



**UNAUDITED SEMI-ANNUAL REPORT
REINSURANCE COMPANY SAVA LTD**

JANUARY-JUNE 2008

Ljubljana, 29 August 2008

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1 INTRODUCTION

In accordance with the provisions of the Market in Financial Instruments Act and the Ljubljana Stock Exchange Rules, Sava Re, with its registered office in Ljubljana, Dunajska 56, is herewith publishing its unaudited semi-annual report for the period January-June 2008.

Information on Sava Re and the Sava Re Group published herein was prepared in accordance with the International Financial Reporting Standards, but was not audited.

Starting with 29 August 2008, the unaudited semi-annual report of Sava Re for the period January-June 2008 in Sloven language will be available at the registered office of the Company In Ljubljana, Dunajska 56, each business day from 9am to 3pm, as well as on its website.

1.1 Sava Re Group as at 30 June 2008

The Sava Re Group comprises the parent Sava Re company and six insurance companies established in Slovenia and in the countries of the former Yugoslavia, as well as a pension company and an investment fund management company established in Macedonia.

1.1.1. Sava Re basic details

1. Company name:	Pozavarovalnica Sava d.d.
2. Registered office:	Dunajska 56, Ljubljana
3. Telephone:	+386 (1) 47 50 200
4. Facsimile:	+386 (1) 47 50 264
5. E-mail:	info@sava-re.si
6. Company ID no:	5063825
7. Tax no:	17986141
8. Registration entry:	1/01413/00, Ljubljana District Court
9. Basic activity:	reinsurance
10. Activity code:	65.200
11. Year established:	1977
12. Share capital:	EUR 39,069,099.48
13. Shares:	9.362.519 non-par value shares
14. Listing:	Ljubljana Stock Exchange, standard market

Management Board

Pursuant to its Articles of Association and its Management Act, the Company is managed and represented by a two-member Management Board consisting of a Chairman and a Deputy Chairman. They always represent the Company jointly. In the first half of 2008, there were no changes in the Management Board.

Management Board members as at 30 June 2008:

Chairman: **Dušan Čeč**
Deputy Chairman: **mag Zvonko Ivanušič**

The Chairman was appointed by the Supervisory Board as of 1 October 2004, while the term of office of the Deputy Chairman started on the date when he was granted the authorisation to assume the function of a member of the Management Board by the Insurance Supervision Agency, i.e. on 23 November 2004. Members of the Management Board are appointed for a term of five years and may be re-elected repeatedly.

Supervisory Board

Pursuant to its Articles of Association and the applicable legislation, the Supervisory Board of the Company is composed of six members, of which four (shareholder representatives) are elected by the Company's General Meeting and two (employee representatives) are elected by the Workers' Council, which informs the General Meeting of its decision. Members of the Supervisory Board are appointed for a term of up to four years and may be re-elected. In the first half of 2008, there were no changes in the Supervisory Board.

Supervisory Board members as at 30 June 2008:

Chairman: **mag Marko Pogačnik**
Deputy Chairman: **dr Timotej Jagrič**
Member: **dr Edo Pirkmajer**
Member: **Anton Sagadin**
Member – employee representative: **mag Aleš Mirnik**
Member – employee representative: **Nada Zidar**

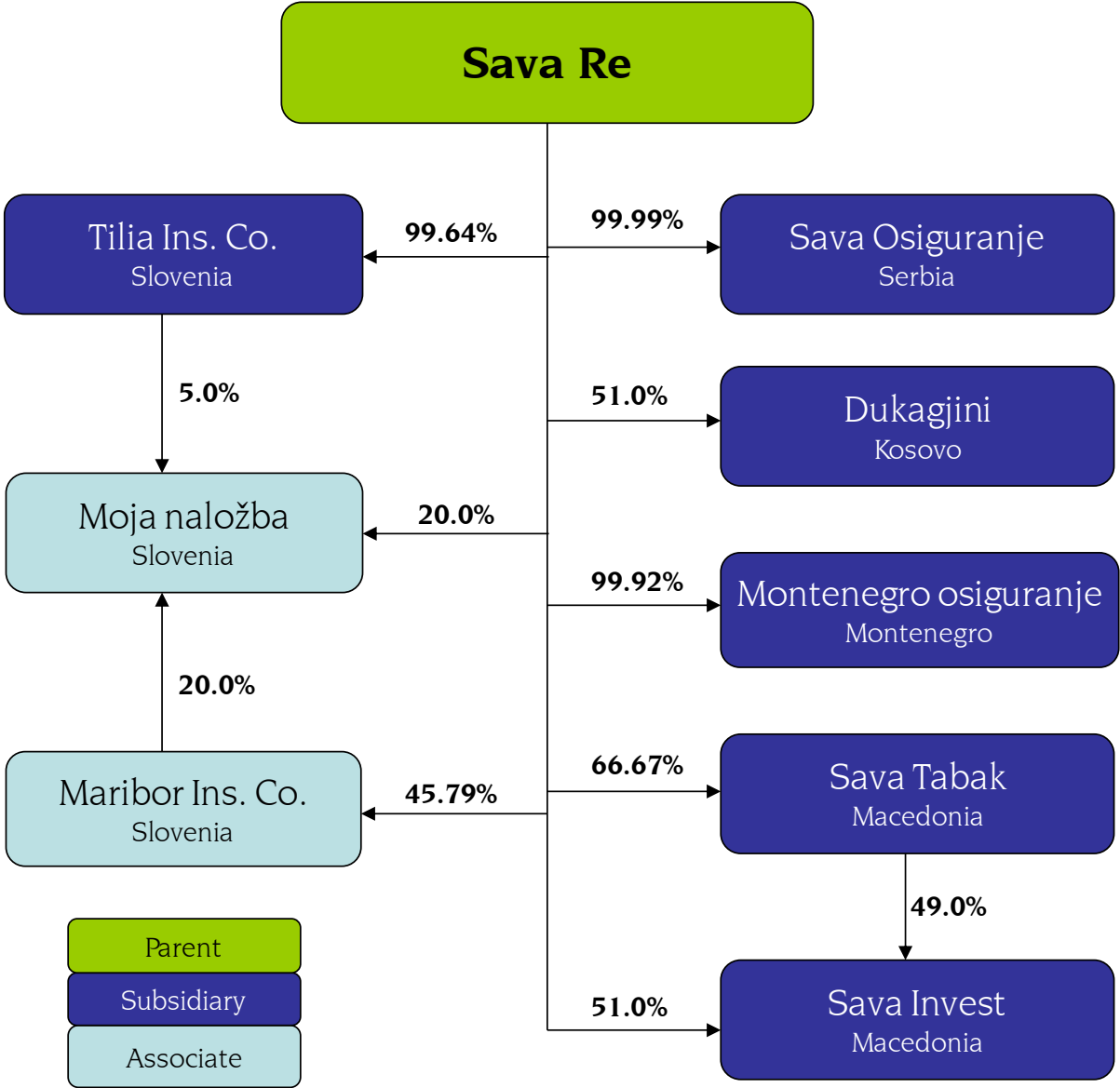
The General Meeting

The General Meeting of Sava Re was convened once in the first half of 2008, on 14 April 2008. The 20th General Meeting was held at the Company's registered office to approve an amendment to the Articles of Association relating to the authorisation to the Management Board to increase the Company's share (authorised) capital. Pursuant to the relevant resolution adopted by the General Meeting, the Management Board is now authorised to increase the Company's share capital up to EUR 49,214,563.51, i.e. by EUR 16,404,853.11 at maximum, with the consent of the Supervisory Board but without a special resolution of the General Meeting, which it may decide to do within five years of the entry of the said amendment in the court register.

No challenging actions were announced at the 20th General Meeting.

1.1.2. Sava Re Group structure

Figure 1: The Sava Re Group as at 30 June 2008



1.2 Shareholders and share trading

In the first half of 2008, Sava Re, in accordance with the Prospectus relating to the initial public offering of Sava Re, as approved by the Insurance Supervision Agency with its decision no. 11/393/AG-08-(214) of 9 May 2008, and in accordance with the Addendum to the said prospectus, as approved by the Insurance Supervision Agency with its decision no. 11/393/AG-08-(284) of 27 May 2008, carried out the initial public offering. The initial public offering involved both the existing shares of Sava Re offered by the Slovenian Restitution Fund (SOD), and newly issued shares offered by Sava Re to increase its share capital. Shares were offered to holders of pre-emptive rights (SOD, waived its rights), small investors and well-informed investors in Slovenia and abroad. The initial public offering was successful both for the Company and for the seller. It was completed with the payment of 1,500,000 new shares, which increased Sava Re's equity by EUR 42 million: share capital increased by EUR 6,259,389.08 (from EUR 32,809,710.40 to EUR 39,069,099.48), and capital surplus (share premium) increased by EUR 35,740,610.92. The number of shares with voting rights increased to 1,500,000.

The share of Sava Re's share capital held by SOD decreased from 99.8665% to 25.0% plus one share.

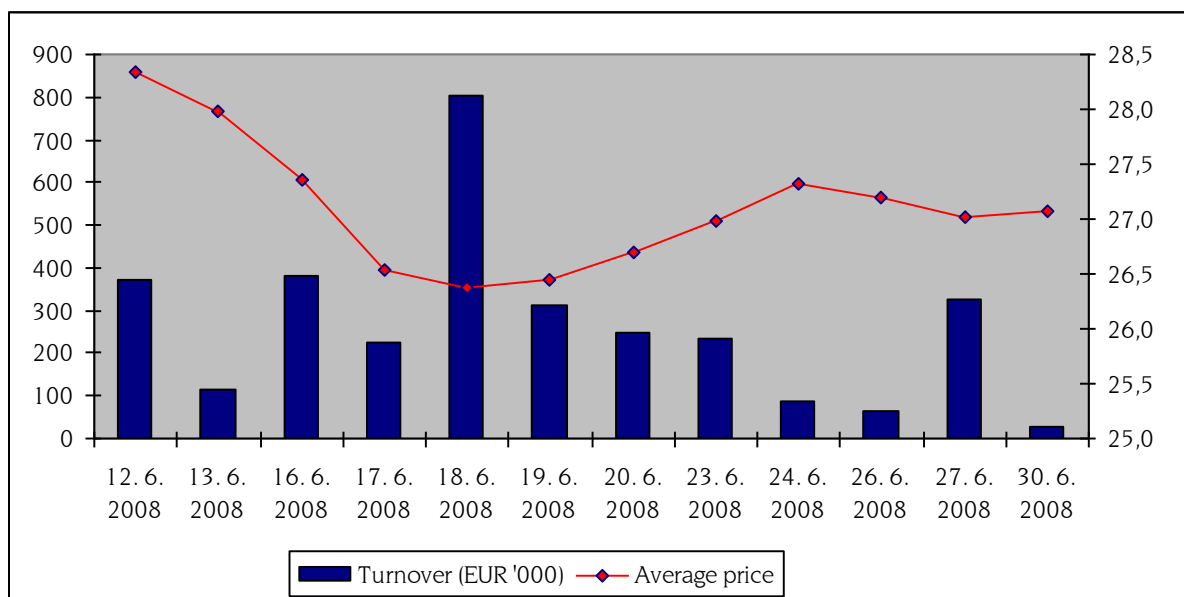
As at 30 June 2008, Sava Re's share capital amounted to EUR 39,069,099.48 and was divided into 9,362,519 non-par value shares. Shares, which are registered, were issued in dematerialised form and entered in the central securities registry with the code POSR. All shares pertain to the same class and are freely transferable without restrictions. Sava Re's Management Board is unaware of agreements among the shareholders that could limit transferability of shares.

The ordinary (regular) shares of Sava Re give their holders the following rights:

- to participate in corporate governance, with one share carrying one vote at the General Meeting;
- to participate in profit (dividends); and
- to participate in the Company's assets remaining after its liquidation or bankruptcy.

With the listing of its shares on the Ljubljana Stock Exchange on 11 June 2008, Sava Re became a public limited company. Its shares are traded in the standard equity market of the Ljubljana Stock Exchange (as defined upon new segmentation in effect as of 30 June 2008).

Chart 1: Trading in Sava Re's shares in the first half of 2008



As at 30 June 2008, Sava Re had 5,896 shareholders, compared to 21 as at 31 December and 30 June 2007.

As at 30 June 2008, Sava Re had 210 own shares, which represents 0.002% of all shares outstanding. In the first half of 2008, the Company acquired no additional own shares.

The table below shows the top ten shareholders of Sava Re as at 30 June 2008.

Table 1: Sava Re's top ten shareholders as at 30 June 2008

Shareholder	Number of shares	Share of share capital (%)
Slovenska odškodninska družba d.d. (SOD)	2,340,631	25.0%
Poteza naložbe d.o.o.	468,125	5.0%
Hypo bank d.d.	446,449	4.8%
Nova KBM d.d.	435,925	4.7%
Zavarovalnica Maribor d.d. - KS ŽZ	393,485	4.2%
Kapitalska družba d.d. - ZVPSJU	320,346	3.4%
KD Galileo, vzajemni sklad S	250,000	2.7%
Kapitalska družba d.d. - SODPZ	238,109	2.5%
NFD 1 delniški investicijski sklad d.d.	211,000	2.3%
Kapitalska družba d.d. - KVPS	168,150	1.8%

Source: Central securities registry of KDD d.d.

As regards shareholder nationality, 97% were domestic and 3% were foreign as at 30 June 2008.

Table 2: Sava Re's shareholders as at 30 June 2008 by nationality

	Domestic	Foreign
Banks	15.2%	2.5%
Financial institutions	31.4%	0.1%
Natural persons	13.5%	0.1%
Investment companies and mutual funds	17.6%	0.3%
Other companies	4.1%	0.0%
Insurance and pension companies	15.3%	0.0%
Own shares	0.0%	n/a
Total	97.0%	3.0%

Source: Central securities registry of KDD d.d., and own calculations.

