

Business operations of the Sava Group and Sava d.d. in the period January-June 2011



Sava Group



INDEX

INTRODUCTORY EXPLANATION	5
SUMMARY OF BUSINESS OPERATIONS OF THE SAVA GROUP AND SAVA D.D. IN THE PERIOD JANUARY-JUNE 2011	6

INTRODUCTION

1. Significant financial data	8
2. Company profile	9
3. Organisational structure of the Sava Group	10
3.1. About the Sava Group	10
3.2. About Sava d.d.	10
3.3. Composition of the Sava Group	11
3.4. Divisions of the Sava Group.	11
4. Managing and governing bodies	13
4.1. Presentation of the Management Board	13
4.2. Presentation of the Supervisory Board	14
5. More important events and achievements	17
5.1. More important events and achievements in the period January-June 2011	17
5.2. More important events and achievements after the accounting period – as of July 2011	19

BUSINESS REPORT

1. The key strategic activities of Sava d.d.	20
2. The Sava share an ownership	22
3. Financial management	27
4. Business operations of the Sava Group and Sava d.d.	29
4.1. Business operations of the Sava Group	29
4.2. Operations by divisions	36
4.3. Business operations of Sava d.d.	42
5. Development of HR management and environmental protection	49
5.1. Concern for employee development	49
5.2. Concern for occupational health and safety	52
5.3. Environmental protection	55



FINANCIAL REPORT

1. Unaudited consolidated financial statements of the Sava Group with notes in accordance with International Financial Reporting Standards as adopted by the EU	62
1.1. Consolidated financial statements of the Sava Group in accordance with International Financial Reporting Standards as adopted by the EU	62
1.2. Composition of the Sava Group and data about the operations of subsidised and associated companies in the period January – June 2011	69
1.3. Notes to the financial statements of the Sava Group in accordance with International Financial Reporting Standards as adopted by the EU	74
1.4. Statement by Management Board for the Sava Group	122
2. Unaudited financial statements of Sava d.d. with notes in accordance with Slovene Accounting Standards	123
2.1. Unaudited financial statements of Sava d.d. in accordance with Slovene Accounting Standards	123
2.2. Notes to the financial statements of the company Sava d.d.	133
2.3. Financial risk management for the company Sava d.d.	140
2.4. Breakdown and notes to the financial statements of Sava d.d.	141
2.5. Other disclosures	159
2.6. Statement by Management Board for Sava d.d.	169
CONTACT PERSONS	170





INTRODUCTORY EXPLANATION

Based on the provisions of the Rules of the Ljubljana Stock Exchange d.d. and the applicable legislation, Sava d.d., družba za upravljanje in financiranje, Škofjeloška cesta 6, 4000 Kranj, informs its shareholders and a wider public about the

business operations of the Sava Group and Sava d.d. in the period January – June 2011

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

The Management Board of Sava d.d. made the Supervisory Board of the company acquainted with the operation of the Sava Group and the parent company Sava d.d. in the period January-June 2011.

Significant changes in the data included in the Stock Exchange brochure are announced in the Ljubljana Stock Exchange electronic information system SEOnet on an on-going basis. The announcement can be accessed also on the official company website www.sava.si as of the announcement date, i.e. 31 August 2011. The announcement will remain posted on the company website for at least 5 years



SUMMARY OF BUSINESS OPERATIONS OF THE SAVA GROUP AND SAVA D.D. IN THE PERIOD JANUARY-JUNE 2011

Sava's sale and profit from operations surpass plans and last year's achievements. With regard to the first quarter the loss resulting from impairments of financial investments is slightly lower at the half-year. A new strategy for the development of Sava is being devised.

In the first half-year of 2011, Sava Group companies generated sales revenues of €93.8 million, which was 14% more than in the same period last year and 1% above plan. Rubber Manufacturing and Tourism generated 94% of the entire Sava Group sales revenues in total and other divisions generated 6%. 55% of the consolidated sales revenues were generated in the foreign markets.

The largest Sava's division - Rubber Manufacturing with the Foreign Trade Network – made sales revenues of €60.6 million. The generated sale was 13% higher than in the same period last year, while business plan was surpassed by 10%. In Tourism companies, the number of overnight stays increased by 11% compared to the same period last year; sales revenues were 7% higher than in the same period last year and 1% above plan. Other divisions did not fulfil the semi-annual plans, however, their volume of business has only a minor share in the total sales structure of the Sava Group.

The operating profit of the Sava Group companies in the first half-year 2011, amounted to €2.5 million, which is by €3.0 million better than in the same period last year and by 16% above plan. Investments were limited in the first half-year and amounted to €2.7 million at Sava Group's level. In Rubber Manufacturing, it was mainly invested in the modernisation of production facilities in Kranj and the erection of new horizontal injection presses in the Ptuj plant. A larger investment of Tourism was made in the building of the largest toboggan in Slovenia in the thermal park of Terme Ptuj d.o.o.

The parent company Sava d.d. generated revenues from the share in profit of the associated companies of Sava d.d. in the amount of €11.0 million; the amount mainly refers to the dividends received from Gorenjska Banka d.d. and Abanka Vipava d.d.

The major influence on Investment Finance of Sava d.d. and, as a consequence, on the operating result of the company, had the effects of negative movements in the capital markets. The market capitalisation of all shares in the Ljubljana Stock Exchange further decreased this year to reach the lowest level ever since the beginning of the financial crisis. For this reason, Sava d.d. additionally impaired its financial investments in total amount of €37.4 million already in the first quarter. The net loss of Sava d.d., which is entirely due to the impairment of financial investments, amounted to €29.6 million at first half-year. As a consequence, the net operating result of the Sava Group was negative too and amounted to €20.2 million in the first half-year. On account of the generated profit of Sava d.d. and the Sava Group in the second quarter, the amount of the semi-annual loss was slightly lower than at the end of the first quarter. In the second quarter, Sava d.d. made a net profit of €0.7 million, while the net profit of the Sava Group amounted to €2.2 million. If it had not been necessary to carry out these impairments, Sava d.d. would have generated a total profit of €4.7 million and the Sava Group €5.2 million.



In the first half-year of 2011, the value of the Sava share moved between €95 and €37. At the end of June, the bid market price amounted to €40, meaning that it fell by 33.6% in comparison with the end of this year's first quarter. The book value of the Sava share amounted to €148.9 at the end of the half-year. As a result of further negative movements in the capital markets, its value decreased by 7.6% at the end of the past year, and compared to this first quarter it slightly rose.

The balance sheet total of the Sava Group totalled €521.6 million at the end of the first half-year and was slightly higher than at the end of the quarter, and lower by 3.7% with regard to the end of 2010. The share of capital in the liabilities structure reached 40.8%. At the end of June 2011, the indebtedness of the Sava Group with banks was 2% lower than at the end of the previous year, and that of Sava d.d. by 3%. The financial position of the Sava Group and Sava d.d. is still solid; however, in order to assure financial sustainability and repay liabilities to the banks in longer period of time, disinvesting of a part of Sava d.d.'s assets is required.

Based on the results generated in the first half-year and business forecast, the Management Board estimates that business plan in the largest Sava's divisions - Rubber Manufacturing and Tourism – which surpass last year's achievements and plan, will be accomplished at the end of the year; the deviations from the plans of Sava d.d. and the Sava Group will be due to the impairments of financial investments.

Extensive impairments of financial investments, which recently needed be carried out because of the impacts of the financial crisis, request for a strategic reflection and a design of a new development cycle in Sava's renewal. Ever since the new Management Board of Sava d.d. assumed its office at the end of March 2011, they have been performing the activities for renewing the business model in an intense manner. In May, the Board prepared a short-term measures programme to improve the operations. The programme operationalises and supports the implementation of the measures that will consolidate the operations and strengthen the cash flow, additionally balance the maturity of financing sources and disinvest certain investments.

The disinvestment programme includes all activities in the sale project of Sava d.d., in Abanka Vipa d.d. and the preparation of back-up scenarios and establishing the conditions for any alternative disposals of other financial investments Sava d.d. has. The sale procedure for the stake in Abanka Vipa d.d. is running smoothly with a fair assistance on the part of the bank management.

Presently, the strategy of the development of the Sava Group and Sava d.d. is being drawn up; its goal is to create the conditions for an improved performance, repeated growth in the assets of the companies and the value of the Sava share, increased profit to assure formation of new sources for a dividend pay-out to the shareholders of Sava.

In all Sava Group parts, planning and creating the conditions for the implementation of the strategy are being underway during these summer months; the development directions of Sava's business will be presented this autumn to the shareholders and the public.



INTRODUCTION

1. SIGNIFICANT FINANCIAL DATA

€ in millions

SAVA GROUP	2007	2008	2009	2010	JAN-JUN 2011	Index 2011/2010
Sales	188.2	231.8	172.9	176.7	93.8	53
Pre-tax operating result	41.6	0.3	22.5	-105.1	-22.4	21
Net operating result	39.3	1.9	23.4	-99.9	-20.1	20

	31/12/2007	31/12/2008	31/12/2009	31/12/2010	30/06/2011	Index 2011/2010
Balance sheet total	951.7	921.6	941.4	760.8	732.9	96
Non-current assets	850.3	815.4	776.8	643.2	602.8	94
Current assets	101.4	106.2	164.6	117.6	130.1	111
Capital	545.4	482.4	475.4	323.3	298.9	92
Non-current debts	203.3	218.6	178.8	232.8	233.5	100
Current debts	203.0	220.6	287.2	204.7	200.6	98
Investments in fixed assets	37.5	23.3	6.7	6.4	2.7	42

SHARE						
Book value at the end of period (€)	270.9	239.7	236.2	161.1	148.9	92
Market value at the end of period (€)	603.7	253.2	240.1	89.5	40.0	45
Paid dividend per a share - (€)	2.8	3.0	3.1	3.2	-	-

EMPLOYEES						
Employees - at the end of the period	2,641	2,692	2,370	2,286	2,318	101



2. COMPANY PROFILE

Firm:	Sava, družba za upravljanje in financiranje, d.d.
Abbreviated company name:	Sava, d.d.
Head office:	Škofjeloška c. 6, 4000 Kranj, Slovenia
	Tel: +386 4 206 50 00
	Fax: +386 4 206 64 46
	e-mail: info@sava.si
	http://www.sava.si
Registration No:	5111358
VAT ID No:	SI 75105284
Entry No. in court register:	10024800
Classification of industries:	64.200 – holding companies
Date of entry in court register:	26 April 1996
Company's share capital as at 30/06/2010:	€83,751,567.51
No. of shares as at 30/06/2010:	2,006,987 ordinary personal no-par value shares
Shares listed on:	Ljubljana Stock Exchange d.d., stock exchange listing
Share name:	SAVA
*President of the Management Board:	Matej Narat , MSc
*Members of the Management Board:	Franci Strajnar, MSc, Miha Resman and Andrej Andoljšek
Chairman of the Supervisory Board:	Miran Kalčič
**Deputy Chairman of the Supervisory Board:	Stanislav Valant, MSc

The more important business areas:

- managing and financing companies in which the company has a majority or significant ownership stake;
- forming and managing competence centres of knowledge;
- managing portfolio investments;
- formation of subsidiaries and companies, and take-over of ownership stakes in Slovenia and abroad;
- leasing of real estate;
- all other commercial business that directly or indirectly contributes to achieving the goals of the company and involves the purchase and sale of real estate; and
- joining in commercial interest associations and concluding commercial contracts of all types.

* *Until 30 March 2011, the company was managed by the long-time management board consisting of chairman Janez Bohorič, and members Emil Vizovišek and Vinko Perčič. Vinko Perčič continued to carry out his office until the expiration of his third five-year term of office, i.e. 16 July 2011.*

** *Until the discontinuation of the supervisory board member office, i.e. 8 June 2011, the deputy chairman task was carried out by Marko Pogačnik, MSc.*

3. ORGANISATIONAL STRUCTURE OF THE SAVA GROUP

Besides the parent company Sava d.d., which manages the Investment Finance division and is the administrative centre of the Group, the companies from four other divisions form the Group. The active management is based on the network links between the competence centres of knowledge. In the Sava Group, we encourage, develop and co-create businesses which comply with sustainable development principles and our fundamental values that guide us in our decision-making process. We are noted for the established brand names of Sava and Sava Hotels & Resorts.

3.1. About the Sava Group

The Sava Group is one of the larger business enterprises in Slovenia. It incorporates 27 companies (the parent company and 26 subsidised companies). In total, the companies employ over 2,300 associates.

The divisions of the Sava Group are:

- Rubber Manufacturing with the Foreign Trade Network
- Tourism
- Real Estate
- Investment Finance
- Other Operation

We are creative in various fields but uniform in implementing our development vision and mission: to surpass expectation of customers, employees, shareholders, business partners and the environment, and to create attractive opportunities for employing the best personnel.

The main tasks of the divisions and Sava Group companies are to provide operational excellence, develop special expertise, assure global competitiveness oriented to preserving a leading position in the domestic, regional and global markets, assure effective marketing, prepare and implement investment plans, as well as maintain, control quality and encourage innovation and cooperation with the competence centres of knowledge at Sava d.d.

The values of the Sava Group:

INTEGRITY; WE ACT HONESTLY AND ETHICALLY, RESPECTING AGREEMENTS.

RESPONSIBILITY; WE RESPONSIBLY EXERCISE THE PRINCIPLES OF SUSTAINABLE DEVELOPMENT.

KNOWLEDGE; OUR SUCCESS IS BASED ON KNOWLEDGE.

CREATIVITY; WE CREATE INNOVATIVE SOLUTIONS.

EXCELLENCE; WE WISH TO BE EXCELLENT IN EVERYTHING WE DO.

3.2. About Sava d.d.

Using the best management systems and the fundamental strategic knowledge Sava trains the majority owned companies to achieve an above-average return (in their respective branch). It is the administrative centre of the Sava Group and carries out the operation of Investment Finance. The value of company assets is being increased by way of efficient managing of the investment portfolio.

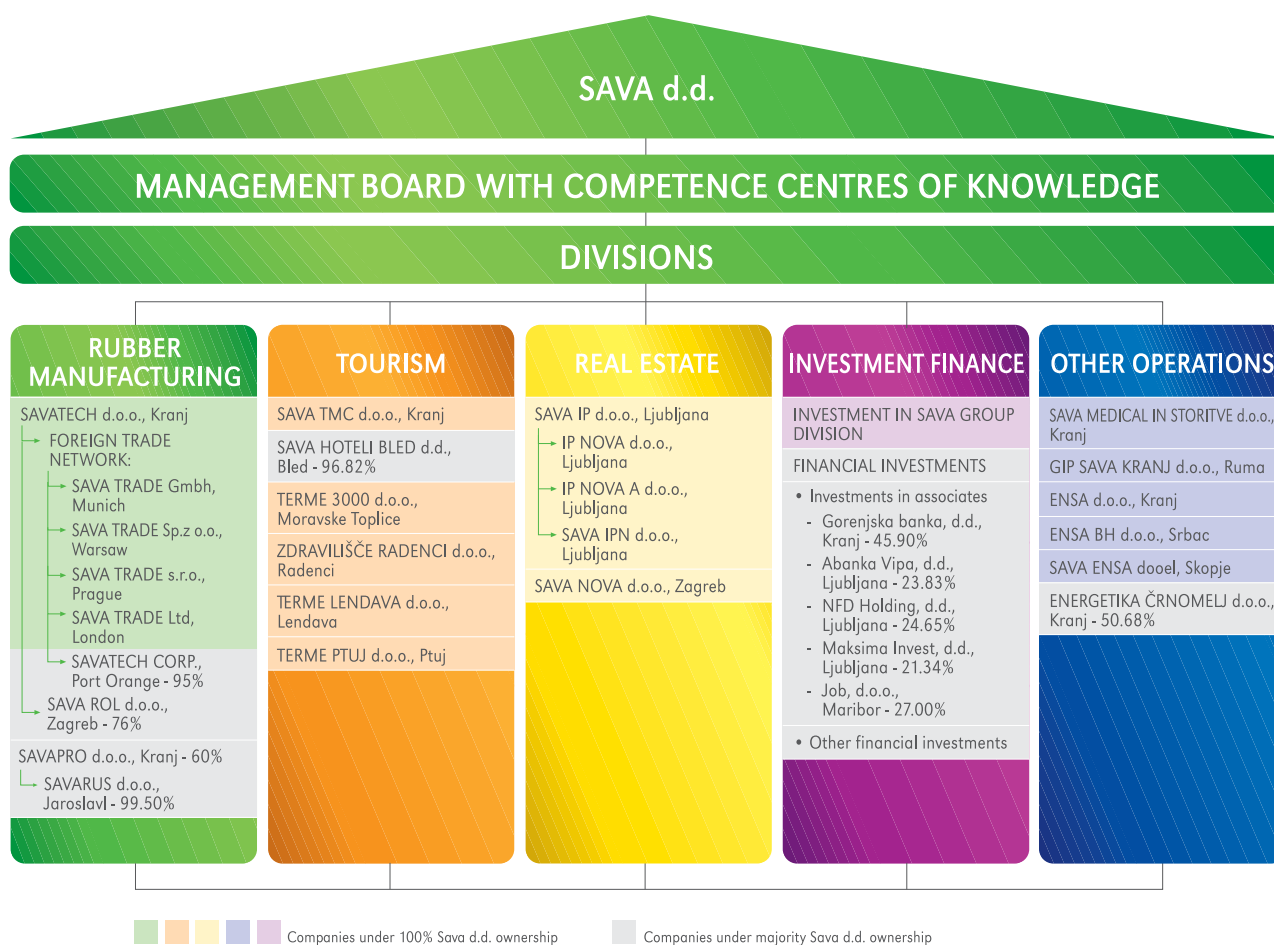
In managing varied operations, the company especially focuses on the creation of synergies between individual components, providing most favourable financing sources, managing liabilities and defining priority investment.



The model of active management is designed on 13 competence centres of knowledge, which are linked as a network. Such a model enables to perceive and utilise synergies between the individual parts of the Group. The competence centres of knowledge involve competent and trained associates from all companies who unite their expertise, abilities and experiences from various fields of knowledge and companies.

Their task is to ensure that the policy adopted by the management board is carried out in all parts of the Group, make sure that knowledge is developed and transferred, as well as provide system solutions to enable the existing and new members to work in a quality and efficient manner.

3.3 Composition of the Sava Group



3.4. Divisions of the Sava Group

INVESTMENT FINANCE

This operation is carried out within the company Sava d.d.; its main tasks are to optimise the value of individual investments, assist in financing our divisions and care for the growth in Sava Group's assets.

The two most important financial investments that Sava d.d. has in the associated companies of the Sava Group are: a 45.9% stake in Gorenjska Banka d.d., and a 23.82% stake in Abanka Vipava d.d.

RUBBER MANUFACTURING WITH THE FOREIGN TRADE NETWORK

The mainstay of the development is Savatech d.o.o., which includes five foreign trade companies in Germany, Czech Republic, Poland, England, Florida and a representative office in Russia. The divisions further include the companies Sava Rol d.o.o., Savarus d.o.o., and Savapro d.o.o. The business is based on 90 years of tradition.

We develop and market a broad range of high-quality products and tyres suitable for industrial applications reaching from the construction industry to the car industry (motorcycles, scooters, bicycles, industrial vehicles, go-karts, cars), the graphic and paper industry and the environmental protection. We develop new products such as radial tyres for high-capacity motorcycles, and new products for sectors, which Sava is only just entering such as medicine, military equipment and energy management.

The products are marketed under the Sava brand name. The Sava brand achieves a high added value particularly owing to its products for the environmental protection, new development products such as radial tyres, as well as other groups of industrial rubber products.

TOURISM

We are the major tourist service provider in Slovenia. The division operates under the umbrella brand name Sava Hotels & Resorts and includes two tourist destinations: Bled and the north-east of Slovenia. The division consists of the following companies: Sava TMC, d.o.o., tourism management company, Sava Hoteli Bled d.d., Terme 3000 d.o.o. in Moravske Toplice, Terme Lendava d.o.o., Terme Ptuj d.o.o. and Zdravilišče Radenci, d.o.o. with Terme Banovci.

The development of this division is sustainably-driven and gives priority to establishing links with the closer and broader environment. We market hotel, health resort and other tourist services as well as golf courses and campsites of the highest category.

REAL ESTATE

This division has a leading position in the Slovene real estate market. It includes the companies Sava IP d.o.o. and its daughter companies IP Nova d.o.o., IP Nova A d.o.o., Sava IPN d.o.o., Sava IMG d.o.o. and Sava Nova d.o.o. We finance and build various facilities for the market and lease out our own real estate. An important part of this operation involves providing engineering and other services for the requirements of Sava Group companies.

OTHER OPERATIONS

This includes the companies: Sava Medical in Storitve d.o.o., a social enterprise for employing and training disabled workers, GIP Sava Kranj d.o.o., which manages ownership issues in relation to real estate in Serbia, the Kranj-based company Energetika Sava d.o.o., a developer in the field of alternative energy sources, and other companies that are involved in energy management: Energetika Črnomelj d.o.o., Kranj; Ensa BH d.o.o., Srbac, and Sava Ensa, dooel., Skopje. The companies provide integrated solution that aim at decreasing energy costs.



4. MANAGING AND GOVERNING BODIES

4.1. Presentation of the Management Board

Sava d.d. is managed by a four-member Management Board consisting of Matej Narat, MSc, as President, and Members Franci Strajnar, MSc, Miha Resman and Andrej Andoljšek. The term of office of the new Management Board expires on 31 March 2016.

MATEJ NARAT, MSc, President of the Management Board



- Master of Economics, born in 1967
- President of the Management Board since 31 March 2011
- responsible for the strategy and development of operations, marketing and corporate communications, HR and business organisation and supporting functions to the Management Board (general secretary office).

Other current functions:

- Chairman of the Supervisory Board of Sava Hoteli Bled d.o.o.

FRANCI STRAJNAR, MSc, Member of the Management Board



- Master of Laws, born in 1972
- Member of the Management Board since 31 March 2011
- responsible for internal audit, law, EU projects, safety and ICT

Other current functions:

- Arbitrator at the Permanent Arbitration of the Ljubljana Stock Exchange d.d.

Membership of Supervisory Boards:

- Member of the Supervisory Board of Istrabenz d.d., Koper
- Member of the Supervisory Board of Abanka Vipa d.d., Ljubljana

MIHA RESMAN, Member of the Management Board



- BSc (Economics) , born in 1975
- Member of the Management Board since 31 March 2011
- responsible for strategic and business finance, strategic accounting, plan and analyses, strategic controlling and risk management

Membership of Supervisory Boards:

- Member of the Supervisory Board of Gorenjska Banka d.d., Kranj

ANDREJ ANDOLJŠEK, Member of the Management Board



- BSc (Economics), MBA, born in 1970
- Member of the Management Board since 31 March 2011
- responsible for quality systems, cost control and operational excellence and strategic purchasing

Other current functions:

- Member of the administrative board of basketball club Helios, Domžale

4.1. Presentation of the Supervisory Board

The Supervisory Board of Sava d.d. consists of nine members, of whom six are shareholder representatives and three employee representatives. Its chairman is Miran Kalčič and deputy chairman is Stanislav Valant, MSc. The term of office of the new Supervisory Board members, Robert Ličen, MSc, and Aleš Skok, appointed at this year's Shareholders' Meeting in June, expires on 9 June 2015. The 4-year term of office of the remaining Supervisory Board members expires on 28 June 2012.

THE SHAREHOLDER REPRESENTATIVES

MIRAN KALČIČ, Chairman of the Supervisory Board, personnel commission member

- LL.B., born in 1948
- Executive director and member of the managing board of the Institute for Work Safety d.d., Ljubljana
- Holder of a certificate by the Slovenian Directors' Association

Principal current functions and membership:

- Chairman of the expert committee of the Employment Service of Slovenia
- Member of the expert committee of the Slovene Association of Disabled Workers
- Member of the Committee for Closed Mutual Pension Funds for Public Employees
- Member of the administrative board of Slovenian Directors' Association

STANISLAV VALANT, MSc, Deputy Chairman, chairman of the personnel commission

- MSc (Economics), born in 1950
- President of the Management Board of Nacionalna Finančna Družba d.d.,

Principal current functions and membership:

- Chairman of the Supervisory Board of Etol d.d., Celje
- Chairman of the Supervisory Board of Hoteli Bernardin d.d., Portorož
- Honorary chairman of the Supervisory Board of the Ljubljana Stock Exchange d.d., Ljubljana .
- Chairman of the Slovenian Investment Fund Association
- Member of the Slovenian Directors' Association



ROBERT LIČEN, MSc, shareholder representative, member of the audit commission

- Master of Administration and Organisation, born in 1967
- Owner of Profit Plus d.o.o

Principal current functions and membership:

- Chairman of the Supervisory Board of Peko d.d, Tržič
- Member of the administrative board of Manager's Association – Junior Section
- Member of the Slovenian Directors' Association

JANKO KASTELIC, Member – shareholder representative, chairman of the audit commission

- BSc (Economics), born in 1950
- Director of Finetol, d.d., Celje

Principal current functions and membership:

- Chairman of the Supervisory Board of NFD Holding d.d., Ljubljana
- Member of the Slovenian Directors' Association

JOŽE OBERSNEL, Member – shareholder representative, member of the audit commission

- BSc (Economics), born in 1947
- counsel to the management board of Zavarovalnica Triglav d.d., Ljubljana

Principal current functions and membership:

- Member of the Supervisory Board of the insurance company Triglav Pojištvna a.s., Brno, Czech Republic
- Member of the administrative board of Zavarovalnica Kopaonik .d.d., Belgrade, Serbia
- Member of the Supervisory Board of the insurance company Triglav Osiguranje d.d., Zagreb, Croatia
- Member of the administrative board of the insurance company Triglav Krajina Kopaonik, a.d.o., Banja Luka, The Republic of Serbia, Bosnia and Herzegovina

ALEŠ SKOK, Member – shareholder representative

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

Principal current functions and membership:

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

EMPLOYEE REPRESENTATIVES

JANEZ JUSTIN, Member – employee representative, member of the personnel commission

- Mechanical technician, born in 1946
- President of the Trade Union for Chemical, Non-metal and Rubber Manufacturing Industries (KNG) at Sava-Goodyear

Principal current functions and membership:

- President of KNG Slovenia
- Member of the board of the European Mine, Chemical and Energy Workers' Federation (EMCEF)
- Member of the board of the International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM)
- Chairman of the negotiating teams for collective agreements for chemical and rubber manufacturing and the non-metal industries of Slovenia
- Member of the negotiating team of employees in EMCEF negotiating with EU directorates

BOŠTJAN LUZNAR, Member – employee representative

- BSc (Agronomy), born in 1977
- Head of golf green-keeping on Bled golf course, Sava Hoteli Bled d.d.

Principal current functions and membership:

- Head of the executive board of Slovene Golf Green-keepers Association
- Member of the specialist team Maintenance in Sava d.d.

GREGOR ROVANŠEK, Member – employee representative, member of the audit commission

- BSc (Economics), born in 1981
- Assistant Director, CC Strategic Controlling , Sava d.d., Kranj

5. MORE IMPORTANT EVENTS AND ACHIEVEMENTS

5.1. More important events and achievements in the period January-June 2011

JANUARY

- Increases in capital in Savatech d.o.o., Kranj in the amount of €31.2 million and in Sava IP d.o.o., Ljubljana, in the amount of €7.1 million, which were approved in 2010, are entered in the register of companies.
- Velo programme of Savatech d.o.o. begins to develop a new motorcycle tyre segment for the so-called moto-skiing, a new and ever more popular winter race.
- Sava Hoteli Bled d.d. wins a bronze diploma for participation in the evaluation processes for the business excellence award of the Republic of Slovenia, the highest national award in quality and excellence of business.
- Sava Hoteli Bled d.d. establishes the so-called Green Team to encourage sustainable development of the company, which is set as a strategic guideline in all Tourism companies. The first projects in Bled this year are: Hotel Park – A Green Hotel, development of green conference and incentive programmes, and proceeding with the carbon dioxide footprint in the campsite Bled.
- At the 13th Slovene Tourism Forum in Dolenjske Toplice, the 2010 Sower and Creator awards are presented, as well as special acknowledgements to four tourist organisations that were most active in innovation in the period 2007-2010, one of them being Terme 3000 d.o.o.

FEBRUARY

- Together with other members of the consortium, Sava d.d. chooses the international investment bank ING as their joint advisor and signs the agreement about financial advising in the procedure of selling a 50.1% stake in Abanka Vipava d.d.
- Sava d.d. and SchäferRolls GmbH & Co KG conclude an agreement about selling a 50% business stake of Sava d.d. in the mixed ownership company for the manufacture of roll covers Sava-Schäfer d.o.o., Kranj. This decision is a reasonable continuation of the joint venture agreement made upon the formation in 2001.
- Subject to signing a confidentiality agreement, the Management Board of Sava d.d. allows their shareholders to have an insight in the Summary of Key Findings of the Report about the Evaluation of Equity Capital of Sava d.d. at 30/06/2010, which was drawn up last December and includes the impairments performed the last year. The appraised value of Sava d.d. is significantly higher than the price levels at which the market price of the Sava share has been formed for some time now.
- At the general meeting, the shareholders of Merkur d.d. vote for an increase in capital of the company, which is one of the critical conditions for an effective compulsory settlement in this company. The shareholders unanimously support the request by Sava d.d. for a special audit of disputable transactions by the management of Merkur d.d. between 2007 and 2010.
- The Tourism division becomes a member of one of the most prominent organisations in health and wellness services provider worldwide - FEMTEC. Tourism destinations which operate under the umbrella brand Sava Hotels & Resorts are the first Slovene members in this specialist world federation.

MARCH

- Sava d.d. receives interim dividends from Gorenjska Banka d.d. in the amount of €4.4 million.
- Sava d.d. increases capital in ENSA d.o.o. by €212,000; after this increase, its share capital amounts to €880,459.
- After a long-time successful work at Sava and three five-year terms of office as management board members, the chairman Janez Bohorič and the member Emil Vizovišek discontinue their active management with 30 March 2011, while the member Vinko Perčič will carry out his work until the expiration of the regular term of office, which is on 17 July 2011.





- The previous Management Board is succeeded by the new members of the Management Board of Sava d.d.: president Matej Narat, MSc, and members Andrej Andoljšek, Miha Resman and Franci Strajnar, MSc. They have been appointed for a five-year term office beginning on 31 March 2011.
- The Workers' Council of Sava d.d. elects Gregor Rovanišek a new member of the Supervisory Board of Sava d.d. as employee representative to replace Miha Resman. The term of office of Rovanišek is from 31 March 2011 to the expiration of the term of the present Supervisory Board members, i.e. 28 June, 2012.
- The campsite Bled receives a distinguished European award by the German Camping Club DCC, the oldest and greatest campsite association in Germany. The campsite Bled is one of four campsites to receive this award out of 6,000 European campsites.
- In the European conference in Berlin titled Encouraging Mental Health and Well-Being at Work, Zdravilišče Radenci d.o.o. and Domel d.o.o. are chosen among 126 participating companies from Slovenia as the best practice cases in promotion and preventive activities aiming at strengthening and preserving well-being at workplace.

APRIL

- The Supervisory Board of Sava d.d. deals with and adopts the audited annual reports of the Sava Group and Sava d.d. for 2010. It supports the proposal of the Management Board to the Shareholders' Meeting to keep the accumulated profit of €6.5 million undistributed until further notice.
- The members of the new Management Board of Sava d.d., who are studying the areas of operations of the Sava Group, share their scopes of responsibilities and begin to introduce activities that aim at improving business achievements.
- Sava d.d. transfers its 76% ownership of Sava Rol d.o.o. Zagreb, to a leading company of Rubber Manufacturing, Savatech d.o.o.
- In Sava Hoteli Bled d.d., the renovation of the terrace of Restaurant and Cafe Park is finalised; 4 new wooden tents are set in the campsite Bled. Both investment projects enhanced the quality and variety of offer already before the high season opening.
- The Bled-based Grand Hotel Toplice celebrates its 80th anniversary; this prominent jubilee is marked with a number of events and thematic sales campaigns. On the occasion of the municipal festival, the municipality of Bled presents a golden plaque to the hotel.

MAY

- In connection with the procedure of establishing a possible concentration of the companies Sava d.d. and Gorenjska Banka d.d., started in this January, Sava d.d. receives a resolution by the Competition Office, by which the Office states that it does not object the concentration and that the concentration is in conformity with the competition rules. Since the resolution was issued on 17 May 2011, Sava d.d. has again total voting rights available in Gorenjska Banka d.d.
- The AGM of Gorenjska Banka d.d. adopts a resolution to pay a gross dividend of €70 per a share. Sava d.d. as the owner of a 45.9% stake in this company, receives dividends of €6.2 million in June, thus €10.6 million in total with the earlier received interim dividends.
- The AGM of Abanka Vipava d.d. adopts a resolution to pay a gross dividend of €0.18 per a share. Sava d.d. as the owner of a 23.83% stake will thus receive dividends of €308,851.4 on 24 August 2011.
- The Management Board of Sava d.d. adopts a short-term measures programme to improve operations and presents it to the Supervisory Board. The programme operationalises and supports the measures that aim at stabilising the operations and strengthening cash flow, further coordination of the maturity of financing sources and disinvesting certain investments.
- Velo programme of Savatech d.o.o. develops the new motorcycle Racing Super Soft tyres which assure a better road grip in cold weather.



JUNE

- At the 17th Shareholders' Meeting of Sava d.d., the shareholders grant discharge from liability to the Management Board and Supervisory Board for 2010, adopt a proposal about non-distribution of the accumulated profit, reject the proposal by KAD, SOD and MDS Society for examination of individual transactions in the period of last five years and appoint Deloitte Revizija d.o.o. as auditor of the financial statements for 2011.
- At the Shareholders' Meeting, the shareholders further adopt a resolution that on 8 June 2011, two Supervisory Board members – shareholder representatives are recalled: Tomaž Toplak and Marko Pogačnik, MSc. Robert Ličen, MSc, and Aleš Skok are elected new Supervisory Board members – shareholder representatives for a 4-year term of office beginning on 9 June 2011.
- The GTI programme of Savatech, completes the investment in Ptuj, which includes erection of three new horizontal injection presses.
- Savatech d.o.o. and Sava Medical in Storitve d.o.o. sign a new collective agreement, which brings many novelties, particularly in terms of salary and annual leave.
- Tourism companies begin to market the new loyalty programme of Sava Hotels & Resorts, called Ambassador; membership brings numerous benefits.
- Sava IP d.o.o. sells Sava IMG d.o.o., Poreč, in which it had a 50% stake.
- Sava d.d. transforms the granted loan into capital to increase capital in Sava Nova d.o.o., Zagreb. The value of this increase amounts to €9.0 million.

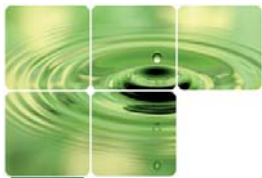
5.1. More important events and achievements after the accounting period - as of July 2011

JULY

- The Supervisory Board of Sava d.d. elects Stanislav Valant, MSc, as deputy chairman of the Supervisory Board. Janko Kastelic is appointed chairman of the audit commission, and Robert Ličen, MSc as member of the same commission. The Supervisory Board further gives approval to extend the procurement for Miran Hude.
- As discussed in the June Shareholders' Meeting about the examination of conducting individual transactions of the company, Sava d.d. publishes a summary of findings from the report about the actual findings on the basis of performed agreed upon procedures in connection with the selected businesses. The summary shows that all transactions were carried out suitably both in formal and economic aspect.
- NFD 1, Investicijska Družba, d.d. acquires 356 shares of Sava d.d., after which its share of voting rights is increased from 4.99% to 5.01%.
- The creditors of Merkur d.d. confirm the compulsory settlement for the company to defend it from going bankrupt. After increase in capital is entered, the present 19.17% stake of Sava d.d. decreases to about 7.9%.
- Under the framework of the Family-Friendly Enterprise, the second Employee Day is organised in the spa Ptuj for employees and their family members. This sports-social event attracts close to 800 participants. The Sava Group raises a donation for purchasing an elevator for a son of an employee from the spa Banovci.
- The greatest Sava's investment in Tourism – the largest toboggan in Slovenia Tajfun – opens and is intended for all adrenaline fans as well as families.

AUGUST

- In the Sava Group, intense activities for the preparation of a new development strategy of Sava are in progress.



BUSINESS REPORT

1. THE KEY STRATEGIC ACTIVITIES OF SAVA D.D. IN 2011

The key strategic activities of the new Management Board of Sava d.d. in 2011 are represented by the Short-term Measures Programme to Strengthen the Financial Position and Improve the Operations of Sava, and The Development Strategy of the Sava Group and Sava d.d.

1.1. SHORT-TERM MEASURES TO STRENGTHEN THE FINANCIAL POSITION AND IMPROVE THE OPERATIONS OF SAVA

Already this May, the new Management Board of Sava d.d. prepared a programme of short-term measures that aim at improving the operations, and it presented it to the Supervisory Board. The programme operationalises and supports the implementation of the measures that will consolidate the operations and strengthen the cash flow, additionally balance the maturity of financing sources and disinvest certain investments.

The short-term measures programme for strengthening the financial position and improving the operations of Sava includes:

1. measures in relation to liquidity of Sava Group companies
2. measures in other areas of operations of Sava Group companies

1. Measures in relation to liquidity of Sava Group companies

As far as liquidity of the Sava Group and Sava d.d. is concerned, the long-term goal, is to achieve and maintain a liquidity position that makes sure that:

- the liabilities of Sava are further settled on a regular basis
- the activities in connection with selling financial investments are carried out without any heavy time pressures in order to effect higher prices
- a sufficient free cash flow for desired investments in further development of Sava is guaranteed
- a stable liquidity situation is ensured so that management teams can primarily focus on the future development and growth of Sava

The programme of measures in connection with liquidity of the Sava Group includes:

a.) Activities in the area of relations with banks:

- Close partnership cooperation, implementation of commitments.
- Regular information about the financial position, planned and realised activities and other aspects of development in connection with the financial restructuring programme of the Sava Group.

b.) Disinvestment programme:

- Activities in the sale project of the investment that Sava d.d. has in Abanka Vipa d.d.
- Producing back-up scenarios and creating conditions for any alternative sale of other financial investments of Sava d.d.



2. Measures in other areas of operations of Sava Group companies

These measures include as follows:

- a.) Strategic analysis of Sava Group divisions: performance analysis for the past periods, analysis of business policy, organisation and HR issues, market opportunities and hazards, drawing up basics for the optimisation of operations and development of divisions.
- b.) Further process optimisation and cost rationalisations in Sava d.d. and subsidiaries.
- c.) Changes in the manner of governing and managing to assure optimum efficiency and a high level of standardisation in managing business functions at Group's level.

1.2. THE NEW DEVELOPMENT STRATEGY OF THE SAVA GROUP AND SAVA D.D. FOR THE PERIOD

The development strategy of the Sava Group and Sava d.d. for the next medium term period is being prepared. Planning and providing conditions for the implementation of the strategy in these summer months is being intensely underway in all Sava Group parts; this autumn, the development directions of Sava will be presented to the shareholders and a broader public.

The goal of the development strategy of the Sava Group and Sava d.d. will support the creation of conditions for:

- improved performance
- repeated growth in the assets of the companies and the value of the Sava share
- growth in profit to create new sources for a dividend pay-out to Sava shareholder

2. THE SAVA SHARE AND OWNERSHIP STRUCTURE

In the first half-year of 2011, the value of the Sava share moved between €37 and €95. At the end of June, the bid market price amounted to €40, meaning that it fell by 33.6% in comparison with the end of this year's first quarter. The movement of the Sava share reflects the general trend in the capital markets.

MOVEMENT OF THE SAVA SHARE VALUE

The value of the Sava share moved between the highest point at €95 and the lowest point at €37. The main reason for low share prices was the general negative movements in the domestic industrial sector and poor liquidity of the Slovene capital market, which still lags behind the levels achieved in the past periods.

	2006	2007	2008	2009	2010	1-6 / 2010	1-6 / 2011
No. of shares at period end (No. of shares)	2,006,987	2,006,987	2,006,987	2,006,987	2,006,987	2,006,987	2,006,987
Market capitalisation at period end (€ in millions)	464.9	1.211.6	508.2	481.9	179.6	373.5	80.3
Share book value (€)	214.3	270.9	239.7	236.2	161.1	195.7	148.9
Share price							
- highest (€)	234.3	681.1	624.1	258.5	250.0	250.0	95.0
- lowest (€)	162.8	223.4	223.0	192.0	88.0	156.8	37.0
- at period end (€)	231.6	603.7	253.2	240.1	89.5	186.1	40.0
Average daily liquidity (€ in thousands)	42.4	201.3	101.4	41.8	58.2	61.8	7.3
Average daily trading with shares (No. of shares)	222	501	259	180	308	281	117.8
Net earnings per share (€)	17.0	19.6	1.2	11.8	-50.0	-20.3	-10.1
Dividend per share (€)	2.7	2.8	3.0	3.1	3.2	-	-
Share of dividend in net profit (%)	15.7	14.3	256.4	26.3	-6.4	-	-

Source: Thomson Reuters Datastream.

MARKET CAPITALISATION

At the end of the first half-year of 2011, market capitalisation amounted to €80.3 million, which was lower than at the end of 2010 (€179.6 million). The market capitalisation of all shares listed on the Ljubljana Stock Exchange decreased to €6.1 billion, which is the lowest figure since the outbreak of the financial economic crisis.

The trading system Xetra, introduced in December 2010, will have a long-term favourable impact on liquidity and the formation of share prices of domestic companies, as the Slovene market will be able to incorporate in the international capital markets.

OWNERSHIP STRUCTURE

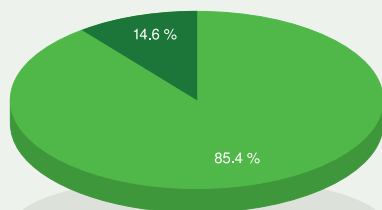
On the last day of the first half-year, 14,825 shareholders were registered in the Sava share registry, which ranks the company among the larger Slovene public joint stock companies. The stock of domestic shareholders amounted to 96% and that of foreign shareholders 4.0%. In comparison with the end of 2010, the stock of foreign shareholders decreased by 0.1% percentage point. The majority of foreign shareholders originate from Great Britain, Austria, the USA and Germany.

The proportion of legal entities represented 85.4% and households 14.6%. The largest ten shareholders hold 69.6% of total capital of the company.

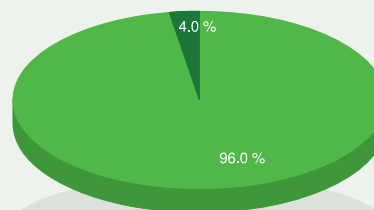


SAVA d.d.

