



Financial Statements and Independent Auditor's
report

Fondi Slloveni Kosovari Pensioneve – Fund 1

31 December 2008

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Independent Auditor's Report

To the Management and Founders of

the Fondi Slloveni Kosovari Pensioneve – Fund 1

We have audited the accompanying financial statements of the Fondi Slloveni Kosovari Pensioneve – Fund 1 (further referred as “the Fund 1”) which comprise of the Statement of Fund's Net Assets as of 31 December 2008 and the Statement of Income and Expenditure, Statement of Changes in Fund's Net Assets, Accounting Unit's Financial Indicators and Statement of Accounting Unit as of and for the year ended 31 December 2008, and a summary of significant accounting policies and other explanatory notes, included on pages 3 to 18.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with UNMIK regulations on pension system in Republic of Kosovo as well as the rules defined by Central Bank of Republic of Kosovo (CBK). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and

the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the financial statements of the Fund present fairly, in all material respects, the financial position of the Fund as of 31 December 2008, the results of its operations, and changes in net assets and participants' funds in accordance with UNMIK regulations on pension system in Republic of Kosovo as well as the rules defined by Central Bank of Republic of Kosovo (CBK).



Grant Thornton,

Skopje,
26 January 2009

Statement of Fund's Net Assets

	Notes	2008	(in Euro) At 31 December 2007
Assets			
Cash and cash equivalents	3	110,507	38,158
Securities held for trading	4	-	348,736
Securities held-to-maturity	5	2,370,928	-
Placements with banks	6	159,601	-
Other receivables	7	816	8,558
Total assets		2,641,852	395,452
Liabilities and participants' funds			
Liabilities			
Liabilities for investment on securities		-	1,268
Liabilities for management fee		3,327	1,365
Other fees and liabilities		1,363	607
Total liabilities		4,690	3,240
Participants' funds			
Net assets of the Fund		2,636,181	382,399
Surplus for the year		981	9,813
Total participants' funds		2,637,162	392,212
Total liabilities and participants' funds		2,641,852	395,452
Issued accounting units		23,678.74970000	3,506.49170000
Value of an accounting unit		111.3725	111.8533

These financial statements have been approved by the Management of the Fondi Sllveno Kosovar i Pensioneve - Fund 1 and signed on its behalf by,

Mr. Dardan Sejdiu
 President of the Management Board

Mr. Bostjan Mikulic,
 Member of the Executive

See accompanying notes to the financial statements

Statement of Income and Expenditures

	Notes	(in Euro)	
		Year ended 31 December 2008	2007
Interest income	8	59,104	4,384
Realized gains from securities held for trading	4	731	6,842
Dividend income		1,667	-
Total income		61,502	11,226
Expenses			
Realized losses from securities held for trading	4	(81,924)	-
Management fee		(32,063)	(1,365)
Provision and transaction fees		(2,724)	(673)
Total expenses		(116,711)	(2,038)
Net (loss)/profit from investments		(55,209)	9,188
Unrealized gains			
Unrealized gains from securities held for trading, net		-	625
Amortization of the discount of securities with fixed maturity	5	56,190	-
Total unrealized gains		56,190	625
Net surplus of the Fund 1 for the year		981	9,813

Statement of Changes in Fund's Net Assets

	Notes	(in Euro)	
		Year ended 31 December 2008	2007
Net (loss)/profit from investments		(55,209)	9,188
Unrealized gains		56,190	625
Net surplus of the Fund 1 for the year		981	9,813
Participant's contributions received		2,549,244	382,399
Pension paid out		(305,275)	-
Total increase net assets		2,244,950	392,212
Net assets as of 01 January		392,212	-
Net assets as of 31 December		2,637,162	392,212
<i>Number of issued accounting units</i>		<i>20,172.2580</i>	<i>3,506.49170000</i>