As at 30 June 2008, members of management and supervisory boards held 2,819 shares, which represents 0.0301% of all shares outstanding.

Table 3: Sava Re's shares held by members of management and supervisory boards as at 30 June 2008

	Number of shares	Share of share capital (%)
Management Board members		
Dušan Čeč, Chairman	1,071	0.011%
mag Zvonko Ivanušič, Deputy Chairman	1,071	0.011%
Supervisory Board members		
mag Marko Pogačnik, Chairman	0	0.000%
dr Timotej Jagrič, Deputy Chairman	0	0.000%
dr Edo Pirkmajer, Member ¹	570	0.006%
Anton Sagadin, Member	0	0.000%
mag Aleš Mirnik, Member - employee representative	0	0.000%
Nada Zidar, Member - employee representative	107	0.001%

Source: Central securities registry of KDD d.d.

In the first half of 2008, net earnings per share were EUR 0.61², while consolidated net earnings per share were EUR 0.89.

As at 30 June 2008, book value per share was EUR 19.4³, while consolidated book value per share was EUR 21.7.

¹ Dr Edo Pirkmajer owns Sava Re's shares through his company Edo Pirkmajer, upravljanje d.o.o., k.d.

² Net profit or loss for the period / number of shares outstanding excluding own shares (9,362,309).

³ Equity as at 30 June 2008 / number of shares outstanding (9,362,519).

Table 4: Trading in Sava Re's shares in the first half of 2008

(EUR)	
Average price from 12 to 30 June 2008	27.11
Price as at 30 June 2008	27.08
Turnover	3,200,310
Minimum price from 12 to 30 June 2008	26.37
Maximum price from 12 to 30 June 2008	28.34

1.3 Performance highlights for the first half of 2008

Table 5: Performance highlights for the first half of 2008

(EUR, unless otherwise stated)	Sava Re Group	Sava Re
Gross premiums written	117,200,814	68,046,803
Change from the same period in 2007	26.8%	12.5%
Gross claims and benefits paid	53,430,605	35,103,123
Change from the same period in 2007	13.0%	5.4%
Paid loss ratio as at 30 June 2008	45.6%	51.6%
Net premiums earned	89,423,762	50,999,710
Change from the same period in 2007	28.3%	21.3%
Net claims and benefits incurred	51,584,410	31,375,085
Change from the same period in 2007	3.9%	-5.8%
Operating expenses (including commission income)	33,906,595	19,310,329
Change from the same period in 2007	41.2%	46.5%
Combined ratio, net of reinsurance ⁴	95.6%	99.4%
Decrease in the combined ratio, net of reinsurance, compared to the same period in 2007 (in percentage points)	10.1	11.2
Net investment income	9,297,326	7,112,100
Change from the same period in 2007	7.8%	47.2%
Balance sheet total as at 30 June 2008	529,427,101	394,178,488
Change from the same period in 2007	10.5%	10.5%
Net technical provisions as at 30 June 2008	221,054,907	113,327,544
Change from the same period in 2007	9.6%	4.9%
Number of employees as at 30 June 2008	1,081	59
Change from the same period in 2007	9.2%	7.3%
Gross premiums written per employee	108,419	1,153,336
Change from the same period in 2007	16.2%	4.9%
Profit before tax	10,440,161	7,396,657
Change from the same period in 2007	465.2%	1,850.5%
Net profit for the period	8,362,446	5,732,409
Change from the same period in 2007	403.5%	1,143.0%
Return on equity as at 30 June 2008 ⁵	4.5%	3.5%

⁴ (net claims and benefits incurred + operating expenses + commission income) / net premiums earned.

⁵ Net profit for the period / average equity for the period ((equity as at 30 June 2008 + equity as at 31 December 2007) / 2).

1.4 Significant events in the first half of 2008

1.4.1 Sava Re Group

The Sava Re Group ended the first half of 2008 successfully.

- The Group ended the first half of 2008 with profit before tax of EUR 10,440,161, up 465.2% compared to the same period in 2007. Its net profit was EUR 8,362,446.
- Consolidated gross premiums written increased to EUR 117.2 million, up 26.8% compared to the same period in 2007, when they were EUR 92.4 million. The increase is partly explainable by the first full consolidation of Montenegro osiguranje, of which gross premiums earned were EUR 5.5 in the first half of 2008.
- In June 2008, the Group expanded with the establishment of Sava Invest in Skopje, Macedonia, an investment fund management company. Its founders are Sava Re (with a 51% share) and Sava Re's subsidiary Sava Tabak (with a 49% share).

1.4.2 Sava Re

Sava Re ended the first half of 2008 successfully.

- The Company ended the first half of 2008 with profit before tax of EUR 7,396,657 up 1,850.5% compared to the same period in 2007. Its net profit was EUR 5,732,409.
- Gross premiums written increased 12.5% compared to the same period in 2007. Foreign markets, where gross premiums written increased 35.5%, contributed 29.4% to the total gross premiums written (first half of 2007: 24.4%).
- On 14 April 2008, the General Meeting of Sava Re was held; on proposal from the Management Board, it approved an amendment to the Articles of Association relating to the authorisation to the Management Board to increase the Company's share capital by 50% at maximum within the next five years.
- On 9 May 2008, the Management Board, pursuant to the relevant resolution adopted by the General Meeting and with the consent of the Supervisory Board, decided to increase the Company's share capital from EUR 32,809,710.40 to EUR 39,069,099.48. New shares were issued through an initial public offering.

- On 11 June 2008, the initial public offering was successfully completed with listing on the Ljubljana Stock Exchange under symbol POSR. Sava Re thus achieved a dispersed ownership structure. The Slovenian Restitution Fund (SOD), previously an almost 100-percent owner, retained 25% plus one share, while none of the other shareholders held more than 5% upon listing. By the date of this semi-annual report, no major concentration of ownership occurred.
- In June 2008, Sava Re, implementing its long-term strategy, established its first investment fund management company, Sava Invest, which it did together with the Sava Tabak subsidiary. The company was included in the consolidated balance sheet as at 30 June 2008.

1.5 Significant events after the accounting period

- On 11 July 2008, the General Meeting of Sava Re was held to approve an amendment to the Articles of Association of Sava Re relating to the publishing of information and announcements by the Company: under the amended version, the Company shall publish all important announcements on SEOnet, an electronic information dissemination system provided by the Ljubljana Stock Exchange, while calls for the General Meeting and other information/announcements required by law to be published in printed form shall be published also in the dailies Delo/Finance/Dnevnik or Official Gazette of the Republic of Slovenia. The General Meeting also took note of the Annual Report 2007 and the accompanying documentation, decided to allocate the total distributable profit of EUR 35,914,680.80 to other revenue reserves, granted discharge to the Management Board, and appointed BDO Eos revizija, d.o.o., as auditors of the Company for 2008.
- On 15 August 2008, Standard & Poor's confirmed the Company's BBB+ issuer credit rating and insurer financial strength rating with a stable mid-term outlook, first assigned to Sava Re in 2005.
- Based on market and other information Sava Re estimated market claims relating to the summer 2008 storms at over EUR 130 million. However, the Company has an appropriate reinsurance policy in place to reduce the net effect of such claims on its results. During the summer, it bought additional reinsurance to cover catastrophic losses, given the partly exhausted primary cover. The total net effect of claims and the additional reinsurance premiums paid in connection with storms of 13 and 14 July and 8 and 15 August 2008 was estimated at EUR 1,5 million. This amount does not include claims relating to insured crop, which can only be estimated after harvest. This notwithstanding, Sava Re in this connection established claims provisions of EUR 3.3 million (up EUR 2 million compared to 2007).

2 TECHNICAL CATEGORIES

2.1 Sava Re Group

2.1.1 Consolidated gross (re)insurance premiums written

The Sava Re Group collected gross consolidated premiums of EUR 117.2 million in the first half of 2008, up 26.8% compared to the same period in 2007. Group companies saw growth rates of more than 10%. This is particularly satisfactory in the Slovenian insurance market that shows slower growth than other markets where the Group operates. Favourable were also growth rates achieved in the Western Balkan markets. Reinsurance premiums from abroad also increased. Slightly more than 23.4% of the increase is attributable to the acquisition at the end of 2007 and the first full consolidation as of 1 January 2008 of Montenegro osiguranje⁶.

Table 6: Consolidated gross (re)insurance premiums written in the first half of 2008

(EUR)	First half 2008	First half 2007	Index
Gross premiums written	117,200,814	92,408,272	126.8
Net premiums written	105,155,640	80,802,999	130.1
Net premiums earned	89,423,762	69,700,202	128.3

Table 7: Consolidated gross (re)insurance premiums written in the first half of 2008 by geographical segments

(EUR, unless otherwise stated)	First half 2008	Structure	First half 2007	Structure	Index
Slovenia	74,056,561	63.2%	66,920,924	72.4%	110.7
International	43,144,253	36.8%	25,487,348	27.6%	169.3
Total	117,200,814	100.0%	92,408,272	100.0%	126.8

In the first half of 2008, 63.2% of consolidated gross premiums were collected in the Slovenian insurance market, while the percentage of consolidated gross premiums collected abroad increased by 9.2 percentage points.

Table 8: Consolidated gross (re)insurance premiums written in the first half of 2008 by business segments

(EUR, unless otherwise stated)	First half 2008	Structure	First half 2007	Structure	Index
Insurance	61,406,601	52.4%	41,222,733	44.6%	149.0
Reinsurance	55,794,213	47.6%	51,185,539	55.4%	109.0
Total	117,200,814	100.0%	92,408,272	100.0%	126.8

⁶ The company was included in the consolidated balance sheet as at 31 December 2007.

Consolidated gross insurance premiums written increased by 49.0% compared to the same period in 2007 as a result of favourable growth of the domestic and foreign insurance markets, as well as acquisition of the Montenegro insurance company. The increase in consolidated reinsurance premiums written⁷ of 9.0% is attributable mainly to premiums collected abroad.

2.1.2 Consolidated gross (re)insurance claims paid

In the first half of 2008, consolidated gross (re)insurance claims paid recorded by the Sava Re Group were EUR 53.4 million, up 13.0% compared to the same period in 2007.

Table 9: Consolidated gross (re)insurance claims in the first half of 2008

(EUR)	First half 2008	First half 2007	Index
Gross claims and benefits paid	53,430,605	47,300,549	113.0
Net claims and benefits paid	50,651,727	40,465,755	125.2
Net claims and benefits incurred	51,584,410	49,626,213	103.9

Table 10: Consolidated gross (re)insurance claims paid in the first half of 2008 by geographical segments

(EUR, unless otherwise stated)	First half 2008	Structure	First half 2007	Structure	Index
Slovenia	34,330,681	64.3%	37,081,417	78.4%	92.6
International	19,099,924	35.7%	10,219,132	21.6%	186.9
Total	53,430,605	100.0%	47,300,549	100.0%	113.0

The percentage of consolidated gross (re)insurance claims paid in Slovenia decreased by 7.4 percentage points in the first half of 2008. Tilia recorded no major claims until 30 June 2008, neither did other Slovenian cedants of Sava Re. The increase in the percentage of consolidated gross (re)insurance claims recorded abroad is explainable mainly by the first full consolidation of Montenegro osiguranje. Favourable were also simple loss ratios achieved in the Western Balkan markets.

Table 11: Consolidated gross (re)insurance claims paid in the first half of 2008 by business segments

(EUR, unless otherwise stated)	First half 2008	Structure	First half 2007	Structure	Index
Insurance	24,108,637	45.1%	20,289,168	42.9%	118.8
Reinsurance	29,321,968	54.9%	27,011,381	57.1%	108.6
Total	53,430,605	100.0%	47,300,549	100.0%	113.0

Consolidated gross insurance claims increased by 18.8% compared to the same period in 2007, which is attributable to the first full consolidation of Montenegro osiguranje, while

⁷ Consolidated reinsurance premiums written (gross premiums less premiums received by Sava Re from its subsidiaries).

the rather significant increase in reinsurance claims paid by foreign cedants was compensated by the decrease in reinsurance claims paid by domestic cedants.

2.1.3 Movements in consolidated net technical provisions

Table 12: Consolidated net technical provisions as at 30 June 2008

(EUR)	As at 30 June 2008	As at 31 December 2007	Index
Net unearned premiums	79,354,091	63,141,714	125.7
Net provisions for outstanding claims	117,749,850	116,790,159	100.8
Net mathematical provisions	9,690,253	9,294,329	104.3
Technical provisions for the benefit of insurance policyholders who bear the investment risk	11,700,740	11,112,839	105.3
Provisions for bonuses, rebates and cancellations	438,296	330,975	132.4
Other technical provisions	2,121,677	1,017,639	208.5
Total	221,054,907	201,687,655	109.6

Total net technical provisions increased 9.6% in the first half of 2008, of which 8.0% is attributable to net unearned premiums and the remaining 1.6% is attributable to other categories of net technical provisions. Net unearned premiums increased 25.7%, which is explainable by growth in premiums written, while net provisions for outstanding claims remained practically at the level achieved at the end of 2007 (they saw only a 0.8% growth). Total net mathematical provisions relating to both classic and unit-linked life insurance increased 4.8%. The category that saw the highest relative growth rate were other technical provisions, in particular due to the increase in provisions for unexpired risks.

2.2 Sava Re

2.2.1 Gross reinsurance premiums written

Sava Re collected reinsurance premiums of EUR 68 million in the first half of 2008, up 12.5% compared to the same period in 2007. Net premiums written increased 15.9% and net premiums earned increased 21.3%.

