ANNUAL REPORT 2014

Renewed for the Future

Sava Group

Renewed for the Future

ANNUAL REPORT 2014

*Annual report for Sava d.d.
and annual report
for the Sava Group*

*Report by the Supervisory Board
of Sava d.d.*

*Independent auditor's report
for Sava d.d. and
independent auditor's report
for the Sava Group*

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Renewed for the Future

INTRODUCTION

1. MAJOR DATA AND INDICATORS

Sava Group according to International Financial Reporting Standards (€ million)

CONSOLIDATED INCOME STATEMENT	2010	2011	2012	2013	2014
Sales	176.7	193.8	192.2	67.2	63.0
Revenues generated in foreign markets	83.7	101.8	105.3	0.0	0.0
Total pre-tax profit / loss	-105.1	-169.1	-93.4	-45.7	-36.0
Net profit / loss	-99.9	-157.2	-99.3	-55.6	-47.0
EBITDA	20.9	19.8	24.0	9.6	9.5
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	**31 Dec. 2010**	**31 Dec. 2011**	**31 Dec. 2012**	**31 Dec. 2013**	**31 Dec. 2014**
Balance sheet total	760.8	611.3	480.9	326.2	285.5
Long-term assets	643.2	491.8	349.9	290.6	255.0
Short-term assets	117.6	119.5	131.0	35.6	30.5
Equity capital	323.3	165.8	67.3	16.2	-21.2
Long-term liabilities	232.8	81.4	70.2	66.2	57.9
Short-term liabilities	204.7	364.1	343.4	243.8	248.8
Investments in property, plant and equipment	6.4	6.3	5.9	5.5	4.7
INDICATORS					
Net earnings / loss per share - €	-50.0	-78.7	-49.7	-27.8	-23.5
Equity / balance sheet total - %	42	27	14	5	negative
Liquidity (short-term assets / short-term liabilities) -%	57	33	38	15	12
SHARE					
Book value - €	161.1	82.2	32.9	7.5	negative
Market value - €	89.5	12.0	3.4	0.2	0.5
Dividend paid per a share - €	3.2	0.0	0.0	0.0	0.0
NUMBER OF EMPLOYEES					
State at 31 December	2,286	2,256	2,107	973	1,003

2. MAJOR DATA ABOUT SAVA D.D.

Company:	Sava, družba za upravljanje in financiranje, d.d.
Abbreviated name:	Sava, d.d.
Head office:	Dunajska cesta 152, 1000 Ljubljana, Slovenia
Telephone:	+386 4 206 5510
Telefax:	+386 4 206 6446
E-mail:	info@sava.si
Website:	www.sava.si

Management Board	
President of the Management Board:	**Matej Narat**
Member of the Management Board:	**Aleš Aberšek** (as of 28 January 2014) Andrej Andoljšek (until 27 January 2014)
Chairman of the Supervisory Board:	**Miran Kraševec** (as of 17 July 2014) Aleš Skok (until 16 May 2014)
Deputy Chairman of the Supervisory Board:	**Robert Ličen, MSc** (as of 17 July 2014) Miran Kraševec (until 17 July 2014)

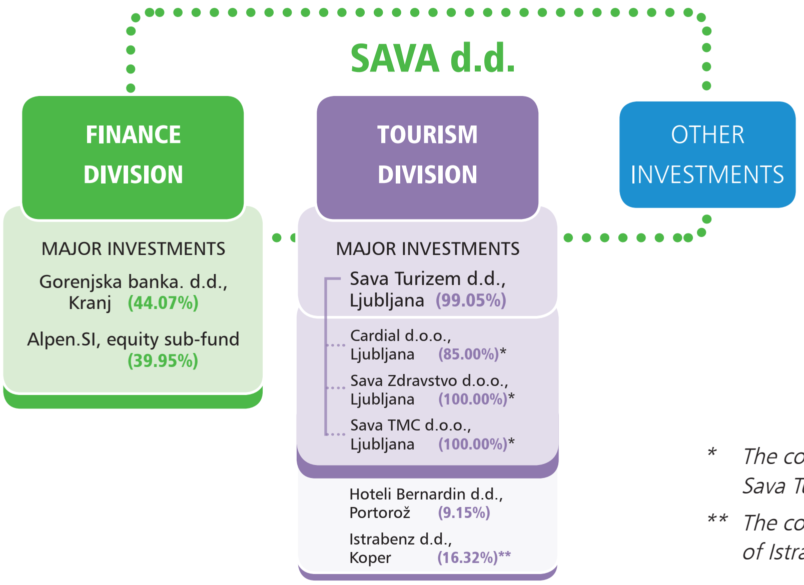
Registration number:	5111358
VAT-ID No.:	SI75105284
Main activity:	activity of holding companies
Court registry:	26 April 1996 at Kranj District Court, Srg No. 96/00267
Share capital at 31 December 2014:	€14,060,594.51
No. of shares:	2,006,987 ordinary personal no-par value shares with share designation SAVA
Share listing:	Ljubljana Stock Exchange d.d., stock exchange listing

3. PRESENTATION OF THE SAVA GROUP AND THE COMPANY SAVA D.D.

*The Sava Group deals with Finance and Tourism operations. The Finance business takes place within Sava d.d. Its main tasks are to optimise the value of individual investments, provide support to financing the operations of Sava d.d. and take care of the assets of the Sava Group. The mainstay of Tourism is the company Sava Turizem d.d., which is the greatest tourist services provider in Slovenia. It includes six destinations (**Sava Hotels Bled, Spa 3000 – Moravske Toplice, Spa Ptuj, Health Resort Radenci, Spa Lendava and Spa Banovci)** under the umbrella brand Sava Hotels & Resorts, which offer high-end healthcare and wellness services, active leisure time and conference tourism throughout the year.*

A smaller part of the Sava Group includes also financial investments, which after an extensive divesting process and withdrawal from Real Estate, Rubber Manufacturing and Energy Management are still included in the investment portfolio but do not belong to the core activities of Finance or Tourism.

Organisation chart of the Sava Group with major investments of Sava d.d.



* *The companies owned by Sava Turizem d.d.*

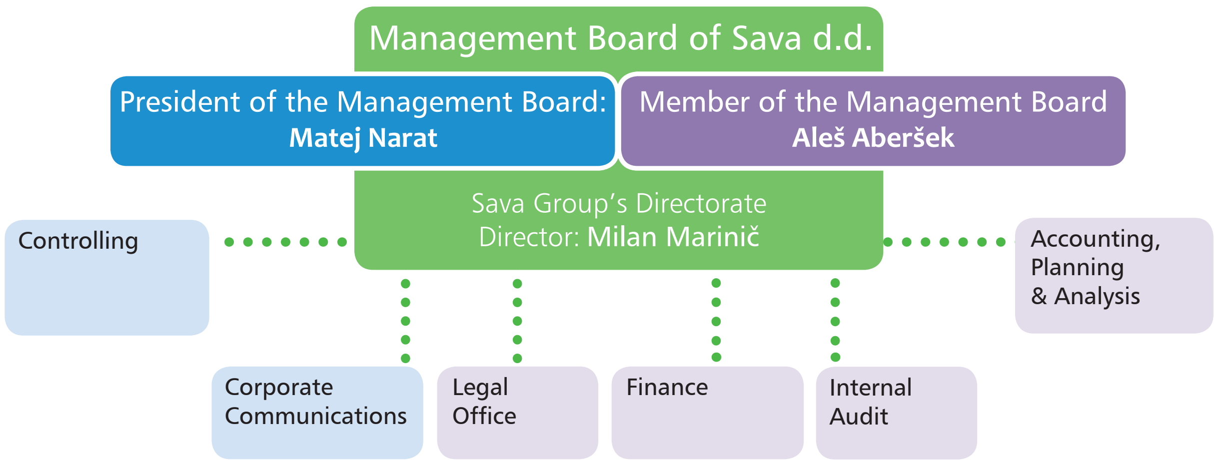
** *The company is a 100% owner of Istrabenz Turizem d.d.*

The chart shows the major investments of Sava d.d. with equity holdings at 31 December 2014. The list of all subsidised and associated companies included in the Sava Group is available in the financial reports, chapter 1.2. Composition of the Sava Group and the data on operations of the subsidised and associated companies in 2014 on page 74.

Sava, družba za upravljanje in financiranje, d.d. is the management centre of the Sava Group. The management of Sava d.d. is responsible for strategic supervision over the Group and management of investment portfolio, while the management teams of daughter companies are responsible for operative operations of the respective companies.

The role of the Sava Group's Directorate is to ensure a quality and efficient corporate management system and strategic supervision over individual Group's companies, enforce Sava Group's policies and supervise other companies, in which Sava d.d. holds equity investments. The professional services provide a basis for decision-making process of the Management Board and report to the Management Board on the implementation of policies and decisions adopted by the Management Board.

Organisation chart of Sava, d.d.



4. OVERVIEW OF MAJOR EVENTS

Major events in the period January – December 2014

JANUARY

As one of the Supervisory Board members of Gorenjska banka d.d., Andrej Andoljšek temporarily takes over managing of this associated company of Sava d.d. For the time of his absence, the Supervisory Board of Sava d.d. appoints Aleš Aberšek from among its members as a Management Board member of Sava d.d.

Gorenjska banka d.d. submits a restructuring plan and produces measures for covering a possible capital shortfall, which – as shown by the December stress tests – could appear in the event of extreme circumstances or under an unfavourable macroeconomic scenario.

Healthcare centres at destinations of Sava Hotels & Resorts are redesigned, which facilitates implementation of strategic activities aimed at upgrading the healthcare business.

FEBRUARY

As capital increase through non-cash contributions failed, a simplified compulsory settlement procedure begins in the associated company NFD Holding d.d.

Sava Turizem d.d. finalises the acquisition of the Ljubljana-based company Cardial d.o.o., thereby becoming an 85% owner of this modern specialist outpatients clinic.

MARCH

The Supervisory Board of Sava d.d. deals with and endorses the audited annual reports of the Sava Group and Sava d.d. for 2013.

APRIL

On 29 April 2014, the 20th regular Shareholders' Meeting of the joint-stock company Sava d.d. takes place in the hotel Livada Prestige in Moravske Toplice. Shareholders support all the resolutions proposed in the call by the Management Board and Supervisory Board of Sava d.d. by a 99% majority of capital present. No counter-proposals or announced challenging actions take place at the Shareholders' Meeting.

MAY

By entering the resolution adopted by the Shareholder's Meeting in the court register, the share capital of Sava d.d reduced from the amount of €25,441,851.48 to the amount of €14,060,594.51. The share capital reduction is carried out with the unchanged number of shares, after which the attributable amount of each share in the share capital after reduction amounts to €7.006.

At the 12th regular Supervisory Board meeting of Sava d.d., the Chairman of the Supervisory Board, Aleš Skok, resigns from the Chairman and member of the Supervisory Board position due to his leaving abroad.

JUNE

Sava d.d. receives purchase consideration totalling €2,478 thousand for selling 4,766 shares of Helios d.d.

JULY

At its 13th meeting, the Supervisory Board of Sava d.d. appoints Miran Kraševec as the new Chairman and Robert Ličen, MSc, as the Deputy Chairman of the Supervisory Board. The Supervisory Board further becomes acquainted with appointing Jasmina Kovačič as a member of the Supervisory Board – employee representative of Sava d.d.

AUGUST

The management Board of Sava d.d. makes the Supervisory Board acquainted with the course of preparations of the new strategy of business and financial restructuring.

NOVEMBER

The Master Restructuring Agreement on financial liabilities of Sava d.d. expires.

To assure equal treatment of all creditors, protect their interest and asset, Sava d.d. files a proposal for initiating preventive restructuring proceedings in accordance with the Financial Operations, Insolvency Proceedings and Compulsory Dissolution Act (the ZFPPIPP Act) at the District Court in Ljubljana. The consent for initiating the proceedings is granted by the lending banks and BAMC, whose receivables, as required by law, exceed 30% of total receivables due from Sava d.d.

DECEMBER

The court issues the decision on initiating the preventive restructuring proceedings of the company Sava d.d. The confirmed initiation of preventive restructuring proceedings enables further steps towards repayment of financial receivables, achieving synergetic effects in the Tourism division, optimisation of operations of the renewed Sava Group and preventing the risk of selling-off the assets.

Major events after the accounting period

JANUARY

Sava d.d. divests the company Energetika Črnomelj d.o.o., based on which it definitely withdraws from the energy business.

5. REPORT BY THE PRESIDENT OF THE MANAGEMENT BOARD

Dear shareholders and business partners of Sava,

In 2014, when we were still challenged with difficult and uncertain conditions of the economic environment, we have reached several turning points on our path towards the renewal of the Sava Group.

We implemented the three-year restructuring strategy until 2014 whose goal was to establish the conditions for improved performance and suitable starting basis for enhancing the Group's assets. We consolidated the assets of the Sava Group by selling businesses not connected with strategic activities of Sava d.d. We fulfilled the commitment on further cost optimisation; in 2014, costs lagged 6% behind the plan and were 50% lower than in the previous year. We provided liquidity of Sava d.d. and met the obligations arising from the Master Restructuring Agreement.

The Master Restructuring Agreement entered into by Sava d.d. in July 2013 expired at the end of November 2014. Already at the beginning of 2014, the management of Sava d.d. initiated formal discussions with the largest debt-holders regarding future operations, outlooks and development of the Sava Group, also reflecting some macroeconomic structural changes related to operations of the newly established DUTB d.d. (Bank Assets Management Company).

You, our creditors, already approved of our work in the past and our vision, and expressed your confidence by granting consent to filing a proposal for **initiating preventive restructuring proceedings** in accordance with the Financial Operations, Insolvency Proceedings, and Compulsory Dissolution Act (ZFPPIPP Act). Pursuant to the provisions of the ZFPPIPP Act, the consent to initiating the proceedings was granted by creditor banks and DUTB d.d. whose receivables due from the company exceed 30% of total financial receivables, meaning that the conditions upon filing the proposal for initiating preventive restructuring proceedings for Sava d.d. were formally met. The court approved preventive restructuring proceedings on 2 December 2014, which in conformity with the ZFPPIP Act gives the company time to reach a new agreement on financial liabilities restructuring with creditors within the legally defined terms. The confirmed initiation of preventive restructuring proceedings thus enables making further steps towards repayment of financial receivables, achieving synergetic effects in Tourism, optimising the operations of the renewed Sava Group, and preventing the risk of selling-off the assets.

You, our shareholders, expressed your confidence in our work at the Shareholders' Meeting when you supported all the resolutions proposed by the Management Board and Supervisory Board by more than a 99% majority. You further provided your support to our proposal on share capital reduction from €25,441,851.48 to the amount of €14,060,594.51. The purpose of share capital reduction was to cover the loss from the previous financial year. None counter-proposals or announced challenging actions took place.

The amount of the loss of **Sava d.d.** totalling €48.0 million in 2014 was influenced by impairments of financial investments amounting to €31.1 million. The highest impairment was the impairment of financial investment in Gorenjska banka d.d. amounting to €26.6 million. A high loss was the reason for appearance of the negative capital totalling €23.5 million.

The 2014 operating result at the Group's level was substantially worsened by impairments of assets totalling €31.0 million and reversal of deferred tax receivables amounting to €10.9 million. In 2014, the **Sava Group companies** generated sales revenues of €63.0 million, mainly referring to achievements of the Tourism division. The Group made a net loss of €47.0 million, which caused a negative Group's capital value totalling €21.2 million.

When evaluating business results of 2014 and the past three years, the extremely demanding basis prior to the start of strategic activities implementation for Sava Group's renewal should be taken into account. Considering the achieved goals, we are following the **envisaged path** and enter 2015 with two core operations, Tourism and Finance, and **are ready to take the next development step** which chiefly opens up new opportunities in development of Sava's tourism business, also through implementing the synergies among the companies, in which Sava d.d. holds a significant ownership stake. As far as investments in the Finance division are concerned, Sava d.d. will support the implementation of development strategy of Gorenjska banka d.d. for the period 2015-2019 and will withdraw from its other investments in a suitable manner. In pursuing these goals, a successful performance of preventive restructuring proceedings and further restructuring of financial liabilities will be of key importance. We will continue to reduce indebtedness, improve the balance sheet structure and optimise operations.

With your support, dear shareholders, creditors, partners and Supervisory Board members, we shall create the conditions for sustainable operations in the long run and enhanced asset value of the company.

I sincerely thank you for your trust.

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

6. MANAGEMENT AND GOVERNING BODIES

Management Board of Sava d.d.:

Matej Narat, President of the Management Board

- MSc (Economics), born in 1967,
- responsible for managing and supervision of the Group, organisation, risk management, HR, controlling and corporate communications,
- membership of Supervisory Boards:
  - Sava Turizem d.d., Ljubljana, Chairman of the Supervisory Board,
  - Hoteli Bernardin, d.d., Portorož, member of the Supervisory Board,
- other functions and memberships:
  - member of the Council at the Faculty of Economics in Ljubljana,
  - member of the Slovenian Directors' Association.

Aleš Aberšek, Member of the Management Board

- BSc (Economics), born in 1977,
- responsible for finance, accounting, law, internal audit and business development,
- membership of Supervisory Boards:
  - Alpen Invest, d.d., Ljubljana, member of the Management Board,
- other functions and memberships:
  - member of the Slovenian Directors' Association.

Andrej Andoljšek was a member of the Management Board until 27 January 2014. On 28 January 2014, Aleš Aberšek was appointed a temporary member of the Management Board; his temporary mandate as a Management Board member expired on 17 July 2014, after which he was appointed a member of the Management Board, term of his office being until 31 March 2016.

Supervisory Board of Sava d.d.:

SHAREHOLDER REPRESENTATIVES

Miran Kraševec, Chairman

- graduate in High Administrative School, born in 1954,
- Director of Marina Portorož, d.d.,
- Director of Adriafin, d.o.o., Portorož,

Robert Ličen, MSc, Deputy Chairman

- MBA, born in 1967,
- Director of Profit plus, d.o.o., Ljubljana
- Chairman of the supervisory board of DARS, d.d.

Roman Ambrož

- BSc (Economics), born in 1959,
- Member of the Management Board of Alpen Invest, d.d., Ljubljana,
- Chairman of the Supervisory Board of Melamin, d.d., Kočevje,

Rok Ponikvar

- BSc (Economics), born in 1972,
- General Director of Slorest, d.o.o., Ljubljana
- Chairman of the Supervisory Board of Terme Topolšica, d.d., Topolšica

Miro Medvešek

- BSc (Economics), born in 1964,
- Director of Svetovanje M, d.o.o., Ljubljana,
- Executive Director of Commerce d.d., Ljubljana
- member of the Supervisory Board of Intereuropa, d.d., Koper

EMPLOYEE REPRESENTATIVES

Jasmina Kovačič

- BSc (Economics), born in 1980
- Associate Professional, Finance at Sava, d.d.

Lučka Pogačnik

- BSc (Economics), born in 1965,
- Assistant Manager, Accounting, Plan & Analysis at Sava, d.d.

Gregor Rovanšek

- BSc (Economics), certified internal auditor, MBA
- Manager, Controlling at Sava, d.d.
- member of the Supervisory Board of Gorenjska banka, d.d., Kranj

Aleš Skok was Chairman of the Supervisory Board until 16 May 2014, when he resigned from the position of Chairman and member of the Supervisor Board due to his leaving abroad. On 17 July 2014 Miran Kraševec was appointed as the new Chairman and Robert Ličen, MSc, as the Deputy Chairman of the Supervisory Board. On 15 July 2014, Jasmina Kovačič was appointed as a new member – employee representative of the Supervisory Board of Sava d.d.

7. REPORT BY THE SUPERVISORY BOARD

Dear shareholders,

The Supervisory Board of Sava d.d. carefully examined the operations of Sava d.d. and the Sava Group in the 2014 business year. Within the powers conferred and in accordance with the statutory provisions, the Supervisory Board Rules and good business practice, the Supervisory Board exercised a substantive and formal supervision over the activities carried out by the Management Board.

Composition of the Supervisory Board

The composition of the Supervisory Board changed in the course of 2014.

SHAREHOLDER REPRESENTATIVE

- Miran Kraševec
  Deputy Chairman until 17 July 2014
  Chairman as of 17 July 2014
- Robert Ličen, MSc,
  Deputy Chairman as of 17 July 2014
- Roman Ambrož
- Miro Medvešek
- Rok Ponikvar
- Aleš Skok
  Member and Chairman until 16 May 2014

EMPLOYEE REPRESENTATIVES

- Lučka Pogačnik
- Gregor Rovanšek
- Aleš Aberšek
  Member until 28 January 2014
- Jasmina Kovačič,
  Member as of 17 July 2014

Activities of the Supervisory Board

In 2014, the Supervisory Board held five regular meetings, which took place on 26 March, 16 May, 17 July, 28 August and 8 December and had one correspondence meeting on 28 January 2014. It especially concentrated on monitoring the activities associated with renewing the Sava Group with emphasis on business cost rationalisations, provision of liquidity and solvency of Sava d.d., and fulfilment of commitments defined by the Master Restructuring Agreement.

Besides dealing with and adopting the business plan and reports on regular operations of Sava d.d. and the Sava Group, it also addressed the strategic business plan formulated by Sava Turizem d.d. for healthcare business until 2018. The Supervisory Board carefully dealt with the past business events, which might lead to damages or other unlawful actions.

It made decisions on personnel changes in the Management Board of Sava d.d. and the composition of the Supervisory Board. In the correspondence meeting held on 28 January 2014, it was briefed about a temporary appointing of the then member of the Management Board of Sava d.d., Andrej Andoljšek, to the position of the President of the Management Board of Gorenjska banka d.d. For the time of Andrej Andoljšek's absence, the Supervisory Board of Sava d.d. appointed Aleš Aberšek from among its members as a temporary member of the Management Board of Sava d.d. in accordance with the second paragraph of Article 273 of the Companies Act. On the day of being appointed a temporary member of the Management Board of Sava d.d., Aleš Aberšek assumed all work tasks of the absent Management Board member and managed the company jointly with Matej Narat, President of the Management Board of Sava d.d. Having noted the written letter of resignation by Andrej Andoljšek, based on which he had irrevocably resigned from the position of the Management Board member of Sava d.d., the Supervisory Board appointed Aleš Aberšek a member of the Management Board of Sava d.d. on 17 July 2014 with the term of office until 31 March 2016.

On 16 May 2014, the Supervisory Board was made acquainted with resignation of Aleš Skok from the Supervisory Board chairman and member positions. After his resignation, the Deputy Chairman of the Supervisory Board Miran Kraševec exercised the function of the Supervisory Board Chairman until appointing a new Chairman as provided by the rules of procedure. On 17 July 2014, Miran Kraševec was appointed the Chairman of the Supervisory Board and Robert Ličen, MSc, the Deputy Chairman. Jasmina Kovačič became a member of the Supervisory Board – employee representative.

In addition to the abovementioned, the Supervisory Board in 2014 also dealt with and:

- became acquainted with the report by the audit commission on the 2013 annual report,
- endorsed the annual reports of Sava d.d. and the Sava Group for 2013,
- adopted the Report by the Supervisory Board on the results of examining the audited 2013 annual report of the company Sava d.d. and the audited 2013 consolidated annual report of the Sava Group,
- became acquainted with the report by the personnel and audit commission for 2013,
- proposed the Shareholders' Meeting to grant discharge from liability to the Management Board and Supervisory Board for the work performed in 2013,
- proposed the Shareholders' Meeting to appoint Deloitte revizija d.o.o. as the auditor of the financial statements of Sava d.d. and the Sava Group for 2014,

- proposed the Shareholders' Meeting to adopt a resolution on reducing the share capital, which read: *"The share capital of the company shall reduce from the present amount of €25,441,851.48 by the amount of €11,381,256.97, after which it amounts to €14,060,594.51. A simplified reduction in the share capital is carried out according to Article 379 of the Companies Act-1. The purpose of reducing the company's share capital is to cover the loss from the previous business year. The share capital is reduced on the basis of the audited financial statements as at 31 December 2013. Since the share capital of the company is distributed into 2,006,987 ordinary personal no-par value shares, the attributable amount of each share in the share capital is reduced due to share capital reduction. As the attributable amount of each share in the share capital after its reduction amounts to €7.006, the reduction is carried out without aggregating the shares and with the unchanged number of shares, respectively. Owing to a simplified reduction in the share capital, the Shareholders' Meeting adopts an amendment to the Article 3.1 of the Articles of Association as follows: 3.1. The company's share capital amounts to €14,060,594.51.*
- adopted the Statement of Compliance with the Corporate Governance Code for Public Joint-Stock Companies,
- appointed Jasmina Kovačič a member of the personnel commission,
- became acquainted with the business plan of Sava d.d. and the Sava Group for 2015,
- confirmed the calendar of Supervisory Board meetings and financial calendar for 2015.

Work of the Supervisory Board commissions

Two commissions operate within the Supervisory Board: the audit commission whose tasks are defined by Article 280 of the Companies Act, and the personnel commission that operates in accordance with Article 13 of the Supervisory Board Rules and whose members deal with the matters associated with appointing of the Management Board and remunerations of the management and supervisory bodies. Both commissions regularly briefed the Supervisory Board on their work.

In 2014, the **audit commission**, which in accordance with Article 279 of the Companies Act-1 is obligatory for joint-stock companies, met once a quarter. It held its meetings on 25 March, 15 May, 27 August and 4 December. The meetings were attended by the commission chairman Robert Ličen, MSc, and the members Roman Ambrož and Gregor Rovanšek, as well as the external member Janko Gedrih. Within its scope of work, the audit commission addressed the areas defined by Article 280 of the Companies Act-1. It devoted much attention to monitoring the financial reporting procedures, efficiency of internal controls, risk management systems and supervised the integrity of financial information. It actively performed its role in procedures connected with the preparation of the annual report and cooperated with the external auditor. The commission had an in-depth discussion with the auditor at the meeting, on the occasion of which the auditor presented his opinion on financial statements and the auditing procedure. The external auditor also attended the Supervisory Board meeting in March 2014, when the annual report was adopted and the Shareholders' Meeting of Sava d.d. in April 2014.

Personnel commission met three times in 2014: on 24 January, 26 March and 17 July. It consisted of the commission chairman Miran Kraševec, member Rok Ponikvar, member Aleš Skok until 16 May 2014, member Jasmina Kovačič as of 17 July 2014. The commission was briefed on appointing Andrej Andoljšek, the Management Board member of Sava d.d. a temporary member of the Management Board of Gorenjska banka d.d., and the fact that for the period of a temporary member function in the Management Board of Gorenjska banka d.d., his Management Board member office at Sava d.d. was suspended. In accordance with the second paragraph of Article 273 of the Companies Act-1 the personnel commission proposed the Supervisory Board to appoint Aleš Aberšek a temporary Management Board member of Sava d.d. It became acquainted with the letter of resignation by the Management Board member of Sava d.d. Andrej Andoljšek, based on which he irrevocably resigned from the Management Board member of Sava d.d. position on 20 June 2014. Based on his work in the recent years, the commission proposed the Supervisory Board to appoint Aleš Aberšek a Management Board member with the term of office from 17 July 2014 to 31 March 2016 .

Business performance in 2014

INTRODUCTORY EXPLANATION

The largest operations of the Sava Group in 2014 were management of financial investments of Sava d.d., with its major investment in the banking sector, and Tourism. The exacting economic environment affected the performance of the Sava Group companies in 2014. In Tourism, which generates almost total sales revenues of the Group, the planned sale was not entirely achieved, which was due to bad weather in the summer months, stricter conditions imposed by the health insurance company in the field of concession healthcare, certain outdated accommodation capacities and loss of revenues, especially in the Russian market. Owing to cost rationalisations, the loss of revenues was successfully compensated and Tourism ended the financial year 2014 with a profit of €1.0 million.

Impairments of financial investments, the highest one with €26.7 million being the one in Gorenjska banka d.d., led to a loss of the Group amounting to €47.0 million, and, as a consequence, the Group's equity reduced to a negative value of €21.2 million.

The Master Restructuring Agreement for financial liabilities of Sava d.d. expired on 30 November 2014. On 26 November 2014, Sava d.d. filed a proposal for initiating preventive restructuring proceedings under Article 44 b of the ZFPPIPP Act. On 2 December 2014, the court issued the decision on initiating preventive restructuring proceedings.

BUSINESS OPERATIONS OF THE SAVA GROUP

The Sava Group made a net loss of €47.0 million in 2014. The biggest share of loss was due to impairments of financial investments and impairments of real property in total amount of €31.0 million, and a reversal of deferred tax receivables amounting to €10.9 million:

- impairment of financial investments in the shares of Gorenjska banka d.d. amounting to €26.7 million,
- impairment of investment property and inventories in real property in the Real Estate companies amounting to €2.6 million,
- impairment of securities available for sale amounting to €0.8 million,
- other impairments of assets amounting to €0.9 million,
- reversal of deferred tax receivables amounting to €10.9 million.

The **balance sheet total** of the Sava Group companies amounted to €285.5 million at 31 December 2014, and was €40.8 million or 12% below the value at the end of 2013. The net decrease was mainly due to the performed impairments, lower investments if compared to the accounted for depreciation and the sale of financial investments available for sale.

Financial investments had a 34% share in the *assets structure*, property, plant and equipment a 55% and other assets (inventories, operating receivables, granted loans and others) had an 11% share.

The parent company *Sava d.d.* had a *negative capital* of €23.5 million at 31 December 2014, thereby affecting the capital of the Sava Group, which at 31 December 2014 was negative amounting to €21.2 million. The liabilities of the Sava Group thus exceeded the assets value of the Group by €21.2 million.

In 2014, the companies of the Sava Group repaid a sum of €7.9 million to financial creditors.

BUSINESS OPERATIONS OF SAVA D.D.

In 2014, Sava d.d. carried on a comprehensive reorganisation. Operating expenses achieved €3.6 million and compared year-on-year they were lower by 50%, and 6% lower than planned.

Sava d.d. made a net loss of €48.0 million in 2014. The major part of loss was due to impairments of financial investments totalling €31.1 million and a reversal of deferred tax receivables totalling €10.9 million:

- impairment of financial investment in the shares of Gorenjska banka d.d. amounting to €26.6 million,
- impairment of investments and granted loans in subsidiaries amounting to €3.2 million,
- impairment of long-term securities available for sale amounting to €0.8 million,
- impairment of investments and granted loans in NFD Holding d.d. amounting to €0.5 million,
- reversal of deferred tax receivables amounting to €10.9 million.

The balance sheet total of Sava d.d. amounted to €211.2 million at 31 December 2014 and was €37.2 million or 15% lower than at the end of 2013.

The biggest, i.e. a 90% share, in the *assets structure* had long-term financial investments. Granted loans had a 6% share and other assets a 4% share.

At 31 December 2014, Sava d.d. had a *negative capital* totalling €23.5 million. Its liabilities thus exceeded the assets value of the company by €23.5 million.

In 2014, Sava d.d. settled its liabilities in accordance with the Master Restructuring Agreement.

Auditor’s report

The Supervisory Board became acquainted with the auditor’s reports and established that the auditor issued qualified opinions for Sava d.d. and the Sava Group.

The auditor also presented his views to the Supervisory Board and participated in the meeting of the audit commission of the Supervisory Board.

The qualified opinions for Sava d.d. and the Sava Group have been based on:

a) Limitation of Scope - Financial Expenses from Impairments:

In 2013, the auditor’s reports in connection with the evaluation of financial investment in Gorenjska banka d.d. were modified. The Management Board prepared an estimate of the recoverable amount of investment as at 31 December 2014. The full effect of the impairment was recorded as financial expense in 2014. The auditors were unable to satisfy themselves as to what amount of determined impairment of the quoted investment should have been recorded in 2013 and what amount should have been recorded in 2014.

b) Limitations of Scope – Deferred Tax:

In 2013, the auditor’s reports on deferred tax were modified. In 2014, the Management Board impaired deferred tax receivables and the total amount of impairment was recorded in 2014. The auditors were unable to satisfy themselves as to what amount of the performed impairment should have been recorded in 2013 and what amount should have been recorded in 2014.

The auditor explained that assets and liabilities of the controlling company Sava d.d. and the Sava Group at 31 December 2014 were suitably presented. As to its substance, the qualified opinion refers to auditors’ inability to satisfy themselves as to what amount of impairments performed in 2014 should have been recorded in the past, comparison financial year, and what amount in the current financial year.

As regards the emphasis of matter - a going concern, in respect of which the opinion is not modified, it was explained that the risks were suitably presented and disclosed in the annual report.

As regards the emphasis of matter – contingent liabilities, in respect of which the opinion is not modified, it was explained that a long-lasting process in connection with resolving the initiated denationalisation claims was expected, which is why it is not possible to estimate or project the probability for settlement of liabilities. The conditions for recognition of provisions have therefore not been met.

The Supervisory Board determines that the auditor’s report contains the constituents prescribed in paragraph 2 of Article 57 of the Companies Act-1. The auditor has confirmed that the financial reports have been produced in accordance with Slovene Accounting Standards, the accounting policies of the company and by employing corresponding provisions of International Financial Reporting Standards as adopted by the EU.

Reviewing the work of the Management Board and Supervisory Board

The work of both bodies and their mutual cooperation was performed in accordance with the statutory provisions, the rules of the Ljubljana Stock Exchange, Supervisory Board Rules and good business practice of a two-tier corporate governance system.

The Supervisory Board establishes that in 2014 the Management Board of Sava d.d. provided suitable information regularly and timely, thereby providing a basis for a quality exercising of the supervisory function. The materials were prepared professionally and accurately, and structured in a transparent manner, which enabled ongoing monitoring of business performance of Sava d.d. and the Sava Group with emphasis on the implementation of restructuring strategy. The Supervisory Board members were well prepared for the meetings; they participated constructively and adopted decisions for the benefit of the company.

Considering the starting point of Sava d.d. prior to adopting the restructuring strategy of the Sava Group in 2011, and certain macroeconomic and structural changes in connection with the operation of the newly-established DUTB d.d. (BAMC), the Supervisory Board evaluates the work of the Management Board as successful. The management of Sava d.d. efficiently performed strategic activities in the course of 2014, which along with the optimisation of operating costs at Sava d.d. and a regular fulfilment of all commitments in connection with the Master Restructuring Agreement, provided a suitable basis for initiating preventive restructuring proceedings in accordance with the Financial Operations, Insolvency Proceedings and Compulsory Dissolution Act (the ZFPPIPP Act). The Supervisory Board is thus of opinion that a successful implementation of preventive restructuring proceedings presents the fundamental step towards a sustainable long-term business and the enhanced value of the company's assets, which is in the interest of creditors and other stakeholders of the company Sava d.d.

Endorsing the annual report and consolidated annual report for 2014

At its 16th meeting held on 25 March 2015, the Supervisory Board dealt with and endorsed both annual reports for 2014 in the presence of a certified auditor.

The Supervisory Board gives a positive opinion on the independent auditor's reports on the financial statements of Sava d.d. and the Sava Group, and endorses without comment the annual report of Sava d.d. for 2014 and the consolidated annual report of the Sava Group for 2014.

Miran Kraševec
Chairman of the Supervisory Board

Ljubljana, 25 March 2015

8. CORPORATE GOVERNANCE SYSTEM

A two-tier system of corporate governance in Sava Group companies

Managing of Sava d.d. is conducted according to a two-tier system, according to which the company is managed by the Management Board, its operations being supervised by the Supervisory Board. The companies Sava Turizem d.d. are managed in the same manner.

Sava d.d. strives for employing a simplified and standardised governance process of the Group's companies. The governance process is based on making decisions by the Shareholders' Meeting, the supervision over business processes and efficient management of the companies. None of Sava Group companies employs a one-tier system of corporate governance. At Sava d.d. and its subsidiaries, the corporate governance system is based on legal provisions, the rules of the Ljubljana Stock Exchange, internal organisational regulations and books of rules, and in compliance with the good business practices.

Shareholders' Meeting of Sava d.d.

Shareholders of Sava d.d. exercise their rights in connection with the company at the Shareholders' Meeting. The convening of the Shareholders' Meeting is governed by the Articles of Association of Sava d.d. and the legislation. As a rule, the Management Board of Sava d.d. convenes the Shareholders' Meeting once a year. It can be attended by all shareholders and their proxies or representatives, respectively, who announce their participation in writing in due time. The call for the Shareholders' Meeting is announced at least 30 days before the Meeting, in the newspaper Finance, the electronic information system of the Ljubljana Stock Exchange d.d. – SEOnet, and the company website at www.sava.si. The company website provides access to the materials with the proposed resolutions.

62.40% of total company's capital with voting right attended the 2014 Shareholders' Meeting. The proportion of voting right of the first five major shareholders present at the Shareholders' Meeting amounted to 48.75% as follows: Kapitalska družba d.d. 18.71%, Slovenska odškodninska družba d.d. 11.06%, Finetol d. d. – under receivership 7.19%, Merkur d. d. 6.72% and NFD 1 equity sub-fund 5.07%.

By a high, more than a 99% majority of capital present, shareholders supported all the resolutions proposed in the Call by the Management Board and Supervisory Board of Sava d.d. There were no counter-proposals or announced challenging actions at the Shareholders' Meeting.

At the Shareholder's Meeting, shareholders unanimously, by 99.99% of cast votes, elected the bodies of the Shareholders' Meeting. They were made acquainted with the audited annual reports of Sava d.d. and the Sava Group for 2013 and the Report from the Supervisory Board for 2013. They passed a resolution on granting discharge from liability to the Management Board (by 99.95% of cast votes) and a resolution on granting discharge from liability to the Supervisory Board (by 99.93% of cast votes), thereby approving of the work of these two bodies in 2013. By 99.83% of cast votes, shareholders passed a resolution on the company's share capital reduction from the then €25,441,851.48 to €14,060,594.51. The Shareholders' Meeting passed the resolution on appointing Deloitte revizija d.o.o., Ljubljana, the auditor of the financial statements of Sava d.d. and the Sava Group for 2014. The resolution was passed by 99.92% of cast votes.

Supervisory Board of Sava d.d.

As specified by the Articles of Association of the joint-stock company Sava d.d., the Supervisory Board is composed of nine members at the most. Six members are elected by the Shareholders' Meeting, while three members are elected by the Workers' Council in accordance with the Worker Participation in Management Act. In 2014, after appointing the Supervisory Board member Aleš Aberšek a temporary Management Board member of Sava d.d. (28 January 2014), the Supervisory Board acted as an eight-member team. After Aleš Skok resigned from the Supervisory Board chairman and member position (16 May 2014), the Supervisory Board consisted of seven members until 15 July 2014 when Jasmina Kovačič was appointed a Supervisory Board member – employee representative, after which the Supervisory Board consisted of eight members again. The Supervisory Board members are elected for a four year term with a re-election option. The term of office of the present Supervisory Board members expires on 28 June 2016, except for Robert Ličen, MSc, who was elected at the 2011 Shareholders' Meeting (his term of office shall be until 9 June 2015) and Miro Medvešek, who was elected at the 2013 Shareholders' Meeting (his term of office shall be until 30 April 2017).

