b>			
Balance as at 01/01/2017	-1,568	-2,734	-4,302
Transfer	-2,543	0	-2,543
Decrease due to sale	0	0	0
Write-offs	0	0	0
Impairment	0	170	170
Depreciation/amortisation	0	-92	-92
<b>Balance as at 31/12/2017</b>	<b>-4,111</b>	<b>-2,655</b>	<b>-6,766</b>
<b>CARRYING AMOUNT</b>			
Balance as at 01/01/2017	2,819	1,950	4,769
<b>Balance as at 31/12/2017</b>	<b>2,819</b>	<b>1,759</b>	<b>4,577</b>

According to our estimate, the fair value of investment property on 31/12/2017 and 31/12/2016 does not significantly deviate from the book values.

The investment properties are not mortgaged. The Perovo real property, whose book value amounted to €979 thousand, is encumbered with a land debt totalling €2,485 thousand.

With investment properties put on lease, revenues of €959 thousand (2016: €984 thousand) and expenses of €222 thousand (2016: €320 thousand) were generated. With investment properties not put on lease, expenses of €12 thousand (2016: €29 thousand) were shown.

In 2017, the most important investment property – the Jeruzalem Hotel in Ljutomer – was impaired in the total amount of €100 thousand.

The impairment was carried out on the basis of the valuation prepared as part of the financial reporting on 31/12/2017 by a certified real estate valuer. The estimated recoverable amount of the Jeruzalem Hotel is €941 thousand. In estimating the value of the whole real property, the income approach was used. The value of the land was determined using the market approach.

#### Impairment impact

€ thousand

Jeruzalem Hotel	Cost	Accumulated depreciation	Present value
Before impairment	2,688	-1,646	1,041
After impairment	2,417	-1,476	941
<b>Difference</b>	<b>270</b>	<b>-170</b>	<b>100</b>



## Movement of investment property of the Sava Group for 2016

€ thousand

	Land – investment property	Buildings – investment property	Total
<b>COST</b>			
Balance as at 01/01/2016	4,883	8,038	12,921
Transfer	48	825	873
Decrease due to sale	-544	-4,178	-4,722
Write-offs	0	-1	-1
Impairment	0	0	0
Balance as at 31/12/2016	4,387	4,684	9,071
<b>ACCUMULATED DEPRECIATION</b>			
Balance as at 01/01/2016	-1,539	-5,046	-6,585
Transfer	0	-872	-872
Decrease due to sale	0	3,396	3,396
Write-offs	0	1	1
Increased value adjustment	-29	-77	-106
Depreciation/amortisation	0	-136	-136
Balance as at 31/12/2016	-1,568	-2,734	-4,302
<b>CARRYING AMOUNT</b>			
Balance as at 01/01/2016	3,344	2,992	6,336
Balance as at 31/12/2016	2,819	1,950	4,769

### 1.3.12. INVESTMENTS IN ASSOCIATES

On 31/12/2017, only the value of the 40% interest in BLS Sinergije d.o.o. was shown under Investments in associates. There were no changes year-on-year.

### 1.3.13. LONG-TERM SECURITIES AVAILABLE FOR SALE

The value of other shares and stakes totalled €8,474 thousand (2016: €19,854 thousand) and was lower by €11,380 thousand or 57% in comparison with the previous year.

#### Types of long-term securities

	€ thousand	
	31/12/2017	31/12/2016
Shares of listed companies	162	162
Shares and stakes of unlisted companies	2,574	2,805
ALTA.SI, a flexible mixed sub-fund	5,738	16,887
<b>Total</b>	<b>8,474</b>	<b>19,854</b>

#### Movement of long-term securities

	€ thousand	
	2017	2016
<b>Balance as at 01/01</b>	<b>19,854</b>	<b>31,983</b>
Change to fair value	844	4,560
Disposals – at cost	-12,093	-16,546
Impairments	-131	-142
<b>Final balance</b>	<b>8,474</b>	<b>19,854</b>

On 31/12/2017, securities available for sale are valued at fair value. A net positive effect of revaluation amounted to €713 thousand (2016: net €4,418 thousand), €131 thousand (2016: €142 thousand) of which were due to impairments through profit or loss, and a net increase of financial investments totalling €844 thousand (2016: net increase of €4,560 thousand) was shown through fair value reserves in equity.

In 2017, 12,499,384 investment coupons of ALTA.SI were sold. The sale generated a financial revenue of €3,729 thousand.

The value of the investment in 6,249,692 investment coupons of the **ALTA.SI** flexible mixed sub-fund as at 31/12/2017 equals €5,738 thousand (31/12/2016: €16,887 thousand). The fair value was ascertained by using the stock exchange price announced on the last day of the accounting period.

The total 14.07% share in the ALTA.SI sub-fund is pledged for the loans obtained by Sava d.d. The book value of the pledged investment amounts to €5,738 thousand.

The value of the **other shares and stakes** amounted to €2,736 thousand (31/12/2016: €2,967 thousand) and included 1,468,221 shares of Hoteli Bernardin and 4,987 shares of Pokojninska Družba A; they were pledged for the loans obtained by Sava d.d. The book value of the pledged shares amounted to €2,523 thousand.

### 1.3.14. LONG-TERM LOANS AND LONG-TERM OPERATING RECEIVABLES

#### Balance of long-term loans and receivables

	31/12/2017	31/12/2016
Long-term loans given	0	0
Other long-term operating receivables	18	18
<b>TOTAL</b>	<b>18</b>	<b>18</b>

€ thousand

#### Maturity of long-term loans and receivables

	31/12/2017		31/12/2016	
	1 to 5 years	Over 5 years	1 to 5 years	Over 5 years
Long-term loans given	0	0	0	0
Other long-term operating receivables	18	0	18	0
<b>TOTAL</b>	<b>18</b>	<b>0</b>	<b>18</b>	<b>0</b>

€ thousand

#### Movement of long-term loans and receivables

	2017	2016
Balance as at 01/01	18	0
Newly formed receivables	0	18
Decrease	0	0
<b>Final balance</b>	<b>18</b>	<b>18</b>

v 000 EUR

### 1.3.15. ASSETS HELD FOR SALE

Assets held for sale in the amount of €43,656 thousand (31/12/2016: €43,656 thousand) are mostly associated with the financial investment in Gorenjska banka d.d. shares, which are owned by:

- €43,526 thousand by Sava d.d. (31/12/2016: €43,526 thousand) and
- €64 thousand by Sava Turizem d.d. (31/12/2016: €64 thousand).

The book value of a single Gorenjska banka d.d. share is €298, which is the liquidation value that was determined in the compulsory settlement. Clarification on how the shares were sold is provided in the chapter The Course of Financial Restructuring of Sava d.d. in 2017.

For the loans received, Sava d.d. pledged 135,870 shares of Gorenjska banka d.d. The book value of the pledged shares is €40,489 thousand.

### 1.3.16. INVENTORIES

	Gross value		Write-offs in the year		Net value	
	31/12/2017		2017		31/12/2017	31/12/2016
Material	569		0		569	599
Merchandise	83		0		83	62
Unfinished construction projects	320		0		320	1,225
<b>Total</b>	<b>971</b>		<b>0</b>		<b>971</b>	<b>1,887</b>

The real property – the unfinished construction project of Sava Nova d.o.o., Zagreb – is mortgaged for the loans the company received from Sava d.d.

### 1.3.17 SHORT-TERM OPERATING AND OTHER RECEIVABLES

Overview of short-term operating and other receivables

	31/12/2017	31/12/2016
Trade receivables	2,448	2,443
Accrued receivables	738	869
Advances paid	0	43
Receivables for VAT and other taxes	663	365
Other receivables	2,573	2,849
<b>Total</b>	<b>6,422</b>	<b>6,570</b>

### 1.3.18. SHORT-TERM LOANS GIVEN

Overview of short-term loans given

	31/12/2017	31/12/2016
Short-term loans given	9,807	11,664
Short-term portion of long-term loans	0	0
<b>Total</b>	<b>9,807</b>	<b>11,664</b>

The total gross amount of the loan granted to others – *NFD Holding d.d. - in bankruptcy* – totalled €17,806 thousand; the balance of value adjustment as at 31/12/2017 equalled €11,098 thousand and the net shown receivable value €6,708 thousand. Receivables due from NFD Holding d.d. - in bankruptcy - have been pledged in full as collateral to holders of financial receivables arising from the loans given to Sava d.d.

The loans given to NFD Holding (€6,708 thousand net) and interest (€2,517 thousand) shown under operating receivables are mostly secured with bills of exchange and securities, which include 9,154,192 shares of Hoteli Bernardin, 346,243 points in the ALTA.SI flexible mixed sub-fund, 647,318 shares of Istrabenz, 166,484 shares of Melamin, 5,806 shares of Krka and 893 shares of Petrol.

With all the mentioned shares, Sava d.d. is partly the first-entered pledgee and partly the second-entered pledgee. The estimated value of the pledged securities equals €9,999 thousand.

The remaining *short-term loans given* totalling €3,100 thousand are bank deposits. The interest rates are from 0.00% to 0.01%.

### 1.3.19. CASH AND CASH EQUIVALENTS

	€ thousand	
	31/12/2017	31/12/2016
Cash on hand and on transaction accounts	6,178	9,916
<b>Total</b>	<b>6,178</b>	<b>9,916</b>

### 1.3.20. EQUITY CAPITAL AND RESERVES

#### The capital of the Sava Group as at 31/12/2017

The capital of the Sava Group as at 31/12/2017 totalled €37,198 thousand (31/12/2016: €34,715 thousand). It was €2,483 thousand higher year-on-year.

#### Share capital and the share premium account

On 28/11/2016, the Ljubljana District Court entered 21,678,535 newly issued ordinary registered no-par value shares and the *new share capital* of €21,679 thousand in the register of companies under No. Srg 2016/50704. The difference up to the total in-kind contributions made by the creditors to the capital of Sava d.d. equalling €43,357 thousand has been recorded under the *share premium account*.

The shareholders are entitled to a dividend in accordance with the resolution adopted by the General Meeting. The ownership structure is presented in the chapter "Ownership structure". The balance and movement of equity is clear from the statement of changes in equity.

#### Fair value reserves

	€ thousand	
Structure of fair value reserves	31/12/2017	31/12/2016
- From items that will not be reclassified in profit or loss	254	386
- From securities available for sale	1,858	4,637
<b>Fair value reserves</b>	<b>2,112</b>	<b>5,023</b>

#### Retained net loss

	€ thousand	
Movement of retained net loss	31/12/2017	31/12/2016
Retained loss from previous years	-36,298	-74,204
Invalidation of Sava d.d. share capital in the compulsory settlement - to cover retained losses	0	14,061
Change in minority interests - purchase SHBR shares	369	0
Other changes*	-41	-672
Miscellaneous	2	0
<b>Net profit/loss for the period attributable to equity holders of the parent</b>	<b>5,898</b>	<b>24,517</b>
<b>Retained net loss</b>	<b>-30,070</b>	<b>-36,298</b>

\* 2016 - Sava Turizem d.d. - the costs of thermal water concessions for the previous years were covered using profit brought forward.  
2017 - Sava Turizem d.d. - covering of the costs of the subsequently levied VAT balance payment arising from the sale of lands owned by Sava TMC d.o.o.

## Net earnings per share

The share capital is divided into 21,678,535 ordinary registered no-par value shares that all have the voting right and are freely transferrable. All shares are wholly paid in. Sava d.d. has no bonds available to be converted into shares.

### Weighted average number of ordinary shares

	€ thousand	
	2017	2016
Total number of shares	21,678,535	21,678,535
Treasury shares	0	0
Weighted average number of shares	21,678,535	21,678,535

### Net profit attributable to ordinary shares

	€ thousand	
	2017	2016
Net profit/loss for the period (in € thousand)	5,904	24,525
Net profit or loss for the period attributable to equity holders of the parent (in € thousand)	5,898	24,517
Weighted average number of ordinary shares outstanding	21,678,535	21,678,535
<b>Basic earnings per share (in EUR)</b>	<b>0.27</b>	<b>1.13</b>

Diluted net earnings per share equal the basic net earnings per share, because the capital is composed solely from ordinary shares.

The appropriation of profit is only possible within the amount determined in accordance with the Slovenian legislation. According to this legislation, a parent company may distribute the accumulated

profit as determined in the separate financial statements compiled in accordance with Slovenian Accounting Standards.

Sava d.d. showed an uncovered loss of €41,753 thousand on 31/12/2017 and an uncovered loss of €43,349 thousand on 31/12/2016.

	€ thousand	
	2017	2016
Retained loss for the financial year for the Sava Group according to IFRS as adopted by the EU	-30,070	-36,298
Accumulated loss of Sava d.d. for the financial year according to SAS	-41,753	-43,349
<b>Non-distributable difference</b>	<b>-</b>	<b>-</b>

## Minority interest, capital and profit/loss

The share of minority interest, attributable capital and profit/loss for the granddaughter companies is calculated indirectly, through the ownership of the parent company. The value of capital attributable to minority interests as at 31/12/2017 is €834 thousand lower than at the end of last year. In 2017, Sava d.d. increased its ownership stake in Sava Turizem d.d. from 99.05% to 99.91%.

### Overview of companies with minority interests

€ thousand

	Minority interest		Capital attributable to minority interest		Profit attributable to minority interest	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Sava Turizem d.d.	0.09%	0.95%	87	943	5	36
Sava TMC, d.o.o.	0.00%	0.95%	0	-23	0	-36
Sava Zdravstvo d.o.o.	0.09%	0.95%	0	0	0	0
Cardial d.o.o.	15.07%	15.81%	31	33	0	8
SEIC Institute	7.58%	0.00%	2	1	1	0
<b>Total</b>			<b>120</b>	<b>954</b>	<b>6</b>	<b>8</b>

## 1.3.21. LONG-TERM PROVISIONS

### Movement of long-term provisions

	Balance 01/01/2017	Formation	Reversal	Use	Balance 31/12/2017
Provisions for severance payment upon retirement and similar liabilities	1,438	230	-116	-50	1,501
Provisions for lawsuits and other claims	102	0	0	0	102
Warranties	30	0	0	0	30
Other	50	1	0	0	51
<b>TOTAL</b>	<b>1,619</b>	<b>231</b>	<b>-116</b>	<b>-50</b>	<b>1,684</b>

The accrued liabilities to employees included liabilities for severance payment upon retirement and jubilee benefits. Due to a reduced number of employees, a recalculation was not carried out for the employees at Sava d.d. In the case of Sava Turizem d.d., an actuarial calculation was produced based on the following assumptions: severance payment upon retirement and jubilee benefits in accordance with the provisions of the collective and individual work contracts, a 2.5% annual increase in the company's salaries and severance payment upon retirement and jubilee benefits, employee turnover and the selected discount rate of 2.25% annually representing nearly a two-year average of interest rates on long-term bonds issued by the Republic of Slovenia.

Provisions for lawsuits and other claims were formed after consulting lawyers that estimated the outcome of lawsuits filed and other claims.

### 1.3.22. DEFERRED GOVERNMENT GRANTS

#### Movement of deferred government grants

	Balance 01/01/2017	Increase	Reversal	Use	Balance 31/12/2017
Assets of European and other funds	8,075	68	0	-465	7,678
<b>TOTAL</b>	<b>8,075</b>	<b>68</b>	<b>0</b>	<b>-465</b>	<b>7,678</b>

The assets obtained from the European and government structural funds were used by Tourism companies to renew Hotel Radin and Hotel Terapija in Radenci, build the Grand Hotel Primus in Ptuj and the apartment complex in Terme Lendava and Hotel Livada Prestige, renew the Thermalium healthcare centre in Moravske Toplice and Hotel Savica in Bled and to purchase a healthcare programme and renew a CO<sub>2</sub> bath facility.

### 1.3.23. LONG-TERM LOANS RECEIVED AND SHORT-TERM FINANCIAL LIABILITIES

This explanation provides information as to the terms and conditions for the obtained loans. Further information about the company's exposure to interest and exchange rate risk is contained in Item 1.3.35. – Financial instruments.

#### Overview of financial liabilities of the Sava Group

	31/12/2017	31/12/2016
<b>LONG-TERM LOANS</b>		
Loans with domestic banks	45,505	40,198
Loans with foreign banks	0	0
<b>Loans with banks total</b>	<b>45,505</b>	<b>40,198</b>
Long-term liabilities originating from bonds	15,198	15,198
Loans with others entities	104,732	117,457
<b>Total long-term loans</b>	<b>165,434</b>	<b>172,853</b>
<b>SHORT-TERM FINANCIAL LIABILITIES</b>		
Current portion of long-term loans with banks	3,394	3,361
Short-term loans with domestic banks	33	9,574
Short-term loans with foreign banks	0	0
<b>Total short-term loans with banks</b>	<b>3,427</b>	<b>12,935</b>
Short-term liabilities originating from bonds issued	0	0
Short-term loans with other entities	430	512
<b>Total short-term financial liabilities</b>	<b>3,856</b>	<b>13,447</b>
<b>Total loans received and other financial liabilities</b>	<b>169,291</b>	<b>186,300</b>

#### Terms and conditions for loans

31/12/2017	Interest rate (% p.a.)	Maturity of last instalment	Type of collateral
Financial receivables (loans and receivables on the basis of the Resolution on confirmation of compulsory settlement)	1.00% 6M EURIBOR + 2.5 3M EURIBOR + 0.35 to 0.50	2019–2028	bill of exchange, bank guarantee, pledge of real estate, pledge of securities, assignment of claims

The liabilities of Sava d.d. bear interest pursuant to the provisions of the Resolution on confirmation of compulsory settlement, i.e. 1% p.a.



## Maturity of long-term loans

	€ thousand	
	31/12/2017	31/12/2016
Between 1 and 2 years	130,230	34,730
Between 2 and 5 years	14,003	137,576
Over 5 years	21,202	547
<b>Total</b>	<b>165,434</b>	<b>172,853</b>

## Classification of loans with regard to fixed and variable interest rates

				€ thousand
	Fixed interest rate	Variable interest rate		Total
Long-term loans	122,738	42,696		165,434
Short-term loans	78	3,778		3,856
Total	122,816	46,474		169,290

## Loan security

Loans obtained by the Sava Group have been secured by entering mortgages on the real property of the Group companies and by pledging shares owned by Sava d.d.

An explanation about the security of loans of the Sava Group by entering mortgages on the real property is provided under Item 1.3.9.

A detailed explanation as to the shares and real property owned by Sava d.d. is given in Item 2.5.2 of the financial statements with notes for Sava d.d.

## 1.3.24. DEFERRED TAX LIABILITIES/ASSETS

### Overview of deferred tax liabilities/assets

	€ thousand	
	31/12/2017	31/12/2016
Liabilities – revaluation of securities to fair value	-227	-537
Receivables – provisions according to actuarial calculation, disputes	101	104
<b>TOTAL</b>	<b>-127</b>	<b>-433</b>

### Movement of deferred tax liabilities/assets

	€ thousand	
	31/12/2017	31/12/2016
Balance as at 01/01	-433	-24
Change in deferred tax liability – through profit or loss	-13	-360
Change in receivables for provisions for severance pay	-13	0
Final reversal of receivables through profit or loss	0	-360
Decrease of receivables due to sale or discontinued ownership of securities – through profit or loss	0	0
Change in deferred tax liability – in other comprehensive income	319	-49
Change in liability due to revaluation of securities to fair value	309	-3
Other changes in liabilities	10	-46
<b>Final balance</b>	<b>-127</b>	<b>-433</b>

Deferred tax assets that were not accounted arose from impairments of long-term financial investments in the amount of €5,618 thousand (2016: €6,175 thousand).

