PRVA GROUP

ANNUAL REPORT 2008

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

CONTENTS:

I. INTRODUCTORY WORDS FROM THE MANAGEMENT BOARD

We concluded the Introductory part of the Annual Report for 2007 with the claim that Prva Group, insurance holding company, plc., is now facing years of strengthening its position in various countries and the positions of various products along with the consolidation of the system. Such a conclusion was necessary due to the rapid growth of the system managed by the company, although we were unaware of the prophetical nature of our claim in the light of the financial crisis hitting the world in 2008.

Following the years when the developmental strategy of the Prva Group exclusively concerned its growth, the time for consolidation has arrived and, due to the crisis on individual markets, also a time to withdraw from these markets. The company thus met the autumn of 2008 with a proposal put forward to the Supervisory Board to adopt the strategy for 2009–2013. The strategic aims for 2004–2008 had been met and this was followed by the decision of the Supervisory Board to support the company's strategy, mainly relating to the development of pension insurance in the countries of former Yugoslavia and in Albania and the expansion into the field of insurance in countries where the company holds a strategic advantage due to its achievements in pension insurance.

The Supervisory Board accordingly adopted the proposal of the Management Board to sell off the company in Romania where, upon the implementation of mandatory pension insurance, the market share (1%) did not enable long-term successful growth despite the fact that the number of insurants was high and could be termed a success in the light of the known markets (the company also began with such a number of insurants in Macedonia, which has a similar system). The preliminary contract for the sale of activities has been concluded so the actual sale may be expected to take place in 2009. The sale itself will be neutral for the Prva Group, insurance holding company, plc., which means that neither profit nor loss is expected, only a positive cash flow in the amount of nearly EUR 5 million .

The Supervisory Board also supported the proposal of the Management Board to sell the Pension Standard, Ukraine company. The company sold the Ukraine company in March 2009 and the corresponding loss has already been recognised in the Balance Sheet for 2008. The reason for the sell-off was the comprehensive stagnation of the pension insurance market in Ukraine and the extensive economic crisis there, which does not indicate any growth possibilities in the near future.

In 2008, Prva osebna zavarovalnica (Slovenia) began marketing life insurance and increased sales volumes are anticipated in 2009. In 2008, both Prva osebna zavarovalnica (Slovenia) and KB Prvo (Macedonia) were profitable.

In 2008, the Garant subsidiary successfully continued selling insurance in Serbia and has become the biggest new seller of pension insurance in Serbia. The Kosovo-based company FSKP has become the first company within the Prva Group system already paying out pensions, while the growth of voluntary pension insurance is slower than planned.

The year 2007 saw the establishment the NLB Penzija company, together with NLB, which sells voluntary supplementary pension insurance in Montenegro. Prva Group, insurance holding company, plc., is a 49% owner of the enterprise. The enterprise is still in the process of acquiring all the necessary licenses.

Damir Verdev
PROCURATOR

Alenka Žnidaršič Kranjc
CHAIRMAN OF THE BOARD

II. THE ACTIVITIES OF THE COMPANY AND ITS DEVELOPMENT

PrvaGroupinsurance holding company, plc., (formerly Prva pokojninska družba, d.d.) is an insurance holding in which 5 pension companies, 1 insurance company and 2 companies in the process of acquiring licenses for insurance activities operated in 2008.

The company's activity includes holding operations in insurance and pension funds.

Ernst & Young was appointed the auditor for the company.

Prva Group insurance holding company, plc. , is a public limited company set up for an indefinite period of time.

In 2008, the following companies operated within its framework: Prva osebna zavarovalnica d.d. in Slovenia, KB Prvo in Macedonia, Garant in Serbia, FSKP in Kosovo, Pension Standard – Administrator NPF in the Ukraine, Prima Pensie in Romania and NLB Pezija AD in Montenegro and PPD Albania.

Prva Group, insurance holding company, plc., also prepared consolidated financial statements in accordance with IFRS for the group with five companies this year. The consolidated financial statements are based on the original financial statements from the companies, including the necessary consolidation adjustments, which, however, are not subject to posting in the financial statements of the included enterprises. In the financial statements, the associated companies are treated in line with the acquisition method. The report also presents long-term business funds, which are managed by associated companies.

Prva Group, insurance holding company, plc. , does not have branch offices in Slovenia or abroad.

III. COMPANY BODIES

The Company's bodies consist of the General Meeting, the Supervisory Board and the Management Board.

The General Meeting of the Prva Group is comprised of legal entities and natural persons possessing shares of the Prva Group.

The Supervisory Board consists of seven members. They are all representatives of the founders.

The Management Board represents and presents the company. The Management Board of Prva Group is made up of two members:

- Dr. Alenka Žnidaršič Kranjc, PhD; Chairman of the Management Board,
- Damir Verdev, Procurator.

The registered seat of the Company:
Prva Group, insurance holding company, plc.,
Železna cesta 18
1000 Ljubljana
Slovenia

III.1 REPORT ON THE WORK OF THE PRVA GROUP, INSURANCE HOLDING COMPANY, PLC., SUPERVISORY BOARD

At its 11th Meeting on 3 June 2008, the General Meeting confirmed the membership of the Supervisory Board members in the Supervisory Board for four more years. A change of membership occurred in the member representing the European Bank for Reconstruction and Development (EBRD), where Mr. Milton Stefani has been replaced by Ms. Andreea Moraru. The seven-member Supervisory Board consisting of Silvo Svete (Chairman), Branko Drobnak, Zvonimir Kristančič, Jože Mermal, Dušan Šešok, Aleksander Svetelšek and Andreea Moraru performed its duties in 2008 in compliance with the provisions of the Insurance Act, the Companies Act, the Articles of Association of the Company and the Rules of Procedure of the Supervisory Board.

In 2008, the Supervisory Board monitored the operations of the company and the work of the Management Board in four regular sessions. It carried out the legally prescribed supervision of the company's operations and supervised the implementation of the decisions adopted in previous sessions and General Meetings of the company.

Among the most important projects carried out in 2008 by Prva Group, insurance holding company, plc., are the continued expansion of operations abroad and the decision to sell the companies in Romania and the Ukraine.

In 2008, the work of the Supervisory Board further consisted of addressing the Annual Report of Prva Group, insurance holding company, plc., for 2007, forming an opinion of the Supervisory Board on the Annual Report for 2007, addressing the Auditor's Report for 2007, addressing the Report on Internal Auditing for 2007, forming an opinion of the Supervisory Board on the functioning of internal auditing in 2007, preparing a proposal for the General Meeting to nominate the company's auditor for 2008, addressing and adopting the Business Plan for 2008, the adoption of the internal auditing plan and of the report on the work of internal auditing in 2008, and ongoing supervision of all the company's operations and the comparison of the objectives realised with those planned.

At its last session in 2008 and with an outlook on the future operations of the company, the Supervisory Board adopted the Business Plan for 2009 and was informed of the plans of all the subsidiaries for 2009.

The Supervisory Board was informed about the decisions of the supervisory bodies in a timely fashion and monitored whether the company took measures in line with these decisions.

The Supervisory Board has reviewed the Annual Report on the Operations of Prva Group plc. and had no objections to the report. On the basis of the monitoring and supervision of the company's operations, it has established that the company followed its set objectives. The Supervisory Board had no objections to the opinion of the auditing company.

The Supervisory Board hereby confirms the Annual Report of Prva Group, insurance holding company, plc., for 2008 and proposes that the General Meeting adopts it.

Silvo Svete
Chairman of the Supervisory Board

III.2 Statement of the Responsibility of the Board Members

The members of the Management Board and the Supervisory Board hereby warrant that the Annual Report of Prva Group, insurance holding company, plc., Group and company and all its components, including the Statement on the Management of the Company, have been composed and published in accordance with the Companies Act and the international financial reporting standards.

The preparation of the Annual Report of Prva Group, insurance holding company, plc., and the accounting statements and explanations that give the interested public a true and honest picture of the means and operating results of the company and the group is the responsibility of the Management.

The Management further declares that the accounting statements of the group and company have been prepared in a manner presuming operation in the future, that the chosen accounting directives are used consistently and that any eventual changes in them have been disclosed.

The Management is responsible for all measures taken to prevent and discover any misrepresentations and irregularities and to preserve the value of the assets of Prva Group, insurance holding company, plc..

Ljubljana, 7.4.2009

Damir Verdev
PROCURATOR

Alenka Žnidaršič Kranjc
CHAIRMAN OF THE MANAGEMENT BOARD

III.3 STATEMENT ABOUT MANAGEMENT

1. The company is using by its business Code of administration of public join-stock company, which was accepted by Ljubljanska borza, d.d., Združenje članov nadzornih svetov in Združenje Manager at 18.3.2004 with changes and supplementations dated by 14.12.2005 and 5.2.2007. The Code was published in Uradni list RS No. 44/2004 dated 28.04.2004 and is accessible publicly on the web pages of all three signers.

2. The company from binding provisions of the Code.

3. In frame of systems of internal controls and risk management in the company, connected with procedure accounting reporting, special attention is assigned:

- to recognizing of important business events, that have direct and significant impact on accounting reporting;
- accounting categories and individual accounts and with them connected processes;
- up to date supplementing documentation of business processes;
- to evaluation of results and to abolishing disadvantages by planning and by current internal controls.

4. The rules of the company about appointment and replacement of members of management and supervisory board are determined in statute of Prva Group, plc. About changes in statute decides assembly of the company with majority at least three quarters of represented capital stock.

5. Assembly is convened by management at least a month before the day foreseen for the meeting.
The meetings are done by the rule on the company headquarters. The competence of assembly is determined by ZGD-1. The assembly decides with a majority of all leased voices by represented capital stock. The shareholders are realizing there rights on assembly personally or through procurators. The rights of shareholders are determined with statute and legislation.

6. Managing and administration of the company works by two track system and is based upon legal and statutory provisions, internal deeds and on well established ad generally accepted good business practice.

Ljubljana, 7.4.2009

Alenka Žnidaršič Kranjc
CHAIRMAN OF THE MANAGEMENT BOARD

IV. SHARE CAPITAL AND SHAREHOLDERS

The company's share capital amounts to EUR 17,419,710 and did not change in 2008. The ownership structure of Prva Group, insurance holding company, plc., has been characterised by the entrance of the European Bank for Reconstruction and Development at the turn of 2007, which had already paid its share in 2007. The nominal value of the company's shares is EUR 42. The paid-up capital amounts to EUR 23,216,286.

The owners of Prva Group, insurance holding company, plc., are successful Slovenian companies, a foreign bank, members of the Supervisory and Management Boards and other shareholders and companies that have included their insurants in one of the pension schemes of Prva osebna zavarovalnica, d. d. The highest subordinate company of Prva Group, insurance holding company, plc., is the Deed BV Netherlands company.

Table 1: Ten largest shareholders of ordinary and preference shares of Prva Group, plc. on 31 December 2008

	Number of Ordinary Shares	Share on 31 December 2008 in %	Number of Preference Shares	Share (in %)
DEJ, d. o. o.	122,396	50.01%		
EBRD*	48,948	20.00%		
POTEZA NETHERLANDS B.V.	31,674	12.94%		
HELIOS Domžale, d. d.	7,794	3.18%	7,295	4.29%
KD ŽIVLJENJE, d. d.	5,086	2.08%		
BTC, D. D. LJUBLJANA	4,773	1.95%	25,938	15.26%
DRUGA, d. o. o.	4,664	1.91%	15	0.01%
ISKRA, d. d.	4,207	1.72%	1,238	0.73%
KD ŽIVLJENJE, d. d.	2,494	1.02%	2,231	1.31%
OMEGA TRADE d.o.o.	2,192	0.90%	644	0.38%
VZAJEMNI SKLAD MP - GLOBAL.SI	0	0.00%	16,494	9.70%
CIMOS D.D.	0	0.00%	12,500	7.35%
ISKRATEL, d.o.o., Kranj	0	0.00%	10,000	5.88%
FACTOR BANKA d.d.	0	0.00%	10,000	5.88%
Prva osebna zavarovalnica d.d. - KS3	0	0.00%	9,221	5.42%
SKUPNA POKOJNINSKA DRUŽBA D.D.,	0	0.00%	7,830	4.61%
Sava-Re d.d.	0	0.00%	6,872	4.04%
SALONIT ANHOVO, d.d.	0	0.00%	6,445	3.79%
Other legal entities	4,470	1.83%	42,319	24.89%
Other natural persons	6,057	2.47%	10,958	6.45%
TOTAL (on 9 January 2008)	**244,755**	**100.00%**	**170,000**	**100.00%**
TOTAL (on 31 December 2008)	**244,755**		**170,000**	**100.00%**

Source: The share register of Prva Group plc.

46 legal entities or natural persons are owners of Class A ordinary shares. The largest shareholders among them are the Dej, d. o. o. company with a 50.01% share, EBRD with a 20% share, Poteza Netherlands, b.v. with a 12.94% share and Helios Domžale, d. d. with a 3.18% share. The others own a total of 13.87% of ordinary shares.

B Class shares are owned by 80 legal entities or natural persons. The largest stake is owned by BTC, d. d. in the amount of 15.26%, followed by Vzajemni sklad MP global with a 9.7% share and Iskratel and Factor banka both holding a 5.88% share. The others own a total of 55.92% of ordinary shares.

At the end of 2008, the company does not possess any authorised capital for the payment of shares.

V. THE ECONOMIC ENVIRONMENT

Following the very successful entry of Slovenia into the euro area on 1 January 2007, 2008 brought a substantially more difficult situation. 2008 was characterised by the end of the five-year period of Slovenian GDP growth and the effects of the global financial crisis were felt in both the financial and the real sectors. In December, the ECB prepared the macroeconomic projections for the euro area, which projected a GDP growth for 2008 of between 0.8% and 1.2% and of between -1% and 0.0% for 2009. This pattern of weak growth in the euro area reflects both modest global activity strongly affecting the export of the euro area and very subdued domestic demand as a result of greater uncertainty and precautionary savings. The projections for Slovenia's most important trading partners from the euro area have been reduced as well.

In 2008, the **real GDP growth** will be 4.1% (instead of the 4.8% foreseen in autumn) and will slow down to 1.1% in 2009 (instead of the 3.1% foreseen in autumn). The main reasons for a slowdown in economic growth in 2009 compared to the autumn projections are the weak global activity and tight financing conditions. Consequently, the projections for the export and investment activity are substantially lower and private consumption growth is also expected to be subdued. Economic activities saw the greatest reversal in November when the export of goods on an interim level decreased by 14.2% and the value of construction work decreased for the first time – by 8.1%. The main factors in the slowdown compared to the previous quarters were the slow growth of private consumption and international trade. The last quarter of 2008 saw a stronger slowdown of activities, as the industry faced an amplified downturn of production, the reductions of new orders and an increase in stock, while activity is also slowing down in the service and construction sector.

Following an almost yearlong growth, October slowed down the **labour market** and the dynamics of employment, while the unemployment rates somewhat increased. The growth in wages remained high, as the interim growth of average gross wages in the public sector in October stood at 13.1%, while the growth in the private sector was lower standing at 7.7%.

The average **inflation** in Slovenia for 2008 was 5.5% and increased by 1.7 percentage points compared to 2007. The Institute for Macroeconomics Analyses and Development projects this year's annual inflation to be at 5.7%, which is lower than expected by 0.5 percentage points. The reason for the somewhat lower inflations may be attributed to the lower prices of energy sources and raw materials, especially in the second semester of 2008.

Lending activity decreased by the end of last year, as there was a setback in financing the economy while the bank's financing activity towards households also reduced.

Market capitalisation of shares at the Ljubljana Stock Exchange decreased by 9.9% in December, which was influenced by the 13.9% monthly drop in the SBI 20 index. In 2008, the market capitalisation of shares decreased by 57.1%. In December 2008, the **market capitalisation of bonds** at the Ljubljana Stock Exchange increased by 5.1% due to dealings with three new bonds. In 2008, dealings with bonds were higher that the average monthly turnover by almost one half.