Table 13: Gross reinsurance premiums written in the first half of 2008

(EUR)	First half 2008	First half 2007	Index
Gross premiums written	68,046,803	60,481,221	112.5
Net premiums written	57,536,360	49,632,728	115.9
Net premiums earned	50,999,710	42,045,188	121.3

Table 14: Gross reinsurance premiums written in the first half of 2008 by geographical segments

(EUR, unless otherwise stated)	First half 2008		First half 2007		Index
	Premium	Structure	Premium	Structure	
Slovenia	48,019,395	70.6%	45,704,338	75.6%	105.1
International	20,027,408	29.4%	14,776,883	24.4%	135.5
Total	68,046,803	100.0%	60,481,221	100.0%	112.5

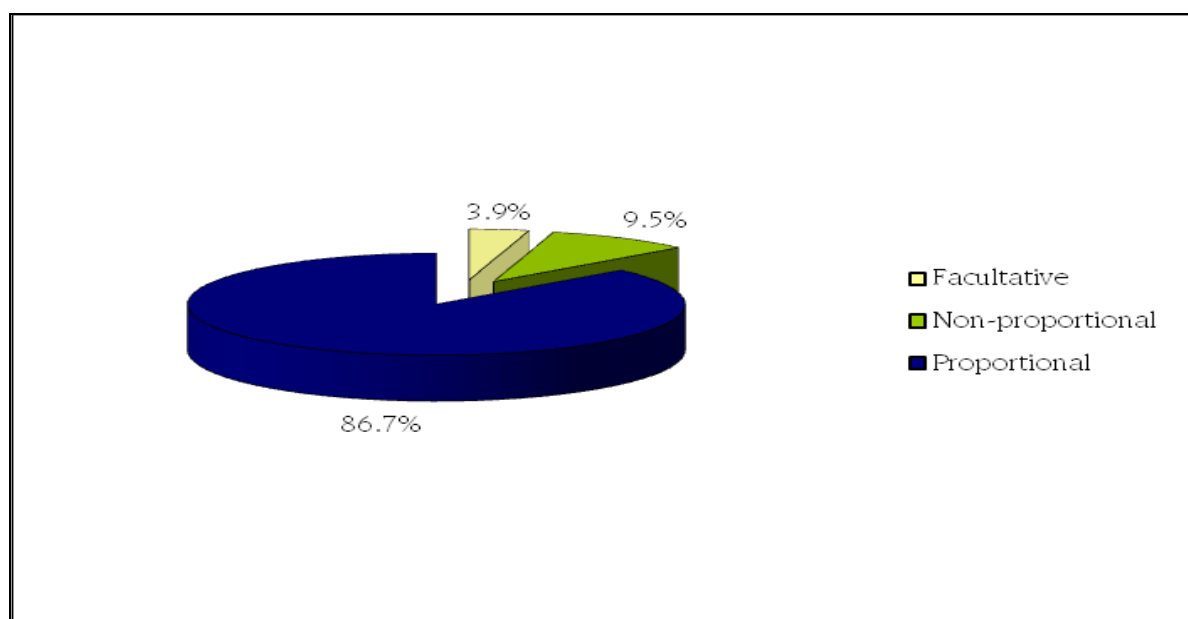
Premiums received from domestic cedants increased 5.1%, while premiums received from foreign cedants increased 35.5%. The higher growth of the latter reflects the Company's long-term strategy of a balanced reinsurance portfolio in terms of geographical segments. In the first half of 2008, the percentage of premiums collected abroad was 29.4%, up 5 percentage points compared to the same period in 2007.

Table 15: Gross reinsurance premiums in the first half of 2008 by insurance classes

(EUR, unless otherwise stated)	First half 2008		First half 2007		Index
	Premium	Structure	Premium	Structure	
Fire and natural forces	15,386,394	22.6%	10,903,844	18.0%	141.1
Motor liability	15,321,834	22.5%	15,229,627	25.2%	100.6
Other damage to property	13,996,204	20.6%	11,999,401	19.8%	116.6
Land vehicles casco	12,236,604	18.0%	11,757,529	19.4%	104.1
Personal accident	5,065,674	7.4%	5,074,702	8.4%	99.8
General liability	2,421,281	3.6%	2,322,741	3.8%	104.2
Goods in transit	1,418,247	2.1%	870,427	1.4%	162.9
Credit	885,48	1.3%	769,951	1.3%	115.0
Miscellaneous financial loss	482,462	0.7%	442,196	0.7%	109.1
Ships hull	416,338	0.6%	465,434	0.8%	89.5
Aircraft liability	153,704	0.2%	223,020	0.4%	68.9
Life	123,282	0.2%	86,611	0.1%	142.3
Liability for ships	76,835	0.1%	84,020	0.1%	91.4
Assistance	13,828	0.0%	15,732	0.0%	87.9
Aircraft hull	13,271	0.0%	205,004	0.3%	6.5
Suretyship	28,744	0.0%	27,156	0.0%	105.8
Legal expenses	4,798	0.0%	3,827	0.0%	125.4
Unit-linked life	1,820	0.0%	0	0.0%	-
Total	68,046,803	100.0%	60,481,221	100.0%	112.5

Of the insurance classes that collected reinsurance premiums of over EUR 0.5 million in the first half of 2008, those that recorded the highest growth compared to the same period in 2007 were "fire and natural forces" (EUR 4.5 million or 41.1%) and "other damage to property" (EUR 2.0 million or 16.6%). "Goods in transit" saw the highest relative growth of 62.9%, which, however, was only EUR 0.5 million in absolute terms. Growth in "fire and natural forces" and "other damage to property" is mainly attributable to reinsurance premiums collected abroad, where these two insurance classes contribute the largest share of reinsurance premiums.

Chart 2: Gross reinsurance premiums in the first half of 2008 by insurance classes



In the first half of 2008, the structure of gross reinsurance premiums in terms of reinsurance cover did not change significantly compared to the same period in 2007. Proportional reinsurance, which is the most important reinsurance cover, increased 12.6%, premiums for non-proportional reinsurance increased 23.2%, and premiums for facultative reinsurance decreased 9.2%.

2.2.2 Gross reinsurance claims paid

In the first half of 2008, gross reinsurance claims paid by Sava Re were EUR 35.1 million, up 5.4% compared to the same period in 2007. Net reinsurance claims and benefits paid increased 24.3%, while net reinsurance claims incurred decreased 5.8%.

Table 16: Gross reinsurance claims in the first half of 2008

(EUR)	First half 2008	First half 2007	Index
Gross claims paid	35,103,123	33,307,098	105.4
Net claims paid	32,645,437	26,254,312	124.3
Net claims incurred	31,375,085	33,309,902	94.2

Table 17: Gross reinsurance claims paid in the first half of 2008 by geographical segments

(EUR, unless otherwise stated)	First half 2008		First half 2007		Index
	Claims	Structure	Claims	Structure	
Slovenia	23,615,583	67.3 %	27,208,134	81.7 %	86.8
International	11,487,540	32.7 %	6,098,964	18.3 %	188.4
Total	35,103,123	100.0 %	33,307,098	100.0 %	105.4

Gross reinsurance claims paid for domestic business decreased 13.2% (premiums from domestic business increased 5.1%), while those for foreign business increased 88.4% (premiums from foreign business increased 35.5%). The decrease in the first is mainly explainable by the high claims paid in the summer 2007, while the significant increase in the latter is explainable by the claims paid in 2008 but for previous underwriting years. At this point, it must be noted that the majority of claims paid for foreign business were included in the 2007 provisions for outstanding claims, for which reason their payment in 2008 did not affect significantly the semi-annual results recorded by Sava Re.

Table 18: Gross reinsurance claims in the first half of 2008 by insurance classes

(EUR, unless otherwise stated)	First half 2008		First half 2007		Index
	Claims	Structure	Claims	Structure	
Motor liability	8,251,565	23.5%	8,103,466	24.3%	101.8
Land vehicles casco	8,058,785	23.0%	7,479,226	22.5%	107.7
Fire and natural forces	7,218,987	20.6%	8,912,646	26.8%	81.0
Other damage to property	6,443,687	18.4%	4,264,349	12.8%	151.1
Personal accident	2,044,112	5.8%	1,949,109	5.9%	104.9
General liability	1,081,132	3.1%	1,058,350	3.2%	102.2
Goods in transit	648,711	1.8%	161,330	0.5%	402.1
Credit	570,138	1.6%	606,858	1.8%	93.9
Miscellaneous financial loss	227,375	0.6%	104,294	0.3%	218.0
Ships hull	208,178	0.6%	305,979	0.9%	68.0
Suretyship	181,424	0.5%	91,602	0.3%	198.1
Aircraft liability	107,321	0.3%	42,163	0.1%	254.5
Life	21,682	0.1%	98,605	0.3%	22.0
Aircraft hull	20,339	0.1%	116,063	0.3%	17.5
Aircraft liability	15,214	0.0%	3,581	0.0%	424.9
Assistance	4,366	0.0%	9,476	0.0%	46.1
Unit-linked life	106	0.0%	0	0.0%	-
Total	35,103,123	100.0%	33,307,098	100.0%	105.4

The structure of reinsurance claims by insurance classes remained practically the same as in the first half of 2007. In absolute terms, "other damage to property" saw the highest increase in gross reinsurance claims (EUR 2.2 million or 51.1%), while "fire and natural forces" saw the highest decrease (EUR 1.7 million or 19.0%).

2.2.3 Net retention

Table 19: Retained business premiums and claims in the first half of 2008

(EUR, unless otherwise stated)	First half 2008			First half 2007		
	Inward reinsurance	Own retention	Share of own retention	Inward reinsurance	Own retention	Share of own retention
Premiums written	68,046,803	57,536,358	84.6%	60,481,221	49,632,729	82.1%
Claims paid	35,103,123	32,645,437	93.0%	33,307,098	26,254,314	78.8%

In the first half of 2008, net premiums written and net claims paid increased by 15.9% and 24.3% respectively compared to the same period in 2007.

The percentage of retained premiums written increased 2.5 percentage points. As regards proportional, non-proportional and facultative reinsurance, the percentage of retained premiums increased by practically zero, 19.0 and 8.9 percentage points respectively compared to the first half of 2007. As regards the second, the increase is attributable to the change in participation in certain reinsurance programmes (under which Sava Re used to reinsure higher amounts and subsequently retrocede them, while in 2008 it only confirmed participation as regards retention), as well as to the increase in premiums from abroad that are mainly retained by Sava Re.

The percentage of retained claims paid increased 14.2 percentage points. The increase is attributable to the increase in claims recorded abroad. Additionally, in the absence of losses related to major risks that are mainly retroceded abroad, the percentage of retained claims increases.

2.2.4 Movements in net technical provisions

Table 20: Net technical provisions

(EUR)	As at 30 June 2008	As at 31 December 2007	Index
Net unearned premiums	40,997,083	34,460,433	119.0
Net provisions for outstanding claims	71,616,497	72,886,850	98.3
Provisions for bonuses, rebates and cancellations	245,880	195,280	125.9
Other technical provisions	468,085	468,085	100.0
Total	113,327,545	108,010,648	104.9
Credit risk equalisation reserves	3,053,943	3,669,552	83.2
Earthquake reserves	1,028,204	1,028,204	100.0

Total net technical provisions increased 4.9% in the first half of 2008.

Net unearned premiums increased 19.0% (compared to 24.5% in the same period in 2007), while they are expected to follow the usual dynamics and decrease toward year-end.

Net provisions for outstanding claims decreased 1.7% in the first half of 2008. Gross claims provisions for domestic business increased 1.4%, while those for foreign business decreased 3.6%, mainly due to claims paid from claims provisions established at the end of 2007 (in connection with Kyrill, among others). At this point, it must be noted that in the same period in 2007, gross claims provisions for foreign business decreased as much as 26.3%. In the first half of 2008, movements in this portfolio segment were less volatile. Net provisions for outstanding claims decreased also due to the 7.2% growth in retroceded claims provisions.

Net provisions for bonuses, rebates and cancellations remained relatively low: they increase together with unearned premiums for the underlying reinsurance treaties for which they are established.

After transition to IFRS, provisions for unexpired risks are the only sub-item of other technical provisions. Due to their unreliable calculation based on quarterly incurred loss ratios, these provisions are not changed during the year.

Equalisation reserves, included in capital surplus as required under IFRS, established only for credit risk starting with 1 January 2007. Their upper limit, however, is being reduced⁸, and accordingly they decreased 16.8% in the first half of 2008.

Earthquake reserves are also included in capital surplus as required under IFRS and are not changed during the year.

⁸ In accordance with the implementing regulations.

3 FINANCING ACTIVITIES

3.1 Sava Re Group

3.1.1 Financial investments⁹

As at 30 June 2008, financial investments of the Sava Re Group stood at EUR 341.5 million. Compared to 30 June 2007 and 31 December 2007, they increased 16.0% and 8.2% respectively. Growth in the investment portfolio is mainly explainable by the increase in the Sava Re's share capital.

Table 21: Financial investments as at 30 June 2008

(EUR '000)	As at 30 June 2008	As at 31 December 2007	As at 30 June 2007	Index	Index
	1	2	3	1/3	1/2
Deposits and CDs	101,269	63,175	60,098	168.5	160.3
Bonds	137,707	149,057	143,312	96.1	92.4
Shares	21,507	28,901	15,927	135.0	74.4
Strategic shares	31,442	30,989	29,340	107.2	101.5
Mutual funds	46,864	41,268	37,649	124.5	113.6
Other	2,744	2,386	8,192	33.5	115.0
Total	341,533	315,776	294,518	116.0	108.2

3.1.2 Return on financial investments

Return on financial investments of the Sava Re Group was 5.9% in the first half of 2008. Compared to the first half of 2007, return on financial investments increased 0.8 percentage points, mainly due to realised capital gains.