Ownership structure
by category
at 30/06/2011
(%)



■ Legal entities
■ Households



■ Domestic shareholders
■ Foreign shareholders

10 largest shareholders at 30/06/2011

10 largest shareholders	% ownership	No. of shares
Kapitalska družba d.d.	18.7%	375,542
Slovenska odškodninska družba d.d.	11.1%	222,029
PSL storitve d.d.	9.3%	186,323
Finetol d.d.	8.2%	164,047
Merkur d.d.	6.7%	134,923
NFD1, Delniški investicijski sklad d.d.	4.8%	96,858
NFD Holding d.d.	4.3%	86,915
Gorenjska banka d.d., Kranj	2.8%	56,475
Forticap LTD	2.0%	39,500
Unicredit banka Slovenija d.d.	1.7%	34,375
Total 10 largest shareholders	69.6%	1,396,987
Other shareholders	30.4%	610,000
TOTAL	100.0%	2,006,987

Za The most recent information on the ownership structure of Sava d.d. is available on the Sava homepage [sava.si/Shareholder Relations.html](http://sava.si/Shareholder%20Relations.html).

COMPANY SECURITIES

Trading with treasury shares

On 19 August 2010 Sava d.d. informed the public that in accordance with the provisions of Article 247 of the Companies Act-1, the second and eighth indent of the first paragraph, it would start to repurchase treasury shares in the regulated market of the Ljubljana Stock Exchange. In the period from the announced intention until the end of December, it acquired 27,252 treasury shares in total amount of €4,753 thousand. At 30 June 2011, it held 30,541 treasury shares in the value of €4,977 thousand, valued at the average acquisition price; this represents 1.52% of total shares. In accordance with Article 247 of the Companies Act-1, the company offered the associates of the Sava Group to purchase the entire amount of 30,541 Sava treasury shares in July 2011.

Members of the Management Board and Supervisory Board who own Sava shares

On the last trading day of the first quarter 2011, the members of the Management Board and Supervisory Board of Sava d.d. owned 959 Sava shares, or a 0.048% share of total company capital. In comparison with the end of 2010 the balance decreased by 1,726 shares as a consequence of:

- discontinuance of office for Board Chairman (Janez Bohorič) and Board Member (Emil Vizovišek) who own 1,846 shares in total.
- Matej Narat, MSc, who assumed the position of the President of the Management Board of Sava d.d. on 31 March 2011, owns 117 shares.
- Gregor Rovanišek, who assumed the position of the employee representative in the Supervisory Board of Sava d.d. on 31 March 2011, owns 3 shares.

Members of the Management Board and Supervisory Board who own Sava shares

Members of the Management Board	Position	No of shares at 31/12/2010	% ownership	No of shares at 30/06/2011	% ownership
Matej Narat, MSc	President	0	0.000 %	117	0.006 %
Vinko Perčič	Member	717	0.036 %	717	0.036 %
Janez Bohorič*	Chairman	706	0.035 %	(706)	/
Emil Vizovišek*	Member	1,140	0.057 %	(1.140)	/
TOTAL		2,563	0.128 %	834	0.042 %

* They carried out the office of chairman and member until 30 March 2011; their ownership stakes were, therefore, later no longer included in the ownership by Management Board members of Sava d.d.

Supervisory Board members	Position	No of shares at 31/12/2010	% ownership	No of shares at 30/06/2011	% ownership
Miran Kalčič	Chairman	86	0.004 %	86	0.004 %
Janko Kastelic	Member	36	0.002 %	36	0.002 %
Gregor Rovanišek**	Member	(3)	/	3	0.000 %
TOTAL		122	0.006 %	125	0.006 %

TOTAL MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS		2,685	0.134 %	959	0.048 %
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** He began to carry out the office of the Supervisory Board member on 31 March 2011; his ownership stake is, therefore, previously not included in the ownership by Supervisory Board members of Sava d.d.

After the end of the accounting period, the following changes in the ownership of the Sava share took place:

- In July, Vinko Perčič ended his office as Management Board member; his ownership of Sava shares is, therefore, no longer included in the ownership of Management Board members of Sava d.d.
- Miha Resman, member of the Management Board of Sava d.d. purchased 129 Sava shares at the beginning of August, which represents a 0.006% shareholding with voting rights.



KEY DATA ABOUT THE SAVA SHARE

	2006	2007	2008	2009	2010	1-6 / 2010	1-6 / 2011
No. of shares at period end (No. of shares)	2,006,987	2,006,987	2,006,987	2,006,987	2,006,987	2,006,987	2,006,987
Market capitalisation at period end (€ in millions)	464.9	1.211.6	508.2	481.9	179.6	373.5	80.3
Share book value (€)	214.3	270.9	239.7	236.2	161.1	195.7	148.9
Share price							
- highest (€)	234.3	681.1	624.1	258.5	250.0	250.0	95.0
- lowest (€)	162.8	223.4	223.0	192.0	88.0	156.8	37.0
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Average daily trading with shares (No. of shares)	222	501	259	180	308	281	117.8
Net earnings per share (€)	17.0	19.6	1.2	11.8	-50.0	-20.3	-10.1
Dividend per share (€)	2.7	2.8	3.0	3.1	3.2	-	-
Share of dividend in net profit (%)	15.7	14.3	256.4	26.3	-6.4	-	-
Total amount of dividends paid (€ in millions)	5.4	5.6	6.0	6.2	6.4	-	-
Share yield (%)	29.6	161.1	-56.9	-3.9	-59.1	-22.5	-78.5
- dividend yield (%)	1.2	0.5	1.2	1.3	3.6	-	-
- capital yield (%)	28.4	160.6	-58.1	-5.2	-62.7	-22.5	-78.5
Price-Earnings ratio (P / E ratio)							
- highest	13.8	34.7	533.4	22.0	-5.0	-12.3	-9.4
- lowest	9.6	11.4	74.3	16.3	-1.8	-7.7	-3.7
- at period end	13.7	30.8	216.4	20.4	-1.8	-9.2	-4.0
Price-to-Book ratio (P / B ratio) (%)	108	223	106	102	56	95	27

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

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

Additional data on the Sava share

Stock Exchange	Share name	Code of issuer
Ljubljana Stock Exchange	SAVA	SAV
ISIN - international designation of securities	SI0031108457	

SHARE BOOK VALUE

The book value of the Sava share at 30/06/2011 amounted to €148.9. When calculating the book value, the number of treasury shares is deducted from the total number of shares.

RISKS ASSOCIATED WITH THE INVESTMENT IN THE SAVA SHARE

Such risks are due to:

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

In accordance with our strategy investment risks in connection with the Sava share are minimised by diversifying investments and adapting to changes in the capital markets.

The Sava share is ranked in the second best liquidity group of companies listed on the Ljubljana Stock Exchange d.d. The criteria for the classification into four liquidity groups are: average daily number of transactions, average daily turnover of trades, and market depth.

CROSS-LINKS WITH OTHER COMPANIES

According to the criteria of the Corporate Governance Code, at the end of the first half-year 2011 Sava was cross-linked on the basis of the following ownership links:

- In Gorenjska Banka d.d. it had a 45.90% equity stake, whereas Gorenjska Banka had a 2.81% equity stake in Sava d.d.
- In Abanka Vipava d.d. it had a 23.83% equity stake, whereas Abanka Vipava had a 0.22% equity stake in Sava d.d.
- In the company NFD 1 Delniški Investicijski Sklad d.d., it had a 23.35% equity stake, whereas NFD 1 had a 4.83% equity stake in Sava d.d.
- In the company Maksima Invest d.d. it had a 21.34% equity stake, whereas Maksima Invest had a 1.70% equity stake in Sava d.d.
- In the company Merkur d.d. it had a 19.17% equity stake, whereas Merkur had a 6.72% equity stake in Sava d.d.
- In the company Daimond d.d. it had a 5.73% equity stake, whereas Daimond had a 0.02% equity stake in Sava d.d.

APPROVED CAPITAL AND CONDITIONAL INCREASE IN SHARE CAPITAL

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



3. FINANCIAL MANAGEMENT

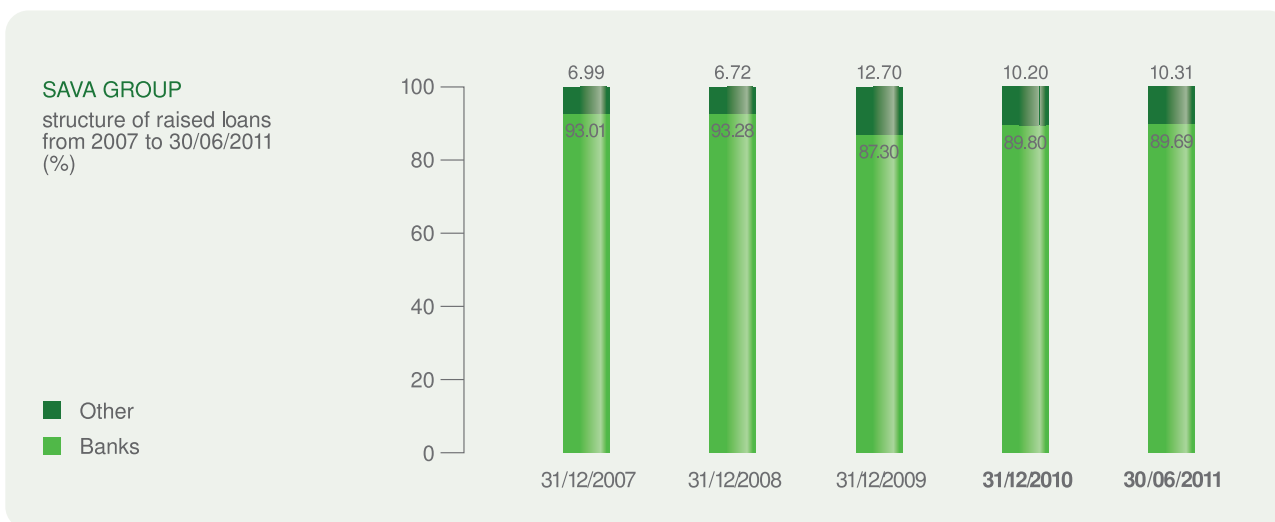
The business policy and guidelines for the financial management area are carried out at the level of the parent company Sava d.d., and are coordinated by the competence centre Business Finance. The main activity of the financial function is managing the volume of indebtedness in Group's companies with loans and, in this connection, liquidity and solvency. The coordinated implementation of the business policy in the area of financial management and a high level of financial harmonisation of Sava Group companies enabled their liquidity and financial stability to be maintained.

Sava d.d. appears as a direct user of credit sources only for its own requirements. Other Group companies hire loans after obtaining a preliminary approval and coordination of terms and conditions by the parent company. The following is agreed and coordinated too: the manner and forms of insurance, fulfilling business and other financial commitments to banks, internal balancing of free cash surpluses and ways of using lines of credit.

With regard to the unfavourable conditions for conducting business and financing, the financial policy in 2011 will further focus on how to preserve liquidity and solvency. Financial management is revealed through the maturity of credit indebtedness and its interest rate structure.

STRUCTURE OF RAISED FUNDS

In this first half-year, the indebtedness of the Sava Group decreased by €7 million in comparison with the end of 2010 and it amounted to €373 million. At the end of this first half-year, loans with banks amounted to nearly 90% of total indebtedness. The share of crediting by other entities reached about 10% of total loan sources. The structure of loans did not significantly change in this first half-year.



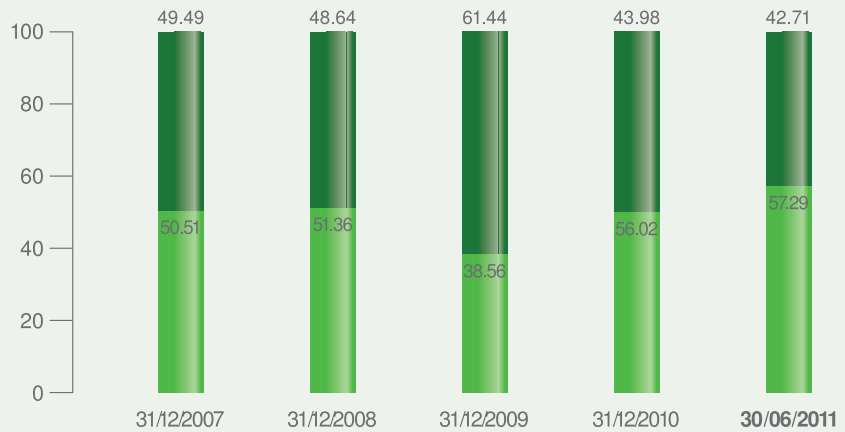
STRUCTURE OF LOAN DEBTS BY MATURITY

In this first half-year, the maturity structure of all debt loans remained at the level from the end of 2010. The share of long-term loans was 57% of total loans and amounted to €214 million at the end of the half-year.

SAVA GROUP

Structure of debt loan by maturity from 2007 to 30/06/2011 (%)

- Short-term loans
- Long-term loans and other sources



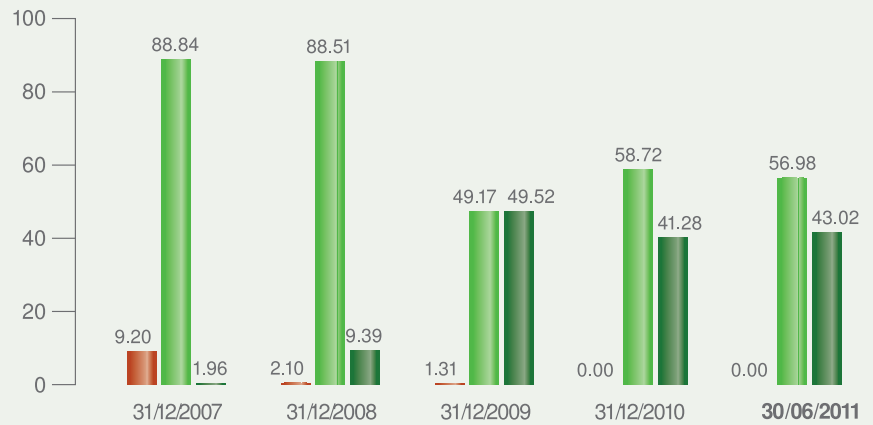
INTEREST RATE STRUCTURE OF THE CREDIT PORTFOLIO

In April 2011, the European Central Bank (ECB) increased the key interest rate by 25 basis points, which affected the European interbank interest rate (Euribor). Despite that fact, the majority of banks in Slovenia preserved the fixed interest rate and margins at the level of the previous year when banks enhanced their margins. Due to the uncertain economic and financial situation it is expected that until the end of this year margins will enhance.

SAVA, d.d.

Interest rate structure of a credit portfolio from 2007 to 30/06/2011 (%)

- LIBOR
- EURIBOR
- OTHER



* From 2007 to 2011 OTHER includes TOM, fixed interest rate, EBRD, NLB PRIME and IRB RS.

In this first half-year, the interest rate structure of loan portfolio did not significantly change if compared to the structure at the end of 2010. At the end of the first half-year 2011, the share of loans at fixed interest rate represented 43% of total loan portfolio and increased by 2 percentage points in comparison with the end of 2010.

SECURING THE EXISTING LOANS

The obtained loans of the Sava Group are secured with mortgages on real property of Group companies and pledging various securities and business stakes owned by the parent company Sava d.d.

As part of the loan securing, Sava d.d. additionally secured its bonds SA02 at the end of June 2011. Sava d.d. provided another 2,392 shares of the issuer Gorenjska Banka d.d. designated GBKR as a security for bonds. The total number of shares for securing the bonds SA02 thus amounts to 23,924 shares of shares designated GBKR.



4. BUSINESS OPERATIONS OF THE SAVA GROUP AND SAVA D.D.

4.1. Business operations of the Sava Group

In the first half-year 2011, Sava Group companies generated sales revenues of €93.8 million, or 14% more than in the same period last year, and 1% more than planned. A loss of €20.2 million was made, which was mainly due to the performed impairments of financial investments and certain other assets in total amount of €28.2 million.

4.1.1. BUSINESS PERFORMANCE

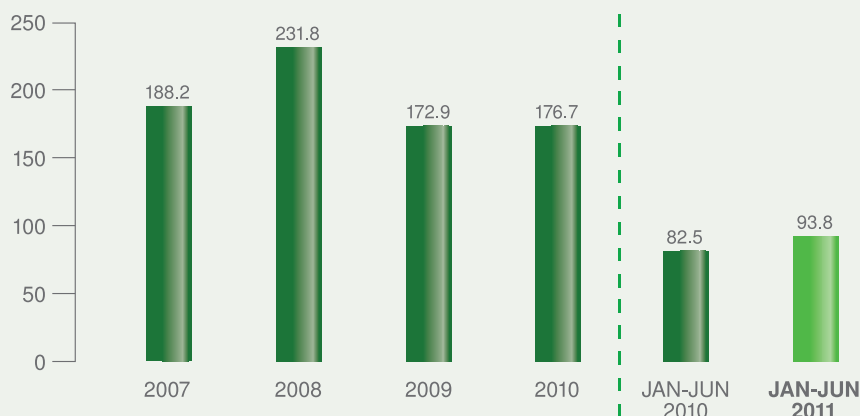
SALES REVENUES

The generated sales revenues of Sava Group companies amounted to €93.8 million and were 14% higher than in the same period last year and 1% better than planned.

In Rubber Manufacturing companies with the Foreign Trade Network, the growth trend in sales revenues continues; they amounted to €60.6 million. The generated sale was 13% higher than in the same period last year, while business plan was surpassed by 10%. In Tourism companies, the number of overnight stays increased by 11% compared to the same period last year. Sales revenues were 7% higher and 1% above plan. In Real Estate companies, the result was modest as expected, while in energy management companies the result was below last year's and also planned values.

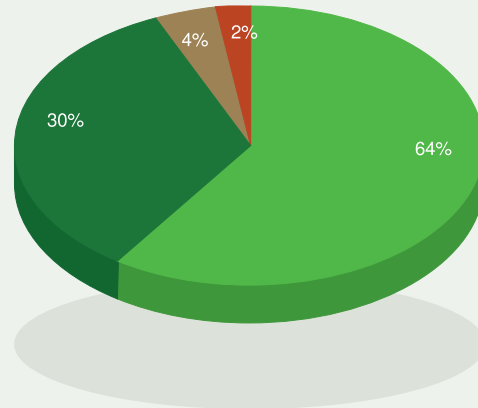
Compared to the previous year, the revenues structure by division changed: Rubber Manufacturing companies with the Foreign Trade Network had a 64% share, Tourism a 30% and Real Estate a 4% share. The remaining 2% were generated by Other Operations companies. Sava Group companies made 55% of consolidated sales revenues in foreign markets.

SAVA GROUP
Sales revenues from 2007
to 30/06/2011
(€ in millions)



SAVA GROUP
Sales revenues structure
by division January-June 2011
(%)

- Rubber Manufacturing companies with the Foreign Trade Network
- Tourism
- Real Estate
- Other Operations



OPERATING EXPENSES

With further performance of anti-crisis measures, operating expenses are strictly supervised and entirely subordinated to the changed volume of operations in all Sava Group companies.

They amounted to €94.1 million and compared to the past year they were higher by 13%. Their increase was due to a higher consumption of materials on account of the enhanced production and sales in Rubber Manufacturing with the Foreign Trade Network. Their share in total operating expenses amounts to 97%, whereas in the same period last year, operating expenses exceeded operating revenues.

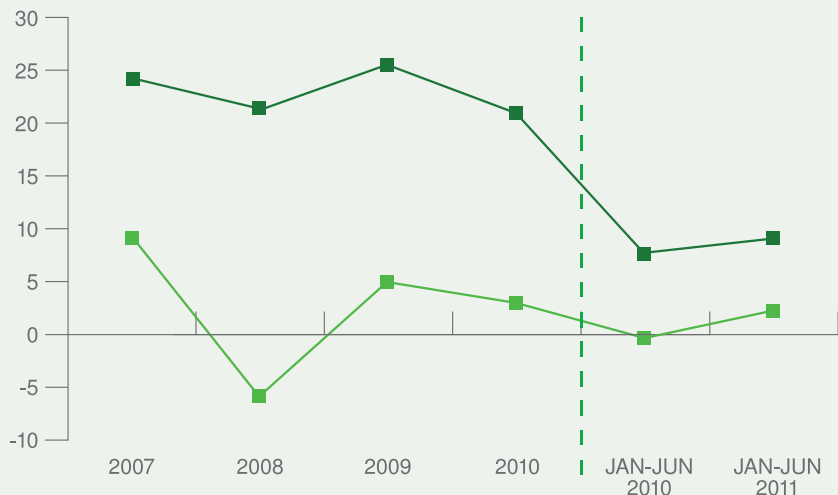
Costs of goods, materials and services had a 63% share, labour costs a 28%, depreciation a 7% and other operating expenses a 2% share.

OPERATING PROFIT (EBIT)

The operating profit of the Sava Group in the first half-year 2011, amounted to €2.5 million, whereas in the same period last year a minimum loss was made. The operating profit was generated in Rubber Manufacturing with the Foreign Trade Network, Tourism made an operating loss, which, however, was lower than planned. All other divisions operated with loss, which is higher than planned but in absolute terms it is not significantly high.

SAVA GROUP
EBITDA and EBIT
from 2007 to 30/06/2011
(€ in millions)

- EBITDA - Earnings before interest, taxes, depreciation and amortisation
- EBIT - Earnings before interest





FINANCIAL REVENUES

Financial revenues were made in the amount of €3.8 million and were 21% higher than in the same period last year. Financial revenues were thus mainly generated in the parent company Sava d.d., and in view of their contents, they represented interest revenues, profits from the sale of financial investments and the received dividends apart from the dividends received from the associated companies.

FINANCIAL EXPENSES

In comparison with the same period last year, financial expenses in the amount of €20.3 million were halved, and due to the impairments of financial investments they heavily deviated from the planned financial expenses.

The structure of financial expenses, which were mainly generated in the parent company Sava d.d. is as follows:

- **Interest expenses** for received loans totalled €11.3 million and were 12% higher than in the same period last year due to the increased variable interest rate. The average interest rate in Sava Group companies was 15% higher than in the same period last year, and amounted to 5.70%.
- **Impairments of other securities** available for sale were carried out in the amount of €8.2 million.
- **Other financial expenses** in the amount of €0.5 million were impairments of operating receivables, €0.3 million were various financial expenses.

NET FINANCING EXPENSES

These were made in the net amount of €16.5 million. The financing result was aggravated by impairments of financial investments and operating receivables in total amount of €8.7 million.

SHARE IN THE PROFIT OF ASSOCIATED COMPANIES

These represented received dividends and mainly referred to Gorenjska Banka d.d. and Abanka Vipava d.d. They amounted to €11.0 million, which was 7% less than in the previous year. The global financial crisis aggravated the operation of the banking sector, therefore, the revenues from the share in profit of associated companies lagged 13% behind plan.

IMPAIRMENTS OF FINANCIAL INVESTMENTS IN ASSOCIATED COMPANIES

These expenses were not planned and refer to NFD Holding d.d. and Maksima Invest d.d., which became the associated companies in 2010. They achieved the value of €19.5 million and referred to an additional impairment of a financial investment, which was carried out by using the stock exchange price at 30/06/2011.

NET EXPENSES FROM ASSOCIATED COMPANIES

In the first half-year of 2011, net expenses from associated companies in the amount of €8.4 million were made. Net expenses were due to impairments carried out in the associated companies in total amount of €19.5 million. In the same period last year there were no impairments, therefore net revenues from the associated companies in the amount of €11.8 million were generated at that time.

PRE-TAX LOSS

The total pre-tax loss amounted to €22.4 million. The amount of the loss was greatly influenced by impairments of financial investments in total amount of €28.2 million.

Pre-tax profit/loss structure

€ in millions

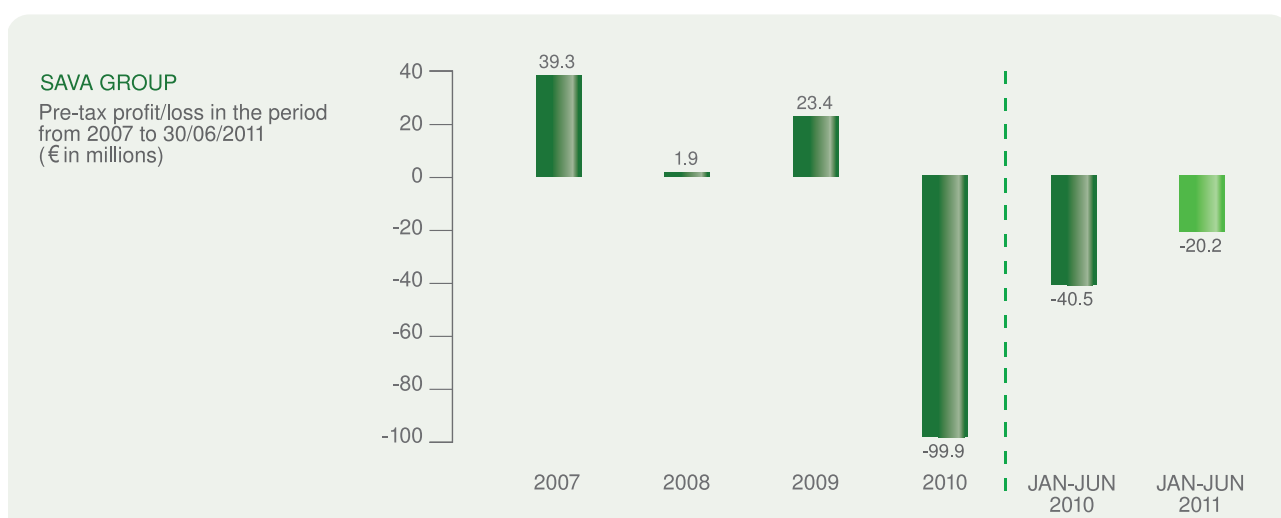
	2007	2008	2009	2010	JAN-JUN 2011
Operating profit without negative goodwill and write-offs	7.9	5.0	9.1	5.5	2.5
Newly arisen goodwill	1.0	0	0	0	0.0
Impairments of assets in profit/loss	0.0	-25.8	-35.9	-93.1	-28.2
Financial result without impairments	-1.5	-3.4	31.9	-20.1	-7.7
Share in the income of associates	34.2	24.5	17.4	11.8	11.0
Share in the loss of associated companies	0	0	0	-9.2	0.0
PRE-TAX PROFIT/LOSS	41.6	0.3	22.5	-105.1	-22.4

TAX

Net deferred tax receivables of Sava Group companies achieved the value of €2.2 million. Deferred tax receivables were mainly generated in the parent company Sava d.d., and were formed in connection with impairments of financial investments.

NET LOSS

In the first half year of 2011, the Sava Group made a net loss of €20.2 million. The amount of the loss was greatly influenced by impairments of financial investments in total amount of €28.2 million.



RETURN ON EQUITY

When calculating the ratio between the net loss and the average balance of equity, it showed that the return was negative and amounted to 6.3%.

Income statement of the Sava Group by quarter in 2011

The parent company Sava d.d. still makes a significant contribution to the results of the Group. The dynamics of achieving the business performance of Sava d.d. by quarter greatly depends on when financial investments are sold and dividends received as well as on interim movement of stock exchange prices of securities. Certain divisions face seasonal fluctuations, so a comparison of the quarterly results with those of last year without a detailed analysis is not reasonable.



Income statement of the Sava Group by quarter in 2011

€ in thousands

	JAN-MAR 2011	APR-JUN 2011
Net sales revenues from goods sold and services rendered	42,632	51,141
Change in inventories of products and work in progress	1,533	-98
Other operating revenues	500	895
Operating revenues	44,665	51,938
Cost of goods, materials and services	-28,103	-31,357
Labour costs	-12,750	-13,389
Depreciation and amortisation	-3,534	-3,461
Other write-offs	-19	17
Other operating expenses	-310	-1,205
Operating expenses	-44,716	-49,395
Profit/loss from operations	-51	2,543
Financial income	3,230	614
Financial expenses	-13,041	-7,245
Net financing income	-9,811	-6,631
Net income/expenses from associated companies	-14,367	5,920
Pre-tax profit/loss	-24,229	1,832
Tax	1,851	328
Net profit/loss for the period	-22,378	2,160

4.1.2. ASSETS AND LIABILITIES STRUCTURE

BALANCE SHEET TOTAL, ASSETS AND LIABILITIES STRUCTURE

At 30/06/2011, the **balance sheet total** amounted to €732.9 million and was by €27.9 million or 4% lower than at the end of 2010.

In the **assets structure**, financial investments had a 47% share, property, plant and equipment a 32%, current assets an 18%, and other assets a 3% share.

In the **liabilities structure**, capital had a 41% share, non-current liabilities a 32%, and short-term debts a 27% share.

88% of non-current assets of the Sava Group were financed by long-term sources, and 12% by short-term sources.

ASSETS

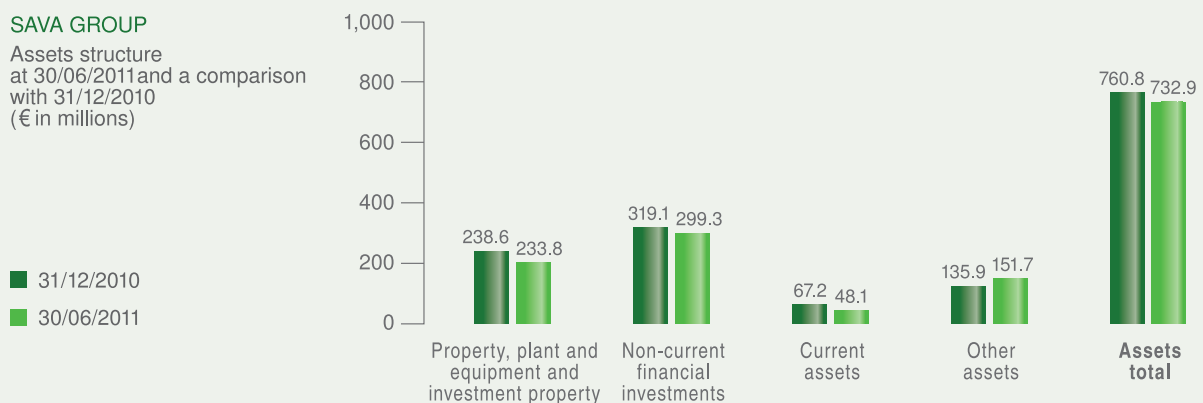
The most important **changes in assets** of the Sava Group in the first half year of 2011 were as follows:

- The value of *investments in associated companies*, which at 30/06/2011 amounted to €299.3 million, was by €19.9 million lower than at the end of the previous year; this was mainly due to additional impairments of financial investments in NFD d.d. and Maksima Invest d.d. (€19.5 million in profit/loss, and €0.4 million in equity revaluation adjustment).
- The value of *investment in non-current securities available for sale*, which at 30/06/2011 achieved the amount of €48.1 million, decreased by €19.1 million if compared to last year, as follows:

- It increased due to acquisitions of non-current securities in the amount of €1.7 million;
 - It decreased due to the sale of non-current securities in the amount of €12.1 million;
 - it decreased due to impairments of non-current securities in the amount of €8.2 million;
 - other net decreases amounted to €0.5 million.
- The value of *non-current loans* achieved €5.6 million and compared to the end of the previous year, it did not change.
 - *Inventories* were higher by €3.3 million in comparison with the end of last year and achieved €62.2 million. 70 % of the inventories structure are real property of the Real Estate division, which are intended for the coming development projects.
 - *Operating and other receivables* amounted to €36.4 million and compared to the end of last year they were higher by €11.0 million. One half of the increase is represented by the newly arisen receivables of Sava d.d. due from the buyer of a financial investment, and the other half appeared in Savatech d.o.o.
 - The value of *current loans* amounted to €25.0 million and compared to the end of last year it did not change.

SAVA GROUP

Assets structure at 30/06/2011 and a comparison with 31/12/2010 (€ in millions)



CAPITAL AND LIABILITIES

The most important **changes in liabilities** in the first half year of 2011 were as follows:

- Capital totalling €298.9 million represented 41% of total liabilities; its decrease in comparison with the previous year was due to the generated loss of the Group totalling €20.2 million, a net decrease in fair value of financial investments in equity revaluation adjustments totalling €4.2 million. In comparison with the end of the previous year, its value decreased by €24.4 million or by 8%.
- Non-current liabilities achieved €233.5 million and did not significantly change in comparison with the end of the previous year
- Short-term debts achieved €200.6 million and were €4.2 million or 2% lower than at the end of last year.
- The value of total received non-current loans and current financial liabilities of the Sava Group at 30/06/2011 amounted to €375.0 million, which was by €7.0 million, or 2% less than at the end of 2010.

**SAVA GROUP**Liabilities structure
at 30/06/2011 and
comparison with 31/12/2010
(€ in millions)■ 31/12/2010
■ 30/06/2011

INVESTMENTS

Investments in the first half-year of 2011 were limited and amounted to €2.7 million.

NUMBER OF EMPLOYEES IN THE SAVA GROUP

At 30/06/2011, the Sava Group employed 2,318 associates, or 32 more than at the end of the previous year. During the year the number of employees is adapted to the economic situation and requirements of the manufacturing and service providing process.

FINANCIAL POSITION OF SAVA GROUP COMPANIES

The first half-year of 2011 was further denoted with the uncertain circumstances in the financial markets, which mostly showed in drops of stock exchange market prices and a stricter liquidity policy conducted by banks. Despite the additional impairments of financial investments, Sava d.d. remains a solid financial holding with a 40% share of capital in the balance sheet total. This difficult situation in the banking markets, which results from the generally unfavourable economic circumstances, forced banks to become extremely cautious about crediting.

In the first half-year of 2011, Sava, therefore, focused its attention on providing liquidity of the company, regular settlement of financial liabilities and arranging its relations with banks – creditors. To assure short-term liquidity, arrangements are being made with banks on an on-going basis aiming at balancing the deadlines of financing sources; the financial position is further strengthened with introducing measures that stabilise the operations, by strengthening the cash flow of subsidiaries, rationalising operating costs and other activities. To assure liquidity and financial stability over a longer period of time, the disinvesting programme for investments of Sava d.d. is being prepared, which also forms a part of the new strategy of the Sava Group and Sava d.d. and will be publicised this autumn.

4.2. Operations by division

The operations of Sava's largest divisions – Rubber Manufacturing with the Foreign Trade Network and Tourism – is more effective than in the same period last year; both divisions will implement business plans. Despite carrying out short-term measures, Real Estate and Other Operations will lag behind plans.

4.2.1. RUBBER MANUFACTURING WITH THE FOREIGN TRADE NETWORK

OPERATIONS OF DIVISION COMPANIES IN THE FIRST HALF-YEAR OF 2011

In 2010, the ownership of foreign trade network companies was transferred from Sava d.d. 's ownership to the ownership of the mainstay of this division – Savatech d.o.o. Owing to the increase in capital of Savatech d.o.o. with real property in their use, Rubber Manufacturing with the Foreign Trade Network formally became a single entity at the end of 2010. In the first half-year of 2011, the companies of Rubber Manufacturing with the Foreign Trade Network continued to operate efficiently.

After the intensity of the economic crisis in 2009, the years 2010 and 2011 were noted with a very fast recovery of markets, in particular the foreign markets, which has led to a significant rise in orders. In 2011, the market still experiences a shortage on raw materials, while prices in raw materials are still rising. However, the volume and structure of sales have a positive effect on the value of the achieved coverage, which along with adapting the costs to the volume of production resulted in surpassing last year's and planned operations indicators.

The companies of Rubber Manufacturing with the Foreign Trade Network made **sales revenues** of €60.6 million, which was 13% better than in the same period last year and 10% above plan; 83% of sales revenues were generated in the foreign markets.

Rubber Manufacturing with the Foreign Trade Network had a 64% share in the structure of total consolidated sale.

In the first half-year 2011, the **net profit** was generated in the amount of €4.1 million and was by one half higher than in the same period last year and surpassed plan by 58%. All companies of the division operated with a positive result except Savarus d.o.o. from Russia, in which business was affected by the unfavourable Rouble/Euro exchange rate and worse sales results than last year or planned.

The companies earmarked €1.3 million for **investments** in modernisation and expansion of capacities and improvements of working conditions.

The **assets** of Rubber Manufacturing with the Foreign Trade Network totalling €120.0 million were in 61% financed with capital and in 39% with foreign sources.

At 30/06/2011, the **number of employees** in Rubber Manufacturing with the Foreign Trade Network amounted to 897, or 5 associates less than at the end of 2010.



Key data for Rubber Manufacturing with the Foreign Trade Network

€ in millions

	2007	2008	2009	2010	JAN-JUN 2010	JAN-JUN 2011	Index 2011/2010*
Sales revenues**	109.3	110.6	87.7	107.9	53.5	60.6	113
Net profit /loss	3.5	0.0	1.1	3.9	2.7	4.1	152
Assets	65.3	71.8	74.1	113.2	88.9	120.0	106
Capital***	32.4	37.9	39.0	39.4	38.2	72.9	185
Liabilities	32.9	33.9	35.1	73.8	50.7	47.1	64
Investments in property, plant and equipment	3.4	6.6	2.9	2.6	0.9	1.3	50
Employee number	1,040	1,078	899	902	911	897	99

*With sales revenues and net profit, the index represents the relation between the period January-June 2011 and the same period last year. All other indices reflect the relation of value at 30/06/2011 and 31/12/2010.

** Sales revenues for Rubber Manufacturing with the Foreign Trade Network are consolidated.

*** In 2010, the capital of Savatech d.o.o. was increased with an in-kind contribution totalling €31.2 million. The increase was not entered in the register of companies in 2010, therefore the amount was shown under current liabilities for unpaid called-up capital. Considering the increase, the capital of Rubber Manufacturing with the Foreign Trade Network would have amounted to €70.6 million at 31/12/2010 and share of capital in total liabilities 62%. In 2011, the increase in capital was entered in the register of companies.

2011 BUSINESS PLAN

For 2011, we plan to generate sales revenues of €114.3 million, a total pre-tax profit of €6.9 million and to invest €11.2 million in additional modernisation of production capacities. Based on the 2011 business forecast the management of Rubber Manufacturing with the Foreign Trade Network estimates the 2011 business plan to be implemented.

OTHER EXPLANATIONS

On 22 February 2011, Sava d.d. agreed with its long-time partner SchäferRolls GmbH & Co. KG to sell a 50% business stake that Sava d.d. had in the mixed ownership company for roll covers manufacturing Sava Schäfer d.o.o., Kranj. The rubber manufacturing company Sava-Schäfer d.o.o. thus became wholly owned by the German partner SchäferRolls GmbH & Co. KG and renamed SchäferRolls d.o.o. The ownership of real property where the manufacture of roll covers is carried out will further remain owned by Savatech d.o.o. All other cooperation contracts between partners remain further valid.

4.2.2. TOURISM

OPERATIONS OF DIVISION COMPANIES IN THE FIRST HALF-YEAR OF 2011

Tourism companies of the Sava Group represent one of the key tourist services providers in Slovenia. All companies operate under the wing of the umbrella brand name Sava Hotels & Resorts.

In six months of 2011, Tourism companies made 467,738 overnight stays, which is 11% more than in the same period last year. **Sales revenues** in the amount of €28.7 million were 7% higher than last year, and surpass business plan by 1%.

In the total consolidated sales revenues structure of the Sava Group, Tourism has a 30% share.

A **loss** of €2.1 million was generated, which is by €1.2 million less than in the same period last year and by €0.2 million above plan for the first half-year of 2011. Sava Hoteli Bled d.d., Terme 3000 d.o.o., and Zdravilišče Radenci d.o.o. are the companies which operated better than last year, while Terme Lendava d.o.o. and Terme Ptuj d.o.o. lagged slightly behind.

Investments amounted to €1.2 million and were earmarked for the renovation of existing facilities and building additional small capacities in Bled and modernisation of the Ptuj thermal park.

Assets in Tourism amounted to €182.7 million and 51% of them were financed with capital, and 49% with foreign sources.

The **number of employees** in Tourism companies reached 1,216 at 30/06/2011, or 36 associates less than at the end of 2010.

Key data for Tourism

€ in millions

	2007	2008	2009	2010	JAN-JUN 2010	JAN-JUN 2011	Index 2011/2010*
Sales revenues**	64.6	69.0	62.6	60,7	26.9	28.7	107
Net profit /loss	-0.1	-19.3	0.2	-2,2	-3.3	-2.1	64
Assets	212.5	191.7	197.7	186,6	193.4	182.7	98
Capital	115.8	102.4	103.0	96,0	92.8	94.1	98
Liabilities	96.7	89.3	94.7	90,6	100.6	88.6	98
Investments in property, plant and equipment	25.1	12.4	2.2	2,2	1.1	1.2	55
Employee number	1,428	1,430	1,256	1,180	1,231	1,216	103

*With sales revenues and net profit, the index represents the relation between the period January-June 2011 and the same period last year. All other indices reflect the relation of value at 30/06/2011 and 31/12/2010.

**Sales revenues of TMC d.o.o., which were entirely generated in other Tourism companies, are excluded from the cumulative sales revenues of Tourism.

2011 BUSINESS PLAN

Tourism companies plan sales revenues of €64.4 million, profit of €2.1 million. It is planned to make investments of €4.9 million; these investments will partly be earmarked for renovations in the existing capacities and partly to expansions of thermal spa parks. Based on the 2011 business forecast the management of Tourism estimates the 2011 business plan to be implemented.

4.2.3. REAL ESTATE

OPERATIONS OF DIVISION COMPANIES IN THE FIRST HALF-YEAR OF 2011

The company of Real Estate, **Sava IP d.o.o.**, managed to sell certain real property in the first half-year of 2011, whereas for the rest of the finished projects intensive activities are underway in order to sell them and the marketing of flats is in progress. It is difficult to assure liquidity for new projects.

In **Sava Nova d.o.o.**, in Croatia, the impacts of the economic crisis combined with the financial difficulties of a Croatian partner and internal weaknesses, which resulted in the sale of buildings and impairments of land in stock already in 2010. In 2011, the activities in connection with the capital projects in Zagreb and Istria are in progress, legal matters are being settled too. Due to capital unsuitability in this company was increased with an in-kind contribution of €9.0 million.



Real Estate made **sales revenues** of €3.2 million, which is 23% more than in the same period last year and by one half below plan for the period. Real Estate has a 4% share in the consolidated sales revenues structure of the Sava Group.

In six months of 2011, Real Estate made a **loss** of €1.2 million as a result of additional provisions for assets and contingent liabilities in Sava Nova d.o.o., Zagreb.

The **assets** of Real Estate amounted to €60.4 million and 58% of them were financed with capital, and 42% with foreign sources.

The **number of employees** in Real Estate companies reached 18 at 30/06/2011, which is the same as at the end of 2010.

