

UNAUDITED INTERIM REPORT OF SAVA RE D.D. AND THE SAVA RE GROUP

FOR SIX MONTHS TO 30 JUNE 2009

Ljubljana, 21 August 2009

CONTENTS

INTERIM BUSINESS REPORT OF SAVA RE D.D.

1	INT	RODUCTION	1
	1.1	Performance highlights for the first half of 2009	3
	1.2 1.2.1	Sava Re Group and associated companies Sava Re Profile	
	1.3	Shareholders and share trading	6
	1.4	Significant events and achievements in the first half of 2009	9
	1.5	Significant events after the close of the financial period	10
2	SA	VA RE TECHNICAL REVIEW	13
	2.1	Net premiums earned	13
	2.2	Net claims incurred	15
	2.3	Technical provisions	17
3	FIN	IANCIAL REVIEW OF SAVA RE	18
	3.1	Investments of Sava Re	18
	3.2	Return on investments of Sava Re	19
4	MA	JOR ITEMS OF THE INCOME STATEMENT AND BALANCE SHEET	20
5	RIS	SK MANAGEMENT	21
	5.1	Capital inadequacy risk	21
	5.2	Underwriting risk	21
	5.3	Market, liquidity and credit risk	22
	5.4	Operational risks	23
	5.5	Uncertainty risk up until the end of 2009	23
6	EM	PLOYEES	24
7	RE	LATED PARTY TRANSACTIONS	25

INTERIM GROUP BUSINESS REPORT

8	GR	OUP TECHNICAL REVIEW	29
	8.1	Consolidated earned premiums	29
	8.2	Consolidated net claims incurred	30
	8.3	Consolidated other technical provisions	32
9	GR	OUP FINANCIAL REVIEW	33
	9.1	Investments of the Sava Re Group	33

9.	Group investment return	34
10	MAJOR ITEMS OF THE CONSOLIDATED INCOME STATEMENT AND BALAN	ICE
	SHEET	35

SUMMARY OF FINANCIAL STATEMENTS OF SAVA RE WITH NOTES

11 FII	NANCIAL STATEMENTS OF SAVA RE WITH NOTES	39
11.1	Balance sheet as at 30 June 2009	
11.2	Income statement for the six months to 30 June 2009	40
11.3	Statement of comprehensive income for the six months to 30 June 2009	40
11.4	Statement of changes in equity for the six months to 30 June 2009	41
11.5	Statement of changes in equity for the six months to 30 June 2008	41
11.6	Cash flow statement for the six months to 30 June 2009	42
11.7	Notes to the financial statements of Sava Re	43
11.8	Statement of capital adequacy as at 30 June 2009	56

SUMMARY OF GROUP FINANCIAL STATEMENTS WITH NOTES

12 GF	ROUP FINANCIAL STATEMENTS WITH NOTES	59
12.1	Consolidated balance sheet as at 31 June 2009	59
12.2	Consolidated income statement for the six months to 30 June 2009	60
12.3	Statement of comprehensive income for the six months to 30 June 2009	60
12.4	Consolidated statement of changes in equity for the six months to 30 June 2009	61
12.5	Consolidated statement of changes in equity for the six months to 30 June 2008	61
12.6	Consolidated cash flow statement for the six months to 30 June 2009	62
12.7	Segment reporting	63
12.8	Notes to the consolidated financial statements	66

1 INTRODUCTION

In accordance with the Financial Instruments Market Act and the Rules of the Ljubljana Stock Exchange, Sava Reinsurance Company d.d. (hereinafter Sava Re d.d.), with registered office at Ljubljana, Dunajska 56, hereby publishes the unaudited interim report of Sava Re d.d. and the Sava Re Group for 6 months to 30 June 2009.

The data published herein and the interim financial statements relating to Sava Re and the Sava Re Group for 6 months to 30 June 2009 have been prepared in compliance with IAS 34 – Interim Financial Reporting and need to be read together with annual financial statements prepared for the year ended 31 December 2008. These interim financial statements are unaudited.

The unaudited interim report of Sava Re d.d. and the Sava Re Group for 6 months to 30 June 2009 will be available as a hardcopy for viewing at the registered office of the Company at Dunajska 56, 1000 Ljubljana on every workday between 9:00 hrs and 15:00 hrs, and as a softcopy on the Company website at <u>www.sava-re.si</u> from 31 August 2009 onwards.

1.1 Performance highlights for the first half of 2009

(EUR, except percentages)	Sava Re		Sava Re Group	
	First half 2009	First half 2008	First half 2009	First half 2008
Gross premiums written	86,547,176	68,046,803	141,192,608	117,200,814
Year-on-year change	27.2%	12.5%	20.5%	26.8%
Gross premiums written - Slovenia	52,120,144	48,019,395	79,301,570	74,056,561
Gross premiums written - international	34,427,032	20,027,408	61,891,038	43,144,253
International premium as % of total GPW	39.8%	29.4%	43.8%	36.8%
Gross claims paid	46,009,253	35,103,123	69,181,696	53,430,605
Year-on-year change	31.1%	5.4%	29.5%	13.0%
Net incurred loss ratio	74.0%	61.5%	65.3%	57.7%
	18 652 524	10 210 220	24 549 727	22.004.505
Operating expenses less commission income	18,653,524 -3.4%	19,310,330 46,5%	36,568,737 7.9%	33,906,595 41.2%
Year-on-year change	-3.4%		33.7%	
Net expense ratio	30.2%	37.9%	33.1%	37.9%
Net combined ratio	104.2%	99.4%	99.0%	95.6%
	10.112.12	,,,,,,		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Profit/loss for the period	-6,516,930	5,732,409	-15,117,413	8,362,446
Year-on-year change	-213.7%	1143.0%	~280.8%	403.5%
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
Total assets	423,972,922	399,152,651	582,172,492	31 December 2008 535,346,611
Total assets Change from 1 January	2			
Change from 1 January	423,972,922 6.2%	399,152,651 11.9%	582,172,492 8.7%	535,346,611 11.8%
Change from 1 January Net technical provisions	423,972,922 6.2% 145,775,664	399,152,651 11.9% 121,618,337	582,172,492 8.7% 268,963,371	535,346,611 11.8% 226,914,678
Change from 1 January	423,972,922 6.2%	399,152,651 11.9%	582,172,492 8.7%	535,346,611 11.8%
Change from 1 January Net technical provisions Change from 1 January	423,972,922 6.2% 145,775,664 19.9%	399,152,651 11.9% 121,618,337 12.6%	582,172,492 8.7% 268,963,371 18.5%	535,346,611 11.8% 226,914,678 12.5%
Change from 1 January Net technical provisions Change from 1 January Shareholders' equity	423,972,922 6.2% 145,775,664	399,152,651 11.9% 121,618,337	582,172,492 8.7% 268,963,371	535,346,611 11.8% 226,914,678
Change from 1 January Net technical provisions Change from 1 January	423,972,922 6.2% 145,775,664 19.9% 152,404,823	399,152,651 11.9% 121,618,337 12.6% 153,740,161	582,172,492 8.7% 268,963,371 18.5% 172,963,634	535,346,611 11.8% 226,914,678 12.5% 174,087,057

Table 1: Performance highlights for the first half of 2009

1.2 Sava Re Group and associated companies

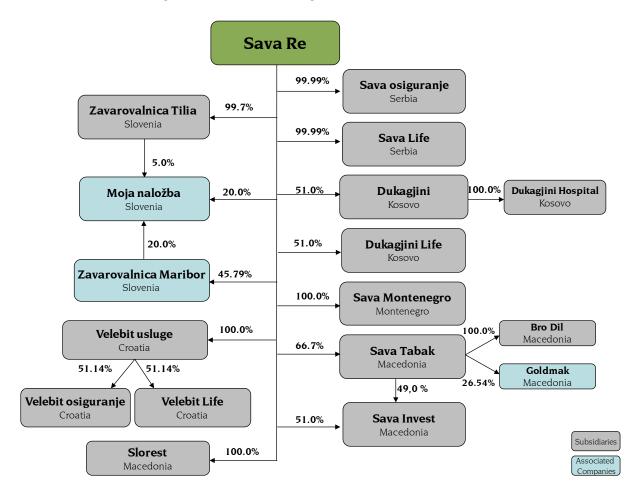


Chart 1: Sava Re Group and associated companies as at 30 June 2009

The companies Velebit usluge, Dukagjini Hospital and Slorest have been established for specific projects of the Sava Re Group and do not carry on insurance business.

1.2.1 Sava Re Profile

2.	Company name: Registered office: Telephone:	Sava Reinsurance Company d.d. Dunajska 56, 1000 Ljubljana, Slovenia +386 (1) 47 50 200
4.	Facsimile:	+386 (1) 47 50 264
	E-mail:	<u>info@sava-re.si</u>
6.	Company ID number:	5063825
7.	Tax number:	17986141
8.	Court register of the	
	Ljubljana District Court	Entry no. 1/01413/00
9.	Company objects:	reinsurance business
10	. Business activity code:	65.200
11	. Year established:	1977
12	. Share capital	EUR 39,069,099.48
13	. No. of non-par value shares:	9.362.519
14	. Share listing:	Ljubljana Stock Exchange – standard market

Management Board

Members of the Management Board at 30	June 2009
Chairman of the Management Board:	Mag. Zvonko Ivanušič
Member of the Management Board:	Jošt Dolničar
Member of the Management Board:	Srečko Čebron

In accordance with the Articles of Association of Sava Re, the Company is managed and represented by a two-to-five member management board. In its business dealings, the Company is represented jointly by at least two members.

On 14 October 2008, the Supervisory Board elected Mag. Zvonko Ivanušič as Chairman of the Management Board. The term of office of Mag. Zvonko Ivanušič and Jošt Dolničar started on 31 December 2008, while Srečko Čebron started his function of Board Member on 1 February 2009.

Supervisory Board

Pursuant to its Articles of Association and the applicable legislation, Sava Re's Supervisory Board 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. Supervisory Board members are appointed for a term of up to four years and may be re-elected. There was a change in the composition of the Supervisory Board in the first half of 2009. In its correspondence session on 31 March 2009, the Supervisory Board of Sava Re was presented with the irrevocable resignation of Mag. Marko Pogačnik from the function of Chairman and Member of the Supervisory Board and elected from among its own numbers Dr. Timotej Jagrič, then Deputy Chairman of the Supervisory Board, new Chairman as from 31 March 2009. Furthermore, the Supervisory Board elected Dr. Edo Pirkmajer, then Member of the Supervisory Board, new Deputy Chairman of the Sava Re Supervisory Board. The term of office of all Supervisory Board members who were shareholder representatives expired on 13 July 2009.

Supervisory Board Members as at 30 June 2009:

Chairman:Dr. Timotej JagričDeputy Chairman:Dr. Edo PirkmajerMember:Anton SagadinMember (employee representative):Mag. Aleš MirnikMember (employee representative):Nada Zidar

General Meeting of Shareholders

The General Meeting of Sava Re was convened once in the first half of 2009; however, the Management Board upon request of the largest shareholder, the Slovenian Restitution Fund, issued a cancellation of the notice for the 22nd General Meeting of Shareholders to be held originally on 16 March 2009.

1.3 Shareholders and share trading

As at 30 June 2009, 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 a dematerialised form and entered in the central securities registry under the POSR symbol. All pertain to the same class and are freely transferable without restrictions. The Sava Re Management Board is not aware of any shareholders' agreements restricting share transferability.

Sava Re shares are traded in the standard market of the Ljubljana Stock Exchange d.d. Ljubljana.



Chart 2: Trading in the POSR share in the 6 months to 30 June 2009

In the 6 month period to 30 June 2009, the price of Sava Re shares moved in line with trends on the Ljubljana stock exchange. In this period the price of the Sava Re share increased by 24.7%, while the SBI20 index went up by 16.5%.

At 30 June 2009, Sava Re had 5,759 shareholders; at 31 March 2009, 5,658 shareholders, at 31 December 2008, 5,678 shareholders and at 30 June 2008, the Company had 5,896 shareholders.

As at 30 June 2009, Sava Re held 210 treasury shares, which represents 0.002% of all shares outstanding. In the first half of 2009, the Company did not buy back any shares.

The table below shows the top ten shareholders of Sava Re as at 30 June 2009.

Table 2: Top ten Sava Re shareholders	as at 30 June 2009
---------------------------------------	--------------------

Shareholder		
	No. of shares	Holding
Slovenska odškodninska družba, d.d.	2,340,631	25.0%
Abanka d.d.	577,000	6.2%
Poteza naložbe d.o.o.	468,125	5.0%
Nova KBM d.d.	435,925	4.7%
Zavarovalnica Maribor	416,433	4.5%
Vuković Slaven	340,000	3.6%
Kapitalska družba d.d ZVPSJU ¹	320,346	3.4%
KD Galileo, fleksibilna struktura naložb	250,000	2.7%
Kapitalska družba d.d SODPZ ²	238,109	2.5%
NFD 1 delniški investicijski sklad d.d. Source: Central securities registry KDD d.d.	211,000	2.3%

Source: Central securities registry KDD d.d.

As at 30 June 2009, 95.0% of shareholders were domestic and 5.0% were foreign.

Table 3: Sava Re Shareholders as at 30 June 2008 by type

	Domestic investors	Foreign investors
Banks	15.3%	0.8%
Investment and mutual funds	16.0%	0.3%
Insurance companies and pension funds	15.4%	0.0%
Other financial institutions ³	31.0%	0.0%
Individuals	13.4%	3.8%
Other commercial companies	4.0%	0.1%
Total	95.0%	5.0%

Source: Central securities register KDD d.d. and own sources

¹ Closed Mutual Pension Fund for Civil Servants

² Compulsory Supplementary Pension Insurance Fund

³ Slovenian Restitution Fund, stock broking firms and such like

As at 30 June 2009, members of the Management and the Supervisory Board held 2,105 shares or 0.022% of all shares outstanding.

Table 4: POSR shares held by Management/Supervisory Board members as at 30 June 2009

	No. of shares	Holding
Management Board		
Mag. Zvonko Ivanušič	1,071	0.011%
Jošt Dolničar	357	0.004%
Supervisory Board		
Dr. Edo Pirkmajer	570	0.006%
Nada Zidar	107	0.001%
Total	2,105	0.022%

Source: Central securities register KDD d.d.

As at 30 June 2009, the net loss per share was EUR 0.70^4 . The consolidated net loss per share was EUR 1.61.

As at 30 June 2009, the book value per share was EUR 16.28⁵. At 30 June 2009, the consolidated book value per share was EUR 18.47.

Table 5: Trading in the POSR share on the stock exchange

Share price as at 30 June 2009 (EUR)	14.33
Turnover in 2009 (EUR)	3,289,300
Average price in 6 months to 30 June 2009 (EUR)	11.75
Period low in 6 months to 30 June 2009 (EUR)	9.4
Period high in 6 months to 30 June 2009 (EUR)	14.52

The Company paid no interim dividend in 2009.

The Company has no contingent capital.

By decision of the 20th General Meeting of the controlling company of 14 April 2008, EUR 10,145,464 of the then authorised capital of EUR 16,404,853 is yet to be subscribed.

⁴Net profit/loss for the period to no. of shares (no. of shares excl. treasury shares 9,362,309)

⁵Equity at 30 June 2009 to no. of shares (9,362,519)

1.4 Significant events and achievements in the first half of 2009

- At the beginning of the year, the Company launched a new corporate design. The new design will be used on the Group level.
- > On 1 February 2009, Srečko Čebron started his function of Board Member of Sava Re.
- On 17 February 2009 Sava Re bought from Zavarovalnica Maribor d.d. 100% of Velebit usluge d.o.o., Zagreb, who is the majority owner of Velebit osiguranje d.d. and Velebit životno osiguranje d.d. The two insurers started operating in December 2007 and January 2008 respectively. Velebit osiguranje is a general insurer writing all non-life lines of business. In its first year of operation (2008), the Company wrote gross premiums of EUR 5.2m, representing a market share of 0.5% of the relatively well developed Croatian non-life insurance market. Velebit životno osiguranje (Velebit Life) writes exclusively life insurance, beginning with predominantly traditional life products. In its first year (2008), the life insurer wrote gross premiums of EUR 1.1m, corresponding to a market share of 0.3% of all life insurers in Croatia. On 12 February 2009, the Croatian insurance supervision agency HANFA issued its licence for an indirect acquisition of 51.14% of Velebit osiguranje d.d. and Velebit životno osiguranje d.d. Sava Re already appointed representatives to the Supervisory Boards of the insurers and thus took control of both companies.
- In its correspondence session on 31 March 2009, the Supervisory Board of Sava Re was presented with the irrevocable resignation of Mag. Marko Pogačnik from the function of Chairman of the Supervisory Board and elected from among its own numbers Dr. Timotej Jagrič, then Deputy Chairman of the Supervisory Board, new Chairman as from 31 March 2009. The Supervisory Board elected Dr. Edo Pirkmajer, then Member of the Supervisory Board, new Deputy Chairman of the Sava Re Supervisory Board.
- ➤ As in 2008, there have been hail storms in 2009 that caused extensive damage in north-eastern Slovenia. Our cedants incurred storm losses of EUR 22.7m, which impacted the half-yearly result of Sava Re by EUR 5.8m.

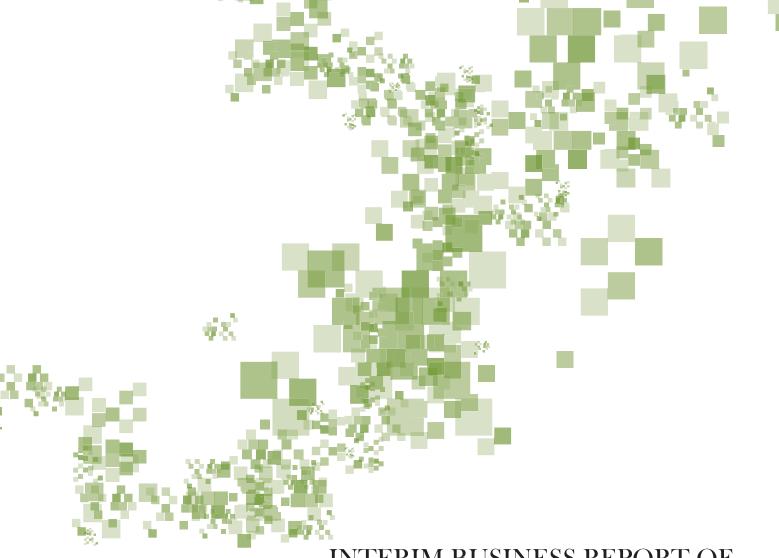
1.5 Significant events after the close of the financial period

On 3 July 2009, the 22nd General Meeting of Sava Re was held at the conference hall on the ground floor or the TR3 office building, Trg republike 3, Ljubljana, in which the General Meeting elected, for a new four-year term of office, four members of the Supervisory Board to start their term of office on 14 July 2009. The new members to the Supervisory Board – shareholder representatives – are Branko Tomažič, Mateja Lovšin Herič, Mag. Mateja Treven and Dr. Slaven Mićković.

The General Meeting was presented the annual report for 2008 with the auditor's opinion and written report of the Supervisory Board to the annual report and the annual report on internal auditing for 2008 with the opinion of the Supervisory Board. The General Meeting decided on the discharge for 2008 to the Management Board and the Supervisory Board, about amendments to the Articles of Association, on amending the General Rules of Procedure and on reducing attendance fees for the Chairman and members to the Supervisory Board. The Auditor appointed for the 2009 financial year was KPMG Slovenija, podjetje za revidiranje d.o.o., Železna cesta 8a, Ljubljana.

A challenging action was announced to agenda point 4 (Election of members to the Supervisory Board).

- At its meeting on 20 July 2009, the new members of the Sava Re Supervisory Board met in a constitutive meeting and elected Branko Tomažič Chairman of the Supervisory Board and Mateja Lovšin Herič as Deputy Chairman. Furthermore, the Supervisory Board appointed from among its members two members to the Audit Committee: Mag. Mateja Treven as Chairman and Dr. Slaven Mićković as Member. As the third, independent external member of the Audit Committee, Mag. Blanka Vezjak was appointed in a correspondence session on 3 August 2009.
- ➤ The storms that hit Slovenia again in early August, resulted in claims for Sava Re cedants of about EUR 0.9m. We expect that this will have a negative impact on the Sava Re results of EUR 0.2m. Summer storms are the most likely events that could impact the Sava Re results up until the end of 2009.



INTERIM BUSINESS REPORT OF SAVA RE D.D.

۹ ب



2 SAVA RE TECHNICAL REVIEW

2.1 Net premiums earned

In the first half of 2009, Sava Re wrote gross premiums of EUR 86.5m, which is 27.2% more than in the 2008 interim period (six months to 30 June). Net premiums written⁶ grew 24.9% compared with last year's interim figures. Net premiums earned⁷ increased by 21.2% compared with 2008 interim figures.

(EUR)	First half 2009	First half 2008	Index	Structure 2009
Gross premiums written - Slovenia	52,120,144	48,019,395	108.5	60.2%
Gross premiums written - international	34,427,032	20,027,408	171.9	39.8%
Total gross premiums written	86,547,176	68,046,803	127.2	100.0%
Total net written premium	71,841,108	57,536,360	124.9	100.0%
Change in net unearned premiums	~10,044,014	-6,536,650	153.7	
Net premiums earned	61,797,094	50,999,710	121.2	

Table 6: Net earned premiums in the first half of 2009

Gross premiums written from Slovenian cedants grew by 8.5%, while foreign-sourced gross premiums grew by 71.9%. The faster premium growth in foreign-sourced business compared with domestic business reflects the long-term strategy of balancing these two geographic segments in the structure of reinsurance portfolios. After the first half of 2009, foreign-sourced premiums accounted for 39.8% of premiums, which is as much as 10.4 percentage points more than in the interim period last year.