Table 22: Return on financial investments in the first half of 2008

	As at 30 June 2008	As at 30 June 2007
Deposits and CDs	4.4%	4.9%
Bonds	3.5%	4.4%
Shares	45.7%	22.0%
Shares of subsidiaries	0.7%	0.0%
Mutual funds	2.8%	7.8%
Other	119.9%	37.7%
Total	5.9%	5.1%

⁹ Amounts presented in this section do not match relevant amounts presented in the financial statements as they do not include the investments of life insurance policyholders, clients of Tilia, who bear the investment risk, and the investments of Sava Re with cedants in connection with reinsurance contracts.

3.2 Sava Re

3.2.1 Financial investments

As at 30 June 2008, financial investments of Sava Re stood at EUR 308.6 million. Compared to 30 June 2007 and 31 December 2007, they increased 21.7% and 9.1% respectively.

Growth in financial investments is explainable by the positive effect of the increase in the Sava Re's equity (EUR 42 million) on the one side and by the negative effect of net cash used in operating activities (EUR 7.1 million) and fair value revaluation of property (EUR 9.2 million) on the other side.

In 2008, Sava Re adapted its investment policy to capital market conditions. Due to negative trends and high volatility in capital markets, it became more conservative. The Company therefore opted for investments that allowed it to minimise market risks as much as possible while still earning acceptable returns. Accordingly, deposits in its investment portfolio increased significantly, on account of the majority of other investment types.

Table 23: Financial investments as at 30 June 2008¹⁰

(EUR '000)	As at 30 June 2008	As at 31 December 2007	As at 30 June 2007	Index	Index
	1	2	3	1/3	1/2
Deposits and CDs	63,953	26,572	28,958	220.8	240.7
Bonds	114,211	126,443	121,167	94.3	90.3
Shares	17,964	25,143	13,501	133.1	71.4
Strategic shares	69,189	68,817	53,354	129.7	100.5
Mutual funds	39,587	32,864	29,678	133.4	120.5
Other	3,719	3,088	7,032	52.9	120.4
Total	308,623	282,927	253,690	121.7	109.1

3.2.2 Return on financial investments

Return on financial investments of Sava Re was 5.0% in the first half of 2008. Compared to the first half of 2007, return on financial investments increased 0.9 percentage points, mainly due to capital gains realised on disposal of shares and bonds, and revaluation of derivatives used to hedge interest rate risk.

¹⁰ Amounts presented in this section do not match relevant amounts presented in the financial statements as they do not include the investments of Sava Re with cedants in connection with reinsurance contracts.

Table 24: Return on financial investments in the first half of 2008

	As at 30 June 2008	As at 31 December 2007	30 June 2007
Deposits and CDs	3.4%	4.0%	4.7%
Bonds	3.2%	3.4%	4.2%
Shares	51.8%	97.2%	22.2%
Shares of subsidiaries	0.5%	1.8%	0.0%
Mutual funds	0.4%	1.8%	4.2%
Other	82.2%	73.0%	52.8%
Total	5.0%	8.8%	4.1%

4 GROUP KEY PERFORMANCE INDICATORS

4.1 Sava Re Group

Table 25: Group key performance indicators

(EUR)	Firs half 2008	First half 2007	Index
Net premiums earned	89,423,762	69,700,202	128.3
Investment income	15,935,567	11,100,992	143.6
Other technical income	-9,292,866	-8,186,101	113.5
Net claims and benefits incurred	-51,584,410	-49,626,213	103.9
Operating expenses	-23,307,268	-15,319,286	152.1
Investment expenses	-6,638,241	-2,479,485	267.7
Profit after tax	8,362,446	1,660,861	503.5
	As at 30 June 2008	As at 31 December 2007	
Balance sheet total	529,427,101	478,960,480	110.5
Equity	203,068,251	168,551,461	120.5

In the first half of 2008, consolidated net premiums earned increased 28.3% compared to the same period in 2007. This is attributable to growth in premiums collected in the Slovenian insurance market and in the Western Balkan markets, but also to growth in reinsurance premiums collected abroad. It is partly attributable also to the first full consolidation of Montenegro osiguranje.

Consolidated investment income increased 43.6% compared to the first half of 2007, mainly due to capital gains realised by the parent company on disposal of shares and bonds.

Consolidated other technical income comprises mainly reinsurance commissions. At the parent company level, given the reinsurance nature of its business, these are expenses, and consequently negative also at consolidated level. They increased 13.5% compared to the first half of 2007, mainly due to the increase in reinsurance premiums.

Consolidated net claims and benefits incurred increased 3.9% compared to the first half of 2007. Their growth lagged behind that of net premiums earned due to favourable claim development in the Slovenian insurance market and low loss ratios of insurance companies operating the Western Balkan markets.

Consolidated operating expenses increased 52.1% compared to the first half of 2007. The increase is attributable to the increased business of insurance companies in foreign markets, which involves higher premium acquisition costs, but also to the first full consolidation of Montenegro osiguranje and the initial public offering.

Consolidated investment expenses increased 167.7% as a result of increase in net unrealised losses on investments in mutual funds of life insurance policyholders, clients of Tilia, who bear the investment risk. The increase is also attributable to the following developments in the parent company: negative exchange rate differences connected with USD, movements in stock market prices, capital losses realised on disposal of a structured product, and increase in the interest rate applicable to a subordinated debt.

Consolidated profit after tax increased 403.5% compared to the first half of 2007, which reflects all of the above-mentioned developments.

Consolidated balance sheet total as at 30 June 2008 increased 10.5% compared to 31 December 2007. The increase is mainly explainable by the increase of EUR 42 million in the Sava Re's equity. Montenegro osiguranje, which was included in the consolidated balance sheet as at 31 December 2007, did not affect this increase.

Equity, as shown in the consolidated balance sheet as at 30 June 2008, increased 20.5% compared to 31 December 2007 due to the increase in the Sava Re's share capital.

4.2 Sava Re

Table 26: Key performance indicators

(EUR)	Firs half 2008	First half 2007	Index
Net premiums earned	50,999,710	42,045,188	121.3
Investment income	11,386,335	7,205,564	158.0
Other technical income	-13,554,621	-10,667,913	127.1
Net claims and benefits incurred	-31,375,085	-33,309,902	94.2
Operating expenses	-5,658,431	-2,374,745	238.3
Investment expenses	-4,274,235	-2,373,793	180.1
Profit after tax	5,732,409	461,169	1.243.0
	As at 30 June 2008	As at 31 December 2007	
Balance sheet total	394,178,488	356,701,026	110.5
Equity	181,412,246	145,637,434	124.6

In the first half of 2008, net premiums earned increased 21.3% compared to the same period in 2007. The increase is attributable to the increase in gross reinsurance premiums collected abroad, smaller retrocession business, and slower growth in unearned premiums compared to the same period in 2007.

Investment income increased 57.4% compared to the first half of 2007, mainly due to capital gains realised on disposal of shares and bonds.

Other technical income comprises mainly reinsurance commissions. They increased 27.1%, slightly more than reinsurance premiums earned, as the reinsurance market is still in the phase of falling premium rates and rising commission rates.

Net claims and benefits incurred decreased 5.8% compared to the first half of 2007. The decrease is attributable to favourable claim development in the Slovenian insurance market in the first half of 2008. However, the number of loss events increased afterwards and the ratio of claims and benefits incurred to premiums earned is expected to increase by year-end.

Operating expenses increased 138.3% compared to the first half of 2007. The increase is attributable to the initial public offering and new employments.

Investment expenses increased 80.1% due to negative exchange rate differences connected with USD, movements in stock market prices, capital losses realised on disposal of a structured product, and increase in the interest rate applicable to a subordinated debt.

Profit after tax increased 1,143.0% compared to the first half of 2007, which reflects all of the above-mentioned developments.

Balance sheet total as at 30 June 2008 increased 10.5% compared to 31 December 2007. The increase is mainly explainable by the increase of EUR 42 million in the Sava Re's equity (new money).

Equity, as shown in the balance sheet as at 30 June 2008, increased 24.6% compared to 31 December 2007 due to the increase in the Sava Re's share capital. In absolute terms, the increase is less than the increase in the Sava Re's share capital due to the decrease in the item revaluation surplus associated with the fair value revaluation of financial investments reflecting the unfavourable situation in the financial markets as at 30 June 2008.

5 RISK MANAGEMENT

5.1 Solvency risk

Sava Re and its subsidiaries all comply with capital adequacy requirements set out in local regulations. Sava Re has a significant capital surplus (i.e. surplus of available solvency margin over the required solvency margin). Consequently, the sum of available solvency margins of Group members is significantly above the sum of their required solvency margins, and solvency risk level considered negligible.

5.2 Underwriting risks

The underwriting process risk is the risk of incurring financial losses due to incorrect assessment and approval of risks to be (re)insured. This risk is mainly reduced by following standard or prescribed risk assumption procedures, guidelines and instructions, by having a system of authorisations and an appropriate pricing and reinsurance policy in place, and by undergoing actuarial reviews.

Pricing risk is the risk that the (re)insurance premiums charged will be insufficient to cover liabilities under (re)insurance contracts. This risk is mainly managed by conducting actuarial analyses of and by tracking trends in claim ratios, and by making appropriate corrections to tariffs.

Claims risk is the risk that the number of claims or the average claim amount will be higher than expected. This risk is managed by having appropriate insurance conditions and tariffs, by having an appropriate underwriting policy, by monitoring risk concentration, and in particular by having appropriate reinsurance (subsidiaries) and retrocession (Sava Re) programmes in place.

Net retention risk is the risk of occurrence of large (aggregate) losses net of reinsurance due to catastrophic or concentrated loss events. This risk is managed mainly by defining appropriate maximum net retention limits and an appropriate reinsurance/retrocession programme.

Reserving risk is the risk that technical provisions are insufficient. This risk is mainly managed by comparing past technical provisions and liabilities, by using modern actuarial methods, and by prudently establishing claims provisions.

5.3 Market, liquidity and credit risks

Members of the Sava Re Group are exposed to various market risks as regards their financial activities. Interest rate risk is managed by duration matching of assets and liabilities, and by natural hedging¹¹. Equity securities risk is managed by investment diversification in terms of issuers, sectors and geographic regions. Currency risk is managed by currency matching of assets and liabilities. Concentration risk is managed by investment portfolio diversification. Assets are invested in various classes of assets (deposits, debt and equity securities, structured products, mutual funds, etc.) Bond portfolio is further diversified by issuers and comprises government bonds, as well as bank and corporate bonds, all issued both in Slovenia and abroad. Equity portfolio too is diversified by issuers, credit ratings and geographic regions. Investments in mutual funds are diversified both directly and indirectly.

In the first half of 2008, in view of developments in capital markets, Sava Re reduced its investments in shares and bonds, and instead increased its deposits.

Liquidity risk is mainly managed by Sava Re by investing a large portion of its assets in highly liquid marketable securities that can be converted to cash almost immediately. In the event of large losses, Sava Re relies also on the "cash call" in the reinsurance contracts concluded with cedants or retrocessionaires, as well as on credit lines contracts concluded with banks.

Credit risk is the risk that issuers of securities or reinsurers will not meet their obligations. The risk that issuers of securities will not meet their obligations is managed by members of the Sava Re Group by investing their assets as deposits with first-class banks, as well as by acquiring debt securities with an adequate rating and shares with sufficient market capitalisation or liquidity. In this, they act in accordance with local regulations and local market conditions.

The risk that reinsurers will not meet their obligations mainly relates to the retrocession contracts concluded by Sava Re. Other members of the Sava Re Group conclude reinsurance contracts with Sava Re, unless local regulations require that they conclude them with local reinsurers. Sava Re manages this risk by retroceding the excess risk to various first-class reinsurers.

5.4 Operational risk

Operational risk includes risks related to human resources, corporate governance, IT systems, processes, legal affairs, etc.

This risk is managed by having an appropriate IT support and controls in place for critical business functions. In addition, members of the Sava Re Group also control this risk by means of internal audits and employee training and awareness-raising.

6 EMPLOYEES AND EMPLOYEE TRAINING

6.1 Employees

In the first half of 2008, five highly-skilled persons were employed by Sava Re: of these, one was posted to work in Serbia (Sava Osiguranje) and one in Montenegro (Montenegro osiguranje). The other three were assigned to the finance and accounting sector (two) and the reinsurance business sector (one). In the same period, one employment relationship was terminated with mutual consent.

As at 30 June 2008, Sava Re employed 59 persons, compared to 55 persons as at 31 December and 30 June 2007.

¹¹ Investments in variable rate bonds.

Table 27: Sava Re's employees as at 30 June 2008

Education	Total	Male	Female
Primary and lower secondary (I-IV)	1	1	0
Secondary (V)	15	0	15
Higher (VI)	6	5	1
University (VII)	28	15	13
Master's degree (VIII)	9	7	2
Total	59	28	31

Table 28: Sava Re's employees as at 30 June 2008 and 30 June 2007

Education	As at 30 June 2008	As at 30 June 2007	Index
Primary and lower secondary (I-IV)	1	1	100.0
Secondary (V)	15	15	100.0
Higher (VI)	6	4	150.0
University (VII)	28	27	103.7
Master's degree (VIII)	9	8	112.5
Total	59	55	107.3

As at 30 June 2008, the Group employed 1,081 persons.

6.2 Training

In the first half of 2008, Sava Re spent EUR 12,660 on various forms of training or 23% of the amount set aside for employee training in 2008.

Sava Re also involved employees of its subsidiaries in training on financial statement preparation and consolidation, and operational and strategic planning.

