

**Business report of Sava d.d. and the Sava Group
for the period January–June 2016**

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INTRODUCTORY EXPLANATION

Based on the provisions of the Rules of the Ljubljana Stock Exchange d.d. and the applicable legislation, Sava d.d., Dunajska cesta 152, 1000 Ljubljana, informs its shareholders and a broader public about business operations of Sava d.d. and the Sava Group in the period January–June 2016.

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

The comparative data for the period January–June 2015 presented in this report differ from the publicly released information for the first half-year 2015 for both Sava d.d. and the Sava Group. The cut-off date in the compulsory settlement proceedings for Sava d.d. was 31 March 2015. The valuation of assets of Sava d.d. as per cut-off date was finalised in the last quarter of 2015, which led to subsequent changes in the values shown in the income statement and the balance sheet by quarter in 2015. The 2015 public announcements provided the explanation with regard to the aforementioned changes.

The Management Board of Sava d.d. briefed the Supervisory Board of the company about the business operations of the Sava Group and the parent company Sava d.d. in the period January–June 2016.

Significant changes in the data included in the Stock Exchange prospectus are announced in the Ljubljana Stock Exchange electronic information system SEOnet on an on-going basis. The announcement can be accessed also on the official company website at www.sava.si as of the announcement date, i.e. 26 August 2016. The announcement will remain posted on the company website for at least 10 years.

SUMMARY OF BUSINESS OPERATIONS IN THE PERIOD JANUARY–JUNE 2016

As at 30 June 2016, the **Sava Group** included nine companies: the parent company Sava d.d. and eight subsidised companies – daughter companies and sub-subsidiaries. The Group's parent company Sava d.d. is undergoing compulsory settlement.

Sava d.d. ended the first half-year 2016 with a loss of €6.3 million, which included default interests on the obtained loans. Operating profit amounted to €0.2 million, while the financial result was negative to the amount of €6.5 million.

As per 30 June 2016, the balance sheet total of Sava d.d. amounted to €182.7 million and compared to the balance sheet total at the end of 2015, it was higher by €0.7 million. The capital of Sava d.d. was negative to the amount of €70.1 million.

Net sales revenues of **Sava Group** companies were mainly realised in the companies of Tourism division and amounted to €30.6 million in the first half-year 2016 or 3% higher year-on-year and also outperforming the planned values by 3%.

Operating profit of Sava Group companies amounted to €1.9 million in the first half-year 2016 or €1.7 million more than in the same period last year. *Tourism* generated an operating profit of €1.8 million. The result outperformed the last year's figure by €0.2 million and that in spite of the introduced concession fees for the use of thermal water. The EBITDA amounted to €5.4 million, which was 4% higher year-on-year and 38% better than planned. *Sava d.d.* made an operating profit of €0.2 million. The companies of *other operations* made an operating loss of €0.1 million.

The Sava Group companies made a *net loss* of €5.7 million, while Sava d.d. ended the first half-year 2016 with a loss of €6.3 million, which also included default interest on the obtained loans, Tourism companies with a net profit of €0.8 million, and the remaining companies of the Group with a loss of €0.2 million.

In the first half-year 2016, Sava **made investments** of €2.4 million that were entirely realised in the Tourism division. Investments were made in improvements of energy efficiency as well as refurbishing of accommodation capacities and the associated infrastructure

As per 30 June 2016, the Sava Group **employed** 1,026 associates, 99% of them in the companies of Tourism Group.

THE COURSE OF COMPULSORY SETTLEMENT PROCEEDINGS AGAINST SAVA D.D. in the period January–June 2016 and after the accounting period

- On 1 March 2016, the District Court in Ljubljana issued the order, by way of which it established that conditions for voting on subsequent proposal for compulsory settlement were satisfied (public announcement on the Ajpes website on 1 March 2016).
- On 1 March 2016, the District Court in Ljubljana issued the order on appointing the creditors' committee of creditors with the right to separate settlement consisting of nine members (public announcement on the Ajpes website on 1 March 2016).
- The administrator submitted the basic list of tested claims to the District Court in Ljubljana (public announcement on the Ajpes website on 17 March 2016).
- Given the adverse opinion of the creditors' committee and the administrator, the District Court in Ljubljana was unable to find any reasons to oppose the negative opinions and thus rejected the request by the creditors York and DUTB for transferring the proxy for conducting debtor's business to the creditor (public announcement on the Ajpes website on 29 March 2016).
- On 5 April 2016, the District Court in Ljubljana consented to the sale of real property BTC, which according to the financial restructuring plan is earmarked for sale (public announcement on the Ajpes website on 6 April 2016).
- The administrator submitted a correction to the basic list of tested claims to the District Court in Ljubljana (public announcement on the Ajpes website on 13 April 2016).
- On 17 May 2016, the District Court in Ljubljana issued its consent to concluding the Agreement on Joint Sales of Shares GBKR by the issuer Gorenjska banka d.d. (public announcement on the Ajpes website on 18 May 2016).
- An updated list of tested claims was announced (public announcement on the Ajpes website on 20 May 2016).
- On 1 June 2016, the District Court in Ljubljana issued the consent to selling the real property in Ruma, Serbia (public announcement on the Ajpes website on 2 June 2016).
- On 16 June 2016, the District Court in Ljubljana gave its consent to reaching settlement in court, which the debtor intends to reach in the matters under ref.No. V Pg 2236/2015 and VII Pg 2280/2015, and the associated security procedures under ref.No. V Pg 2236/2015, Zg 41/2015 and ZG 42/2015 with the companies Družba za upravljanje terjatev bank, d.d. and DUP1, d.d. (public announcement on the Ajpes website on 16 June 2016).
- A correction of the basic list of tested claims (public announcement on the Ajpes website on 27 June 2016) was published as well as the final list of tested claims (public announcement on the Ajpes website

- on 1 July 2016) and the updated list of tested claims (public announcement on the Ajpes website on 26 July 2016).
- On 1 July 2016, the District Court in Ljubljana issued the order on testing of claims (public announcement on the Ajpes website on 1 July 2016).

SALE OF ASSETS OF SAVA D.D. in the period January–June 2016 and after the accounting period

- On 13 June 2016, the Management Board of Sava d.d. signed the Agreement on Sale and Purchase of BTC Ljubljana Real Property, which the District Court in Ljubljana had approved on 5 April 2016. The real property has been pledged for the loans obtained by Sava d.d., the purchase price to the amount of €2,150,000.00 will be first transferred to the fiduciary account and from there to the creditors. The agreement contains suspensive conditions and when these are met, the real property will be transferred to the buyer's ownership. This is why the real property is still recorded in the business books of Sava d.d. as per 30 June 2016.

On 28 June 2016, the sale procedure was finalised as suspensive conditions had been met and other contractual provisions fulfilled.

- On 17 June 2016, the Management Board of Sava d.d. signed the Agreement on Sale of Real Property in Ruma, Serbia, which the District Court in Ljubljana has approved on 1 June 2016. The purchase price amounted to €346,000.00. The sale procedure was finalised on 24 June 2016 when the purchase price was paid.

OTHER IMPORTANT EVENTS in the period January–June 2016 and after the accounting period

- On 26 April 2016, the companies Pokojninska družba A, d.d., SAVA -TMC, d.o.o. and SAVA TURIZEM, d.d., signed the *Agreement of Repayment of Mortgage Loan* totalling €6.2 million. By doing this, the liability of Sava d.d. collateralized with the real property owned by Sava TMC d.o.o. and Sava Turizem d.d. was settled. In April 2016, Sava Turizem d.d. settled the first instalment to the amount of €1.5 million, while the second instalment of €4.7 million falls due for payment on 30 September 2016.
- On 10 June 2016, the 22nd regular Shareholders' Meeting of Sava d.d. was held, on occasion of which shareholders were briefed about the audited annual report of Sava d.d. and the Sava Group for 2015,

and adopted the resolution on granting discharge from liability to the Management Board and Supervisory Board and appointed new members of the Supervisory Board of Sava d.d.

- On a hearing held on 11 July 2016 at the District Court in Ljubljana, *the plaintiff Sava d.d. and the defendants DUTB, d.d. and DUP1, d.o.o.* signed a *court settlement* due to establishing voidness of shares purchase contract of 29 May 2015 and transfer of shares; voidness of appropriation and transfer of shares; voidness of a legal transaction, based on which 27,840,665 SHBR shares were transferred from DUTB, d.d. to DUP1, d.o.o., and voidness of establishing a lien on SHBR shares. Owing to the achieved settlement, the situation was restored to the status before the beginning of court proceedings, while court proceedings in the matters under ref.No. Zg 41/2015, Zg 42/2015, V Pg 2236/2015 and VII Pg 2280/2015 were ended.
- On 15 July 2016, the companies Družba za upravljanje terjatev bank, d.d. as a transferor, Kapitalska družba pokojninskega in invalidskega zavarovanja, d.d., and Slovenski državni holding, d.d. as transferees concluded an agreement on *disposals of claims in return for payment* arising from loan agreements and transfer of 10,489 lots of SA03 bonds in connection with Sava d.d. Claims and bonds subject to transfer to SDH and KAD, are subject to compulsory settlement against Sava d.d., probably shown to the value of €122,369,220.52.
- Sava d.d. successfully formed a *consortium for joint sale of shareholdings of Gorenjska banka, d.d.*, as established by the commission of signatories to the agreement, which will direct the sale process, at its constituent meeting on 29 July 2016. The shareholders of Gorenjska banka d.d., whose shareholding in total represents more than a 50% share in the share capital of Gorenjska banka d.d., joined the agreement on joint sale to reach a more favourable selling price. The sale of shareholding of Gorenjska banka d.d. is part of the financial restructuring plan of Sava d.d.

BUSINESS REPORT FOR SAVA d.d. AND THE SAVA GROUP AS AT 30 JUNE 2016

1. Major data about Sava d.d.

Company name:	Sava, družba za upravljanje in financiranje, d.d.
Abbreviated name:	Sava, d.d.
Head office:	Dunajska cesta 152, 1000 Ljubljana, Slovenia
Telephone:	+386 4 206 5510
Telefax:	+386 4 206 6446
E-mail:	info@sava.si
Website:	www.sava.si
President of the Management Board:	Gregor Rovanšek
Member of the Management Board:	Matevž Marc, MSc
Chairman of the Supervisory Board:	Miro Medvešek
Registration No.:	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 as at 30 June 2016:	€14,060,594.51
Number of shares:	2,006,987 ordinary personal no-par value shares with stock exchange symbol SAVA
Share listing:	Ljubljana Stock Exchange d.d., stock exchange listing

2. Composition of the Sava Group and data about operations of its subsidiaries

As at 30 June 2016, the Sava Group consisted of nine companies: the parent company Sava d.d. and eight subsidiaries – daughter companies and sub-subsidiaries. The financial statements of all these companies are included in the consolidated financial statements of the Group. In all of the mentioned companies, the capital and control rights are in accord. No changes in the composition of the Sava Group took place in the first half-year 2016.

List of companies that besides the parent company Sava d.d. are included in the Sava Group, with a comparison of ownership stakes as at 30 June 2016 and 31 December 2015:

	% ownership 30/06/2016	% ownership 31/12/2015	Change in % of ownership 2016
TOURISM DIVISION			
SAVA TURIZEM, d.d., Ljubljana	99.05%	99.05%	0.00%
- Cardial, d.o.o., Ljubljana (owned by Sava Turizem d.d.)	85.00%	85.00%	0.00%
- Sava Zdravstvo, d.o.o., Ljubljana (owned by Sava Turizem d.d.)	100.00%	100.00%	0.00%
- Sava TMC, d.o.o., Ljubljana (owned by Sava Turizem d.d.)	100.00%	100.00%	0.00%
REAL ESTATE DIVISION			
SAVA NEPREMIČNINE, d.o.o., Ljubljana	100.00%	100.00%	0.00%
SAVA NOVA d.o.o., Zagreb	100.00%	100.00%	0.00%
OTHER OPERATIONS			
GIP SAVA KRANJ, d.o.o., Ruma	100.00%	100.00%	0.00%
SAVA IT, d.o.o., Ljubljana	100.00%	100.00%	0.00%

Financial investment earmarked for sale and the associated company

Based on the decision of 17 September 2015, the Bank of Slovenia withdrew permission from Sava d.d. for acquisition of a qualifying holding in Gorenjska banka d.d. and ordered disposal of shares of Gorenjska banka d.d. within a six-month period. Sava d.d. has no controlling rights in Gorenjska banka d.d. At 31 December 2015, the financial investment in Gorenjska banka d.d. was transferred from the investment in the associated company to assets for sale. Owing to the performed increase in capital of Gorenjska banka d.d. in January 2016, the percentage of shareholding of Sava d.d., reduced.

BLS Sinergije d.o.o., Portorož is under a 40% ownership of Sava Group's companies.

	% ownership 30/06/2016	% ownership 31/12/2015	Change in % of ownership in 2016	Controlling stake* 30/06/2016
SAVA, d.d., družba za upravljanje in financiranje, Ljubljana - as the parent company				
- Gorenjska banka, d.d., Kranj**	37.65%	44.07%	-6.42%	0.00%
- BLS Sinergije, d.o.o., Portorož	10.00%	10.00%	0.00%	10.00%
SAVA TURIZEM, d.d., Ljubljana - as the parent company				
- Gorenjska Banka, d.d., Kranj	0.13%	0.16%	-0.03%	0.00%
- BLS Sinergije, d.o.o., Portorož	30.00%	30.00%	0.00%	30.00%

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

**34,287 shares (8.84%) of Gorenjska banka d.d., Kranj, are under a fiduciary ownership of Abanka 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.

Data on operations of the subsidiaries

Sales revenues, capital and operating result of subsidiaries in the period January-June 2016

Company/head office	€000		
	Sales revenues JAN - JUN 2016	Equity value 30/06/ 2016	Operating profit/loss JAN - JUN 2016
TOURISM	31,285	98,674	851
SAVA TMC, d.o.o., Dunajska cesta 152, 1000 Ljubljana	768	1,743	308
Sava Turizem d.d., Dunajska cesta 152, 1000 Ljubljana	29,909	96,727	507
Cardial d.o.o., Zaloška cesta 69, 1000 Ljubljana	608	198	36
Sava Zdravstvo, d.o.o., Dunajska cesta 152, 1000 Ljubljana	0	7	0
REAL ESTATE	2	-1,111	-192
SAVA NEPREMIČNINE, d.o.o., Dunajska cesta 152, 1000 Ljubljana	2	2,114	-15
SAVA NOVA, d.o.o., Fra Filipa Grabovca 14, 10000 Zagreb, Croatia	0	-3,225	-177
OTHER OPERATIONS	4	136	-118
GIP SAVA KRANJ, d.o.o., Industrijski put bb, 22400 Ruma, Serbia	3	1	0
Sava IT, d.o.o., Dunajska cssta 152, 1000 Ljubljana	1	135	-118
ENERGETIKA ČRNOMELJ, d.o.o., Dunajska cesta 152, 1000 Ljubljana*	0	0	0
TOTAL SUBSIDIARIES	31,291	97,699	542

Sales revenues, capital and operating result of subsidiaries in the period January-June 2015

Company/head office	€000		
	Sales revenues JAN - JUN 2015	Equity value 30/06/ 2015	Operating profit/loss JAN - JUN 2015
TOURISM	30,095	96,150	490
SAVA TMC, d.o.o., Dunajska cesta 152, 1000 Ljubljana	589	1.213	97
Sava Turizem d.d., Dunajska cesta 152, 1000 Ljubljana	28,963	94,768	380
Cardial d.o.o., Zaloška cesta 69, 1000 Ljubljana	544	161	14
Sava Zdravstvo, d.o.o., Dunajska cesta 152, 1000 Ljubljana	0	7	0
REAL ESTATE	8	-1,010	-157
SAVA NEPREMIČNINE, d.o.o., Dunajska cesta 152, 1000 Ljubljana	6	2,154	-11
SAVA NOVA, d.o.o., Fra Filipa Grabovca 14, 10000 Zagreb, Croatia	2	-3,164	-146
OTHER OPERATIONS	3	380	-32
GIP SAVA KRANJ, d.o.o., Industrijski put bb, 22400 Ruma, Serbia	0	1	0
Sava IT, d.o.o., Dunajska cssta 152, 1000 Ljubljana	3	379	-32
ENERGETIKA ČRNOMELJ, d.o.o., Dunajska cesta 152, 1000 Ljubljana*	0	0	0
TOTAL SUBSIDIARIES	30,107	95,520	302

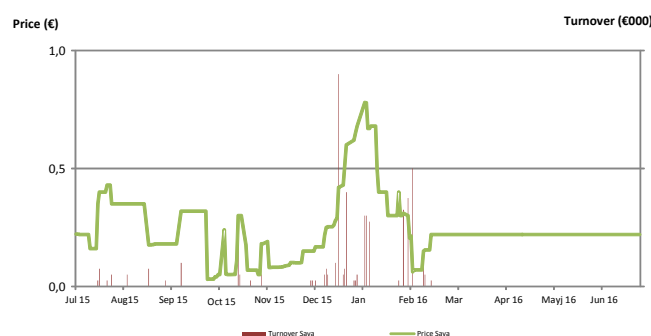
3. The Sava share and ownership structure

In the first half-year 2016, the Sava share price moved between €0.8 and €0.1. At the end of this June, the average price per share amounted to €0.2 and decreased by €0.5 compared to the end of 2015. As of 17 February 2016, trading with SAVA shares has been halted in accordance with the resolution by the Ljubljana Stock Exchange d.d. passed without requesting from Sava d.d. to halt trading. Trading was halted to ensure investor protection.

MOVEMENT OF THE SAVA SHARE PRICE

The range of value, within which the Sava share moved, reached the highest point at €0.8 and the lowest at €0.1. In the first half-year 2016, the liquidity of the Slovene capital market decreased by €51% year-on-year.

Movement of the Sava share price from the beginning of July 2015 until the end of June 2016



MARKET CAPITALISATION

The market capitalisation of Sava shares amounted to €0.4 million at the end of first half-year 2016, which is the same level as at the end of 2015. The market capitalisation of total shares in the Ljubljana Stock Exchange amounted to €4.9 billion and reduced by 11% with regard to the end of 2015.

Source: www.finance.si.

OWNERSHIP STRUCTURE

On 30 June 2016, Sava d.d. had 13,404 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 95.6%** and that of **foreign shareholders to 4.4%**. The stock of foreign shareholders remains at the level recorded at the end of 2015. The majority of foreign shareholders originate from Great Britain, the United States of America, Germany, Croatia and Austria. The **proportion of legal entities represented 71.7%** and that of **private individuals 28.3%** of total company shareholders. The ten major shareholders own 63.64% of total company equity.

Ownership structure by category at 30 June 2016 (%)



10 major shareholders as at 30 June 2016

10 major shareholders	%ownership	No. of shares
Kapitalska družba, d.d.	18.71%	375,542
SDH, d.d.*	11.06%	222,029
Merkur, d.d. – under receivership	6.03%	121,107
DUTB, d. d.	5.64%	113,257
Alpen.Si, mixed flexible subfund	5.07%	101,702
Finetol, d.d. – under receivership	4.88%	97,942
NFD Holding, d.d. – under receivership	4.33%	86,915
Gorenjska banka, d.d.	2.81%	56,475
TCK, d.o.o.	2.61%	52,459
Slamič Alojz	2.49%	49,897
Total 10 major shareholders	63.64%	1,277,325
Sava, d.d., (own shares)	1.52%	30,541
Other shareholders	34.83%	699,121
TOTAL	100.00%	2,006,987

*In accordance with transformation of Slovenska odškodninska družba d.d. (SOD, d.d.) to the company Slovenski državni holding, d.d. (SDH, d.d.).

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

COMPANY SECURITIES

Trading with treasury shares

In the period from the end of 2015 until the end of June 2016, Sava, d.d. did not purchase any treasury shares; as at 30 June 2016, it thus owned 30,541 treasury shares to the amount of €4,977 thousand – valued at the average purchase price, representing 1.52% of total shares. Sava d.d. received another 32,936 Sava shares in pledge, representing 1.64% of total shares issued.

MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS WHO OWN SAVA SHARES

At the end of this first half-year, Management and Supervisory Boards members owned 3 shares of Sava d.d., representing a 0.000 % share of total company's equity. With regard to the end of 2015, the balance reduced by 18 shares, which is due to a premature termination of term of office for President of the Management Board Aleš Aberšek who holds 18 shares of Sava d.d. in total.

