

ESPA STOCK ADRIATIC

Mutual fund pursuant to InvFG

Semi-Annual Report 2011

Contents

| | |
|--|----------|
| General Information about the Investment Firm | 2 |
| Development of the Fund | 3 |
| Asset Allocation | 3 |
| Fund Portfolio as of 31 December 2011 | 4 |

General Information about the Investment Firm

| | |
|------------------------------|---|
| The company | ERSTE-SPARINVEST Kapitalanlagegesellschaft m. b. H. Habsburgergasse 1a, A-1010 Vienna Telephone: +43 05 0100-19881, Fax: +43 05 0100-17102 |
| Nominal capital | EUR 4.50 million |
| Shareholders | Erste Asset Management GmbH (81.42%) DekaBank Deutsche Girozentrale (2.87%) Kärntner Sparkasse Aktiengesellschaft (2.87%) NÖ-Sparkassen Beteiligungsgesellschaft m. b. H. (1.37%) Salzburger Sparkasse Bank Aktiengesellschaft (2.87%) Sieben Tiroler Sparkassen Beteiligungsgesellschaft m. b. H. (2.87%) Steiermärkische Bank und Sparkassen Aktiengesellschaft (5.73%) |
| Supervisory Board | Wolfgang TRAINDL, Mag. (Chairman) Gerhard FABISCH, Mag. Dr. (Deputy Chairman) Wilhelm SCHULTZE, DI (Deputy Chairman) Christian AICHINGER, Dr. Birte QUITT, Dipl. BW. (FH) Franz RATZ Gabriele SEMMELROCK-WERZER Reinhard WALTL, Mag. Appointed by the Works Council: Regina HABERHAUER, Mag. (FH) Dieter KERSCHBAUM, Mag. Gerhard RAMBERGER, Mag. Herbert STEINDORFER |
| Managing directors | Heinz BEDNAR, Mag. Harald GASSER, Mag. Franz GSCHIEGL, Dr. |
| Prokuristen (proxies) | Achim ARNHOF, Mag. Winfried BUCHBAUER, Mag. Harald EGGER, Mag. Oskar ENTMAYR Dietmar JAROSCH, Dr. Günther MANDL Christian SCHÖN Paul A. SEVERIN, Mag. Jürgen SINGER, Mag. |
| State commissioners | Erwin GRUBER Michael MANHARD, HR Dr. |
| Auditor | ERNST & YOUNG WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT MBH |
| Custodian bank | Erste Group Bank AG |

Dear Shareholder,

We are pleased to present you the following semi-annual report for the ESPA STOCK ADRIATIC mutual fund pursuant to the Austrian Investment Fund Act for the period from 1 July 2011 to 31 December 2011.

Development of the Fund

ESPA STOCK ADRIATIC lost 25.83% of its value in the reporting period.

Especially the uncertainty in the Eurozone had a negative impact on the markets of Southeastern Europe.

The Serbian stock market lost 37%, and the Croatian and Romanian stock markets each lost 23%. The currencies depreciated against the euro. The Serbian currency fell by 6.20%, the Croatian by 1.80% and the Romanian by 2.11%.

In Serbia, the weakest sector was the banking sector, while food and energy stocks performed better.

In Croatia, artificial fertiliser, food and telecoms were the outperformers. In contrast, industrial stocks performed more poorly than the market as a whole.

Banks were also the losers in Romania, while pharmaceuticals stocks fared better.

At the end of the period, the fund had an investment rate of 97%.