7 FINANCIAL STATEMENTS OF SAVA RE GROUP WITH NOTES

7.1 Consolidated balance sheet as at 30 June 2008

(EUR)		As at 30 June 2008	As at 31 December 2007	Index
	ASSETS	529,427,101	478,960,480	110.5
A.	Intangible assets	25,597,574	25,393,041	100.8
B.	Property and equipment	21,669,135	20,943,727	103.5
C.	Non-current assets held for sale	1,332,113	1,422,509	93.6
D.	Deferred tax assets	397,964	342,453	116.2
E.	Investment property	1,862,627	1,320,833	141.0
F.	Investments in group companies and associates	31,458,535	31,004,948	101.5
G.	Financial investments	324,517,600	299,929,526	108.2
	- held to maturity	6,605,367	2,016,636	327.5
	- available for sale	212,558,100	213,229,310	99.7
	- at fair value through profit or loss	3,926,475	15,449,472	25.4
	- loans and receivables	101,427,658	69,234,108	146.5
I.	Reinsurers' share of technical provisions	26,708,233	22,421,167	119.1
J.	Inventories	294,81	128,684	229.1
K.	Receivables	73,101,585	57,630,105	126.8
	¹ Receivables arising out of primary insurance business	30,149,091	20,117,564	149.9
	² Receivables arising out of co-insurance and reinsurance business	33,117,440	27,663,707	119.7
	³ Other receivables	9,835,253	9,848,834	99.9
L.	Other assets	18,677,720	13,740,448	135.9
M.	Tax receivables	104,096	101,386	102.7
N.	Cash and cash equivalents	3,705,109	4,581,653	80.9
	LIABILITIES AND EQUITY	529,427,101	478,960,480	110.5
A.	Equity	203,068,251	168,551,461	120.5
	¹ Called-up capital	39,069,099	32,809,710	119.1
	² Share premium	35,846,773	106,162	33,766.1
	³ Revenue reserves	64,366,545	55,914,286	115.1
	⁴ Revaluation surplus	-196,518	16,011,444	-1.2
	⁵ Retained earnings	50,744,041	39,413,115	128.7
	⁶ Net profit for the period	7,958,776	20,041,044	39.7
	⁷ Foreign currency translation adjustment	237,62	-371,822	-63.9
	Minority interest in equity	5,041,915	4,627,522	109.0
B.	Subordinated liabilities	31,140,534	31,136,034	100.0
C.	Technical provisions	247,763,140	224,108,822	110.6
	¹ Unearned premiums	84,450,977	66,259,147	127.5
	² Mathematical provision	9,690,459	9,294,535	104.3
	³ Provision for outstanding claims	138,893,027	135,741,158	102.3
	⁴ Technical provision for the benefit of life insurance policyholders who bear the investment risk	11,700,740	11,112,839	105.3
	⁵ Other technical provisions	3,027,937	1,701,143	178.0
D.	Other provisions	578,439	628,707	92.0
F.	Deferred tax liabilities	148,64	4,068,866	3.7
G.	Financial liabilities	20,697	37,211	55.6
	² Other financial liabilities	20,697	37,211	55.6
H.	Other liabilities	42,867,579	40,044,752	107.0
	¹ Liabilities from primary insurance business	2,647,627	1,995,277	132.7
	² Liabilities from co-insurance and reinsurance business	26,007,103	25,163,430	103.4
	³ Diverse liabilities	14,212,849	12,886,045	110.3
I.	Current income tax liabilities	3,839,821	10,384,627	37.0

7.2 Consolidated income statement for the first half of 2008

(EUR)		First half 2008	First half 2007	Index
I.	Net earned premiums	89,423,762	69,700,202	128.3
	- Gross premiums written	117,200,814	92,408,272	126.8
	- Written premiums ceded to reinsurers and co-insurers	-12,045,174	-11,605,273	103.8
	- Change in unearned premiums	-15,731,878	-11,102,797	141.7
II.	Income from investments in affiliates	2,031,225	682,472	297.6
III.	Investment income	13,904,342	10,418,520	133.5
IV.	Other technical income, of this	-9,292,866	-8,186,101	113.5
	- commission income	-10,599,327	-8,700,652	121.8
V.	Other income	300,846	851,573	35.3
VI.	Net insurance claims and benefits incurred	-51,584,410	-49,626,213	103.9
	- Gross claims and benefits paid	-53,430,605	-47,300,549	113.0
	- Reinsurers' and co-insurers' share of claims and benefits paid	2,778,878	6,834,794	40.7
	- Change in the provision for outstanding claims	-932,683	-9,160,458	10.2
VII.	Change in other technical provisions	-1,512,660	-2,653,393	57.0
VIII.	Change in liabilities relating to investment contracts	0	0	0.0
IX.	Bonuses and rebates	-105,434	-111,924	94.2
X.	Operating expenses, of this	-23,307,268	-15,319,286	152.1
	- acquisition costs	-4,808,950	-2,332,392	206.2
XI.	Expenses relating to investments in affiliates	0	0	0.0
XII.	Investment expenses	-6,638,241	-2,479,485	267.7
XIII.	Other technical expenses	-2,423,163	-1,150,276	210.7
XIV.	Other expenses	-355,972	-279,074	127.6
XV.	Profit before tax	10,440,161	1,847,015	565.2
XVI.	Current tax	-3,413,834	-1,691,442	201.8
XVII.	Deferred tax	1,336,119	1,505,288	88.8
XVIII.	Profit for the period	8,362,446	1,660,861	503.5
	Profit for the period attributable to equity holders of the company	7,815,739	1,034,075	755.8
	Profit for the period attributable to minority interest	546,707	626,786	87.2

7.3 Consolidated statement of changes in equity for the first half of 2008

(EUR)	Called-up capital		Share premium	Revenue reserves	Revaluation surplus	Retained earnings	Net profit or loss for the period	Foreign currency translation adjustment	Equity attributable to the equity holders of the group	Minority interest in equity	Total
	Share capital	Uncalled capital									
Balance at 1 January 2008	32,809,710	0	106,162	55,914,286	16,011,444	39,413,114	20,041,044	-371,822	163,923,938	4,627,522	168,551,460
Movements to equity	6,259,389	0	35,740,611	8,137	0	0	7,815,739	609,442	50,433,318	546,707	50,980,025
- subscription of called-up share capital	6,259,389	0	35,740,611	0	0	0	0	0	42,000,000	0	42,000,000
- net profit or loss for the period	0	0	0	0	0	0	7,815,739	0	7,815,739	546,707	8,362,446
- equity revaluation adjustment	0	0	0	8,137	0	0	0	609,442	0	0	0
Movements within equity	0	0	0	8,444,122	0	11,586,198	-19,898,007	0	132,313	-132,313	0
- allocation of net profit as a component of equity by decision of the management and the supervisory board	0	0	0	9,185,348	0	-9,185,348	0	0	0	0	0
- other reallocation of components of equity	0	0	0	-741,226	0	20,771,546	-19,898,007	0	132,313	-132,313	0
Movements from equity	0	0	0	0	16,207,962	-255,271	0	0	-16,463,233	-1	-16,463,234
- dividends	0	0	0	0	0	-230,135	0	0	-230,135	0	-230,135
- use of revaluation surplus for impairment of assets	0	0	0	0	-9,252,336	0	0	0	-9,252,336	0	-9,252,336
- transfer of revaluation surplus to operating or financial income	0	0	0	0	-6,955,626	0	0	0	-6,955,626	0	-6,955,626
- other decreases in components of equity	0	0	0	0	0	-25,136	0	0	-25,136	-1	-25,137
Balance at 30 June 2008	39,069,099	0	35,846,773	64,366,545	-196,518	50,744,041	7,958,776	237,620	198,026,336	5,041,915	203,068,251

(EUR)	Called-up capital		Share premium	Revenue reserves	Revaluation surplus	Retained earnings	Net profit or loss for the period	Foreign currency translation adjustment	Equity attributable to the equity holders of the group	Minority interest in equity	Total
	Share capital	Uncalled capital									
Balance at 1 January 2007	32,809,710	0	106,162	45,228,433	6,690,972	43,316,055	7,282,816	0	135,434,148	1,061,838	136,495,986
Movements to equity	0	0	0	0	10,467,980	0	1,034,075	0	11,502,055	3,561,907	15,063,962
- net profit or loss for the period	0	0	0	0	0	0	1,034,075	0	1,034,075	626,786	1,660,861
- equity revaluation adjustment	0	0	0	0	10,467,980	0	0	0	10,467,980	0	10,467,980
- increase in equity due to acquisition of subsidiaries	0	0	0	0	0	0	0	0	0	2,935,121	0
Movements within equity	0	0	0	50,468	0	7,282,816	-7,333,284	0	0	0	0
- other reallocation of components of equity	0	0	0	50,468	0	7,282,816	-7,333,284	0	0	0	0
Movements from equity	0	0	0	0	-9,036,567	0	0	0	-9,036,567	0	-9,036,567
- transfer of revaluation surplus to operating or financial income	0	0	0	0	-9,036,567	0	0	0	0	0	-9,036,567
- other decreases in components of equity	0	0	0	0	0	0	0	0	0	0	0
Balance at 30 June 2007	32,809,710	0	106,162	45,278,901	8,122,385	50,598,871	983,607	0	137,899,636	4,623,745	142,523,381

7.4 Consolidated cash flow statement for the first half of 2008

(EUR)		First half 2008	First half 2007
A. CASH FLOWS FROM OPERATING ACTIVITIES			
a.)	Items of the income statement	651,936	8,351,245
1.	Net premiums written	83,312,384	73,376,333
2.	Investment income	11,442,613	6,075,456
3.	Other operating income (excl. revaluation income and releases from provisions) and financial income from operating receivables	1,596,987	2,457,695
4.	Net claims and benefits paid	-51,213,433	-47,509,861
5.	Expenses arising out of liabilities relating to insurance contracts	-2,620,550	-749,595
6.	Net operating expenses excl. depreciation and change in deferred acquisition costs	-32,996,596	-23,407,061
7.	Other operating expenses excl. depreciation (other than for revaluation and excl. additions to provisions)	-5,098,826	-1,741,993
8.	Tax on profit and other taxes not included in operating expenses	-3,770,643	-149,729
b.)	deferred tax receivables/liabilities) of operating items of the balance	-24,041,112	-7,319,874
1.	Change in operating receivables	-13,429,397	-3,302,856
2.	Change in short-term deferred costs and accrued income	-4,937,273	176,585
3.	Change in deferred tax receivables	0	57,929
5.	Change in inventories	-125,306	-62,415
6.	Change in operating liabilities	1,769,709	-2,972,821
7.	Change in accrued costs, deferred income and provisions	-310,419	1,308,178
8.	Change in deferred tax liabilities	-7,008,426	-2,524,474
c.)	Net cash from/used in operating activities (a + b)	-23,389,176	1,031,371
B. CASH FLOWS FROM INVESTING ACTIVITIES			
a.)	Cash receipts from investing activities	228,459,701	306,326,290
1.	Interest received from investing activities	5,282,914	4,828,040
2.	Cash receipts from participation in the profit of others	308,783	227,155
4.	Proceeds from sale of property and equipment	158,121	173,845
5.	Proceeds from sale of investment property	39,990	0
7.	Proceeds from sale of financial investments	222,669,893	301,097,250
b.)	Cash disbursements in investing activities	-246,678,601	-316,337,419
1.	Purchase of intangible assets	-366,685	-283,161
2.	Purchase of property and equipment	-1,090,594	-4,689,070
3.	Purchase of investment property	-548,25	0
4.	Purchase of financial investments in affiliated companies	-510,563	-10,105,535
5.	Purchase of financial investments	-244,162,509	-301,259,653
c.)	Net cash from/used in investing activities (a + b)	-18,218,900	-10,011,129
C. CASH FLOWS FROM FINANCING ACTIVITIES			
a.)	Cash receipts from financing activities	42,208,347	1,669,170
1.	Proceeds from paid-in capital	42,000,000	1,669,170
2.	Proceeds from long-term borrowing	14,709	0
3.	Proceeds from short-term borrowing	193,638	0
b.)	Cash disbursements in financing activities	-1,476,815	-1,005,403
1.	Interest paid	-1,455,917	-1,005,403
4.	Repayment of short-term financial liabilities	-20,898	0
c.)	Net cash from/used in financing activities (a + b)	40,731,532	663,767
C. Cash and cash equivalents as at 30 June		3,705,109	3,361,421
x.)	(sum of Ac, Bc in Cc)	-876,544	-8,315,991
Cash and cash equivalents as at 1 January		4,581,653	11,677,412

Cash flow statement was prepared using the indirect method.

Data on cash flows from operating activities were obtained from the income statements and changes in balance sheet items of the Group companies. Data on cash flows from investing and financing activities are presented by showing directly cash receipts/disbursements, which are adjusted, in the case of cash flows from investing activities, by the amount of investment income already shown in cash flows from operating activities.

Compared to the 2007 and 2006 audited cash flow statement, the consolidated cash flow statement for the first half of 2008 shows net cash used in operating activities due to changes in: operating receivables, deferred costs and accrued income, and tax on profit (associated with dismantling of an important portion of what used to be known as

equalisation provisions that the Company had to carry out upon its transition to IFRS as of 1 January 2007).

Net cash from investing activities is explainable also by the increase in Sava Re's equity of EUR 42 million, needed by the Group in relation to its expansion plans but currently invested in non-risk short-term assets.