Deferred tax assets arising from tax loss are not accounted for. The amount of the unaccounted deferred tax assets arising from tax loss of the Sava Group at a 19% tax rate equalled €68,596 thousand on 31/12/2017 (2016: €68,863 thousand).

Total deferred tax assets not accounted for amounted to €74,214 thousand (2016: €75,038 thousand).

### 1.3.25. SHORT-TERM OPERATING LIABILITIES

Liabilities arising from interests on obtained loans were included under other operating liabilities.

#### Overview of short-term operating liabilities

	€ thousand	
	31/12/2017	31/12/2016
Liabilities to suppliers	5,997	4,829
Liabilities for obtained advances	830	660
VAT and other taxes	698	1,473
Liabilities to employees	1,680	1,623
Other operating liabilities	308	443
<b>Total</b>	<b>9,513</b>	<b>9,028</b>

### 1.3.26. SHORT-TERM PROVISIONS

Short-term provisions of €6,212 thousand (2016: €4,520 thousand) mainly include short-term provisions for severance pay, unused working hours and annual leave, payment of the 2017 job performance bonus and deferred revenues from the sale of gift vouchers.

### 1.3.27. SALES REVENUES

#### Overview of sales revenues

	€ thousand	
	2017	2016
Revenues from the sale of products	1,252	0
Rental revenue	959	984
Revenues from other services rendered	71,711	67,253
Revenues from merchandise sold	812	850
<b>Total</b>	<b>74,734</b>	<b>69,087</b>

### 1.3.28. OTHER OPERATING REVENUES

#### Overview of other operating revenues

	€ thousand	
	2017	2016
Reversal of unused provisions	116	3
Revenues from government grants and incentives	644	616
Proceeds from sale of property, plant and equipment	414	24
Proceeds from sale of investment property	0	1,192
Other operating revenues	495	1,271
<b>Total</b>	<b>1,669</b>	<b>3,107</b>

### 1.3.29. COSTS BY FUNCTIONAL GROUP

#### Overview of costs by functional group

	€ thousand	
	2017	2016
Manufacturing costs of products and services sold	50,854	48,570
Selling costs	4,784	4,984
Costs of general overheads	15,361	12,260
<b>TOTAL</b>	<b>70,999</b>	<b>65,814</b>

The manufacturing costs of products and services sold are associated with direct costs in Tourism.

### 1.3.30. LABOUR COSTS

#### Overview of labour costs

	€ thousand	
	2017	2016
Wages and salaries	16,855	16,605
Social security costs	2,776	2,709
Other labour costs	4,648	3,955
<b>Total</b>	<b>24,279</b>	<b>23,269</b>

Other labour costs include pay for annual leave and other compensations in accordance with the collective agreement (meals and commuting to/from work).

In 2016, 823 employees were employed on average (2016: 830 employees).

### 1.3.31. AMORTISATION/DEPRECIATION EXPENSES, WRITE-OFFS

#### Overview of amortisation/depreciation expenses

	€ thousand	
	2017	2016
Property, plant and equipment - impairment	848	0
Property, plant and equipment - write-offs	29	24
Property, plant and equipment - loss from sale	53	4
Intangible fixed assets - write-offs	1	0
Investment property - impairment	100	106
Receivables	66	364
<b>Total</b>	<b>1,096</b>	<b>499</b>

In 2017, receivables of the Tourism companies in the amount of €66 thousand were impaired through profit or loss (2016: €364 thousand).

### 1.3.32. OTHER OPERATING EXPENSES

#### Overview of other operating expenses

	2017	2016
Formation of long-term provisions	225	0
Other operating expenses	2,775	2,582
<b>Total</b>	<b>3,000</b>	<b>2,582</b>

Other operating expenses mainly include compensations for the use of construction land, fees for obtaining various permits and payments of water fees.

#### Other data on costs

	2017	2016
Research and development costs	0	0
Direct operating expenses for investment properties	234	349
- Rent-generating	222	320
- Not generating revenue	12	29

### 1.3.33. NET FINANCING REVENUE

#### Overview of financing revenues and financing expenses

	2017	2016
Profit from disposal of financial assets	4,000	4,547
Revenues from dividends and shares in profit	18	20
Interest revenues	1	8
Financing revenues from reversal of accrued late interest following the compulsory settlement	0	13,917
Revenues generated by the 90% write-off of receivables following the compulsory settlement	0	3,415
Other	11	74
<b>Financial revenues</b>	<b>4,030</b>	<b>21,981</b>
Interest expenses	-2,836	-2,474
Impairment of financial investments available for sale	-130	-142
Impairment of loans granted	-12	0
Loss from disposal of financial assets	0	-3
Impairment of assets available for sale	0	-438
Other	-66	-2
<b>Financial expenses</b>	<b>-3,044</b>	<b>-3,059</b>
<b>Net revenues/expenses</b>	<b>986</b>	<b>18,922</b>

### 1.3.34. CORPORATE INCOME TAX

Tax on profit recognised in the income statement

€ thousand

	2017	2016
<b>Tax assessed for the current year</b>		
– For the current year	-473	-417
<b>Total</b>	<b>-473</b>	<b>-417</b>
<b>Deferred tax</b>		
– Newly arisen and withdrawn temporary differences	-13	-361
<b>Total</b>	<b>-13</b>	<b>-361</b>
<b>Tax to the debit of profit and loss</b>	<b>-486</b>	<b>-777</b>

Comparison between the actual and the calculated tax rate

€ thousand

	Tax rate	2017	Tax rate	2016
Pre-tax profit in accordance with IFRSs		6,392		19,619
Income tax by applying the official rate	19.0%	1,214	17.0%	3,335
Tax non-deductible expenses	6.3%	401	6.8%	1,330
Tax-free revenues	-22.1%	-1,410	-20.6%	-4,043
Tax reliefs not recognised in profit or loss	-2.2%	-141	-0.4%	-84
Effect by companies operating with a loss and effect of losses in consolidation	6.6%	422	1.2%	240
<b>Effective tax rate</b>	<b>7.6%</b>	<b>486</b>	<b>4.0%</b>	<b>777</b>

### 1.3.35. FINANCIAL INSTRUMENTS

#### Foreign exchange risk

The Sava Group mainly does business in the euro zone. There were no derivatives to hedge foreign exchange risk in 2017. Considering the volume of foreign currency transactions, foreign exchange risk is estimated as low.

#### Overview of values in connection to foreign exchange risk

€ thousand

	31/12/2017					31/12/2016				
	Total in EUR	EUR	USD	CHF	Other curr.	Total in EUR	EUR	USD	CHF	Other curr.
Trade receivables	2,448	2,448	0	0	0	2,442	2,436	0	0	6
Secured bank loans	-48,897	-48,897	0	0	0	-53,134	-53,133	0	0	0
Financial liabilities originating from bonds issued	-15,198	-15,198	0	0	0	-15,198	-15,198	0	0	0
Trade payables and other liabilities	-9,513	-9,510	0	0	-3	-9,028	-9,017	0	0	-10
Other loans received	-105,194	-105,161	0	0	-33	-117,968	-117,967	0	0	-2
<b>Balance sheet gross exposure</b>	<b>-176,354</b>	<b>-176,319</b>	<b>0</b>	<b>0</b>	<b>-36</b>	<b>-192,886</b>	<b>-192,880</b>	<b>0</b>	<b>0</b>	<b>-5</b>
Estimated forecast sales	90,747	90,747	0	0	0	68,191	68,191	0	0	0
Estimated forecast procurement	-41,903	-41,873	0	0	-30	-32,029	-32,029	0	0	0
<b>Gross exposure</b>	<b>48,844</b>	<b>48,874</b>	<b>0</b>	<b>0</b>	<b>-30</b>	<b>36,162</b>	<b>36,162</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net exposure</b>	<b>-127,510</b>	<b>-127,445</b>	<b>0</b>	<b>0</b>	<b>-66</b>	<b>-156,724</b>	<b>-156,718</b>	<b>0</b>	<b>0</b>	<b>-5</b>

#### Interest rate risk

In 2017, Sava Turizem d.d. rescheduled its financial obligations under more favourable financing conditions based on changes in the EURIBOR rate. The EURIBOR interest rate remained negative in 2017 and no major changes are expected in 2018.

Until 30/11/2019, the financial receivables of Sava d.d. are going to accrue interest at a fixed nominal interest rate of 1% p.a.

The Sava Group companies have not concluded any instruments to hedge interest rate risk.

Given the stated circumstances, the risk of changed market interest rates in the Sava Group is low.

#### Solvency risk

Sava d.d. is settling its financial obligations pursuant to the final Resolution on confirmation of compulsory settlement, which envisages repayment upon the disposal of the company's pledged financial investments or at the end of a three-year period following the final confirmation of the compulsory settlement. On 31/12/2017, Sava d.d. had recognised financial obligations in the amount of €125,915 thousand (31/12/2016: €137,822 thousand). In 2017, companies in the Tourism business refinanced existing loans, thereby ensuring sector-appropriate maturity and sources with a more favourable interest rate.

The Sava Group companies regularly settle the agreed financial and other commercial obligations and seek options for improvements in operative business to strengthen their cash flow.

Taking into account the final conclusion of the compulsory settlement of Sava d.d. in 2016, the fulfilment of the Financial Restructuring Plan and the refinancing of the companies in the Tourism business, the solvency risk in the Sava Group is low.

## Overview of values in connection with solvency risk

€ thousand

31/12/2017	Book value	Contractual cash flow	6 months or less	6-12 months	1-2 yrs	2-5 yrs	Over 5 years
<b>Non-derivative financial liabilities</b>	<b>178,803</b>	<b>-181,209</b>	<b>-10,319</b>	<b>-4,237</b>	<b>-127,661</b>	<b>-11,148</b>	<b>-27,844</b>
Secured bank loans (excluding associates)	48,897	-48,985	-22	-3,416	-7,869	-10,181	-27,498
Trade payables and other liabilities	9,513	-9,507	-9,507	0	0	0	0
Loans from associates	0	0	0	0	0	0	0
Bonds	15,198	-15,498	-75	-75	-15,348	0	0
Other financial liabilities	105,194	-107,219	-715	-746	-104,444	-967	-346
Overdrafts on bank accounts	0	0	0	0	0	0	0
Liabilities from financial leasing	0	0	0	0	0	0	0
<b>Derivative financial liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Interest rate swaps for hedging against risk	0	0	0	0	0	0	0
<b>Total</b>	<b>178,803</b>	<b>-181,209</b>	<b>-10,319</b>	<b>-4,237</b>	<b>-127,661</b>	<b>-11,148</b>	<b>-27,844</b>

€ thousand

31/12/2016	Book value	Contractual cash flow	6 months or less	6-12 months	1-2 yrs	2-5 yrs	Over 5 years
<b>Non-derivative financial liabilities</b>	<b>195,328</b>	<b>-199,418</b>	<b>-12,383</b>	<b>-11,942</b>	<b>-32,137</b>	<b>-142,086</b>	<b>-870</b>
Secured bank loans (excluding associates)	53,134	-53,279	-2,386	-11,077	-29,822	-9,125	-870
Trade payables and other liabilities	9,028	-9,028	-9,028	0	0	0	0
Loans from associates	0	0	0	0	0	0	0
Bonds	15,198	-15,655	-82	-75	-150	-15,348	0
Other financial liabilities	117,968	-121,456	-887	-791	-2,166	-117,613	0
Overdrafts on bank accounts	0	0	0	0	0	0	0
Liabilities from financial leasing	0	0	0	0	0	0	0
<b>Derivative financial liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Interest rate swaps for hedging against risk	0	0	0	0	0	0	0
<b>Total</b>	<b>195,328</b>	<b>-199,418</b>	<b>-12,383</b>	<b>-11,942</b>	<b>-32,137</b>	<b>-142,086</b>	<b>-870</b>

## Credit risk

This is reduced by using a standardised policy of monitoring the creditworthiness of our customers and other business partners. To decrease exposure to this risk, we make use of the customer rating system to supervise bad payers and carry out

ongoing compensations. Measures to minimise credit risk exposure rely on our own in-depth ratings, operations based on advance payments, supervision over bad payers, ongoing debt recovery, by lodging executions, compensations and using recovery via collection agencies.

### Trade receivables by territory

	Carrying amount	
	31/12/2017	31/12/2016
	€ thousand	
Slovenia	1,929	1,933
Other EU countries	461	410
Other	59	100
<b>TOTAL</b>	<b>2,448</b>	<b>2,442</b>

### Overview of balance and movement of value adjustments in trade receivables

	2017	2016
	€ thousand	
Initial balance	597	724
Increased value adjustment	66	364
Decreased value adjustment	-156	-490
<b>Final balance</b>	<b>507</b>	<b>597</b>

### Age structure of trade receivables

	31/12/2017			31/12/2016		
	Gross receivables	Impairment	Net receivables	Gross receivables	Impairment	Net receivables
Not past due	2,060	0	2,060	1,945	0	1,945
Past due 0-30 days	330	0	330	391	0	391
Past due 31-120 days	157	99	58	202	96	106
Past due more than 120 days	407	407	0	502	502	0
<b>TOTAL</b>	<b>2,954</b>	<b>506</b>	<b>2,448</b>	<b>3,040</b>	<b>597</b>	<b>2,442</b>

## Sensitivity analysis to financial risks

### Sensitivity analysis to interest rate changes

The financial liabilities of the parent company Sava d.d. represent 72% of all loan liabilities of the Sava Group and will until 30/11/2019 bear interest at the fixed nominal interest rate of 1% p.a. The remaining loan liabilities refer to Tourism and are mainly tied to the EURIBOR reference interest rate, which remained negative in 2017 and no major changes are expected in 2018. The credit portfolio's sensitivity to interest rate changes is low. Considering the indebtedness of the Sava Group at the end of 2017, the annual interest expense would change by €262 thousand if the interest rate on the loan liabilities of the Tourism companies changed by 50 basis points.

### Sensitivity analysis to increased indebtedness

At the end of 2017, the Sava Group had €169.3 million of short-term and long-term financial liabilities. Thanks to the activities being carried out in line with the confirmed compulsory settlement, the Sava Group business plan and the refinancing of the companies in the Tourism business, the risk of increased indebtedness is low.

### Sensitivity analysis to exchange rate changes

Sava Group companies have the majority of their operations tied to the domestic currency, which is why its exposure to exchange rate changes is low.



### 1.3.36. FAIR VALUES OF FINANCIAL INSTRUMENTS

Overview of fair values of financial instruments

	€ thousand			
	31/12/2017	31/12/2017	31/12/2016	31/12/2016
	Book value	Fair value	Book value	Fair value
Securities available for sale	8,474	8,474	19,854	19,854
Assets held for sale	43,656	43,656	43,656	43,656
Short-term receivables	6,422	6,422	6,570	6,570
Loans granted	9,825	9,825	11,682	11,682
Cash and cash equivalents	6,178	6,178	9,916	9,916
Long-term loans with a fixed interest rate	-107,540	-107,540	-119,353	-119,353
Long-term loans with a fixed interest rate originating from bonds issued	-15,198	-15,198	-15,198	-15,198
Long-term loans with a variable interest rate	-42,696	-42,696	-38,302	-38,302
Long-term operating liabilities	0	0	15,198	15,198
Short-term loans	-3,856	-3,856	-13,447	-13,447
Short-term operating liabilities	-9,513	-9,513	-9,028	-9,028

#### Fair value hierarchy

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 the accounting period;
- Level 2: assets or liabilities that are not classified as Level 1, their value being determined directly or indirectly based on market data;
- Level 3: assets or liabilities whose value cannot be obtained from market data.

Classification of financial instruments with regard to fair value calculations

	2017				2016			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Securities available for sale	8,474	161	5,738	2,575	19,854	161	16,887	2,806
Derivative financial instruments – assets	0	0	0	0	0	0	0	0
Derivative financial instruments – liabilities	0	0	0	0	0	0	0	0
<b>Total</b>	<b>8,474</b>	<b>161</b>	<b>5,738</b>	<b>2,575</b>	<b>19,854</b>	<b>161</b>	<b>16,887</b>	<b>2,806</b>

### 1.3.37. CONTINGENT LIABILITIES

As at 31/12/2017, the Sava Group companies do not have any significant contingent liabilities.

Denationalisation claims are explained in 1.3.40.

### 1.3.38 RELATED PARTIES

Related parties include subsidiaries in the Sava Group, owners of Sava d.d.\*, companies associated with the owners\*\*, members of the Board of Directors, members of the BoD committees and the company's Executive Director.

\* Disclosures of transactions with owners include owners having more than 20% ownership stakes.

\*\* The following criteria were applied in disclosing transactions with companies associated with the owners:

- companies having more than a 20% ownership stake in the company that owns Sava d.d.;
- companies in which the companies owning Sava d.d. have more than a 20% ownership stake;
- the value of transactions for these companies will be disclosed in the total amount;
- to the extent that the total value of transactions is less than €100 thousand, transactions will not be disclosed.

#### Business relations among companies in the Sava Group

Business relations between Sava Group companies mainly involve mutually provided services: use of trademarks, services provided by professional

services and mutual financial operations involving given and received loans.

Business among the related parties is performed under the same conditions as in an ordinary arm's length transaction.

#### Business relations with the owners of Sava d.d. and with the companies associated with the owners

Outstanding liabilities to the owners in the total amount of €108,152 thousand refer to the financial liabilities of Sava d.d. arising from the received loans and to the operating liabilities of Sava d.d. arising from interest for December 2017. Expenses of €1,140 thousand, which Sava d.d. incurred in 2017, represent interest charged on financial liabilities.

99% of the outstanding liabilities to the parties related to the owners in the total amount of €3,257 thousand are disclosed within Sava d.d. and are mainly associated with the financial liabilities arising from received loans.

#### Transactions with the owners and with the companies associated with the owners

Related parties	Outstanding receivables As at 31/12/2017	Outstanding liabilities as at 31/12/2017	Revenues in 2017	Expenses in 2017
<b>Transactions with the owners (over 20%)</b>	<b>0</b>	<b>108,152</b>	<b>0</b>	<b>1,140</b>
York Global Finance Offshore BDH (Luxembourg) S.à r.l.	0	27,158	0	306
Slovenski državni holding d.d.	0	40,497	0	417
Kapitalska družba d.d.	0	40,497	0	417
<b>Transactions with the companies associated with the owners*</b>	<b>0</b>	<b>3,257</b>	<b>7</b>	<b>94</b>
<b>Total</b>	<b>0</b>	<b>111,409</b>	<b>7</b>	<b>1,234</b>

#### Relations with natural persons

##### Ownership of the Sava share on 31/12/2017

Members of the Board of Directors and of the BoD committees, the Executive Director of Sava d.d. and members of the governance bodies and their

immediate family members, directors of subsidiaries and members of their supervisory bodies hold no shares of Sava.

##### Gross remunerations in 2017

	31/12/2017	€ thousand 31/12/2016
Executive Director of Sava d.d. and management team members in Group companies	566	503
Other employees with individual contracts in Group companies	5,862	5,791
Members of the Board of Directors of Sava d.d. and Supervisory Board members in Group companies	188	203

#### Receivables of Group companies due from related persons

As at 31/12/2017, Sava Group companies have no receivables due from related natural persons.