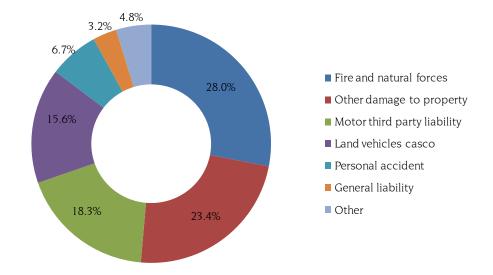
Like at the end of the first quarter 2009, the high growth in foreign-sourced premium is the result of a change in the premium recording system in the Sava Re financial statements, which was introduced in the second quarter of 2008. The effect of the change in premium recording will disappear by the end of the 2009 financial year. If we used the method for estimating gross premiums applied in the first half of 2008, gross premiums written would show a growth of 16.25%, while foreign-sourced premium would record growth of 30.1%.

Both, premiums assumed from Slovenian cedants as well as foreign-sourced premiums, reached, after 6 months of 2009, about 60% of the planned annual premium.

The two main Slovenian cedants Zavarovalnica Maribor and Zavarovalnica Tilia account for 95% of the total domestic gross written premium. Gross premiums written by Zavarovalnica Maribor grew by 6.7% compared with interim figures last year, while gross written premiums of Zavarovalnica Tilia rose by 16.7%.

⁶ Net premiums written = gross premiums written - premiums ceded to reinsurers

⁷ Net premiums earned = net premiums written + change in net unearned premiums



Graph 1: Gross premiums written after first half of 2009 by class

In the classes that exceeded EUR 1m in premium, the largest absolute interim growth was recorded in fire and natural forces (EUR 8.9m, 57.6%) in other damage to property (EUR 6.3m, 44.9%) and in land vehicles casco (EUR 1.2m; 10.2%). The increase in the share of fire and other damage to property is a result of the growth in foreign-sourced business where these classes have a dominant position.

The change in net unearned premiums, which together with net premiums written form net premiums earned, in the 6 months to 2009, was an increase of EUR 10.0m. We estimate that this change will be about the planned figure by the end of 2009.

2.2 Net claims incurred

In the first half of 2009 Sava Re recorded gross claims paid of EUR 46.0m, which is an increase by 31.1% compared with the interim period last year. Net claims paid⁸ decreased by 3.3% compared with the same period last year. Net claims incurred⁹ increased by 45.8% compared with the interim period last year.

(EUR)	First half 2009	First half 2008	Index	Structure 2009
Gross claims paid - Slovenia	34,236,973	23,615,583	145.0	74.4%
Gross claims paid - international	11,772,279	11,487,540	102.5	25.6%
Total gross claims paid	46,009,253	35,103,123	131.1	100.0%
Total net claims paid	31,559,134	32,645,437	96.7	100.0%
Change in net provision for outstanding claims	14,183,887	-1,270,353	-1.116.5	
Net claims incurred	45,743,021	31,375,084	145.8	

Table 7: Net claims incurred in the first half of 2009

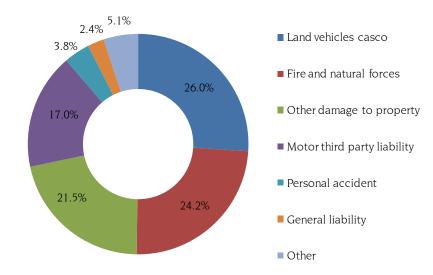
Domestic gross claims paid rose by 45.0% (premiums by 8.5%), while foreign gross claims paid were higher by 2.5% (premiums grew 71.9%).

The rise in claims in the first half of 2009 is a result of claim payments made for the summer storms in 2008; however, this had no effect on claims incurred due to reduced claims provisions in this regard.

The largest share of domestic gross claims paid are from the cedant Zavarovalnica Maribor (77.1%), an increase of 59.9% compared with the interim period last year. In the second largest domestic cedant Zavarovalnica Tilia, an increase in gross claims paid of 15.5% was recorded (gross premiums increased by 16.7%).

 $^{^{8}}$ Net claims paid = gross claims paid - reinsurers' share of claims

⁹ Net claims incurred = net claims paid - change in net provisions for outstanding claims



Graph 2: Gross claims paid after first half of 2009 by class

The structure of gross claims paid by class of insurance changed slightly in the first half of 2009 compared with the 2008 interim period when the majority of claims were motor TPL (23.5%), land vehicles casco (23.0%) and fire and natural forces (20.6%). The largest increase in absolute terms was recorded in land vehicles casco (EUR 4.6m) and fire and natural forces (EUR 3.9m). The change in the structure is the result of the claim payments made in relation to the summer hail storms in north-eastern Slovenia in 2008.

Net claims paid were 3.3% lower than in the same period last year. In the 2008 interim period there were no larger claims that would impact our retrocessionaires; therefore, the share of retroceded claims was significantly lower. In this year's interim period, the claims relating to last year's storms were paid, and as these were to a large extent covered by retrocessionaires, net claims paid were lower than in the 2008 interim period.

The change in the net claims provision, which together with net claims paid constitutes net claims incurred, was an increase of EUR 14.2m. This increase is due to the storms in 2009 and the increase in foreign business. Claim payments for past underwriting years were made from provisions, which is why they had no impact on net claims incurred (despite their strong effect on the gross claims paid index).

2.3 Technical provisions

(EUR, except indices)	30 June 2009	31 December 2008	Index
Gross unearned premiums	55,372,327	41,967,178	131.9
Gross provision for claims	123,023,183	116,458,980	105.6
Provision for bonuses, rebates and cancellations	239,397	309,973	77.2
Other gross technical provisions	572,879	572,878	100.0
Total gross technical provisions	179,207,786	159,309,009	112.5
Net unearned premiums	49,262,890	39,218,876	125.6
Net claims provision	95,736,985	81,553,098	117.4
Net provision for bonuses, rebates and			
cancellations	239,397	309,973	77.2
Other net technical provisions	536,392	536,391	100.0
Total net technical provisions	145,775,664	121,618,338	119.9

Table 8: Movement in gross and net technical provisions in the first half of 2009

The total gross technical provisions increased by 12.5% from the beginning of the year; while total net technical provisions grew by 19.9%. The faster increase in net than gross provisions is a result of the movements in gross and net claims provisions, as explained below.

Gross unearned premiums grew by 31.9% in the first half of 2009 (H1 2008: 22.7%), while net unearned premiums grew by 25.6% (H1 2008: 19.0%). We expect that following the usual annual dynamics, unearned premiums will show a lower amount at the year end.

The gross claims provision grew by 5.6% in the first half of 2009, while the net claims provision grew by 17.4%. Of this the gross domestic claims provision shrank by 1.2%, which is primarily the result of remaining payouts relating to the summer storms and the established provision at the beginning of the year; on the other hand, the net claims provision for domestic business increased by 9.1%. These opposing movements are due to claim payments made by retrocessionaires; because of the time lag, retrocession receivables were larger than gross claim payments. Accordingly, the retroceded claims provision for Slovenian cedants decreased and, consequently, the net claims provision (difference between gross and retroceded claims provision) for Slovenian cedants also increased. The gross claims provision for foreign business increased by 23.9%, the net claims provisions by 33.9% in line with the growth of this segment; however, the faster increase in net compared with gross provisions is again due to the partial settlements of retrocessionaires relating to the Kyrill storm in 2007.

The net provision for bonuses, rebates and cancellations remains relatively low and moves in line with the unearned premium of business for which provisions are set aside (Quota Share of Zavarovalnica Tilia and Prva kreditna zavarovalnica). The reduction in the first half of 2009 is a result of the cancelled business with Prva kreditna zavarovalnica at the end of 2008. The provision for unexpired risks is the only subitem of other technical provisions. Due to their unreliable calculation based on quarterly incurred loss ratios, these provisions are not changed during the year.

The equalisation provision and provision for earthquakes are included under share premium.

3 FINANCIAL REVIEW OF SAVA RE

3.1 Investments of Sava Re

As at 30 June 2009, invested assets of Sava Re stood at EUR 276.2m¹⁰. Compared with 30 June 2008, invested assets decreased by 10.5%, while compared with 31 December 2008 they remained on the same level. However, if we take into consideration the large amount of cash and cash equivalents¹¹ at 30 June 2009 due to disposals of mutual funds that were to be reinvested in the following days, invested assets can be said to have increased by 3.5% or by more than EUR 9m compared with 31 December 2008.

The net increase in investments relative to the end of 2008 is a result of positive fair value adjustments and of positive cash-flows from reinsurance activities.

Also in 2009 the investment policy of Sava Re was adjusted to conditions in capital markets. Accordingly, due to the persisting negative trends and the high volatility in capital markets in the first quarter, the investment strategy remained conservative. The Company sought investments that allowed it to minimise market risks while still earning acceptable returns. In the second quarter, in response to positive trends in capital markets, the Company realised short-term gains from equities and mutual funds.

In the 2009 interim period, there was some growth in the share of deposits in the portfolio composition, while the increase in the share of equity securities is due to positive exchange rate impacts. The substantial decrease in mutual funds is the result of realising and disposing part of these investments. Funds so obtained were gradually reinvested in highly liquid debt securities. The increase in strategic investments is primarily a result of the acquisition of Velebit usluge, a company that controls two insurers Velebit osiguranje and Velebit Life, and the capital increase made in Sava Montenegro.

¹⁰ Includes balance sheet items: *Investment property*, *Financial investments in Group companies and in associates* and the item *Financial investments*. The latter does not include Sava Re deposits with cedants of EUR 5.8m.

¹¹ Funds were held in overnight deposits with the Company's main bank. Thus the Company maintained high liquidity at terms comparable to those offered by banks for short-term deposits in that period.

(EUR, except percentages)	As at 30 June 2009	Structure 30 June 2009	As at 31 December 2008	Structure 31 December 2008	Index
Deposits and CDs	40,934,227	14.3%	38,207,922	13.8%	107.1
Bonds	110,457,076	38.7%	114,987,027	41.7%	96.1
Shares	15,623,008	5.5%	14,693,075	5.3%	106.3
Mutual funds	19,739,850	6.9%	29,759,367	10.8%	66.3
Strategic shares	87,295,004	30.6%	74,999,030	27.2%	116.4
Other	2,151,425	0.8%	3,260,566	1.2%	66.0
Total investments	276,200,590	96.7%	275,906,987	100.0%	100.1
Cash and cash equivalents	9,402,177	3.3%	11,454	0.0%	82.086.4
Total investments and cash and cash equivalents	285,602,767	100.0%	275,918,441	100.0%	103.5

Table 9: Total investments of Sava Re

3.2 Return on investments of Sava Re

Total return on investments of Sava Re in the first half of 2009 was -2.7%, down 7.7 percentage points compared with the interim period last year. Compared with the first quarter 2009, however, it improved by 5 percentage points (31 March 2009: -7.7%). The return on the liability fund (assets backing technical provisions) was 2.5% in the first half of 2009 (last year: 2.9%); the return on the capital fund (assets not required to cover technical provisions) was -5.8% (last year: 6.3%).

This year's negative investment return is mainly a result of capital losses realised with investments in mutual funds due to negative trends in capital markets in the first quarter 2009 and a result of a write-down of goodwill made in Sava Montenegro.

	30 June 2009	31 December 2008	30 June 2008
Deposits and CDs	4.6%	4.6%	3.4%
Bonds	3.1%	2.1%	3.2%
Shares	2.2%	20.4%	51.8%
Mutual funds	-34.0%	-15.4%	0.4%
Strategic shares	-2.6%	-1.7%	0.5%
Other	6.7%	-59.1%	82.2%
Total	-2.7%	-1.0%	5.0%

Table 10: Investment return of Sava Re

The investment return is based on average values of the portfolio on the last day of each quarter and net income for the period.

4 MAJOR ITEMS OF THE INCOME STATEMENT AND BALANCE SHEET

(EUR, except indices)			
	30 June 2009	30 June 2008	Index
Net premiums earned	61,797,094	50,999,710	121.2
Investment income (including income from			
affiliated companies)	6,997,510	11,386,336	61.5
Net claims incurred	45,743,021	31,375,084	145.8
Operating expenses excluding acquisition			
costs	3,187,156	5,658,432	56.3
Investment expenses (including expenses			
of affiliated companies)	10,640,759	4,274,235	249.0
Profit/loss for the period	-6,516,930	5,732,409	-313.7
		31 December	
	30 June 2009	2008	
Total assets	423,972,922	399,152,651	106.2
Equity	152,404,823	153,740,161	99.1

Table 11: Major items of the income statement and balance sheet for the first half of 2009

Net premiums earned increased by 21.2% compared with the first half of 2008. The increase in earned premiums is due to the growth in foreign-sourced gross premiums and is in line with planned figures.

Investment income was 38.5% lower than in the same period last year. The large income in the first half of 2008 was mainly due to gains realised in the sale of Zavarovalnica Triglav shares and Slovenian government bonds, while in the first half of 2009, the Company did not realise any significant capital gains due to the conditions in capital markets.

Net claims incurred increased by 45.8% compared with the same period last year. This increase was both due to claims paid and provisions made in relation to the domestic portfolio impacted by hail storms in 2009. Despite the worse climate changes, incurred claims have remained within planned amounts.

Operating expenses decreased by 43.7% compared with the same period last year, which is largely because in the first half of 2008, the initial public offering expenses were still booked to operating expenses, while at the end of 2008 they were taken to share premium. Half-yearly operating expenses did not reach 50% of operating expenses planned for the year. Expenses are dealt with in detail in the notes to the accounts (note 19).

The substantially higher **investment expenses** in the interim period are predominantly a result of capital losses realised in the sale of mutual funds including their impairment in the first quarter, and the write-down of goodwill in the subsidiary Sava Montenegro.

After six months of 2009, the **result after tax** is a loss. This reflects the trends mentioned above (the hail storms and the global financial crisis). The reason for the interim loss of Sava Re is the impact of the loss of the cedant Zavarovalnica Maribor on the reinsurance

portfolio. If Zavarovalnica Maribor had met planned targets, Sava Re's results would have been better than planned ones.

Total assets at 30 June 2009 increased 6.2% compared with 31 December 2008. *Receivables* increased 44.0% and followed the increase in gross premiums written (27.2%). The large balance in cash and cash equivalents is a result of the capital gains realised in the sale of mutual funds. Funds were reinvested in the following days; in the meantime they were held in overnight deposits with the Company's main bank. Thus the Company maintained high liquidity at terms comparable to those offered by banks for short-term deposits in that period. At the end of the 2009 interim period, total assets were within planned amounts.

The equity of Sava Re at 30 June 2009 decreased by 0.9% compared with 31 December 2008. *Profit reserves* decreased by EUR 615,609 due to releases from credit risk equalization reserves. The revaluation surplus improved from EUR -10.6m to EUR -5.4m in the first half of 2009, the Company sold some financial instruments; on the other hand, some investments recorded a positive revaluation surplus due to increases in market prices. When preparing annual planning documents for 2009, the Company – due to a lack of information coupled with an exceptionally volatile financial and insurance environment – had difficulties making an estimate of the amount of revaluation surplus and the net result for the year. Therefore, it is difficult to compare the planned equity at 31 December 2009 with the realised figure at 30 June 2009.

5 RISK MANAGEMENT

5.1 Capital inadequacy risk

Sava Re and its subsidiaries all meet capital adequacy requirements as per local regulations. Sava Re has a relatively large surplus of available solvency margin over the required solvency margin relative to the current size of the Sava Re Group. This is why the sum of the available solvency margins of the Sava Re Group members is substantially larger than the sum of the required solvency margin, and the risk of capital inadequacy is negligible.

5.2 Underwriting risk

All subsidiaries assume risks from policyholders and transfer any excess risks to Sava Re. Sava Re also assumes risks from other cedants; any excess is retroceded to other reinsurers.

Due to underwriting process risk, losses are incurred because of incorrect selection and approval of risks to be (re-)insured. This risk is mainly mitigated by following established or prescribed underwriting procedures, underwriting guidelines and instructions, by

maintaining a system of powers, an adequate pricing and reinsurance policy, and through actuarial reviews.

Pricing risk is the risk that (re)insurance premiums charged will be insufficient to cover liabilities under (re)insurance contracts. In the Sava Re Group, pricing risk is mainly controlled by using actuarial analyses of loss ratios, monitoring their trends and by making adequate corrections.

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 appropriate insurance conditions and pricing, adequate underwriting, controlling risk concentration, and especially adequate reinsurance programs for subsidiaries and an adequate retrocession programme for Sava Re.

Net retention risk is the risk that higher retention of insurance loss exposures results in losses due to catastrophic or concentrated claims experience. Sava Re Group members mitigate this risk by setting appropriate maximum net retention limits and by designing adequate reinsurance or retrocession programmes.

Reserving risk is the risk that technical provisions are inadequate. Sava Re manages reserving risk by comparing historic reserving figures with actual amounts, by applying the latest actuarial methods and by adopting a conservative approach in setting the levels of technical provisions.

5.3 Market, liquidity and credit risk

Sava Re Group members are, in their business operations, exposed to various market risks. Interest rate risk is managed by asset-liability matching and by natural hedging¹². Equity securities risk is mitigated mainly by diversification of investments in terms of issuer, industry and geographical area. Currency risk is mitigated by directly matching the currency structure of assets and liabilities. Concentration risk is mitigated through diversification of the investment portfolio. Assets are placed in different types of investments (time deposits, debt and equity securities, structured products, mutual funds, etc.). The bond portfolio is diversified by issuer. Issuers include Slovenian and foreign government bonds, banks and corporations, as well as Slovenian and foreign issuers. The equity portfolio is diversified by issuer, credit rating and by geographical area; mutual funds are diversified directly and indirectly.

Sava Re mitigates the liquidity risk primarily through investing a large proportion of its funds in highly liquid marketable securities that can be converted to cash at any time. In the event of large losses, liquidity is safeguarded through the so-called "cash call"¹³ clauses incorporated within reinsurance treaties between a ceding company and Sava Re or Sava Re and its retrocessionaire. In addition, contracts are in place providing credit lines at call.

¹² Investments in variable-interest bonds

¹³ Settlement of claims by reinsurers before presentation of regular accounts aimed at ensuring liquidity in the event of large losses.

Members of the Sava Re Group may be exposed to credit risk in case of a default by issuers of securities and by reinsurers. Issuer risk is mitigated through investing funds only in (i) deposits with banks with high credit rating, (ii) debt securities issued exclusively by issuers with an adequate rating, and adequately liquid equity securities of companies with sufficient market capitalisation. In addition, all relevant local laws and other regulation are complied with and local market features taken into account.

As a rule, insurance companies in the Group place reinsurance directly with Sava Re, unless their local regulator requires them to place reinsurance with local reinsurers. Therefore, the main exposure of the Sava Re Group to default risk relates to the retrocession of Sava Re. This risk is mitigated through building a diversified retrocession portfolio of established and adequately rated reinsurers.

5.4 Operational risks

Operational risk includes human capital risk, management control risk, system risk, process risk and legal risk.

The Sava Re Group members mitigate operational risk by setting up adequate ITsupported procedures and controls in the most important areas of its operation In addition, this risk is managed through the internal audit function and through staff training.

5.5 Uncertainty risk up until the end of 2009

We expect that in the remaining six months of the year, the exposure of Sava Re to risks will not change significantly. Due to the nature of its business, the main risks that the reinsurance company is exposed to are underwriting risks followed by market risks. The realisation of underwriting risks is fortuitous and only for certain classes of insurance seasonal. A larger realisation of risks could only be expected due to an increased frequency of storms with massive losses and due to additional unfavourable trends in financial markets.

The statement under point 8.1 that Sava Re has a large surplus of available solvency margin over required solvency margin, is made based on current regulations and in accordance with Solvency I. Standard & Poor's calculates capital adequacy according to its own model. Based on this model, the capital adequacy of Sava Re is just within A-. If the Group continues expanding without additional capital, the rating of the parent company could fall below currently A-.

6 EMPLOYEES

In the first half of 2009 we employed six new staff. Srečko Čebron started his function as member of the Management Board and the Management Board employed a new assistant. In addition to this new employment, there is a new staff member in Controlling, one in the reinsurance department and two in Finance and Accounting. Due to internal reassignment, one person was hired for General Affairs. One staff member's temporary employment contract expired.

At 30 June 2009, Sava Re employed 64 people, at 31 December 2008, 58, and at 30 June 2008, Sava Re employed 59 people.

Table 12: Sava Re's employees as at 30 June 2009

Degree of formal	Total	Men	Women
education			
Primary and lower	1	1	0
secondary (I-IV)			
Secondary (V)	14	0	14
Higher (VI)	4	4	0
University (VII)	32	16	16
Master's degree (VIII)	13	9	4
Total	64	30	34

Table 13: Sava Re's employees as at 30 June 2009

Degree of formal education	First half 2009	First half 2008	Index
Primary and lower secondary (I-IV)	1	1	100.0
Secondary (V)	14	15	93.3
Higher (VI)	4	6	66.6
University (VII)	32	28	114.3
Master's degree (VIII)	13	9	144.4
Total	64	59	108.5

As at 30 June 2009, the Group employed 1,424 people. The increase is a result of new companies in the Group and reorganisations in all subsidiaries.