7.5 Notes to the consolidated financial statements of Sava Re Group

Intangible assets

(EUR)	Cost							
	As at 1 January	Acquisitions	Additions	Disposals	Reclassifications	Impairments	Exchange differences	As at 30 June
Intangible assets	2,464,082	0	402,552	0	0	0	12,196	2,878,830
Goodwill	23,657,809	0	0	0	0	0	0	23,657,809
Other long-term deferred costs and accrued income	107,740	0	1,911	0	0	0	47	109,698
Total	26,229,631	0	404,463	0	0	0	12,243	26,646,337

(EUR)	Write-downs in value							Book value		
	As at 1 January	Acquisitions	Additions	Disposals	Reclassifications	Impairments	Exchange differences	As at 30 June	As at 30 June	As at 1 January
Intangible assets	777,430	0	144,220	39,351	0	12,620	9,822	983,443	1,895,387	1,686,652
Goodwill	0	0	0	0	0	0	0	0	23,657,809	23,657,809
Other long-term deferred costs and accrued income	59,160	0	0	6,160	0	0	0	65,320	44,378	48,580
Total	836,590	0	144,220	45,511	0	12,620	9,822	1,048,763	25,597,574	25,393,041

Property and equipment

(EUR)	Cost								
	As at 1 January	Acquisitions	Additions	Disposals	Reclassifications	Upward revaluations	Impairments	Exchange differences	As at 30 June
Land directly used in insurance operations	353,834	0	0	0	0	0	0	0	353,834
Buildings directly used in insurance operations	20,750,300	0	450,780	0	0	0	0	56,896	21,257,976
Equipment	6,642,146	0	853,981	-190,264	0	0	0	6,749	7,312,612
Other property and equipment	220,280	0	1,943	0	0	0	0	849	223,072
Total	27,966,560	0	1,306,704	-190,264	0	0	0	64,494	29,147,494

(EUR)	Write-downs in value								Book value		
	As at 1 January	Acquisitions	Additions	Disposals	Reclassifications	Upward revaluations	Impairments	Exchange differences	As at 30 June	As at 30 June	As at 1 January
Land directly used in insurance operations	0	0	0	0	0	0	0	0	0	353,834	353,834
Buildings directly used in insurance operations	3,206,643	0	200,045	29,016	0	0	0	5,482	3,441,186	17,816,790	17,543,657
Equipment	3,784,602	0	89,411	213,834	0	0	0	-82,975	4,004,872	3,307,740	2,857,544
Other property and equipment	32	0	713	0	0	0	0	0	32,301	191	189
Total	7,022,833	0	290,169	242,850	0	0	0	-77,493	7,478,359	21,669,135	20,943,727

Deferred tax assets

In the first half of 2008, deferred tax assets increased 16% compared to the same period in 2007.

Investment property

(EUR)	Cost							As at 30 June
	As at 1 January	Acquisitions	Additions	Disposals	Reclassifications	Exchange differences		
Land directly used in insurance operations	136,048	0	0	0	0	0	136,048	
Buildings	1,484,528	0	548,250	0	0	1,166	2,033,944	
Total	1,620,576	0	548,250	0	0	1,166	2,169,992	

(EUR)	Write-downs in value						Book value		
	As at 1 January	Acquisitions	Additions	Disposals	Reclassifications	Exchange differences	As at 30 June	As at 30 June	As at 1 January
Land directly used in insurance operations	0	0	0	0	0	0	0	136,048	136,048
Buildings	299,743	0	4,791	2,831	0	0	307,365	1,726,579	1,184,785
Total	299,743	0	4,791	2,831	0	0	307,365	1,862,627	1,320,833

The increase in investment property is explainable by the acquisition of property in Koper that the Sava Re Group has been renting out.

Financial investments in subsidiaries and associates

		As at 1 January 2008	Increases	As at 30 June 2008	
		Share	Share	Share	Voting rights
1	Tilia	99.64%	0.00%	99.64%	99.63%
2	Sava Osiguranje	99.99%	0.00%	99.99%	99.99%
3	Dukagjini	51.00%	0.00%	51.00%	51.00%
4	Sava Tabak	66.67%	0.00%	66.67%	66.70%
5	Montenegro	99.92%	0.00%	99.92%	99.92%
5	Sava Invest	0.00%	83.67% ¹²	83.67%	83.67%

(EUR.unless otherwise stated)	As at 1 January		Additions		Impairments		As at 30 June			
	Share (%)	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)	Amount	Voting rights	
1	ZM	45.79%	28,214,138	-	0	-	0	45.79%	28,563,430	45.79%
2	Moja naložba	20.00%	965,773	-	0	-	0	20.00%	1,113,760	20.00%
3	Gold-Mak	17.70%	1,825,037	-	0	-	0	17.70%	1,765,072	17.70%
Total			31,004,948		0		0		31,442,262	

Total investments in associates are EUR 16,273 higher due to an investment in an associate twice removed.

Financial investments

The change in financial investments stated at fair value through profit or loss results from their downward fair value revaluation: the drop in stock market prices negatively affected also the value of the Group's equity portfolio.

Due to unstable conditions in capital markets, the Group adopted a very conservative investment policy, and accordingly increased its deposits.

¹² The share was calculated based on the direct (51%) and indirect (32.67%) share in Sava Invest (the latter via Sava Tabak)

The value of financial investments classified as available-for-sale assets decreased, partly due to their downward fair value revaluation and partly due to their not being reinvested upon maturity.

(EUR)	Held to maturity		At fair value through profit or loss			Available for sale	Loans and receivables	Total
	Carrying amount	Fair value	Non-derivative		Derivative			
			Held for trading	Designated as at fair value through p/l				
Long-term financial investments								
Shares and other variable income securities and mutual funds	868,294	0	0	0	0	66,867,554	0	67,735,848
Debt and other fixed income securities	4,705,024	0	1,017,441	0	0	96,060,793	0	101,783,258
Shares in investment funds	0	0	0	0	0	693,121	0	693,121
Other financial investments	63,122	0	0	0	443,100	199,462	0	705,684
Bank deposits	0	0	0	0	0	0	28,673,882	28,673,882
Short-term financial investments								
Shares and interests held for trading	0	0	2,465,934	0	0	1,202,132	0	3,668,066
Securities held for trading or with maturity of less than one year	0	0	0	0	0	31,227,286	0	31,227,286
Bank deposits	0	0	0	0	0	0	72,753,776	72,753,776
Other short-term financial investments	968,927	0	0	0	0	0	0	968,927
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	0	0	0	0	0	4,779,677	0	4,779,677
Investments for the benefit of life insurance policyholders who bear the investment risk	0	0	0	0	0	11,528,075	0	11,528,075
Total	6,605,367	0	3,483,375	0	443,100	212,558,100	101,427,658	324,517,600

Reinsurers' share of technical provisions

(EUR)	As at 30 June 2008	As at 31 December 2007	Index
Retained premiums	5,096,886	3,117,433	163.5
Mathematical provisions	206	206	0.0
Provisions for claims outstanding	21,143,177	18,950,999	111.6
Provisions for bonuses and rebates	0	0	-
Other technical provisions	467,964	352,529	132.7
Total	26,708,233	22,421,167	119.1

Other assets

(EUR)	As at 30 June 2008	As at 31 December 2007	Index
Accrued income from interest and rent	1,337,114	816,141	163.8
Short-term deferred acquisition costs	7,541,433	5,375,660	140.3
Other short-term deferred costs and accrued income	9,799,173	7,548,647	129.8
Total	18,677,720	13,740,448	135.9

Equity

Early in June 2008, Sava Re successfully completed the increase in its share capital by means of 1,500,000 new ordinary shares issued through an initial public offering. The Group's equity thus increased by EUR 42 million: share capital increased by EUR 6,259,389 and capital surplus by EUR 35,740,611.

Revenue reserves as at 30 June 2008

(EUR)	As at 30 June 2008	As at 31 December 2007	Index
Reserves required under Articles of Association	15,242,088	14,986,525	101.7
Reserves for own shares	1,774	1,774	100.0
Own shares (as a deduction item)	-1,774	-1,774	100.0
Credit risk equalization reserves	3,053,330	3,839,550	79.5
Catastrophe equalization reserves	1,432,089	1,387,095	103.2
Other reserves	44,639,038	35,701,116	125.0
Total	64,366,545	55,914,286	115.1

Credit risk equalisation reserves that have a technical nature decreased slightly compared to 31 December 2007, in accordance with actuarial calculations, while catastrophe equalisation reserves increased.

Other revenue reserves increased significantly after management and supervisory boards at the meeting of 3 June 2008 allocated the portion within their competence of the 2007 net profit to other revenue reserves.

The remaining portion was allocated by the General Meeting held in July 2008 also to other revenue reserves, but is, as at 30 June 2008, still presented under the retained earnings item.

Revaluation surplus

Revaluation of long-term available-for-sale financial assets (EUR)	
As at 1 January 2008	16,011,444
Downward fair value revaluation	-9,252,336
Transfer of revaluation surplus to operating and financial income	-6,955,626
As at 30 June 2008	-196,518

Net earnings per share as at 30 June 2008

(EUR)	First half 2008	First half 2007
Profit after tax	8,362,446	1,660,861
Shares outstanding (excluding own shares)	9,362,099	7,862,309
Net earnings per share	0.89	0.21

All of the outstanding shares of Sava Re are ordinary shares, for which reason the "adjusted net earnings per share" indicator equals the "simple net profit per share" indicator shown above.

Technical provisions

	As at 1 January 2008	Established	Used and released	As at 30 June 2008
(EUR)	1	2	3	5=1+2-3
Gross retained premiums	66,259,147	38,147,977	19,956,147	84,450,977
Mathematical provisions	9,294,535	859,880	463,956	9,690,459
Gross provisions for claims outstanding	135,741,158	44,964,784	41,81,2915	138,893,027
Gross provisions for bonuses, rebates and cancellations	331	387,759	280,438	438
Other gross technical provisions	1,370,168	1,219,473	0	2,589,641
Net technical provisions for the benefit of life insurance policyholders who bear the investment risk	11,112,838	793,713	205,811	11,700,740
Total	224,108,821	86,373,586	62,719,267	247,763,140

Other provisions

(EUR)	As at 1 January 2008	Established	Used	As at 30 June 2008
Provisions for pensions	498,555	0	7,253	491,302
Provisions for jubilee benefits	123,619	0	53,913	69,706
Total employee benefits	622,174	0	61,166	561,008
Other long-term deferred income	6,534	10,897	0	17,431
Total other provisions	628,708	10,897	61,166	578,439

Deferred tax liabilities

In the first half of 2008, deferred tax liabilities decreased by EUR 3,920,226.

Tax liabilities

In the first half of 2008, tax liabilities decreased by EUR 6,544,806 due to the tax paid for 2007. Considering also deferred tax liabilities, the assessed tax was EUR 2,077,715 and the effective tax rate 19.9%, compared to 10.1% in the same period of 2007.

Net premiums earned

In the first half of 2008, net premiums earned increased 28.3% compared to the same period in 2007. This is attributable to growth in premiums collected in the Slovenian insurance market and in the Western Balkan markets, but also to growth in reinsurance premiums collected abroad. It is partly attributable also to the first full consolidation of Montenegro osiguranje.

Investment income

The table below shows both income from investments in associates and other investment income.

Investment income in the first half of 2008 – non-life business

(EUR)	Liability fund First half 2008	Liability fund First half 2007	Index
Income from shares and interests	82,212	163	50,436.8
Income from land and buildings	16,658	53,149	31,3
Interest income	3,351,945	2,928,820	114.4
Financial income from revaluation	87,803	120,091	73.1
Other financial income	4,115	159,666	2.6
Gains on disposal of investments	1,043,002	1,895,213	55.0
Total investment income - liability fund	4,585,735	5,157,102	88.9
(EUR)	Capital fund First half 2008	Capital fund First half 2007	Index
Income from shares and interests	674,227	17,558	3,840.0
Income from land and buildings	50,893	198,202	25,7
Interest income	1,436,196	1,520,455	94.5
Financial income from revaluation	597,085	1,387,000	43.0
Other financial income	0	279,682	-
Gains on disposal of investments	6,250,976	698,626	894.8
Total investment income - capital fund	9,009,377	4,101,523	219.7
Total investment income from non-life business	13,595,112	9,258,625	146.8

Investment income in the first half of 2008 – life business

(EUR)	Liability fund First half 2008	Liability fund First half 2007	Index
Interest income	255,209	257,360	99.2
Other financial income	3,279	43	7,625.6
Gains on disposal of investments	0	37,744	-
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	32,948	864,748	3.8
Total investment income - liability fund	291,436	1,159,895	25.1
(EUR)	Capital fund First half 2008	Capital fund First half 2007	Index
Interest income	17,794	0	-
Total investment income - capital fund	17,794	0	-
Total investment income from life business	309,230	1,159,895	26.7

Other technical income

Other technical income increased 13.5%. It comprises mainly reinsurance commissions. At the parent company level, given the reinsurance nature of its business, these are negative, and consequently also at the consolidated level. Their increase mainly reflects the increase in reinsurance premiums.

Net claims and benefits incurred

Net claims and benefits incurred increased 3.9% compared to the first half of 2007. Their growth lagged behind that of net premiums earned due to favourable claim development in the Slovenian insurance market and low loss ratios of insurance companies operating the Western Balkan markets.

Operating expenses

(EUR)	First half 2008	First half 2007	Index
Acquisitions costs (commissions)	4,808,950	2,938,878	163.6
Change in deferred acquisitions costs	-1,102,720	-606,486	181.8
Depreciation of operating assets	743,714	609,326	122.1
Labour costs	9,688,334	7,595,488	127.6
- salaries and wages	7,396,756	5,577,940	132.6
- social and pension insurance costs	1,344,454	1,096,197	122.6
- other labour costs	947,124	921,351	102.8
Costs of services provided by natural persons not pursuing business, incl. of contributions	409,580	333,260	122.9
Other operating expenses	8,759,410	4,448,820	196.9
Total	23,307,268	15,319,286	152.1

The increase in operating expenses is attributable to the costs of the initial public offering; these were EUR 2.8 million, of which 63% were legal and consulting fees.