#### Liabilities of Group companies to related persons

As at 31/12/2017, Sava Group companies disclosed liabilities to related persons arising from regular monthly salaries for December 2017, which were paid in January 2018. The amount does not deviate from the ordinary interim monthly payments.

Disclosures of remunerations of Sava d.d.'s Board of Directors and Executive Director are presented in 2.5.7. of the financial part of the Annual Report of Sava d.d.

Disclosures of remunerations of Sava Turizem d.d.'s management and Supervisory Board members are presented in 6.2.4.38. of the financial part of the Annual Report of Sava Turizem d.d.

### 1.3.39. DISCLOSING BUSINESS WITH AUDITORS

	€ thousand	
	2017	2016
Costs of auditing the Annual Report	64	63
Costs of other auditing services	2	2
<b>TOTAL</b>	<b>66</b>	<b>65</b>

### 1.3.40. EXPLANATION IN CONNECTION WITH THE DENATIONALISATION CLAIMS IN SAVA TURIZEM D.D.

#### a) Denationalisation claim – Höhn-Šarič

Zdravilišče Radenci d.o.o. was one of the parties in the Höhn-Šarič denationalisation procedure. The applicants of the denationalisation claim requested that a part of the property within the health resort complex be returned. In 2015, the proceedings were finally decided upon. Based on the application for the issue of a temporary injunction, the property which is the subject of the procedure was separated out from the ownership restructuring of the company until the completion of the denationalisation procedure, and Sava Turizem d.d. will keep it off the balance sheet until the final completion of the procedure. Following the final completion of the matter of denationalisation, in 2017 the denationalisation beneficiaries lodged a constitutional complaint upon which the Constitutional Court set aside the final decisions issued and remanded the case for re-examination.

#### b) Denationalisation claim – Wiesler and Purre-Wiesler

On 23/12/2010, the applicants filed an application with the Novo mesto Local Court for the return of confiscated property pursuant to Article 145 of the Enforcement of Criminal Sanctions Act and a land register proposal for a note on the dispute regarding the properties that are the subject of this procedure against 11 opposing parties, with Zdravilišče Radenci d.o.o. being among them; the court noted the dispute by issuing a resolution on 22/02/2011.

The Novo mesto Local Court issued a resolution on 25/03/2013 rejecting the return of confiscated property; this ruling was confirmed by the Ljubljana Higher Court with resolution Ref. No. II Cp 215/2014 dated 19/03/2014. The Supreme Court of the Republic of Slovenia, however, granted the applicants' revision request and issued resolution Ref. No. II Ips 250/2014 dated 28/05/2015, setting aside the resolutions of the Courts of Second and First Instance, and remanded the case to the Court of First Instance for reconsideration.

In the repeated procedure, the court issued a resolution dated 10/05/2016 whereby it re-determined the value of the matter in dispute at €34,200,000.00 and again rejected the application

for the return of confiscated property; it also imposed the costs of proceedings on the respective parties.

The applicants filed an appeal against the decision in the part relating to the rejection of the application for the return of confiscated property, supplementing it on 28/09/2016. A response to the appeal in the procedure was filed for Sava Turizem d.d. on 20/10/2016, contesting the applicants' appeal in its entirety.

On 19/07/2017, the Higher Court issued resolution Ref. No. II Cp 3024/2016 rejecting the appeals of the applicants and of the 8th counterparty and confirming the resolution of the Court of First Instance.

The two applicants applied for a review of the issued resolution on 23/08/2017.

The Supreme Court of the Republic of Slovenia has not yet decided on the case.

#### c) Denationalisation claim – Čeh

A procedure is in progress before the Radovljica Administrative Unit in which Ana Jelka Čeh is requesting land in the area of the Želeče cadastral municipality to be returned, while Sava Turizem d.d. is a party having interest in this case. With judgment Ref. No. IU 1049/2014-19 dated 23/09/2015, the Administrative Court set aside the decision of the Radovljica Administrative Unit and remanded the case to the same authority for reconsideration. The Radovljica Administrative Unit is managing the repeated procedure under Ref. No. D 321-39/1991. On 14/12/2017, decision No. D-321-39/1991-97 was issued, rejecting the claim of the claimant Ana Jelka Čeh for the return of land in kind.

The company's management estimates that the denationalisation beneficiaries will not be successful in the procedure.

## 1.4. STATEMENT BY THE BOARD OF DIRECTORS FOR THE SAVA GROUP

The Board of Directors confirms the consolidated financial statements of the Sava Group for the year ended on 31/12/2017.

The Board of Directors 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 Group's assets and business results for 2017.

The Board of Directors is responsible for properly managing its accounting procedures, for establishing, operating and maintaining internal control in relation to the preparation and fair presentation of 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 Board of Directors confirms herewith that the financial statements and notes have been produced under the going concern assumption for Sava Group companies and in compliance with the relevant legislation and International Financial Reporting Standards as adopted by the EU.

Ljubljana, 05/04/2018

### BOARD OF DIRECTORS OF SAVA D.D.:

  
**Klemen Boštjančič**, Chairman

  
**Dejan Rajbar**, Deputy Chairman

  
**Tina Pelcar Bugar**, Member

  
**Matej Narat**, Member

  
**Aleš Škoberne**, Member

## 1.5. INDEPENDENT AUDITOR'S REPORT FOR THE SAVA GROUP



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### INDEPENDENT AUDITOR'S REPORT to the owners of Sava d.d.

#### Opinion

We have audited the accompanying consolidated financial statements of the company Sava d.d. and its subsidiaries (hereinafter 'the Group'), which comprise the consolidated balance sheet as at 31 December 2017, and the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and consolidated cash flow statement for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU (hereinafter 'IFRSs').

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in *the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other ethical requirements that are relevant to our audit of the financial statements in Slovenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Material uncertainty related to going concern

As disclosed in the financial statements Note 2 - *The proceedings of enforced settlement in 2017* to the financial statements, the enforced settlement of the parent company Sava d.d. was finally confirmed on 12.11.2016. The deadline for the repayment of the creditors as specified in the Financial Restructuring Plan is 30.11.2019. The financial liabilities of Sava d.d. in the amount of 125,915 EUR thousand are due in 2019, and the repayment depends on the implementation of the objectives defined in the Financial Restructuring Plan. These circumstances indicate the existence of material uncertainty that could raise serious doubt about the Company's ability to continue as a going concern. Liquidity risk management is explained in more detail in Note 1.3.5. - *Financial risk management*. Our audit opinion has not been modified in relation to the emphasis of matter.

#### Contingent liabilities

As discussed in note 1.3.40. - *Explanation regarding the status of denationalisation claims in the company Sava Turizem, d.d.*, this Sava Group company has been a subject of various denationalisation claims. Since it is not possible to estimate reliably the future liabilities or to predict the probability of these liabilities settlement, the criteria for recognition of provisions have not been met. It is expected that the process of resolving these claims will be long-lasting and that the claims may have a material

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impact on future operations of the Group. Our audit opinion has not been modified in relation to the emphasis of matter.

#### **Other information**

The other information comprises the information, included in Annual report, other than the financial statements and our auditor's report thereon. Other information were obtained prior to the date of this auditor's report, except Report from Management Board, which is expected to be made available to us after that date. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, assess whether the other information is materially inconsistent with the consolidated financial statements, legal requirements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
  - The other information is prepared in compliance with applicable law or regulation.
- In addition, our responsibility is to report, based on the knowledge and understanding of the Group obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

#### **Responsibilities of Management and Management Board for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so

Management Board is responsible for overseeing the Group's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence concerning the financial statements of group companies or their business activities in order to express an opinion on the consolidated financial statements. We are responsible for conducting, overseeing and performing the audit of the Group. We have sole responsibility for the audit opinion expressed.

With Management Board we communicate the planned scope and timing of the audit and significant findings from the audit, including significant deficiencies in internal control we have identified during our audit.

DELOITTE REVIZIJA d.o.o.

Tina Kolenc Praznik  
Certified auditor

*For signature please refer to the original Slovenian version.*

**Deloitte.**  
DELOITTE REVIZIJA D.O.O.  
Ljubljana, Slovenija 3

Ljubljana, 27.3.2018

**TRANSLATION ONLY – SLOVENIAN ORIGINAL PREVAILS**

## 2. Financial statements of Sava d.d. with notes in accordance with Slovenian Accounting Standards

### 2.1. FINANCIAL STATEMENTS OF SAVA D.D. ON 31/12/2017

Balance sheet of Sava d.d. as at 31/12/2017

	Notes	31/12/2017	31/12/2016
€ thousand			
<b>ASSETS</b>			
<b>A. LONG-TERM ASSETS</b>		<b>96,265</b>	<b>107,415</b>
<b>I. INTANGIBLE ASSETS, LONG-TERM DEFERRED COSTS AND ACCRUED REVENUES</b>	<b>2.4.1.</b>	<b>15</b>	<b>17</b>
1. Long-term property rights		14	17
2. Goodwill		0	0
3. Advances for intangible assets		0	0
4. Long-term deferred development costs		0	0
5. Other long-term deferred costs and accrued revenues		1	0
<b>II. TANGIBLE FIXED ASSETS</b>	<b>2.4.2.</b>	<b>59</b>	<b>97</b>
1. Land and buildings		0	0
a) Land		0	0
b) Buildings		0	0
2. Production plants and machinery		58	75
3. Other plant and equipment		1	22
4. Tangible fixed assets being acquired		0	0
a) Tangible fixed assets under construction and development		0	0
b) Advances for acquiring tangible fixed assets		0	0
<b>III. INVESTMENT PROPERTY</b>	<b>2.4.3.</b>	<b>732</b>	<b>739</b>
1. Leased to subsidiaries		0	0
2. Leased to other companies		287	294
3. Not leased		445	445
<b>IV. LONG-TERM FINANCIAL INVESTMENTS</b>	<b>2.4.4.</b>	<b>95,001</b>	<b>106,104</b>
1. Long-term financial investments excluding loans		95,001	106,104
a) Shares and stakes in Group companies		86,652	86,350
b) Shares and stakes in associates		0	0
c) Other shares and stakes		8,349	19,754
d) Other long-term financial investments		0	0
2. Long-term loans		0	0
a) Long-term loans to companies in the Group		0	0
b) Long-term loans to others		0	0
c) Long-term unpaid called-up capital		0	0
<b>V. LONG-TERM OPERATING RECEIVABLES</b>	<b>2.4.5.</b>	<b>458</b>	<b>458</b>
1. Long-term operating receivables due from companies in the Group		458	458
2. Long-term operating trade receivables		0	0
3. Long-term operating receivables due from others		0	0
<b>VI. DEFERRED TAX ASSETS</b>	<b>2.4.6., 2.4.27.</b>		
<b>B. SHORT-TERM ASSETS</b>		<b>56,520</b>	<b>58,621</b>
<b>I. ASSETS (DISPOSAL GROUPS) AVAILABLE FOR SALE</b>	<b>2.4.4.</b>	<b>43,526</b>	<b>43,526</b>
<b>II. INVENTORIES</b>		<b>0</b>	<b>0</b>
1. Material		0	0
2. Work in progress		0	0
3. Products and merchandise		0	0
4. Advance payments for inventories		0	0
<b>III. SHORT-TERM FINANCIAL INVESTMENTS</b>	<b>2.4.7.</b>	<b>9,868</b>	<b>10,927</b>
1. Short-term financial investments excluding loans		0	0
a) Shares and stakes in Group companies		0	0
b) Other shares and stakes		0	0
c) Other short-term financial investments		0	0



	Notes	31/12/2017	31/12/2016
€ thousand			
2. Short-term loans		9,868	10,927
a) Short-term loans to companies in the Group		160	1,263
b) Short-term loans to others		9,708	9,665
c) Short-term unpaid called-in capital		0	0
<b>IV. SHORT-TERM OPERATING RECEIVABLES</b>	<b>2.4.8.</b>	<b>2,690</b>	<b>3,042</b>
1. Short-term operating receivables due from Group companies		141	375
2. Short-term operating trade receivables		27	5
3. Short-term operating receivables due from others		2,522	2,662
<b>V. CASH</b>	<b>2.4.9.</b>	<b>436</b>	<b>1,126</b>
1. Cash on hand and on transaction accounts		436	1,126
2. Short-term deposits		0	0
a) Short-term deposits in related companies		0	0
b) Short-term deposits in associates		0	0
c) Short-term deposits in other entities		0	0
<b>C. SHORT-TERM DEFERRED COSTS AND ACCRUED REVENUES</b>		<b>16</b>	<b>1</b>
<b>ASSETS TOTAL</b>		<b>152,801</b>	<b>166,037</b>

The notes form an integral part of these financial statements and should be read in conjunction with them.

	Notes	31/12/2017	31/12/2016
€ thousand			
<b>LIABILITIES</b>			
<b>A. CAPITAL</b>	<b>2.4.10.</b>	<b>25,073</b>	<b>26,312</b>
<b>I. CALLED-UP CAPITAL</b>		<b>21,679</b>	<b>21,679</b>
1. Share capital		21,679	21,679
2. Uncalled capital (as a deductible item)		0	0
<b>II. CAPITAL RESERVES</b>		<b>43,357</b>	<b>43,357</b>
<b>III. PROFIT RESERVES</b>		<b>0</b>	<b>0</b>
1. Legal reserves		0	0
2. Reserves for treasury shares and own business stakes		0	0
3. Treasury shares and own business stakes (as a deductible item)		0	0
4. Statutory reserves		0	0
5. Other profit reserves		0	0
<b>IV. REVALUATION RESERVES</b>		<b>0</b>	<b>0</b>
– from tangible fixed assets		0	0
– from intangible fixed assets		0	0
<b>V. RESERVES FROM VALUATION AT FAIR VALUE</b>		<b>1,790</b>	<b>4,626</b>
– from long-term financial investments		1,790	4,626
– from short-term financial investments		0	0
– Actuarial gains or losses		0	0
<b>VI. RETAINED NET PROFIT OR LOSS</b>		<b>-41,753</b>	<b>-43,349</b>
<b>VII. NET PROFIT OR LOSS FOR THE FINANCIAL YEAR</b>		<b>0</b>	<b>0</b>
<b>B. PROVISIONS AND LONG-TERM ACCRUED COSTS AND DEFERRED REVENUES</b>	<b>2.4.12.</b>	<b>47</b>	<b>63</b>
1. Provisions for pensions and similar liabilities		47	63
2. Other provisions		0	0
3. Long-term accrued costs and deferred revenue		0	0
<b>C. LONG-TERM LIABILITIES</b>	<b>2.4.13.</b>	<b>126,141</b>	<b>138,362</b>
<b>I. LONG-TERM FINANCIAL LIABILITIES</b>		<b>125,915</b>	<b>137,822</b>
1. Long-term financial liabilities to Group companies		3,271	3,271
2. Long-term financial liabilities to banks		4,431	4,748
3. Long-term liabilities arising from bonds		15,198	15,198
4. Other long-term financial liabilities		103,015	114,604
<b>II. LONG-TERM OPERATING LIABILITIES</b>		<b>0</b>	<b>0</b>
1. Long-term operating liabilities to Group companies		0	0
2. Long-term operating liabilities to suppliers		0	0
3. Long-term bills of exchange payable		0	0
4. Long-term operating liabilities arising from advances		0	0
5. Other long-term operating liabilities		0	0
<b>III. DEFERRED TAX LIABILITIES</b>	<b>2.4.27.</b>	<b>226</b>	<b>540</b>
<b>D. SHORT-TERM LIABILITIES</b>	<b>2.4.14.</b>	<b>389</b>	<b>563</b>
<b>I. LIABILITIES INCLUDED IN THE DISPOSAL GROUP</b>		<b>0</b>	<b>0</b>
<b>II. SHORT-TERM FINANCIAL LIABILITIES</b>		<b>0</b>	<b>0</b>
1. Short-term financial liabilities to Group companies		0	0
2. Short-term financial liabilities to banks		0	0
3. Short-term liabilities arising from bonds		0	0
4. Other short-term financial liabilities		0	0
<b>III. SHORT-TERM OPERATING LIABILITIES</b>		<b>389</b>	<b>563</b>
1. Short-term operating liabilities to Group companies		52	11
2. Short-term operating liabilities to suppliers		87	92
3. Short-term bills of exchange payable		0	0
4. Short-term operating liabilities from advances		0	0
5. Other short-term operating liabilities		250	460
<b>E. SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUES</b>	<b>2.4.15.</b>	<b>1,151</b>	<b>737</b>
<b>TOTAL LIABILITIES</b>		<b>152,801</b>	<b>166,037</b>

The notes form an integral part of these financial statements and should be read in conjunction with them.

## Income statement of Sava d.d. for the period from January to December 2017

		€ thousand	
	Notes	2017	2016
<b>1. NET SALES REVENUES</b>	<b>2.4.16.</b>	<b>603</b>	<b>783</b>
a) Revenues in the domestic market		603	783
To companies in the Group		559	565
To associates		0	0
To others		44	218
b) Revenues in the foreign market		0	0
To companies in the Group		0	0
To associates		0	0
To others		0	0
<b>2. CHANGE IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS</b>		<b>0</b>	<b>0</b>
<b>3. CAPITALISED OWN PRODUCTS AND SERVICES</b>		<b>0</b>	<b>0</b>
<b>4. OTHER OPERATING REVENUES (including operating revenues from revaluation)</b>	<b>2.4.16.</b>	<b>26</b>	<b>1,831</b>
<b>5. COSTS OF GOODS, MATERIALS AND SERVICES</b>	<b>2.4.18.</b>	<b>-1,450</b>	<b>-1,529</b>
a) Cost of goods and material sold and the costs of material used		-15	-31
b) Costs of services		-1,435	-1,498
<b>6. LABOUR COSTS</b>	<b>2.4.19.</b>	<b>-743</b>	<b>-995</b>
a) Wages and salaries		-599	-771
b) Social security costs		-110	-138
– Social security costs		-45	-57
– Pension insurance costs		-65	-81
c) Other labour costs		-34	-85
<b>7. AMORTISATION/DEPRECIATION EXPENSES, WRITE-OFFS</b>	<b>2.4.20.</b>	<b>-46</b>	<b>-187</b>
a) Amortisation		-46	-81
b) Operating expenses from revaluation of intangible and tangible fixed assets		0	-106
c) Operating expenses from the revaluation of current assets		0	0
<b>8. OTHER OPERATING EXPENSES</b>		<b>-10</b>	<b>-123</b>
<b>9. OPERATING LOSS</b>		<b>-1,620</b>	<b>-219</b>
<b>10. FINANCIAL REVENUES FROM SHARES</b>	<b>2.4.21.</b>	<b>5,228</b>	<b>4,556</b>
a) Financial revenues from shares in Group companies		1,179	0
b) Financial revenues from shares in associates		0	0
c) Financial revenues from shares in other companies		3,976	4,556
d) Financial revenues from other investments		73	0
<b>11. FINANCIAL REVENUES FROM LOANS GRANTED</b>	<b>2.4.22.</b>	<b>92</b>	<b>14,275</b>
a) Financial revenues from loans to Group companies		92	258
b) Financial revenues from loans to others		0	1
c) Financial revenues from reversal of accrued late interest following the compulsory settlement		0	14,016
<b>12. FINANCIAL REVENUES FROM OPERATING RECEIVABLES</b>		<b>3</b>	<b>9</b>
a) Financial revenues from operating receivables due from Group companies		3	8
b) Financial revenues from operating receivables due from other entities		0	1
<b>13. FINANCIAL EXPENSES FROM IMPAIRMENT AND WRITE-OFF OF FINANCIAL INVESTMENTS</b>	<b>2.4.23.</b>	<b>-297</b>	<b>-1,595</b>
<b>14. FINANCIAL EXPENSES FROM FINANCIAL LIABILITIES</b>	<b>2.4.24.</b>	<b>-1,309</b>	<b>-183</b>
a) Financial expenses from loans received from Group companies		-26	-3
b) Financial expenses from loans received from banks		-46	-6
c) Financial expenses from bonds issued		-150	-20
d) Financial expenses from other financial liabilities		-1,087	-153
<b>15. FINANCIAL EXPENSES FROM OPERATING LIABILITIES</b>		<b>0</b>	<b>0</b>
a) Financial expenses from operating liabilities to Group companies		0	0
b) Financial expenses from liabilities to suppliers and bills of exchange payable		0	0
c) Financial expenses from other operating liabilities		0	0
<b>16. OTHER REVENUES</b>	<b>2.4.25.</b>	<b>204</b>	<b>67</b>
<b>17. OTHER EXPENSES</b>	<b>2.4.25.</b>	<b>-705</b>	<b>-81</b>
<b>18. TAX ON PROFIT</b>	<b>2.4.26.</b>	<b>0</b>	<b>0</b>
<b>19. DEFERRED TAX</b>	<b>2.4.6., 2.4.27.</b>	<b>0</b>	<b>0</b>
<b>20. NET PROFIT OR LOSS FOR THE PERIOD</b>		<b>1,596</b>	<b>16,829</b>

The notes form an integral part of these financial statements and should be read in conjunction with them.