7 RELATED PARTY TRANSACTIONS

Sava Re reinsures the portfolios of the following insurers (related parties):

- Zavarovalnica Tilia
- Dukagjini
- Dukagjini Life
- Sava Tabak
- Sava Montenegro
- Velebit osiguranje
- Velebit Life
- Zavarovalnica Maribor

Investments in and receivables due from Group companies as at 30 June 2009

(EUR)		Zavarovalnica	Sava			Sava		
		Tilia	Osiguranje	Dukagjini	Sava Tabak	Montenegro	Dukagjini Life	Total
Debt securities and loans	gross	1,627,039	500,000	400,000	0	0	0	2,527,039
granted to Group	value adjustment	0	0	0	0	0	0	0
companies	net	1,627,039	500,000	400,000	0	0	0	2,527,039
Receivables for	gross	5,185,073	0	318,038	592,910	104,333	422	6,200,776
premiums arising out of	value adjustment	0	0	0	0	0	0	0
reinsurance assumed	net	5,185,073	0	318,038	592,910	104,333	422	6,200,776
	gross		0					0
Long-term receivables	value adjustment							0
	net	0	0	0	0	0	0	0
Total		6,812,112	500,000	718,038	592,910	104,333	422	8,727,815

Liabilities to Group companies as at 30 June 2009

(EUR)	Zavarovalnica			Sava		
	Tilia	Dukagjini	Sava Tabak	Montenegro	Dukagjini Life	Total
Liabilities for shares in reinsurance claims	3,158,260	42,544	38,850	0	0	3,239,654
Other short-term liabilities	1,313,351	72,386	41,082	30,057	81	1,456,956
Total (excl. provisions)	4,471,611	114,930	79,932	30,057	81	4,696,610

Income and expenses from business with Group companies in the 6 months to 30 June $2009\,$

(EUR)	Zavarovalnica	Sava			Sava		
	Tilia	Osiguranje	Dukagjini	Sava Tabak	Montenegro	Dukagjini Life	Total
Gross premiums written	13,328,269	0	367,007	825,600	219,253	632	14,740,761
Gross claims paid	6,003,207	0	42,544	625,528	0	0	6,671,279
Income from subrogation receivables	~199,548	0	0	0	0	0	-199,548
Other operating expenses	39,850	0	0	0	0	0	39,850
Acquisition costs	3,097,468	0	93,982	224,596	30,057	123	3,446,227
Change in deferred acquisition costs	-588,372	0	-27,255	-951	-8,331	-10	-624,919
Income from land and buildings	19,350	0	0	0	0	0	19,350
Interest income	47,417	33,633	7,611	0	0	0	88,661



INTERIM GROUP BUSINESS REPORT





8 GROUP TECHNICAL REVIEW

8.1 Consolidated earned premiums

In the first half 2009, the Sava Re Group wrote EUR 141.2m in gross premiums, up 20.5% compared with the interim period last year. Group companies (included in the consolidated statements last year) saw growth rates averaging over 10% compared with the 2008 interim period. Compared with the same period last year, consolidated net premiums grew by 18.2%, while consolidated net earned premiums increased by 21.3%.

(EUR)	First half 2009	First half 2008	Index
Gross premiums written	141,192,608	117,200,814	120.5
Net premiums written	124,274,946	105,155,640	118.2
Change in net unearned premiums	-15,813,143	-15,731,878	100.5
Net premiums earned	108,461,803	89,423,762	121.3

Table 15: Consolidated gross premiums written by area – first half of 2009

(EUR)	First half 2009	Structure 2009	First half 2008	Structure 2008	Index
Slovenia	79.301.570	56.2%	74,056,561	63.2%	107.1
International	61.891.038	43.8%	43,144,253	36.8%	143.5
Total	141.192.608	100.0%	117,200,814	100.0%	120.5

In the first half of 2009, 56.2% of the consolidated gross premium was written in the Slovenian market (2008 interim period: 63.2%). The share of foreign-sourced premium in the total premium increased by 7 percentage points compared with the interim period last year. This growth in foreign-sourced premium was mainly contributed by Sava Re.

Table 16: Consolidated gross premiums written by segment – first half of 2009

(EUR)	First half 2009	Structure 2009	First half 2008	Structure 2008	Index
Reinsurance business	71,025,855	50.3%	55.794.213	47.6%	127.3
Non-life business	64,989,682	46.0%	55.823.328	47.6%	116.4
Life business	5,177,071	3.7%	5.583.273	4.8%	92.7
Total	141,192,608	100.0%	117.200.814	100.0%	120.5

Gross premiums of the primary insurance segment increased by 14.3% compared with the prior interim period as a result of premium growth in all Group insurance companies, especially in Dukagjini (57.4%) and Sava Tabak (30.8%). Life business shrank by 7.3% compared with the prior interim period because Zavarovalnica Tilia recorded a 7.7% decline in life business (life premiums in the Slovenian insurance market shrank by 1.7%

compared with the 2008 interim period). The growth in reinsurance premium¹⁴ of 27.3% mainly reflects the growth in foreign-sourced reinsurance premium.

Consolidated net premiums written¹⁵ rose by 18.2% compared with the 2008 interim period, which is in line with the growth in gross premiums written.

The change in consolidated net unearned premiums, which together with consolidated net premiums written form net premiums earned, in the 6 months to 2009, was an increase of EUR 15.8m.

Consolidated net premiums earned¹⁶ increased by 21.3% compared with the first half of 2008.

8.2 Consolidated net claims incurred

In the first half of 2009 the Sava Re Group recorded gross claims paid of EUR 69.2m, which is an increase by 29.5% compared with the 2008 interim period. This growth in consolidated gross claims paid is primarily due to the hail storms in Slovenia. Consolidated net claims paid rose 6.7% compared with the 2008 interim period, while consolidated net claims incurred increased by 37.2%.

(EUR)	First half 2009	First half 2008	Index
Gross claims paid	69,181,696	53,430,605	129.5
Net claims paid	54,024,137	50,651,727	106.7
Change in net provision for outstanding claims	16,757,644	932,683	1,796.7
Net claims incurred	70,781,781	51,584,410	137.2

Table 17: Consolidated net claims incurred – first half of 2009

Table 18: Consolidated gross claims paid by area – first half of 2009

(EUR)	First half 2009	Structure 2009	First half 2008	Structure 2008	Index
Slovenia	47,275,530	68.3%	34,330,681	64.3%	137.7
International	21,906,166	31.7%	19,099,924	35.7%	114.7
Total	69,181,696	100.0%	53,430,605	100.0%	129.5

Consolidated gross claims paid relating to domestic business increased by 37.7% compared with the 2008 interim period. Sava Re and Zavarovalnica Tilia recorded a high increase in claims owing to the storms in north-eastern Slovenia. All other Group

¹⁴ The consolidated reinsurance premium is calculated as the gross written premium of Sava Re less premiums received from subsidiaries.

¹⁵ Consolidated net premiums written = consolidated gross premiums written - premiums ceded to reinsurers

¹⁶ Consolidated net premiums earned = consolidated net premiums written + change in consolidated net unearned premiums

companies also recorded an increase in gross claims paid, but in line with premium growth. In the subsidiary Sava Montenegro, the increase in claims is a result of claim payments made for the period prior to joining the Sava Re Group whereby it decreases potential claims and legal expenses.

(EUR)	First half 2009	Structure 2009	First half 2008	Structure 2008	Index
Reinsurance	39,104,955	56.7%	29,321,968	54.9%	133.4
Non-life business	29,080,066	42.2%	23,330,046	43.7%	124.6
Life business	768,462	1.1%	778,591	1.5%	98.7
Total	68,953,483	100.0%	53,430,605	100.0%	129.1

Table 19: Consolidated gross premiums written by segment – first half of 2009

Gross claims paid increased by 23.8% as a result of increases in claims across the Group. The reason for the increase is described earlier.

Consolidated net claims paid¹⁷ rose by 6.7% compared with the 2008 interim period. The slower growth in net claims compared with gross claims is due to the parent company which saw a reduction in net claims paid of 3.3% compared with the 2008 interim period. In the 2008 interim period there were no larger claims that would also impact the retrocessionaires of Sava Re; therefore, the share of retroceded claims was significantly lower. Also, in this year's interim period, the claims relating to last year's storms were settled, which to a large extent were covered by retrocessionaires.

The change in the consolidated net claims provision, which together with consolidated net claims paid constitutes consolidated net claims incurred, was an increase of EUR 16.8m. This growth primarily relates to the parent company's 2009 storm losses and growth of the international portfolio. Claim payments by Sava Re for past underwriting years were made from provisions, which is why they had no impact on net claims incurred (despite their strong effect on the gross claims paid index).

Consolidated net claims incurred 18 increased by 37.2% compared with the 2008 interim period.

 $^{^{17}}$ Consolidated net claims paid = consolidated gross claims paid - reinsurers' share of claims

¹⁸ Consolidated net claims incurred = consolidated net claims paid - change in consolidated net provisions for outstanding claims

8.3 Consolidated other technical provisions

Table 20: Movement in consolidated gross and net technical provisions in the first half of 2009

(EUR, except indices)		31 December	
	30 June 2009	2008	Index
Gross unearned premiums	102,057,978	78,620,515	129.8
Gross mathematical provisions	12,269,928	10,280,389	119.4
Gross provision for claims	176,317,326	164,740,856	107.0
Provision for bonuses, rebates and cancellations	718,994	523,001	137.5
Other gross technical provisions	3,345,826	2,142,754	156.1
Gross technical provisions for the benefit of policyholders who bear the investment risk	14,145,158	10,748,184	131.6
Total gross technical provisions	308,855,210	267,055,699	115.7
Net unearned premiums	93,438,167	75,407,848	123.9
Net mathematical provisions	12,269,844	10,280,311	119.4
Net claims provision	146,447,026	128,566,501	113.9
Net provision for bonuses, rebates and cancellations	718,994	522,998	137.5
Other net technical provisions	1,944,182	1,388,836	140.0
Net technical provisions for the benefit of policyholders who bear the investment risk	14,145,158	10,748,184	131.6
Total net technical provisions	268,963,371	226,914,678	118.5

Consolidated gross unearned premiums in the 2009 interim period followed the growth of consolidated gross premiums. The growth in gross premiums written contributed 29.8% to the increase in the consolidated gross unearned premiums. Sava Tabak and the parent Sava Re recorded the largest increase in gross unearned premiums, 43.8% and 31.9%, respectively.

The consolidated net technical provisions moved in line with gross items in the 2009 interim period.

9 GROUP FINANCIAL REVIEW

9.1 Investments of the Sava Re Group

As at 30 June 2009, invested assets of Sava Re stood at EUR 309.4m¹⁹. This is an increase of 2.1% compared with 31 December 2008. The growth in the investment portfolio was mainly due to value adjustments in response to growth in domestic and international capital markets.

(EUR)	As at 30 June 2009	Structure 30 June 2009	As at 31 December 2008	Structure 31 December 2008	Index
Deposits and CDs	86,458,372	26.7%	73,288,273	23.1%	118.0
Bonds	142,647,592	44.1%	139,931,335	44.1%	101.9
Shares	18,468,815	5.7%	17,171,723	5.4%	107.6
Mutual funds	24,112,125	7.4%	35,299,560	11.1%	68.3
Strategic shares	26,298,400	8.1%	31,580,979	10.0%	83.3
Other ²⁰	11,402,926	3.5%	5,848,499	1.8%	195.0
Total investments	309,388,229	95.6%	303,120,369	95.5%	102.1
Cash and cash equivalents	14,188,542	4.4%	14,128,967	4.5%	100.4
Total investments and cash and cash equivalents	323,576,771	100.0%	317,249,336	100.0%	102.0

Table 21: Invested assets by the Sava Re Group

The changes in the portfolio composition compared with the 2008 interim period is due to the challenging conditions in capital markets in the first quarter 2009. The investment policy of Group companies remained conservative as they sought investments that would allow them to minimise market risks while still earning acceptable returns.

The larger amount of deposits and CDs is a result of selling investments in mutual funds.

The lower amount in strategic investments is mainly due to the loss posted by Zavarovalnica Maribor.

The larger amount of other investments is owning to loans of subsidiaries granted to non-Group entities and the reclassification of a piece of real estate to investment property.

¹⁹ Includes balance sheet items: *Investment property*, *Financial investments in associated companies* and the item *Financial investments*. The latter does not include Sava Re deposits with cedants of EUR 5.9m.

²⁰ "Other" includes loans of Group companies granted to non-Group entities and investment property or land.

9.2 Group investment return

In the 2009 interim period, the financial crisis continued to affect the investment return of the Sava Re Group. The investment return for the period was -7.1%, down 7.4 percentage points compared with the 2008 interim period. This deterioration is largely a result of capital losses realised in the sale of mutual funds by the parent in the first quarter 2009 coupled with a weaker performance of associated companies, especially of Zavarovalnica Maribor, who made a loss.

Due to the challenging conditions in capital markets in the first half of 2009, Group companies did not realise extraordinary capital gains from disposals of shares as in 2008; therefore, the return on the equity portfolio is substantially lower in this interim period.

(percentages)		31 December	
	30 June 2009	2008	30 June 2008
Deposits and CDs	5.3%	6.5%	4.4%
Bonds	3.3%	2.5%	3.5%
Shares	4.6%	13.5%	45.7%
Mutual funds	-29.2%	-14.8%	0.7%
Other	7.2%	-41.1%	2.8%
Strategic shares	-59.3%	0.0%	119.9%
Total	-7.1%	0.3%	5.9%

Table 22: Investment return of the Sava Re Group

To calculate return on investments, the Group uses the arithmetic average of the investment amount as at the end of each quarter. The net income relative to the amount so obtained represents the investment return of the Sava Re Group in a certain period.

10 MAJOR ITEMS OF THE CONSOLIDATED INCOME STATEMENT AND BALANCE SHEET

Table 23: Major items of the consolidated income statement and balance sheet for the first half of 2009

(EUR, except indices)			
	30 June 2009	30 June 2008	Index
Net premiums earned	108,461,803	89,423,762	121.3
Investment income (including income from associated companies)	11,297,048	15,935,567	70.9
Net claims incurred	70,781,781	51,584,410	137.2
Operating expenses excluding acquisition costs	19,007,845	19,601,038	97.0
Investment expenses (including expenses of associated companies)	20,836,512	6,638,241	313.9
Profit/loss for the period	-15,117,413	8,362,446	-380.8
	30 June 2009	31 December 2008	
Total assets	582,172,492	535,346,611	108.7
Equity	172,963,634	174,087,057	99.4

Consolidated net premiums earned increased by 21.3% compared with the first half of 2008. The increase in earned premiums is a result of the premium growth in both the Slovenian market and in all markets of the Western Balkans where Group companies are operating. The increase is also due to the growth in foreign-sourced reinsurance premium. Consolidated net premiums earned are moving in line with planned figures.

Consolidated investment income decreased by 29.1% compared with the 2008 interim period. This lower income is mainly a result of the gloomy atmosphere in capital markets in the first quarter, which is why Companies did not generate substantial capital gains as in 2008.

Consolidated net claims incurred increased by 37.2% compared with the same period last year. The faster growth in earned premiums is primarily the result of an unfavourable claims experience in the Slovenian insurance market in the summer of 2008 and in early summer 2009. Despite the unfavourable claims experience, the consolidated net claims incurred are moving as anticipated in planning documents.

Consolidated net operating expenses reduced by 3.0% in the interim period 2009 compared with the same period last year. Expenses are on the level of planned amounts.

Consolidated investment expenses increased by 213.9% compared with the first half of 2008. The substantially higher investment expenses in the first half year are a result of capital losses realised in the sale of mutual funds including their impairment, and of the losses incurred by Sava Montenegro and Zavarovalnica Maribor.

The consolidated result for the period deteriorated significantly after the first half of 2009 due to the trends already described earlier. The deviation from the planned result for the year 2009 is largely explained in Chapter 4 (performance of Zavarovalnica Maribor). In addition, the result was further deteriorated by the subsidiary Sava Montenegro.

Total consolidated assets as at 30 June 2009 increased 8.7% compared with 31 December 2008 and reached the planned amount. One of the largest changes in absolute terms is in receivables (EUR 37.6m), for which the parent company is largely responsible. On the liabilities side, there was an increase in gross unearned premiums (EUR 23.4m) in line with the usual dynamics as unearned premiums follow the movements of unexpired policy periods. Gross claims provisions increased by EUR 11.6m mainly as a result of the storms in Slovenia.

Consolidated equity at 30 June 2009 decreased by only 0.6% compared with 31 December 2008 despite the loss posted at the end of the interim period. This is due to the improvement in the *revaluation surplus*. In addition, there was an increase in *minority interest in equity* (due to the first consolidation of newly acquired companies).

SUMMARY OF FINANCIAL STATEMENTS OF SAVA RE WITH NOTES

84



11 FINANCIAL STATEMENTS OF SAVA RE WITH NOTES

11.1 Balance sheet as at 30 June 2009

(EU	R)		Notes	30 June 2009	31 December 2008	Index
		ASSETS		423,972,922	399, 152, 651	106.2
А.		Intangible assets	(1)	233,568	189,498	123.3
В.		Property and equipment	(2)	1,831,470	1,852,158	98.9
D.		Deferred tax assets	(3)	3,695,184	5,383,818	68.6
E.		Investment property	(4)	1,253,598	1,262,310	99.3
F.		Investments in group companies and associates	(5)	91,334,937	80,178,379	113.9
G.		Financial investments:	(6)	189,469,510	199,773,234	94.8
		- loans and deposits		33,347,650	31,057,148	98.8
		- held to maturity		6,114,182	6,187,618	92.3
		~ available for sale		147,992,779	160,393,911	94.4
		- at fair value through profit or loss		2,014,899	2,134,557	107.4
I.		Reinsurers' share of technical provisions	(7)	33,432,122	37,690,671	88.7
K.		Receivables	(8)	81,297,820	56,451,138	144.0
	2.	Receivables arising out of reinsurance and co-insurance business		72,540,394	53,357,702	136.0
	3.	Tax receivables		0	846,920	~
	4.	Other receivables		8,757,427	2,246,517	389.8
L.		Other assets	(9)	12,022,535	16,359,990	73.5
М.		Cash and cash equivalents		9,402,177	11,454	82,086.8
		LIABILITIES AND EQUITY		423,972,922	399, 152, 651	106.2
Α.		Equity	(10)	152,404,823	153,740,161	99.1
	1.	Share capital		39,069,099	39,069,099	100.0
	2.	Share premium		33,003,752	33,003,752	100.0
	3.	Profit reserves		19,660,090	20,275,699	97.0
	4.	Revaluation surplus		-5,389,312	~10,570,904	51.0
	5.	Retained earnings		71,962,514	71,962,514	100.0
	6.	Net profit/loss for the period		-5,901,321	0	~
В.		Subordinated liabilities	(11)	31,121,669	31,139,605	99.9
C.		Technical provisions	(12)	179,207,786	159,309,009	112.5
	1.	Unearned premiums		55,372,327	41,967,178	131.9
	3.	Provision for outstanding claims		123,023,183	116,458,980	105.6
	4.	Other technical provisions		812,275	882,851	92.0
E.		Other provisions	(13)	241,706	226,667	106.6
I.		Other financial liabilities		1,170	160	732.7
J.		Operating liabilities	(14)	40,270,810	42,528,378	94.7
	2.	Liabilities from reinsurance and co-insurance business		38,940,822	42,528,378	91.6
	3.	Tax liabilities		1,329,987	0	~
K.	1	Diverse liabilities		20,724,958	12,208,671	169.8

(EUR)	Notes	1 January-30 June 2009	1 January-30 June 2008	Index
I.	Net earned premiums	(15)	61,797,094	50,999,710	121.2
	Gross premiums written		86,547,176	68,046,803	127.2
	Written premiums ceded to reinsurers and co-insurers		-14,706,069	~10,510,443	139.9
	Change in unearned premiums		~10,044,014	-6,536,650	153.7
II.	Income from investments in affiliates, of this	(16)	408,962	143,191	285.6
III.	Investment income	(16)	6,588,548	11,243,145	58.6
IV.	Other technical income, of this	(17)	3,013,886	1,112,816	270.8
	- commission income		2,261,982	1,015,539	222.7
V.	Other income		31,916	0	1
VI.	Net claims incurred	(18)	-45,743,021	-31,375,084	145.8
	Gross claims paid less income from subrogation receivables liquidated		-46,009,253	-35,103,123	131.1
	Reinsurers' and co-insurers' share of claims paid		14,450,119	2,457,686	588.0
	Change in the provision for outstanding claims		-14,183,887	1,270,353	-1,116.5
VII.	Change in other technical provisions		70,576	-50,600	-139.5
XI.	Operating expenses, of this	(19)	-20,915,506	-20,325,869	102.9
	- acquisition costs		-17,728,350	-14,667,437	120.9
XII.	Expenses from investments in affiliates, of this	(20)	-1,325,743	0	-
XIII.	Investment expenses, of this	(20)	-9,315,016	-4,274,235	217.9
	- impairment of financial assets not measured at fair value through profit or loss		-1,076,989	0	1
XIV.	Other technical expenses		-734,731	-75,097	978.4
XV.	Other expenses		-659	-1,319	50.0
XVI.	Profit before tax		-6,123,694	7,396,657	-282.8
XVII.	Tax on profit		-393,236	-1,664,248	23.6
XVIII.	Profit for the period		-6,516,930	5,732,409	-313.7

11.3 Statement of comprehensive income for the six months to 30 June 2009

(EUR)		1 January-30 June 2009	1 January-30 June 2008	Index
I.	NET PROFIT/LOSS FOR THE YEAR, NET OF TAX	-6,516,930	5,732,409	-113.7
	OTHER COMPREHENSIVE GAIN, NET OF TAX			
II.	(1+2+3+4+5+6+7+8+9+)	5,181,592	-11,957,596	-43.3
4.	Net gain/loss from revaluation of financial assets available-for-sale	6,476,990	-8,513,738	-76.1
	Gains/losses recognised in the revaluation surplus	3,017,833	~2,081,043	~145.0
	4.2. Reclassification of gains/losses from revaluation surplus to net income	3,459,157	-6,432,695	-53.8
9.	Tax on other comprehensive gain	-1,295,398	-3,443,858	37.6
III.	Comprehensive income for the year, net of tax (I $+$ II)	-1,335,338	-6,225,187	21.5

11.4 Statement of changes in equity for the six months to 30 June 2009

(EUF	۶)				III. P	rofit reserves						VII: Treasury	
		I. Share capital	II. Share premium	Contingency	Legal reserves and reserves provided for in the articles of association	Reserve for	Reserve for credit risks	Reserve for catastrophe losses	IV. Revaluation surplus	V. Retained earnings	VI. Net profit/loss for the year	shares (deductible item)	Total
		1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.
1.	Opening balance in financial period	39,069,099	33,003,752	0	14,986,525	1,774	3,053,943	2,235,231	-10,570,904	71,962,514	0	-1,774	153,740,160
	Comprehensive income for the year, net												
2.	of tax	0	0	0	0	0	0	0	5,181,592	0	-6,516,930	0	-1,335,338
	Additions/uses of credit risk equalization												
10.	reserve and catastrophe equalization reserve	0	0	0	0	0	-615,609	0	0	0	615,609	0	0
ſ	Closing balance for the period												
12.	(1+2+3+4+5+6+7+8+9+10+11)	39,069,099	33,003,752	0	14,986,525	1,774	2,438,334	2,235,231	-5,389,312	71,962,514	-5,901,321	-1,774	152,404,823