Management Board and Supervisory Board members who own Sava shares

Management Board members	Position	No. of shares 31/12/2015	% shareholding	No. of shares 30/06/2016	% shareholding
Gregor Rovanišek*	President	-	-	3	0.000%
Aleš Aberšek**	President	18	0.001%	-	-
Matevž Marc***	Member	0	0.000%	0	0.000%
TOTAL		18	0.001%	3	0.000%

Supervisory Board members	Position	No. of shares 31/12/2015	% shareholding	No. of shares 30/06/2016	% shareholding
Gregor Rovanišek	Member	3	0.000%	-	0.000%
TOTAL		3	0.000%	0	0.000%

TOTAL MANAGEMENT AND SUPERVISORY BOARD MEMBERS		21	0.001%	3	0.000%
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*He was appointed President of the Management Board on 15 March 2016.

** He was President of the Management Board until 14 March 2016.

***He is not regularly employed with Sava d.d. but works under management contract.

KEY DATA ON THE SAVA SHARE

		2012	2013	2014	2015	1-6 / 2015	1-6 / 2016
No. of shares at period end	(No. of shares)	2,006,987	2,006,987	2,006,987	2,006,987	2,006,987	2,006,987
Market capitalisation at period end	(€ mn)	6.8	0.5	1.0	1.4	0.4	0.4
Share book value	(€)	32.9	7.5	-11.1	-27.6	-19.0	-29.9
Share price							
- highest	(€)	13.0	5.4	1.6	0.7	0.76	0.8
- lowest	(€)	3.2	0.1	0.2	0.03	0.2	0.1
- at period end	(€)	3.4	0.2	0.5	0.68	0.2	0.2
Average daily liquidity	(€ 000)	3.4	0.7	0.5	0.1	0.2	0.1
Average daily trading with shares	(No. of shares)	572	272	711	389	533	432
Net earnings per share	(€)	-49.7	-27.9	-23.5	-14.0	-7.4	-2.8
Dividend per share	(€)	-	-	-	-	-	-
Share of dividend in net profit	(%)	-	-	-	-	-	-
Total amount of dividends paid	(€ mn)	-	-	-	-	-	-
Share yield	(%)	-71.7	-93.2	108.7	41.7	-53.8	-67.6
- dividend yield	(%)	-	-	-	-	-	-
- capital yield	(%)	-71.7	-93.2	108.7	41.7	-53.8	-67.6
Price-Earnings Ratio (P / E)							
- highest		-0.3	-0.2	-0.1	0.0	-0.3	-0.3
- lowest		-0.1	0.0	0.0	0.0	-0.1	0.0
- at year end		-0.1	0.0	0.0	0.0	-0.1	-0.1
Price-to-Book Ratio (P / B)	(%)	10	3	-4	-2.5	-1.6	0.0

Explanations about key data computation for the Sava share

- **Book value of the Sava share:** the equity of the Sava Group without minority interest divided with the weighted average number of ordinary shares excluding treasury shares

- **Net earnings per 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 period with regard to the share market price at the end of the past year.
- **Market capitalisation:** multiple of the number of Sava shares and the market price of the share on the last day of the period.
- **Price-Earnings ratio (P/E):** Sava share market price on the last day of the period (or the highest and lowest market price in the period) divided with earnings per share.
- **Price-to-Book ratio (P/B):** share market price on the last trading day of the period divided with the share book value at the end of the period.

Additional data on the share

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

SHARE BOOK VALUE

As at 30 June 2016, the book value of the Sava share amounted to -29.9 euro. When calculating its book value, the number of treasury shares is deducted from total number of shares.

RISKS ASSOCIATED WITH THE INVESTMENT IN THE SAVA SHARE

Such risks are due to:

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

CROSS LINKS WITH OTHER COMPANIES

Under the criteria defined in the Corporate Governance Code for Public Joint-Stock Companies, Sava d.d. was cross-linked at the end of this first quarter:

- In Gorenjska banka d.d. it had a 37.65% shareholding (of which an 8.84% shareholding is under fiduciary ownership of Abanka d.d.), whereas Gorenjska banka had a 2.81% shareholding of 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.

4. Business operations of Sava d.d.

On 1 June 2015, the District Court in Ljubljana issued the order on the existence of grounds for discontinuation of preventive restructuring proceedings against the debtor Sava d.d.; on 10 June 2015, the District Court in Ljubljana issued the order and proclamation on initiating the compulsory settlement proceedings against the debtor Sava d.d.; on 1 March 2015, it issued the order by way of which it established that conditions for voting on subsequent proposal for compulsory settlement were satisfied.

In the period January–June 2016, Sava d.d. generated a net profit of €0.3 million, whereas taking into account the accrued default interests, it made a net loss of €6.3 million. Operating profit amounted to €0.2 million, while the financial result was negative to the amount of €6.5 million.

At 30 June 2016, the balance sheet total of Sava d.d. amounted to €182.7 million and compared to the end of 2015 it was higher by €0.7 million. The capital of Sava d.d. was negative to the amount of €70.1 million.

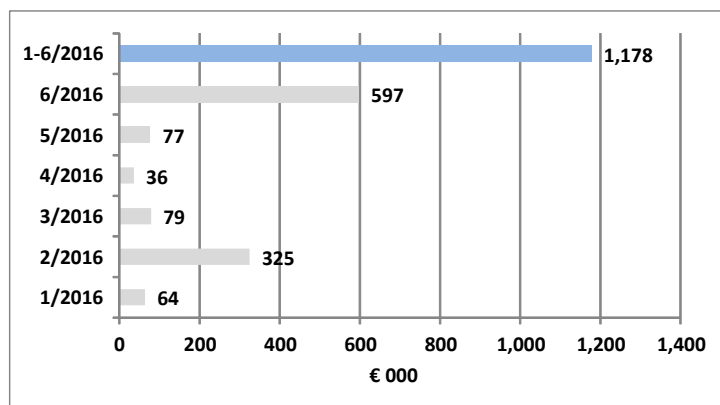
4.1. Explanations about the income statement

OPERATING REVENUES

Operating revenues of €1,178 thousand consist of:

- *Net sales revenues totalling €408 thousand* referred to rental income, compensations for provided services and use of trademark. In comparison with the same period last year, revenues were 2% lower. 60% of net sales revenues were generated in relation to the companies of the Sava Group and 40% in relation other entities.
- *Other operating revenues totalling €770 thousand*, which mainly referred to the profit generated in the sale of real property in Serbia totalling €346 thousand, received repayment arising from a court settlement totalling €236 thousand, proceeds originating from an out-of-court settlement to the amount of €77 thousand and revenues from reversal of unused provisions totalling €109 thousand.

Operating revenues by period in 2016 – €000

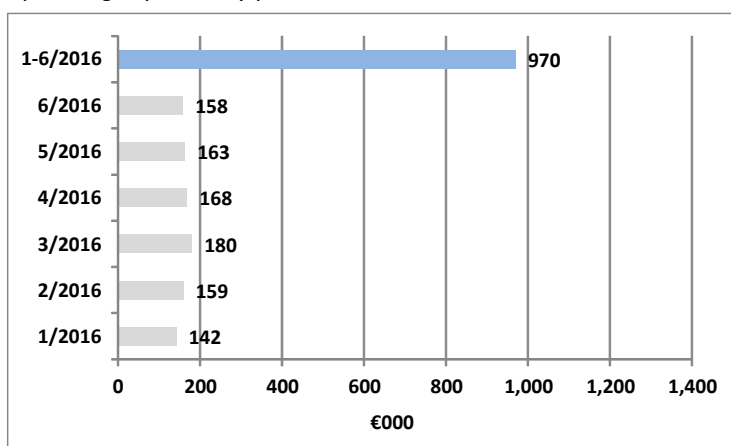


OPERATING EXPENSES

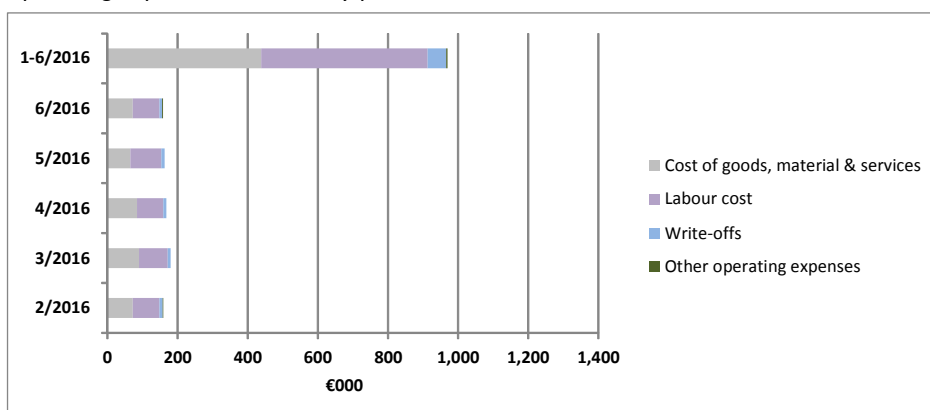
In the period January–June 2016, operating expenses of €970 thousand were realised. In comparison with the last year's result, these were lower by 48%; cost of services had a 45% share, labour cost a 49% and other operating expenses a 6% share in the expenses structure.

As per 30 June 2016, Sava d.d. employed 14 associates.

Operating expenses by period in 2016 – €000



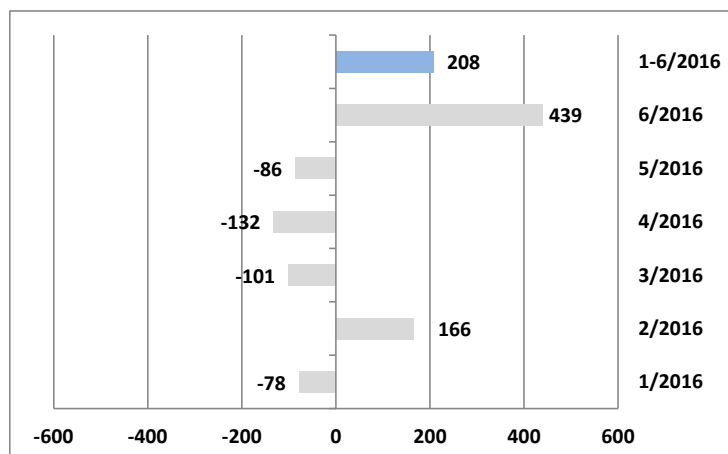
Operating expenses structure by period in 2016 –€000



OPERATING PROFIT / LOSS

An operating profit of €208 thousand was generated in the period January–June 2016. In comparison with the same period last year, the operating result was improved by €1,663 thousand, one-half of which was due to the realisation of other operating expenses and the other half to a decrease in operating expenses.

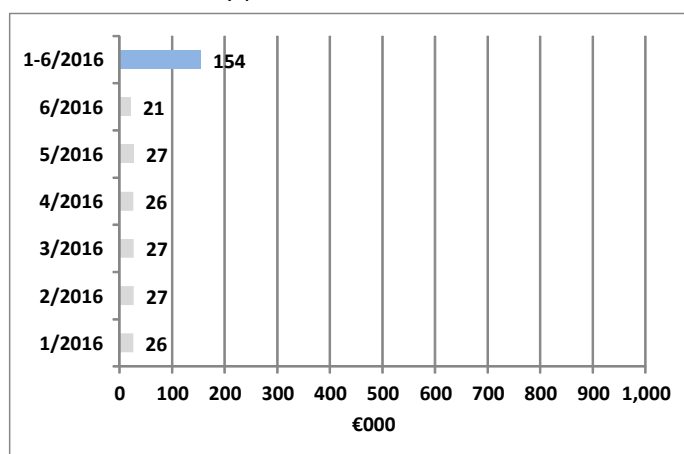
Operating profit / loss by period in 2016 – €000



FINANCIAL REVENUES

In the period January–June 2016, financial revenues amounted to €154 thousand and were chiefly due to interests on loans approved to the Group companies.

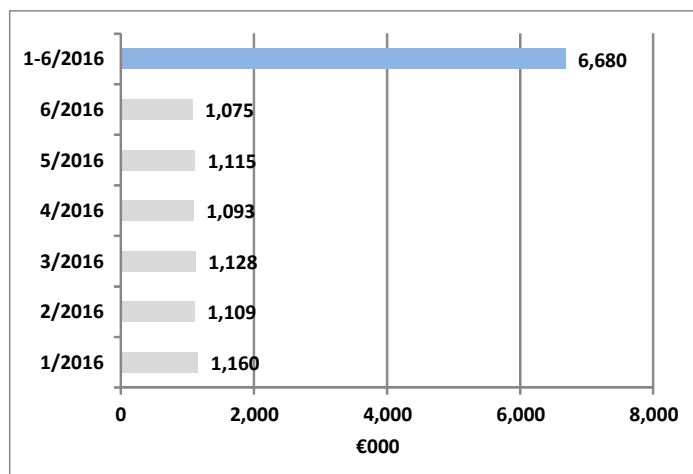
Financial revenues by period in 2016 – €000



FINANCIAL EXPENSES

In the period January–June 2016, financial expenses amounted to €6,680 thousand and were chiefly due to the amount of default interests accruing on the obtained loans. If the financial restructuring plan under compulsory settlement proceedings is approved, the accrued default interests will be reversed.

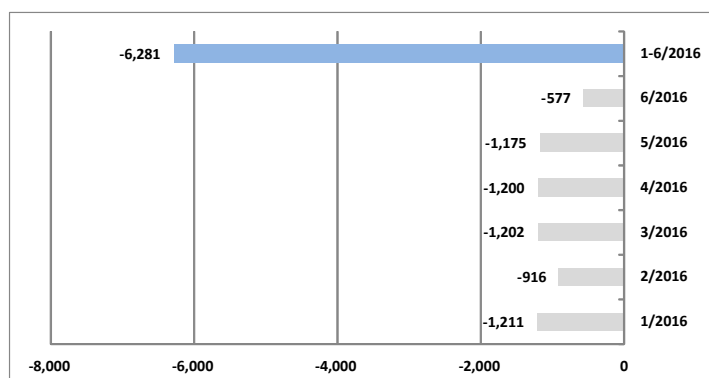
Financial expenses by period in 2016 – €000



NET OPERATING RESULT

In the period January–June 2016, Sava d.d. generated a net profit of €299 thousand, whereas taking into account the accrued default interests it made a net loss of €6,281 thousand. Operating profit amounted to €208 thousand, while the financial result was negative to the amount of €6,526 thousand.

Net operating result by period in 2016 – €000

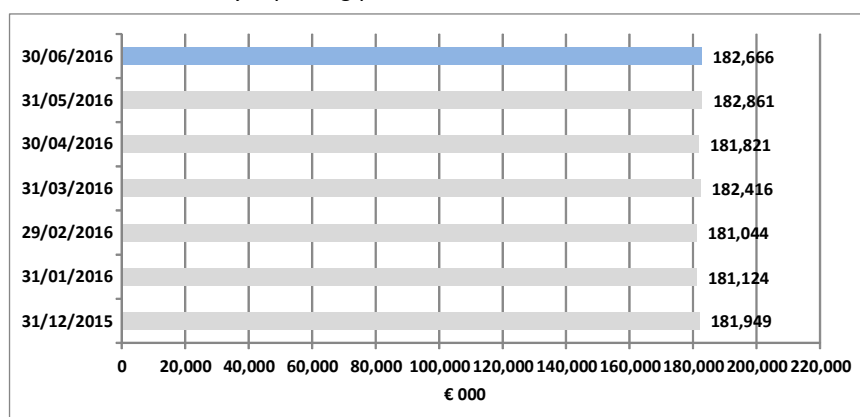


4.2. Explanations about the balance sheet as per 30 June 2016

BALANCE SHEET TOTAL

The balance sheet total of Sava d.d. amounted to €182,666 thousand as at 30 June 2016 and it rose by €717 thousand net if compared to the balance as per 31 December 2015. This change is chiefly due to the valuation of financial investment in the sub fund Alpen.SI.

Balance sheet total by reporting period in 2016 –€000

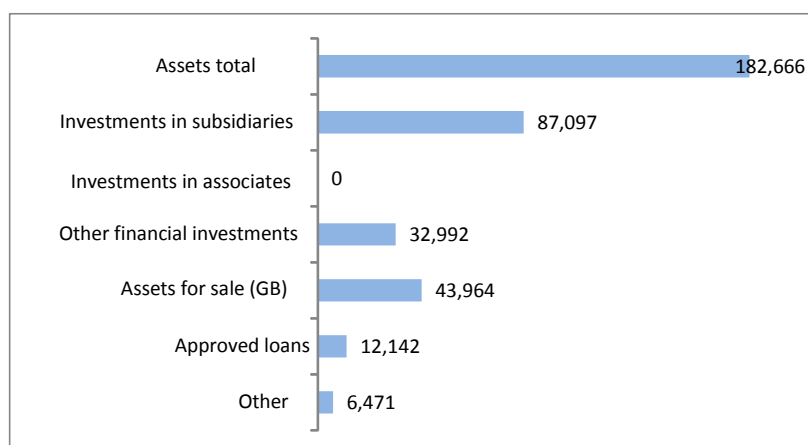


ASSETS STRUCTURE

On 17 June 2016, the Management Board of Sava d.d. signed the Agreement on Sale of Real Property in Ruma, Serbia, which the District Court in Ljubljana has approved on 1 June 2016. The selling value of real property, which in the accounting records was entirely impaired, amounted to €346,000.00. The sale procedure was finalised on 24 June 2016 when the purchase price was paid.

On 13 June 2016, the Management Board of Sava d.d. signed the *Agreement on Sale and Purchase of BTC Ljubljana Real Property*, which the District Court in Ljubljana had approved on 5 April 2016. The real property has been pledged for the loans obtained by Sava d.d., purchase price to the amount of €2,150,000.00 will be first transferred to the fiduciary account and from there to the creditors. The agreement contained suspensive conditions, which were met in July 2016, when the real property was also transferred into the buyer's ownership. This is why the real property is still recorded in Sava d.d.'s the business books as per 30 June 2016.

Assets structure as at 30 June 2016 – € 000

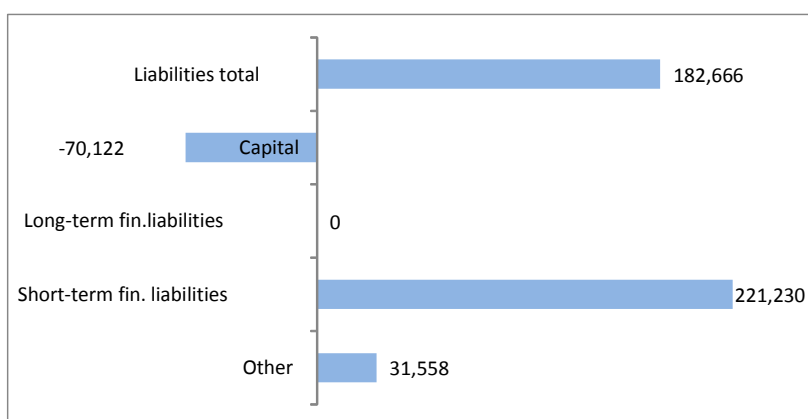


LIABILITIES STRUCTURE

The *capital* of Sava d.d. at 30 June 2016 was negative to the amount of €70,122 thousand. In comparison with the capital at the end of 2015, it is lower by €5,256 thousand.

At 30 June 2016, *other operating liabilities* included the accrued default interest on obtained loans totalling €20,732 thousand. If the financial restructuring plan is approved (the period as of 10 June 2015) and the decision on negating the default interests for the period from the beginning of preventive restructuring (2 December 2014) until the initiation of compulsory settlement (10 June 2015) is favourable, default interests will be entirely reversed in favour of capital.

Liabilities structure at 30 June 2016 – € 000



5. Business operations of the Sava Group

In the first half-year 2016, the companies of the Sava Group generated net sales revenues of €30.6 million, which was 3% better than in the same period last year and chiefly referred to the achievements of the Turizem Group. A net loss of €5.7 million was realised. Sava d.d. ended the first half-year 2016 with a loss of €6.3 million, which included the accrued default interests, while the companies of Tourism division generated a net profit of €0.8 million and the remaining companies made a loss of €0.2 million.