Statement of other comprehensive income of Sava d.d. for the period from January to December 2017

	€ thousand	
	2017	2016
<b>Net profit for the period</b>	<b>1,596</b>	<b>16,829</b>
<b>Other comprehensive income:</b>		
<b>Items that may be classified in profit or loss subsequently</b>		
- Change in fair value of available-for-sale financial assets	819	4,561
- Deferred tax on change in fair value of available-for-sale financial assets	-103	-464
- Change in fair value of available-for-sale financial assets transferred to profit or loss	-3,969	-4,547
- Deferred tax from a change in fair value of available-for-sale financial assets transferred to profit or loss	417	406
<b>Items that will not be classified in profit or loss</b>		
<b>Other comprehensive income less deferred tax for the fin. period</b>	<b>-2,836</b>	<b>-43</b>
<b>Total comprehensive income for the fin. period</b>	<b>-1,240</b>	<b>16,785</b>

Cash flow statement of Sava d.d. for the period from January to December 2017

	€ thousand	
	2017	2016
<b>A. Cash flows from operating activities</b>		
<b>a. Net profit or loss</b>	<b>1,596</b>	<b>16,829</b>
Profit or loss before tax	1,596	16,829
Tax on profit and other taxes not included in operating expenses	0	0
<b>b. Adjustments for:</b>	<b>-3,668</b>	<b>-18,036</b>
Depreciation	46	81
Operating revenues from revaluation in connection with items of investing and financing activities	0	-1,170
Operating expenses from revaluation in connection with items of investing and financing activities	0	106
Financial revenues excluding financial revenues from operating receivables	-5,320	-18,832
Financial expenses excluding financial expenses from operating liabilities	1,606	1,779
<b>c. Changes in net current assets (and deferred and accrued items, provisions and deferred tax assets and liabilities) of the balance sheet operating items</b>	<b>595</b>	<b>-591</b>
Opening less closing operating receivables	314	128
Opening less closing deferred costs and accrued revenues	-15	2
Opening less closing deferred tax assets	0	0
Opening less closing assets (disposal groups) held for sale	0	0
Opening less closing inventories	0	0
Closing less opening operating liabilities	-102	-457
Closing less opening accrued costs and deferred revenues and provisions	398	-264
Closing less opening deferred tax liabilities	0	0
<b>d. Net cash inflow or outflow from operating activities (a + b + c)</b>	<b>-1,477</b>	<b>-1,799</b>
<b>B. Cash flows from investing activities</b>		
<b>a. Receipts from investing activities</b>	<b>14,597</b>	<b>23,547</b>
Interest and dividends received from investing activities	2,502	503
Receipts from the disposal of intangible assets	0	0
Receipts from the disposal of tangible fixed assets	2	0

€ thousand

	2017	2016
Receipts from the disposal of investment property	0	2,496
Receipts from the disposal of financial investments	12,093	20,548
<b>b. Disbursements for investing activities</b>	<b>-513</b>	<b>-2,728</b>
Disbursements for the acquisition of intangible assets	-1	0
Disbursements for the acquisition of tangible fixed assets	0	-11
Disbursements for the acquisition of investment property	0	0
Disbursements for the acquisition of financial investments	-512	-2,717
<b>c. Net cash inflow or outflow from investing activities (a + b)</b>	<b>14,084</b>	<b>20,819</b>
<b>C. Cash flows from financing activities</b>		
<b>a. Receipts from financing activities</b>	<b>0</b>	<b>0</b>
Receipts from paid-up capital	0	0
Receipts from the increase in financial liabilities	0	0
<b>b. Disbursements for financing activities</b>	<b>-13,296</b>	<b>-18,200</b>
Interest paid on financing activities	-1,389	0
Disbursements for the repayment of equity	0	0
Disbursements for the repayment of financial liabilities	-11,907	-18,200
Dividends and other profit shares paid	0	0
<b>c. Net cash inflow or outflow from financing activities (a + b)</b>	<b>-13,296</b>	<b>-18,200</b>
<b>D. Closing balance of cash</b>	<b>436</b>	<b>1,126</b>
a. Net cash inflow or outflow for the period (sum total of the net cash Ad, Bc and Cc)	-690	820
b. Opening balance of cash	1,126	306

There were no significant excluded non-monetary items in 2017.

Description of significant non-monetary items that were excluded in 2016:

- €14,061 thousand – invalidation of shares and the share capital, and a decrease of the remaining uncovered loss,
- €21,679 thousand – increase of the share capital with a non-cash contribution,
- €43,357 thousand – increase of capital reserves with a non-cash contribution,

- €137,822 thousand – transfer of short-term financial liabilities and a part of operating liabilities to long-term financial liabilities,
- €14,016 thousand – reversal of accrued late interest from 2014 and 2015 and their transfer to financial revenues,
- €1,595 thousand – impairment of long-term financial investments and loans,
- €106 thousand – impairment of investment property,
- €458 thousand – transfer from short-term to long-term operating receivables.

Statement of changes in equity for the period from 31/12/2016 to 31/12/2017

	Share capital
<b>A.1. BALANCE AS AT 31/12/2016</b>	<b>21,679</b>
a) Retroactive restatements	0
b) Retrospective adjustments	0
<b>A.2. INITIAL BALANCE AS AT 01/01/2017</b>	<b>21,679</b>
<b>B.1. Changes in equity – transactions with owners</b>	<b>0</b>
<b>B.2. Total comprehensive income for the reporting period</b>	<b>0</b>
a) Entry of net profit or loss for the reporting period	0
d) Change in fair value of available-for-sale financial assets	0
e) Deferred tax on change in fair value of available-for-sale financial assets	0
f) Change in fair value of available-for-sale financial assets transferred to profit or loss	0
g) Deferred tax from a change in fair value of available-for-sale financial assets transferred to profit or loss	0
<b>B.3. Changes in capital</b>	<b>0</b>
a) Disbursement of the remaining net profit of the comparable reporting period to other capital elements	0
<b>C. CLOSING BALANCE AS AT 31/12/2017</b>	<b>21,679</b>

Statement of changes in equity of Sava d.d. for the period from 31/12/2015 to 31/12/2016

	Share capital	Capital reserves
<b>A.1. BALANCE AS AT 31/12/2015</b>	<b>14,061</b>	<b>0</b>
a) Retroactive restatement	0	0
b) Retrospective adjustments	0	0
<b>A.2. INITIAL BALANCE AS AT 01/01/2016</b>	<b>14,061</b>	<b>0</b>
<b>B.1. Changes in equity – transactions with owners</b>	<b>7,618</b>	<b>0</b>
e) Disposal or withdrawal of treasury shares and own business stakes	0	0
i) Other changes in equity	7,618	0
<b>B.2. Total comprehensive income for the reporting period</b>	<b>0</b>	<b>0</b>
a) Entry of net profit or loss for the reporting period	0	0
d) Change in fair value of available-for-sale financial assets	0	0
e) Deferred tax on change in fair value of available-for-sale financial assets	0	0
f) Change in fair value of available-for-sale financial assets transferred to profit or loss	0	0
g) Deferred tax from a change in fair value of available-for-sale financial assets transferred to profit or loss	0	0
<b>B.3. Changes in capital</b>	<b>0</b>	<b>43,357</b>
a) Disbursement of the remaining net profit of the comparable reporting period to other capital elements	0	0
f) Other changes in capital	0	43,357
<b>C. CLOSING BALANCE AS AT 31/12/2016</b>	<b>21,679</b>	<b>43,357</b>

Accumulated loss of Sava d.d. as at 31/12/2017

	31/12/2017	31/12/2016
<b>NET PROFIT OR LOSS FOR THE PERIOD</b>	<b>1,596</b>	<b>16,829</b>
Retained loss as at 01/01	-43,349	-83,596
Other changes	0	23,418
<b>Accumulated loss at period end</b>	<b>-41,753</b>	<b>-43,349</b>

€ thousand

€ thousand

Capital reserves	Reserves from valuation at fair value	Retained net profit	Retained net loss	Net profit for the financial year	Net loss for the financial year
43,357	4,626	0	-43,349	0	26,312
0	0	0	0	0	0
0	0	0	0	0	0
43,357	4,626	0	-43,349	0	26,312
0	0	0	0	0	0
0	-2,836	0	0	1,596	-1,240
0	0	0	0	1,596	1,596
0	819	0	0	0	819
0	-103	0	0	0	-103
0	-3,969	0	0	0	-3,969
0	417	0	0	0	417
0	0	0	1,596	-1,596	0
0	0	0	1,596	-1,596	0
43,357	1,790	0	-41,753	0	25,073

€ thousand

Reserves for treasury shares and own business stakes	Treasury shares and own business stakes (as a deductible item)	Reserves from valuation at fair value	Retained net profit	Retained net loss	Net profit for the financial year	Net loss for the financial year	Total capital
4,977	-4,977	4,670	0	-47,248	0	-36,348	-64,866
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
4,977	-4,977	4,670	0	-47,248	0	-36,348	-64,865
-4,977	4,977	0	0	14,061	0	0	21,679
-4,977	4,977	0	0	0	0	0	0
0	0	0	0	14,061	0	0	21,679
0	0	-43	0	0	0	16,829	16,785
0	0	0	0	0	0	16,829	16,829
0	0	4,561	0	0	0	0	4,561
0	0	-464	0	0	0	0	-464
0	0	-4,547	0	0	0	0	-4,547
0	0	406	0	0	0	0	406
0	0	0	0	-10,162	-16,829	36,348	52,714
0	0	0	0	-19,519	-16,829	36,348	0
0	0	0	0	9,357	0	0	52,714
0	0	4,626	0	-43,349	-16,829	16,829	26,312

## 2.2. NOTES ON THE FINANCIAL STATEMENTS OF SAVA D.D.

### 2.2.1. BASIS FOR THE PREPARATION OF 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 ending on 31/12/2017. The ownership structure of Sava d.d. is explained under Item 6 of Introduction/Corporate Governance. The financial statements have been drawn up under the assumption of a going concern.

The Annual Report can be accessed on the company's website at [www.sava.si](http://www.sava.si).

#### Statement

These financial statements are compiled on the basis of the 2016 Slovenian Accounting Standards adopted by the Slovenian Institute of Auditors that entered into force on 01/01/2016. The Executive Director approved the financial statements on 06/03/2018.

#### Clarification of the effects of transition to SAS 2016 – in the comparison year 2016

In the financial year ended 31/12/2015, Sava d.d. did not evaluate tangible and intangible fixed assets using the revaluation model. They were evaluated using the cost model. Investments into subsidiaries and associates were evaluated at cost, not at fair value. The company had no investment property under construction or development. Owing to the above, the transition to SAS 2016 did not produce any effects that would require making restatements.

#### Functional currency

The financial statements are presented in euros, which has been the functional currency of the company since 01/01/2007. All financial information is presented in euros and rounded to the nearest thousand. When adding together, minor differences can appear due to rounding.

#### Changes in accounting policies

In 2017, no changes in the accounting policies took place.

#### Foreign currency transactions

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

Cash and liabilities denominated in foreign currencies at the balance sheet date are translated

into euros at the then valid reference rate of the ECB. Foreign exchange gains/losses represent differences between the amortised cost in functional currency at the beginning of the period adjusted by the amount of effective interest and payments during the period and the amortised cost in foreign currency calculated at the reference exchange rate of the ECB at the period end. Foreign exchange differences are recognised in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost are translated to the functional currency at the reference exchange rate of the ECB in force on the transaction date. Non-monetary items and liabilities denominated in foreign currencies that are stated at fair value are translated to the euro at the reference exchange rate of the ECB in force on the date the fair value was determined. Foreign exchange differences are recognised in profit or loss.

### 2.2.2. SIGNIFICANT ACCOUNTING POLICIES

#### Property, plant and equipment

##### a) Classification of tangible fixed assets

A tangible fixed asset is an asset owned or held by an organisation under finance lease, or controlled in some other way, for use in the production or supply of goods or services, for rental to others or for administrative purposes and that is expected to be used during more than one accounting period. At Sava d.d., tangible fixed assets are composed solely of equipment.

##### b) Recognition and derecognition of tangible fixed assets

Tangible fixed assets are recognised if it is probable that the expected future economic benefits that are attributable to the assets will flow to the entity and if the cost of the asset can be measured reliably. They are derecognised on their disposal or when no future economic benefits are expected from their use or disposal.

##### c) Initial measurement and depreciation of tangible fixed assets

On initial recognition, a tangible fixed asset is measured at its cost.

It comprises its purchase price, including import duties and non-refundable purchase taxes, as well as the directly attributable costs of bringing the asset to the condition necessary for the intended use, especially the cost of its delivery and installation and the estimated cost of decommissioning, removal and restoration. The cost of the asset may increase due to borrowing costs related to the acquisition of the asset until it is brought to its working condition.



On recognition, tangible fixed assets are measured at cost. They are stated at their carrying amounts, which represent their cost, less accumulated depreciation and accumulated impairment losses.

The costs incurred on initial recognition of an asset increase its acquisition cost if they increase its future benefits compared to initial estimates.

Expenditure on repairs or maintenance is made to restore or maintain the future economic benefits expected on the basis of the originally assessed standard of performance of the assets. They are recognised as operating expenses.

Depreciation of a tangible fixed asset begins on the first day of the following month after it has been made available for use. Depreciation is accounted for on a straight-line basis over its estimated useful life and is recognised as an expense in the accounting period. Depreciation rates are from 5.0% to 33.3% and have not changed from last year.

Tangible fixed assets do not have an estimated residual value.

#### **d) Revaluation of tangible fixed assets**

Revaluation is a modification of carrying amounts due to impairment. A tangible fixed asset is revalued due to impairment if its carrying amount exceeds its recoverable amount, which the company verifies at least once per year. Any impairment loss on a tangible fixed asset measured under the cost model is recognised in the income statement.

### **Investment property**

#### **a) Classification of investment property**

Investment property is held to either earn rental revenue and/or increase the long-term investment value or both. Investment property includes land held to increase value in the near future or for which the organisation has not determined a future use and owned buildings held to earn rental income.

#### **b) Recognition and derecognition of investment property**

An investment property is recognised if it is probable that the expected future economic benefits that are attributable to the property will flow to the entity and if the cost of the property can be measured reliably. An investment property is derecognised on disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal.

#### **c) Initial financial measurement and depreciation of investment property**

On initial recognition, an investment property is measured at cost. The cost comprises its purchase price and any directly contributable expenditure. Directly attributable expenditure includes, for example, professional fees for legal services, property transfer taxes, borrowing costs and other transaction costs. Borrowing costs are included in the acquisition cost until the property is ready for service, if this lasts longer than one year.

On recognition, investment properties are measured using the cost model. They are stated at their carrying amounts, which represent their cost less accumulated depreciation and accumulated impairment losses.

The costs incurred on initial recognition of an asset increase its acquisition cost if they increase its future benefits compared to initial estimates.

Expenditure on repairs or maintenance is made to restore or maintain the future economic benefits expected on the basis of the originally assessed standard of performance of the assets. They are recognised as operating expenses.

Depreciation of an investment property begins on the first day of the following month after it has been made available for use. Land is not depreciated. Depreciation of buildings is accounted for on a straight-line basis over their estimated useful life and is recognised as an expense in the accounting period. Depreciation rates are from 2.0% to 5.0% and have not changed from last year.

Investment properties do not have an estimated residual value.

#### **d) Revaluation of investment property**

Revaluation is a modification of carrying amounts due to impairment. An investment property is revalued due to impairment if its carrying amount exceeds its recoverable amount, which the company verifies at least once per year. Any impairment loss measured under the cost model is recognised in the income statement.

The fair value of investment property is determined for disclosure purposes.

### **Financial investments**

#### **a) Classification of financial investments**

Financial investments are financial assets of an investing organisation with the expectation that the returns arising from it will increase its financial revenues. Financial investments in the equity of other organisations are investments in equity instruments. Financial investments in loans are investments in the liabilities of other organisations or issuers. Financial investments also comprise investments in derivatives.

Sava d.d.'s financial investments in equity and loans are divided into investments in controlled organisations in the Group, into investments classified as available-for-sale financial assets, which are divided into investments in the shares of listed companies and the shares and stakes of unlisted companies, and into the flexible mixed sub-fund investment.

## **b) Recognition and derecognition of financial investments**

Financial investments are financial assets recognised in the balance sheet as long-term and short-term financial investments. Long-term financial investments in equity are investments that an investing organisation intends to hold for a period longer than one year, and that are not held for trading.

Long-term financial investments in loans are investments that fall due more than one year after the balance sheet date.

A financial investment is recognised if it is probable that future economic benefits will flow to the entity and if its cost can be measured reliably.

When accounting for a regular acquisition or a disposal of available-for-sale financial assets, the asset is recognised or derecognised on the basis of the trade date.

A financial investment is derecognised if the contractual rights associated with it cease.

## **c) Initial measurement of financial investments**

On initial recognition, an organisation must measure the financial investment at fair value. The transaction costs arising directly from the acquisition must be added to the initial cost.

Financial investments in equity, equity securities of other companies or debt securities of other companies and loans given are measured at cost on initial recognition, which equals the paid sum of money or its equivalents.

## **d) Revaluation of financial investments**

A revaluation of financial investments represents a change in their book values and does not apply to the contractual interest ascribed to it and other changes to the principal of investments. It usually appears as revaluation of investments to fair value, revaluation resulting from impairment or revaluation resulting from reversal of their impairment.

After initial recognition, financial assets must be measured at fair value without any deductions for transaction costs that may occur on disposal. Financial investments in loans are measured at amortised cost using the effective interest method. Financial investments in equity instruments whose prices are listed on an active market are measured at their prices on the balance sheet date.