The Articles of Association of the company and the book of procedures concerning the work of the Supervisory Board define the method of work, convening meetings and other issues of importance for the work of the Supervisory Board of Sava d.d. The legislation and book of procedures of the Supervisory Board define that the Supervisory Board shall meet at least once every quarter. In 2014, the Supervisory Board met at six meetings, five of which were regular and one was a correspondence meeting. The dealt with topics and resolutions of significance are presented in the Report by the Supervisory Board. With the exception of one meeting when one member was absent with permission, all other Supervisory Board members were present at all meetings.

Management Board of Sava d.d.

Management Board members are appointed by the Supervisory Board. The present Management Board consists of two members. The President of the Management Board is Matej Narat, his term of office being from 31 March 2011 until 31 March 2016. Until 27 January 2014 Andrej Andoljšek was a Management Board member, who at that time was appointed a temporary Management Board member of Gorenjska banka d.d. Instead of him, Aleš Aberšek was appointed a temporary Management Board member on 28 January 2014. After Andrej Andoljšek submitted a written irrevocable letter of resignation from the Management Board member position at Sava d.d., Aleš Aberšek was appointed a Management Board member of Sava d.d. on 17 July 2014, his term of office shall expire on 31 March 2016.

The Management Board manages Sava d.d. and does business for the benefit of the company, autonomously and at their own responsibility. The number of Management Board members and their areas of work and mandates are defined by the resolution from the Supervisory Board and form a constituent part of the rules of procedures for the Management Board. The company is represented by two Management Board members jointly or one member of the Management Board jointly with a procurator. The procurators of Sava d.d. are Milan Marinič and Petra Sever. The Management Board has to obtain consent from the Supervisory Board for certain decisions or transactions; such cases include acquisition, disposal or encumbrance of equity holdings in excess of 20% of the share capital of Sava d.d.

Directorate for Sava Group's management

The Sava Group Directorate began to operate on 1 October 2011. It is conducted by the Director, Senior Assistant to the Management Board and procurator of Sava d.d. Milan Marinič. The Directorate's goal is to assure a quality and efficient corporate governance system and strategic supervision over the Sava Group. The Group Directorate involves all professional services of Sava d.d. in its work.

The Sava Group Directorate assures:

- The preparation of documents and policies for managing the subsidised and associated companies and other equity investments.
- Professional assistance in pursuing and directing the work of supervisory and other bodies of individual Group companies.
- Monitoring and supervision over the implementation of the adopted policies.

Managing the subsidised and associated companies of the Sava Group, and other equity investments of Sava d.d.

Sava d.d. implements its governing role through supervisory boards, administrative boards and various commissions, as follows:

- In the subsidiaries, the Management Board implements its ownership-based management role by making decisions as a sole partner and by setting out the policies for the work of supervisory board members.
- In the associated companies, the Management Board ensures their professional consulting assistance to the supervisory board members of the respective companies who are employed with the Sava Group.
- In other companies, in which Sava holds an equity stake and are neither subsidised nor associated, the Management Board of Sava d.d. appoints their proxy prior to the AGMs' of these companies to participate in the meeting. Before these supervisory board meetings take place, the Management Board provides their professional consulting assistance to the members of the supervisory boards who are employed with the Sava Group.

The Directorate is responsible for the preparation of expert basis for a decision-making process by the Management Board in connection with implementing the governing role of Sava d.d. For this purpose, the Directorate also coordinates the activities of other professional services. In its weekly meetings, the Management Board of Sava d.d. regularly monitors how are managed the subsidiaries and associated companies of the Sava Group as well as other equity investments held by Sava d.d. The Management Board of Sava d.d. appoints the members of Sava d.d.'s managerial teams in the management and governing bodies of Sava Group companies who have suitable knowledge about the operations of a particular company.

Internal audit

The mission of the internal audit involves judging and evaluating management as well as executive and information processes aimed at appropriate risk management. Internal audit is directly responsible to the Management Board of Sava d.d. The organisational independence of internal audit and its professional approach enable that its influence is enforced in all Sava Group companies and at all levels of operations. Internal auditors continually enhance their knowledge and design the auditing methodology in accordance with the international standards of professional internal audit practice. When selecting the projects for the annual internal audit plan, internal audit ensues from the strategic policies of the Sava Group and considers risks that could affect achievement of strategic goals. Owing to a comprehensive review of Sava Group's operations, internal audit assesses the risk impact on the operations and the probability as to the occurrence of risks. Based on this assessment, priority areas are selected to be addressed and the goals defined to be accomplished in the audits. The annual plan of internal audit is confirmed by the Management Board, whereas the audit commission of the Supervisory Board is acquainted with it too. In 2014, audits were carried out with a particular focus on risk management in connection with certain business functions, processes and monitoring business performance and efficiency of companies. In 2015, the activities of the Internal Audit will focus on risk management of key business functions and processes in the Sava Group companies.

External audit

The auditing company Deloitte revizija d.o.o was selected for auditing the financial statements of the joint stock company Sava d.d. and the majority of its subsidiaries. The Shareholders' Meeting of Sava d.d. approves of appointing the auditor every year. In the preparation of a proposal, the company considers the recommendations by the Corporate Governance Code on changing the responsible auditor or key auditing partner of the same auditing company at least every five years. The businesses of Sava d.d. with the audit company Deloitte revizija d.o.o. are disclosed in the financial section of the annual report and in the notes to the financial statements of the company and the Group.

Internal controls and risk management system in connection with financial reporting

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

Business transparency and communication

A professional support to managing communication on major aspects of Sava Group's operation is provided by corporate communications, which closely cooperates with the Management Board and other professional services and management teams in the subsidiaries. The goal of Sava d.d. is to establish a dialogue and ensure quality information to shareholders and other stakeholders in compliance with the legislation and rules of the Ljubljana Stock Exchange d.d. Information about the operations of the Sava Group and Sava d.d. and all more significant resolutions adopted by the Supervisory Board are announced in the stock exchange information system SEOnet, on the company's website at www.sava.si, and in cases stipulated by law also in the newspaper Finance. Sava d.d. releases the information that might affect business decisions made by investors or the interested public on an ongoing basis, and regularly communicates with the media.

9. STATEMENT ON CORPORATE GOVERNANCE

The corporate governance system at Sava d.d. provides guidelines for directing and supervising the company and its subsidiaries. It defines the distribution of rights and responsibilities among the governing bodies and sets rules and procedures for making decisions on corporate issues. Furthermore, it provides a framework for setting, achieving and monitoring the implementation of business goals and establishes the values, the principles and the standards of honest and responsible decision-making process and handling in all aspects of our business.

The corporate governance system is a tool for accomplishing long-term strategic goals of Sava d.d. and the manner in which the Management Board and Supervisory Board of Sava d.d. perform their responsibility towards shareholders and other stakeholders of the company. The management and supervisory bodies of Sava d.d. and its subsidiaries strive for modern principles of governance and management, and its full compliance with the advanced domestic and foreign practices.

1. Explanations in accordance with the Companies Act

Based on the 5th paragraph of Article 70 of the Companies Act, which defines the minimum contents of the Statement on Corporate Governance, Sava d.d. gives the following explanations:

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

The internal control and risk management systems in connection with the financial reporting by Sava d.d. incorporates the policy and procedures, which enable a timely, true and fair reporting on the financial position, movement of assets and liabilities and the operating result of Sava d.d. and the Sava Group. The internal control system is presented in the 2014 annual report of the Sava Group and Sava d.d., in chapter Corporate Governance System.

1.2 Significant direct and indirect holdership of the company's securities in the sense of achieving a qualified stake, as stipulated by the act regulating take-overs.

The data about achieving a qualified stake as stipulated by the Take-overs Act is announced on an on-going basis in the electronic information system of the Ljubljana Stock Exchange, and furnished to the Securities Market Agency. As at 31 December 2014, direct qualified stakes as stipulated by the Take-overs Act in Sava d.d. are held by: Kapitalska družba d.d., Ljubljana (qualified stake 18.7% or 375,542 shares), Slovenski državni holding d.d., Ljubljana (11.1% or 222,029 shares), Finetol d.d. – under receivership, Škofja vas (6.9% or 137,796 shares), Merkur d.d. – under receivership, Kranj (6.5% or 130,598 shares), Alpen.SI, equity sub-fund, Ljubljana, Ljubljana (5.1% or 101,702 shares).

1.3 Explanation about any holder of securities which assure special control rights.

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

1.4 Explanations about all limitations in voting rights.

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

1.5 Company regulations on appointing and replacing members of the management and supervisory bodies and changes in the Articles of Association.

Company regulations do not separately govern the appointment or replacement of members in the management and supervisory bodies and amendments to the Articles of Association. The applicable legislation is applied in full.

1.6 Proxies of management board members, especially those for the issue or purchase of treasury shares.

In 2014, Sava d.d. did not have any proxies for the issuance or purchase of treasury shares.

1.7 Operation of company Shareholders' Meeting and its key responsibilities.

In 2014, the Shareholders' Meeting met once. The responsibilities of the Shareholders' Meeting are stipulated by law and exercised as set out in the standing orders of the Shareholders' Meeting and by the chairperson of the Shareholders' Meeting. The voting procedure in the Shareholders' Meeting is minutely described in the annual report of the Sava Group and the company Sava d.d. for the year 2014, in chapter Corporate Governance System.

1.8 Data on the composition and operation of management and supervisory bodies and their commissions.

A comprehensive presentation of the management and supervisory bodies and their commissions is given in the annual report of the Sava Group and the company Sava d.d. for 2014 in chapters Management and governing bodies; Report by the Supervisory Board; Corporate Governance System.

2. Statement of Compliance with the Corporate Governance Code for Public Joint-Stock Companies

The company Sava d.d. gives below the Statement of Compliance with the Corporate Governance Code for Public Joint-Stock Companies (hereafter Code).The Statement of Compliance with the Corporate Governance Code refers to the period between the former and the present statement, i.e. to the period from 18 March 2014 to 25 March 2015. The statement forms a constituent part of the 2014 annual report, which provides a comprehensive presentation of the corporate governance system of the Sava Group and the company Sava d.d. In the quoted period, Sava d.d. followed the provisions of the Code in the latest variant adopted on 8 December 2009. The entire Code text is available on the website of the Ljubljana Stock Exchange (www.ljse.si).

The Management Board and the Supervisory Board of the company declare that the joint stock company Sava d.d. respects the provisions of the Code except in cases where it deviates from the Code, for which the following explanations are given:

Recommendation under item 8.2: In its rules of procedure, the supervisory board sets the scope of topics and timeframes to be observed by the management board in its periodic informing of the supervisory board. The communicated data enable supervisory board members to make an objective and balanced assessment of the company's financial position. The management board provides written notices to the supervisory board at least once per quarter. Provided adequate protection and information security are ensured, such notices may be e-mailed. The documents needed by supervisory board members to make quality decisions are made available to them or to the supervisory board committees in due time.

Based on a special resolution, the Supervisory Board defines the set of topics and timeframes with a special order to be observed by the Management Board in its periodic informing. The Supervisory Board adapts the content of this resolution to the economic situation in the company and the Sava Group. The Supervisory Board is of opinion that it is not necessary to define the content and timeframes in the rules of procedure instead of in the resolution.

Recommendation under item 10.2: The president of the supervisory board ensures that the procedures related to preparatory work, consultations, adopting of resolutions and decision taking are precisely adhered to. The agenda for a supervisory board meeting consists of items to be discussed at the meeting. The agenda also specifies whether an item and corresponding materials are of an informative nature only or whether actual decisions are to be adopted on their basis (adopted report, consent or authorization granted to the management board, etc.).

Provided that the members receive adequate materials and have sufficient time for quality decision-making about the added agenda item, the supervisory board may add additional items to the agenda on the spot, by a simple majority vote. The rules of procedure of the Supervisory Board of Sava d.d. define that an additional item can only be added on the agenda in agreement by all Supervisory Board members.

The statement will be accessible on the website of the Ljubljana Stock Exchange at **www.ljse.si**, and the company's website at **www.sava.si** as of the announcement date.

Management Board and
Supervisory Board of Sava d.d.

Ljubljana, 25 March 2015

Renewed for the Future

BUSINESS ANALYSIS

1. SIGNING OF THE ANNUAL REPORT AND ITS CONSTITUENT PARTS FOR SAVA D.D. AND THE SAVA GROUP FOR 2014

The President and the member of the Management Board of Sava d.d. hereby confirm to be acquainted with the content of constituent parts of the annual report of Sava d.d. and the Sava Group for 2014, and thus the entire annual report of Sava d.d. and the Sava Group for 2014. The annual report is herewith adopted and confirmed with respective signatures.

Aleš Aberšek
Member of the Management Board

Matej Narat
President of the Management Board

Ljubljana, 17 March 2015

2. SAVA D.D. AS A GOING-CONCERN ENTITY

Business strategy of the company with activities and duration until 2014

Sava d.d. adopted its business strategy for the period from 2012 until 2014. The strategy was based on consolidation of the Sava Group's assets through divestments of non-core divisions of Sava d.d. (real estate, rubber and energy division), cost optimisation and liquidity preservation. Divestments were defined as one of the key milestones of the strategy, since they would reflect in an immediate deleverage of Sava d.d. and also the Sava Group. Decrease of indebtedness was crucial in the given economic conditions, in which Sava d.d. and the Sava Group companies were operating at that time. At its regular meeting, the Supervisory Board of Sava d.d. unanimously approved the strategy.

In order to meet the defined milestones of the strategy, Real Estate division was divested in 2012, followed by divestment of Rubber Manufacturing and Energy management divisions in 2013 and 2014, respectively. The key milestone, namely the sale of Rubber Manufacturing, which at that time was one of the largest domestic sale transactions, was the fundamental condition that creditor banks participated in restructuring of financial liabilities. The Master Restructuring Agreements on Sava d.d. as well as on Sava Turizem d.d. were simultaneously signed in July 2013. The Master Restructuring Agreement on Sava Turizem d.d. was signed for a period of five years (until August 2018), while the agreement with Sava d.d. was concluded until the end of November 2014.

After executing all the necessary and vital disposals of non-core divisions (comprising different individual entities), Tourism and Finance remain the core divisions within the Sava Group. The key financial investments in both divisions are Sava Turizem d.d., Hoteli Bernardin d.d., Istrabenz d.d. (owner of Istrabenz Turizem d.d.), Gorenjska banka d.d. and Alpen.SI (mutual fund). In all of them, Sava holds important ownership stakes and has its representatives in supervisory bodies. Those (remaining) assets also constitute the basis for a new business strategy for the forthcoming years.

Sava d.d. is undergoing preventive restructuring proceedings

Restructuring of financial liabilities (in addition to assets consolidation) was one of the major elements of the past business strategy of Sava d.d. As the Master Restructuring Agreement on Sava d.d. expired at the end of November 2014, the management of Sava d.d. initiated formal discussions with the largest debt-holders regarding future operations, outlooks of the company and the development of the Group, also reflecting some macroeconomic structural changes related to operations of the newly established DUTB d.d. (Bank Assets Management Company). Discussions were already initiated at the beginning of 2014 and taking place throughout the past year. Basic strategic options were prepared and presented to creditor banks of Sava d.d.

Strategic options underlined the necessary activities related to regular operations of Sava d.d. and operations of the two remaining divisions, namely Tourism and Finance. Tourism division was defined as a core division in terms of generating revenues and providing positive results from operations (EBITDA, EBITDA margin), driven from further consolidation and utilizing intra-Group synergies. On the other hand, the Financial division, comprising Gorenjska banka d.d.

and Alpen.SI (with the investments listed on the stock exchange prevailing), was considered to be one of the most suitable possibilities in terms of disposals and necessary deleverage of Sava d.d. The latter would result in a more sustainable debt structure, improved balance sheet structure and liquidity of the company. Along with the proposed asset management activities, further operational optimisation on the cost side was envisaged to assure sustainable future operations of the company.

On 26 November 2014, the Management Board of Sava d.d. filed a proposal for initiating preventive restructuring proceedings according to the Financial Operations, Insolvency Proceedings, and Compulsory Dissolution Act (ZFPPIPP Act) at Ljubljana District Court. The proposal for initiating the proceedings was filed in order to assure equal treatment of all creditors, protection of their interests and assets in accordance with the ZFPPIPP Act. Pursuant to the provisions of the ZFPPIPP Act, the consent to initiating the proceedings was granted by creditor banks and DUTB d.d. whose receivables due from the company exceed 30% of total receivables, meaning that the conditions upon filing the proposal on initiating preventive restructuring proceedings for Sava d.d. were formally met.

The court approved preventive restructuring proceedings on 2 December 2014, which in conformity with the ZFPPIP Act gives the company time to reach a new agreement on financial liabilities restructuring with creditors within the legally defined terms. The confirmed initiation of preventive restructuring proceedings thus enables making further steps towards repayment of financial receivables, achieving synergetic effects in Tourism, optimising the operations of the renewed Sava Group, and preventing the risk of selling-off the assets

Glance into the future activities and operations of the company

In the light of preventive restructuring proceedings, two important facts should be considered: the legal timeframe and gaining support for the proposed restructuring plan. The financial restructuring plan, which is one of the principal tasks within the proceedings, has to be approved by creditors whose financial receivables exceed 75% of total financial receivables due from the company. After all preconditions are met, the plan has to be approved by the court, too. The restructuring period is legally defined and shall be between three to five years, during which time the company has to pursue the milestones and policies defined in the financial restructuring plan.

The restructuring proposal is derived from the proposed strategic options, its principal goals being development and improvement of operations of the Tourism division and seeking business synergies among and across tourism companies, in which Sava d.d. holds significant ownership stakes. Furthermore, the focus will be on development of healthcare services, which perfectly complement the existing tourism services offer. Performing the planned activities associated with the development of this strategic business, Sava's Turizem will further consolidate its leading position as the largest domestic tourism services provider. The investments of the Finance division, on the other hand, present the most appropriate possibilities for divesting and needed deleverage of the company. The latter will be reflected in a stable company's balance sheet, while the activities towards further operating costs decrease will contribute to the improved and sustainable operations in the long run.

With the needed creditors' support, already expressed in November 2014 by voting for the initiation of preventive restructuring proceedings, the company undergoing a business and financial restructuring will – as it has so far – further reduce indebtedness, improve balance sheet structure and its operations. The final result of the mentioned activities under the presented proceedings will reflect in sustainable long-term operations that will further enhance the assets value of the company, which is in the interest of creditors and also other stakeholders of Sava d.d.

3. THE SAVA SHARE AND OWNERSHIP STRUCTURE

In 2014, the Sava share value moved between €0.21 and €1.55. At the end of 2014, the average price per share amounted to €0.48, meaning it rose by €0.25 compared to the end of 2013.

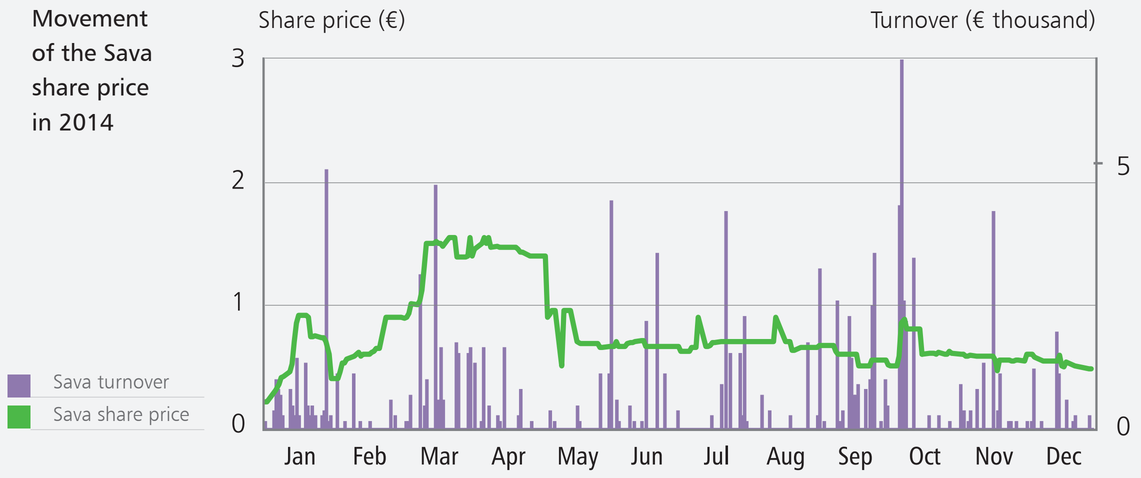
Movement of the Sava share

The range of value, in which the Sava share moved, reached the highest point at €1.55 and the lowest at €0.21. A gradual recovery of domestic economy was observed in 2014, and, as a consequence, investor confidence in domestic capital market enhanced. In 2014, liquidity of the Slovene capital market grew by 75% compared to 2013.

Market capitalisation

At the end of 2014, the market capitalisation of Sava shares amounted to €1 million and was higher than at the end of 2013. The market capitalisation of all shares on the Ljubljana Stock Exchange amounted to €6.2 billion at the end of 2014, which was a 20% increase on the value at the end of 2013.

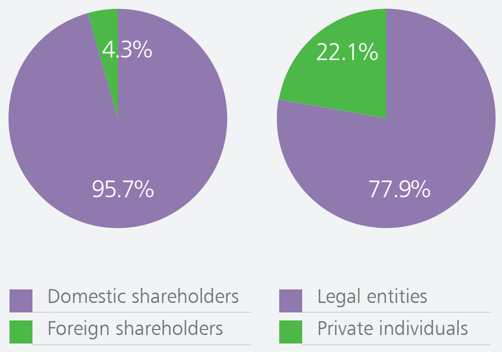
Movement of the Sava share price in 2014



Ownership structure

On 31 December 2014, Sava d.d. had 13,691 shareholders entered in the register book, which ranks it among the larger Slovene listed public joint stock companies. The stock of **domestic shareholders** amounted **to 95.7%** and that of **foreign shareholders to 4.3%**. In comparison with the end of 2013, the stock of foreign shareholders did not change. The majority of foreign shareholders originate from Great Britain, the United States of America, Germany, Croatia and Austria. The **proportion of legal entities** represented **77.9%** and that of **private individuals 22.1%** of company shareholders. The ten major shareholders own 63.91% of total company equity.

Ownership structure by category at 31 December 2014 (%)



10 major shareholders at 31 December 2014

10 major shareholders	% shareholding	No. of shares
KAPITALSKA DRUŽBA D.D.	18.71%	375,542
SDH d.d.	11.06%	222,029
FINETOL d.d. - under receivership	6.87%	137,796
MERKUR d.d. - under receivership	6.51%	130,598
Alpen.SI, mixed flexible sub-fund	5.07%	101,702
NFD HOLDING d.d.	4.33%	86,915
PROBANKA d.d.	3.97%	79,582
GB d.d., Kranj	2.81%	56,475
TCK d.o.o.	2.61%	52,459
FORTICAP LTD	1.97%	39,500
Total 10 major shareholders	63.91%	1,282,598
Sava, d.d., (treasury shares)	1.52%	30,541
Other shareholders	34.57%	693,848
TOTAL	100.00%	2,006,987

** in conformity with conversion of Slovenska odškodninska družba d.d. (SOD d.d.) into Slovenski državni holding d.d. (SDH d.d.).*

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

Management Board and Supervisory Board members who own Sava shares

At the end of 2014, the members of the Management Board and Supervisory Board of Sava d.d. held 138 Sava shares, representing 0.007% of total company's capital. In comparison with the end of 2013, the balance did not change.

Management Board and Supervisory Board members who own Sava shares

Management Board members	Position	No. of shares 31 Dec. 2013	% shareholding	No. of shares 31 Dec. 2014	% shareholding
Matej Narat	President	117	0.006%	117	0.006%
Aleš Aberšek*	Member	-	-	18	0.001%
Total		117	0.006%	135	0.007%

Supervisory Board members	Position	No. of shares 31 Dec. 2013	% shareholding	No. of shares 31 Dec. 2014	% shareholding
Aleš Aberšek*	Member	18	0.001%	-	-
Gregor Rovanšek	Member	3	0.000%	3	0.000%
Total		21	0.001%	3	0.000%
Total Management and Supervisory Board members		138	0.007%	138	0.007%

* *He carried out the Supervisory Board member office until 28 January 2014 when he was appointed a temporary Management Board member. In accordance with the 2nd paragraph of Article 273 of the Companies Act-1, his term of office as a temporary Management Board member expired on 17 July 2014 and on the very same day he was appointed a Management Board member with the term of office from 17 July 2014 to 31 March 2016.*

Key data on the Sava share

		2010	2011	2012	2013	2014
No. of shares at period end	(No. of shares)	2,006,987	2,006,987	2,006,987	2,006,987	2,006,987
Market capitalisation at period end	(€ million)	179.6	24.1	6.8	0.5	1.0
Share book value	(€)	161.1	82.2	32.9	7.5	-11.1
Share price						
- highest	(€)	250.0	95.0	13.0	5.4	1.6
- lowest	(€)	88.0	12.0	3.2	0.1	0.2
- at period end	(€)	89.5	12.0	3.4	0.2	0.5
Average daily liquidity	(€ thousand)	58.2	5.9	3.4	0.7	0.5
Average daily trading with shares	(No. of shares)	308	133	572	272	711
Net earnings per share	(€)	-50.0	-78.7	-49.7	-27.9	-23.5
Dividend per share	(€)	3.2	-	-	-	-
Share of dividend in net profit	(%)	-6.4	-	-	-	-
Total amount of dividends paid	(€ million)	6.4	-	-	-	-
Share yield	(%)	-59.2	-86.6	-71.7	-93.2	108.7
- dividend yield	(%)	3.6	-	-	-	-
- capital yield	(%)	-62.7	-86.6	-71.7	-93.2	108.7
Price-Earnings ratio (P / E ratio)						
- highest			-1.2	-0.3	-0.2	-0.1
- lowest			-0.2	-0.1	0.0	0.0
- at period end			-0.2	-0.1	0.0	0.0
Price-to-Book ratio (P / B ratio)	(%)	56	15	10	3	-4

Explanations for key data computation for the Sava share:

- **Book value of the 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 share:** the net result belonging to Sava d.d. divided with the weighted average number of ordinary shares excluding treasury shares.
- **Share of dividends in net profit:** dividend per share divided with net earnings per share
- **Dividend yield:** dividend per share divided with the share market price on the last trading day of the year.
- **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 year.
- **Market capitalisation:** multiple of the number of Sava shares and the market price of the share on the last day of the year.
- **The Price-Earnings ratio (P/E):** the Sava share market price on the 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):** the Sava share market price on the last day of the year divided with the share book value at the end of the year.

Further data on the share

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

Share book value

The book value of the Sava share at 31 December 2014 amounted to -€11.1. When calculating the book value, the number of treasury shares is deducted from total number of shares.

Risk associated with the investment in the Sava share

Such risks are due to:

- Factors of systematic risk-taking characteristic of all securities listed on the Ljubljana Stock Exchange 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 operations of each individual company (investment, interest, solvency and foreign exchange risk).

Cross links with other companies

Referring to the criteria defined in the Corporate Governance Code for Public Joint-Stock Companies, Sava d.d. was cross-linked at the end of December 2014, as follows:

- In Gorenjska banka d.d. it had a 44.07% equity stake, whereas Gorenjska banka had a 2.81% equity stake in Sava d.d.
- In the company NFD Holding d.d. - under receivership, it had a 24.65% equity stake, whereas NFD Holding d.d. had a 4.33% equity stake in Sava d.d.

Approved capital and conditional increase in share capital

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

Financial calendar of Sava d.d. for 2015

TYPE OF ANNOUNCEMENT	PLANNED DATE OF ANNOUNCEMENT*
Audited annual report of the Sava Group and Sava d.d. for 2014	Friday, 27 March 2015
Statement of Compliance with the Corporate Governance Code for Public Joint-Stock Companies	Friday, 27 March 2015
Call of the 21st regular Shareholders' Meeting of Sava d.d.	Friday, 27 March 2015
21st regular Shareholders' Meeting of Sava d.d.	Tuesday, 28 April 2015
Resolutions of the 21st regular Shareholders' Meeting of Sava d.d.	Tuesday, 28 April 2015
Business report and unaudited financial statements of the Sava Group and Sava d.d. for the period January–March 2015	Friday, 22 May 2015
Business report and unaudited financial statements of the Sava Group and Sava d.d. for the period January–June 2015	Friday, 28 August 2015
Business report and unaudited financial statements of the Sava Group and Sava d.d. for the period January–September 2015	Friday, 20 November 2015

* *The quoted dates are those planned. Should the planned dates be changed, this will be notified in due course on the company's website (www.sava.si).*

Periodic announcements and other price sensitive information are published on the website of the Ljubljana Stock Exchange via the SEO-net system at **www.ljse.si** and on the company's website at **www.sava.si**, and in cases stipulated by the company's Articles of Association also in the Finance newspaper.

Contact person and further information

INFORMATION ON DIVIDEND PAYMENTS

Kaja Terlikar, Associate Professional, Finance
e-mail: **kaja.terlikar@sava.si**
Tel: **+386 4 206 63 46**

FURTHER INFORMATION FOR SHAREHOLDERS IS AVAILABLE:

- on the company's website: **www.sava.si**
- e-mail: **info@sava**

4. GENERAL ECONOMIC TRENDS

In 2014, economic growth in Slovenia amounted to 2.6%, which is above the average of the Euro region (1.5%).

When most major trading partners show weak economic activity, a slight growth in industrial production in Slovenia is observed which enhances exporters' competitiveness and preserves strong contribution of net exports to GDP growth.

Improved circumstances in the economy, however, are not reflected in inflation, as consumers due to great loss of purchasing power during the crisis still behave cautiously and spend less, while companies do not face price or cost pressures. This preserves the basic inflation in Slovenia at a low level and also below the average of the euro zone. The average annual inflation in Slovenia measured with HICP amounts to 0.4% in 2014, which is the lowest value since the HICP indicator has been calculated. Lower prices of food, energy and durable goods greatly contributed to reducing inflation, while services made a positive contribution.

Owing to consolidation of economy growth (mostly due to favourable exports dynamics and improved circumstances in labour market), the macroeconomic circumstances in Slovenia have been improving. A moderate growth in salaries is expected along with a slight increase in consumers' spending. Nevertheless, risk to GDP growth in 2015 exists as the estimates of the expected economic growth in major trading partners are being decreased, while domestic consumption could be negatively affected by new consolidation measures (reducing funding of employees and interim consumption, planned increases in certain taxes, etc.). Implementation of the planned fiscal consolidation and reduction of high government budget debt represent the main challenge in the fiscal area.

Financial markets

The process of bank consolidation that started in 2013 significantly contributed to risk minimisation in the banking system. Capital adequacy and liquidity of banks improved substantially, while credit risk continue to remain significant and high (risk stabilisation through management of unprofitable receivables and activities in the area of companies' restructuring). Revenue risk of banks is rising due to low interest rates, balance sheet shrinkage, adverseness to taking credit risks, increased financing of companies abroad and in the capital markets, and due to a greater banks' orientation to government bonds. On the other hand, refinancing risk and macroeconomic risk banks are exposed to are decreasing. In 2014, the downward trend in approving loans to companies stopped; however, it is still strongly negative. The negative dynamics is still noticed in the field of consumer credits to households, while housing loans increase at a positive annual growth rate. Through strengthening economic growth in Slovenia, also the macroeconomic risks of banks are reducing.

Developments in the economy were mirrored in the domestic capital market, too. At the end of 2014, the SBI TOP index reached the value of 784.12 points and was by 19.6% higher than at the end of 2013 when it stood at 655.66 points. Total value of turnover made with financial instruments on the Ljubljana Stock Exchange amounted to €686.3 million in 2014, €608.1 million of which were due to turnover with shares of publicly listed companies, meaning a 75.2% increase on the 2013 value. Market capitalisation of financial instruments on the Ljubljana Stock Exchange amounted to €23.7 billion at the end of 2013, (investment funds are not included), which is by 24.1% more than at the end of 2013 (of which market capitalisation of bonds amounted to €17.5 billion and mainly increased due to issue of bonds by DUTB and additional issues of bonds and treasury bills by the Republic of Slovenia for financing measures aimed at banks' stability.)

Tourism

World tourism generates 9% of the world's GDP. For 2014, it is expected to grow by 4.3% and until 2024 by 4.2% annually. World tourism growth in 2014 was chiefly due to recovery of the economy and, as a consequence, a boost in consumption.

Tourism business in Slovenia generates 12.8% GDP and is expected to grow by 2.4% in 2014 and until 2024 at a 3.4% annual growth rate. According to the data by the Statistical Office of the Republic of Slovenia, total number of tourist arrivals increased by 4% with regard to the previous year, at which a 1% decrease in arrivals by domestic guests and a 6% increase in arrivals by foreign guests were marked. In 2014, total number of overnights was approximately the same as in 2013, at which domestic tourists made by 4% less overnights and with foreign tourist this figure increased by 1%.

In accordance with the adopted Strategy of Slovene Tourism Development 2012-2016, tourism is becoming one of the leading businesses of the Slovenian economy and thus makes a significant contribution to achieving development goals of Slovenia. It is planned to enhance the volume of Slovenian tourism business (annual growth of 2% in number of overnights, 4% in number of tourist, 6%-8% in revenues arising from travel exports) by performing the activities for improvement of business conditions for tourism, among other things also through the Slovenian Public Agency for Entrepreneurship, Innovation, Development, Investment and Tourism.

5. BUSINESS OPERATIONS OF THE SAVA GROUP

The biggest operations of the Sava Group in 2014 were management of finance investments of Sava d.d. with its major investments in the banking sector and mutual fund Alpen.SI, and Tourism.

In 2014, the companies of the Sava Group generated sales revenues amounting to €63.0 million, the major part of which referred to the Tourism division. In this year too, the operating result of the Sava Group was significantly influenced by impairments amounting to €31.0 million and a reversal of deferred tax receivables amounting to €10.9 million. A net loss of €47.0 million was made, which caused a negative value of capital totalling €21.2 million.

The Master Restructuring Agreement on Sava d.d. expired on 30 November 2014. On 2 December 2014, Sava d.d. filed with the Ljubljana District Court the Proposal for initiating preventive restructuring proceedings according to Article 44 b of the ZFPPIPP Act. On 2 December 2014, the court issued the Decision on initiating preventive restructuring proceedings.

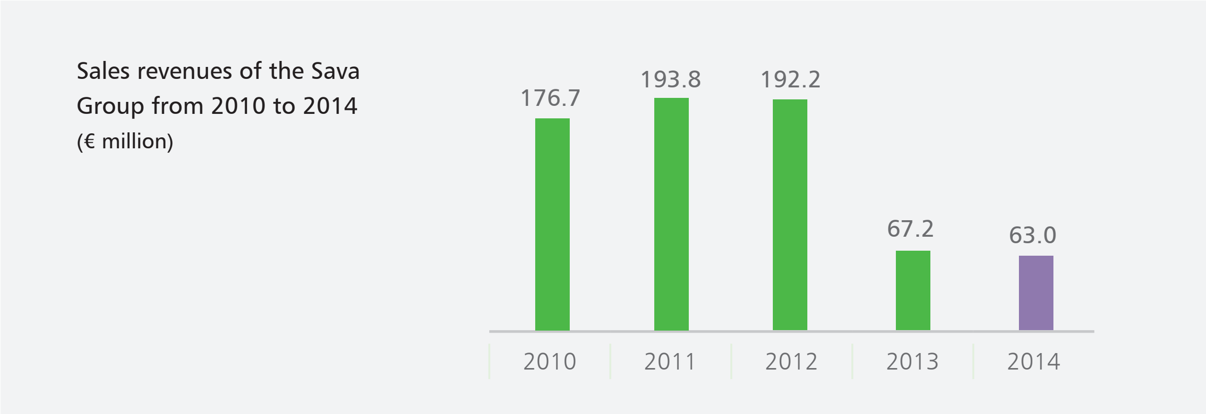
5.1 Explanations about the consolidated income statement

Business performance information with year-on-year comparison analyses considers the current Sava Group's composition. The income statement of the Sava Group thus shows the actually generated values in 2013.

SALES REVENUES

In 2014, sales revenues of €63.0 million were generated by the Sava Group companies; they were 6% down on the same period last year and lagged 3% behind the planned values. The major part of revenues was generated by the Tourism companies.

The *Tourism division* companies generated sales revenues of €62.3 million, which was at last year's level. Compared to the business plan these were 4% lower than planned as a result of bad weather conditions during the summer months, stricter conditions imposed by health insurance companies in the field of concession healthcare services, the outdated accommodation capacities, fierce competition and loss of revenues in the Russian market.



Note:
Until inclusive of 2012, Rubber Manufacturing companies, which in 2013 were divested, were included in the Sava Group.

OTHER OPERATING REVENUES

Other operating revenues amounting to €2.0 million chiefly included revenues from reversing the unused provisions, government grants and revenues from collected impaired receivables.

OPERATING EXPENSES

Operating expenses of the Sava Group amounting to €66.2 million were 17% lower than in the same period last year and exceeded the plan by 1%. The deviations were due to impairments of real property in the Real Estate division. Cost of goods, materials and services had a 49% share, labour cost a 33%, depreciation an 11%, write-offs a 5% and other operating expenses a 2% share in the cost structure.

Tourism made operating revenues of €60.0 million and in year-on-year comparison they were down by 9% as a result of cost rationalisation. Operating expenses were 2% lower than planned.

Operating expenses in the parent company *Sava d.d.* amounted to €3.6 million; they were 50% lower than last year and 6% below the plan.

The *Real Estate* companies made operating expenses of €2.6 million, which chiefly referred to the unplanned impairments of real property.