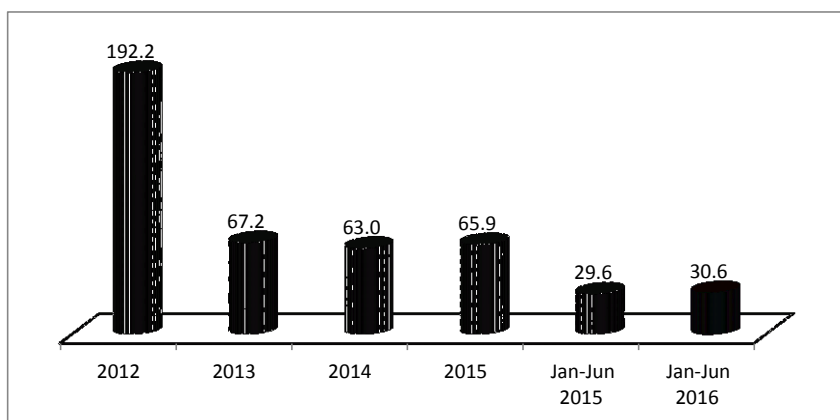
5.1. Explanations about consolidated income statement

OPERATING REVENUES

In the first half-year 2016, operating revenues of the Sava Group totalled €32.1 million and consisted of:

- *Net sales revenues of €30.6 million* were 3% higher than in the same period last year and 3% higher than planned for the period. The major part of sales revenues were realised by the companies of Tourism division.
- *Other operating revenues totalling €1.4 million*, which referred to the proceeds from the sale of real property, received payments arising from the court and out-of-court settlement, reversal of unused provisions and drawing on deferred revenues associated with the assets in Tourism that are financed by the European funds.

Net sales revenues of the Sava Group from 2012 to June 2016 –€ million



Note:

In 2012, the composition of the Sava Group included also the Rubber Manufacturing companies that were sold in 2013.

OPERATING EXPENSES

Operating expenses of the Sava Group totalled €30.1 million and were 1% lower year-on-year, while they surpassed the planned values by 1%. Cost of goods, material and services had a 49% share in the cost structure, labour cost a 36%, depreciation a 12%, write-offs and other operating expenses had a 3% share.

The *Turizem Group* made operating expenses of €29.2 million and considering a 3% increase in net sales revenues they were 2% higher year-on-year.

The controlling company *Sava d.d.* realised operating expenses of €1.0 million, which was 48% below the last year's figure.

Operating expenses in the companies of *Other operations* were minor.

OPERATING PROFIT (EBIT)

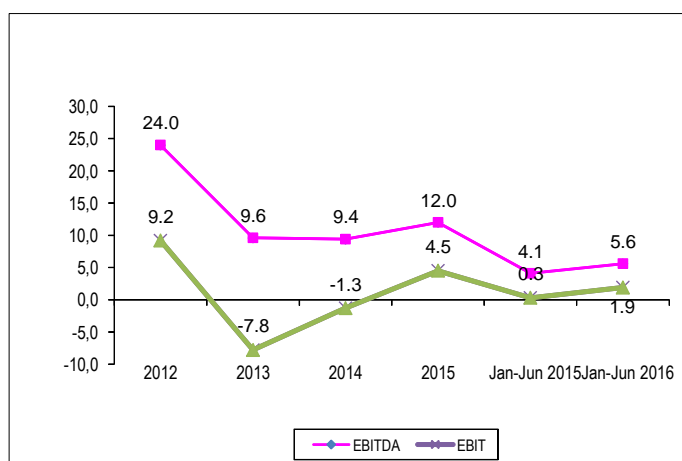
Profit from operations of the *Sava Group* companies amounted to €1.9 million in the first half-year 2016, which was €1.7 million above the last year's result in the same period.

The *Tourism division* generated an operating profit of €1.8 million. In comparison with the past year, operating business improved by €0.2 million in spite of introducing thermal water concession fees. An EBITDA of €5.4 million was achieved, which was 4% better than in the same period last year, surpassing the planned value by 38%.

Sava d.d. generated an operating profit of €0.2 million.

The companies of *Other operations* made an operating loss of €0.1 million.

EBITDA and EBIT in the Sava Group from 2012 to June 2016 – € million



EBITDA – earnings before interest, taxes, depreciation and amortisation

EBIT – earnings before interest and taxes

FINANCIAL REVENUES

Financial revenues amounted to €0.024 million.

FINANCIAL EXPENSES

Financial expenses of the Sava Group totalling €7.6 million were €1.4 million lower than in the same period last year.

Financial expenses entirely referred to interest expenses.

Interest expenses of €6.5 million referred to the accrued default interests on the loans obtained by Sava d.d. outside of the Sava Group. If the financial restructuring plan under compulsory settlement proceedings is approved, the accrued interests will be reversed.

NET FINANCIAL EXPENSES

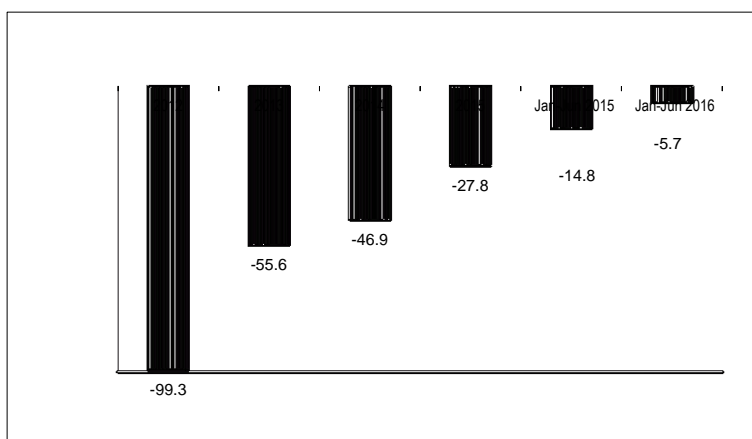
Net financial expenses amounted to €7.6 million; not taking into account the accrued default interests at Sava d.d., net financial expenses would amount to €1.1 million.

NET LOSS OF THE SAVA GROUP

In the first half-year 2016, the Sava Group made a net loss of €5.7 million, while a net loss per share amounted to €2.84.

Sava d.d. ended the first half-year 2016 with a loss of €6.3 million, which included the accrued default interests on obtained loans, whereas the companies of Tourism division made a net profit of €0.8 million and the remaining companies a loss of €0.2 million.

Net loss of the Sava Group from 2012 to June 2016 – € million



5.2. Explanations about the consolidated statement of financial position

BALANCE SHEET TOTAL, ASSETS AND LIABILITIES STRUCTURE

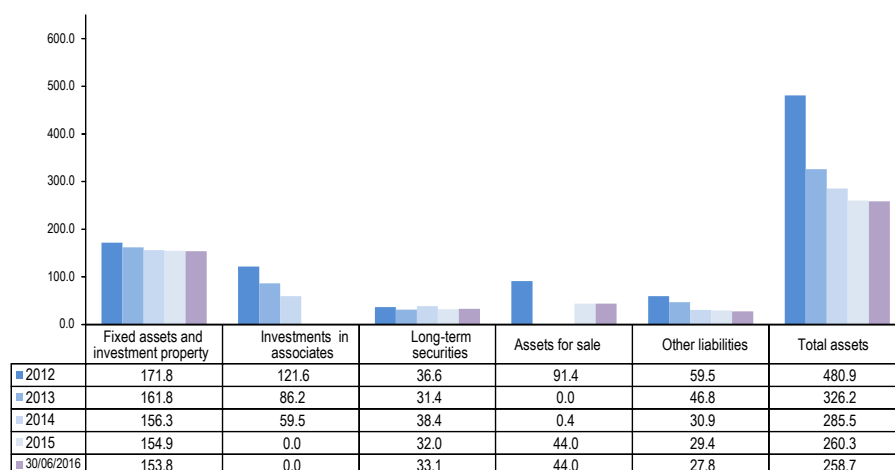
The balance sheet total of Sava Group companies amounted to €258.7 million at 30 June 2016 and was by €1.6 million net or 0.6% lower than at the end of 2015.

In the assets structure, financial investments and assets for sale had a 30% share, real property, plant and equipment a 59% share and other assets (inventories, operating receivables, approved loans and other) an 11% share.

At 30 June 2016, the controlling company Sava d.d. showed a *negative capital* of €70.1 million being demonstrated in the capital of the Sava Group, which was negative to the amount of €58.6 million. The liabilities of the Sava Group thus exceeded the assets of the Group by €58.7 million.

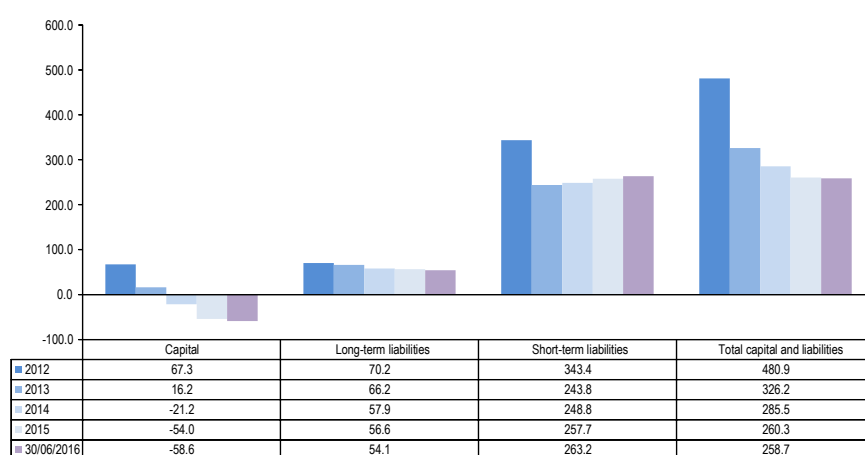
ASSETS

Assets structure of the Sava Group from 2012 to 30 June 2016 –€ million



CAPITAL AND LIABILITIES

Liabilities structure of the Sava Group from 2012 to 30 June 2016 – € million



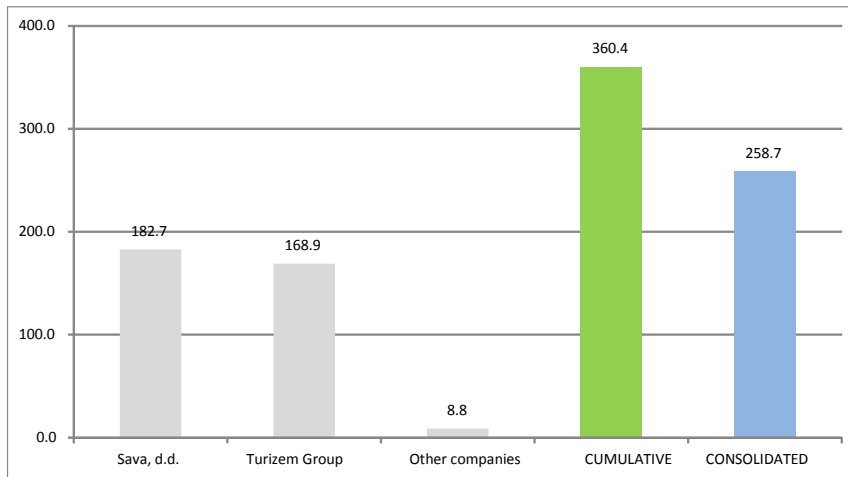
BALANCE SHEET TOTAL BY DIVISION OF THE SAVA GROUP AS AT 30 JUNE 2016

The consolidated balance sheet total of the Sava Group amounted to €258.7 million and was €101.7 million lower than the cumulative balance sheet. The difference was due to the following consolidation procedures:

- Exclusion of a financial investment of Sava d.d. in subsidiaries and the capital of subsidiaries totalling €87.6 million.
- Exclusion of mutual financial receivables and liabilities totalling €7.2 million.
- Exclusion of proceeds from the sale of real property among Group's companies totalling €4.2 million.

- Exclusion of mutual operating receivables and liabilities totalling €2.2 million.
- Other exclusions totalling €0.5 million.

Balance sheet total by division of the Sava Group as at 30 June 2016



5.3. Investments

Investments in the Sava Group totalled €2.4 million in the first half-year 2016 and were entirely realised in the Tourism division. Investments were made in improvement of energy efficiency and renewal of accommodation capacities and the associated infrastructure.

5.4. Employees in the Sava Group

As at 30 June 2016, the Sava Group employed 1,026 associates or 3 fewer than at the end of the past year. The Turizem Group employs 99% of total employee number in the Sava Group.

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

1. Financial statements of Sava d.d. as at 30 June 2016

Balance sheet of Sava d.d. at 30 June 2016 (€000)

	Notes	30/06/2016	31/12/2015
ASSETS			
A. FIXED ASSETS		122,393	121,332
I. INTANGIBLE FIXED ASSETS AND LONG-TERM DEFERRED COSTS AND ACCRUED REVENUES	2.4.1.	18	19
1. Long-term industrial property rights		18	19
2. Goodwill		0	0
3. Advances for intangible fixed assets		0	0
4. Long-term deferred development costs		0	0
5. Other long-term deferred costs and accrued revenues		0	0
II. TANGIBLE FIXED ASSETS	2.4.2.	107	126
1. Land and buildings		0	0
a) Land		0	0
b) Buildings		0	0
2. Plant and machinery		75	83
3. Other equipment		32	43
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.	2,179	2,209
1. Leased to subsidiaries		0	0
2. Leased to other companies		1,705	1,736
3. Not leased		474	474
IV. LONG-TERM FINANCIAL INVESTMENTS	2.4.4.	120,089	118,977
1. Long-term financial investments except loans		120,089	118,977
a) Shares and stakes in Group's companies		87,097	87,097
b) Shares and stakes in associates		0	0
c) Other shares and stakes		32,992	31,880
d) Other long-term financial investments		0	0
2. Long-term loans		0	0
a) Long-term loans to companies in the Group		0	0
b) Long-term loans to other entities		0	0
c) Long-term unpaid called-up capital		0	0
V. LONG-TERM OPERATING RECEIVABLES		0	0
1. Long-term operating receivables to companies in the Group		0	0
2. Long-term operating trade receivables		0	0
3. Long-term receivables to other entities		0	0
VI. DEFERRED TAX RECEIVABLES	2.4.5., 2.4.27.	0	0
B. SHORT-TERM ASSETS		60,268	60,614
I. ASSETS (GROUPS FOR DISPOSAL) FOR SALE	2.4.4.	43,964	43,964
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.	12,141	12,499
1. Short-term financial investments except loans		0	0
a) Shares and stakes in Group's companies		0	0
b) Other shares and stakes		0	0
c) Other short-term financial investments		0	0
2. Short-term loans		12,141	12,499
a) Short-term loans to companies in the Group		5,074	5,431
b) Short-term loans to other entities		7,068	7,068
c) Short-term unpaid called-in capital		0	0
IV. SHORT-TERM OPERATING RECEIVABLES	2.4.7.	3,774	3,845
1. Short-term operating liabilities to companies in the Group		962	909
2. Short-term trade receivables		28	87
3. Short-term operating receivables to other entities		2,785	2,849
V. CASH	2.4.8.	388	306
1. Cash on hand and accounts		388	306
2. Short-term deposits		0	0
a) Short-term deposits Group's companies		0	0
b) Short-term deposits in associates		0	0
c) Short-term deposits in other entities		0	0
C. SHORT-TERM DEFERRED COSTS AND ACCRUED REVENUES		6	3
ASSETS TOTAL		182,666	181,949

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

€000

	Notes	30/06/2016	31/12/2015
LIABILITIES			
A. CAPITAL		-70,122	-64,866
CALLED-UP CAPITAL	2.4.9.	14,061	14,061
1. Share capital		14,061	14,061
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 RESERVES		0	0
- from tangible fixed assets		0	0
- from intangible fixed assets		0	0
V. RESERVES DUE TO VALUATION AT FAIR VALUE		5,694	4,670
- from long-term financial investments		5,694	4,670
- from short-term financial investments		0	0
- Actuarial gains or losses		0	0
VI. RETAINED NET PROFIT OR LOSS FROM PREVIOUS PERIODS		-83,596	-47,248
VII. NET PROFIT OR LOSS FOR THE FINANCIAL YEAR		-6,281	-36,348
B. PROVISIONS AND LONG-TERM ACCRUED COSTS AND DEFERRED REVENUES	2.4.11.	65	65
1. Provisions for pensions and similar liabilities		65	65
2. Other provisions		0	0
3. Long-term accrued costs and deferred revenues		0	0
C. LONG-TERM LIABILITIES	2.4.13.	583	482
I. LONG-TERM FINANCIAL LIABILITIES		0	0
1. Long-term financial liabilities to Group's 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	0
II. LONG-TERM OPERATING LIABILITIES		0	0
1. Long-term operating liabilities to Group's companies		0	0
2. Long-term trade payables		0	0
3. Long-term bills payables		0	0
4. Long-term operating liabilities arising from advances		0	0
5. Other long-term operating liabilities		0	0
III. DEFERRED TAX LIABILITIES	2.3.27.	583	482
D. SHORT-TERM LIABILITIES	2.4.14.	251,197	245,229
I. LIABILITIES INCLUDED IN GROUPS FOR DISPOSAL		0	0
II. SHORT-TERM FINANCIAL LIABILITIES		221,230	221,230
1. Short-term financial liabilities to Group's companies		4,388	3,132
2. Short-term financial liabilities to banks		8,252	184,875
3. Short-term liabilities arising from bonds		26,500	26,500
4. Other short-term financial liabilities		182,090	6,724
III. SHORT-TERM OPERATING LIABILITIES		29,966	23,998
1. Short-term operating liabilities to Group's companies		439	129
2. Short-term trade payables		60	230
3. Short-term bills payables		0	0
4. Short-term operating liabilities arising from advances		32	351
5. Other short-term operating liabilities		29,435	23,289
E. SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUES	2.4.15.	944	1,039
TOTAL LIABILITIES		182,666	181,949

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–June 2016

€000

	Notes	JAN-JUN 2016	JAN-JUN 2015
1. NET SALES REVENUES	2.4.16.	408	416
a) Revenues in domestic market		408	416
To companies in the Group		244	227
To associates		0	0
To others		163	189
b) Revenues in foreign market		0	0
To companies in the Group		0	0
To associates		0	0
To others		0	0
2. CHANGE IN THE VALUE OF INVENTORIES OF PRODUCTS AND WORK IN PROGRESS		0	0
3. CAPITALISED OWN PRODUCTS AND SERVICES		0	0
4. OTHER OPERATING REVENUES (with operating revenues from revaluation adjustment)	2.4.16.	770	0
5. COSTS OF MERCHANDISE, MATERIALS AND SERVICES	2.4.18.	-438	-1,126
a) Cost of merchandise and material sold and cost of material used		-20	-23
b) Cost of services		-418	-1,103
6. LABOUR COSTS	2.4.19.	-475	-671
a) Salaries and wages		-380	-556
b) Social security cost (pension insurance cost shown separately)		-67	-85
- Social security cost		-28	-36
- Pension insurance cost		-39	-49
c) Other labour cost		-28	-30
7. AMORTISATION AND DEPRECIATION EXPENSE, WRITE-OFFS	2.4.20.	-53	-74
a) Amortisation		-52	-53
b) Operating expenses from revaluation of intangible and tangible fixed assets		0	-5
c) Operating expenses from revaluation of current assets		-1	-16
8. OTHER OPERATING EXPENSES		-4	-1
9. OPERATING PROFIT		208	-1,455
10. FINANCIAL REVENUES FROM SHARES	2.4.21.	0	140
a) Financial revenues from shares in Group's companies		0	0
b) Financial revenues from shares in associates		0	0
c) Financial revenues from shares in other companies		0	140
d) Financial revenues from other investments		0	0
11. FINANCIAL REVENUES FROM GRANTED LOANS	2.4.22.	149	186
a) Financial revenues from loans granted to Group's companies		148	147
b) Financial revenues from loans granted to other entities		1	39
12. FINANCIAL REVENUES FROM OPERATING RECEIVABLES		5	10
a) Financial revenues from operating receivables due from Group's companies		4	9
b) Financial revenues from operating receivables due from other entities		1	1
13. FINANCIAL EXPENSES FROM IMPAIRMENT AND WRITE-OFFS IN FINANCIAL INVESTMENTS	2.4.23.	-100	-10,970
14. FINANCIAL EXPENSES FROM FINANCIAL LIABILITIES	2.4.24.	-6,580	-7,471
a) Financial expenses from borrowings obtained from Group's companies		-88	-116
b) Financial expenses from borrowings obtained from banks		-233	-5,587
c) Financial expenses from issued bonds		-1,061	-1,170
d) Financial expenses from other financial liabilities		-5,198	-598
15. FINANCIAL EXPENSES FROM OPERATING LIABILITIES		0	0
a) Financial expenses from operating liabilities due to Group's companies		0	0
b) Financial expenses from trade payables and bill payables		0	0
c) Financial expenses from other operating liabilities		0	0
16. OTHER REVENUES	2.4.25.	45	77
17. OTHER EXPENSES	2.4.25.	-8	-14
18. TAX ON PROFIT	2.4.26.	0	0
19. DEFERRED TAXES	2.4.5.2.4.27.	0	0
20. NET PROFIT FOR THE ACCOUNTING PERIOD		-6,281	-19,498

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

Income statement by quarter in 2016 for Sava d.d.