Financial investments in equity instruments that do not have a listed price on an active market and whose fair value cannot be reliably measured are measured at cost, whereby their fair value is determined by checking for signs of possible impairments.

Financial investments in controlled organisations are measured and accounted for at cost.

The latest revaluation of available-for-sale financial investments not listed on an active securities market and of financial investments in the equity of controlled organisations was carried out on 31/12/2017, which is also the date of the latest revaluation of listed available-for-sale financial investments.

The financial investment is impaired, resulting in a loss, only if there is objective evidence of impairment as a result of an event after initial recognition. An impairment test of financial investments is carried out separately for each investment or group of investments.

A demonstrated profit or loss shown for an available-for-sale financial asset is recognised directly in equity as an increase or decrease in reserves resulting from valuation at fair value. A loss resulting from revaluation due to impairment that could not be settled with reserves is recognised as a loss in the income statement. It cannot be invalidated.

If a decrease in the fair value of an available-for-sale financial investment was recognised directly as a negative revaluation reserve and impartial evidence exists that the asset is impaired over a long-term period, the impairment is recognised in the income statement as a financial expense.

Interest calculated according to the effective interest method is recognised in the income statement. Dividends on a capital instrument are recognised in the income statement when the organisation's right to receive payment is established.

## **Receivables**

### **a) Classification of receivables**

Receivables are rights based on property and other legal relationships to require a particular person to pay a debt or, in the case of a prepayment, the performance of a service. Operating receivables also include receivables associated with financial revenues deriving from financial investments. Advances made are recognised in the balance sheet in relation to the economic category they relate to.

Receivables are divided into those related to organisations in the Group, to associate organisations and to others.

## b) Recognition and derecognition of receivables

Receivables are recognised as assets if it is likely that economic benefits will arise in connection with them, if their historical cost can be measured reliably and when control over the contractual rights related to them starts. A receivable is derecognised when the contractual rights to benefits are realised, become expired or are assigned.

## c) Initial measurement of receivables

After initial acknowledgement, receivables of all kinds are shown as the amounts arising from appropriate documents with the assumption they are to be paid. Original receivables can later be increased or, irrespective of payment or any other settlement, decreased by every amount that is proven by an agreement.

Interests from receivables are considered financial revenues.

## d) Revaluation of receivables

The revaluation of receivables is a change in their carrying amount. It occurs primarily in the form of a revaluation of receivables due to their impairment or reversal of impairment, i.e. a decrease or possibly a subsequent increase to collectible value.

Receivables are measured at amortised cost. If there is impartial evidence that a loss has occurred, the latter is recorded under operating expenses related to receivables. Adjustments of receivables from interests and dividends are recorded under financial expenses from revaluation.

Any receivables where the assumption after the initial recognition is that they will not be settled, or that they will not be settled in full, must be disclosed as doubtful and, if court proceedings have already begun, disputable.

Value adjustments in receivables are in each case formed by the company as follows:

- a 100% adjustment in all receivables under litigation and receivables filed in bankruptcy proceedings and compulsory settlement proceedings; and
- a 100% adjustment for receivables which according to the best professional judgement are doubtful and the outcome of a possible litigation is justifiably uncertain due to customer insolvency.

## Cash

Cash and cash equivalents comprise cash balances on transaction accounts.

## Capital

Total capital of an organisation is its liability towards its owners that falls due for payment if the organisation is closed down. In this case, the amount of capital is adjusted according to the then realisable price of net worth. Capital is determined on the basis of the sums invested by the owners and the sums generated during operation that belong to the owners. It is decreased by the loss from operations, repurchased treasury shares and withdrawals.

The total capital comprises called-up capital, capital reserves, profit reserves, revaluation reserves, reserves from valuation at fair value, retained net profit or loss and temporarily undistributed net profit or unsettled net loss for the financial year.

## Provisions

### a) Classification of provisions

Provisions are made by an entity for its present obligations that arise from obligating past events and are expected to be settled in a period that cannot be defined with certainty, but a reliable estimate can be made of the settlement amount. These are treated as debts in the wider sense.

The purpose of provisions is to collect funds in the form of accrued costs that will, in the future, enable coverage of costs arising at a later date. These provisions include provisions for reorganisation, for expected losses from onerous contracts and for jubilee benefits and severance payments upon retirement.

Contingent liabilities are not treated as provisions.

### b) Recognition and derecognition of provisions

A provision is recognised if there is a present legal or constructive obligation as a result of a past event and if it is more likely than not that an outflow of resources embodying economic benefits will be required to settle the obligation and if the amount of the obligation can be measured reliably.

Provisions are derecognised upon exhaustion of the possibilities for which the provisions were formed or if there is no longer any need for them.

Provisions can only be used for the same types of items for which they were originally recognised or, in justified cases, for similar items.

In compliance with the law, the Collective Agreement and internal rules, Sava d.d. is obligated to pay jubilee benefits and severance payment upon retirement to employees for which it forms long-term provisions in the amount of the estimated future severance payments and jubilee benefits discounted at the balance sheet date. No other pension liabilities exist.

Provisions for reorganisation refer to costs and the estimate of liabilities associated with risk due to the implementation of the Financial Restructuring Plan.

#### **c) Initial measurement of provisions**

A provision equals the value of the expenditures expected to be required to settle the obligation. If the effect of the time value of money is important, the expected expenditures must be appropriately discounted to their present value.

The carrying amount of provisions equals their historical cost less any sums spent until the need for their increase or decrease arises.

#### **d) Revaluation and measurement of changes in provisions**

Revaluation is not performed on provisions. At the end of the period, due to changes in estimates, provisions are adjusted so that they match the value of the expected expenditure necessary to settle an obligation. Actuarial gains and losses are not recognised in the income statement, but rather directly in equity under reserves resulting from valuation at fair value.

### **Debts**

#### **a) Classification of debts**

Debts are recognised liabilities that concern the financing of own assets that have to be returned or settled, primarily in monetary form. Deferred tax liabilities are considered a special type of debt.

Debts may be either financial or operating and long-term or short-term. Debts are divided into debts to organisations in the Group and into debts to others. They are further divided into debts funded by banks and debts funded by other legal and natural persons.

#### **b) Recognition and derecognition of debts**

A debt is recognised as a liability if it is likely that an outflow of resources embodying economic benefits will result from its settlement and if the amount at which the settlement will take place can be measured reliably. A debt is recognised on the date determined in a contract or another legal act.

A debt is derecognised when the liability has been discharged, invalidated or expired.

#### **c) Initial measurement of debts**

Debts are initially recognised at the amounts arising from the relevant documents on their creation. Debts are increased by accrued interest or reduced by the amounts paid and by possible other ways of settlement if so agreed with the creditors.

As a rule, debts are measured at amortised cost using the effective interest method, but when no material difference exists between the effective and the actual interest rate, they may be measured at historical cost less any repayments.

When measuring debts, Sava d.d. observes the policy that the agreed interest rate does not materially differ from the effective interest rate if the difference is less than one percentage point.

#### **d) Revaluation of debts**

Revaluation occurs when a debt is denominated in a foreign currency. Exchange rate differences arising from conversion are recorded as financial revenues or financial expenses.

### **Accruals for financial assets and liabilities**

#### **a) Classification of accruals for financial assets and liabilities**

Accruals for financial assets and liabilities can be either long-term or short-term and include deferred costs and accrued revenues and accrued costs and deferred revenues. Contingent receivables or contingent liabilities are not treated as accruals.

#### **b) Recognition and derecognition of accruals for financial assets and liabilities**

Accruals for financial assets and liabilities are recognised if it is probable that economic benefits attributable to them will increase/decrease in the future and if their value can be measured reliably.

They are derecognised upon exhaustion of the given possibilities or if there is no longer any need for them.

Accruals for financial assets and liabilities can only be used for the same types of items for which they were originally recognised.

#### **c) Initial measurement of accruals for financial assets and liabilities**

The present balance of items of deferred costs and accrued revenues must be established on the balance sheet date and items of accrued costs and deferred revenues may not include any hidden reserves. Bringing them in line with the present adjusts any expenses and revenues up to that date in respect of which they originally appeared.

#### **d) Revaluation of accruals for financial assets and liabilities**

Accruals for financial assets and liabilities are not revaluated. Upon compiling the financial statements, their present balance is verified along with the justification for their formation.

## Revenues

### a) Classification of revenues

Revenues represent increases in economic benefits in the accounting period in the form of increased assets or decreased debts. Through their effect on profit or loss, they influence the capital amount.

Revenues are classified into operating revenues, financial revenues and other revenues. Operating revenues are divided into those related to controlled organisations in the Group, to associate organisations and to others. Operating revenues and financial revenues are considered to be ordinary revenues.

Operating revenues comprise sales revenues and other operating revenues. Revenues from services rendered are recognised in the income statement with regard to the stage of completion. Rental income from investment property is recognised under revenues on a straight line basis over the term of the lease. Operating revenues from revaluation arise on disposal of intangible fixed assets, tangible fixed assets and investment properties as a positive difference between their disposable value and their carrying amount.

Financial revenues are revenues generated by investing activities. They comprise interest and dividends paid as well as revenues from disposal of available-for-sale financial assets.

Other revenues comprise unusual items and other revenues, and are expressed in the actual amounts incurred.

### b) Recognition of revenues

Revenues are recognised if their amounts can be reliably estimated, if economic benefits from them are likely, if the costs associated with the transactions can be reliably measured and when it can be reasonably expected that they will produce cash receipts, unless such receipts were realised on the incurrence of revenues.

### c) Initial measurement of revenues

Revenues from the rendering of services other than services resulting in financial revenues are measured using their selling prices with respect to the stage of their completion. Revenues occurring unevenly are not recognised in advance.

Interest revenues are recognised on a time proportion basis, taking into account the principal outstanding and the interest rate applicable.

Dividend revenues are recognised in the period in which the General Meeting adopts a resolution on dividend payment.

## Expenses

### a) Classification of expenses

Expenses represent decreased economic benefits during the accounting period in the form of decreases of assets or increases of debts. Through their effect on profit or loss, they influence the capital amount.

Expenses are broken down into operating, financial and other expenses. Operating expenses and financial expenses are ordinary expenses.

Operating expenses comprise the costs of materials, goods and services, labour costs, write-offs and other operating expenses. Operating expenses from revaluation arise on revaluation of tangible, intangible and current assets and investment properties to a lower value and on the disposal of intangible fixed assets, tangible fixed assets and investment properties as a negative difference between their disposable value and their carrying amount.

Financial expenses include expenses from financing and investing activities. Financial expenses primarily comprise interest, while investment expenses mostly have the nature of financial expenses from revaluation.

Other expenses comprise unusual items and other expenses and are expressed in the actual amounts incurred.

### b) Recognition of expenses

Expenses are recognised if the decrease in economic benefits in the accounting period is tied to a decrease in assets or an increase in debt and if this decrease can be reliably measured. Expenses are therefore recognised when they occur along with the decrease in assets or increase in debts.

### c) Initial measurement of expenses

Interest expenses are included in the amount accrued in the same accounting period, except when these are included in tangible fixed assets. Operating expenses from revaluation are recognised when the relevant revaluation has been carried out.

## Corporate income tax and deferred tax

Corporate income tax for the financial year comprises current and deferred tax. Corporate income tax is disclosed in the income statement, except where it refers to items directly disclosed in equity, in which case it is disclosed 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 disclosed 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 amount payable in line with the law upon the elimination of temporary differences enacted or substantively enacted on the reporting 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 deferred asset can be utilised in the future. Deferred tax assets are reduced by the amount for which it is no longer probable that an asset-related tax benefit can be claimed.

Sava d.d. has no recognised deferred tax assets.

### **Net earnings/loss per share**

The share capital is divided in ordinary nominal no-par value shares, which is why the organisation disclosed the basic earnings per share. Basic earnings per share are calculated by dividing the profit by the weighted average number of ordinary shares outstanding in the financial period.

Diluted net earnings/loss per share equal the basic net earnings/loss per share, as the organisation has no preference shares or convertible bonds available. The number of issued shares did not change until the reporting date.

### **Preparation of the balance sheet**

The balance sheet has been prepared in line with SAS 20, using basic breakdown of the balance sheet items for external business reporting.

### **Preparation of the income statement**

The income statement has been prepared in line with SAS 21, using a basic breakdown of the income statement items for external business reporting – version I.

### **Preparation of the cash flow statement**

The cash flow statement has been prepared in line with SAS 22, using a breakdown of the cash flow statement items for external business reporting – version II. It has been prepared by considering the data from the income statement for the period from January to December 2017 (for the past period from January to December 2016), the balance sheet data as at 31/12/2017 and 31/12/2016 (for the past period 31/12/2016 and 31/12/2015) and other required data. The cash flow statement excludes the more important values that are not connected with revenues and expenses.

## **2.3. FINANCIAL RISK MANAGEMENT**

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 due to a change in the financial asset value.

This risk is one of the critical risks Sava d.d. is exposed to, as it is strongly connected with achieving the planned return and implementation of the formulated strategy.

Risk of changes in fair value is reduced through diversifying the investment portfolio and active supervision over the operations of the companies in which Sava d.d. holds a significant ownership stake.

In terms of changes in the value of investments, the market circumstances are relatively stable, and we estimate that the risk of fair value change is moderate.

### **Interest rate risk**

Interest rate risk involves the risk that the value of financial assets and costs of contracting debts will change as a result of the changed market interest rates. November 2016 saw the issue of the Resolution on confirmation of compulsory settlement proceedings against Sava d.d. specifying the nominal interest rate of 1% p.a. for the next three years after the finality of the compulsory settlement proceedings, i.e. until 30/11/2019.

The risk of changes in the interest rate for the next three-year period following the confirmation of the compulsory settlement proceedings is low.

### **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 represents a danger that trade receivables or receivables due from other business partners will be settled with a delay or not at all.

Sava d.d. generates a principal part of its revenues in doing business with its subsidiaries where the risk for non-payment is low. Special attention is devoted to monitoring the solvency of customers outside the Sava Group with which Sava d.d. has a business relationship. The majority of the increased credit risk Sava d.d. is exposed to is due to credit transactions made with NFD Holding d.d. in the past, which has been in bankruptcy proceedings since 06/01/2015, but Sava d.d. is managing this risk by implementing the activities outlined in the Financial Restructuring Plan.

## Solvency risk

This involves the risk that the company will not meet its financial obligations in due time. Sava d.d. is settling its financial obligations pursuant to the final Resolution on confirmation of compulsory settlement, which envisages repayment of obligations upon the disposal of the company's pledged financial investments or at the end of a three-year period following the final confirmation of the compulsory settlement, i.e. on 30/11/2019. On 31/12/2017, Sava d.d. had recognised financial obligations in the amount of €125,915 thousand (31/12/2016: €137,822 thousand).

The solvency risk is low on account of the stated three-year term for repayment of financial obligations and the Financial Restructuring Plan.

## Foreign exchange risk

Foreign exchange rate risk involves the risk of losing economic benefits due to changes in the foreign currency exchange rates. Sava d.d. mainly does business in the Eurozone, therefore this risk is considered low in the company.

## Capital management

Sava d.d. has no employee stock option scheme.

The regulatory bodies do not have any capital requirements towards the parent company or subsidiaries of the Sava Group.

## Going concern risk

In accordance with Article 136 of the ZFPPIPP, the purpose of compulsory settlement proceedings is to restructure a debtor in a manner that will enable its continued operations. On 12/11/2016, the compulsory settlement of Sava d.d. became final.

## 2.4. BREAKDOWN AND NOTES TO THE FINANCIAL STATEMENTS

### 2.4.1. INTANGIBLE ASSETS, LONG-TERM DEFERRED COSTS AND ACCRUED REVENUES

In 2017, depreciation of intangible fixed assets was charged in the amount of €3 thousand.

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

€ thousand

		Property rights				
	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
<b>COST</b>						
Balance as at 01/01/2017	0	27	0	0	0	27
Increases, purchases	0	0	0	0	1	1
Balance as at 31/12/2017	0	27	0	0	1	28
<b>ACCUMULATED DEPRECIATION</b>						
Balance as at 01/01/2017	0	-10	0	0	0	-10
Depreciation/amortisation	0	-3	0	0	0	-3
Balance as at 31/12/2017	0	-13	0	0	0	-13
<b>CARRYING AMOUNT</b>						
Balance as at 01/01/2017	0	17	0	0	0	17
Balance as at 31/12/2017	0	14	0	0	1	15



## 2.4.2. TANGIBLE FIXED ASSETS

The value of tangible fixed assets amounted to €59 thousand on 31/12/2017 (31/12/2016: €97 thousand) and was lower than at the end of 2016 primarily due to depreciation in the amount of €36 thousand. Tangible fixed assets are not pledged.

### Movement of tangible fixed assets

€ thousand

COST	Land	Buildings	Production plant and machinery	Other plant and equipment	Tangible fixed assets under construction and manufacture	Advances for tangible fixed assets	TOTAL
Balance as at 01/01/2017	0	0	159	105	0	0	264
Decrease	0	0	-11	0	0	0	-11
Write-offs	0	0	-13	0	0	0	-13
Balance as at 31/12/2017	0	0	135	105	0	0	240
<b>ACCUMULATED DEPRECIATION</b>							
Balance as at 01/01/2017	0	0	-84	-83	0	0	-167
Decrease	0	0	9	0	0	0	9
Write-offs	0	0	13	0	0	0	13
Depreciation/amortisation	0	0	-15	-21	0	0	-36
Balance as at 31/12/2017	0	0	-77	-104	0	0	-181
<b>CARRYING AMOUNT</b>							
Balance as at 01/01/2017	0	0	75	22	0	0	97
Balance as at 31/12/2017	0	0	58	1	0	0	59

## 2.4.3. INVESTMENT PROPERTY

The value of investment property of €732 thousand (31/12/2016: €739 thousand) decreased compared to the previous year by €7 thousand due to depreciation. Investment property having a book value of €287 thousand is leased out.

With investment properties put on lease, revenues of €44 thousand and expenses of €7 thousand were generated. Expenses of €2 thousand were shown in relation to investment properties not leased out.

### Movement of investment property

€ thousand

COST	Land – investment properties	Buildings – investment properties	Total
Balance as at 01/01/2017	613	350	963
Balance as at 31/12/2017	613	350	963
<b>ACCUMULATED DEPRECIATION</b>			
Balance as at 01/01/2017	-34	-190	-224
Depreciation/amortisation	0	-7	-7
Balance as at 31/12/2017	-34	-197	-231
<b>CARRYING AMOUNT</b>			
Balance as at 01/01/2017	579	160	739
Balance as at 31/12/2017	579	153	732



## 2.4.4. LONG-TERM FINANCIAL INVESTMENTS AND ASSETS HELD FOR SALE

Long-term financial investments and assets held for sale of €138,527 thousand (31/12/2016: €149,630 thousand) represent 91% of the balance sheet total. Compared to the previous year, their value decreased by €11,103 thousand, which is primarily the result of the sale of the investment coupons of ALTA.SI.

### a) Shares and stakes in Sava Group companies

Shares and stakes in Sava Group companies equalling €86,652 thousand (31/12/2016: €86,350 thousand) increased by €302 thousand in net terms compared to the end of last year.