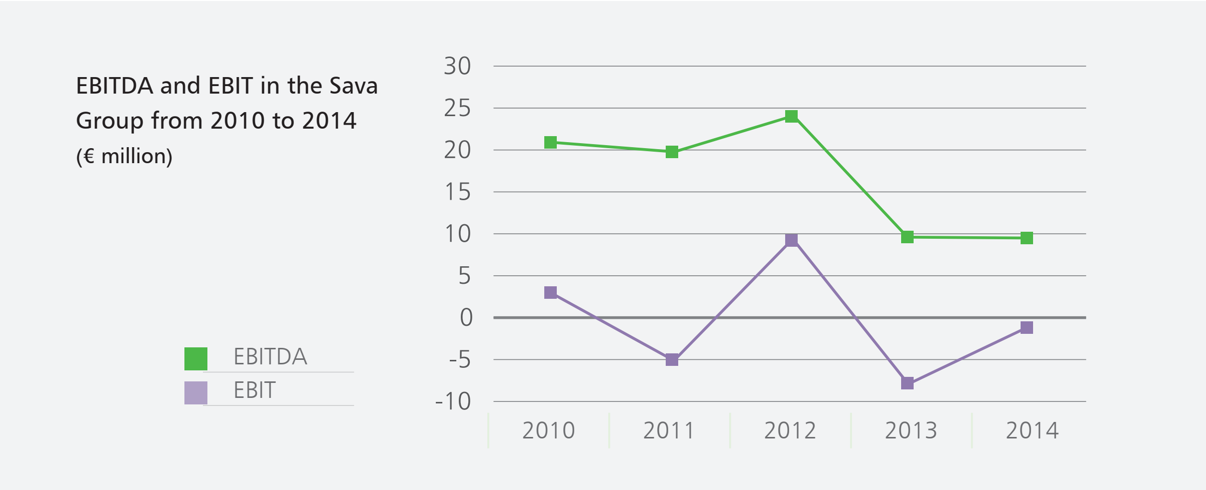
OPERATING LOSS (EBIT)

In 2014, operating loss of the *Sava Group companies* amounted to €1.2 million, which was by €6.5 million better than in the same period last year. In comparison with the planned values the operating loss was higher by €2.4 million, the deviation being due to impairments of real properties.

Tourism generated an operating profit of €3.8 million. The operating business improved by €6.1 million compared to the past year. As a result of cost rationalisations, the Tourism companies managed to compensate a loss in revenues and to enhance the operating profit.

Sava d.d. made a loss from operations totalling €2.5 million.

In the *companies of other operations* the operating loss amounted to €2.5 million and was due to impairments of real property.



EBITDA – earnings before interest, taxes, depreciation and amortisation

EBIT – earnings before interest and taxes

FINANCIAL REVENUES

Financial revenues were mainly realised at Sava d.d. and amounted to €3.0 million. Compared to the same period last year when Rubber Manufacturing was divested they were down by €13.8 million.

FINANCIAL EXPENSES

Financial expenses of €10.7 million were €6 million lower than in the same period last year. They included interest expenses amounting to €9.4 million, impairments totalling €0.8 million and other financial expenses of €0.5 million.

NET FINANCIAL EXPENSES

Net financial expenses amounted to €7.6 million.

NET EXPENSES OF THE ASSOCIATED COMPANIES

Impairments of financial investments in the associated companies amounted to €27.2 million and included:

- Impairment of financial investment in *Gorenjska banka, d.d.* totalling €26.7 million. Impairment was carried out on the basis of the evaluation prepared by a certified auditor to the value of €406 for a share.
- Impairment of financial investment and loan granted to *NFD Holding d.d.* totalling €0.5 million.

PRE-TAX LOSS

A total pre-tax loss of €36.0 million was made.

Pre-tax loss structure (€ million)

	2010	2011	2012	2013	2014
Profit from operations, net of write-offs	5.5	5.8	10.4	1.5	1.8
Financial result, net of impairments	-20.1	-25.5	-18.4	4.2	-6.8
Profit/loss of associates, net of impairments	2.6	10.9	0	0	0
Impairments of assets through profit or loss	-93.1	-160.3	-85.4	-51.4	-31.0
PRE-TAX LOSS	-105.1	-169.1	-93.4	-45.7	-36.0

INCOME TAX

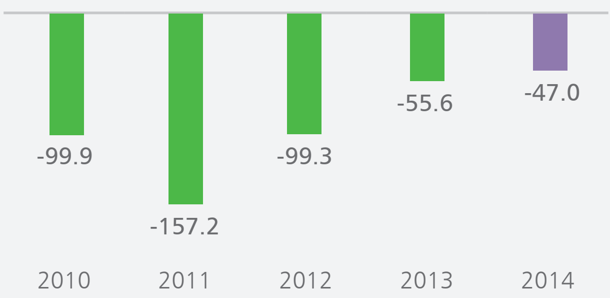
A tax of €10.9 million deteriorated the operating result of the Group in 2014 and it mainly referred to a reversal of deferred tax receivables. In addition to ordinary changes, deferred tax receivables of €9.4 million were entirely eliminated at Sava d.d.

NET LOSS OF THE SAVA GROUP

In 2014, the Sava Group made a net loss of €47.0 million, while the net loss per share amounted to €23.5. The greatest share in loss had impairments of financial investments and real property totalling €31.0 million.

Sava d.d. ended 2014 with a loss totalling €48.0 million, whereas Tourism generated a net profit of €1.0 million.

Net loss of the Sava Group from 2010 to 2014
(€ million)



Income statement of the Sava Group by quarter of 2014 (€ thousand)

	JAN-MAR 2014	APR-JUN 2014	JUL-SEP 2014	OCT-DEC 2014
Net sales revenues from goods sold and services rendered	11,997	16,398	19,787	14,815
Change in inventories	0	-15	15	20
Other operating revenues	332	504	546	580
Operating revenues	12,329	16,887	20,348	15,415
Cost of goods, materials and services	-7,299	-7,831	-8,740	-8,835
Labour cost	-5,331	-5,354	-5,287	-5,748
Depreciation and amortisation	-1,915	-1,903	-1,874	-1,903
Write-offs	-146	-38	-122	-2,762
Other operating expense	-352	-169	-288	-310
Operating expenses	-15,043	-15,295	-16,311	-19,558
Profit /loss from operations	-2,714	1,592	4,037	-4,143
Financial revenues	457	1,199	14	1,347
Financial expenses	-2,745	-2,562	-2,377	-2,979
Net financial revenues / expenses	-2,288	-1,363	-2,363	-1,632
Net revenues / expenses of associates	0	0	0	-27,155
Pre-tax profit / loss	-5,002	229	1,674	-32,930
Income tax	-72	-1,200	0	-9,662
Net profit/ loss for the year	-5,074	-971	1,674	-42,592

5.2 Explanations about the consolidated statement of financial position

BALANCE SHEET TOTAL, ASSETS AND LIABILITIES STRUCTURE

At 31 December 2014, the *balance sheet total* of the Sava Group companies amounted to €285.5 million and was by €40.8 million or 12% lower than at the end of 2013. The net decrease of the balance sheet total was mainly due to the performed impairments, lower investments compared to the accounted-for depreciation and selling of financial investments available for sale.

Financial investments had a 34 % share in the *assets structure*, property, plant and equipment a 55%, other assets (inventories, operating receivables, granted loans and other) had an 11% share. The assets value of the Sava Group was by €21.2 million lower than its liabilities.

At 31 December 2014, the controlling company *Sava d.d.* had a negative capital of €23.5 million influencing also the capital of the Sava Group, which at 31 December 2014 was negative totalling €21.2 million. The liabilities of the Sava Group thus surpassed its assets by 21.2 million.

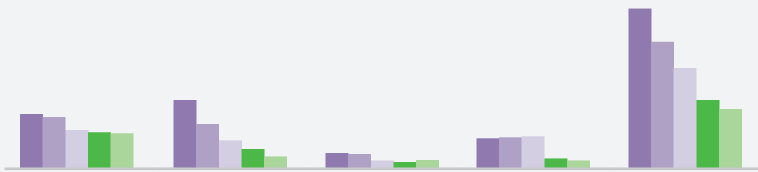
ASSETS

The following major **changes in the assets** of the Sava Group took place in 2014:

- The value of *real property*, **plant and equipment** amounted to €149.7 million at 31 December 2014 and compared to the end of the previous year it decreased by €3.7 million in net terms. A depreciation of €7.6 million was accounted for, while investments were entirely realised in Tourism to the amount of €4.7 million.
- At 31 December 2014, *investment property* achieved the value of €6.6 million and compared to the end of the previous year it decreased by €1.7 million net terms. A deprecation of €0.2 million was accounted for and impairments of €1.5 million were carried out.
- The value of *investments in the associated companies*, which at 31 December 2014 amounted to €59.1 million, decreased by €26.7 million in comparison with the end of the previous year. The decrease was due to:
  - Impairment of financial investment in the shares of Gorenjska banka d.d. totalling €26.7 million to €406 for a share.
  - Final impairment of financial investment in NFD Holding d.d. in a minimum amount.
- The value of *long-term securities available* for sale amounted to €38.4 million at 31 December 2014, €34.1 million of which were due to the investment in Alpen.SI. The net increase by €7.0 million referred to:
  - Sale totalling €3.1 million.
  - Impairments through profit or loss totalling €0.8 million.
  - A positive revaluation to fair value through profit or loss totalling €10.9 million.
- The value of *deferred tax receivables* decreased to zero value in 2014. In the controlling company Sava d.d., the existing deferred tax receivables totalling €10.9 million were entirely eliminated, which deteriorated the 2014 operating result.
- *Assets for sale* (and on the liabilities side also liabilities for sale), which at 31 December 2014 were shown at €0.4 million, referred to the assets of the subsidiary Energetika Črnomelj d.o.o., for which the sale transaction took place in January 2015.

- At 31 December 2014, *inventories* were shown to the amount of €3.2 million and compared to the end of the past year they reduced by €1.1 million. The decrease was due to additional impairments of real property inventory in a real estate company in Croatia.
- The value of *operating and other receivables and granted loans*, which at 31 December 2014 amounted to €25.7 million, was by €4.5 million lower than at the end of the past year. The net decrease was mainly due to repayment of granted loans.

Assets structure of the Sava Group from 2010 to 2014 (€ million)



	Property, plant and equipment, and investment property	Investments in associates	Long-term securities	Other assets	Total assets
31 Dec. 2010	238.6	319.1	67.2	135.9	760.8
31 Dec. 2011	225.2	199.8	41.2	145.1	611.3
31 Dec. 2012	171.8	121.6	36.6	150.9	480.9
31 Dec. 2013	161.8	86.2	31.4	46.8	326.2
31 Dec. 2014	156.3	59.5	38.4	31.3	285.5

CAPITAL AND LIABILITIES

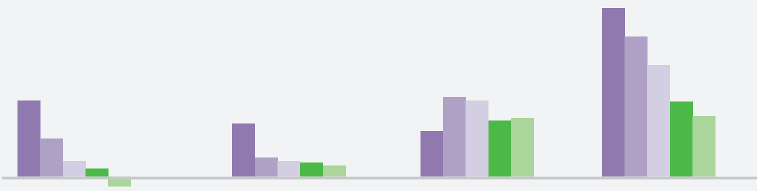
The following major changes took place in **liabilities** in 2014:

- *Capital* was negative at 31 December 2014 and totalled €21.2 million; compared to the previous year it was lower by €37.4 million due to:
  - A loss of the Group totalling €47.0 million.
  - Fair value reserves increased by €9.2 million in net terms as a result of positive movements in the stock exchange prices.
  - Other changes of €0.4 million referred to the change in minority interest and the change in the amount of capital of Sava d.d. resulting from a reversal of obsolete liabilities for dividend payments.
- *Long-term debts* amounted to €58.0 million at 31 December 2014 and compared to the end of the previous year they decreased by €8.3 million. The following changes took place in 2014:
  - Financial liabilities decreased by €8.5 million due to transfer to short-term financial liabilities.
  - Net decrease of provisions and accrued government grants totalling €0.7 million.
  - Increase of deferred tax liabilities amounting to €0.9 million.

- At 31 December 2014, *short-term debts* amounted to €248.8 million and were by €4.9 million lower than at the end of the previous year. The following changes took place in 2014:
  - Increase of financial liabilities amounting to €8.5 million due to transfer from long-term loans.
  - Decrease of financial liabilities amounting to €7.9 million due to repayment of liabilities to financial creditors.
  - Increase of operating liabilities and accruals in net amount of €4.4 million, mainly due to the increased liabilities arising from deferred interests.
  - Net other negative changes amounted to €0.1 million.
- *The value of total obtained long-term loans and short-term financial liabilities* of the Sava Group companies amounted to €272.7 million at 31 December 2014, which was €8.5 million less than at the end of 2013.

Liabilities structure of the Sava Group from 2010 to 2014

(€ million)



	Capital	Long-term liabilities	Short-term liabilities	Total capital and liabilities
31 Dec. 2010	323.3	232.8	204.7	760.8
31 Dec. 2011	165.8	81.4	364.1	611.3
31 Dec. 2012	67.3	70.2	343.4	480.9
31Dec. 2013	16.2	66.2	243.8	326.2
31Dec. 2014	-21.2	57.9	248.8	285.5

5.3 Investments

The Sava Group made investments totalling €4.7 million in 2014, which were entirely realised in the Tourism division. Investments were made in energy efficiency, environmentally-related safety requirements, guest satisfaction and introduction of new themes at destinations.

5.4 Employees in the Sava Group

At 31 December 2014, the Sava Group employed 1,003 associates, or 30 more than at the end of 2013. Tourism employed 98% of all employees in the Sava Group.

In the companies of the Sava Group, 990 employees on average were employed in 2014, while in the same period last year there were 1,129 employees.

Number of employees in the Sava Group companies

	2014		2013	
	At 31 Dec. 2014	Average in year	At 31 Dec. 2013	Average in year
Sava, d.d., družba za upravljanje in financiranje, Ljubljana	17	19	20	26
TOURISM	986	971	939	1,044
SAVA TURIZEM d.d., Ljubljana	976	963	939	1,044
- Sava Zdravstvo d.o.o., Ljubljana (owned by Sava Turizem d.d.)	0	0	0	0
- Sava TMC d.o.o., Ljubljana (owned by Sava Turizem d.d.)	2	1	0	0
- Cardial d.o.o., Ljubljana (owned by Sava Turizem d.d.)	8	7	0	0
REAL ESTATE	0	0	0	0
SAVA NEPREMIČNINE d.o.o., Ljubljana	0	0	0	0
SAVA NOVA d.o.o., Zagreb	0	0	0	0
OTHER OPERATIONS	0	0	14	59
GIP SAVA KRANJ d.o.o., Ruma, Serbia	0	0	0	0
Sava IT d.o.o., Ljubljana	0	0	14	17
ENSA BH d.o.o., Srbac	0	0	0	42
TOTAL SAVA GROUP	1,003	990	973	1,129

Educational structure of employees in the Sava Group companies

Employees – classification by level of education	Sava Group
1st level – incomplete primary school	4
2nd level – primary school	88
3rd level – up to 2 years vocational education	13
4th level – at least 3 years of vocational education	306
5th level – secondary education	331
6th level – post-secondary specialist education	89
7th level – higher specialist and university education	165
8th and 9th level – Masters' and PhDs	7
Total	1,003

Age structure of employees at 31 December 2014

Employees – classification by age	Sava Group
Up to 20	0
From 20 to 30 years	195
From 30 to 40 years	290
From 40 to 50 years	297
From 50 to 60 years	215
More than 60 years	6
Total	1,003

6. BUSINESS OPERATIONS OF SAVA D.D.

Sava d.d. ended 2014 with a loss of €48.0 million. The loss amount was influenced by impairments of financial investments amounting to €31.1 million, of which the highest one with €26.6 million was the one in Gorenjska banka d.d. The high loss caused a negative capital amounting to €23.5 million.

The Master Restructuring Agreement on Sava d.d. expired on 30 November 2014. On 26 November 2014, Sava d.d. filed with the Ljubljana District Court the Proposal for initiating preventive restructuring proceedings in accordance with Article 44 b of the ZFPPIPP Act. On 2 December 2014, the court issued the Decision permitting the initiation of preventive restructuring proceedings.

6.1 Explanations about the income statement

Overview of significant data on the operations of Sava d.d. (€ million)

	2010	2011	2012	2013	2014
Net sales revenues	8.7	5.5	3.1	1.9	0.9
Other revenues	1.6	0.0	0.5	5.3	0.2
Operating expenses	-10.6	-9.5	-6.5	-7.3	-3.6
Operating profit or loss	-0.3	-4.0	-2.9	-0.2	-2.5
Financial result	-79.2	-167.6	-41.8	-1.5	-34.7
Pre-tax operating result	-79.4	-170.7	-44.7	-1.6	-37.1
Net profit or loss	-72.9	-156.1	-49.0	-11.4	-48.0

Operations indicators for Sava d.d.

	2010	2011	2012	2013	2014
Participation rate of equity - in % Equity / liabilities	42.4	21.4	10.8	6.1	-11.1
Participation rate of long-term financing - in % Total equity and long-term liabilities (incl. provisions and deferred taxes) and long-term accruals and deferrals / liabilities	74.3	32.2	21.9	6.2	-10.6
Operating fixed assets rate - in % Fixed assets and investment property / assets	4.4	3.7	4.3	1.0	1.2
Long-term investment rate -in % Total fixed assets and long-term accruals and deferrals, investment property, long-term financial investments and long-term operating receivables / assets	86.4	89.4	78.1	91.6	90.7
Equity of fixed operating assets ratio Equity/ fixed assets and investment property	9.6	5.7	2.5	5.8	-9.6
Acid test ratio Liquid assets / short-term liabilities	0.0	0.0	0.0	0.0	0.0
Quick ratio Total liquid assets, short-term receivables and short-term financial investments / short-term liabilities	0.5	0.1	0.1	0.1	0.1
Current ratio Short-term assets / short-term liabilities	0.5	0.2	0.3	0.1	0.1
Operating efficiency ratio Operating revenues / operating expenses	0.4	0.1	0.2	1.0	0.1
Net return on equity ratio Net profit for financial year / average equity (less net operating results for the year)	-22.0	-64.7	-56.2	-35.4	-242.2
Dividends to share capital ratio Total dividends paid in financial year / average share capital	7.7	0.0	0.0	0.0	0.0

Income statement of Sava d.d. by quarter in 2014 (€ thousand)

	JAN-MAR 2014	APR-JUN 2014	JUL-SEP 2014	OCT-DEC 2014
1. NET SALES REVENUES	236	205	247	242
a) Revenues in domestic market	236	205	246	241.6
To group enterprises	141	110	164	144.3
To associated companies	0	3	2	0.3
To others	95	92	81	97
b) Revenues in foreign market	0	0	1	0.5
To group enterprises	0	0	1	0.5
To associated companies	0	0	0	0
To others	0	0	0	0
2. CHANGE IN THE VALUE OF INVENTORIES OF PRODUCTS AND WORK IN PROGRESS	0	0	0	0
3. CAPITALISED OWN PRODUCTS AND/OR SERVICES	0	0	0	0
4. OTHER OPERATING REVENUES (with operating revenues from revaluation adjustment)	0	1	0	183
5. COST OF MERCHANDISE, MATERIALS AND SERVICES	-515	-214	-308	-749
a) Cost of merchandise and material sold and cost of material used	-15	-10	-11	-10
b) Cost of services	-500	-204	-297	-739
6. LABOUR COST	-481	-261	-296	-635
a) Salaries and wages	-266	-244	-245	-267
b) Social security cost (pension insurance cost shown separately)	-51	-52	-43	-46
- Social security cost	-21	-23	-18	-19
- Pension insurance cost	-30	-29	-25	-27
c) Other labour cost	-164	35	-8	-322
7. AMORTISATION AND DEPRECIATION EXPENSE, WRITE-OFFS	-30	-29	-28	-66
a) Amortisation	-30	-29	-28	-28
b) Operating expenses from revaluation of intangible and tangible fixed assets	0	0	0	-19
c) Operating expenses from revaluation of current assets	0	0	0	-19
8. OTHER OPERATING EXPENSES	-102	102	-12	-1
9. LOSS FROM OPERATIONS	-892	-196	-398	-1,026
10. OTHER FINANCIAL REVENUES FROM SHARES	283	1,025	5	36
a) Financial revenues from shares in group enterprises	0	0	0	0
b) Financial revenues from shares in associated companies	0	0	0	0
c) Financial revenues from shares in other entities	283	1,025	5	17
č) Financial revenues from other investments	0	0	0	19

	JAN-MAR 2014	APR-JUN 2014	JUL-SEP 2014	OCT-DEC 2014
11. FINANCIAL REVENUES FROM GRANTED LOANS	194	184	137	1,232
a) Financial revenues from loans granted to group enterprises	73	73	98	67
b) Financial revenues from loans granted to other entities	121	112	38	1,165
12. FINANCIAL REVENUES FROM OPERATING RECEIVABLES	14	13	14	156
a) Financial revenues from operating receivables due from group enterprises	13	13	13	13
b) Financial revenues from operating receivables due from other entities	1	0	1	143
13. FINANCIAL EXPENSES FROM IMPAIRMENTS AND WRITE-OFFS IN FINANCIAL INVESTMENTS	-431	-64	-183	-30,460
14. FINANCIAL EXPENSES FROM FINANCIAL LIABILITIES	-1,659	-1,733	-1,718	-1,750
a) Financial expenses from borrowings obtained from group enterprises	-29	-29	-29	-31
b) Financial expenses from borrowings obtained from banks	-1,408	-1,418	-1,420	-1,479
c) Financial expenses from issued bonds	-196	-198	-201	-196
d) Financial expenses from other financial liabilities	-26	-88	-67	-45
15. FINANCIAL EXPENSES FROM OPERATING LIABILITIES	0	0	0	0
a) Financial expenses from operating liabilities to group enterprises	0	0	0	0
b) Financial expenses from trade payables and bill payables	0	0	0	0
c) Financial expenses from other operating liabilities	0	0	0	0
16. OTHER REVENUES	0	12	46	117
17. OTHER EXPENSES	0	0	-4	-38
18. INCOME TAX	0	0	0	0
19. DEFERRED TAX	-72	-1,200	0	-9,602
20. NET PROFIT/LOSS FOR THE ACCOUNTING PERIOD	-2,563	-1,959	-2,101	-41,335

OPERATING REVENUES

- Operating revenues amounted to €1.1 million and included net sales revenues totalling €0.9 million and other operating revenues totalling €0.2 million.
- Net sales revenues were 8% higher than planned and lagged 50% behind the last year's result when also the trademark was sold under divesting Rubber Manufacturing.
- 40% of net sales revenues were made in relation to the partners outside of the Group and 60% referred to services sold by Sava d.d. to the companies within the Group.
- Other operating revenues were significantly lower than last year when the hotel real property in the Tourism was sold.

OPERATING EXPENSES

- These amounted to €3.6 million and lagged 6% behind the plan.
- Compared to the same period last year they were down by 50%, not considering the last year's impairments they were down by 32%.
- In 2014, the company employed 18.56 associates on average; labour cost amounted to €1.6 million and was at last year's level.
- Cost of services had a 49% share, labour cost a 46%, and depreciation and other expenses a 5% share in operating expenses structure.

OPERATING PROFIT OR LOSS

- An operating loss of €2.5 million was made.
- A loss of €0.2 million was made in 2013; its amount was influenced by the proceeds from sale of real property amounting to €5.3 million. Not considering the stated one-time revenues, the operating loss in 2013 would have amounted to €5.4 million.

FINANCIAL RESULT

- The net financial result of Sava d.d. was negative and amounted to €34.7 million.
- Financial revenues arising from investments in securities available for sale were generated to the amount of €1.3 million and chiefly referred to gains on sale of investments.
- Unplanned impairments of financial investments amounted to €31.1 million and referred to the following investments:
  - *Gorenjska banka d.d.* amounting to €26.6 million: impairment was carried out on the basis of the estimated value prepared by a certified evaluator. The mean estimated value amounted to €406 for a share.
  - Investments and loans in connection with *subsidiaries* amounting to €3.2 million.
  - *Other investments* totalling €1.3 million.
- Interest on granted loans amounting to €1.7 million referred to loans granted to subsidiaries and approved short-term loans to the bank.
- Interests on the obtained bank loans totalled €6.9 million and were computed by using the interest rate agreed in the Master Restructuring Agreement. This amounted to 3.0%; interests at 1.0% fell due for payment monthly and were paid regularly, the remaining 2.0% fell due for payment at the end of November 2014. As of the expiration of the Master Restructuring Agreement until the end of the year, a 3% interest rate on tax cost and liability was considered in the financial accounts.

Payment of outstanding liabilities arising from the loan principals, interest accruing and other financial liabilities will be dealt with under preventive restructuring proceedings, which based on the court's decision, was initiated on 2 December 2014.

Financial result by type of activity (€ million)

	Financial result	Financial result	Financial result	Financial result	Financial revenues	Financial expenses	Financial result
	2010	2011	2012	2013	JAN - DEC 2014		
Dividends	29.3	11.3	8.1	0.1	0.0	0.0	0.0
Sale of Rubber Manufacturing	0.0	0.0	0.0	23.5	0.0	0.0	0.0
Securities	0.8	1.6	0.5	0.1	1.3	0.0	1.3
Impairments of financial investments	-95.0	-158.1	-34.5	-19.0	0.0	-31.1	-31.1
Interests	-12.9	-16.1	-15.8	-7.4	1.7	-6.9	-5.2
Other	-1.4	-6.3	-0.1	1.2	0.3	0.0	0.3
Total	-79.2	-167.6	-41.8	-1.5	3.3	-38.0	-34.7

TOTAL PRE-TAX LOSS

A total pre-tax loss made by Sava d.d. in 2014 amounted to €37.1 million. Its amount was mainly influenced by impairments of financial investments totalling €31.1 million.

INCOME TAX

Sava d.d. had no income tax liability accounted for in 2014.

At the end of 2013, deferred tax receivables were shown at €10.9 million. In 2014, they were reduced by €1.5 million due to selling impaired securities and a final reversal – impairment of the remaining deferred tax receivables totalling €9.4 million was also carried out.

NET LOSS

Sava d.d. made a net loss of €48.0 million in 2014. It is higher than total pre-tax loss, which was due to a reversal of deferred tax receivables amounting to €10.9 million.

Accumulated loss (€ million)

Net operating result Jan-Dec 2014	-48.4
Other changes	0.6
Accumulated loss at 31 Dec. 2014	-47.4

At the 20th Shareholders' Meeting held on 29 April 2014, a resolution on a simplified reduction of share capital was adopted. In terms of its substance, a share capital reduction totalling €11.4 million was earmarked for covering total loss of 2013. The share capital of the company thus amounted to €14.1 million at 31 December 2014.

A loss of €48.0 million was made in 2014. Other changes amounting to €0.6 million referred to transfer of obsolete liabilities for dividend payment to corresponding capital items. Already when compiling the 2014 annual report, this amount was used for covering the current loss so that the accumulated loss amounted to €47.4 million at 31 December 2014.

6.2 Explanations about the balance sheet

BALANCE SHEET TOTAL

It amounted to €211.2 million and compared to the end of 2013, it decreased by €37.2 million or 15%.

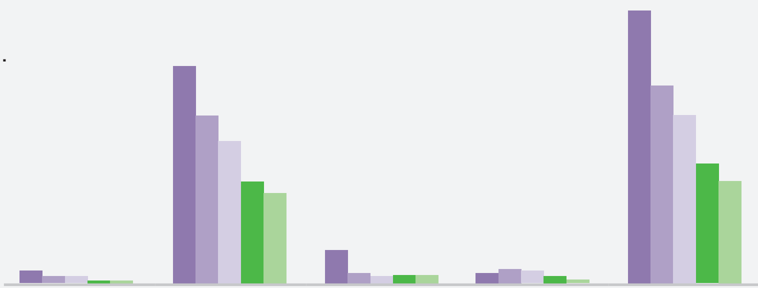
ASSETS STRUCTURE

The largest share in the assets structure had long-term financial investments with 90%. Granted loans had a 6% and other assets a 4% share.

The following significant changes took place in the assets structure in 2014:

- In the structure of **long-term financial investments** shown to the amount of **€189.1 million** and by €24.8 million lower than at the end of the past year, the following significant changes took place in 2014:
  - The *value of shares and stakes in Group's companies* decreased by €1.7 million, which referred to impairment of investment in a Real Estate company.
  - The value of investments in the *associated companies* decreased by €26.6 million, which referred to impairment of investment in Gorenjska banka d.d. The basis for carrying out the impairment was the evaluation made by a certified evaluator, in which the mean value of the share was ascertained at €406 (2013: €588 for a share).
  - The value of *other shares* and stakes increased by €6.9 million in net terms, €3.1 million of which were due to disposals generating a profit of €1.3 million and €10.0 million were due to a net positive effect from revaluation to fair value.
  - Long-term approved loans totalling €3.4 million were transferred to short-term granted loans.
- **Deferred tax receivables** amounting to €10.9 million were entirely reversed and debited the 2014 operating result.
- **Short-term financial investments** totalling €14.7 million were by €1.3 million lower than at the end of the past year:
  - An increase of €3.4 million was due to transfer from long-term granted loans.
  - A decrease of €4.9 million chiefly arose from repayment of loans to banks.

Assets structure of Sava d.d. from 2010 to 2014
(€ million)



	Property, plant and equipment, and investment property	Long-term financial investments and assets for sale	Short-term financial investments	Other assets	Total assets
31 Dec. 2010	24.8	450.8	70.1	18.3	564.0
31 Dec. 2011	15.3	348.2	19.6	26.9	410.0
31 Dec. 2012	15.1	294.8	13.1	25.3	348.3
31 Dec. 2013	2.6	213.9	16.0	15.8	248.3
31 Dec. 2014	2.5	189.1	14.7	4.9	211.2

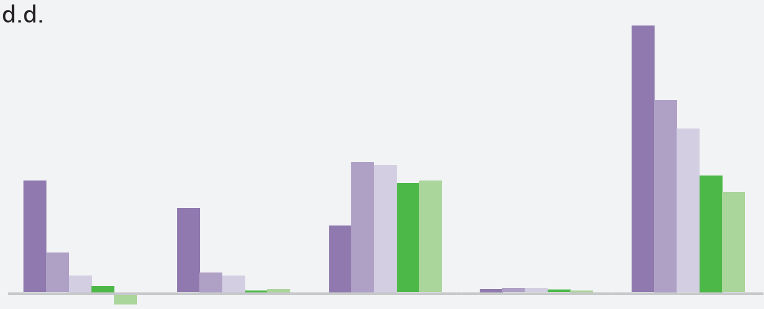
LIABILITIES STRUCTURE

- The **capital** of Sava d.d. was negative amounting to €23.5 million and thus by €38.6 million lower than at the end of the previous year. The following changes took place in capital:
  - A loss of €48.0 million was made.
  - Revaluation reserve increased by €8.8 million.
  - Obsolete liabilities arising from dividend payments to shareholders amounting to €0.6 million were transferred to capital reserves and retained net profit from previous years. Already upon compiling the annual report these were used for covering the 2014 loss.
- **Short-term financial liabilities** amounting to €222.5 million decreased by €4.3 million compared to the end of the previous year, mainly due to repayment of financial liabilities and, to a lesser extent, also due to reversing liabilities for dividend payment. The liabilities arising from loans obtained by Sava d.d. were secured by pledging the assets of Sava d.d. and subsidiaries worth €222.4 million at 31 December 2014.

The Master Restructuring Agreement on Sava d.d. expired on 30 November 2014. On 26 November 2014 Sava d.d. filed with the Ljubljana District Court the Proposal for initiating preventive restructuring proceedings according to Article 44b of the ZFPPIPP Act. On 2 December 2014, the court issued the Decision permitting the initiation of preventive restructuring proceedings.

- **Other liabilities** totalling **€12.2 million** referred to:
  - Short-term operating liabilities totalling €9.2 million, which increased due to deferred interests under the Master Restructuring Agreement.
  - Deferred tax liabilities totalling €1.0 million.
  - Short-term accrued costs and deferred revenues totalling €1.9 million, which included short-term accrued costs in connection with the business and financial reorganisation of the company, deferred interests and various other accrued costs.
  - Long-term provisions for retirement amounts and jubilee benefits totalling €0.1 million.

Liabilities structure of Sava d.d. from 2010 to 2014
(€ million)



	Capital	Long-term liabilities	Short-term liabilities	Other liabilities	Total liabilities
31 Dec. 2010	239.1	179.7	144.2	1.0	564.0
31 Dec. 2011	87.7	44.0	276.8	1.5	410.0
31 Dec. 2012	37.7	38.4	270.7	1.5	348.3
31 Dec. 2013	15.1	0.2	232.1	0.9	248.3
31 Dec. 2014	-23.5	1.0	233.5	0.2	211.2

6.3 Employees

NUMBER OF EMPLOYEES AT 31 DECEMBER 2014

At 31 December 2014, Sava d.d. employed 17 associates; in comparison with the end of 2013 their number was down by 3 associates.

In 2014, Sava d.d. employed 18.56 associates on average or 7.8 fewer than in 2013.

Educational structure of employees at 31 December 2014

Level of education	Number – 2014	Number – 2014
5th level – secondary education	1	1
6th level – post-secondary specialist education	2	2
7th a-level – higher specialist education	0	0
7th b-level – university degree	13	16
8th level – Masters' degree	1	1
9th level - PhD	0	0
Skupaj	17	20

Age structure of employees at 31 December 2014

	2014 – number	2014 – share	2013 – number	2013 – share
20-30	1	6 %	1	5 %
31-40	9	53 %	9	45 %
41-50	4	24 %	7	35 %
51-60	2	12 %	2	10 %
More than 60	1	6 %	1	5 %
Total	17	100 %	20	100 %

7. OUTLOOK FOR 2015

In 2015, Sava d.d. will continue to carry out the active management policy, which is based on a clear division of responsibilities and competences, while supporting the implementation of the strategic policies defined by the Group.

The Master Restructuring Agreement on Sava d.d. expired on 30 November 2014. On 26 November 2014, Sava d.d. filed the Proposal for initiating preventive restructuring proceedings according to the Article 44 b of the ZFPPIPP Act with Ljubljana District Court. On 2 December 2014, the court issued the Decision on initiating preventive restructuring proceedings.

The fact that Sava d.d. is undergoing preventive restructuring proceedings will not influence the operations of subsidiaries, which will continue to carry out the activities for business improvement.

The 2015 business plan in figures (€ million)

	Sava d.d.	Subsidiaries	Sava Group
Sales revenues	0.8	65.4	65.6
Net profit / loss from operations	-3.5	1.9	-1.4
Balance sheet total	205.2	179.9	278.6
Capital	-27.0	97.1	-22.7
Employee number	16	1,015	1,031
Investments	0	6.1	6.1

The 2015 business plan of the Sava Group thus includes the following major elements from the restructuring strategy:

- Further optimisation of operations in the parent company Sava d.d.
- Further improvement in Tourism business as a strategic activity with emphasis on business growth and seeking further synergies.
- Consolidation of financial assets.
- Continued activities in connection with strategic development of investments in tourism sector.
- Preservation of financial investments value in the banking sector.
- Divestment of non-strategic assets.
- Provision of suitable liquidity.

The major substantive starting points of the 2015 business plan for the Sava Group are as follows:

- Successfully completed preventive restructuring proceedings in the parent company Sava d.d. and further restructuring of financial liabilities agreed upon with all financial creditors.
- Along with further optimisation of operative business, Sava d.d. will carry on with the activities for preservation of investment value in the banking sector and consolidation of financial assets, especially in Tourism, as well as divestments of non-core assets in 2015.
- Based on the improved forecasts about economic environment, and focusing on intense marketing of healthcare services and winning new markets, Sava Turizem d.d. as the mainstay of the Tourism division will improve sales and thus operative performance.
- The generated cash flow from operations of subsidiaries will be sufficient for covering financial expenses, planned investments and repayment of loans' principals in compliance with the amortization schedule.