Key data for Real Estate

€ in millions

	2007	2008	2009	2010	JAN-JUN 2010	JAN-JUN 2011	Index 2011/2010*
Sales revenues	20.5	46.8	20.9	7.4	2.6	3.2	123
Net profit /loss	1.1	1.2	-0.2	-2.7	-1.0	-1.2	120
Assets	64.9	83.2	69.5	64.3	65.7	60.4	94
Capital**	9.6	18.7	18.3	20.1	10.5	34.9	174
Liabilities	55.3	64.5	51.2	44.2	55.2	25.5	58
Investments in property, plant and equipment	0.0	2.1	0.4	0.7	0.6	0.0	0
Employee number	19	19	20	18	18	18	100

***With sales revenues and net profit, the index represents the relation between the period January-June 2011 and the same period last year. All other indices reflect the relation of value at 30/06/2011 and 31/12/2010.*

***In 2010, the capital of Sava IP d.o.o. was increased with an in-kind contribution totalling €7.1 million. The increase was not entered in the register of companies in 2010, therefore, the amount was shown under current liabilities for unpaid called-up capital. Considering the increase, the capital of Real Estate would have amounted to €27.2 million and share of capital in total liabilities 42%. In 2011, the increase in capital was entered in the register of companies.*

2011 BUSINESS PLAN

For 2011, Real Estate plans sales revenues of €15.8 million and a total pre-tax profit of €0.5 million. Based on the on the 2011 business forecast the management of Real Estate estimates that the 2011 business plan will not be implemented, mainly on account of problematic business operations in Croatia and due to failing in finding sources to finance new projects in Slovenia.

4.2.4. OTHER OPERATIONS

OPERATIONS OF DIVISION COMPANIES IN THE FIRST HALF-YEAR OF 2011

Other Operations include the **energy management companies**: Energetika Sava d.o.o., Energetika Črnomelj d.o.o., Ensa BH d.o.o., Srbac, Bosnia and Herzegovina, and Sava Ensa d.o.o.e.l., Skopje, Macedonia, as well as the **social enterprise** Sava Medical in Storitve d.o.o., and the company GIP Sava Kranj d.o.o., Ruma.

The mainstay of the energy management business is **Energetika Sava d.o.o.**, which specialises in providing services covering the rational energy use and renewable energy resources. It also provides services for the requirements of the Sava Group and the external market and operates according to the principle of utilising its own investments in projects.

In the first half-year of 2011, energy management companies generated sales revenues of €1.0 million and made a loss of €0.2 million. The performance deviates negatively from last year's results and plan.

The social enterprise **Sava Medical in Storitve d.o.o.** operates in accordance with plan.

Key data for Other Operations

€ in millions

	2007	2008	2009	2010	JAN-JUN 2010	JAN-JUN 2011	Index 2011/2010*
Sales revenues	4.3	5.0	4.8	5.4	2.6	2.4	92
Net profit /loss	-0.2	-0.1	-0.3	-2.3	-0.1	-0.2	200
Assets	18.3	12.0	12.1	10.7	12.0	11.5	107
Capital	8.6	5.0	4.7	3.0	4.7	3.0	100
Liabilities	9.7	7.0	7.4	7.7	7.3	8.5	110
Investments in property, plant and equipment	6.7	0.6	0.4	1.9	0.0	0.2	11
Employee number	95	101	133	127	120	127	100

*With sales revenues and net profit, the index represents the relation between the period January-June 2011 and the same period last year. All other indices reflect the relation of value at 30/06/2011 and 31/12/2010.

2011 BUSINESS PLAN

Other Operations companies plan sales revenues of €7.2 million in 2011, and total pre-tax profit of €0.1 million. Based on the 2011 business forecast, the management of the energy management business estimates that due to a shortage on liquid assets needed for financing the stock of raw materials, business plan will not be implemented. In the social enterprise, the business will be carried out as planned.

4.2.5. INVESTMENT FINANCE

ECONOMIC ENVIRONMENT

We are still facing the negative economic trends in Slovenia. The consequences of such movements are reflected in the domestic capital market, which is still challenged with the liquidity issues with regard to the domestic as well as foreign investors. This is due to the country-bound risk which is measured with the increased margin for risk of government bonds in the international markets. The market capitalisation of shares on the Ljubljana Stock Exchange decreased by 13.4% in the first half-year 2011, which only mirrors the general situation, and also the asset value of the largest domestic mutual funds dropped by 2.6%.

OPERATIONS OF DIVISION

Investment Finance is carried out under the framework of the parent company Sava d.d. By diversifying investments, we try to restrain the effects of uncertain economic circumstances on the assets value. Over a long period of time, managing financial investment opens up new opportunities for the development within the Group.

In 2011, we sold a 50% stake in the mixed ownership company for the manufacture of roll covers Sava-Schäfer d.o.o., Kranj. We cooperate with NFD Holding d.d. in the procedure of a joint sale of a significant shareholding in Terme Maribor d.d. Sava d.d. has a 15% ownership stake in this investment.

A major part (more than 80%) of Sava's financial assets is represented by investments in banks and insurance companies, tourism and rubber manufacturing. The remaining assets are diversified among the investments in the companies dealing with real estate, investment companies, funds and other financial investments.



Overview of financial investments portfolio of Sava d.d. by division

	% portfolio
Banks and insurance companies	46.9%
Tourism	21.9%
Rubber Manufacturing	13.1%
Real Estate	8.1%
Investment companies and funds	5.8%
Other financial investments	4.2%
Total financial investments	100.0%

Overview of Sava's largest investments and percentage of shareholding

Sava's largest investments	% ownership
Abanka Vipava d.d.	23.8
Gorenjska banka d.d.	45.9
NFD 1 ID d.d., Ljubljana	23.2
NFD Holding d.d.	24.6
Hoteli Bernardin d.d.	9.1

The book value of the Sava share

The book value of the Sava share lost 8% in the first half-year of 2011; however, in the period of last ten years the value grew by 19%. At the end of the year the book value amounted to €149 and enhanced by €24 in the period of last ten years; thus it achieved a 1.8% annual growth on average, or €2.4 per year.

4.3. Business operations of Sava d.d.

The company Sava d.d. is the parent company of the Sava Group. In the first half-year of 2011, it additional impairments of financial investments were made in Sava d.d. totalling €37.4 million, which further resulted in a pre-tax loss in the amount of €32.7 million.

4.3.1. BUSINESS PERFORMANCE

BALANCE SHEET TOTAL

It amounted to €521.6 million at 30/06/2011, which was 8% less than at the end of the previous year.

CAPITAL

It totalled €205.7 million, or 14% less than in the previous year. Capital had a 39% share in the balance sheet total.

PRE-TAX PROFIT/LOSS

In the first half year of 2011, a pre-tax loss of €32.7 million was made. Excluding impairments of financial investments totalling €37.4 million, the total profit would have amounted to €4.7 million.

ACCUMULATED LOSS

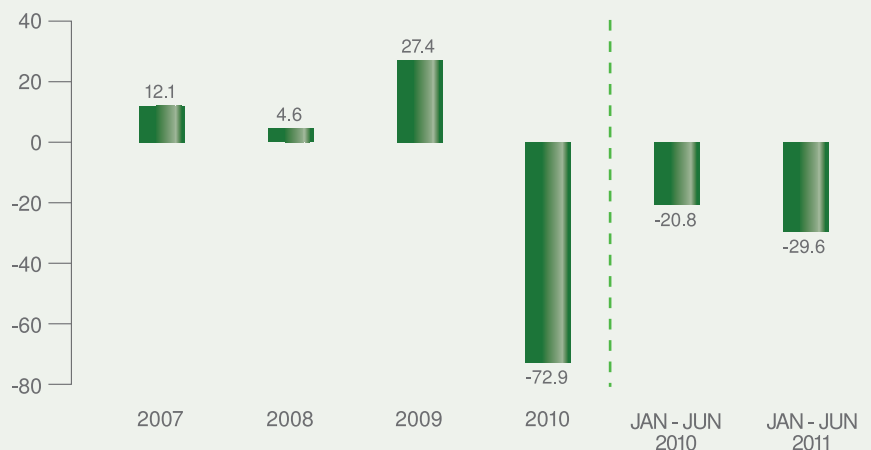
At 30/06/2011, the accumulated loss amounted to €23.1 million.

Overview of more important data concerning the business performance of Sava d.d.

€ in mio

	2007	2008	2009	2010	JAN-JUN 2010	JAN-JUN 2011
Net sales revenues	9.0	8.4	8.1	8.7	4.2	2.7
Other revenues	2.3	0.7	0.2	1.6	0.0	0.0
Operating expenses	-12.8	-13.4	-11.1	-10.6	-5.1	-4.3
FINANCIAL RESULT	14.2	6.6	27.8	-79.2	-20.5	-31.1
TOTAL PRE-TAX PROFIT	12.6	2.3	25.8	-79.4	-21.5	-32.7
NET PROFIT	12.1	4.6	27.4	-72.9	-20.8	-29.6

SAVA d.d.
Net profit/loss
from 2007 to 30/06/2011
(€ in mio)





Operations of Sava d.d. by quarter in 2011

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

€ in thousands

	JAN-MAR 2011	APR-JUN 2011
1. NET SALES REVENUES	1,385	1,337
a) Revenues in domestic market	1,384	1,337
To companies in the Group	1,109	1,060
To associates	0	0
To others	275	277
b) Revenues in foreign market	1	0
To companies in the Group	1	0
To associates	0	0
To others	0	0
2. CHANGE IN THE VALUE OF INVENTORIES OF PRODUCTS AND WORK IN PROGRESS	0	0
3. CAPITALISED OWN PRODUCTS AND SERVICES	0	0
4. OTHER OPERATING REVENUES (with operating revenues from revaluation adjustment)	2	14
5. COSTS OF MERCHANDISE, MATERIALS AND SERVICES	-1,342	-1,141
a) Cost of merchandise and material sold and cost of material used	-81	-56
b) Cost of services	-1,261	-1,085
6. LABOUR COSTS	-613	-764
a) Salaries and wages	-488	-615
b) Social security cost (pension insurance cost shown separately)	-91	-113
- Social security cost	-36	-46
- Pension insurance cost	-55	-67
c) Other labour cost	-34	-35
7. AMORTISATION AND DEPRECIATION EXPENSE, WRITE-OFFS	-224	-196
a) Amortisation	-198	-192
b) Operating expenses from revaluation of intangible and tangible fixed assets	0	0
c) Operating expenses from revaluation of current assets	-26	-4
8. OTHER OPERATING EXPENSES	-32	-33
9. FINANCIAL REVENUES FROM SHARES	7,667	6,841
a) Financial revenues from shares in Group's companies	988	0
b) Financial revenues from shares in associates	4,411	6,600
c) Financial revenues from shares in other companies	2,268	241
d) Financial revenues from other investments	0	0
10. FINANCIAL REVENUES FROM GRANTED LOANS	712	751
a) Financial revenues from loans granted to Group's companies	245	252
b) Financial revenues from loans granted to other entities	467	499
11. FINANCIAL REVENUES FROM OPERATING RECEIVABLES	2	8
a) Financial revenues from operating receivables due from Group's companies	0	0
b) Financial revenues from operating receivables due from other entities	2	8



	JAN-MAR 2011	APR-JUN 2011
13. FINANCIAL EXPENSES FROM FINANCIAL LIABILITIES	-4,424	-5,226
a) Financial expenses from borrowings obtained from Group's companies	-228	-224
b) Financial expenses from borrowings obtained from banks	-3,632	-3,719
c) Financial expenses from issued bonds	-470	-476
d) Financial expenses from other financial liabilities	-94	-807
14. FINANCIAL EXPENSES FROM OPERATING LIABILITIES	-1	-6
a) Financial expenses from operating liabilities due to Group's companies	0	0
b) Financial expenses from trade payables and bill payables	0	0
c) Financial expenses from other operating liabilities	-1	-6
15. OTHER REVENUES	53	-26
16. OTHER EXPENSES	-4	0
17. TAX ON PROFIT	0	0
18. DEFERRED TAXES	2,291	757
19. NET PROFIT FOR THE FINANCIAL YEAR	-30,385	749

NET SALES REVENUES

- Sales revenues of €2.7 million were generated, which was 35% less than in the same period last year and 4% above plan. The deviations from last year's values resulted from a decrease in rentals as a consequence of increasing the capital of subsidiaries with an in-kind contribution.
- Net sales revenues did not significantly influence the level of total sales of the Sava Group; they made only a 2% share of cumulative sales and 80% of them represented the sale of services by Sava d.d. to Group companies.
- The structure of net sales revenues: 35% were revenues from rent for business premises, 65% were made by subsidiaries for using the brand name and services by the competence centres of knowledge.

OPERATING EXPENSES

- These amounted to €4.3 million and were 15% lower than last year and 32% lower than planned.
- Higher positive deviations in comparison with the planned values arose from a time shift in selling a financial investment, at which certain expenses were anticipated in connection with the planned realisation of disposal.
- The structure of operating expenses: 57% were costs of energy and services, 32% were labour costs, 10% depreciation and 1% was other expenses.
- A considerable amount of these expenses was due to managing financial investments, therefore a part of financial revenues was intended for covering these expenses.

FINANCING INCOME

- **Financing income** in the company Sava d.d. was negative and totalled €31.1 million. The deviations from last year's results as well as from plan were due to the impairments of financial investments in the amount of €37.4 million. Not considering impairments of financial investments, financing income would have been positive and would have amounted to €6.3 million.
- **Financial revenues** totalling €16.1 million were much lower than in the same period last year as dividends of subsidiaries were not paid in this year. The generated financial revenues lagged behind the planned value because the planned disposal of a financial investment has not been realised yet.



- **Financial expenses** totalling €47.2 million were lower than in the same period last year and they considerably deviated from the planned values. Their level was significantly influenced by impairments of financial investments in the amount of €37.4 million and interests on loans totalling €9.7 million.

Financing income by type of activity

€ in mio

	Financial result	Financial result	Financial result	Financial result	Financial revenues	Financial expenses	Financial result
	2007	2008	2009	2010	JAN-JUN 2011	JAN-JUN 2011	JAN-JUN 2011
Dividends of associated and other companies	13.3	33.2	20.8	12.3	11.2	0.0	11.2
Dividends and disposals of subsidiaries	0.0	0.0	0.0	17.0	1.0	0.0	1.0
Securities	8.5	0.6	39.8	0.8	2.4	-0.1	2.3
Impairments of financial investments	0.0	-14.9	-22.7	-95.0	0.0	-37.4	-37.4
Interests	-6.2	-12.3	-10.1	-12.9	1.5	-9.7	-8.2
Others	-1.4	0.0	0.0	-1.4	0.0	0.0	0.0
Total	14.2	6.6	27.8	-79.2	16.1	-47.2	-31.1

- **Dividends** which totalled €11.2 million were 9% lower than last year and were mainly received from Gorenjska Banka d.d. and Abanka Vipava d.d., which are the associated companies of Sava d.d.
- **Financial revenues from the sale of subsidiaries** totalling €1.0 million were generated in the sale of a 50% share in the jointly controlled company Sava-Schäfer d.o.o.
- **Financial revenues and financial expenses in connection with securities** in net amount of €2.3 million resulted from the sale of securities available for sale.
- **Impairments of financial investments** in the amount of €37.4 million referred to:
 - Impairment of financial receivables in NFD Holding d.d. in the amount of €21.8 million; impairment was made on the basis of the stock exchange price at 30/06/2011.
 - Impairment of financial investments in the associated company Maksima Invest d.d. in the amount of €6.9 million, which was made on the basis of the stock exchange price at 30/06/2011.
 - Impairment of financial investment in shares of Merkur d.d. in the amount of €3.1 million, carried out on the basis of the most recently available balance sheet data of Merkur d.d.
 - Impairments of other financial investments in securities available for sale in the amount of €5.6 million, carried out in accordance with the adopted accounting guidelines.
- **Interest revenues** of €1.5 million referred to loans approved to Group companies. **Interest expenses** of €9.7 million were 12% higher than in the same period last year, which was due to the increased interest rates in connection with the company indebtedness with banks. The average interest rate with the banking system was 15% higher than in the previous year, its value stood at 6.05%.

TOTAL PRE-TAX LOSS

In the first half-year of 2011, the pre-tax loss of Sava d.d. amounted to €32.7 million, which was due to impairments of financial investments in the amount of €37.4 million. Excluding the effects of impairments of financial investments, Sava d.d. would have generated a total pre-tax profit of €4.7 million.



INCOME TAX

- In the first half-year of 2011, Sava d.d. had no income tax liability charged.
- Deferred tax in the amount of €3.1 million mainly referred to the impairments of financial investments.

NET LOSS

In the first half-year of 2011, Sava d.d. made a net loss of €29.6 million and was entirely due to impairments of financial investments.

ACCUMULATED LOSS

At 30/06/2011, the accumulated loss of Sava d.d. amounted to €23.1 million.

Movement of the accumulated profit/loss of Sava d.d. in the first half-year of 2011

€ in mio

	2011
Net result for the year 2011	-29.6
Retained net profit from the year 2010	6.5
Payment of dividends in 2011	0.0
Accumulated loss on 30/06/2011	-23.1

RETURN ON EQUITY

- The ratio between the pre-tax loss in the accounting period and the average balance of equity: return was negative and amounted to 13.8%.
- The ratio between the net loss in the accounting period and the average balance of equity: return was negative and amounted to 12.5%.

NUMBER OF EMPLOYEES

At the 30/06/2011, Sava d.d. employed 60 associates, or one more than at the end of 2010.

4.3.2. ASSETS AND LIABILITIES STRUCTURE

BALANCE SHEET TOTAL

At 30/06/2011, it amounted to €521.6 million, which was 8% less than at the end of 2010.

ASSETS STRUCTURE

Long-term financial investments had the largest – 86% – share in the assets structure; tangible fixed assets and investment properties had a 5% share, short-term financial investments a 5% and other assets a 4% share.

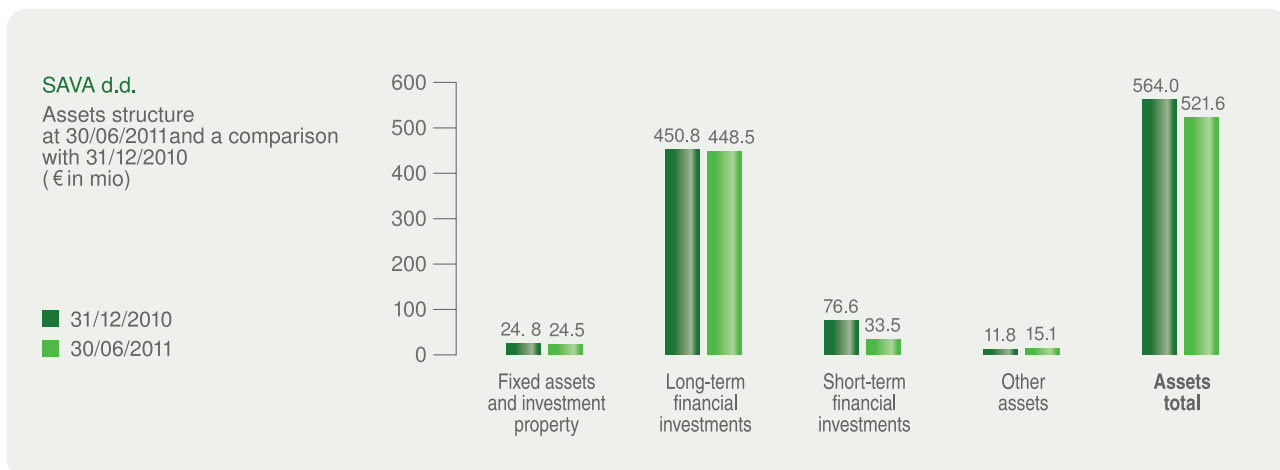
- In the structure of *long-term financial investments*, which totalled €448.5 million and compared to the end of the previous year they were lower by €2.3 million or 1%, the following significant changes appeared in the first half-year of 2011:
 - increases in capital of subsidiaries totalling €43.2 million were entered in the register of companies; increases in capital were approved in 2010.
 - acquisitions of securities available for sale amounted to €1.7 million.



- disposals of securities available for sale amounted to €12.1 million.
- financial investments in the associated companies (NFD Hoding d.d., Maksima Invest d.d.) were impaired in total value of €28.7 million.
- Other impairments of financial investments available for sale were carried out in total amount of €8.2 million.
- Other net increases amounted to €1.8 million and were due to a change of certain short-term granted loans to long-term granted loans.
- *Value of tangible fixed assets and investment property* amounted to €24.5 million at 30/06/2011. No changes appeared in comparison with the end of 2010.
- *short-term assets* in the amount of €33.5 million were by €43.1 million or more than one half lower than at the end of 2010. In terms of value, the greatest change was due to the entry of increases in capital of subsidiaries approved in 2010 in the register of companies and, in this connection, a transfer of receivables from the short-term unpaid called-up capital to long-term financial investments. The value of this transfer amounted to €43.2 million.

At 30/06/2011, the structure of short-term assets was as follows:

- a receivable from short-term approved loan to NFD Holding d.d. amounts to €22.4 million and compared to the end of 2010 it is by €2.0 million lower.
- other short-term receivables totalling €11.1 million are mainly short-term loans approved to Group companies and short-term operating receivables due from buyers of securities.
- *Other assets* in total amount of €15.1 million, deferred tax receivables due from the state had the greatest share and amounted to €14.8 million. Deferred tax receivables mainly originated from revaluation – impairment of securities available for sale to fair value.



LIABILITIES STRUCTURE

- The *capital* of the joint stock company Sava totalled €205.7 million and was by €33.5 million or 14% lower than at the end of 2010; in the liabilities structure it had a 39% share, which was by 3 percentage points less than at the end of the previous year. The changes in capital were as follows:
 - A loss in the financial period in the amount of €29.6 million was made.
 - The revaluation reserve from long-term financial investments to fair value decreased by €3.9 million.

- *Total financial liabilities* of Sava d.d. amounted to €304.6 million and compared to the end of 2010 they were lower by €9.7 million, or 3%. They had a 58% share in the balance sheet total. Total financial liabilities included loans of €279.8 million, which Sava d.d. obtained outside of the Sava Group, and the assets of subsidiaries which are put as a security to the creditors of Sava d.d. amounts to €384.3 million.
- *Other liabilities* totalling €11.3 million referred to short-term operating liabilities and long-term provisions. In comparison with the previous year they did not significantly change, in the liabilities structure they had a 3% share.

SAVA d.d.

Liabilities structure at 31/12/2010 and a comparison with 31/12/2009 (€ in millions)



FINANCIAL POSITION OF THE COMPANY

The first half-year of 2011 was further denoted with the uncertain circumstances in the financial markets, which mostly showed in drops of stock exchange market prices and a stricter liquidity policy conducted by banks. Despite the additional impairments of financial investments, Sava d.d. remains a solid financial holding with a 40% share of capital in the balance sheet total. This difficult situation in the banking markets, which results from the generally unfavourable economic circumstances, forced banks to become extremely cautious about crediting.

In the first half-year of 2011, Sava, therefore, focused its attention on providing liquidity of the company, regular settlement of financial liabilities and arranging its relations with banks – creditors. To assure short-term liquidity, arrangements are being made with banks on an on-going basis aiming at balancing the deadlines of financing sources; the financial position is further strengthened with introducing measures that stabilise the operations, by strengthening the cash flow of subsidiaries, rationalising operating costs and other activities. To assure liquidity and financial stability over a longer period of time, the disinvesting programme for investments of Sava d.d. is being prepared, which also forms a part of the new strategy of the Sava Group and Sava d.d. and will be publicised this autumn.



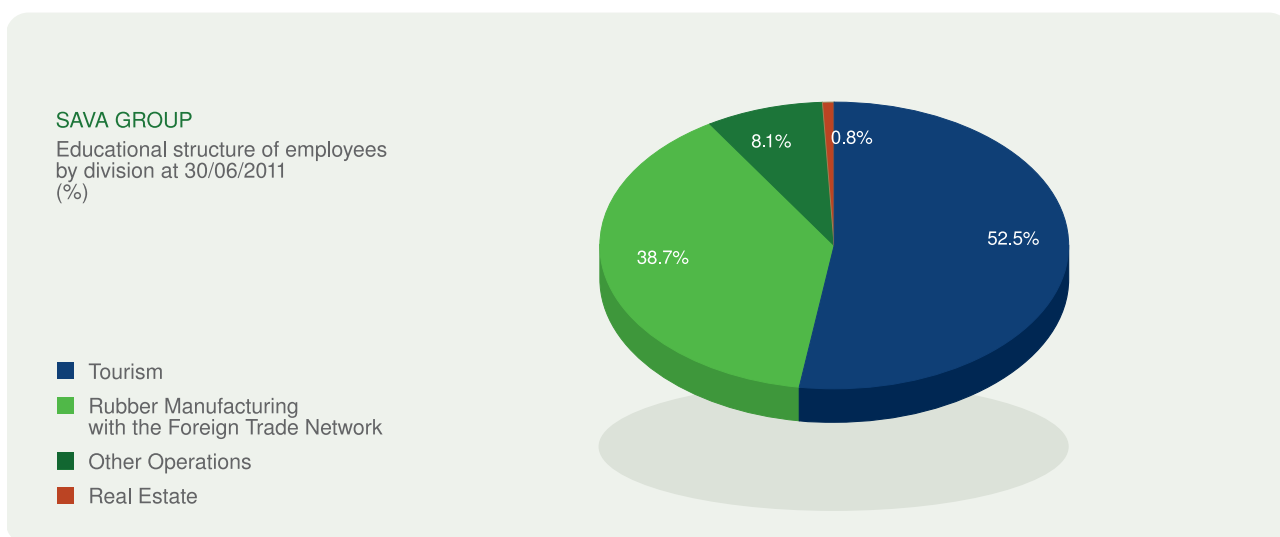
5. DEVELOPMENT OF HR MANAGEMENT AND ENVIRONMENTAL PROTECTION

The most important assets of the Sava Group are its employees; we, therefore, continually strive for their content and make sure they work in a safe and healthy environment. We are aware of the fact that only if associates are motivated, creative and competent they can enhance our success. We carried out the Sava Academy, co-financed projects from the EU funds and decreased the number and frequency of work accidents with injuries at work. In planning of all of our activities, we are focusing on decreasing harmful effects on the natural environment.

5.1. Concern for employee development

NUMBER OF EMPLOYEES AND EDUCATIONAL STRUCTURE

In the first half-year of 2011, the Sava Group employed 2,294 associates on average, at 30/06/2011 there were 2,318 people employed.

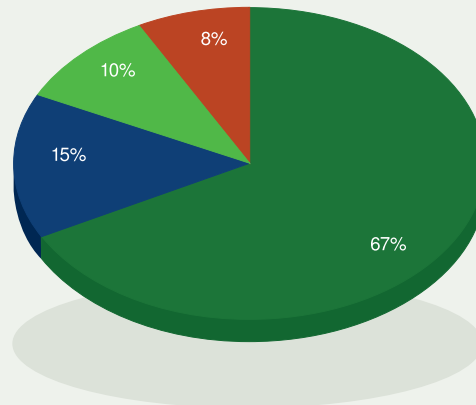


In Sava Group companies, 15.3% of employees has at least university education, 5.8% college education, 25.7% secondary school education. 30.5% of employees finished vocational school, 19.3% primary school and only 3.4% has not finished primary school.

In the first half-year 2011, the joint stock company Sava employed 59 associates on average, at 30/06/2011 this number stood at 60. The educational structure is high: 15% has a PhD, 67% has university degree, 8% has college education and 10% finished secondary school.

SAVA d.d.
Educational structure of employees
at 30/06/2011
(%)

- 5th level - secondary school
- 6th level - technical college
- 7th level - higher and university education
- 8th& 9th level - Master's and Doctor's degree



FLUCTUATION AND SICK LEAVE

In this half-year, 98 employees left the Sava Group, which represents a 4.3% fluctuation. 57 associates terminated their contracts, while the contract of 24 associates was terminated by the employer and the contract for 17 associates expired according to the law.

Total sick leave in last half-year amounted to 4.5%, in this half-year it amounted to 4.7%. Sick leave up to 30 days amounted to 2.9% and above 30 days to 1.8%.

EDUCATION, TRAINING AND EMPLOYEE DEVELOPMENT

In order to support the need for knowledge and development of competences associates require at their work, the Sava Group systematically carries out various training courses and incorporates its co-workers in formal education. In this way, it also promotes personal and professional development, which is coordinated with the strategic development of individual companies and operations.

In Tourism, we especially focused on the development of leading and coaching skills and the development of sales techniques for associates working in sales, booking and front desks. Furthermore, foreign language courses and various specialised workshops are held in Tourism. In the Tourism School, training courses for associates working at front desks and in waiting service were organised to refine their specific knowledge. Specialists from various fields compiled their knowledge in a written form to make use of it in the preparation of future training programmes. Internal workshops were held for the associates in Tourism, in which HR associates presented the current HR issues and, in cooperation with managers, an action plan for the introduction of motivational measures was produced.

In Rubber Manufacturing, various advanced knowledge from abroad was gained, while in the Rubber School, knowledge was internally transferred. The project for work instructors is being prepared; they will provide training to associates in the manufacturing. The key factor in this process is the preparation of teaching materials to be used by the instructors, as well as the development of their skills needed for the efficient transfer of knowledge to their colleagues in the production. Specialists from Rubber Manufacturing gained most recent knowledge in numerous trainings home and abroad. Training courses in occupational safety and quality of services, products and processes are held on an on-going basis for the entire Sava Group.

SAVA ACADEMY

In June, the training programme for the business plan preparation under the wing of the Sava Academy was successfully completed; it involved 15 associates from the entire Sava Group.



The programme took several months, and participants divided in four teams prepared business plans, which in a certain period of time could be introduced into operations.

HR PROJECTS CO-FINANCED FROM THE EU-FUNDS AND GOVERNMENT GRANTS

Training projects in the HR area are co-financed from the EU-funds and the grants that were acquired in various invitations by the Slovene institutions. Under the framework of the Leonardo da Vinci mobility project, specialists from Tourism participated in the training programme abroad, at which they were made acquainted with the best practice cases in order to transfer them into their local working environment. Tourism and Rubber Manufacturing received funding from the Health Insurance Institute of Slovenia for the health promotion projects, in which associates learned about the significance of taking care of their health and well-being. In Rubber Manufacturing, the completed EU project Rubber Knowledge is being upgraded; the project trains internal knowledge developers who transfer their knowledge to their associates. In the new e-Rubber Validation project, the informal knowledge of associates in the production will be validated.

INTRANET OF THE SAVA GROUP

Intranet, the in-house computer network, is turning into the main communication tool and an accessory for a successful performance of work processes. We upgrade it through the application updates, documents compilations, exchange of internal information and involving as high number of associates as possible.

NEW APPOINTMENTS AND OTHER CHANGES IN THE MANAGEMENT TEAMS

In this first half-year the following appointments and changes in the management teams of the Sava Group took place:

- **Sava d.d., Kranj:**

On 31. March 2011, the new Management Board consisting of President Matej Narat, MSc, and Members Franci Strajnar, MSc, Miha Resman and Andrej Andoljšek, was appointed for a five-year term of office. Until 16 July 2011, the then board member Vinko Perčič remained the Management Board member. On 6 July 2011, Miran Hude was extended the procuration.

The office of board chairman and board member, Janez Bohorič and Emil Vizovišek, expired on 30 March 2011.

- **Savatech d.o.o., Kranj**

On 1 January 2011, the term of office of director Vesna Čadež was extended, Igor Hafnar remains director and Zdenka Benedičič workers' director.

- **Savapro d.o.o., Kranj**

On 1 January 2011, Denis Šmigoc nad Borut Flander were appointed directors of the company for a four-year term of office; the office of Igor Hafnar and Vesna Čadež expired.

- **Sava Trade GmbH., Munich**

On 28 February 2011, Jaka Toplak was appointed procurator, while the office of director Zlatko Smrdel was extended to 30 April 2013.

- **Sava Trade Sp.z o.o., Warswa**

On 21 February 2011, Slawomir Milosz Babka was appointed director of the company, Tomaž Perčič remains director, the mandate of Jaka Slavinec expired.

- **Sava Trade s.r.o., Prague**

On 1 March 2011, the office of director Milan Vik was extended for another four years, on 28 February 2011 Anja Bitenc Jenko was appointed procurator.

- **Savatech Corp., Port Orange**
On 28 February 2011, Izidor Debenc was appointed director for a four-year term of office, the mandate of Samo Janc expired, Anton V. Šimunac remains director.
- **Sava Hoteli Bled d.d.**
On 1 July 2011, the procurement of Tine Brodnak expires, Fedja Pobegajlo remains management board chairman and Tamara Zajc management board member.
- **Terme Ptuj, d.o.o.**
On 3 January 2011, the office of director Andrej Klasinc was extended for another 4 years, Natalija Potočnik Jerman remains procurator.
- **Sava IP d.o.o.**
On 1 April 2011, Ana Finc is appointed procurator, on 31 March 2011 the office of Jože Kavčič expires, Gorazd Rous remains director.
- **Sava Nova d.o.o.**
On 1 April 2011, Primož Bradeško is appointed director of the company for an undefined period of time, on 31 March 2011 the office of Jože Kavčič expires, Marko Rozman remains procurator.
- **IP Nova d.o.o.**
On 13 July 2011, the term of office of director Gorazd Rous was extended for four years.
- **Energetika Črnomelj d.o.o.**
On 25 April 2011, the term o office of director Stanko Cvenkel was extended for five years.
- **Ensa BH d.o.o.**
On 3 July 2011, the term o office of director Stanko Cvenkel was extended for four years.

Changes in the Supervisory Boards:

- **Sava d.d.**
With 31 March 2011, Miha Resman is no longer Supervisory Board member, he was replaced (until 28 June 2012) by Gregor Rovanišek.
On 9 June the membership of Marko Pogačnik, MSc, and Tomaž Toplak expired, new members for a four year term are Aleš Skok and Robert Ličen, MSc.
- **Sava Hoteli Bled d.d.**
On 21 June 2011, Iva Žagar, MSc, and Andrej Šprajc are no longer members of the Supervisory Board; the new members for a four-year period are Matej Narat, MSc, and Antonija, Pirc, MSc; on the same day the office of Miran Hude was extended for four years.
- **Energetika Črnomelj d.o.o.**
On 29 March 2011, the membership of Alenka Kržan and Emil Vizovišek expired, the new members for a four-year period are Marko Garbajs and Borut Flander, the term of office of Rok Švigelj was extended for four years.

5.2. Concern for occupational health and safety

SAFETY AND PRESERVING HEALTH AT WORK

We address health and safety at work in a systematic and responsible manner. Certain companies have voluntarily decided to introduce and certify the standardised approaches to health and safety at work based on the international OHSAS standard 18001 (Occupational health and safety management systems).



Occupational health and safety is one of the more important values in the Sava Group. We are aware that every task involves a certain degree of risk for occupational health and safety. The level of occupational health and safety is considered one of the obvious indicators for the quality and business reliability. A modern concept of occupational health and safety extends this notion to safety and preservation of health and well-being at work. In addition to the fact that this is one of the fundamental human rights, the mission of occupational health and safety also includes:

- Identification of risks for occupational health and safety
- Continual decrease in risks
- Prevention of injuries
- Prevention of industrial diseases and disorders
- Providing conditions that enable work capacity over the entire period of employment

The goal of occupational health and safety policy is to continually improve satisfaction at work; such a concept includes a physical, moral and social dimension. We also devote much attention to the following additional goals:

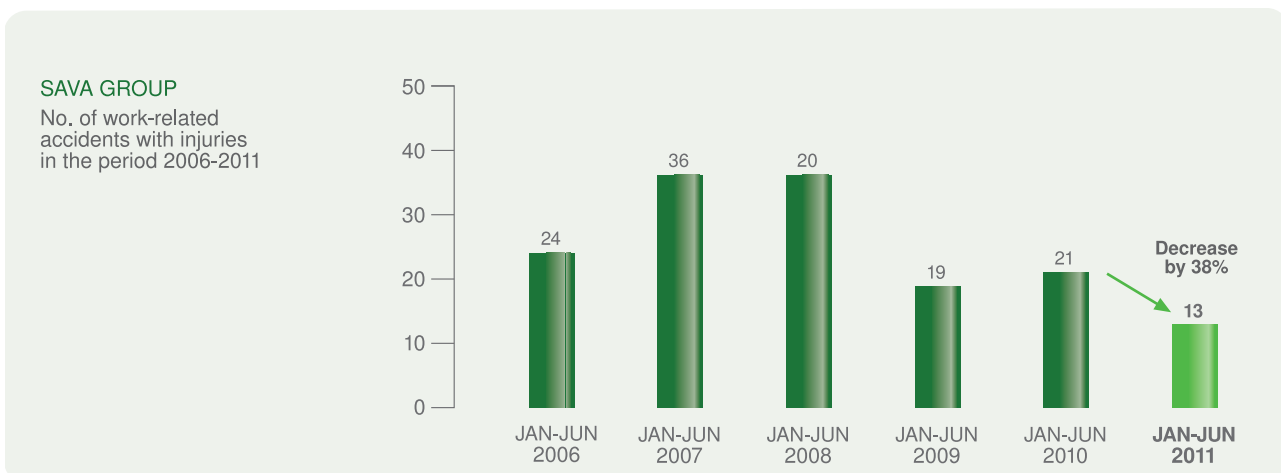
- Continual decrease in frequency of injuries at work
- Implementation of protective measures
- Prevention of social risks, at which special focus should be placed on factors such as stress and addiction to psycho-active substances
- Examination of new types of risks

DECREASE IN FREQUENCY AND SERIOUSNESS OF WORK-RELATED ACCIDENTS

The introduction of a systematic approach at detecting hazardous occurrences, which in the changed circumstances could lead to an accident involving material damage or injuries, resulted in a trend of reducing the number and seriousness of work-related accidents over a period of several years. The goal of dealing with accidents is to achieve such a level of safety which would result in zero accidents and zero health disorders. Safety and health are the basic values in the life of every individual.

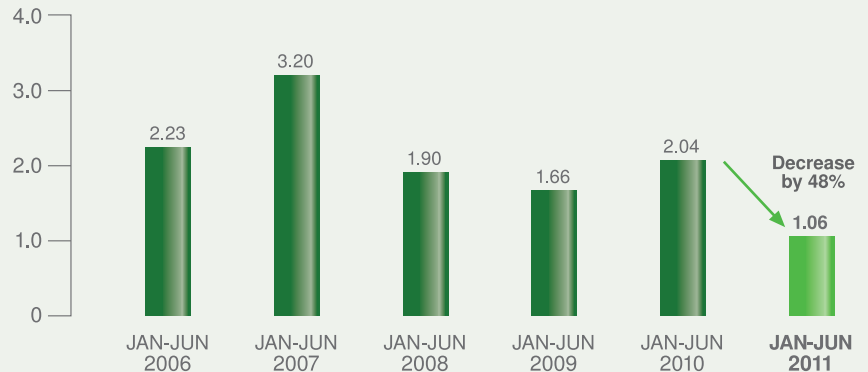
In the first half-year, 13 associates from Sava Group companies suffered injuries at work, on account of which they were on sick leave; in the same period 2010, there were 21 work-related accidents with injuries. The number of injuries at work decreased by 38%. The frequency of injuries (number of injuries with sick leave per 200,000 working hours) amounted to 1.06, and 2.04 in the same period 2010. The frequency of work-related accidents with injuries decreased by 48%.

The goal for 2011, is to reduce the number of injuries with sick leave below 1.0. The data shows that we have neared to the goal and nearly achieved it, respectively.



SAVA GROUP

Frequency of work-related accidents with injuries per 200,000 working hours in the period 2006-2011



OPERATION IN ACCORDANCE WITH THE MOST STRICT ENVIRONMENTAL STANDARDS SIST EN ISO 14001 AND THE OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM OHSAS 18001

The established systems for managing environmental safety (international standard SIST EN ISO 14001) and occupational health and safety (OHSAS 18001) are not only the goal of every company, they also represent a path to the implementation of set goals in occupational health and safety area for the entire Sava Group.

The following regular activities are carried out annually:

- Revision of risk assessment for occupational health and safety
- Revision of environmental aspects,
- Examination of occupational health and safety policy and environmental protection
- Setting preliminary and executive goals in occupational health and safety and environmental protection
- Preparation of occupational health and safety and environmental protection programme
- Training and checking employee qualifications
- Training of internal auditors
- Performance of internal audits
- Elimination of detected inconsistencies and introduction of improvements as recommended
- Complying with the occupational health and safety legislation, its introduction and implementation in the operation of every company.
- Up-dating of documents in the area of environmental protection, occupational health and safety, fire safety (manual, procedures, instructions, methodologies etc.)

In the first half-year of 2011, the following audits were made by independent certification organisations in addition to the internal audits:

- Follow-up audits of the environmental management system according to SIST EN ISO 14001 in companies Savatech d.o.o. and Zdravilišče Radenci d.o.o.
- Follow-up audit of the occupational health and safety management system according to the OHSAS 18001 standard in Savatech d.o.o. and Zdravilišče Radenci d.o.o.



PRESENTATION OF GOOD PRACTICE CASES IN OCCUPATIONAL HEALTH AND SAFETY

The competence centre Safety involved in the international project for health promotion and well-being at work place, which was held under the motto Work. In Harmony with Life. This project is the eight initiative by the European Network for Workplace Health Promotion and represents the continuation of the project Move Europe, in which Slovenia was involved too. The project goals are supported by the European Commission, which especially points out the meaning of mental health and prevention of mental or behavioural disorders.

One of the goals of the project Promoting Mental Health and Well-Being in Work-Places, which in Slovenia is conducted by the Clinical Institute for Occupational Medicine, Traffic and Sport, was to compile practice cases in mental health promotion. Among 126 participating Slovene companies, the health resort Radenci together with the competence centre Safety and the company Domel d.d., were chosen as good practice cases. They ranked among the excellence models in the area. The European conference presented the health resorts Radenci as the best practice case in promotion and preventive actions for strengthening and preservation of health and well-being in workplaces in Slovenia.

SAFETY CONFERENCE IN THE SAVA GROUP

At the end of May 2011, Safety and HR, Law and Organisation prepared the 9th safety conference, in which 111 managerial and leading associates of the Sava Group participated. This year's conference dealt with the issue of managing occupational health and safety.

The following resolutions were adopted:

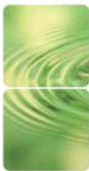
- continual improvements in managing occupational health and safety may not be interrupted even during the business consolidation
- preventive managing of occupational health and safety is one of the critical conditions for the success of every working environment, companies and the Sava Group
- efficient managing of occupational health and safety requests the commitment on the part of senior management, managerial associates in the Sava Group
- occupational health and safety issues are considered priority at all levels; based on monitoring the performance and efficiency of occupational health and safety, the action programme has to be continually updated
- Occupational health and safety should be incorporated in the strategy of Sava Group divisions.