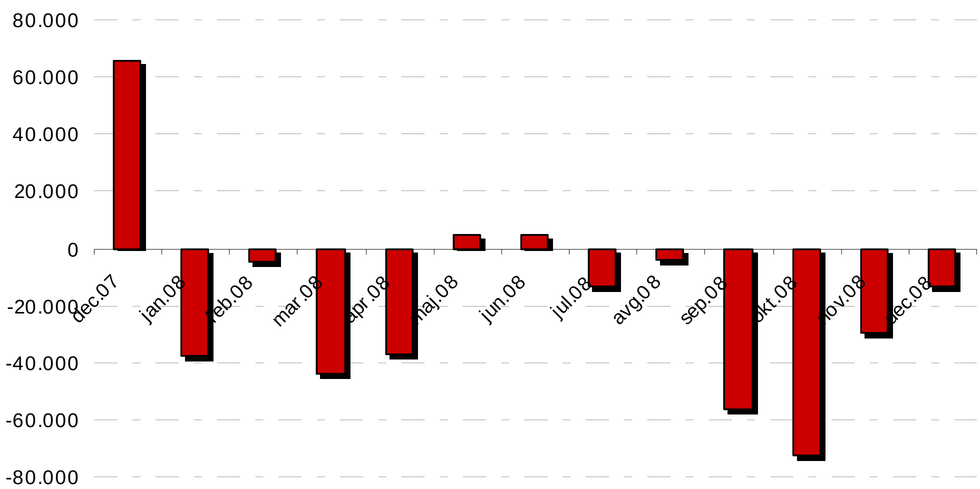
Table 3: Market capitalisation at the Ljubljana Stock Exchange in 2008

Market Capitalisation (EUR mill.)	31 Dec2006	31 Dec2007	31Dec2008
EQUITY MARKET	11,513	19,740	8,468
Prime Market	5,999	12,312	4,151
Standard Market	3,796	4,569	2,589
Entry Market	1,717	258	1,728
BOND MARKET	6,632	5,941	6,795
FUND MARKET	113	162	130
CLOSE-END FUND MARKET	693	1,022	224
TOTAL	**18,951**	**26,864**	**15,617**

Source: Ljubljana Stock Exchange

The **assets of domestic mutual funds** declined by 48.2% in 2008 (by EUR 1,411 million) with 21.5% being net outflow and the remaining percentage the result of changes in value (capital loss). Domestic mutual funds saw EUR 13.3 million of net outflow in December, of that EUR 8.7 million from equity mutual funds, EUR 3 million from hybrid mutual funds, EUR 1.3 million from bond mutual funds and EUR 0.3 million from money market mutual funds. From the regional point of view, the equity funds of the Balkan region recorded an inflow of EUR 2.4 million. The share of liquid assets in mutual funds increased to 12.8%.

Diagram 1: Net monthly payments in 2008 in EUR 000

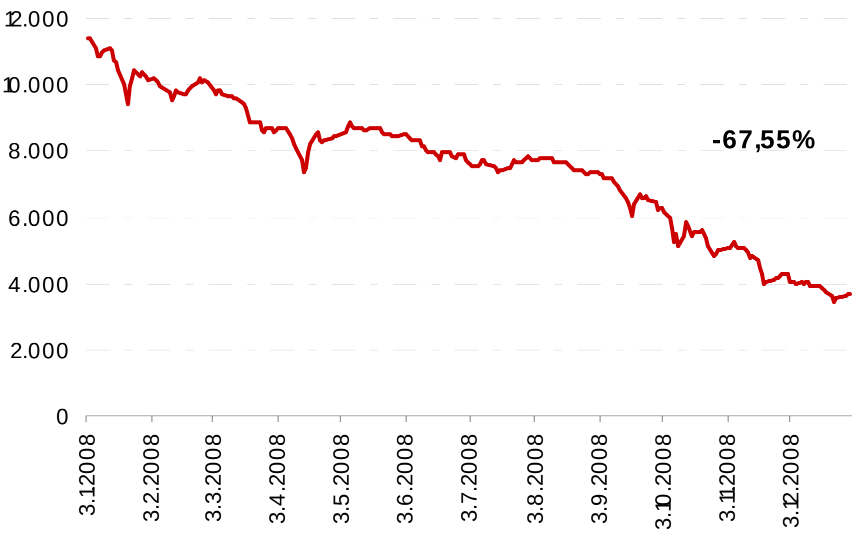


Source: The Securities Market Agency

In accordance with the current market condition, the government of the Republic of Slovenia prepared a range of measures to mitigate the effects of the financial crisis in both financial and economic policy. These measures are primarily directed towards preventing the downturn of economic growth, increasing the economy's liquidity and reducing labour costs. In fiscal policy, an important role is especially played by measures taken in the field of restructuring public financial revenue in order to relieve the economy. On 24 December, the government thus adopted the Act on Partially Subsidising Full-Time Work.

The **main SBI 20 index** dropped by 67.5% in the last year, standing at 3965 points at the end of the year and recording the lowest level since September 2003. The index had the highest value in the beginning of the year when it was 11,408 points and the lowest at the end of December 2008, when it totalled 3,460 points.

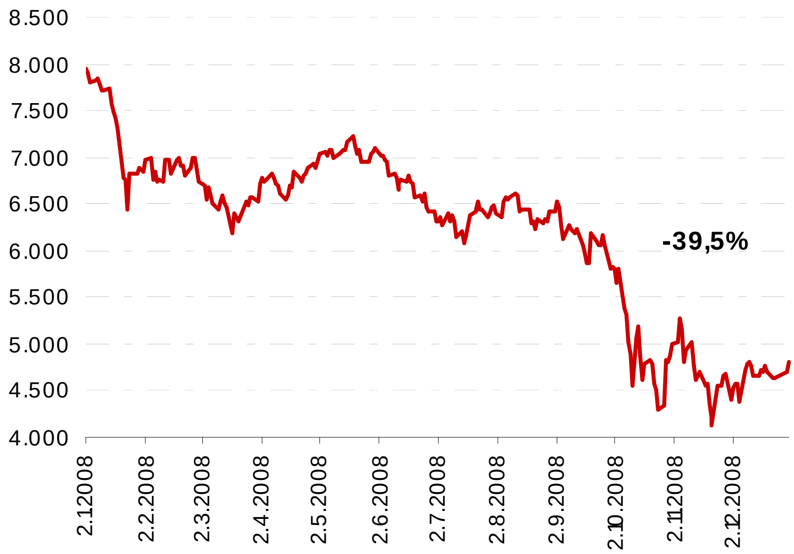
Diagram 2: SBI 20 index trend in 2008



Source: Bloomberg

The DAX 30 index ended 2008 at 4,810.2 points, with the loss on an annual basis being 39.5%. The lowest value was reached at the end of November, when it plunged to 4,127.41 points, and the highest was on the first day of trading, when it totalled 7,949 points.

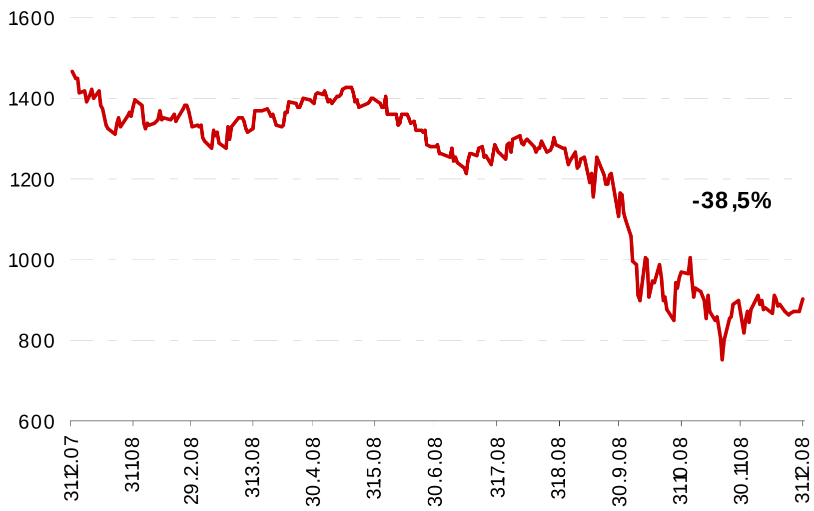
Diagram 3: DAX 30 index trend in 2008



Source: Bloomberg

In 2008, the American **S&P 500** index lost a similar value to the DAX 30 index. From the beginning of the year, the index lost 38.5%, ending the year with 903.25 points. The lowest value was recorded in mid-November, when it was at 752.44 points. The highest value was reached on the first day of trading, when it amounted to 1,447.16 points.

Diagram 4: S&P 500 index trend in 2008



Source: Bloomberg

VI. FINANCIAL RESULT

The company's financial situation in 2008 was not as favourable as it was in 2007, particularly due to the situation on the financial markets. The company concluded 2008 with a net profit that stands at only 49% of last year's profit however, while the group recorded only 45% of last year's profit.

In 2008, the company improved its operating results. It still recorded an operating loss of EUR 428,000, which is 35% less than the year before however. The reduced loss is primarily the result of cutting costs. The Group also registered a loss of EUR 1.8 million last year, reducing it by 48% in comparison with the previous year.

The Group generated a profit of 226.5 thousand euros from investment activities, which constitutes a 3% increase compared to the year before. The Group generated a profit of 225.8 thousand euros. The lower results from investment activities are the result of reductions in investment prices and the changed financial conditions on the domestic and international markets.

Together with the received tax return from overpaid income tax in the previous years and with the deferred taxes, the company demonstrates a net profit of EUR 2.5 million and therefore, despite less favourable operating results, both the company and the Group record a net profit.

Table 2: Key financial indicators

in EUR

	Prva Group		Group	
	2008	2007	2008	2007
Written premiums	0	0	56,206,686	43,617,543
Revenues from operations	264,942	200,585	4,043,198	3,262,333
Expenses/cost from operations	692,972	860,951	5,855,283	6,726,799
Profit or loss from operations	-428,030	-660,366	-1,812,085	-3,464,466
Profit from investments	226,530	6,960,479	225,845	7,595,551
Tax on profit or loss from ordinary activities	2,559,868	-1,464,917	2,496,560	-1,640,896
Net profit for the financial year	2,358,368	4,835,196	910,320	2,490,189
Pension funds				
Assets under management	-	-	193,501,525	142,692,983
Number of insurants	-	-	202,326	183,757
Net increase in the number of insurants	-	-	18,569	54,299
Average annual premium	-	-	277.80	237.37
Management fee	-	-	0.79%	1.28%
Yields of funds (attributed weighted average)	-	-	0.38%	4.63%
Capital				
ROE from operations	-1.30%	-1.96%	-6.13%	-10.85%
ROE from investments	0.69%	20.67%	0.76%	23.79%
Total ROE	7.17%	14.36%	3.08%	7.80%
Number of employees on the last day of the year	10	10	91	108

VII. INFORMATION TECHNOLOGY DEPARTMENT

The Information Technology Department at Group, insurance holding company, plc., actively monitors the development of the enterprise and, together with the users, supports the introduction of innovations and encourages change. Key factors for success are the continuous close cooperation with the Management Boards of companies, excellent IT knowledge and appropriate personnel.

In accordance with the strategic project of updating the information system, 2008 saw activities in this field that is crucial for the company's operation:

- in August 2008, we replaced the old existing hardware with new hardware and thus modernised the complete information system,
- we are continuing our implementation of the database warehouse connected to the central server, thus facilitating daily monitoring of the company's operation.

In 2008, we regularly monitored work in the field of information technology and intensively implemented CRM in all active companies.

VIII. ORGANISATION AND PERSONNEL

Based on the hours worked, Prva Group, insurance holding company, plc., had an average of 7.29 employees in 2008. The number of employees varies depending on the requirements in a specific period. On the last day of 2008, 10 people were employed in the Company.

Table 3: The number of employees with respect to the level of education on 31 December 2008

	Organisational Unit	Number of Employees
1.	Management	2
2.	Secretarial service/accounting dep.	3
3.	Internal auditing	1
4.	Controlling	1
5.	Investments	1
6.	Foreign markets	1
7.	Legal dep.	1
	Total	**10**

	Level of Professional Education	Number of Employees
1.	PhD	1
2.	Master's Degree	1
3.	High professional competence	8
	Total	**10**

IX. FINANCIAL STATEMENTS

ERNST & YOUNG

INDEPENDENT AUDITOR'S REPORT (translation of audited Slovenian financial statements)

To the shareholders of Skupina Prva d.d., Ljubljana

Report on the Financial Statements

We have audited the accompanying standalone and consolidated financial statements of Skupina Prva d.d. (hereinafter "The Company") and its subsidiaries (hereinafter "The Group) which comprise the balance sheet as at December 31, 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with the requirements of the Slovenian Companies Act related to the preparation of the financial statements. 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 present fairly, in all material respects, the financial position of the Company Skupina Prva d.d. and the Group as of December 31, 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the requirements of the Slovenian Companies Act related to the preparation of the financial statements.

Report on Other Legal and Regulatory Requirements

Management is also responsible for preparing the business report in accordance with the Slovenian Companies Act. Our responsibility is to assess whether the business report is consistent with the audited financial statements. Our work regarding the business report is performed in accordance with ISA 720, and restricted to assessing whether the business report is consistent with the financial statements and does not include reviewing other information originated from non-audited financial records.

The business report is consistent with the audited financial statements.

Ljubljana, 7. april 2009

Janez Uranič
Certified Auditor
Director
Ernst & Young d.o.o.
Dunajska 111, Ljubljana

ERNST & YOUNG
Revizija, poslovno
svetovanje d.o.o., Ljubljana 1

INCOME STATEMENT

in EUR

	Notes	Prva Group 2008	Prva Group 2007	Group 2008	Group 2007
Revenues					
Revenues from operations	1	264,942	182,585	4,043,198	3,244,333
Interest income	2	476,816	293,606	1,278,155	935,283
Net change in exchange rate		-13,702	-17,849	98,910	-104,764
Net profit/loss from disposal of investments	3	-551,612	6,785,269	-1,482,755	6,767,984
Net profit/loss from investments measured at fair value disclosed through IPI		-130,700	0	-166,323	2,058
Other revenues	9	445,728	21,765	492,794	124,909
Total revenues		**491,472**	**7,265,376**	**4,263,979**	**10,969,802**
Expenditures and costs					
Costs of acquiring insurants	4	0	0	436,867	1,742,951
Amortisation	15,16	20,576	13,246	277,907	287,069
Labour cost	5	348,607	366,130	2,279,695	2,189,568
Expenditures from interests	6	0	104,312	2,819	109,860
Other costs	7	323,789	481,575	2,520,505	2,507,210
Total expenditures and costs		**692,972**	**965,263**	**5,517,796**	**6,836,659**
Participating share in the profit of associated companies		0	0	5.064	7
Profit before tax		-201.500	6.300.113	-1,248,753	4.133.150
Income tax and other taxes	20	2.360.626	-1.462.234	2.495.934	-1.630.859
Deferred taxes		199.242	-2.683	626	-10.037
Net profit		**2.358.368**	**4.835.196**	**1,247,806**	**2.492.254**
- of majority stakeholder		-	-	*1,145,528*	*2.449.755*
- loss/profit of minority stakeholders		-	-	*102.278*	*42.499*
Net profit per share	8			3,35	10,33

The notes on pages 20 through 57 are an integral part of the financial statements.

BALANCE SHEET

in EUR

		Prva Group		Group	
		31Dec2008	31Dec2007	31Dec2008	31Dec2007
ASSETS	**Note**				
Investments					
Share in subsidiaries	10	15,457,321	21,773,475	0	0
Share in subsidiaries available for sale	10	4,830,504	0	0	
Assets of companies in the Group available for sale				2,041,281	
Shares in associated company	10	122,500	122,500	127,571	122,507
Investments into securities	11	8,356,034	5,273,392	16,674,809	14,085,872
1. Held-to-maturity		0	0	7,840,567	516,095
2. Available-for-sale		7,485,734	5,273,392	7,903,891	13,480,741
3. Measured at fair value through profit or loss		870.300	0	930,351	89,036
Issued loans and deposits	12	2,617,819	6,201,016	8,163,221	11,555,421
Cash	13	542,002	241,004	1,475,349	3,039,418
Total investments		**31,926,181**	**33,611,387**	**28,482,231**	**28,803,218**
Assets from pension policyholders	17	0	0	140,592,245	113,885,284
Intangible fixed assets	16	725	1,905	269,897	521,954
Tangible fixed assets	15	103,919	2,058,809	1,358,338	3,607,498
Receivables from direct insurance operations		0	0	235,803	206,877
Other receivables	14	418,873	96,389	495,132	1,540,173
Receivables from income tax		583.649	0	583,649	0
TOTAL ASSETS		**33,033,347**	**35,768,490**	**172,017,295**	**148,565,004**
LIABILITIES					
Capital					
1. Called-up capital		17,419,710	17,419,710	17,419,710	17,419,710
2. Reserves		8,765,503	8,765,503	8,256,746	8,758,338
3. Surplus from revaluation		896.567	2,661,849	594,505	2,331,379
4. Undistributed profit		5,787,922	4,835,224	1,633,069	1,773,484
6. Capital of minority shareholders		0	0	1,984,972	1,644,846
Total capital	**18**	**32,869,702**	**33,682,285**	**29,889,003**	**31,927,757**
Liabilities to pension policyholders	23	0	0	140,592,245	113,885,284
Deferred Taxes	19	23,689	749,568	229,483	641,810
Liabilities to income tax		53.653	822,450	53,653	991,075
Loans	21	0	0	459,928	384,940
Other liabilities	22	86,305	514,186	497,085	734,138
Liabilities of companies in the Group available for sale				295,899	
TOTAL LIABILITIES		**33,033,347**	**35,768,490**	**172,017,295**	**148,565,004**

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The notes on pages 20 through 57 are an integral part of the financial statements.