Accounting Unit's Financial Indicators

	(in Euro)	
	Year ended 31 December	
	2008	2007
Accounting units at the beginning of year	3,506.49170000	-
Value of accounting units at the beginning of year	111.8533	100.0000
Net assets of pension fund at the end of the year	2,637,162	392,212
Number of accounting units at the end of the year	23,678.74970000	3,506.49170000
Value of accounting unit at the end of the year	111.3725	111.8533
<i>Additional ratios and information</i>		-
Ratio-Expenses as percentage of net assets of Fund 1	1.5675%	1.2945%
Ratio-net gain from investment as percentage of net assets of Fund 1	(2.4866%)	5.8358%
Rate of return of the Fund 1	(0.4299%)	11.8533%

Statement of Accounting Units

	(in Euro)	
	Year ended 31 December 2008	
Description	Number of accounting units	Value of net assets
Accounting units at the beginning of the year	3,506.4917	382,399
Issued accounting units during the year-contributions	22,905.5607	2,549,244
Issued accounting units during the year-transfers to other funds	-	-
Reduction of accounting units due to transfers to other funds	-	-
Reduction of accounting units due to payment of benefits	(2,733.3027)	(305,275)
Reduction of accounting units due to payment of fee from net assets of the Fund 1	-	-
Total number of accounting units at end of the year	23,678.7497	2,626,368
Value of accounting unit		
At the beginning of the year		111.8533
At the end of year		111.3725

Notes to the financial statements

1 General

The Fondi Slloveno Kosovar i Pensioneve Sh.a. (hereinafter “the Company” or “FSKP”) was established as a shareholding association on 4 September 2006 based on the Law no. 03/L-084 amending UNMIK Regulation 2005/20 on Pensions in Kosovo. The operating license was obtained on 14 November 2006 based on regulations from CBK.

The Law no. 03/L-084 amending UNMIK regulation 2005/20 on pensions in Kosovo under which the Fondi Slloveno Kosovar i Pensioneve - Fund 1 was established, provides for a supplementary pension savings program, funded by pensions contributions of both employees and their employers. Each voluntary participant has an Individual Account with the Fund 1, to which contributions are credited.

The Fund 1 is administered and managed by the Company - FSKP, located at Nëna Terezë Nr.33, 10000 Prishtina, Republic of Kosovo. The principal shareholders of the Company are Prva Pokojninska Druzba, Slovenia and Corporation Dukagjini, Republic of Kosovo.

2 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

2.1 Basis of preparation

The financial statements of the FSKP have been prepared in accordance with the UNMIK regulations on pension system in Republic of Kosovo as well as the rules defined by Central Bank of Republic of Kosovo (CBK) with regard to the Kosovo Pension system.

These financial statements are prepared on the historical cost basis. Data are expressed in Euros, except otherwise stated.

Notes to the financial statements (continued)
Accounting policies (continued)

2.2 Cash and cash equivalents

Cash and cash equivalents, comprising balances with banks for pension contributions payments and for investments purposes, are carried at cost.

2.3 Financial assets

The Fund classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Fund's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the balance sheet.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. The Fund has no assets classified in this category.

Held – to - maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Fund's management has the positive intention and ability to hold to maturity. Were the Fund to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as held for trading.

Regular purchases and sales of financial assets are recognized on the trade date – the date on which the Fund commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method. Securities held-to-maturity are measured at amortized cost using the effective interest rate method. Unrealized interest income and amortization of the discount/(premium) are recognized as income and expenses for the period.

Notes to the financial statements (continued)
Accounting policies (continued)

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'other (losses)/gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the income statement as part of other income when the Fund's right to receive payments is established.

(Financial assets, continued)

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognized in equity. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the income statement as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognized in the income statement as part of other income when the Fund's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Fund establishes fair value by using valuation techniques.

The Fund assesses at each balance sheet date whether there is objective evidence that a financial asset or a Fund of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is described further in this note.