Senior and junior management of Sava Group companies are responsible for implementing the resolutions adopted in the 9th safety conference.

5.3. Environmental protection

IMPLEMENTATION OF SUSTAINABLE DEVELOPMENT PRINCIPLES AND SOCIAL RESPONSIBILITY

In Sava Group companies the environmental protection is part of the business process. In accordance with sustainable development principles and social responsibility principles our operations are directed so as to continually decrease harmful influences on the natural environment.



Our priority goals are as follows:

- The rational use of energy, raw materials and natural resources
- Separate collection of waste
- Disposing separated waste for recycling or incineration
- The prevention of environmental pollution
- Substitution of hazardous substances with less hazardous ones
- The training of employees.

We raise environmental awareness of our employees and business partners by educating external service providers, auditing suppliers and involving in the social community.

RESPONSIBLE CARE PROGRAMME

The Responsible Care is the Slovene name for the international voluntary initiative by the chemical industry established in 1981 in Canada and gradually assumed by the chemical industry worldwide. The Slovene Association of Chemical Industry has committed to promote the responsible care programme when it had become a member of CEFIC in 1997. In Slovenia, this voluntary commitment began to be implemented in 2000 and among the first one to involve was Savatech d.o.o., which obtained a responsible care certificate for 2011 too.

ACTIVE INVOLVEMENT IN THE RESIDENTIAL ENVIRONMENT

The Sava Group co-organises the traditional Let's Clean Kranj and Stražišče campaign. Every year, numerous associates from Kranj-based Sava Group companies participate in this action.

The associates from Sava Medical in Storitve d.o.o. and the competence centre Safety joined this year's Let's Clean Kranj and Stražišče campaign, on which occasion they arrange the environs beyond a 2.5 km long factory fence.

PROTECTION OF THE NATURAL ENVIRONMENT

Environmental indicators

The impact of our operations on the environment is examined by analysing the environmental indicators, which are regularly addressed and on whose basis measures are later introduced. Annual analyses of impacts on the environment are carried out, while environmental aspects are assessed. Based on the analyses, we determine the environmental protection programme to achieve the goals set every year.

In Rubber Manufacturing companies the following environmental indicators are regularly followed:

- Consumption of energy
- Consumption of drinking and river water
- Air pollution
- Water pollution
- Disposal of non-hazardous waste – without packaging
- Disposal of hazardous waste
- Specific amount of rubber waste
- Use of hazardous substances
- Noise



EFFICIENT ENERGY MANAGEMENT

Energy products

The main energy products used in Sava Group companies are electricity, natural gas, heating oil and household propane-butane gas and steam.

Consumption indicators by type of energy products in the first half-year of 2011 in comparison with the same period last year:

- Consumption of heating oil decreased by 10.26%
- Consumption of electricity decreased by 2.32%
- Consumption of steam increased by 8.26%
- Consumption of household propane-butane gas increased by 0.98%
- Consumption of natural gas decreased by 2.45%

Use of energy products

Electricity

With regard to the same period in 2010, the consumption of electricity in the first half-year 2011 decreased in the following companies:

- Sava Hoteli Bled d.o.o. by 7.65%
- Terme Ptuj d.o.o. by 8.08%
- Zdravilišče Radenci d.o.o. by 7.39%
- Sava d.d. by 14.96%

With regard to the same period in 2010, the consumption of electricity in the first half-year 2011 increased in the following companies:

- Savatech d.o.o. , Kranj-based, by 2.47%
- Savatech d.o.o., Ptuj-based, by 17.16%
- Terme 3000 d.o.o. by 8.72%
- Terme Lendava d.o.o. by 0.47%

With regard to the same period in 2010, the specific consumption of energy in the first half-year 2011 decreased in the following companies:

- Savatech d.o.o., Kranj-based, by 4.34%
- Savatech d.o.o, Ptuj-based, by 7.72%
- Sava Hoteli Bled d.d. by 10.02%
- Terme 3000 d.o.o. by 3.58%
- Terme Ptuj d.o.o. by 6.54%
- Zdravilišče Radenci d.o.o. by 18.36%

With regard to the same period in 2010, the specific consumption of energy in the first half-year 2011 increased in the company:

- Terme Lendava d.o.o. by 1.17%.

Steam

With regard to the same period in 2010, the consumption of steam in the first half-year 2011 increased in Savatech d.o.o. by 12.57% and in Sava d.d. it decreased by 47.41%.

The specific consumption increased in Savatech d.o.o. by 5.09% and in Sava d.d. it decreased by 49.34%.

Propane-butane gas

With regard to the same period in 2010, the consumption of propane-butane gas in the first half-year 2011 decreased in the following companies:

- Sava Hoteli Bled d.d. by 0.93%
- Zdravilišče Radenci d.o.o. by 11.08%.

With regard to the same period in 2010, the consumption of propane-butane gas in the first half-year 2011 increased in the following companies:

- Terme 3000 d.o.o. by 2.98%
- Terme Lendava d.o.o. by 28.87%

With regard to the same period in 2010, the specific consumption of propane-butane gas in the first half-year 2011 decreased in the following companies:

- Sava Hoteli Bled d.d. by 3.47%
- Terme 3000 d.o.o. by 8.68%
- Zdravilišče Radenci d.o.o. by 21.60%

With regard to the same period in 2010, the specific consumption of propane-butane gas in the first half-year 2011 increased in the following companies:

- Terme Lendava d.o.o. by 29.76%

Natural gas

With regard to the same period in 2010, the consumption of natural gas in the first half-year 2011 decreased in the following companies:

- Savatech d.o.o., Kranj-based by 1.48%
- Sava Hoteli Bled d.d. by 10.51%
- Terme Lendava d.o.o. by 4.10%
- Zdravilišče Radenci d.o.o. by 5.38%

With regard to the same period in 2010, the consumption of natural gas in the first half-year 2011 increased in the following companies:

- Savatech d.o.o. , Ptuj-based, by 13.42%
- Terme Ptuj d.o.o. by 11.90%

With regard to the same period in 2010, the specific consumption of natural gas in the first half-year 2011 decreased in the following companies:

- Savatech d.o.o., Kranj-based, by 8.03%
- Savatech d.o.o., Ptuj-based, by 10.67%
- Sava Hoteli Bled d.d. by 12.80%
- Terme Lendava d.o.o. by 3.44%
- Zdravilišče Radenci d.o.o. by 16.58%

With regard to the same period in 2010, the specific consumption of natural gas in the first half-year 2011 increased in the company:

- Terme Ptuj d.o.o. by 15.03%



Drinking water

Consumption of drinking water

In 2011, we plan to further decrease the consumption of drinking water so that we:

- systematically detect leaks of drinking water in the network and eliminate faults
- Regularly monitor consumption of water
- Use water rationally

With regard to the same period in 2010, the consumption of drinking water in the first half-year 2011 decreased in the companies:

- Savatech d.o.o., Kranj-based, by 18.8%
- Savatech d.o.o., Ptuj-based, by 22.30%
- Sava Hoteli Bled d.d. by 14.18%
- Sava d.d. by 63.12%

With regard to the same period in 2010, the specific consumption of drinking water in the first half-year 2011 increased in the companies:

- Terme 3000 d.o.o. by 0.50%
- Terme Lendava d.o.o. by 27.63%
- Terme Ptuj d.o.o. by 11.06%
- Zdravilišče Radenci d.o.o. by 1.31%

With regard to the same period in 2010, the specific consumption of drinking water in the first half-year 2011 decreased in the companies:

- Savatech d.o.o.,Kranj-based, by 24.2%
- Savatech d.o.o.,Ptuj-based, by 38.80%
- Sava Hoteli Bled d.d. by 16.38%
- Terme 3000 d.o.o. by 10.87%

With regard to the same period in 2010, the specific consumption of drinking water in the first half-year 2011 increased in the companies:

- Terme Lendava d.o.o. by 28.51%
- Terme Ptuj d.o.o. by 14.17%
- Zdravilišče Radenci d.o.o. by 10.68%

Consumption of river water

After installing independent cooling units in rubber manufacturing companies, the consumption of river water decreased by 18.76% in the first half-year 2011, and the specific consumption of river water (the amount of river water per manufactured quantity of products) was lower by 18.76% in comparison with the first half-year 2010. River water is only used for making up a deficiency in the closed cooling systems. The consumption of river water does not affect the Sava river stream.



Consumption of geothermal water

With regard to the same period in 2010, the consumption of geothermal water in the first half-year 2011 decreased in the companies:

- Sava Hoteli Bled d.d. by 37.27%
- Terme 3000 d.o.o. by 7.97%
- Terme Lendava d.o.o. by 10.10%
- Terme Ptuj d.o.o. by 11.94%

With regard to the same period in 2010, the specific consumption of geothermal water in the first half-year 2011 increased in the company:

- Zdravilišče Radenci d.o.o. by 11.65%

With regard to the same period in 2010, the specific consumption geothermal water in the first half-year 2011 increased in the companies:

- Sava Hoteli Bled d.d. by 39.88%
- Terme 3000 d.o.o. by 18.39%
- Terme Lendava d.o.o. by 9.48%
- Terme Ptuj d.o.o. by 9.48%
- Zdravilišče Radenci d.o.o. by 1.57%

Safe and professional waste disposal

Savatech d.o.o.

Waste treatment is based on a separate collection and temporary storing and disposal of waste via the authorised companies. We treat waste in conformity with the legislation according to the following recommended order: avoid waste generation, decrease the amount at its origin, re-use, recycling, processing and disposal. Every year, we renew the waste treatment plan.

Packaging is left to recycling: wood, metal, paper and plastic, whereas hazardous substances with their packaging and rubber waste are incinerated or reprocessed. A part of rubber waste is re-used for energy production in cement works and a part is processed. Landfilling of rubber waste was abandoned already in 2007.

In 2011, the specific amount of rubber waste decreased by 10.21% with regard to the same period last year. In the first half-year 2011, 417 tons of rubber waste or 3.81% more than last year was incinerated.

In all Sava Kranj-based companies the total amount of non-hazardous waste without packaging decreased by 0.88%, whereas the specific quantity of non-hazardous waste without packaging in rubber manufacturing companies increased by 8.54%.

Sava Hoteli Bled d.d.

The amount of non-hazardous waste without packaging decreased by 0.88%, and the specific amount of non-hazardous waste without packaging decreased by 3.42%.

Terme 3000 d.o.o.

In 2011, the total amount of non-hazardous waste without packaging decreased by 42.72% in comparison with 2010, and the specific amount of non-hazardous waste without packaging decreased by 49.2%.

**Terme Lendava d.o.o.**

In 2011, the total amount of non-hazardous waste without packaging increased by 0.83% in comparison with 2010, and the specific amount of non-hazardous waste without packaging increased by 1.53%.

Terme Ptuj d.o.o.

In 2011, the total amount of non-hazardous waste without packaging increased by 115.27% in comparison with 2010, and the specific amount of non-hazardous waste without packaging increased by 18.50%.

Zdravilišče Radenci d.o.o.

In 2011, the total amount of non-hazardous waste without packaging decreased by 21.41% in comparison with 2010, and the specific amount of non-hazardous waste without packaging decreased by 30.72%.

Waste as secondary raw materials

In endeavouring for decreasing the impacts of waste on the environment, as a result of the energy-driven utilisation of high-heat value rubber waste, we continually examine the applicability of technology rubber waste. In Rubber Manufacturing companies, the strategic project of decreasing all types of rubber waste is underway; we, therefore, search for possibilities of using rubber waste as secondary raw materials in new products.

In Tourism, our purchasing department makes supplier of materials and equipment to take over waste originating from packaging of cleaning agents, substances for pool water preparation and various replaced materials, for further treatment. In purchasing, we give priority to the products, which are packed in environmentally-friendly packaging, which after being treated does not put any load to the environment either directly or indirectly, or is even recyclable.

We avoid small packaging units and by purchasing foodstuffs in larger packaging units, the results of decreasing packaging waste gave already been shown.



FINANCIAL REPORT

1. UNAUDITED CONSOLIDATED 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

€ in thousands

	Notes	30/06/2011	30/06/2010	31/12/2010
ASSETS				
Property, plant and equipment	1.3.10.	222,890	233,660	228,061
Intangible assets	1.3.11.	898	965	951
Investment property	1.3.12.	10,950	41,619	10,549
Investments in associates	1.3.13.	299,261	300,428	319,158
Non-current equity securities, available for sale	1.3.14.	48,098	120,805	67,225
Non-current loans	1.3.15.	5,611	25,623	5,675
Deferred tax assets	1.3.16.	15,139	5,235	11,615
Non-current assets		602,847	728,335	643,234
Inventories	1.3.17.	62,154	44,517	58,834
Trade and other receivables	1.3.18.	36,354	32,466	25,383
Current tax receivable		509	264	15
Short-term investments	1.3.19.	135	2,030	115
Current loans	1.3.20.	25,043	35,598	24,958
Cash and cash equivalent	1.3.21.	5,867	4,206	8,293
Current assets		130,062	119,081	117,598
Total assets		732,909	847,416	760,832
EQUITY AND LIABILITIES				
Issued capital	1.3.22.	83,751	83,751	83,751
Share premium		125,608	125,608	125,608
Reserves		19,691	68,889	19,691
Fair value reserve		-8,679	4,231	-4,448
Treasury shares		-4,977	-224	-4,977
Translation reserve		222	158	222
Retained earnings		81,504	111,686	101,632
Total equity attributable to equity holders of the parent		297,120	394,099	321,479
Minority interest		1,771	1,997	1,873



€ in thousands

	Notes	30/06/2011	30/06/2010	31/12/2010
Total equity	1.3.22.	298,891	396,096	323,352
Non-current provisions	1.3.23.	7,036	5,414	6,899
Deferred government grants	1.3.24.	12,529	13,097	12,801
Non-current interest-bearing borrowings	1.3.25.	213,807	267,411	212,999
Non-current operating liabilities		94	209	76
Deferred tax liabilities		0	0	0
Non-current liabilities		233,466	286,131	232,775
Current interest-bearing borrowings	1.3.25.	161,231	132,325	169,015
Current operating liabilities	1.3.26.	34,789	29,196	33,828
Accrued expenses	1.3.27.	4,532	3,668	1,862
Current operating liabilities		200,552	165,189	204,705
Total liabilities		434,018	451,320	437,480
Total equity and liabilities		732,909	847,416	760,832

The notes to the financial statements are the constituent part of the latter and should be read simultaneously.

Consolidated income statement

€ in thousands

	Notes	JAN-JUN 2011	JAN-JUN 2010
Revenues from goods sold and services rendered	1.3.29.	93,773	82,509
Change in inventories of products and work in progress		1,435	-661
Other operating revenue	1.3.30.	1,395	1,186
Operating revenue		96,603	83,034
Cost of goods, materials and services		-59,460	-49,102
Labour cost	1.3.32.	-26,139	-25,695
Depreciation and amortisation		-6,995	-7,851
Other write-offs	1.3.33.	-2	-13
Other operating expense	1.3.34.	-1,515	-900
Operating expenses		-94,111	-83,561
Operating income		2,492	-527
Financial income		3,844	3,167
Financial expense		-20,286	-55,045
Net financing income/expense	1.3.35.	-16,442	-51,878
Share in income of associates		11,047	11,819
Share in loss of associates		0	0
Impairments of financial investments in associates		-19,494	0
Net income/expense from associates	1.3.36.	-8,447	11,819
Pre-tax profit		-22,397	-40,586
Tax	1.3.37.	2,179	79
Net profit/loss for the year		-20,218	-40,507
Net profit for the year attributable to:			
Equity holders of the parent		-20,127	-40,596
Minority interest		-91	89
Net profit/loss for the period		-20,218	-40,507
Basic earnings per share (€)		-10.09	-20.26
Diluted earnings per share (€)		-10.09	-20.26

The notes to the financial statements are the constituent part of the latter and should be read simultaneously.

*Consolidated statement of comprehensive income*

€ in thousands

	JAN-JUN 2011	JAN-JUN 2010
Profit for the period	-20,218	-40,507
<i>Other comprehensive income</i>		
- Effective portion of changes in fair values of cash flow hedges	13	1,188
- Change in fair value of available-for-sale financial assets	-1,293	-37,859
- Deferred tax on change in fair value of available-for-sale financial assets	-258	3,842
- Change in fair value of investments in associates	-403	0
- Change in fair value of available-for-sale financial assets transferred to profit or loss	-2,946	608
- Deferred tax on change in fair value of available-for-sale financial assets transferred to profit or loss	656	43
Other comprehensive income for the period, net of deferred tax	-4,231	-32,178
Total comprehensive income for the period	-24,449	-72,685
<i>Total comprehensive income for the period attributable to:</i>		
Owners of the Company	-24,358	-72,774
Minority interest	-91	89
Total comprehensive income for the period	-24,449	-72,685

Consolidated cash flow statement

€ in thousands

	JAN-JUN 2011	JAN-JUN 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/loss before taxation	-20,218	-40,507
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	6,641	7,250
Depreciation of intangible assets	60	62
Depreciation of investment property	295	539
Impairment of property, plant and equipment	0	3
Impairment of financial investments	7,447	9,808
Impairments of investments in associates	19,494	0
Proceeds from sale of plant, property and equipment	0	-35
Loss at disposal of property, plant and equipment	0	10
Loss from the sale of investment property	2	0
Foreign currency translation difference	0	-104
Profit in sale of non-current securities	-2,593	-326
Loss in sale of securities	61	935
Share in profit of Group companies	0	17,038
Share in income of associates	-11,047	-11,819
Other dividends received	-157	-173
Foreign exchange rate difference	0	179
Impairment of granted loans	0	33,838
Interest expense	11,290	10,113
Interest revenue	-1,016	-2,015
Income tax liability	-2,179	-79
Income from operations prior to change in operating equity and provisions	8,080	24,717
Change in non-current receivables	-3,482	-4,501
Change in current receivables	-11,395	-1,882
Change in inventories	-3,734	-1,954
Change in current operating liabilities and accrued costs	7,045	2,709
Change in non-current operating liabilities	424	3,261
Change in provisions	137	-83
Change in government grants	-272	-334
Acquired cash in operations	-3,197	21,933
Paid income tax	-946	-588
Net cash flow from operations	-4,143	21,345



€ in thousands

	JAN-JUN 2011	JAN-JUN 2010
CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of property, plant and equipment equipment	-3,988	-3,483
Proceeds from sale of property, plant and equipment equipment	30	1,834
Purchase of intangible assets	-8	-6
Proceeds from sale of intangible assets	0	1
Purchase of investment properties	-15	-623
Proceeds from sale of investment properties	0	1
Purchase of subsidiaries	1,100	0
Proceeds from repaid loans	11,302	58,026
Expenses for granted loans	-10,545	-32,612
Purchase of equity securities available for sale	-1,745	-10,167
Proceeds from sale of non-current securities	11,476	1,062
Received dividends of associates	11,047	11,819
Other dividends received	157	173
Received interests	1,016	2,015
Net cash flow from investment activities	19,827	28,040
CASH FLOWS IN FINANCING		
Other changes in capital	-11	-51
Proceeds from granted non-current loans	181	40,906
Expenditures for granted non-current loans	-12,358	-44,283
Proceeds from granted current loans	87,635	113,466
Expenses for granted current loans	-82,263	-149,533
Expenses for dividends of Group's shareholders	-4	-2
Paid interests	-11,290	-10,113
Net cash flow from financing activities	-18,110	-49,610
Net increase or decrease in cash and cash equivalents	-2,426	-225
Cash and cash equivalents of sold companies	8,293	4,431
Cash and cash equivalents at the end of the period	5,867	4,206

Consolidated statement of changes in equity

€ in thousands

	Issued capital	Share premium	Reserves	Reserves for own shares	Reserves for fair value of financial assets	Reserves for fair value of financial investments in associates	Reserve for fair value of interest rate swaps	Own shares	Translation reserve	Net profit/loss for the financial year	Net profit/loss brought forward	Capital attributed to the owners of the controlling company	Non-controlling interest	Total
Balance at 31/12/2009	83,751	125,608	68,665	224	34,623	1,809	-23	-224	158	9,887	148,808	473,285	2,111	475,396
Total comprehensive income														
Profit	0	0	0	0	0	0	0	0	0	-40,596	0	-40,596	89	-40,507
Other comprehensive income	0	0	0	0	-33,366	0	1,188	0	0	0	0	-32,178	0	-32,178
Translation differences	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Effective portion of changes in fair values of cash flow hedges - interest rate swaps	0	0	0	0	0	0	1,188	0	0	0	0	1,188	0	1,188
Change in fair value of available-for-sale financial assets	0	0	0	0	-37,859	0	0	0	0	0	0	-37,859	0	-37,859
Deferred tax on change in fair value of available-for-sale financial assets	0	0	0	0	3,842	0	0	0	0	0	0	3,842	0	3,842
Change in fair value of available-for-sale financial assets transferred to profit or loss	0	0	0	0	608	0	0	0	0	0	0	608	0	608
Deferred tax on change in fair value of available-for-sale financial assets transferred to profit or loss	0	0	0	0	43	0	0	0	0	0	0	43	0	43
Total comprehensive income	0	0	0	0	-33,366	0	1,188	0	0	-40,596	0	-72,774	89	-72,685
Transactions with owners, recorded directly in equity														
Dividend payout	0	0	0	0	0	0	0	0	0	0	-6,412	-6,412	-152	-6,564
Positive difference in purchase of minority interest	0	0	0	0	0	0	0	0	0	0	0	0	-51	-51
Total transactions with owners	0	0	0	0	0	0	0	0	0	0	-6,412	-6,412	-203	-6,615
Balance at 30/06/2010	83,751	125,608	68,665	224	1,257	1,809	1,165	-224	158	-30,709	142,396	394,099	1,997	396,096
Balance at 31/12/2010	83,751	125,608	14,714	4,977	-2,939	-549	-960	-4,977	222	-26,945	128,577	321,479	1,873	323,352
Total comprehensive income														
Profit	0	0	0	0	0	0	0	0	0	-20,127	0	-20,127	-91	-20,218
Other comprehensive income	0	0	0	0	-3,841	-403	13	0	0	0	0	-4,231	0	-4,231
Translation differences	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Effective portion of changes in fair values of cash flow hedges	0	0	0	0	0	0	13	0	0	0	0	13	0	13
Change in fair value of available-for-sale financial assets	0	0	0	0	-1,293	0	0	0	0	0	0	-1,293	0	-1,293
Deferred tax on change in fair value of available-for-sale financial assets	0	0	0	0	-258	0	0	0	0	0	0	-258	0	-258
Change in fair value of investments in associates	0	0	0	0	0	-403	0	0	0	0	0	-403	0	-403
Change in fair value of available-for-sale financial assets transferred to profit or loss	0	0	0	0	-2,946	0	0	0	0	0	0	-2,946	0	-2,946
Deferred tax on change in fair value of available-for-sale financial assets transferred to profit or loss	0	0	0	0	656	0	0	0	0	0	0	656	0	656
Total comprehensive income	0	0	0	0	-3,841	-403	13	0	0	-20,127	0	-24,358	-91	-24,449
Transactions with owners, recorded directly in equity														
Setting off a loss	0	0	0	0	0	0	0	0	0	26,945	-26,945	0	0	0
Decrease in minority interest due to exchange rate change	0	0	0	0	0	0	0	0	0	0	0	0	-11	-11
Total transactions with owners	0	0	0	0	0	0	0	0	0	26,945	-26,945	0	-11	-11
Balance at 30/06/2011	83,751	125,608	14,714	4,977	-6,780	-952	-947	-4,977	222	-20,128	101,632	297,120	1,771	298,891

1.2. Composition of the Sava Group and data about the operations of subsidised companies in the period January - June 2011

On 30/06/2011, the Sava Group consisted of 27 companies: the parent company Sava d.d., 26 subsidiaries – daughter companies. The financial statements of all these companies are included in the consolidated financial statements of the Sava Group. In all companies the capital and voting rights are in accord.

List of companies that besides the parent company Sava d.d. are included in the Sava Group, with a comparison of ownership stakes as at 30/06/2011 and 31/12/2010:

€ in thousands

	% ownership 30/06/2011	% ownership 31/12/2010	Change in % of ownership 2011
RUBBER MANUFACTURING DIVISION AND FOREIGN TRADE NETWORK			
SAVATECH, d.o.o., Kranj	100.00%	100.00%	0.00%
- SAVA TRADE, GmbH, Munich, Germany (owned by Savatech, d.o.o.)	100.00%	100.00%	0.00%
- SAVA TRADE, sp.z.o.o., Warsaw, Poland (owned by Savatech, d.o.o.)	100.00%	100.00%	0.00%
- SAVA TRADE, spol.s.o.o., Prague, Czech Republic (owned by Savatech, d.o.o.)	100.00%	100.00%	0.00%
- SAVATECH TRADE, Ltd., London, Great Britain (owned by Savatech, d.o.o.)	100.00%	100.00%	0.00%
- SAVATECH CORP., Port Orange, Florida (owned by Savatech, d.o.o.)	95.00%	95.00%	0.00%
- SAVA-ROL d.o.o., Zagreb (owned by Savatech, d.o.o.)	76.00%	76.00%	0.00%
SAVA-SCHÄFER d.o.o., Kranj	0.00%	50.00%	-50.00%
SAVAPRO, d.o.o., Kranj	60.00%	60.00%	0.00%
- SAVARUS, d.o.o., Jaroslavl, Russia (owned by SAVAPRO d.o.o.)	100.00%	100.00%	0.00%
TOURISM DIVISION			
SAVA TMC, d.o.o., Kranj	100.00%	100.00%	0.00%
SAVA HOTELI BLEDE, d.d., Bled	96.82%	96.82%	0.00%
TERME 3000 d.o.o., Moravske Toplice	100.00%	100.00%	0.00%
ZDRAVILIŠČE RADENCI, d.o.o., Radenci	100.00%	100.00%	0.00%
TERME LENDAVALA, d.o.o., Lendava	100.00%	100.00%	0.00%
TERME PTUJ, d.o.o., Ptuj	100.00%	100.00%	0.00%
REAL ESTATE DIVISION			
SAVA IP, d.o.o., Ljubljana	100.00%	100.00%	0.00%
- IP NOVA, d.o.o., Ljubljana (owned by SAVA IP, d.o.o.)	100.00%	100.00%	0.00%
- IP NOVA A, d.o.o., Ljubljana (owned by SAVA IP, d.o.o.)	100.00%	100.00%	0.00%
- SAVA IPN, d.o.o., Ljubljana (owned by SAVA IP, d.o.o.)	100.00%	100.00%	0.00%
- SAVA IMG, d.o.o., Poreč (owned by Sava IP, d.o.o.)	0.00%	50.00%	-50.00%
SAVA NOVA d.o.o., Zagreb	100.00%	100.00%	0.00%
OTHER OPERATIONS			
SAVA MEDICAL IN STORITVE, d.o.o., Kranj	100.00%	100.00%	0.00%
GIP SAVA KRANJ, d.o.o., Ruma	100.00%	100.00%	0.00%
ENERGETIKA SAVA, d.o.o., Kranj	100.00%	100.00%	0.00%
ENERGETIKA ČRNOMELJ, d.o.o., Kranj	50.68%	50.68%	0.00%
ENSA BH, d.o.o., Srbac, Bosnia and Herzegovian	100.00%	100.00%	0.00%
SAVA ENSA, dooel., Skopje, Macedonia	100.00%	100.00%	0.00%

CHANGES IN THE COMPOSITION OF THE SAVA GROUP

On 22 February 2011, Sava d.d. signed the contract with the long-time partner SchäferRolls GmbH & Co, KG, about selling a 50% business stake in the mixed ownership company for the manufacture of roll covers Sava Schäfer d.o.o., Kranj. The rubber manufacturing company Sava Schäfer d.o.o. thus became wholly owned by the German partner SchäferRolls GmbH & Co, KG, and renamed SchäferRolls d.o.o.

Sava d.d. transferred the ownership of Sava Rol d.o.o., Zagreb to the mainstay of Rubber Manufacturing, Savatech d.o.o. Kranj.

Sava IP d.o.o. sold its 50% shareholding in jointly controlled company Sava IMG d.o.o., Poreč in Croatia.

Sava d.d. divided its 100% ownership stake in Sava IP d.o.o. in two portions: a 51% and 49% share. The division of the business stake was required on account of pledging one stake for the loan obtained. The division was formally carried out on the basis of put/call transaction, by way of which it had not come to any changes in total value of a financial investment.

INCREASE IN CAPITAL OF SUBSIDIARIES

The increases in capital in Savatech d.o.o. Kranj totalling €31.2 million and Sava IP d.o.o. totalling €7.1 million approved already in 2010 were entered in the register of companies.

In the period January-June 2011, the controlling company Sava d.d. increases capital in the following companies:

- Sava Nova d.o.o., Zagreb in the amount of €9.0 million – transforming approved loan to the capital of the company
- Energetika Sava d.d., Kranj, in the amount of €0.2 million - money paid-in
- Sava TMC d.o.o. in the amount of €0.2 million - money paid-in

ASSOCIATED COMPANIES IN THE SAVA GROUP

There were no changes in connection with ownership stakes in associated companies in the first half-year of 2011.



List of associated companies with a comparison of ownership stakes at 30/06/2011 and 31/12/2010 and controlling stakes at 30/06/2011:

€ in thousands

	% ownership 30/06/2011	% ownership 31/12/2010	Change in % of ownership 2011	Controlling stake** 30/06/2011
SAVA, d.d., družba za upravljanje in financiranje, Kranj - as the parent company				
- Gorenjska banka, d.d., Kranj*	45.90 %	45.90 %	0.00 %	49.76 %
- Abanka Vipa, d.d., Ljubljana	23.83 %	23.83 %	0.00 %	23.86 %
- NFD Holding, d.d., Ljubljana	24.65 %	24.65 %	0.00 %	24.65 %
- Maksima Invest, d.d., Ljubljana	21.34 %	21.34 %	0.00 %	21.34 %
- Job, d.o.o., Maribor	27.00 %	27.00 %	0.00 %	27.00 %
SAVA HOTELI BLEED, d.d. - as the parent company				
- Gorenjska Banka, d.d., Kranj	0.16 %	0.16 %	0.00 %	0.17 %
TERME LENDAVALA, d.o.o. - as the parent company				
- Turizem Lendava, d.o.o.	29.92 %	29.92 %	0.00 %	29.92 %
ENSA BH, d.o.o., Srbac - as the parent company				
- Panensa, d.o.o., Srbac, Bosna in Hercegovina	40.00 %	40.00 %	0.00 %	40.00 %

* Sava d.d. transferred 23,924 shares (7.21%) of Gorenjska Banka d.d. Kranj into fiduciary ownership of the fiduciary Abanka Vipa d.d., Ljubljana; it keeps them in favour of the owners of bonds by the issuer Sava d.d. as a security for liabilities from bonds until their maturity on 9 December 2014.

** Controlling stake is computed as a relation between the number of shares owned by Sava d.d. and the total number of issued shares of the associated company less treasury shares.

REPRESENTATION OFFICES IN THE SAVA GROUP

As part of the Sava Group the company Savatech d.o.o., Kranj, has representation office in Moscow with a head office at Dmitrija Uljanova 16/2, app. 127, 117292 Moscow, Russia.

Sales revenues of subsidiaries in the period January-June 2011, capital of subsidiaries at 30/06/2011 and net profit/loss from operations of subsidiaries in the period January-June 2011:

€ in thousands

	Sales revenues JAN-JUN 2011	Equity value 30/06/2011	Profit/loss JAN-JUN 2011
RUBBER MANUFACTURING DIVISION WITH THE FOREIGN TRADE NETWORK	71,027	72,851	4,092
SAVATECH d.o.o., Škofjeloška cesta 6, 4000 Kranj	56,450	68,357	3,726
SAVA-ROL d.o.o., Fallerovo šetalistište 22, 10000 Zagreb, Croatia	163	156	0
*SAVA-SCHÄFER d.o.o., Škofjeloška cesta 6, 4000 Kranj	615	0	96
SAVAPRO d.o.o., Škofjeloška cesta 6, 4000 Kranj	0	3,300	40
SAVARUS d.o.o., Spartakovskaja 1d, 150036 Jaroslavl, Russia	1,400	-2,025	-226
- FOREIGN TRADE NETWORK	12,399	3,063	456
SAVA TRADE GmbH, Kobellstrasse 4, 80336 Munich, Germany	7,407	1,294	198
SAVA TRADE sp.z.o.o., UI Przyparkova 19, 05-850 Ozarów Mazowiecki, Poland	1,668	51	46
SAVA TRADE spol.s.o.o., U Elektry 650/50, Budova K, 190 00 Prague, Czech Republic	2,224	1,196	85
SAVATECH TRADE Ltd., Bourne House, 475 Godstone Road, Whyteleafe, Surrey CR 3 OBL, Great Britain	65	61	10
SAVATECH CORP., 413 Oak Place, Bldg 5-J, Port Orange, FL 32127, USA	1,034	461	117
TOURISM DIVISION	29,943	94,066	-2,084
SAVA TMC d.o.o., Škofjeloška cesta 6, 4000 Kranj	1,201	263	104
SAVA HOTELI BLEDE d.d., Cankarjeva 6, 4260 Bled	7,813	27,917	-1,531
TERME 3000 d.o.o., Kranjčeva cesta 12, 9226 Moravske Toplice	9,291	35,406	254
ZDRAVILIŠČE RADENCI d.o.o., Zdraviliško naselje 12, 9252 Radenci	6,144	9,364	-191
TERME LENDAVA d.o.o., Tomšičeva 2a, 9220 Lendava	2,027	5,231	-132
TERME PTUJ d.o.o., Pot v toplice 9, 2251 Ptuj	3,467	15,885	-588
REAL ESTATE DIVISION	3,190	34,941	-1,195
SAVA IP d.o.o., Davčna ulica 1, 1000 Ljubljana	2,583	31,990	22
IP NOVA d.o.o., Davčna ulica 1, 1000 Ljubljana	7	240	4
IP NOVA A d.o.o., Davčna ulica 1, 1000 Ljubljana	0	9	0
SAVA IPN d.o.o., Davčna ulica 1, 1000 Ljubljana	0	9	0
*SAVA IMG d.o.o., Poreč (owned by Sava IP, d.o.o.)	0	0	-1
SAVA NOVA d.o.o., Fra Filipa Grabovca 14, 10000 Zagreb, Croatia	600	2,693	-1,220
OTHER OPERATIONS	2,428	3,027	-146
SAVA MEDICAL IN STORITVE d.o.o., Škofjeloška cesta 6, 4000 Kranj	1,384	2,980	36
GIP SAVA KRANJ d.o.o., Industrijski put bb, 22400 Ruma, Serbia	4	1	-1
ENERGETIKA SAVA d.o.o., Škofjeloška cesta 6, 4000 Kranj	280	163	-31
ENERGETIKA ČRNOMELJ d.o.o., Škofjeloška cesta 6, 4000 Kranj	247	670	54
ENSA BH d.o.o., Prijebli BB, 78429 Srbac, Bosnia and Herzegovina	513	-771	-204
SAVA ENSA dooel., UI Veljko Vlahović br. 16/4, 1000 Skopje, Macedonia	0	-16	0
SUBSIDIARIES TOTAL	106,588	204,885	667

**In the case of companies with a 50% controlling stake, total revenues, total capital and total profit/loss from operations are shown.*



Sales revenues of subsidiaries in the period January-June 2010, capital of subsidiaries at 30/06/2010 and net profit/loss from operations of subsidiaries in the period January-June 2010

€ in thousands

	Sales revenues JAN-JUN 2010	Equity value 30/06/2010	Profit/loss JAN-JUN 2010
RUBBER MANUFACTURING DIVISION WITH THE FOREIGN TRADE NETWORK	50,368	35,615	2,537
SAVATECH d.o.o., Škofjeloška cesta 6, 4000 Kranj	46,593	32,037	2,130
SAVA-ROL d.o.o., Fallerovo šetalište 22, 10000 Zagreb, Croatia	208	171	14
*SAVA-SCHÄFER d.o.o., Škofjeloška cesta 6, 4000 Kranj	1,810	1,641	109
SAVAPRO d.o.o., Škofjeloška cesta 6, 4000 Kranj	0	3,183	87
SAVARUS d.o.o., Spartakovskaja 1d, 150036 Jaroslavl, Russia	1,757	-1,417	197
- FOREIGN TRADE NETWORK	11,078	2,548	210
SAVA TRADE GmbH, Kobellstrasse 4, 80336 Munich, Germany	5,772	1,085	94
SAVA TRADE sp.z.o.o., Ul Przeparkowa 19, 05-850 Ozarów Mazowiecki, Poland	1,446	-68	11
SAVA TRADE spol.s.o.o., U Elektry 650/50, Budova K, 190 00 Prague, Czech Republic	2,218	1,124	54
SAVA TRADE d.o.o., Domovinskog rata 7, 21000 Split, Croatia	343	2	1
SAVATECH TRADE Ltd., Bourne House, 475 Godstone Road, Whyteleafe, Surrey CR 3 OBL, Great Britain	400	55	4
SAVATECH CORP., 413 Oak Place, Blgd 5-J, Port Orange, FL 32127, USA	899	350	46
TOURISM DIVISION	28,204	92,756	-3,302
SAVA TMC d.o.o., Škofjeloška cesta 6, 4000 Kranj	1,346	-349	62
SAVA HOTELI BLEDE d.d., Cankarjeva 6, 4260 Bled	7,612	29,008	-1,738
TERME 3000 d.o.o., Kranjčeva cesta 12, 9226 Moravske Toplice	8,214	33,515	-414
ZDRAVILIŠČE RADENCI d.o.o., Zdraviliško naselje 12, 9252 Radenci	5,438	9,722	-673
TERME LENDAVA d.o.o., Tomšičeva 2a, 9220 Lendava	2,040	4,214	-86
TERME PTUJ d.o.o., Pot v toplice 9, 2251 Ptuj	3,554	16,646	-453
REAL ESTATE DIVISION	2,576	10,465	-1,048
SAVA IP d.o.o., Davčna ulica 1, 1000 Ljubljana	1,393	11,680	-859
IP NOVA d.o.o., Davčna ulica 1, 1000 Ljubljana	1,167	232	17
IP NOVA A d.o.o., Davčna ulica 1, 1000 Ljubljana	0	8	0
SAVA IPN d.o.o., Davčna ulica 1, 1000 Ljubljana	0	8	0
*SAVA IMG d.o.o., Poreč (owned by Sava IP, d.o.o.)	1	4	1
SAVA NOVA d.o.o., Fra Filipa Grabovca 14, 10000 Zagreb, Croatia	15	-1,467	-207
OTHER OPERATIONS	2,623	4,678	-57
SAVA MEDICAL IN STORITVE d.o.o., Škofjeloška cesta 6, 4000 Kranj	1,464	2,931	-17
GIP SAVA KRANJ d.o.o., Industrijski put bb, 22400 Ruma, Serbia	28	0	1
ENERGETIKA SAVA d.o.o., Škofjeloška cesta 6, 4000 Kranj	243	-525	-102
ENERGETIKA ČRNOMELJ d.o.o., Škofjeloška cesta 6, 4000 Kranj	243	662	49
ENSA BH d.o.o., Prijebli BB, 78429 Srbac, Bosnia and Herzegovina	638	1,605	14
SAVA ENSA dooel., Ul Veljko Vlahović br. 16/4, 1000 Skopje, Macedonia	7	5	-2
SUBSIDIARIES TOTAL	94,849	146,062	-1,660

*In the case of companies with a 50% controlling stake, total revenues, total capital and total profit/loss from operations are shown.

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

Sava d.d. is a company domiciled in Škofjeloška cesta 6, 4000 Kranj. The consolidated financial statements of the Sava Group include the parent company Sava d.d., its subsidiaries, joint ventures until the date of disposal, and the Group's interest in associated companies have been drawn for the period ended on 30 June 2011. The ownership structure of the controlling company Sava d.d. is explained in Chapter – The Sava share and ownership structure, which forms a part of the semi-annual report.

The semi-annual report is accessible on the company website at www.sava.si.

1.3.2. BASIS OF PREPARATION

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, the IAS notes as adopted by the administrative board for the international financial reporting standards and the Companies Act.

The Board of Management approved the issue of the financial statements on 16 August 2011.

b) Basis of measurement

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

The methods used for measuring the fair value are described under item 1.3.4.

c) Functional and presentation currency

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

d) Application of estimates and assumptions

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and for all future periods which the revision affects.

1.3.3. SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of consolidation

Business combinations

In the first half-year of 2011, there were no business combinations and acquisitions of non-controlling interests.



Composition of the Sava Group

The Sava Group includes the parent company Sava d.d., 26 subsidiaries, and 7 associated companies. The consolidated financial statements of the Group include the financial statements of subsidiaries, whereas the financial statements of the joint venture companies are included in proportion to the ownership stake and, in the case of the associated companies, the equity accounting method is considered, i.e. the attributable profit is added to the financial result of the Group and equity revaluation adjustments are attributed to the equity of the Group. The parent company and subsidiaries prepare single financial statements in accordance with SAS, whereas adjustments to IFRSs as adopted by the EU are carried out for the needs of consolidation.

Subsidiaries

Subsidiaries are entities controlled by Sava d.d. Control exists when the parent company has the power to govern 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. In all subsidiaries the capital and voting rights are in accord.

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

Losses that refer to non-controlling interests in a subsidiary are reallocated under non-controlling interests even if this item shows a negative balance.

Joint ventures

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement between the Group and the contractual partner. The consolidated financial statements include the partner's proportionate share of the entity's assets, liabilities, revenues and expenses with items of a similar nature on a line by line basis, from the date that joint control commences until the date that joint control ceases.

Associates

Associates are those entities in which the Sava Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Sava Group's share of the total recognised gains or losses, and equity revaluation adjustments of associates on an equity accounting basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that a company is liable for settling certain obligations on behalf of an associate.

The capital and voting rights in associates are not in accord (explanation given under 1.2). Any impairment of investments in associates is ascertained on the basis of an evaluation prepared by a company evaluator. The value of other investments in associates is examined once a year based on stock exchange prices or established evaluation models for companies, on the basis of which we ascertain if any impairments are needed.

Transaction eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from transactions within the Sava Group are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated 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 ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the reference exchange rate of the ECB ruling at that date. Foreign exchange gains/losses present differences between the repayment value in functional currency at the beginning of the period adjusted by the amount of effective interest and payments during the period and the repayment value in foreign currency calculated at the reference exchange rate of the ECB at the period end. The foreign exchange gains/losses arising on translation are recognised in the income statement.