11.5 Statement of changes in equity for the six months to 30 June 2008

(EUI	र)		II. Share		III. Legal reserves and	Profit reserves Reserve for		Reserve for	IV. Revaluation	V. Retained	VI. Net	VII: Treasury shares	
		I. Share capital	premium	Contingency reserve	reserves provided for in the articles of association	treasury shares	Reserve for credit risks	catastrophe losses	surplus	earnings	profit/loss for the year	(deductible item)	Total
		1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.
1.	Opening balance for the period	32,809,710	106,162	0	14,986,525	1,774	3,669,552	1,028,204	12,491,698	62,513,085	18,032,498	-1,774	145,637,434
	Comprehensive income for the year,												
2.	net of tax	0	0	0	0	0	0	0	-11,957,596	0	5,732,409	0	-6,225,187
3.	Subscription (payment) of new equity capital	6,259,389	35,740,611	0	0	0	0	0	0	0	0	0	42,000,000
	Additions/uses of credit risk equalization												
10.	reserve and catastrophe equalization reserve	0	0	0	0	0	-615,609	0	0	615,609	0	0	0
11.	Other	0	0	0	0	0	0	0	0	18,032,498	-18,032,498	0	0
	Closing balance for the period $(1 + 2 +$												
12.	3 + 4 + 5 + 6 + 7 + 8 + 9 + 10 + 11)	39,069,099	35,846,773	0	14,986,525	1,774	3,053,943	1,028,204	534,102	81,161,192	5,732,409	-1,774	181,412,247

11.6 Cash flow statement for the six months to 30 June 2009

		1 January-30 June 2009	1 January-30 June 2008
A. CASH FI	OWS FROM OPERATING ACTIVITIES		
a.) Iter	ns of the income statement	15,363,874	5,807,117
	let premiums written	71,841,108	50,999,710
	nvestment income (other than financial income), financed from:	6,997,510	11,042,450
-	technical provisions	3,140,256	2,548,067
-	other sources	3,857,254	8,494,383
	Other operating income (excl. revaluation income and releases from provisions) and financial		
	ncome from operating receivables	3,045,802	97,277
	let claims paid	-31,559,134	-31,375,084
	xpenses for bonuses and rebates	0	-125,363
	let operating expenses excl. depreciation and change in deferred acquisition costs	-23,192,026	-19,235,622
	nvestment expenses (excluding depreciation and financial expenses), financed from:	-10,640,759	-3,930,34
	technical sources	~1,840,651	-1,054,28
	other sources	-8,800,108	-2,876,06
	Other operating expenses excl. depreciation (other than for revaluation and excl. additions to		
	rovisions)	-735,390	-1,65
	ax on profit and other taxes not included in operating expenses	-393,236	-1,664,24
	nges in net operating assets (receivables for premium, other receivables, other assets		
	deferred tax receivables/liabilities) of operating items of the balance sheet	-12,739,644	-17,596,890
	Change in receivables from reinsurance	-19,182,691	-7,034,58
	Change in other receivables from reinsurance business	~1,505,317	-4,21
	Change in other receivables and assets	0	-2,370,60
	Change in deferred tax receivables	1,688,634	
	Change in liabilities arising out of reinsurance business	-3,587,555	1,201,76
	Thange in other operating liabilities	4,734,144	-2,256,51
	Change in other liabilities (except unearned premiums)	5,113,141	-656,21
	hange in deferred tax liabilities	0	-6,476,51
	cash from/used in operating activities (a + b)	2,624,230	-11,789,773
	OWS FROM INVESTING ACTIVITIES hreceipts from investing activities	101 600 887	190 966 294
	nterest received from investing activities and from:	191,609,887 3,409,981	189,866,386 4,236,735
	investments financed from technical provisions	2,106,313	2,232,79
	other investments	1,303,668	2,003,93
	Cash receipts from dividends and from participation in the profit of others, relating to	300,553	81,61
	investments financed from technical provisions	32,954	77,01
	other investments	267,599	4,60
	roceeds from sale of long-term financial investments, financed from:	102,115,713	33,403,58
	technical provisions	40,533,417	4,646,17
	other sources	61,582,296	28,757,41
	roceeds from sale of short-term financial investments, financed from:	85,783,640	152,144,44
	technical provisions	58,645,180	66,120,24
	other sources		86,024,20
-	h disbursements in investing activities	27,138,460 -184,843,394	
b.) Cas	h disbursements in investing activities urchase of intangible assets	-184,843,394	-219,185,67
b.) Cas	Purchase of intangible assets		-219,185,67 -68,89
b.) Cas 1. F 2. F	urchase of intangible assets urchase of property and equipment, financed from:	-184,843,394 -70,138 -30,755	-219,185,67 -68,89 -47,95
b.) Cas 1. F 2. F . .	urchase of intangible assets urchase of property and equipment, financed from: other sources	-184,843,394 -70,138	-219,185,67 -68,89 -47,95 -47,95
b.) Cas 1. F 2. F 3. F	urchase of intangible assets urchase of property and equipment, financed from:	-184,843,394 -70,138 -30,755 -30,755	-219,185,67 -68,89 -47,95 -47,95 -33,809,66
b.) Cas 1. F 2. F 3. F 3. F	urchase of intangible assets furchase of property and equipment, financed from: other sources furchase of long-term financial investments, financed from:	-184,843,394 -70,138 -30,755 -30,755 -83,949,181	-219,185,679 -68,89 -47,95 -47,95 -33,809,66 -5,063,51
b.) Cas b.) Cas 1. F 2. F 3. F	urchase of intangible assets urchase of property and equipment, financed from: other sources urchase of long-term financial investments, financed from: technical provisions	-184,843,394 -70,138 -30,755 -30,755 -83,949,181 -33,964,539	-219,185,67 -68,89 -47,95 -47,95 -33,809,66 -5,063,51 -28,746,14
b.) Cas b.) Cas 2. F 3. F 3. F 4. F	Aurchase of intangible assets Turchase of property and equipment, financed from: other sources Turchase of long-term financial investments, financed from: technical provisions other sources Turchase of short-term financial investments, financed from:	-184,843,394 -70,138 -30,755 -30,755 -83,949,181 -33,964,539 -49,984,642 -100,793,320	-219,185,679 -68,89 -47,95 -47,95 -33,809,66 -5,063,51 -28,746,14 -185,259,16
b.) Cas 1. F 2. F 3. F 4. F 4. F	Turchase of intangible assets Turchase of property and equipment, financed from: other sources Turchase of long-term financial investments, financed from: technical provisions other sources	-184,843,394 -70,138 -30,755 -30,755 -83,949,181 -33,964,539 -49,984,642	-219,185,67 -68,89 -47,95 -33,809,66 -5,063,51 -28,746,14 -185,259,16 -70,278,29
b.) Cas b.) 2. F 2. F 3. F 4. F 4. F	Aurchase of intangible assets Turchase of property and equipment, financed from: other sources Turchase of long-term financial investments, financed from: technical provisions other sources Turchase of short-term financial investments, financed from: technical provisions	-184,843,394 -70,138 -30,755 -30,755 -83,949,181 -33,964,539 -49,984,642 -100,793,320 -71,200,482	-219,185,67 -68,89 -47,95 -33,809,66 -5,063,51 -28,746,14 -185,259,16 -70,278,29 -114,980,87
b.) Cas b.) Cas 2. F 2. F 3. F 4. F 4. F 4. F	rurchase of intangible assets rurchase of property and equipment, financed from: other sources rurchase of long-term financial investments, financed from: technical provisions other sources rurchase of short-term financial investments, financed from: technical provisions other sources	-184,843,394 -70,138 -30,755 -30,755 -83,949,181 -33,964,539 -49,984,642 -100,793,320 -71,200,482 -29,592,838	-219,185,67 -68,89 -47,95 -47,95 -33,809,66 -5,063,51 -28,746,14 -185,259,16 -70,278,29 -114,980,87
b.) Cas b.) Cas 2. F 3. F 3. F 4. F 5. Cas 5. F 5. F 5. F 5. F 5. F 5. F 5. F 5. F	rurchase of intangible assets rurchase of property and equipment, financed from: other sources rurchase of long-term financial investments, financed from: technical provisions other sources rurchase of short-term financial investments, financed from: technical provisions other sources cash from/used in investing activities (a + b)	-184,843,394 -70,138 -30,755 -30,755 -83,949,181 -33,964,539 -49,984,642 -100,793,320 -71,200,482 -29,592,838	-219,185,679 -68,89 -47,95 -33,809,66 -5,063,51 -28,746,14 -185,259,16 -70,278,29 -114,980,87 -29,319,28
b.) Cas b.) Cas 1. F 2. F 3. F 4. F 4. F 5. CASH F a.) Cas 1. F	Aurchase of intangible assets Aurchase of property and equipment, financed from: other sources Aurchase of long-term financial investments, financed from: technical provisions other sources Aurchase of short-term financial investments, financed from: technical provisions other sources cash from/used in investing activities (a + b) COWS FROM FINANCING ACTIVITIES h receipts from financing activities troceeds from paid-in capital	-184,843,394 -70,138 -30,755 -30,755 -83,949,181 -33,964,539 -49,984,642 -100,793,320 -71,200,482 -29,592,838 6,766,493 0 0	-219,185,679 -68,89 -47,95 -33,809,66 -5,063,51 -28,746,14 -185,259,16 -70,278,29 -114,980,87 -29,319,28 42,208,34
b.) Cas b.) Cas 1. F 2. F 3. F 4. F c.) Net c.) Net a.) Cas c.) Net a.) Cas a.) Cas a.) Cas a.) Cas	Aurchase of intangible assets Aurchase of property and equipment, financed from: other sources Aurchase of long-term financial investments, financed from: technical provisions other sources Aurchase of short-term financial investments, financed from: technical provisions other sources cash from/used in investing activities (a + b) OWS FROM FINANCING ACTIVITIES h receipts from financing activities troceeds from paid-in capital troceeds from long-term borrowing	-184,843,394 -70,138 -30,755 -30,755 -83,949,181 -33,964,539 -49,984,642 -100,793,320 -71,200,482 -29,592,838 6,766,493 0	-219,185,67 -68,89 -47,95 -33,809,66 -5,063,51 -28,746,14 -185,259,16 -70,278,29 -114,980,87 -29,319,28 42,208,34 42,000,00
b.) Cas b.) Cas cas cas cas cas cas cas cas cas cas c	Aurchase of intangible assets Aurchase of property and equipment, financed from: other sources Aurchase of long-term financial investments, financed from: technical provisions other sources Aurchase of short-term financial investments, financed from: technical provisions other sources cash from/used in investing activities (a + b) COWS FROM FINANCING ACTIVITIES h receipts from financing activities troceeds from paid-in capital	-184,843,394 -70,138 -30,755 -30,755 -83,949,181 -33,964,539 -49,984,642 -100,793,320 -71,200,482 -29,592,838 6,766,493 0 0	-219,185,67 -68,89 -47,95 -33,809,66 -5,063,51 -28,746,14 -185,259,16 -70,278,29 -114,980,87 -29,319,28 42,208,34 42,000,00 14,70
b.) Cas b.) Cas cas cas cas cas cas cas cas cas cas c	Aurchase of intangible assets Aurchase of property and equipment, financed from: other sources Aurchase of long-term financial investments, financed from: technical provisions other sources Aurchase of short-term financial investments, financed from: technical provisions other sources cash from/used in investing activities (a + b) OWS FROM FINANCING ACTIVITIES h receipts from financing activities troceeds from paid-in capital troceeds from long-term borrowing	-184,843,394 -70,138 -30,755 -30,755 -83,949,181 -33,964,539 -49,984,642 -100,793,320 -71,200,482 -29,592,838 6,766,493 0 0 0 0	-219,185,67 -68,89 -47,95 -47,95 -33,809,66 -5,063,51 -28,746,14 -185,259,16 -70,278,29 -114,980,87 -29,319,28 42,208,34 42,000,00 14,70 193,63 -1,328,912
b.) Cas b.) Cas 1. F 2. F 3. F 4. F 4. F 5. CAS 6. CAS 7. C.) 8. CAS 1. F 2. F 3. Cas 1. F 2. F 3. Cas 1. F 3. Cas 1. F 3. Cas 1. F 3. T 5. Cas 5. Cas </td <td>turchase of intangible assets turchase of property and equipment, financed from: other sources turchase of long-term financial investments, financed from: technical provisions other sources turchase of short-term financial investments, financed from: technical provisions other sources cash from/used in investing activities (a + b)</td> <td>-184,843,394 -70,138 -30,755 -30,755 -83,949,181 -33,964,539 -49,984,642 -100,793,320 -71,200,482 -29,592,838 6,766,493 0 0 0 0 0</td> <td>-219,185,673 -68,89 -47,95 -33,809,66 -5,063,51 -28,746,14 -185,259,16 -70,278,29 -114,980,87 -29,319,28 42,208,34' 42,000,00 14,70 193,63 -1,328,912</td>	turchase of intangible assets turchase of property and equipment, financed from: other sources turchase of long-term financial investments, financed from: technical provisions other sources turchase of short-term financial investments, financed from: technical provisions other sources cash from/used in investing activities (a + b)	-184,843,394 -70,138 -30,755 -30,755 -83,949,181 -33,964,539 -49,984,642 -100,793,320 -71,200,482 -29,592,838 6,766,493 0 0 0 0 0	-219,185,673 -68,89 -47,95 -33,809,66 -5,063,51 -28,746,14 -185,259,16 -70,278,29 -114,980,87 -29,319,28 42,208,34' 42,000,00 14,70 193,63 -1,328,912
b.) Cas b.) Cas cas cas cas cas cas cas cas cas cas c	Aurchase of intangible assets Uurchase of property and equipment, financed from: other sources Uurchase of long-term financial investments, financed from: technical provisions other sources Uurchase of short-term financial investments, financed from: technical provisions other sources cash from/used in investing activities (a + b) OWS FROM FINANCING ACTIVITIES h receipts from financing activities roceeds from paid-in capital roceeds from long-term borrowing Proceeds from short-term borrowing h disbursements in financing activities	-184,843,394 -70,138 -30,755 -30,755 -83,949,181 -33,964,539 -49,984,642 -100,793,320 -71,200,482 -29,592,838 6,766,493 0 0 0 0 0 0	-219,185,67 -68,89 -47,95 -33,809,66 -5,063,51 -28,746,14 -185,259,16 -70,278,29 -114,980,87 -29,319,28 42,208,34 42,000,00 14,70 193,63 -1,328,91
b.) Cas b.) Cas cas cas cas cas cas cas cas cas cas c	turchase of intangible assets turchase of property and equipment, financed from: other sources turchase of long-term financial investments, financed from: technical provisions other sources turchase of short-term financial investments, financed from: technical provisions other sources cash from/used in investing activities (a + b)	-184,843,394 -70,138 -30,755 -30,755 -83,949,181 -33,964,539 -49,984,642 -100,793,320 -71,200,482 -29,592,838 6,766,493 0 0 0 0 0 0 0 0 0 0 0	-219,185,679 -68,89 -47,95 -33,809,66 -5,063,51 -28,746,14 -185,259,16 -70,278,29 -114,980,87 -29,319,28 42,208,34 42,000,00 14,70 193,63
b.) Cas b.) Cas cas cas cas cas cas cas cas cas cas c	Purchase of intangible assets Purchase of property and equipment, financed from: other sources Purchase of long-term financial investments, financed from: technical provisions other sources Purchase of short-term financial investments, financed from: technical provisions other sources Cash from/used in investing activities (a + b) OWS FROM FINANCING ACTIVITIES h receipts from financing activities troceeds from paid-in capital troceeds from long-term borrowing Proceeds from short-term borrowing Proceeds fin financing activities nterest paid cash from/used in financing activities	-184,843,394 -70,138 -30,755 -30,755 -83,949,181 -33,964,539 -49,984,642 -100,793,320 -71,200,482 -29,592,838 6,766,493 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	-219,185,679 -68,89 -47,95 -33,809,66 -5,063,51 -28,746,14 -185,259,16 -70,278,29 -114,980,87 -29,319,28 42,208,34' 42,000,00 14,70 193,63 -1,328,91 -1,328,91 40,879,43

The 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. Cash flows from investing and financing activities are disclosed so that cash receipts and disbursements are shown directly and that cash flows from investing are adjusted by the amount of the investment return already shown under cash flows from operating activities.

11.7 Notes to the financial statements of Sava Re

As at 30 June 2009 and pursuant to IAS 34, the Company makes additional disclosures to major business events required to understand the financial data and achievements of the Company compared with the previous annual financial report prepared for 2008.

The interim financial statements 2009 have been prepared using the same accounting policies and methods as the annual financial report for 2008.

1) Intangible assets

(EUR)	Cost					
	As at 1 January 2009	Additions	Disposals	As at 30 June 2009		
Intangible assets	371,003	68,228	-45,786	393,445		
Other long-term deferred costs and accrued income	9,553	1,910	0	11,463		
Total	380,556	70,138	-45,786	404,908		

(EUR)	A	ccumulated	Net book value			
	As at 1			As at 30	30 June	1 January
	January 2009	Additions	Disposals	June 2009	2009	2009
Intangible assets	191,058	26,068	-45,786	171,340	222,105	179,945
Other long-term deferred costs and accrued						
income	0	0	0	0	11,463	9,553
Total	191,058	26,068	-45,786	171,340	233,568	189,498

In the interim period, intangible assets mainly increased due to purchase of software, while the decrease relates to accumulated amortization for intangible assets.

2) Property and equipment

(EUR)		Cost					
	As at 1			As at 30 June			
	January 2009	Additions	Disposals	2009			
Land directly used in insurance activities	103,949	0	0	103,949			
Buildings directly used in insurance activities	1,631,566	0	0	1,631,566			
Equipment	1,171,487	30,393	-172,312	1,029,568			
Other property, plant and equipment	83,929	362	0	84,291			
Total	2,990,931	30,755	-172,312	2,849,374			

(EUR)	A	ccumulated	Net book value			
	As at 1 January 2009	Additions	Disposals	As at 30 June 2009	30 June 2009	l January 2009
Land directly used in insurance activities	0	0	0	0	103,949	103,949
Buildings directly used in insurance activities	260,222	10,606	0	270,828	1,360,738	1,371,344
Equipment	845,433	38,117	-170,395	713,155	316,413	326,054
Other property, plant and equipment	33,117	805	0	33,922	50,369	50,812
Total	1,138,772	49,528	-170,395	1,017,905	1,831,469	1,852,159

3) Deferred tax receivables

Deferred tax receivables decreased by EUR 1.7m in the interim period. This is because the Company sold certain investments in the first half of the year for which tax receivables were recognised at the end of 2008 due to temporary tax non-deductible impairment of investments. This item also includes tax receivables relating to the negative revaluation surplus, which does not impact current profit or loss.

4) Investment property

(EUR)	Cost						
	As at 1 January 2009	Additions	As at 30 June 2009				
Land	52,696	0	52,696				
Buildings	1,340,297	0	1,340,297				
Total	1,392,993	0	1,392,993				

(EUR)	Accum	Net book value			
	As at 1		As at 30 June	30 June	1 January
	January 2009	Additions	2009	2009	2009
Land	0	0	0	52,696	52,696
Buildings	130,682	8,712	139,394	1,200,903	1,209,615
Total	130,682	8,712	139,394	1,253,599	1,262,311

5) Investments in Group companies and in associates

(EUR)	As at 1 Janu	ary 2009	Acqui	sitions	Impairment (-)	As at 30 June 2009		009
								Share in voting
	Holding	Value	Holding	Value	Value	Holding	Value	rights (%)
Tilia	99.68%	13,840,507	0.02%	2,893	0	99.70%	13,843,400	99.70%
Sava osiguranje	99.99%	12,453,591	0.00%	0	0	99.99%	12,453,591	99.99%
Dukagjini	51.00%	6,231,591	0.00%	0	0	51.00%	6,231,591	51.00%
Sava Tabak	66.70%	8,652,622	0.00%	0	0	66.70%	8,652,622	66.70%
Sava Montenegro	99.92%	13,951,256	0.08%	3,007,175	-1,325,743	100.00%	15,632,688	100.00%
Sava Invest	51.00%	102,000	0.00%	0	0	51.00%	102,000	51.00%
Dukagjini Life	51.00%	1,785,893	0.0%	0	0	51.00%	1,785,893	51.00%
Sava Life	99.99%	3,553,666	0.0%	0	0	99.99%	3,553,666	99.99%
Velebit usluge	0.00%	0	100.0%	10,606,650	0	100.00%	10,606,650	100.00%
Slorest	0.00%	0	100.0%	5,000	0	100.00%	5,000	100.00%
Total		60,571,126		13,621,718	~1,325,743		72,867,101	

Investments in shares of Group companies

In the first half of 2009, the Company effected a capital increase in Sava Montenegro and acquired 100% of Velebit usluge, which owns 51.1363% of the insurers Velebit osiguranje and Velebit Life. Furthermore, the limited liability company Slorest was established in Skopje.

The Company carried out goodwill testing, and it was found that goodwill in Sava Montenegro needed to be impaired by EUR 1.3m.