2.4 Receivables and payables related with investment securities

Receivables and payables arise from the acquisition and sale of securities and are recognized as assets and/or liabilities at the date of the transaction made. They are settled at the payment date.

2.5 Fund assets and investment strategy

The Fund is obliged to follow CBK rules with regard to investments in different types of financial assets and the amount of investments in those assets.

As prescribed by Rule 9 on Investment of Pension Assets, pursuant to the provisions of the Law no. 03/L-084 amending UNMIK regulation no. 2005/20, the Fund must comply with the following **common conditions**:

- a. The Fund must invest their assets only in the classes of permitted (eligible) investments prescribed under this Rule or in cash in the course of deposit to the custodian or for cash and bank deposits representing amounts as are reasonably necessary to conduct its pension operations.
- b. The eligibility of investment is determined at the time of its making or acquisition. If the determination of eligibility is based on amount, the limitation is based on

Notes to the financial statements (continued)
Accounting policies (continued)

the amount of total investment assets as of the last asset valuation date, as reported to the CBK.

- c. Investment of pension assets must be in accordance with the statement of investment principles and in conformity with investment directives adopted and issued by the pension entity consistent with the requirements of the Pensions Regulation and these Rules.
- d. Investments made in breach or violation of the investment principles and directives must be corrected and rectified immediately. Breaches and deviations, of previously conforming investments, arising from cause or causes beyond the control of the board of directors or asset manager of the pension entity may be rectified or corrected within such time and manner that is least detrimental to the interests of the participants which period of time is not greater than 6 months from the date of such breach or deviation.

Fund assets and investment strategy (continued)

- e. The governing bodies of pension entities providing pensions shall submit to the CBK, together with quarterly and yearly reports, a statement certified by a duly authorized officer, attesting that all investment assets of the entity are in compliance with the conditions, restrictions and limitations prescribed in the Pensions Regulation and this Rule and in conformity with the statement of investment principles and investment directives adopted by the entity; provided that, if otherwise, the certified statement must clearly indicate the nature of the violation, breach or deviation, identifying the particular non-complying investment asset and describing the manner and the time frame for rectification and/or correction.

As prescribed by Rule 9, the Fund should follow and comply with the following **specific conditions**:

- a. At any one time, investment of pension assets is subject to the following specific conditions:
 - Stocks or equity shares shall not be greater than 5% of the total shares issued by one issuer.
 - Bonds shall not be greater than 30% of any single bond issue.
 - Total investments in any one entity, including its affiliate entities, shall not be greater than 5% of the total pension assets.
- b. For the further protection of the quality of pension assets, the CBK may, from time to time, prescribe minimum investment grades or ratings of securities in the determination of eligibility of the investment. Investment grade or rating conditions shall form part and parcel of this Rule on the date set by written directive of the BPK prescribing such requirement(s).

The investments securities which are **eligible (permitted)** are as follows:

A Securities Issued and/or Located Outside of Kosovo

Pension assets may be invested only in the following international types and classes:

- Monetary funds, including bank accounts and deposits with banks that are licensed by a bank regulatory authority of a member state of the OECD, and whose license remains in force and in good standing.
- Securities issued by any member state of the OECD.
- Securities issued by local governments in member states of the OECD to the extent guaranteed by the respective state.

Notes to the financial statements (continued)
Accounting policies (continued)

- Securities registered with the capital markets regulator of any member state of the OECD and placed for public offering and actively listed or traded in the Stock Exchange that is appropriately regulated and supervised in such state(s).
- Mutual funds and other investment funds (open-end entities) subject to the approval in the OECD member state of their establishment and for which compliance requirements are prescribed by the appropriate regulatory or supervisory authority within such member state relating to the conduct of business activities of such open-end entities.
- All other types and classes of international securities as may be authorized, from time to time, by effective laws, statutes, regulations and rules issued by competent authorities in Republic of Kosovo.