Renewed for the Future

FINANCIAL REPORT

1. FINANCIAL STATEMENTS OF THE SAVA GROUP WITH NOTES

IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EU

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

Consolidated statement of financial position (€ thousand)

	Notes	31 Dec. 2014	31 Dec. 2013
ASSETS			
Property, plant and equipment	1.3.9.	149,705	153,358
Intangible assets	1.3.10.	729	405
Investment property	1.3.11.	6,637	8,355
Investments in associates	1.3.12.	59,511	86,217
Long-term securities available for sale	1.3.13.	38,392	31,426
Long-term loans	1.3.14.	40	41
Deferred tax receivables	1.3.15.	0	10,806
Long-term assets		255,014	290,608
Assets for sale	1.3.8.	410	0
Inventories	1.3.16.	3,182	4,265
Operating and other receivables	1.3.17.	7,295	5,544
Current tax receivable		0	0
Short-term financial investments		0	0
Granted loans	1.3.18.	18,388	24,594
Cash and cash equivalent	1.3.19.	1,205	1,239
Short-term assets		30,480	35,642
Assets		285,494	326,250

	Notes	31 Dec. 2014	31 Dec. 2013
CAPITAL AND LIABILITIES			
Issued capital		14,061	25,442
Share premium		0	0
Reserves		4,977	4,977
Fair value reserve		10,298	1,068
Treasury shares		-4,977	-4,977
Translation reserve		0	0
Retained net profit / loss		-46,516	-11,500
Total equity attributable to equity holders of the parent		-22,157	15,010
Minority interest		931	1,166
Capital	1.3.20.	-21,226	16,176
Long-term provisions	1.3.21.	2,642	2,961
Deferred government grants	1.3.22.	8,753	9,068
Obtained long-term loans	1.3.23.	45,678	54,216
Long-term operating liabilities		0	0
Deferred tax liabilities	1.3.15.	884	0
Long-term liabilities		57,957	66,245
Liabilities for sale	1.3.8.	410	0
Short-term financial liabilities	1.3.23.	226,976	226,890
Short-term operating liabilities	1.3.24.	16,986	13,055
Short-term costs and accrued revenues	1.3.25.	4,391	3,884
Short-term liabilities		248,763	243,829
Total liabilities		306,720	310,074
Total equity and liabilities		285,494	326,250

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

Consolidated income statement (€ thousand)

	Notes	2014	2013
Revenues from goods sold and services rendered	1.3.26.	62,997	67,221
Change in inventories of products and work in progress		20	0
Other operating revenue	1.3.27.	1,962	4,673
Operating revenues		64,979	71,894
Cost of goods, materials and services	1.3.28.	-32,705	-36,450
Labour cost	1.3.29.	-21,720	-24,220
Depreciation and amortisation		-7,595	-8,060
Other write-offs	1.3.30.	-3,068	-9,269
Other operating expenses	1.3.31.	-1,119	-1,666
Operating expenses		-66,208	-79,665
Operating profit / loss		-1,229	-7,771
Financial revenues		3,017	16,844
Financial expenses		-10,663	-16,665
Net financial revenues/ expenses	1.3.32.	-7,646	179
Share in profit of associates		0	0
Share in loss of associates		0	0
Impairments of financial investments in associates		-27,155	-38,139
Net expense from associates	1.3.33.	-27,155	-38,139
Pre-tax loss		-36,030	-45,731
Tax	1.3.34.	-10,934	-9,827
Net loss for the period		-46,964	-55,558
Net loss for the year attributable to:			
Equity holders of the parent		-46,960	-55,569
Minority interest		-4	11
Net loss for the period		-46,964	-55,558
Basic loss per share (€)		-23.53	-27.85
Diluted loss per share (€)		-23.53	-27.85

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

Consolidated statement of other comprehensive income (€ thousand)

	Notes	2014	2013
Net loss for the period		-46,964	-55,558
Other comprehensive income			
- Change in fair value of available-for-sale financial assets	1.3.13.	10,923	-727
- Deferred tax on change in fair value of available-for-sale financial assets	1.3.15.	-987	55
- Change in fair value of investments in associates transferred to profit or loss	1.3.12.	0	5,604
- Change in fair value of available-for-sale financial assets transferred to profit or loss	1.3.13.	-1,312	-73
- Deferred tax on change in fair value of available-for-sale financial assets transferred to profit or loss	1.3.15.	201	11
- Actuarial gains / losses on defined benefit pension plans		444	-20
- Deferred tax on actuarial gains / losses on defined benefit pension plans		-38	0
Other comprehensive income for the period, net of deferred tax		9,230	4,850
Total comprehensive income for the period		-37,734	-50,708
Total comprehensive income for the period attributable to:			
Equity holders of the parent		-37,730	-50,719
Minority interest		-4	11
Total comprehensive income for the period		-37,734	-50,708

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

Consolidated cash flow statement (€ thousand)

	Notes	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit / loss		-46,964	-55,558
Adjustments for:			
Depreciation of property, plant and equipment	1.3.9.	7,304	7,730
Amortisation of intangible assets	1.3.10.	108	129
Depreciation of investment property	1.3.11.	183	201
Write-off and impairments of property, plant and equipment	1.3.9.	16	2,799
Impairments of inventories	1.3.16.	1,088	1,167
Impairments of receivables	1.3.17.	412	2,557
Write-offs and impairments of intangible assets	1.3.10.	0	35
Loss at disposal of intangible assets	1.3.10.	0	10
Proceeds from sale of intangible assets	1.3.10.	0	-46
Write-off and impairment of investment property	1.3.11.	1,534	2,543
Impairment of financial investments	1.3.13.	840	3,967
Impairments of investments in associates	1.3.12.	26,705	37,414
Proceeds from sale of property, plant and equipment	1.3.27.	-40	-115
Loss at disposal of property, plant and equipment	1.3.30.	1	159
Proceeds from sale of investment property	1.3.27.	0	-1,033
Loss from sale of investment property		19	0
Foreign currency translation difference		0	0
Proceeds from sale of securities	1.3.32.	-1,312	-73
Dividends and share in profit received	1.3.32.	-25	-86
Share in loss of associates		0	0
Foreign exchange difference		12	0
Impairment of loans granted to associates	1.3.33.	449	725
Impairments of assets available for sale		261	0
Interest expense	1.3.32.	9,418	11,700
Interest revenue	1.3.32.	-1,672	-979
Income tax liability / receivable	1.3.34.	10,934	9,827
Income from operations prior to change in operating equity and provisions		9,271	23,073
Change in long-term receivables	1.3.14., 1.3.15.	10,806	-1,319
Change in short-term receivables	1.3.17	-856	-21,684
Change in inventories	1.3.16.	-6	-38
Change in short-term operating liabilities	1.3.24.	-10,925	-6,654
Change in long-term operating liabilities		-1,242	0
Change in provisions	1.3.21.	125	40
Change in government grants	1.3.22.	-138	-530
Acquired cash in operations		7,035	-7,112
Paid income tax	1.3.34.	-69	-50
Net cash flow from operations		6,966	-7,162

	Notes	2014	2013
CASH FLOW FROM INVESTMENT ACTIVITIES			
Purchase of property, plant and equipment	1.3.9.	-4,803	-5,351
Proceeds from sale of property, plant and equipment		68	6,389
Purchase of intangible assets	1.3.10.	-191	-12
Proceeds from sale of intangible assets	1.3.10.	5	44
Purchase of investment property	1.3.11.	-23	-76
Proceeds from sale of investment property		6	3,190
Proceeds from sale of subsidiaries	1.3.11.	0	79,800
Purchase of subsidiaries		-350	0
Proceeds from repaid loans		11,197	3,981
Expenses for granted loans		-4,907	-9,792
Purchase of long-term securities	1.3.13.	-11	-142
Proceeds from sale of long-term securities		3,128	698
Other dividends and shares in profit	1.3.32.	25	86
Received interests		309	855
Net cash flow from investment activities		4,453	83,228
CASH FLOWS IN FINANCING ACTIVITIES			
Other changes in capital		0	-460
Expenses for obtained long-term loans		-15	0
Proceeds from obtained short-term loans		6	0
Expenses for obtained short-term loans		-6,589	-64,372
Expenses for dividends of Group's shareholders		0	0
Paid interests		-4,821	-10,546
Net cash flow from financing activities		-11,419	-75,378
Net increase or decrease in cash and cash equivalents		0	688
Cash and cash equivalents at year begin		1,239	551
Cash and cash equivalents from companies for sale		-34	0
Cash and cash equivalents at beginning of the period		1,205	1,239

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

Consolidated statement of changes in equity (€ thousand)

	Issued capital	Share premium	Reserves	Reserves for treasury shares	Reserves for fair value of financial assets	Reserves from a change in the value of financial investments in associated companies	Treasury shares	Net profit/ loss for the financial year	Retained net profit / loss	Capital attributed to owners of the controlling interest	Non-con-trolling interest	Total
Balance at 31 Dec. 2012	83,751	0	0	4,977	1,822	-5,604	-4,977	-99,181	84,940	65,728	1,568	67,296
Total comprehensive income												
Loss for the year	0	0	0	0	0	0	0	-55,569	0	-55,569	11	-55,558
Other comprehensive income	0	0	0	0	-754	5,604	0	0	0	4,850	0	4,850
Items not to be reclassified to profit or loss	0	0	0	0	-20	0	0	0	0	-20	0	0
Change in fair value of available-for-sale financial assets	0	0	0	0	-727	0	0	0	0	-727		-727
Deferred tax on change in fair value of available-for-sale financial assets	0	0	0	0	55	0	0	0	0	55	0	55
Change in fair value of investments in associates	0	0	0	0	0	5,604	0	0	0	5,604	0	5,604
Change in fair value of available-for-sale financial assets transferred to profit or loss	0	0	0	0	-73	0	0	0	0	-73	0	-73
Deferred tax on change in fair value of available-for-sale financial assets transferred to profit or loss	0	0	0	0	11	0	0	0	0	11	0	11
Total comprehensive income	0	0	0	0	-754	5,604	0	-55,569	0	-50,719	11	-50,708
Transfer of net loss of the previous year in the retained	0	0	0	0	0	0	0	99,181	-99,181	0	0	0
Acquisition of treasury shares	0	0			0	0	0	0	0	0	0	0
Decrease in minority interest due to sale of companies	0	0	0	0	0	0	0	0	0	0	-415	-415
Increase in minority interest due to change in ownership of the company	0	0	0	0	0	0	0	0	0	0	2	2
Total transactions with owners recorded in capital	0	0	0	0	0	0	0	99,181	-99,181	0	-413	-413
Changes in capital										0		
Covering a loss	-58,309	0	0	0	0	0	0	0	58,309	0	0	0
Total changes in capital	-58,309	0	0	0	0	0	0	0	58,309	0	0	0
Balance at 31 Dec. 2013	25,442	0	0	4,977	1,068	0	-4,977	-55,569	44,069	15,010	1,166	16,176

Consolidated statement of changes in equity (€ thousand)

	Issued capital	Share premium	Reserves	Reserves for treasury shares	Reserves for fair value of financial assets	Reserves from a change in the value of financial investments in associated companies	Treasury shares	Net profit/ loss for the financial year	Retained net profit / loss	Capital attributed to owners of the controlling interest	Non-con-trolling interest	Total
Balance at 31 Dec. 2013	25,442	0	0	4,977	1,068	0	-4,977	-55,569	44,069	15,010	1,166	16,176
Total comprehensive income												
Profit / loss for the year	0	0	0	0	0	0	0	-46,960	0	-46,960	-4	-46,964
Other comprehensive income	0	0	0	0	9,230	0	0	0	0	9,230	0	9,230
Items not to be reclassified to profit or loss	0	0	0	0	406	0	0	0	0	406	0	406
Change in fair value of available-for-sale financial assets		0	0	0	10,923	0	0	0	0	10,923	0	10,923
Deferred tax on change in fair value of available-for-sale financial assets	0	0	0	0	-987	0	0		0	-987	0	-987
Change in fair value of available-for-sale financial assets transferred to profit or loss	0	0	0	0	-1,312	0	0		0	-1,312	0	-1,312
Deferred tax on change in fair value of available-for-sale financial assets transferred to profit or loss	0	0	0	0	201	0	0		0	201	0	201
Total comprehensive income	0	0	0	0	9,230	0	0	-46,960	0	-37,730	-4	-37,734
Transfer of net loss of the past year to retained net profit	0	0	0	0	0	0	0	55,569	-55,569	0	0	0
Increase of minority interest due to purchase of companies	0	0	0	0	0	0	0	0	0	0	20	20
Decrease in minority interest due to disposal of companies	0	0	0	0	0	0	0	0	0	0	-254	-254
Total transactions with owners recorded in capital	0	0	0	0	0	0	0	55,569	-55,569	0	-234	-234
Changes in capital										0		
Covering a loss	-11,381	0	0	0	0	0	0	563	11,381	563	0	0
Other changes in capital	0	0	0	0	0	0	0	0	0	0	3	3
Total changes in capital	-11,381	0	0	0	0	0	0	563	11,381	563	3	566
Balance at 31 Dec. 2014	14,061	0	0	4,977	10,298	0	-4,977	-46,397	-119	-22,158	931	-21,226

1.2 Composition of the Sava Group and data about the operations of subsidiaries and associates in 2014

At 31 December 2014, the Sava Group consisted of 9 companies: the parent company Sava d.d. and 8 subsidiaries. The financial statements of all these companies are included in the consolidated financial statements of the Sava Group. In all companies, the capital and control rights are in accord.

List of companies that besides the parent company Sava d.d. are included in the Sava Group, with a comparison of ownership stakes as at 31 December 2014 and 31 December 2013

	% ownership 31 Dec. 2014	% ownership 31 Dec. 2013	Change % 2014
TOURISM			
SAVA TURIZEM d.d., Ljubljana	99.05%	99.05%	0.00%
Cardial d.o.o., Ljubljana (owned by Sava Turizem d.d.)*	85.00%	0.00%	85.00%
Sava Zdravstvo d.o.o., Ljubljana (owned by Sava Turizem	100.00%	100.00%	0.00%
Sava TMC d.o.o., Ljubljana (owned by Sava Turizem d.d.)	100.00%	100.00%	0.00%
REAL ESTATE			
SAVA NEPREMIČNINE d.o.o., Kranj	100.00%	100.00%	0.00%
SAVA NOVA d.o.o., Zagreb, Croatia	100.00%	100.00%	0.00%
OTHER OPERATIONS			
GIP SAVA KRANJ d.o.o., Ruma, Serbia	100.00%	100.00%	0.00%
ENERGETIKA ČRNOMELJ d.o.o., Ljubljana**	50.68%	50.68%	0.00%
SAVA IT d.o.o., Ljubljana	100.00%	100.00%	0.00%

* *In February 2014, Sava Turizem d.d. acquired an 85% share in Cardial d.o.o.*

** *At 31 December 2014, the share in Energetika Črnomelj d.o.o. was recognised as available for sale and actually sold on 7 January 2015.*

ASSOCIATED COMPANIES OF THE SAVA GROUP

List of associated companies and a comparison of ownership stakes as at 31 December 2014 and 31 December 2013

	% ownership 31 Dec. 2014	% ownership 31 Dec. 2013	Change in % of ownership in 2014	Controlling stake* 31 Dec. 2014
SAVA, d.d., družba za upravljanje in financiranje, Kranj - as a parent company				
- Gorenjska banka d.d., Kranj**	44.07%	44.07%	0.00%	48.82%
- NFD Holding d.d., Ljubljana***	24.65%	24.65%	0.00%	24.65%
SAVA TURIZEM d.d. - as a parent company				
- Gorenjska banka d.d., Kranj	0.16%	0.16%	0.00%	0.17%

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

** *34,287 shares (10.35%) of Gorenjska banka d.d., Kranj, is under fiduciary ownership of Abanka Vipa d.d, which saves them in favour of holders of the SA03 bonds issued by Sava d.d. as collateral for liabilities arising from bonds.*
In accordance with IFRS Gorenjska banka d.d. has been included in the consolidated financial statements as an associated company on the equity accounting basis.

****On 6 January 2015, bankruptcy proceedings were instituted against NFD Holding d.d., Ljubljana.*

Capital of associated companies at 31 December 2014 and operating profit/loss of associated companies in 2014 (€ thousand):

The stated data for Gorenjska banka d.d. for 2014 has not been audited and was publicly announced.

On 6 January 2015, bankruptcy proceedings were instituted against NFD Holding d.d, Ljubljana.

Associated company / head office	Capital value 31 Dec. 2014	Operating profit/loss 2014
Gorenjska banka d.d., Bleiweisova 1, 4000 Kranj	187,000	2,000
NFD Holding d.d., Trdinova 4, Ljubljana	***	***

**** On 6 January 2015, bankruptcy proceedings were instituted against NFD Holding d.d, Ljubljana.*

Capital of associated companies at 31 December 2013 and operating profit/loss of associated companies in 2013 (€ thousand):

The stated data for 2013 was audited.

Associated company / head office	Capital value 31 Dec. 2013	Operating profit/loss 2013
Gorenjska banka d.d., Bleiweisova 1, 4000 Kranj	165,712	-115,600
NFD Holding d.d., Trdinova 4, Ljubljana	-15,709	-11,310

Sales revenues of subsidiaries in 2014, capital of subsidiaries at 31 December 2014 and operating profit/loss of subsidiaries in 2014 (€ thousand):

Company / head office	Sales revenues Jan-Dec 2014	Capital value 31 Dec. 2014	Operating profit/loss Jan-Dec 2014
TOURISM	64,248	95,660	1,055
SAVA TMC d.o.o., Dunajska cesta 152, 1000 Ljubljana	1,713	1,117	549
Sava Turizem d.d., Dunajska cesta 152, 1000 Ljubljana	61,610	94,388	483
Cardial d.o.o., Zaloška cesta 69 1000 Ljubljana	925	147	23
Sava Zdravstvo d.o.o., Dunajska cesta 152, 1000 Ljubljana	0	7	0
REAL ESTATE	7	-853	-2,863
SAVA NEPREMIČNINE d.o.o., Dunajska cesta 152, 1000 Ljubljana	3	2,165	-1,558
SAVA NOVA d.o.o., Fra Filipa Grabovca 14, 10000 Zagreb, Croatia	4	-3,018	-1,305
OTHER OPERATIONS	293	927	-61
GIP SAVA KRANJ d.o.o., Industrijski put bb, 22400 Ruma, Serbia	10	1	-4
Sava IT d.o.o., Dunajska cesta 152, 1000 Ljubljana	5	410	-21
ENERGETIKA ČRNOMELJ d.o.o., Dunajska cesta 152, 1000 Ljubljana*	278	515	-36
SUBSIDIARIES TOTAL	64,547	95,733	-1,869

* *Energetika Črnomelj d.o.o., which was sold in January 2015, has been included in the consolidated financial statements only through profit or loss; assets and liabilities in the consolidated statement of financial positions are shown under Assets and liabilities for sale.*

Sales revenues of subsidiaries in 2013, capital of subsidiaries at 31 December 2013 and operating profit/loss of subsidiaries in 2013 (€ thousand):

Company / head office	Sales revenues Jan-Dec 2013	Capital value 31 Dec. 2013	Operating profit/loss Jan-Dec 2013
TOURISM	64,169	94,058	1,027
SAVA TMC d.o.o., Dunajska cesta 152, 1000 Ljubljana	1,640	567	509
Sava Turizem d.d., Dunajska cesta 152, 1000 Ljubljana	61,916	93,483	670
Sava Golf d.o.o., Dunajska cesta 152, 1000 Ljubljana	614	0	-153
Sava Zdravstvo d.o.o., Dunajska cesta 152, 1000 Ljubljana	0	7	0
REAL ESTATE	0	1,976	-4,081
SAVA NEPREMIČNINE d.o.o., Dunajska cesta 152, 1000 Ljubljana	0	3,723	-2,717
SAVA NOVA d.o.o., Fra Filipa Grabovca 14, 10000 Zagreb, Croatia	0	-1,747	-1,364
OTHER OPERATIONS	4,183	988	-102
GIP SAVA KRANJ d.o.o., Industrijski put bb, 22400 Ruma, Serbia	29	5	2
Sava IT d.o.o., Dunajska cesta 152, 1000 Ljubljana	1,662	431	2
ENERGETIKA ČRNOMELJ d.o.o., Dunajska cesta 152, 1000 Ljubljana	344	552	3
ENSA BH d.o.o., Prijeblezi BB, 78429 Srbac, Bosnia and Herzegovina	2,148	0	-109
SUBSIDIARIES TOTAL	68,352	97,022	-3,156

1.3 Notes to the financial statements of the Sava Group in accordance with International Financial Reporting Standards as adopted by the EU

1.3.1 The reporting company

The controlling company Sava d.d. is domiciled in Dunajska cesta 152, 1000 Ljubljana. The consolidated financial statements of the Sava Group, which include the controlling company Sava d.d., its subsidiaries, and the interests in the associated companies, have been drawn for the financial year ending on 31 December 2014. Financial statements have been produced under the going concern assumption.

1.3.2 Basis of preparation

a) Statement of compliance

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

The Management Board approved the issue of financial statements on 10 March 2015.

b) Basis of measurement

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

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

c) Functional and presentation currency

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

The Sava Group companies, which have their head office outside of Slovenia, use the following currencies: HRK, RSD.

d) Application of estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, 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.

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

- 1.3.21. Provisions
- 1.3.37. Contingent liabilities
- 1.3.12., 1.3.13. Evaluation of financial instruments

1.3.3 Significant accounting policies

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

a) Basis of consolidation

BUSINESS COMBINATIONS

In 2014, an 85% share in Cardial d.o.o. was acquired; the investment value amounted to €350 thousand. The equity value of the company on the acquisition day amounted to €124 thousand. The remaining 15% share is the company's own stake of.

COMPOSITION OF THE SAVA GROUP

The Sava Group includes the parent company Sava d.d., 8 subsidiaries, and 2 associated companies. The financial statements of the mentioned subsidiaries are entirely included in the Group's consolidated financial statements, whereas in the case of the associated companies, the equity accounting method is considered at the annual level, i.e. the attributable profit or loss is added to the financial result of the Group, and equity revaluation adjustment is attributed to the equity of the Group. The parent company and subsidiaries prepare separate financial statements in accordance with SAS, whereas adjustments to IFRSs as adopted by the EU are carried out for purpose of consolidation.

SUBSIDIARIES

Subsidiaries are the 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, as well as the actual control in steering the company in terms of finance and business. In all subsidiaries the capital and controlling stakes 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.

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

ASSOCIATED COMPANIES

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

The capital and controlling rights are not in accord in all associated companies (explanation is given under 1.2). Any additional impairment of investments in the bank is ascertained on the basis of an evaluation prepared by a certified company evaluator.

TRANSACTION ELIMINATED ON CONSOLIDATION

Intra-group balances of receivables and liabilities, 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 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 reporting 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 original 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 transaction. Foreign exchange gains/losses arising on retranslation are recognised in other comprehensive income as a translation reserve in equity. In the case of a subsidiary, which is not wholly owned, a suitable proportionate share of translation reserve is reallocated under the non-controlling share. At eliminating a foreign operation, the translation reserve amount is transferred in the income statement.

c) Financial instruments

c I) Non-derivative financial instruments

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

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

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

Loans and receivables

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

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

If impartial evidence exists that a receivable recognised at amortised cost resulted in a loss due to impairment, the loss is measured as a difference between the carrying amount of a receivable and the 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 with banks subject to settlement on call and being a component of managing monetary assets in the Group are included under cash and cash equivalents in the cash flow statement.

Financial assets available for sale

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

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

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

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

Non-derivative financial liabilities

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

C 2) Derivative financial instruments

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

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

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

Cash flow hedging

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

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

Hedging against risks

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

CAPITAL

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

Ordinary no-par value shares

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

Repurchase of treasury shares

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

Dividends

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

Net earnings per share

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

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

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 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. The Group companies determine at least once a year whether there exists evidence for any impairment.

TRANSFER OF PROPERTY FROM TANGIBLE FIXED ASSETS TO INVESTMENT PROPERTY

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

SUBSEQUENT COSTS

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

DEPRECIATION

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

Estimated useful lives are as follows:

	2014	2013
Manufacturing building	-	25 to 80 years
Hotels, commercial buildings, warehouses	20 to 71 years	20 to 71 years
Office buildings	25 to 40 years	25 to 40 years
Manufacturing equipment in rubber manufacturing	-	4 to 20 years
Hotel furnishings	5 to 20 years	5 to 20 years
Computer equipment	2 to 5 years	2 to 5 years
Other equipment	6 to 20 years	6 to 20 years

In the preceding year of 2013, a change of depreciation rates in Tourism companies took place as follows:

1. Buildings – depreciation rates between 1.4% and 5.0%.
2. Infrastructure – depreciation rates between 1.4% and 5.0%.
3. Landscaping and recreational surfaces – depreciation rates between 1.4% and 3.0%.

The impact of the deprecation rates change in 2013 in terms of value is detailed in paragraph 1.3.9.

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 net fair value of ascertained assets, liabilities and contingent liabilities of the acquired company.

Subsequent measurement

Goodwill is measured at cost less any accumulated impairment losses. In respect of equity accounted 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 neither allocated to any asset, nor goodwill that forms part of the carrying amount of the equity accounted investment.

RESEARCH AND DEVELOPMENT

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

OTHER INTANGIBLE ASSETS

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

SUBSEQUENT EXPENDITURE

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

AMORTISATION

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

f) 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 total 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.

g) Inventories of real properties

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

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

h) Impairment of assets

Financial assets

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

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

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

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

Non-financial assets

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

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

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

i) 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.

j) Provisions

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

Warranties for products and services

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

Provisions for retirement amounts and employee jubilee benefits

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

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

Provisions for reorganisation

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

Provisions for lawsuits

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

k) Government grants

Government grants are recognised in financial statements as deferred revenue when they are received and when there is a reasonable assurance that the conditions attaching to them will be complied with. Grants are recognised strictly as revenues in the periods, in which expenses arise to be compensated with the obtained 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.

l) Revenues

GOODS SOLD

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

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

SERVICES RENDERED

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

RENTAL INCOME

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

m) Finance income and finance costs

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

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

n) 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.

o) Segment reporting

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

p) Standards and interpretations effective in the present period

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

- **IFRS 10 - Consolidated Financial Statements**; adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014).
- **IFRS 11 – Joint Arrangements**; adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014).
- **IFRS 12 – Disclosure of Interests in Other Entities**; adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014)
- **IAS 27 (amended in 2011) – Separate Financial Statements**; adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014).
- **IAS 28 (amended in 2011) – Investments in Associates and Joint Ventures**; adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014).

- **Amended IFRS 10 – Consolidated Financial Statements, IFRS 11 – Joint Arrangements, and IFRS 12 – Disclosures of Interests in Other Entities**; recommendations for transition as adopted by the EU on 4 April 2013 (effective for annual periods beginning on or after 1 January 2014).
- **Amended IFRS 10 – Consolidated Financial Statements, IFRS 12 – Disclosure of Interests in Other Entities, and IAS 27 (as amended in 2011) – Separated Financial Statements, Investment Entities**; adopted by the EU on 20 November 2013 (effective for annual periods beginning on or after 1 January 2014).
- **Amended IAS 32 – Financial Instruments: Presentation; offsetting financial assets and liabilities** as adopted by the EU on 13 December 2012 (effective for annual periods beginning on or after 1 January 2014).
- **Amended IAS 36 – Impairment of Assets**; recoverable amount disclosures for non-financial assets, as adopted by the EU on 19 December 2013 (effective for annual periods beginning on or after 1 January 2014).
- **Amended IAS 39 – Financial Instruments: Recognition and Measurement**; renovation of derivative financial instruments and further applying of hedge accounting requirements as adopted by the EU on 19 December 2013 (effective for annual periods beginning on or after 1 January 2014).

Adopting these amendments to the existing standards did not lead to any changes in the accounting policy of the company.

q) Standards and explanations issued by the IASB but and adopted by the EU but not yet effective

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

- **Amendments to various standards – Annual Improvements to IFRS 2010-2012 Cycle**; they ensue from the IFRS annual improvement process (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) mainly with the intention of elimination inconsistencies and interpretations of texts adopted by the EU on 17 December 2014 (amendments are effective for annual periods beginning on or after 1 February 2015).
- **Amendments to various standards – Annual Improvements to IFRS 2011-2013 Cycle;** they ensue from the IFRS annual improvement process (IFRS 1, IFRS 3, IFRS 13, IAS 40) mainly with the intention of elimination inconsistencies and interpretations of texts adopted by the EU on 18 December 2014 (amendments are effective for annual periods beginning on or after 1 January 2015).
- **Amended IAS 19 – Employee Benefits** – Defined Benefit Plans: Employee Contributions; adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015).
- **IFRIC 21 – Levies**; adopted by the EU on 13 June 2014 (effective for annual periods beginning on or after 17 June 2014).

r) Standards and explanations issued by the IASB but not yet adopted by the EU

Currently, the IFRS as adopted by the EU, do not significantly differ from the regulations adopted by the IASB, with the exception of the following standards, amendments to the existing standards and explanations, which on 10 March 2015 were not yet endorsed for use in the EU:

- **IFRS 9 – Financial Instruments** (effective for annual periods beginning on or after 1 January 2018).
- **IFRS 14 – Regulatory Deferral Accounts** (effective for annual periods beginning on or after 1 January 2016).
- **IFRS 15 – Revenue from Contracts with Customers** (effective for annual periods beginning on or after 1 January 2017).
- **Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures**; sale or contribution of assets between investor and its associated company or joint venture (effective for annual periods beginning on or after 1 January 2016).
- **Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 12 – Disclosure of Interests in Other Entities, and IAS 28 – Investments in Associates and Joint Ventures** – Investment companies: exceptions in consolidation (effective for annual periods beginning on or after 1 January 2016).
- **Amendments to IFRS 11 – Joint Arrangements**; accounting acquisition of shares in joint venture (effective for annual periods beginning on or after 1 January 2016).
- **Amendments to IAS 1 – Presentation of Financial Statement**; initiative for disclosures (effective for annual periods beginning on or after 1 January 2016).
- **Amendments to IAS 16 – Property, Plant and Equipment and IAS 38 –Intangible Assets**; explanation of acceptable depreciation methods (effective for annual periods beginning on or after 1 January 2016).
- **Amendments to IAS 16 – Property, Plant and Equipment and IAS 41 – Agriculture**; Agriculture: Living plants (effective for annual periods beginning on or after 1 January 2016), **Amendments to IAS 27 – Separate Financial Statements**; equity method in separate financial statements (effective for annual periods beginning on or after 1 January 2016).
- **Amendments to various standards – Annual Improvements to IFRS 2012-2014 Cycle**, they ensue from the IFRS annual improvement process (IFRS 5, IFRS 7, IFRS 19 and IAS 34), mainly with the intention of elimination inconsistencies and interpretations (effective for annual periods beginning on or after 1 January 2016).

The company anticipates that introducing these standards, amendments to the existing standards, and explanations will not significantly influence the financial statements of the company during the initial use period.

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

The company estimates that accounting of hedging against risk in relation to a portfolio of financial assets and liabilities in accordance with the **IAS 39 – Financial Instruments: Recognition and Measurement** would not have a significant impact on the financial statements of the company if they had been applied on the balance sheet date.

1.3.4 Determination of fair values

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

PROPERTY, PLANT AND EQUIPMENT

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

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

INVESTMENT PROPERTY

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

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

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

INVENTORIES

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

INVESTMENTS IN EQUITY AND DEBT SECURITIES

The fair value of financial instruments classified as held for trading and available for sale is their quoted closing bid price at the reporting date. The fair value of shares and stakes which are not listed is examined on the market. If fair value cannot be estimated, at least signs of possibly needed impairments are checked.

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 reporting purpose, 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.

As disclosed in item 1.3.23. Sava d.d. is undergoing preventive restructuring proceedings. The Master Restructuring Agreement entered into by Sava d.d. expired, the new conditions for financing will be agreed with financial creditors in preventive restructuring proceedings. Upon endorsing the annual report the loans are unregulated and it is not clear under what conditions the liabilities will be settled. For this reason, their fair value could not be ascertained.

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-December 2014 (for the past period January-December 2013), the balance sheet data at 31 December 2014 and 31 December 2013 (for the past period 31 December 2013 and 31 December 2012) and other required data. The cash flow statement excludes the more important values which are not connected with revenues and expenses.

1.3.5 Financial risk management

In the Sava Group, we examine and analyse economic circumstances and regularly monitor the exposure to various risks and take measures for their managing. In 2014, the Sava Group was exposed to the following financial risks:

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

In the continuation, we present the risk management policy 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. The policies are established to identify and analyse the risks that the Group's companies face in their day-to-day business. Based on the performed analyses, appropriate limits and controls are defined. Considering the set limits, risks are monitored and verified. Through continual training and considering the applicable standards and procedures in relation to risk management, the Group's companies strive for developing an organised and constructive environment, in which all employees are aware of their roles and obligations.

RISK OF A FAIR VALUE CHANGE (PRICE RISK)

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

Considering the uncertain market circumstances, the risk of a change in fair value remains high in the Sava Group.

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 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.

For this purpose, we devote special attention to customer solvency. We regularly monitor debts to be collected and due receivables, maturity of receivables and movements of average payment terms. To decrease exposure to this risk we make use of the customer rating system to supervise bad payers and carry out ongoing compensations. Measures to minimise credit risk exposure rely on our own in-depth customer rating and insurance estimates.

The greatest share of the increased credit risk in Sava d.d. is due to transactions made in the past with NFD Holding d.d. On 6 January 2015, bankruptcy proceedings were initiated against the mentioned company.

Given the business events described above, the credit risk remains high in the Sava Group.

SOLVENCY RISK

This involves the risk that a company may not meet its financial obligations in due time. Owing to continued adverse economic situation, the circumstances in money markets remained difficult, meaning that access to additional liquid means was aggravated.

In 2014, the Sava Group devoted much attention to provision of liquidity in companies, regular settling of financial liabilities and further realisation of the activities defined in the long-term strategy for the period until 2014. After having sold financial investments in 2012 and 2013 (divesting real estate business, rubber manufacturing and the major part of energy business), financial investments of the parent company were further divested in 2014. Owing to divesting financial investments and regular settlement of financial liabilities, the Group's financial liabilities were down by €8 million compared to the end of 2013.

All Group companies carry out measures aimed at improving the operative business by introducing cost rationalisations, activities for cash flow strengthening and other measures for increasing the operating profit.

The Master Restructuring Agreement and thus a moratorium on payment of the principal expired at the end of November 2014, as of the beginning of December the company is in the preventive restructuring proceedings.

Due to the pending procedures in connection with the preventive restructuring of the parent company, the solvency risk remains high in the Sava Group.

INTEREST RATE RISK

Interest rate risk involves the risk that the value of financial instruments and cost of contracting debts will change as a result of the changed market interest rates. At the end of November 2014, the Master Restructuring Agreement entered into by Sava d.d. expired. With the expiration of the MRA on 30 November 2014 and the initiated preventive restructuring proceedings on 2 December 2014, the exposure to interest rate risk increased, as the company has not yet agreed on the conditions for financial liabilities restructuring. The Master Restructuring Agreement that Sava Turizem d.d. made with lending banks expires in 2018. The interest rate based on the agreement made amounts to EURIBOR + 5% for the entire period. In 2014, the EURIBOR interest rate remained low and no significant growth is expected for 2015.

Given the facts described above, it is estimated that the Sava Group is strongly exposed to interest rate risk.

EXCHANGE RATE RISK

Exchange rate risk involves a risk of losing economic benefits due to changes in the foreign currency exchange rates. The Sava Group mainly does business in the Euro Zone; therefore we estimate that the Sava Group is not strongly exposed to exchange rate risk.

GUARANTEES AND SURETIES

In accordance with the policy, the Sava Group companies offered financial guarantees and sureties for hired loans mainly to the subsidiaries within the Group until recently. Owing to restructuring of financial liabilities and the commitments in this connection, the possibilities for issuing guarantees and sureties are rather limited and in the case of the parent company they were deferred until 31 December 2014. Issued guarantees and sureties referred to transactions made before the restructuring procedure and amounted to €3.9 million at 31 December 2014 (at the end of 2013: €4.2 million).

CAPITAL MANAGEMENT

An adequate capital structure assures investor, creditor and market confidence, and sustainable development of the Sava Group. As part of the initiated preventive restructuring proceedings, Sava d.d. will prepare a plan for business and financial restructuring, which like the previous business strategy will be based on financial restructuring of liabilities, further consolidation of financial assets and cost rationalisations of operations. Based on the planned activities, the capital structure of the Group is expected to improve.

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

The Group's debt to adjusted capital ratio was as follows (€ thousand):

	2014	2013
1. Total liabilities	306,720	310,074
2. Less: cash and cash equivalents	-1,205	-1,239
3. Net debts (1. – 2.)	305,515	308,835
4. Total equity	-21,226	16,176
5. Less/plus: amounts accumulated in equity relating to cash flow hedges	0	0
6. Adjusted capital (4.+5.)	-21,226	16,176
7. Debt to adjusted capital ratio at 31 Dec. (3./6.)	negative	19.09

1.3.6 Segment reporting

The Sava Group reports by operating 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 regularly reviewed by the company management teams and the Management Board of Sava d.d.

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 the corporate income tax.

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

Operating segments

The Sava Group consists of the following operating segments:

- Investment Finance division (Sava d.d.)
- Tourism division
- Real Estate division
- Other Operations

1.3.7 Data by segment

In the continuation, the segment information is presented in respect of operating segments represented by the Sava Group's divisions.

Business operations of individual divisions are described in the business report of the annual report.

Data by operating segment for 2014 (€ thousand)

	Tourism	Real Estate	Other Operations	Investment Finance	Excluding Group operations	Total
Revenues from goods sold	925	0	0	0	0	925
Revenues from services rendered	60,304	4	291	623	-765	60,456
Net revenues from construction contracts	0	0	0	0	0	0
Rental income	2,593	3	2	307	-1,715	1,189
Revenues from merchandise sold	427	0	0	0	0	427
Change of inventories	0	20	0	0	0	20
Other operating revenues	1,540	0	20	184	218	1,962
Total operating revenues	65,788	27	313	1,114	-2,263	64,979
Interest revenues	213	31	2	1,918	-491	1,672
Interest expenses	-2,871	-246	-18	-6,744	462	-9,418
Share in profit/loss of associates	0	0	0	0	0	0
Net profit/loss for the year	1,055	-2,863	-61	-47,957	2,862	-46,964
Assets	174,464	6,783	2,402	211,151	-109,306	285,493
Investments in associates	64	0	0	85,915	238	86,217
Liabilities	78,805	7,636	1,475	234,621	-15,639	306,897
Purchase of property, plant and equipment	4,556	0	33	3	0	4,592
Depreciation	7,371	0	110	115	0	7,595
Impairment of property, plant and equipment	0	0	0	0	0	0
Impairment of investment property	0	1,534	0	0	0	1,534

Revenues from shares in profit/loss of associates entirely referred to the Investment Finance business. In 2014, there were none.

Data by operating segment for 2013 (€ thousand)

	Tourism	Real Estate	Other Operations	Investment Finance	Excluding Group operations	Total
Revenues from goods sold	0	0	2,148	0	0	2,148
Revenues from services rendered	60,962	0	2,035	1,432	-1,266	63,163
Net revenues from construction contracts	0	0	0	0	0	0
Rental income	2,720	0	0	426	-1,723	1,423
Revenues from merchandise sold	488	0	0	0	0	488
Change of inventories	0	0	0	0	0	0
Other operating revenues	1,338	0	182	5,264	-2,111	4,673
Total operating revenues	65,508	0	4,365	7,122	-5,100	71,895
Interest revenues	377	44	2	994	-438	979
Interest expenses	-3,159	-207	-83	-8,690	439	-11,700
Share in profit/loss of associates	0	0	0	0	0	0
Net profit/loss for the year	1,027	-4,081	-102	-11,381	-41,020	-55,558
Assets	177,259	9,437	2,168	248,317	-110,931	326,250
Investments in associates	64	0	0	85,915	238	86,217
Liabilities	83,201	7,461	1,180	233,200	-14,968	310,075
Purchase of property, plant and equipment	5,199	0	9	130	0	5,338
Depreciation	7,711	0	225	124	0	8,060
Impairment of property, plant and equipment	2,758	0	17	0	0	2,775
Impairment of investment property	0	2,543	0	0	0	2,543

Revenues from shares in profit/loss of associates entirely referred to the Investment Finance business. In 2013, there were none.

Data about sales revenues by region (€ thousand)

	Slovenia	Other EU countries	Other	Total
2014	62,987	1	9	62,997
2013	65,040	0	2,181	67,221

The assets are not segmented by region due to the fact that the carrying amount of assets referring to the companies in Slovenia represented 99.9% of total Group's assets (2013: 99.9%).

Sales revenues to the biggest customer of the Sava Group, i.e. a customer of Tourism, amounted to €1,436 thousand in 2014 (2013: a customer of Tourism division: €1,919 thousand).

1.3.8 Discontinued business, assets and liabilities for sale, acquisitions and disposals of equity stakes in subsidiaries

YEAR 2014

a) Explanation in connection with the acquisition of an 85% share of Cardial d.o.o.

In February 2014, Sava Turizem d.d. acquired an 85% share in Cardial d.o.o. The investment value amounted to €350 thousand; the company's equity value amounted to €124 thousand. The remaining 15% share represented the company's own share.

b) Explanation in connection with divesting a 50.68% share of Energetika Črnomelj d.o.o.