Investment expenses

Investment expenses in the first half of 2008 – non-life business

(EUR)	Liability fund	Liability fund	Index
	First half 2008	First half 2007	
Depreciation of investments not necessary for operations	355	2,684	13.2
Asset management expenses, interest expenses and other financial expenses	180,024	85,023	211.7
Financial expenses from revaluation	511,796	325,387	157.3
Losses on disposal of investments	562,955	266,716	211.1
Total investment expenses - liability fund	1,255,130	679,810	184.6
(EUR)	Capital fund	Capital fund	Index
	First half 2008	First half 2007	
Depreciation of investments not necessary for operations	7,912	23,106	34.2
Asset management expenses, interest expenses and other financial expenses	1,418,115	1,296,169	109.4
Financial expenses from revaluation	346,109	373,405	92.7
Losses on disposal of investments	1,448,455	86,453	1,675.4
Total investment expenses - capital fund	3,220,591	1,779,133	181.0
Total investment expenses - non-life business	4,475,721	2,458,943	182.0

Investment expenses in the first half of 2008 – life business

(EUR)	Liability fund	Liability fund	Index
	First half 2008	First half 2007	
Asset management expenses, interest expenses and other financial expenses	10	11	90.9
Total investment expenses - liability fund	10	11	90.9
(EUR)	Capital fund	Capital fund	Index
	First half 2008	First half 2007	
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	2,162,510	20,531	10,532.9
Total investment expenses - capital fund	2,162,510	20,531	10,532.9
Total investment expenses - life business	2,162,520	20,542	10,527.3

8 FINANCIAL STATEMENTS OF SAVA RE WITH NOTES

8.1 Balance sheet as at 30 June 2008

(EUR)		As at 30 June 2008	As at 31 December 2007	Index
	ASSETS	394,178,488	356,701,026	110.5
A.	Intangible assets	210,006	162,140	129.5
B.	Property and equipment	1,903,006	1,907,468	99.8
D.	Deferred tax assets	131,804	131,804	100.0
E.	Investment property	1,271,616	728,514	174.5
F.	Investments in Group companies and in associates	72,914,816	72,487,296	100.6
G.	Financial investments:	239,217,465	215,610,292	110.9
	- held to maturity	4,405,024	0	-
	- available for sale	177,477,058	187,458,823	94.7
	- at fair value through profit or loss	3,926,475	4,799,223	81.8
	- loans and receivables	53,408,908	23,352,246	228.7
I.	Reinsurers' share of technical provisions	24,781,348	21,473,195	115.4
K.	Receivables	42,755,992	35,484,845	120.5
	2. Receivables arising out of co-insurance and reinsurance business	40,128,795	33,094,211	121.3
	3. Other receivables	2,627,197	2,390,634	109.9
L.	Other assets	10,773,501	8,576,418	125.6
N.	Cash and cash equivalents	218,934	139,054	157.4
	LIABILITIES AND EQUITY	394,178,488	356,701,026	110.5
A.	Equity	181,412,246	145,637,435	124.6
	1. Called-up capital	39,069,099	32,809,710	119.1
	2. Share premium	35,846,773	106,162	33,766.1
	3. Revenue reserves	63,699,573	55,385,397	115.0
	4. Revaluation surplus	534,102	12,491,698	4.3
	5. Retained earnings	36,530,290	26,811,969	136.2
	6. Net profit for the period	5,732,409	18,032,498	31.8
B.	Subordinated liabilities	31,140,534	31,136,034	100.0
C.	Technical provisions	138,108,892	129,483,842	106.7
	1. Unearned premiums	46,093,969	37,577,865	122.7
	3. Provision for outstanding claims	91,277,382	91,219,036	100.1
	5. Other technical provisions	737,541	686,941	107.4
D.	Other provisions	165,762	165,762	100.0
F.	Deferred tax liabilities	141,977	3,585,825	4.0
G.	Financial liabilities	1,133	2,308	49.1
	2. Other financial liabilities	1,133	2,308	49.1
H.	Other liabilities	39,518,431	36,523,792	108.2
	2. Liabilities from co-insurance and reinsurance business	28,469,654	27,267,893	104.4
	3. Diverse liabilities	11,048,777	9,255,899	119.4
I.	Current income tax liabilities	3,689,513	10,166,029	36.3

8.2 Income statement for the first half of 2008

(EUR)		First half 2008	First half 2007	Index
I.	Net earned premiums	50,999,710	42,045,188	121.3
	- Gross premiums written	68,046,803	60,481,221	112.5
	- Written premiums ceded to reinsurers and co-insurers	-10,510,443	-10,848,493	96.9
	- Change in unearned premiums	-6,536,650	-7,587,540	86.1
II.	Income from investments in affiliates	139,966	59,379	235.7
III.	Investment income	11,246,369	7,146,185	157.4
IV.	Other technical income, of this	-13,554,621	-10,667,913	127.1
	- commission income	-13,651,898	-10,803,123	126.4
VI.	Net insurance claims and benefits incurred	-31,375,085	-33,309,902	94.2
	- Gross claims and benefits paid	-35,103,123	-33,307,098	105.4
	paid	2,457,686	7,052,786	34.8
	- Change in the provision for outstanding claims	1,270,352	-7,055,590	-18.0
VII.	Change in other technical provisions	-50,600	-66,167	76.5
X.	Operating expenses, of this	-5,658,431	-2,374,745	238.3
	- acquisition costs	0	0	0.0
XII.	Investment expenses	-4,274,235	-2,373,793	180.1
XIII.	Other technical expenses	-75,097	-79,011	95.0
XIV.	Other expenses	-1,319	0	0.0
XV.	Profit before tax	7,396,657	379,221	1,950.5
XVI.	Current tax	-3,000,367	-1,423,340	210.8
XVII.	Deferred tax	1,336,119	1,505,288	88.8
XVIII.	Profit for the period	5,732,409	461,169	1,243.0

8.3 Statement of changes in equity for the first half of 2008

(EUR)	Called-up capital		Share premium	Revenue reserves	Revaluation surplus	Retained earnings	Net profit or loss for the period	Total
	Share capital	Uncalled capital						
Balance at 1 January 2008	32,809,710	0	106,162	55,385,397	12,491,698	26,811,969	18,032,498	145,637,434
Movements to equity	6,259,389	0	35,740,611	0	0	0	5,732,409	47,732,409
- subscription of called-up share capital	6,259,389	0	35,740,611	0	0	0	0	42,000,000
- net profit or loss for the period	0	0	0	0	0	0	5,732,409	5,732,409
Movements within equity	0	0	0	8,314,176	0	9,718,322	-18,032,498	0
- allocation of net profit as a component of equity by decision of the management and the supervisory board	0	0	0	8,929,785	0	-8,929,785	0	0
- other reallocation of components of equity	0	0	0	-615,609	0	18,648,107	-18,032,498	0
Movements from equity	0	0	0	0	-11,957,596	0	0	-11,957,596
- use of revaluation surplus for impairment of assets	0	0	0	0	-5,524,901	0	0	-5,524,901
- transfer of revaluation surplus to operating or financial income	0	0	0	0	-6,432,695	0	0	-6,432,695
Balance at 30 June 2008	39,069,099	0	35,846,773	63,699,573	534,102	36,530,291	5,732,409	181,412,247
(EUR)	Called-up capital		Share premium	Revenue reserves	Revaluation surplus	Retained earnings	Net profit or loss for the period	Total
	Share capital	Uncalled capital						
Balance at 1 January 2007	32,809,710	0	106,162	44,704,197	2,957,098	33,371,512	3,975,330	117,924,009
Movements to equity	0	0	0	0	9,447,796	0	461,169	9,908,965
- net profit or loss for the period	0	0	0	0	0	0	461,169	461,169
- equity revaluation adjustment	0	0	0	0	9,447,796	0	0	9,447,796
Movements within equity	0	0	0	0	0	3,975,330	-3,975,330	0
- other reallocation of components of equity	0	0	0	0	0	3,975,330	-3,975,330	0
Movements from equity	0	0	0	0	-8,193,379	-26,600	0	-8,219,979
- transfer of revaluation surplus to operating or financial income	0	0	0	0	-8,193,379	0	0	-8,193,379
- other decreases in components of equity	0	0	0	0	0	-26,600	0	-26,600
Balance at 30 June 2007	32,809,710	0	106,162	44,704,197	4,211,515	37,320,242	461,169	119,612,995

8.4 Cash flow statement for the first half of 2008

(EUR)		First half 2008	First half 2007
A. CASH FLOWS FROM OPERATING ACTIVITIES			
a.)	Items of the income statement	5,807,117	523,954
1.	Net premiums written	50,999,710	42,045,188
2.	Investment income	7,112,101	4,831,771
3.	Other operating income (excl. revaluation income and releases from provisions) and financial income from operating receivables	97,277	135,210
4.	Net claims and benefits paid	-31,375,084	-33,309,902
5.	Expenses arising out of liabilities relating to insurance contracts	-125,363	-131,642
6.	Net operating expenses excl. depreciation and change in deferred acquisition costs	-19,235,622	-13,115,083
7.	Other operating expenses excl. depreciation (other than for revaluation and excl. additions to provisions)	-1,654	-13,536
8.	Tax on profit and other taxes not included in operating expenses	-1,664,248	81,948
b.)	Changes in net operating assets (and in accruals/deferrals and deferred tax receivables/liabilities) of operating items of the balance sheet	-17,596,890	-6,690,060
1.	Change in operating receivables	-7,271,147	-356,258
2.	Change in short-term deferred costs and accrued income	-2,197,083	369,998
3.	Change in deferred tax receivables	0	57,929
6.	Change in operating liabilities	-995,930	-4,363,515
7.	Change in accrued costs, deferred income and provisions	-656,215	174,870
8.	Change in deferred tax liabilities	-6,476,515	-2,573,084
c.)	Net cash from/used in operating activities (a + b)	-11,789,773	-6,166,106
B. CASH FLOWS FROM INVESTING ACTIVITIES			
a.)	Cash receipts from investing activities	190,074,733	268,902,619
1.	Interest received from investing activities	4,445,082	4,081,685
2.	Cash receipts from participation in the profit of others	81,616	209,350
4.	Proceeds from sale of property and equipment	0	51,566
7.	Proceeds from sale of financial investments	185,548,035	264,560,018
b.)	Cash disbursements in investing activities	-219,185,675	-268,578,897
1.	Purchase of intangible assets	-68,897	-73,206
2.	Purchase of property and equipment	-47,951	-138,572
3.	Purchase of investment property	-548,250	0
4.	Purchase of financial investments in affiliated companies	-218,280	-10,126,841
5.	Purchase of financial investments	-218,302,297	-258,240,278
c.)	Net cash from/used in investing activities (a + b)	-29,110,942	323,722
C. CASH FLOWS FROM FINANCING ACTIVITIES			
a.)	Cash receipts from financing activities	42,000,000	0
1.	Proceeds from paid-in capital	42,000,000	0
b.)	Cash disbursements in financing activities	-1,328,912	-954,994
1.	Interest paid	-1,328,912	-954,994
c.)	Net cash from/used in financing activities (a + b)	40,671,088	-954,994
Č.	Cash and cash equivalents as at 30 June	218,934	448,560
x.)	Net increase/decrease in cash and cash equivalents for the period (sum of Ac, Bc in Cc)	-229,627	-6,797,378
	Cash and cash equivalents as at 1 January	448,560	7,245,938

Cash flow statement was prepared using the indirect method.

Data on cash flows from operating activities were obtained from the income statement and changes in balance sheet items of the Company. Data on cash flows from investing and financing activities are presented by showing directly cash receipts/disbursements, which are adjusted, in the case of cash flows from investing activities, by the amount of investment income already shown in cash flows from operating activities.

Compared to the 2007 and 2006 audited cash flow statement, the cash flow statement for the first half of 2008 shows net cash used in operating activities due to changes in operating receivables, as well as deferred costs and accrued income (which includes deferred insurance commissions). In the first half of a financial year, the Company would usually be net creditor in relation to its basic activity. Relatively high was also tax on profit, mainly due to dismantling of an important portion of what used to be known as

equalisation provisions that the Company had to carry out upon its transition to IFRS as of 1 January 2007. Such dismantling entails approximately EUR 8.1 million of additional tax on profit to be paid by the Company in the period 2008-2010.

Net cash from investing activities is explainable also by the increase in Sava Re's equity of EUR 42 million, needed by the Company in relation to its expansion plans but currently invested in non-risk short-term assets.

8.5 Notes to the financial statements of Sava Re

Intangible assets

(EUR)	Cost		
	As at 1 January 2008	Additions	As at 30 June 2008
Intangible assets	297,743	68,897	366,640
Other long-term deferred costs and accrued income	4,967	1,911	6,878
Total	302,710	70,808	373,518

(EUR)	Write-downs in value			Book value	
	As at 1 January 2008	Additions	As at 30 June 2008	As at 30 June 2008	As at 1 January 2008
Intangible assets	140,570	22,942	163,512	203,128	157,173
Other long-term deferred costs and accrued income	0	0	0	6,878	4,967
Total	140,570	22,942	163,512	210,006	162,140

In the first half of 2008, intangible assets increased by EUR 68,897 due to software acquired, and decreased due to amortisation.

Property and equipment

(EUR)	Cost		
	As at 1 January 2008	Additions	As at 30 June 2008
Land directly used in insurance operations	103,949	0	103,949
Buildings directly used in insurance operations	1,631,566	0	1,631,566
Equipment	1,139,366	46,008	1,185,374
Other property and equipment	81,986	1,943	83,929
Total	2,956,867	47,951	3,004,818

(EUR)	Write-downs in value			Book value	
	As at 1 January 2008	Additions	As at 30 June 2008	As at 30 June 2008	As at 1 January 2008
Land directly used in insurance operations	0	0	0	103,949	103,949
Buildings directly used in insurance operations	239,011	10,606	249,617	1,381,949	1,392,555
Equipment	778,800	41,094	819,894	365,480	360,566
Other property and equipment	31,588	713	32,301	51,628	50,398
Total	1,049,399	52,413	1,101,812	1,903,006	1,907,468

Deferred tax assets

In the first half of 2008, there were no changes in deferred tax assets.