€000

	JAN-MAR 2016	APR-JUN 2016
1. NET SALES REVENUES	230	177
a) Revenues in domestic market	230	177
To companies in the Group	142	102
To associates	0	0
To others	88	75
b) Revenues in foreign market	0	0
To companies in the Group	0	0
To associates	0	0
To others	0	0
2. CHANGE IN THE VALUE OF INVENTORIES OF PRODUCTS AND WORK IN PROGRESS	0	0
3. CAPITALISED OWN PRODUCTS AND SERVICES	0	0
4. OTHER OPERATING REVENUES (with operating revenues from revaluation adjustment)	238	532
5. COSTS OF MERCHANDISE, MATERIALS AND SERVICES	-217	-221
a) Cost of merchandise and material sold and cost of material used	-11	-9
b) Cost of services	-206	-212
6. LABOUR COSTS	-236	-239
a) Salaries and wages	-193	-187
b) Social security cost (pension insurance cost shown separately)	-34	-33
- Social security cost	-14	-14
- Pension insurance cost	-20	-19
c) Other labour cost	-9	-19
7. AMORTISATION AND DEPRECIATION EXPENSE, WRITE-OFFS	-26	-27
a) Amortisation	-26	-26
b) Operating expenses from revaluation of intangible and tangible fixed assets	0	0
c) Operating expenses from revaluation of current assets	0	-1
8. OTHER OPERATING EXPENSES	-2	-2
9. OPERATING LOSS / PROFIT	-12	220
10. FINANCIAL REVENUES FROM SHARES	0	0
a) Financial revenues from shares in Group's companies	0	0
b) Financial revenues from shares in associates	0	0
c) Financial revenues from shares in other companies	0	0
d) Financial revenues from other investments	0	0
11. FINANCIAL REVENUES FROM GRANTED LOANS	78	71
a) Financial revenues from loans granted to Group's companies	77	71
b) Financial revenues from loans granted to other entities	1	0
12. FINANCIAL REVENUES FROM OPERATING RECEIVABLES	2	3
a) Financial revenues from operating receivables due from Group's companies	2	2
b) Financial revenues from operating receivables due from other entities	0	1
13. FINANCIAL EXPENSES FROM IMPAIRMENT AND WRITE-OFFS IN FINANCIAL INVESTMENTS	-46	-54
14. FINANCIAL EXPENSES FROM FINANCIAL LIABILITIES	-3,352	-3,228
a) Financial expenses from borrowings obtained from Group's companies	-44	-44
b) Financial expenses from borrowings obtained from banks	-116	-117
c) Financial expenses from issued bonds	-530	-531
d) Financial expenses from other financial liabilities	-2661	-2,537
15. FINANCIAL EXPENSES FROM OPERATING LIABILITIES	0	0
a) Financial expenses from operating liabilities due to Group's companies	0	0
b) Financial expenses from trade payables and bill payables	0	0
c) Financial expenses from other operating liabilities	0	0
16. OTHER REVENUES	1	44
17. OTHER EXPENSES	0	-8
18. TAX ON PROFIT	0	0
19. DEFERRED TAXES	0	0
20. NET PROFIT FOR THE FINANCIAL YEAR	-3,329	-2,952

Statement of other comprehensive income for Sava d.d. for the period January–June 2016

	€000	
	JAN-JUN 2016	JAN-JUN 2015
Net profit for the period	-6,281	-19,498
Other comprehensive income:		
<i>Items that might be reclassified in profit or loss subsequently</i>		
- change in fair value of available-for-sale financial assets	1,125	-1,046
- deferred tax from a change in fair value of available-for-sale financial assets	-100	90
- change in fair value of investments in associates	0	0
- change in fair value of available-for-sale financial assets transferred to profit or loss	0	-140
- actuarial gains/losses in pensions scheme with defined benefits	0	0
- deferred tax after change in fair value of investments in associates	0	0
Other comprehensive income for the period, net of income tax in the period	1,024	-1,073
Total comprehensive income for the period	-5,257	-20,571

Calculation of accumulated loss for Sava d.d.as at 30 June 2016

	€000	
	30/06/2016	31/12/2015
NET PROFIT OR LOSS FOR THE ACCOUNTING PERIOD	-6,281	-36,348
Retained loss at 01/01	-83,596	-47,394
Other changes	0	146
Accumulated loss at the end of accounting period	-89,877	-83,596

Cash flow statement of Sava d.d. for the period January–June 2016

€000

	JAN-JUN 2016	JAN-JUN 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the financial year	-6,281	-19,498
- pre-tax profit	-6,281	-19,498
- profit tax and other taxes	0	0
Adjustments for:	6,237	18,173
- depreciation	52	53
- operating revenues from revaluation in connection with items of investing and financing activities	-346	0
- operating expenses from revaluation in connection with items of investing and financing activities	0	5
- financial revenues excluding financial revenues from operating receivables	-149	-326
- financial expenses excluding financial expenses from operating liabilities	6,680	18,441
Change in net current assets (and accruals, deferrals, provisions and deferred tax receivables and liabilities) balance sheet items	-596	603
- opening minus closing operating receivables	112	2
- opening minus closing deferred costs and accrued revenues	-3	-27
- opening minus closing deferred tax receivables	0	0
- opening minus closing assets (groups for disposal) for sale	0	0
- opening minus closing inventories	0	0
- closing minus opening operating liabilities	-583	191
- closing minus opening accrued costs and deferred revenues and provisions	-124	437
- closing minus opening tax liabilities	0	0
Positive or negative cash flows from operating activities (a + b + c)	-640	-722
CASH FLOWS FROM INVESTING ACTIVITIES		
Inflows from investing activities	723	4,575
- revenues from received interests and shares in profit in relation to investing activities	20	55
- revenues from disposal of intangible fixed assets	0	0
- revenues from disposal of tangible fixed assets	0	0
- revenues from disposal of investment property	346	479
- revenues from disposal of long-term financial investments	0	0
- revenues from disposal of short-term financial investments	357	4,041
Outflows from investing activities	-1	-2,438
- expenses for purchase of intangible fixed assets	0	0
- expenses for purchase of tangible fixed assets	-1	-1
- expenses for purchase of investment properties	0	0
- expenses for purchase of financial investments	0	-2,437
Positive or negative cash flows from investing activities (a + b)	722	2,137
CASH FLOWS FROM FINANCING ACTIVITIES		
Inflows from financing activities	0	0
- 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	0
Outflows from financing activities	0	-789
- expenses for interests related to financing	0	0
- expenses for return of capital	0	0
- expenses for repayment of financial liabilities	0	-789
- expenses for payment of dividends and other shares in profit	0	0
Positive or negative cash flows from financing activities (a + b)	0	-789
CASH AND CASH EQUIVALENTS AT END OF PERIOD	388	684
Net increase in cash and cash equivalents	81	626
Cash and cash equivalents at beginning of period	306	58

Statement of changes in equity of Sava d.d. for the period from 31/12/2015 to 30/06/2016

€000

	Called up capital I		Capital reserves II	Revenue reserves III					Revaluation reserve IV	Reserves due to valuation at fair value V	Retained net profit/loss from previous periods VI		Net profit/loss for the financial year VII		Total capital
	Share capital	Uncalled capital (as deductible item)	Capital reserves	Legal reserves	Reserve for treasury shares and own business stakes	Treasury shares and own business stakes (as deductible item)	Statutory reserves	Other revenue reserves	Revaluation reserve	Reserves due to valuation at fair value	Retained net profit	Retained net loss	Net profit for the financial year	Net loss for the financial year	
	I1	I2	II	III1	III2	III3	III4	III5	IV	V	VI1	VI2	VII1	VII2	
A.1. BALANCE AT 31/12/2015	14.061	0	0	0	4.977	-4.977	0	0	0	4.670	0	-47.248	0	-36.348	-64.866
A.2. INITIAL BALANCE AT 01/01/2016	14.061	0	0	0	4.977	-4.977	0	0	0	4.670	0	-47.248	0	-36.348	-64.866
B.1. Changes in equity - transactions with owners	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B.2. Total comprehensive income for the period	0	0	0	0	0	0	0	0	1.024	0	0	0	0	-4.281	-5.257
a) Entry of net profit/loss for the period	0	0	0	0	0	0	0	0	0	0	0	0	0	-4.281	-4.281
b) Change in fair value of available-for-sale financial assets	0	0	0	0	0	0	0	0	1.125	0	0	0	0	0	1.125
c) Deferred tax from a change in fair value of available-for-sale financial assets	0	0	0	0	0	0	0	0	-100	0	0	0	0	0	-100
d) Change in fair value of available-for-sale financial assets to be transferred to profit or loss	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
e) Deferred tax from a change in fair value of available-for-sale financial assets to be transferred to profit or loss	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B.3. Changes within equity	0	0	0	0	0	0	0	0	0	0	0	-36.348	0	36.348	0
a) Allocation of the remaining net profit part for the comparative period to other capital components	0	0	0	0	0	0	0	0	0	0	0	-36.348	0	36.348	0
C. END BALANCE AT 30/06/2016	14.061	0	0	0	4.977	-4.977	0	0	1.024	4.670	0	-83.596	0	-4.281	-70.122

Statement of changes in equity of Sava d.d. for the period from 31/12/2014 to 30/06/2015

€000

	Called up capital I		Capital reserves II	Revenue reserves III					Revaluation reserve IV	Reserves due to valuation at fair value V	Retained net profit/loss from previous periods VI		Net profit/loss for the financial year VII		Total capital
	Share capital	Uncalled capital (as deductible item)	Capital reserves	Legal reserves	Reserve for treasury shares and own business stakes	Treasury shares and own business stakes (as deductible item)	Statutory reserves	Other revenue reserves	Revaluation reserve	Reserves due to valuation at fair value	Retained net profit	Retained net loss	Net profit for the financial year	Net loss for the financial year	
	I1	I2	II	III1	III2	III3	III4	III5	IV	V	VI1	VI2	VII1	VII2	
A.1. BALANCE AT 31/12/2014	14.061	0	0	0	4.977	-4.977	0	0	0	9.864	0	0	0	-19.418	-23.418
A.2. INITIAL BALANCE AT 01/01/2015	14.061	0	0	0	4.977	-4.977	0	0	0	9.864	0	0	0	-19.418	-23.418
B.1. Changes in equity - transactions with owners	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B.2. Total comprehensive income for the period	0	0	0	0	0	0	0	0	0	-1.073	0	0	0	-19.418	-20.510
a) Entry of net profit/loss for the period	0	0	0	0	0	0	0	0	0	0	0	0	0	-19.418	-19.418
b) Change in revaluation reserve of intangible assets	0	0	0	0	0	0	0	0	0	-1.046	0	0	0	0	-1.046
c) Change in fair value of available-for-sale financial assets	0	0	0	0	0	0	0	0	0	90	0	0	0	0	90
d) Change in fair value of available-for-sale financial assets to be transferred to profit or loss	0	0	0	0	0	0	0	0	0	-140	0	0	0	0	-140
e) Deferred tax from a change in fair value of available-for-sale financial assets	0	0	0	0	0	0	0	0	0	24	0	0	0	0	24
f) Change in fair value of available-for-sale financial assets to be transferred to profit or loss	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
g) Deferred tax from a change in fair value of available-for-sale financial assets to be transferred to profit or loss	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B.3. Changes within equity	0	0	0	0	0	0	0	0	0	0	0	-47.314	0	47.314	0
a) Allocation of the remaining net profit part for the comparative period to other capital components	0	0	0	0	0	0	0	0	0	0	0	-47.314	0	47.314	0
C. END BALANCE AT 30/06/2015	14.061	0	0	0	4.977	-4.977	0	0	0	8.791	0	-47.314	0	-19.418	-44.01

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

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 30 June 2016. The ownership structure of Sava d.d. is explained in the chapter about the Sava share and ownership structure, which forms a part of the business semi-annual report. Financial statements have been drawn under the going-concern assumption.

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

Statement

Financial statements have been prepared in accordance with Slovene Accounting Standards, which had been issued by the Slovene Institute of Auditors and in force as of 1 January 2016. The financial statements for the reporting period have not been audited.

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 2015, 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. Significant accounting policies

Tangible fixed assets

a) Classification of tangible fixed assets

A tangible fixed asset is an asset owned by an enterprise or being under financial lease or controlled by it in any other manner and used for manufacturing of products, providing of services, leasing out or for office purposes and expected to be used for the mentioned purposes in more than one accounting period. Tangible fixed assets of Sava d.d. entirely refer to equipment.

b) Recognition and derecognition of tangible fixed assets

A tangible fixed asset is recognised if it is probable, it will bring future economic benefits connected with it and its cost value can be reliably measured. Recognition is derecognised upon alienation or when no future economic benefits are to be expected from using the asset.

c) Initial recognition and depreciation of tangible fixed assets

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, installation, and estimated cost of its dismantling, removal and restoration. Cost value is increased through costs of loans for acquiring a tangible fixed asset until it is placed in service for use.

After recognition, tangible fixed assets are measured at cost model. They are shown at book value, which represents its cost value less allowance for depreciation and accumulated loss due to impairment.

Costs arising at initial recognition of an asset increase its cost value if its future benefits are increased in comparison with the originally estimated ones.

Repairs of or maintaining 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 operating expenses.

Depreciation of a tangible fixed asset begins on the first day of the month following the month it became available for use. Depreciation is accounted for on a straight-line basis considering the usefulness period of assets and is recognised as expense in the accounting period. Depreciation rates amount between 5.0% and 33.3% and did not change when compared to the past year.

Tangible fixed assets have no estimated remaining value.

d) Revaluation of tangible fixed assets

Revaluation is a change of book value due to impairment. A tangible fixed asset is revalued due to impairment if its book value surpasses its recoverable value, which the company examines at least once a year. Loss due to impairment of a tangible fixed asset measured at cost value model is recognised in profit or loss.

Investment property

a) Classification of investment property

Investment property is a property which is held either to earn rental income and/or for increasing the value of long-term investment. Investment property is land held for increasing the value in the near future or for which the enterprise did not determine its future use and buildings held to earn rental income.

b) Recognition and derecognition of investment property

Investment property is recognised if it is probable it will bring future economic benefits connected with it and its cost value can be reliably measured. Recognition is derecognised upon alienation or when it is permanently withdrawn from use and no future economic benefits can be expected from its alienation.

c) Initial accounting measurement and depreciation of investment property

At initial recognition, investment property is valued at cost. Cost includes its purchase price and expenses that can be attributed directly to purchase. Such expenses include earnings for legal services, taxes on transfer of real property, rental cost and other transaction cost. Rental cost is imputed in cost value until its putting in use if this takes more than a year.

At recognition, investment property is measured at cost model and is shown at book value, which represents cost value less allowance for depreciation and accumulated loss due to impairment.

Costs arising at initial recognition of an asset increase its cost value if its future benefits are increased in comparison with the originally estimated ones.

Repairs of or maintaining 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 operating expenses

Depreciation of investment property begins on the first day of the month following the month it became available for use. Land is not depreciated. Depreciation of buildings is accounted for on a straight-line basis considering the usefulness period of assets and is recognised as expense in the accounting period. Depreciation rates amount between 2.0% and 5.0% and did not change if compared to the past year. Investment property has no estimated remaining value.

d) Revaluation of investment property

Revaluation is a change of book value due to impairment. Investment property is revalued due to impairment if its book value surpasses its recoverable value, which the company examines at least once a year. Loss due to impairment of investment property measured at cost value model is recognised in profit or loss.

Fair value of investment property is ascertained for disclosure purposes.

Financial investments

a) Classification of financial investments

Financial investments are financial assets held by investing enterprise in order to enhance its yields arising from financial investments. Financial investments in capital of other enterprises are investments in capital instruments. Financial investments in loans are investments in debts of other enterprises or other issuers. Financial investments are also investments in derivative financial instruments.

Sava d.d. holds financial investments in capital and financial investments in loans, which relate either to Group's subsidiaries or to other entities being classified as financial assets available for sale and divided in investments in shares of listed enterprises, investments in shares and stakes of unlisted enterprises and an investment in a sub-fund.

b) Recognition and derecognition of financial investments

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

A financial investment is recognised if it is probable it will bring economic benefits and its cost value can be reliably measured.

When accounting for an ordinary purchase or sale of financial assets available for sale this is recognised or derecognised considering the trading date.

Recognition of financial investment is derecognised if the associated contractual rights are no longer managed.

c) Initial accounting measurement of financial investments

At initial recognition, a financial investment is measured at fair value. Transaction expenses arising directly from the purchase should be added to the initial value.

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

d) Revaluation of financial investments

Revaluation of financial investments is a change in their book value, which does not include contractual capitalisation of interests and other changes in the investment's principal. It chiefly appears as revaluation to their fair value, revaluation due to their impairment or revaluation due to reversal of its impairment.

After initial recognition, financial assets should be measured at fair value without deducting transaction expenses that might arise upon sale. Financial investments in loans are measured at amortised cost under the effective interest method. Financial investments in capital instruments whose price is published in an active market are measured with using such price on the balance sheet date. Financial investments in capital instruments whose price is not published in an active market and whose fair value cannot be reliably ascertained are measured at cost value, while their fair value is ascertained by examining indications for potential impairments. Financial investments in subsidised enterprises are measured and accounted for at cost value.

Financial assets available for sale and not listed in an active market of securities and financial investments in capital of subsidised enterprises were last revalued at 31 December 2015, whereas the last revaluation of listed financial investments available for sale took place on 30 June 2016.

Financial investment is impaired, which causes a loss, only if impartial evidence of impairment due to an event after the initial recognition exists. Impairment of financial investment is examined individually for each investment or groups of investment.

Any proven profit or loss in a financial asset available for sale is recognised directly in capital as an increase or decrease in reserves due to fair value valuation. A loss arising from revaluation due to impairment that could not be settled through reserves is recognised as loss in the income statement and cannot be reversed.

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

Interests computed under the effective interest method are recognised in the income statement. Dividends for capital instrument are recognised in the income statement when the enterprise acquires the right for payment.

Receivables

a) Classification of receivables

Receivables are property and other relation-based rights for demanding repayment of a debt from a certain person or, in the event of given advances, a property or provision of a service. Receivables associated with financial revenues originating from financial investments are considered operating receivables, too. In the balance sheet, given advances are stated within the economic category, to which they refer.

Receivables are broken down to those referring to enterprises in a group, to associated enterprises and to other entities.

b) Recognition and derecognition of receivables

A receivable is recognised as asset if it is probable it will bring economic benefits connected with it and its original value can be reliably measured and when the associated contractual rights begin to be managed. Receivable is derecognised if contractual rights to the benefits are utilised, expired or assigned.

c) Initial accounting measurement of receivables

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

Interests on receivables are financial revenues.

d) *Revaluation of receivables*

Revaluation of receivables is a change in their book value. It appears mainly as revaluation of receivables due to their impairment or reversal of impairment, i.e. decrease or, maybe later, increase to a realisable value.

Receivables are measured at amortised value. If impartial evidence exists that a loss was made, such a loss debits operating expenses associated with receivables. Revaluation of receivables from interests and dividends are to the debit of financial expenses from revaluation.

Receivables, which at initial recognition are assumed not be settled or settled in the total amount are disclosed as 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 compulsory settlement 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 an enterprise is its liability towards its owners, which falls due if the enterprise discontinues its operation. The amount of capital is corrected considering the price of net assets at the then achievable value. Capital is determined with amounts invested by owners, and amounts that appeared during operation and belong to owners. It is reduced by loss from operations, repurchased own shares and withdrawals.