Fund assets and investment strategy (continued)

B Securities Issued and/or Located within Republic of Kosovo

- Monetary funds, including bank accounts and deposits with banks that are licensed by the BPK and conducting banking business in Republic of Kosovo in good standing with the regulatory requirements of the CBK.
- Securities issued by competent authority in Republic of Kosovo, to the extent guaranteed by such authority.
- Securities issued by public and/or private enterprises that are registered with the capital markets regulator in Republic of Kosovo provided that such securities are listed and traded in securities exchange(s) licensed in Republic of Kosovo or in a member state of the OECD and subject to regulation and supervision of the applicable capital market authority in such state.
- Mutual funds and other investment funds (open-end entities) subject to the approval in Republic of Kosovo and for which compliance requirements are prescribed by the appropriate regulatory or supervisory authority in Republic of Kosovo relating to the conduct of business activities of such open-end entities.
- All other types and classes of domestic securities as may be authorized, from time to time, by effective laws, statutes, regulations and rules issued by competent authorities in Republic of Kosovo.

The Fund should also comply with the rule on **prohibited investments** which are defined as follows:

Pension assets cannot be invested in the following types of classes:

- Securities that are either unlisted or not publicly traded.
- Assets that cannot be legally conveyed, sold, disposed of or otherwise alienated.
- Derivatives securities, options, futures, forward and other agreements with respect to securities and other financial assets.
- Real or physical assets not listed on organized markets and for which valuation is uncertain including, but not limited to, precious objects, works of arts, antiques, coins, collections, and motor vehicles.
- Securities issued by proscribed parties as defined under this Rule.
- Securities that are not of the types or classes permitted under the Pensions Regulation, this Rule and/or securities acquired not in accordance with the investment principles and directives of the pension entity at the time of their acquisition.
- Such other assets or securities as are specified by the SRSG and/or laws, statutes, regulations and rules promulgated by competent authorities.

Notes to the financial statements (continued)
Accounting policies (continued)

Pension Funds and Pension Providers shall be deemed to have complied with the rules on **diversification of investments** if the following conditions are fulfilled:

- The investments made are in accordance with the terms and stipulations contained in their Statements of Investment Principles approved by the CBK.
- The assets of the Pension Fund, or when applicable the Pension Provider, are kept and safeguarded by an independent Custodian in accordance an asset custodial agreement.
- The amount of the assets does not exceed Five Hundred Thousand (500,000) Euro.
- The Pension Fund or Pension Provider has submitted to the CBK an acceptable plan for increasing the diversification of its investments.

2.6 Net assets of the Fund 1

The Fund's net asset value equals total assets minus total liabilities of the Fund 1.

2.7 Value of accounting unit

The value of the accounting unit equals the value of Fund's net assets divided by the total number of accounting units as of the date of calculation. This formula does not apply as of the first day of operations when the value of the accounting unit equals Euro 100 in accordance with Fund's policy.

2.8 Interest income

Interest income includes income from bond's coupon rates and interest on term deposits. The interest income is recorded on an accrual basis.

2.9 Management fee

The Fund is obliged to pay management fee to the Company on daily basis. The annual management fee is 1.5% of the total Fund's assets.

2.10 Expenses for transactions fees

These expenses relate to the fees paid to financial intermediaries (banks and brokerage houses) who are acquiring investments securities for the Fund.

2.11 Realized gains/losses

Realized gains/losses arise from the sale of securities, leveling of prices when securities are acquired and matured principals and interest on securities acquired at premium or discount. These gains/losses are recorded as revenues or expenses at the moment when they occur.

2.12 Unrealized gains/losses

Unrealized gains/losses are recorded as the difference between purchasing cost and the fair value of the security or with the amortized cost. When the principal or part of the principal matures, as well as when security is sold the amount of unrealized gains/losses is transferred in realized gains/losses for the period in question.