Investments in shares of associates

	As at 1 Janu	ary 2009	As at 30 June 2009			
					Share in voting	
	Holding	Value	Holding	Value	rights (%)	
Zavarovalnica Maribor	45.79%	13,416,845	45.79%	13,416,845	45.79%	
Moja naložba	20.00%	1,011,059	20.0%	1,011,059	20.0%	
Total		14,427,904		14,427,904		

Investments in debt securities of subsidiaries

(EUR)	Type of debt instrument	As at 30 June 2009	As at 1 January 2009
Zavarovalnica Tilia	bond	1,627,039	1,666,365
Sava Osiguranje	loan	500,000	1,500,000
Dukagjini	loan	400,000	500,000
Total		2,527,039	3,666,365

Investments in debt securities of associates

	Type of debt		As at 1
(EUR)	instrument	June 2009	January 2009
Zavarovalnica Maribor	bond	1,512,893	1,512,985

6) Financial investments

(EUR)	Held-to-	maturity	At fair value through profit or loss					
			Non-de	rivative				
	Net carrying amount	Fair value	Held for trading	Designated as at fair value through P/L	Derivative	Available for sale	Loans and deposits	Total
Long-term financial investments								
Equity and other variable income securities								
and mutual funds	0	0	0	0	0	34,366,722	0	34,366,722
Debt securities and other fixed income								
securities	6,031,658	5,863,916	0	0	0	85,430,373	0	91,462,031
Other loans granted	0	0	0	0	0	0	3,330	3,330
Deposits	0	0	0	0	0	0	1,000,234	1,000,234
Short-term financial investments								
Held for trading shares and interests	0	0	996,136	0	0	0	0	996,136
Held for trading securities or securitites with a remaining maturity of less than one year	82,524	82,206	0	1,024,266	0	28,195,684	0	29,302,474
Short-term deposits	0	0	0	0	0	0	26,486,631	26,486,631
Other Short-term financial investments	0	0	0	0	-5,503	0	0	-5,503
Financial investments of reinsurers i.r.o.								
reinsurance contracts with cedants	0	0	0	0	0	0	5,857,454	5,857,454
Total	6,114,182	5,946,122	996,136	1,024,266	-5,503	147,992,779	33,347,650	189,469,510

The table below shows financial investments by IFRS categories as at 30 June 2009

Investments in subordinated debt instruments at 30 June 2009

(EUR)	Symbol	As at 30 June 2009	As at 30 June 2008
Abanka bond 6th issue	AB06	0	437,975
Banka Celje bond 8th issue	BCE8	99,575	0
Banka Celje bond 11th issue	BCE11	2,000,000	1,981,557
Banka Domžale bond 1st issue	BDM1	492,675	517,305
Factor banka bond 15th issue	FB15	842,529	846,559
ING Bank bond	INTNED 5 7/8 02/11	433,162	425,028
NLB bond 13th issue	NLB13	1,081,026	1,096,036
NLB bond	NLB Float	1,575,000	3,868,695
Probanka bond 8th issue	PRB8	2,056,581	2,056,738
Zavarovalnica Tilia bond 1st issue	ZT11	1,627,039	1,726,262
Zavarovalnica Triglav bond 1st issue	ZT01	348,039	348,052
Zavarovalnica Maribor bond 2nd issue	ZVM2	1,512,893	0
Total		12,068,519	13,304,207

7) Reinsurers' share of technical provisions

Retroceded unearned premiums increased according to interim dynamics since unearned premiums move in line with unexpired policy periods. Retroceded provisions for outstanding claims decreased by 22.8% as a result of payments made by retrocessionaires for the 2008 summer storms out of provisions set aside at the beginning of the year. The calculation of provisions for gross and retroceded provisions for unexpired risks (part of other technical provisions) has not changed during the year.

	30 June	31 December	
(EUR)	2009	2008	Index
Unearned premiums	6,109,437	2,748,302	222.3
Provision for outstanding claims	27,286,198	34,905,882	78.2
Other technical provisions	36,487	36,487	100.0
Total	33,432,122	37,690,671	88.7

8) Receivables

Receivables from reinsurance business increased significantly from 31 December 2008. Despite this increase, most receivables were not overdue on 30 June 2009. The Company monitors the age structure of past due receivables on an ongoing basis; however, at 30 June 2009 it did not record any losses due to allowances for receivables arising from reinsurance business as a result of the crisis in financial and especially insurance markets. **Pursuant to the change in ISA regulations relating to the form of financial statements, the Company reclassified the former item Tax receivables as a subitem of Receivables.** This does not constitute a change in the balance sheet that would require explanatory information.

9) Other assets

		31 December	
(EUR)	30 June 2009	2008	Index
Accrued interest and rent	7,088	88	8054.5
Other accruals and deferred	12,015,447	16,359,902	
income			73.4
Total	12,022,535	16,359,990	73.5

10) Equity

At 30 June 2009 total shareholders' equity was EUR 152,404,823, a decrease by less than one percentage point from the end of last year. By decision of the 20th General Meeting of the controlling company on 14 April 2008, EUR 10,145,464 of the then authorised capital of EUR 16,404,853 is yet to be subscribed.

Profit reserves decreased by EUR 0.6m compared to 31 December 2008 due to releases from credit risk equalization reserves, which are technical by their nature and which slightly decreased from the prior year in line with actuarial calculations. This, by contrast, had a positive impact on the net result for the year – the net result changed by the same amount as it entered the balance sheet through the income statement – as additions and

releases of technical reserves for credit risks and catastrophe losses may not impact expenses or income of the Company, they are set aside from net profit and are added to profit when released.

The revaluation surplus is *less negative* than at the end of 2008. This is because the Company decided to dispose of certain investments (albeit at a loss). In addition, the Company also had positive fair value movements of available-for-sale investments, which had a positive impact on the statement of comprehensive income.

The Company made a loss of EUR 5.9m in the interim period.

Net earnings/loss per share as at 30 June 2009

(EUR)	30 June 2009	30 June 2008
Net earnings/loss	-6,516,930	5,732,409
Average number of shares	9,362,519	8,291,090
Net earnings/loss per share	-0.70	0.69

Comprehensive income/loss per share as at 30 June 2009

(EUR)	30 June 2009	30 June 2008
Comprehensive income	-1,335,338	-6,225,187
Average number of shares	9,362,519	8,291,090
Net loss per share	-0.14	-0.75

All issued shares are ordinary shares; therefore, "adjusted net earnings/loss per share" is the same as the unadjusted figure shown in the table above.

11) Subordinated liabilities

Outstanding debt at effective interest rate as at	
30 June 2009	31,121,669
Debt currency	EUR
Maturity date	27 December 2026
Conversion into shareholders' equity applicable	n/a
Conversion into other liabilities applicable	n/a

12) Technical provisions

The movement in gross technical provisions is described in detail in the business report. The increase in provisions is mainly a result of an increase in unearned premiums, which move in line with the usual interim dynamics of unexpired policy period. Claims provisions increased in line with new business assumed and decreased by claim payments made in respect to prior underwriting years.

(EUR)	1 January 2009	Additions	Uses and releases	30 June 2009
	1	2	3	5=1+2-3
Gross unearned premiums	41,967,178	55,372,327	41,967,178	55,372,327
Gross provision for claims	116,458,980	50,857,463	44,293,260	123,023,183
Gross provision for bonuses, rebates and cancellations	309,973	239,397	309,973	239,397
Other gross technical provisions	572,879	0	0	572,879
Total	159,309,010	106,469,187	86,570,411	179,207,786

Structure of the claims provision

(EUR, except indices)	30 June 2009	31 December 2008
1. Net IBNR	42,241,042	36,951,080
- gross provision	43,243,452	40,676,434
- reinsurers' share	~1,002,410	-3,725,354
2. Net RBNS	53,495,943	44,602,018
- gross provision	79,779,731	75,782,546
- reinsurers' share	-26,283,789	-31,180,528
Net claims provision (1+2)	95,736,985	81,553,098
Total gross claims provision	123,023,183	116,458,980
Total reinsurers' share	-27,286,198	-34,905,882
IBNR as % of gross claims provision	35.2%	34.9%
IBNR as % of net claims provision	44.1%	45.3%

13) Other provisions

Other provisions comprise provisions for employee benefits. The increase is due to employment of new staff in the 2009 interim period.

(EUR)	As at 1 January 2009	Additions	As at 30 June 2009
Provision for severance pay upon retirement	203,021	13,538	216,559
Provision for jubilee benefits	23,646	1,502	25,148
Total provisions for employees	226,667	15,040	241,707

14) Operating liabilities and other liabilities

Liabilities relating to reinsurance business decreased by 8.4% compared to 31 December 2008. This is related to the fact that a large part of contracts, especially outwards reinsurance contracts, require payment on 30 June and are settled in July.

Pursuant to the change in ISA regulations relating to the form of financial statements (as already mentioned for receivables), the Company reclassified the former item Tax liabilities as a subitem of Liabilities.

The effective tax rate is not calculated because the Company made a loss.

Other liabilities include short-term liabilities and accrued costs (expenses) and deferred income.

15) Net earned premiums

Net earned premiums by class of business – 6 months to 30 June 2009

Class of business (EUR)				Change in unearned	
			Change in gross	premiums for the	
	Gross premiums	Reinsurers'	unearned	reinsurance and co-	Net premiums
	written	share (-)	premiums (+/-)	insurance part (+/-)	earned
Personal accident	5,824,241	-30,367	-458,490	12,051	5,347,435
Land vehicles casco	13,487,189	-1,644,785	-1,904,681	96,951	10,034,674
Aircraft casco	241,017	-21,530	-128,261	8,226	99,452
Ships hull	572,283	-44,134	-81,391	21,656	468,414
Goods in transit	1,724,987	-75,962	-392,762	16,266	1,272,529
Fire and natural forces	24,264,071	-6,220,406	-3,407,617	1,434,316	16,070,365
Other damage to property	20,212,445	-4,413,269	-4,530,666	901,434	12,169,944
Motor liability	15,845,842	-1,343,793	-1,448,139	571,906	13,625,816
Aircraft liability	249,555	-52,311	-12,310	12,166	197,099
Liability for ships	145,769	-1,896	-16,442	0	127,431
General liability	2,798,352	~504,502	-949,099	261,449	1,606,200
Credit	412,922	0	68,508	0	481,430
Suretyship	64,658	0	16,222	-1,657	79,223
Miscellaneous financial loss	558,727	-353,113	-150,592	45,734	100,757
Legal expenses	15,152	0	1,426	0	16,579
Assistance	45,501	0	~10,020	0	35,481
Total non-life	86,462,713	-14,706,069	-13,404,313	3,380,499	61,732,829
Life	76,061	0	-835	-19,364	55,862
Unit-linked life	8,403	0	0	0	8,403
Total life	84,464	0	-835	-19,364	64,265
Total	86,547,177	-14,706,069	-13,405,149	3,361,135	61,797,094

Net earned premiums by class of business – $6\ months$ to $30\ June\ 2008$

Class of business (EUR)					
				Change in unearned	
			Change in gross	premiums for the	
	Gross premiums	Reinsurers'	unearned	reinsurance and co-	Net premiums
	written	share (-)	premiums (+/-)	insurance part (+/-)	earned
Personal accident	5,065,674	-34,978	-317,209	14,319	4,727,807
Land vehicles casco	12,236,604	-1,298,901	-1,447,025	94,981	9,585,659
Aircraft casco	13,271	4,155	21,216	-30,371	8,271
Ships hull	416,338	-39,686	25,430	-25,845	376,237
Goods in transit	1,418,247	-86,870	-67,585	10,274	1,274,067
Fire and natural forces	15,386,394	-4,599,570	-2,478,568	888,601	9,196,858
Other damage to property	13,996,203	-2,461,113	-2,219,300	220,229	9,536,019
Motor liability	15,321,834	-1,223,598	-1,263,226	757,362	13,592,372
Aircraft liability	153,704	-46,347	3,595	-33,451	77,501
Liability for ships	76,835	-3,568	-13,653	-2,077	57,537
General liability	2,421,281	-443,977	-689,252	103,096	1,391,148
Credit	885,480	0	29,830	0	915,310
Suretyship	28,744	0	-13,926	-5,493	9,325
Miscellaneous financial loss	482,462	-212,465	-137,604	30,738	163,132
Legal expenses	4,798	0	2,583	0	7,381
Assistance	13,829	0	-4,400	0	9,429
Total non-life	67,921,700	-10,446,919	-8,569,094	2,022,363	50,928,050
Life	123,282	-63,523	52,990	-42,910	69,840
Unit-linked life	1,820	0	0	0	1,820
Total life	125,102	-63,523	52,990	-42,910	71,660
Total	68,046,802	-10,510,442	-8,516,103	1,979,453	50,999,710

16) Investment income

The table below shows investment income from investments in affiliated companies as well as other investment income.

(EUR)	Liability fund	Liability fund	
	30 June 2009	30 June 2008	Index
Income from shares and interests	32,954	72,079	45.7
Interest income	2,106,313	1,981,732	106.3
Financial income from revaluation	213,296	87,803	242.9
Gains on disposals of investments	866,849	406,457	213.3
Total investment income - liability fund	3,219,413	2,548,071	126.3
	Capital fund	Capital fund	
	30 June 2009	30 June 2008	Index
Income from shares and interests	30 June 2009 267,599	30 June 2008 457,908	Index 58.4
Income from shares and interests Income from land and buildings			
	267,599	457,908	58.4
Income from land and buildings	267,599 67,824	457,908 52,284	58.4 129.7
Income from land and buildings Interest income	267,599 67,824	457,908 52,284 1,595,800	58.4 129.7
Income from land and buildings Interest income Financial income from revaluation	267,599 67,824 1,303,668 0	457,908 52,284 1,595,800 1,108,902	58.4 129.7 81.7 -

Investment income by IFRS categories in the first half of 2009

(EUR)		At fair value through profit or loss						
		Non-derivative						
			Designated as at					
	Held-to-	Held for	fair value		Available-for-	Loans and	Land and	
	maturity	trading	through P/L	Derivative	sale	receivables	buildings	Total
Income from shares and interests	0	15,637	0	0	284,916	0	0	300,553
Income from land and buildings	0	0	0	0	0	0	67,824	67,824
Interest income	199,024	0	34,617	0	2,328,572	847,768	0	3,409,981
Financial income from revaluation	0	15,993	3,028	0	120,823	73,452	0	213,296
Gains on disposals of investments	0	270,749	0	0	2,735,108	0	0	3,005,857
Total	199,024	302,379	37,645	0	5,469,418	921,220	67,824	6,997,510

Investment income by IFRS categories in the first half of 2008

(EUR)		At fair value through profit or loss						
		Non-c	lerivative					
			Designated as at					
	Held-to-	Held for	fair value		Available-for-	Loans and	Land and	
	maturity	trading	through P/L	Derivative	sale	receivables	buildings	Total
Income from shares and interests	0	55,766	0	0	474,220	0	0	529,987
Income from land and buildings	0	0	0	0	0	0	52,284	52,284
Interest income	29,738	0	34,714	147,427	2,740,917	624,738	0	3,577,533
Financial income from revaluation	0	29,444	0	772,100	42,096	353,064	0	1,196,705
Gains on disposals of investments	0	65,897	0	0	5,963,930	0	0	6,029,828
Total	29,738	151,108	34,714	919,527	9,221,163	977,802	52,284	11,386,336

17) Other technical income

Commission income as at 30 June 2009

(EUR)	30 June 2009	30 June 2008	Index
Personal accident	1,669	46	3,625.0
Land vehicles casco	87,512	59,774	146.4
Aircraft casco	1,618	435	372.1
Ships hull	3,529	5,839	60.4
Goods in transit	3,334	340	980.9
Fire and natural forces	1,001,625	553,587	180.9
Other damage to property	959,471	280,559	342.0
Motor liability	85,288	20,274	420.7
Aircraft liability	10,007	8,679	115.3
Liability for ships	0	482	-
General liability	19,617	41,468	47.3
Miscellaneous financial loss	82,462	21,203	388.9
Total non-life	2,256,132	992,686	227.3
Life	5,850	22,853	25.6
Total life	5,850	22,853	25.6
Total	2,261,982	1,015,539	222.7

18) Net claims incurred

(EUR)	Gross a	mounts			Change in the claims	
				Change in	provision for the	
		Subrogation	Reinsurers'	gross claims	reinsurance and co-	Claims
	Claima	U		U U		
D	Claims	recoveries	share (-)	provision (+/-)	insurance part (+/-)	incurred
Personal accident	1,754,869		-324	,	5,850	2,453,576
Land vehicles casco	12,088,177	~112,002	-4,472,885	-345,506	3,049,799	10,207,584
Aircraft casco	67,581	0	~1,077	-3,479	-34,513	28,513
Ships hull	364,183	0	-3,552	11,637	3,118	375,385
Goods in transit	537,509	-6,919	-141	-65,484	-76,501	388,464
Fire and natural forces	11,126,142	-185	~5,952,277	942,061	1,736,735	7,852,476
Other damage to property	9,888,532	-3,374	-2,780,825	4,882,686	3,004,349	14,991,367
Motor liability	8,025,414	-199,550	-711,358	-564,663	-397,782	6,152,060
Aircraft liability	39,518	0	-7,535	70,172	-18,123	84,032
Liability for ships	29,170	0	0	-52,577	-7,314	-30,722
General liability	1,108,482	0	-65,540	1,314,835	217,514	2,575,291
Credit	848,427	-192,629	0	207,675	0	863,473
Suretyship	155,328	-10,481	0	-93,580	0	51,267
Miscellaneous financial loss	483,285	0	-454,605	-351,907	137,012	-186,215
Legal expenses	0	0	0	~126	0	-126
Assistance	2,609	0	0	2,778	0	5,387
Total non-life	46,519,225	-525,140	-14,450,119	6,647,702	7,620,144	45,811,813
Life	15,167	0	0	-83,588	-461	-68,881
Total life	15,167	0	0	-83,499	-461	-68,792
Total	46,534,393	-525,140	-14,450,119	6,564,203	7,619,684	45,743,021

Net claims incurred by class of business for the 6 months to 30 June 2009

Net claims incurred by class of business for the 6 months to 30 June 2008

(EUR)	Gross a	mounts				
					Change in the claims	
				Change in	provision for the	
		Subrogation	Reinsurers'	gross claims	reinsurance and co-	Claims
	Claims	recoveries	share (-)	provision $(+/-)$	insurance part $(+/-)$	incurred
Personal accident	2,044,112	0	-11,407	-396,543	-148,819	1,487,343
Land vehicles casco	8,058,785	0	-212,500	-371,260	24,511	7,499,535
Aircraft casco	20,339	0	-4,612	26,379	-86,405	-44,298
Ships hull	208,178	0	-17,641	135,550	~106,307	219,780
Goods in transit	648,711	0	0	16,421	-13,943	651,189
Fire and natural forces	7,218,988	0	-1,049,794	-274,222	-1,379,624	4,515,348
Other damage to property	6,443,687	0	-709,612	-1,324,206	-1,268,711	3,141,157
Motor liability	8,251,565	0	-366,333	2,595,566	-611,144	9,869,654
Aircraft liability	107,321	0	-4,455	-6,670	53,662	149,858
Liability for ships	15,214	0	0	-139,628	7,092	-117,322
General liability	1,081,132	0	-3,732	-330,733	15,168	761,835
Credit	592,202	-22,064	0	424,598	0	994,736
Suretyship	181,424	0	0	-144,127	0	37,297
Miscellaneous financial loss	227,375	0	-72,574	128,441	2,033,199	2,316,441
Legal expenses	0	0	0	49	0	49
Assistance	4,366	0	0	1,302	0	5,668
Total non-life	35,103,400	-22,064	-2,452,661	340,917		31,488,271
Life	21,682	0	-5,025	-279,492	155,998	-106,837
Unit-linked life	106	0	0	-3,080	-3,375	-6,349
Total life	21,787	0	-5,025	-282,572	152,623	-113,187
Total	35,125,187	-22,064	-2,457,686	58,346	152,623	31,375,084

19) Operating expenses

The largest interim increase in 2009 is in acquisition costs relating to commission, which include the change in deferred acquisition costs of just over EUR 3m.

At the close of the 2008 interim period, the Company just completed an initial public offering (IPO) and while preparing the interim report, it temporarily booked IPO expenses in operating expenses. Subsequently, IPO expenses were charged to share premium. These expenses amounted to about EUR 2.8m.

(EUR)	30 June 2009	30 June 2008	Index
Acquisition costs (commissions)	20,079,819	16,747,042	119.9
Change in deferred acquisition costs	-2,351,469	-2,079,605	113.1
Depreciation of operating assets	74,949	74,708	100.3
Labour costs	2,357,055	2,157,965	109.2
- salaries and wages	1,630,892	1,429,134	114.1
- social and pension insurance costs	307,668	276,666	111.2
- other labour costs	418,495	452,165	92.6
Costs of serices by natural persons not			,
performing business, incl. of contributions	74,776	59,521	125.6
Other operating costs	680,376	3,366,238	20.2
- entertainment, advertising, exhibition costs	21,235	423,964	5.0
- material and energy costs	76,145	73,445	103.7
- maintenance costs	8,537	6,770	126.1
- reimbursement of work-related costs	75,662	175,922	43.0
- professional services costs	115,367	2,474,722	4.7
- taxes, levies and charges independent of profit			·
or loss, except for insurance	155,553	29,830	521.5
- transport and communication costs	25,367	27,795	91.3
- insurance costs	54,419	21,421	254.0
- bank fees	25,795	18,626	138.5
- rentals and leases	4,143	4,660	88.9
- training costs	2,606	12,660	20.6
- other service costs	115,547	96,423	119.8
Total	20,915,506	20,325,868	102.9

20) Investment expenses

The table below shows investment expenses from investments in affiliated companies as well as other investment expenses.

(EUR)	Liability fund	Liability fund	
	30 June 2009	30 June 2008	Index
Asset management expenses, interest expenses			
and other financial expenses	148,223	28,151	526.5
Financial expenses from revaluation	189,246	464,654	40.7
Losses on disposal of investments	1,510,433	562,955	268.3
Total investment expenses - liability fund	1,847,902	1,055,760	175.0
	Capital fund	Capital fund	
	30 June 2009	30 June2008	Index
Depreciation of investments not necessary for			
operations	9,359	5,795	161.5
Asset management expenses, interest expenses			
and other financial expenses	985,281	1,418,116	69.5
Financial expenses from revaluation	2,375,023	346,109	686.2
Losses on disposal of investments	5,423,193	1,448,455	374.4
Total investment expenses - capital fund	8,792,856	3,218,475	273.2
Total investment expenses	10,640,759	4,274,235	249.0

Investment expenses by IFRS categories in the first half of 2009

(EUR)		At fair valu	ue through profi	t or loss					
		Non-de	Non-derivative						
	Held-to- maturity	Held for trading	Designated as at fair value through P/L	Derivative	Available-for- sale	Loans and deposits	Land and buildings	Subordinated liabilities	Total
Losses on disposal of investments	0	0	0	0	0	0	9,359	0	9,359
Expenses from land and buildings	0	2,510	0	2,742	27,869	123,895	0	976,487	1,133,504
Financial expenses from revaluation	0	26,655	9,905	96	124,882	0	0	0	161,538
Other financial expenses	0	193,268	0	0	6,740,358	0	0	0	6,933,626
Permanent impairment expenses	0	0	0	0	2,402,732	0	0	0	2,402,732
Total	0	222,433	9,905	2,838	9,295,841	123,895	9,359	976,487	10,640,759

Investment expenses by IFRS categories in the first half of 2008

(EUR)		At fair val	At fair value through profit or loss						
		Non-de	Non-derivative						
	Held-to- maturity	Held for trading	Designated as at fair value through P/L	Derivative	Available-for- sale	Loans and deposits	Land and buildings	Subordinated liabilities	Total
Losses on disposal of investments	0	0	0	0	0	. 0	5,795	0	5,795
Expenses from land and buildings	0	2,840	0	0	38,938	163	0	1,404,326	1,446,267
Financial expenses from revaluation	0	56,068	0	4,000	244,972	505,724	0	0	810,763
Other financial expenses	0	823,778	19,719	0	1,167,914	0	0	0	2,011,410
Total	0	882,685	19,719	4,000	1,451,823	505,887	5,795	1,404,326	4,274,235

The item *Financial expenses from revaluation* also includes the write-down on goodwill in Sava Montenegro of EUR 1,325,743.