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

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

Foreign operations

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

c) Financial instruments

c1) Non-derivative financial instruments

Non-derivative financial instruments include investments in equity and debtor's securities, operating and other receivables, cash and cash equivalents, received and granted loans, operating and other liabilities.

Non-derivative financial instruments are initially recognised at fair value increased by costs which directly relate to the transaction.

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

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



Loans and receivables

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

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

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

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

Cash and cash equivalents

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

Financial assets available for sale

Non-current securities in the group in are classified under financial assets available for sale. They comprise investments in shares and stakes of listed and unlisted companies and investments in mutual funds, and represent a financial potential to be used in future investments in conformity with the strategy of the Group. More than 99% of these assets are located in the parent company Sava d.d.

Available-for-sale financial assets are initially measured at fair value on the day of acquisition. Subsequent to initial recognition, they are measured at market value: share bid price at balance sheet date for listed financial instruments, whereas unlisted financial instruments are estimated at weighted average price per share on the basis of the most recent known transaction or most recent announced book value. If an option contract is made for a financial investment, the fair value is ascertained based on the price determined in the option contract.

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

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

Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Group becomes

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

C 2) Derivative financial instruments

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

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

Derivative financial instruments are recognised initially at fair value; costs related to a transaction are recognised in profit or loss upon its appearance. After initial recognition derivative financial instruments are measured at fair value, while related changes are dealt with as described further in the report. The management of interest rate risk is successful when it moves between 80 and 125%.

Cash flow hedging

Changes in fair value of a derivative financial instrument determined to hedge its exposure to risk are recognised directly in other comprehensive income for the period and presented in the hedging reserve in equity, provided that hedging was successful. The amount recognised in other comprehensive income is removed and included in profit or loss in the same period as the hedged cash flows affect profit or loss under the same line item in the statement of comprehensive income as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued. The cumulative gain or loss recognised in equity remains recognised in equity until the forecast transaction occurs.

When the hedged item is a non-financial asset, the amount recognised in equity is transferred under the carrying amount of the asset following its recognition. In other cases, the amount being recognised in equity is transferred to the income statement for the period, in which the asset that is hedged against risk influences the profit or loss.

Hedging against risks

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

Capital

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



Ordinary no-par value shares

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

Repurchase of treasury shares

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

Dividends

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

Net earnings per share

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

Diluted net earnings per share equal the basic net earnings per share as the Group has no preferential shares or exchangeable bonds available. The number of issued shares did not change in the first half-year of 2011.

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

When parts of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Reclassification to investment property

Property that is being constructed or developed for future use as investment property is dealt with as property and shown at cost until the date of its completion, at which time it is reclassified as investment property.

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

Subsequent costs

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

Depreciation

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

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

Manufacturing buildings	25 to 80 years
Hotels, commercial buildings, warehouses	20 to 71 years
Office buildings	25 to 40 years
Manufacturing equipment in rubber manufacturing	4 to 20 years
Hotel furnishing	5 to 20 years
Computer equipment	2 to 5 years
Other equipment	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 share of the group in the net fair value of ascertained assets and contingent liabilities of the acquired company.

Subsequent measurement

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



Amortisation

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

g) Investment property

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

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

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

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

b) Inventories

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

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

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

c) Construction work in progress

Construction work in progress is stated at gross uncharged value to be paid by a customer for contracting work to date. The value of construction work in progress is stated at cost plus profit to date less a provision for foreseeable losses and less progress billings. Cost includes all expenditure related directly to specific projects and allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity also expenditures for loans hired for individual projects.

Construction work in progress is represented as a part of operating receivables in the balance sheet. If payments by a customer exceed the recognised profit, the difference is stated as deferred revenue in the balance sheet.

i) Impairment of assets

Financial assets

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

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

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

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

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

Non-financial assets

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

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

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

j) Employee benefits

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

k) Provisions

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

Warranties

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.



Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group are lower than the unavoidable cost of meeting its obligation under the contract. Provisions are measured at the lower of current value of the expected costs for terminating the contract or the expected costs for continuing the contractual relationship. Before the Group forms a provision, it recognises any impairment loss on the assets associated with that contract.

Provisions for retirement amounts and employee jubilee benefits

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

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

The actuary calculation was made on 31 December 2009 and it considered: the cost of retirement amount and cost of jubilee benefits in accordance with the provisions from collective and management work contracts, a 3.5% annual growth in salaries, retirement amounts and jubilee benefits, employee fluctuation, the chosen discount interest rate of 5.4% p.a. represents a yield of 10-year corporate bonds with high rating in the euro zone. At 31/12/2010, liabilities were re-calculated taking into account a change in the employee number. At 30/06/2011 the recalculation was not carried out.

Provisions for law suits

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

l) Government grants

Provisions from assigned contributions are formed according to the Employment Rehabilitation Act at accounting for salaries and wages. These funds may be used for the material development of the company and covering various expenses and any deficit in revenues and for other purposes in compliance with legal requirements.

Initially government grants are recognised in financial statements as deferred revenue when there is a reasonable assurance that it will be received and that the Group will comply with the conditions attaching to it.

Grants that compensate the Group for expenses incurred are recognised as revenue on a systematic basis in the same periods in which the expenses are incurred that are compensated with grants. Grants that compensate the Group for the cost of an asset are strictly recognised in the income statement as other operating income on a systematic basis over the useful life of the asset.

m) Revenue

Goods sold

Revenue from goods sold is recognised at fair value of received payment or receivable less paybacks and discounts, rebates for further sale and quantity discounts.

Revenue is shown when the buyer has assumed all significant risk and rewards of ownership and there exists a certainty regarding the recovery of the consideration due, associated costs or the possible return of goods or products and when the Group ceases to make further decisions about sold products.

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

Services

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

Construction contracts

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expense are recognised in the income statement in proportion to the stage of the contract completion. Contract revenue includes the initial amount determined upon the contract conclusion and possible changes in the volume of work under contract, requirements and performance bonuses when it is probable they will result in revenue and can be measured reliably. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenues is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised as incurred.

Rental income

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

n) Finance income and finance costs

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

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

o) Income tax

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



Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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

p) Segment reporting

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

1.3.4. DETERMINATION OF FAIR VALUES

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

Property, plant and equipment

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

Intangible assets

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

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

Investment property

The fair value is based on market value being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

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

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

Inventories

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

Investments in equity and debt securities

The fair value of financial instruments classified as held for trading and available for sale is their quoted closing bid price at the reporting date. The fair value of shares and stakes which are not listed is estimated on the basis of recent transactions or their financial statements. If for a certain financial investment an option contract has been made, the fair value is ascertained considering the price in the option contract.

Operating and other receivables

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

Derivatives

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

Non-derivative financial liabilities

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

Preparation of the cash flow statement

The cash flow statement has been prepared by considering the data from the income statement for the period January-June 2011 (for the past period January – June 2010), the balance sheet data as at 30/06/2011 and 31/12/2010 (for the past data 30/06/2010 and 31/12/2009), and other required data. The cash flow statement excludes values which are not connected with revenues and expenses.



1.3.5. FINANCIAL RISK MANAGEMENT

Overview

In the Sava Group, we examine and analyse economic circumstances and regularly pursue the exposure to various risks and takes measures to manage them. The parent company manages the financial risks centrally at the level of the entire Sava Group. In 2011, the Sava Group was exposed to the following risks from its use of financial instruments:

- Foreign currency risk
- Interest rate risk
- Credit risk
- Solvency risk
- Guarantees and sureties
- Capital management

We present the policies in risk management and the exposure of Sava Group companies to individual types of financial risks. Further quantitative disclosures are included in the notes to the consolidated statements.

Risk management policy

Risk management is carried out centrally in the parent company of the Sava Group, which regularly reports to management boards and company management about the operation of the risk management area. The policies are established to identify and analyse the risks faced by the Group in daily business. Based on the performed analyses, appropriate limits and controls are defined. Considering the set limits, risks are monitored and verified. Through a continual training and by way of applicable standards and the procedures defined for risk management, the Group's companies aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

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

The largest portion of the credit risk in 2011, refers to the financial transactions of the parent company, which originate from approved loans and disposals of financial investment. Sava d.d. granted NFD Holding d.d. a short-term credit of €47,374 thousand. In the first half-year of 2011, NFD Holding d.d., settled a part of its liabilities in the amount of €2,000 thousand, the outstanding sum amounted to €22,374 thousand at the end of half-year. The granted loans to NFD Holding d.d. were entirely secured with bills of exchange and securities, the repayment of 80% value is expected at the end of 2011, and the remaining part in 2012. The estimated value of pledged securities amounted to €61,201 thousand, or a 2.7-fold value of short-term loans.

We devote special attention to monitoring customer solvency. We regularly pursue debts to be collected and due receivables, maturity of receivables and fluctuations in 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. The majority of trade receivables in manufacturing and partly also in tourism services is insured with SID (Prva Kreditna Zavarovalnica d.d.), Ljubljana. In the real estate business it is not always possible to have insurance, therefore measures to minimise exposure to credit risk rely on our own customer rating and insurance estimates.

On the basis of the described events, we estimate credit risk in the Sava Group as high.

Interest rate risk

This involves the risk that the value of a financial instrument and expenses for contracting debts will fluctuate due to changes in market interest rates. The Sava Group manages the interest rate risk centrally and makes use of various mechanisms for managing this type of risk. We have defined a standard approach for all companies with banks and a standard interest rate policy within the Group, at which the parent company Sava d.d. appears as the main coordinator of all activities.

We use suitable derivative financial instruments to eliminate risks connected with interest rate fluctuations.

This type of hedging is applied for covering 15.8% of long-term credit indebtedness in the Sava Group. Interest rate risk is indirectly reduced through the efficient management of current assets and pertaining operating and financial liabilities.

The risk of changes in the market interest rates in the Sava Group is estimated as high.

Solvency risk

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

In the Sava Group, we manage solvency risk centrally and have established a standardised financial policy. The goal of such policy is to assure suitable liquidity of the parent and subsidised companies and enable all Sava Group companies doing business in most favourable conditions. We manage liquidity risk by way of various mechanisms at the level of the parent company and subsidiaries. By daily cash pooling within the Group, we avoid contracting unnecessary debts outside of the Group. Liquidity deficits are compensated with disposals of financial investments and hiring short-term loans with banks.

Due to the aggravated situation in money markets, the risk solvency risk in the Sava Group is estimated as high.

Foreign currency risk

This involves the risk of a loss in economic benefits due to changes in foreign currency exchange rates. The Sava Group mostly conducts its business in the Euro zone, but has financial investments in the markets of Croatia, Serbia, Macedonia, and Bosnia and Herzegovina too; it is thus exposed to the changes in foreign currency exchange rates for Croatian Kuna, Serbian Dinar and Macedonian Denar. We actively pursue the macro-economic movements as well as foreign exchange rate fluctuations in this geographical region and try to adapt our business through a natural hedge against this risk, i.e. avoid any foreign currency risk.

To hedge against foreign currency risks we did not use any derivative financial instruments in 2011 as due to the high interest rate differences between the interest rate for the above-mentioned currencies, and the interest rate for Euro, there were no suitable hedge instruments available in the market that would effectively eliminate risks in this connection.

Guarantees and sureties

In accordance with its policy the parent company Sava d.d. offers financial guarantees and sureties for hired loans mainly to subsidiaries which are wholly-owned by the controlling company. At 30/06/2011 guarantees and sureties to subsidiaries amounted to €18.9 million (at the end of 2010: €20.3 million), and to other companies €1.0 million (at the end of 2010: €1.2 million).



Capital management

A suitable capital structure assures investor, creditor and market confidence and sustainable development of the Sava Group. By carrying out financial restructuring programme the Management Board and company management of Sava Group companies will improve its capital structure.

Sava d.d. has no employee stock option scheme. In July 2011 the company offered Sava Group employees to repurchase treasury shares, which it acquired in accordance with the second and eighth indent of the first paragraph of Article 247 of the Companies Act-1 in 2010. The company offered the entire amount of 30m542 treasury shares for repurchase, which represents 1.52% of company's share capital.

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

The Group's debt to adjusted capital ratio was as follows:

	€ in thousands	
	30/06/2011	31/12/2010
1. Total liabilities	434,018	437,480
2. less: cash and cash equivalents	-5,867	-8,293
3. Net debts (1. – 2.)	428,151	429,187
4. Total equity	298,891	325,792
5. Less/plus: amounts accumulated in equity relating to cash flow hedges	-963	-972
6. Adjusted capital (4. – 5.)	299,854	326,764
7. Debt to adjusted capital ratio at the end of the accounting period	1.43	1.32

1.3.6. SEGMENT REPORTING

The Sava Group reports by operating and geographical segment. The basic reporting form, which arises from the strategic business units, is founded on the internal organisational structure and management of the Group. Internal management reports are reviewed on a regular basis.

The prices of transfers among segments are measured on a pure business basis. The performance of individual segments is measured at profit or loss of the segment before income tax.

Financial results, assets and liabilities by segment include items that can be attributed directly to the segment, which is provided by the suitable legal in formal organisational structure of the Group.

Operating segments

The Sava Group consists of the following operating segments:

- Rubber Manufacturing division with the Foreign Trade Network
- Tourism division
- Real Estate division
- Investment Finance division
- Other Operations

Geographical segments

In stating information by geographical segment, the income of individual segments is shown in regions where customers operate. The assets of the segment are stated in respect of their geographical position.

1.3.7. DATA BY SEGMENT

Segment information is presented in respect of the Group's operating segments that are included in the Sava Group's division.

The operation by a particular division is presented in the business part of the annual report.

Data by operating segment for the period January – June 2011

€ in thousands

	RUBBER MANUFACTU- RING WITH FOREIGN TRADE NETWORK	TOURISM	REAL ESTATE	OTHER OPERA- TIONS	INVE- STMENT FINANCE	Excluding Group operations	Total
Revenues from goods sold	56,276	0	2,829	518	0	-10,572	49,052
Revenues from services rendered	553	29,237	120	1,136	1,779	-4,310	28,515
Rental income	201	510	242	698	943	-655	1,939
Revenues from merchandise sold	13,996	196	0	76	0	0	14,268
Change in inventories	2,285	0	-1,037	375	0	-188	1,435
Other operating income	186	544	192	275	16	182	1,395
Total revenues	73,497	30,487	2,345	3,078	2,738	-15,542	96,603
Interest income	385	284	100	8	1,334	-1,095	1,016
Interest expenses	-577	-1,357	-785	-25	-9,643	1,097	-11,290
Share in income of associates	0	0	0	0	11,047	0	11,047
Net profit for the year	4,092	-2,084	-1,195	-146	-20,388	-498	-20,218
Assets	119,989	182,720	60,405	11,495	611,964	-253,663	732,910
Investments in associates	0	64	0	0	299,197	0	299,261
Liabilities	47,138	88,653	25,464	8,468	315,905	-51,610	434,018
Purchase of property, plant and equipment	1,164	817	16	1,482	43	-2	3,521
Depreciation	2,122	4,135	97	272	390	-21	6,995
Impairment in property, plant and equipment	0	0	0	0	0	0	0
Impairment in investment property	0	0	0	0	0	0	0

Shares in the profit/loss of the associated companies referred entirely to the Investment Finance division and are shown under 1.3.36.



Data by operating segment for the period January-June 2010

€ in thousands

	RUBBER MANUFACTU- RING WITH FOREIGN TRADE NETWORK	TOURISM	REAL ESTATE	OTHER OPERA- TIONS	INVES- TMENT FINANCE	Excluding Group operations	Total
Net sales revenues from goods sold	57,670	0	1,279	650	0	-9,200	50,399
Net sales revenues from services rendered	2,371	27,538	32	1,174	1,718	-5,526	27,307
Net revenue from rents	0	457	1,265	719	2,492	-1,822	3,111
Net sales revenues from merchandise sold	1,404	209	0	80	0	-2	1,691
Change in inventories	-543	0	-189	63	0	8	-661
Other operating revenues	334	459	70	354	2	-33	1,186
Operating revenues total	61,236	28,664	2,457	3,040	4,212	-16,574	83,034
Interest income	386	446	106	11	2,396	-1,331	2,015
Interest expenses	-456	-1,274	-1,227	-61	-8,371	1,276	-10,113
Share in income of associates	0	0	0	0	11,819	0	11,819
Net profit for the year	2,747	-3,302	-1,048	-57	-20,786	-18,061	-40,507
Assets	88,898	193,400	65,687	12,036	608,649	-121,254	847,416
Investments in associates	0	64	0	0	300,364	0	300,428
Liabilities	50,735	100,644	55,222	7,358	318,569	-81,208	451,320
Purchase of property, plant and equipment	1,060	1,105	41	1,195	50	-32	3,419
Depreciation	1,967	4,234	421	299	970	0	7,891
Impairment property, plant and equipment	0	0	0	0	0	0	0
Impairment in investment property	0	0	0	0	0	0	0

Data by geographical segment

Consolidated sales revenues by geographical segment

€ in thousands

	Slovenia	Other EU countries	Other	Total
1 - 6 2011	42,381	37,587	13,805	93,773
1 - 6 2010	41,648	27,031	13,830	82,509

The assets are not segmented due to the fact that the carrying amount of assets relating to the companies in Slovenia represented 97.8% of the total assets of the Group (in 2010: 97.8%).

1.3.8. ACQUISITIONS AND DISPOSALS OF OWNERSHIP STAKES IN SUBSIDIARIES AND OTHER CHANGES

In the first half-year of 2011, a 50% ownership stake in Sava Schäfer d.o.o, Kranj was sold. The book value of the sold stake amounted to €112 thousand, and the selling value €1,100 thousand. In the sale transaction, a profit of €988 thousand was generated. In this period, there were no business combinations.

In 2010, a 70% ownership stake in Sava Trade d.o.o., Split was sold. On the day of sale, the capital of Sava Trade Split d.o.o. amounted to €2 thousand.

The received payment for a 70% ownership stake amounted to €0.1 thousand, at which no difference in price was achieved.

In 2010, GTI d.o.o. was merged to Savatech d.o.o. The merger was carried out on 01/01/2010; on the basis of the agreement about a simplified merger this was entered in the register of companies on 01/06/2010. The value of assets of Sava GTI d.o.o. merged to Savatech d.o.o. amounted to €3,308 thousand. The mentioned transaction did not affect the financial statements of the Sava Group.

In 2010, there were no business combinations.

1.3.9. JOINT VENTURES

In the first half-year of 2011, the companies Sava.-chäfer d.o.o., Kranj and Sava IMG d.o.o. Poreč, in which the parent company had a 40% ownership, were sold. In consolidating, we have applied the proportionate consolidation method and we present below the appropriate portion of assets, liabilities, revenues and expenses.

€ in thousands

	JAN-JUN 2011	JAN-JUN 2010
Income statement		
Net sales revenues from goods sold and services rendered	308	906
Other operating revenue	2	-47
Cost of goods, materials and services	-141	-515
Labour costs	-82	-228
Other operating expenses	-30	-51
Tax	-10	-11
Net profit for the year	47	55
Balance sheet		
Property, plant and equipment	0	862
Non-current receivables	0	9
Inventories	0	88
Operating and other receivables	0	402
Interest-bearing borrowings	0	0
Cash and cash equivalents	0	54
Assets	0	1,414
Equity	0	822
Provisions	0	49
Non-current loans	0	175
Non-current operating liabilities	0	0
Current loans	0	91
Current operating liabilities	0	278
Equity and liabilities	0	1,414



1.3.10. PROPERTY, PLANT AND EQUIPMENT

Movement of property, plant and equipment of the Sava Group in January – June 2011

€ in thousands

Cost	Land	Buildings	Plant and machinery	Other equipment	PPE under construction	Total
Balance at 01/01/2011	28,801	280,048	90,465	19,454	2,040	420,807
Acquisitions	247	1,344	559	190	1,181	3,521
Increase in advance payment	0	0	0	0	737	737
Decrease in advance payments	0	0	0	0	-270	-270
Put into use	0	20	630	0	-650	0
Transfers	-1	-1,341	0	0	0	-1,342
Disposals	0	0	-198	-10	-4	-212
Decrease due to disposal of companies	0	0	-1,249	-9	-10	-1,267
Write-offs	0	0	-7	-3	0	-11
Balance at 30/06/2011	29,047	280,071	90,201	19,621	3,025	421,964
ACCUMULATED DEPRECIATION						
Balance at 01/01/2011	0	-120,502	-58,365	-13,879	0	-192,746
Transfers	0	-286	0	0	0	-286
Disposals	0	0	173	7	0	180
Decrease due to disposal of companies	0	0	404	7	0	411
Write-offs	0	0	7	2	0	9
Depreciation	0	-2,835	-3,075	-733	0	-6,642
Balance at 30/06/2011	0	-123,623	-60,856	-14,596	0	-199,074
CARRYING AMOUNT						
Balance at 01/01/2011	28,801	159,546	32,100	5,574	2,040	228,061
Balance at 30/06/2011	29,047	156,449	29,345	5,025	3,025	222,890

Movement of property, plant and equipment of the Sava Group in January-June 2010

€ in thousands

Cost	Land	Buildings	Plant and machinery	Other equipment	PPE under construction	Total
Balance at 01/01/2010	28,880	276,414	94,387	19,519	1,370	420,570
Acquisitions	57	2,016	2,825	350	1,612	6,861
Increase in advance payment	0	0	0	0	381	381
Decrease in advance payments	0	0	0	0	-847	-847
Put into use	0	87	310	7	-403	0
Transfers	58	2,586	-3,925	-120	-74	-1,475
Disposals	-196	-1,005	-1,460	-7	0	-2,668
Decrease due to disposal of companies	0	0	-194	0	0	-194
Write-offs	0	-49	-1,477	-295	0	-1,821
Balance at 31/12/2010	28,800	280,049	90,465	19,454	2,039	420,807
ACCUMULATED DEPRECIATION						
Balance at 01/01/2010	0	-113,004	-55,805	-12,697	0	-181,506
Transfers	0	-2,105	2,875	123	0	893
Disposals	0	74	307	4	0	385
Decrease due to disposal of companies	0	0	12	0	0	12
Write-offs	0	25	1,442	285	0	1,752
Impairments	0	0	138	0	0	138
Depreciation	0	-5,492	-7,334	-1,594	0	-14,420
Balance at 31/12/2010	0	-120,503	-58,365	-13,878	0	-192,746
CARRYING AMOUNT						
Balance at 01/01/2010	28,880	163,410	38,582	6,822	1,370	239,064
Balance at 31/12/2010	28,800	159,546	32,100	5,576	2,039	228,061

Mortgages value at 30/06/2011

€ in thousands

	Carrying amount of mortgaged assets	Value of mortgages on real estate
Sava d.d.*	16,430	16,430
Sava IP d.o.o.	19,545	16,469
Savatech d.o.o.	26,339	5,000
Terme 3000 d.o.o.	56,541	7,945
Zdravilišče Radenci d.o.o.	24,568	9,781
Terme Ptuj d.o.o.	20,254	4,573
Terme Lendava d.o.o.	8,510	686
Sava Hoteli Bled d.d.	14,660	12,250
Total	186,847	73,134

*The value of mortgages in Sava d.d. included a mortgage placed on the investment property in the value of €1,601 thousand.



1.3.11. INTANGIBLE ASSETS

Movement of intangible assets of the Sava Group in 2011 and 2010

€ in thousands

Cost value	30/06/2011	31/12/2010
Balance at 01/01/	2,157	2,319
Additions	8	65
Transfers	0	-106
Company disposals	0	-1
Write-offs	0	-120
Final balance	2,165	2,157
ACCUMULATED DEPRECIATION		
Balance at 01/01/	-1,206	-1,295
Company disposals	0	1
Transfers	0	103
Write-offs	0	103
Amortisation	-61	-118
Final balance	-1,267	-1,206
CARRYING AMOUNT		
Balance at 01/01/	951	1,024
Final balance	898	951

The depreciation of intangible assets was included under depreciation in the income statement.

1.3.12. INVESTMENT PROPERTY

Movement of investment property of the Sava Group in 2011

€ in thousands

Cost value	Land- investment property	Buildings- investment property	Total
Balance at 01/01/2011	2,933	15,644	18,577
Acquisitions	0	15	15
Transfers from other assets	1	1,341	1,342
Balance at 30/06/2011	2,934	17,000	19,934
ACCUMULATED DEPRECIATION			
Balance at 01/01/2011	0	-8,028	-8,028
Transfers from other assets	0	-662	-662
Depreciation	0	-295	-295
Balance at 30/06/2011	0	-8,984	-8,984
CARRYING AMOUNT			
Balance at 01/01/2011	2,933	7,616	10,549
Balance at 30/06/2011	2,934	8,016	10,950

The value of mortgages in Sava d.d. from item 1.3.10 included also a mortgage on investment property in the value of €1,601 thousand.

Movement of investment property of the Sava Group in 2010

€ in thousands

Cost value	Land- investment property	Buildings- investment property	Total
Balance at 01/01/2010	10,147	40,901	51,048
Transfers from other assets	-7,214	-24,579	-31,792
Impairments	0	-679	-679
Balance at 31/12/2010	2,933	15,643	18,577
ACCUMULATED DEPRECIATION			
Balance at 01/01/2010	0	-9,444	-9,444
Transfers from other assets	0	1,698	1,698
Impairments	0	537	537
Depreciation	0	-818	-818
Balance at 31/12/2010	0	-8,027	-8,027
CARRYING AMOUNT			
Balance at 01/01/2010	10,147	31,457	41,604
Balance at 31/12/2010	2,933	7,616	10,549

The value of investment property transferred under inventories amounted to €30,094 thousand in 2010.

1.3.13. INVESTMENTS IN THE ASSOCIATED COMPANIES

Sava Group companies have shareholding in the following associated companies:

€ in thousands

	Stake in % 30/06/2011	Stake in % 31/12/2010	Value in associated companies	
			30/06/2011	31/12/2010
Gorenjska banka d. d., Kranj*	46.06	46.06	179,757	179,757
Abanka Vipava d.d., Ljubljana	23.83	23.83	116,849	116,849
NFD Holding d.d., Ljubljana**	24.65	24.65	1,870	18,820
Maksima Invest d.d., Ljubljana**	21.34	21.34	345	3,292
JOB d.o.o., Maribor	27.00	27.00	437	437
Turizem Lendava d.o.o., Lendava	29.92	29.92	3	3
Panensa d.o.o., Srbac, BIH	40.00	40.00	0	0
Total			299,261	319,158

* Sava d.d. transferred 23,924 shares (7.21%) of Gorenjska Banka d.d. in the fiduciary ownership by the fiduciary Abanka Vipava d.d., Ljubljana. The latter keeps them in favour of bonds owners of the issuer Sava d.d. as a security for liabilities arising from bonds until their maturity on 9 December 2014.

** NFD Holding d.d. and Maksima Invest d.d. were reallocated under the associated companies in 2010.



Movement of investments in the associated companies was as follows:

	€ in thousands	
	30/06/2011	31/12/2010
Balance at 01/01	319,158	300,428
Acquisitions	0	4,338
Transfers from non-current securities available for sale	0	26,988
Attributable equity revaluation adjustments	0	-2,358
Attributable profit	11,047	11,819
Attributable losses	0	-9,249
Paid dividends	11,047	-11,819
Impairments	-19,897	-989
Final balance	299,261	319,158

Other explanations in connection with the associated companies

In the consolidated financial statements of the Sava Group, a 46.06% ownership stake **Gorenjska Banka d.d.** is valued in accordance with the equity method and amounted to €179,757 thousand. In comparison with the end of the previous year, the ownership stake and the value of the investment did not change. At 30/06/2011, the book value of the share of Gorenjska Banka d.d. amounted to €588 in the single financial statements of Sava d.d., while in the consolidated financial statements of the Sava Group it amounted to €1,177 per a share.

76,968 shares of Gorenjska Banka d.d. were pledged for the obtained loans of Sava d.d., the obtained loan of Savatech d.o.o., for the liabilities arising from the call option contract and bonds issued by Sava d.d. The book value of pledged shares amounted to €45,258 thousand.

The value of a 23.83 % share in **Abanka Vipava d.d., Ljubljana**, computed on the basis of the 2009 appraisal, amounts to €116,849 thousand or €68 per a share. In comparison with the end of the previous year, the ownership stakes and the value of investment remain unchanged. The value of investment ascertained by means of the stock exchange price amounts to €63,829 thousand at 30/06/2011. The total amount of shares of Abanka Vipava d.d. are pledged for the loans that Sava d.d. obtained. The book value of pledged shares amounts to €116,849 thousand.

The value of a 24.65 % share in **NFD Holding d.d., Ljubljana** amounts to €1,870 thousand in the single financial statements, and in the consolidated financial statements it amounts to €1,870 thousand too. In comparison with the end of the previous year, the ownership stakes remained unchanged, whereas the value of investment in the consolidated financial statements decreased by €16,950 thousand. The impairment of investment was made by using the stock exchange price at 30/06/2011.

The value of a 21.34 % share in **Maksima Invest d.d., Ljubljana** amounts to €345 thousand in the single financial statements, and in the consolidated financial statements it amounts to €345 thousand too. In comparison with the end of the previous year, the ownership stakes remained unchanged, the value of investment in the consolidated financial statements decreased by €2,947 thousand. The impairment of investment was made by using the stock exchange price at 30/06/2011.

The financial investment in the associated company Panensa d.o.o., Srbac, BiH, was impaired in total amount, i.e. €620 thousand, already in 2010. The impairments was carried out on the basis of the internal risk estimate of calling-up the investment. The ownership stake in the value of assets remained unchanged.

The value of financial investments in a smaller associated company **JOB d.o.o., Maribor** amounts to €287 thousand and in comparison with the end of the previous year it did not change.

1.3.14. NON-CURRENT SECURITIES AVAILABLE FOR SALE

The value of other stakes and shares totalled €48,098 thousand and in comparison with the previous year it was lower by 28%. Other shares and stakes included listed securities available for sale in the amount of €26,869 thousand, unlisted securities available for sale in the amount of €21,222 thousand, and investments in mutual funds in the amount of €7 thousand.

At 30/06/2011, securities available for sale were valued at fair value. The net negative effects of revaluation amounted to €8,741 thousand, of which €7,447 thousand were impairments carried out in the profit or loss, and net of €1,294 thousand were impairments in equity revaluation adjustment.

The value of a 23.35% ownership stake in **NFD 1 d.d.**, Ljubljana amounted to **€22,499 thousand**. The fair value was ascertained by using the stock exchange price at 30/06/2011. The total value of impairments amounted to € 12,029 thousand, which was more than a 20% drop in comparison with the acquisition value. The impairment was recognised in the equity revaluation adjustment and not in the profit or loss as the company will restructure from the closed investment fund to an open mutual fund in the second half-year of 2011.

Despite a 23.35% ownership stake the investment in NFD 1 d.d. is considered as available for sale and not an associated company. NFD 1 d.d. is managed by the funds management company, in which Sava d.d. holds no shareholding. The Supervisory Board of the company merely supervises the funds operation. By the end of 2011, NFD 1 shall restructure from the closed investment fund to an open mutual fund, at which Sava d.d. will own a certain number of mutual fund coupons and will have no influence whatsoever on its management.

At 30/06/2011, NFD 1 d.d. with its head office at Trdinova 4, 1000 Ljubljana, had capital of €130,858 thousand available, while the net loss of the first half-year of 2011 amounted to €33,366 thousand.

The entire 23.35% share in NFD 1 d.d. was pledged for the loans obtained by Sava d.d. The book value of pledged shares amounts to €22,499 thousand.

Based on most recent financial statements, the value of a 19.17% ownership stake in **Merkur d.d.** was entirely impaired at 30/06/2011.

The amount of **other shares and stakes amounts to €25,599 thousand** and includes 837,000 shares of Hoteli Bernardin d.d. and 4,500 shares of Helios d.d., pledged for the loans Sava d.d. obtained. The book value of pledged shares amount to €6,146 thousand.

Forward sales and option contracts and forward purchase contracts

Other shares and stakes included the concluded forward sales and option contracts in the amount of €2,371 thousand. When estimating the ability of counter-parties to fulfil the option or forward contract, the presence of risk was established, therefore an impairment was carried out totalling €1,794 thousand. The book value of option and forward contracts thus amounted to €577 thousand. All forward sales and option contracts will mature in 2011.

The value of the call option contract amounted to €6,452 thousand, the market value ascertained on the basis of the book value of company's capital, which is the subject of the option, amounted to €3,052 thousand. The difference between the value according to the forward purchase contracts and the market value totalled €3,400 thousand and was included under financial expenses from impairments and write-offs of financial investments. The call option contract will mature in 2011, and the contract counter-party received 3,300 shares of Gorenjska Banka d.d. in pledge as an insurance for fulfilment of the contract.



Types of non-current securities

€ in thousands

	30/06/2011	31/12/2010
Shares of listed companies	26,869	33,168
Shares and stakes of unlisted companies	21,222	31,483
Mutual funds	7	2,574
Total	48,098	67,225

Movement of non-current securities

€ in thousands

	30/06/2011	31/12/2010
Balance at 01/01	67,225	152,789
Acquisitions	1,745	25,045
Transfer from non-current loans	0	19,411
Transfer to associated companies	0	-26,988
Change to fair value	-1,294	-41,582
Disposals	-12,131	-8,342
Impairment	-7,447	-53,108
End balance	48,098	67,225

1.3.15. NON-CURRENT LOANS

€ in thousands

	30/06/2011	31/12/2010
Receivables due to financial leasing	5,039	5,039
Granted non-current loans	88	111
Other	484	525
Total	5,611	5,675

The contract about the **financial leasing** of unfurnished offices for the needs of government bodies was concluded for a period of 15 years. The contract interest rate in the first half of 2011 year amounted to 3.462%. The contract interest rate is subject to annual adjustment with regard to a change in a 12-month Euribor.

In the first half-year of 2011, financial revenues arising from financial lease in the amount of €75 thousand were realised whereas in the same period last year they totalled €89 thousand. The expected future financial revenue arising from finance lease calculated at an effective interest rate totalled €717 thousand.

The discounted lowest amount of rent for financial lease where a 2.268% discount rate was applied, amounted to €5,777 thousand; the fair value of the principle was €4,624 thousand.

Other non-current loans in the amount of €484 thousand referred to the approved loans to employees for the purchase of flats. These loans are insured by placing a borrower's mortgage on the property.

Analysis of maturity of non-current loans

€ in thousands

	30/06/2011		31/12/2010	
	From 1 to 5 years	More than 5 years	From 1 to 5 years	More than 5 years
Receivables due to financial leasing	0	5,039	2,821	2,218
Granted non-current loans	74	14	97	14
Other	473	11	514	11
Total	547	5,064	3,432	2,243

Movement of non-current loans

€ in thousands

	30/06/2011	31/12/2010
Balance at 01/01	5,675	41,249
Newly formed receivables	5	52
Transfers	-2	-19,961
Decrease	0	-19
Repayments	-51	-96
Impairment	-16	-15,550
End balance	5,611	5,675

1.3.16. DEFERRED TAX RECEIVABLES OR LIABILITIES

The net deferred tax receivables are formed in the amount of €15,139 thousand (at the end of 2010: €11,615 thousand) and mainly arose in the parent company Sava d.d. in connection with the revaluation of securities available for sale to fair value.

Deferred tax receivables or liabilities refer to the following items:

€ in thousands

	30/06/2011	31/12/2010
Liabilities of foreign subsidiaries – revaluation of securities to fair value	13,940	10,499
Receivables - newly formed long-term provisions	0	0
Receivables - provisions according to actuary calculation, disputes	1,034	1,036
Receivables - profit retained in inventories	49	10
Receivables - subsidiaries abroad	115	69
Liabilities – subsidiaries abroad	0	0
Total	15,139	11,615



Movement of deferred tax receivables or liabilities was as follows:

	€ in thousands	
	30/06/2011	31/12/2010
Balance at 01/01	11,615	683
Change in deferred tax liability - through the income statement	3,125	6,549
Change in receivables for provisions for retirement amounts	0	-57
Change in receivables due to impairments of securities	3,125	6,606
Change in deferred tax liability - through capital	399	4,383
Change in liability due to revaluation of securities to fair value	399	4,383
Other changes in liabilities	0	0
End balance	15,139	11,615

Deferred tax receivables from losses of the Sava Group were not recognised.

1.3.17. INVENTORIES

	€ in thousands			
	Gross value 30/06/2011	Write-offs in 2011	Net value 30/06/2011	Net value 31.12.2010
Materials	7,833	0	7,833	6,378
Work and projects in progress	6,966	0	6,966	5,695
Finished goods	4,333	0	4,333	3,226
Merchandise	3,965	0	3,965	3,421
Unfinished construction projects	36,978	0	36,978	36,462
Finished construction projects	2,079	0	2,079	3,652
Total	62,154	0	62,154	58,834

In the company Sava Nova d.o.o., Zagreb a mortgage is placed on inventories. The carrying amount of these inventories amounted to €1,071 thousand. The balance of outstanding loan, which on 30/06/2011 was insured with a mortgage on inventories, amounted to €700 thousand.

1.3.18. CURRENT OPERATING AND OTHER RECEIVABLES

	€ in thousands	
	30/06/2011	31/12/2010
Trade receivables	23,501	19,457
Receivables temporary not charged	2,121	945
Receivables due from associates	0	440
Advances paid	234	188
Receivables for VAT and other taxes	2,780	1,949
Other receivables	7,718	2,404
Total	36.354	25.383

In the first half-year of 2011, the companies of the Sava Group formed an adjustment in trade receivables totalling €534 thousand, in the same period last year €337 thousand.

1.3.19. CURRENT FINANCIAL INVESTMENTS

Current financial investments totalling €135 thousand (at the end of 2010: €115 thousand) entirely referred to the value of interest rate swaps.

1.3.20. CURRENT LOANS

	€ in thousands	
	30/06/2011	31/12/2010
Originated loans	24,695	24,374
Current portion of non-current loans	348	584
Total	25,043	24,958

A current loan in the amount of €25,043 thousand greatly, i.e. €22,374 thousand, referred to the loans granted to NFD Holding d.d., which are both secured with bills of exchange and securities, among which the greatest share have 9,154,192 shares of Hoteli Bernardin,d.d., followed by 346,243 shares of NFD 1 d.d., 647,318 shares of Istrabenz, 166,484 shares of Melamin, 56,839 shares of Finetol, 536,926 shares of Ljubljanske Mlekarne, and 32,936 shares of Sava. With all the mentioned shares Sava d.d. is partly entered as the first-entered lienholder, and partly as the second-entered lienholder. The estimated value of securities in pledge amounts to €61,201 thousand. The Assignment of Claims contract, on the basis of which the prevailing part of the receivable due from NFD Holding d.d. was recognised, was covered with the granted loan from NLB d.d. in liabilities and secured with bills of exchange and business stakes of all Tourism companies. The interest rate for the current loans amounts to 5.65% and 7.3%.

1.3.21. CASH AND CASH EQUIVALENTS

	€ in thousands	
	30/06/2011	31/12/2010
Cash on hand and transaction accounts	5,867	8,293
Total	5,867	8,293

The agreed overdraft credit on transaction accounts amounted to €1,260 thousand, and is the same as at the end of the previous year.

1.3.22. EQUITY AND RESERVES

Issued capital

The approved share capital that was totally paid in did not change in comparison with the previous year and amounted to €83,751,567.51. It is divided into 2,006,987 ordinary personal no-par value shares. The shareholders are entitled to a dividend in accordance with the resolution adopted by the Shareholders' Meeting. The ownership structure and its changes are described in the chapter The Sava Share and Ownership Structure.

The balance and movement of equity is clear from the statement in changes of equity.



Share premium paid-in

€ in thousands

Structure of share premium paid-in	30/06/2011	31/12/2010
Capital reserves	50,821	50,821
Share capital revaluation	53,305	53,305
Additional capital paid-in	21,482	21,482
Share premium paid from capital	125,608	125,608

In comparison with the previous year the share premium did not change and amounts to €125,608 thousand. It originates from:

- capital reserves that were formed on the basis of the privatisation regulations in the amount of €50,821 thousand;
- revaluating issued capital by price indices, which according to Slovene Accounting Standards was carried out until the end of 2001, in the amount of €53,305 thousand; and
- the additionally paid in capital in 2004 that amounted to €21,482 thousand.

Reserves

€ in thousands

Structure of reserves	30/06/2011	31/12/2010
Legal reserves	7,182	7,182
Reserves for treasury shares	4,977	4,977
Other revenue reserves	7,532	7,532
Reserves	19,691	19,691

Reserves amounted to €19,691 thousand and did not change in comparison with the end of the previous year.

Fair value reserve

€ in thousands

Structure of fair value reserves	30/06/2011	31/12/2010
From securities available for sale	-6,780	-2,939
from investments in associated companies	-952	-549
from derivative financial instruments – interest rate swaps	-947	-960
Fair value reserves	-8,679	-4,448

Treasury shares

In 2010, Sava d.d. acquired treasury shares in the regulated market of the Ljubljana Stock Exchange in accordance with the second and eighth indent of the first paragraph of Article 247 of the Companies Act-1. There were no changes in the first half-year of 2011.

€ in thousands

Treasury shares	30/06/2011	31/12/2010
Number of treasury shares	30,541	30,541
Value of treasury shares (€ in thousands)	4,977	4,977
% of treasury shares with regard to total issued shares	1,52	1,52

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

Translation reserve

The translation reserve in the amount of €222 thousand entirely comprised foreign currency differences arising from the translation of the financial statements of foreign operations from their local currencies to the reporting currency. In comparison with the end of the previous year it did no change.

Retained earnings

€ in thousands

Structure of retained earnings	30/06/2011	31/12/2010
Retained earnings from previous years	101,632	158,694
Decrease for paid dividends of Sava d.d.	0	-6,412
Decrease for difference in acquisition of non-controlling interests	0	0
Net profit / loss for the accounting period attributable to the owners of the parent company	-20,127	-99,848
Covering the loss of Sava d.d. from other revenue reserves	0	42,668
Transfer form other reserves according to the Management Board resolution	0	6,530
Retained earnings	81,504	101,632

Dividends

	2011	2010
Dividend per ordinary share in the year (€)	0.00	3.20
Total amount of paid dividends to the debit of retained earnings (€ in thousands))	0	6,412

Net loss per share

Share capital is divided into 2,006,987 ordinary personal no-par value shares that all have voting rights 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 ordinary shares

€ in thousands

	30/06/2011	31/12/2010
Total number of shares	2,006,987	2,006,987
Less own shares	-30,541	-30,541
Weighted average number of shares	1,995,423	1,995,423

Net loss attributable to ordinary shares

€ in thousands

	JAN-JUN 2011	2010
Net profit/loss for the accounting period (€ in thousands)	-20,218	-96,269
Net profit /loss for the period attributable to the owners of the parent company	-20,127	-96,218
Weighted average number of ordinary shares	1,995,423	1,995,423
Basic net loss per share (€)	-10,09	-48,22

The diluted net earnings/loss per share equals the basic net earnings per share, since capital is composed of ordinary shares.