CASH FLOW STATEMENT

in EUR

	Prva Group		Group	
	2008	2007	**2008**	2007
Cash flows from operating activities				
Total profit or loss before taxes	-201,500	6,300,113	-1,248,753	4,133,150
Revaluation adjustment for:	-246,576	-6,961,317	210,021	-7,306,337
Profit/loss in the change of value of investments measured at fair value	170,300	0	170,300	0
Net revenues from interests	-476,816	-189,294	-1,275,336	-825,423
Depreciation of fixed assets	20,576	13,246	277,910	287,069
Net profit from disposal of investments	484,972	-6,785,269	1,482,755	-6,767,984
Net profit from disposal of OS	-445,608	0	-445,608	0
Profit from regular operations prior to changes in working capital	**-448,076**	**-661,204**	**-1,038,732**	**-3,173,188**
Increase in receivables / liabilities	-1,764,244	-781,262	-89,889	-1,633,146
Cash flow from ordinary activities	**-2,212,320**	**-1,442,466**	**-1,128,622**	**-4,806,334**
Receivables from interest	526,016	267,181	1,327,355	851,107
Interest paid	0	-104,312	-2,819	-109,860
Income tax paid	315,143	-905,730	1,558,511	-1,055,324
Net cash flows from ordinary activities	**-1,371,161**	**-2,185,327**	**1,754,425**	**-5,120,411**
Cash flows from investment activities				
Gains/expenditure for the purchase of new tangible fixed assets	-89,024	-4,983	-124,554	2,619,687
Expenditure for the purchase of intangible fixed assets	0	0	-12,906	-44,215
Gains from the purchase of OOS	2,496,127	0	2,496,127	0
Gains from sale of financial assets available-for-sale	-1,104,523	4,785,967	2,501,575	53,184
Expenditure for purchase of financial investments measured at fair value	-1,001,000	0	-1,101,366	-1,543,503
Net receipts/expenditure for long-term investments	0	0	-9,820,599	-122,507
Net receipts from repayments and expenditure for issued loans and deposits	3,583,197	-2,993,562	3,392,200	228,794
Expenditure for the establishment of new companies, equity capital injections	-1,485,650	-6,128,445	0	-1,068,387
Dividends received from the financial investments available-for-sale	692,404	228,607	692,591	-294,415
Net cash flows from investment activities	**3,091,531**	**-4,112,416**	**-1,976,932**	**-171,362**
Cash flows from financing activities				
Receipts from the issue of new shares	0	5,834,602	0	5,834,602
Purchase of own shares	0	0	0	0
Payment of dividends	-1,405,670	-452,549	-1,405,670	-452,549
Increase of profit as a consequence of revaluation	0	580,840	0	0
Receipts from long-term received loans	0	0	74,988	-904
Net cash flows from financing activities	**-1,405,670**	**5,962,894**	**-1,330,682**	**5,381,151**
Net cash flows				
Net change in exchange rate	-13,702	1,963	-10,880	11,524
Cash as at 1 January	241,004	573,890	3,039,418	2,938,516
Cash and cash equivalents as at 31 December	**542,002**	**241,004**	**1,475,349**	**3,039,418**

The notes on pages 20 through 57 are an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY FOR PRVA GROUP, INSURANCE HOLDING COMPANY, PLC.

in EUR

	Called-up Capital	Reserves	Own Shares	Surplus from Revaluation	Retained Profit / Loss	Total
31 December 2006 Calculated	**15,264,856**	**6,628,221**	**-1,634,812**	**5,750,515**	**560,080**	**26,568,860**
Temporary reconciliation of the capital due to the adoption of the EUR in accordance with legal conversion	-3,388	3,388	0	0	0	0
Capital after reconciliation as at 31 December 2006	**15,261,469**	**6,631,609**	**-1,634,812**	**5,750,515**	**560,080**	**26,568,860**
Revaluation effects of financial investments available-for-sale	0	0	0	3,619,293	0	3,619,293
Effect of the realisation of revaluation of financial investments available-for-sale				-6,707,959		-6,707,959
Total revenues/expenses directly recognized in capital	**0**	**0**	**0**	**-3,088,666**	**0**	**-3,088,666**
The increase in nominal value of shares	102,426	-10,080			-92,346	0
Transfer of profit made from the use of the merger method	0	0	0		580,840	580,840
Profit for the current year	0	0	0	0	4,835,196	4,835,196
Total revenues/expenses for the year	**102,426**	**-10,080**	**0**	**-3,088,666**	**5,323,690**	**2,327,370**
Dividends paid on ordinary shares	0	-1,634,812	1,634,812	0	-750,547	-750,547
Dividends paid on preference shares	0	0	0	0	-297,998	-297,998
New capital paid-in	2,055,816	3,778,786	0	0	0	5,834,602
31 December 2007	**17,419,710**	**8,765,503**	**0**	**2,661,849**	**4,835,224**	**33,682,286**
Revaluation effects of financial investments available-for-sale	0	0	0	-1,456,441	0	-1,456,441
Effect of the realisation of revaluation of financial investments available-for-sale				-308,841		-308,841
Total revenues/expenses directly recognized in capital	**0**	**0**	**0**	**-1,765,282**	**0**	**-1,765,282**
Profit for the current year	0	0	0	0	2,358,368	2,358,368
Total revenues/expenses for the year	**0**	**0**	**0**	**-1,765,282**	**2,358,368**	**593,086**
Dividends paid on ordinary shares	0	0	0	0	-978,970	-978,970
Dividends paid on preference shares	0	0	0	0	-426,700	-426,700
31 December 2008	**17,419,710**	**8,765,503**	**0**	**896,567**	**5,787,922**	**32,869,702**

The notes on pages 20 through 57 are an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE GROUP

v EUR

	Called-up Capital	Reserves	Own Shares	Surplus from Revaluation.	Retained Profit / Loss	Total capital of majority owners	Total capital of minority owners	Total
31 Dec. 06	**15,264,856**	**6,627,374**	**-1,634,812**	**5,762,037**	**991,261**	**27,010,716**	**644,345**	**27,655,061**
Temporary reconciliation of the capital due to the adoption of the EUR in accordance with legal conversion	-3,388	3,388	0	0	0	0	0	0
Capital after reconciliation as at 31 December 2006	**15,261,468**	**6,630,762**	**-1,634,812**	**5,762,037**	**991,261**	**27,010,716**	**644,345**	**27,655,061**
Revaluation effects of financial investments available-for-sale				3,277,301		3,277,301		3,277,301
Effect of the realisation of revaluation of financial investments available-for-sale				-6,707,959		-6,707,959		-6,707,959
Exchange rate difference	0	-6,318	0	0	0	-6,318	-212	-6,530
Total revenues/expenses directly recognized in capital	**0**	**-6,318**	**0**	**-3,430,658**	**0**	**-3,436,976**	**-212**	**-3,437,188**
Dividends paid on ordinary shares	0	-1,634,812	1,634,812	0	-750,547	-750,547	0	-750,547
Dividends paid on preference shares	0	0	0	0	-297,998	-297,998	0	-297,998
The increase in nominal value of shares	102,426	-10,080			-92,346	0	0	0
Transfer of profit made from the use of the merger method					-580,840	-580,840		-580,840
Profit for the current year					2,449,754	2,449,754	42,499	2,492,253
Total revenues/expenses for the year	**102,426**	**-1,651,210**	**1,634,812**	**-3,430,658**	**728,023**	**-2,616,606**	**42,287**	**-2,574,319**
New capital paid-in	2,055,816	3,778,786	0	0	0	5,834,602	0	5,834,602
The sale of subsidiary companies' shares					54,200	54,200	958,214	1,012,414
31 December 2007	**17,419,710**	**8,758,338**	**0**	**2,331,379**	**1,773,484**	**30,282,911**	**1,644,846**	**31,927,757**
Reconciliation								0
Effect of the elimination from the Group (Ukr + Rom)						0		0
Capital after reconciliation as at 31 December 07	**17,419,710**	**8,758,338**	**0**	**2,331,379**	**1,773,484**	**30,282,911**	**1,644,846**	**31,927,757**
Revaluation effects of financial investments available-for-sale				-1,800,028		-1,800,028		-1,800,028
Effect of the realisation of revaluation of financial investments available-for-sale				63,154		63,154		63,154
Exchange rate differences		-501,592				-501,592	13,935	-487,657
Total revenues/expenses directly recognized in capital	**0**	**-501,592**	**0**	**-1,736,874**	**0**	**-2,238,466**	**13,935**	**-2,224,531**
Profit for the current year					1,145,528	1,145,528	102,278	1,247,806
Total revenues/expenses for the year	**0**	**-501,592**	**0**	**-1,736,874**	**1,145,528**	**-1,092,938**	**116,213**	**-976,724**
Dividends paid on ordinary shares					-978,970	-978,970		-978,970
Dividends paid on preference shares					-426,700	-426,700		-426,700
The sale of subsidiary companies' shares					119,727	119,727	223,913	343,640
31 December 2008	**17,419,710**	**8,256,746**	**0**	**594,505**	**1,633,069**	**27,904,030**	**1,984,972**	**29,889,003**

The notes on pages 20 through 57 are an integral part of the financial statements.

X. NOTES TO THE FINANCIAL STATEMENTS

X.1 SUMMARY OF IMPORTANT ACCOUNTING POLICIES

Data on the Company and the Group

The financial statements of the Company and Prva Group, insurance holding company, plc. for the year which ended on 31 December 2008 were confirmed at the Management Board session on 30 March 2009. Prva Group, insurance holding company, plc., is a public limited company, established in the Republic of Slovenia. Preference shares of the Company are listed on the free market of the Ljubljana Stock Exchange.

In line with the Insurance Act, Prva Group, insurance holding company, plc., is a mixed-activity insurance holding company since it holds a significant share in at least one insurance company. Considering the restricted activity, the Company performs holding activities in its subsidiary companies. At the end of 2008, the Company employed 10 persons (10 employees also in 2007).

The Company is a legal successor of Prva pokojninska družba, which modified its status in 2007. New company - Prva osebna zavarovalnica d.d. - was established to which it transferred all voluntary supplementary pension insurance operations on 1 September 2007, Prva Group, insurance holding company, plc., changed the name of the company (the former name was Prva pokojninska družba, d.d. (First Pension Company Plc)) and its operations.

The Group consists of eight companies. No payments approved to members of the Management or Supervisory Boards of the parent insurance company for the performance of tasks in the parent insurance company and subsidiaries were made during the business year.

In addition to Prva Group, insurance holding company, plc., the Group includes

Prva osebna zavarovalnica, d. d.
The operations of Prva osebna zavarovalnica, d. d. were predominantly related to supplementary pension insurance in 2008 within the framework of the third pillar in Slovenia. At the end of 2008 the Company began marketing life insurances. The company was established in 2007, when the insurants of voluntary supplementary pension insurance at Prva pokojninska družba, d. d. were transferred to it.
Prva Group, insurance holding company, plc. is a 100% owner of Prva osebna zavarovalnica d.d.. On 31 December 08, the company had 34 regular employees. (28 employees in 2007).

KB Prvo penzisko društvo AD Skopje
The operations of KB Prvo penzisko društvo AD Skopje regard the second pillar supplementary pension insurance in Macedonia. The company was established in 2005.
Prva Group, insurance holding company, plc. is a 51% owner of KB Prvo penzisko društvo AD Skopje. The remaining 49% stake is owned by the largest Macedonian bank, the Komercijalna banka a.d. Skopje. The company had 19 full time employees on 31 December 08 (17 employees in 2007).

Fondi Slloveno- Kosovar I Pensioneve Sh.A Pristhine Kosovo
The operations of Fondi Slloveno-Kosovar I Pensioneve Sh.A Pristhine Kosovo comprise third pillar supplementary pension insurance in Kosovo.
Company where Prva Group insurance holding company, plc. is a 69.9% owner, was established on 4 September 2006. The remaining 30.1 % of the company is owned by Dukagjini Sh.p.k.. The license for asset management and performance of the activity of supplementary pension insurance was acquired on 14 November 2006. The company started to perform pension insurance transactions in 2007. The share capital of the company totals EUR 4 million. On 31 December 2008 the company had 10 employees (7 employees in 2007).

GARANT PB Beograd
The operations of GARANT PB Beograd regard third pillar supplementary pension insurance in Serbia.
Company where Prva Group, insurance holding company, plc., is a 99% owner, was established in May 2006. The license for the performance of the activity of supplementary pension insurance was acquired on 16 November 2006. The company started to perform pension insurance transactions in 2007. The share capital of the company totals EUR 2.5 million. On 31 December 08, the company had 18 regular employees. (22 employees in 2007).

Pension Standard – Administrator NPF
The operations of Pension Standard regard third pillar supplementary pension insurance in Ukraine.

Company where Prva Group, insurance holding company, plc., is a 100 % owner, was established in January 2007, the last license to perform supplementary pension insurance activities was acquired on 15 May 2007. The company started to perform pension insurance transactions in 2007. The share capital of the company totals EUR 1 million. On 31 December 2008, the company has no employees (3 employees in 2007), and was sold in March 2009.

Prima Pensie

The operations of Prima Pensie regard second pillar supplementary pension insurance in Romania.
Company, where Prva Group, insurance holding company, plc., is a 99.99% owner, was established on 2 July 2007. It obtained the license for the performance of the activity of supplementary pension insurance on 27 August 2007. In 2008, the company began to operate fully, acquiring new insurants and inflow into the pension fund, however, due to the unstable environment and small market share, the company decided to sell the company. The sale is supposed to be carried out in the beginning of 2009.
The share capital of the company totals EUR 4.8 million. On 31 December 08, the company had 12 regular employees, and 21 regular employees at the end of 2007.

PPD Albania Sh.p.k.

PPD Albania Sh.p.k. is the smallest subsidiary. Due to inappropriate legislation, all supplementary pension insurance activities are presently suspended.
Prva Group, insurance holding company, plc., is a 100 % owner of PPD Albania Sh.p.k. The company had no full time employees in 2007 and 2008.

In addition to the above mentioned companies, Prva Group, insurance holding company, plc., has invested into NLB Penzija AD in Montenegro, whose majority (51%) owner is Nova Ljubljanska banka, d. d., while Prva Group, insurance holding company, plc. holds a 49 % stake in the company.

Table 4: Investments into subsidiary and associated companies

in EUR

	Ownership	Acquisition Value of the Investment	Company Capital	Company Results
Subsidiary Companies				
Prva osebna zavarovalnica, d. d.	100%	9,020,000	9,173,681	142,365
KB Prvo penzisko društvo AD Skopje	51%	765,272	1,673,362	485,151
Fondi Slloveno- Kosovar I Pensioneve Sh.A Pristhine Kosovo	69,90%	3,097,312	3,831,834	-428,836
GARANT PB Beograd	99%	2,573,827	1,151,403	-626,455
Pension Standard, Ukraine	100%	995,008	95,783	-172,655
Prima Pensie, Romania	99,99%	4,830,503	2,504,593	-1,019,708
PPD Albania Sh.p.k.	100%	910	419	-12
Associated Company				
NLB Penzija AD	49%	122,500	260,348	10,334
Total		**21,405,332**	**18,643,899**	**-1,620,159**

The parent company of Prva Group

DEED B.V.

Deed B.V. with registered office in Amsterdam, Postbus 990, the Netherlands, is the parent company of Prva Group, insurance holding company, plc.. It was established in 2004, and owns 62.5 % of the company DEJ d.o.o., which holds a 50.01 % stake in Prva Group, plc. The company draws up consolidated annual report, which can be obtained at the company's headquarters. The company DEJ d.o.o. does not compile consolidated annual reports and is included into consolidated annual reports of DEED B.V.

Summary of important accounting policies

Statement of compliance

The enclosed individual financial statements of Prva osebna zavarovalnica, d.d., have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB), and the explanations as required by International Accounting Standards Committee (IOSCO) and as adopted by the European Union.

On the balance sheet date, in terms of the EU's standard confirmation process, there are no discrepancies in the accounting policies of Prva osebna zavarovalnica, d.d., between the International Financial Reporting Standards (IFRS) and the International Accounting Standards adopted by the EU.

Bases for preparation

Financial statements of Prva osebna zavarovalnica, d. d. are prepared based on the accounting standards shown below.

The accounting policies applied were the same as those used at Prva pokojninska družba, d. d. in previous years, except for the newly adopted standards and interpretations shown below. The adoption of the standards and interpretations shown below did not have an effect on the financial position or operations of the Company, except for IAS 39 and IFRS 7 – Reclassification of Financial Assets, which are disclosed in item XIII.6. on page 53.

IAS 39 and IFRS 7 – Reclassification of Financial Assets; Amended standards enable the redistribution of financial investments and instruments designated as available for sale into other groups if certain conditions are met.

IFRIC 11 - IFRS 2 – Group and Treasury Share Transactions; This explanatory provides guidance for the accounting treatment of payment programmes with shares.

IFRIC 14, IFRS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction; This explanatory provides general guidance on how to assess the limit of IAS 19 'Employee Benefits' on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected when there is a statutory or contractual minimum funding requirement.