In 2014, Sava d.d. finalised negotiations with Petrol d.d. on selling a 50.68% share of Energetika Črnomelj d.o.o. The agreement was reached and executed in January 2015. Total value of assets of the sold company amounted to €1,324 thousand at 31 December 2014, while total equity value of the company amounted to €515 thousand, and the share attributable to Sava d.d. €261 thousand. Sava d.d. entirely impaired this financial investments already in the past years, no price difference was thus achieved at selling.

Information on values in the income statement and statement of financial position of the company of Energetika Črnomelj d.o.o. at 31 December 2014 (prior to the sale) (€ thousand)

	2014	2013
Revenues from goods sold and services rendered	278	344
Change of inventories	0	0
Other revenues	20	20
Cost of goods, materials and services	-207	-225
Labour cost	-0	-0
Amortisation and depreciation expense and write-offs	-108	-125
Other operating expenses	-1	-5
Financial and other revenues	5	0
Financial expenses	-24	-7
Tax	-0	-0
Net operating profit / loss for the financial year	**-36**	**3**

Information on values in the income statement and statement of financial position of the company of Energetika Črnomelj d.o.o. at 31 December 2014 (prior to the sale) (€ thousand)

	31 Dec. 2014	Excluded in consolidation 31 Dec. 2014	Transfer to available for sale 31 Dec. 2014	31 Dec. 2013
Property, plant and equipment	1,234	-868	366	1,340
Intangible fixed assets	0	0	0	0
Investment property	0	0	0	0
Long-term financial investments	0	0	0	0
Long-term loans and receivables	0	0	0	0
Deferred tax receivables	0	0	0	0
Inventories	0	0	0	0
Operating and other receivables	56	-28	28	93
Granted loans	0	0	0	0
Cash and cash equivalents	34	-17	17	4
Assets	1,324	-914	410	1,437
Capital	515	-515	0	551
Provisions	177	-90	87	196
Obtained long-term loans	442	-224	218	461
Long-term operating liabilities	0	0	0	0
Deferred tax liabilities	0	0	0	0
Obtained short-term loans	89	-45	44	60
Short-term operating liabilities	82	-31	51	142
Short-term provisions	19	-10	9	27
Capital and liabilities	1,324	-914	410	1,437

YEAR 2013

a) Explanation in connection with the procedure and realisation of selling the companies of Rubber Manufacturing with the Foreign Trade Network

- The object of the sale was a 100% share of Savatech d.o.o., Kranj with its daughter companies, a 60% share of Savapro d.o.o., Kranj and the Sava trademark in the part referring to the production process in Savatech, d.o.o.
- The primary goal of the sale was to maximise purchase consideration to reduce debts of Sava d.d., and the secondary goal was to preserve this business as a whole and keep the production in Kranj.
- The sale procedure took place in several phases, during which strategic and financial investors were invited to participate.
- Besides the Management Board members of Sava d.d. and management of Savatech d.o.o., the process was conducted also by financial advisors of EquityGate Advisors and legal counsellors of the law firm Jadek&Pensa.
- The best bidder was the Czech rubber manufacturing group ČGS a.s. which was selected as a strategic partner, the agreement on selling the business was signed on 25 October 2012.
- The conditions for effecting purchase consideration defined in the agreement were met on 8 January 2013, on which day total purchase consideration was effected. The procedure of selling Rubber Manufacturing was thus formally finished.
- The purchase consideration for a 100% share of Savatech d.o.o. amounted to €69,400 thousand. The amount of €49,300 thousand was used for repayment of loans to banks, €4,932 thousand for closing the liabilities that Sava d.d. had to Rubber Manufacturing, €15,168 thousand was put on the escrow account at the notary. In this transaction, Sava d.d. generated a profit of €24,302 thousand.
- The purchase consideration for a 60% share of Savapro d.o.o. amounted to €1,000 thousand and was entirely settled. In this transaction, Sava d.d. made a loss of €794 thousand.

b) Explanation in connection with selling the Energy Management company

- The object of the sale was a 100% share of Ensa BH, d.o.o., Srbac, Bosnia and Herzegovina.
- In 2013, Sava d.d. sold the share of the company without generating a price difference.
- The financial investment in Ensa BH d.o.o. amounted to €3,751 thousand, until inclusive of 2012 the investment was impaired in total amount.

Information on values in the income statement of Ensa BH d.o.o., Srbac (€ thousand)

	Jan-Sep 2013	Jan-Dec 2012
Revenues from products sold and services rendered	2,148	2,589
Changes of inventories	13	-755
Other revenues	0	37
Cost of goods, material and services	-1,861	-2,167
Labour cost	-268	-312
Amortisation and depreciation expense, write-offs	-67	-135
Other operating expenses	0	-5
Financial and other revenues	0	901
Financial expenses	-37	-155
Tax	0	0
Net operating profit for the year	-72	-2

Information on values in the statement of financial position of Ensa BH d.o.o., Srbac (€ thousand)

	30 Sept. 2013	31 Dec. 2012
Property, plant and equipment	1,834	1,926
Intangible fixed assets	2	3
Investment property	0	0
Long-term financial investments	0	0
Long-term loans and receivables	0	0
Deferred tax receivables	0	0
Inventories	457	476
Operating and other receivables	320	239
Granted loans	32	77
Cash and cash equivalents	6	40
Assets	2,651	2,761
Capital	697	756
Provisions	0	2
Obtained long-term loans	73	170
Long-term operating liabilities	0	0
Deferred tax liability	0	0
Obtained short-term loans	662	808
Short-term operating liabilities	1,219	1,025
Short-term provisions	0	0
Capital and liabilities	2,651	2,761

c) Explanation on divesting Sava Golf d.o.o.

- The object of the sale was a 100% share of Sava Turizem d.d. in Sava Golf d.o.o.
- Sava Golf d.o.o. was established in order to divest the Bled golf course.
- On the transaction date, Sava Golf d.o.o. had a balance sheet total of €5,442 thousand, tangible fixed assets worth €5,420 thousand and other assets of €22 thousand available. The value of capital amounted to €3,598 thousand and liabilities to €1,844 thousand.
- Sava Turizem d.d. generated a profit of €5,402 thousand at selling the investment.

d) Introduction of bankruptcy proceedings against Energetika d.o.o.

On 30 May 2013, a petition for institution of bankruptcy proceedings against the company Energetika, družba za naložbe in upravljanje z energijo d.o.o. was filed at the Kranj District Court. By the decision of the Court, bankruptcy proceedings were instituted on 5 August 2013.

At 31 December 2012, Energetika d.o.o. disposed of the balance sheet total of €174 thousand. It had a negative capital of €428 thousand, its structure including the uncovered losses of €1,308 thousand. On the day of instituting the bankruptcy proceedings, which at 31 December 2014 was not finalised yet, the ownership of Sava d.d. in this company ceased.

e) Other changes

Owing to their minimum values, the financial investments in Sava Ensa dooel., Skopje and Bramir d.o.o., Mostar were transferred under securities available for sale. For this reason, they were excluded from consolidated financial statements. All relations with the mentioned companies were settled in the financial statements of Sava d.d.

Sava Ensa doel. had assets of €342 thousand, liabilities of €337 thousand and capital of €5 thousand available. The company is not operative. In connection with the financial investment in this company, Sava d.d. made a loss of €5 thousand already 2012. The company is being dissolved. We estimate that Sava d.d. is not exposed to potential liabilities risk in connection with Sava Ensa dooel.

Bramir d.o.o. had assets of €1,477 thousand, liabilities of €1,600 thousand and negative capital of €123 thousand available. The major part of assets and liabilities was transferred to Ensa BH d.o.o. in the final phase of selling the same. In connection with the financial investment in this company, Sava d.d. suffered a loss of €10 thousand already in 2012. The company is being dissolved. We estimate that Sava d.d. is not exposed to potential liabilities risk in connection with Bramir d.o.o.

1.3.9 Property, plant and equipment

Movement of property, plant and equipment of the Sava Group for 2014 (€ thousand)

	Land	Buildings	Plant and machinery	Other equipment	PPE under construction	Advances for obtaining tangible fixed assets	Total
COST VALUE							
Balance at 1 Jan. 2014	20,427	225,525	44,578	12,313	993	13	303,849
Purchase	0	604	963	257	2,769	223	4,816
Increase in advance payment	0	0	0	0	0	0	0
Decrease in advance payments	0	0	0	0	0	-13	-13
Decrease in advance payment from the current year	0	0	0	0	0	0	0
Put in use	0	1,431	221	163	-1,814	0	0
Transfer to assets for sale	-53	-293	-1,654	0	0	0	-2,000
Increase due to acquisition	0	0	0	641	0	0	641
Transfers	0	281	0	0	-281	0	0
Decrease due to sale	0	0	-81	0	0	0	-81
Decrease due to sale of a subsidiary	0	0	0	0	0	0	0
Write-offs	0	0	-780	-90	0	0	-870
Impairment	0	0	0	0	0	0	0
Balance at 31 Dec. 2014	20,374	227,548	43,247	13,283	1,667	223	306,342
ACCUMULATED DEPRECIATION							
Balance at 1 Jan. 2014	0	-104,964	-33,763	-11,765	0	0	-150,491
Purchase, increase	0	0	0	0	0	0	0
Put in use	0	0	0	0	0	0	0
Transfer to assets for sale	0	63	702	0	0	0	765
Increase due to acquisitions	0	0	0	-512	0	0	-512
Transfers	0	0	0	0	0	0	0
Decrease due to sale	0	0	52	0	0	0	52
Decrease due to spin-off	0	0	0	0	0	0	0
Write-offs	0	0	766	88	0	0	854
Impairment	0	0	0	0	0	0	0
Depreciation	0	-4,475	-2,604	-225	0	0	-7,304
Balance at 31 Dec. 2014	0	-109,376	-34,846	-12,414	0	0	-156,636
CARRYING AMOUNT							
Balance at 1 Jan. 2014	20,427	120,561	10,816	548	993	13	153,358
Balance at 31 Dec. 2014	20,374	118,172	8,401	869	1,667	223	149,706

Movement of property, plant and equipment of the Sava Group for 2013 (€ thousand)

	Land	Buildings	Plant and machinery	Other equipment	PPE under construction	Advances for obtaining tangible fixed assets	Total
COST VALUE							
Balance at 1 Jan. 2013	21,047	231,772	50,708	12,488	173	0	316,188
Purchase	306	1,227	847	48	2,911	13	5,351
Increase in advance payment	0	0	0	0	0	0	0
Decrease in advance payments	0	0	0	0	0	0	0
Decrease in advance payment from the current year	0	0	0	0		0	0
Put in use	0	0	0	0		0	0
Transfers	0	2,023	67	0	-2,090	0	0
Decrease due to sale	0	-13	-727	-12	0	0	-753
Decrease due to spin-off	-549	-7,057	-4,489	-8	0	0	-12,103
Write-offs	0	-6	-920	-199	0	0	-1,126
Impairment	-377	-2,422	-907	-3	0	0	-3,709
Balance at 31 Dec. 2013	20,427	225,525	44,578	12,313	993	13	303,848
ACCUMULATED DEPRECIATION							
Balance at 1 Jan. 2013	0	-104,106	-35,291	-11,821	0	0	-151,217
Purchase, increase	0	0	0	0	0	0	0
Put in use	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Decrease due to sale	0	2	652	9	0	0	662
Decrease due to spin-off	0	3,210	2,551	0	0	0	5,760
Write-offs	0	1	896	205	0	0	1,102
Impairment	0	418	515	0	0	0	933
Depreciation	0	-4,489	-3,084	-158	0	0	-7,730
Balance at 31 Dec. 2013	0	-104,963	-33,762	-11,765	0	0	-150,490
CARRYING AMOUNT							
Balance at 1 Jan. 2013	21,046	127,667	15,416	667	173	0	164,969
Balance at 31 Dec. 2013	20,427	120,561	10,816	548	993	13	153,358

The data on the impaired assets value is given under 1.3.30.

In 2013, when the project of real property listing and its status took place, it was established in the companies of Tourism that certain deprecation rates by destination differed and were high considering the condition of buildings, infrastructure and recreational surfaces. For this reason, the expected service life was estimated, thereby considering normal use and maintenance of buildings. Based on the stated facts, a decision was made to change the depreciation rates as follows:

- Buildings - considering the condition and use of buildings, the suitable depreciation rate amounts between 1.4 and 5.0%.
- Infrastructure – the condition of infrastructure enables a normal use at the foreseen changed depreciation rate between 1.4 and 5.0%.
- Outer surfaces and recreational surfaces – their condition enables a normal use at the foreseen changed depreciation rate between 1.4 and 3.0%.

The revaluation effect in the period from 1 January to 31 December 2013 represented depreciation expenses that were lower by €336 thousand.

Overview of mortgage values at 31 December 2014 (€ thousand)

	Carrying amount of mortgaged assets	Mortgage value on real property
Sava d.d.*	1,411	1,411
Sava Nepremičnine d.o.o.**	1,260	7,000
Sava Turizem d.d.	93,728	49,086
SAVA TMC d.o.o.	4,335	10,606
Total	100,734	68,103

* *The book value of mortgages in Sava d.d. totalling €1,411 thousand referred to investment property.*
** *The book value of mortgages in Sava Nepremičnine d.o.o. totalling €1,260 thousand referred to investment property.*

Overview of mortgage values at 31 December 2013 (€ thousand)

	Carrying amount of mortgaged assets	Mortgage value on real property
Sava d.d.*	1,466	1,466
Sava Nepremičnine d.o.o.	2,359	7,000
Sava Turizem d.d.	93,111	51,952
Total	96,936	60,418

* *The value of mortgages in Sava d.d. totalling €1,466 thousand referred to investment property.*
** *The value of mortgages in Sava Nepremičnine d.o.o. totalling €2,359 thousand referred to investment property.*

1.3.10 Intangible fixed assets

Movement of intangible fixed assets of the Sava Group for 2014 and 2013 (€ thousand):

	31 Dec. 2014	31 Dec. 2013
COST VALUE		
Balance at 1 Jan.	1,192	1,871
Increases, purchases	191	12
Put in use	0	0
Increase due to acquisition	303	0
Transfers	0	0
Decreases	-5	-612
Decreases due to sale of companies	0	-3
Write-offs	0	-77
Impairments	-2,543	-2,543
Final balance	1,681	1,192
ACCUMULATED DEPRECIATION		
Balance at 1 Jan.	-786	-1,306
Increases, purchases	0	0
Put in use	0	0
Increase due to acquisition	-58	0
Decreases	0	607
Decreases due to sale of companies	0	-1
Transfers	0	0
Write-offs	0	41
Impairments	0	0
Depreciation	-108	-129
Final balance	-952	-786
CARRYING AMOUNT		
Balance at 1 Jan.	405	565
Final balance	729	405

Depreciation of intangible fixed assets is stated in the income statement under depreciation.

1.3.11 Investment property

Movement of investment property of the Sava Group for 2014 (€ thousand):

	Land - investment property	Buildings - investment property	Total
COST VALUE			
Balance at 1 Jan. 2014	4,909	8,819	13,729
Purchases, increase	0	23	23
Transfer	0	1	1
Decrease due to sale	-25	0	-25
Balance at 31 Dec. 2014	4,884	8,844	13,728
ACCUMULATED DEPRECIATION			
Balance at 1 Jan. 2014	0	-5,374	-5,374
Impairment	-1,534	0	-1,534
Depreciation	0	-183	-183
Balance at 31 Dec. 2014	-1,534	-5,557	-7,091
CARRYING AMOUNT			
Balance at 1 Jan. 2014	4,909	3,446	8,355
Balance at 31 Dec. 2014	3,350	3,287	6,637

Based on fair value estimate of investment property made by using comparable data accessible on the market, we estimated that fair value of investment property did not significantly deviate from the book values.

The value of mortgages in Sava d.d. shown under 1.3.9. included also a mortgage placed on investment property totalling €1,411 thousand.

The value of mortgages in Sava Nepremičnine, d.o.o., shown under item 1.3.9., includes a mortgage on investment property whose book value amounted to €1,260 thousand. The amount of placed mortgages on investment property amounted to €7,000 thousand, which at 31 December 2014 was also the balance of unpaid loans.

The real property Perovo whose book value amounted to €979 thousand is additionally encumbered with a land debt totalling €2,485 thousand.

With the investment property put in lease, revenues of €1,189 thousand (2013: €1,423 thousand) and expenses of €458 thousand (2013: €582 thousand) were generated. With investment property not put in lease, expenses of €37 thousand (2013: €136 thousand) were shown.

Movement of investment property of the Sava Group for 2013 (€ thousand):

	Land - investment property	Buildings - investment property	Total
COST VALUE			
Balance at 1 Jan. 2013	3,309	8,755	12,065
Purchase, increase	0	76	76
Transfer	6,316	0	6,316
Decrease due to sale	-2,173	-11	-2,184
Impairment	-2,543	0	-2,543
Balance at 31 Dec. 2013	4,909	8,819	13,729
ACCUMULATED DEPRECIATION			
Balance at 1 Jan. 2013	0	-5,199	-5,199
Increase due to revaluation	0	27	27
Depreciation	0	-201	-201
Balance at 31 Dec. 2013	0	-5,374	-5,374
CARRYING AMOUNT	3,309	3,556	6,865
Balance at 1 Jan. 2013	4,909	3,446	8,355
Balance at 31 Dec. 2013	3,350	3,287	6,637

Based on fair value estimate of investment property made by using comparable data accessible on the market, we estimated that fair value of investment property did not significantly deviate from the book values.

The value of mortgages in Sava d.d. shown under 1.3.9. includes also a mortgage placed on investment property totalling €1,466 thousand.

The book value of investment property in Sava Nepremičnine d.o.o., placed as security for liabilities arising from loan contracts amounted to €2,359 thousand. The amount of placed mortgages on investment property totalled €7,000 thousand, representing the balance of unpaid loans as at 31 December 2013. The real property Perovo with the book value of €1,414 thousand is additionally encumbered with a land debt totalling €2,485 thousand.

With investment property put in lease, revenues of €1,423 thousand and expenses of €582 thousand were generated. With investment property not put in lease, expenses of €136 thousand were shown.

1.3.12 Investments in the associated companies

The companies of the Sava Group had shares in the following associated companies (€ thousand):

	% shareholding 31 Dec. 2014	% shareholding 31 Dec. 2013	Value of financial investments	
			31 Dec. 2014	31 Dec. 2013
Gorenjska banka, d. d., Kranj	44.23	44.23	59,511	86,188
NFD Holding, d.d., Ljubljana	24.65	24.65	0	29
Total			59,511	86,217

Additional explanations:

34,287 shares of Gorenjska banka d.d., Kranj is under a fiduciary ownership of Abanka Vipa d.d., which saves them in favour of the holders of SA03 bonds issued by Sava d.d. as collateral for the liabilities arising from the bonds.

A proposal for initiating bankruptcy proceedings against NFD Holding d.d. was filed on 6 January 2015.

Year 2013: Based on the decision by the Bank of Slovenia of 17 December 2013 on introducing urgent measures, total qualifying liabilities of the bank including the share capital of Abanka expired on 18 December 2013. On the very same day, corresponding entries were carried out in the court register, while the existing shares were cancelled from the central registry of dematerialised securities run by the KDD d.d. Prior to this change, Sava d.d. held 1,715,841 ABKN shares representing 23.8311% of total issue of Abanka shares. After cancellation of the ABKN shares Sava d.d. no longer holds any Abanka shares.

Movement of investments in the associated companies (€ thousand):

	2014	2013
Initial balance	86,217	121,585
Acquisitions	0	0
Reversal of equity revaluation adjustment	0	5,604
Attributable profits	0	0
Paid dividends	0	0
Sales	0	-3,558
Attributable losses	0	0
Impairments	-26,706	-37,414
Final balance	59,511	86,217

Significant financial data about the company Gorenjska banka d.d., Kranj (€ thousand)

	2014	2013
Assets	n.d.	1,560,886
Liabilities and provisions	n.d.	1,395,174
Capital	187,000	165,712
Revenues	n.d.	75,667
Net profit / loss	2,000	-115,600
Comprehensive income for the financial year after tax	n.d.	-123,187

The data for 2013 was audited. The stated unaudited data for 2014 was publicly announced.

Significant financial data about the company NFD Holding d.d., Ljubljana Ljubljana (€ thousand)

	2014	2013
Assets	n.d.	54,958
Liabilities and provisions	n.d.	66,268
Capital	n.d.	-11,310
Revenues	n.d.	531
Net profit / loss	n.d.	-15,709
Comprehensive income for the financial year after tax	n.d.	-12,026

The data for 2013 was audited. The 2014 data is not accessible.

OTHER EXPLANATIONS IN CONNECTION WITH THE ASSOCIATED COMPANIES

Gorenjska banka, d.d., Kranj

A 44.23% shareholding of **Gorenjska banka d.d.** showed the value of €59,511thousand in the consolidated financial statements of the Sava Group. Compared to the end of the previous year, the value reduced by €26,677 thousand, which was due to impairment of the investment in Gorenjska banka d.d., based on the evaluation prepared by a certified evaluator. At 31 December 2014, the share price amounted to €406 (2013: €588).

Sava d.d. pledged 139,480 shares of Gorenjska banka d.d. for the obtained loans, issued bonds and obtained loan of a subsidiary. The book value of pledged shares amounted to €56,629 thousand

Information about the evaluation of a 44.07% equity holding of Gorenjska banka d.d. for financial reporting purpose at 31 December 2014

An evaluation report for a 44.07% equity holding of Gorenjska banka d.d. at 31 December 2014 was produced for financial reporting purpose. A certified company evaluator licensed with the Slovene Audit Institute carried out the evaluation.

Gorenjska banka d.d. was evaluated based on the current value of the expected free cash flow (value in use) and the method of market comparisons (fair value decreased by selling costs). The following documents were used in the evaluation: the operations projections prepared on the basis of the past operating results; estimates of financial statements for 2014; business plans for the period 2015- 2019; publicly announced strategic basis for action and policies of the company; explanations given by the company's management board; analyses of the macroeconomic environment and the industry.

The following assumptions were used in the value computation: a going-concern entity; a 10% minority owner discount; a 10% discount for shortage of marketability; a 12.30% required return on capital; a 2% growth in normalised cash flow.

The fair value computation decreased by selling costs considered the following assumptions: a going-concern entity; P/B multiplication factor between 0.69 and 0.79 (listed companies); a 5% discount for shortage of marketability; adjustment by a control premium 18.75%; selling cost estimate 2%.

The final resolution on recoverable amount evaluation was made based on fair value decreased by selling cost in the span from €378 for a share to €434 for a share, with the mean value at €406 for a share.

The final resolution on recoverable amount evaluation was made based on fair value decreased by selling cost in the range between €378 for a share and €434 for a share, with the mean value at €406 for a share.

NFD HOLDING D.D., LJUBLJANA

The value of a 24.65% stake in **NFD Holding d.d., Ljubljana**, was additionally impaired by €29 thousand due to introducing bankruptcy proceedings on 6 January 2015. At 31 December 2014, the investment had zero value.

Disclosures in connection with the composition of the Sava Group, share in capital, amount of capital and operating result of the associates are presented in the financial report of the annual report of the Sava Group.

1.3.13 Long-term securities available for sale

The value of other stakes and shares totalled €38,392 thousand (2013: €31,426 thousand) and in comparison with the previous year it was higher by 22%.

At 31 December 2014, securities available for sale were valued at fair value. The net positive effect of revaluation amounted to €10,083 thousand (2013: a net negative effect of €4,673 thousand), of which impairments through profit or loss amounted to €840 thousand (2013: €3,967 thousand) and a net amount of €10,923 thousand was due to increasing the financial investments value through equity revaluation adjustment (2013: a net decrease of €706 thousand).

Securities available for sale whose book value amounted to €3,128 thousand were sold in 2014, at which a profit of €1.311 thousand was generated. The majority of purchase consideration was earmarked for loan repayments to banks.

Types of long-term securities (€ thousand):

	31 Dec. 2014	31 Dec. 2013
Shares of listed companies	946	3,604
Shares and stakes of unlisted companies	3,323	3,823
Alpen.SI, mixed flexible sub-fund	34,123	23,999
Total	38,392	31,426

The value of investment in **Alpen.SI** (renaming of NFD 1, mutual fund) amounted to €34,123 thousand (2013: €23,999 thousand). The fair value was ascertained by using the stock exchange price announced on the last day of accounting period and compared to the previous year, it rose considerably.

Despite a 39.95% ownership stake, the investment in Alpen.SI is considered as available for sale and not as an associated company. The company is managed by a management company, in which Sava d.d. holds no ownership stake. The Supervisory Board of the company solely supervises the fund's operations. In 2011, the company restructured from a close investment fund into an open mutual fund, after which Sava d.d. became the owner of a certain share of mutual fund's coupons and has no influence on its management.

A total, 39.95%, share in Alpen.SI is pledged for the loans obtained by Sava d.d. The book value of pledged investment amounts to €34,123 thousand.

The value of **other shares and stakes** amounted to €4,269 thousand (2013: €7,427 thousand), and included 1,468,221 shares of Hoteli Bernardin, 13,500 shares of Kompas Bled, 4,987 shares of Pokojninska Družba A, and 13,638 shares of Jubmes banka; they were pledged for the loans obtained by Sava d.d. The book value of pledged shares amounted to €3,275 thousand.

Movement of long-term securities (€ thousand):

	2014	2013
Balance at 1 Jan.	31,426	36,582
Acquisitions	11	142
Increase with non-cash contributions	0	0
Transfers	0	0
Change to fair value	10,923	-706
Disposals - at cost value	-3,128	-625
Impairments	-840	-3,967
Final balance	38,392	31,426

1.3.14 Long-term loans and long-term operating receivables

	31 Dec. 2014	31 Dec. 2013
Granted long-term loans	1	2
Other long-term operating receivables	39	39
Total	40	41

Maturity of long-term loans (€ thousand):

	31 Dec. 2014		31 Dec. 2013	
	From 1 to 5 years	More than 5 years	From 1 to 5 years	More than 5 years
Granted long-term loans	1	0	2	0
Other long-term operating receivables	39	0	39	0
Total	40	0	41	0

Movement of long-term loans (€ thousand)

	2014	2013
Balance at 1 Jan.	41	20
Newly formed loans	0	0
Transfer	0	39
Decrease	-1	-7
Repayments	0	-10
Impairment	0	0
Final balance	39	41

1.3.15 Deferred tax liabilities / receivables

Deferred tax liabilities were formed in the value of €884 thousand (2013: deferred tax receivables of €10,806 thousand).

Deferred tax liabilities /receivables referred to the following items (€ thousand):

	31 Dec. 2014	31 Dec. 2013
Receivables/liabilities – revaluation of securities to fair value	-997	10,664
Receivables – provisions acc. to actuarial calculation, disputes	113	142
Total	-884	10,806

The major changes took place at Sava d.d., in which deferred tax receivables were shown to the amount of €10,874 thousand at the end of 2013. In 2014, these reduced by €1,488 thousand due to the sale of impaired securities available for sale. The remaining deferred tax receivables were additionally impaired by €9,386 thousand. All changes were made through profit or loss. At 31 December 2014, Sava d.d. did not show any deferred tax receivables.

Movement of deferred tax liabilities / receivables (€ thousand):

	31 Dec. 2014	31 Dec. 2013
Balance at 1 Jan.	10,806	19,293
Change of deferred tax liabilities – through profit or loss	-10,865	-9,777
Change of receivables for provisions for retirement amounts	9	9
Final reversal of receivables through profit or loss	-9,386	0
Decrease of receivables due to sale or discontinued ownership of securities-through profit or loss	-1,488	-9,786
Change of deferred tax liabilities – in other comprehensive income	-825	1,506
Change of liabilities from revaluation of securities to fair value	-787	1,091
Other changes of liabilities	-38	415
Transfer	0	-216
Final balance	-884	10,806

The amount of the not accounted for deferred tax receivables arising from tax losses of the Sava Group companies by using a 17% tax rate amounted to €55,360 thousand at 31 December 2014.

1.3.16 Inventories

	Gross value 31 Dec. 2014	Write-offs in the year 2014	Net value 31 Dec. 2014	Net value 31 Dec. 2013
Material	552	0	552	613
Finished products	66	0	66	0
Merchandise	77	0	77	73
Unfinished construction projects	3,576	-1,088	2,488	3,578
Total	4,270	-1,088	3,182	4,265

In 2014, a further value adjustment was formed in Sava Nova d.o.o., Zagreb amounting to €1,088 thousand (2013: €1,167 thousand). A mortgage was placed on inventories of Sava Nova d.o.o., Zagreb. The book value of inventories amounted to €1,034 thousand. The balance of not yet repaid loan principal, which was secured by placing mortgage on inventories, amounted to €703 thousand. Civil procedure in connection with cashing in of collateral is in progress.

1.3.17 Short-term operating and other receivables (€ thousand)

	31 Dec. 2014	31 Dec. 2013
Trade receivables	3,038	2,687
Receivables temporary not charged	818	843
Receivables due from associates	2,754	1,348
Advances paid	26	0
Receivables for VAT and other taxes	389	418
Other receivables	271	248
Total	7,294	5,544

In 2014, the Sava Group companies formed an additional value adjustment in trade receivables totalling €412 thousand (2013: €684 thousand) through profit or loss. In chapter on risks the value adjustment of €441 thousand was shown. The difference totalling €29 thousand referred to incorporating a new company in the Group and a transfer of the already formed revaluation from a subsidiary to companies out of the Group.

1.3.18 Short-term granted loans (€ thousand)

	31 Dec. 2014	31 Dec. 2013
Short-term granted loans	18,388	24,594
Short-term portion of long-term loans	0	0
Total	18,388	24,594

The gross amount of the *loan Sava d.d. granted to NFD Holding d.d. amounted to €17,806 thousand*, the balance of value adjustment to €10,483 thousand and the net value of receivable amounted to €7,323 thousand.

In comparison with the end of the previous year, the balance of loans granted to NFD Holding d.d. was decreased by €449 thousand, due to an additional impairment of loan calculated from the estimated suitability of received collateral.

The loans approved to NFD Holding (net of €7,323 thousand) and interests (€2,754 thousand) shown under operating receivables are insured with the bills of exchange and securities, which include 9,154,192 shares of Hoteli Bernardin, 346,243 shares Alpen.SI fund, 647,318 shares of Istrabenz, 166,484 shares of Melamin, 56,839 shares of Finetol, 5,806 shares of Krka, 893 shares of Petrol, and 32,936 shares of Sava. With all the mentioned shares Sava d.d. is partly the first-entered lien holder, and partly the second-entered lien holder. The estimated value of securities pledged as security amounted to €10,077 thousand.

During the valid restructuring agreement for financial liabilities of NFD Holding d.d. the loans were bearing interest at a 2.7% interest rate, as of the expiration of financial restructuring agreement they bear interest as per contractual default interest rate. The bankruptcy proceedings against NFD Holding d.d. were introduced on 6 January 2015.

The receivables due from NFD Holding d.d. have been entirely pledged as security to lending banks.

The remaining *short-term granted loans* totalling €11,065 thousand mainly referred to bank deposits at interest rates from 0.15% to 3.0%.

1.3.19 Cash and cash equivalents (€ thousand)

	31 Dec. 2014	31 Dec. 2013
Cash on hand and transaction accounts	1,205	1,239
Total	1,205	1,239

Cash and cash equivalents totalling €1,205 thousand (2013: €1,239 thousand) referred to assets on account

1.3.20 Equity capital and reserves

At 31 December 2014, the capital value of the Sava Group was negative and amounted to €21,226 thousand (2013: positive value of €16,176 thousand) and it was by €37,402 thousand lower than at the end of the previous year. The negative Group's capital value was due to a loss in the parent company, which in 2014 amounted to €47,957 thousand, while its negative capital amounted to €23,470 thousand.

SHARE CAPITAL

The approved share capital totally paid in amounted to €14,061 thousand at 31 December 2014. It reduced by €11,381 thousand compared to the previous year. At the 20th Shareholders' Meeting of Sava d.d. a resolution on a simplified share capital reduction amounting to €11,381 thousand was adopted to cover the accumulated loss as per 31 December 2013.

Capital 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 chapter - The Sava share and ownership structure.
The balance and movement of equity is clear from the statement in changes of equity.

RESERVES (€ thousand)

Reserves structure	31 Dec. 2014	31 Dec. 2013
Legal reserves	0	0
Reserves for treasury shares	4,977	4,977
Other revenue reserves	0	0
Reserves	4,977	4,977

FAIR VALUE RESERVES (€ thousand)

Fair value reserves structure	31 Dec. 2014	31 Dec. 2013
- From items not reclassified to profit or loss	423	-20
- From securities available for sale	9,875	1,088
Fair value reserves	10,298	1,068

TREASURY SHARES

The value of treasury shares, which at 31 December 2014 reduced total capital, amounted to €4,977 thousand, the number of treasury shares amounted to 30,541, or 1.52% of totally issued shares.

Sava d.d. received another 32,936 Sava shares pledged as security, representing 1.64% of total share issue.

Treasury shares	31 Dec. 2014	31 Dec. 2013
Number of treasury shares	30,541	30,541
Value of treasury shares (€ thousand)	4,977	4,977
% of treasury shares with regard to total issued shares	1.52	1.52

RETAINED NET LOSS (€ thousand)

Movement of retained net loss	31 Dec. 2014	31 Dec. 2013
Retained losses from previous years	-11,500	-14,241
Share capital decrease (covering the accumulated loss of Sava d.d. as per 31 December 2013)	+11,381	+58,310
Covering the loss of Sava d.d.*	+563	0
Net operating result for the period attributable to the owners of the parent	-46,960	-55,569
Retained net loss	-46,516	-11,500

* *Obsolete liabilities arising from payments to shareholders amounting to €563 thousand were transferred to capital reserves and retained net profit/loss of Sava d.d. during the year. These were namely used for covering the loss already upon compiling the annual report.*

NET LOSS PER SHARE

Share capital is divided into 2,006,987 ordinary personal no-par value shares that all have voting right and are freely transferrable. All shares are wholly paid in. The company has no bonds available to be converted into shares.

Weighted average number of shares

	2014	2013
Total number of shares	2,006,987	2,006,987
Less treasury shares	-30,541	-30,541
Weighted average number of shares	1,995,423	1,995,423

NET LOSS ATTRIBUTABLE TO ORDINARY SHARES

	2014	2013
Net profit/loss for the year (€ thousand)	-46,964	-55,558
Net profit /loss for the year attributable to the owners of the parent (€ thousand)	-46,960	-55,569
Weighted average number of ordinary shares	1,995,423	1,995,423
Basic net loss per share (€)	-23.53	-27.85

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

The appropriation of profit is only possible within the amount determined in accordance with Slovene legislation. The legislation regulates that a parent company may distribute the accumulated profit as determined in the separate financial statements compiled in accordance with Slovene Accounting Standards. At 31 December 2014, Sava d.d. showed the uncovered loss of €47,394 thousand, whereas at 31 December 2013 the uncovered loss amounted to €11,381 thousand.

(€ thousand)

	2014	2013
Retained loss for the financial year for the Sava Group, according to IFRS as adopted by the EU	-46,516	-11,500
Accumulated loss of Sava d.d. for the financial year, according to SAS	-47,394	-11,381
Non-distributable difference	-	-

MINORITY INTEREST, CAPITAL AND PROFIT

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

In 2014, minority interest decreased by €235 thousand; it increased by €14 thousand due to the attributable profit and decreased by €249 thousand due to disposal of companies.

Minority interest attributable to the following companies (€ thousand):

	Minority interest		Capital attributable to minority interest		Profit attributable to minority interest	
	31 Dec. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2013
Sava Turizem d.d.	0.95 %	0.95 %	897	888	5	6
Sava TMC d.o.o.	0.95 %	0.95 %	11	6	5	4
Sava Zdravstvo d.o.o.	0.95 %	0.95 %	0	0	0	0
Cardial, d.o.o.	15.00 %	0.00 %	23	0	4	0
Energetika Črnomelj d.o.o., Ljubljana	0.00 %	49.32 %	0	272	-18	1
Total			931	1,166	-4	11

1.3.21 Provisions (€ thousand)

	Balance 1 Jan. 2014	Formation	Cancellation	Use	Balance 31 Dec. 2014
Provisions for retirement amounts and similar liabilities	1,783	67	-324	-97	1,430
Provisions for lawsuits and other claims	60	55	0	-13	102
Warranties	30	0	0	0	30
Other	1,088	0	0	-8	1,080
Total	2,961	122	-324	-117	2,642

The accrued liabilities to employees included liabilities for retirement amounts and jubilee benefits. Owing to a reduced employee number a recalculation was carried out for the employees at Sava d.d. In the case of Sava Turizem d.d., the actuary calculation was made at 31 December 2014, which was based on the following assumptions: retirement amounts, jubilee benefits in accordance with the provisions of the collective and individual work contracts, a 1.5% annual increase in salaries, retirement amounts and jubilee benefits, employee fluctuation, the selected discount rate at 3.315% annually, representing a two-year average of interest rate on long-term bonds issued by the Republic of Slovenia.

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

Other provisions referred to provisions formed for a potential loss in real property inventories at Sava Nova d.o.o. placed as collateral for the bank loan by a legal entity outside of the Group. Civil procedure is in progress.

1.3.22 Government grants (€ thousand)

	Balance 1 Jan. 2014	Increase	Cancellation	Use	Transfer to available for sale	Balance 31 Dec. 2014
Assets by European and other funds	9,068	419	-537	-20	-177	8,753
Total	9,068	419	-537	-20	-177	8,753

The assets obtained from the European and state structural funds were used in Tourism companies for renewing of the hotels Radin and Terapija in Radenci, building of the Grand Hotel Primus in Ptuj, apartment village in spa Lendava and five-star hotel Livada Prestige, renovation of healthcare centre Thermalium in Moravci and the Savica hotel in Bled, and for purchase of software for healthcare and renewal of a CO_2 bath.

1.3.23 Obtained loans and other financial liabilities

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

FINANCIAL RESTRUCTURING OF SAVA D.D.

On 30 November 2014, the Master Restructuring Agreement entered into by Sava d.d. and lending banks to restructure the financial liabilities of €187.7 million at a 3% interest rate, i.e. 1% interest rate fell due quarterly, a 2% interest rate fell due on the final date, expired. Sava d.d. settled a 1% interest rate within the agreed terms.