The legislation regulates that a parent company may distribute the accumulated profit as determined in the single financial statements compiled in accordance with Slovene Accounting Standards. At 30/06/2011 the company shows the accumulated loss.

	€ in thousands	
	30/06/2011	31/12/2010
Retained net profit for the financial year for the Sava Group according to IFRS as adopted by the EU	81,504	101,632
Accumulated loss of the company Sava d.d. for the financial period according to SAS	-23,107	6,530
Non-distributable reserve	81,504	95,102

Minority interest, total capital, net profit/loss of non-controlling interests

The share minority interest, attributable capital and profit for the subsidiaries are calculated indirectly, through the ownership by the parent company.

In the first half-year of 2011, minority interest decreased by €102 thousand partly due to the attributable losses belonging to the non-controlling interest.

Minority interest belongs to the following companies:

	€ in thousands					
	Share of minority interest		Capital belonging to minority interest		Profit belonging to minority interest	
	30/06/2011	31/12/2010	30/06/2011	31/12/2010	30/06/2011	31/12/2010
Sava Rol d.o.o., Zagreb	24.00%	24.00%	38	38	0	0
Savapro d.o.o., Kranj	40.00%	40.00%	1,320	1,304	16	66
Savarus, d.o.o., Jaroslavl, Rusia	40.30%	40.30%	-827	-726	-90	-79
Savatrade Inc., Port Orange, Florida	5.00%	5.00%	23	18	5	3
Sava Hoteli Bled d.d., Bled	3.18%	3.18%	887	936	-49	-42
Energetika Črnomelj d.o.o., Kranj	49.32%	49.32%	330	303	27	1
Total			1,771	1,873	-91	-51

1.3.23. PROVISIONS

	€ in thousands				
	Balance at 01/01/2011	Formation	Reversal	Used	Balance at 30/06/2011
Provisions for liabilities to employees	5,073	0	0	-127	4,946
Provisions for law suits and other claims	132	3	0	0	135
Warranties	391	0	-192	0	200
Others	1,303	529	-5	-71	1,756
Total	6,899	532	-197	-198	7,036

Provisions for liabilities to employees include liabilities for retirement amounts and employee jubilee benefits in the amount as determined by the actuary calculation made on 31/12/2009. At 31/12/2010 provisions for retirement amounts and similar liabilities were recalculated with regard to the changed employee number. No recalculation was made at 30/06/2011. Upon their retirement employees are entitled to 3 average gross salaries. Jubilee benefits are paid to employees for every 10 years of services in the company. The amount mainly referred to severance pays upon retirement.

Provisions for law suits and other claims are formed after consulting lawyers who estimated the outcome of law suits filed and other claims. The largest amount of the newly formed provisions for other purposes in Sava Nova d.o.o., Zagreb in the amount of €518 thousand referred to the issued guarantee to a business partner in Croatia.

1.3.24. GOVERNMENT GRANTS

€ in thousands

	Balance at 01/01/2011	Decrease	Reversal	Used	Balance at 30/06/2011
Provisions from release in contribution payment	2,030	242	-244	0	2,028
Funding by EU and other funds	10,771	25	-133	-162	10,501
Total	12,801	267	-377	-162	12,529

Provisions due to the payment relief of social security contributions were formed in accordance with the Law on Employment Rehabilitation and Disabled Persons Employment. They are used for covering various expenses as set out in the mentioned law, in particular to cover depreciation in plant, property and equipment in the disablement company and for covering labour costs and severance pays.

The grants that the companies of the Tourism division obtained from the structural funds were utilised for the renovation of tourist facilities such as the building of a 5* hotel in Moravske Toplice, renovation of Hotel Radin in Radenci, construction of apartments in Lendava, building of the 4* Grand Hotel Primus, a swimming pool-complex in Ptuj and renewal of the hotel Terapija in Radenci.

1.3.25. INTEREST-BEARING BORROWINGS AND OTHER FINANCIAL LIABILITIES

The explanation below provides information as to the terms and conditions for interest-bearing borrowings. More information about the company's exposure to interest and exchange rate risk is contained in Item 1.3.38. – Financial instruments.

€ in thousands

	30/06/2011	31/12/2010
NON-CURRENT BORROWINGS		
Borrowings with domestic banks	179,153	178,520
Borrowings with foreign banks	514	335
Borrowings with banks total	179,667	178,855
Non-current liabilities originating from bonds	26,515	26,515
Borrowings with others	7,625	7,629
Total non-current borrowings	213,807	212,999
CURRENT INTEREST-BEARING BORROWINGS		
Current portion in non-current borrowings with banks	30,713	44,215
Current borrowings with domestic banks	123,624	122,761
Current borrowings with foreign banks	5,000	0
Current borrowings with banks total	159,336	166,976
Current borrowings with others	77	228
Liabilities for dividend payments	719	724
Liabilities for interest rate swaps	1,098	1,087
Total current interest-bearing borrowings	161,231	169,015
Total borrowings and other financial liabilities	375,038	382,014



Long-term liabilities based on bonds

Long-term liabilities based on bonds amounted to €26,515 thousand. The total nominal value of the bond issuance amounted to €26,500 thousand; during the issuance procedure in 2009 another €15 thousand were paid in on account of the submitted binding bids.

Additional explanations in connection with the issue of bonds:

- Type of bond: ordinary bond nominated in euro, nominal, issued in non-materialised form entered in the central registry at KDD d.d. Ljubljana.
- Bonds listing: in the bonds market of the Ljubljana Stock Exchange under the designation SA02.
- Denomination structure: total issue includes 26,500 denominations at €1,000 each.
- Interest rate: amounts to 7.20 % p.a. and is fixed; interests fall due for payment six months in arrears.
- Payment of the principal and maturity date: nominal value of the principal falls entirely due in a single amount upon maturity of bonds at 09/12/2014.
- Collateral: bonds are secured with 23,924 shares of Gorenjska Banka d.d. The book value of the pledged shares amounted to €14,068 thousand.

Terms and conditions for borrowings (30/06/2011)

Non-current borrowings	Interest rate in %	Maturity of last instalment	Type of insurance
Borrowings from associate	3M EURIBOR + 0,60 to 4.90 6M EURIBOR + 0,75 to 4.50	2012 - 2016	bills of exchange, letter of comfort, mortgage, pledge of securities, pledge of business stakes
Borrowings from domestic bank	3M EURIBOR + 0.60 to 4.90 6M EURIBOR + 0.65 to 4.50 12M EURIBOR + 1.00 NLB PRIME + 0.40 from 5.60 to 5.80	2011 - 2020	bills of exchange, surety, letter of comfort, mortgage, compensation of liabilities and receivables, cession of future receivables, pledge of securities
Borrowings from foreign bank	5,1	2015	bills of exchange, payment order, corporate guarantee
Borrowings from others	TOM + 1.60 to 2.50 3M EURIBOR + 0.35 do 0.50 6M EURIBOR + 6.30 EBRD + 1.00 7.20	2012 - 2025	bills of exchange, surety, mortgage, bank guarantee,
Current borrowings	Interest rate in %	Maturity of last instalment	Type of insurance
Borrowings from associate	from 5.00 to 5.80	2011	bills of exchange, surety, pledge of securities, pledge of a business share
Borrowings from domestic bank	3M EURIBOR + 4.55 6M EURIBOR + 3.20 from 5.00 to 6.30	2011	bills of exchange, surety, letter of comfort, mortgage, compensation of receivables, pledge of securities, pledge of a business share
Borrowings from foreign bank	3M EURIBOR + 3.75	2012	bills of exchange, surety, pledge of securities
Borrowings from others	1.25	2012	-

Maturity of non-current borrowings

€ in thousands

	Fixed interest rate	Variable interest rate	Total
Non-current loans	36,030	177,777	213,807
Current loans	124,286	35,128	159,414
Total	160,316	212,905	373,221

Classification of borrowings in respect of a fixed and variable interest rate

€ in thousands

	Fixed interest rate	Variable interest rate	Total
Non-current loans	36,030	177,777	213,807
Current loans	124,286	35,128	159,414
Total	160,316	212,905	373,221

Total current financial liabilities amounted to €161,231 (at the end of 2010: €169,015 thousand). The difference to the amount of current borrowings in the amount of €1,817 thousand (at the end of 2010: €1,811 thousand) were financial liabilities from the unpaid dividends to shareholders of Sava d.d. totalling €719 thousand, and current financial liabilities from interest rate swaps totalling €1,098 thousand.

Insurance of loans

The loans that the Sava Group obtained are insured with placing mortgages on real property of Group companies and pledging shares and stakes owned by Sava d.d.

The explanation about credit insurance of the Sava Group by placing mortgages on real estate is provided under 1.3.10.

The explanation about pledging shares and stakes and real property owned by Sava d.d. is provided below.

Breakdown of pledged assets of Sava d.d. by type of assets

€ in thousands

Type of assets	Book value of pledge
Pledged assets:	
- pledged shares of companies owned by Sava d.d.	213283
- pledged stakes in companies owned by Sava d.d.	123037
- pledged real estate owned by Sava d.d.	16430
TOTAL PLEDGED VALUE OF ASSETS OF SAVA d.d.	352750
BALANCE SHEET TOTAL OF SAVA d.d. AT 30/06/2011	521564
Percentage of pledged assets in the balance sheet total	67.6%



Breakdown of by type of pledged shares

	Available number of shares	Pledged number of shares for loans of Sava d.d.	Pledged number of shares for loans of subsidiaries and other liabilities	Number of unpledged shares	Book value of pledge - 000EUR
Pledged shares:					
- shares of Abanka Vipava - ABKN	1,715,841	1,715,841	0	0	116,849
- shares of NFD 1, Delniški Investicijski Sklad, d.d. - NF1N	37,498,152	37,498,152	0	0	22,499
- shares of Gorenjska Banka - GBKR	152,110	71,280	5,688	75,142	45,258
- shares of Hoteli Bernardin - HBPN	1,468,221	837,000	0	631,221	4,436
- shares of Helios - HDOG	4,766	4,500	0	266	1,710
- shares of Sava Hoteli Bled d.d. - SHBR	11,467,652	11,467,652	0	0	22,531
TOTAL VALUE OF PLEDGED SHARES					213,283

Breakdown by type of pledged shares

	Available percentage of ownership	Pledged percentage of ownership for loans of Sava d.d.	Pledged percentage of ownership for loans of subsidiaries	Percentage of unpledged ownership	Book value of pledge - 000EUR
Pledged ownership stakes:					
- Savatech d.o.o.	100.0 %	100.0 %	0	0.0 %	56,608
- Terme 3000 d.o.o.	100.0 %	100.0 %	0	0.0 %	33,758
- Zdravilišče Radenci d.o.o.	100.0 %	100.0 %	0	0.0 %	10,500
- Terme Lendava d.o.o.	100.0 %	100.0 %	0	0.0 %	5,081
- Terme Ptuj d.o.o.	100.0 %	100.0 %	0	0.0 %	17,090
TOTAL VALUE OF PLEDGED OWNERSHIP STAKES					123,037

Mortgages on real estate owned by Sava d.d.

€ in thousands

Type of assets	Book value of pledge
Mortgages on real estate	
- Grand Hotel Toplice, Restaurant Panorama	6,329
- Main Office Building Kranj, store BTC Ljubljana	10,101
TOTAL VALUE OF PLEDGED REAL ESTATE	16,430

Unregulated loans of the Sava Group

At 30/06/2011, Sava Group companies showed due loan liabilities in the amount of €7,263 thousand. The arrangements with the creditors about settling the loan relations are being finalised.

1.3.26. CURRENT OPERATING LIABILITIES

€ in thousands

	30/06/2011	31/12/2010
Trade payables	17,148	18,879
Liabilities for received advances	2,023	1,543
VAT and other taxes	3,902	3,004
Employee payables	4,902	4,023
Other operating liabilities	6,814	6,379
Total	34,789	33,828

Liabilities originating from interest from interest-bearing borrowings are included under other operating liabilities.

1.3.27. CURRENT PROVISIONS

€ in thousands

	30/06/2011	31/12/2010
Current provisions	4,532	1,862

The amount €4,532 thousand (at the end of 2010: €1,862 thousand) represented accrued costs for interest expenses for bank loans and other accrued cost, as well as deferred revenues from the sale of securities.

1.3.28. ESTIMATING FAIR VALUES

Securities available for sale

The fair value of available-for-sale securities that are listed equals the bid market price on the balance sheet date. The fair value of shares and stakes of unlisted companies is estimated either on the basis of the last known transactions, or the value of capital as shown in the most recent financial statements.

Interest-bearing loans and borrowings

The fair value is estimated as a discounted value of expected cash flows from the principal and interests, whereby the effective interest rate equals the contracting interest rate which fluctuates and in respect of loan type it changes monthly or every three months.

Issued bonds

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

Current receivables and liabilities

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

The hierarchy of fair values

The financial instruments valued at fair value are classified at three levels:

- Level 1: Assets and liabilities at stock exchange price at 30/06.
- Level 2: Assets and liabilities not classified at level 1, their value being determined directly or indirectly on the basis of market data.
- Level 3: Assets and liabilities whose value cannot be ascertained from the market data.



Classification of financial instruments with regard to the fair value calculation

€ in thousands

	30/06/2011				31/12/2010			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Securities available for sale	48,098	26,802	7	21,289	67,225	33,087	2,574	31,564
Derivative financial instruments - assets	135	0	135	0	115	0	115	0
Derivative financial instruments - liabilities	-1,098	0	-1,098	0	-1,087	0	-1,087	0
Total	47,135	26,802	-956	21,289	66,253	33,087	1,602	31,564

Fair values of financial instruments

€ in thousands

	30/06/2011		31/12/2010	
	Book value	Fair value	Book value	Fair value
Securities available for sale	48,098	48,098	67,225	67,225
Non-current receivables – financial leasing	5,039	4,624	5,039	4,678
Other current receivables	572	572	636	636
Short-term receivables	36,354	36,354	25,383	25,383
Derivative financial instruments – interest rate swap	135	135	115	115
Granted loans	25,043	25,043	24,958	24,958
Cash and cash equivalents	5,867	5,867	8,293	8,293
Non-current loans at a fixed interest rate	-36,030	-35,929	-9,336	-9,260
Issued bonds	-26,515	-26,515	-26,515	-26,739
Non-current loans at a variable interest rate	-115,232	-115,232	-177,148	-177,148
Non-current operating liabilities	-94	-94	-76	-76
Current loans	-159,414	-159,414	-167,204	-167,204
Derivative financial instruments – interest rate swap	-1,098	-1,098	-1,087	-1,087
Liabilities for dividends	-719	-719	-724	-724
Current operating liabilities	-34,789	-34,789	-33,828	-33,828

1.3.29. SALES REVENUES

€ in thousands

	JAN-JUN 2011	JAN-JUN 2010
Revenues from goods sold	48,452	50,360
Net revenues from construction contracts	600	39
Rental income	1,939	3,111
Revenues from other services rendered	28,515	27,307
Revenues from merchandise sold	14,268	1,691
Skupaj	93,773	82,509

1.3.30. OTHER OPERATING REVENUES

€ in thousands

	JAN-JUN 2011	JAN-JUN 2010
Reversal of provisions not used	197	67
Income from government grants	377	492
Income from government incentives	178	130
Proceeds from sale of companies	0	0
Net proceeds from sale of property, plant and equipment	0	35
Proceeds from sale of investment property	0	34
Dobički od prodaje neopredmetenih sredstev	1	9
Other	643	419
Total	1,395	1,186

1.3.31. COSTS BY FUNCTIONAL GROUP

€ in thousands

	JAN-JUN 2011	JAN-JUN 2010
Manufacturing costs of sold products	58,867	50,203
Selling costs	17,517	16,973
Overheads	16,293	17,045
Total	92,676	84,222

1.3.32. LABOUR COSTS

€ in thousands

	JAN-JUN 2011	JAN-JUN 2010
Wages and salaries	19,889	19,283
Social security expenses	3,261	3,222
Other labour costs	2,989	3,190
Total	26,139	25,695

Other labour costs include paid employee holiday allowance, other compensations in accordance with the collective agreement (meals and commuting to and from work).

2,281 employees were employed in the first half year of 2011 on average, while in 2010 the employee number totalled 2,327.

1.3.33. WRITE-OFFS AND IMPAIRMENTS

€ in thousands

	JAN-JUN 2011	JAN-JUN 2010
Write-offs of property, plant and equipment	0	2
Property, plant and equipment - loss from sale	2	10
Inventories	0	1
Total	2	13

1.3.34. OTHER OPERATING EXPENSES

€ in thousands

	JAN-JUN 2011	JAN-JUN 2010
Forming long-term provisions	532	129
Other operating expenses	983	772
Total	1,515	900



Long-term provisions were formed in Sava Nova d.o.o., Zagreb for contingent liabilities arising from the issued guarantee to the business partner in Croatia. Other operating expenses mainly referred to contributions for the use of urban land.

Other data about costs

€ in thousands

	JAN-JUN 2011	JAN-JUN 2010
Research and development costs	1,817	5,148
Direct operating expenses for investment property	339	2,038
- rent-generating	334	1.840
- revenue non-generating	5	198

1.3.35. NET FINANCE INCOME / COSTS

€ in thousands

	JAN-JUN 2011	JAN-JUN 2010
Net gain on disposal of equity securities	2,593	326
Dividend income on available for sale financial assets	157	173
Interest income	1,016	2,015
Foreign exchange gains	0	636
Others	78	18
Total financing income	3,844	3,167
Interest expenses	-11,290	-10,113
Impairment of equity securities	-8,132	-44,518
Foreign exchange losses	-223	0
Net loss on disposal of financial investments	-61	-60
Impairment of receivables	-550	-337
Others	-30	-18
Total financing expenses	-20,286	-55,045
Net financing income	-16,442	-51,878

1.3.36. NET COSTS OF ASSOCIATED COMPANIES

Net costs from associated companies amounted to €8,447 thousand.

Income from shares of profit in the associated companies in the amount of €11,047 thousand mainly referred to the income from stakes in Gorenjska Banka d.d. and Abanka Vipava d.d. Shares of profit in the associated companies were 7% lower than in the same period last year.

Overview of income/loss from shares in profit in the associated companies

€ in thousands

	JAN-JUN 2011	JAN-JUN 2010
Gorenjska banka d.d.	10,684	10,684
Abanka Vipava d.d.	309	1,081
NFD Holding d.d.	0	0
Maksima Invest d.d.	0	0
Other associated companies	54	54
Total associated companies	11,047	11,819

Impairments of financial investments in the associated companies totalling €19,494 thousand originated from the adjustment of financial investments in NFD Holding d.d. and Maksima Invest d.d. using the stock exchange price at 30/06/2011.

1.3.37. INCOME TAX

Income tax recognised in the income statement

€ in thousands

	JAN-JUN 2011	JAN-JUN 2010
ASSESSED TAX IN THE CURRENT YEAR		
- for the current year	-946	-588
Total	-946	-588
DEFERRED TAX		
- recently arisen and withdrawn temporary differences	3,125	667
Total	3,125	667
Tax to the debit of profit/loss	2,179	79

1.3.38. FINANCIAL INSTRUMENTS

Financial risks

These are managed by the parent company Sava d.d. within the competence centre Risk Management. At the Group level, we have determined a standardised approach of all companies with banks and a uniform interest policy within the Group.

Foreign currency risk.

The structure of inflows and outflows by individual currency is almost levelled, therefore, there is practically no such risk. Sava d.d. has financial investments in the markets of Croatia, Serbia, Macedonia, and Bosnia and Herzegovina too; it is thus exposed to the changes in foreign currency exchange rates for Croatian Kuna, Serbian Dinar and Macedonian Denar. To hedge against foreign currency risks we did not use any derivative financial instruments in 2011 as due to high interest rate differences between the interest rate for the above-mentioned currencies, and the interest rate for Euro, there were no suitable hedge instruments available in the market.

Foreign currency risk – inflows and outflows structure

€ in thousands

	30/06/2011					31/12/2010				
	Total in €	€	USD	CHF	Other currenci	Total in €	€	USD	CHF	Other currenci
Trade receivables	23,501	19,864	1,515	0	2,122	19,457	17,572	850	0	1,035
Insured bank loans	-250,440	-249,930	0	0	-511	-254,285	-253,927	0	0	-358
Loans from associates	-88,563	-88,563	0	0	0	-91,545	-91,546	0	0	0
Bonds	-26,515	-26,515	0	0	0	-26,515	-26,515	0	0	0
Trade payables and other liabilities	-34,883	-32,837	-59	0	-1,987	-33,904	-31,449	-237	-573	-1,646
Other received loans	-8,421	-8,318	0	-103	0	-8,581	-8,480	0	-101	0
Gross exposure of balance sheet	-385,322	-386,299	1,456	-103	-376	-395,374	-394,345	613	-674	-969
Sales planned for the next year	102,284	91,836	1,083	0	9,365	202,080	185,219	2,083	0	14,778
Purchases planned for the next year	-55,655	-55,655	0	0	0	-111,858	-111,858	0	0	0
Gross exposure	46,629	36,181	1,083	0	9,365	90,222	73,361	2,083	0	14,778
Net exposure	-338,693	-350,118	2,539	-103	8,989	-305,152	-320,984	2,696	-674	13,809



Interest risk has an important effect on operations since the majority of loans with banks are hired at a variable reference interest rate EURIBOR. At the Group level we have determined a standardised approach for all companies with banks and a uniform interest policy within the Group. At Sava d.d. and Sava IP d.o.o. interest rate swaps offered by banks are used to hedge against changes in the reference interest rates.

At the end of the first half-year of 2011, Sava d.d. had three financial instruments concluded, and the company Sava IP d.o.o. one financial instrument to hedge against interest rate risk with a total nominal amount of €38.6 million at the end of the year. All four financial instruments referred to hedging against rises in interest rate. The average interest rate for hired long-term loans at 30/06/2011 amounted to 5.9%. and we hedged against the change in the reference interest rate 3-month and 6-month EURIBOR.

The fair value of the interest rate risk as a difference between receivables and liabilities was negative in the amount of €963 thousand and was included in the consolidated statements of the Sava Group in the fair value reserve as a component of equity.

The fair value of instruments was calculated according to the method of discounted future cash flows.

The interest rate risk management was successful as it fluctuated between 80% and 125%.

In this way we secured 12.6% of the long-term credit portfolio in the parent company Sava d.d., and 15.8% of the long-term credit portfolio in the Sava Group.

Interest rate risk management by using interest rate swaps

€ in thousands

30/06/2011	Carrying amount	Contracted cash flows	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	more than 5 years
Interest rate swaps							
Assets	135	-135	-135	0	0	0	0
Liabilities	-1,098	-1,098	-257	-168	-168	-504	0
Total	-963	-1,233	-392	-168	-168	-504	0

31/12/2011	Carrying amount	Contracted cash flows	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	more than 5 years
Interest rate swaps							
Assets	115	-115	-115	0	0	0	0
Liabilities	-1,087	-1,087	-177	0	-455	-455	0
Total	-972	-1,202	-292	0	-455	-455	0

Solvency risk

In the Sava Group, we manage solvency risk centrally and have established a standardised financial policy. The goal of such a policy is to assure suitable liquidity of the parent and subsidised companies and enable all Sava Group companies doing business under most favourable conditions. Liquidity risk is managed by way of various mechanisms at the level of the parent company and subsidiaries. By daily cash pooling within the Group, we avoid contracting unnecessary debts outside of the Group. Liquidity deficits are compensated with disposals of financial investments and hiring short-term loans with banks.

Solvency risk – contracted cash flows

€ in thousands

30/06/2011	Carrying amount	Contracted cash flows	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	more than 5 years
Non derivative financial liabilities	408,823	-434,782	-189,179	-33,686	-153,251	-48,201	-10,465
Insured bank loans (excluding associates)	250,440	-264,441	-115,579	-24,958	-99,442	-14,958	-9,504
Trade payables and other liabilities	34,883	-34,887	-34,439	-422	-26	0	0
Loans from associated companies	88,563	-93,399	-35,777	-7,149	-45,656	-3,897	-920
Bonds	26,515	-33,076	-962	-951	-1,908	-29,255	0
Other financial liabilities	8,421	-8,979	-2,422	-206	-6,219	-91	-41
Interest rate swaps used as risk hedging instruments	1,098	-1,098	-257	-168	-168	-504	0
Interest rate swaps used as risk hedging instruments	1,098	-1,098	-257	-168	-168	-504	0
Total	409,921	-435,880	-189,437	-33,854	-153,419	-48,705	-10,465

€ in thousands

31/12/2010	Carrying amount	Contracted cash flows	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	več kot 5 let
Non derivative financial liabilities	414,831	-447,360	-136,282	-77,373	-172,485	-50,611	-10,609
Insured bank loans	254,285	-272,147	-70,979	-62,981	-111,935	-16,675	-9,576
Trade payables and other liabilities	33,904	-33,961	-33,941	-20	0	0	0
Loans from associated companies	91,545	-98,000	-29,246	-13,166	-52,175	-3,413	0
Bonds	26,515	-34,017	-946	-962	-1,913	-30,196	0
Other financial liabilities	8,581	-9,234	-1,170	-244	-6,461	-327	-1,033
Financial liabilities performed	1,087	-1,087	-177	0	-455	-455	0
Interest rate swaps used as risk hedging instruments	1,087	-1,087	-177	0	-455	-455	0
Total	415,918	-448,447	-136,459	-77,373	-172,940	-51,066	-10,609

Credit risk

This is reduced by using a standardised policy of pursuing the credit ability of our customers and other business partners. To decrease the exposure to this risk we make use of the customer rating system to supervise bad payers and carry out ongoing compensations. The majority of trade receivables in manufacturing and partly also in tourism services is insured with SID (Prva Kreditna Zavarovalnica d.d.), Ljubljana. In the real estate business it is not always possible to have insurance, therefore measures to minimise exposure to credit risk rely on our own customer rating and insurance estimates.

Trade receivables by geographical region

€ in thousands

	Carrying amount	
	30/06/2011	31/12/2010
Slovenia	5,808	6,041
Other EU countries	14,309	9,944
Other	3,384	3,472
Total	23,501	19,457



Balance and movement of value adjustment in trade receivables

€ in thousands

	30/06/2011	31/12/2010
Initial balance	3,901	2,778
Increase of impairment	534	1,493
Reversal of impairment	-1,327	-369
End balance	3,108	3,901

Maturity of trade receivables

€ in thousands

	30/06/2011			31/12/2010		
	Gross receivable	Impairment	Net receivable	Gross receivable	Impairment	Net receivable
not past due	21,691	232	21,459	16,313	57	16,256
past due 0 - 30 days	1,783	283	1,500	2,605	280	2,325
past due 31 - 120 days	735	313	422	892	43	849
past due more than one year	2,400	2,280	120	3,547	3,520	27
Total	26,609	3,108	23,501	23,357	3,901	19,456

Sensitivity analysis of financial risk

Sensitivity to interest rate change

In 2011, the Sava Group had the largest part of hired credits tied to a reference interest rate 3- month and 6-month EURIBOR. In the first half-year of 2011, the reference interest rates increased to 0.54 or 0.56 percentage points.

€ in thousands

	30/06/2011	31/12/2010	Highest value	Lowest value	Mean value	Daily standard deviation	Coefficient of variation
3-month EURIBOR	1.55 %	1.01 %	1.61 %	1.00 %	1.28 %	0.66 %	51.56 %
6-month EURIBOR	1.79 %	1.23 %	1.83 %	1.22 %	1.55 %	0.69 %	44.52 %

Considering the indebtedness of the Sava Group at the end of 2011, the sensitivity of credit portfolio totals €1,866 thousand if interest rate increases by 50 basis points.

Sensitivity to enhanced indebtedness

At 30/06/2011, the Sava Group had short- and long-term financial liabilities with the banking system in the amount of €373.2 million. If the Sava Group contracted additional debts of €10 million, the interest expense with regard to the present average interest rate as valid at the end of the first half-year 2011, would increase by €592 thousand.

Sensitivity to exchange rate change

Sava Group companies have the majority of inflows and outflows mutually levelled, and the majority of assets are tied to the domestic currency. For this reason, the exposure of the company to foreign currency risk is not high.

1.3.39. CONTINGENCIES

At 30/06/2011 the Sava Group had contingencies in the amount of €1.7 million. Denationalisation claims are explained under item 1.3.41.

1.3.40. RELATED PARTIES

Related parties include subsidiaries and associates, members of supervisory boards, board of management of the parent company and subsidiaries in the Group and their close family members.

a) Relations with subsidiaries

Business relations between Sava d.d. and its subsidiaries mainly related to provided services, which include rent of property and equipment, use of brand name, and services provided by the competence centres of knowledge.

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

For loans of subsidiaries obtained with banks, which in the consolidated financial statements are shown as liabilities to banks, referred to the issued guarantees, which at 30/06/2011 amounted to €18,386 thousand and 5,688 pledged shares of Gorenjska Banka d.d. in the value of €5,763 thousand. The issued guarantees are considered as insurance contracts in accordance with IFRS 4.

b) Relations with associated companies

Gorenjska banka d.d., Kranj

€ in thousands

No. of Sava shares	30/06/2011	31/12/2010
No. of Sava shares owned by Gorenjska Banka d.d.	56,475	56,475
Ownership stake of Gorenjska Banka d.d. in Sava	2.81 %	2.81 %

The companies in the Sava Group raise loans with Gorenjska Banka d.d. Terms and conditions for these transactions equal those effective for other companies with a similar rating.

Overview of transactions with Gorenjska Banka d.d.

€ in thousands

	30/06/2011	31/12/2010
Balance of received loans at 01/01	37,717	28,816
Hiring new loans	18,865	33,540
Repayment of loans	-19,279	-24,638
Exchange rate gains/losses	0	0
Final balance of received loans	37,303	37,717
Final balance of made deposits	0	0

Various interest rates are paid on loans from Gorenjska Banka d.d.: 3-month EURIBOR + 4.90%, 6-month Euribor + 0.75% and from 5.00% to 5.50%.

Abanka Vipava d.d., Ljubljana

The companies in the Sava Group raise loans with Abanka Vipava d.d. Terms and conditions for these transactions equal those effective for other companies with a similar rating.

Overview of transactions with Abanka Vipava d.d.

€ in thousands

	30/06/2011	31/12/2010
Balance of received loans at 01/01	53,828	45,513
Hiring new loans	41,541	99,497
Repayment of loans	-44,109	-91,182
Exchange rate gains/losses	0	0
Final balance of received loans	51,260	53,828
Final balance of made deposits	0	0

Various interest rates are charged on loans from Abanka Vipava d.d.: 3 – month Euribor + 0.60%, 6-month EURIBOR + 0.85% to 4.50%, and from 5.60% to 5.80%. The type of insurance is explained under 1.3.24.

NFD HOLDING d.d., Ljubljana*

Already in 2009, Sava d.d. showed a receivable from the granted current loan to NFD Holding d.d. in the amount of €42,343 thousand. At 30/06/2011 the outstanding amount of loan totalled €22,374 thousand..

*Associated company since August 2010

MAKSIMA INVEST d.d., Ljubljana*

There were no transaction carried out with Maksima Invest d.d., Ljubljana

*Associated company since September 2010.

c) Relations with natural persons

Related natural persons own 1,080 shares in the parent company Sava d.d., which represents 0.054% of ownership.

Ownership of the Sava share at 30/06/2011

€ in thousands

	No. of shares	Stake in capital
Board of Management of Sava d.d. members	834	0.042 %
Closer family members of Sava d.d. Board members	0	0.000 %
Sava d.d. Supervisory Board members	125	0.006 %
Managers in subsidiaries	121	0.006 %
Supervisory Board members in subsidiaries	0	0.000 %
Total	1,080	0.054 %

1.3.41. EXPLANATIONS IN CONNECTION WITH DENATIONALISATION CLAIMS

Denationalisation claim in the company Zdravilišče Radenci d.o.o.

Zdravilišče Radenci d.o.o. is one of the parties in the Höhn-Šarič denationalisation procedure. The applicants of the denationalisation claim require a part of the property within the health resort to be returned. Until 2009, the question of granting citizenship to one of the applicants was processed, and for one applicant the procedure of granting citizenship is still underway.

On the basis of a proposal for issuance of a temporary order, the property which is the subject of the procedure was eliminated from the ownership restructuring of the company until the denationalisation procedure is finished, therefore Zdravilišče Radenci d.o.o. keeps this property under off-balance.

In the procedure, three hearings were carried out in 2010, but despite the requests by Zdravilišče Radenci d.o.o. for a rapid resolving the issue, the competent administrative body still has not decided. Due to the complexity of legal and factual questions, the outcome of the denationalisation procedure cannot be forecast, so it is not possible to estimate possible contingent liabilities of the company arising from this procedure.

In the past years, the company Zdravilišče Radenci entirely renovated one of its facilities, which forms a part of the spa resort complex. This facility was excluded from the ownership restructuring until the completion of the denationalisation procedure. The company management estimates that once the procedure is complete, it will repurchase the remaining part of the property.

At the end of 2010, a proposal was filed in the competent court to return the condemned assets in accordance with Article 154 of Enforcement of Criminal Sanctions Act (ZIKS). The proposer requests a 48% stake in the assets condemned to Dr Ante Šarič. In the mentioned proceedings, the same objections arise as in the proceedings with the administrative body. So far the court has neither fixed a hearing nor take any position to the proposal by the proposers and the objections of counter-parties.

Denationalisation claims in the company Sava Hoteli Bled d.d.

a) Denationalisation claim – Mayer

The subject of the denationalisation claim is land and a park around Hotel Savica in Bled measuring 8,084 sq m. As proposed by the denationalisation claimant, the court issued two temporary orders to interdict any change of the actual and legal status of the real estate and disposing of it or encumber it until the denationalisation claim is complete.

The District Court issued an interim order which determined that the property is not privatised, therefore the company is liable for returning it back in kind. After a complaint was filed in court, the Higher Court rejected the claim by the denationalisation claimant who then appealed for a review, on the basis of which the Supreme Court annulled the resolution that has been favourable to the company and returned the matter to the Court of First Instance. In a repeated procedure, the court partly stopped the procedure and annulled the insurance on real estate, on which insurance was imposed in 1992 and 2005, but later they were no longer subject of returning in kind. A partial resolution was issued for the matter, by way of which the court partly granted the request and returned a part of land in cadastral community Želeče in kind, and partly rejected the request. Both parties appealed, which is why the resolution is not yet final.

In opinion of company's Management Board, this property forms a whole with the hotel Savica, therefore returning it in kind is not possible. In this case, the denationalisation claimant would have the possibility to obtain shares, which are reserved at the DSU.



b) Denationalisation claim – Dermastja

The subject to the denationalisation claim is a one third stake in the old Park hotel. The temporary order was filed in after the term of expiration, therefore a temporary order was not issued, and the administrative body decided that claimants were not entitled to returning ownership stake in kind. The claimant, and claimants who subsequently entered a dispute, filed in complaints against the resolution concerning the privatisation. The Administrative Court rejected the complaint. The complaint was then filed at the Supreme Court, which has not yet made a decision regarding this matter. The Management Board of the company estimates that the claimants will fail in their litigation procedure.

1.3.42. EVENTS AFTER THE BALANCE SHEET DATE

The more important events that appeared after the balance sheet date are described in the business part of the semi-annual report. These events are not of such nature that they would require any correction in the consolidated financial statements of the Sava Group for the first half-year of 2011.

We would like to point out the following events:

a) Introducing a procedure for judging the conformity of concentration with the competition rules

At the beginning of 2011, Sava d.d. received a decision by the Competition Office of RS according to which the Office ex officio introduced a procedure for judging the conformity of concentration with the competition rules. The concentration should appear when Sava d.d. acquired a stake in Gorenjska Banka d.d., at which Sava d.d. did not declare concentration in accordance with the then valid Competition Rules Act. In the procedure introduced, the Office judged whether the concentration actually appeared and, if yes, whether the concentration was in compliance with the competition rules. On demand by the Office, Sava d.d. submitted the demanded documents needed for the performance of the procedure. On 17 May 2011, the Office issued a resolution that concentration of the companies Sava d.d. and Gorenjska Banka d.d. is in accordance with the competition rules.

b) Procedure of selling financial investment in shares of Abanka Vipava d.d.

Owing to the changed economic situation, we began in 2010 the procedure of selling a 23.83% ownership stake in Abanka Vipava d.d. Another 11 owners of this bank joined us in the procedure. In December, all parties interested signed a consortium agreement about a joint sale of more than 50% stake, the international investment bank ING was selected to consult us in the sale procedure. As part of the sale procedure, ING formulated a teaser and forwarded it to the potential buyers. An information memorandum is being finalised presently. The sale procedure runs smoothly, along with a fair cooperation on the part of Abanka Vipava d.d.

1.4. Statement by the Management Board for the Sava Group

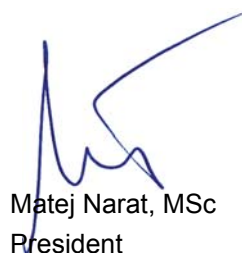
The Management Board confirms the consolidated financial statements of the Sava Group for the period that ended on 30 June 2011.

The Management Board confirms that when drawing up the consolidated financial statements the corresponding accounting policies were consistently applied, that the semi-annual report gives a true and fair view of the company's assets and business results in the first half-year of 2011.

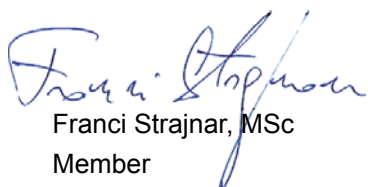
The Management Board is responsible for the proper managing of its accounting procedures, establishing, operation and maintaining internal control in relation to the preparation and fair presentation of the financial statements, which do not contain any material misstatements originating from fraud or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



Miha Resman
Member



Matej Narat, MSc
President



Franci Strajnar, MSc
Member



Andrej Andoljšek
Member

Kranj, 16 August 2011



2. UNAUDITED FINANCIAL STATEMENTS OF SAVA D.D. WITH NOTES IN ACCORDANCE WITH SLOVENE ACCOUNTING STANDARDS

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

Balance sheet of Sava d.d. at 30/06/2011

€ in thousands

	Notes	30/06/2011	31/12/2010
ASSETS			
A. FIXED ASSETS		487,929	487,341
I. INTANGIBLE FIXED ASSETS AND LONG-TERM DEFERRED COSTS AND ACCRUED REVENUES	2.4.1.	138	149
1. Long-term industrial property rights		138	149
2. Goodwill		0	0
3. Advances for intangible fixed assets		0	0
4. Long-term deferred development costs		0	0
5. Other long-term deferred costs and accrued revenues		0	0
II. TANGIBLE FIXED ASSETS	2.4.2.	5,201	5,392
1. Land and buildings		4,214	4,294
a) Land		0	0
b) Buildings		4,214	4,294
2. Plant and machinery		718	813
3. Other equipment		133	164
4. Tangible fixed assets under construction		136	121
a) Tangible fixed assets under construction and manufacture		136	121
b) Advances for tangible fixed assets		0	0
III. INVESTMENT PROPERTY	2.4.3.	19,275	19,421
1. Leased to subsidiaries		15,212	15,328
2. Leased to other companies		2,011	2,041
3. Not leased		2,052	2,052
IV. LONG-TERM FINANCIAL INVESTMENTS	2.4.4.	448,466	450,794
1. Long-term financial investments except loans		445,226	450,062
a) Shares and stakes in Group's companies		188,515	145,497
b) Shares and stakes in associates		208,794	237,537
c) Other shares and stakes		47,917	67,028
d) Other long-term financial investments		0	0
2. Long-term loans		3,240	732
a) Long-term loans to companies in the Group		3,240	732
b) Long-term loans to other entities		0	0
c) Long-term unpaid called-up capital		0	0

€ in thousands

	Notes	30/06/2011	31/12/2010
ASSETS			
V. LONG-TERM OPERATING RECEIVABLES	2.4.5.	97	143
1. Long-term operating receivables to companies in the Group		0	0
2. Long-term operating trade receivables		0	0
3. Long-term receivables to other entities		97	143
VI. DEFERRED TAX RECEIVABLES	2.4.6.	14,752	11,442
B. SHORT-TERM ASSETS		33,510	76,575
I. ASSETS (GROUPS FOR DISPOSAL) FOR SALE			
II. INVENTORIES		0	0
1. Material		0	0
2. Work in process		0	0
3. Products and merchandise		0	0
4. Advances for inventories		0	0
III. SHORT-TERM FINANCIAL INVESTMENTS	2.4.7.	25,610	70,066
1. Short-term financial investments except loans		135	115
a) Shares and stakes in Group's companies		0	0
b) Other shares and stakes		0	0
c) Other short-term financial investments		135	115
2. Short-term loans		25,475	69,951
a) Short-term loans to companies in the Group		3,101	7,339
b) Short-term loans to other entities		22,374	24,374
c) Short-term unpaid called-in capital		0	38,238
IV. SHORT-TERM OPERATING RECEIVABLES	2.4.8.	7,899	6,507
1. Short-term operating liabilities to companies in the Group		449	3,344
2. Short-term trade receivables		120	299
3. Short-term operating receivables to other entities		7,330	2,864
V. CASH	2.4.9.	1	2
1. Cash on hand and accounts		1	2
2. Short-term deposits		0	0
a) Short-term deposits Group's companies		0	0
b) Short-term deposits in associates		0	0
c) Short-term deposits in other entities		0	0
C. SHORT-TERM DEFERRED COSTS AND ACCRUED REVENUES		125	111
ASSETS TOTAL		521,564	564,027



€ in thousands

	Notes	30/06/2011	31/12/2010
LIABILITIES			
A: CAPITAL	2.4.10.	205,659	239,122
I. CALLED-UP CAPITAL		83,751	83,751
1. Share capital		83,751	83,751
2. Uncalled capital (as a deductible item)		0	0
II. CAPITAL RESERVES		125,608	125,608
III. REVENUE RESERVES		14,714	14,714
1. Legal reserves		7,182	7,182
2. Reserves for treasury shares and own business stakes		4,977	4,977
3. Treasury shares and own business shares (as a deductible item)		-4,977	-4,977
4. Statutory reserves		0	0
5. Other revenue reserves		7,532	7,532
IV. SURPLUS FROM REVALUATION		4,693	8,519
- from tangible fixed assets		0	0
- from intangible fixed assets		0	0
- from long-term financial investments		4,693	8,519
- from short-term financial investments		0	0
V. RETAINED NET PROFIT OR LOSS FROM PREVIOUS PERIODS		6,530	6,530
VI. NET PROFIT OR LOSS FOR THE FINANCIAL YEAR		-29,637	0
B. PROVISIONS AND LONG-TERM ACCRUED COSTS AND DEFERRED REVENUES	2.4.12.	277	280
1. Provisions for pensions and similar liabilities		277	280
2. Other provisions		0	0
3. Long-term accrued costs and deferred revenues		0	0
C. LONG-TERM LIABILITIES	2.4.13.	179,556	179,692
I. LONG-TERM FINANCIAL LIABILITIES		177,339	177,339
1. Long-term financial liabilities to Group's companies		4,688	4,688
2. Long-term financial liabilities to banks		140,136	140,136
3. Long-term financial liabilities arising from bonds		26,515	26,515
4. Other long-term financial liabilities		6,000	6,000
II. LONG-TERM OPERATING LIABILITIES		0	0
1. Long-term operating liabilities to Group's companies		0	0
2. Long-term trade payables		0	0
3. Long-term bills payables		0	0
4. Long-term operating liabilities arising from advances		0	0
5. Other long-term operating liabilities		0	0
III. DEFERRED TAX LIABILITIES		2,217	2,353

€ in thousands

	Notes	30/06/2011	31/12/2010
LIABILITIES			
D. SHORT-TERM LIABILITIES	2.4.14.	134,736	144,221
I. LIABILITIES INCLUDED IN GROUPS FOR DISPOSAL		0	0
II. SHORT-TERM FINANCIAL LIABILITIES		127,273	136,948
1. Short-term financial liabilities to Group's companies		18,308	24,362
2. Short-term financial liabilities to banks		107,152	110,712
3. Short-term liabilities arising from bonds		0	0
4. Other short-term financial liabilities		1,813	1,874
III. SHORT-TERM OPERATING LIABILITIES		7,463	7,273
1. Short-term operating liabilities to Group's companies		123	229
2. Short-term trade payables		582	678
3. Short-term bills payables		0	0
4. Short-term operating liabilities arising from advances		424	26
5. Other short-term operating liabilities		6,334	6,340
E. SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUES	2.4.15.	1,336	712
TOTAL LIABILITIES		521,564	564,027

The notes to the financial statements are the constituent part of the latter and should be read simultaneously.