Basic policies

The consolidated financial statements and Company financial statements were prepared on the historical cost basis except for assets stated at fair value in the income statements and assets available-for-sale which are stated at their fair value in capital. The financial statements are presented in euros. All amounts are rounded to the euro value, except when specifically indicated otherwise.

Significant accounting assumptions and estimates

Significant accounting estimates

The preparation of financial statements requires the management to make certain estimates and assumptions that affect the carrying amounts of assets and liabilities of the Company, disclosure of potential liabilities on the balance sheet date and the amounts of revenues and expenses of the Company for the period ending on the balance sheet date.

Management estimates among others comprise the following items: amortisation period and the residual value of tangible and intangible fixed assets, revaluation adjustments of inventories and doubtful receivables and claims arising from lawsuits. Future events and their effects cannot be determined with certainty. Precisely because of this, an assessment must be made in accounting estimates as accounting estimates change depending on new events, experiences and additional information and as a result of changes in the business environment the Company operates in. Actual consequences may differ from those estimated. Actual consequences may differ from those estimated.

The key estimates and assumptions on the balance sheet date referring to future operations, which could result in significant adjustments to the book values of assets and liabilities in the upcoming financial year, are indicated below.

Significant management assumptions

In using accounting policies, management, in addition to preparing estimates bearing the greatest effect on the values contained in the financial statements, also had to make assumptions regarding the following items.

The most significant assumptions regard the classification of financial instruments, namely the division between financial instruments the Company intends to hold to maturity and those available for trade or sale.

Investments into group enterprises and associated companies in independent reports of Prva Group, plc.

Investments into group enterprises and associated companies are recognised at cost less impairment losses. Group enterprises are the enterprises over which the parent company maintains a majority interest. Investments in associated companies refers to enterprises where the parent company has significant influence but a company is not a subsidiary of the Company.

Bases for consolidation

The consolidated financial statements encompass financial statements of Prva Group, insurance holding company, plc., and its subsidiaries on 31 December each year. The financial statements of the subsidiaries are prepared in the same year as those for the parent company using standardised accounting policies. In the event of inconsistent use of accounting policies, appropriate adjustments are made to the consolidated financial statements.

All intra-Group balances and transactions, inclusive of unrealised gains originating from intra-Group balances and transactions, have been fully eliminated.

All subsidiaries commence consolidation on the day control is transferred to the Group; otherwise the consolidation of a specific subsidiary is omitted if the control over the subsidiary is transferred out of the Group. If the Group loses its controlling interest over a subsidiary during the financial year, the results of the subsidiary until the date the controlling interest over the subsidiary ceased is included in the consolidated financial statements.

Capital of minority shareholders represents a share of the result and net assets, which are not owned by the Group and is presented separately in the income statement and in the capital of the consolidated balance sheet (separate from the capital of the majority owner). Purchase /sale of the capital of minority shareholders is accounted for in accordance with the assumption that consolidated statements represent an economic integrity, that is why the discrepancy between the purchase/ selling price and carrying amount of purchased minority capital recognised directly in capital.

Investments into associated companies and joint-ventures

Investments into associated companies and joint-ventures are recognized on the basis of the capital method. An associated company is a company where the parent company has a considerable influence and a company in question is not a subsidiary or joint-venture. A joint-venture is an investment into a dependant company in line with the founding contract. Financial statements of associated companies and joint-ventures are the basis for the use of the capital method. The date of the reports of associated companies and joint-ventures is the same as for the Group. Associated companies and joint-ventures use the same accounting policies as the Group.

Investments into associated companies and joint-ventures are recognized in the balance sheet at acquisition cost plus changes in (after the purchase) the capital of an associate company or a joint-venture, and minus potential value loss. The income statement shows a share of the result of an associated company or a joint-venture. In case changes are directly recognized in the capital of the associated company or a joint-venture, the Group recognizes the share of these changes and discloses significant differences in statement of changes in capital.

Conversion of foreign currencies

The financial statements of the Company and Group are presented in euros (EUR), which is the functional and reporting currency used by the parent company and its subsidiaries in Slovenia. Transactions in a foreign currency are initially recognised in the functional currency and translated according to the foreign exchange rate on the date of the transaction. Monetary assets and liabilities denominated in a foreign currency are translated according to the exchange rate of the functional currency on the balance sheet date. All differences arising from the translation of foreign currency are recognised through profit or loss. Non-monetary assets and liabilities, recognised in terms of historical cost in a foreign currency, are translated using the exchange rate on the day of the transaction. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated according to the exchange rate when the fair value was determined.

The functional currencies of the foreign subsidiaries are:

- denar for KB Prvo penzisko drustvo Skopje,
- lek for PPD Albanija Sp.H.K. Tirana,

- euro for Fondi Slloveno- Kosovar I Pensioneve Sh.A Pristhine Kosovo,
- dinar for GARANT PB Beograd.
- lev for Prima Pensie,
- hryvnia for Ukraine and
- euro for NLB Penzija.

On the reporting day, the financial statements of the aforementioned subsidiaries were translated into the reporting currency for the consolidated financial statements. The exchange rate on the reporting day was used for the balance sheet while the average exchange rate for the financial year was used for the income statement.

Exchange rate differences arising from the translation of the functional currencies into the reporting currency are recognised directly in capital until the sale of the subsidiary in question upon which the exchange rate differences are transferred to the income statement.

Land, buildings and equipment

Land is stated at cost. Buildings and equipment are recognised at cost less accumulated depreciation and impairment losses. The Company and Group use the straight-line amortisation method in accordance with the estimated useful life. The amortisation rates did not change and were identical in 2008 to those of 2007.

Table 5: Amortisation rates

Asset	Amortisation Rate in %
Buildings	2.5
Equipment	10 – 33.3

A review of the book values of land, buildings and equipment is performed when events and changes in the circumstances show that the book value exceeds the recoverable value. If events occur that show that the book value of an asset exceeds its estimated recoverable value, the asset is impaired to the recoverable value of the asset. The recoverable value of an asset is the net sales value or use value, namely the one that is higher. The use value is determined by discounting expected future cash flows to the net current value using discount rates (before taxes), which reflect the current market estimate of the time valuation of money and eventual risks associated with each individual asset. For assets whose future cash flows are also dependent on remaining assets in individual cash-generating units, the use value is calculated on the basis of future cash flows of this cash-generating unit. Losses which arise due to impairments are recognised among operating expenses from revaluation.

Derecognition of land, buildings and equipment is carried out in the event the asset is sold or the Company or Group no longer expects economic benefits from the continued use of the individual asset. Gains and losses due to derecognition of an asset are shown in the profit or loss in the year the individual asset is deleted from the books.

Remaining asset values, assessed on the basis of their useful life or the amortisation method are reviewed or changed if required annually within the scope of the preparation of the annual financial statements.

Borrowing costs

Borrowing costs are recognised in the period to which they pertain.

Intangible assets

Intangible assets acquired on an individual basis are recognised at cost while intangible assets acquired on the basis of a business merger are recognised at fair value on the day of the takeover. After initial recognition the historical cost method is used. The use value of an individual intangible asset is limited. When amortisation is calculated for the intangible asset, it is recognised through profit or loss.

Intangible fixed assets are amortised according to the straight-line depreciation method over their estimated useful lives using annual amortisation rates ranging from 20.0% to 33.3% and have not changed in the past two years.

Intangible assets created within the Group are not capitalised. Costs represent expenses in the period in which they arise.

Intangible assets are tested on an annual basis for impairment individually or as a portion of the cash-generating unit. The useful life of an individual intangible asset is assessed once a year and adjusted as required.

Investments

The Company and Group classify investments into the following categories:
- investments at fair value through profit or loss
- investments available-for-sale,
- investments held-to-maturity,
- loans and receivables.

The classifications are dependent on the purpose of acquisition.

Recognition of financial assets

The Company and Group initially recognise all investments, except for investments classified in the group at fair value through profit or loss, at fair value including the purchase costs that are directly attributable to the acquisition. Investments classified in the group at fair value through profit or loss are recognised at fair value (direct costs of acquisition are not included in the acquisition value).

Financial assets at fair value through profit or loss

Financial assets, classified under the group of investments designated at fair value through profit or loss, are measured at fair value. Realised investment gains and losses classified in the group at fair value through profit or loss are recognised directly in the income statement

The fair value of investments which are actively traded on organised markets is defined in the amount quoted in their stock exchange listing upon conclusion of trading on the balance sheet date. For investments whose market prices are not quoted on financial markets, the fair value is determined on the basis of a similar instrument or defined as the net current value of future cash flows which the Company or Group expect from the financial investment in question.

The acquisitions and sales of individual financial investments classified in the group of financial asset at fair value through profit or loss are recognised on the trading day; this is the day the Company or Group decides to purchase or sell an individual asset.

Investments available-for-sale

After the initial recognition, all investments which the Company or Group classify as investments available-for-sale are stated at fair value. Gains or losses from investments which are available-for-sale are recognised in capital as net non-realised capital gains from financial investments available-for-sale until the investment is sold or otherwise divested. If the investment is impaired, the impairment is recognised in the income statement.

The acquisitions and sales of individual financial investments classified in the group of assets available-for-sale are recognised on the trading day; this is the day the Company or Group undertook to purchase or sell an individual asset.

Investments held-to-maturity

The Company or Group recognise financial assets with permanent or definable payments and defined maturities which are not derivative instruments, as financial investments into property held-to-maturity, in the event of their positive intention and ability to hold the investment until maturity. Investments which the Company maintains for an indefinite period of time are not classified into this group.

Investments which are recognised as financial investments into property held-to-maturity are carried at amortised cost using the effective interest rate method. The amortised cost is computed through the delimitation of the premium or discount upon acquisition throughout the holding period until maturity. Gains and losses which are valued according to their amortised cost are recognised in the income statement (divestment, impairment or effects of amortised discounts/premiums).

Investments classified into the group of assets held-to-maturity are recognised on the transaction date.

Loans and receivables

Loans and receivables are financial assets with defined or definable payments which are not traded on the organised market. This group includes both loans and receivables obtained by the Company, as well as loans and receivables originating from the Company. Loans and receivables are carried at amortised cost using the effective interest rate method. Investments classified into the group of loans and receivables are recognised on the transaction date.

Operating and other receivables

Operating receivables are recognised in the amounts arising from invoices issued less eventual revaluation adjustments. The assessed revaluation adjustments are based on the reasonable expectation of the Company that full payment or the defined amount is no longer probable.

Cash and cash equivalents

Cash and cash equivalents comprise cash in banks and cash in hand as well as deposits with up to three month maturities.

Capital

The capital of the Company consists of ordinary and preference shares.

Direct additional costs of issuing new shares less tax effects debit the capital balance. In the event that any company from the Group purchases shares of the parent company, the payment including the direct transaction costs less tax effects debit the capital balance as an own share item until these shares are reissued, sold or withdrawn. In the event of a later sale or reissue of these shares, all effects of the sale or issue are included in the capital.

Ordinary shares

An ordinary share entitles its owner to a voting right and based on the decision of the General Meeting, to dividends.

Preference shares

Preference shares are cumulative shares without voting rights which entitle their owners to a fixed 6% dividend per annum. The General Meeting adopts decisions on the payment of dividends at its sessions upon the proposal of the Management Board.

Preference shares are considered as a part of capital, as ordinary shareholders decide at the General Meeting whether dividends will be paid out to preference shareholders.

Acquired credit and loans

All credit and loans are initially recognised at fair value less the cost of acquiring the individual loan. At initial recognition, loans are recognised at amortised cost using the effective interest rate method through profit or loss. Here, the costs of acquisition and any discount or premium upon acquisition are taken into consideration.

Upon withdrawal of these liabilities, gains or losses are recognised in the income statement.

Employee remuneration

Employee remuneration includes salaries and other allowances in accordance with the collective employment agreement. Contributions to the pension fund on the national level, social security, health insurance and unemployment insurance are recognised by the Company under current expenses for the period. The Company also recognises the possible future costs arising from the collective agreement in connection to employees in accordance with IAS 19. The aforementioned expenses are calculated in accordance with the actuary method and are recognised throughout the entire period for individual employees for which the collective agreement applies.

Operative lease

Business lease is a lease in which the lessor retains the large majority of risks and benefits associated with the ownership of an individual leased asset. The Company recognises leases through profit or loss as an expense according to the straight-line method for the duration of the lease period.

Revenues

Revenues are recognised if it is likely that the Company will acquire economic benefits from them and if such benefits can be reliably measured. Revenues originate from services offered by the Company to its subsidiary companies, namely services with relation to investment, internal auditing, supervision and accounting.

The majority of revenues of the Group originate from:

- ***Entry fees***
  The Group, in performing its activity in accordance with the pension schemes, charges an entry fee, meaning that the collected assets transferred into an individual long-term business account are decreased by the amount of the entry fees and the long-term business fund manages assets within the scope of net premiums.
- ***Management fees***
  The Group manages eight long-term business funds, for which it charges a management fee, meaning that the monthly value of assets in individual long-term business funds is decreased by the amount of the management fee.
- ***Exit fees***
  The Group is entitled to an exit fee in accordance with the pension schemes, meaning that the redemption value is decreased by the exit fee and this net value is then received by the individual terminating the insurance.

Revenues from insurance premiums
Net revenues from insurance premiums are calculated from gross insurance premiums less reinsurers share adjusted for the change of gross unearned premium, which is corrected for the share of reinsurance undertaking in unearned premium.

Gross calculated insurance premiums are recognised in accounting records on the day of settlement of account and not on the day of payment.

Interest
Interest income is calculated and recognised on the basis of the effective interest rate.

Dividends
Dividends are recognised upon the Company or Group acquiring the right to issue dividend pay-outs.

Taxes

Current taxes

Current tax liabilities or receivables for current and past periods are measured in the amounts the Company or Group expect to pay to or receive from the tax administration. Current tax liabilities or receivables are measured according to the tax rates valid on the balance sheet date.

Deferred Taxes

Deferred income tax receivables and liabilities are calculated according to the balance sheet liability method. Only deferred receivables and liabilities originating from temporary differences are recognised.

Deferred tax receivables are also recognised for unused tax losses and unused tax credits which are carried over into the following period if it is probable that the unused tax loss and tax credits could be used to the debit of taxable profit.

Deferred tax receivables are reviewed on the balance sheet date and are impaired for that portion of receivables for which it is no longer expected that a satisfactory taxable profit will exist for which the unused tax loss could be used.

Deferred tax liabilities or receivables are measured on the basis of the tax rates expected to be used once the asset has been realised or the liability paid. The tax rates (and tax regulations) valid on or close to being adopted on the balance sheet date are used.

Deferred taxes are recognised directly as a debit or credit to capital if the tax regards items recognised directly as a debit or credit to capital.

Write-offs of financial instruments

A financial asset is written off when the risks and benefits and the control over contractual rights connected to financial instruments are transferred. A financial liability is written off once it has been paid-off, concluded or has become statute-barred.

Assets and liabilities from financial conditions

The item shows pension funds assets, which guarantee the fulfilment of liabilities to the insurants. The Group manages eight pension funds in line with local legislation on pension insurance in every country.

Under this item, assets comprise investments and cash. Investments in funds are categorized into:
- investments at fair value through profit or loss
- investments held-to-maturity
- loans and receivables.

Revenues and expenditures in respect of investments are directly recognized to insurants. Payment of premiums realised and unrealised capital gains or losses are included under this item and not in the income statement of the Company. In addition, entry fee and management fee are directly included under this item and not under the income statement.

Liabilities in respect of voluntary supplementary insurance in Slovenia are made up of two parts, namely guaranteed liabilities and liabilities beyond guarantee. All pension schemes of the Slovenian insurance contain guaranteed yield which ranges from 40 % to 55 % of the guaranteed yield in line with PDII-1. Under the Slovenian legislation, assets and liabilities from pension policyholders are presented in the Group's balance sheet.

Liabilities of companies abroad do not bring a guaranteed yield, therefore, according to their structure, liabilities represent liabilities beyond guarantee. In compliance with the local legislation, all these assets and liabilities from pension policyholders are shown as at-balance sheet items.

Modification of some policies in the forthcoming years

Prva Group, insurance holding company, plc., did not prematurely use any standard or explanatory note, which is not effective yet and will become effective in future.

According to the International Financial Reporting Standards adopted by the EU, companies will have to take into consideration the following amended or modified explanatory notes in the future.

IFRIC 13 – Customer Loyalty Programme - the beginning of mandatory use for periods starting on 1 July 2008.

The explanatory note stipulates that a company must consider bonuses, given to customers due to customer loyalty, separated from a sales transaction, for which the bonus was given (not yet adopted by the EU).

According to the International Financial Reporting Standards adopted by the EU, companies will have to take into consideration the following amended or modified explanatory notes in the future.

IFRIC 12 – Service Concession Agreements

The explanatory note contains an instruction for accounting treatment of contractual obligations for the companies performing public services. The note stipulates the fund manager must not present these as its own tangible fixed assets, but rather as financial investment and/or intangible assets (not yet adopted by the EU).