2.13 Amortization of the discount/premium of the security

Amortization of the discount/premium of the security is recorded through deferred revenues/expenses and accrued expenses/revenues. At the moment when the security matures or is sold, the amount of amortization is transferred as realized capital gain or loss.

2.14 Foreign exchange gains/losses

Notes to the financial statements (continued)
Accounting policies (continued)

Transactions in foreign currencies are recorded in accordance with the valid exchange rate as of the date of the transaction. The differences are recorded in the income statement as gains/losses.

2.15 Income tax expense

The Fund is not a legal entity in Republic of Kosovo and therefore, according to the United Nations Mission in Republic of Kosovo (“UNMIK”), the governing body of Republic of Kosovo, it has no obligation to submit tax on profit application.

2.16 Transactions with related parties

Related parties are defined as those parties which have control over each other or have an influence on the financial and operational decisions of each other.

The Fund related parties are Prva Group from Ljubljana, Slovenia and Corporation Dukagjini from Peja, Republic of Kosovo, which are managing and administering the Fund 1.

Notes to the financial statements (continued)
As of and for the year ended 31 December 2008
(All amounts are expressed in Euro, unless otherwise stated)

3 Cash and cash equivalents	2008	2007
Collection account - Raiffeisen Bank		19,002
Saving account - Raiffeisen Bank	28,784	925
Contribution account – Pro Credit Bank	4,380	-
Contribution account – Banka Ekonomike	14,440	-
Contribution account – NLB Kasabank	3,069	-
Pension Payment account – Banka Ekonomike	54,003	-
Custodian account - Nova Ljubljanska Banka d.d., NLB	4,632	18,231
Banka Ekonomike account	1,199	-
	110,507	38,158

4 Securities held for trading	2008	2007
Government bonds	-	125,269
Corporate Bonds	-	203,121
Equity investments		
- In Euro	-	15,333
- In foreign currency	-	5,013
	-	348,736

The following table provides for the movement of securities held for trading during 2008:

	Government bonds	Corporate bonds	Equity securities	Total
At 31 December 2007 / 01 January 2008	125,269	203,121	20,346	348,736
Additions	-	238,936	212,896	451,832
Disposals	(125,269)	(29,890)	(233,242)	(388,401)
Reclassification to securities held-to-maturity	-	(412,167)	-	(412,167)
At 31 December	-	-	-	-

During the year ended 31 December 2008 the Company recognized net loss from the sales of the securities held for trading in the total amount of Euro 81,193 (2007: gain in the amount of Euro 6,842).

5 Securities held-to-maturity

Securities held-to-maturity consist entirely of bonds and other debt securities issued by foreign companies and banks.

Following table provides for the movement of securities held-to-maturity during 2008:

	2008
At 31 December 2007 / 01 January 2008	-
Reclassification from securities held from trading	412,167
Additions	1,902,571
Unrealized gains	56,190
At 31 December	2,370,928

Notes to the financial statements (continued)
As of and for the year ended 31 December 2008
(All amounts are expressed in Euro, unless otherwise stated)

6 Placements with banks

	2008	2007
Banka Ekonomike e Kosovës	119,601	-
NLB Kasabank	40,000	-
	159,601	-

The placements in banks are short-term and earn interest from 4% to 6% on annual basis.

7 Other Receivables

	2008	2007
Interest receivables from investments		
- Interest receivable from government bonds	-	1,859
- Interest receivable from corporate bonds	-	1,461
Receivables from securities sold	-	4,985
Other receivables	816	253
	816	8,558

8 Interest income

	2008	2007
Interest income from securities	38,467	4,124
Interest income from deposit	7,055	-
Interest income from bank accounts	13,582	260
	59,104	4,384

9 Transactions with related parties

Related parties are considered to include major shareholders, affiliates and entities under common ownership, control and management with the Fund, or whose activities the Fund has an ability to control.