11.8 Statement of capital adequacy as at 30 June 2009

(EUR)	30 June 2009	30 June 2008
CORE CAPITAL (Article 106 of the Insurance Act)		
Subscribed capital other than share capital subscribed based on		
cumulative preference shares, or founding capital	39,069,099	39,069,099
Share premium other than share premium related to cumulative		
preference shares	33,003,752	35,846,773
Profit reserves other than reserve for treasury shares and credit risk		
equalization & catastrophe equalization reserves	86,949,040	59,617,426
Retained earnings	0	35,914,681
Revaluation surplus relating to assets not financed by technical		
provisions	-4,038,999	2,206,625
Treasury shares and own business shares	1,774	1,774
Intangible assets	233,568	210,006
Retained loss and loss for the year	5,901,321	0
Core capital	148,846,230	172,442,824
Minimum guarantee fund	6,130,683	5,732,547
ADDITIONAL CORE CAPITAL (Article 107 of the Insurance Act) Subordinated debt	4 508 012	4 200 411
Additional core capital (not more than 50% of the lower of core	4,598,012	4,299,411
capital and minimum guarantee fund)	4,598,012	4,299,411
	4,570,012	4,277,411
AVAILABLE SOLVENCY MARGIN AND STATEMENT OF CAPITAL		
ADEQUACY (Article 108 of the Insurance Act)		
Total of core and additional core capital	153,444,243	176,742,235
^		· · · ·
Participation according to Article 108, paragraph 1/1 of the Insurance Act	87,185,079	69,507,584
Participation according to Article 108, paragraph 1/2 of the Insurance Act	3,139,933	1,726,262
Available solvency margin of insurer	63,119,231	105,508,389
Required solvency margin	18,392,050	17,197,642
Surplus/deficit of available solvency margin of insurer	44,727,181	88,310,746



SUMMARY OF GROUP FINANCIAL STATEMENTS WITH NOTES

ž,



12 GROUP FINANCIAL STATEMENTS WITH NOTES

12.1 Consolidated balance sheet as at 31 June 2009

(EU	IR)		Notes	30 June 2009	31 December 2008	Index
		ASSETS		582,172,492	535,346,611	108.7
Α.		Intangible assets	(1)	28,217,821	24,794,625	113.8
В.		Property and equipment	(2)	21,848,076	22,232,413	98.3
C .		Non-current assets held for sale	(-)	1,139,647	1,196,451	95.3
D.		Deferred tax assets	(3)	4,115,062	5,860,267	70.2
Ε.		Investment property	(4)	8,493,739	5,243,407	162.0
<u> </u>		Financial investments in associated companies	(5)	27,811,294	33,093,963	84.0
G.		Financial investments:	(6)	278,940,651	269,139,531	103.6
		- loans and deposits	(0)	80,923,095	66,336,829	122.0
		- held to maturity		9,948,282	6,809,764	146.1
		- available for sale		184,132,996	182,243,201	101.0
		- at fair value through profit or loss		3,936,278	13,749,737	28.6
		Funds for the benefit of policyholders who bear the				
Н.		investment risk	(7)	13,950,388	11,528,075	121.0
I.		Reinsurers' share of technical provisions	(8)	39,891,839	40,141,021	99.4
K.		Receivables	(9)	122,493,989	84,896,823	144.3
	1.	Receivables arising out of primary insurance business		40,690,684	27,587,500	147.5
		Receivables arising out of reinsurance and co-insurance busines	s	66,743,704	47,670,957	140.0
		Current tax receivables		239,460	956,382	25.0
		Other receivables		14,820,141	8,681,984	170.7
L.		Other assets	(10)	21,081,444	23,091,068	91.3
М.		Cash and cash equivalents	. ,	14,188,542	14,128,967	100.4
		LIABILITIES AND EQUITY		582,172,492	535,346,611	108.7
Α.		Equity	(11)	172,963,634	174,087,057	99.4
	1.	Share capital		39,069,099	39,069,099	100.0
	2.	Share premium		33,003,756	33,003,756	100.0
	3.	Profit reserves		20,385,136	20,533,973	99.3
	4.	Revaluation surplus		-3,042,319	-11,456,854	26.6
	5.	Retained earnings		85,513,083	86,756,202	98.6
	6.	Net profit/loss for the period		-15,272,447	-823,359	1,854.9
	7.	Minority interest in equity		13,307,326	7,004,238	190.0
В.		Subordinated liabilities	(12)	31,121,669	31,139,605	99.9
C.		Technical provisions	(13)	294,710,052	256,307,515	115.0
	1.	Unearned premiums		102,057,978	78,620,515	129.8
	2.	Mathematical provision		12,269,928	10,280,389	119.4
	3.	Provision for outstanding claims		176,317,326	164,740,856	107.0
	4.	Other technical provisions		4,064,820	2,665,755	152.5
		Technical provision for the benefit of life insurance				
D.		policyholders who bear the investment risk	(13)	14,145,158	10,748,184	131.6
E.		Other provisions	(14)	805,858	777,616	103.6
G.		Deferred tax liabilities		89,486	60,746	147.3
I.		Other financial liabilities		201,172	600,160	33.5
J.		Operating liabilities	(15)	42,982,631	45,842,801	93.8
	-	Liabilities from primary insurance business		3,170,423	6,111,275	51.9
	_	Liabilities from reinsurance and co-insurance business		38,244,363	39,411,061	97.0
	3.	Tax liabilities		1,567,845	320,465	489.2
К.	1	Diverse liabilities	(15)	25,152,832	15,782,929	159.4

(EUR)		Notes	1 January-30 June 2009	1 January-30 June 2008	Index
I.	Net earned premiums	(16)	108,461,803	89,423,762	121.3
	Gross premiums written		141,192,608	117,200,814	120.5
	Written premiums ceded to reinsurers and co-insurers		-16,917,662	~12,045,174	140.5
	Change in unearned premiums		~15,813,143	-15,731,878	100.5
II.	Income from investments in affiliates, of this	(17)	272,759	2,031,225	13.4
	- gains from investments in affiliated and jointly controlled				
	companies under the equity method		216,287	2,031,225	10.6
III.	Investment income	(18)	11,024,289	13,904,342	79.3
IV.	Other technical income, of this	(19)	3,730,220	2,432,570	153.3
	~ commission income		2,411,096	1,126,109	214.1
V.	Other income		599,439	300,846	199.3
VI.	Net claims incurred	(20)	-70,781,781	-51,584,410	137.2
	Gross claims paid less income from subrogation				
	receivables liquidated		-69,181,696	-53,430,605	129.5
	Reinsurers' and co-insurers' share of claims paid		15,157,559	2,778,878	545.5
	Change in the provision for outstanding claims		-16,757,644	-932,683	1,796.7
VII.	Change in other technical provisions		-3,998,238	-1,512,660	264.3
X.	Bonuses and rebates		-174,561	-105,434	165.6
XI.	Operating expenses, of this	(21)	-38,979,833	-35,032,704	111.3
	- acquisition costs		-19,971,988	-15,431,666	129.4
XII.	Expenses from investments in affiliates, of this	(22)	-9,245,748	0	ľ
	- losses from investments in associated and jointly				
	controlled companies under the equity method		-9,245,748	0	-
XIII.	Investment expenses, of this	(23)	-11,590,764	-6,638,241	174.6
	- impairment of financial assets not measured at fair value				
	through profit or loss		-2,402,732	0	-
XIV.	Other technical expenses		-2,774,962	-2,423,163	114.5
XV.	Other expenses		-849,508	-355,972	238.6
XVI.	Profit before tax		-14,306,885	10,440,161	-337.0
XVII	Tax on profit		-810,528	-2,077,715	39.0
XVIII.	Profit for the period		-15,117,413	8,362,446	-380.8
	Profit for the period attributable to equity holders				
	of the company		-15,841,043	7,815,739	-402.7
	Profit for the period attributable to minority interest		723,630	546,707	132.4

12.2 Consolidated income statement for the six months to 30 June 2009

12.3 Statement of comprehensive income for the six months to 30 June 2009

(EUR	2)	1 January-30 June 2009	1 January-30 June 2008	Index
I.	NET PROFIT/LOSS FOR THE YEAR	-15,117,413	8,362,446	-180.8
	OTHER COMPREHENSIVE GAIN, NET OF TAX			
II.	(1+2+3+4+5+6+7+8+9+10)	8,414,535	-15,598,520	-53.9
4.	Net gain/loss from revaluation of financial assets available-for-sale	10,262,969	-11,545,230	-88.9
	Gains/losses recognised in the revaluation surplus	6,803,812	-5,112,535	-133.1
	Reclassification of gains/losses from revaluation surplus to net income	3,459,157	-6,432,695	-53.8
9.	Tax on other comprehensive gain	-1,295,398	-3,443,848	37.6
	Net gains/losses from tranlation of finantial statements of non-			
10.	domestic companies	-553,036	-609,442	90.7
III.	Comprehensive income for the year, net of tax $(I + II)$	-6,702,878	-7,236,074	92.6
	Comprehensive income for the year attributable to equity holders of			
	the company	-7,426,508	-7,782,781	95.4
	Comprehensive income for the year attributable to minority interest	723,630	546,707	132.4

12.4 Consolidated statement of changes in equity for the six months to 30 June 2009

(EUF	२)				III. Prof	t reserves									
		I. Share capital	II. Share premium	Contingency reserve	Legal reserves and reserves provided for in the articles of association	for	Reserve for credit risks	catactrophe	IV. Revaluation surplus	V. Retained earnings	VI. Net profit/loss for the year	VII. Treasury shares	Total Group equity	Minority interest in equity	Total
		1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.
1.	Opening balance in financial period	39,069,099	33,003,756	0	14,986,525	1,774	3,053,943	2,493,505	-11,456,854	86,756,202	-823,360	-1,774	167,082,816	7,004,238	174,087,054
	Comprehensive income for the year,														
2.	net of tax	0	0	0	0	0	0	0	8,414,535	0	-15,841,043	0	-7,426,508	723,630	-6,702,878
8.	Allocation of net profit to profit reserve	0	0	7,249	412,510	0	0	0	0	-419,759		0	0	0	0
	Additions/uses of credit risk equalization reserve and catastrophe equalization														
10.	reserve	0	0	0	0	0	-615,610	47,014	0	0	568,596	0	0	0	0
11.	Other	0	0	0	0	0	0	0	0	-823,360	823,360	0	0	5,579,457	5,579,457
12.	Closing balance in financial period (1+2+3+4+5+6+7+8+9+10+11)	39,069,099	33,003,756	7,249	15,399,035	1,774	2,438,333	2,540,519	-3,042,319	85,513,083	-15,272,447	-1,774	159,656,308	13,307,326	172,963,634

12.5 Consolidated statement of changes in equity for the six months to 30 June 2008

(EU	IR)				III. Profi	t reserves									
		I. Share capital	II. Share premium	Contingency reserve	Legal reserves and reserves provided for in the articles of association	for	Reserve for	Reserve for catastrophe losses	IV. Revaluation surplus	V. Retained earnings	VI. Net profit/loss for the year	VII: Treasury shares (deductible item)	Total Group equity	Minority interest in equity	Total
		1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.
1.	Opening balance for the period	32,809,710	106,162	0	14,986,525	1,774	3,839,550	1,387,095	15,639,622	75,114,230	20,041,044	-1,774	163,923,938	4,627,522	168,551,460
2.	Comprehensive income for the year, net of tax	0	0	0	0	0	0	0	-15,598,520	0	7,815,739	0	-7,782,781	546,707	-7,236,074
3.	Subscription (payment) of new equity capital	6,259,389	35,740,611	0	0	0	0	0	0	0	0	0	42,000,000	0	42,000,000
8.	Allocation of net profit to profit reserve	0	0	0	255,563	0	0	0	0	-255,563	0	0	0	0	0
	Additions/uses of credit risk equalization reserve and catastrophe equalization														
10.	reserve	0	0	0	0	0	-786,220	44,994	0	0	741,226	0	0	0	0
11.	Other	0	0	0	0	0	0	0	0	20,524,412	-20,639,233	0	-114,821	-132,314	-247,135
12	Closing balance for the period . (1+2+3+4+5+6+7+8+9+10+11)	39,069,099	35,846,773	0	15,242,088	1,774	3,053,330	1,432,089	41,102	95,383,079	7,958,776	-1,774	198,026,336	5,041,915	203,068,251

CASH FLO	WS FROM OPERATING ACTIVITIES	I January-30 June 2009 I Ja	andary 50 June 20
	of the income statement	43,105,837	651,93
	et premiums written	124,274,946	83,312,3
2. In	vestment income (other than financial income), financed from:	11,080,761	18,080,8
~ t	echnical provisions	8,547,962	6,136,6
- (other sources	2,532,799	11,944,2
3. Ot	ther operating income (excl. revaluation income and releases from		
	ovisions) and financial income from operating receivables	5,165,471	1,596,9
	et claims paid	-54,024,137	-51,213,4
	penses for bonuses and rebates	-174,561	-2,620,5
	et operating expenses excl. depreciation and change in deferred acquisition	114,501	2,020,9
	et operating expenses excl. depreciation and change in defened acquisition osts	-18,161,420	-32,996,5
	vestment expenses (excluding depreciation and financial expenses),	,	,,.
fin	anced from:	-20,620,225	-6,638,2
~ t	echnical sources	-1,840,651	-3,303,1
- (other sources	-18,779,574	-3,335,0
8. Ot	ther operating expenses excl. depreciation (other than for revaluation and		
ex	cl. additions to provisions)	-3,624,470	-5,098,8
9. Ta	ax on profit and other taxes not included in operating expenses	-810,528	-3,770,6
Chan	ges in net operating assets (receivables for premium, other		
receiv	ables, other assets and deferred tax receivables/liabilities) of		
b.) opera	ting items of the balance sheet	-27,264,562	-24,041,1
	nange in receivables from primary insurance	-13,329,829	-10,031,3
	nange in receivables from reinsurance	-19,072,748	-5,453,7
		-4,756,304	
	nange in other receivables from reinsurance business	1,949,314	13,5
	nange in other receivables and assets		-4,958,3
	nange in deferred tax receivables	1,745,205	740,4
	nange in inventories	60,310	-166,1
	nange in liabilities arising out of primary insurance	-2,940,852	652,3
	nange in liabilities arising out of reinsurance business	-1,166,698	843,6
	nange in other operating liabilities	4,895,447	1,637,2
10. Cł	nange in other liabilities (except unearned premiums)	5,322,853	-310,4
11. Cł	nange in deferred tax liabilities	28,740	-7,008,4
	ash from/used in operating activities $(a + b)$	15,841,275	-23,389,1
CASH FLO	WS FROM INVESTING ACTIVITIES		
a.) Cash	receipts from investing activities	254,501,710	228,459,7
1. In	terest received from investing activities and from:	5,759,180	5,282,9
- i	nvestments financed from technical provisions	4,492,210	3,270,6
- (other investments	1,266,970	2,012,2
	ash receipts from dividends and from participation in the profit of others,		
	lating to	412,159	308,7
	nvestments financed from technical provisions	55,933	87,8
	other investments	356,225	220,9
	oceeds from sale of intangible assets, financed from:	46,136	
	other sources	46,136	
	oceeds from sale of property and equipment, financed from:	2,298,489	198,1
	echnical provisions	0	131,6
	other sources	2,298,489	66,4
5. Pr	oceeds from sale of long-term financial investments, financed from:	102,115,713	36,406,1
~ t	echnical provisions	40,533,417	7,648,7
- (other sources	61,582,296	28,757,4
6. Pr	oceeds from sale of short-term financial investments, financed from:	143,870,033	186,263,7
- t	echnical provisions	110,467,784	98,868,9
1 1 1	other sources	33,402,249	87,394,8
	disbursements in investing activities	-269,046,488	-246,678,6
	urchase of intangible assets	-271,167	-366,6
	irchase of property and equipment, financed from:	-2,273,845	-1,090,5
	echnical provisions	-911,030	-851,1
	other sources	-1,362,815	-239,4
		-85,449,181	-239,4
	irchase of long-term financial investments, financed from: rechnical provisions		
	*	-33,964,539	-10,114,8
	other sources	-51,484,642	-28,746,1
	irchase of short-term financial investments, financed from:	-181,052,294	-206,360,2
	echnical provisions	-129,130,066	-91,179,4
	other sources	-51,922,228	-115,180,8
	ash from/used in investing activities (a + b)	-14,544,778	-18,218,8
	WS FROM FINANCING ACTIVITIES		
	receipts from financing activities	0	42,208,3
	oceeds from paid-in capital	0	42,000,0
	oceeds from long-term borrowing	0	14,7
3. Pr	oceeds from short-term borrowing	0	193,6
b.) Cash	disbursements in financing activities	-1,236,921	-1,476,8
1. In	terest paid	-206,671	-1,455,9
	epayment of long-term financial liabilities	-1,012,379	
	payment of short-term financial liabilities	~17,871	-20,8
	ash from/used in financing activities (a + b)	-1,236,921	40,731,5
	,	·)=> \$, / = 1	
c.) Net ca	alance of cash and cash equivalents	14 188 543	3 705 1
c.) Net ca Closing ba	alance of cash and cash equivalents prease/decrease in cash and cash equivalents for the period (sum	14,188,543	3,705,1
c.) Net ca Closing ba Net in	alance of cash and cash equivalents crease/decrease in cash and cash equivalents for the period (sum Bc and Cc)	14,188,543 59,576	3,705,1

12.6 Consolidated cash flow statement for the six months to 30 June 2009

The 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 Group companies.