IFRIC 15 – Agreements for the Construction of Real Estate

IFRIC 15 was published in July 2008, the beginning of mandatory use for periods starting in 1 January 2009. Companies must use the note retroactively. The explanatory note instructs companies when and how to recognise revenues and related expenditures from the sale of real estate, when the agreement for the construction falls before the conclusion of construction. In addition, the explanatory note contains instructions whether an agreement meets the criteria stipulated in IFS 11 or IFS 18.

IFRIC 16 – Hedges of a Net Investment in a Foreign Operation

IFRIC 16 was published in July 2008, the beginning of mandatory use for periods starting 1 October 2008. Companies will have to take this explanatory note into consideration in the future. IFRIC 16 explains the net investment hedge accounting and provides instructions for determining foreign currency risks, which can be held to qualify for net investment hedge accounting, net investment recognition in a group and also how to determine the amounts of foreign exchange gains or losses, which arise from the translation of the net investment and hedging instrument that the companies must recycle when disposing of a net investment.

According to the International Financial Reporting Standards, companies will have to take into consideration the following amended and modified explanatory notes and standards in the future:

IFRS 8 – Operating Segments – shall enter into force in the period starting on or later than January 1st, 2009.

The standard replaces IAS 14 – Segment Reporting. The new standard requires an entity to disclose information about its operation activities per segments in accordance with the management's demands for internal purposes. Should the results, which have been reported in accordance with the management's demands for internal purposes, differ from the ones in the accounting records, then such differences must be explained by the management in the accounting records.

IAS 23 – Borrowing Costs – shall enter into force in the period starting on or later than January 1st, 2009.
The revised standard demands the capitalisation of those borrowing costs that are directly attributable to the asset which fulfils the given criteria. In accordance with the previous demands of the standard, the changes given must be taken into consideration by the companies for the period starting on or later than January 1st, 2009. By December 31st, 2008, the said standard was not yet approved by the EU.

IAS 1 Revised Presentation of Financial Statements
The revised IAS 1 – Presentation of Financial Statements Standard was published in September 2007, and shall enter into force in the period beginning on or later than 1 January 2009. This standard differs between owners' and non-owner changes in equity. In accordance with the revised standard, only capital transactions with owners must be disclosed in detail, while all non-owner changes in equity in a single line only. The new standard also introduces the statement of comprehensive income which recognises all receipts and expenditures, which are included in the determination of the net profit or loss, as well as all other gains and losses, namely either in one comprehensive statement or in two inter-linked statements. Prva Group, insurance holding company, plc. has not yet decided on whether to apply one or two inter-linked statements.

IFRS 2 – Share-based Payment (amendments)

In January 2008, the International Accounting Standards Board published amendments to the IFRS 2, which define vesting conditions as well as how to account for cancelled payments. The said amendments shall enter into force in the period beginning on or later than 1 January, 2009.

According to the International Financial Reporting Standards, companies will have to take into consideration the following amended and modified standards in the future, if approved by the EU:

IFRS 3R Business Combinations and IAS 27R Consolidated and Separate Financial Statements
The revised standards were published in January 2008 and shall enter into force in the period beginning on or later than July 1st, 2009. IFRS 3R introduces several changes in terms of accounting for business combinations, which are to affect the goodwill level, results during the acquisition period as well as the company's results in future financial periods. IAS 27R lays down that changes in ownership of subsidiaries are accounted for as a capital transaction. Consequently, these changes will not have an effect either on goodwill or on the company's losses. In addition, the revised standard also changes the method applied for accounting for the subsidiary's losses and the loss of control in a subsidiary. The changes established in line with IFRS 3R and IAS 27R must be taken into consideration for all future periods, meaning that they will have an effect on the company's future acquisitions and transactions with minority interests.

Amendments to IAS 32 in IAS 1 – Puttable Financial Instruments (financial instruments with a put option)

Amendments to IAS 32 and IAS 1 were published in February 2008 and shall enter into force in the period beginning on or later than January 1st, 2009. The amended IAS 32 stipulates that puttable financial instruments and liabilities arising from liquidation are to be distributed as capital if certain conditions are met. Amendments to IAS 1 demand the disclosure of certain information related to puttable instruments, which have been recognised in equity. Prva Group, insurance holding company, plc. does not expect the said amendments to have any effect on its financial statements.

IAS 39 – Financial instruments: Recognition and Measurement – hedge items which meet the hedge accounting criteria
These amendments were published in August 2008 and shall enter into force in the period beginning on or later than July 1st, 2009. The amendment treats the determination of the one-sided risk in a hedged item and, under certain circumstances, inflation as a financial hedged item or part thereof. At the same time, it is also explained that the company may designate an option as a hedge of changes in the cash flows of the financial instrument or fair value of a hedged item.

Improvements to the IFRS (which have not yet been approved by the EU)

The Board's first set of amendments to the international standards were published in May 2008, mainly to eliminate disparities and to further elaborate on the text. Separate preliminary provisions apply for every given standard. Prva Group, insurance holding company, plc. has not yet prematurely applied any of the amendments which at present are not yet applicable and which will enter into force in the future.

IAS 1 Presentation of Financial Statements:
Financial assets, that are held for trading in accordance with IAS 39 Financial Instruments: Recognition and Measurement, are not automatically classified as short-term assets in the balance sheet.

IAS 16 Tangible Assets (Property, Plant and Equipment):
The term "net selling price" has been replaced by a new one: "fair value less costs to sell".

IAS 23 Borrowing Costs:
The standard introduces a new definition of the borrowing costs with the aim of merging two items, which are deemed part of the borrowing costs, into a single one – that is interest expenses, calculated on the basis of the effective interest rate under IAS 39.

IAS 28 Investments in Associates:
If an associate is accounted for at fair value pursuant to IAS 39, then merely one IAS 28 requirement, which is to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the investor in the form of cash dividends or repayment of loans or advances, applies.
For impairment review purposes, the financial investment into an associate is considered as one single asset. Consequently, eventual impairment reviews are not separately accounted for goodwill, which is included in the amount of the financial investment.

IAS 31 Interest in Joint Ventures:
If all interests in joint ventures are accounted for at fair value pursuant to IAS 39, merely one IAS 31 requirement, which is to disclose the liabilities of the single venturers and the joint venture as a whole together with a summary of accounting information related to assets, liabilities as well as gains and losses, applies.

IAS 36 Impairment of Assets:
When the "fair value less costs to sell" is assessed by discounted cash flow projections, the discount rate must be further disclosed in accordance with the disclosures required for determining the "value in use" by applying discounted cash flow projections.

IAS 38 Intangible Assets:
Advertising and promotional costs incur, when the entity receives the related goods or services.
The new standard eliminates the recommendation to amortise by the straight line method, unless convincing evidence of another method being more suitable under the given circumstances is available.

IFRS 7 Financial instruments – Disclosures:
The reference to "interest income" as a financing cost item has been eliminated.

IAS 8 Accounting Polices, Changes in Accounting Estimates and Errors:
Explanation, that when selecting an accounting policy, only the advice forming part of the IFRS shall apply.

IAS 10 Events after the Reporting Period:
Explanation, that if an entity declares dividends after the reporting period, they shall not be recognised as a liability.

IAS 16 Tangible Assets (Property, Plant and Equipment):
Tangible assets, which are hired out by an entity and which are usually disposed of during regular business conduct upon the completion of the lease, must be transferred into inventories upon the completion of such a lease since they are now available for sale.

IAS 18 Revenue:
The term "direct costs" has been replaced by "transaction costs" as set out in IAS 39.

IAS 19 Employee Earnings
New definitions for "past service cost", "return on plan assets", "short-term" and "long-term" employee benefits. Changes to plan arrangements, which result in reduced employee benefits in terms of future service, must be accounted for as a curtailment. In order to ensure compliance with IAS 37, the reference to recognising eventual liabilities has been deleted.

IAS 20 Accounting for Government Grants and Disclosure of Government Assistance:
Loans at nil or low interest rates, which have been granted during previous periods, will no longer be exempted from capitalisation of interest. The difference between the obtained and the deducted amount must be accounted for as a government grant. Some terms have also been changed with the view to bringing the above-mentioned IAS into line with other IFRS.

IAS 27 Consolidated and Separate Financial Statements:
Whenever the subsidiary is accounted for at fair value in separate financial statements by its parent pursuant to IAS 39, then the said policy must also be applied when classifying the subsidiary among assets held for sale.

IAS 29 Financial Reporting in Hyperinflationary Economies:
Changes have been made as regards to the exception when assets and liabilities are measured on the basis of a historical cost approach. Tangible fixed assets no longer represent the final list but serve mainly as a model. Some terms have also been changed with the view to bringing the above-mentioned IAS into line with other IFRS.

IAS 34 Interim Financial Reporting:
The net profit per share must be disclosed by the company in interim financial statements if IAS 33 must be applied.

IAS 39 Financial instruments: Recognition and Measurement:
Circumstantial changes in terms of embedded financial instruments are not reclassifications, therefore after initial recognition they may be eliminated or included among financial assets at a "fair value through profit or loss". IAS 39 no longer includes the reference to the "segment" when determining whether the instrument complies with the hedging criteria. When hedge accounting ceases, the hedged instruments must be re-measured by applying a recalculated effective interest rate.

IAS 40 Investment Property:
Immovable property, which is in the process of construction or development for future use as investment property, is classified as investment property. If the fair value of the investment property is not reliably determinable, then the investment property under construction must be measured at cost until either its fair value becomes reliably determinable or construction has been completed. The conditions for voluntary changes to accounting policies have also been changed, that is harmonised with IAS 8. The standard also includes the explanation that the accounting value of all leased investment properties equals the obtained valuation, increased by the amount of eventual recognised liabilities.

IAS 41 Agriculture:
The reference to the application of the pre-tax discounted rate by determining fair value has been deleted. It is no longer prohibited to account for the cash flows from eventual additional transformation when determining the fair value. The term “point of sale costs” has been replaced by “sale costs”.

The Company and/or Group monitors the effects of not yet mandatory standards and explanatory notes, and can not assess the influence of new requirements at this time. The Company and/or Group will use new standards and notes in accordance with the provisions of these standards and notes.

X.2 ADDITIONAL DISCLOSURES TO THE BALANCE SHEET AND INCOME STATEMENT ITEMS

Disclosures which the Company is obliged to include in its annual report in compliance with the Companies Act and accounting standards are presented under separate headings and under the items to which they correspond.

X.3 SIGNIFICANT EVENTS FOLLOWING THE BALANCE SHEET DATE

In accordance with adopted decisions of the Supervisory Board, the management of Prva Group plc. actively launched the sale of Pension Standard, Ukraine and Prima Pensia, Romania. Conclusion of the sale of Prima Pensie, Romania is expected in the first half of 2009. The company Pension Standard, Ukraine was sold in March 2009. As impairment of assets was taken into consideration in the annual accounts for 2008, this will therefore not have an effect on the operations of the company in 2009.

In February, Prva Group, insurance holding company, plc., carried out an increase in capital for two subsidiary companies, FSKP, Kosovo, in the amount of EUR 100,000 and Garant Serbia, in the amount of EUR 400,000.

X.4 REPORTING BY SEGMENTS

1. BUSINESS SEGMENT

The Group defines the business segment as its primary segment for reporting. The Group is involved in only one area of operations, namely the management of pension funds, thus it only discloses one business segment for the needs of reporting in the financial statements, which is not shown in continuation.

GEOGRAPHICAL SEGMENTS

The following table displays revenues, data on profits, assets and certain liabilities broken down by geographical segments.

Table 6: Geographical segments

in EUR

Year Ended on 31 December 2008	*Slovenia*	*EU Countries*	*Non-EU Countries*	***Total***
Revenues by segment	1,596,389	45,723	2,621,867	**4,263,979**
Other data by segment				
Assets by segment	162,736,172	1,917,982	7,363,140	**172,017,295**
Financing:				
Tangible fixed assets	139,114	0	1,219,224	**1,358,338**
Intangible fixed assets	40,147	0	229,750	**269,897**
Total financing	**179,262**	**0**	**1,448,974**	**1,628,236**

Year Ended on 31 December 2007	*Slovenia*	*EU Countries*	*Non-EU Countries*	***Total***
Revenues by segment	9,491,904	69,303	1,408,595	**10,969,802**
Other data by segment				
Assets by segment	136,829,072	4,000,976	36,542,648	**177,372,696**
Financing:				
Tangible fixed assets	2,085,409	160,636	1,361,453	**3,607,498**
Intangible fixed assets	71,792	107,198	342,964	**521,954**
Total financing	**2,157,201**	**267,834**	**1,704,417**	**4,129,452**

X.5 INCOME STATEMENT

1. Revenues from operations

At the Company, revenues from operations refer only to services the Company charges to subsidiary companies for services rendered. These revenues are exempted in consolidated revenues.

Revenues of the Group consist of:

- entry fees
- management fees
- exit fees
- other services

Table 7: Revenues from fees

in EUR

	Prva Group		**Group**	
	Year 2008	Year 2007	**Year 2008**	Year 2007
Entry fees	0	0	1,898,317	1,670,399
Management fees	0	0	2,139,938	1,539,048
Exit fees	0	0	4,943	34,886
Total	**0**	**0**	**4,043,198**	**3,244,333**

The *entry fees* are charged from paid-in premiums and differ from company to company, but never exceed 5.5% of the paid-in premium.

Companies also charge a *management fee* ranging from 0.6% to 1.5% a year for the administration and management of all long-term business funds.

Upon the termination of the voluntary supplementary insurance, the Company is entitled to an exit fee in the amount of 1% of the redemption value upon termination of the insurance.

2. Interest income

Interest earned from deposits and interest from investments accrued in 2008 are included under the item interest income.

Table 8: Interest income

in EUR

	Prva Group		Group	
	Year 2008	Year 2007	**Year 2008**	Year 2007
From investments	277,081	158,547	816,938	472,245
1. Held-to-maturity	0	0	492,568	17,547
2. Available-for-sale	277,081	158,547	323,050	450,711
3. Measured at fair value through profit or loss	0	0	1,320	3,987
Issued loans and deposits	166,378	111,570	415,937	387,357
Other	33,357	23,488	45,280	75,680
Total	**476.816**	**293.606**	**1.278.155**	**935.282**

3. NET GAINS FROM INVESTMENTS

Net gains/losses from divestments in consolidated statements originated in 2008 under the heading of securities, classified in the group available-for-sale. Net loss is mainly the result of strong fall in the value of shares in the second half of 2008.

Table 9: Net gains from investments

	Prva Group	Group
Dividends received	692,411	692,591
Profit from the disposal of share of the subsidiary company	66,640	66,640
Net profit/loss from disposal of securities	-315,656	-1,246,979
Impairment of the investment in the Group available for sale	-995,007	-995,007
Total	-551,612	-1,482,755

In 2007, net gains from divestments in investments originated under the heading of securities classified in the group available for sale (sale of the shares of Komercijalna banka Skopje, which contributed EUR 6.7 million to the gains).

4. Costs of acquiring insurants

Commissions to agents and marketing promotion costs directly connected to the acquisition of insurants are included under costs of acquiring insurance. Commissions to agents refer to fees which are paid to outside contractors as an award for the successful acquisition of insurants. Start-up operating costs do not appear in 2008, as no new company was set up and expenditure related thereof.

Table 10: Costs of acquiring insurants

	Group	
	Year 2008	Year 2007
Costs of acquiring insurants	436,867	1,742,951
Start-up cost from operations	0	1,201,446
Commissions to agents costs	342,558	422,280
Marketing campaigns costs	94,309	119,225
Total	**873.734**	**3.485.902**

5. Labour cost

Salaries, payments for annual leave, reimbursements for meals and transportation to work, employer contributions and taxes for remitted salaries and payments of supplementary pension insurance are included under labour costs for 2008.

At the end of 2008, Prva Group, plc. had 10 employees (10 employees in 2007), while the Group employed 91 persons at the end of 2008 (108 employees in 2007).

Table 11: Labour cost

in EUR

	Prva Group plc.		Group	
	Year 2008	Year 2007	**Year 2008**	Year 2007
Employee salaries	256,435	272,066	1,728,426	1,538,446
Payments for annual leave	4,378	4,323	24,728	24,901
Reimbursements for meals and transportation to work	9,507	13,661	90,741	121,204
Contributions and taxes of the employer for paid salaries work	47,422	61,191	355,798	373,770
Payments to workers for supplementary pension insurance work	11,845	14,888	39,034	87,048
Other labour costs	19,020		40,968	44,199
Total	**348,607**	**366,129**	**2,279,695**	**2,189,568**

6. Expenditures from interests

Table 12: Interest expenses

in EUR

	Prva Group plc.		Group	
	Year 2008	Year 2007	**Year 2008**	Year 2007
Other interest expenses	0	104,312	2,819	109,860
Total	**0**	**104,312**	**2,819**	**109,860**

7. Other costs

Other costs comprise the cost of services by natural persons, material operating costs, service operating costs, marketing costs, supervisory body costs, leasing costs, deferred employee liabilities and other costs.