Income statement of Sava d.d. for the period January-June 2011

€ in thousands

	Notes	JAN-JUN 2011	JAN-JUN 2010
1. NET SALES REVENUES	2.4.18.	2,722	4,210
a) Revenues in domestic market		2,721	4,208
To companies in the Group		2,169	3,438
To associates		0	0
To others		552	770
b) Revenues in foreign market		1	2
To companies in the Group		1	2
To associates		0	0
To others		0	0
2. CHANGE IN THE VALUE OF INVENTORIES OF PRODUCTS AND WORK IN PROGRESS		0	0
3. CAPITALISED OWN PRODUCTS AND SERVICES		0	0
4. OTHER OPERATING REVENUES (with operating revenues from revaluation adjustment)	2.4.19.	16	2
5. COSTS OF MERCHANDISE, MATERIALS AND SERVICES	2.4.21.	-2,483	-2,999
a) Cost of merchandise and material sold and cost of material used		-137	-157
b) Cost of services		-2,346	-2,842
6. LABOUR COSTS	2.4.22.	-1,377	-1,019
a) Salaries and wages		-1,103	-766
b) Social security cost (pension insurance cost shown separately)		-204	-157
- Social security cost		-82	-60
- Pension insurance cost		-122	-97
c) Other labour cost		-69	-96
7. AMORTISATION AND DEPRECIATION EXPENSE, WRITE-OFFS	2.4.23.	-420	-970
a) Amortisation		-390	-970
b) Operating expenses from revaluation of intangible and tangible fixed assets		0	0
c) Operating expenses from revaluation of current assets		-30	0
8. OTHER OPERATING EXPENSES	2.4.24.	-65	-116
9. OPERATING PROFIT		-1,607	-892
10. FINANCIAL REVENUES FROM SHARES	2.4.25.	14,508	29,320
a) Financial revenues from shares in Group's companies		988	17,038
b) Financial revenues from shares in associates		11,011	11,783
c) Financial revenues from shares in other companies		2,509	499
d) Financial revenues from other investments		0	0
11. FINANCIAL REVENUES FROM GRANTED LOANS	2.4.26.	1,463	2,478
a) Financial revenues from loans granted to Group's companies		497	578
b) Financial revenues from loans granted to other entities		966	1,900
12. FINANCIAL REVENUES FROM OPERATING RECEIVABLES	2.4.27.	10	6
a) Financial revenues from operating receivables due from Group's companies		0	0
b) Financial revenues from operating receivables due from other entities		10	6

€ in thousands

	Notes	JAN-JUN 2011	JAN-JUN 2010
13. FINANCIAL EXPENSES FROM IMPAIRMENT AND WRITE-OFFS IN FINANCIAL INVESTMENTS	2.4.28.	-37,424	-43,749
14. FINANCIAL EXPENSES FROM FINANCIAL LIABILITIES	2.4.29.	-9,650	-8,588
a) Financial expenses from borrowings obtained from Group's companies		-452	-575
b) Financial expenses from borrowings obtained from banks		-7,351	-5,735
c) Financial expenses from issued bonds		-946	-946
d) Financial expenses from other financial liabilities		-901	-1,332
15. FINANCIAL EXPENSES FROM OPERATING LIABILITIES		-7	0
a) Financial expenses from operating liabilities due to Group's companies		0	0
b) Financial expenses from trade payables and bill payables		0	0
c) Financial expenses from other operating liabilities		-7	0
16. OTHER REVENUES	2.4.30.	27	15
17. OTHER EXPENSES	2.4.30.	-4	-47
18. TAX ON PROFIT	2.4.31.	0	0
19. DEFERRED TAXES	2.4.31.	3,048	671
20. NET PROFIT FOR THE FINANCIAL YEAR		-29,637	-20,786

The notes to the financial statements are the constituent part of the latter and should be read simultaneously.

Statement of comprehensive income of Sava d.d. for the period January-June 2011

€ in thousands

	JAN-JUN 2011	JAN-JUN 2010
Net profit for the period	-29,637	-20,786
Other comprehensive income:	0	0
- foreign currency translation differences	0	0
- net loss on hedge of net investment in foreign operation	0	0
- revaluation of property, plant and equipment	0	0
- effective portion of changes in fair value of cash flow hedges	13	1,228
- net change in fair value of cash flow hedges transferred to profit or loss	0	0
- change in fair value of available-for-sale financial assets	-1,291	-37,831
- deferred tax from change in fair value of available-for-sale financial assets	-258	3,837
- change in fair value of investments in associated companies	0	0
- change in fair value of available-for-sale financial assets transferred to profit or loss	-2,946	-266
- deferred tax from a change in fair value of available-for-sale financial assets transferred to profit or loss	656	43
- defined benefit plan actuarial gains / losses	0	0
- deferred tax	0	0
Other comprehensive income for the period, net of income tax in the period	-3,826	-32,989
Total comprehensive income for the period	-33,463	-53,775



Cash flow statement of Sava d.d. for the period January-June 2011

€ in thousands

	JAN-JUN 2011	JAN-JUN2010
A. CASH FLOWS FROM OPERATING ACTIVITIES		
a) Net profit for the financial year	-29,637	-20,786
- pre-tax profit	-32,685	-21,457
- profit tax and other taxes	3,048	671
b) Adjustments for:	31,493	21,509
- depreciation	390	970
- operating revenues from revaluation in connection with items of investing and financing activities	0	0
- operating expenses from revaluation in connection with items of investing and financing activities	0	0
- financial revenues excluding financial revenues from operating receivables	-15,971	-31,798
- financial expenses excluding financial expenses from operating liabilities	47,074	52,337
c) Change in net current assets (and accruals, deferrals, provisions and deferred tax receivables and liabilities) balance sheet items	-6,222	1,513
- opening minus closing operating receivables	-3,359	5,532
- opening minus closing deferred costs and accrued revenues	-14	-119
- opening minus closing deferred tax receivables	-3,310	-493
- opening minus closing assets (groups for disposal) for sale	0	0
- opening minus closing inventories	0	0
- closing minus opening operating liabilities	-445	-3,500
- closing minus opening accrued costs and deferred revenues and provisions	621	-297
- closing minus opening tax liabilities	285	390
d) Surplus in inflows from operating activities or surplus of outflows from operating activities	-4,365	2,236
B. CASH FLOWS FROM INVESTING ACTIVITIES		
a) Inflows from investing activities	28,787	72,408
- revenues from received interests and shares in profit in relation to investing activities	13,214	12,624
- revenues from disposal of intangible fixed assets	0	0
- revenues from disposal of tangible fixed assets	0	0
- revenues from disposal of investment property	0	0
- revenues from disposal of long-term financial investments	12,809	1,063
- revenues from disposal of short-term financial investments	2,764	58,721
b) Outflows from investing activities	-5,036	-37,057
- expenses for purchase of intangible fixed assets	0	0
- expenses for purchase of tangible fixed assets	-43	-50
- expenses for purchase of investment properties	0	0
- expenses for purchase of long-term financial investments	-2,048	-10,200
- expenses for purchase of short-term financial investments	-2,945	-26,807
c) Surplus in inflows from investing activities or surplus in outflows from investing activities	23,751	35,351

€ in thousands

	JAN-JUN 2011	JAN-JUN2010
C. CASH FLOWS FROM FINANCING ACTIVITIES		
a) Inflows from financing activities	64,121	141,968
- revenues from paid-in capital	0	0
- revenues from increase in long-term financial liabilities	0	39,726
- revenues from increase in short-term financial liabilities	64,121	102,242
b) Outflows from financing activities	-83,507	-179,555
- expenses for interests related to financing	-9,700	-7,281
- expenses for return of capital	0	0
- expenses for repayment of long-term financial liabilities	-10,050	-43,424
- expenses for repayment of short-term financial liabilities	-63,754	-128,848
- expenses for payment of dividends and other shares in profit	-3	-2
c) Surplus in inflows from financing activities or surplus in expenses from financing activities	-19,386	-37,587
D. CASH AND CASH EQUIVALENTS AT END OF PERIOD	1	2
a) Net increase in cash and cash equivalents	-1	0
b) Cash and cash equivalents at beginning of period	2	2



Statement of changes in equity of Sava for the period from 31/12/2010 to 30/06/2011

€ in thousands

	Called up capital I		Capital reserves II		Revenue reserves III					Revaluation reserve IV	Retained net profit/loss from previous periods V		Net profit/loss for the financial year VI		Total capital
	Share capital	Uncalled capital (as deductible item)	Capital reserves	Legal reserves	Reserve for treasury shares and own business stakes	Treasury shares and own business stakes (as deductible item)	Statutory reserves	Other revenue reserves	Revaluation reserve	Retained net profit	Retained net loss	Net profit for the financial year	Net loss for the financial year		
														I/1	
A.1. BALANCE AT 31/12/2010	83,751	0	125,608	7,182	4,977	-4,977	0	7,532	8,519	6,530	0	0	0	0	239,122
a) Retroactive recalculation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
b) Retroactive adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
A.2. INITIAL BALANCE 01/01/2011	83,751	0	125,608	7,182	4,977	-4,977	0	7,532	8,519	6,530	0	0	0	239,122	
B.1. Changes in equity - transactions with owners	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
a) Entry of called-up capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
b) Entry of uncalled capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
c) Entry of subscribed capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
d) Entry of additional paid-in capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
e) Purchase of treasury shares and own business stakes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
f) Disposal or withdrawal of treasury shares and own business stakes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
g) Return of capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
h) Dividend pay-out	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
i) Payment of remuneration to governing and controlling bodies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
j) Other changes in equity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B.2. Total comprehensive income for the period	0	0	0	0	0	0	0	-3,826	0	0	0	0	-29,637	-33,463	
a) Entry of net profit/loss for the period	0	0	0	0	0	0	0	0	0	0	0	0	-29,637	-29,637	
b) Change in revaluation reserve of intangible assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
c) Change in revaluation reserve of tangible fixed assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
d) Effective portion of changes in fair value of cash flow hedges	0	0	0	0	0	0	0	13	0	0	0	0	0	13	
e) Change in fair value of available-for-sale financial assets	0	0	0	0	0	0	0	-1,291	0	0	0	0	0	-1,291	
f) Deferred tax from a change in fair value of available-for-sale financial assets	0	0	0	0	0	0	0	-258	0	0	0	0	0	-258	
g) Change in fair value of available-for-sale financial assets to be transferred to profit or loss	0	0	0	0	0	0	0	-2,946	0	0	0	0	0	-2,946	
h) Deferred tax from a change in fair value of available-for-sale financial assets to be transferred to profit or loss	0	0	0	0	0	0	0	656	0	0	0	0	0	656	
i) Other components of comprehensive income for the period	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
B.3. Changes within equity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
a) Allocation of the remaining net profit part for the comparative period to other capital components	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
b) Allocation of the remaining net profit part for the period to other capital components according to the resolution by the governing and supervising bodies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
c) Allocation of the net profit part for the formation of additional reserves according to the resolution by the Shareholders' Meeting	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
d) Settling loss as deductible capital item	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
e) Forming reserves for treasury shares and own business stakes from other capital components	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
f) Releasing reserves for treasury shares and own business stakes and allocation to other capital items	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
g) Other changes in capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
C. END BALANCE 30/06/2011	83,751	0	125,608	7,182	4,977	-4,977	0	7,532	4,693	6,530	0	0	-29,637	205,659	

Statement of changes in equity of Sava for the period from 31/12/2009 to 30/06/2010

€ in thousands

	Called up capital I		Capital reserves II	Revenue reserves III					Revaluation reserve IV	Retained net profit/loss from previous periods V		Net profit/loss for the financial year VI		Total capital
	Share capital	Uncalled capital (as deductible item)	Capital reserves	Legal reserves	Reserve for treasury shares and own business stakes	Treasury shares and own business stakes (as deductible item)	Statutory reserves	Other revenue reserves	Revaluation reserve	Retained net profit	Retained net loss	Net profit for the financial year	Net loss for the financial year	
A.1. BALANCE AT 31/12/2009	83,751	0	125,608	7,182	224	-224	0	61,483	35,596	22,957	0	13,690	0	350,267
a) Retroactive recalculation	0	0	0	0	0	0	0	0	0	0	0	0	0	0
b) Retroactive adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
A.2. INITIAL BALANCE 01/01/2010	83,751	0	125,608	7,182	224	-224	0	61,483	35,596	22,957	0	13,690	0	350,267
B.1. Changes in equity - transactions with owners	0	0	0	0	0	0	0	0	0	-6,412	0	0	0	-6,412
a) Entry of called-up capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0
b) Entry of uncalled capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0
c) Entry of subscribed capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0
d) Entry of additional paid-in capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0
e) Purchase of treasury shares and own business stakes	0	0	0	0	0	0	0	0	0	0	0	0	0	0
f) Disposal or withdrawal of treasury shares and own business stakes	0	0	0	0	0	0	0	0	0	0	0	0	0	0
g) Return of capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0
h) Dividend pay-out	0	0	0	0	0	0	0	0	0	-6,412	0	0	0	-6,412
i) Payment of remuneration to governing and controlling bodies	0	0	0	0	0	0	0	0	0	0	0	0	0	0
j) Other changes in equity	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B.2. Total comprehensive income for the period	0	0	0	0	0	0	0	0	-32,989	0	0	0	-20,786	-53,775
a) Entry of net profit/loss for the period	0	0	0	0	0	0	0	0	0	0	0	0	-20,786	-20,786
b) Change in revaluation reserve of intangible assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0
c) Change in revaluation reserve of tangible fixed assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0
d) Effective portion of changes in fair value of cash flow hedges	0	0	0	0	0	0	0	0	1,228	0	0	0	0	1,228
e) Change in fair value of available-for-sale financial assets	0	0	0	0	0	0	0	0	-37,831	0	0	0	0	-37,831
f) Deferred tax from a change in fair value of available-for-sale financial assets	0	0	0	0	0	0	0	0	3,837	0	0	0	0	3,837
g) Change in fair value of available-for-sale financial assets to be transferred to profit or loss	0	0	0	0	0	0	0	0	-266	0	0	0	0	-266
h) Deferred tax from a change in fair value of available-for-sale financial assets to be transferred to profit or loss	0	0	0	0	0	0	0	0	43	0	0	0	0	43
i) Other components of comprehensive income for the period	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B.3. Changes within equity	0	0	0	0	0	0	0	0	0	13,690	0	-13,690	0	0
a) Allocation of the remaining net profit part for the comparative period to other capital components	0	0	0	0	0	0	0	0	0	13,690	0	-13,690	0	0
b) Allocation of the remaining net profit part for the period to other capital components according to the resolution by the governing and supervising bodies	0	0	0	0	0	0	0	0	0	0	0	0	0	0
c) Allocation of the net profit part for the formation of additional reserves according to the resolution by the Shareholders' Meeting	0	0	0	0	0	0	0	0	0	0	0	0	0	0
d) Settling loss as deductible capital item	0	0	0	0	0	0	0	0	0	0	0	0	0	0
e) Forming reserves for treasury shares and own business stakes from other capital components	0	0	0	0	0	0	0	0	0	0	0	0	0	0
f) Releasing reserves for treasury shares and own business stakes and allocation to other capital items	0	0	0	0	0	0	0	0	0	0	0	0	0	0
g) Other changes in capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0
C. END BALANCE 30/06/2010	83,751	0	125,608	7,182	224	-224	0	61,483	2,607	30,235	0	0	-20,786	290,080



Calculation of the accumulated profit of Sava d.d. at 30/06/2011

€ in thousands

	30/06/2011	31/12/2010
NET PROFIT OR LOSS FOR THE FINANCIAL YEAR	-29,637	72,903
Retained profit at 01/01	6,530	36,647
Decrease due to payment of dividends	0	-6,412
Decrease / reversal of capital reserves	0	0
Decrease (reversal) of revenue reserves	0	49,198
Increase (additional allocation) of revenue reserves	0	0
Other changes	0	0
Accumulated profit / loss	-23,107	6,530

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

2.2.1. BASIS FOR DRAWING THE FINANCIAL STATEMENTS

Reporting company

Sava, družba za upravljanje in financiranje, d.d. Škofjeloška cesta 6, 4000 Kranj, is the controlling company of the Sava Group. The financial statements for Sava d.d. have been drawn up for the period that ended on 30 June 2011. The ownership structure of Sava d.d. is explained in Chapter – The Sava share and ownership structure, which is a part of the business report.

The semi-annual report is accessible on the company website at www.sava.si.

Statement of compliance

The financial statements have been prepared in accordance with Slovene Accounting Standards 2006, which had been issued by the Slovene Institute of Auditors.

The Board of Management approved the issue of financial statements on 9 August 2011.

Functional currency

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

Changes in accounting policies

There were no changes in the accounting policies in 2011.

Foreign currency transactions

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

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

Non-monetary assets and liabilities that are stated at original value in foreign currency are translated to functional currency at the reference exchange rate of the ECB ruling at the transaction date. Non-monetary items and liabilities shown in foreign currency and measured at fair value are translated to euro at the reference exchange rate of ECB ruling at the day when fair value is determined. Foreign exchange losses/gains are recognised in the income statement, which, however, does not apply to differences arising from a recalculation of capital instruments classified as available for sale, or from a non-financial liability determined as cash-flow hedging against risk, which is recognised directly in capital.

2.2.2. SIGNIFICANT ACCOUNTING POLICIES

Intangible assets

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

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

Tangible fixed assets

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

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

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

Property which is built or developed to be used as investment property in the future is dealt with as a tangible fixed asset and recognised at cost until the date of completion when it becomes investment property.

Subsequent expenditures in connection with tangible fixed assets

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

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

Investment property

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

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

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



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

For the needs of disclosure the fair value of investment properties is ascertained. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Depreciation

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

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

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

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

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

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

Impairment of intangible assets, tangible assets and investment property

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

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

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

Financial investments

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

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

In the financial statements long-term financial investment in subsidiaries, associates and joint ventures are valued at cost. The transferred shares in profit increase financial revenue. The value of individual investments in subsidiaries, associates and joint venture is examined ever year, using established models for a company evaluation, on the basis of which it is determined whether an impairment is needed.

With regard to the purpose of their acquisition the investments in debtor and proprietary securities are dealt with as available for sale. They are divided into investment in shares of listed companies, investments in shares and stakes of unlisted companies and investments in mutual funds. These financial instruments are recognised or not recognised on the transaction day.

The fair value of listed securities available for sale equals the bid price of these shares on the balance sheet date. The fair value of shares and stakes of companies which are not listed is assessed on the basis of their recent transactions or financial statements. If for a certain financial investment an option contract is made, the fair value is first ascertained on the basis of the price defined in the option contract, then a test of any need for impairment is carried out.

The fair value of securities available for sale is assessed at least every three months, the last evaluation was carried out on 30 June 2011. The change in fair value is recognised in capital as a revaluation reserve.

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

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

Receivables

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

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

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

The revaluation adjustments in receivables are formed as follows:

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances on transaction accounts.



Capital

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

Revaluation of capital as a change in its book value arises from the revaluation of long- and short-term financial investments according to the revaluation model and due to financial instruments for hedging against interest rate risk.

Long-term provisions

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

In accordance with the legal regulations, collective agreement and internal book of rules the company is obliged to pay employee jubilee benefits and retirement amounts, for which it forms long-term provisions. There are no other retirement liabilities.

Provisions are formed in the amount of the future estimated payments for retirement amounts and jubilee benefits discounted on the balance sheet date. The actuary calculation was made on 31 December 2009 and it considered: the cost of retirement amount and cost of jubilee benefits in accordance with the provisions from collective and managerial work contracts, a 3.5% annual growth in salaries, retirement amounts and jubilee benefits, employee fluctuation, the chosen discount interest rate of 5.4% p.a. represents a yield of 10-year corporate bonds with high rating in the euro zone. A recalculation of provisions was carried out at 31/12/2010 considering the change in the employee number, whereas at 30/06/2011 it was not carried out.

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

Liabilities

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

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

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

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

Short-term and long-term liabilities of all kinds are initially shown with the amounts which arise from the corresponding documents on condition that the creditors request their repayment.

The liabilities are later increased with imputed yields (interests, other compensations), about which an agreement is made with the creditor. Liabilities are decreased by repaid amounts and any other settlements in agreement with the creditor.

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

Short-term accruals and deferrals

Short-term accruals and deferrals include receivables and other assets and liabilities that are anticipated to appear within a year and whose appearance is probable and their size reliably estimated.

Receivables and liabilities relate to the known and not yet known legal entities or natural persons towards whom actual receivables and debts will then appear, while assets include products and services to their debit.

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

Recognition of revenues

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

Operating revenues

Revenue from services rendered is recognised with regard to the stage of completion on the reporting date. The stage of completion is estimated in survey of the work done.

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

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

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

Financial revenues

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

Other revenues

They consist of extraordinary items and appear in actually incurred amounts.

Recognition of expenses

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



Operating expenses

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

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

Financial expenses

Financial expenses include expenses for interest, foreign exchange losses, losses due to impairment in the value of financial assets and loss of hedging instruments, which are recognised in the income statement.

In the income statement the expenses for borrowing are recognised according to the effective rate method except for those which are attributed to intangible and tangible fixed assets under construction and preparation, respectively.

Other expenses

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

Income tax and deferred tax

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

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

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

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

Net earnings per share

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

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

Segment reporting

The company has not defined either business or geographical segments.

Criteria of importance for disclosures

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

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

Drawing up cash flow statement

The cash flow statement has been prepared in accordance with SAS 26 - variant II. It has been prepared by considering the data from the income statement for the period January-June 2011 (for the past period January – June 2010), the balance sheet data as at 30/06/2011 and 31/12/2010 (for the past period 30/06/2010 and 31/12/2009) and other required data. The cash flow statement excludes more important values which are not connected with revenues and expenses.

2.3. Financial risk management for the company Sava d.d.

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

Foreign currency risk

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

In 2011, we did not use any derivative financial instruments, since due to high interest rate differences between the interest rate for the above-mentioned currencies and the interest rate for Euro in the market, there were no suitable hedge instruments available that would successfully eliminate risks in this connection.

Interest rate risk

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

At the level of the Sava Group we manage interest rate risk centrally and make use of various mechanisms for managing this risk. We have a uniform appearance with banks and a standard interest rate policy within the Group defined, at which the parent company Sava d.d. appears as the main coordinator of all activities. We use suitable derivative financial instruments to eliminate risks arising from interest rate changes. 12% of obtained long-term loans is hedged against interest risk. The risk of changes in the market interest rate is high.

Credit risk

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



Sava d.d. mainly sells its services to its subsidiaries where the risk of non-payment is low. We devote special attention to solvency of customers out of the Group with which Sava d.d. has established a business relationship. We regularly monitor receivables to be collected both open and the matured ones, maturity structure of receivables and movement of average payment terms. We have established a customer rating system with supervision over bad payers, ongoing compensations. The major part of the increased credit risk of Sava d.d. in 2011 was caused by the transactions that were made with NFD Holding d.d. in the past.

Sava d.d. granted NFD Holding d.d. a short-term credit of €47,374 thousand. In the first half-year of 2011, NFD Holding d.d., settled a part of its liabilities in the amount of €2,000 thousand, the outstanding sum amounted to €22,374 thousand at the end of half-year. The granted loans to NFD Holding d.d. were entirely secured with bills of exchange and securities, the repayment of 80% value is expected at the end of 2011, and the remaining part in 2012. The estimated value of pledged securities amounted to €61,201 thousand, or a 2.7-fold value of short-term loans.

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

Solvency risk

This involves a risk that a company will not be able to fulfil its financial liabilities in due time.

In the Sava Group, a uniform financial policy and centralised managing of financial assets have been established. The goal of such arrangement is to assure suitable liquidity of the parent company and subsidiaries, and to ensure all Sava Group companies financing under most favourable conditions. We manage liquidity risk by introducing mechanisms at the level of the parent company and subsidiaries. With daily balancing the cash pooling inside of the Sava Group we avoid contracting unnecessary debts outside of the Group. Liquidity deficits are compensated with selling financial investments and applying for short-term credits with banks.

Due to the aggravated situation in money markets the solvency risk in Sava d.d. in the first half-year of 2011 is estimated as high.

Managing capital

The suitable capital structure assures the confidence of investors, creditors, the market and sustainable development of the whole Sava Group. The Board of Management of Sava d.d. improved the capital structure by introducing the programme of financial restructuring.

Sava d.d. has no programme of granting stock options to its employees. In July 2011, the company offered the employees in the Sava Group to purchase treasury shares acquired in accordance with the provisions of the second and eighth indent of the first paragraph Article 247 of the Companies Act-1. It offered the entire amount of 30,541 treasury shares, which represent 1.52% of company's share capital.

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

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

2.4.1. INTANGIBLE FIXED ASSETS AND LONG-TERM DEFERRED COSTS AND ACCRUED REVENUES

Intangible fixed assets totalling €138 thousand are the purchased licences for the use of computer programs. In the first half-year of 2011, depreciation in the amount of €11 thousand was accounted for.

Changes in intangible fixed assets and long-term deferred costs and accrued revenues

Cost value	Property rights				€ in thousands	
	Long-term deferred development costs	Investments in acquired rights to industrial property and other rights	Advances for intangible long-term assets	Goodwill of acquired company	Other long-term deferred costs and accrued revenues	Total
Balance at 01/01/2011	0	730	0	0	0	730
Increase, purchase	0	0	0	0	0	0
Put in use	0	0	0	0	0	0
Increase due to acquisition	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Decrease	0	0	0	0	0	0
Decrease due to disposals	0	0	0	0	0	0
Write-offs	0	0	0	0	0	0
Impairment	0	0	0	0	0	0
Balance at 30/06/2011	0	730	0	0	0	730
VALUE ADJUSTMENT						
Balance at 01/01/2011	0	-581	0	0	0	-581
Increase, purchase	0	0	0	0	0	0
Put in use	0	0	0	0	0	0
Increase due to acquisition	0	0	0	0	0	0
Decrease	0	0	0	0	0	0
Decrease due to disposals	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Write-offs	0	0	0	0	0	0
Impairment	0	0	0	0	0	0
Depreciation	0	-11	0	0	0	-11
Balance at 30/06/2011	0	-592	0	0	0	-592
CARRYING AMOUNT						
Balance at 01/01/2011	0	149	0	0	0	149
Balance at 30/06/2011	0	138	0	0	0	138

2.4.2. TANGIBLE FIXED ASSETS

Tangible fixed assets totalling €5,201 thousand represented 1% of the balance sheet total; in comparison with the previous year its value was 4% lower. Minimum investments were carried using our own finance sources, therefore the cost of borrowings does not increase the value of tangible fixed assets.

On the property of the Main Office Building of Sava d.d., whose book value amounts to €4,214 thousand, a mortgage was placed for a long-term syndicated loan granted in 2010. The balance of outstanding loan at 30/06/2011 amounts to €128,068 thousand.

The following significant changes in tangible fixed assets appeared in the first half-year of 2011:

- A sum €43 thousand was allocated to investments in fixed assets.
- Depreciation of tangible fixed assets amounted to €234 thousand.
- None of tangible fixed assets were sold.



Changes in of tangible fixed assets

€ in thousands

Cost value	Land	Buildings	Plant and machinery	Other equipment	Tangible fixed assets under construction and manufacture	Advances for tangible fixed assets	Total
Balance at 01/01/2011	0	7,953	2,797	400	121	0	11,272
Purchase, increase	0	0	28	0	15	0	43
Increase in advances	0	0	0	0	0	0	0
Decrease in advances	0	0	0	0	0	0	0
Put in use	0	0	0	0	0	0	0
Increase in capital through investment in kind	0	0	0	0	0	0	0
Increase due to acquisition	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Decrease	0	0	0	0	0	0	0
Decrease due to disposals	0	0	0	0	0	0	0
Write-offs	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
Balance at 30/06/2011	0	7,953	2,825	400	136	0	11,315
VALUE ADJUSTMENT							
Balance at 01/01/2011	0	-3,659	-1,984	-237	0	0	-5,880
Purchase, increase	0	0	0	0	0	0	0
Put in use	0	0	0	0	0	0	0
Increase in capital through investment in kind	0	0	0	0	0	0	0
Increase due to acquisition	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Decrease	0	0	0	0	0	0	0
Decrease due to disposals	0	0	0	0	0	0	0
Write-offs	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
Depreciation	0	-80	-123	-31	0	0	-234
Balance at 30/06/2011	0	-3,739	-2,107	-268	0	0	-6,114
CARRYING AMOUNT							
Balance at 01/01/2011	0	4,294	813	164	121	0	5,392
Balance at 30/06/2011	0	4,214	718	133	136	0	5,201

2.4.3. INVESTMENT PROPERTY

Investment property in the amount of €19,275 thousand represented 4% of the balance sheet total and compared to last year did not change significantly.

A mortgage was placed on Grand Hotek Toplice with the Panorama restaurant, whose book value totals €6,329 thousand, for a loan hired with a bank consortium and Pokojninska Družba A d.d. At 30/06/2011 the balance of the unpaid loan amounted to €6,000 thousand.

A mortgage was placed on the land of the Main Office Building in Kranj and on the BTC property in Ljubljana whose total book value amounted to €5,887 thousand, for a long-term syndicated loan obtained in 2010. At 30/06/2011 the outstanding portion of the loan totalled €128,068 thousand.

In the first half-year 2011, the depreciation of investment property in the amount of €146 thousand was accounted for.

Changes in investment property

€ in thousands

Cost value	Land-investment properties	Buildings-investment properties	Total
Balance at 01/01/2011	9,250	15,767	25,017
Purchase, increase	0	0	0
Transfers	0	0	0
Increase in capital through investment in kind	0	0	0
Decrease due to selling	0	0	0
Decrease due to disposals	0	0	0
Write-offs	0	0	0
Impairment	0	0	0
Balance at 30/06/2011	9,250	15,767	25,017
VALUE ADJUSTMENT			
Balance at 01/01/2011	0	-5,596	-5,596
Purchase, increase	0	0	0
Transfers	0	0	0
Increase in capital through investment in kind	0	0	0
Decrease due to selling	0	0	0
Decrease due to disposals	0	0	0
Write-offs	0	0	0
Impairment	0	0	0
Depreciation	0	-146	-146
Balance at 30/06/2011	0	-5,742	-5,742
CARRYING AMOUNT			
Balance at 01/01/2011	9,250	10,171	19,421
Balance at 30/06/2011	9,250	10,025	19,275

2.4.4. LONG-TERM FINANCIAL INVESTMENTS

Long-term financial investments in the amount of €448,466 thousand represented 86% of the balance sheet total and compared to the previous year they did not change.

a) Shares and stakes in Sava Group companies

Shares and stakes in Sava Group companies totalling €188,515 thousand were 30% higher than at the end of the previous year. This increase was due to the performed increases in capital.

In the first half-year 2011, increases in capital of Savatech d.o.o. and Sava IP d.o.o. in the amount of €38,238 thousand, which had been approved already in 2010, were entered in the register of companies. In 2011, increases in capital of Sava Group companies in the net amount of €5,002 thousand were approved and entered; they mainly refer to Sava Nova d.o.o., Zagreb.

For the granted loans of Sava d.d., the total ownership stakes in companies Savatech d.o.o., Sava Hoteli



Bled d.d., Terme 3000 d.o.o., Terme Ptuj d.o.o., Terme Lendava d.o.o. and Zdravilišče Radenci d.o.o. were pledged. The book value of the pledged stakes and shares of subsidiaries amounted to € 145,568 thousand.

The disclosures in connection with the composition of the Sava Group, share in capital and operating result are described in the financial part of the annual report for the Sava Group.

b) Shares and stakes in the associated companies

The value of shares and stakes in the associated companies totalling €208,794 thousand was 12% lower than at the end of the previous year, which was due to the additional impairments of financial investments in NFD Holding d.d. and Maksima Invest d.d.

The value of a 45.90 % share in **Gorenjska Banka d.d., Kranj** amounts to €89,443 thousand. In comparison with the end of the previous year, the ownership stakes and the value of investment did not change. The book value of shares of Gorenjska Banka d.d. amounts to €588 at 30/06/2011.

76,968 shares of Gorenjska Banka d.d. are pledged for the loans obtained by Sava d.d., Savatech d.o.o., for the liabilities arising from the call option contracts and for the issued bonds of Sava d.d. The book value of pledged shares amounts to €45,258 thousand.

The value of a 23.83 % share in **Abanka Vipava d.d., Ljubljana**, computed on the basis of the 2009 appraisal, amounts to €116,849 thousand. In comparison with the end of the previous year, the ownership stakes and the value of investment remain unchanged. The book value of shares of Abanka Vipava d.d. amounts to €68. The value of investment ascertained by means of a stock exchange price amounts to €63,829 thousand at 30/06/2011.

Total shares of Abanka Vipava d.d. are pledged for the loans that Sava d.d. obtained. The book value of pledged shares amounts to €116,849 thousand.

The value of a 24.65 % share in **NFD Holding d.d., Ljubljana**, ascertained by means of the stock exchange price at 30/06/2011, amounts to €1,870 thousand. In comparison with the end of the previous year, the ownership stakes remained unchanged, the value of investment decreased by €21,831 thousand in the first half-year, which was due to a further decrease in stock exchange price. The impairment of investment was included in the income statement.

The value of a 21.34 % share in **Maksima Invest d.d., Ljubljana**, ascertained by means of the stock exchange price at 30/06/2011, amounts to €345 thousand. In comparison with the end of the previous year, the ownership stakes remained unchanged, the value of investment decreased by €6,912 thousand in the first half-year due to further drops in the stock exchange price. The impairment of investment was included in the income statement.

The value of a financial investment in a smaller associated company **JOB d.o.o., Maribor** amounts to €287 thousand and in comparison with the end of the previous year it remained unchanged.

The disclosures in connection with the structure of the associated companies of the Sava Group, the share in capital, the amount of capital and operating result are stated in the financial part of the semi-annual report of the Sava Group.

c) Other shares and stakes

Other shares and stakes totalling €47,917 thousand were 29% lower than last year. Other shares and stakes included listed securities available for sale in the amount of €26,798 thousand, unlisted securities available for sale in the amount of €21,112 thousand, and investments in mutual funds in the amount of €7 thousand.

At 30/06/2011, securities available for sale were valued at fair value, the net negative effect from revaluation amounted to €8,725 thousand, of which €7,433 thousand were impairments in the income statement and net of €1,292 thousand in equity revaluation adjustments.

The value of a 23.35% ownership stake in **NFD 1 d.d., Ljubljana** amounts to €22,499 thousand. The fair value was ascertained by using the stock exchange price at 30/06/2011. The total value of impairments amounted to €12,029 thousand, which was more than 20% less than the acquisition value. Impairment is recognised in the equity revaluation adjustment and not in the profit or loss as the company will restructure from the closed investment fund to an open mutual fund in 2011.

Despite a 23.35% ownership stake the investment in NFD 1 d.d. is considered as available for sale and not an associated company. NFD 1 d.d. is managed by the funds management company, in which Sava d.d. holds no shareholding. The Supervisory Board of the company merely supervises the funds operation. By the end of 2011, NFD 1 shall restructure from the closed investment fund to an open mutual fund, at which Sava d.d. will become the owner of a certain amount of mutual fund coupons and will have no influence whatsoever on its management.

At 30/06/2011, NFD 1 d.d. with its head office at Trdinova 4, 1000 Ljubljana, has capital of €130,858 thousand available, while the net loss in the first half-year of 2011 amounts to €33,366 thousand.

The entire 23.35% share in NFD 1 d.d. has been pledged for the loans obtained by Sava d.d.. The book value of pledged shares amounts to €22,499 thousand.

At 30/06/2011, a 19.17% ownership stake in **Merkur d.d.** was entirely impaired on the basis of the recent known financial statements of Merkur d.d.

Other shares and stakes total €25,418 thousand and include 837,000 shares of Hoteli Bernardin d.d. and 4,500 shares of Helios d.d., pledged for the obtained loans of Sava d.d. The book value of pledged shares totals €6,146 thousand.

Forward sales and option contracts and forward purchase contracts

Other shares and stakes included concluded forward sales and option contracts in the amount of €2,371 thousand. When estimating the ability of counter-parties to fulfil the option or forward contract, we have established the presence of risk, therefore an impairment was carried out totalling €1,794 thousand. The book value of option and forward contracts thus amounted to €577 thousand. All forward sales and option contracts will mature in 2011.

The value of call option contract amounted to €6,452 thousand, the market value ascertained on the basis of the book value of company's capital, which is the subject of the option, amounted to €3,052 thousand. The difference between the value according to the forward purchase contracts and the market value totalled €3,400 thousand and was included under financial expenses from impairments and write-offs of financial investments. The call option contract will mature in 2011, and the counter-party received 3,300 shares of Gorenjska Banka d.d. as an insurance for fulfilling the contract.

Types of securities available for sale

	€ in thousands	
	30/06/2011	31/12/2010
Shares of listed companies	26,798	33,083
Shares and stakes of unlisted companies	21,112	31,371
Mutual funds	7	2,574
Total	47,917	67,028

d) Long-term loans to Group companies

Long-term loans to Sava Group companies totalling €3,240 thousand were partly insured with bills of exchange. Interest rates for long-term loans to Group companies amounted to 7.5% to 8%, 3-month Euribor +1% and 12-month Euribor +1.05%.



Changes in long-term financial investments

€ in thousands

	Long-term financial investments, excluding loans					Long-term loans				Total long-term financial investments
	Stocks and shares in the Group	Stocks and shares in associates	Other stocks and shares	Other long-term financial investments	Total long-term financial investments, excluding loans	Long-term loans to Group companies	Other long-term loans	Long-term unpaid called-up capital	Total long-term loans	
NET VALUE AT 01/01/2010	145,497	237,537	67,028	0	450,062	732	0	0	732	450,794
INCREASES	58,635	0	4,874	0	63,509	3,818	0	0	3,818	67,327
Purchase, increase	15,395	0	1,745	0	17,140	14	0	0	14	17,154
Increase in capital through money paid in	362	0	0	0	362	0	0	0	0	362
Increase in capital through investment in kind	42,877	0	0	0	42,877	0	0	0	0	42,877
Transfers	0	0	0	0	0	3,804	0	0	3,804	3,804
Increase in fair value through capital	0	0	3,129	0	3,129	0	0	0	0	3,129
DECERASES	-15,617	-28,743	-23,985	0	-68,345	-1,310	0	0	-1,310	-69,655
Disposals	-15,617	0	-12,131	0	-27,748	-122	0	0	-122	-27,870
Transfers	0	0	0	0	0	-1,188	0	0	-1,188	-1,188
Impairments of investments through capital	0	0	-4,421	0	-4,421	0	0	0	0	-4,421
Impairments of investments through income statement	0	-28,743	-7,433	0	-36,176	0	0	0	0	-36,176
NET VALUE AT 31/12/2010	188,515	208,794	47,917	0	445,226	3,240	0	0	3,240	448,466

2.4.5. LONG-TERM OPERATING RECEIVABLES

Long-term operating receivables in the amount of €97 thousand were 32% lower than at the end of last year. They referred to long-term loans to employees for the purchase of flats. These loans are insured by a creditor's mortgage on real estate. The interest rate for granted loans amounts from TOM + 2% to TOM + 3%. Long-term operating receivables will fall due in 2013 at the latest.

Changes in long-term operating receivables

€ in thousands

	30/06/2011	31/12/2010
Balance at 01/01	143	225
Newly formed receivables	0	0
Repayment of receivables	-46	-82
Balance at period end	97	143

2.4.6. DEFERRED TAX RECEIVABLES

Deferred tax receivables due from the state were formed in the amount of €14,752 thousand. They originated from the formed provisions for employee retirement amounts and jubilee benefits in connection with the revaluation of securities available for sale to fair value.

Changes in deferred tax receivables

€ in thousands

	30/06/2011	31/12/2010
Balance at 01/01	11,442	4,418
Increase in receivables due to revaluation of securities to fair value - in other comprehensive income	354	792
Decrease in receivables due to revaluation of securities to fair value - in other comprehensive income	-90	-228
Decrease in receivables due to sales of securities - in other comprehensive income	0	0
Decrease in receivables due to sale of securities - through profit or loss	-887	-282
Increase in receivables due to impairment of securities - through profit or loss	3,929	6,732
Increase in receivables for provisions for retirement severance pay - through profit or loss	0	0
Decrease in receivables for provisions for retirement severance pay - through profit or loss	0	-9
Other changes - in other comprehensive income	0	0
Other changes - through profit or loss	3	19
Final balance	14,752	11,442

2.4.7. SHORT-TERM FINANCIAL INVESTMENTS

Short-term financial investments in the amount of €25,610 thousand were 63% lower than last year; they had a 5% share in total assets. In comparison with the previous year, their value mainly decreased as increases in capital of subsidiaries were entered in the companies register and reallocated under the long-term financial investments.