Asset Allocation

| | 31 December 2011 | | 30 June 2011 | |
|-------------------------|------------------|---------------|--------------|---------------|
| | EUR millions | % | EUR millions | % |
| Equities denominated in | | | | |
| EUR | 0.06 | 5.49 | 0.08 | 5.21 |
| HRK | 0.74 | 63.52 | 1.06 | 65.16 |
| RON | 0.04 | 3.07 | 0.05 | 2.97 |
| RSD | 0.27 | 22.82 | 0.41 | 25.11 |
| Securities | 1.11 | 94.90 | 1.60 | 98.46 |
| Dividend entitlements | 0.00 | 0.05 | 0.01 | 0.32 |
| Cash in banks | 0.06 | 5.04 | 0.02 | 1.21 |
| Interest entitlements | 0.00 | 0.02 | 0.00 | 0.00 |
| Other deferred items | - | 0.00 | - | - |
| Fund assets | 1.17 | 100.00 | 1.63 | 100.00 |

Fund Portfolio as of 31 December 2011

(including changes in securities assets from 1 July 2011 to 31 December 2011)

| Security designation | ISIN number | Purch./ additions | Sales/ disposals | Holding Shares/nominal (nom. in 1,000, rounded) | Price | Value in EUR | % share of fund assets | |
|------------------------------------|--------------|-------------------|------------------|---|--------------|--|------------------------|-------|
| Publicly traded securities | | | | | | | | |
| Equities denominated in EUR | | | | | | | | |
| Issue country Slovenia | | | | | | | | |
| GORENJE D.D. BEARER | SI0031104076 | 0 | 0 | 2,000 | 5.000000 | 10,000.00 | 0.85 | |
| POZAVAROVALNICA SAVA | SI0021110513 | 0 | 0 | 5,364 | 5.810000 | 31,164.84 | 2.66 | |
| TELEK.SLOVEN.BEARER | SI0031104290 | 0 | 0 | 239 | 62.980000 | 15,052.22 | 1.29 | |
| ZAVAROVALNICA TRIGLAV | SI0021111651 | 0 | 0 | 800 | 10.000000 | 8,000.00 | 0.68 | |
| | | | | | | Total | 64,217.06 | 5.49 |
| | | | | | | Total equities denominated in EUR | 64,217.06 | 5.49 |
| Equities denominated in HRK | | | | | | | | |
| Issue country Croatia | | | | | | | | |
| ADRIS GRP NA.VZ KK 10 | HRADRSRA0009 | 0 | 0 | 1,580 | 218.690000 | 45,950.61 | 3.93 | |
| ADRIS GRP REG. KK 10 | HRADRSRA0007 | 0 | 0 | 260 | 239.290000 | 8,273.76 | 0.71 | |