Total capital comprises called-up capital, capital reserves, revenue reserves, revaluation reserves, reserves due to revaluation at fair value, retained net profit or net loss, and temporarily undistributed net profit or not yet settled net loss of the financial period.

Provisions

a) Classification of provisions

Provisions are formed for the present liabilities that arise from binding past events and are likely to be settled in the period, which is not defined with certainty and whose amounts for their settlement can be reliably estimated. They are dealt with as debts in a broader sense.

The purpose of provisions is to collect the amounts in the form of accrued costs that in the future will enable settling of the then incurred costs. Such provisions include provisions for reorganisation, for the expected loss arising from onerous contracts, long service bonuses and retirement amounts.

Contingent liabilities are not considered provisions.

b) Recognition and derecognition of provisions

Provisions are recognised if due to a past event, a legal or indirect present liability exists and it is more probable than not that an outflow of assets, which assure economic benefits, will be required to settle the liability and the amount can be reliably measured.

Provisions are derecognised when the possibilities due to which provisions were formed have already been used or there is no need for them.

Provisions may be used only for items of the type, for which they were originally formed and in eligible cases for items of the same type.

In accordance with the legal regulations, collective agreement and internal book of rules, Sava d.d. is obliged to pay employee long service bonuses and retirement amounts, for which it forms long-term provisions to the amount of the estimated future payments of retirement amounts and long service bonuses 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 the implementation of compulsory settlement proceedings.

c) Initial accounting measurement of provisions

A provision equals the value of expenses expected to be required for settling a liability. If the effect of time value of money is of significance, the expected expenses should be suitably discounted to the present value.

The book value of provisions equals its original value reduced by the used amounts until the need for their increase or decrease appears.

d) Revaluation and measurement of changes in provisions

Provisions are not revalued. At the end of the period, they are adjusted due to changes in provision estimates so that their value equals the value of expenses, which are expected to be required for settling a liability. Actuarial gains and losses are not recognised in the income statement but directly in capital within reserves originating from valuation at fair value.

Debts

a) Classification of debts

Debts are recognised liabilities in connection with financing one's own assets that need be returned or settled, monetary in particular. Deferred tax liabilities are considered a special type of debts.

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

Debts are broken down to debts to enterprises in a group and debts to other entities. Debts are also broken down to debts financed by banks and other legal entities and private individuals.

b) Recognition and derecognition of debts

A debt is recognised as liability if it is probable that due to its settlement, factors will decrease that enable economic benefits and the amount for its settlement can be reliably measured. A debt is recognised considering the date defined in the contract or any other legal instrument.

Debts are derecognised if the liability is met, annulled or obsolete.

c) Initial accounting measurement of debts

Debts are initially recognised with the amounts arising from the corresponding documents about their appearance. Debts are further increased by imputed interests or decreased by repaid amounts and any other settlements, agreed upon with a creditor.

As a rule, debts are measured at amortised cost under the effective interest method; if the difference between the effective and actual interest rate is not significant, they can be measured at original value decreased by repayments.

When measuring debts, Sava d.d. follows the policy, which defines that the agreed interest rate does not considerably differ from the effective interest rate if the difference is not more than one percentage point

d) Revaluation of debts

Revaluation arises in the event of a debt stated in foreign currency. When converting to domestic currency, foreign exchange differences appear that are recorded as financial revenues or financial expenses.

Accruals and deferrals

a) Classification of accrual and deferrals

Accruals and deferrals can be deferred costs and accrued revenues or accrued costs and deferred revenues, long-term or short-term. Deferred costs and accrued revenues include deferred costs and accrued revenues. Accrued costs and deferred revenues include accrued costs and deferred revenues. Contingent liabilities are not considered accruals and deferrals.

b) Recognition and derecognition of accruals and referrals

Accruals and deferrals are recognised if they it is probable they will increase/decrease economic benefits and their value can be reliably measured.

They are derecognised when the possibilities are already used or no need exists for accruals and deferrals.

Accruals and deferrals may only be used for the originally recognised items.

c) Initial accounting measurement of accruals and deferrals

At the balance sheet date, the reality of deferred costs and accrued revenues items should be well grounded, while items of accrued costs and deferred revenues may not hide any reserves. Based on putting accruals and deferrals into a real framework, the costs and revenues incurred until then, in connection with which they originally appeared, are adjusted.

d) Revaluation of accruals and deferrals

Accruals and deferrals are not revalued. When drawing up financial statements, the reality and eligibility of their formation are examined.

Revenues

a) Classification of revenues

Revenues refer to the enhancement of economic benefits in the accounting period in the form of an increase in assets or a decrease in a liability. Through profit or loss, they influence the amount of capital.

Revenues are classified as operating revenues, financial revenues and other revenues. Operating revenues and financial revenues are classified in revenues referring to subsidised enterprises in the group, associated enterprises and other entities. Operating revenues and financial revenues are considered regular revenues.

Operating revenues include sales revenues and other operating revenues. Revenues from services rendered are recognised in the income statement with regard to the level of the completeness of a transaction.

Revenues from rents from investment property are recognised in expenses on a straight-line basis during the rent period. Operating revenues from revaluation arise upon a disposal of intangible fixed assets, tangible fixed assets and investment property as a positive difference between their selling and book value.

Financial revenues include revenues from investment. They include the accounted for interests, shares in profit of other entities and revenues from disposal of financial assets available for sale.

Other revenues include extraordinary items and other revenues and appear in actually incurred amounts.

b) Recognition of revenues

Revenues are recognised if their amount can be reliably estimated and when it is probable they will result in economic benefits if expenses in connection with a transaction can be reliably measured and when it is legitimate to expect they will result in earnings if these were not already implemented at their appearance.

c) Initial accounting measurement of revenues

Revenues from services rendered, with the exception of services leading to financial revenues, are measured at selling prices with regard to the level of their completeness. Revenues that do not appear evenly are not recognised in advance. *Interest revenues* are recognised in proportion to the period elapsed and with regard to the unpaid amount of the principle and applicable interest rate. *Dividend revenues* are recognised in the period, in which the Shareholders' Meeting passes a resolution on payment of dividends.

Expenses

a) Classification of expenses

Expenses refer to the decrease of economic benefits in the accounting period in the form of a decrease in assets or an increase in debts. Through profit or loss, they influence the amount of capital

Expenses are classified as operating expenses, financial expenses and other expenses. Operating expenses and financial expenses are considered regular expenses.

Operating expenses include cost of goods, material and services, labour cost, depreciation and amortisation expenses and other operating expenses. Operating expenses from revaluation arise at revaluation of tangible fixed assets, intangible fixed assets and current assets, and investment property to a lower value and at disposal of intangible fixed assets, tangible fixed assets and investment property as a negative difference between the selling and book amount.

Financial expenses include expenses from financing and expenses from investments. The former chiefly include interests, while the latter mainly refer to financial expenses from revaluation.

Other expenses include extraordinary events and other expenses and appear in actually arisen amounts.

b) Recognition of expenses

Expenses are recognised if a decrease in economic benefits in the accounting period is connected with a decrease in assets or an increase in debts and this decrease could be reliably measured. At their appearance expenses are recognised simultaneously with a decrease in assets or an increase in debts.

c) Initial accounting measurement of expenses

Interest expenses are recognised in the amount, which is accounted for in the same accounting period, unless they are included in tangible fixed assets. Operating expenses from revaluation are recognised when a suitable revaluation is carried out.

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 reporting 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 reversing temporary differences based on laws enacted or substantively enacted at the reporting 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 as deferred receivable. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax relief will be realised.

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

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 by dividing profit with the weighted number of ordinary shares in the business year.

The diluted net earnings / loss per share equal the basic net earnings/loss 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 until the reporting date.

Drawing up a balance sheet

The balance sheet has been prepared in accordance with the requirements defined by the Companies Act and SAS 20 using a basic breakdown of items in the balance sheet for external business reporting purposes.

Drawing up an income statement

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

Drawing up a cash flow statement

The cash flow statement has been prepared in accordance with SAS 22 using a breakdown of items for external business reporting purposes – Variant II. It has been prepared by considering the data from the income statement for the period January-June 2016 (for the past period January-June 2015), the balance sheet data at 30 June 2016 and 31 December 2015 (for the past period 30 June 2015 and 31 December 2014), and other required data. Cash flow statement excludes more significant values not associated with revenues and expenses.

2.3. Financial risk management

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

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

Risk of a change in the fair value is the risk that the company will suffer a loss of economic benefits due to a change in the value of financial asset. 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 envisaged strategy. Risk of changes in asset fair value is reduced through diversifying the investment portfolio and active supervision over the operations of the companies, in which Sava d.d. holds a significant equity share.

In these uncertain economic circumstances, the risk of changes in asset fair value 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. At the end of November 2014, the moratorium period for Sava d.d. on payment of the principals expired; within the moratorium period the interests on financial liabilities were charged at a fixed interest rate. After the moratorium expiration and preventive restructuring proceedings, the company passed over to the compulsory settlement proceedings.

Due to the pending activities and uncertain economic circumstances, the risk of changes in the interest rate remains 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 financial damage. Credit risk is directly connected with business risk and presents danger that trade receivables and receivables due from other business partners will be settled with delay or not at all. Sava d.d. generates a principal part of its revenues in doing business with its subsidiaries where the risk for non-payment is low. Special attention is devoted to solvency of business 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 risks for Sava d.d. as high.

Solvency risk

This involves a risk that a company will not be able to fulfil its financial liabilities in due time. The agreement for restructuring of financial liabilities of Sava d.d. and thus the moratorium on repayment of the principals expired at the end of November 2014; after ending preventive restructuring proceedings and initiating compulsory settlement proceedings, the solvency risk remains high for Sava d.d..

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

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.

Going-concern risk

In accordance with Article 136 of the ZFPPIPP Act, the purpose of the compulsory settlement proceedings is to implement debtor's restructuring in a manner that enables its further business. The course of the proceedings and the activities under compulsory settlement proceedings are explained in business part of the semi-annual report.

2.4. Breakdown and notes to the financial statements

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

In the first half-year 2016, depreciation of intangible fixed assets was charged to the amount of €1 thousand.

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

		Property rights				€000
	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
COST VALUE						
Balance at 01/01/2016	0	27	0	0	0	27
Increase, purchase	0	0	0	0	0	0
Decrease	0	0	0	0	0	0
Balance at 30/06/2016	0	27	0	0	0	27
VALUE ADJUSTMENT						
Balance at 01/01/2016	0	-8	0	0	0	-8
Decrease	0	0	0	0	0	0
Depreciation	0	-1	0	0	0	-1
Balance at 30/06/2016	0	-9	0	0	0	-9
CARRYING AMOUNT						
Balance at 01/01/2016	0	19	0	0	0	19
Balance at 30/06/2016	0	18	0	0	0	18

2.4.2. Tangible fixed assets

The value of tangible fixed assets which as at 30 June 2016 amounted to €107 thousand (31 December 2015: €126 thousand), was lower than in 2015, the reason being depreciation accounted for to the amount of €21 thousand and higher by the purchased assets totalling €1 thousand. Tangible fixed assets are not pledged.

Movement of tangible fixed assets

					Tangible fixed assets	Advances for	€000

COST VALUE	Land	Buildings	Plant and machinery	Other equipment	under construction and manufacture	tangible fixed assets	TOTAL
Balance at 01/01/2016	0	0	148	105	0	0	253
Purchase, increase	0	0	1	0	0	0	1
Decrease	0	0	0	0	0	0	0
Balance at 30/06/2016	0	0	149	105	0	0	254
VALUE ADJUSTMENT							
Balance at 01/01/2016	0	0	-65	-62	0	0	-127
Decrease	0	0	0	0	0	0	0
Depreciation	0	0	-10	-11	0	0	-21
Balance at 30/06/2016	0	0	-75	-73	0	0	-148
CARRYING AMOUNT							
Balance at 01/01/2016	0	0	83	43	0	0	126
Balance at 30/06/2016	0	0	75	32	0	0	107

2.4.3. Investment property

The value of investment property totalling €2,179 thousand (31 December 2015: €2,209 thousand) decreased by €31 thousand if compared to the previous year, the reason being the accounted for depreciation. Investment property at book value of €1,705 thousand is leased out. Its major part refers to the warehouse building in BTC (Šmartinska 152, Ljubljana) measuring 3,974 m² and the associated land.

On 13 June 2016, the Management Board of Sava d.d. signed the *Agreement on Sale and Purchase of BTC Ljubljana Real Property*, which the District Court in Ljubljana had approved on 5 April 2016. The real property has been pledged for the loans obtained by Sava d.d.; after the accounting period date, the purchase price to the amount of €2,150,000.00 was transferred to the fiduciary account and from there to the creditors. The agreement contained suspensive conditions, which were met after the accounting period date. This is why the real property is still recorded in the business books of Sava d.d. as per 30 June 2016.

On 17 June 2016, the Management Board of Sava d.d. signed the *Agreement on Sale of Real Property in Ruma, Serbia*, which the District Court in Ljubljana had approved on 1 June 2016. The selling value, which in the accounting records was impaired to the full, amounted to €346,000.00. The sale procedure was finalised on 24 June 2016 with payment of the purchase price.

With the investment property leased out, revenues of €118 thousand and expenses of €68 thousand were generated. Investment property not leased out showed expenses of €7 thousand.

Movement of investment property

€000

COST VALUE	Land-investment properties	Buildings-investment properties	Total
Balance at 01/01/2016	1,158	4,528	5,686
Purchase, increase	0	0	0
Decrease due to selling	0	-2,823	-2,823
Balance at 30/06/2016	1,158	1,705	2,863
VALUE ADJUSTMENT			
Balance at 01/01/2016	-5	-3,472	-3,476

Decrease due to selling	0	2,823	2,823
Depreciation	0	-31	-31
Balance at 30/06/2016	-5	-679	-684
CARRYING AMOUNT			
Balance at 01/01/2016	1,153	1,056	2,209
Balance at 30/06/2016	1,153	1,026	2,179

2.4.4. Long-term financial investments and Assets for sale

Long-term financial investments and assets for sale totalling €164,053 thousand (31 December 2015: €162,941 thousand) represented 90% of the balance sheet total. Compared to the previous year, their value increased by €1,112 thousand, which was chiefly due to the enhanced unit value of the Alpen.si sub-fund.

a) Shares and stakes in Sava Group companies

Shares and stakes in Sava Group companies totalled €87,097 thousand (31 December 2015: €87,097 thousand) and remained at the same level as at the end of the previous year.

The entire ownership stake of Sava Turizem d.d. is pledged for the loans obtained by Sava d.d.; its book value amounts to €84,679 thousand. In connection with pledging the SHBR shares, court proceedings were initiated. In July 2016, settlement was concluded, based on which the original situation from before the initiation of court proceedings was restored. Court proceedings in the matters ref. No. Zg 41/2015, Zg 42/2015, V Pg 2236/2015 and VII Pg 2280/2015 were thus closed.

The entire ownership stake of Sava Nepremičnine d.o.o. was pledged for the loans obtained by TMC, d.o.o., whose book value amounted to €2,165 thousand.

The disclosures in connection with the composition of the Sava Group, share in capital, amount of capital and operating result of subsidiaries are presented in the financial section of the semi-annual report.

b) Other shares and stakes

The value of other shares and stakes totalled €32,992 thousand (31 December 2015: €31,880 thousand) and compared to the previous year it was higher by €1,112 thousand. Other shares and stakes state listed securities available for sale to the amount of €60 thousand (31 December 2015: €73 thousand), unlisted securities available for sale to the amount of €2,933 thousand (31 December 2015: €2,933 thousand) and an investment in a mutual sub-fund totalling €29,999 thousand (31 December 2015: €28,874 thousand).

At 30 June 2016, securities available for sale were valued at fair value. The net positive effect of revaluation amounted to €1,112 thousand (2015: net negative effect of €5,931 thousand), the amount €13 thousand (2015: €359 thousand) of which referred to impairments through profit or loss, while the net increase in

the value of financial investments totalling €1,125 thousand (2015: net decrease by €5,572 thousand) was stated through equity revaluation adjustments.

In the first half-year 2016, no disposals of securities available for sale took place.

The value of investment in **Alpen.SI** (renaming of NFD 1, mutual fund) amounted to €29,999 thousand (31 December 2015: €28,874 thousand). Fair value was ascertained by using the stock exchange price on the last day of the accounting period.

Despite holding a 43.49% 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. holds no ownership stake. The Supervisory Board of the company solely supervises the sub-fund's operation. Furthermore, it restructured from the closed investment fund to the 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, 43.49% share in Alpen.SI is pledged for the loans obtained by Sava d.d. The book value of the pledged investment amounts to €29,999 thousand.

The amount of **other shares and stakes** totalled €2,993 thousand (31 December 2015: €3,006 thousand), and included 1,468,221 shares of Hoteli Bernardin, 13,500 shares of Kompas Bled, 4,987 shares of Pokojninska Družba A, all pledged for the loans obtained by Sava d.d. The book value of the pledged shares amounts to €2,639 thousand.

Movement of securities available for sale

	€ 000	
	30/06/2016	31/12/2015
Securities of listed companies	60	73
Securities and stakes of unlisted companies	2,933	2,933
Mutual funds	29,999	28,874
Total	32,992	31,880

Movement of long-term financial investments

										€000
	Long-term financial investments, excluding loans					Long-term loans				TOTAL LONG TERM FINANCIAL INVESTMENTS
	Stocks and shares in the Group	Stocks and shares in associates	Other stocks and shares	Other long-term financial investments	Total long-term financial investments, excluding loans	Long-term loans to Group companies	Other long-term loans	Long-term unpaid called-up capital	Total long-term loans	
GROSS VALUE										
Balance at 01/01/2016	105,055	0	54,578	0	159,632	0	0	0	0	159,632
Purchase, increase	0	0	0	0	0	0	0	0	0	0
Decrease	0	0	0	0	0	0	0	0	0	0
Revaluation	0	0	1,125	0	1,125	0	0	0	0	1,125
Balance at 30/06/2016	105,055	0	55,703	0	160,757	0	0	0	0	160,757
VALUE ADJUSTMENT										
Balance at 01/01/2016	-17,958	0	-22,698	0	-40,656	0	0	0	0	-40,656
Purchase, increase	0	0	0	0	0	0	0	0	0	0

Decrease	0	0	0	0	0	0	0	0	0
Revaluation	0	0	-13	0	-13	0	0	0	-13
Balance at 30/06/2016	-17,958	0	-22,711	0	-40,669	0	0	0	-40,669
NET VALUE									
Balance at 01/01/2016	87,097	0	31,880	0	118,977	0	0	0	118,977
Balance at 30/06/2016	87,097	0	32,992	0	120,089	0	0	0	120,089

c) Assets for sale – financial investment in the shares of Gorenjska banka, d.d.

The value of financial investment in the shares of **Gorenjska banka, d.d.** totalled €43,964 thousand or €301 for a share; at 31 December 2015, it was transferred to short-term assets for sale.

Sava d.d. pledged 139,480 shares of Gorenjska banka d.d. for the issued bonds and obtained loan of a subsidiary. The book value of pledged shares amounts to €41,983 thousand.

2.4.5. Deferred tax receivables

At the end of 2014, deferred tax receivables were entirely reversed. In 2015 and the first half-year 2016, no new deferred tax receivables were formed. Deferred tax receivables not accounted for and originating from impairments of long-term financial investments amounted to €7,009 thousand.

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 €60,397 thousand at 30 June 2016 (2015: €59,301 thousand).

The amount of the not accounted for deferred tax receivables totalled €67,406 thousand.

2.4.6. Short-term financial investments

The value of **short-term financial investments** totalling €12,141 thousand (31 December 2015: €12,499 thousand) was by €358 thousand lower than in the previous year. The amount entirely referred to short-term loans as follows:

- Short-term loans to *Group companies* of €5,074 thousand are secured with bills of exchange, the interest rate being €3%.
- Short-term *deposits in banks (escrow account)* totalling €359 thousand, which are entirely pledged as collateral to banks creditors.
- Granted loans to other entities – *NFD Holding d.d.-under receivership*: in total gross amount of €17,806 thousand, the balance of the formed value adjustment at 30 June 2016 totalled €11,098 thousand, the stated net value of receivable amounted to €6,708 thousand. Receivables due from NFD Holding d.d.-under receivership are entirely pledged as collateral to banks creditors.