Short-term financial investments except loans

Short-term financial investments except loans in the amount of €135 thousand were entirely the value of interest rate swaps.

Short-term loans

Short-term loans in the amount of €25,475 thousand were as follows:

- **Short-term loans to Group companies** in the amount of €3,101 thousand were approved in connection with managing financial sources in the Sava Group and were mainly not insured.
- **Short-term loan to others** totalling €22,374 thousand entirely referred to the loans approved to NFD Holding d.d., which are insured with bills of exchange and securities, among which the following have the greatest share: 9,154,192 shares of Hoteli Bernardin, d.d., 346,243 shares of NFD 1 d.d., 647,318 shares of Istrabenz d.d., 166,484 shares of Melamin d.d., 56,839 shares of Finetol d.d., 536,926 shares of Ljubljanske Mlekarne d.d., and 32,936 shares of Sava. Sava d.d. is partly entered as the first lien-holder and partly as the second lien-holder with all the quoted shares. The estimated value of securities that were pledged amounts to €61,201 thousand. The contract about assignment of receivables, on the basis of which the prevailing part of receivables due from NFD Holding d.d. is shown, is covered in liabilities with a loan approved by NLB d.d., which is insured with bills of exchange and business stakes of all Tourism companies. The interest rates for short-term loans amount to 5.65% and 7.3%.



2.4.8. SHORT-TERM OPERATING RECEIVABLES

Short-term operating receivables in the amount of €7,899 thousand were lower than last year, mainly due to the sale of securities. The shares under the contract, remain owned by Sava d.d. until fulfilment of contractual provisions. A minor part of operating receivables has not been insured.

Overview of short-term operating receivables by maturity

€ in thousands

	30/06/2011 - TOTAL	Due	Not due
IV) Short-term operating receivables	7,899	85	7,814
1. Short-term receivables due from Group companies	449	20	429
2. Short-term trade receivables	120	65	55
3. Short-term operating liabilities to other entities	7,330	0	7,330

Adjustment in value of trade receivables for services

At 30/06/2011, the balance of adjustment in the value of trade receivables amounts to €473 thousand and compared to the previous year it was lower by €314 thousand. Adjustments in the value of receivables in the amount of €14 thousand were formed anew. As a result of closing a court proceeding, the value adjustments were decreased by €328 thousand.

Adjustments in the value of trade receivables for services

€ in thousands

	30/06/2011	31/12/2010
Balance at 01/01	787	704
Increase of impairment	14	98
Reversal of impairment	-328	-15
End balance	473	787

2.4.9. CASH AND CASH EQUIVALENTS

The agreed amount of overdraft credit on transaction accounts amounted to €1,260 thousand.

2.4.10. CAPITAL

The capital in the amount of €205,659 thousand was €33,463 thousand or 14% lower than at the end of the previous year. In the structure of financing sources it had a 39% share.

Changes in capital

In the first half-year of 2011 the following changes were carried out:

- A **loss** for the accounting period was generated in the amount of €29,637 thousand.
- **Revaluation reserve** decreased by €3,826 thousand due to:
 - A net decrease of fair value of securities available for sale in the amount of €3,840 thousand.
 - It increased as a result of interest rate swaps in the amount of €14 thousand.

Structure of capital reserves

€ in thousands

	30/06/2011	31/12/2010
Share premium	21,482	21,482
Other capital reserves	48,535	48,535
Payment exceeding net value - repurchased treasury shares	2,286	2,286
Transfer from general equity revaluation adjustments	53,305	53,305
CAPITAL RESERVES total	125,608	125,608

Reserves for own shares within other revenue reserve

At 30/06/2011, the reserves for own shares amounted to €4,977 thousand; the number of own shares at 30/06/2011 amounted to 30,541, which represented 1.52% of total issued shares. In 2011, there were no changes in comparison with the end of 2010.

Sava d.d. received another 32,936 Sava shares in pledge, or 1.64% of total issued shares.

Revaluation reserve of long-term financial investments

Revaluation reserve of long-term financial investments at 30/06/2011 amounted to €4,693 thousand (€8,519 thousand at the end of 2010) and it was 45% lower compared to the end of last year.

Revaluation reserve structure:

- Positive revaluation reserve from increase in capital of Savatech d.o.o., Sava IP d.o.o in the amount of €12,416 thousand as a result of a difference between the appraised and book value of in-kind contributions (€12,416 thousand at the end of 2010).
- Positive revaluation reserve from revaluating securities available for sale in the amount of €4,843 thousand (€5,109 thousand at the end of 2010).
- Negative revaluation reserve from revaluating securities available for sale in the amount of €12,072 thousand mainly refers to the valuation of NFD 1, Delniški Investicijski Sklad d.d. (€8,047 thousand at the end of 2010).
- Negative revaluation reserve from interest rate risk hedging in the amount of €945 thousand (€959 thousand at the end of 2010).

2.4.11. PAID DIVIDENDS, WEIGHTED AVERAGE NUMBER OF SHARES AND NET EARNINGS PER SHARE

Paid dividends

€ in thousands

	2011	2010
Dividend per ordinary share in the year (€)	0,00	3,20
Total amount of dividends to the debit of retained profit (€ in thousands)	0	6,412

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

*Weighted average number of shares*

€ in thousands

	30/06/2011	31/12/2010
No. of all shares on 01/01	2,006,987	2,006,987
Treasury shares	-30,541	-30,541
Weighted average number of shares at 30/06	1,995,423	1,995,423

Net loss / earnings attributable to shares

€ in thousands

	30/06/2011	31/12/2010
Net loss for the financial year (€ in thousands)	-29,637	-72,903
Weighted average number of shares	1,995,423	1,995,423
Basic net loss per share (in €)	-14.85	-36.54

The adjusted net loss per share equals the net loss per share, since the capital consists only of ordinary shares.

2.4.12. PROVISIONS AND LONG-TERM ACCRUED COSTS AND DEFERRED REVENUES

Provisions and long-term accrued costs and deferred revenues in the amount of €277 thousand were provisions for retirement amounts and jubilee benefits.

Changes in provisions and long-term accrued costs and deferred revenues

€ in thousands

	Provisions for retirement severance pay and similar liabilities	Other provisions	Long-term accrued costs and deferred revenues	Total
Balance at 01/01/2011	280	0	0	280
Newly formed provisions	0	0	0	0
Reversal of provisions	0	0	0	0
Drawing of provisions	-3	0	0	-3
Balance at 30/06/2011	277	0	0	277

2.4.13. LONG-TERM LIABILITIES

The value of long-term financial liabilities at 30/06/2011 amounted to €177,339 thousand, which in financing sources structure had a 34% share. In comparison with the end of the previous year, long-term liabilities did not change.

An explanation about the value of assets owned by Sava d.d. and put into collateral for the obtained long-term and short-term loans is given in Chapter 2.5.2.

Maturity of long-term financial liabilities is as follows:

- 2012 €144,927 thousand
- 2013 €2,896 thousand
- 2014 €28,611 thousand
- 2015 €905 thousand
- Total €177,339 thousand

Changes in long-term financial liabilities

€ in thousands

	30/06/2011	31/12/2010
Balance at 01/01	177,339	102,749
Hiring new loans	0	44,926
Issue of bonds	0	0
Transfer under short-term - bank consortium	0	81.699
Exchange rate gains/losses	0	134
Repayment of loans	0	-14.542
Transfer under short-term part at 31/12	0	-37.627
Final balance	177,339	177,339

Long-term financial liabilities to Group companies

Long-term financial liabilities to Group companies were due to managing financial sources in the Sava Group and amounted to €4,688 thousand. These loans are not insured, the interest rate being from 5.60% to 5.90% and 12-month Euribor + 1.05%.

Long-term financial liabilities to banks

Long-term loans in total amount of €140,136 thousand nominated in euro were hired with domestic and foreign banks. The interest rate for obtained long-term loans are 3-month Euribor + 4.90% and 6-month Euribor +3.25% to 4.50%. The obtained loans are not insured.

Long-term loans originating from bonds

Long-term liabilities originating from bonds amounted to €26,515 thousand. The total nominal value of issued bonds amounted to €26,500 thousand, during the issue procedure in 2009 additional €15 thousand were paid arising from the submitted binding bids.

Additional explanations in connection with the issue of bonds:

- type of bond: corporate coupon bond nominated in euro, issued in non-materialised form recorded in the central registry at KDD d.d. Ljubljana;
- bonds are listed in the bonds market of the Ljubljana Stock Exchange under designation SA02.
- denomination structure: total issue includes 26,500 denominations at €1,000 each;
- interest rate: amounts to 7.20 % p.a. and is fixed; interests fall due for payment six months in arrears.
- Payment of the principal and maturity date: nominal value of the principal falls due in a single amount upon the maturity of bonds at 09/12/2014;
- Collateral: bonds are insured with 23,924 shares of Gorenjska Banka d.d. The book value of pledged shares amounts to €14,068 thousand.

Other long-term financial liabilities

Other long-term financial liabilities totalling €6,000 thousand include a loan obtained from A Pokoj-ninska Družba, d.d. The liabilities fall due in payment in 2012. The interest rate for the loan amounts to 6-month Euribor + 6.30%. The obtained loan is insured with putting a mortgage on real estate.

*Overview of maturity of short-term loans obtained out of the Group*

€ in thousands

	30/06/2011	31/12/2010
from 1 to 2 years	141,712	140,264
from 2 to 5 years	4,424	5,872
more than 5 years	0	0
Total	146,136	146,136

Overview of loans obtained out of the Group either at a fix or variable interest rate

€ in thousands

30/06/2011	Fixed interest rate	Variable interest rate	Total
non-current loans	0	146,136	146,136
current loans	80,920	26,232	107,152
Total	80,920	172,368	253,288

Deferred tax liabilities

Deferred tax liabilities in the amount of €2,217 thousand were formed in connection with evaluating financial investments at fair value. In the first half-year of 2011, deferred tax liability decreased in comparison with the end of 2010, which was mainly due to the sale of certain securities.

Changes in deferred tax liabilities

€ in thousands

	30/06/2011	31/12/2010
Balance at 01/01	2,353	4,700
Increase in liabilities due to revaluation of securities to fair value - in other comprehensive income	517	2,153
Decrease in liabilities due to revaluation of securities to fair value - in other comprehensive income	-127	-4,274
Decrease in liabilities due to sale of securities- in other comprehensive income	-526	-226
Other changes- in other comprehensive income	0	0
Other changes - in the income statement	0	0
Final balance	2,217	2,353

2.4.14. KRATKOROČNE OBVEZNOSTI

Short-term liabilities in the amount of €134,736 thousand were 7% lower than last year, in the financing sources structure they had a 26% share.

An explanation about the value of assets owned by Sava d.d. and put into collateral for the obtained long-term and short-term loans is given in Chapter 2.5.2.

Short-term financial liabilities

Short-term financial liabilities to Group companies in the amount of €18,308 thousand were due to the management of financial sources in Sava Group companies. Liabilities have not matured and are not secured.

The interest rate for short-term loans granted from Sava Group companies amounted from 1.25% to 5.70%.

Short-term financial liabilities to banks in the amount of €107,152 thousand were 3% lower than at the end of last year. Short-term loans were hired with banks in Slovenia and a foreign bank, the interest rate being from 5.0% to 6.30%, 3-month Euribor + 3.75%. Short-term financial liabilities to banks are secured.

Other short-term financial liabilities in the amount of €1,813 thousand included liabilities for payment of dividend and liabilities from interest rate swaps. Liabilities have not matured and have not been insured.

Short-term operating liabilities

The greater part of total short-term liabilities shown in the amount of €6,000 thousand refers to the liabilities that sellers of securities have in connection with impairment of the call option contract and to the liabilities arising from interest for bank loans referring to June 2011 that will be settled in July 2011.

Unregulated loans

At 30/06/2011 the amount of due loan liabilities totalled €6,000 thousand. The arrangements with the creditors about settling the loan relations are being finalised

2.4.15. SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUES

Short-term accrued costs and deferred revenues in the amount of €1,336 thousand mainly represented deferred interest expense for loans and deferred revenues from the sale of securities.

2.4.16. ESTIMATING FAIR VALUES

Securities available for sale

The fair value of securities available for sale that are listed equals the announced standard bid market price at the balance sheet date. The fair value of shares and stakes of unlisted companies is estimated on the basis of recently known transactions, or their recently available financial statements.

Interest-bearing loans and borrowings

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

Short-term receivables and liabilities

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

Issued bonds

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

Short-term receivables and liabilities

It is assumed that the nominal value of receivables and liabilities with a due date shorter than a year reflects their fair value.



Fair values of financial instrument

€ in thousands

	30/06/2011		31/12/2010	
	Book value	Fair value	Book value	Fair value
Securities available for sale	47,917	47,917	67,028	67,028
Long-term receivables	97	97	143	143
Short-term receivables	7,899	7,899	6,507	6,507
Approved loans	28,715	28,715	70,683	70,683
Cash and cash equivalents	1	1	2	2
Long-term loans	150,824	150,824	150,824	150,786
Issued bonds	26,515	26,500	26,515	26,739
Short-term loans	127,273	127,273	136,948	136,948
Short-term operating liabilities	7,463	7,463	7,273	7,273

2.4.17. HIERARCHY OF FAIR VALUES

As to the hierarchy, the financial instruments value 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, which are not classified as level 1, their value being directly or indirectly defined on the basis of market data.
- level 3: assets and liabilities whose value cannot be acquired from market data.

Classification of financial instruments with regard to their fair value computation

€ in thousands

	30/06/2011				31/12/2010			
	Total	Level1	Level2	Level3	Total	Level1	Level2	Level3
Securities available for sale	47,917	26,798	7	21,112	67,028	33,083	2,574	31,371
Derivative financial instruments assets	135	0	135	0	115	0	115	0
Derivative financial instruments liabilities	-1,098	0	-1,098	0	-1,087	0	-1,087	0
Total	46,954	26,798	-956	21,112	66,056	33,083	1,602	31,371

2.4.18. NET SALES REVENUES

80% of net sales revenues of Sava d.d. which totalled €2,722 thousand (€4,210 thousand in the first half-year 2010) presented inter-company sales within the Sava Group. Sales revenues were generated from leasing out real estate and equipment and providing other services.

In the first half-year of 2011, sales revenues were 35% lower than in the same period last year, which was due to increases in capital of subsidiaries with real property.

Net sales revenues were mainly generated in Slovenia

€ in thousands

	JAN-JUN 2011	JAN-JUN 2010
Net sales revenues from services	1,779	1,718
Net sales revenues from rents	943	2,492
Total net sales revenues	2,722	4,210

2.4.19. OTHER OPERATING REVENUES (with operating revenues from revaluation)

Other operating revenues with operating revenues from revaluation totalling €16 thousand (€2 thousand in the first half-year of 2010) were due to completion of the court proceedings.

2.4.20. COSTS BY FUNCTIONAL GROUP

Total operating cost in the amount of €4,345 thousand (€5,104 thousand in the first half-year of 2010) referred to overheads.

2.4.21. COSTS OF MERCHANDISE, MATERIALS AND SERVICES

In the operating costs structure, costs of merchandise, materials and services had a 57% share. They totalled €2,483 thousand and compared to the same period last year they were 17% lower with €2,999 thousand.

Costs of merchandise, materials and services by type of cost

	€ in thousands	
	JAN-JUN 2011	JAN-JUN 2010
Cost of material	137	157
Cost of transportation services	43	42
Cost of maintenance services	349	338
Cost of rentals	145	156
Cost refunds to employees	13	13
Cost of payment transactions, bank services and insurance premiums	120	709
Cost of intellectual services provided by legal entities	648	598
Cost of fairs, advertising and office allowances	284	240
Cost of services provided by natural persons and other services	744	746
TOTAL	2,483	2,999

2.4.22. LABOUR COSTS

Labour costs in the amount of €1,377 thousand (€1,019 thousand in the first half-year of 2010) had a 32% share in the operating costs structure. A 35% increase in comparison with the same period last year mainly resulted from employing the new management board members. The previous management board members received payments on the basis of the managerial contracts, which in the financial statements were evidenced as costs of services.

Labour costs include the premiums accounted for additional pension insurance in the amount of €21 thousand.

At 30/06/2011 the company Sava d.d. employed 60 associates (63 at 30/06/2010), the average number of employees on the basis of man-hour amounted to 55.66 in the first half-year of 2011 (59.62 in the first half-year of 2010).

2.4.23 DEPRECIATION, AMORTISATION COST AND WRITE-OFFS

Amortisation and depreciation expenses, write-offs totalled €420 thousand (€970 thousand in the first half-year of 2010) were 57% lower than in the same period last year. The accounted depreciation was namely lower due to increase in capital of the companies with real property.



Depreciation and operating expenses from revaluation included:

- Depreciation of intangible assets – €10 thousand;
- Depreciation of tangible fixed assets – €234 thousand;
- Depreciation of investment property – €146 thousand;
- Operating expenses from revaluation (impairment of operating receivables) – €30 thousand.

2.4.24 OTHER OPERATING EXPENSES

Other operating expenses totalling €65 thousand (€116 thousand in the first half year of 2010) mainly referred to paid contributions for urban real estate as well as the housing and compensation fund.

2.4.25 FINANCIAL REVENUES FROM SHARES

Financial revenues from shares in the amount of €14,508 thousand were 51% lower than in the same period last year when they totalled €29,320 thousand.

Financial revenues from shares in other companies and Group companies

Financial revenues from shares in Group companies amounted to €988 thousand were profit generated in the sale of the subsidiary Sava Schäfer d.o.o., Kranj.

Financial revenues from shares in associates

Financial revenues from shares in associates in the amount of €11,011 thousand were received dividends from Gorenjska Banka d.d. and Abanka Vipava d.d.

Financial revenues from shares in other companies and Group companies

Financial revenues from shares in other companies amounted to €2,509 thousand; 94% of revenues were due to the sales of securities available for sale and 6% were received dividends from other companies.

2.4.26. FINANCIAL REVENUES FROM GRANTED LOANS

Financial revenues from loans granted to Group companies in the amount of €497 thousand and financial revenues from loans granted to other entities in the amount of €966 thousand were 41% lower than last year and mainly included interest from granted loans, compensations for granted guarantees, interest rate swaps and exchange rate gains. Under total financial revenues from granted loans, a sum of €841 thousand was generated in relation to the associated companies.

2.4.27. FINANCIAL REVENUES FROM OPERATING RECEIVABLES

Financial revenues from operating receivables in the amount of €10 thousand (€6 thousand in the first half-year of 2010) were interest charged to customers.

2.4.28 FINANCIAL EXPENSES FROM IMPAIRMENT AND WRITE-OFFS OF FINANCIAL INVESTMENTS

Financial expenses from impairments and write-offs of financial investments totalling €37,424 thousand were 14% lower than in the same period last year when they amounted to €43,749 thousand.

Impairments mainly represented the following financial investments:

- Impairment of long-term securities available for sale totalling €8,118 thousand.
- Impairment of investments in associates totalling €28,743 thousand.
- Impairment of granted loans to subsidiaries totalling €503 thousand.
- Others in the amount of €60 thousand.

2.4.29 FINANCIAL EXPENSES FROM FINANCIAL LIABILITIES

Financial revenues from financial liabilities in the amount of €9,650 thousand were 12% higher than in the same period last year (€8,588 thousand), mainly due to restructuring short-term loans into a long-term syndicated loan at a higher interest rate.

76% or €7,344 thousand of financial expenses were bank interest, 10% were financial expenses from financial liabilities, and €946 thousand are interest for issued bonds, respectively. The remaining 14% of financial expenses from financial liabilities or €1,360 thousand are interest from loans obtained from Group companies, interest from loans obtained from other companies and interest from interest rate swaps.

A sum of €2,261 thousand refers to the associated company.

2.4.30. OTHER REVENUES AND OTHER EXPENSES

Other revenues in the amount of €27 thousand (€15 thousand in the first half-year 2010) mainly represented a compensation received for the purchase of raw materials.

Other expenses amounted to €4 thousand (€47 thousand in the first half year of 2010).

2.4.31 INCOME TAX

Sava d.d. had not any liabilities charged for tax on income for the first half-year of 2011, since the prevailing part of the realised revenues was untaxed or partly taxed pursuant to the tax legislation as well as due to using the past tax loss.

Deferred taxes in the amount of €3,048 thousand mainly represented this year's additional impairments of long-term financial investments.

2.4.32. DEFERRED TAX RECEIVABLES AND LIABILITIES

Overview of deferred tax receivables and liabilities for the first half-year 2011

€ in thousands

30/06/2011	Receivables	Liabilities	Net
Financial investments	14,692	2,217	12,475
Operating receivables	25	0	25
Provisions	35	0	35
TOTAL	14,752	2,217	12,535

Overview of deferred tax receivables and liabilities for 2010

€ in thousands

31/12/2010	Receivables	Liabilities	Net
Financial investments	11,388	2,353	9,035
Operating receivables	19	0	19
Provisions	35	0	35
TOTAL	11,442	2,353	9,089



2.4.33. SHARE IN PROFIT

The Shareholders' Meeting has not approved shares in the profit to those who are not shareholders.

2.5. Other disclosures

2.5.1. OFF-BALANCE SHEET

Mortgages totalling €16,430 thousand included the book balance of fixed assets and investment property pledged for the obtained loan with Pokojninska Družba A d.d., and the obtained syndicated loan with Nova Ljubljanska Banka d.d.

92% of approved **warranties and guarantees** totalling €20,072 thousand referred to loans received by the subsidised companies in the Sava Group, other guarantees were due to guarantees and sureties to the companies outside of the Group.

Interest rate swaps totalling €24,022 thousand represented a contracting value of the insurance for a long-term credit portfolio.

The **call option contracts** totalling €6,452 thousand referred to other shares and stakes.

The **pledge of securities** in the amount of €336,320 thousand is minutely described in chapter 2.5.2.

Overview of off-balance items

€ in thousands

	30/06/2011	Structure 30/06/2011	31/12/2010	Structure 31/12/2010	Index 2011/2010
Mortgages	16,430	4,1%	16,717	4.5%	98
Issued guarantees	20,072	5,0%	21,497	5.8%	93
Interest rate swaps	24,022	6,0%	26,022	7.0%	92
Contracts with a possibility of purchasing	6,452	1,6%	6,452	1.7%	100
Pledging securities and business stakes	336,320	83,4%	298,514	80.9%	113
Total	403,295	100,0%	369,202	100.0%	109

2.5.2. PLEDGE OF ASSETS FOR THE OBTAINED LONG-TERM AND SHORT-TERM LOANS OF SAVA D.D. AT 30/06/2011

At 30/06/2011, Sava d.d. shows financial liabilities from obtained loans out of the Sava Group in the amount of €279,803 thousand. The value of assets of Sava d.d. and of subsidiaries, which are put into security to the lender of of Sava d.d. amounts to €384,263 thousand. The amount of pledge is by 1.4-times higher than the amount of the obtained loans.

- a) At 30/06/2011, Sava d.d. shows **financial liabilities from the obtained loans out of the Sava Group** in total amount of **€279,803 thousand**.

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

€ in thousands

Type of financial liabilities	Long-term financial liabilities	Short-term financial liabilities	Total financial liabilities
To associated companies (GB, AB)	46,273	0	46,273
To other banks	93,863	107,152	201,015
To other partners	6,000	0	6,000
From the issue of bonds	26,515	0	26,515
TOTAL	172,651	107,152	279,803

- b) For the obtained loans, Sava d.d. **pledged** its own assets in total value of €352,750 thousand or 67.6% of the balance sheet total, and the assets of Savach d.o.o. totalling €26,339 thousand, and Sava Hoteli Bled d.d. totalling €5,174 thousand. The total value of pledged assets of Sava d.d. and assets of subsidiaries for the loans that Sava d.d. obtained amounts to €384,263 thousand.

The pledged assets of Savatech d.o.o. for the loans obtained by Sava d.d.

€ in thousands

Type of assets	Book value of pledge
Mortgages on real estate owned by Savatech d.o.o.	
- Labore premises	26,339
TOTAL VALUE OF PLEDGED REAL ESTATE	26,339

The pledged assets of Sava Hoteli Bled d.d. for the loans obtained by Sava d.d.

€ in thousands

Type of assets	Book value of pledge
Mortgages on real estate owned by SAVA HOTELI BLEED, d.d.	
- family hotel Savica with belonging land	5,174
TOTAL VALUE OF PLEDGED REAL ESTATE	5,174

Breakdown of pledged assets of Sava d.d. by type of assets

€ in thousands

Type of assets	Book value of pledge
Pledged assets:	
- pledged shares of companies owned by Sava d.d.	213,283
- pledged stakes in companies owned by Sava d.d.	123,037
- pledged real estate owned by Sava d.d.	16,430
TOTAL PLEDGED VALUE OF ASSETS OF SAVA d.d.	352,750
BALANCE SHEET TOTAL OF SAVA d.d. AT 30/06/2011	521,564
Percentage of pledged assets in the balance sheet total	67.6 %



Breakdown by type of pledged securities

€ in thousands

	Available number of shares	Pledged number of shares for loans of Sava d.d.	Pledged number of shares for loans of subsidiaries and other liabilities	Number of unpledged shares	Book value of pledge - 000EUR
Pledged shares:					
- shares of Abanka Vipava - ABKN	1,715,841	1,715,841	0	0	116,849
- shares of NFD 1, Delniški Investicijski Sklad, d.d. - NF1N	37,498,152	37,498,152	0	0	22,499
- shares of Gorenjska Banka - GBKR	152,110	71,280	5,688	75,142	45,258
- shares of Hoteli Bernardin - HBPN	1,468,221	837,000	0	631,221	4,436
- shares of Helios - HDOG	4,766	4,500	0	266	1,710
- shares of Sava Hoteli Bled d.d. - SHBR	11,467,652	11,467,652	0	0	22,531
TOTAL VALUE OF PLEDGED SHARES					213,283

Breakdown by type of pledged stakes

	Available percentage of ownership	Pledged percentage of ownership for loans of Sava d.d.	Pledged percentage of ownership for loans of subsidiaries	Percentage of unpledged ownership	Book value of pledge - 000EUR
Pledged ownership stakes:					
- Savatech d.o.o.	100.0 %	100.0 %	0	0.0 %	56,608
- Terme 3000 d.o.o.	100.0 %	100.0 %	0	0.0 %	33,758
- Zdravilišče Radenci d.o.o.	100.0 %	100.0 %	0	0.0 %	10,500
- Terme Lendava d.o.o.	100.0 %	100.0 %	0	0.0 %	5,081
- Terme Ptuj d.o.o.	100.0 %	100.0 %	0	0.0 %	17,090
TOTAL VALUE OF PLEDGED OWNERSHIP STAKES					123,037

Mortgages on real property owned by Sava d.d.

€ in thousands

Type of assets	Book value of pledge
Mortgages on real estate	
- Grand Hotel Toplice, Restaurant Panorama	6,329
- Main Office Building Kranj, store BTC Ljubljana	10,101
TOTAL VALUE OF PLEDGED REAL ESTATE	16,430

2.5.3. FINANCIAL INSTRUMENTS - FINANCIAL RISKS

Foreign currency risk

Overview of foreign currency risk

€ in thousands

	30/06/2011					31/12/2010				
	Total in €	€	USD	CHF	Other currencies	Total in €	€	USD	CHF	Other currencies
Trade receivables	569	569	0	0	0	3,643	3,643	0	0	0
Insured bank loans	-171,311	-171,311	0	0	0	-172,988	-172,988	0	0	0
Loans Group companies	-22,996	-22,996	0	0	0	-29,050	-29,050	0	0	0
Loans from affiliated companies	-75,977	-75,977	0	0	0	-77,860	-77,860	0	0	0
Bonds	-26,515	-26,515	0	0	0	-26,515	-26,515	0	0	0
Other financial liabilities	-6,715	-6,715	0	-103	0	-6,787	-6,686	0	-101	0
Trade payables and other liabilities	-7,463	-7,463	0	0	0	-7,273	-7,267	0	0	-6
Gross exposure of balance sheet	-310,408	-310,408	0	-103	0	-316,830	-316,723	0	-101	-6
Estimated forecast sales (from plan 2010 and realisation 2009)	2,622	2,622	0	0	0	5,244	5,244	0	0	0
Estimated forecast purchasing (from plan 2010 and realisation 2009)	4,603	4,603	0	0	0	8,812	8,812	0	0	0
Gross exposure	7,225	7,225	0	0	0	14,056	14,056	0	0	0
Net exposure	-303,183	-303,183	0	-103	0	-302,774	-302,667	0	-101	-6

Interest rate risk

In accordance with hedging against the anticipated future change in the reference interest risk Euribor, Sava d.d. has concluded 3 financial instruments to hedge against interest risk whose total nominal value amounts to €24 million. At the end of June 2011, the net value of interest rate swaps as a difference between receivables and liabilities arising thereof amounted to the negative €963 thousand (€972 thousand at the end of 2010) and is included under equity revaluation adjustment. To hedge against interest risk, 12% of granted long-term loans are secured. The average interest rate for the granted long-term loans at 30/06/2011 amounted to 6.54%. Hedging against interest risk was successful as it fluctuated in the range from 80 and 125%.

Overview of interest rate risk hedging in Sava d.d. by using interest rate swaps

€ in thousands

30/06/2011	Carrying amount	Contracted cash flows	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	more than 5 years
Interest rate swaps							
Assets	135	-135	-135	0	0	0	0
Liabilities	-1,098	-1,098	-257	-168	-168	-504	0
TOTAL	-963	-1,233	-392	-168	-168	-504	0

€ in thousands

31/12/2010	Carrying amount	Contracted cash flows	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	more than 5 years
Interest rate swaps							
Assets	115	-115	-115	0	0	0	0
Liabilities	-1,087	-1,087	-177	0	-455	-455	0
TOTAL	-972	-1,202	-292	0	-455	-455	0



Solvency risk

Overview of solvency risk

€ in thousands

30/06/2011	Carrying amount	Contracted cash flows	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	more than 5 years
Non-derived financial liabilities	310,977	-334,549	-130,501	-28,187	-141,921	-33,940	0
Insured bank loans (without affiliated companies)	171,311	-182,519	-72,861	-18,862	-86,137	-4,659	0
Loans from Group companies	22,996	-23,409	-18,294	-1,613	-3,476	-26	0
Trade payables and other liabilities	7,463	-7,463	-7,039	-398	-26	0	0
Borrowings from affiliated companies	75,977	-80,805	-30,439	-6,175	-44,191	0	0
Bonds	26,515	-33,076	-962	-951	-1,908	-29,255	0
Other financial liabilities	6,715	-7,277	-906	-188	-6,183	0	0
Overdrafts on bank accounts	0	0	0	0	0	0	0
Liabilities from financial lease	0	0	0	0	0	0	0
Derived financial liabilities	1,098	-1,098	-257	-168	-168	-504	0
Interest rate swaps for hedging from risk	1,098	-1,098	-257	-168	-168	-504	0
TOTAL	312,075	-335,647	-130,758	-28,355	-142,089	-34,444	0

€ in thousands

31/12/2010	Carrying amount	Contracted cash flows	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	more than 5 years
Non-derived financial liabilities	320,473	-349,442	-102,101	-56,239	-154,660	-36,442	0
Insured bank loans (without affiliated companies)	172,988	-186,971	-47,382	-40,308	-93,061	-6,220	0
Loans from Group companies	29,050	-29,704	-22,435	-2,668	-4,575	-27	0
Trade payables and other liabilities	7,273	-7,273	-7,252	-20	0	0	0
Borrowings from affiliated companies	77,860	-83,942	-23,112	-12,090	-48,740	0	0
Bonds	26,515	-34,017	-946	-962	-1,913	-30,196	0
Other financial liabilities	6,787	-7,535	-974	-191	-6,371	0	0
Overdrafts on bank accounts	0	0	0	0	0	0	0
Liabilities from financial lease	0	0	0	0	0	0	0
Derived financial liabilities	1,087	-1,087	-177	0	-455	-455	0
Interest rate swaps for hedging from risk	1,087	-1,087	-177	0	-455	-455	0
TOTAL	321,560	-350,529	-102,278	-56,239	-155,115	-36,897	0

Credit risk

Overview of trade receivables by geographic regions

€ in thousands

	Carrying amount	
	30/06/2011	31/12/2010
Slovenia	563	2,681
Other EU countries	0	0
Other	6	962
TOTAL	569	3,643

Overview of balance and movement of value adjustments in trade receivables

€ in thousands

	30/06/2011	31/12/2010
Initial balance	787	704
Increase of impairment	14	98
Reversal of impairment	-328	-15
End balance	473	787

Overview of trade receivables maturity

€ in thousands

	30/06/2011			31/12/2010		
	Gross receivable	Impairment	Net receivable	Gross receivable	Impairment	Net receivable
not past due	484	0	484	2,560	0	2,560
past due 0 - 30 days	26	4	22	318	1	317
past due 31 - 120 days	356	313	43	372	40	332
past due more than 120 days	176	156	20	1,180	746	434
TOTAL	1,042	473	569	4,430	787	3,643

Sensitivity analysis to financial risks

- Sensitivity analysis to the changed interest rate

In the first half-year 2011, Sava d.d. had the greatest share of hired credits tied to the reference interest rate 3-month Euribor and 6-month Euribor. In this first half-year, the reference interest rates increased by 0.54 or 0.56 percentage point.

€ in thousands

	30/06/2011	31/12/2010	Highest value	Lowest value	Average value	2 - 5 years	More than 5 years
3-month EURIBOR	1.55 %	1.01 %	1.61 %	1.00 %	1.28 %	0.66 %	51.56 %
6-month EURIBOR	1.79 %	1.23 %	1.83 %	1.22 %	1.55 %	0.69 %	44.52 %

A positive trend in the fluctuation of interest rate is expected, which leads to a greater exposure of the company to interest rate risk. Considering the indebtedness of Sava d.d. at the end of June 2011, the sensitivity of the credit portfolio along with an increased by 50 basis points amounts to €1,399 thousand.



- **Sensitivity analysis to the increased indebtedness**

At the end of this first half-year Sava d.d. has short-term and long-term financial liabilities in the amount of €279.8 million. In the event that the company contracts another €10 million debts, the annual interest expense at the average interest rate as valid at the end of the first half-year 2011 would increase by €643 thousand.

- **Sensitivity analysis to the changed value of foreign currencies**

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

2.5.4. INFLUENCE BY THE EVENTS AFTER THE BALANCE SHEET DATE

Important events that appeared after the balance sheet date are disclosed in the business part of the semi-annual report. Owing to their nature, these events do not affect the balance of assets and liabilities stated in the financial statements for the first-half year of 2011, or on the going concern presumption.

Below we give separate explanations about two events:

a) Introducing a procedure for judging the conformity of concentration with the competition rules

At the beginning of 2011, Sava d.d. received a decision by the Competition Office of RS according to which the Office ex officio introduced a procedure for judging the conformity of concentration with the competition rules. The concentration should appear when Sava d.d. acquired a stake in Gorenjska Banka d.d., at which Sava d.d. did not declare concentration in accordance with the then valid Competition Rules Act. In the procedure introduced, the Office judges whether the concentration actually appeared and, if yes, whether the concentration is in compliance with the competition rules. On demand by the Office, Sava d.d. submitted the demanded documents needed for the performance of the procedure. On 17 May 2011, the Office issued a resolution that the concentration of the companies Sava d.d. and Gorenjska Banka d.d. is in conformity with the competition rules.

b) Procedure of selling financial investment in shares of Abanka Vipava d.d.

Owing to the changed economic situation, we began in 2010 the procedure of selling a 23.83% ownership stake in Abanka Vipava d.d. Another 11 owners of this bank joined us in the procedure. In December, all parties interested signed a consortium agreement about a joint sale of more than 50% stake, the international investment bank ING was selected to consult us in the sale procedure. ING has prepared a teaser which initially it forwarded to the potential buyers; the information memo is in the final preparation phase. The sale procedure is carried out smoothly and is correctly assisted by Abanka Vipava d.d.

2.5.5. CONVERTING CAPITAL BY MEANS OF LIVING

€ in thousands

	Capital	% growth	Calculated effect	Net profit for the financial year less calculation effect
CAPITAL - calculation for cost of living	230,603	1.90 %	4,381	-34,018

2.5.6. RELATED PARTIES

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

Relations among companies in the sava group

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

- Provided services, which include rent of property and equipment, use of brand name, and services provided by the competence centres of knowledge.
- Financial operations in connection with managing interest-bearing borrowings and loans.

Business among related parties is performed under the same conditions as valid in an ordinary arm's length transaction. The capital of subsidiaries at 30/06/2011, operating revenues and net profit of subsidiaries in the first half-year 2011 are disclosed in Explanations to the Financial Statements of the Sava Group.

Relations with associated companies

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

Gorenjska Banka d.d., Kranj

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

Ownership of the Sava share

	€ in thousands	
	30/06/2011	31/12/2010
No. of Sava d.d. shares owned by Gorenjska Banka d.d.	56,475	56,475
Ownership stake of Gorenjska Banka d.d. in Sava d.d.	2.81 %	2.81 %

Table of transactions with Gorenjska Banka d.d – received loans and deposits

	€ in thousands	
	30/06/2011	31/12/2010
Balance of received loans at 01/01	31,779	20,280
Hiring new loans	1,360	33,140
Repayment of loans	-1,361	-21,641
Revaluation of foreign currency loans	0	0
Balance of received loans at period end	31,777	31,779
Balance of deposits at period end	0	0

Other transactions with Gorenjska Banka d.d.

- No operating receivables due from Gorenjska Banka d.d. at 30/06/2011 (no receivables in 2010 either).
- Balance of short-term operating liabilities from interest to Gorenjska Banka d.d. at 30/06/2011 amounted to € 466 thousand (€472 thousand at 31/12/2010).
- In doing business with Gorenjska Banka d.d. in 2011, no financial revenues from operating receivables were generated (none in the first half-year 2010 either). Financial expenses from payment transactions fees provisions amounted to €5 thousand (€4 thousand in the first half-year 2010).
- In doing business with Gorenjska Banka d.d. in the first half-year 2011, no interest revenues from deposits were generated (€10 thousand in the first half-year 2010). Interest expenses amounted to €963 thousand (€481 thousand in the first half-year of 2010).



Abanka Vipava d.d., Ljubljana

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

At 30/06/2011 Abanka Vipava d.d. possessed bonds issued by Sava in the amount of €9,281 thousand.

Table of transactions with Abanka Vipava d.d.- received loans and deposits

	€ in thousands	
	30/06/2011	31/12/2010
Balance of received loans at 01/01	46,081	36,300
Hiring new loans	41,541	99,497
Repayment of loans	-43,422	-89,716
Revaluation of foreign currency loans	0	0
Balance of received loans at period end	44,200	46,081
Balance of deposits at period end	0	0

Other transaction with Abanka Vipava d.d.

- No operating receivables due from Abanka Vipava d.d. at 30/06/2011 (none at 31/12/2010 either).
- The balance of short-term operating liabilities from interest to Abanka Vipava d.d. at 30/06/2011 amounted to €220 thousand (€208 thousand at 31/12/2010).
- In doing business with Abanka Vipava d.d. in the first half-year 2011, no financial revenues from operating receivables were generated (none in the first half-year 2010 either), while financial expenses from payment transactions fees for operating liabilities amounted to €6 thousand (€67 thousand in the first half-year 2010).
- In doing business with Abanka Vipava d.d. in the first half-year 2011, no financial revenues were generated (€21 thousand in 2009), while interest expenses amounted to €1,297 thousand (€1,013 thousand in the first half-year 2010).

NFD holding d.d., Ljubljana

At 30/06/2011, the balance of the receivable due from NFD Holding d.d. from granted loans amounted to €22,374 thousand, and balance of receivables arising from computed interest for loans amounted to €324 thousand. Interest revenues amounted to €832 thousand in the first half-year of 2011.

Maksima Invest d.d., Ljubljana

No transaction was carried out with Maksima Invest d.d., Ljubljana.

Relations with natural persons

Related natural persons own 1,080 Sava shares, which represents 0.054% of ownership.

Ownership of Sava share

€ in thousands

	30/06/2011		31/12/2010	
	Number	Share	Number	Share
Sava d.d. Board of Management members	834	0.042 %	2,563	0.128 %
Close family members of the Sava d.d. Board of Management members	0	0.000 %	72	0.004 %
Sava d.d Supervisory Board members	125	0.006 %	122	0.006 %
Directors of subsidiaries	121	0.006 %	133	0.006 %
Supervisory Board members in subsidiaries	0	0.000 %	0	0.000 %

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

Data about the group of persons – Management Board:

Gross income of the management board members who discontinued their office on 30 March 2011 or 16 July 2011, amounted to €754 thousand in the first half-year of 2011. The quoted sum includes gross income under managerial contracts, compensations, severance and other proceeds. Their net income amounted to €397 thousand, or 53% of gross income.

Gross income of the new management board members who assumed their office on 31 March 2011 and on 6 June 2011, amounted to €85 thousand in the first half-year of 2011. The quoted sum includes gross salaries and other income. Net income of the new management board members amounted to €43 thousand in the first half-year of 2011, or 51% of gross income.

Data about the group of persons – other employees with management contracts

29 employees (32 at the end of 2010) with management contract received a gross income totalling €923 thousand in the first half-year of 2011. This sum consisted of gross salaries and other income such as travel refunds, which total €10 thousand.

At 30/06/2011 Sava d.d. showed no receivables from loans due from other employees with management contracts.

Data about the group of persons – supervisory board and its commissions

The gross income of supervisory board members and the members of the supervisory board commissions amounted to €79 thousand in the first half-year of 2011. The amount includes attendance fees, rewards and travel refunds.



2.6. Statement by the Management Board for Sava d.d.

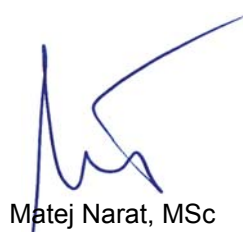
The Management Board confirms the financial statements of the company Sava d.d. for the period that ended on 30 June 2011 have been prepared in accordance with Slovene Accounting Standards 2006.

The Management Board confirms that when drawing up the financial statements the corresponding accounting policies were consistently applied, the accounting estimates were elaborated according to the principle of prudence and good management, and that the report gives a true and fair view of the company's assets and business results in the first half-year of 2011.

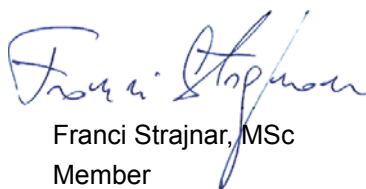
The Management Board is responsible for the proper managing of its accounting procedures, establishing, operation and maintaining internal control in relation to the preparation and fair presentation of the financial statements, which do not contain any material misstatements originating from fraud or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



Miha Resman
Member



Matej Narat, MSc
President



Franci Strajnar, MSc
Member



Andrej Andoljšek
Member

Kranj, 9 August 2011



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