On 26 November 2014, Sava d.d. filed the Proposal for initiating preventive restructuring proceedings in accordance with Article 44 b of the Financial Operations, Insolvency Proceedings and Compulsory Dissolution Act (ZFPPIPP) with Ljubljana District Court. On 2 December 2014, the court issued the Decision on initiating preventive restructuring proceedings. The creditors, who in total hold 30% of financial receivables due from Sava d.d., agreed with initiating preventive restructuring proceedings.

In the financial records of Sava d.d., the financial liabilities of the company during preventive restructuring proceedings have been temporarily recorded under the conditions applicable during validity of the Master Restructuring Agreement. The new interest rate on financial liabilities will be agreed upon in the financial restructuring agreement to be made with financial creditors during preventive restructuring proceedings.

Overview of financial liabilities of the Sava Group (€ thousand)

	31 Dec. 2014	31 Dec. 2013
LONG-TERM LOANS		
Loans with domestic banks	41,974	54,197
Loans with foreign banks	0	0
Loans with banks total	**41,974**	**54,197**
Long-term liabilities originating from bonds	0	0
Loans with other entities	3,704	19
Total long-term loans	**45,678**	**54,216**
Short-term financial liabilities		
Short-term part in long-term loans with banks	105,482	107,596
Short-term loans with domestic banks	87,599	80,018
Short-term loans with foreign banks	0	3,501
Total short-term loans with banks	**193,082**	**191,116**
Short-term liabilities originating from bonds	26,515	26,515
Short-term loans with other entities	6,498	6,517
Liabilities for dividend payments	150	709
Liabilities for interest rate swaps	732	2,034
Total short-term financial liabilities	**226,976**	**226,890**
Total obtained loans and other financial liabilities	**272,655**	**281,106**

Short-term liabilities arising from bonds amounted to €26,515 thousand (2013: €26,515 thousand). 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. After expiration of the Master Restructuring Agreement, the liabilities arising from bonds were included in financial receivables, based on which the decision on initiating the preventive restructuring proceedings was issued. The bonds are secured with 34,287 shares of Gorenjska banka d.d. The book value of pledged shares amounts to €13,921 thousand.

Effective 24 November 2014, the SA03 bonds were withdrawn from the stock exchange market – Bonds Segment. The last trading day with the SA03 bonds was on 21 November 2014.

Terms and conditions for loans (31 Dec. 2014)

Long- and short-term loans	Interest rate (% p.a.)	Maturity of last instalment	Type of collateral
Loans with associated companies	6M EURIBOR + 5.0 3.0*	2014** 2018	bill of exchange, mortgage, pledge of securities, assignment of claims (deposit and business account, part of operating receivables)
Loans with domestic banks***	1M EURIBOR + 5.0 3M EURIBOR + 5.0 6M EURIBOR + 5.0 3.0*	2014** 2017 2018	bill of exchange, surety, letter of comfort, mortgage, pledge of securities, pledge of business stake, assignment of claims (deposit and business account, part of operating receivables)
Other	TOM + 1.6 to 2.10 3M EURIBOR + 0.35 to 0.5 3.0	2014** - 2025	bill of exchange, mortgage, bank guarantee, pledge of securities

Note:

* *Interest rate 3% p.a. valid until the expiration of the MRA entered into by Sava d.d. (at the end of November 2014). Since the beginning of December 2014, Sava d.d. is undergoing preventive restructuring proceedings, during which the future interest rate will be agreed upon in the preparation of the financial restructuring agreement.*

** *Maturity of the last instalment was shown in compliance with the expiration of the financial restructuring agreement (at the end of November 2014). Since the beginning of December 2014, Sava d.d. is undergoing preventive restructuring proceedings.*

*** *Loans with domestic banks include loans of the Sava Group raised with NLB d.d., Nova KBM d.d. and Abanka Vipa d.d., whose receivables due from the Sava Group are transferred to DUTB d.d. (Bank Asset Management Company).*

Maturity of long-term loans (€ thousand)

	31 Dec. 2014	31 Dec. 2013
Between 1 and 2 years	8,360	4,162
Between 2 and 5 years	35,059	43,057
More than 5 years	2,259	6,997
Total	45,678	54,216

Classification of loans with regard to the fixed and variable interest rate (€ thousand)

	Fixed interest rate	Variable interest rate	Total
Long-term loans	0	45,679	45,679
Short-term loans	217,740	8,357	226,098
Total	217,740	54,036	271,776

Total short-term financial liabilities amounted to €226,976 thousand (2013: €226,890 thousand). The difference to the amount of short-term loans totalling €882 thousand (2013: €2,744 thousand) referred to financial liabilities arising from the unpaid dividends to shareholders of Sava d.d. and Sava Turizem d.d. Bled totalling €150 thousand and short-term financial liabilities from interest rate swaps totalling €732 thousand.

Loan insurance

Loans obtained by the Sava Group have been insured with placing mortgages on the real property of Group's companies and pledging shares and stakes owned by Sava d.d.

The explanation about the insurance of loans of the Sava Group by placing mortgages on the real property is provided under 1.3.9.

A detailed explanation as to the shares and stakes, and real property owned by Sava d.d. is given under 2.5.2 of the financial report for the parent company Sava d.d.

1.3.24 Short-term operating liabilities (€ thousand)

	31 Dec. 2014	31 Dec. 2013
Trade payables	5,238	5,203
Liabilities for obtained advances	531	404
VAT and other taxes	669	819
Liabilities to employees	1,533	1,469
Other operating liabilities	9,014	5,160
Total	16,986	13,055

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

1.3.25 Short-term provisions (€ thousand)

	31 Dec. 2014	31 Dec. 2013
Short-term provisions	4,391	3,884

The amount of €4,391 thousand (2013: €3,884 thousand) mainly referred to short-term provisions for severance pay, unused hours and annual leaves, deferred revenues from the sale of gift vouchers, accrued costs in connection with reorganisation and deferred interest on loans.

1.3.26 Sales revenues (€ thousand)

	2014	2013
Revenues from goods sold	925	2,148
Rental income	1,189	1,423
Revenues from other services rendered	60,456	63,163
Revenues from merchandise sold	427	488
Total	62,997	67,221

1.3.27 Other operating revenues (€ thousand)

	2014	2013
Reversal of unused provisions	325	245
Income from government grants	20	530
Income from government incentives	736	0
Proceeds from sale of property, plant and equipment	40	115
Proceeds from sale of investment property	0	1,033
Proceeds from sale of intangible fixed assets	0	46
Other operating revenues	841	2,704
Total	1,962	4,673

Other operating revenues mainly referred to a reversal of impairments of current assets formed in the past.

1.3.28 Cost by functional group (€ thousand)

	2014	2013
Manufacturing costs of products sold and services	47,384	50,185
Selling costs	4,608	4,468
Cost of general overheads	14,197	25,012
Total	66,189	79,665

Manufacturing costs of sold products and services referred to direct costs in Tourism.

1.3.29 Labour cost (€ thousand)

	2014	2013
Wages and salaries	15,665	18,044
Social security cost	2,541	2,862
Other labour cost	3,515	3,314
Total	21,720	24,220

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

In 2014, 990 employees were employed on average (2013: 1,129 employees).

1.3.30 Amortisation and depreciation expense, write-offs (€ thousand)

	2014	2013
Property, plant and equipment - impairment	0	2,775
Property, plant and equipment - write-offs	15	24
Property, plant and equipment - loss from sale	1	159
Intangible fixed assets – loss from sale	0	10
Intangible fixed assets - write-offs	0	35
Investment property - impairment	1,534	2,543
Investment property – loss from sale	19	0
Inventories	1,088	1,167
Receivables	412	2,557
Total	3,068	9,269

Overview of book values of investment property impaired in 2014 (€ thousand)

Type of asset	Book value before impairment	Impairment	Book value at 31 Dec. 2014
Land Kamnik – Perovo	1,414	-435	979
Land Tacen	1,385	-391	994
Land Izola	974	-708	266
Total investment property	3,773	-1,534	2,239

Overview of book values of real property and investment property impaired in 2013 (€ thousand)

Type of asset	Book value before impairment	Impairment	Book value at 31 Dec. 2013
Hotel Primus Ptuj	15,933	-2,370	13,563
Golf course Livada	3,248	-388	2,860
Miscellaneous	17	-17	0
Total real property	18,607	-2,775	15,832
Land Kamnik – Perovo	2,500	-1,086	1,414
Land Tacen	2,000	-615	1,385
Land Izola	1,816	-842	974
Total investment property	6,316	-2,543	3,773

Explanations on impairment of inventories and receivables

In 2014, the inventory of real property was impaired amounting to €1,088 thousand (2013: €1,167 thousand). An impairment based on the estimated marketability of real property inventory took place in a company in Croatia.

In 2014, the receivables of €412 thousand (2013: €2,557 thousand) were impaired through profit or loss, which mainly referred to Tourism companies. The chapter on risks shows a value adjustment amounting to €441 thousand. The difference of €29 thousand referred to incorporating a new company in the Group and a transfer of the already formed value adjustment from a subsidiary to the companies outside of the Group.

1.3.31 Other operating expenses (€ thousand)

	2014	2013
Formed long-term provisions	0	361
Other operating expenses	1,119	1,305
Total	1,119	1,666

Other operating expenses mainly referred to contributions for the use of urban land, compensations for obtaining various permits and payments of water fees.

Other data about costs (€ thousand)

	2014	2013
Research and development cost	0	0
Direct operating cost of investment property	495	718
- Rent-generating	458	582
- Revenue non-generating	37	136

1.3.32 Net financial revenues / expenses (€ thousand)

	2014	2013
Net gain on disposal of financial assets	1,312	14,249
Income from dividends and shares in profit	25	86
Interest revenue	1,672	979
Foreign exchange gains	0	296
Other	6	1,235
Financial revenues	3,016	16,844
Interest expenses	-9,418	-11,700
Impairment of financial investments available for sale	-840	-3,967
Impairment of granted loans	-13	0
Foreign exchange losses	-133	0
Impairment of assets available for sale	-261	0
Other	1	-997
Financial expenses	-10,664	-16,665
Net revenues / expenses	-7,648	179

Impairments of financial investments available for sale shown at €840 thousand (2013: €3,967 thousand) were entirely due to a decline in the fair value of listed and unlisted securities.

1.3.33 Net expenses of the associated companies

Net expenses of the associated companies totalling €27,154 thousand (2013: €38,139 thousand entirely referred to impairments.

Overview of impairments of financial investments in the associated companies (€ thousand)

	2014	2013
Financial investment in Gorenjska banka d.d.	-26,677	-27,585
Financial investment in Abanka Vipa d.d.	0	-9,609
Financial investment in NFD Holding d.d.	-29	-220
Loan granted to NFD Holding d.d.	-449	-725
Total	-27,154	-38,139

1.3.34 Corporate income tax

Tax on profit recognised in profit or loss (€ thousand)

	2014	2013
Assessed tax in the current year		
- For the current year	-69	-50
- Adjustment for the past years	0	0
Total	-69	-50
Deferred tax		
- Newly arisen and withdrawn temporary differences	-10,865	-9,777
Total	-10,865	-9,777
Tax to the debit of profit or loss	-10,934	-9,827

Comparison between the actual and calculated tax rate (€ thousand)

	Tax rate	2014	Tax rate	2013
Pre-tax profit in accordance with IFRSs		-35,951		-45,731
Income tax by applying the official rate	17.0%	-6,112	17.0%	-7,774
Tax rate effect in foreign operations	0.0%	1	0.0%	0
Tax non-deductible expenses	-15.2%	5,464	-8.6%	3,951
Tax-free revenues	-4.2%	1,499	38.8%	-17,747
Changed tax base due to transition to the new accounting method resulting from past changes in the accounting policies	0.0%	0	0.0%	0
Tax reliefs not recognised in profit or loss	0.2%	-75	0.0%	0
Effect by companies operating with a loss and effect of losses in consolidation	-28.3%	10,157	-68.6%	31,397
Effective tax rate	-30.4%	10,934	-21.5%	9,827

1.3.35 Financial instruments

FINANCIAL RISKS

A standardised appearance of all companies with the banks and a uniform interest rate policy within the Group are determined at the Group level. Financial risk management is systematically carried out via the parent company Sava d.d., while management teams of individual companies are responsible for proper management and elimination of risks.

Foreign exchange risk

The Sava Group mainly does business in the Euro Zone. No derivative instruments were used in 2014 to hedge against foreign exchange risks. Considering the volume of foreign currency transactions, the foreign exchange risk is estimated as low.

Overview of values in connection with foreign exchange risk (€ thousand)

	31 Dec. 2014					31 Dec. 2013				
	Total in €	EUR	USD	CHF	Other currencies	Total in €	EUR	USD	CHF	Other currencies
Trade receivables	3,038	3,038	0	0	0	2,686	2,694	0	0	0
Insured bank loans	-209,025	-209,025	0	0	0	-201,442	-190,161	0	0	0
Loans from associates	-26,031	-26,030	0	0	0	-43,869	-43,869	0	0	0
Bonds	-26,515	-26,515	0	0	0	-26,515	-26,515	0	0	0
Trade payables and other liabilities	-16,986	-16,971	0	-6	-10	-13,055	-14,628	0	0	-54
Other received loans	-10,348	-10,347	0	0	-1	-7,230	-7,230	0	0	0
Gross exposure of balance sheet	-285,867	-285,849	0	-6	-11	-289,425	-279,644	0	0	-54
Sales planned for the following period	65,638	65,638	0	0	0	1,874	1,874	0	0	0
Purchases planned for the following period	-31,898	-31,898	0	0	0	4,608	4,608	0	0	0
Gross exposure	33,740	33,740	0	0	0	6,482	6,482	0	0	0
Net exposure	-252,127	-252,109	0	-6	-11	-282,943	-273,162	0	0	-54

Interest rate risk

Sava Turizem d.d. concluded the restructuring agreement for its financial liabilities with lending banks; the agreement expires in 2018, the agreed interest during this period being EURIBOR + 5%. The EURIBOR interest rate remained low in 2014 and no significant growth is expected in 2015. At the end of November 2014, the Master Restructuring Agreement on Sava d.d. expired. Upon expiration of the MRA on 30 November 2014 and the initiated preventive restructuring proceedings on 2 December 2014, the exposure and the risk of the changed interest rate increased, as the company has not yet agreed on the conditions for financial liabilities restructuring.

To hedge against interest rate risk in connection with the change of the reference interest rate EURIBOR, Sava d.d. had a derivative financial instrument for interest rate hedging with validity until April 2015. Total nominal value of the instrument amounted to €2 million at the end of 2014. The net value of interest rate swaps as a difference between receivables and liabilities is negative and amounts to €732 thousand at the end of 2014 (€2,034 thousand at the end of 2013).

The market interest rate risk is high due to the currently pending procedures in the presented and uncertain economic circumstances

Interest rate risk management by using interest rate swaps (€ thousand)

31 Dec. 2014	Book value	Contracted cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
Interest rate swaps							
Assets	0	0	0	0	0	0	0
Liabilities	-732	-732	-732	0	0	0	0
Total	-732	-732	-732	0	0	0	0

31 Dec. 2013	Book value	Contracted cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
Interest rate swaps							
Assets	0	0	0	0	0	0	0
Liabilities	-2,034	-2,034	-400	-800	-834	0	0
Total	-2,034	-2,034	-400	-800	-834	0	0

Solvency risk

In 2014, the Sava Group mostly focused on further provision of liquidity, regular settlement of financial liabilities and further realisation of the activities defined in the long-term business strategy until 2014. After a larger divestment of financial investments in 2012 and 2013 (divestment of real estate, rubber manufacturing and the major part of energy business), financial investments of the parent company continued to be sold in 2014. Owing to a regular repayment of financial liabilities and disposal of financial investments of the parent company, financial liabilities of the Group further reduced and that by €8 million compared to the end of 2013. All Group companies carry out measures that aim at improving the operating business through cost rationalisations, performance of activities for strengthening the cash flows and other measures for increasing profit from operations. At the end of November 2014, the Master Restructurings Agreement of the parent company and thus a moratorium on repayment of the principal expired, and the company has been undergoing preventive restructuring proceedings since the beginning of December.

Due to the currently pending procedures the solvency risk remains high in the Sava Group.

Overview of values in connection with solvency risk (€ thousand)

31 Dec. 2014	Book value	Contracted cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
Non-derivative financial liabilities	288,909	-289,908	-231,860	-8,161	-4,352	-41,499	-4,037
Insured bank loans (excluding associates)	209,025	-209,123	-161,500	-1,813	-3,337	-38,639	-3,834
Trade payables and other liabilities	16,986	-16,986	-16,986	0	0	0	0
Loans from associated companies	26,031	-26,046	-25,660	-13	-57	-316	0
Bonds	26,515	-27,369	-27,369	0	0	0	0
Other financial liabilities	10,348	-10,380	-340	-6,335	-958	-2,544	-203
Overdrafts on bank accounts	0	0	0	0	0	0	0
Liabilities from financial leasing	4	-4	-4	0	0	0	0
Derivative financial liabilities	732	-732	-732	0	0	0	0
Interest rate swaps used as risk hedging instruments	732	-732	-732	0	0	0	0
Total	289,641	-290,640	-232,591	-8,161	-4,352	-41,499	-4,037

31 Dec. 2013	Book value	Contracted cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
Non-derivative financial liabilities	292,126	-290,952	-16,851	-237,086	-9,341	-27,674	0
Insured bank loans (excluding associates)	201,442	-208,382	-4,979	-172,183	-8,494	-22,726	0
Trade payables and other liabilities	13,055	-13,057	-9,849	-3,201	-7	0	0
Loans from associated companies	43,869	-34,669	-628	-28,260	-833	-4,948	0
Bonds	26,515	-27,540	-131	-27,409	0	0	0
Other financial liabilities	7,230	-7,288	-1,259	-6,029	0	0	0
Overdrafts on bank accounts	0	0	0	0	0	0	0
Liabilities from financial leasing	15	-15	-4	-4	-7	0	0
Derivative financial liabilities	2,034	-2,034	-400	-800	-834	0	0
Interest rate swaps used as risk hedging instruments	2,034	-2,034	-400	-800	-834	0	0
Total	294,160	-292,986	-17,251	-237,886	-10,175	-27,674	0

Credit risk

This is reduced by using a standardised policy of monitoring the credit ability of our customers and other business partners. To decrease exposure to this risk we make use of the customer rating system to supervise bad payers and carry out on-going compensations. The measures for minimising credit risk exposure rely on our own in-depth customer ratings and obtained collaterals.

Trade receivables by territory (€ thousand)

	31 Dec. 2014	31 Dec. 2013
Slovenia	2,716	2,130
Other EU countries	89	461
Other	233	95
Total	3,038	2,686

Balance and movement of value adjustments in trade receivables (€ thousand)

	2014	2013
Initial balance	1,865	1,639
Increase in value adjustment	441	684
Decreases in value adjustment	-1,072	-459
Final balance	1,234	1,865

Age structure of trade receivables (€ thousand)

	31 Dec. 2014			31 Dec. 2013		
	Gross receivables	Impairment	Net receivables	Gross receivables	Impairment	Net receivables
Not past due	2,373	16	2,357	1,845	0	1,845
Past due 0 - 30 days	405	8	397	290	0	290
Past due 31 - 120 days	412	30	382	554	0	554
Past due more than 120 days	1,082	1,180	-98	1,862	1,864	-2
Total	4,272	1,234	3,037	4,550	1,864	2,686

SENSITIVITY ANALYSIS FOR FINANCIAL RISK

Sensitivity analysis for interest rate change

Owing to the expiration of the major part of restructured liabilities of the Group at the end of November 2014 and not yet finalised preventive restructuring proceedings for Sava d.d., the exposure to the change of interest rate increased again.

Liabilities arising from loans of the parent company Sava d.d. have an 80% share in total loan liabilities of the Sava Group and are subject to preventive restructuring proceedings. The remaining portion of loan liabilities refers to Tourism and is tied to the EURIBOR interest rate, at which a 3-month and a 6-monh EURIBOR have the greatest share. In 2014, the reference interest rate was low, similar to 2013, and no significant increase is expected for 2015.

The credit portfolio is still strongly sensitive to the change of interest rates. Considering the indebtedness of the Sava Group at the end of 2014, the annual interest expense would change by €1,378 thousand if interest rate increased by 50 basis points.

Sensitivity analysis for enhanced indebtedness

At the end of 2014, the Sava Group had short- and long-term financial liabilities from raised loans amounting to €271 million. Certain commitments were made under financial liabilities restructuring in view of indebtedness volume, due to which the Group is not strongly exposed to changes arising from the increased indebtedness volume.

Sensitivity analysis for exchange rate change

Sava Group companies have the majority of business tied to the domestic currency. For this reason, the company is not strongly exposed to exchange rate changes.

1.3.36 Fair values of financial instruments

Fair values of financial instruments (€ thousand)

	31 Dec. 2014	31 Dec. 2014	31 Dec. 2013	31 Dec. 2013
	Book value	Fair value	Book value	Fair value
Securities available for sale	38,392	38,392	31,426	31,426
Assets for sale	410	410	0	0
Other long-term receivables	39	39	39	39
Short-term receivables	5,544	5,544	5,544	5,544
Granted loans	18,389	18,389	24,596	24,596
Cash and cash equivalents	1,205	1,205	1,239	1,239
Long-term loans at fixed interest rate	0	note*	-16	-16
Issued bonds at fixed interest rate	-26,515	note*	-26,515	-5,303
Long-term loans at variable interest rate	-45,679	note*	-54,200	-54,200
Liabilities for sale	410	410	0	0
Long-term operating liabilities	0	0	0	0
Short-term loans	-226,098	note*	-224,146	-224,146
Derivative financial instruments – interest rate swaps	-732	-732	-2,034	-2,034
Liabilities for dividends	-150	-150	-709	-709
Short-term operating liabilities	16,986	16,986	13,055	13,055

* *As disclosed in item 1.3.23. Sava d.d. is undergoing preventive restructuring proceedings. The Master Restructuring Agreement entered into by Sava d.d. expired, the new conditions for financing will be agreed with financial creditors during preventive restructuring proceedings. Upon endorsing the annual report the loans are unregulated and it is not clear under what conditions the liabilities will be settled. For this reason, their fair value could not be ascertained.*

Fair value hierarchy

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

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

Classification of financial instruments with regard to the fair value computation (€ thousand)

	31 Dec. 2014				31 Dec. 2013			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Securities available for sale	38,392	946	34,123	3,323	31,426	3,604	23,999	3,823
Derivative financial instruments - assets	0	0	0	0	0	0	0	0
Derivative financial instruments - liabilities	-732	0	-732	0	-2,034	0	-2,034	0
Total	37,660	946	33,391	3,323	29,392	3,604	21,965	3,823

1.3.37 Contingent liabilities

At 31 December 2014, contingent liabilities of Sava Group companies amounted to €236 thousand (2013: €194 thousand). Denationalisation claims are explained under 1.3.41.

1.3.38 Related parties

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

a) Relations with the subsidiaries

Business relations between Sava Group companies mainly refer to the mutually provided services - rentals of property and equipment, use of trademark, and services provided by the professional services.

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

For loans of subsidiaries obtained from banks, which in the consolidated financial statements are shown as liabilities to banks, the guarantees were issued by Sava d.d., which at 31 December 2014 amounted to €460 thousand (2013: €494 thousand) and 3,610 shares of Gorenjska banka d.d. were pledged worth €1,466 thousand. For the loan, which Sava d.d. raised with the bank, a guarantee by Sava Turizem d.d. totalling €5,000 thousand was issued, the loan balance at 31 December 2014 amounted to €3,455 thousand (2013: €3,501 thousand).

b) Relations with the associated companies

Gorenjska banka d.d., Kranj

Ownership of the Sava share	2014	2013
Number of Sava d.d. shares owned by Gorenjska banka d.d.	56,475	56,475
Ownership stake of Gorenjska banka in Sava d.d.	2.81%	2.81%

The companies in the Sava Group raised 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.

	31 Dec. 2014	31 Dec. 2013
Balance of obtained loans at 1 Jan.	26,397	41,063
Raising new loans	0	0
Repayment of loans	-366	-14,666
Exchange rate differences	0	0
Final balance of loans obtained	26,031	26,397
Final balance of deposits made	940	1,872

Interest rates on loans obtained from Gorenjska banka d.d. are: 6-month EURIBOR + 5.0% and a fixed 3.0% interest rate. Until the expiration of the agreement on financial liabilities restructuring (end of November 2014) a fixed 3% interest rate applied to the parent company Sava d.d. Owing to preventive restructuring proceedings being in progress since the beginning of December, a new interest rate on loans of the parent company is to be defined in the agreement or financial restructuring plan. Deposits made at Gorenjska banka d.d. bear interest at 0.15% to 0.70%

Overview of operating receivables and liabilities with Gorenjska banka d.d. (€ thousand)

	31 Dec. 2014	31 Dec. 2013
Long-term operating receivables to associates	0	0
Short-term operating receivables to associates	1	9
Total operating receivables	1	9
Long-term operating liabilities to associates	0	0
Short-term operating liabilities to associates	1,000	447
Total operating liabilities	1,000	447

Overview of financial revenues and expenses with Gorenjska banka d.d. (€ thousand)

	2014	2013
Financial revenues from loans granted to associates	27	83
Financial revenues from operating receivables due from associates	0	0
Total financial revenues	27	83
Financial expenses from loans obtained from associates	777	908
Financial expenses from operating receivables due from associates	0	0
Total financial expenses	777	908

NFD HOLDING D.D., LJUBLJANA – ON 6 JANUARY 2015 BANKRUPTCY PROCEEDINGS WERE INSTITUTED AGAINST THE COMPANY

- The balance of receivables due from NFD Holding d.d. arising from the granted loans amounted to €17,806 thousand at 31 December 2014 (2013: €17,806 thousand).
- Operating receivables arising from interests on loans were shown at €2,754 thousand at 31 December 2014 (2013: €1,348 thousand).
- Interest revenues amounted to €1,421 thousand in 2014 (2013: €441 thousand).

c) Relations with natural persons

Related natural persons own 138 shares of the parent company Sava d.d., representing 0.007% of ownership in total.

Ownership of the Sava share at 31 December 2014:

	2014	2013
Management Board members of Sava d.d.	135	0.007 %
Closer family members of Sava d.d. Management Board members	0	0.000 %
Supervisory Board members of Sava d.d.	3	0.000 %
Managers in subsidiaries	0	0.000 %
Supervisory Board members in subsidiaries	0	0.000 %
Total	138	0.007 %

Gross remunerations in 2014 (€ thousand)

	31 Dec. 2014	31 Dec. 2013
Management Board and management team members in Group companies	725	963
Other employees with management contracts in Group companies	6,402	7,017
Supervisory Board members in Group companies	199	207

Receivables of Group companies due from related persons

At 31 December 2014, the Sava Group companies showed no receivables due from related natural persons.

Liabilities of Sava Group companies to related persons

At 31 December 2014, the Sava Group companies showed liabilities to related persons arising from monthly salaries for December 2014, paid in January 2015. The amount does not deviate from ordinary interim payments.

Detailed disclosures of remunerations of the Management Board of Sava d.d. are shown under item 2.5.7. of the financial report of the annual report of Sava d.d.

1.3.39 Disclosing business with auditors (€ thousand)

	2014	2013
Cost of auditing the annual report	72	93
Cost of other auditing services	0	36
Cost of tax consulting	0	0
Other non-auditing services	7	11
Total	79	140

1.3.40 Events after the balance sheet date

Events taking place after the balance sheet date are described in the business report of the annual report. The nature of these events does not influence the consolidated financial statements.

1.3.41 Explanation in connection with the denationalisation claims in Sava Turizem d.d.

a) Denationalisation claim Höhn-Šarič

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

In 2012, the Administrative unit Gornja Radgona issued a denationalisation order for the nationalised company Zdravilišče Slatina Radenci, Hoehn and Comp., public trading company in Radenci, based on which the request for denationalisation of the nationalised company Kuranstalt Sauberbrun Radein Aktiengesellschaft with the share of 48 %, owned by Wilhemina Hoehn Šarič was rejected. The party filing the denationalisation request filed an appeal through the proxy, which the competent Ministry rejected and confirmed the decision made by the first-instance administrative body. The parties filing the request appealed against the decision by the second-instance body, the issue is still pending at the administrative court. On 3 September 2014, the administrative unit Gornja Radgona issued also the decision, based on which it rejected the request for denationalisation with regard to a 48% share owned by Ante Šarič. An appeal was filed against the decision.

At the Novo mesto District Court a non-contentious proceedings on returning the seized assets in accordance with Article 145 ZIKS is in progress, at which the parties filing the request demand a 48% share of assets claimed to be seized from Dr Ante Šarič. On 19 June 2013, the first-instance court decided to reject the proposal for returning the assets. The first-instance court's decision is legally binding (decision by the Higher Court in Ljubljana of 19 March 2014). A revision as an extraordinary legal remedy was filed against the decision, the Supreme Court of the Republic of Slovenia has not yet decided about the matter.

Due to the complexity of legal and actual issues, the outcome of denationalisation procedure cannot be predicted in this phase, which is why any future liabilities of the company arising thereof cannot be estimated.

In years past, the company Sava Turizem d.d. entirely renovated one of its facilities, which is subject to a denationalisation procedure. 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.

b) Denationalisation claim – Dermastja

The subject of the denationalisation claim is a one-third stake in the old Park hotel. The temporary order was filed in after term 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 a complaint against the resolution concerning the privatisation at the Administrative Court, which rejected it. 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 claimants will fail in their litigation procedure.

1.4 Statement of Management Responsibility for the Sava Group

The Management Board confirms the consolidated financial statements of the Sava Group for the year ending on 31 December 2014.

The Management Board confirms that when drawing up the consolidated financial statements the corresponding accounting policies were consistently applied, and that the consolidated report gives a true and fair view of the company's assets and operating results for 2014.

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 under the assumption of going concern for the companies within the Group and in compliance with the relevant legislation and International Financial Reporting Standards as adopted by the European Union.

Aleš Aberšek
Member of the
Management Board

Matej Narat
President of the
Management Board

Ljubljana, 10 March 2015

1.5 Independent auditor's report for the Sava Group

Deloitte.

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INDEPENDENT AUDITOR'S REPORT
to the owners of SAVA, d.d.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the company SAVA, d.d. and its subsidiaries (hereinafter: "the Sava Group"), which comprise the statement of financial position as at 31 December 2014, and the income statement, statement of other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU. The management is also responsible for the level of internal control required in its opinion to prepare consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the Group's consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

a) Limitation of scope – Investment in Associate

As at 31 December 2013, the Group disclosed the investment in Gorenjska banka d.d. in the amount of EUR 86,188 thousand. Since due to high uncertainty of future developments in the bank's operations the management of the controlling company Sava, d.d. was unable to reliably measure the amount of potential necessary impairment of the investment, we were unable to satisfy ourselves within the scope of the audit procedures whether additional adjustments of those amounts would be necessary. Accordingly, our audit opinion on the consolidated financial statements for the period ended 31 December 2013 was modified. In 2014, the management estimated the recoverable amount of the investment. The full effect of the impairment has been recorded as financial expense from impairment of the investment in 2014, as explained in note *1.3.33 Net expenses from associated companies*. Since recoverable amount of the investment was estimated as at 31 December 2014 and since the potential amount of the required investment impairment in 2013 could not be estimated reliably enough, we were unable to satisfy ourselves as to the amount of impairment that should have been recorded in the year ended 31 December 2013 and the amount that should have been posted in the income statement for the year ended 31 December 2014.

As disclosed in note *1.2. Structure of the Sava Group and data on subsidiaries and associates for 2014* to the consolidated financial statements, the Group does not have the audited financial statements of Gorenjska banka d.d. as its associate. Since the audited information related to the equity of the associate were not available by the date of the consolidated financial statements authorisation, instead of using the equity method for measurement of investment in the associated company in its consolidated financial statements, the Group impaired the investment to its estimated recoverable amount. Since the audited financial statements of the associate were not available, we were not able to satisfy ourselves as to the potential effects arising from the measurement using the equity method.

b) Limitation of scope - Deferred Tax Assets

As at 31 December 2013, the controlling company in the Sava Group disclosed EUR 10,874 thousand of deferred tax assets. Since in 2013 the management was unable to estimate with sufficient certainty the planned future taxable profits, which would ensure the utilisation of the discussed deferred tax assets in next periods, we were unable to satisfy ourselves within the scope of the audit procedures whether additional adjustments of those amounts would be necessary. Accordingly, our audit opinion on the financial statements for the period ended 31 December 2013 was modified. In 2014, the management estimated the possibilities of utilising the deferred tax assets. The full effect of the impairment has been recorded in the income statement of 2014, as explained in note *1.3.34 Corporate income tax*. Since the assessment of possibilities to utilise deferred tax assets was prepared as at 31 December 2014 and since the potential amount of the required impairment in 2013 could not be estimated reliably enough, we were unable to satisfy ourselves as to the amount of impairment that should have been recorded in the year ended 31 December 2013 and the amount that should have been posted in the income statement for the year ended 31 December 2014.

Qualified Opinion

In our opinion, except for potential effects of the matters referred to in the *Basis for Qualified Opinion* paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

Emphasis of Matter

a) Going Concern

The accompanying financial statements have been prepared assuming that the Group will continue as a going concern. As discussed in note *1.3.23 Loans received and other financial* *liabilities* to consolidated financial statements, since 2 December 2014 the controlling company Sava, d.d. has been subject to the preventive restructuring proceeding in accordance with the Financial Operations, Insolvency Proceedings and Compulsory Dissolution Act (hereinafter: ZFPPIPP), within the scope of which the Financial Restructuring Plan will be prepared (hereinafter: the FRP). The FRP needs to be confirmed by the creditors and the Court. Furthermore, the controlling company discloses as at 31 December 2014 negative equity in the amount of EUR -23,470 thousand, while its short-term liabilities exceed assets by EUR 212,028 thousand. These circumstances, along with other matters discussed in section *2. Sava, d.d. as a going concern,* indicate the existence of material uncertainty which may raise doubt about the Company's ability to continue as a going concern. The management's plans in relation to the abovementioned risk are disclosed in note 2. Sava, d.d. as a going concern in the Annual Report. The consolidated financial statements do not include potential adjustments that may have been the consequence of this uncertainty.

b) *Contingent Liabilities*

As discussed in note *1.3.43. Explanation regarding the status of denationalisation claims in the company Sava Turizem, d.d.* to the consolidated financial statements, the company within the Sava Group has been a subject of various denationalisation claims. Since it is not possible to reliably estimate the future liabilities nor is it possible to project the probability of the liability being settled, the conditions for recognition of provisions have not been met. It is expected that the process of resolving these claims will be long-lasting and that the claims may have a material impact on future operations of the Group. The financial statements do not include potential adjustments that may have been the consequence of this uncertainty.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements:

The management is also responsible for the preparation of the business report in accordance with the requirements of the Companies Act (ZGD-1). Our responsibility is to provide an assessment of whether the business report is consistent with the audited financial statements. Our procedures have been conducted in accordance with the International Standard on Auditing 720 and are limited solely to assessing of whether the business report is consistent with the audited financial statements. In our opinion, the business report is consistent with the audited financial statements.

DELOITTE REVIZIJA d.o.o.

Tina Kolenc Praznik
Certified Auditor

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

Yuri Sidorovich
President of the Board

For signature please refer to the original Slovenian version.