The loans granted to NFD Holding d.d. (net €6,708 thousand) and interests (€2,737 thousand) stated under operating receivables are collateralized 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, 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 entered as the first-entered lien-holder and partly as the second-entered lien-holder. The estimated value of securities received in pledge amounts to €10,015 thousand.

2.4.7. Short-term operating receivables

Short-term operating receivables of €3,774 thousand (31 December 2015: €3,845 thousand) reduced by €71 thousand if compared to the end of the previous year. They referred to:

- Receivables from the sale of services and real property due from Sava Group companies totalling €821 thousand.
- Receivables arising from interests on granted loans to other entities totalling €2,747 thousand.
- Receivables arising from interest on granted loans due from Sava Group companies totalling €137 thousand.
- The remaining amount of €69 thousand referred to various other receivables.

Overview of short-term operating receivables by maturity

	€000		
	30/06/2016		
	TOTAL	Due	Not due
IV) Short-term operating receivables	3,774	2,798	976
1. Short-term receivables due from Group companies	962	0	962
2. Short-term trade receivables	28	26	2
3. Short-term operating liabilities to other entities	2,785	2,772	12

The balance and movement of revaluation of receivables as well as their maturity structure are shown in chapter 2.5.3. Financial instruments – financial risks.

2.4.8. Cash and cash equivalents

Cash amounting to €388 thousand (31 December 2015: €306 thousand) referred to the assets on business accounts.

2.4.9. Capital

The value of capital of Sava d.d. at 30 June 2016 was negative to the amount of €70,122 thousand (31 December 2015: a negative of €64,866 thousand) and was by €5,256 thousand lower than at the end of the previous year. The following changes in capital took place in the first half-year 2016:

- A loss in the accounting period amounted to €6,281 thousand.
- Reserves due to fair value valuation of long-term financial investments rose by €1,024 thousand (enhanced unit value of the Alpen.SI sub-fund).

At 30 June 2016, the company's share capital amounted to €14,061 thousand.

Reserves for own shares within revenue reserves

At 30 June 2016, 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 took place in the first half-year 2106 with regard to the end of 2015.

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

Reserves due to fair value valuation of long-term financial investments

At 30 June 2016, reserves due to fair value valuation of long-term financial investments amounted to €5,694 thousand (31 December 2015: €4,670 thousand) and entirely referred to a positive revaluation reserve in both periods.

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

Payment of dividends

	€000	
	30/06/2016	31/12/2015
Dividend per ordinary share in the year (€)	0.00	0.00
Total amount of dividends to the debit of retained profit (€ in thousands)	0	0

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

Weighted average number of shares

	€000	
	30/06/2016	31/12/2015
No. of total shares at 01/01	2,006,987	2,006,987
Treasury shares	-30,541	-30,541
Weighted average number of shares at 30/06	1,995,423	1,995,423

Net loss attributable to shares

€000

	30/06/2016	31/12/2015
Net loss for the financial year (€ in thousands)	-6,281	-36,348
Weighted average number of shares	1,995,423	1,995,423
Basic net loss per share (in €)	-3.15	-18.22

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

Provisions totalling €65 thousand (31 December 2015: €65 thousand) referred to provisions for retirement amounts and long service bonuses.

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

€000

	Provisions for retirement amounts and similar liabilities	Other provisions	Long-term accrued costs and deferred revenues	Total
Balance 01/01/2016	65	0	0	65
Newly formed provisions	0	0	0	0
Reversal of provisions	0	0	0	0
Use of provisions	0	0	0	0
Balance 30/06/2016	65	0	0	65

2.4.12. Procedures according to the ZFPPIPP Act – preventive restructuring, compulsory settlement proceedings

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

On 26 November 2014, Sava d.d. brought the proposal for initiating the preventive restructuring proceedings in accordance with Article 44 b of the ZFPPIPP Act before the District Court in Ljubljana. On 2 December 2014, the court issued the order on initiating the preventive restructuring proceedings. On 1 June 2015, the court issued the order on the existence of grounds for discontinuing the preventive restructuring proceedings against the debtor Sava d.d.

Based on the creditors' application, the court issued the order on initiating the compulsory settlement proceedings against the debtor Sava d.d. on 10 June 2015; on 10 June 2015, the court issued the proclamation on initiating the compulsory settlement proceedings against the debtor Sava d.d.

On 16 September 2015, the court in Ljubljana issued the new order on initiating the compulsory settlement proceedings against the debtor Sava d.d.; on 16 September 2016, the court issued the new proclamation on initiating the compulsory settlement proceedings against the debtor Sava d.d.

In the financial accounts of Sava d.d., default interest were imputed for financial liabilities for the period from 2 December 2014 to 31 December 2015. The interest rate amount will be agreed with the approval of the financial restructuring plan under compulsory settlement proceedings.

2.4.13. Long-term liabilities

The value of long-term liabilities amounted to €583 thousand (31 December 2015: €482 thousand) at 30 June 2016 and entirely referred to deferred tax liabilities. These were formed in connection with valuation of financial investments at fair value and accounted for at a 17% rate.

Movement of deferred tax liabilities

	€000	
	30/06/2016	31/12/2015
Balance at 01/01	482	1,000
Increase in liabilities due to revaluation of securities to fair value - in other comprehensive income	100	0
Decrease in liabilities due to revaluation of securities to fair value - in other comprehensive income	0	-494
Decrease in liabilities due to sale of securities - in other comprehensive income	0	-24
Final balance	583	482

2.4.14. Short-term liabilities

Short-term liabilities totalling €251,197 thousand (31 December 2015: €245,229 thousand) were €5,968 thousand net higher if compared to the end of the past year. The difference is chiefly due to the accrued default interests on financial liabilities.

The value of the assets of Sava d.d. put as collateral for the obtained loans is explained under item 2.5.2.

Short-term financial liabilities

Short-term financial liabilities amounted to €221,230 thousand (31 December 2015: €221,230 thousand) and did not changed if compared to the end of the previous year.

Short-term financial liabilities to Group companies totalled €4,388 thousand (31 December 2015: €3,132 thousand) and compared to the end of the previous year they were higher by €1,256 thousand. The increase was due to instituting proceedings for recourse by Sava Turizem d.d. against Sava d.d. arising from the Agreement on repayment of mortgage debt.

Short-term financial liabilities to banks totalled €8,252 thousand (31 December 2015: €184,875 thousand) and compared to the end of the previous year they were lower by €176,623 thousand. The difference is

connected with transferring banks' claims to DUTB and York, which as of transfer are recorded under other short-term financial liabilities.

Short-term liabilities arising from bonds are stated to the amount of €26,500 thousand (31 December 2015: €26,500 thousand). Total nominal value of bonds issue amounts to €26,500 thousand. Bonds are collateralized with 34,287 shares of Gorenjska banka, d.d. The book value of the pledged shares amounts to €10,320 thousand.

On 24 November 2014, the SA03 bonds were withdrawn from the stock exchange market - Bond segment. The last trading day with the SA03 bonds was on 21 November 2014.

Other short-term financial liabilities totalled €182,090 thousand (31 December 2015: €6,724 thousand) consist of:

- claims by creditors to the amount of €107,649 thousand that were transferred to DUTB, d.d.;
- claims by creditors to the amount of €68,974 thousand that were transferred to York Global Finance Offshore BDH;
- open part of the loan to the amount of €4,743 thousand (31 December 2015: €6,000 thousand) approved by Pokojninske družbe A, d.d., collateralized with entering a mortgage on the real property Grand Hotel Toplice with the Panorama restaurant and the Savica hotel building;
- liabilities from interest rate hedging totalling €724 thousand (31 December 2015: €724 thousand).

Overview of loans obtained out of the Group, at fixed or variable interest rate

	€ 000		
	Fixed interest rate	Variable Interest rate	Total
Long-term loans	0	0	0
Short-term loans	189,618	0	189,618
Total	189,618	0	189,618

Short-term operating liabilities

Short-term operating liabilities stated to the amount of €29,966 thousand (31 December 2015: €23,998 thousand) were by €5,968 thousand higher than at the end of the previous year. A significant part of operating liabilities referred to the accrued liabilities arising from interests on obtained loans. Liabilities from the concluded out-of-court settlement are secured with entering a land debt on the Perovo real property, which is owned by Sava Nepremičnine, d.o.o.

Overview of short-term operating liabilities

	€000	
	30/06/2016	31/12/2015
Short-term operating liabilities to Group companies	439	129
- Interest liabilities for obtained loans - accrued 2% interests from MRA	0	0

- Interest liabilities for obtained loans - default interests from 28 Nov. 2014 to 9 Jun. 2015	83	0
- Interest liabilities for obtained loans - default interests from 10 Jun. 2015 to 31 Dec. 2015	348	100
- Operating liabilities	8	29
Short-term trade payables	60	230
Short-term operating liabilities arising from advances	32	351
Other short-term operating liabilities	29,435	23,289
a) Operating liabilities to the associated company	0	63
b) Interest liabilities for obtained loans	27,515	21,357
- Interest liabilities for obtained loans- accrued 2% interests from MRA	6,628	6,628
- Interest liabilities for issued bonds - accrued 2% interests from MRA	783	783
- Interest liabilities for obtained loans - default interests from 28 Nov. 2014 to 9 Jun. 2015	5,566	5,649
- Interest liabilities for issued bonds - default interests from 28 Nov. 2014 to 9 Jun. 2015	1,119	1,119
- Interest liabilities for obtained loans - default interests as of 10 Jun. 2015	11,161	5,981
- Interest liabilities for issued bonds - default interests as of 10 Jun. 2015	2,259	1,197
c) Liabilities for salaries and other remunerations	76	88
- Liabilities for net salaries and other net remunerations	37	42
- Liabilities to state (contribution on and from salaries)	39	46
d) Liabilities to the state (VAT)	15	11
e) Liabilities from the agreed upon out-of-court settlement	1,766	1,704
- Principal of liabilities	1,526	1,526
- Interest liabilities - accrued 2% interests from MRA	44	44
- Interest liabilities – default interests as of 28 Nov. 2014	196	134
f) Other liabilities	63	66
TOTAL SHORT-TERM OPERATING LIABILITIES	29,966	23,998

2.4.15. Short-term accruals and deferrals

Short-term accruals and deferrals totalled €944 thousand (31 December 2015: €1,039 thousand) and were by a net amount of €95 thousand lower than at the end of the previous year; this was partly due to reversal of unused provisions and partly to recognition of short-term deferred revenues.

2.4.16. Net sales revenues and other operating revenues

60 % of net sales revenues of Sava d.d. to the amount of €408 thousand (Jan-Jun 2015: €416 thousand) referred to sales within the Sava Group. Revenues were generated with leasing out real property and providing other services. Net sales revenues were entirely generated in Slovenia.

Other operating revenues of €770 thousand consist of profit from the sale of real property totalling €346 thousand, proceeds from repayment after court settlement totalling €236 thousand, revenues from reversal of liabilities after out-of-court settlement totalling €77 thousand and revenues from reversal of unused provisions totalling €109 thousand.

Overview of net sales revenues

	€000	
	JAN-JUN 2016	JAN-JUN 2015
Net sales revenues from services	288	269
Net sales revenues from rents	120	147
Total net sales revenues	408	416

2.4.17. Cost by functional group

	€000	
	JAN-JUN 2016	JAN-JUN 2015
Manufacturing costs of sold products	0	0
Selling costs	0	0
Cost of overheads	970	1.871
TOTAL	970	1.871

2.4.18. Cost of goods, material and services

In the operating expenses structure, cost of goods, materials and services had a 45% share and amounted to €438 thousand. Compared to the same period last year when they amounted to €1,126 thousand, they were 61% lower.

Overview of cost of goods, materials and services by type

	€000	
	JAN-JUN 2016	JAN-JUN 2015
Cost of material	20	23
Cost of transportation services	3	6
Cost of maintenance services	42	53
Cost of rentals	77	78
Cost refunds to employees	2	8
Cost of payment transactions, bank services and insurance premiums	15	38
Cost of intellectual services provided by legal entities and natural persons	100	694
Cost of fairs, advertising and office allowances	11	15
Cost of other services	168	211
TOTAL	438	1,126

2.4.19. Labour cost

Labour cost amounted to €475 thousand (Jan-Jun 2015: €671 thousand) and had a 49% share in the operating expenses structure. They were 29% lower year-on-year.

The company states the premiums accounted for additional pensions insurance to the amount of €5 thousand under labour cost.

As at 30 June 2015, Sava d.d. employed 14 associates (31 December 2015: 15 employees), while the average number of employees considering working hours amounted to 14.13 employees in the first half-year 2016 (2015: 15.05).

2.4.20. Amortisation and depreciation expenses, write-offs

Amortisation and depreciation expenses, write-offs totalled €53 thousand (Jan-Jun 2015: €74 thousand) and chiefly referred to the accounted for depreciation.

2.4.21. Financial revenues from stakes

In the first half-year 2016, the company had no financial revenues from stakes (Jan-Jun 2015: €140 thousand).

2.4.22. Financial revenues from granted loans

Financial revenues from granted loans totalling €149 thousand (Jan-Jun 2015: €186 thousand) chiefly included revenues from loans granted to Group's companies.

2.4.23. Financial expenses from impairments and wrote-offs of financial investments

Financial expenses from impairments and write-offs of financial investments totalling €100 thousand (Jan-Jun 2015: €10,970 thousand) chiefly referred to impairments of interests on granted loans to Group companies.

2.4.24. Financial expenses from financial liabilities

Financial expenses from financial liabilities totalled €6,580 thousand (Jan-Jun 2015: €7,471 thousand) referred to the accrued default interests on financial liabilities arising from loans:

- Obtained from subsidiaries to the amount of €88 thousand;
- Obtained from banks to the amount of €233 thousand;
- Issued bonds to the amount of €1,061 thousand;
- Obtained from other entities to the amount of €5,198 thousand.

2.4.25. Other revenues and other expenses

Other revenues totalling €45 thousand (Jan-Jun 2015: €77 thousand) were chiefly due to the recognition of company's assets.

Other expenses totalling €8 thousand (Jan-Jun 2015: €14 thousand) referred to various extraordinary payments.

2.4.26. Corporate income tax

Sava d.d. had no accounted-for corporate income tax payable in the first half-year 2016. As per 30 June 2016, Sava d.d. stated an unused tax loss of €355,278 thousand and other unused tax reliefs of €26 thousand.

2.4.27. Overview of deferred tax receivables and liabilities

Overview of deferred tax receivables and liabilities

	€ 000		
30/06/2016	Receivables	Liabilities	Net
Financial investments	0	583	-583
TOTAL	0	583	-583

	€ 000		
31/12/2015	Receivables	Liabilities	Net
Financial investments	0	482	-482
TOTAL	0	482	-482

2.4.28. 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 €1,330 thousand showed the book value of investment property, pledged for the obtained loan.

Issued *sureties and guaranties* totalled €1,209 thousand and referred to the loans obtained by Sava Turizem d.d.

The pledge of *securities* amounting to €161,465 thousand, see 2.5.2. for a detailed explanation.

The pledge of *other assets* amounting to €20,943 thousand represented the balance of gross receivables arising from the loan and interests due from NFD Holding d.d. – under receivership, the assets on the escrow account and assets on the GB business account.

Overview of off-balance sheet items

The table below provides the book values. The tables under 2.5.2. state also the market values of assets, which were assessed in 2015 for the purpose of compulsory settlement proceedings.

	€000	
	30/06/2016	31/12/2015
Mortgages	1,330	1,357
Issued guarantees	1,209	1,256
Liabilities under contractual provisions	0	0
Pledging of securities	161,465	160,340
Other –pledge of assets	20,943	21,207
TOTAL	184,947	184,380

2.5.2. Pledge of assets for liabilities of Sava d.d.

At 30 June 2016, Sava d.d. showed the following liabilities, for which the assets of Sava d.d. and the assets of subsidiaries are pledged:

- Financial liabilities from the issued bonds totalling €26,500 thousand;
- Financial liabilities to banks (NKBM, DB) totalling €8,252 thousand;
- Financial liabilities to DUTB (repurchase of claims from banks) totalling €107,649 thousand;
- Financial liabilities to YORK (repurchase of claims from banks) totalling €68,974 thousand;
- Financial liabilities to Pokojninska družba A, totalling €4,743 thousand;
- Financial liabilities to Sava Group companies totalling €4,388 thousand;
- Financial liabilities arising from interest rate hedging totalling €724 thousand;
- Financial liabilities arising from out-of-court settlement totalling €1,766 thousand.

The company pledged its own assets totalling €179,170 thousand and the assets of subsidiaries totalling €14,326 thousand for liabilities. For the loans of subsidiaries and the obtained collaterals from the subsidiaries, Sava d.d. pledged the assets to the amount of €4,569 thousand and for liabilities of subsidiaries it issued guarantees to banks to the amount of €1,209 thousand.

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

Type of assets	Book value of pledge- €000	Book value of pledge for loans of Sava d.d.- €000	Book value of pledge for loans of subsidiaries and other liabilities- €000	Market value of pledge- €000	Market value of pledge for loans of Sava d.d. - €000	Market value of pledge for loans of subsidiaries and other liabilities- €000
Pledged assets:						
- pledged shares of companies owned by Sava d.d.	159,300	156,896	2,403	159,300	156,896	2,403
- pledged stakes of companies owned by Sava d.d.	2,165	0	2,165	2,769	0	2,769
- pledged real property of companies owned by Sava d.d.	1,330	1,330	0	2,125	2,125	0
- pledged assets - business account (GB) and escrow account (NLB)	400	400	0	400	400	0
- pledged assets - receivables due from NFD*	20,543	20,543	0	20,543	20,543	0
TOTAL PLEDGED ASSETS VALUE OF SAVA d.d.	183,738	179,170	4,569	185,137	179,965	5,173

* Receivables due from NFD Holding d.d. - under receivership arising from granted loans were impaired by €11,098 thousand.
In financial statements, the net value of the receivables from granted loans (principal and interests total) amounts to €9,445 thousand.

Breakdown by type of pledged shares held by Sava d.d.

Type of assets	Available number of shares	Pledged number of shares for loans of Sava d.d.	Pledged number of shares for loans of subsidiaries and other liabilities	Number of unpledged shares	Book value of pledge- v 000 EUR	Market value of pledge- €000
Pledged shares:						
- Alpen.SI (formerly NF1N)	37,498,152	37,498,152	0	0	29,999	29,999
- shares of Gorenjska banka - GBKR	146,060	131,495	7,985	6,580	41,983	41,983
- shares of Hoteli Bernardin - HBPB	1,468,221	1,468,221	0	0	2,025	2,025
- shares of Sava Turizem, Ljubljana - SHBR	39,308,317	39,308,317	0	0	84,679	84,679
- shares of Kompas hoteli Bled, - KHIR	13,500	13,500	0	0	116	116
- shares of Pokojninska družba A - PDAR	4,987	4,987	0	0	498	498
TOTAL VALUE OF PLEDGED SHARES					159,300	159,300

Breakdown by type of pledged stakes for the loan by of a subsidiary – sub-subsidiary Sava TMC d.o.o

Type of assets	Available percentage of ownership	Pledged ownership percentage for loans of Sava d.d.	Pledged ownership percentage for loans of subsidiaries	Percentage of unpledged ownership	Book value of pledge- €000	Market value of pledge- €000
Pledged stakes:						
- Sava Nepremičnine, d.o.o.	100.0%	0.0%	100%	0.0%	2,165	2,769
TOTAL VALUE OF PLEDGED STAKES					2,165	2,769

Mortgages on the real property owned by Sava d.d. entered for the loans obtained by Sava d.d.

Type of assets	Book value of pledge - €000	Market value of pledge- €000
Pledged stakes:		
- real property BTC, Ljubljana	1,330	2,125
TOTAL VALUE OF PLEDGED REAL PROPERTY	1,330	2,125

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

Type of assets	Book value of pledge - €000
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	8,703
TOTAL VALUE OF PLEDGED REAL PROPERTY	13,347

Land debt on the real property owned by Sava Nepremičnine d.o.o. for operating liabilities of Sava d.d. arising from the out-of-court settlement

Type of assets	Book value of pledge - €000
Land debt on real property owned by Sava Nepremičnine d.o.o.	
- Perovo land	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 risk, Sava d.d. had a derivative financial instrument with validity until April 2015 that originated from the finance period tied to the reference interest rate EURIBOR. The net value of interest rate swaps as a difference between the receivables and liabilities is negative and amounted to €724 thousand at 30 June 2016 (31 December 2015: negative €724 thousand).