Sava d.d. purchased 342,302 Sava Turizem d.d. shares in the amount of €459 thousand, for which it obtained all necessary consents in accordance with the provisions of the ZFPPIPP and the Financial Restructuring Plan. This means that its share of ownership in Sava Turizem d.d. on 31/12/2017 was 99.91%.

Impairments of investments equalled €156 thousand.

39,308,317 SHBR shares were pledged for the loans obtained by Sava d.d., their book value equalling €84,679 thousand.

The disclosures in connection with the composition of the Sava Group, share in capital, amount of capital and operating result of subsidiaries are presented in the financial report for the Sava Group.

### b) Other shares and stakes

The value of other shares and stakes totalled €8,349 thousand (31/12/2016: €19,754 thousand) and was lower by €11,405 thousand in comparison with the previous year. Other shares and stakes

include listed securities available for sale totalling €36 thousand (31/12/2016: €61 thousand), unlisted securities available for sale totalling €2,575 thousand (31/12/2016: €2,806 thousand) and the investment in the ALTA.SI SE Europe flexible mixed sub-fund totalling €5,738 thousand (31/12/2016: €16,887 thousand).

On 31/12/2017, securities available for sale are valued at fair value. The net positive effect of revaluation amounted to €688 thousand (2016: net €4,420 thousand), €131 thousand (2016: €141 thousand) of which was due to impairments through profit or loss, and a net increase of financial investments totalling €819 thousand (2016: net increase of €4,561 thousand) was shown through equity revaluation adjustment.

In 2017, 12,499,384 investment coupons of ALTA.SI were sold. The sale generated a financial revenue of €3,729 thousand.

The value of the investment in 6,249,692 investment coupons of the ALTA.SI flexible mixed sub-fund as at 31/12/2017 equals €5,738 thousand (31/12/2016: €16,887 thousand). The fair value was ascertained by using the stock exchange price announced on the last day of the accounting period.

The total 14.07% share in the ALTA.SI sub-fund is pledged for the loans obtained by Sava d.d.

The book value of the pledged investment amounts to €5,738 thousand.

The value of the **other shares and stakes** amounted to €2,611 thousand (31/12/2016: €2,867 thousand). They included 1,468,221 shares of Hoteli Bernardin and 4,987 shares of Pokojninska Družba A that were pledged for the loans obtained by Sava d.d. The book value of the pledged shares amounted to €2,523 thousand.

### Types of securities available for sale

	€ thousand	
	31/12/2017	31/12/2016
Shares of listed companies	36	61
Shares and stakes of unlisted companies	2,575	2,806
ALTA.SI SE Europe, a flexible mixed sub-fund	5,738	16,887
<b>Total</b>	<b>8,349</b>	<b>19,754</b>

## Movement of long-term financial investments

	Long-term financial investments excluding loans					Long-term loans				
	Shares and stakes in Group companies	Shares and stakes in associates	Other shares and stakes	Other long-term financial investments	Total long-term financial investments excluding loans	Long-term loans to Group companies	Long-term loans to others	Long-term unpaid called-up capital	Total long-term loans	TOTAL long-term financial investments
<b>GROSS VALUE</b>										
Balance as at 01/01/2017	105,174	0	37,323	0	142,497	0	0	0	0	142,497
Purchases, increases	459	0	0	0	459	0	0	0	0	459
Decrease	0	0	-16,907	0	-16,907	0	0	0	0	-16,907
Revaluation	0	0	819	0	819	0	0	0	0	819
Balance as at 31/12/2017	105,633	0	21,235	0	126,868	0	0	0	0	126,868
<b>ACCUMULATED DEPRECIATION</b>										
Balance as at 01/01/2017	-18,825	0	-17,569	0	-36,394	0	0	0	0	-36,394
Decrease	0	0	4,814	0	4,814	0	0	0	0	4,814
Revaluation	-156	0	-131	0	-287	0	0	0	0	-287
Balance as at 31/12/2017	-18,981	0	-12,886	0	-31,867	0	0	0	0	-31,867
<b>NET VALUE</b>										
Balance as at 01/01/2017	86,350	0	19,754	0	106,104	0	0	0	0	106,104
Balance as at 31/12/2017	86,652	0	8,349	0	95,001	0	0	0	0	95,001

### c) Assets held for sale – financial investment in Gorenjska banka d.d. shares

Sava d.d.'s financial investment in **Gorenjska banka d.d.** shares equalling €43,526 thousand (31/12/2016: €43,526 thousand), or €298 per share, was transferred to short-term assets held for sale at the end of 2015.

For the loans received, Sava d.d. pledged 135,870 shares of Gorenjska banka d.d. The book value of the pledged shares is €40,489 thousand.

#### Movement of long-term operating receivables

	31/12/2017	31/12/2016
Balance as at 01/01	458	0
Transfer to current maturity	0	458
<b>Final balance</b>	<b>458</b>	<b>458</b>

€ thousand

### 2.4.5. LONG-TERM OPERATING RECEIVABLES

Long-term operating receivables in the amount of €458 thousand (31/12/2016: €458 thousand) were generated on the basis of the regulation of the maturity of the previous short-term operating receivable due from a Group company. The receivable falls due in 2019 and bears interest at a rate of 0.40% p.a.

### 2.4.6. DEFERRED TAX ASSETS

Odložene terjatve za davek so bile konec leta 2014 v Deferred tax assets were reversed in their entirety at the end of 2014. No new deferred tax assets were formed since then. Deferred tax assets that were not accounted arose from impairments of long-term financial investments in the amount of €7,012 thousand.

Deferred tax assets arising from tax loss are not accounted for. The amount of the unaccounted deferred tax assets arising from tax loss at a 19% tax rate equalled €63,485 thousand on 31/12/2017.

Total deferred tax assets not accounted for amounted to €70,497 thousand.

## 2.4.7. SHORT-TERM FINANCIAL INVESTMENTS

The value of **short-term financial investments** totalling €9,868 thousand (31/12/2016: €10,927 thousand) consists entirely of short-term loans structured as follows:

- short-term loans to *Group companies* of €160 thousand net are secured with a mortgage on a real property in Zagreb and with bills of exchange at an interest rate of 6M EURIBOR + 2.50 p.a.;
- *short-term deposits* in banks totalling €3,000 thousand;
- the total gross amount of the loans granted to others – *NFD Holding d.d. - in bankruptcy* – totalling €17,806 thousand; the balance of value adjustment as at 31/12/2017 equals €11,098 thousand and the net shown receivable value €6,708 thousand. Receivables due from NFD Holding d.d. - in bankruptcy have been pledged in full as collateral to holders of financial receivables arising from the loans given to Sava d.d.

The loans given to NFD Holding (€6,708 thousand net) and interest (€2,517 thousand) shown under operating receivables are mostly secured with bills of exchange and securities, which include 9,154,192 shares of Hoteli Bernardin, 346,243 points in the ALTA.SI flexible mixed sub-fund, 647,318 shares of Istrabenz, 166,484 shares of Melamin, 5,806 shares of Krka and 893 shares of Petrol. With all the mentioned shares, Sava d.d. is partly the first-entered pledgee and partly the second-entered pledgee. The estimated value of the pledged securities equals €9,999 thousand.

## 2.4.8. SHORT-TERM OPERATING RECEIVABLES

Short-term operating receivables of €2,690 thousand (31/12/2016: €3,042 thousand) comprise:

- Receivables from the sale of services due from Sava Group companies totalling €141 thousand.
- Receivables arising from interests on loans granted to NFD Holding d.d. - in bankruptcy totalling €2,517 thousand.
- The remaining amount of €32 thousand is associated with various other receivables.

### Overview of short-term operating receivables by maturity

	31/12/2017			€ thousand
	TOTAL	Due	Not due	
<b>Short-term operating receivables</b>	<b>2,690</b>	<b>2,517</b>	<b>173</b>	
1. Short-term operating receivables due from Group companies	141	0	141	
2. Short-term operating trade receivables	27	0	27	
3. Short-term operating receivables due from others	2,522	2,517	5	

The balance and movement of revaluation of receivables as well as their maturity are shown in Item 2.5.3 Financial instruments – financial risks.

## 2.4.9. CASH

Cash of €436 thousand (31/12/2016: €1.126 thousand) means assets on business accounts.

## 2.4.10. CAPITAL

On 28/11/2016, the Ljubljana District Court entered 21,678,535 newly issued shares and the new share capital of €21,679 thousand in the register of companies under No. Srg 2016/50704. The difference up to the total in-kind contributions made by the creditors to the capital of Sava d.d. equalling €43,357 thousand has been recorded under the share premium account among capital reserves.

On 31/12/2017, the value of Sava d.d.'s capital equalled €25,073 thousand (31/12/2016: €26,312 thousand), which is €1,240 thousand lower than at the end of last year.

The following changes in capital took place in 2017:

- the profit for the 2017 financial year was €1,596 thousand;
- fair value reserves decreased in net terms by €2,836 thousand (they decreased due to the sale of financial investments / transfer to the profit or loss of €3,552 thousand and increased by €716 thousand – primarily due to the revaluation of the ALTA.SI coupons, which were still owned by Sava d.d. on 31/12/2017);
- pursuant to the provisions of Article 230 of the ZGD-1, the profit for the 2017 financial year of €1,596 thousand was used to cover the retained loss at the time this Annual Report was being compiled.

Accumulated loss on 31/12/2017 equalled €41,753 thousand.

### Reserves from valuation at fair value

Reserves arising from valuation at fair value in relation to long-term financial investments equalled €1,790 thousand on 31/12/2017 (31/12/2016: €4,626 thousand) and represent a positive revaluation in both periods.

## Overview of fair value reserves in 2017 by quarter

€ thousand

Date/period	Reserves from valuation at fair value – gross	Deferred tax liabilities	Reserves from valuation at fair value – net	Balance of reserves from valuation at fair value – period end
01/01/2016	5,151	-482	4,669	4,669
January–March 2016	806	-72	734	5,403
April–June 2016	320	-29	291	5,694
July–September 2016	2,999	-267	2,732	8,426
October–December 2016	-4,110	311	-3,800	4,626
01/01/2017	5,166	-540	4,626	4,626
January–March 2017	504	231	735	5,361
April–June 2017	-1,740	-10	-1,750	3,611
July–September 2017	-1,818	63	-1,755	1,856
October–December 2017	-96	30	-66	1,790

## 2.4.11 DIVIDENDS PAID, WEIGHTED AVERAGE NUMBER OF SHARES AND NET LOSS PER SHARE

### Dividend payment

	31/12/2017	31/12/2016
Dividend per ordinary share in the year (in EUR)	0	0
Total amount of dividends to the debit of retained profit (in € thousand)	0	0

The share capital is divided into 21,678,535 ordinary registered no-par value shares that all have the voting right and are freely transferrable.

All shares are wholly paid in. The company has no bonds available to be converted into shares.

### Weighted average number of shares

	31/12/2017	31/12/2016
Total number of shares as at 01/01	21,678,535	0
Treasury shares	0	0
<b>Weighted average number of shares at period end</b>	<b>21,678,535</b>	<b>21,678,535</b>

### Net profit attributable to shares

	31/12/2017	31/12/2016
Net profit for the financial year (in € thousand)	1,596	16,829
Weighted average number of shares outstanding	21,678,535	21,678,535
Basic earnings per share (in EUR)	0.07	0.78

Diluted net earnings per share equal the basic net earnings per share, because the capital is composed solely from ordinary shares.

## 2.4.12. PROVISIONS AND LONG-TERM ACCRUED COSTS AND DEFERRED REVENUES

Provisions for severance payment upon retirement and employee jubilee benefits total €47 thousand (31/12/2016: €63 thousand).

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

	Provisions for severance payment upon retirement and similar liabilities	Other provisions	Long-term accrued costs and deferred revenues	TOTAL
Balance as at 01/01/2017	63	0	0	63
Reversal of provisions	-16	0	0	-16
Balance as at 31/12/2017	47	0	0	47

€ thousand

## 2.4.13. LONG-TERM LIABILITIES

The value of long-term liabilities as at 31/12/2017 was €126,141 thousand (31/12/2016: €138,362 thousand) and comprised:

- long-term financial liabilities to Group companies in the amount of €3,271 thousand;
- long-term financial liabilities to banks in the amount of €4,431 thousand;
- long-term financial liabilities arising from issued bonds in the amount of €15,198 thousand;
- long-term financial liabilities to other companies in the amount of €103,015 thousand;
- deferred tax liabilities of €226 thousand.

Long-term financial liabilities in the amount of €125,915 thousand are divided into:

- secured financial liabilities of €124,875 thousand and
- ordinary financial liabilities of €1,040 thousand.

In line with the finality of the compulsory settlement and the provisions under the Financial Restructuring Plan, a 1% interest rate is charged on the secured financial liabilities as of 13/11/2016. Interest is payable monthly. Long-term loans fall due on 30/11/2019.

### Repayments of financial liabilities

In 2016, before the finality of the compulsory settlement, Sava d.d. repaid €2,150 thousand, followed by €16,050 thousand after its finality and €11,907 thousand in 2017, for a total of €30,107 thousand of creditors' receivables affected by the compulsory settlement. Refinancing the Sava Group companies' liabilities released the guarantees provided by Sava d.d., thereby reducing the company's contingent liabilities in the amount of €4,209 thousand.

On 31/12/2017, the cumulative share of receivables affected by the compulsory settlement that was repaid was 20.4%.

### Movement of long-term financial liabilities

	31/12/2017	31/12/2016
Opening balance	137,822	0
New loans hired in the year	0	0
Transfer from the short-term part during the year	0	153,872
Repayment of loans in the year	-11,907	-16,050
Final balance	125,915	137,822

€ thousand

Deferred tax liabilities of €226 thousand (31/12/2016: €540 thousand) were formed in relation to the valuation of financial investments at fair value and have been accounted for at a 19% rate.

#### Movement of deferred tax liabilities

	€ thousand	
	31/12/2017	31/12/2016
<b>Balance as at 01/01</b>	<b>540</b>	<b>482</b>
Increase in liabilities from revaluation of securities to fair value – in other comprehensive income	103	408
Decrease in liabilities from sale of securities – in other comprehensive income	-417	-406
Other changes – in other comprehensive income	0	56
<b>Final balance</b>	<b>226</b>	<b>540</b>

#### Overview of loans received outside the Group, at fixed and at variable interest rates

	€ thousand		
	Fixed interest rate	Variable interest rate	Total
Long-term loans	122,644	0	122,644
Short-term loans	0	0	0
<b>Total</b>	<b>122,644</b>	<b>0</b>	<b>122,644</b>

## 2.4.14. SHORT-TERM LIABILITIES

Short-term liabilities of €389 thousand (31/12/2016: €563 thousand) consist entirely of short-term operating liabilities, which have not materially changed compared to the end of last year.

#### Overview of short-term operating liabilities

	€ thousand	
	31/12/2017	31/12/2016
<b>Short-term operating liabilities to Group companies</b>	<b>52</b>	<b>11</b>
– Interest liabilities for obtained loans	2	3
– Operating liabilities	50	8
<b>Short-term operating liabilities to suppliers</b>	<b>87</b>	<b>92</b>
<b>Short-term operating liabilities from advances</b>	<b>0</b>	<b>0</b>
<b>Other short-term operating liabilities</b>	<b>250</b>	<b>460</b>
a) Interest liabilities for obtained loans	103	181
b) Liabilities for salaries and other remunerations	67	95
– Liabilities for net salaries and other net remunerations	30	45
– Liabilities to the state (contributions on and from salaries)	37	50
c) Liabilities to the state (VAT, withholding tax, Serbian tax)	21	122
d) Other liabilities	59	63
<b>TOTAL SHORT-TERM OPERATING LIABILITIES</b>	<b>389</b>	<b>563</b>

## 2.4.15. SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUES

Short-term accrued costs and deferred revenues of €1.151 thousand (31/12/2016: €737 thousand) increased in net terms by €414 thousand compared to the end of last year, primarily due to the formation of the short-term provision associated with the Bank of Slovenia's fine for failing to sell the shares of Gorenjska banka d.d.

They consist of accrued expenses of €885 thousand and short-term deferred revenues of €266 thousand.

## 2.4.16. NET SALES REVENUES AND OTHER OPERATING REVENUES

Sava d.d. generated *net sales revenues* amounting to €603 thousand (2016: €783 thousand), 93% of which were realised through sales within the Sava Group. Revenues were generated from the leasing of real estate and providing other services. Net sales revenues were generated entirely in Slovenia. Year-on-year, they were lower due to business reorganisation, whereby the Internal Audit Department was moved to a subsidiary company.

*Other operating revenues* of €26 thousand (2016: €1,831 thousand) comprised revenues from the reversal of unused provisions. In the comparison year 2016, they comprised profit from the sale of real estate equalling €1,170 thousand, revenue from a repayment following a court settlement equalling €236 thousand, revenue from the reversal of liabilities following an out-of-court settlement equalling €77 thousand, revenue from the reversal of unused provisions equalling €314 thousand and revenue from the repayment of impaired operating receivables equalling €34 thousand.

### Overview of net sales revenues

	€ thousand	
	2017	2016
Net revenues from sale of services	559	623
Net rental income	44	160
<b>Total net sales revenues</b>	<b>603</b>	<b>783</b>

## 2.4.17. COSTS BY FUNCTIONAL GROUP

	€ thousand	
	2017	2016
Manufacturing costs of products sold	0	0
Selling costs	0	0
Costs of general overheads	2,249	2,833
<b>TOTAL</b>	<b>2,249</b>	<b>2,833</b>

## 2.4.18. COSTS OF GOODS, MATERIALS AND SERVICES

The costs of goods, materials and services had a 64% share in the structure of operating expenses. They amounted to €1,450 thousand (2016: €1,529 thousand) and are 5% lower year-on-year.

### Overview of the costs of goods, materials and services by type of cost

	€ thousand	
	2017	2016
Cost of goods sold	0	0
Costs of materials	15	31
Costs of transport services	7	8
Costs of maintenance services	65	87
Costs of rentals	70	154
Reimbursements of workers' costs	1	4
Costs of payment transactions, banking services and insurance premiums	33	21
Costs of intellectual and personal services	657	342
Costs of fairs, advertising and entertainment	10	24
Costs of other services	592	858
<b>TOTAL</b>	<b>1,450</b>	<b>1,529</b>

#### 2.4.19. LABOUR COSTS

Labour costs of €743 thousand (2016: €995 thousand) had a 33% share in the structure of operating expenses. They decreased by 25% year-on-year.

Labour costs included the accounted for premiums for supplementary pension insurance totalling €10 thousand.

As at 31/12/2017, Sava d.d. had 9 employees (14 on 31/12/2016), while the average number of employees based on working hours in 2017 amounted to 9.72 employees (2016: 14.30).

#### 2.4.20. AMORTISATION/DEPRECIATION EXPENSES, WRITE-OFFS

Amortisation/depreciation expenses and write-offs of €46 thousand (2016: €187 thousand) represent the amortisation charge.

#### 2.4.21. FINANCIAL REVENUES FROM SHARES

Financial revenues from shares equalling €5,228 thousand (2016: €4,556 thousand) were generated in connection with:

- the sale of investment coupons of ALTA.SI in the amount of €3,729 thousand;
- the receipt of dividends from Sava Turizem d.d. equalling €1,179 thousand;
- the sale of other securities in the amount of €240 thousand;
- the loan impairment reversal of €73 thousand and
- the receipt of dividends from other investments of €7 thousand.