| ATLANTIC GRUPA KK 40 | HRATGRRA0003 | 0 | 0 | 235 | 500.010000 | 15,626.14 | 1.33 | |
| ATLANTSKA PLOVIDBA KK 300 | HRATPLRA0008 | 0 | 0 | 535 | 327.800000 | 23,322.12 | 1.99 | |
| BELJE D.D. KK 100 | HRBLJERA0002 | 0 | 0 | 6,000 | 84.010000 | 67,032.82 | 5.73 | |
| DALEKOVOD D.D. KK 100 | HRDLKVRA0006 | 0 | 0 | 2,785 | 128.410000 | 47,558.63 | 4.06 | |
| ERICSSON NIKOLA T. KK 100 | HRERNTA0000 | 0 | 0 | 400 | 1,080.000000 | 57,449.86 | 4.91 | |
| HRVATSKA POSTANSKA KK1100 | HRHPBORA0002 | 0 | 0 | 13 | 1,880.000000 | 3,250.17 | 0.28 | |
| HRVATSKE TELEKOMUN.KK 100 | HRHTOORA0005 | 0 | 0 | 2,673 | 241.560000 | 85,867.58 | 7.34 | |
| HUP ZAGREB D.D. KK 400 | HRHUPZRA0002 | 0 | 0 | 320 | 1,149.800000 | 48,930.26 | 4.18 | |
| INSTITUT IGH D.D. | HRIGHORA0006 | 0 | 0 | 60 | 753.850000 | 6,015.08 | 0.51 | |
| IPK KANDIT REG. KK 100 | HRIPKKRA0000 | 0 | 0 | 245 | 142.040000 | 4,627.88 | 0.40 | |
| JADROPLOV D.D. KK 360 | HRJDPLRA0007 | 0 | 0 | 210 | 77.050000 | 2,151.78 | 0.18 | |
| KONCAR ELEKTROIND. KK 400 | HRKOEIRA0009 | 0 | 0 | 1,340 | 513.800000 | 91,559.66 | 7.82 | |
| LEDO D.D. KK 380 | HRLEDORA0003 | 0 | 0 | 115 | 4,998.440000 | 76,442.98 | 6.53 | |
| LUKA PLOCE D.D. NA KK 400 | HRLKPCRA0005 | 0 | 0 | 17 | 708.990000 | 1,602.86 | 0.14 | |
| PODRAVKA DD KK 300 | HRPODRRA0004 | 0 | 0 | 1,600 | 230.170000 | 48,974.95 | 4.18 | |
| PRIVREDNA BANKA ZA. KK100 | HRPBZORA0004 | 0 | 0 | 850 | 475.000000 | 53,693.02 | 4.59 | |
| RIVIERA ADRIA REG. KK 10 | HRRIVPRA0000 | 9,836 | 0 | 9,836 | 9.360000 | 12,243.33 | 1.05 | |
| TANKERSKA PLOVID. KK 600 | HRTNPLRA0003 | 0 | 0 | 84 | 688.840000 | 7,694.90 | 0.66 | |
| TEHNIKA D.D. KK 900 | HRTHNKRA0004 | 0 | 0 | 232 | 793.710000 | 24,488.10 | 2.09 | |
| ZAGREBACKA BKA NA KK 20 | HRZABARA0009 | 8,000 | 8,000 | 2,000 | 40.540000 | 10,782.49 | 0.92 | |
| | | | | | | Total | 743,538.98 | 63.52 |
| | | | | | | Total equities denominated in HRK translated at a rate of 7.519600 | 743,538.98 | 63.52 |