Considering the pending compulsory settlement proceedings, interest rate risk remains high.

Interest rate risk management at Sava d.d. by using a financial instrument

30/06/2016	Carrying amount	Contracted cash flows	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	more than 5 years
Interest rate swaps							
Assets	0	0	0	0	0	0	0
Liabilities	-724	-724	-724	0	0	0	0
TOTAL	-724	-724	-724	0	0	0	0

31/12/2015	Carrying amount	Contracted cash flows	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	more than 5 years
Interest rate swaps							
Assets	0	0	0	0	0	0	0
Liabilities	-724	-724	-724	0	0	0	0
TOTAL	-724	-724	-724	0	0	0	0

Solvency risk

Overview of solvency risk

30/06/2016	Carrying amount	Contracted cash flows	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	more than 5 years
Non-derived financial liabilities	250,473	-250,533	-250,533	0	0	0	0
Insured bank loans (without affiliated companies)	8,252	-8,252	-8,252	0	0	0	0
Loans from Group companies	4,388	-4,388	-4,388	0	0	0	0
Trade payables and other liabilities	29,966	-29,966	-29,966	0	0	0	0
Borrowings from affiliated companies	0	0	0	0	0	0	0
Bonds	26,500	-26,500	-26,500	0	0	0	0
Other financial liabilities	181,366	-181,426	-181,426	0	0	0	0
Overdrafts on bank accounts	0	0	0	0	0	0	0
Liabilities from financial lease	0	0	0	0	0	0	0
Derived financial liabilities	724	-724	-724	0	0	0	0
Interest rate swaps for hedging from risk	724	-724	-724	0	0	0	0
TOTAL	251,197	-251,257	-251,257	0	0	0	0

31/12/2015	Carrying amount	Contracted cash flows	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	more than 5 years
Non-derived financial liabilities	244,505	-244,564	-244,564	0	0	0	0
Insured bank loans	184,875	-184,875	-184,875	0	0	0	0
Loans from Group companies	3,132	-3,132	-3,132	0	0	0	0
Trade payables and other liabilities	23,998	-23,998	-23,998	0	0	0	0
Borrowings from affiliated companies	0	0	0	0	0	0	0
Bonds	26,500	-26,500	-26,500	0	0	0	0
Other financial liabilities	6,000	-6,060	-6,060	0	0	0	0
Overdrafts on bank accounts	0	0	0	0	0	0	0
Liabilities from financial lease	0	0	0	0	0	0	0
Derived financial liabilities	724	-724	-724	0	0	0	0
Interest rate swaps for hedging from risk	724	-724	-724	0	0	0	0
TOTAL	245,228	-245,288	-245,288	0	0	0	0

Credit risk

Overview of trade receivables by territory

Trade receivables by geographical region	Carrying amount	
	30/06/2016	31/12/2015
Slovenia	937	972
Other EU countries	53	24
Other	0	0
TOTAL	990	996

Overview of balance and movement of value adjustment in trade receivables

	30/06/2016	31/12/2015
Balance at 01/01	76	42
Increase in value adjustment	1	34
Decrease in value adjustment	-2	0
End balance	74	76

Age structure of trade receivables

Losses due to impairments	30/06/2016			31/12/2015		
	Gross receivable	Impairment	Net receivable	Gross receivable	Impairment	Net receivable
Not past due	964	0	964	172	0	172
Past due 0 - 30 days	19	0	19	813	0	813
Past due 31 - 120 days	2	0	2	7	0	7
Past due more than one year	78	74	4	80	76	4
TOTAL	1,064	74	990	1,072	76	996

2.5.4. Measurement of 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 impairment indications.

Granted and obtained loans

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

Issued bonds

Until the end of 2013, the fair value of issued bonds was ascertained using the stock exchange price achieved in the bonds listing of the Ljubljana Stock Exchange. On 24 November 2014, the SA03 bonds were withdrawn from the stock exchange market, since total liabilities arising from these bonds fell due.

Short-term receivables and liabilities

For operating receivables and liabilities with a remaining life of less than one year, the notional value is deemed to reflect fair value. Given the compulsory settlement proceedings and the fair value limitations in this regard, liabilities as per 30 June 2016 cannot be determined.

Overview of fair values of financial instruments

€000

	30/06/2016		31/12/2015	
	Book value	Fair value	Book value	Fair value
Securities available for sale	32,992	32,992	31,880	31,880
Long-term receivables	0	0	0	0
Short-term receivables	3,775	3,775	3,846	3,846
Approved loans	12,141	12,141	12,498	12,498
Cash and cash equivalents	388	388	306	306
Long-term loans	0	0	0	0
Issued bonds	26,500	note**	26,500	note**
Short-term loans	194,730	note**	194,730	note**
Short-term operating liabilities	29,966	note**	23,998	note**

* On 1 June 2015, the District Court in Ljubljana issued the order on the existence of grounds for discontinuing the preventive restructuring proceedings against the debtor Sava d.d. On 10 June 2015, the court issued the order on initiating the compulsory settlement proceedings and on 10 June 2015, also the proclamation on initiating the compulsory settlement proceedings against the debtor Sava d.d. On 16 September 2015, the District Court in Ljubljana issued the new order on initiating the compulsory settlement proceedings against the debtor Sava d.d. and on 16 September 2015, it issued the new proclamation on initiating the compulsory settlement proceedings against the debtor Sava d.d. At the time of endorsing the 2015 annual report and producing the semi-annual report as per 30 June 2016, the loans were unregulated and it was not clear under what conditions the liabilities would 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

€000

	30/06/2016				31/12/2015			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Securities available for sale	32,992	60	29,999	2,933	31,880	73	28,874	2,933
Derivative financial instruments assets	0	0	0	0	0	0	0	0
Derivative financial instruments liabilities	-724	0	-724	0	-724	0	-724	0
Total	32,268	60	29,275	2,933	31,156	73	28,150	2,933

2.5.6. Converting capital by means of living

€000

	Share capital	% growth	Calculated effect	Net profit/loss, for the financial year less calculation effect
CAPITAL.....calculation for cost of living	14,061	0.30%	42	-6,323

2.5.7. Related parties

Related parties include the subsidiaries, 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 trademark, and services provided by the professional services.
- Financial operations in connection with the granted and obtained loans

Transactions among the Sava Group companies are performed under the same conditions as valid in an ordinary arm's length transaction. The data on capital of subsidiaries at 30 June 2016, operating income and net operating result of subsidiaries for the period January–June 2016 is disclosed in the business section of the semi-annual report.

Revenues and expenses of Sava d.d. from doing business with the subsidiaries

€ 000				
Company	Operating revenues Jan-Jun 2016	Operating revenues Jan-Jun 2016	Financial revenues Jan-Jun 2016	Financial expenses Jan-Jun 2016
TOURISM	240	35	4	88
Sava Turizem d.d., Dunajska cesta 152, 1000 Ljubljana	240	33	0	88
SAVA TMC, d.o.o., Dunajska cesta 152, 1000 Ljubljana	0	0	4	0
Cardial d.o.o., Zaloška cesta 69, 1000 Ljubljana	0	1	0	0
Sava Zdravstvo, d.o.o., Dunajska cesta 152, 1000 Ljubljana	0	0	0	0
REAL ESTATE	1	0	130	0
SAVA NEPREMIČNINE, d.o.o., Dunajska cesta 152, 1000 Ljubljana	1	0	14	0
SAVA NOVA, d.o.o., Fra Filipa Grabovca 14, 10000 Zagreb, Croatia	0	0	116	0
OTHER OPERATIONS	3	4	18	0
GIP SAVA KRANJ, d.o.o., Industrijski put bb, 22400 Ruma, Serbia	0	3	0	0
Sava IT, d.o.o., Dunajska cesta 152, 1000 Ljubljana	3	2	18	0
TOTAL SUBSIDIARIES	244	39	152	88

Receivables and liabilities of Sava d.d. in relation to subsidiaries

Company	Operating receivables 30/06/2016	Operating liabilities 30/06/2016	Financial receivables 30/06/2016	Financial liabilities 30/06/2016
TOURISM	824	439	0	4,388
Sava Turizem d.d., Dunajska cesta 152, 1000 Ljubljana	52	438	0	4,388
SAVA TMC, d.o.o., Dunajska cesta 152, 1000 Ljubljana	772	0	0	0
Cardial d.o.o., Zaloška cesta 69, 1000 Ljubljana	0	1	0	0
Sava Zdravstvo, d.o.o., Dunajska cesta 152, 1000 Ljubljana	0	0	0	0
REAL ESTATE	135	0	3,843	0
SAVA NEPREMIČNINE, d.o.o., Dunajska cesta 152, 1000 Ljubljana	81	0	627	0
SAVA NOVA, d.o.o., Fra Filipa Grabovca 14, 10000 Zagreb, Croatia	53	0	3,216	0
OTHER OPERATIONS	3	1	1,230	0
GIP SAVA KRANJ, d.o.o., Industrijski put bb, 22400 Ruma, Serbia	0	0	0	0
Sava IT, d.o.o., Dunajska cesta 152, 1000 Ljubljana	3	1	1,230	0
TOTAL SUBSIDIARIES	962	439	5,074	4,388

Relations with natural persons

Ownership of the Sava share

Related natural persons	30/06/2016		31/12/2015	
	Number	Share	Number	Share
Sava d.d. Board of Management members	3	0.000%	18	0.001%
Closer family members of the Sava d.d. Board of Management members	0	0.000%	0	0.000%
Sava d.d. Supervisory Board members	0	0.000%	3	0.000%
Directors of subsidiaries	0	0.000%	0	0.000%
Supervisory Board members in subsidiaries	0	0.000%	0	0.000%

Related natural persons own 3 Sava shares. The name list of the Management Board and Supervisory Board members who own Sava shares is disclosed in the business section of the semi-annual report.

Data about the group of persons in the period January-June 2016 – Management Board

€000

First name, last name	Gross salary	Gross bonuses from bonuses	Gross income from rewards and compensations	Gross income from expense refunds	Gross income from insurance premiums	Gross income from other payments	Gross income from work done in subsidiari es	Total income in gross amount	Total income in net amount
Aleš Aberšek, President of the Management Board until 15 March 2016	39	0	0	0.43	0	0	1	41	20
Gregor Rovanišek, President of the Management Board from 15 March 2016	29	0	0	0.37	1	1	1	32	15
TOTAL	68	0	0	1	2	1	2	74	35
Matevž Marc, Member of the Management Board as of 17 November 2015*	0	0	0	0	0	26	0	26	0
TOTAL	68	0	0	1	2	27	2	100	

*Matevž Marc, Member of the Management Board as of 17 November 2015, is not regularly employed but works under director's service contract. The shown gross amount from other remunerations includes gross amount for the service provided increased by VAT.

In the first half-year 2016, gross remuneration of the Management Board members amounted to €100 thousand (2015: €353 thousand). The amount referred to gross remunerations from salaries, meals refunds, insurance premiums and other remunerations – bonuses and invoices under director's service contract, and the remunerations for carrying out tasks in subsidiaries. At 30 June 2016, Sava d.d. had no receivables due from the Management Board members.

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

Seven employees (at the end of 2015: 8) had individual contracts of employment, their gross remunerations amounted to €233 thousand (2015: €483 thousand) in the first half-year 2016. The amount

referred to gross remunerations from salaries, bonuses, and other remunerations, €0.8 thousand of which were due to travel expense refunds. At 30 June 2016, Sava d.d. showed no receivables due from other employees with individual contracts of employment.

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

As of 29 June 2016, the Supervisory Board operates in a changed composition.

Gross remunerations of Supervisory Board and Supervisory Board commissions members amounted to €63 thousand in the first half-year 2016 (2015: €124 thousand). The amount included attendance fees and payment for performance of duties.

2.5.8. Report on more significant disputes

a) Sava d.d. as a defendant

Plaintiff: Izletnik Celje, d.d.

The counterparty brought the action against Sava d.d. to obtain the annulment of the contract of pledge. The dispute arises from the relation, in which Viator & Vektor logistika, d.o.o. – under receivership, acts as a lender, whereas Sava d.d. is a lender based on a certificate of application. In this relation, the counterparty Izletnik Celje d.d. acted as a pledger of its own shares and it now claims that the contract of pledge is void due to the violations of Article 227 of the Companies Act (ZGD-1) and it should therefore not be held liable as a pledger for the debt of another's entity. In this matter, the following applications were lodged: suit, response to the suit, preparatory application of the counterparty and, finally, on 22 January 2015, also the preparatory application of Sava d.d. In its judgment of 26 May 2015, the Court of First Instance decided that Sava d.d. should pay Izletnik Celje d.d. the amount of €266,128.55 including default interests accruing as of 27 February 2015 and also compensate legal costs. Short-term provisions have been formed for the principal. The judgment is not yet final, as we appealed against the judgement and after paying court fee received a reply to the appeal by the counterparty. We are waiting for the Court of Second Instance to decide in this matter.

Plaintiff: Nova kreditna banka Maribor, d.d.

Based on the order issued by the District Court in Ljubljana, in the matter St. 3055/2014 of 6 January 2015, bankruptcy proceedings against NFD Holding, d.d. were introduced. Sava d.d. lodged its claims against the bankruptcy debtor within the term defined and at the same time it negated the claim lodged by the creditor Nova kreditna banka Maribor d.d. to the amount of €3,213,804.00. Nova kreditna banka Maribor, d.d. was referenced to a suit to determine the existence of its claim. The creditor brought the action before

the District Court in Ljubljana under the ref. No. XI Pg 3537/2005. The court issued a judgment, which became final on 5 May 2016, based on which it entirely rejected the claim by the plaintiff as ungrounded.

Plaintiff: Gorenjska banka, d.d.

Based on the order issued by the District Court in Ljubljana, in the matter St. 3055/2014 of 6 January 2015, bankruptcy proceedings against NFD Holding, d.d. were introduced. Sava d.d. lodged its claims against the bankruptcy debtor within the term defined and at the same time it negated the claim lodged by the creditor Gorenjska banka, d.d. to the amount of €2,848,817.53. Gorenjska banka d.d. was referenced to a suit to determine the existence of its claim. The creditor brought the action before the District Court in Ljubljana under the ref. No. XI Pg 3559/2015. Sava replied to the action within the fixed term. Both parties agreed with performance of a mediation procedure.

Plaintiff: NFD Holding, d.d. – under receivership

Based on the order issued by the District Court in Ljubljana, in the matter St. 3055/2014 of 6 January 2015, on initiating the bankruptcy proceedings against NFD Holding, d.d. and the proclamation of the creditors, Sava d.d. lodged its claims against NFD Holding d.d. – under receivership, within the open deadline. On 29 December 2015, Sava d.d. notified the bankruptcy proceedings administrator and the title court that pursuant to the provision from Article 282 of the ZFPPIPP Act it would sell the pledged securities out of court and use the purchase price for a priority pay-off of its claim. The bankruptcy proceedings administrator lodged the application before the competent court for the issue of the order on security by way of a temporary injunction. The competent court observed the representations of the applicant in full and issued the order on security, based on which Sava d.d. is prohibited to sell the pledged securities until the civil procedure has been ended. NFD Holding, d.d. – under receivership did not bring a corresponding suit against Sava d.d. within a fixed 30 day period to justify the issue of interim measure.

Plaintiff: Družba za upravljanje terjatev, d.d.

Based on the order issued by the District Court in Ljubljana, in the matter St. 3055/2014 of 6 January 2015, on initiating the bankruptcy proceedings against NFD Holding, d.d. and the proclamation of the creditors, Sava d.d. lodged its claims against NFD Holding d.d. – under receivership, within the open deadline. On 29 December 2015, Sava d.d. notified the bankruptcy proceedings administrator and the title court that pursuant to the provision from Article 282 of the ZFPPIPP Act it would sell the pledged securities out of court and use the purchase price for a priority pay-off of its claim. The creditor DUTB d.d. lodged the application for the issue of the order on security by way of a temporary injunction before the competent court. The competent court observed the representations of the applicant in full and issued the order on

security, based on which Sava d.d. is prohibited to sell the pledged securities until the civil procedure has been ended. DUTB d.d. brought a corresponding action against Sava d.d. within 30 days.

Plaintiffs: DUTB, d.d. in DUP1, d.d.

On a hearing on 11 July 2016, Sava d.d. as plaintiff and DUTB, d.d. and DUP1, d.o.o. as defendants, signed a *court settlement* before the District Court in Ljubljana. The settlement was achieved due to establishing voidness of the share purchase contract of 29 May 2015 and shares transfer; voidness of appropriation and transfer of shares; voidness of a legal transaction which served as a basis for transferring 27,840,665 SHBR shares from DUTB, d.d. to DUP1, d.o.o.; and voidness of establishing a lien on SHBR shares. Based on the achieved settlement a status from before court proceedings was restored, while court proceedings in the matters under file No. Zg 41/2015, Zg 42/2015, V Pg 2236/2015 and VII Pg 2280/2015 were closed.

b) Sava d.d. as a plaintiff

Defendants: DUTB, d.d. and DUP 1, d.d.

On a hearing on 11 July 2016, Sava d.d. as plaintiff and DUTB, d.d. and DUP1, d.o.o. as defendants, signed a *court settlement* before the District Court in Ljubljana. The settlement was achieved due to establishing voidness of the share purchase contract of 29 May 2015 and shares transfer; voidness of appropriation and transfer of shares; voidness of a legal transaction which served as a basis for transferring 27,840,665 SHBR shares from DUTB, d.d. to DUP1, d.o.o., and voidness of establishing a lien on SHBR shares. Based on the achieved settlement a status from before court proceedings was restored, while court proceedings in the matters under file No. Zg 41/2015, Zg 42/2015, V Pg 2236/2015 and VII Pg 2280/2015 were closed.

2.5.9. Influence of the events after the balance sheet date on the financial statements of Sava d.d.

The events that took place after the balance sheet date are not of such nature that would affect the balance of assets and liabilities shown in the financial statements of Sava d.d. at 30 June 2016 or the going-concern presumption.

In addition, however, we quote the following events:

- In examining the declared claims, Sava d.d. negated the acknowledged default interests on the principals of claims by creditors for the period from the beginning of preventive restructuring on 2 December 2014 to

the initiation of compulsory settlement on 10 June 2015; also the rights of creditors for separate satisfaction of negated claims were negated to the same amount.

In the final list of tested claims published on 1 July 2016, the court's decision indicated the negated interests as "not likely to be proven".

2.6. Statement by the Management Board

The Management Board confirms the financial statements of the company Sava d.d., Ljubljana, prepared in accordance with Slovene Accounting Standards for the period ending on 30 June 2016.

The Management Board confirms that when drawing up the financial statements, the corresponding accounting policies were consistently applied, the accounting estimates were elaborated according to the principle of prudence and good management, and that the report gives a true and fair view of the company's assets and business results in the period January – June 2016.

The Management Board is responsible for the proper managing of its accounting procedures, establishing, operation and maintaining of 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 applicable legislation and Slovene Accounting Standards.