All Fund's transactions with related parties arise in the normal course of business and their value is not materially different from the terms and conditions that would prevail in arms-length transactions. All related party transactions and balances refer to the Company, FSKP and are as follows:

	2008	2007
Liabilities for management fees/ Management fees charged	3,327	1,365

Notes to the financial statements (continued)
Financial risk management (continued)

10 Financial risk management

The Fund's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of risks. The Fund's aim is to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Fund's financial performance.

The Fund's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Fund's Management regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by Risk Management Department under policies approved by the Company. This department identifies and evaluates financial risks in close co-operation with the Fund's operating units. The Fund provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk.

10.1 Credit risk

The Fund takes on exposure to credit risk, which is the risk that a counter party will cause a financial loss for the Fund by failing to discharge an obligation. Credit risk is the most important risk for the Fund's business activities. Therefore, the Fund's management carefully manages its exposure to credit risk.

10.2 Market risks

The Fund is exposed to market risks. Market risks arise from the open position of the Fund to the effect of fluctuation in the prevailing level of market interest rates, as well as from the effect of fluctuation in the foreign exchange rates. The Fund's management sets limits of the value of risk that may be accepted, which is mainly based on a day - by - day monitoring.

Interest rate risk

The Fund takes on exposure to effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The table below analyses assets and liabilities of the Fund into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date as of 31 December 2008 and 2007 (in Euro).

	Less than 1 month	From 1 to 3 months	Interest-bearing From 3 to 12 months	From 1 to 5 years	Over 5 years	Non-interest bearing	Total
Assets							
Cash and cash equivalents	110,507	-	-	-	-	-	110,507
Securities held-to-maturity	-	99,651	194,589	-	2,076,688	-	2,370,928
Placements with banks	-	159,601	-	-	-	-	159,601
Other receivable	-	-	-	-	-	816	816
	110,507	259,252	194,589	-	2,076,688	816	2,641,852
Liabilities							
Liabilities for management fee	-	-	-	-	-	3,327	3,327
Fees and other liabilities	-	-	-	-	-	1,363	1,363
	-	-	-	-	-	4,690	4,690
Net interest risk gap	110,507	259,252	194,589	-	2,076,688	(3,874)	2,637,162
31 December 2007							
Total assets	20,346	-	168,665	153,388	49,733	3,320	395,452
Total liabilities	-	-	3,240	-	-	-	3,240
Net interest risk gap	20,346	-	165,425	153,388	49,733	3,320	392,212

Notes to the financial statements (continued)
Financial risk management (continued)

Foreign currency risk

The Fund has not taken on exposure to effects on fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The following tables summarize the net foreign currency risk position of the Fund at 31 December 2008 and 2007 (in Euro).

	in EUR	in USD	Total
Assets			
Cash and cash equivalents	110,507	-	110,507
Securities held till maturity	2,370,928	-	2,370,928
Placements with banks	159,601	-	159,601
Other receivable	816	-	816
	2,641,852	-	2,641,852
Liabilities			
Liabilities for investment on securities	-	-	-
Liabilities for management fee	3,327	-	3,327
Fees and other liabilities	1,363	-	1,363
	4,690	-	4,690
Net foreign currency risk	2,637,162	-	2,637,162
31 December 2007			
Total assets	390,420	5,032	395,452
Total liabilities	3,240	-	3,240
Net foreign currency risk	387,180	5,032	392,212

10.3 Liquidity risk

The Fund is exposed to dailly calls on its available cash resources from current accounts, loan draw downs and other cash calls.

The tables below analyze assets and liabilities of the Fund into relevant maturity based on the remaining period at balance sheet date to the contractual maturity date (in EUR).