| Security designation | ISIN number | Purch./ additions | Sales/ disposals | Holding Shares/nominal (nom. in 1,000, rounded) | Price | Value in EUR | % share of fund assets |
|----------------------|-------------|-------------------|------------------|---|-------|--------------|------------------------|
|----------------------|-------------|-------------------|------------------|---|-------|--------------|------------------------|

Equities denominated in ROL**Issue country Romania**

| | | | | | | | |
|--|--------------|---|---|--------|-----------|-----------|------|
| BANCA TRANSILV.REG.LN 1 | ROTLVAACNOR1 | 0 | 1 | 7,578 | 0.884000 | 1,548.71 | 0.13 |
| BRD-GR.SOCI.GENERALE LN 1 | ROBRDBACNOR2 | 0 | 0 | 12,272 | 10.710000 | 30,385.58 | 2.60 |
| OMV PETROM S.A.REG.LN-.10 | ROSNPPACNOR9 | 0 | 0 | 60,000 | 0.290000 | 4,022.65 | 0.34 |
| Total | | | | | | 35,956.94 | 3.07 |
| Total equities denominated in ROL translated at a rate of 4.325510 | | | | | | 35,956.94 | 3.07 |

Equities denominated in RSD**Issue country Serbia**

| | | | | | | | |
|--|--------------|---|---|--------|---------------|--------------|-------|
| AERODR.NIKOLA TESLA SJ600 | RSANTBE11090 | 0 | 0 | 7,000 | 500.000000 | 32,690.39 | 2.79 |
| AIK BANKA A.D. SJ1700 | RSAIKBE79302 | 0 | 0 | 1,077 | 1,648.000000 | 16,577.73 | 1.42 |
| CACANSKA BANKA SJ 10000 | RSCBCAE56615 | 0 | 0 | 19 | 10,450.000000 | 1,854.48 | 0.16 |
| DIJAMANT A.D. SJ 10120 | RSDIJME46577 | 0 | 0 | 36 | 6,500.000000 | 2,185.59 | 0.19 |
| DUNAV OSIGURANJE SJ 1 | RSDNOSE74915 | 0 | 0 | 250 | 976.000000 | 2,278.99 | 0.19 |
| ENERGOPROJEKT HLDG SJ 510 | RSHOLDE58279 | 0 | 0 | 4,638 | 392.000000 | 16,981.22 | 1.45 |
| FU BANAT REG. SJ 8290 | RSFUBAE87920 | 0 | 0 | 45 | 5,731.000000 | 2,408.77 | 0.21 |
| IKARBUS REG. SF 600 | RSIKARE93713 | 0 | 0 | 250 | 910.000000 | 2,124.88 | 0.18 |
| KOMERCIJALNA BK.B. SJ1000 | RSKOBBE16946 | 0 | 0 | 3,000 | 1,700.000000 | 47,634.57 | 4.07 |
| METALS BANKA SJ 5500 | RSMETBE05070 | 0 | 0 | 58 | 1,150.000000 | 622.99 | 0.05 |
| NIS A.D. SJ 500 | RSNISHE79420 | 0 | 0 | 18,000 | 604.000000 | 101,545.70 | 8.68 |
| PUTEVI A.D. SJ 654.22 | RSPUTUE84223 | 0 | 0 | 700 | 431.000000 | 2,817.91 | 0.24 |
| SLOGA NOVI PAZAR RS 650 | RSSLNPE97908 | 0 | 0 | 450 | 435.000000 | 1,828.33 | 0.16 |
| SOJAPROTEIN A.D. SJ 300 | RSSOJAE21837 | 0 | 0 | 4,457 | 565.000000 | 23,520.32 | 2.01 |
| TIGAR A.D. SJ 1200 | RSTIGRE55421 | 0 | 0 | 2,500 | 514.000000 | 12,002.04 | 1.03 |
| Total | | | | | | 267,073.91 | 22.82 |
| Total equities denominated in RSD translated at a rate of 107.065100 | | | | | | 267,073.91 | 22.82 |
| Total publicly traded securities | | | | | | 1,110,786.89 | 94.90 |

Breakdown of fund assets

| | | |
|-----------------------|---------------------|---------------|
| Securities | 1,110,786.89 | 94.90 |
| Dividend entitlements | 609.68 | 0.05 |
| Cash in banks | 59,019.15 | 5.04 |
| Interest entitlements | 187.27 | 0.02 |
| Other deferred items | -63.37 | -0.01 |
| Fund assets | 1,170,539.62 | 100.00 |

| | | |
|--|--------|---------|
| Dividend shares outstanding | shares | 45,032 |
| Non-dividend shares outstanding | shares | 289,658 |
| KEST-exempt non-dividend shares outstanding | shares | 14,815 |
| Share value for dividend share | EUR | 3.30 |
| Share value for non-dividend share | EUR | 3.36 |
| Share value for KEST-exempt non-dividend share | EUR | 3.35 |

Investor note:

The values of assets in illiquid markets may deviate from their actual selling prices.

Purchases and sales of securities in the reporting period not listed in the fund portfolio

| Security designation | ISIN number | Purch./ additions | Sales/ disposals |
|--|------------------------|------------------------------|-----------------------------|
| Shares/nominal (nom. in 1,000, rounded) | | | |
| Publicly traded securities | | | |
| Equities denominated in HRK | | | |
| Issue country Croatia | | | |
| RABAC UGOSTITELJST.KK 370 | HRHRBCRA0000 | 0 | 400 |
| Equities denominated in RSD | | | |
| Issue country Serbia including Kosovo | | | |
| ENERGOMONTAZA REG. SJ 600 | RSENRGE82690 | 0 | 159 |

Vienna, January 2012

ERSTE-SPARINVEST
Kapitalanlagegesellschaft m.b.H.

Bednar

Gasser

Gschiegl