12.7 Segment reporting

Balance sheet as at 30 June 2009

(EUR)		Reinsurance	Insura	nce	m 1	0 111.1	T + 1
		Non-life	Non-life	Life	Total	Consolidation	Total
	ASSETS	423,972,922	204,402,670	45,204,949	673,580,541	-91,408,049	582,172,492
А.	Intangible assets	233,568	2,044,545	308,647	2,586,760	25,631,061	28,217,821
В.	Property and equipment	1,831,470	15,754,092	4,262,514	21,848,076	0	21,848,076
С.	Non-current assets held for sale	0	1,139,647	0	1,139,647	0	1,139,647
D.	Deferred tax assets	3,695,184	406,844	13,034	4,115,062	0	4,115,062
Ε.	Investment property	1,253,598	7,240,141	0	8,493,739	0	8,493,739
-		01 00 4 00 7	10.005.500		104 (70 4 (0	54 858 144	27 011 204
F. G.	Financial investments in associated companies Financial investments:	91,334,937	13,335,523 65,550,228	0 23,920,913	104,670,460 278,940,650	-76,859,166 0	27,811,294 278,940,651
G.	- loans and deposits	189,469,510 33,347,650	34,746,436	12,829,009	80.923.095	0	80,923,095
	- held to maturity	6,114,182	2,944,516	889,584	9,948,282	0	9,948,282
		147,992,779				0	
	- available for sale - at fair value through profit or loss	2,014,899	25,937,897	10,202,320	184,132,996	0	184,132,996
	Funds for the benefit of policyholders who bear	2,014,899	1,921,379	0	3,936,278	0	3,936,278
Н.	the investment risk	0	o	13,950,388	13,950,388	0	13,950,388
I.	Reinsurers' share of technical provisions	33,432,122	34,561,918	10,770	68,004,810	-28,112,971	39,891,839
К.	Receivables	81,297,821	52,037,139	1,165,109	134,500,070	-12,006,080	122,493,989
	Receivables arising out of primary insurance business	0	40,587,030	418,885	41,005,916	-315,231	40,690,684
	Receivables arising out of reinsurance and co- insurance business	72,540,394	5,593,589	570	78,134,553	-11,390,849	66,743,704
	 Current tax receivables 	0	179,218	60,242	239,460	0	239,460
4	1. Other receivables	8,757,427	5,677,302	685,412	15,120,141	-300,000	14,820,141
L.	Other assets	12,022,535	8,360,254	759,548	21,142,337	-60,893	21,081,444
М.	Cash and cash equivalents	9,402,177	3,972,339	814,026	14,188,542	0	14,188,542
	LIABILITIES AND EQUITY	423,972,922	204,402,670	45,204,949	673,580,541	-91,408,049	582,172,492
А.	LIABILITIES AND EQUITY Equity	423,972,922 152,404,823		, ,	, ,	-91,408,049 -49,001,064	
А.			204,402,670	45,204,949	673,580,541		582,172,492
	Equity	152,404,823	204,402,670 52,189,550	45,204,949 17,370,322	673,580,541 221,964,695	-49,001,064	582,172,492 172,963,634
	Equity . Share capital	152,404,823 39,069,099	204,402,670 52,189,550 48,858,068	45,204,949 17,370,322 21,219,205	673,580,541 221,964,695 109,146,372	-49,001,064 -70,077,273	582,172,492 172,963,634 39,069,099
	Equity Share capital Share premium Profit reserves Revaluation surplus	152,404,823 39,069,099 33,003,752	204,402,670 52,189,550 48,858,068 28,495	45,204,949 17,370,322 21,219,205 56	673,580,541 221,964,695 109,146,372 33,032,303	-49,001,064 -70,077,273 -28,547	582,172,492 172,963,634 39,069,099 33,003,756
	Equity Share capital Share premium Profit reserves	152,404,823 39,069,099 33,003,752 19,660,090	204,402,670 52,189,550 48,858,068 28,495 4,673,110	45,204,949 17,370,322 21,219,205 56 0	673,580,541 221,964,695 109,146,372 33,032,303 24,333,199	-49,001,064 -70,077,273 -28,547 -3,948,064	582,172,492 172,963,634 39,069,099 33,003,756 20,385,136
	Equity Share capital Share premium Profit reserves Revaluation surplus	152,404,823 39,069,099 33,003,752 19,660,090 -5,389,312	204,402,670 52,189,550 48,858,068 28,495 4,673,110 -83,550	45,204,949 17,370,322 21,219,205 56 0 -336,037	673,580,541 221,964,695 109,146,372 33,032,303 24,333,199 -5,808,899	-49,001,064 -70,077,273 -28,547 -3,948,064 2,766,580	582,172,492 172,963,634 39,069,099 33,003,756 20,385,136 -3,042,319
	Equity Share capital Share premium Profit reserves Revaluation surplus Retained earnings	152,404,823 39,069,099 33,003,752 19,660,090 -5,389,312 71,962,514 -5,901,321 0	204,402,670 52,189,550 48,858,068 28,495 4,673,110 -83,550 -1,702,077 415,504 0	45,204,949 17,370,322 21,219,205 56 0 -336,037 -3,479,356	673,580,541 221,964,695 109,146,372 33,032,303 24,333,199 -5,808,899 66,781,081 -5,519,361 0	-49,001,064 -70,077,273 -28,547 -3,948,064 2,766,580 18,732,002	582, 172, 492 172, 963, 634 39,069,099 33,003,756 20,385,136 -3,042,319 85,513,083
	Equity . Share capital 2. Share premium 3. Profit reserves 4. Revaluation surplus 5. Retained earnings 6. Net profit/loss for the period 7. Minority interest in equity Subordinated liabilities	152,404,823 39,069,099 33,003,752 19,660,090 -5,389,312 71,962,514 -5,901,321 0 31,121,669	204,402,670 52,189,550 48,858,068 28,495 4,673,110 -83,550 -1,702,077 415,504 0 1,585,740	45,204,949 17,370,322 21,219,205 56 0 -336,037 -3,479,356 -33,544 0 0	673,580,541 221,964,695 109,146,372 33,032,303 24,333,199 -5,808,899 66,781,081 -5,519,361 0 32,707,409	-49,001,064 -70,077,273 -28,547 -3,948,064 2,766,580 18,732,002 -9,753,086 13,307,326 -1,585,740	582,172,492 172,963,634 39,069,099 33,003,756 20,385,136 -3,042,319 85,513,083 -15,272,447 13,307,326 31,121,669
	Equity . Share capital 2. Share premium 3. Profit reserves 4. Revaluation surplus 5. Retained earnings 5. Net profit/loss for the period 7. Minority interest in equity Subordinated liabilities Technical provisions	152,404,823 39,069,099 33,003,752 19,660,090 -5,389,312 71,962,514 -5,901,321 0 31,121,669 179,207,786	204,402,670 52,189,550 48,858,068 28,495 4,673,110 -83,550 -1,702,077 415,504 0 1,585,740 130,981,282	45,204,949 17,370,322 21,219,205 56 0 -336,037 -3,479,356 -33,544 0 0 12,633,955	673,580,541 221,964,695 109,146,372 33,032,303 24,333,199 -5,808,899 66,781,081 -5,519,361 0 32,707,409 322,823,023	-49,001,064 -70,077,273 -28,547 -3,948,064 2,766,580 18,732,002 -9,753,086 13,307,326 -1,585,740 -28,112,971	582,172,492 172,963,634 39,069,099 33,003,756 20,385,136 -3,042,319 85,513,083 -15,272,447 13,307,326 31,121,669 294,710,052
B. C.	Equity . Share capital 2. Share premium 3. Profit reserves 4. Revaluation surplus 5. Retained earnings 5. Net profit/loss for the period 7. Minority interest in equity Subordinated liabilities Technical provisions Unearned premiums	152,404,823 39,069,099 33,003,752 19,660,090 -5,389,312 71,962,514 -5,901,321 0 31,121,669	204,402,670 52,189,550 48,858,068 28,495 4,673,110 -83,550 -1,702,077 415,504 0 1,585,740 130,981,282 57,852,385	45,204,949 17,370,322 21,219,205 56 0 -336,037 -3,479,356 -33,544 0 0 12,633,955 219,523	673,580,541 221,964,695 109,146,372 33,032,303 24,333,199 -5,808,899 66,781,081 -5,519,361 0 32,707,409 322,823,023 113,444,235	-49,001,064 -70,077,273 -28,547 -3,948,064 2,766,580 18,732,002 -9,753,086 13,307,326 -1,585,740	582,172,492 172,963,634 39,069,099 33,003,756 20,385,136 -3,042,319 85,513,083 -15,272,447 13,307,326 31,121,669 294,710,052 102,057,978
B. C.	Equity . Share capital 2. Share premium 3. Profit reserves 4. Revaluation surplus 5. Retained earnings 5. Net profit/loss for the period 7. Minority interest in equity Subordinated liabilities Technical provisions 1. Unearned premiums 2. Mathematical provision	152,404,823 39,069,099 33,003,752 19,660,090 -5,389,312 71,962,514 -5,901,321 0 31,121,669 179,207,786 55,372,327 0	204,402,670 52,189,550 48,858,068 28,495 4,673,110 -83,550 -1,702,077 415,504 0 1,585,740 130,981,282 57,852,385 0	45,204,949 17,370,322 21,219,205 56 0 -336,037 -3,479,356 -33,544 0 0 12,633,955 219,523 12,269,928	673,580,541 221,964,695 109,146,372 33,032,303 24,333,199 -5,808,899 66,781,081 -5,519,361 0 32,707,409 322,823,023 113,444,235 12,269,928	-49,001,064 -70,077,273 -28,547 -3,948,064 2,766,580 18,732,002 -9,753,086 13,307,326 -1,585,740 -28,112,971 -11,386,257 0	582,172,492 172,963,634 39,069,099 33,003,756 20,385,136 -3,042,319 85,513,083 -15,272,447 13,307,326 31,121,669 294,710,052 102,057,978 12,269,928
B. C.	Equity . Share capital 2. Share premium 3. Profit reserves 4. Revaluation surplus 5. Retained earnings 5. Net profit/loss for the period 7. Minority interest in equity Subordinated liabilities Technical provisions 1. Unearned premiums 2. Mathematical provision 3. Provision for outstanding claims	152,404,823 39,069,099 33,003,752 19,660,090 -5,389,312 71,962,514 -5,901,321 0 31,121,669 179,207,786 55,372,327 0 123,023,183	204,402,670 52,189,550 48,858,068 28,495 4,673,110 -83,550 -1,702,077 415,504 0 1,585,740 130,981,282 57,852,385 0 69,660,502	45,204,949 17,370,322 21,219,205 56 0 -336,037 -3,479,356 -33,544 0 0 12,633,955 219,523 12,269,928 144,504	673,580,541 221,964,695 109,146,372 33,032,303 24,333,199 -5,808,899 66,781,081 -5,519,361 0 32,707,409 322,823,023 113,444,235 12,269,928 192,828,189	-49,001,064 -70,077,273 -28,547 -3,948,064 2,766,580 18,732,002 -9,753,086 13,307,326 -1,585,740 -28,112,971 -11,386,257 0 -16,510,863	582,172,492 172,963,634 39,069,099 33,003,756 20,385,136 -3,042,319 85,513,083 -15,272,447 13,307,326 31,121,669 294,710,052 102,057,978 12,269,928 176,317,326
B. C.	Equity . Share capital 2. Share premium 3. Profit reserves 4. Revaluation surplus 5. Retained earnings 5. Net profit/loss for the period 7. Minority interest in equity Subordinated liabilities Technical provisions 1. Unearned premiums 2. Mathematical provision 3. Provision for outstanding claims 4. Other technical provisions	152,404,823 39,069,099 33,003,752 19,660,090 -5,389,312 71,962,514 -5,901,321 0 31,121,669 179,207,786 55,372,327 0	204,402,670 52,189,550 48,858,068 28,495 4,673,110 -83,550 -1,702,077 415,504 0 1,585,740 130,981,282 57,852,385 0	45,204,949 17,370,322 21,219,205 56 0 -336,037 -3,479,356 -33,544 0 0 12,633,955 219,523 12,269,928	673,580,541 221,964,695 109,146,372 33,032,303 24,333,199 -5,808,899 66,781,081 -5,519,361 0 32,707,409 322,823,023 113,444,235 12,269,928	-49,001,064 -70,077,273 -28,547 -3,948,064 2,766,580 18,732,002 -9,753,086 13,307,326 -1,585,740 -28,112,971 -11,386,257 0	582,172,492 172,963,634 39,069,099 33,003,756 20,385,136 -3,042,319 85,513,083 -15,272,447 13,307,326 31,121,669 294,710,052 102,057,978 12,269,928
B. C.	Equity . Share capital 2. Share premium 3. Profit reserves 4. Revaluation surplus 5. Retained earnings 5. Retained earnings 6. Net profit/loss for the period 7. Minority interest in equity Subordinated liabilities Technical provisions 1. Unearned premiums 2. Mathematical provision 3. Provision for outstanding claims 1. Other technical provisions Technical provisions	152,404,823 39,069,099 33,003,752 19,660,090 -5,389,312 71,962,514 -5,901,321 0 31,121,669 179,207,786 55,372,327 0 123,023,183	204,402,670 52,189,550 48,858,068 28,495 4,673,110 -83,550 -1,702,077 415,504 0 1,585,740 130,981,282 57,852,385 0 69,660,502	45,204,949 17,370,322 21,219,205 56 0 -336,037 -3,479,356 -33,544 0 0 12,633,955 219,523 12,269,928 144,504	673,580,541 221,964,695 109,146,372 33,032,303 24,333,199 -5,808,899 66,781,081 -5,519,361 0 32,707,409 322,823,023 113,444,235 12,269,928 192,828,189	-49,001,064 -70,077,273 -28,547 -3,948,064 2,766,580 18,732,002 -9,753,086 13,307,326 -1,585,740 -28,112,971 -11,386,257 0 -16,510,863	582,172,492 172,963,634 39,069,099 33,003,756 20,385,136 -3,042,319 85,513,083 -15,272,447 13,307,326 31,121,669 294,710,052 102,057,978 12,269,928 176,317,326
B. C.	Equity . Share capital 2. Share premium 3. Profit reserves 4. Revaluation surplus 5. Retained earnings 5. Net profit/loss for the period 7. Minority interest in equity Subordinated liabilities Technical provisions 1. Unearned premiums 2. Mathematical provision 3. Provision for outstanding claims 4. Other technical provisions Technical provision for the benefit of life insurance policyholders who bear the	152,404,823 39,069,099 33,003,752 19,660,090 -5,389,312 71,962,514 -5,901,321 0 31,121,669 179,207,786 55,372,327 0 123,023,183 812,275	204,402,670 52,189,550 48,858,068 28,495 4,673,110 -83,550 -1,702,077 415,504 0 1,585,740 130,981,282 57,852,385 0 69,660,502 3,468,396	45,204,949 17,370,322 21,219,205 56 0 -336,037 -3,479,356 -33,544 0 0 12,633,955 219,523 12,269,928 144,504 0 0	673,580,541 221,964,695 109,146,372 33,032,303 24,333,199 -5,808,899 66,781,081 -5,519,361 0 32,707,409 322,823,023 113,444,235 12,269,928 192,828,189 4,280,671	-49,001,064 -70,077,273 -28,547 -3,948,064 2,766,580 18,732,002 -9,753,086 13,307,326 -1,585,740 -28,112,971 -11,386,257 0 -16,510,863 -215,851	582,172,492 172,963,634 39,069,099 33,003,756 20,385,136 -3,042,319 85,513,083 -15,272,447 13,307,326 31,121,669 294,710,052 102,057,978 12,269,928 176,317,326 4,064,820
B. C.	Equity . Share capital 2. Share premium 3. Profit reserves 4. Revaluation surplus 5. Retained earnings 5. Retained earnings 6. Net profit/loss for the period 7. Minority interest in equity Subordinated liabilities Technical provisions 1. Unearned premiums 2. Mathematical provision 3. Provision for outstanding claims 1. Other technical provisions Technical provisions	152,404,823 39,069,099 33,003,752 19,660,090 -5,389,312 71,962,514 -5,901,321 0 31,121,669 179,207,786 55,372,327 0 123,023,183	204,402,670 52,189,550 48,858,068 28,495 4,673,110 -83,550 -1,702,077 415,504 0 1,585,740 130,981,282 57,852,385 0 69,660,502	45,204,949 17,370,322 21,219,205 56 0 -336,037 -3,479,356 -33,544 0 0 12,633,955 219,523 12,269,928 144,504	673,580,541 221,964,695 109,146,372 33,032,303 24,333,199 -5,808,899 66,781,081 -5,519,361 0 32,707,409 322,823,023 113,444,235 12,269,928 192,828,189	-49,001,064 -70,077,273 -28,547 -3,948,064 2,766,580 18,732,002 -9,753,086 13,307,326 -1,585,740 -28,112,971 -11,386,257 0 -16,510,863	582,172,492 172,963,634 39,069,099 33,003,756 20,385,136 -3,042,319 85,513,083 -15,272,447 13,307,326 31,121,669 294,710,052 102,057,978 12,269,928 176,317,326
B. C.	Equity . Share capital 2. Share premium 3. Profit reserves 4. Revaluation surplus 5. Retained earnings 5. Net profit/loss for the period 7. Minority interest in equity Subordinated liabilities Technical provisions 1. Unearned premiums 2. Mathematical provision 3. Provision for outstanding claims 1. Other technical provisions Technical provision for the benefit of life insurance policyholders who bear the investment risk	152,404,823 39,069,099 33,003,752 19,660,090 -5,389,312 71,962,514 -5,901,321 0 31,121,669 179,207,786 55,372,327 0 123,023,183 812,275 0	204,402,670 52,189,550 48,858,068 28,495 4,673,110 -83,550 -1,702,077 415,504 0 1,585,740 130,981,282 57,852,385 0 69,660,502 3,468,396 0	45,204,949 17,370,322 21,219,205 56 0 -336,037 -3,479,356 -33,544 0 0 12,633,955 219,523 12,269,928 144,504 0 14,145,158	673,580,541 221,964,695 109,146,372 33,032,303 24,333,199 -5,808,899 66,781,081 -5,519,361 0 32,707,409 322,823,023 113,444,235 12,269,928 192,828,189 4,280,671 14,145,158	-49,001,064 -70,077,273 -28,547 -3,948,064 2,766,580 18,732,002 -9,753,086 13,307,326 -1,585,740 -28,112,971 -11,386,257 0 -16,510,863 -215,851 0	582,172,492 172,963,634 39,069,099 33,003,756 20,385,136 -3,042,319 85,513,083 -15,272,447 13,307,326 31,121,669 294,710,052 102,057,978 12,269,928 176,317,326 4,064,820 14,145,158
B. C. D. E.	Equity . Share capital 2. Share premium 3. Profit reserves 4. Revaluation surplus 5. Retained earnings 5. Net profit/loss for the period 7. Minority interest in equity Subordinated liabilities Technical provisions 1. Unearned premiums 2. Mathematical provision 3. Provision for outstanding claims 1. Other technical provisions Technical provision for the benefit of life insurance policyholders who bear the investment risk Other provisions	152,404,823 39,069,099 33,003,752 19,660,090 -5,389,312 71,962,514 -5,901,321 0 31,121,669 179,207,786 55,372,327 0 123,023,183 812,275 0 0 2241,706	204,402,670 52,189,550 48,858,068 28,495 4,673,110 -83,550 -1,702,077 415,504 0 1,585,740 130,981,282 57,852,385 0 69,660,502 3,468,396 0 496,907	45,204,949 17,370,322 21,219,205 56 0 -336,037 -3,479,356 -33,544 0 0 12,633,955 219,523 12,269,928 144,504 0 144,145,158 67,245	673,580,541 221,964,695 109,146,372 33,032,303 24,333,199 -5,808,899 66,781,081 -5,519,361 0 32,707,409 322,823,023 113,444,235 12,269,928 192,828,189 4,280,671 14,145,158 805,858	-49,001,064 -70,077,273 -28,547 -3,948,064 2,766,580 18,732,002 -9,753,086 13,307,326 -1,585,740 -28,112,971 -11,386,257 0 -16,510,863 -215,851 0 0 0 0 0 0 0 0	582,172,492 172,963,634 39,069,099 33,003,756 20,385,136 -3,042,319 85,513,083 -15,272,447 13,307,326 31,121,669 294,710,052 102,057,978 12,269,928 176,317,326 4,064,820 14,145,158 805,858
B. C. D. E.	Equity . Share capital 2. Share premium 3. Profit reserves 4. Revaluation surplus 5. Retained earnings 5. Net profit/loss for the period 7. Minority interest in equity Subordinated liabilities Technical provisions 1. Unearned premiums 2. Mathematical provision 3. Provision for outstanding claims 1. Other technical provisions Technical provision for the benefit of life insurance policyholders who bear the investment risk Other provisions Deferred tax liabilities	152,404,823 39,069,099 33,003,752 19,660,090 -5,389,312 71,962,514 -5,901,321 0 31,121,669 179,207,786 55,372,327 0 123,023,183 812,275 0 241,706 0 241,706 0	204,402,670 52,189,550 48,858,068 28,495 4,673,110 -83,550 -1,702,077 415,504 0 1,585,740 130,981,282 57,852,385 0 69,660,502 3,468,396 0 496,907 74,802	45,204,949 17,370,322 21,219,205 56 0 -336,037 -3,479,356 -33,544 0 0 12,633,955 219,523 12,269,928 144,504 0 14,145,158 67,245 14,684	673,580,541 221,964,695 109,146,372 33,032,303 24,333,199 -5,808,899 66,781,081 -5,519,361 0 32,707,409 322,823,023 113,444,235 12,269,928 192,828,189 4,280,671 14,145,158 805,858 89,486	-49,001,064 -70,077,273 -28,547 -3,948,064 2,766,580 18,732,002 -9,753,086 13,307,326 -1,585,740 -28,112,971 -11,386,257 0 -16,510,863 -215,851 0 0 0 0 0 0 0 0 0 0 0 0 0	582,172,492 172,963,634 39,069,099 33,003,756 20,385,136 -3,042,319 85,513,083 -15,272,447 13,307,326 31,121,669 294,710,052 102,057,978 12,269,928 176,317,326 4,064,820 14,145,158 805,858 89,486
B. C. D. E.	Equity . Share capital 2. Share premium 3. Profit reserves 4. Revaluation surplus 5. Retained earnings 5. Net profit/loss for the period 7. Minority interest in equity Subordinated liabilities Technical provisions 1. Unearned premiums 2. Mathematical provision 3. Provision for outstanding claims 1. Other technical provisions Technical provision for the benefit of life insurance policyholders who bear the investment risk Other provisions Deferred tax liabilities	152,404,823 39,069,099 33,003,752 19,660,090 -5,389,312 71,962,514 -5,901,321 0 31,121,669 179,207,786 55,372,327 0 123,023,183 812,275 0 241,706 0 1,170	204,402,670 52,189,550 48,858,068 28,495 4,673,110 -83,550 -1,702,077 415,504 0 1,585,740 130,981,282 57,852,385 0 69,660,502 3,468,396 0 496,907 74,802 642,182	45,204,949 17,370,322 21,219,205 56 0 -336,037 -3,479,356 -33,544 0 0 12,633,955 219,523 12,269,928 144,504 0 14,145,158 67,245 14,684 0 0	673,580,541 221,964,695 109,146,372 33,032,303 24,333,199 -5,808,899 66,781,081 -5,519,361 0 32,707,409 322,823,023 113,444,235 12,269,928 192,828,189 4,280,671 14,145,158 805,858 89,486 643,352	-49,001,064 -70,077,273 -28,547 -3,948,064 2,766,580 18,732,002 -9,753,086 13,307,326 -1,585,740 -28,112,971 -11,386,257 0 -16,510,863 -215,851 0 0 0 0 0 0 0 0 0 0 0 0 0	582,172,492 172,963,634 39,069,099 33,003,756 20,385,136 -3,042,319 85,513,083 -15,272,447 13,307,326 31,121,669 294,710,052 102,057,978 12,269,928 176,317,326 4,064,820 14,145,158 805,858 89,486 201,172
B. C. D. E.	Equity Share capital Share premium Profit reserves Revaluation surplus Revaluation surplus Retained earnings Net profit/loss for the period Minority interest in equity Subordinated liabilities Technical provisions Unearned premiums Mathematical provision Provision for outstanding claims Other technical provisions Technical provision for the benefit of life insurance policyholders who bear the investment risk Other provisions Deferred tax liabilities Other financial liabilities Operating liabilities Operating liabilities	152,404,823 39,069,099 33,003,752 19,660,090 -5,389,312 71,962,514 -5,901,321 0 31,121,669 179,207,786 55,372,327 0 123,023,183 812,275 0 241,706 0 1,170 40,270,810 0	204,402,670 52,189,550 48,858,068 28,495 4,673,110 -83,550 -1,702,077 415,504 0 1,585,740 130,981,282 57,852,385 0 69,660,502 3,468,396 0 496,907 74,802 642,182 13,234,887 3,094,557	45,204,949 17,370,322 21,219,205 56 0 -336,037 -3,479,356 -33,544 0 0 12,633,955 219,523 12,269,928 144,504 0 14,145,158 67,245 14,684 0 81,435 75,866	673,580,541 221,964,695 109,146,372 33,032,303 24,333,199 -5,808,899 66,781,081 -5,519,361 0 32,707,409 322,823,023 113,444,235 12,269,928 192,828,189 4,280,671 14,145,158 805,858 89,486 643,352 53,587,132 3,170,423	-49,001,064 -70,077,273 -28,547 -3,948,064 2,766,580 18,732,002 -9,753,086 13,307,326 -1,585,740 -28,112,971 -11,386,257 0 -16,510,863 -215,851 0 0 0 0 0 0 0 0 0 0 0 0 0	582,172,492 172,963,634 39,069,099 33,003,756 20,385,136 -3,042,319 85,513,083 -15,272,447 13,307,326 31,121,669 294,710,052 102,057,978 12,269,928 176,317,326 4,064,820 14,145,158 805,858 89,486 201,172 42,982,631 3,170,423
D. E. G. J. J.	Equity . Share capital 2. Share premium 3. Profit reserves 4. Revaluation surplus 5. Retained earnings 5. Net profit/loss for the period 7. Minority interest in equity Subordinated liabilities Technical provisions 1. Unearned premiums 2. Mathematical provision 5. Provision for outstanding claims 6. Other technical provisions Technical provision for the benefit of life insurance policyholders who bear the investment risk Other provisions Deferred tax liabilities Other financial liabilities Iabilities from primary insurance business 2. Liabilities from reinsurance and co-insurance business	152,404,823 39,069,099 33,003,752 19,660,090 -5,389,312 71,962,514 -5,901,321 0 31,121,669 179,207,786 55,372,327 0 123,023,183 812,275 0 241,706 0 1,170 40,270,810 0 38,940,822	204,402,670 52,189,550 48,858,068 28,495 4,673,110 -83,550 -1,702,077 415,504 0 1,585,740 130,981,282 57,852,385 0 0 69,660,502 3,468,396 0 496,907 74,802 642,182 13,234,887 3,094,557 9,903,113	45,204,949 17,370,322 21,219,205 56 0 -336,037 -3,479,356 -33,544 0 0 12,633,955 219,523 12,269,928 144,504 0 14,145,158 67,245 14,684 0 81,435 75,866 4,929	673,580,541 221,964,695 109,146,372 33,032,303 24,333,199 -5,808,899 66,781,081 -5,519,361 0 0 32,707,409 322,823,023 113,444,235 12,269,928 192,828,189 4,280,671 14,145,158 805,858 89,486 643,352 53,587,132 3,170,423 48,848,864	-49,001,064 -70,077,273 -28,547 -3,948,064 2,766,580 18,732,002 -9,753,086 13,307,326 -1,585,740 -28,112,971 -11,386,257 0 -16,510,863 -215,851 0 0 0 0 0 -442,180 -10,604,502	582,172,492 172,963,634 39,069,099 33,003,756 20,385,136 -3,042,319 85,513,083 -15,272,447 13,307,326 31,121,669 294,710,052 102,057,978 12,269,928 176,317,326 4,064,820 14,145,158 805,858 89,486 201,172 42,982,631 3,170,423 38,244,363
D. E. G. J. J.	Equity Share capital Share premium Profit reserves Revaluation surplus Revaluation surplus Retained earnings Net profit/loss for the period Minority interest in equity Subordinated liabilities Technical provisions Unearned premiums Mathematical provision Provision for outstanding claims Other technical provisions Technical provision for the benefit of life insurance policyholders who bear the investment risk Other provisions Deferred tax liabilities Other financial liabilities Operating liabilities Operating liabilities	152,404,823 39,069,099 33,003,752 19,660,090 -5,389,312 71,962,514 -5,901,321 0 31,121,669 179,207,786 55,372,327 0 123,023,183 812,275 0 241,706 0 1,170 40,270,810 0	204,402,670 52,189,550 48,858,068 28,495 4,673,110 -83,550 -1,702,077 415,504 0 1,585,740 130,981,282 57,852,385 0 69,660,502 3,468,396 0 496,907 74,802 642,182 13,234,887 3,094,557	45,204,949 17,370,322 21,219,205 56 0 -336,037 -3,479,356 -33,544 0 0 12,633,955 219,523 12,269,928 144,504 0 14,145,158 67,245 14,684 0 81,435 75,866	673,580,541 221,964,695 109,146,372 33,032,303 24,333,199 -5,808,899 66,781,081 -5,519,361 0 32,707,409 322,823,023 113,444,235 12,269,928 192,828,189 4,280,671 14,145,158 805,858 89,486 643,352 53,587,132 3,170,423	-49,001,064 -70,077,273 -28,547 -3,948,064 2,766,580 18,732,002 -9,753,086 13,307,326 -1,585,740 -28,112,971 -11,386,257 0 -16,510,863 -215,851 0 0 0 0 0 0 0 0 0 0 0 0 0	582,172,492 172,963,634 39,069,099 33,003,756 20,385,136 -3,042,319 85,513,083 -15,272,447 13,307,326 31,121,669 294,710,052 102,057,978 12,269,928 176,317,326 4,064,820 14,145,158 805,858 89,486 201,172 42,982,631 3,170,423