Ljubljana, 16 March 2015

TRANSLATION ONLY – SLOVENIAN ORIGINAL PREVAILS

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

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

Balance sheet of Sava d.d. at 31 December 2014 (€ thousand)

	Notes	31 Dec. 2014	31 Dec. 2013
ASSETS			
A. FIXED ASSETS		191,546	227,374
I. INTANGIBLE FIXED ASSETS AND LONG-TERM DEFERRED COSTS AND ACCRUED REVENUES	2.4.1.	22	25
1. Long-term industrial property rights		22	25
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.	167	244
1. Land and buildings		0	0
a) Land		0	0
b) Buildings		0	0
2. Plant and machinery		103	159
3. Other equipment		64	85
4. Tangible fixed assets under construction		0	0
a) Tangible fixed assets under construction and manufacture		0	0
b) Advances for tangible fixed assets		0	0
III. INVESTMENT PROPERTY	2.4.3.	2,276	2,362
1. Leased to subsidiaries		0	0
2. Leased to other companies		1,797	1,858
3. Not leased		479	504
IV. LONG-TERM FINANCIAL INVESTMENTS	2.4.4.	189,081	213,869
1. Long-term financial investments except loans		189,081	210,492
a) Shares and stakes in Group companies		91,492	93,234
b) Shares and stakes in associates		59,300	85,915
c) Other shares and stakes		38,289	31,343
č) Other long-term financial investments		0	0
2. Long-term loans		0	3,377
a) Long-term loans to Group companies		0	3,377
b) Long-term loans to other entities		0	0
c) Long-term unpaid called-up capital		0	0

	Notes	31 Dec. 2014	31 Dec. 2013
V. LONG-TERM OPERATING RECEIVABLES		0	0
1. Long-term operating receivables to Group companies		0	0
2. Long-term operating trade receivables		0	0
3. Long-term receivables to other entities		0	0
VI. DEFERRED TAX RECEIVABLES	2.4.5., 2.4.29.	0	10,874
B. SHORT-TERM ASSETS		19,602	20,886
I. ASSETS (GROUPS FOR DISPOSAL) FOR SALE		0	0
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	2.4.6.	14,684	16,010
1. Short-term financial investments except loans		0	0
a) Shares and stakes in Group companies		0	0
b) Other shares and stakes		0	0
c) Other short-term financial investments		0	0
2. Short-term loans		14,684	16,010
a) Short-term loans to Group companies		4,860	1,356
b) Short-term loans to other entities		9,824	14,654
c) Short-term unpaid called-up capital		0	0
IV. SHORT-TERM OPERATING RECEIVABLES	2.4.7.	4,860	4,649
1. Short-term operating liabilities to Group companies		2,000	3,207
2. Short-term trade receivables		83	60
3. Short-term operating receivables to other entities		2,777	1,382
V. CASH AND CASH EQUIVALENTS	2.4.8.	58	227
1. Cash on hand and accounts		58	227
2. Short-term deposits		0	0
a) Short-term deposits in subsidiaries		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		3	57
ASSETS TOTAL		**211,151**	**248,317**

	Notes	31 Dec. 2014	31 Dec. 2013
LIABILITIES			
A. CAPITAL	2.4.9.	-23,470	15,117
I. CALLED-UP CAPITAL		14,061	25,442
1. Share capital		14,061	25,442
2. Uncalled capital (as a deductible item)		0	0
II. CAPITAL RESERVES		0	0
III. REVENUE RESERVES		0	0
1. Legal reserves		0	0
2. Reserves for treasury shares and own business stakes		4,977	4,977
3. Treasury shares and own business shares (as a deductible item)		-4,977	-4,977
4. Statutory reserves		0	0
5. Other revenue reserves		0	0
IV. REVALUATION RESERVE		9,864	1,056
- From tangible fixed assets		0	0
- From intangible fixed assets		0	0
- From long-term financial investments		9,864	1,056
- From short-term financial investments		0	0
V. RETAINED NET PROFIT OR LOSS FROM PREVIOUS PERIODS		0	0
VI. NET PROFIT OR LOSS FOR THE FINANCIAL YEAR		-47,394	-11,381
B. PROVISIONS AND LONG-TERM ACCRUED COSTS AND DEFERRED REVENUES	2.4.11.	101	117
1. Provisions for pensions and similar liabilities		100	117
2. Other provisions		0	0
3. Long-term accrued costs and deferred revenues		1	0

	Notes	31 Dec. 2014	31 Dec. 2013
C. LONG-TERM LIABILITIES	2.4.13.	1,000	231
I. LONG-TERM FINANCIAL LIABILITIES		0	15
1. Long-term financial liabilities to Group companies		0	0
2. Long-term financial liabilities to banks		0	0
3. Long-term financial liabilities arising from bonds		0	0
4. Other long-term financial liabilities		0	15
II. LONG-TERM OPERATING LIABILITIES		0	0
1. Long-term operating liabilities to Group 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	2.4.29.	1,000	216
Č. SHORT-TERM LIABILITIES	2.4.14.	231,630	232,145
I. LIABILITIES INCLUDED IN GROUPS FOR DISPOSAL		0	0
II. SHORT-TERM FINANCIAL LIABILITIES		222,452	226,796
1. Short-term financial liabilities to Group companies		3,835	3,835
2. Short-term financial liabilities to banks		185,224	187,702
3. Short-term liabilities arising from bonds		26,515	26,515
4. Other short-term financial liabilities		6,878	8,744
III. SHORT-TERM OPERATING LIABILITIES		9,178	5,349
1. Short-term operating liabilities to Group companies		156	99
2. Short-term trade payables		90	137
3. Short-term bills payables		0	0
4. Short-term operating liabilities arising from advances		52	30
5. Other short-term operating liabilities		8,880	5,083
E. SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUES	2.4.15.	1,890	707
TOTAL LIABILITIES		211,151	248,317

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

Income statement of Sava d.d. for the period January – December 2014 (€ thousand)

	Notes	2014	2013
1. NET SALES REVENUES	2.4.16.	930	1,858
a) Revenues in domestic market		929	1,073
To Group companies		559	710
To associated companies		5	0
To others		365	363
b) Revenues in foreign market		1	785
To Group companies		1	27
To associated companies		0	0
To others		0	758
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)	2.4.17.	184	5,264
5. COST OF MERCHANDISE, MATERIALS AND SERVICES	2.4.19.	-1,786	-3,455
a) Cost of merchandise and material sold and cost of material used		-46	-73
b) Cost of services		-1,740	-3,382
6. LABOUR COST	2.4.20.	-1,673	-1,699
a) Salaries and wages		-1,022	-1,373
b) Social security cost		-192	-254
- Social security cost		-81	-104
- Pension insurance cost		-111	-150
c) Other labour cost		-459	-72
7. AMORTISATION AND DEPRECIATION EXPENSE, WRITE-OFFS	2.4.21.	-153	-2,038
a) Depreciation		-115	-124
b) Operating expenses from revaluation of intangible and tangible fixed assets		-19	0
c) Operating expenses from revaluation of current assets		-19	-1,914
8. OTHER OPERATING EXPENSES		-13	-85
9. LOSS FROM OPERATIONS		-2,511	-155
10. OTHER FINANCIAL REVENUES FROM SHARES	2.4.22.	1,349	25,610
a) Financial revenues from shares in Group companies		0	24,302
b) Financial revenues from shares in associated companies		0	0
c) Financial revenues from shares in other entities		1,330	150
č) Financial revenues from other investments		19	1,158
11.FINANCIAL REVENUES FROM GRANTED LOANS	2.4.23.	1,747	1,277
a) Financial revenues from loans granted to Group companies		311	281
b) Financial revenues from loans granted to other entities		1,436	996
12. FINANCIAL REVENUES FROM OPERATING RECEIVABLES	2.4.24.	197	14
a) Financial revenues from operating receivables due from Group companies		52	13
b) Financial revenues from operating receivables due from other entities		145	1

	Notes	2014	2013
13. FINANCIAL EXPENSES FROM IMPAIRMENTS AND WRITE-OFFS IN FINANCIAL INVESTMENTS	2.4.25.	-31,138	-19,730
14. FINANCIAL EXPENSES FROM FINANCIAL LIABILITIES	2.4.26.	-6,860	-8,691
a) Financial expenses from borrowings obtained from Group companies		-118	-146
b) Financial expenses from borrowings obtained from banks		-5,725	-6,512
c) Financial expenses from issued bonds		-791	-1,280
d) Financial expenses from other financial liabilities		-226	-753
15. FINANCIAL EXPENSES FROM OPERATING LIABILITIES		0	0
a) Financial expenses from operating liabilities to Group companies		0	0
b) Financial expenses from trade payables and bill payables		0	0
c) Financial expenses from other operating liabilities		0	0
16. OTHER REVENUES	2.4.27.	175	96
17. OTHER EXPENSES	2.4.27.	-42	-7
18. INCOME TAX	2.4.28.	0	0
19. DEFERRED TAX	2.4.5., 2.4.29.	-10,874	-9,795
20. NET PROFIT/LOSS FOR THE ACCOUNTING PERIOD		-47,957	-11,381

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

Statement of other comprehensive income of Sava d.d. for the period January – December 2014

(€ thousand)

	2014	2013
Net loss for the period	-47,957	-11,381
Other comprehensive income:		
Items that may be classified to profit or loss:		
- Change of fair value of available-for-sale financial assets	10,903	-716
- Deferred tax from change in fair value of available-for-sale financial assets	-984	54
- Change in fair value of investments in associated companies	0	0
- Change of fair value of available-for-sale financial assets transferred to profit or loss	-1,312	-11,583
- Deferred tax from a change of fair value of available-for-sale financial assets transferred to profit or loss	201	1,038
- Deferred tax	0	-25
Other comprehensive income for the period, net of deferred tax in the period	8,808	-11,232
Total comprehensive income for the period	-39,149	-22,613

Cash flow statement of Sava d.d. for the period January – December 2014 (€ thousand)

	2014	2013
A. Cash flows from operating activities		
a) Net profit/loss for the financial year	-47,957	-11,381
Pre-tax profit/loss	-37,083	-1,586
Profit tax and other taxes not included in operating expenses	-10,874	-9,795
b) Adjustments for	35,034	-3,566
Depreciation	115	124
Operating revenues from revaluation in connection with items of investing and financing activities	-2	-5,211
Operating expenses from revaluation in connection with items of investing and financing activities	19	0
Financial revenues excluding financial revenues from operating receivables	-3,096	-26,900
Financial expenses excluding financial expenses from operating liabilities	37,998	28,421
c) Change in net current assets (and accruals, deferrals, provisions and deferred tax receivables and liabilities) of balance sheet items	11,319	24,592
Opening minus closing operating receivables	59	18,667
Opening minus closing deferred costs and accrued revenues	54	-37
Opening minus closing deferred tax receivables	10,874	9,795
Opening minus closing assets (groups for disposal) for sale	0	0
Opening minus closing inventories	0	0
Closing minus opening operating liabilities	-834	-1,487
Closing minus opening accrued costs and deferred revenues and provisions	1,167	-708
Closing minus opening deferred tax liabilities	0	-1,638
č) Surplus in inflows from operating activities or surplus of outflows from operating activities (a+b+c)	-1,604	9,644

	2014	2013
B. Cash flows from investing activities		
a) Inflows from investing activities	12,949	31,967
Revenues from received interests and shares in profit in relation to investing activities	40	1,424
Revenues from disposal of intangible fixed assets	0	0
Revenues from disposal of tangible fixed assets	31	11
Revenues from disposal of investment property	6	2,299
Revenues from disposal of long-term financial investments	3,128	2,781
Revenues from disposal of short-term financial investments	9,744	25,452
b) Outflows from investing activities	-5,522	-32,325
Expenses for purchase of intangible fixed assets	0	-8
Expenses for purchase of tangible fixed assets	-3	-130
Expenses for purchase of investment property	0	0
Expenses for purchase of long-term financial investments	-11	-4,210
Expenses for purchase of short-term financial investments	-5,508	-27,977
c) Surplus in inflows from investing activities or surplus in outflows from investing activities (a+b)	7,427	-358
C. Cash flows from financing activities		
a) Inflows from financing activities	0	7,204
Revenues from paid-in capital	0	0
Revenues from increase in long-term financial liabilities	0	0
Revenues from increase in short-term financial liabilities	0	7,204
b) Outflows from financing activities	-5,993	-16,267
Expenses for interests relating to financing	-2,197	-7,509
Expenses for return of capital	0	0
Expenses for repayment of long-term financial liabilities	-15	-1,269
Expenses for repayment of short-term financial liabilities	-3,781	-7,490
Expenses for payment of dividends and other shares in profit	0	0
c) Surplus in inflows from financing activities or surplus in outflows from financing activities (a+b)	-5,993	-9,063
Č. Cash and cash equivalents at end of period	58	227
a) Net increase in cash and cash equivalents (sum of Ač, Bc and Cc)	-169	224
b) Cash and cash equivalents at beginning of period	227	3

Statement of changes in equity of Sava d.d. for the period from 31 December 2013 to 31 December 2014 (€ thousand)

	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		
	Share capital	Uncalled capital (as a deductible item)	Capital reserves	Legal reserves	Reserves for treasury shares and own business stakes	Treasury shares and own business stakes (as a deductible item)	Statutory reserves	Other revenue reserves	Revaluation reserve	Retained net profit	Retained net loss	Net profit for the financial year	Net loss for the financial year	Total capital
	I/1	I/2	II	III/1	III/2	III/3	III/4	III/5	IV	V/1	V/2	VI/1	VI/2	
A.1. BALANCE AT 31 Dec. 2013	25,442	0	0	0	4,977	-4,977	0	0	1,056	0	0	0	-11,381	15,117
A.2. INITIAL BALANCE AT 1 Jan. 2014	25,442	0	0	0	4,977	-4,977	0	0	1,056	0	0	0	-11,381	15,117
B.1. Changes in equity - transactions with owners	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B.2. Total comprehensive income for the period	0	0	0	0	0	0	0	0	8,808	0	0	0	-47,957	-39,149
a) Entry of net profit/loss for the period	0	0	0	0	0	0	0	0	0	0	0	0	-47,957	-47,957
d) Change in fair value of available-for-sale financial assets	0	0	0	0	0	0	0	0	10,903	0	0	0	0	10,903
e) Deferred tax from a change in fair value of available for-sale financial assets	0	0	0	0	0	0	0	0	-984	0	0	0	0	-984
f) Change in fair value of available-for-sale financial assets transferred to profit or loss	0	0	0	0	0	0	0	0	-1,312	0	0	0	0	-1,312
g) Deferred tax from a change in fair value of available-for-sale financial assets transferred to profit or loss	0	0	0	0	0	0	0	0	201	0	0	0	0	201
h) 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	-11,381	0	0	0	0	0	0	0	0	0	0	0	11,944	563
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	-11,381	0	11,381	0
č) Settling a loss as a deductible capital component	-11,381	0	0	0	0	0	0	-65	0	-498	11,381	0	563	0
f) Other changes within equity	0	0	0	0	0	0	0	65	0	498	0	0	0	563
C. END BALANCE at 31 Dec. 2014	14,061	0	0	0	4,977	-4,977	0	0	9,864	0	0	0	-47,394	-23,470

Statement of changes in equity of Sava d.d. for the period from 31 December 2012 to 31 December 2013 (€ thousand)

	Called-up capital I		Capital reserves II	Revenue reserves III					Reval-uation reserve IV	Retained net profit/loss from previous periods V		Net profit/loss for the financial year VI		
	Share capital	Uncalled capital (as a deductible item)	Capital reserves	Legal reserves	Reserves for treasury shares and own business stakes	Treasury shares and own business stakes (as a deductible item)	Statutory reserves	Other revenue reserves	Reval-uation reserve	Retained net profit	Retained net loss	Net profit for the financial year	Net loss for the financial year	Total capital
	I/1	I/2	II	III/1	III/2	III/3	III/4	III/5	IV	V/1	V/2	VI/1	VI/2	
A.1. BALANCE at 31 Dec. 2012	83,751	0	0	0	4,977	-4,977	0	0	12,288	0	-9,274	0	-49,036	37,729
A.2. INITIAL BALANCE at 1 Jan. 2013	83,751	0	0	0	4,977	-4,977	0	0	12,288	0	-9,274	0	-49,036	37,729
B.1. Changes in equity - transactions with owners	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B.2. Total comprehensive income for the period	0	0	0	0	0	0	0	0	-11,232	0	0	0	-11,381	-22,613
a) Entry of net profit/loss for the period	0	0	0	0	0	0	0	0	0	0	0	0	-11,381	-11,381
d) Change in fair value of available-for-sale financial assets	0	0	0	0	0	0	0	0	-716	0	0	0	0	-716
e) Deferred tax from a change in fair value of available for-sale financial assets	0	0	0	0	0	0	0	0	54	0	0	0	0	54
f) Change in fair value of available-for-sale financial assets transferred to profit or loss	0	0	0	0	0	0	0	0	-11,583	0	0	0	0	-11,583
g) Deferred tax from a change in fair value of available-for-sale financial assets transferred to profit or loss	0	0	0	0	0	0	0	0	1,038	0	0	0	0	1,038
h) Other components of comprehensive income for the period	0	0	0	0	0	0	0	0	-25	0	0	0	0	-25
B.3. Changes within equity	-58,310	0	0	0	0	0	0	0	0	0	9,274	0	49,036	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	-49,036	0	49,036	0
č) Settling a loss as a deductible capital item	58,310	0			0	0	0		0		58,310	0		0
C.END BALANCE at 31 Dec. 2013	25,442	0	0	0	4,977	-4,977	0	0	1,056	0	0	0	-11,381	15,117

Calculation of the accumulated loss for Sava d.d. at 31 December 2014 (€ thousand)

Disclosure is requested by the Companies Act.

	31 Dec. 2014	31 Dec. 2013
NET PROFIT OR LOSS FOR THE ACCOUNTING PERIOD	-47,957	-11,381
Retained loss at 1 Jan.	-11,381	-58,310
Other changes	11,944	58,310
Accumulated loss at the end of the accounting period	-47,394	-11,381

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

2.2.1 Basis for drawing the financial statements

REPORTING COMPANY

Sava d.d., Družba za upravljanje in financiranje, Dunajska cesta 152, 1000 Ljubljana, is the controlling company of the Sava Group. The financial statements of Sava d.d. have been drawn up for the period ending on 31 December 2014. The ownership structure of Sava d.d. is explained in the chapter about the Sava share and ownership structure, which forms a part of the business annual report. Financial statements have been produced under the going concern assumption.

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

STATEMENT OF COMPLIANCE

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

The Management Board approved the issue of financial statements on 3 March 2015.

FUNCTIONAL CURRENCY

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

CHANGES IN ACCOUNTING POLICIES

In 2014, no changes in the accounting policies took place.

FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated to the functional currency at the reference exchange rate of the ECB 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 measured 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 euros at the reference exchange rate of ECB ruling at the day when fair value is determined.

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

2.2.2 Significant accounting policies

INTANGIBLE ASSETS

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

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

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated 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 placed in service for use.

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

SUBSEQUENT EXPENDITURES IN CONNECTION WITH TANGIBLE FIXED ASSETS

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

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

INVESTMENT PROPERTY

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

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

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

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

DEPRECIATION

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

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

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

Depreciation rates are based on useful lives of assets and amount to in percentage:

	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

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

IMPAIRMENT OF INTANGIBLE ASSETS, TANGIBLE FIXED ASSETS AND INVESTMENT PROPERTY

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

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

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

FINANCIAL INVESTMENTS

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

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

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

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

The fair value of securities available for sale is assessed at least every three months, the last evaluation was carried out on 31 December 2014. 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 permanently 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 (a significant decrease) and when the decrease is long-lasting. 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, 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% adjustment in all sued receivables and receivables filed in a bankruptcy proceedings and obligatory enforcement proceedings; and
- a 100% adjustment for receivables which according to the best professional judgement are doubtful and the outcome of law suit is uncertain due to customer insolvency.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances on transaction accounts.

CAPITAL

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

LONG-TERM AND SHORT-TERM PROVISIONS

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

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

Provisions for the reorganisation refer to costs and the estimate of liabilities associated with risk due to preventive restructuring proceedings.

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

LIABILITIES

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

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

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

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

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

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

SHORT-TERM ACCRUALS AND DEFERRALS

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

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

RECOGNITION OF REVENUES

Revenues are recognised if the enhancement of economic benefits in the accounting period is connected with an increase in an asset or a decrease in a liability and such an increase could be 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

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

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

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

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

Financial revenues

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

Other revenues

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

INCOME TAX AND DEFERRED TAX

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

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

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation reporting 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 receivable 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 relief will be realised.

NET EARNINGS / LOSS PER SHARE

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

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

CRITERIA OF IMPORTANCE FOR DISCLOSURES

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

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

DRAWING UP A CASH FLOW STATEMENT

The cash flow statement has been prepared in accordance with SAS 26 - Variant II. It has been prepared by considering the data from the income statement for the period January-December 2014 (for the past period January-December 2013), the balance sheet data at 31 December 2014 and 31 December 2013 (for the past period 31 December 2013 and 31 December 2012), and other required data. The cash flow statement excludes the values not connected with revenues and expenses.

2.3 Financial risk management for Sava d.d.

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

RISK OF A CHANGE IN THE FAIR VALUE OF ASSETS (PRICE RISK)

Risk of a change in the fair value is the risk that the company will suffer a loss of economic benefits due to a change in the financial asset value. This risk is one of the critical risks Sava d.d. is exposed to as it is strongly connected with achieving the planned return and implementation of the outlined strategy. Risk of fair value changes is reduced through diversifying the investment portfolio and active supervision over the operations of the companies, in which Sava d.d. holds a significant equity share.

In these uncertain economic circumstances, the risk of changes in fair value of the assets remains high.

INTEREST RATE RISK

This involves a risk that the value of financial instrument and costs of contracting debt will fluctuate due to changes in the market interest rates. Owing to the expiration of the master restructuring agreement on 30 November 2014 and the introduction of preventive restructuring proceedings on 2 December 2014, the exposure to the change of interest rates increased, as the company has not yet agreed the conditions for restructuring its financial liabilities.

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

CREDIT RISK

This involves a risk that a customer engaged in a business relationship will not meet its obligations and will cause the company to make a financial loss. Credit risk is directly connected with commercial risk and presents a danger that trade receivables or receivables due from other business partners will be settled with delay or not at all. Sava d.d. generates a part of its revenues in doing business with its subsidiaries where the risk for non-payment is low. Special attention is devoted to solvency of customers out of the Group. The major part of the increased credit risk Sava d.d. is exposed to is due to loan transactions made with NFD Holding d.d. in the past, against which bankruptcy proceedings were initiated on 6 January 2015.

Considering the described business events, we estimate credit risk 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. The agreement for restructuring of financial liabilities of Sava d.d. and thus a moratorium on repayment of the principals expired at the end of November 2014, as of the beginning of December the company is undergoing preventive restructuring proceedings.

Owing to the current pending procedures, the solvency risk for Sava d.d. remains high.

FOREIGN CURRENCY RISK

This involves a risk of losing economic benefits due to the changes in the foreign currency exchange rates. Sava d.d. mainly does business in the Euro Zone, therefore this risk is considered low in the company.

MANAGEMENT OF CAPITAL

As part of the initiated preventive restructuring proceedings, Sava d.d. will prepare a new financial restructuring plan, which, similar to the preceding business strategy, will be based on restructuring of financial liabilities and divesting of certain financial investments. On the basis of the planned activities, the capital structure is expected to improve.

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

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

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

In 2014, depreciation of intangible fixed assets amounted to €3 thousand.

Movement of intangible fixed assets and long-term deferred costs and accrued revenues (€ thousand)

		Property rights				
Cost value	**Long-term deferred development costs**	**Investments in acquired rights to industrial property and other rights**	**Advances for intangible long-term assets**	**Goodwill of acquired company**	**Other long-term deferred costs and accrued revenues**	**Total**
Balance at 1 Jan. 2014	0	27	0	0	0	27
Increases, purchases	0	0	0	0	0	0
Decreases	0	0	0	0	0	0
Balance at 31 Dec. 2014	0	27	0	0	0	27
VALUE ADJUSTMENT						
Balance at 1 Jan. 2014	0	-2	0	0	0	-2
Decrease	0	0	0	0	0	0
Depreciation	0	-3	0	0	0	-3
Balance at 31 Dec. 2014	0	-5	0	0	0	-5
CARRYING AMOUNT						
Balance at 1 Jan. 2014	0	25	0	0	0	25
Balance at 31 Dec. 2014	0	22	0	0	0	22

2.4.2 Tangible fixed assets

The value of tangible fixed assets amounting to €167 thousand at the end of 2014 (2013: €244 thousand) was lower than at the end of 2013, mostly due to selling the construction land and the accounted for depreciation. Minimum investments were carried out by using own finance sources, which is why the cost of borrowings did not increase the value of tangible fixed assets.

In 2014, the depreciation of tangible fixed assets was accounted for to the amount of €51 thousand.

Movement of tangible fixed assets (€ thousand)

Cost value	Land	Buildings	Plant and machinery	Other equipment	Tangible fixed assets under construction and manufacture	Advances for tangible fixed assets	Total
Balance at 1 Jan. 2014	0	0	236	106	0	0	342
Purchase, increases	0	0	3	0	0	0	3
Decrease	0	0	-48	0	0	0	-48
Write-offs	0	0	-44	-1	0	0	-45
Balance at 31 Dec. 2014	0	0	147	105	0	0	252
VALUE ADJUSTMENT							
Balance at 1 Jan. 2014	0	0	-77	-21	0	0	-98
Decrease	0	0	19	0	0	0	19
Write-offs	0	0	44	1	0	0	45
Depreciation	0	0	-30	-21	0	0	-51
Balance at 31 Dec. 2014	0	0	-44	-41	0	0	-85
CARRYING AMOUNT							
Balance at 1 Jan. 2014	0	0	159	85	0	0	244
Balance at 31 Dec. 2014	0	0	103	64	0	0	167

2.4.3 Investment property

The value of investment property amounted to €2,276 thousand (2013: €2,362 thousand) and did not change significantly compared to the previous year. Investment property of the book value €1,797 thousand was leased out. The biggest part referred to the BTC warehouse facility (Šmartinska 152, Ljubljana), measuring 3,974 sq. m and the associated land.

On the BTC real property in Ljubljana whose book value amounted to €1,411 thousand, a mortgage for a long-term syndicated loan is placed. At 31 December 2014, the unpaid loan balance amounted to €94,969 thousand.

Based on market comparisons it is estimated that the fair value of investment property does not significantly deviate from the book values.

Revenues of €305 thousand and expenses of €141 thousand were generated in leasing out the investment property. Expenses of €25 thousand were shown in relation to the investment property not leased out.

In 2014, depreciation of investment property was accounted for in the value of €61 thousand.

Movement of investment property (€ thousand)

Cost value	Land-investment property	Buildings-investment property	Total
Balance at 1 Jan. 2014	1,184	4,528	5,712
Purchase, increase	0	0	0
Decrease due to disposal	-25	0	-25
Balance at 31 Dec. 2014	1,159	4,528	5,687
VALUE ADJUSTMENT			
Balance at 1 Jan. 2014	0	-3,350	-3,350
Decrease due to disposal	0	0	0
Depreciation	0	-61	-61
Balance at 31 Dec. 2014	0	-3,411	-3,411
CARRYING AMOUNT			
Balance at 1 Jan. 2014	1,184	1,178	2,362
Balance at 31 Dec. 2014	1,159	1,117	2,276

2.4.4 Long-term financial investments

Long-term financial investments amounting to €189,081 thousand (2013: €213,869 thousand) represented 90% of the balance sheet total. In comparison with the previous year, their value reduced by €24,788 thousand in net terms, i.e. it reduced due to the performed impairments and increased due to rising stock exchange prices of securities available for sale.

a) Shares and stakes in Sava Group companies

Shares and stakes in Sava Group companies totalled €91,492 thousand (2013: €93,234 thousand) and were down by €1,742 thousand compared to the end of the previous year due to the additional impairments of the financial investment in a Real Estate company.

The entire ownership stake of Sava Turizem d.d. was pledged for the loans obtained by Sava d.d., its book value amounting to €88,960 thousand. The entire ownership stake in the company Sava Nepremičnine d.o.o. was pledged for the loans obtained by Sava TMC d.o.o., the book value of which amounted to €2,165 thousand.

Disclosures in connection with the composition of the Sava Group, share in capital, amount of capital and operating result of the subsidiaries are presented in the financial report of the annual report of the Sava Group.

b) Shares and stakes in the associated companies

The value of shares and stakes in the associated companies totalled €59,300 thousand (2013: €85,915 thousand) and due to the additional impairments it was by €26,615 thousand lower than at the end of the previous year; €26,586 thousand of the amount referred to impairment of the investment in Gorenjska banka d.d., and the rest amounting to €29 thousand referred to the final impairment of financial investment in NFD Holding d.d. The amount shown at 31 December 2014 thus entirely referred to the financial investment in the shares of Gorenjska banka d.d.

- The value of a 44.07% equity holding of **Gorenjska banka d.d.** amounted to €59,300 thousand (2013: €85,886 thousand). A decrease of €26,586 thousand was due to impairment carried out on the basis of the evaluation prepared by a certified appraiser. At 31 December 2014, the book value of financial investment in Gorenjska banka d.d. amounted to €406 for a share (2013: €588 for a share).

Sava d.d. pledged 139,480 shares of Gorenjska banka d.d. for the obtained loans, issued bonds and a loan obtained by a subsidiary. The book value of the pledged shares amounted to €56,629 thousand

Information about the evaluation of a 44.07% equity holding of Gorenjska banka d.d. for financial reporting purpose at 31 December 2014

An evaluation report for a 44.07% equity holding of Gorenjska banka d.d. as at 31 December 2014 was produced for financial reporting purpose. A certified company evaluator licensed with the Slovene Audit Institute carried out the evaluation.

Gorenjska banka d.d. was evaluated based on the current value of the expected free cash flow (value in use) and the method of market comparisons (fair value decreased by selling costs). The following documents were used in the evaluation: the operations projections prepared on the basis of the past operating results; estimate of financial statements for 2014; business plans for the period 2015- 2019; publicly announced strategic basis for action and policies of the company; explanations given by the company's management board; analyses of the macroeconomic environment and the industry.

The following assumptions were used in the value computation: a going-concern entity; a 10% minority owner discount; a 10% discount for shortage of marketability; a 12.30% required return on capital; a 2 % growth in normalised cash flow.

The fair value computation decreased by selling costs considered the following assumptions: a going-concern entity; P/B multiplication factor between 0.69 and 0.79 (listed companies); a 5% discount for shortage of marketability; adjustment by a control premium 18.75%; selling cost estimate 2%.

The final resolution on recoverable amount evaluation was made based on fair value decreased by selling cost in the span from €378 for a share to €434 for a share, with the mean value at €406 for a share.

Information about the evaluation of a 44.07% equity holding of Gorenjska banka d.d. for the financial reporting purpose at 31 December 2013

An evaluation report for a 44.07% equity holding of Gorenjska banka d.d. at 31 December 2013 was produced for financial reporting purpose. A certified company evaluator licensed with the Slovene Audit Institute carried out the evaluation.

In computing the equity holding value of Gorenjska banka d.d., the value in use was estimated using the method of current value of the expected free cash flow and the evaluated fair value decreased by selling cost and using the method of market comparisons. The following assumptions were considered: unchanged operations and going concern; business projections were produced based on the past performance results, the 2014 business plans, publicly announced platform for action and policies of the company, explanations given by the company's management board, analyses of macroeconomic environment and the industry. As of 2013, an amount of profit is retained in the company every year that ensures preserving Tier 1 at the level of 11.5%. As per the evaluation date, capital was adapted by a surplus capital amount, minority owner discount at 5%, shortage of marketability at 5%, required return on capital at 14.29%, and growth in normalised cash flow at 2%.

The final resolution on recoverable amount evaluation was made based on the value in use in the range from €549 to €602 for a share, with the mean value at €585 for a share.

At 31 December 2013, Sava d.d. held 146,060 shares of Gorenjska banka d.d., valued at €588 for a share. The stated value lies within the evaluated range.

- As of the end of 2013, **Abanka Vipa d.d.** has no longer been under the ownership pf Sava d.d. Based on the decision by the Bank of Slovenia on introducing urgent measures, which was adopted on 17 December 2013, total bank's qualifying liabilities including the share capital of Abanka Vipa d.d., expired on 18 December 2013. On the same day, the corresponding entries were made in the court's register; consequently, the existent shares were cancelled from the Central Securities Depository. Already at 31 December 2013, Sava d.d. thus no longer held this bank's shares, based on which the final impairment of the investment was included in the 2013 income statement.

- Due to initiation of bankruptcy proceedings against **NFD Holding d.d., Ljubljana** on 6 January 2015, the value of a 24.65% stake in this company, was additionally impaired by €29 thousand, therefore the investment had zero value at 31 December 2014.

Disclosures in connection with the composition of the Sava Group, share in capital, amount of capital and operating result of the associated companies are presented in the financial report of the annual report of the Sava Group.

c) Other shares and stakes

Other shares and stakes totalling €38,289 thousand (2013: €31,343 thousand) were by €6,946 thousand higher than in the previous year. Other shares and stakes included listed securities available for sale totalling €843 thousand (2013: €3,521 thousand), unlisted securities available for sale totalling €3,323 thousand (2013:3,823 thousand), and investments in a mutual fund totalling €34,123 thousand (2013: €23,999 thousand).

At 31 December 2014, securities available for sale were valued at fair value; the net positive effect from revaluation amounted to €10,063 thousand (2013: net negative effect of €4,681 thousand), €840 thousand of which (2013: 3,964 thousand) were impairments through profit or loss, while net increase in the value of financial investments totalling €10,903 thousand (2013: a decrease of €717 thousand) was shown in equity revaluation adjustments.

In 2014, securities available for sale were sold, their book value amounting to €3,128 thousand. A profit of €1,311 thousand was generated in sale. The major part of purchase consideration was earmarked for loan repayments to banks.

The value of investment in **Alpen.SI** (renaming of NFD 1, mutual fund) amounted to €34,123 thousand (2013: €23,999 thousand). Fair value was ascertained by using the stock exchange price on the last day of the accounting period, which in comparison with the same period last year considerably increased.

Despite a 39.95% ownership stake, the investment in Alpen.SI is considered as available for sale and not as an associated company. The company is managed by the management company, in which Sava d.d. has no ownership stake. The Supervisory Board of the company solely supervises the fund operation. Furthermore, it restructured from a closed mutual fund to an open mutual fund in 2011, after which Sava d.d. became the owner of a certain number of mutual fund coupons and has no influence on managing the fund whatsoever.

The total - 39.95% - share in Alpen.SI was pledged for the loans obtained by Sava d.d. The book value of pledged shares amounted to €34,123 thousand.

The value of other shares and stakes amounted to €4,166 thousand (2013: €7,344 thousand), and included 1,468,221 shares of Hoteli Bernardin 13,500 shares of Kompas Bled, 4,987 shares of Pokojninska Družba A, 13,638 shares of Jubmes Banka, pledged for the loans obtained by Sava d.d. The book value of pledged shares amounted to €3,275 thousand.

Types of securities available for sale (€ thousand)

	31 Dec. 2014	31 Dec. 2013
Shares of listed companies	843	3,521
Shares and stakes of unlisted companies	3,323	3,823
Mutual funds	34,123	23,999
Total	38,289	31,343

d) Long-term loans to Group companies

Long-term loans to Sava Group companies amounting to €3,377 thousand at the end of 2013 were transferred under short-term loans in 2014.

Movement of long-term financial investments (€ thousand)

	Long-term financial investments, excluding loans					Long-term loans				
	Stocks and shares in Group companies	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	Long-term loans to other entities	Long-term unpaid called-up capital	Total long-term loans	Total long-term financial investments
GROSS VALUE										
Balance at 1 Jan. 2014	105,385	109,587	111,980	0	326,952	3,377	0	0	3,377	330,329
Purchase, increase	0	0	11	0	11	0	0	0	0	11
Decrease	0	0	-12,813	0	-12,813	0	0	0	0	-12,813
Transfers	-329	0	0	0	-329	-3,377	0	0	-3,377	-3,706
Write-off	0	0	-40,924	0	-40,924	0	0	0	0	-40,924
Revaluation	0	0	10,903	0	10,903	0	0	0	0	10,903
Balance at 31 Dec. 2014	105,056	109,587	69,157	0	283,800	0	0	0	0	283,800
VALUE ADJUSTMENT										
Balance at 1 Jan. 2014	-12,150	-23,672	-80,637	0	-116,459	0	0	0	0	-116,459
Decrease	0	0	9,685	0	9,685	0	0	0	0	9,685
Transfers	329	0	0	0	329	0	0	0	0	329
Write-off	0	0	40,924	0	40,924	0	0	0	0	40,924
Revaluation	-1,742	-26,615	-840	0	-29,197	0	0	0	0	-29,197
Balance at 31 Dec. 2014	-13,564	-50,287	-30,868	0	-94,719	0	0	0	0	-94,719
NET VALUE										
Balance at 1 Jan. 2014	93,234	85,915	31,343	0	210,492	3,377	0	0	3,377	213,869
Balance at 31 Dec. 2014	91,492	59,300	38,289	0	189,081	0	0	0	0	189,081

2.4.5 Deferred tax receivables

At the end of 2013, deferred tax receivables were shown in the amount of €10,874 thousand. In 2014, they reduced by €1,488 thousand as a result of selling the impaired securities. Another impairment of the remaining deferred tax receivables took place which amounted to €9,386 thousand. All changes were carried out through profit or loss. At 31 December 2014, Sava d.d. thus showed no deferred tax receivables.

Movement of deferred tax receivables (€ thousand)

	31 Dec. 2014	31 Dec. 2013
Balance at 1 Jan.	10,874	20,669
Decrease in receivables due to sale of securities – through profit or loss	-1,488	-9,753
Final reversal of receivables - through profit or loss	-9,386	0
Other changes - through profit or loss	0	-33
Final balance	0	10,874

Deferred tax receivables arising from a tax loss were not accounted for. The amount of the not-accounted for deferred tax receivables arising from a tax loss of Sava d.d. by using a 17% tax rate amounted to €49,614 thousand at 31 December 2014.

2.4.6 Short-term financial investments

The value of **short-term financial investments** totalling €14,684 thousand (2013: €16,010 thousand) was by €1,326 thousand lower than in the previous year. The amount entirely referred to short-term loans as follows:

- Short-term loans to Group companies totalling €4,860 thousand are insured with bills of exchange, the interest rate being 3%.
- Short-term loan to Energetika Črnomelj d.o.o. totalling €531 thousand, which was disposed at the beginning of 2015, the loan was repaid.
- Short-term deposits made in banks totalling €1,970 thousand, which were entirely pledged as security to creditor banks.
- Granted loans to other entities – NFD Holding d.d.: in total gross amount of €17,806 thousand, the balance of formed value adjustment at 31 December 2014 totalled €10,483 thousand, the net shown value of receivable amounted to €7,323 thousand.

Compared to the end of the previous year, the balance of loans granted to NFD Holding d.d. was decreased by €449 thousand due to an additional impairment of loans calculated on the basis of suitability of received collaterals.

The loans granted to NFD Holding (net €7,323 thousand) and interests (€2,754 thousand), shown under operating receivables, are insured with bills of exchange and securities, which include 9,154,192 shares of Hoteli Bernardin, 346,243 shares of Alpen. SI fund, 647,318 shares of Istrabenz, 166,484 shares of Melamin, 56,839 shares of Finetol, 5,806 shares of Krka, 893 shares of Petrol and 32,936 shares of Sava. With all the mentioned shares, Sava d.d. is partly the first-entered lien-holder and partly the second-entered lien-holder. The estimated value of securities received in pledge amounts to €10,077 thousand.

For the time of valid restructuring procedure for financial liabilities of NFD Holding d.d., the loans were bearing interest at a 2.70% interest rate, as of the expiration of the restructuring agreement the loans are bearing interest at the agreed default interest rate. On 6 January 2015, bankruptcy proceedings were initiated against NFD Holding d.d.

Receivables due from NFD Holding d.d. have been entirely pledged as security to creditor banks.

2.4.7 Short-term operating receivables

Short-term operating receivables of €4,860 thousand (2013: €4,649 thousand) did not change significantly if compared to the previous year. They referred to:

- Receivables from sale of services due from Sava Group companies totalling €1,756 thousand.
- Receivables arising from interests on granted loans totalling €2,754 thousand.
- Receivables arising from interest on granted loans due from the Sava Group companies totalling €171 thousand.
- The remaining amount of €179 thousand referred to various other receivables.

Short-term operating receivables by maturity (€ thousand)

	Total 31 Dec. 2014	Due	Not due
IV) Short-term operating receivables	4,860	4,529	330
1. Short-term receivables due from Group companies	2,000	1,718	282
2. Short-term trade receivables	83	46	37
3. Short-term operating liabilities to other entities	2,777	2,764	12

The balance and movement of revaluation of receivables as well as their maturity are shown in chapter 2.5.3. Financial instruments – financial risks.

2.4.8 Cash and cash equivalents

Cash amounting to €58 thousand (2013: €227 thousand) referred to assets on business account, which are entirely pledged as security to creditor banks.

2.4.9 Capital

The value of capital of Sava d.d. at 31 December 2014 was negative amounting to €23,470 thousand (2013: a positive value of €15,117 thousand) and was by €38,587 thousand lower than at the end of the previous year. The following changes in capital took place in 2014:

- A loss in the accounting period was generated to the amount of €47,957 thousand.
- Revaluation reserve from long-term financial investments increased by €8,808 thousand.
- During the year the obsolete liabilities for payment of dividends to shareholders totalling €563 thousand were transferred under capital reserves and retained net profit from previous years. They were used for covering the loss already upon compiling the annual report.