#### 2.4.22. FINANCIAL REVENUES FROM LOANS GRANTED

Financial revenues from loans granted of €92 thousand (2016: €14,275 thousand) consisted entirely of interest from loans given to Group companies. In the comparison year 2016, financial revenues from loans granted comprised the reversal of late interest accrued in 2014 and 2015 as an indirect result of the final compulsory settlement equalling €14,016 thousand and financial revenues from loans given to Group companies.

#### 2.4.23. FINANCIAL EXPENSES FROM IMPAIRMENT AND WRITE-OFF OF FINANCIAL INVESTMENTS

Financial expenses from impairment and write-off of financial investments equalling €297 thousand (2016: €1,595 thousand) mainly comprise the impairment of the financial investment into a subsidiary and the impairment of the financial investment available for sale.

#### 2.4.24. FINANCIAL EXPENSES FROM FINANCIAL LIABILITIES

Financial expenses arising from financial liabilities equalling €1,309 thousand (2016: €183 thousand) represent the 1% interest charged on secured financial liabilities for the period from 01/01/2017 to 31/12/2017, while interest in the comparison year 2016 was charged only as of the final confirmation of the compulsory settlement, i.e. for the period from 13/11/2016 to 31/12/2016.

#### 2.4.25. OTHER REVENUES AND OTHER EXPENSES

Other revenues of €204 thousand (2016: €67 thousand) include the compensation received in the bankruptcy proceeding (€196 thousand).

Other expenses of €705 thousand (2016: €81 thousand) primarily consist of late interest payments of €201 thousand (the ongoing Modri kvadrat litigation) and of the short-term provisions formed in the amount of €500 thousand (the Bank of Slovenia's fine for failing to sell the shares of Gorenjska banka d.d. – ongoing litigation).



## 2.4.26. CORPORATE INCOME TAX

Sava d.d. had no corporate income tax liability accounted for 2017. The company did not use any tax reliefs, as a tax loss was shown this year. On 31/12/2017, the balance of the unsettled tax loss amounted to €334,130 thousand.

### Comparison between the actual and the calculated tax rate

	2017		2016	
	Rate	Amount	Rate	Amount
<b>Profit before tax</b>		<b>1,596</b>		<b>16,829</b>
<b>Income tax by applying the official rate</b>	<b>19.0%</b>	<b>303</b>	<b>17.0%</b>	<b>2,861</b>
<b>Effect by tax rates in other countries</b>		<b>0</b>		<b>0</b>
<b>Amounts having a negative impact on tax base</b>		<b>1,228</b>		<b>1,884</b>
- Amount from revenue increase to the level of tax deductible revenues		0		0
- Amount from expense decrease to the level of tax deductible expenses		1,076		1,769
- Amount of expense for which tax was withheld		0		0
- Any other amounts having an impact on the tax base increase		152		115
<b>Effect of increase in tax rate on special profits</b>		<b>0</b>		<b>0</b>
<b>Amounts having a positive effect on tax base</b>		<b>8,207</b>		<b>22,001</b>
- Amount from revenue decrease to the level of tax deductible revenues		3,055		16,731
- Amount from expense increase to the level of tax deductible expenses		5,152		5,270
- Any other amounts impacting the tax rate decrease (e.g. amount of revenues for which tax was already withheld)		0		0
<b>Changed tax base due to transition to a new accounting method resulting from changes of accounting policies</b>		<b>0</b>		<b>0</b>
<b>Tax reliefs</b>				
- Used reliefs having an effect on the tax liability decrease		0		0
- Remaining reliefs to be used in the following years		0		0
<b>Tax loss</b>				
- Used loss having an effect on the tax liability decrease		0		0
- Originating from the current year – to be used in the following years		5,383		3,288
<b>Adjustments for previous years</b>		<b>0</b>		<b>0</b>
<b>TAX ASSESSED FOR THE CURRENT YEAR</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>
<b>Increase/decrease of deferred tax</b>		<b>0</b>		<b>0</b>
<b>TAX IN THE INCOME STATEMENT</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>

## 2.4.27. OVERVIEW OF DEFERRED TAX RECEIVABLES AND LIABILITIES

### Overview of deferred tax receivables and liabilities

	31/12/2017		31/12/2016	
	Receivables	Liabilities	Receivables	Liabilities
Financial investments	0	226	0	540
<b>TOTAL</b>	<b>0</b>	<b>226</b>	<b>0</b>	<b>540</b>

	31/12/2017		31/12/2016	
	Receivables	Liabilities	Receivables	Liabilities
Financial investments	0	226	0	540
<b>TOTAL</b>	<b>0</b>	<b>226</b>	<b>0</b>	<b>540</b>

## 2.4.28. SHARES IN PROFIT

The General Meeting did not approve any shares in profits.

## 2.5. OTHER DISCLOSURES

### 2.5.1. CONTINGENT ASSETS, CONTINGENT LIABILITIES AND MORTGAGES

	31/12/2017	31/12/2016
	€ thousand	
Mortgages	0	0
Guarantees issued	0	115
Pledge of securities	133,430	147,102
Other – pledge of assets	11,735	12,126
<b>TOTAL</b>	<b>145,165</b>	<b>159,343</b>

### 2.5.2. PLEDGE OF ASSETS FOR THE SECURED LONG-TERM FINANCIAL LIABILITIES OF SAVA D.D.

Own assets in the amount of €145,165 thousand and €979 thousand of a subsidiary's assets are pledged for the financial liabilities of Sava d.d.

## 2.5.3. FINANCIAL INSTRUMENTS – FINANCIAL RISKS

### Foreign exchange risk

Sava d.d. does business in euros only.

### Interest rate risk

The interest rate risk is low considering the finality of the compulsory settlement and the fulfilment of the provisions under the Resolution on confirmation of compulsory settlement proceedings, which specify a nominal interest rate of 1% p.a. on secured financial receivables for the next three years.

### Solvency risk

#### Overview of solvency risk

€ thousand							
31/12/2017	Book value	Contractual cash flows	6 months or less	6–12 months	1–2 yrs	2–5 yrs	Over 5 years
<b>Non-derivative financial liabilities</b>							
Secured bank loans	4,431	-4,519	-22	-22	-4,475	0	0
Loans from Group companies	3,271	-3,324	-13	-13	-3,298	0	0
Trade payables and other liabilities	389	-389	-389	0	0	0	0
Loans from associates	0	0	0	0	0	0	0
Financial liabilities from bonds issued	15,198	-15,498	-75	-75	-15,348	0	0
Other financial liabilities	103,015	-105,072	-513	-516	-104,043	0	0
<b>Derivative financial liabilities</b>							
<b>Total</b>	<b>126,304</b>	<b>-128,802</b>	<b>-1,012</b>	<b>-626</b>	<b>-127,164</b>	<b>0</b>	<b>0</b>

€ thousand							
31/12/2016	Book value	Contractual cash flows	6 months or less	6–12 months	1–2 yrs	2–5 yrs	Over 5 years
<b>Non-derivative financial liabilities</b>							
Secured bank loans	4,748	-4,894	-26	-24	-48	-4,796	0
Loans from Group companies	3,271	-3,350	-14	-13	-26	-3,297	0
Trade payables and other liabilities	563	-563	-563	0	0	0	0
Financial liabilities from bonds issued	15,198	-15,655	-82	-75	-150	-15,348	0
Other financial liabilities	114,604	-118,093	-627	-574	-1,144	-115,748	0
<b>Derivative financial liabilities</b>							
<b>Total</b>	<b>138,385</b>	<b>-142,555</b>	<b>-1,312</b>	<b>-686</b>	<b>-1,368</b>	<b>-139,189</b>	<b>0</b>

### Credit risk

Overview of trade receivables by territory

€ thousand		
	Carrying amount	
	31/12/2017	31/12/2016
Slovenia	27	5
Other EU countries	0	0
Other	0	0
<b>TOTAL</b>	<b>27</b>	<b>5</b>

## Overview of balance and movement of value adjustments in trade receivables

	31/12/2017	31/12/2016
Balance as at 01/01	42	76
Increased value adjustment	0	0
Decreased value adjustment	-28	-34
<b>Final balance</b>	<b>14</b>	<b>42</b>

## Overview of age structure of trade receivables

	31/12/2017			31/12/2016		
	Gross receivables	Impairment	Net receivables	Gross receivables	Impairment	Net receivables
Not past due	27	0	27	5	0	5
Past due 0–30 days	0	0	0	0	0	0
Past due 31–120 days	0	0	0	0	0	0
Past due more than 120 days	14	14	0	42	42	0
<b>TOTAL</b>	<b>41</b>	<b>14</b>	<b>27</b>	<b>47</b>	<b>42</b>	<b>5</b>

## 2.5.4. FAIR VALUE MEASUREMENT

### Securities available for sale

The fair value of listed securities available for sale equals the average price of these shares on 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 flows from the principal, whereby the effective interest rate equals the contractual interest rate.

### Financial liabilities originating from bonds issued

The fair value is estimated as a discounted value of the expected cash flows from the principal, whereby the effective interest rate equals the contractual interest rate.

### Short-term receivables and liabilities

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

## Overview of fair values of financial instruments

	31/12/2017		31/12/2016	
	Book value	Fair value	Book value	Fair value
Securities available for sale	8,349	8,349	19,754	19,754
Long-term receivables	458	458	458	458
Short-term receivables	2,690	2,690	3,042	3,042
Loans granted	9,868	9,868	10,927	10,927
Cash and cash equivalents	436	436	1,126	1,126
Long-term loans	-110,717	-110,717	-122,624	-122,624
Financial liabilities from bonds issued	-15,198	-15,198	-15,198	-15,198
Short-term loans	0	0	0	0
Short-term operating liabilities	-389	-389	-563	-563

## 2.5.5. FAIR VALUE HIERARCHY

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 the accounting period;
- Level 2: assets or liabilities that are not classified as Level 1, their value being determined directly or indirectly based on market data;
- Level 3: assets or liabilities whose value cannot be obtained from market data.

### Classification of financial instruments with regard to fair value calculations

€ thousand

	31/12/2017				31/12/2016			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Securities available for sale	8,349	36	5,738	2,575	19,754	61	16,887	2,806
Derivative financial instruments – assets	0	0	0	0	0	0	0	0
Derivative financial instruments – liabilities	0	0	0	0	0	0	0	0
<b>Total</b>	<b>8,349</b>	<b>36</b>	<b>5,738</b>	<b>2,575</b>	<b>19,754</b>	<b>61</b>	<b>16,887</b>	<b>2,806</b>

## 2.5.6. CONVERTING CAPITAL BY MEANS OF THE CONSUMER PRICE INDEX

€ thousand

	Amount of share capital	% growth	Calculated effect	Operating result less the effect of the calculation
CAPITAL.....calculation according to the increase in consumer prices	21,679	1.70%	369	1,227

## 2.5.7. RELATED PARTIES

Related parties include subsidiaries in the Sava Group, owners of Sava d.d.\*, companies associated with the owners\*\*, members of the Board of Directors, members of the BoD committees and the company's Executive Director.

\* Disclosures of transactions with owners include owners having more than 20% ownership stakes.

\*\* The following criteria were applied in disclosing transactions with companies associated with the owners:

- companies having more than a 20% ownership stake in the company that owns Sava d.d.;
- companies in which the companies owning Sava d.d. have more than a 20% ownership stake;
- the value of transactions for these companies will be disclosed in the total amount;
- to the extent that the total value of transactions is less than €100 thousand, transactions will not be disclosed.

### Business relations among companies in the Sava Group

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

- Services rendered, including brand name use and services provided by specialist departments;
- Financial operations in connection with granted and obtained loans.

Transactions among the Sava Group companies are performed under the same conditions that apply in an ordinary arm's length transaction. Data on the capital of subsidiaries as at 31/12/2017, operating revenues and net operating result of subsidiaries for the period January–December 2017 is disclosed in the financial report for the Sava Group.

#### Revenues and expenses of Sava d.d. from transactions with subsidiaries

Company	€ thousand			
	Operating revenues	Operating expenses	Financial revenues	Financial expenses
	Jan–Dec 2017	Jan–Dec 2017	Jan–Dec 2017	Jan–Dec 2017
<b>TOURISM DIVISION</b>	<b>551</b>	<b>43</b>	<b>1,182</b>	<b>26</b>
Sava Turizem d.d., Dunajska cesta 152, 1000 Ljubljana	551	42	1,182	26
Cardial d.o.o., Zaloška cesta 69, 1000 Ljubljana	0	1	0	0
Sava Zdravstvo d.o.o., Dunajska cesta 152, 1000 Ljubljana	0	0	0	0
<b>REAL ESTATE DIVISION</b>	<b>2</b>	<b>0</b>	<b>92</b>	<b>0</b>
SAVA NEPREMIČNINE d.o.o., Dunajska cesta 152, 1000 Ljubljana	2	0	5	0
SAVA NOVA d.o.o., Fra Filipa Grabovca 14, 10000 Zagreb, Croatia	0	0	87	0
<b>OTHER OPERATIONS</b>	<b>6</b>	<b>85</b>	<b>0</b>	<b>0</b>
Sava NRS d.o.o., Dunajska cesta 152, 1000 Ljubljana	6	85	0	0
<b>SUBSIDIARIES TOTAL</b>	<b>559</b>	<b>128</b>	<b>1,274</b>	<b>26</b>

#### Receivables and liabilities of Sava d.d. shown in relation to subsidiaries

Company	€ thousand			
	Operating receivables	Operating liabilities	Financial receivables	Financial liabilities
	31/12/2017	31/12/2017	31/12/2017	31/12/2017
<b>TOURISM DIVISION</b>	<b>513</b>	<b>9</b>	<b>0</b>	<b>3,271</b>
Sava Turizem d.d., Dunajska cesta 152, 1000 Ljubljana	513	9	0	3,271
Cardial d.o.o., Zaloška cesta 69, 1000 Ljubljana	0	0	0	0
Sava Zdravstvo d.o.o., Dunajska cesta 152, 1000 Ljubljana	0	0	0	0
<b>REAL ESTATE DIVISION</b>	<b>85</b>	<b>43</b>	<b>160</b>	<b>0</b>
SAVA NEPREMIČNINE d.o.o., Dunajska cesta 152, 1000 Ljubljana	3	0	160	0
SAVA NOVA d.o.o., Fra Filipa Grabovca 14, 10000 Zagreb, Croatia	82	43	0	0
<b>OTHER OPERATIONS</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>
Sava NRS d.o.o., Dunajska cesta 152, 1000 Ljubljana	1	0	0	0
<b>SUBSIDIARIES TOTAL</b>	<b>599</b>	<b>52</b>	<b>160</b>	<b>3,271</b>

### Business relations with the owners of Sava d.d. and with the companies associated with the owners

Outstanding liabilities to the owners in the total amount of €108,152 thousand refer to the financial liabilities arising from the received loans and to the operating liabilities arising from interest for December 2017.

Expenses totalling €1,140 thousand, which were incurred in 2017, represent interest charged on financial liabilities.

Outstanding liabilities to the parties related to the owners in the total amount of €3,242 thousand are mainly associated with the financial liabilities arising from received loans.

## Transactions with the owners and with the companies associated with the owners

€ thousand

Related parties	Outstanding receivables as at 31/12/2017	Outstanding liabilities as at 31/12/2017	Revenues in 2017	Expenses in 2017
<b>Transactions with the owners (over 20%)</b>				
York Global Finance Offshore BDH (Luxembourg) S.à r.l.	0	27,158	0	306
Slovenski državni holding d.d.	0	40,497	0	417
Kapitalska družba d.d.	0	40,497	0	417
<b>Total</b>	<b>0</b>	<b>108,152</b>	<b>0</b>	<b>1,140</b>
<b>Transactions with the companies associated with the owners</b>	<b>0</b>	<b>3,242</b>	<b>7</b>	<b>90</b>
<b>Total</b>	<b>0</b>	<b>111,394</b>	<b>7</b>	<b>1,230</b>

### Relations with natural persons

Ownership of the Sava shares on 31/12/2017

Members of the Board of Directors and of the BoD committees and the Executive Director of Sava d.d. do not own any Sava shares.

### Remuneration of the Executive Director in 2017

In 2017, gross remuneration of the Executive Director amounted to €176 thousand. It comprised fixed and variable remuneration and bonuses.

### Remuneration of members of the Board of Directors and of the committees in 2017

Gross remuneration of members of the Board of Directors and of the committees in 2017 equalled €106 thousand.

It consisted of payments for carrying out their functions and of meeting fees.

### Remuneration of employees with individual contracts

As at 31/12/2017, 9 people were employed under individual contracts; the remuneration is presented for 10 employees. It amounted to €484 thousand gross and comprised gross receipts from salaries, bonuses and other receipts.

### Receivables and liabilities of Sava d.d. associated with related natural persons

Sava d.d. has no receivables due from related natural persons. Its liabilities to related natural persons are associated with salaries for December, which were paid in January 2018 and do not deviate from the usual monthly obligations concerning this area.

## 2.5.8. DISCLOSURE OF BUSINESS WITH THE SELECTED AUDITOR

According to the contract made with Deloitte revizija d.o.o. the contractual value of auditing the separate financial statements of Sava d.d. and the consolidated financial statements of the Sava Group for 2017 amounted to €23 thousand (exclusive of VAT) compared to €24 thousand in 2016 (exclusive of VAT).

## 2.5.9. REPORT ON SIGNIFICANT DISPUTES

No disputes were resolved in 2017.

### Ongoing disputes as at 31/12/2017:

#### a) Sava d.d. as the defendant

##### Plaintiff: Izletnik Celje d.d.

The counterparty brought the action against Sava d.d. to obtain the annulment of the contract of pledge. The dispute arises from the relation in which Viator & Vektor logistika, d.o.o. - in bankruptcy acts as a lender, whereas Sava d.d. is a lender based on a certificate of application. In this relation, the counterparty Izletnik Celje d.d. acted as a pledger of its own shares and it now claims that the contract of pledge is void due to violations of Article 227 of the Companies Act (ZGD-1), and it should therefore not be held liable as a pledger for the debt of another entity. In this case, the following applications were lodged so far: suit, response to the suit, preparatory application of the counterparty and, finally on 22/01/2015, the preparatory application of Sava d.d. In its judgment of 26/05/2015, the Court of First Instance decided that Sava d.d. shall pay Izletnik Celje d.d. €266,128.55 including default interest accruing as of 27/02/2015 and also provide compensation for the costs of the proceedings. Short-term provisions have been formed for the amount of the principal. The Court of Second Instance fully upheld the appeal of the defendant and decided on the merits of the subject by fully rejecting the claim of the plaintiff. The Court's decision in the civil procedure is final, however the plaintiff applied for a review of the decision before the Supreme Court as an extraordinary legal remedy.

##### Plaintiff: York Global Finance Offshore BDH S.A.R.L. (previously Gorenjska banka d.d.)

Based on the resolution issued by the Ljubljana District Court, in the matter St. 3055/2014 of 06/01/2015, bankruptcy proceedings against NFD Holding d.d. were initiated. Sava d.d. lodged its claims against the bankruptcy debtor within the term defined and at the same time it negated the claim lodged by the singular predecessor York Global Finance Offshore BDH S.A.R.L. in the amount of €2,848,817.53. The creditor was referenced to a suit to determine the existence of its claim. The creditor brought the action (Ref. No. XI Pg 3559/2015) before the Ljubljana District Court. Sava d.d. responded to the action within the set

term. Both parties gave their consent to a mediation procedure, which is still underway. The first hearing has not yet been carried out.