Table 13: Other costs

in EUR

	Prva Group		Group	
	Year 2008	Year 2007	**Year 2008**	Year 2007
Reimbursement of work-related costs	33,179	53,093	111,412	142,629
Costs of intellectual and personal services	62,896	161,322	433,026	575,262
Leasing costs	64,482	50,744	319,845	377,052
Costs of other services	154,228	207,500	860,690	833,575
Other costs	9,004	8,916	795,532	578,692
Total	**323,789**	**481,575**	**2,520,505**	**2,507,210**

8. NET PROFIT PER SHARE

The basic net profit per share is calculated by dividing the net profit for the financial period belonging to ordinary shareholders by the weighted average number of outstanding ordinary shares in the financial period. The weighted average number of outstanding ordinary shares is calculated using data on the number of outstanding ordinary shares while taking into consideration eventual purchases and sales within the period and the period in which the shares participated in the generation of profit. The adjusted net profit per share also takes into account all potential ordinary shares. The Company does not have any potential ordinary shares.

Table 14: net profit per share

in EUR

	Group	
	2008	2007
Net profit or loss	1,247,806	2,492,254
Less dividends paid out to owners of preference shares	-428,400	-426,700
Net profit belonging to owners of ordinary shares of the parent company	819,406	2,065,554
Weighted average number of ordinary shares on the basis of net profit per share	244,755	199,886
Net profit per ordinary share (in EUR)	3,35	10.33

9. OTHER REVENUES

In the item other revenues the company shows EUR 445,728 from which EUR 445,608 originates from the disposal of real estate.

10. SHARE IN SUBSIDIARIES AVAILABLE FOR SALE

Table 15: Share in subsidiaries

		Prva Group plc.		
	Ownership	**Year 2008**	Year 2007	Change in Year 2008
Prva osebna zavarovalnica, d. d.	100.00%	9,020,000	9,020,000	
KB Prvo penzisko društvo AD Skopje	51.00%	765,272	765,272	
Fondi Slloveno- Kosovar I Pensioneve Sh.A Pristhine Kosovo	69.900%	3,097,312	3,274,312	Disposal of share to minority owners
GARANT PB Beograd	99.00%	2,573,827	1,979,827	Injection of equity capital
PPD Albania Sh.p.k.	100.00%	910	910	
Pension Standard	100.00%	0	995,008	Impairment of investment
Prima Pensie	99.99%	0	5,738,146	Decrease of initial capital
Total Share in subsidiaries		**15,457,321**	**21,773,475**	
Pension Standard	100.00%	1	0	Impairment of investment
Prima Pensie	99.99%	4,830,503	0	Decrease of initial capital
Total Share in subsidiaries for sale		**4,830,504**	**0**	
Total		**20,287,825**	**21,773,475**	

Stakes in subsidiaries represent investments of Prva Group plc. in the following companies: Prva osebna zavarovalnica, d. d., KB Prvo penzisko društvo AD, Skopje, Fondi Slloveno-Kosovar I Pensioneve sh.A Pristhine Kosovo, Garant PB Beograd, PPD Albania Sh.p.k., Pension Standard Ukraine, Prima Pensie Romania. The mentioned companies together with Prva Group plc. make up the Group.

The Company is planning to dispose the share in the company Fondi Slloveno – Kosovar I Pensionevesh.A Pristhine Kosovo to a known buyer, while the majority stake will remain in the ownership of Prva Group plc.

Prva Group, insurance holding company, plc. also has a minority stake in NLB Penzija AG company. This company is not consolidated by Prva Group.

Voting rights in subsidiaries are equal to the ownership share.

Table 16: Investment value trends of subsidiaries in the Group

in EUR

	2008	*2007*
Accounting value as at 1 January	122,507	0
Gain/loss according to capital method	5,064	7
Purchase	0	122,500
Sale	0	0
Capital method effects not reflected in profit or loss	0	0
Accounting value as at 31 December	127,571	122,507

Table 17: Detailed disclosure of associated company

in EUR

	Assets as at 31 Dec 2008	*Capital of the Company as at 31 Dec 2008*	*Liabilities as at 31.12.08*	*Revenues in 2008*	*Profit in 2008*
NLB Penzija AD	261,370	260,348	1,022	11,354	10,334
Total	**261,370**	**260,348**	**1,022**	**11,354**	**10,334**

in EUR

	Assets as at 31 Dec 2008	*Capital of the Company as at 31 Dec 2008*	*Liabilities as at 31.12.2007*	*Revenues in 2007*	*Profit in 2007*
NLB Penzija AD	250,015	250,014	1	0	14
Total	**250,015**	**250,014**	**1**	**0**	**14**

Table 18: Assets and liabilities of companies in the Group available for sale in 2008

ASSETS	31.12.2008
Investments into securities available for sale	112,050
Other receivables	1,329,454
Cash	267,354
Tangible fixed assets	205,187
Intangible fixed assets	127,236
TOTAL ASSETS	2,041,281
LIABILITIES	
Other liabilities	295,899

11. Investments into securities

Investments into securities represent investments into shares and bonds.

Table 19: Investments into securities

in EUR

	Note	Prva Group plc.		Group	
		31.12.2008	31.12.2007	**31.12.2008**	31.12.2007
Investments into securities held-to-maturity	**11.1**	0	0	7,840,567	516,095
Investments into securities available-for-sale	**11.2**	7,485,734	5,273,392	7,903,891	13,480,741
Investments into securities designated at fair value through profit or loss	**11.3**	870,300	0	930,351	89,036
Total		**8,356,034**	**5,273,392**	**16,674,809**	**14,085,872**

Table 20: Structure of securities based on type of interest rate

in EUR

	Prva Group plc.		Group	
	31.12.2008	31.12.2007	**31.12.2008**	31.12.2007
Fixed interest rate	3,197,965	271,966	8,637,204	1,542,759
Variable interest rate	833,864	224,505	3,295,243	4,712,179
Equity shares	4,324,205	4,776,921	4,742,362	7,830,934
Total	**8,356,034**	**5,273,392**	**16,674,809**	**14,085,872**

The effective interest rate for securities ranges from 4 % to 11 %.

The tables below depict the breakdown of traded and non-traded securities.

11.1 Investments into securities held-to-maturity

Table 21: Investments into securities held-to-maturity

in EUR

	Prva Group plc.		Group	
	31.12.2008	31.12. 2007	**31.12.2008**	31.12. 2007
Investments traded on the organised market	0	0	7,840,567	516,095

11.2 Investments into securities available-for-sale

Table 22: Investments into securities available for sale

in EUR

	Prva Group plc.		Group	
	31.12. 2008	31 .12.2007	**31.12.2008**	31.12.2007
Investments traded on the organised market	7,314,969	5,273,392	7,733,126	13,280,256
Investments not traded on the organised market	170,765	0	170,765	200,485
Total	**7,485,734**	**5,273,392**	**7,903,891**	**13,480,741**

Investments traded on the organised market are valued on the basis of market prices and investments not traded on the organised market are traded on the basis of established prices on the OTC market.

11.3 Investments into securities designated at fair value through profit or loss

Table 23: Investments into securities designated at fair value through profit or loss

in EUR

	Prva Group plc.		Group	
	31.12.2008	31.12.2007	**31.12.2008**	31.12.2007
Investments traded on the organised market	870,300	0	930,351	89,036
Total	**870,300**	**0**	**930,351**	**89,036**

Investments traded on the organised market are valued on the basis of market prices.

12. Issued loans and deposits

Table 24: Issued loans and deposits

in EUR

	Prva Group plc.		Group	
	31.12.2008	31.12.2007	**31.12 2008**	31.12. 2007
Issued loans and deposits	2,617,819	6,201,016	8,163,221	11,555,421
Total	**2,617,819**	**6,201,016**	**8,163,221**	**11,555,421**

Issued loans and deposits of Prva Group plc. and the Group represent deposits in banks and loans to other companies with the possibility of recall. The interest rate for new deposits amounts to an average 3-5% nominal interest rate. The interest rate for older deposits ranges between 5 to 7%.

In the upcoming year, 51.7% of the deposits will fall due while the remained will fall due in 2011. In the next year, 52% of deposits will fall due to the Group and 48% of deposits in the period of one to five years.

All of the company's deposits are denominated in euros. In the Group, 1% of the deposits are denominated in the Macedonian denar, 10.4% in the Serbian denar and all other deposits are denominated in euros.

13. Cash

Table 25: Cash

in EUR

	Prva Group plc.		Group	
	31.12.2008	31.12.2007	**31.12.2008**	31.12.2007
Cash in hand	0	554	696	3,189
Cash on current accounts (local currency)	19,606	3,642	251,774	63,130
Cash on current accounts (foreign currency)	196	64,804	117,866	65,798
Deposits with up to 3-month maturity at banks	522,200	172,004	1,105,013	2,907,301
Total	**542,002**	**241,004**	**1,475,349**	**3,039,418**

Deposits with up to three month maturity are disclosed together with their appurtenant interest as calculated in accordance with contractual provisions. These funds are intended for the current coverage of costs and current placements.

14. OTHER RECEIVABLES

Table 26: Other receivables

in EUR

	Prva Group		Group	
	31.12.2008	31.12.2007	**31.12.2008**	31.12.2007
Short-term trade receivables	5,530	0	31,185	641
Short-term advances granted	2,580	1,605	12,995	10,792
Receivables from the sale of securities	286,854	0	286,854	157,535
Receivables from associated companies	64,457	30,545	0	36,034
Other receivables	59,452	64,239	164,099	1,335,171
Total	**418,873**	**96,389**	**495,133**	**1,540,173**

15. TANGIBLE FIXED ASSETS

Table 27: Movement of tangible fixed assets in 2008

	Prva Group			Group		
	Equipment	Tangible fixed assets being acquired	**TOTAL**	Buildings and equipment	Tangible fixed assets being acquired	**TOTAL**
PURCHASE VALUE						
Situation as at 31 December 2007	49,566	2,024,519	2,074,085	1,857,238	2,024,520	3,881,758
Eliminated assets of companies to be sold	0	0	0	-205,187	0	-205,187
Additions	89,024	0	89,024	124,554	0	124,554
Disposals, write-offs		-2,024,519	-2,024,519	6,504	-2,024,520	-2,018,016
Exchange rate difference		0	0	2,845	0	2,845
Situation as at 31 December 2008	138,590	0	138,590	1,785,954	0	1,785,954
REVALUATION						
Situation as at 31 December 2007	15,276	0	15,277	274,260	0	274,260
Amortisation in 2008	19,394	0	19,394	146,415	0	146,415
Disposals, write-offs		0	0	6,189	0	6,189
Exchange rate difference		0	0	751	0	751
Situation as at 31 December	34,670	0	34,671	427,616	0	427,616
CARRYING AMOUNT						
Situation as at 31 December 2007	34,289	2,024,519	2,058,809	1,582,978	2,024,520	3,607,498
Situation as at 31 December 2008	103,919	0	**103,919**	1,358,338	0	**1,358,338**

Table 28: Movement of tangible fixed assets in 2007

in EUR

	Prva Group			Group		
	Equipment	Tangible fixed assets being acquired	TOTAL	Buildings and equipment	Tangible fixed assets being acquired	TOTAL
PURCHASE VALUES						
Balance as at 31 Dec. 06	70,362	2,024,519	2,094,881	853,977	2,024,520	2,878,497
Additions	4,983	0	4,983	1,068,387	0	1,068,387
Transfers		0	0		0	0
Disposals, write-offs	-25,779	0	-25,779	-47,707	0	-47,707
Exchange rate difference	0	0	0	-20,997	0	-20,997
Balance as at 31 Dec. 2007	49,566	2,024,519	2,074,085	1,857,660	2,024,520	3,878,180
REVALUAT.ADJUSTMENTS						
Balance as at 31 Dec. 06	21,042	0	21,041	128,384	0	128,384
Amortisation in 2007	11,139	0	11,139	171,416	0	171,416
Disposals, write-offs	-16,904	0	-16,904	-24,843	0	-24,843
Exchange rate difference	0	0	0	-4,275	0	-4,275
Balance as at 31 Dec. 2007	15,276	0	15,276	270,682	0	270,682
CARRYING AMOUNT						
Balance as at 31.12. 06	49,321	2,024,519	2,073,840	725,593	2,024,520	2,750,113
Balance as at 31.12. 07	34,290	2,024,519	**2,058,809**	1,582,978	2,024,520	**3,607,498**

In 2008, Prva Group, insurance holding company plc. sold a real estate. There were no essential changes with regard to the Group other than some acquisitions of tangible assets. The item of eliminated assets of groups to be sold determines the effect of the assets of the groups to be sold.

The company and group have no tangible fixed assets pledged as collateral for loans.

16. INTANGIBLE FIXED ASSETS

Table 29: Movement of intangible fixed assets in 2008

in EUR

	Prva Group plc.		Group	
	Software	TOTAL	Software	TOTAL
PURCHASE VALUE				
Situation as at 31 December 2007	3,579	3,579	760,748	760,748
Eliminated assets of companies to be sold	0	0	-127,236	-127,236
Additions	0	0	12,906	12,906
Exchange rate differences	0	0	-8,194	-8,194
Situation as at 31 December 2008	3,579	3,579	638,223	638,223
REVALUATION				
Situation as at 31 December 2007	1,674	1,674	238,794	238,794
Amortisation in 2008	1,180	1,180	131,492	131,492
Exchange rate differences	0	0	-1,960	-1,960
Situation as at 31 December 2008	2,854	2,854	368,326	368,326
CARRYING AMOUNT				
Situation as at 31 December 2007	1,905	1,905	521,954	521,954
Situation as at 31 December 2008	725	725	269,897	269,897

Table 30: Movement of intangible fixed assets in 2007

in EUR

	Prva Group plc.			Group		
	Software	Goodwill	TOTAL	Software	Goodwill	TOTAL
PURCHASE VALUE						
Situation on 31 December 2006	9,741	248,239	257,980	489,034	248,239	737,273
Additions	0	0	0	294,415	0	294,415
Disposals, write-offs	-6,162	-248,239	-254,401	-6,162	-248,239	-254,401
Exchange rate differences	0	0	0	-16,538	0	-16,538
Situation as at 31 December 2007	3,579	0	3,579	760,748	0	760,748
REVALUATION						
Situation on 31 December 2006	5,727	0	5,727	130,980	0	130,980
Amortisation in 2007	2,107	0	2,107	115,570	0	115,570
Disposals, write-offs	-6,160	0	-6,160	-6,160	0	-6,160
Exchange rate differences	0	0	0	-1,596	0	-1,596
Situation as at 31 December 2007	1,674	0	1,674	238,794	0	238,794
CARRYING AMOUNT						
Situation as at 31 December 2006	4.014	248.239	252.253	358.054	248.239	606.293
Situation as at 31 December 2007	1,905	0	1,905	521,954	0	521,954

There were no essential changes with regard to the Group other than some acquisitions of intangible fixed assets. The item of eliminated assets of groups to be sold determines the effect of the assets of the groups to be sold.

17. ASSETS ON THE ACCOUNTS OF PENSION POLICYHOLDERS

Table 31: Assets on the accounts of pension policyholders

in EUR

	Note	Group 31 December 2008	31 December 2007
Investments			
Investments into securities		126,281,466	102,557,525
1. Held-to-maturity		118,737,198	74,231,850
2. Designated at fair value through profit or loss		7.544.268	28,325,675
Issued loans and deposits		14,107,074	11,056,322
Cash		27,275	137,373
Total investments	**16,1**	**140,415,815**	**113,751,220**
Receivables from direct insurance operations			
Other receivables		**176,430**	**134,064**
Total assets		**140,592,245**	**113,885,284**

Assets on the accounts of policyholders refer to Prva osebna zavarovalnica. Assets on the accounts of pension policyholders abroad are not included in the balance sheet.

17.1 Investments

Table 32: Investments on the accounts of pension policyholders

in EUR

		Group	
		31.12.2008	31.12.2007
	Investments into securities held-to-maturity	19,917,573	13,569,854
	Investments into securities designated at fair value through profit or loss	1,461,742	4,940,835
	Issued loans and deposits	1,849,140	1,384,080
L-T business fund 1	Cash	990	7,365
	Investments into securities held-to-maturity	18,082,656	10,688,820
	Investments into securities designated at fair value through profit or loss	1,121,726	4,647,487
	Issued loans and deposits	3,268,431	1,397,051
L-T business fund 2	Cash	953	6,091
	Investments into securities held-to-maturity	50,449,579	31,191,994
	Investments into securities designated at fair value through profit or loss	2,966,329	10,912,492
	Issued loans and deposits	5,639,205	5,984,046
L-T business fund 3	Cash	13,157	18,145
	Investments into securities held-to-maturity	30,317,390	18,781,183
	Investments into securities designated at fair value through profit or loss	1,964,471	7,824,861
	Issued loans and deposits	3,350,298	2,291,145
L-T business fund 4	Cash	12,175	105,773
Total		**140,415,815**	**113,751,221**

Investments into securities held-to-maturity represent bonds of the Republic of Slovenia, EC/OECD countries and from abroad, entrepreneurial bonds from the organised markets of the Republic of Slovenia and EC and OECD countries and abroad and entrepreneurial bonds from the OTC market of the Republic of Slovenia.