Investment property

(EUR)	Cost		
	As at 1 January 2008	Additions	As at 30 June 2008
Land directly used in insurance operations	52,696	0	52,696
Buildings	792,047	548,250	1,340,297
Total	844,743	548,250	1,392,993

(EUR)	Write-downs in value			Book value	
	As at 1 January 2008	Additions	As at 30 June 2008	As at 30 June 2008	As at 1 January 2008
Land directly used in insurance operations	0	0	0	52,696	52,696
Buildings	116,228	5,149	121,377	1,218,920	675,819
Total	116,228	5,149	121,377	1,271,616	728,515

The increase in investment property is explainable by the acquisition of property in Koper that Sava Re has been renting out.

Financial investments in subsidiaries and associates

(EUR, unless otherwise stated)	As at 1 January 2008		Acquisitions		As at 30 June 2008		
	Share (%)	Amount	Share (%)	Amount	Share (%)	Amount	Voting rights
1 Tilia	99.64%	12,340,676	0.00%	0	99.64%	12,340,676	99.64%
2 Sava Osiguranje	99.99%	12,453,591	0.00%	0	99.99%	12,453,591	99.99%
3 Dukagjini	51.00%	6,115,311	0.00%	116,280	51.00%	6,231,591	51.00%
4 Sava Tabak	66.67%	8,499,122	0.00%	153,500	66.67%	8,652,622	66.67%
5 Montenegro	99.92%	15,280,618	0.00%	0	99.92%	15,280,618	99.92%
6 Sava Invest	0.00%	0	51.00%	102,000	51.00%	102,000	51.00%
Total		54,689,318		371,780		55,061,098	

(EUR, unless otherwise stated)	As at 1 January 2008		As at 30 June 2008	
	Share (%)	Amount	Amount	Voting rights
1 ZM	45.79%	13,416,845	13,416,845	45.79%
2 Moja naložba	20.00%	710,610	710,610	20.00%
Total		14,127,455	14,127,455	

(EUR, unless otherwise stated)		Debt type	As at 30 June 2008	As at 31 December 2007
1	1 Tilia	bond (ZT11)	1,726,262	1,670,523
2	2 Sava Osiguranje	loan	1,500,000	1,500,000
3	3 Dukagjini	loan	500,000	500,000
	Total		3,726,262	3,670,523

Financial investments

The change in financial investments stated at fair value through profit or loss results from their fair value revaluation: the drop in stock market prices negatively affected also the value of the Company's equity portfolio.

In the first half of 2008, the Company for the first time classified some of the newly acquired bonds as held-to-maturity financial assets. Those bonds have high coupon rates that will flow to the Company until maturity.

Due to unstable conditions in capital markets, the Company adopted a very conservative investment policy, and accordingly increased its deposits.

The value of financial investments classified as available-for-sale assets decreased, partly due to their downward fair value revaluation and partly due to their not being reinvested upon maturity.

(EUR)	Held to maturity		At fair value through profit or loss			Available for sale	Loans and receivables	Total
	Carrying amount	Fair value	Non-derivative		Derivative			
			Held for trading	Designated as at fair value through p/l				
Long-term financial investments								
Shares and other variable income securities and mutual funds	0	0	0	0	0	65,395,172	0	65,395,172
Debt and other fixed income securities	4,405,024	0	1,017,441	0	0	96,060,793	0	101,483,258
Shares in investment funds	0	0	0	0	0	693,121	0	693,121
Other financial investments	0	0	0	0	443,100	0	0	443,100
Bank deposits	0	0	0	0	0	14,519,451	5,921,149	20,440,600
Short-term financial investments								
Shares and interests held for trading	0	0	2,465,934	0	0	0	0	2,465,934
Securities held for trading or with maturity of less than one year	0	0	0	0	0	0	0	0
Bank deposits	0	0	0	0	0	808,520	42,704,364	43,512,884
Other short-term financial investments	0	0	0	0	0	0	3,719	3,719
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	0	0	0	0	0	0	4,779,677	4,779,677
Investments for the benefit of life insurance policyholders who bear the investment risk	0	0	0	0	0	0	0	0
Total	4,405,024	0	3,483,375	0	443,100	177,477,057	53,408,909	239,217,465

Reinsurers' share of technical provisions

(EUR)	As at 30 June 2008	As at 31 December 2007	Index
Retained premiums	5,096,886	3,117,433	163.5
Mathematical provisions	0	0	-
Provisions for claims outstanding	19,660,885	18,332,186	107.2
Provisions for bonuses and rebates	0	0	-
Other technical provisions	23,577	23,576	100.0
Total	24,781,348	21,473,195	115.4

Other assets

(EUR)	As at 30 June 2008	As at 31 December 2007	Index
Accrued income from interest and rent	588,571	88	668,830.7
Short-term deferred acquisition costs	0	0	-
Other short-term deferred costs and accrued income	10,184,930	8,576,330	118.8
Total	10,773,501	8,576,418	125.6

Equity

Early in June 2008, Sava Re successfully completed the increase in its subscribed capital by means of 1,500,000 new ordinary shares issued through an initial public offering. Its equity thus increased by EUR 42 million: share capital increased by EUR 6,259,389 and capital surplus by EUR 35,740,611.

Revenue reserves as at 30 June 2008

(EUR)	30 June 2008	31 December 2007	Index
Reserves required under Articles of Association	14,986,525	14,986,525	100.0
Reserves for own shares	1,774	1,774	100.0
Own shares (as a deduction item)	-1,774	-1,774	100.0
Credit risk equalization reserves	3,053,943	3,669,552	83.2
Catastrophe equalization reserves	1,028,204	1,028,204	100.0
Other reserves	44,630,901	35,701,116	125.0
Total	63,699,573	55,385,397	115.0

Credit risk equalisation reserves that have a technical nature decreased slightly compared to 31 December 2007, in accordance with actuarial calculations.

Other revenue reserves increased significantly after management and supervisory boards at the meeting of 3 June 2008 allocated the portion within their competence of the 2007 net profit to other revenue reserves.

The remaining portion was allocated by the General Meeting held in July 2008 also to other revenue reserves, but is, as at 30 June 2008, still presented under the retained earnings item.

Revaluation surplus as at 30 June 2008

Revaluation of long-term available-for-sale financial assets (EUR)	
As at 1 January 2008	12,491,698
Downward fair value revaluation	-5,524,901
Transfer of revaluation surplus to operating and financial income	-6,432,695
As at 30 June 2008	534,102

Net earnings per share as at 30 June 2008

(EUR)	First half 2008	First half 2007
Profit after tax	5,732,409	461,169
Shares outstanding (excluding own shares)	9,362,309	7,862,309
Net earnings per share	0.61	0.06

All of the outstanding shares of Sava Re are ordinary shares, for which reason the "adjusted net earnings per share" indicator equals the "simple net profit per share" indicator shown above.

Technical provisions

(EUR)	As at 1 January 2008	Established	Used and released	As at 30 June 2008
	1	2	3	5=1+2-3
Gross retained premiums	37,577,865	8,516,104	0	46,093,969
Mathematical provisions	0	0	0	0
Gross provisions for claims outstanding	91,219,036	32,871,456	32,813,110	91,277,382
Gross provisions for bonuses, rebates and cancellations	195,280	50,600	0	245,880
Other gross technical provisions	491,661	0	0	491,661
Total	129,483,842	41,438,160	32,813,110	138,108,892

Provisions for employee benefits

(EUR)	As at 1 January 2008	As at 30 June 2008
Provisions for pensions	0	0
Provisions for retirement benefits	144,440	144,440
Provisions for jubilee benefits	21,322	21,322
Total employee benefits	165,762	165,762

Deferred tax liabilities

In the first half of 2008, deferred tax liabilities decreased by EUR 3,443,848.

Tax liabilities

In the first half of 2008, tax liabilities decreased by EUR 6,476,516 due to the tax paid for 2007. Considering also deferred tax liabilities, the assessed tax was EUR 1,664,248 and the effective tax rate 22.5 %.

Due to deferred tax assets recognised in the balance sheet as at 30 June 2008, profit after tax is higher than profit before tax, for which reason the effective tax rate was not calculated for the first half of 2008.

Net premiums earned

In the first half of 2008, net premiums earned increased 21.3% compared to the same period in 2007. The increase is attributable to the increase in gross reinsurance premiums collected abroad, smaller retrocession business, and slower growth in unearned premiums compared to the same period in 2007.

Investment income

The table below shows both income from investments in associates and other investment income.

(EUR)	Liability fund First half 2008	Liability fund First half 2007	Index
Income from shares and interests	72,079	0	-
Interest income	1,981,732	1,970,112	100.6
Financial income from revaluation	87,803	120,091	73.1
Other financial income	0	36,814	-
Gains on disposal of investments	406,457	1,026,978	39.6
Total investment income - liability fund	2,548,071	3,153,995	80.8
	Capital fund First half 2008	Capital fund First half 2007	Index
Income from shares and interests	457,908	0	-
Income from land and buildings	52,284	199,519	26.2
Interest income	1,595,800	1,482,336	107.7
Financial income from revaluation	1,108,902	1,387,000	79.9
Other financial income	0	283,839	0.0
Gains on disposal of investments	5,623,371	698,875	804.6
Total investment income - capital fund	8,838,265	4,051,569	218.1
Total investment income	11,386,336	7,205,564	158.0

Other technical income

Other technical income comprises mainly reinsurance commissions. They increased 27.1%, slightly more than reinsurance premiums earned, as the reinsurance market is still in the phase of falling premium rates and rising commission rates.

Net claims and benefits incurred

Net claims and benefits incurred decreased 5.8% compared to the first half of 2007. The decrease is explainable by favourable claim development in the Slovenian insurance market in the first half of 2008.

Operating expenses

(EUR)	First half 2008	First half 2007	Index
Depreciation of operating assets	74,708	62,785	119.0
Labour costs	2,157,965	1,796,730	120.1
- salaries and wages	1,429,134	1,168,395	122.3
- social and pension insurance costs	276,666	221,078	125.1
- other labour costs	452,165	407,257	111.0
Costs of services provided by natural persons not pursuing business, incl. of contributions	59,521	50,926	116.9
Other operating expenses	3,366,238	464,304	725.0
- entertainment, advertising, exhibitions	423,964	55,730	760.7
- material and energy	73,445	89,506	82.1
- maintenance services	6,770	5,922	114.3
- reimbursement of work-related costs	175,922	60,516	290.7
- professional services	2,474,722	83,649	2,958.5
- duties payable regardless of profit or loss, except insurance premiums	29,830	30,834	96.7
- transport and communication services	27,795	24,695	112.6
- insurance premiums	21,421	27,369	78.3
- bank fees	18,626	20,165	92.4
- rentals and leases	4,660	979	476.0
- training	12,660	9,284	136.4
- other services	96,423	55,655	173.3
Total	5,658,431	2,374,745	238.3

The increase in operating expenses is attributable to the costs of the initial public offering: these were EUR 2.8 million, of which 63% were legal and consulting fees.

Investment expenses

(EUR)	Liability fund	Liability fund	Index
	First half 2008	First half 2007	
Asset management expenses, interest expenses and other financial expenses	28,151	34,026	82.7
Financial expenses from revaluation	464,654	292,791	158.7
Losses on disposal of investments	562,955	266,716	211.1
Total investment expenses - liability fund	1,055,760	593,533	177.9
	Capital fund	Capital fund	Index
	First half 2008	First half 2007	
Depreciation of investments not necessary for operations	5,795	23,106	25.1
Asset management expenses, interest expenses and other financial expenses	1,418,116	1,264,700	112.1
Financial expenses from revaluation	346,109	406,000	85.2
Losses on disposal of investments	1,448,455	86,453	1,675.4
Total investment expenses - capital fund	3,218,475	1,780,259	180.8
Total investment expenses	4,274,235	2,373,792	180.1

Related party disclosures

Investments in Group companies and amounts due from Group companies as at 30 June 2008

(EUR)		Sava					Total
		Tilia	Sava Osiguranje	Dukagjini	Sava Tabak	Montenegro	
Debt securities issued by and loans to Group companies	gross	1,726,262	1,500,000	500,000	0	0	3,726,262
	allowances	0	0	0	0	0	0
	net	1,726,262	1,500,000	500,000	0	0	3,726,262
Receivables from premiums for assumed reinsurance	gross	4,746,664	0	180,598	1,912,075	61,667	6,901,004
	allowances	0	0	0	0	0	0
	net	4,746,664	0	180,598	1,912,075	61,667	6,901,004
Long-term receivables	gross	0	64,719	0	0	0	64,719
	allowances	0	0	0	0	0	0
	net	0	64,719	0	0	0	64,719
Total		6,472,926	1,564,719	680,598	1,912,075	61,667	10,691,985

Liabilities to Group companies as at 30 June 2008

(EUR)	Tilia	Dukagjini	Sava Tabak	Montenegro	Total
Liabilities for reinsurers share of claims	455,313	5,783	666,355	47,332	1,174,783
Other short-term liabilities	1,201,839	19,206	757,482	0	1,978,527
Total (excluding provisions)	1,657,152	24,989	1,423,837	47,332	3,153,310

Income and expenses from transactions with Group companies in the first half of 2008

(EUR)	Sava					
	Tilia	Sava Osiguranje	Dukagjini	Sava Tabak	Montenegro	Total
Gross reinsurance premiums written	11,416,509	0	211,893	257,731	366,457	12,252,590
Gross claims and benefits paid	5,197,234	0	29,222	507,367	47,332	5,781,155
Reinsurance commissions	2,804,676	0	35,325	82,418	19,582	2,942,000
Income from land and buildings	3,225	0	0	0	0	3,225
Interest income	82,280	44,117	13,569	0	0	139,966