##### Plaintiff: Nova kreditna banka Maribor d.d.

On 23/02/2016, the plaintiff lodged an action and an application for a temporary injunction before the Ljubljana District Court in which it requested the issue of a document permitting and authorising the plaintiff to have Sava d.d. replaced with the plaintiff as a pledgee relative to certain security interests registered with the Central Registry of Dematerialised Securities.

Sava d.d. responded to the action and the application for a temporary injunction within the set term. The court rejected as unfounded the application for a temporary injunction but has yet to decide on the claim. The first hearing has also not yet been carried out.

##### Plaintiff: Slovenski državni holding d.d. and Kapitalska družba d.d. (previously DUTB d.d.)

The plaintiff DUTB d.d. as the singular predecessor of Slovenski državni holding d.d. and Kapitalska družba d.d. lodged an application for a temporary injunction against Sava d.d. that the court followed in its entirety and ordered KDD d.d. to enter a ban in the Central Registry of Dematerialised Securities prohibiting Sava d.d. from exercising rights arising from pledges by selling shares of the holder NFD Holding - in bankruptcy.

The plaintiff brought an action before the Ljubljana District Court within the set term requesting permission and authorisation for Abanka d.d., relative to security interests registered with the Central Registry of Dematerialised Securities, to have the current pledgee Sava d.d. replaced with a new pledgee - DUTB d.d. (now Slovenski državni holding d.d. and Kapitalska družba d.d.).

Sava d.d. issued a statement of defence opposing the claim in its entirety. The court has not yet decided on the case.

#### b) Sava d.d. as the plaintiff

##### Defendant: Ministry of Finance (MF), Financial Administration of the Republic of Slovenia (FURS)

The FURS has launched a tax investigation against the legal successor of the initial taxable person Sava IP d.o.o., in relation to VAT for the tax periods from 01/01/2007 to 31/12/2008, from 01/07/2010 to 31/07/2010 and from 01/10/2010 to 31/10/2010.

In 2017, the amending act ZDavP-2J was adopted, prescribing a 7% late payment interest rate. Even though the liabilities from the alleged underpayment of VAT of €348 thousand were settled in 2011 (and a litigation is in progress), the FURS' repeated tax investigation produced a decision on 08/06/2017 ordering payment of €201 thousand of late interest. When this payment was effected on 06/07/2017,



a complaint was filed within the valid deadline explaining that when the above-mentioned amendment was adopted, the respective tax liabilities did not yet exist, therefore the amendment cannot apply to them or cannot have legal effect. The decision issued on 08/06/2017 represents a manifestly unconstitutional retroactive application of the law to already concluded legal relationships. The complaint was submitted for resolution to the Ministry of Finance, which rejected it as unfounded.

Consequently, an action was brought before the Administrative Court of the Republic of Slovenia within the valid deadline, on 11/12/2017, against the FURS' notice of assessment No. DT 0610-6798/2016-33 08-530-01 of 08/06/2017.

#### **Defendant: The Bank of Slovenia**

On 12/10/2017, Sava d.d. and two responsible persons (former members of the company's management) received from the Bank of Slovenia Minor Offence Decision No. P-Odl 0076/2016-V for failing, within a period of six months of service (which expired on 21/03/2015) of the Decision withdrawing the authorisation to acquire a qualifying holding and of the Order on the disposal of shares, Ref. No. D31-38.10-1/15-2 of 17/09/2015, to dispose of the shares the company possesses in contravention of the provisions of the ZBan-2 (i.e. as an ineligible holder), meaning all of the Gorenjska banka d.d. shares it directly or indirectly possesses, as the company was ordered under Item 3 of the Bank of Slovenia's decision served on 21/09/2015. With this, the company allegedly violated the Bank of Slovenia's decision arising from Article 267 of the ZBan-2 and committed an offence under the first paragraph of Article 374 of the ZBan-2. The respective decision of the Bank of Slovenia imposes a fine on Sava d.d. of €500,000.00 and €5,000.00 on each of the two responsible persons. The deadline for payment of the imposed fine is 8 and 30 days from the date the decision becomes final for the company and for the two responsible persons respectively.

Sava d.d. filed a request for judicial protection against this Minor Offence Decision (Ref. No. P-Odl 0076-2016-V) and a request for annulment of the Decision withdrawing the authorisation to acquire a qualifying holding and of the Order on the disposal of shares (Ref. No. D31-38.10-1/15-2 of 17/09/2015) within the prescribed deadline. The court has not yet decided on the case. Based on these proceedings, Sava d.d. formed a short-term provision of €500,000.00 in its books of account.

#### **2.5.10. SIGNIFICANT EVENTS AFFECTING THE FINANCIAL STATEMENTS OF SAVA D.D. AFTER THE BALANCE SHEET DATE**

The events that took place after the balance sheet date are not of such nature that they would affect the balance of assets and liabilities shown in the financial statements of Sava d.d. on 31/12/2017 or the going-concern assumption.

However, here is a list of additional events that occurred after the balance sheet date:

- On 19/01/2018, an action against the Bank of Slovenia on setting aside the Decision of 29/12/2017 was brought before the Administrative Court of the Republic of Slovenia.
- On 22/01/2018, the FURS' Special Financial Office in Ljubljana announced a tax investigation of Sava d.d.'s corporate income tax account for 2016.
- On 29/01/2018, Alta paid out the remaining investment coupons. The value of the sale was €5,895 thousand (at 0.9433/coupon) and the costs incurred in the sale reached €177 thousand, bringing the net purchase value to €5,718 thousand, which was used in full for repayment of the creditors.
- At the General Meeting of Sava d.d. on 30/01/2018, consent was provided for the sale of Gorenjska banka d.d. shares on condition that before signing the sale and purchase agreement, the BoD of Sava obtains from the buyer, AIK banka, a statement enclosed with authentic evidence not older than 15 days that the buyer has all the necessary and valid consents from the National Bank of Serbia, the Bank of Slovenia or the ECB to acquire the respective shares within no later than 45 days from this resolution, otherwise it shall be deemed that consent was not provided by the General Meeting. The buyer failed to provide evidence to the Board of Directors of Sava d.d. as required under the General Meeting resolution.
- The 26th General Meeting of Sava d.d. was called for 16/04/2018 to decide on increasing the share capital using new cash contributions with pre-emptive right to the subscription of new shares and on the subsequent proposal of SDH d.d. on reconsidering the sale of the stake in Gorenjska banka d.d.

## 2.6. STATEMENT BY THE BOARD OF DIRECTORS FOR SAVA D.D.

The Board of Directors confirms the financial statements of Sava d.d., Ljubljana, for the period ending on 31 December 2017, which have been prepared in accordance with Slovenian Accounting Standards.

The Board of Directors confirms that appropriate accounting standards were consistently used in the preparation of the consolidated financial statements, that the accounting estimates were prepared with due care and diligence and that the Annual Report gives a true and fair view of the company's assets and business results in the period from January to December 2017.

The Board of Directors is responsible for properly managing its accounting procedures, establishing, operating and maintaining internal control in relation to the preparation and fair presentation of 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 Board of Directors confirms herewith that the financial statements and notes have been produced under the going concern assumption for the company and in compliance with the relevant legislation and Slovenian Accounting Standards.

Ljubljana, 05/04/2018

### BOARD OF DIRECTORS OF SAVA D.D.:

  
**Klemen Boštjančič**, Chairman

  
**Dejan Rajbar**, Deputy Chairman

  
**Tina Pelcar Burgar**, Member

  
**Matej Narat**, Member

  
**Aleš Škoberne**, Member

## 2.7. INDEPENDENT AUDITOR'S REPORT FOR SAVA D.D.



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### INDEPENDENT AUDITOR'S REPORT to the owners of Sava d.d.

#### Opinion

We have audited the accompanying financial statements of the company Sava d.d. (hereinafter 'the Company'), which comprise the balance sheet as at 31 December 2017, and the income statement, statement of other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2017, and its financial performance and cash flow statement for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU (hereinafter 'IFRSs').

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in *the Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other ethical requirements that are relevant to our audit of the financial statements in Slovenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Material uncertainty related to going concern

As disclosed in the financial statements Note 2 - The proceedings of enforced settlement in 2017 to the financial statements, the enforced settlement of the parent company Sava d.d. was finally confirmed on 12.11.2016. The deadline for the repayment of the creditors as specified in the Financial Restructuring Plan is 30.11.2019. The financial liabilities in the amount of 125,915 EUR thousand are due in 2019, and the repayment depends on the implementation of the objectives defined in the Financial Restructuring Plan. These circumstances indicate the existence of material uncertainty that could raise serious doubt about the Company's ability to continue as a going concern. Liquidity risk management is explained in more detail in Note 2.3 - Financial risk management. Our audit opinion has not been modified in relation to the emphasis of matter.

#### Other information

The other information comprises the information, included in Annual report, other than the financial statements and our auditor's report thereon. Other information were obtained prior to the date of this auditor's report, except Report from Management Board, which is expected to be made available to us after that date. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information.

Ime Deloitte se nanaša na Deloitte Touche Tohmatsu Limited, pravno osebo, ustanovljeno v skladu z zakonodajo Združenega kraljestva Velike Britanije in Severne Irske (v izvirniku »UK private company limited by guarantee«), in mrežo njenih članic, od katerih je vsaka ločena in samostojna pravna oseba. Podroben opis pravne organiziranosti združenja Deloitte Touche Tohmatsu Limited in njenih družb članic je na voljo na <http://www2.deloitte.com/si/en/pages/about-deloitte/articles/about-deloitte.html>

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Deloitte Revizija d.o.o. - Družba vpisana pri Okrožnem sodišču v Ljubljani - Matična številka: 1647105000 - ID št. za DDV: SI62560085 - Osnovni kapital: 74,214,30 EUR

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, assess whether the other information is materially inconsistent with the financial statements, legal requirements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

### **Responsibilities of Management and Management Board for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so

Management Board is responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

With Management Board we communicate the planned scope and timing of the audit and significant findings from the audit, including significant deficiencies in internal control we have identified during our audit.

DELOITTE REVIZIJA d.o.o.

Tina Kolenc Praznik  
Certified auditor

*For signature please refer to the original Slovenian version.*

**Deloitte.**  
DELOITTE REVIZIJA D.O.O.  
Ljubljana, Slovenija 3

Ljubljana, 27.3.2018

**TRANSLATION ONLY – SLOVENIAN ORIGINAL PREVAILS**

## Annex 1:

# Disclosures for Sava d.d. under Article 69 of the Companies Act (ZGD-1)

Ser. No.	Content of disclosures under Article 69 (paragraph) Item	Note in Annual Report Item:	Other notes
(2)1.	Adopted accounting policies	Financial statements with notes for Sava d.d. – Items 2.1. and 2.2.	-
(2)2.	When tangible fixed assets are measured at revalued amounts, a table showing: changes in revaluation reserves in the financial year with an interpretation of the tax treatment of the items indicated therein and the book value in the balance sheet that would have been recognised were the tangible assets not revalued	-	N/A
(2)3.	When financial instruments or assets are measured at fair value:		
	- significant assumptions for the valuation models and techniques used when fair values were determined in line with the second indent of paragraph three of Article 67	Financial statements with notes for Sava d.d. – Item 2.2.	-
	- for each category of financial instrument or asset, the fair value and the changes in value directly included in the income statement as well as changes included in reserves from valuation at fair value	Financial statements with notes for Sava d.d. – Item 2.4.4.	-
	- for each class of derivative, data on the scope and type of instrument, including any material conditions that may affect the amount, time frame and reliability of future cash flows	-	N/A
	- a table showing changes in reserves from valuation at fair value during the financial year	Financial statements with notes for Sava d.d. – Item 2.4.10.	-
(2)4.	The total amount of significant contingent financial liabilities not included in the balance sheet. Liabilities for payment of pensions and liabilities to the group companies shall be shown separately.	-	N/A
(2)5.	The amount of total liabilities backed by a collateral, with data on the form and method of collateralisation, separately for each liabilities item in the balance sheet.	Financial statements with notes for Sava d.d. – Items 2.4.13 and 2.5.2.	-
(2)6.	Advances and loans granted by the company or its subsidiary to the management, supervisory board members, other employees working for the company under a contract for which the wage section of the collective agreement does not apply, with indication of the interest rates, main conditions and all sums that have been repaid, written off or waived, and the guarantees issued by the company for the obligations of such persons, including the above-mentioned information, shown separately for each of these groups of persons.	-	N/A
(2)7.	The amount and the nature of individual revenue or expense items of extraordinary scope or significance.	Financial statements with notes for Sava d.d. – Item 2.4.21.	-
(2)8.	The amount of all liabilities maturing after five years, separately for each liabilities item in the balance sheet.	-	N/A
(2)9.	Average number of employees.	Financial statements with notes for Sava d.d. – Item 2.4.19.	-
(2)10.	If the company holds or has held own shares during the year:	-	-
	- the number, amount and proportion of own interests in the share capital that the company or a third party acquired or disposed of on behalf of the company during the financial year, the date of their acquisition, the purpose of acquisition or disposal of own shares and the cash value of cross charges	-	-
	- the number, amount and value of own interests in the share capital received in pledge by the company or a third party on behalf of the company during the financial year	-	-
	- the total number, the total amount and the total value of own interests in the share capital held by the company or by a third party on behalf of the company or held in pledge by the company or by a third party on behalf of the company as at the balance sheet cut-off date	-	-
(3)1.	For individual fixed asset categories:		
	- purchase price or production costs, or, in the case of an alternative measurement basis, fair value or revalued amount at start and end of financial year,	Financial statements with notes for Sava d.d. – Items 2.4.1., 2.4.2., 2.4.3., 2.4.4., 2.4.5.	-
	- acquisitions, disposals and transfers during the financial year,	Financial statements with notes for Sava d.d. – Items 2.4.1., 2.4.2., 2.4.3., 2.4.4., 2.4.5.	-

Ser. No.	Content of disclosures under Article 69 (paragraph) Item	Note in Annual Report Item:	Other notes
	- the total amount of value adjustments at start and end of financial year,	Financial statements with notes for Sava d.d. – Items 2.4.1., 2.4.2., 2.4.3., 2.4.4., 2.4.5.	-
	- value adjustments accounted for during the financial year,	Financial statements with notes for Sava d.d. – Items 2.4.1., 2.4.2., 2.4.3., 2.4.4., 2.4.5.	-
	- movements in aggregated value adjustments relative to acquisitions, disposals and transfers during the financial year,	Financial statements with notes for Sava d.d. – Items 2.4.1., 2.4.2., 2.4.3., 2.4.4., 2.4.5.	-
	- borrowing costs related to the acquisition of fixed assets that are included in their cost.	-	N/A
(3)2.	Where financial instruments are measured at historical cost:		
	- for each class of derivative, data on the scope and type of instrument, including its fair value if it can be determined using one of the methods prescribed in the first indent of paragraph three of Article 67,	Financial statements with notes for Sava d.d. – Item 2.5.4.	-
	- in the case of financial fixed assets disclosed in an amount exceeding their fair value, the book value and the fair value of individual assets or an appropriate group of these individual assets and the reasons for the non-reduction of their book value, including the nature of the evidence on which the assumption that the book value will be re-acquired is based.	-	N/A
(3)3.	The total amount of income received by the company's management, other employees working under a contract for which the wage section of the collective agreement does not apply and income received by members of the supervisory board, separately for each of these groups of persons.	Financial statements with notes for Sava d.d. – Item 2.5.7.	-
(3)4.	Data for each company in which the company has at least a 20% participation in equity, either directly or through a person acting on behalf of the company: its corporate name and registered office, the amount of its equity participation and the amount of its equity and of its profit or loss for the financial year	Subsidiaries in the Sava Group: the disclosures are listed in the financial report for the Sava Group.	Note under Item 2.4.4.; the financial investment into Gorenjska banka d.d. is classified as available-for-sale, but its operating figures are not yet publicly available; there is one financial investment that exceeds the 20% threshold, but it is not significant.
(3)5.	If the company has authorised capital or has conditionally increased its share capital: the amount of authorised capital and the lowest issue price of shares issued during the financial year for authorised capital or on the basis of the conditional increase in the share capital	-	N/A
(3)6.	If the company issued more than one class of shares: the number shares in each class and their minimum issue price	-	N/A
(3)7.	If the company has issued dividend bonds, convertible bonds, bonds with pre-emptive right to purchase shares or other securities giving the holder the right to participate in the company's profits or the right to buy or to convert each of these types of securities into the company's shares: their number and the rights arising from them	-	N/A
(3)8.	If the company is a member of another company and is personally liable without limitation for the debts of this company: the corporate name, the registered office and the legal form of such other company	-	N/A
(3)9.	The corporate name and registered offices of the controlling company that compiles a consolidated annual report for the broadest circle of group companies and in relation to which the company is a subsidiary and where the consolidated annual report can be obtained	Financial statements with notes for Sava d.d. – Item 2.1.	Sava d.d. is the controlling company which compiles a consolidated annual report for the broadest circle of group companies.
(3)10.	The corporate name and registered offices of the controlling company which compiles a consolidated annual report for the narrowest circle of group companies and in relation to which the company is a subsidiary, and where the consolidated annual report can be obtained	-	N/A
(3)11.	The proposed distribution of profit or treatment of loss and the distribution of profit or treatment of loss.	Financial statements with notes for Sava d.d. – Item 2.4.10.	-
(3)12.	The type and objective of the company's operations that are not shown on the company's balance sheet and their impact on the company, if the risks and benefits of such operations are significant and the disclosure of such risks or benefits is necessary for the assessment of the company's financial position.	-	N/A
(3)13.	The nature and financial impact of significant events occurring after the end of the financial year and which are not included in the financial statements.	-	N/A

Ser. No.	Content of disclosures under Article 69 (paragraph) Item	Note in Annual Report Item:	Other notes
(3)14.	Transactions initiated by the company with related parties, the amounts of such transactions, the nature of relationship with related parties and other transaction data, if these transactions are significant and are not carried out under normal market conditions	-	N/A
(3)15.	A breakdown and clarification of the amounts of the provisions shown under the "other provisions" item if the amount of such provisions is significant	-	N/A
(3)16.	If the income statement is prepared in accordance with the provisions of paragraph three of Article 66: the amount of the labour costs for the financial year referred to in point 6 of paragraph two of Article 66	-	N/A
(3)17.	A breakdown of capital reserves in accordance with paragraph one of Article 64	Financial statements with notes for Sava d.d. – Item 2.4.10.	-
(3)18.	Average number of employees during the financial year, divided by category.	Business Analysis/Item 3 – Business operations of Sava d.d.	-
(3)19.	If the company has deferred tax assets, the deferred tax balances at end of financial year and their movement during the financial year.	-	N/A
(4)1.	A breakdown of net sales revenues by individual areas of the company's operations or by individual geographical markets, if these differ significantly from each other in terms of organisation of the sale of products and the provision of services	-	N/A
(4)2.	The amount paid to the auditor for auditing the Annual Report and separately the amount paid to this auditor for: other assurance services, tax advisory services and other non-audit services.	Financial statements with notes for Sava d.d. – Item 2.5.8.	In 2017, no contracts were concluded with Deloitte revizija d.o.o. for other assurance services, tax advisory services or other non-audit services.

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