Investments into securities designated at fair value through profit or loss represent shares being traded on the securities market and shares of various investment companies.

Investments of long-term business funds in deposits with banks and savings banks represent long-term and short-term deposits, denominated in euros. The interest rates of deposits range from 3.50% - 6.18% annually.

Part of this amount is the investment into a subordinated debt with long-term maturity and a nominal interest rate of 7.70% annually.

The same applies for receipts on deposits due in 2009 with the interest rate being 6M EURIBOR + 0.25%.

Investments into securities held-to-maturity represent bonds of the Republic of Slovenia, EC/OECD countries and from abroad, entrepreneurial bonds from the organised markets of the Republic of Slovenia and EC and OECD countries and abroad and entrepreneurial bonds from the OTC market of the Republic of Slovenia.

Investments into securities designated at fair value through profit or loss represent shares being traded on the securities market, entrepreneurial bonds from the organised markets of the Republic of Slovenia and EC and EOCD countries and abroad.

Table 33: Structure of securities based on type of interest rate

in EUR

	31 December	31
Fixed interest rate	101,901,747	72,396,397
Variable interest rate	22,700,936	18,942,574
Equity shares	1,678,783	11,218,555
Total	**126,281,466**	**102,557,526**

The effective interest rate of securities for funds ranges from 2.83 to 7.54%.

18. EQUITY CAPITAL

The share capital of Prva Group plc. did not change in 2008. On 31 December 2008, the share capital amounted to EUR 17,419,710, whereby EUR 10,279,710 originate from ordinary shares, and the difference in the amount of EUR 7,140,000 from preference shares.

The capital of the Group represents the capital of Prva Group plc. and the capital of minority stakeholders.

Table 34: Share capital

in EUR

	31.12.2008	31.12.2007
Approved share capital (ordinary shares with a face value of EUR 42.00)	10,279,710	10,279,710
Approved share capital (preference shares with a face value of EUR 42.00)	7,140,000	7,140,000
Share capital (ordinary shares with a face value of EUR 42.00)	10,279,710	10,279,710
Share capital (preference shares with a face value of EUR 42.00)	7,140,000	7,140,000
Total share capital (issued and paid-in shares)	17,419,710	17,419,710

Table 35: Number of issued and paid-in shares

	Ordinary shares		Preference shares	
	2008	2007	2008	2007
As at 1 January	244,755	195,807	170,000	170,000
Issued	0	48,948*	0	0
As at 31 December	244,755	244,755	170,000	170,000

* On the basis of the General Meeting's decision in May 2007, the European Bank for Reconstruction and Development paid in shares at the end of 2007. These shares were registered with the court and recorded in the register on 9 January 2008.

The company has no own shares.

18.1 RESERVES

Capital reserves also include legal reserves and cannot be divided.

Reserves for exchange rate differences originating from the translation of functional currencies into the reporting currency are recognised directly in capital until the moment of the sale of the subsidiary, after which these exchange rate differences are transferred into the income statement. These reserves cannot be divided. Undistributed profits are not earmarked and can be used for the payment of dividends in ensuing years.

Table 36: Structure and movements of reserves in 2008

in EUR

	Prva Group plc.			Group			
	Capital reserves	Undistributed profit	Total	Capital reserves	Reserves for exch. rate difference	Undistributed profit	Total
1 January 2008	8,765,503	4,835,224	13,600,727	8,765,503	-7,163	1,773,484	10,531,824
Change	0	952,698	952,698	0	-501,593	-140,415	-642,008
31 December 2008	8,765,503	5,787,922	14,553,424	8,765,503	-508,756	1,633,070	9,889,816

18.2 PROPOSED AND PAID-OUT DIVIDENDS

The company intends to pay-out dividends to ordinary and preference shareholders for the 2008 business year. The proposal that dividends be paid-out on ordinary shares in the amount of EUR 6.83 per share, amounting to a total of EUR 1,671,677 for the 2008 business year will be submitted for approval to the General Meeting which will be held in May 2009. A dividend pay-out on preference shares amounting to a total of EUR 428,400 for the 2008 business year, equal to the cumulative liabilities from the heading of dividends owed on preference shares, shall also be proposed.

Dividends were paid out also in 2006 and 2007. Preference shareholders received a dividend for 2007 in the amount of EUR 2.51 per share and ordinary shareholders received EUR 5.00 of dividend per share.

19. DEFERRED TAXES

Table 37: Deferred taxes of Prva Group plc.

in EUR

	Balance sheet		Recognised directly in capital	Recognised in profit or loss
	31.12.2008	31.12.2007	**2008**	**2008**
Deferred income tax - receivables				
Impairment of investment	199,001	0	0	199,001
Provisions for employees	1,451	1,210	0	241
Deferred income tax - liabilities				
Revaluation of financial investments available for sale designated at fair value	224,142	750,778	526,636	0
Total deferred income tax liabilities	23,689	749,568	526,636	-199,242

Table 38: Deferred taxes of the Group

in EUR

	Balance sheet		Recognised directly in capital	Recognised in profit or loss
	31.12. 2008	31.12.2007	**31.12.2008**	**31.12.2008**
Deferred income tax - receivables				
Revaluation of financial investments available for sale designated at fair value	0	114,936	-114,936	0
Provisions for employees	1,451	1,320	0	131
Deferred income tax - liabilities				
OS Amortisation	6,793	7,288	0	495
Revaluation of financial investments available for sale designated at fair value	224,142	750,778	526,636	0
Total deferred income tax liabilities	229,483	641,810	411,700	626

20. INCOME TAX

Table 39: Reconciliation of tax and accounting profit multiplied by the tax rate in Slovenia

in EUR

	Prva Group plc.		Group	
	2008	2007	**2008**	2007
Profit before tax for the accounting period	-201,500	6,300,113	-1,586,240	4,133,150
Income tax in Slovenia 22% (2007 – 23%)	-44,330	1,449,026	-348,973	950,624
Increase in the tax basis	-120,365	6,880	194,903	673,907
Non-tax exempt expenses	228,178	11,765	228,178	11,765
Tax relief	9,265	5,437	9,265	5,437
Foreign tax deductions	567		567	
Income tax	**53,651**	**1,462,234**	**64,843**	**1,630,859**
Tax return	-2,414,277	0	-2,560,777	0
Income tax	**-2,360,626**	**1,462,234**	**-2,495,934**	**1,630,859**

Tax-relief has been used and was not carried over to the following year.

21. RECEIVED LOANS

The main part of the received loans within the group (EUR 396,367) represents the loan received by the company in Macedonia for the purchase of business premises granted by the minority owner for a period of 5 years. and for which real estate in Macedonia has been pledged.

22. LIABILITIES

Table 40: Liabilities

	Prva Group plc.		Group	
	31.12.2008	31 .12.2007	**31.12. 2008**	31.12.2007
Other liabilities	86,305	514,186	497,085	734,138
Total	**86,305**	**514,186**	**497,085**	**734,138**

The companies within the group pay their liabilities upon maturity. Liabilities above EUR 100,000 appertain only to bigger companies, i.e. KB Prvo, Macedonia and Prva osebna zavarovalnica, Slovenia regarding liabilities to suppliers, employees and liabilities regarding the purchase of securities.

23. LIABILITIES TO THE ACCOUNTS OF PENSION POLICYHOLDERS

Prva Group, insurance holding company plc. does not have liabilities from the account of pension policyholders, however, these liabilities refer to its subsidiaries, namely Prva osebna zavarovalnica.

Table 41: Liabilities to the accounts of pension policyholders

in EUR

	Note	**31.12.2008**	**31.12.2007**
Other liabilities	23.1	276,253	227.896
Net liabilities to pension policyholders	23.2	140,315,992	113.657.388
TOTAL LIABILITIES		140.592.245	113,885,284

Liabilities to pension policyholders of the company abroad are shown as off-balance sheet items.

23.1 OTHER LIABILITIES

Table 42: Other liabilities

in EUR

	31.12.2008	31.12.2007
Liabilities from insurance transactions	275,918	224,020
Other liabilities	335	3,875
Total	**276,253**	**227,895**

23.2 NET LIABILITIES TO PENSION POLICYHOLDERS

Table 43: Gross mathematical provisions per fund

in EUR

	L-T business fund 1	L-T business fund 2	L-T business fund 3	L-T business fund 4	TOTAL
Guaranteed value of mathematical provisions					
In 2007	18,859,831	15,773,736	44,925,791	27,573,398	107,132,756
In 2008	22,801,000	22,051,310	57,394,093	35,136,724	137,383,127
Excess of the guaranteed value of mathematical provisions					
In 2007	1,019,251	955,353	3,147,330	1,402,698	6,524,632
In 2008	406,188	421,062	1,657,462	448,154	2,932,866
Total mathematical provisions					
In 2007	19,879,082	16,729,090	48,073,121	28,976,096	113,657,389
In 2008	23,207,188	22,472,372	59,051,555	35,584,878	140,315,993

Net liabilities to pension policyholders represent mathematical provisions which are managed separately for each individual long-term business fund.

Mathematical provisions must comply with the Decision on Detailed Rules and Minimum Standards to be Applied in the Calculation of Technical Provisions and at all times, equal at least in the amount of the redemption value of the insurance.

Thus, provisions are formed for each individual long-term business fund which comprise the guaranteed funds on the personal account of policyholders and provisions for returns exceeding the guaranteed return. The guaranteed value of the fund consists of the payment of the net premium and prescribed guaranteed return.

Mathematical provisions are not reinsured for any long-term business fund.

24. OFF-BALANCE SHEET LIABILITIES OF THE COMPANY

Off-balance sheet items of the company and the Group represent liabilities under tenancy agreement for business premises.

Table 44: Business lease contracts where the Company is the lessee.

in EUR

	Prva Group plc.		Group	
Maturity periods	**2008**	**2007**	**2008**	**2007**
Of up to one year	64,904	64,911	164,000	192,069
From 1 to 5 years	302,884	302,917	798,364	896,321
TOTAL	367,788	367,828	962,364	1,088,390

The company or Group does not have any contracts in which they themselves are the lessor.

In addition to the specified liabilities, Prva Group, insurance holding company, plc. states dividends in the form of PPDG shares on off-balance accounts in the total amount of EUR 1,518.40 saved to be paid to the shareholder.

X.6 OTHER DISCLOSURES

1. TRANSACTION WITH AFFILIATED PERSONS

In 2008, a total of EUR 198,576 was paid out to the Management Board and members of the Supervisory Board of Prva Group plc., which is 11.7% less than in 2007.

Table 45: Management and Supervisory Board costs of Prva Group, insurance holding company, plc.

in EUR

	year 2008	year 2007
Management	162,158	181,050
Supervisory Board	36,417	43,831
Total payouts	**198,575**	**224,881**

In 2008, Prva Group, insurance holding company, plc. did not approve any advances or loans, or take on any obligations on behalf of the Management and Supervisory Boards.

Affiliated persons of Prva Group plc. and the Group are:
- Deed BV, the Netherlands
- EBRD, Great Britain
- Dej, d. o. o.
- Druga, d. o. o.
- Makrofin d.o.o.
- Deos, d.d.
- Zavod Deos
- Phineous Investments Limited, Cyprus

Table 46: Transactions with affiliated persons in 2008

in EUR

	Sales to affiliated persons	Purchases from affiliated persons	Receivables due from affiliated persons	Liabilities to affiliated persons
Prva osebna zavarovalnica d.d.	161,678	3,175	114	363
KB Prvo penzisko društvo AD	146,821	0	36,939	0
Fondi Slloveno-Kosovar I Pensionev Sh.A	72,541	0	0	6,126
Prima Pensia, Romania	0	2,455	0	0
Pension Standard, the Ukraine	0	0	27,516	0

The company charged the companies in the Group fees for investment management, auditing and advisory services.

All transactions with affiliated persons have been carried out under market conditions.

26. FINANCIAL MANAGEMENT AND RISK MANAGEMENT

26.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The basic financial instruments of the company and Group comprise financial investments, bank loans, money deposits and cash on account. The chief intention of these financial instruments is to attain long-term yields for the company and Group. The company and Group also have other financial instruments such as trade receivables and payables which arise upon the company and Group carrying out transactions.

The main types of risk originating from the financial instruments of the company and Group are market risk, liquidity risk and credit risk. The Management Board reviews and approvea risk management policies for these risks. The policies are summarised below.

26.2 CAPITAL MANAGEMENT

Prva Group,. insurance holding company, plc. manages its capital with the aim of ensuring both smooth operation of the company and maximum profitability for its shareholders through optimal balance between credits and capital.

In line with the Insurance Act, Prva Group, insurance holding company, plc. must fulfil minimum capital requirements as required for mixed insurance holdings. The fulfilment of capital requirements is performed quarterly. Over the entire period, the company had a surplus of available capital.

Table 47: Minimum capital of Prva Group, insurance holding company, plc.

in EUR

	31.12.2008	31.12.2007
Minimum capital required		
Insurance company - life	7,640,614	4,546,296
Insurance company - assets	2,200,000	2,200,000
Surplus of available capital	11,799,943	12,270,199

26.3 CREDIT RISK

The company and Group operate only with well established, trustworthy clients. They are exposed to credit risk in terms of investments, i.e. in investments into securities, issued loans and deposits and cash. The company is exposed to the risk of the other party being insolvent in fulfilling its obligations.

In relation to other financial resources, such as cash, deposits at banks and financial assets, defined as available-for-sale, the company's risk exposure results from the risk of outstanding liabilities from the other contracting party. The highest exposure hereby equals the accounting value of these financial instruments.

Securities in the table below are categorised in different groups according to credit rating. Risk-free investments are all investments with rating A to AAA and all Slovenian banks, medium-risk investments are all investments wit rating BBB.

Table 48: Credit quality of Prva Group plc.'s financial investments in 2008

in EUR

	Risk-free investments (high creditworthiness of the debtor)	Medium-risk investments (medium creditworthiness of the debtor)	Medium-risk investments - no rating	Speculative investments (low creditworthiness of the debtor)	Unsettled investments due or impaired investments	Total
Deposits and loans	0	0	2,617,819	0	0	2,617,819
Financial assets available-for-sale	677,013	2,781,404	4,027,317	0	0	7,485,734
Financial assets measured at fair value through profit or loss	870,300	0	0	0	0	870,300
Total	**1,547,313**	**2,781,404**	**6,645,136**	**0**	**0**	**10,973,853**

The biggest exposure towards an individual issuer represents that to the Republic of Macedonia (15%) while other investments are spread and do not exceed 10% with an individual issuer.
The company has no outstanding liabilities and the assets are not insured.

Table 49: Credit quality of Prva Group plc.'s financial investments in 2007

in EUR

	Risk-free investments (high creditworthiness of the debtor)	Medium-risk investments (medium creditworthiness of the debtor)	Medium-risk investments - no rating	Speculative investments (low creditworthiness of the debtor)	Unsettled investments due or impaired investments	Total
Deposits and loans	6,201,016	0	0	0	0	6,201,016
Financial assets available-for-sale	224,505	2,786,898	2,261,989	0	0	5,273,392
Total	**6,425,521**	**2,786,898**	**2,261,989**	**0**	**0**	**11,474,408**

Table 50: Credit quality of the Group's financial investments in 2008

in EUR

	Risk-free investments (high creditworthiness of the debtor)	Medium-risk investments (medium creditworthiness of the debtor)	Medium-risk investments - no rating	Speculative investments (low creditworthiness of the debtor)	Unsettled investments due or impaired investments	Total
Deposits and loans	3,430,671	76,961	4,655,589	0	0	8,163,221
Financial assets available-for-sale	677,013	2,781,404	4,445,474	0	0	7,903,891
Financial assets owned until payment maturity	2,059,082	490,933	5,290,552	0	0	7,840,567
Financial assets measured at fair value through profit or loss	870,300	0	60,051	0	0	930,351
Total	**7,037,066**	**3,349,298**	**14,451,666**	**0**	**0**	**24,838,030**

The Group's investments are spread and do not exceed 10% with individual issuers.
The Group has no outstanding liabilities and the assets are not insured.

Table 51: Credit quality of the Group's financial investments in 2007

in EUR

	Risk-free investments (high creditworthiness of the debtor)	Medium-risk investments (medium creditworthiness of the debtor)	Medium-risk investments - no rating	Speculative investments (low creditworthiness of the debtor)	Unsettled investments due or impaired investments	Total
Deposits and loans	11,555,421	0		0	0	11,555,421
Financial assets measured at fair value through profit or loss	0	89,036	0	0	0	89,036
Financial assets owned until payment maturity	0	516,095	0	0	0	516,095
Financial assets available-for-sale	1,188,060	0	12,292,681	0	0	13,480,741
Total	**12,743,481**	**605,131**	**12,292,681**	**0**	**0**	**25,641,293**

Table 52: Credit quality of long-term business funds in 2008

in EUR

	Risk-free investments (high creditworthiness of the debtor)	Medium-risk investments (medium creditworthiness of the debtor)	Medium-risk investments - no rating	Speculative investments (lower creditworthiness of the debtor)	Unsettled investments due or impaired investments	Total
Deposits and loans	14,107,074		707,554			14,107,074
Financial assets measured at fair value through profit or losss	3,875,365	1,936,104				6,519,023
Financial assets owned until payment maturity	82,078,445	26,676,463	9,748,973		1,258,562	119,762,443
Total	**100,060,884**	**28,612,567**	**10,456,527**	**0**	**1,258,562**	**140,388,540**

In accordance with the Insurance Act, investments are spread and long-term business funds are not significantly exposed to one individual issuer.