At the 20th Shareholders' Meeting of Sava d.d., a decision on a simplified share capital reduction amounting to €11,381 thousand was adopted to cover the accumulated loss shown at 31 December 2013. The share capital of the company thus amounted to €14,061 thousand at 31 December 2014.

RESERVES FOR OWN SHARES WITHIN OTHER REVENUE RESERVES

At 31 December 2014, reserves for own shares amounted to €4,977 thousand, the number of own shares totalled 30,541, representing 1.52% of total issue of shares. No changes occurred in 2014 with regard to the end of 2013.

Sava d.d. received another 32,936 Sava shares as security, representing 1.64% of totally issued shares.

REVALUATION RESERVE FROM LONG-TERM FINANCIAL INVESTMENTS

At 31 December 2014, the revaluation reserve from long-term financial investments amounted to €9,864 thousand (2013: €1,056 thousand) and included:

- A positive revaluation reserve from securities available for sale amounting to €9,864 thousand (2013: €1,056 thousand).
- No negative revaluation reserve from securities available for sale (2013: 0).

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

PAYMENT OF DIVIDENDS

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

Weighted average number of shares

	31 Dec. 2014	31 Dec.2013
No. of all shares at 1 Jan.	2,006,987	2,006,987
Own shares	-30,541	-30,541
Weighted average number of shares at 31 Dec.	**1,995,423**	**1,995,423**

Net loss attributable to shares

	31 Dec. 2014	31 Dec.2013
Net loss for the financial year (€ thousand)	-47,957	-11,381
Weighted average number of shares	1,995,423	1,995,423
Basic net loss per share (in €)	-24.03	-5.70

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

2.4.11 Provisions and long-term accrued costs and deferred revenues

The value of provisions and long-term accrued costs and deferred revenues totalling €101 thousand (2013: €117 thousand) referred to provisions for retirement amounts and jubilee benefits.

The actuarial calculation was prepared as per 31 December 2012 and a recalculation was made at 31 December 2014, which considered the reduced employee number.

Movement of provisions and long-term accrued costs and deferred revenues (€ thousand)

	Provisions for retirement amounts and similar obligations	Other provisions	Long-term accrued costs and deferred revenues	Total
Balance at 1 Jan. 2014	117	0	0	117
Newly formed provisions	0	0	1	1
Cancellation of provisions	-16	0	0	-16
Use of provisions	-1	0	0	-1
Balance at 31 Dec. 2014	100	0	1	101

2.4.12 Preventive restructuring of Sava d.d.

On 30 November 2014, the Master Restructuring Agreement, entered into by Sava d.d. and lending banks on restructuring financial liabilities of €187.7 million at a 3% interest rate, i.e. 1% interest rate fell due quarterly, a 2% interest rate fell due on the final date. Sava d.d. settled the 1% interest rate within the agreed terms.

On 26 November 2014, Sava d.d. filed the Proposal for initiating preventive restructuring proceedings in accordance with Article 44 b of the Financial Operations, Insolvency Proceedings and Compulsory Dissolution Act (ZFPPIPP) with Ljubljana District Court. On 2 December 2014, the court issued the Decision on initiating preventive restructuring proceedings. The creditors, who in total held 30% of financial receivables due from Sava d.d., agreed with initiating preventive restructuring proceedings.

In the financial records of Sava d.d., the financial liabilities of the company during preventive restructuring proceedings have been temporarily recorded under the conditions applicable during validity of the Master Restructuring Agreement. The new interest rate on financial liabilities will be agreed upon in the financial restructuring agreement to be made with financial creditors during preventive restructuring proceedings.

2.4.13 Long-term liabilities

At 31 December 2014, the company showed long-term liabilities of €1,000 thousand (2013: €231 thousand), which entirely referred to deferred tax liabilities.

LONG-TERM FINANCIAL LIABILITIES

Movement of long-term financial liabilities (€ thousand)

	31 Dec. 2014	31 Dec. 2013
Balance at 1 Jan.	15	37,078
Loan repayments in the year	-15	-8
Transfer to a short-term portion at period end	0	-37,055
Final balance	0	15

DEFERRED TAX LIABILITIES

Deferred tax liabilities totalling €1,000 thousand (2013: €216 thousand) were formed in connection with evaluating financial investments at fair value; they were accounted for at a 17% tax rate.

Movement of deferred tax liabilities (€ thousand)

	31 Dec. 2014	31 Dec. 2013
Balance at 1 Jan.	216	1.283
Increase in liabilities due to revaluation of securities to fair value - in other comprehensive income	984	11
Decrease in liabilities due to revaluation of securities to fair value - in other comprehensive income	0	-65
Decrease in liabilities due to sale of securities- in other comprehensive income	-200	-1,038
Other changes - in other comprehensive income	0	25
Final balance	1,000	216

2.4.14 Short-term liabilities

Short-term liabilities totalling €231,630 thousand (2013: €232,145 thousand) did not change significantly compared to the previous year.

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

SHORT-TERM FINANCIAL LIABILITIES

Short-term financial liabilities to Group companies totalling €3,835 thousand (2013: €3,835 thousand) did not change with regard to the same previous period.

Short-term financial liabilities to banks amounting to €185,224 thousand) (2013: €187,702 thousand) were €2,478 thousand lower than at the end of the previous year. The amount referred to the repayment of loans to the lending banks.

Short-term loans are hired with the banks in Slovenia.

Short-term liabilities arising from bonds are shown in the value of €26,515 thousand (2013: €26,515 thousand). Total nominal value of the bonds issue amounted to €26,500 thousand, during the issue procedure in 2009 another €15 thousand were paid in based on the placed binding bids. After expiration of the Master Restructuring Agreement, liabilities arising from bonds have been included under financial receivables, based on which the decision on initiation of preventive restructuring proceedings was issued. Liabilities are secured with 34,287 shares of Gorenjska banka d.d. The book value of the pledged bonds amounts to €13,921 thousand.

On 24 November 2014, the SA03 bonds were withdrawn from the stock exchange markets – bonds segment. The last trading day with the SA03 bonds was on 21 November 2014.

Other short-term financial liabilities totalling €6,878 thousand (2013: €8,744 thousand) included:

- The loan of €6,000 thousand obtained from A Pokojninska družba d.d. (2013: €6,000 thousand), which is secured by placing a mortgage on the real property of Grand Hotel Toplice with the Panorama restaurant and the hotel building Savica.
- Liabilities from hedging against interest rate risk totalling €732 thousand (2013: €2,034 thousand).
- Liabilities for the unpaid dividends totalling €146 thousand (2013: €709 thousand).

Overview of loans outside of the Group, either at fixed or variable interest rate (€ thousand)

	Fixed interest rate	Variable interest rate	Total
Long-term loans	0	0	0
Short-term loans	191,224	0	191,224
Total	191,224	0	191,224

SHORT-TERM OPERATING LIABILITIES

Total short-term liabilities recognised at €9,178 thousand (2013: €5,349 thousand) mainly referred to interest liabilities arising from bank loans and the remaining liabilities arising from the call option contract; the latter are secured by placing a land debt on the real property Perovo owned by Sava Nepremičnine d.o.o.

The stated liabilities are included under financial receivables, based on which the decision on initiating financial restructuring was issued.

2.4.15 Short-term accrued costs and deferred revenues

Short-term accrued costs and deferred revenues totalling €1,890 thousand (2013: €707 thousand) mainly referred to short-time accrued costs in connection with the reorganisation of Sava d.d., deferred interests on loans, accrued costs for performance of preventive restructuring proceedings and other accrued costs.

2.4.16 Net sales revenues

Sava d.d. made net sales revenues amounting to €930 thousand (2013: €1,858 thousand), 60% of which referred to sales within the Sava Group. Revenues were made in leasing out the real property and providing other services.

Compared to previous year, the generated net sales revenues were significantly lower, which was due to selling the trademark as part of divesting Rubber Manufacturing in 2013.

Net sales revenues were entirely generated in Slovenia.

Overview of net sales revenues (€ thousand)

	2014	2013
Net sales revenues from services	623	1,432
Net sales revenues from rents	307	426
Total net sales revenues	930	1,858

2.4.17 Other operating revenues (with operating revenues from revaluation)

In 2014, other operating revenues amounted to €184 thousand and referred to revenues from paid receivables and reversal of provisions.

In 2013, other operating revenues amounted to €5,264 thousand and mainly referred to the sale of hotel real property to a company of Tourism division.

2.4.18 Cost by functional group

Total operating costs amounted to €3,625 thousand (2013: €7,277 thousand) and referred to general overhead costs.

2.4.19 Cost of goods, material and services

Cost of goods, materials and services had a 49% share in the operating expenses structure. They amounted to €1,786 thousand (2013: €3,455 thousand) and compared to the same period last year, when they amounted to €3,455 thousand, they reduced by 48%.

Overview of cost of goods, materials and service by type of cost (€ thousand)

	2014	2013
Cost of material	46	73
Cost of transportation services	9	7
Cost of maintenance services	56	79
Cost of rents	170	243
Refunds to employees	11	12
Cost of payment transactions, bank services and insurance premiums	73	295
Cost of intellectual and personal services	754	2,049
Cost of fairs, advertising and office allowances	59	112
Cost of other services	608	585
Total	1,786	3,455

2.4.20 Labour cost

Labour cost of €1,673 thousand (2013: €1,699 thousand) had a 46% share in the operating expenses structure.

Labour cost include the accounted for premiums for additional pension insurance totalling €15 thousand.

At 31 December 2014, Sava d.d. employed 17 associates (20 employees at 31 December 2013), while the average number of employees based on working hours amounted to 18.56 employees in 2014 (2013: 26.36).

2.4.21 Amortisation, depreciation expense and write-offs

Amortisation and depreciation expense, write-offs totalled €153 thousand (2013: €2,038 thousand) and were significantly higher than in the same period last year; they referred to depreciation and impairment of receivables.

2.4.22 Financial revenues from stakes

Financial revenues from stakes totalled €1,349 thousand (2013: €25,610 thousand – divesting Rubber Manufacturing) and included proceeds from disposal of financial investments and other financial revenues of lower values.

2.4.23 Financial revenues from granted loans

Financial revenues from loans amounting to €1,747 thousand (2013: €1,277 thousand) included revenues from loans granted to Group's companies amounting to €311 thousand and financial revenues from loans granted to other entities amounting to €1,436 thousand.

In total financial revenues from granted loans, the amount of €1,421 thousand was generated in relation to the associated company - bank (2013: €444 thousand).

2.4.24 Financial revenues from operating receivables

Financial revenues from operating receivables amounted to €197 thousand (2013: €14 thousand) and mainly referred to interests.

2.4.25 Financial expenses from impairments and write-offs of financial investments

Financial expenses from impairments and write-offs of financial investments amounting to €31,138 thousand (2013: €19,730 thousand) were significantly higher than in the same period last year. They included:

- Impairment of financial investment in Gorenjska banka d.d. amounting to €26,586 thousand (2013: 0).
- Impairment of investments and granted loans in the subsidiaries totalling €3,222 thousand (2013: 4,407 thousand).
- Impairment of investment and loans granted to NFD Holding d.d. amounting to €478 thousand (2013: €10,554 thousand, €9,609 thousand of which were due to final impairment of the investment in Abanka Vipa).
- Impairment of long-term securities available for sale and loss in sale of investments amounting to €853 thousand (2013: €4,769 thousand).

2.4.26 Financial expenses from financial liabilities

Financial expenses from financial liabilities totalling €6,860 thousand (2013: €8,691 thousand) were down by 21% on the same period last year and included:

- Interest expenses arising from financial liabilities until the expiration of the Master Restructuring Agreement amounting to €6,220 thousand.
- Interest expenses arising from financial liabilities as of receiving the decision on initiating preventive restructuring proceedings amounting to €477 thousand.
- Other financial expenses amounting to €163 thousand.

A sum of €791 thousand (2013: €1,514 thousand) of financial expenses referred to the associated company – bank.

2.4.27 Corporate income tax

For 2014, Sava d.d. had no corporate income tax payable.

The expenses, which are not tax deductible, included revaluation of long-term financial investments, revaluation of receivables, loans and other expenses, which under the Corporate Income Tax Act are not tax deductible.

In 2014, Sava d.d. did not use any tax reliefs as a tax loss was shown.

As at 31 December 2014, Sava d.d. stated the unused tax loss amounting to €291,847 thousand and a sum of €40 thousand of other unutilised tax reliefs.

At the end of 2013, deferred tax receivables amounted to €10,874 thousand. In 2014, they reduced by €1,488 thousand. An impairment of remaining deferred tax receivables was additionally carried out amounting to €9,386 thousand. All changes were carried out through the income statement. At 31 December 2014, Sava d.d. thus did not show any deferred tax receivables.

Comparison between the actual and the computed tax rate (€ thousand)

	2014	2014	2013	2013
	Tax rate	Amount	Tax rate	Amount
Pre-tax profit		-37,083		-1,586
Tax on profit applying the official rate	17%	-6,304	17%	-270
Effect by tax rates in other countries		0		0
Amounts having a negative impact on tax base		31,404		22,283
- Amount from revenue increase to the level of tax-deductible revenues		0		1
- Amount from expense decrease to the level of tax-deductible expenses		31,394		21,670
- Amount of expense for which tax was withheld		0		0
- Any other amounts having impact on tax base increase		10		612
Effect of increase in tax rate on special profits		0		0
Amounts having positive effect on tax base		51,814		159,117
- Amount from revenue decrease to the level of tax-deductible revenues		304		12,272
- Amount from expense increase to the level of tax-deductible expenses		51,510		146,845
- Any other amounts having impact on tax base decrease (e.g. amount of revenues for which tax was already withheld)		0		0
Changed tax base due to transition to a new accounting method resulting from changes of accounting policy		0		0
Tax reliefs				
- Used, having effect on tax liability decrease		0		0
- Remaining, to be used in the following years		0		18
Tax loss				
- Used, having effect on tax liability decrease		0		0
- Originating from the current year – to be used in the following years		57,493		138,420
Adjustments for previous years		0		0
TAX ASSESSED FOR THE CURRENT YEAR	0.0%	0	0.0%	0
Increase/decrease of deferred tax		10,874		9,795
TAX IN THE INCOME STATEMENT	-29.3%	10,874	-617.6%	9,795

2.4.28 Other revenues and other expenses

Other revenues amounting to €175 thousand (2013: €96 thousand) originated from a reversal of past liability and obtained tax refunds.

Other expenses amounting to €42 thousand (2013: €7 thousand) mainly referred to balancing of VAT in connection with a deductible share.

2.4.29 Overview of deferred tax receivables and liabilities

Overview of deferred tax receivables and liabilities (€ thousand)

31 Dec. 2014	Receivables	Liabilities	Net
Financial investments	0	1,000	-1,000
Total	0	1,000	-1,000

31 Dec. 2013	Receivables	Liabilities	Net
Financial investments	10,874	216	10,658
Total	10,874	216	10,658

2.4.30 Shares in profit

The Shareholder's Meeting did not approve any shares in profits.

2.5 Other disclosures

2.5.1 Contingent assets, contingent liabilities and mortgages

The item *mortgages* totalling €1,412 thousand showed the book value of investment property, pledged for the obtained loan.

93% of the *issued guarantees and sureties* amounting to €495 thousand referred to the loans obtained by the subsidiaries in the Sava Group.

Interest rate swaps totalling €2,000 thousand represented a contracting value of the collateral made for the portfolio of obtained loans.

Liabilities based on contractual provisions amounting to €201 thousand referred to the assumed guarantees arising from factoring.

The pledge of securities amounting to €185,152 thousand, see for a detailed explanation under 2.5.2.

The pledge of other assets amounting to €22,588 thousand represented the balance of a receivable due from NFD Holding and balance of assets on accounts.

Overview of the off-balance sheet (€ thousand)

	31 Dec. 2014	31 Dec. 2013
Mortgages	1,412	1,466
Issued guarantees	495	688
Interest rate swaps	2,000	6,000
Liabilities under the contractual provisions	201	0
Pledge of securities	185,152	204,982
Other – pledge of assets	22,588	21,538
Total	211,847	234,674

2.5.2 Pledged assets for the obtained long-term and short-term loans of Sava d.d. at 31 December 2014

At 31 December 2014, Sava d.d. showed financial liabilities arising from the loans obtained out of the Sava Group amounting to €217,739 thousand and other financial liabilities amounting to €1,574 thousand. For these loans, own assets amounting to €207,685 thousand and the assets of the subsidiaries amounting to €14,686 thousand were pledged. Sava d.d. pledged the assets amounting to €1,466 thousand for the loans raised by the subsidiaries.

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

(€ thousand)

Type of financial liability	Long-term financial liabilities	Short-term financial liabilities	Total financial liabilities
- To the associated banks (GB)	0	25,631	25,631
- To other banks	0	159,593	159,593
- To other partners	0	6,000	6,000
- From issued bonds	0	26,515	26,515
Total	0	217,739	217,739

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

(€ thousand)

Type of asset	Book value of pledge
Mortgages on real property owned by Sava Turizem d.d.	
- Family hotel Savica with the associated land	4,645
Mortgages on real property owned by Sava TMC d.o.o.	
- Grand Hotel Toplice and Panorama Restaurant	9,062
TOTAL VALUE OF PLEDGED ASSETS	13,707

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

(€ thousand)

Type of assets	Book value of pledge
Pledged assets:	
- Pledged shares of companies owned by Sava d.d.	182,987
- Pledged stakes in companies owned by Sava d.d.	2,165
- Pledged real property owned by Sava d.d.	1,411
- Pledged assets – business account (GB) and escrow account (NLB)	2,028
- Pledged assets – receivables NFD	20,560
TOTAL PLEDGED VALUE OF ASSETS OF SAVA D.D.	209,151
BALANCE SHEET TOTAL OF SAVA D.D. AT 31 DEC. 2014	211,151
Share of pledged assets in the balance sheet total	99.1 %

Breakdown of pledged shares by type

Type of assets	Available number of shares	Number of shares pledged for loans of Sava d.d.	Number of shares pledged for loans of subsidiaries and other liabilities	Number of unpledged shares	Book value of pledge - € thousand
Pledged shares:					
- Alpen.SI (previously NF1N)	37,498,152	37,498,152	0	0	34,123
- Shares of Gorenjska banka - GBKR	146,060	135,870	3,610	6,580	56,629
- Shares of Hoteli Bernardin - HBPN	1,468,221	1,468,221	0	0	2,320
- Shares of Sava Turizem - SHBR	39,308,317	39,308,317	0	0	88,960
- Shares of Kompas Hoteli Bled - KHIR	13,500	13,500	0	0	115
- Shares of Pokojninska družba A - PDAR	4,987	4,987	0	0	594
- Shares of Jubmes banka - JBMN	13,638	9,874	0	3,764	692
Total value of pledged shares					182,987

Breakdown of pledged stakes by type

Type of assets	Available percentage of ownership	Percentage of ownership pledged for loans of Sava d.d.	Percentage of ownership pledged for loans of subsidiaries	Percentage of unpledged ownership	Book value of pledge - € thousand
Pledged shares:					
- Sava Nepremičnine	100.00%	0.0 %	100 %	0.0 %	2,165
Total value of pledged shares					2,165

Mortgages on the real property owned by Sava d.d. (€ thousand)

Type of assets	Book value of pledge
Mortgages on real property	
- Real property BTC, Ljubljana	1,411
Total value of pledged real property	1,411

Loan debt for other liabilities of Sava d.d. created on the real property owned by Sava Nepremičnine d.o.o. (€ thousand)

Type of assets	Book value of pledge
Land debt on real property owned by Sava Nepremičnine d.o.o.	
- Land Perovo	979
Total value of pledged real property	979

2.5.3 Financial instruments – financial risks

FOREIGN EXCHANGE RISK

Sava d.d. does business in euros only.

INTEREST RATE RISK

To hedge against interest rate risk, Sava d.d. has a derived financial instrument concluded in the period financed at EURIBOR interest rate, the validity being until April 2015. Total nominal value of transaction amounted to €2 million at the end of 2014. Net value of interest rate swaps as a difference between receivables and liabilities is negative and totalled €732 thousand at the end of 2014 (at the end of 2013: negative €2,034 thousand).

Considering the pending preventive restructuring proceedings, interest rate risk remains high.

Interest rate management at Sava d.d. using a financial instrument (€ thousand)

31 Dec. 2014	Book value	Contracted cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5
Interest rate swaps							
Assets	0	0	0	0	0	0	0
Liabilities	-732	-732	-732	0	0	0	0
Total	-732	-732	-732	0	0	0	0
31 Dec. 2013							
Interest rate swaps							
Assets	0	0	0	0	0	0	0
Liabilities	-2,034	-2,034	-400	-800	-834	0	0
Total	-2,034	-2,034	-400	-800	-834	0	0

SOLVENCY RISK

Overview of solvency risk (€ thousand)

31 Dec. 2014	Book value	Contracted cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
Non-derivative financial liabilities	230,898	-232,042	-225,956	-6,087	0	0	0
Secured bank loans (excluding associated companies)	159,593	-159,692	-159,692	0	0	0	0
Loans from Group companies	3,835	-3,982	-3,982	0	0	0	0
Trade payables and other liabilities	9,178	-9,178	-9,178	0	0	0	0
Borrowings from associated companies	25,631	-25,647	-25,647	0	0	0	0
Bonds	26,515	-27,369	-27,369	0	0	0	0
Other financial liabilities	6,146	-6,174	-87	-6,087	0	0	0
Overdrafts on bank accounts	0	0	0	0	0	0	0
Liabilities from financial leasing	0	0	0	0	0	0	0
Derivative financial liabilities	732	-732	-732	0	0	0	0
Interest rate swaps for hedging against risk	732	-732	-732	0	0	0	0
Total	231,630	-232,774	-226,688	-6,087	0	0	0
31 Dec. 2013							
Non-derivative financial liabilities	230,126	-240,401	-3,926	-236,468	-7	0	0
Secured bank loans	161,728	-168,668	-733	-167,936	0	0	0
Loans from Group companies	3,835	-4,006	-19	-3,987	0	0	0
Trade payables and other liabilities	5,349	-5,349	-2,089	-3,260	0	0	0
Borrowings from associated companies	25,974	-28,055	-211	-27,844	0	0	0
Bonds	26,515	-27,540	-131	-27,409	0	0	0
Other financial liabilities	6,710	-6,768	-739	-6,029	0	0	0
Overdrafts on bank accounts	0	0	0	0	0	0	0
Liabilities from financial leasing	15	-15	-4	-4	-7	0	0
Derivative financial liabilities	2,034	-2,034	-400	-800	-834	0	0
Interest rate swaps for hedging against risk	2,034	-2,034	-400	-800	-834	0	0
Total	232,160	-242,435	-4,326	-237,268	-841	0	0

CREDIT RISK

Overview of trade receivables by territory (€ thousand)

	Book value	
	31 Dec. 2014	31 Dec. 2013
Slovenia	1,913	1,848
Other EU countries	170	1,419
Other	0	0
Total	2,083	3,267

Overview of balance and movement of value adjustment in trade receivables (€ thousand)

	2014	2013
Balance at 1 Jan.	160	138
Increased value adjustment	19	68
Decreased value adjustment	-137	-47
Final balance	42	160

Age structure of trade receivables (€ thousand)

	31 Dec. 2014			31 Dec. 2013		
	Gross receivables	Impairment	Net receivables	Gross receivables	Impairment	Net receivables
Not past due	318	0	318	3,238	0	3,238
Past due 0 - 30 days	1,756	0	1,756	19	0	19
Past due 31 - 120 days	9	0	9	9	0	9
Past due more than 120 days	42	42	0	160	160	0
Total	2,125	42	2,083	3,427	160	3,267

SENSITIVITY ANALYSIS FOR FINANCIAL RISKS

Sensitivity analysis for the interest rate change

A moratorium on repayment of the principals arising from all financial liabilities Sava d.d. expired on 30 November 2014; Sava d.d. will therefore try to agree on financial restructuring plan or agreement with all financial creditors under equal conditions. Since preventive restructuring proceedings have not been concluded yet, sensitivity to the change of interest rates is high.

If the interest rate changes by 50 basis points, the annual interest expense will change by €1,123 thousand taking into account indebtedness of Sava d.d. at the end of 2014.

Sensitivity analysis for the increased indebtedness

At the end of 2014, Sava d.d. had short-term financial liabilities arising from the principals of raised loans and issued bonds amounting to €221.6 million. Owing to current preventive restructuring proceedings and contractual provisions of the previously applicable restructuring agreement, sensitivity to debt increase is low.

Sensitivity analysis for the changes of foreign currency value

Sava d.d. has the majority of its assets tied to domestic currency; for this reason, the company is not strongly exposed to the changes of the value of foreign currencies.

2.5.4 Estimating fair values

SECURITIES AVAILABLE FOR SALE

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

GRANTED AND OBTAINED LOANS

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

ISSUED BONDS

The fair value of issued bonds was ascertained at the end of 2013 by using the stock exchange price achieved in the bonds listing on the Ljubljana Stock Exchange. On 24 November 2014, the SA03 bonds were withdrawn from the stock exchange market as total liabilities arising from these bonds fell due.

SHORT-TERM RECEIVABLES AND LIABILITIES

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

Fair values of financial instruments (€ thousand)

	31 Dec. 2014		31 Dec. 2013	
	Book value	Fair value	Book value	Fair value
Securities available for sale	38,288	38,288	31,343	31,343
Long-term receivables	0	0	0	0
Short-term receivables	6,153	6,153	4,649	4,649
Granted loans	14,685	14,685	19,387	19,387
Cash and cash equivalents	58	58	227	227
Long-term loans	0	0	15	15
Issued bonds	26,515	note*	26,515	5,303
Short-term loans	222,452	note*	226,796	226,796
Short-term operating liabilities	9,179	9,179	5,349	5,349

* *As disclosed in item 2.4.12., Sava d.d. is undergoing preventive restructuring proceedings. The Master Restructuring Agreement entered into by Sava d.d. expired, the new conditions for financing will be agreed upon with financial creditors during the course of preventive restructuring proceedings. At the time of endorsing the annual report, the loans are unregulated and it is not clear under what conditions the liabilities will be settled. This is why their fair value could not be ascertained.*

2.5.5 Hierarchy of fair values

In terms of hierarchy, financial instruments valued at fair value are classified at three levels:

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

Hierarchy of financial instruments considering computation of their fair value (€ thousand)

	31 Dec. 2014				31 Dec. 2013			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Value of securities available for sale	38,289	843	34,123	3,323	31,343	3,521	23,999	3,823
Derivative financial instruments assets	0	0	0	0	0	0	0	0
Derivative financial instruments liabilities	-732	0	-732	0	-2,034	0	-2,034	0
Total	37,557	843	33,391	3,323	29,309	3,521	21,965	3,823

2.5.6 Converting capital by means of living

	Share capital	% growth	Calculated effect	Operating profit/loss decreased by a calculation
CAPITAL ….. calculation for growth in the cost of living	14,061	0.20%	28	-47,985

2.5.7 Related parties

Related parties include subsidised and associated companies, Supervisory Board and Management Board members, and their closer family members.

RELATIONS AMONG COMPANIES IN THE SAVA GROUP

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

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

Transactions among the Sava Group companies are performed under the same conditions as valid in an ordinary arm's length transaction. At 31 December 2014, the data on capital of subsidiaries, operating income and net operating result of subsidiaries for 2014 is disclosed in the Notes to the financial statements of the Sava Group.

RELATIONS WITH THE ASSOCIATED COMPANIES

At 31 December 2014, Gorenjska banka d.d. and NFD Holding d.d. are the associated companies of Sava d.d. Since 6 January 2015, NFD Holding d.d. has been in bankruptcy proceedings.

GORENJSKA BANKA d.d., Kranj

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

Ownership of the Sava share:

	31 Dec. 2014	31 Dec. 2013
No. of Sava d.d. shares owned by Gorenjska banka d.d.	56,475	56,475
Ownership stake of Gorenjska banka d.d. in Sava d.d.	2.81%	2.81%

Transactions with Gorenjska banka d.d. – obtained loans and deposits:

	31 Dec. 2014	31 Dec. 2013
Balance of received loans at 1 Jan.	25,974	35,537
Raising new loans	0	0
Repayment of loans	-343	-9,563
Balance of obtained loans at period end	**25,631**	**25,974**
Balance of deposits at period end	**0**	**0**

Other transactions with Gorenjska banka d.d.:

- Operating receivables due from Gorenjska banka d.d. at 31 December 2014 were none (2013: 0).
- In doing business with Gorenjska banka d.d. in 2014, no interest revenues from deposits were generated (2013: €46 thousand). Interest expenses totalled €791 thousand (2013: €909 thousand).
- The balance of short-term operating liabilities arising from interests to Gorenjska banka d.d. amounted to €997 thousand at 31 December 2014 (31 December 2013: €444 thousand).
- In doing business with Gorenjska Banka d.d. in 2014, financial revenues from operating receivables amounted to €2 thousand (2013: 0). Financial expenses from payment transaction fees amounted to €8 thousand (2013: €17 thousand).

NFD HOLDING d.d., Ljubljana

- At 31 December 2014, the balance of receivables arising from the granted loans due from NFD Holding d.d. amounted to €17,806 thousand (2013: €17,806 thousand).
- At 31 December 2014, operating receivables from the accounted interest on loans amounted to €2,754 thousand (2013: €1,348 thousand).
- Interest revenues amounted to €1,421 thousand in 2014 (2013: €441 thousand).

Ownership of the Sava share

	31 Dec. 2014		31 Dec. 2013	
	Number	Shareholding	Number	Shareholding
Sava d.d. Management Board members	135	0.007%	117	0.006%
Closer family members of Sava d.d. Management Board members	0	0.000%	0	0.000%
Sava d.d. Supervisory Board members	3	0.000%	21	0.001%
Directors of subsidiaries	0	0.000%	0	0.000%
Supervisory Board members of subsidiaries	0	0.000%	0	0.000%

Related natural persons owned 135 Sava shares, representing 0.007% of ownership.
The name list of the Management Board and Supervisory Board members who own Sava shares is disclosed in the business report of the annual report, chapter – The Sava share and ownership structure.

Data about the group of persons – Management Board (€ thousand)

	Gross remunerations from salaries	Gross remunerations from bonuses	Gross remunerations from rewards	Gross remunerations from expense refunds	Gross remunerations from insurance premiums	Gross remunerations from other payments	Gross remunerations from carrying out tasks in subsidiaries	Total gross remunera-tions	Total net remunerations
Matej Narat, President of the Management Board	180	0	0	1.75	8	4	17	210	92
Aleš Aberšek, Member of the Management Board as of 28 January 2014	104	9	0	1.51	1	4	0	120	55
Andrej Andoljšek, Member of the Management Board until 27 January 2014	24	0	0	0.66	1	1	1	28	12
Total	308	9	0	3.92	10	9	17	357	160

In 2014, gross remunerations of the Management Board members amounted to €357 thousand (2013: €526 thousand). The amount was composed of gross remunerations from salaries, bonuses, insurance premiums, expense refunds and other remunerations, and payments for carrying out tasks in the subsidiaries. In 2014, their net remunerations amounted to €160 thousand (2013: €231 thousand) or 45% of gross remuneration.

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

Eight employees (2013: 10) had individual contracts of employment in 2014, their gross remunerations amounting to €617 thousand in 2014 (2013: €1,006 thousand). The amount was composed of gross remunerations from salaries, rewards, severance pay, and other remunerations, €5 thousand of which were travel expenses refunds.

As at 31 December 2014, Sava d.d. showed no receivables due from the associates employed under individual work contracts.

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

Gross remunerations of Supervisory Board and Supervisory Board commissions members amounted to €126 thousand in 2014 (2013: €130 thousand). The amount included attendance fees and payment for performance of duties.

Overview of remunerations of Sava d.d. Supervisory Board members (€ thousand)

		Attendance fees	Payment for performance of duties	Expense refunds	Total
Aleš Skok	Chairman of the Supervisory Board until 16 May 2014	2	10	0.00	12
Miran Kraševec	Chairman of the Supervisory Board as of 17 July 2014	4	15	0.00	19
Roman Ambrož	Member–shareholder representative	2	12	0.00	14
Robert Ličen, MSc	Member–shareholder representative	3	13	0.00	16
Miro Medveščček	Member–shareholder representative	2	12	0.00	14
Rok Ponikvar	Member–shareholder representative	3	12	0.00	15
Aleš Aberšek	Member–employee representative	0	2	0.00	2
Lučka Pogačnik	Member–employee representative	1	12	0.00	13
Gregor Rovanšek	Member–employee representative	3	12	0.00	15
Jasmina Kovačič	Member–employee representative	1	4	0.00	5
Janko Gedrih	Audit commission member	1	0	0.00	1
Total		22	104	0.00	126

2.5.8 Disclosure of business with the selected auditor

According to the contract made with Deloitte revizija d.o.o. the contractual value of auditing the separate financial statements of Sava d.d. and the consolidated financial statements of the Sava Group for 2014 amounts to €29 thousand, while the cost of other non-auditing services amounted to €7 thousand.

2.5.9 Influence by events after the balance sheet date on financial statements of Sava d.d.

Important events that appeared after the balance sheet date are disclosed in the business report of the annual report. The nature of these events does not affect the balance of assets and liabilities shown in the financial statements of Sava d.d. for 2014, or the going-concern assumption.

2.6 Statement of Management Responsibility for Sava d.d.

The Management Board of Sava d.d., Ljubljana, confirms the financial statements of the company Sava d.d. for the period ending on 31 December 2014, which have been prepared in accordance with Slovene Accounting Standards.

The Management Board confirms that when drawing up the financial statements the corresponding accounting policies were consistently applied, the accounting estimates were elaborated according to the principle of prudence and good management, and the report gives a true and fair view of the company's assets and business results in 2014.

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 financial statements, which do not contain any material misstatements originating from a fraud or error, and for adopting suitable measures for securing assets and other funds. The Management Board confirms herewith that the financial statements and notes have been produced under the going-concern assumption and in compliance with the relevant legislation and Slovene Accounting Standards.

Aleš Aberšek
Member of the Management Board

Matej Narat
President of the Management Board

Ljubljana, 3 March 2015

2.7 Independent auditor's report for Sava d.d.

Deloitte.

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INDEPENDENT AUDITOR'S REPORT
to the owners of SAVA, d.d.

Report on the Financial Statements

We have audited the accompanying unconsolidated financial statements of the company SAVA d.d. (hereinafter: the "Company"), which comprise the balance sheet as at 31 December 2014, the income statement, statement of other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Slovenian Accounting Standards. The management is also responsible for the level of internal control required in its opinion to prepare financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The selected procedures depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

a) Limitation of Scope – Financial Expenses from Impairment

As at 31 December 2013, the Company disclosed the investment in Gorenjska banka d.d. in the amount of EUR 85,885 thousand. Since due to high uncertainty of future developments in the bank's operations the management of the Company was unable to reliably measure the amount of potential necessary impairment of the investment, we were unable to satisfy ourselves within the scope of the audit procedures whether additional adjustments of those amounts would be necessary. Accordingly, our audit opinion on the financial statements for the period ended 31 December 2013 was modified. In 2014, the management estimated the recoverable amount of the investment. The full effect of the impairment has been recorded as financial expense from impairment of the investment in 2014, as explained in note *2.4.25 Financial expenses from impairment and write-offs of investments*. Since recoverable amount of the investment was estimated as at 31 December 2014 and since the potential amount of the required investment impairment in 2013 could not be estimated reliably enough, we were unable to satisfy ourselves as to the amount of impairment that should have been recorded in the year ended 31 December 2013 and the amount that should have been posted in the income statement for the year ended 31 December 2014.

b) Limitation of Scope – Deferred Tax

As at 31 December 2013, the Company disclosed EUR 10,874 thousand of deferred tax assets. Since in 2013 the management was unable to estimate with sufficient certainty the planned future taxable profits, which would ensure the utilisation of the discussed deferred tax assets in next periods, we were unable to satisfy ourselves within the scope of the audit procedures whether additional adjustments of those amounts would be necessary. Accordingly, our audit opinion on the financial statements for the period ended 31 December 2013 was modified. In 2014, the management assessed the possibilities of utilising the deferred tax assets. The full effect of the impairment has been recorded in the income statement of 2014, as explained in note *2.4.27 Corporate income tax*. Since the estimate of possibilities to utilise deferred tax assets was prepared as at 31 December 2014 and since the potential amount of the required impairment in 2013 could not be estimated reliably enough, we were unable to satisfy ourselves as to the amount of impairment that should have been recorded in the year ended 31 December 2013 and the amount that should have been posted in the income statement for the year ended 31 December 2014.

Qualified Opinion

In our opinion, except for the potential effects of matters referred to in the *Basis for Qualified Opinion* paragraph, the financial statements present fairly, in all material respects, the financial position of the company SAVA, d.d. as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with Slovene Accounting Standards.

Emphasis of Matter

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in note 2*.4.12 Preventive restructuring of Sava, d.d.* to unconsolidated financial statements, since 2 December 2014 the Company has been subject to the preventive restructuring proceeding in accordance with the Financial Operations, Insolvency Proceedings and Compulsory Dissolution Act (hereinafter: ZFPPIPP), within the scope of which the Financial Restructuring Plan will be prepared (hereinafter: the FRP). The FRP needs to be confirmed by the creditors and the Court. Furthermore, the Company discloses as at 31 December 2014 negative equity in the amount of EUR -23,470 thousand, while its short-term liabilities exceed assets by EUR 212,028 thousand. These circumstances, along with other matters discussed in section *2. Sava, d.d. as a going concern* in the business part of the Annual Report, indicate the existence of material uncertainty which may raise doubt about the Company's ability to continue as a going concern. The management's plans in relation to the abovementioned risk are disclosed in note 2. Sava, d.d.

as a going concern in the Annual Report. The unconsolidated financial statements do not include potential adjustments that may have been the consequence of this uncertainty.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements:

The management is also responsible for the preparation of the business report in accordance with the requirements of the Companies Act (ZGD-1). Our responsibility is to provide an assessment of whether the business report is consistent with the audited financial statements. Our procedures have been conducted in accordance with the International Standard on Auditing 720 and are limited solely to assessing of whether the business report is consistent with the audited financial statements. In our opinion, the business report is consistent with the audited financial statements.

DELOITTE REVIZIJA d.o.o.

Tina Kolenc Praznik
Certified Auditor

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

Yuri Sidorovich
President of the Board

For signature please refer to the original Slovenian version.

Ljubljana, 16 March 2015

TRANSLATION ONLY – SLOVENIAN ORIGINAL PREVAILS

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Annual Report 2014

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