Matevž Marc

Member of the Management Board



Gregor Rovčanšek

President of the Management Board



Ljubljana, 11 August 2016

FINANCIAL STATEMENTS WITH THE SELECTED EXPLANATORY NOTES FOR THE SAVA GROUP AS AT 30 JUNE 2016

1. Consolidated financial statements of the Sava Group as at 30 June 2016

Consolidated statement of financial position of the Sava Group as at 30 June 2016

	€000		
	30/06/2016	30/06/2015	31/12/2015
ASSETS			
Property, plant and equipment	147,505	149,249	148,647
Intangible assets	685	707	700
Investment property	6,257	6,546	6,336
Investments in associates	5	53,382	5
Long-term equity securities, available for sale	33,096	36,556	31,984
Long-term loans	18	1	0
Deferred tax assets	0	0	0
Long-term assets	187,566	246,441	187,672
Assets for sale	44,028	0	44,028
Inventories	3,055	3,146	2,970
Trade and other receivables	8,403	8,357	6,373
Income tax receivables	0	0	0
Short-term financial investments	0	0	0
Approved loans	9,068	13,125	14,870
Cash and cash equivalents	6,595	3,360	4,404
Short-term assets	71,149	27,988	72,645
Total assets	258,715	274,429	260,317
EQUITY AND LIABILITIES			
Issued capital	14,061	14,061	14,061
Share premium	0	0	0
Reserves	4,977	4,977	4,977
Fair value reserve	6,191	9,226	5,166
Treasury shares	-4,977	-4,977	-4,977
Translation reserve	0	0	0
Retained earnings / loss	-79,869	-61,289	-74,204
Total equity attributable to equity holders of the parent	-59,617	-38,002	-54,978
Minority interest	967	937	953
Total equity	-58,650	-37,065	-54,025
Long-term provisions	2,458	2,645	2,443
Deferred government grants	8,096	8,525	8,308
Long-term interest-bearing borrowings	43,466	43,721	45,827
Long-term operating liabilities	0	0	0
Deferred tax liabilities	125	770	24
Long-term liabilities	54,145	55,661	56,602
Liabilities for sale	0	0	0
Short-term interest-bearing borrowings	221,448	226,617	222,265
Short-term operating liabilities	37,591	25,166	32,047
Deferred costs and accrued revenues	4,181	4,050	3,427
Short-term operating liabilities	263,220	255,833	257,739
Total liabilities	317,365	311,494	314,341
Total equity and liabilities	258,715	274,429	260,317

Consolidated income statement of the Sava Group as at 30 June 2016

	€ 000	
	JAN - JUN 2016	JAN - JUN 2015
Revenues from goods sold and services rendered	30,621	29,632
Change in inventories of products and work in progress	0	0
Other operating revenue	1,439	1,151
Operating revenue	32,060	30,783
Cost of goods, materials and services	-14,608	-15,360
Labour cost	-10,931	-10,735
Depreciation and amortisation	-3,641	-3,632
Other write-offs	-57	-225
Other operating expense	-879	-578
Operating expenses	-30,116	-30,530
Operating profit/loss	1,944	253
Financial income	24	196
Financial expense	-7,619	-9,055
Net financing income/expense	-7,595	-8,859
Share in income of associates	0	0
Share in loss of associates	0	0
Impairments of financial investments in associates	0	-6,158
Net income/expense from associates	0	-6,158
Pre-tax loss	-5,651	-14,764
Tax	0	0
Net loss for the year	-5,651	-14,764
Net profit/loss for the year attributable to:		
Equity holders of the parent	-5,665	-14,771
Minority interest	14	7
Net loss for the period	-5,651	-14,764

Consolidated income statement of the Sava Group by quarter in 2016

	JAN - MAR 2016	APR - JUN 2016
Net sales revenues from goods sold and services rendered	13,367	17,254
Change in inventories of products and work in progress	0	0
Other operating revenue	550	889
Operating revenue	13,917	18,143
Cost of goods, materials and services	-7,032	-7,576
Labour cost	-5,466	-5,465
Depreciation and amortisation	-1,822	-1,819
Other write-offs	-45	-12
Other operating expense	-427	-452
Operating expenses	-14,792	-15,324
Operating profit/loss	-875	2,819
Financial income	7	17
Financial expense	-3,874	-3,745
Net financing income/expense	-3,867	-3,728
Share in income / expense of associates	0	0
Pre-tax profit	-4,742	-909
Tax	0	0
Net profit for the year	-4,742	-909

Consolidated statement of comprehensive income of the Sava Group as at 30 June 2016

	JAN - JUN 2016	JAN - JUN 2015
Profit / loss for the period	-5,651	-14,764
Other comprehensive income		
Items that may be classified to profit or loss:		
- Change in fair value of available-for-sale financial assets	1,125	-1,046
- Deferred tax on change in fair value of available-for-sale financial assets	-100	90
- Change in fair value of available-for-sale financial assets transferred to profit or loss	0	-140
- Deferred tax on change in fair value of available-for-sale financial assets transferred to profit or loss	0	24
Items that may not be classified to profit or loss:		
- Actuarial gains / losses on defined benefit pension plans	0	0
- Deferred tax on actuarial gains / losses on defined benefit pension plans	0	0
Other comprehensive income for the period, net of deferred tax	1,025	-1,073
Total comprehensive income for the period	-4,626	-15,837
Total comprehensive income for the period attributable to:		
Equity holders of the parent	-4,640	-15,844
Minority interest	14	7
Total comprehensive income for the period	-4,626	-15,837

Consolidated cash flow statement of the Sava Group for the period January–June 2016

€000

		JAN - JUN 2016	JAN - JUN 2015
CASH FLOWS FROM OPERATING ACTIVITIES			
	Net profit/loss	-5,651	-14,764
	Adjustments for:		
	Depreciation of property, plant and equipment	3,524	3,491
	Depreciation of intangible assets	37	51
	Depreciation of investment property	80	90
	Impairment of property, plant and equipment	0	5
	Impairment of receivables	57	194
	Impairment of financial investments	13	311
	Impairments of investments in associates	0	6,135
	Proceeds from sale of plant, property and equipment	-1	-97
	Loss at disposal of property, plant and equipment	0	26
	Profit in sale of non-current securities	0	-140
	Other dividends received	-11	0
	Foreign exchange rate difference	0	431
	Impairment of granted loans	0	6
	Impairment of loans granted to associates	0	147
	Interest expense	7,604	8,184
	Interest revenue	-10	-55
Income from operations prior to change in operating equity and provisions		5,642	4,015
	Change in long-term receivables	-18	39
	Change in short-term receivables	-2,086	-1,238
	Change in inventories	-85	37
	Change in short-term operating liabilities and accrued costs	-174	946
	Change in long-term operating liabilities	1	17
	Change in provisions	15	3
	Change in government grants	-212	-228
Acquired cash in operations		3,083	3,591
	Paid income tax	0	0
Net cash flow from operations		3,083	3,591
CASH FLOW FROM INVESTMENT ACTIVITIES			
	Purchase of property, plant and equipment	-2,413	-3,060
	Proceeds from sale of property, plant and equipment	32	97
	Purchase of intangible assets	-22	-29
	Purchase of investment properties	0	-5
	Purchase of associates	0	-5
	Proceeds from repaid loans	5,801	5,125
	Expenses for granted loans	0	-15
	Purchase of equity securities available for sale	0	-1
	Proceeds from sale of long-term securities	0	479
	Other dividends and shares in profit received	11	0
	Received interests	10	20
Net cash flow from investment activities		3,419	2,606
CASH FLOWS IN FINANCING ACTIVITIES			
	Proceeds from granted non-current loans	4	12
	Expenses for obtained long-term loans	-1,916	-2,304
	Proceeds from obtained short-term loans	5	-1
	Expenses for obtained short-term loans	-1,272	-439
	Paid interests	-1,132	-1,309
Net cash flow from financing activities		-4,311	-4,042
Net increase or decrease in cash and cash equivalents		2,191	2,155
	Cash and cash equivalents at year begin	4,404	1,205
	Cash and cash equivalents from companies for sale	0	0
	Cash and cash equivalents at the end of the period	6,595	3,360

Consolidated statement of changes in equity of the Sava Group as at 30 June 2016

€ 000

	Issued capital	Reserves for Own shares	Reserve for fair value of financial assets	Own shares	Translation reserve	Net profit/loss for the financial year	Net profit/loss brought forward	Total	Non-controlling interest	Total equity
Balance at 31/12/2014	14,061	4,977	10,298	-4,977	0	-46,397	-119	-22,158	931	-21,226
Total comprehensive income										
Loss in the year	0	0	0	0	0	-14,771	0	-14,771	7	-14,764
Other comprehensive income	0	0	-1,072	0	0	0	0	-1,072	0	-1,072
Items that might not be classified to profit or loss	0	0	0	0	0	0	0	0	0	0
Change in fair value of available-for-sale financial assets		0	-1,046	0	0	0	0	-1,046	0	-1,046
Deferred tax on change in fair value of available-for-sale financial assets	0	0	90	0	0	0	0	90	0	90
Change in fair value of available-for-sale financial assets transferred to profit or loss	0	0	-140	0	0	0	0	-140	0	-140
Deferred tax on change in fair value of available-for-sale financial assets transferred to profit or loss	0	0	24	0	0	0	0	24	0	24
Total comprehensive income	0	0	-1,072	0	0	-14,771	0	-15,843	7	-15,836
Transactions with owners, recorded directly in equity										
Transfer of retained net loss to retained net profit	0	0	0	0	0	46,397	-46,397	0	0	0
Total transactions with owners recorded in capital	0	0	0	0	0	46,397	-46,397	0	0	-1
Changes in capital										
Total changes in capital	0	0	0	0	0	0	0	0	0	0
Balance at 30/06/2015	14,061	4,977	9,226	-4,977	0	-14,772	-46,516	-38,002	937	-37,065
Balance at 31/12/2015	14,061	4,977	5,166	-4,977	0	-27,834	-46,370	-54,978	953	-54,025
Total comprehensive income										
Profit/loss in the year	0	0	0	0	0	-5,665	0	-5,665	14	-5,651
Other comprehensive income	0	0	1,025	0	0	0	0	1,025	0	1,025
Items that might not be classified to profit or loss	0	0	0	0	0	0	0	0	0	0
Change in fair value of available-for-sale financial assets		0	1,125	0	0	0	0	1,125	0	1,125
Deferred tax of change in fair value of available-for-sale financial assets	0	0	-100	0	0	0	0	-100	0	-100
Total comprehensive income	0	0	1,025	0	0	-5,665	0	-4,640	14	-4,626
Transactions with owners, recorded directly in equity								0		
Transfer of retained net loss to retained net profit	0	0	0	0	0	27,834	-27,834	0	0	0
Total transactions with owners	0	0	0	0	0	27,834	-27,834	0	0	0
Changes in capital	0	0	0	0	0	0	0	0	0	0
Other changes in capital	0	0	0	0	0	0	0	0	0	0
Total changes in capital	0	0	0	0	0	0	0	0	0	0
Balance at 30/06/2016	14,061	4,977	6,191	-4,977	0	-5,664	-74,204	-59,617	967	-58,650

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

2.1. 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 period ended on 30 June 2016 and have not been audited.

2.2. Basis of preparation

a) Statement of compliance

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

b) Basis of measurement

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.

c) Functional and presentation currency

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 offices outside of Slovenia, use the following currencies: HRK, RSD.

2.3. 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. The accounting policies do not differ from the policies presented in the annual report of the Sava Group for 2015.

We additionally provide the following information:

Business combinations

No business combinations took place in the first half-year 2016.

A 40% share of BLS Sinergije d.o.o., Portorož was acquired in 2015; the company present a new associated company of the Sava Group.

Preparation of the cash flow statement

The cash flow statement has been prepared by considering the data from the income statement for the period January-June 2016 (for the past period January-June 2015), the balance sheet data at 30 June 2016 and 31 December 2015 (for the past period 30 June 2015 and 31 December 2014) and other required data. The cash flow statement excludes the more important values, which are not connected with revenues and expenses.

2.4. Selected explanatory notes about more significant business events and transactions in the period January-June 2015

a) Write-offs of inventories, adjustments in receivables

In the *first half-year 2016*, the companies of the Sava Group formed adjustments in receivables to the amount of €57 thousand.

In the *first half-year 2015*, the companies of the Sava Group formed adjustments in receivables to the amount of €194 thousand.

b) Losses due to impairments of financial assets

In the *first half-year 2016*, securities available for sale were impaired to the amount of €13 thousand. Recognised losses due to impairment of financial assets were not reversed in the period under report.

In the *first half-year 2015*, securities available for sale were impaired to the amount of €311 thousand. Recognised losses due to impairment of financial assets were not reversed in the period under report.

d) Reversal of provisions for restructuring costs

In the *first half-year 2016*, short-term provisions for restructuring costs to the amount of €109 thousand were reversed.

In the *first half-year 2015*, short-term provisions for restructuring costs formed at the end of 2014 were used to the amount of €186 thousand.

e) Acquisitions and disposals of fixed assets and investment property

In the *first half-year 2016*, Sava d.d. sold a real property in Ruma, Serbia, at which positive effects totalling €346 thousand were realised. Investments in the Sava Group amounted to €2,409 thousand and were realised in the Tourism companies.

In the *first half-year 2015*, the capital of the company Bernardinreal, turizem in storitve d.o.o., which later renamed to BLS Sinergije, poslovne usmeritve d.o.o. was increased with an amount of €5 thousand. Sava Turizem d.d. thus owns a 30% shareholding and Sava d.d. a 10% shareholding of the company.

In the *first half-year 2015*, Sava Turizem d.d. realised €70 thousand positive effects in net terms arising from the sale of unnecessary fixed assets. Investments in the Sava Group amounted to €3,261 thousand and were mainly realised in the Tourism division.

f) Course of denationalisation procedures in Sava Turizem d.d.

a) Denationalisation claim Höhn-Šarič

Zdravilišče Radenci d.o.o. was one of the parties in the Höhn-Šarič denationalisation procedure. The applicants of the denationalisation claim required a part of the property within the health resort be returned. In 2015, the proceedings were finally decided upon. Based on the application for the issue of a temporary injunction, the property being the subject of the procedure was separated out from the ownership restructuring of the company and Sava Turizem d.d. keeps it under off-balance until closing the denationalisation procedure.

b) Denationalisation claim - Wiesler and Purre- Wiesler

A non-litigious civil procedure before the District Court in Novo mesto is in progress. The applicants demand return of the seized assets in Radenci. With the judgment by the Supreme Court ref.No. II Ips 250/2014, the case was remanded to the Court of First Instance for reconsideration.

c) Denationalisation claim - Čeh

A procedure is in progress before the Administrative Unit Radovljica, in which Ana Jelka Čeh demands land in the area of cadastral municipality k.o. Želeče be returned, while Sava Turizem d.d. is a party with interest

to a case. With the judgment ref. No. IU 1049/2014-19, the Administrative Court remanded the case to the Court of First Instance for reconsideration.

d) Denationalisation claim - Dermastja

The subject of the denationalisation claim is a one-third stake in the old Park hotel. The application for a temporary injunction was filed in after term expiration, therefore the order was not issued temporarily, and the administrative body decided that claimants were not entitled to returning the ownership stake in kind. The denationalisation procedure was finally closed based on the order from the Administrative Unit Radovljica, which rejected the beneficiaries' denationalisation claim.

g) **Course of litigation procedures in Sava d.d.**

On a hearing on 11 July 2016, *Sava d.d. as plaintiff* and *DUTB, d.d. and DUP1, d.o.o. as defendants*, signed a court settlement before the District Court in Ljubljana. The settlement was achieved due to establishing voidness of the share purchase contract of 29 May 2015 and shares transfer; voidness of appropriation and transfer of shares; voidness of a legal transaction which served as a basis for transferring 27,840,665 SHBR shares from DUTB, d.d. to DUP1, d.o.o., and voidness of establishing a lien on SHBR shares. Based on the achieved settlement a status from before court proceedings was restored, while court proceedings in the matters under file No. Zg 41/2015, Zg 42/2015, V Pg 2236/2015 and VII Pg 2280/2015 were closed.

h) **Other explanations**

As at 30 June 2016:

- balance of open liabilities for investments amounted to €391 thousand, liabilities are not past due on the reporting date;
- no option contracts were made;
- no significant changes in the course of the existing litigation procedures took place, with the exception of the explanations under f) Course of denationalisation procedures in Sava Turizem d.d. and g) Course of litigation procedures in Sava d.d.;
- no retroactive correction of errors were made;
- no unusual regular transactions between the related companies took place. Additionally we explain: on 26 April 2016, Pokojninska družba A, d.d. SAVA -TMC, d.o.o. and SAVA TURIZEM d.d. signed the *Agreement*

on repayment of mortgage debt totalling €6.2 million. It refers to settling the liability of Sava d.d. secured with the real property owned by Sava TMC, d.o.o. and Sava Turizma d.d. Sava Turizem d.d. paid the first instalment of €1.5 million in April 2016, while the second instalment of €4.7 million falls due for payment on 30 September 2016;

- no transfers between the hierarchy levels of fair value used for measuring fair value of financial instruments took place;
- no other changes in classification of financial assets due to a change of purpose or use of these assets took place;
- no other significant contingent liabilities appeared;
- the key information by segment are provided under item 2 of the business section of the report.

2.5. Other disclosures

a) *Disclosing the fair value of financial instruments*

	€000			
	30/06/2016	30/06/2016	31/12/2015	31/12/2015
	Book value	Fair value	Book value	Fair value
Securities available for sale	33,096	33,096	31,984	31,984
Assets available for sale	44,028	44,028	44,028	44,028
Long-term receivables – financial leasing	0	0	0	0
Other long-term receivables	0	0	0	0
Short-term receivables	5,544	5,544	6,373	6,373
Derivative financial instruments – interest rate swaps	0	0	0	0
Granted loans	9,086	9,086	14,870	14,870
Cash and cash equivalents	6,595	6,595	4,404	4,404
Long-term loans at a fixed interest rate	0	0	0	0
Issued bonds at fixed interest rate	-26,500	note*	-26,500	note*
Long-term loans at a variable interest rate	-43,466	-43,466	-45,827	-45,827
Liabilities available for sale	0	0	0	0
Long-term operating liabilities	0	0	0	0
Short-term loans	-194,224	note*	-195,041	note*
Derivative financial instruments – interest rate swap	-724	-724	-724	-724
Liabilities for dividends	0	0	0	0
Short-term operating liabilities	37,591	note*	-32,047	note*

* On 1 June 2015, the District Court in Ljubljana issued the order on the existence of grounds for discontinuing the preventive restructuring proceedings against the debtor Sava d.d. On 10 June 2015, the court issued the order on initiating the compulsory settlement proceedings and on 10 June 2015, also the proclamation on initiating the compulsory settlement proceedings against the debtor Sava d.d. On 16 September 2015, the District Court in Ljubljana issued the new order on initiating the compulsory settlement proceedings against the debtor Sava d.d. and on 16 September 2015, it issued the new proclamation on initiating the compulsory settlement proceedings against the debtor Sava d.d. At the time of endorsing the

2015 annual report and producing the semi-annual report as per 30 June 2016, the loans were unregulated and it was not clear under what conditions the liabilities would be settled. This is why their fair value could not be ascertained.

b) Classification of financial instruments with regard to their fair value calculation

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

- Level 1: assets or liabilities at stock exchange price as per 30 June 2016;
- 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.

	30/06/2016				31/12/2015			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Securities available for sale	33,096	165	29,998	2,933	31,985	178	28,874	2,933
Derivative financial instruments assets	0	0	0	0	0	0	0	0
Derivative financial instruments liabilities	-724	0	-724	0	-724	0	-724	0
Total	32,372	165	29,274	2,933	31,261	178	28,150	2,933

€000

c) Notes to the individual components and various notes in connection with the capital of the Sava Group

Retained net loss structure

	€000	
Retained net loss structure	30/06/2016	31/12/2015
Retained net loss from previous years – balance 01/01	-74,204	-46,516
Covering the loss of Sava d.d.	0	146
Net operating result attributable to Sava d.d.	-5,665	-27,834
Retained net loss	-79,869	-74,204

Dividends

In 2016 and 2015, dividends were not paid.

Net loss/earnings 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 ordinary shares

	30/06/2016	31/12/2015
Total number of shares at 01/01	2,006,987	2,006,987
Own shares	-30,541	-30,541
Weighted average number of shares at period end	1,995,423	1,995,423

Net loss attributable to ordinary shares

	JAN - JUN 2016	JAN - JUN 2015
Net operating result of the accounting period (€ 000)	-5,651	-14,764
Net profit /loss for the year attributable to the owners of the parent (€000)	-5,665	-14,771
Weighted average number of ordinary shares	1,995,423	1,995,423
Basic net loss per share (€)	-2.84	-7.40

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

2.6. Events after the balance sheet date

The events that took place after the balance sheet date are not of such nature that would affect the balance of assets and liabilities shown in the financial statements of Sava d.d. at 30 June 2016.

3. Statement by the Management Board for the Sava Group

The Management Board confirms the financial statements of the Sava Group for the period ending on 30 June 2016 that have been prepared in accordance with International Financial Reporting Standards adopted by the EU.

The Management Board confirms that when drawing up the consolidated financial statements the corresponding accounting policies were consistently applied and the report gives a true and fair view of the Group's assets and business results for the first half-year 2016.

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 with the selected explanatory notes have been produced under the going concern presumption for the companies within the business group and in accordance with applicable legislation and International Financial Reporting Standards adopted by the EU.

Matevž Marc

Member of the Management Board



Gregor Rovnšek

President of the Management Board



Ljubljana, 11 August 2016