	Less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
Assets						
Cash and cash equivalents	110,507	-	-	-	-	110,507
Securities held-for-trading	-	99,651	194,589	-	2,076,688	2,370,928
Placements with banks	-	159,601	-	-	-	159,601
Other receivable	816	-	-	-	-	816
	111,323	259,252	194,589	-	2,076,688	2,641,852
Liabilities						
Liabilities for management fee	3,327	-	-	-	-	3,327
Fees and other liabilities	1,363	-	-	-	-	1,363
	4,690	-	-	-	-	4,690
Net liquidity gap	106,633	259,252	194,589	-	2,076,688	2,637,162
31 December 2007						
Total assets	20,346	-	171,985	153,388	49,733	395,452
Total liabilities	-	-	3,240	-	-	3,240
Net liquidity gap	20,346	-	168,745	153,388	49,733	392,212

10.4 Fair Value estimation

Notes to the financial statements (continued)
Financial risk management (continued)

Fair value represents the amount at which an asset could be replaced or a liability settled on an arms length basis. Fair values have been based on management assumptions according to the profile of the asset and liability base.

The following table summarizes the carrying amounts and fair values to those financial assets and liabilities not presented on balance sheet at their fair value.

	Carrying value		2008	Fair value
	2008	2007		2007
Assets				
Cash and cash equivalents	110,507	38,158	110,507	38,158
Placements with banks	159,601	-	159,601	-
Securities held-to-maturity	2,370,928	-	2,370,928	-
Other receivables	816	8,558	816	8,558
Total assets	2,641,852	46,716	2,641,852	46,716
Liabilities				
Trade and other liabilities	4,690	3,240	4,690	3,240
Total liabilities	4,690	3,240	4,690	3,240

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Fund is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade receivables and the carrying value of payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

APPENDICES

Appendices

As of and for the year ended 31 December 2008

(All amounts are expressed in Euro, unless otherwise stated)

Table 1 - Structure of Fund's investments

a) Bonds securities

Description	Nominal value	Purchase cost (in EUR)	Total value on the reporting date	Percentage shares of issuer	Percentage share of value of the Fund 1
Bonds and other securities issued by foreign Governments and Central banks	-	-	-	-	-
Bonds and other debt securities issued by foreign companies and banks	2,473,000	2,314,738	2,370,928	-	89.74%
Total investments in bonds and other fixed income securities	2,473,000	2,314,738	2,370,928	-	89.74%

b) Structure of the Fund's assets per type of investments

Description	Total on the reporting date	Percentage share in value of the Fund 1
Shares	-	-
Bonds and other fixed income securities	2,370,928	89.75%
Placements with deposits	159,601	6.04%
Cash and cash equivalents	110,507	4.18%
Other receivables	816	0.03%
Total asset value of the Pension Fund	2,641,852	100.00%

Table 2 - Realized gains / losses

Sold security	Sales date	No. of securities	Accounting value	Sales price	Realized gain/(loss)
Shares	-	-	-	-	-
Shares issued in European Union member countries and USA					
- shares in companies	01/22/2008	140	5,032	4,046	(986)
Shares issued in other countries					
- shares in companies	12/03/2008	9,436	228,210	147,984	(80,226)
Bonds and other fixed income securities issued in other countries					
- Bonds and other debt securities issued by foreign Governments and Central banks	04/07/2008	126	125,269	126,000	731
- Bonds and other debt securities issued by foreign companies and banks	10/30/2008	394	442,057	441,345	(712)

Table 3 - Unrealized gains / (losses)

Appendices

As of and for the year ended 31 December 2008

(All amounts are expressed in Euro, unless otherwise stated)

	Purchase cost	Fair value (market value)	Unrealized gain/(loss)
Shares			
Shares issued in European Union member countries and USA:			
- shares in companies	-	-	-
Shares issued in other countries			
- shares in banks	-	-	-
- shares in companies	-	-	-
- close-end investments funds	-	-	-
Bonds and other fixed income securities			
- Bonds and other fixed income securities issued in European Union member countries and USA	-	-	-
- Bonds and other securities issued by foreign Governments and Central banks	-	-	-
- Bonds and other debt securities issued by foreign companies and banks	2,314,738	2,370,928	56,190



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