Long-term business funds have no outstanding liabilities and their assets are not insured.

Table 53: Credit quality of long-term business funds in 2007

in EUR

	Risk-free investments (high creditworthiness of the debtor)	Medium-risk investments (medium creditworthiness of the debtor)	Medium-risk investments - no rating	Speculative investments (lower creditworthiness of the debtor)	Unsettled investments due or impaired investments	Total
Deposits and loans	11,056,322	0		0	0	11,056,322
Financial assets measured at fair value through profit or losss	14,201,137	10,858,558	3,265,980	0	0	28,325,675
Financial assets owned until payment maturity	65,861,061	1,116,495	7,254,294	0	0	74,231,850
Total	**91,118,520**	**11,975,053**	**10,520,274**	**0**	**0**	**113,613,847**

Compared to 2007, the quality of investments regarding credit risk somewhat deteriorated due to the financial crisis in 2008 both within the company and the portfolio of business funds.

26.4 LIQUIDITY RISK

The company and Group manage liquidity risk through cash flow forecasting. The company uses this tool to take into account the maturity of financial investment including planned outflows which relate to the company's operations.

The company's and Group's financial investments are financed with the company's capital. At the end of the year, the company and Group show only running costs liabilities with maturity of up to 3 months. The following tables represent the structure of assets and liabilities according to due dates.

Table 54: Liquidity of assets and liabilities of Prva Group plc.

Prva Group plc.	31 December 2008			31 December 2007		in EUR
ASSETS	TOTAL	Maturity up to 12 months	Maturity more than 12 months	TOTAL	Maturity up to 12 months	Maturity more than 12 months
Investments	**31,926,181**	**7,330,617**	**24,595,563**	**33,611,387**	**3,589,553**	**29,744,834**
Share in subsidiaries	15,457,321	277,000	15,180,321	21,773,475	277,000	21,496,475
Share in subsidiaries for sale	4,830,504	4,830,504		0		
Share in associated company	122,500		122,500	122,500		122,500
Investments into securities	8,356,034	328,420	8,027,614	5,273,392		5,273,392
1. Held to maturity	0			0		
2. Available-for-sale	7,485,734	328,420	7,157,314	5,273,392		5,273,392
3. Measured at fair value through profit or loss	870,300		870,300	0		0
Issued loans and deposits	2,617,819	1,352,691	1,265,128	6,201,016	3,348,549	2,852,467
Cash	542,002	542,002		241,004	241,004	
Other receivables	1,002,522	1,002,522		96,389	93,389	
Tangible fixed assets	103,919		103,919	2,058,809	2,024,519	34,290
Intangible fixed assets	725		725	1,905		1,905
TOTAL ASSETS	**33,033,347**	**8,333,140**	**24,700,207**	**35,768,490**	**5,987,461**	**29,781,029**
LIABILITIES						
Capital	**32,869,702**	**0**	**32,869,702**	**33,682,286**	**0**	**33,682,286**
Other liabilities	163,646	163,646	0	2,086,204	2,086,204	0
Total liabilities	163,646	163,646		2,086,204	2,086,204	0

Table 55: Liquidity of assets and liabilities of the Group

Group	31 December 2008			31 December 2007		in EUR
ASSETS	TOTAL	Maturity up to 12 months	Maturity more than 12 months	TOTAL	Maturity up to 12 months	Maturity more than 12 months
Investments	**28.482.231**	**5.704.956**	**22.777.275**	**28.803.218**	**9.368.381**	**19.434.837**
Share in subsidiaries for sale	2.041.281	2.041.281	0	0	0	
Share in associated company	127.571	0	127.571	122.507	0	122.507
Investments into securities	16.674.809	835.635	15.839.174	15.085.872	89.036	13.996.836
1. Held to maturity	7,840,567	507.215	7.333.352	516,095	0	516.095
2. Available-for-sale	7,903,891	328,420	7,575,471	13,480,741		13,480,741
3. Measured at fair value through profit or loss	930,351	0	930,351	89,036	89.036	0
Issued loans and deposits	8,163,221	1,352,691	6,810,530	11,555,421	6,239,927	5,315,494
Cash	1,475,349	1,475,349	0	3,039,418	3,039,418	
Receivables from direct insurance operations	235,803	235,803	0	206,877	206,877	0
Other receivables	1.078.781	1.078.781	0	1,540,173	1,540,173	0
Tangible fixed assets	1,358,338	0	1,358,338	3,607,498	2,024,519	1.582.979
Intangible fixed assets	269.897	0	269,897	521,954	0	521,954
Fortune of penson insurance policyholders accounts	140,592,245	0	140,592,245	113,885,284	0	113,885,284
TOTAL ASSETS	**172.017.295**	**7.019.539**	**164.997.756**	**148.565.004**	**13.139.950**	**135.425.054**
LIABILITIES						
Capital	**29.889.003**	**0**	**29.889.003**	**31.927.757**	**0**	**31.927.757**
Other liabilities	1.536.047	465.230	1.070.817	2.751.962	410.120	2.341.842
Liabilities to pension insurance policyholders account	140.592.245	0	140.592.245	113.885.284	0	113.885.284
TOTAL LIABILITIES	142.128.292	465.230	141.663.062	116.637.246	410.120	116.227.126

Table 56: Liquidity of assets and liabilities of Prva Group, plc. according according to maturity of one to five years regarding to expected non discounted cash flows in year 2008

Prva Group - 31.12.2008

ASSETS	TOTAL	Maturity up to 1 year	Maturity from 1 to 5 years	Maturity more than 5 years	Assets and liabilities without maturity
Investments	**32,340,426**	**6.580.541**	**8.767.762**	**0**	**16.992.123**
Share in subsidiaries	15.457.321				15.457.321
Share in subsidiaries for sale	4.830.504	4,830,504			
Share in associated company	122,500				
Investments into securities	8,662,949	341,885	7,450,764	0	870,300
1. Held to maturity	0				
2. Available-for-sale	7,792,649	341,885	7,450,764		
3. Measured at fair value through profit or loss	870,300				870,300
Issued loans and deposits	2,725,150	1,408,151	1,316,998		
Cash	542,002				542,002
Other receivables	11.002.522	1.002.522			
Tangible fixed assets	103,919				103,919
Intangible fixed assets	725				725
Assets of policyholders	0				
TOTAL ASSETS	**33.447.593**	**7.583.063**	**8.767.762**	**0**	**17.096.767**
LIABILITIES					
Capital	**32,869,701**				**32,869,701**
Other liabilities	163,646	163,646			
TOTAL LIABILITIES	**163.646**	**163.646**	**0**	**0**	**0**

Table 57: Liquidity of assets and liabilities of the Prva Group plc according to maturity of one to five years regarding to expected non discounted cash flows in year 2007

Prva Group - 31.12.2007

ASSETS	TOTAL	Maturity up to 1 year	Maturity from 1 to 5 years	Maturity more than 5 years	Assets and liabilities without maturity
Investments	**34.118.118**	**3.449.005**	**8.532.152**	**0**	**22.136.961**
Share in subsidiaries	21.773.457				21.773.457
Share in associated company	122,500				122.500
Investments into securities	5.537.062		5.537.062		
2. Available-for-sale	5.537.062		5.537.062		
Issued loans and deposits	6.444.096	3.449.005	2.995.090		
Cash	241.004				241.004
Other receivables	96.389	96.389			
Tangible fixed assets	2.058.809				2.058.809
Intangible fixed assets	1.905.				1.905
TOTAL ASSETS	**36.275.221**	**3.545.394**	**8.532.152**	**0**	**24.197.675**
LIABILITIES					
Capital	**33.682.285**				**33.382.285**
Other liabilities	2.086.205	2.086.205			
TOTAL LIABILITIES	**2.086.205**	**2.086.205**	**0**	**0**	**0**

Table 58: Liquidity of assets and liabilities of the Group according to maturity of one to five years regarding to expected non discounted cash flows in year 2008

Prva Group - 31.12.2008

ASSETS	TOTAL	Maturity up to 1 year	Maturity from 1 to 5 years	Maturity more than 5 years	Assets and liabilities without maturity	Policyholders assets
Investments	**31.086.654**	**9.929.054**	**14.314.158**	**5.059.899**	**1.783.543**	**0**
Share in subsidiaries for sale	2.923.751	2.923.751				
Share in associated company	122.507				122.507	
Investments into securities	18.398.766	981.430	11.482.304	5.509.899	875.134	
1. Held to maturity	9.649.233	510.573	4.109.741	5.028.918		
2. Available-for-sale	7.798.758	390.910	7.372.033	30.980	4.834	
3. Measured at fair value through profit or loss	950.776	79.947	529		870.300	
Issued loans and deposits	8.855.727	6.023.873	2.831.854			
Cash	785.902				785.902	
Receivables from direct insurance business	235.803	235.803				
Other receivables	1.232.300	1.194.187	38.113			
Tangible fixed assets	139.114				139.114	
Intangible fixed assets	40.148				40.148	
Assets from financial contracts	195.204.734					195.204.734
TOTAL ASSETS	**227.938.753**	**11.359.044**	**14.352.271**			
LIABILITIES						
Capital	**29.889.003**				**29.889.003**	
Other liabilities	**1.630.007**	**470.149**	**1.053.104**	**106.754**		
Liabilities from financial contracts	195.204.734					195.204.734
TOTAL LIABILITIES	**196.834.741**	**470.149**	**1.053.104**	**106.754**	**0**	**195.204.734**

Table 59: Liquidity of assets and liabilities of the Group according to maturity of one to five years regarding to expected non discounted cash flows in year 2007

Prva Group - 31.12.2007

ASSETS	TOTAL	Maturity up to 1 year	Maturity from 1 to 5 years	Maturity more than 5 years	Assets and liabilities without maturity	Policyholders assets
Investments	**30.428.512**	**6.327.059**	**11.229.164**	**6.850.758**	**6.021.531**	
Share in associated company	127.571				127.571	
Investments into securities	15.124.745	38.025	5.381.420	6.850.758	2.854.542	
1. Held to maturity	533.057	38.025	495.032			
2. Available-for-sale	14.502.652		4.886.388	6.850.758	2.765.506	
3. Measured at fair value through profit or loss	89.036				89.036	
Issued loans and deposits	12.136.778	6.289.034	5.847.744			
Cash	3.039.418				3.039.418	
Receivables from direct insurance business	206.877	206.877				
Other receivables	608.844	608.844				
Tangible fixed assets	26.600				26.600	
Intangible fixed assets	69.887				69.887	
Assets from financial contracts	113.885.284					113.885.284
TOTAL ASSETS	**145.226.004**	**7.142.780**	**11.229.164**	**6.850.758**	**6.118.018**	**113.885.284**
LIABILITIES						
Capital	**31.927.757**				**31.927.757**	
Other liabilities	**2.905.264**	**415.441**	**2.234.449**	**255.374**		
Liabilities from financial contracts	113.885.284					113.885.284
TOTAL LIABILITIES	**116.790.548**	**415.441**	**2.234.449**	**255.374**	**0**	**113.885.284**

26.5 INTEREST RATE RISK

The company and Group's exposure to changes in market interest rates is very low and originates predominantly from long-term investment. The company and the Group are not significantly exposed to interest rate risk and the effect does not have a considerable influence on financial statements.

The company adopts decisions for reducing interest risk on the basis of active monitoring of the development of events on the international capital markets. At the same time, interest rate risk in funds relates to guaranteed return which a fund must ensure to policyholders in line with the pension schemes. Through active management of investments, the company lowers interest rate risk from this source.

Table 60: Interest rate risk of Prva Group plc.

year 2008		year 2007	
Change in market interest rate	Influence on operating result (in EUR)	Change in market interest rate	Influence on operating result (in EUR)
+/-10 bt	477	+/-10 bt	294

Table 61: Interest rate risk of the Group

year 2008		year 2007	
Change in market interest rate	Influence on operating result (in EUR)	Change in market interest rate	Influence on operating result (in EUR)
+/-10 bt	1278	+/-10 bt	935

26.6 FAIR VALUE

Table 62: Presentation of the financial instruments of the Company at book value and fair value

in EUR

	Accounting value		Fair value	
	31 December 2008	31 December 2007	31 December 2008	31 December 2007
Total financial assets	**11,515,855**	**11,715,412**	**11,515,855**	**11,808,508**
Investments into securities	8,356,034	5,273,392	8,356,034	5,273,392
1. Available-for-sale	7,485,734	5,273,392	7,485,734	5,273,392
2. Measured at fair value through profit or loss	870,300		870,300	
Issued loans and deposits	2,617,819	6,201,016	2,617,819	6,294,112
Cash	542,002	241,004	542,002	241,004
Total liabilities	**0**	**0**	**0**	**0**

Table 63: Presentation of the financial instruments of the Group at book value and fair value

in EUR

	Accounting value		Fair value	
	31 December 2008	31 December 2007	31 December 2008	31 December 2007
Total financial assets	**215,849,197**	**146,319,101**	**205,411,590**	**145,676,614**
Investments into securities	15,195,685	10,665,776	14,324,061	10,648,952
1. Held-to-maturity	6,361,443	569,279	5,489,819	552,455
2. Available-for-sale	7,903,891	10,027,231	7,903,891	10,027,231
3. Measured at fair value through profit or loss	930,351	69,267	930,351	69,267
Issued loans and deposits	8,163,221	10,175,794	7,645,298	10,442,499
Cash	1,474,929	403,217	1,474,929	403,217
Assets from pension policyholders	191,015,361	125,074,314	181,967,302	124,181,946
Total liabilities	**191,015,361**	**125,074,314**	**181,967,302**	**124,181,946**
Liabilities to pension policyholders	191,015,361	125,074,314	181,967,302	124,181,946

Securities at assets from pension policyholders are mostly recorded up to maturity and, in this segment, the market value of two government bonds owned by the funds has decreased, which means fair value is lower than the accounting value.

27. ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

On 31 December 2008, the Company does not have liabilities denominated in foreign currencies. The company is therefore not exposed to currency risks.

As at 31 December 2008, the Group's liabilities and receivables are converted according to the reference exchange rate of the European Central Bank. Zaradi uravnavanja izpostavljenosti po valutah na individualnem nivoju družb v skupini, skupina ni izpostavljenu večjemu valutnemu tveganju. Prevedbene razlike zaradi deviznih tečajev so pripoznane direktno v kapitalu.

28. ADDITIONAL DISCLOSURES IN ACCORDANCE WITH AMENDMENTS TO IAS 39 – FINANCIAL INSTRUMENTS RECOGNITION AND MEASUREMENT AND IAS 7 - FINANCIAL INSTRUMENTS: DISCLOSURES

In 2008, the company did not make use of the possibility provided by the amendment to IAS 39 – Financial Instruments: recognition and measurement and IAS 7 - financial instruments: disclosures and did not reallocate financial assets due to the unfavourable situation on the financial market. The Group made use of the aforementioned possibilities for financial assets of additional pension insurance business funds. The manner of reallocation and effects according to individual portfolios with regard to the source are described below.

Financial assets of additional pension insurance business funds

In accordance with the Amendment and the extraordinary conclusions of the Management Board No. 4-2008, 5-2008, 6-2008 and 7-2008 we reallocated the following bonds on 30 October 2008: VTB FLOAT 03/09, BCE10, AB06 and NLB20. They were reallocated from the trading portfolio to the held-to-maturity portfolio. In accordance with paragraph 103G of the Amendment, the reallocation was conducted according to fair value of financial assets as at 1 July 2008.

Table 64: Presentation of indicates the effects of the reallocation according to individual bonds and total reallocation effects.

Ticker	Quantity	Valuation price	Accounting value	Market price on 1 July 2008	Market value	Difference
AB06	8,340	100,5	860,406	101,60	869,580	9,174
BCE10	11,000	90,5	1,034,270	103,00	1,171,770	137,500
NLB20	1,500	99,75	640,951	99,75	640,951	0
VTB FLOAT	1,901	95,02	1,822,911	98,90	1,896,622	73,711
Total			**4,358,540**		**4,578,925**	**220,385**

29. OTHER DETAILS

Prva Group, insurance holding company, plc. owns a capital share in the insurance company Prva osebna zavarovalnica, d. d.

Prva Group, insurance holding company, plc. has not issued any documents referring to participation right, fungible bonds and other securities or issued rights.

List of tables