Balance sheet as at 31 December 2008

(EUF	R)		Reinsurance	Insur	ance			
			Non-life	Non-life	Life	Total	Consolidation	Total
		ASSETS	399,152,651	164,849,363	33,428,914	597,430,928	-62,084,318	535,346,611
A.		Intangible assets	189,498	2,094,205	182,475	2,466,178	22,328,447	24,794,625
В.		Property and equipment	1,852,158	18,792,562	1,587,692	22,232,412	0	22,232,413
C.		Non-current assets held for sale	0	1,196,451	0	1,196,451	0	1,196,451
D.		Deferred tax assets	5,383,818	446,232	30,217	5,860,267	0	5,860,267
E.		Investment property	1,262,310	3,981,097	0	5.243.407	0	5,243,407
F.		Financial investments in associated companies	80,178,379	2,625,283	0	82,803,662	-49,709,699	33,093,963
G.		Financial investments:	199,773,234	55,948,588	13,417,709	269,139,531	0	269,139,531
		- loans and deposits	31,057,148	29,793,283	5,486,398	66,336,829	0	66,336,829
		- held to maturity	6,187,618	622,146	0	6,809,764		6,809,764
		- available for sale	160,393,911	13,917,979	7,931,311	182,243,201	0	182,243,201
		- at fair value through profit or loss	2,134,557	11,615,180	0	13,749,737	0	13,749,737
		Funds for the benefit of policyholders who bear the						
H.		investment risk	0		11,528,075	11,528,075	0	11,528,075
I.		Reinsurers' share of technical provisions	37,690,671	26,180,193	1,933	63,872,797	-23,731,776	40,141,021
K.		Receivables	56,451,139	38,690,363	726,611	95,868,113	-10,971,290	84,896,823
	1.	Receivables arising out of primary insurance business	0	27,162,286	425,430	27,587,716	-216	27,587,500
	2.	Receivables arising out of reinsurance and co-insurance b	53,357,702	5,179,162	4,835	58,541,699	-10,870,742	47,670,957
	3.	Current tax receivables	846,920	109,462	0	956,382		956,382
	4.	Other receivables	2,246,517	6,239,453	296,346	8,782,316	~100,332	8,681,984
L.		Other assets	16,359,990	6,350,726	380,352	23,091,068	0	23,091,068
М.		Cash and cash equivalents	11,454	8,543,663	5,573,850	14,128,967	0	14, 128, 967
		LIABILITIES AND EQUITY	399,152,651	164,849,363	33,428,914	597,430,928	-62,084,318	535,346,611
A.		Equity	153,740,161	32,986,239	11,100,964	197,827,364	-23,740,308	174,087,057
	1.	Share capital	39,069,099	25,577,912	12,180,628	76,827,639	-37,758,540	39,069,099
		Share premium	33,003,752	28,495	56	33,032,303	-28,547	33,003,756
	3.	Profit reserves	20,275,699	4,683,596	0	24,959,295	-4,425,322	20,533,973
	4.	Revaluation surplus	-10,570,904	407,121	-98,927	-10,262,710	-1,194,145	-11,456,854
		Retained earnings	71,962,514	2,169,677	-31,919	74,100,272	12,655,930	86,756,202
	6.	Net profit/loss for the period	0	119,438	-948,875	-829,437	6,078	-823,359
	7.	Minority interest in equity	0	0	0	0	7,004,238	7,004,238
B.		Subordinated liabilities	31,139,605			31,139,605		31,139,605
C.		Technical provisions	159,309,009	110,120,107	10,610,175	280,039,291	-23,731,776	256,307,515
		Unearned premiums	41,967,178	44,647,066	204,063	86,818,307	-8,197,792	78,620,515
L	2.	Mathematical provision	0	0	10,280,389	10,280,389	0	10,280,389
	3.	Provision for outstanding claims	116,458,980	63,522,687	125,723	180,107,390	-15,366,534	164,740,856
	4.	Other technical provisions	882,851	1,950,354	0	2,833,205	-167,450	2,665,755
		Technical provision for the benefit of life						
D.		insurance policyholders who bear the investment risk	o	0	10,748,184	10,748,184	0	10,748,184
		Other provisions	226,667	488,558	62,391	777,616	0	777,616
E. G.		Deferred tax liabilities	220,007	488,558 60,746	62,391 0	60.746	0	60,746
а. т	-	Other financial liabilities	160	2,844,469	0	2,844,629	-2,244,469	600,140
1. T	┢	Operating liabilities	42,528,378	2,844,469	77,521	2,844,629	-2,244,469 -9,419,407	45,842,801
j.	1	Liabilities from primary insurance business	م، د. 22, 24 .	6,079,447	31,828	6,111,275	-7,417,407	6,111,275
⊢		Liabilities from reinsurance and co-insurance business	42,528,378	6,257,970	44,120	48,830,468	-9,419,407	39,411,061
<u> </u>		Tax liabilities	42,528,578	318,892	1.573	48,830,468	-9,419,407	39,411,001
К.	<i>.</i> .	Diverse liabilities	12,208,672	5,692,935	829,680	18,731,287	-2,948,358	15,782,929
κ.	L	Diverse liabilities	12,208,072	5,092,935	829,080	10,131,281	-2,948,378	15, 782, 929

Income statement for the s	bix months to 30 June 2009
----------------------------	----------------------------

(EUR)		Reinsurance	Insura	ance	m . 1	0.111.1	m - 1
		Non-life	Non-life	Life	Total	-15,842,967 15,818,863 0 -136,203 216,287 0 -3,633,484 -3,633,536 -11,326 -300,000 6,376,085 -6,676,085 0 0 0 0 0 3,778,042 3,633,380 -7,820,018 -9,245,748	Total
I.	Net earned premiums	61,797,093	41,559,174	5,129,640	108,485,907	-24,104	108,461,803
	Gross premiums written	86,547,176	65,311,328	5,177,071	157,035,575	-15,842,967	141,192,608
	Written premiums ceded to reinsurers and co-insurers	-14,706,069	-18,029,842	-614	-32,736,525	15,818,863	-16,917,662
	Change in unearned premiums	-10,044,014	-5,722,312	-46,817	-15,813,143	0	-15,813,143
II.	Income from investments in affiliates, of this	408,962	0	0	408,962	-136,203	272,759
	- gains from investments in affiliated and jointly controlled	0		0		014 007	01/ 007
	companies under the equity method	0		0	0	-	216,287
III.	Investment income	6,588,548	1,975,442	2,460,299	11,024,289	-	11,024,289
IV.	Other technical income, of this	3,013,886	4,347,446	2,372	7,363,704		3,730,220
	- commission income	2,261,982	3,782,598	52	6,044,632		2,411,096
v.	Other income	31,916	578,849	0	610,765	· · · · ·	599,439
VI.	Net claims incurred	-45,743,021	-23,977,991	-760,769	-70,481,781	-300,000	-70,781,781
	Gross claims paid less income from subrogation receivables liquidated	-46.009.253	-28.780.066	-768.462	-75,557,781	6 376 085	-69,181,696
	Reinsurers' and co-insurers' share of claims paid	14,450,119	7.383.525	0	21.833.644		15,157,559
	Change in the provision for outstanding claims	-14,183,887	-2,581,450	7.693	-16,757,644	0	-16,757,644
VII.	Change in other technical provisions	70,576	-35,125	-4,033,689	-3,998,238	0	-3,998,238
X.	Bonuses and rebates	0	-174,561	0	-174,561	0	-174,561
XI.	Operating expenses, of this	-20,915,506	-19,561,708	-2,280,661	-42,757,875	3,778,042	-38,979,833
	- acquisition costs	-17,728,350	-5,439,996	-437,022	-23,605,368	3,633,380	-19,971,988
XII.	Expenses from investments in affiliates, of this	-1,325,743	-99,987	0	-1,425,730	-7,820,018	-9,245,748
	- losses from investments in associated and jointly						
	controlled companies under the equity method	0	0	0	0	-9,245,748	-9,245,748
XIII.	Investment expenses, of this	-9,315,016	-635,583	-530,709	-10,481,308	-1,109,456	-11,590,764
	through profit or loss	-1,076,989	0	0	-1,076,989	-1,325,743	-2,402,732
XIV.	Other technical expenses	-734,731	-2,248,357	-18,962	-3,002,050	227,088	-2,774,962
XV.	Other expenses	-659	-848,849	0	-849,508	0	-849,508
XVI.	Profit before tax	-6,123,694	878,749	-32,479	-5,277,424	-9,029,461	-14,306,885
XVII.	Tax on profit	-393,236	-417,292	0	-810,528	0	-810,528
XVIII.	Profit for the period	-6,516,930	461,457	-32,479	-6,087,952	-9,029,461	-15,117,413

Income statement for the six months to 30 June 2008

(EUR)		Reinsurance	Insur	ance	Total	Concelidation	Total
		Non-life	Non-life	Life	Total	3 -12,252,835 3 12,327,825 8 4 1,868,141 0 2,031,225 2 0 1 -2,942,001 8 -2,867,256 1 -76,135 0 0 0 5,781,155 3 -5,781,155 3 -5,781	Totai
I.	Net earned premiums	Non-life Non-life 50,999,710 32,726 68,046,803 55,823 surers and co-insurers -10,510,443 -13,862 -6,536,650 -9,234 affiliates, of this 143,191 19 ated and jointly controlled hod 0 0 11,243,145 2,351 1,112,816 4,257 1,015,539 2,977 0 376 -31,375,084 -19,411 19 376 -31,375,084 -19,411 100 376 -31,375,084 -19,411 19 376 -31,375,084 -19,411 100 376 -31,375,084 -19,411 100 376 -31,375,084 -19,411 100 376 -35,103,123 -23,330 2,833 1,210,353 2,847 atading claims 1,270,353 -2,184 0 -105 -20,325,869 -15,305 -14,667,437 -2,927 -4,274,235 -361 not measured at fair value 0 -105	32,726,149	5,622,913	89,348,772	74,990	89,423,762
	Gross premiums written	68,046,803	55,823,577	5,583,273	129,453,653	-12,252,839	117,200,814
	Written premiums ceded to reinsurers and co-insurers	-10,510,443	-13,862,560	0	-24,373,003	12,327,829	-12,045,174
	Change in unearned premiums	-6,536,650	-9,234,868	39,640	-15,731,878		-15,731,878
II.	Income from investments in affiliates, of this	143,191	19,893	0	163,084	1,868,141	2,031,225
	 gains from investments in affiliated and jointly controlled companies under the equity method 	0	0	0	0	2,031,225	2,031,225
III.	Investment income	11,243,145	2,351,967	309,230	13,904,342	0	13,904,342
IV.	Other technical income, of this	1,112,816	4,257,706	4,049	5,374,571	-2,942,001	2,432,570
	- commission income	1,015,539	2,977,829	0	3,993,368	-2,867,259	1,126,109
V.	Other income	0	376,981	0	376,981	-76,135	300,846
VI.	Net claims incurred	-31,375,084	-19,411,872	-797,454	-51,584,410	0	-51,584,410
	Gross claims paid less income from subrogation receivables liquidated	-35,103,123	-23,330,046	-778,591	-59,211,760	5,781,155	-53,430,605
	Reinsurers' and co-insurers' share of claims paid	2,457,686	6,102,347	0	8,560,033	-5,781,155	2,778,878
	Change in the provision for outstanding claims	1,270,353	-2,184,173	-18,863	-932,683	0	-932,683
VII.	Change in other technical provisions	-50,600	-445,199	-1,016,861	-1,512,660	0	-1,512,660
X.	Bonuses and rebates	0	-105,434	0	-105,434	0	-105,434
XI.	Operating expenses, of this	-20,325,869	-15,305,553	-2,343,532	-37,974,954	2,942,250	-35,032,704
	- acquisition costs	-14,667,437	-2,927,092	-779,138	-18,373,667	2,942,001	-15,431,666
XIII.	Investment expenses, of this	-4,274,235	-361,345	-2,162,520	-6,798,100	159,859	-6,638,241
	- impairment of financial assets not measured at fair value through profit or loss	0	0	0	0	0	0
XIV.	Other technical expenses	-75,097	-2,334,965	-13,101	-2,423,163	0	-2,423,163
XV.	Other expenses	-1,319	-354,653	0	-355,972	0	-355,972
XVI.	Profit before tax	7,396,657	1,413,675	-397,276	8,413,056	2,027,104	10,440,161
XVII.	Tax on profit	-1,664,248	-413,467	0	-2,077,715		-2,077,715
XVIII.	Profit for the period	5,732,409	1,000,208	-397,276	6,335,341	2,027,104	8,362,446

12.8 Notes to the consolidated financial statements

As at 30 June 2009 and pursuant to IAS 34, the Group makes additional disclosures to major business events required to understand the financial data and achievements of the Group compared with the previous annual financial report prepared for 2008.

The interim financial statements 2009 have been prepared using the same accounting policies and methods as the annual financial statements for 2008.

1) Intangible assets

(EUR)	Cost								
	As at 1				Foreign exchange	As at 30			
	January 2009	Additions	Disposals	Impairment	differences	June 2009			
Intangible assets	3,683,556	390,781	-84,782	0	-22,670	3,966,885			
Goodwill	22,328,447	4,628,357	0	-1,325,743	0	25,631,061			
Other long-term deferred costs and accrued									
income	87,963	1,910	0	0	0	89,873			
Total	26,099,966	5,021,048	-84,782	-1,325,743	-22,670	29,687,819			

(EUR)			Net book value						
	As at 1				Foreign exchange	Foreign exchange As at 30		l January	
	January 2009	Additions	Disposals	Impairment	differences	June 2009	2009	2009	
Intangible assets	1,226,931	233,384	-84,782	15,740	316	1,391,589	2,575,296	2,456,625	
Goodwill	0	0	0	0	0	0	25,631,061	22,328,447	
Other long-term deferred costs and accrued									
income	78,410	0	0	0	0 78,410		11,463	9,553	
Total	1,305,341	233,384	1,305,341 233,384 -84,782 15,740 316 1,469,999						

Intangible assets include major changes in goodwill. The increase in goodwill of EUR 4.6m relates to the first consolidation of the subsidiaries of Velebit usluge, i.e. Velebit osiguranje and Velebit Life.

At 30 June 2009, the parent company (in view of the results of badwill testing) wrote down EUR 1.3m of goodwill in Sava Montenegro.

2) Property and equipment

(EUR)	Cost										
	As at 1 January					Foreign exchange	As at 30 June				
	2009	Additions	Disposals	Reclassification	Impairments	differences	2009				
Land directly used in insurance activities	353,834	2,241,884	0	0	0	2,770	2,598,488				
Buildings directly used in insurance activities	21,589,462	2,739,594	-1,198,146	-4,536,060	0	-332,189	18,262,661				
Equipment	7,707,977	846,198	-471,934	294,817	0	-58,559	8,318,499				
Other property, plant and equipment	215,757	144,099	0	0	0	-7,801	352,055				
Total	29,867,030	5,971,775	-1,670,080	-4,241,243	0	-395,779	29,531,703				

(EUR)			1	Accumulated dep	reciation			Net boo	ok value
	As at 1 January					Foreign exchange			
	2009	Additions	Disposals	Reclassification	Impairments	differences	2009	30 June 2009	1 January 2009
Land directly used in insurance activities	0	0	0	0	0	0	0	2,598,488	353,834
Buildings directly used in insurance activities	3,251,673	213,536	-194,799	0	9,892	-61,745	3,218,557	15,044,104	18,337,789
Equipment	4,349,827	454,560	-424,387	0	64,417	-32,582	4,411,835	3,906,664	3,358,150
Other property, plant and equipment	33,117	20,091	0	0	0	27	53,235	298,820	182,640
Total	7,634,617	688,187	-619,186	0	74,309	-94,300	7,683,627	21,848,076	22,232,413

There is a major change in buildings directly used in insurance activities. The subsidiary Sava osiguranje reclassified part of a new building of EUR 4.5m to investment property. The disposal of a building of EUR 1.2m relates to the sale of real estate to Sava Tabak.

3) Deferred tax receivables

Deferred tax receivables decreased by 30% in the six months to 2009. This is because the Group sold certain investments in the first half of the year for which tax receivables were set up at the end of 2008 due to temporary tax non-deductible impairment of investments. This item includes tax receivables from a negative revaluation surplus, which, however, has no impact on the current financial result.

4) Investment property

(EUR)	Cost								
	As at 1				Foreign exchange	As at 30			
	January 2009	Additions	Disposals	Reclassification	differences	June 2009			
Land	136,048	0	0	0	0	136,048			
Buildings	5,424,208	104,663	-954,311	4,241,243	~125,628	8,690,175			
Total	5,560,256	104,663	-954,311	4,241,243	-125,628	8,826,223			

(EUR)			Net book value					
	As at 1				Foreign exchange	As at 30		
	January 2009	Additions	Disposals	Reclassification	differences	June 2009	30 June 2009	1 January 2009
Land	0	0	0	0	0	0	136,048	136,048
Buildings	316,849	15,909	0	0	-273	332,485	8,357,690	5,107,359
Total	316,849	15,909	0	0	-273	332,485	8,493,739	5,243,407

As indicated under note 2, the Group – due to the reclassification of a real estate of Sava osiguranje – reported an increase in investment property. The disposal of investment property reflects the sale of part of Sava osiguranje premises to Sava Life.

5) Financial investments in associated companies

	As at 1 January 2009		Additions		Impairments		As at 30 June 2009		
(EUR)	Holding	Value	Holding	Value	Holding	Value	Holding	Value	Share in voting rights (%)
Zavarovalnica Maribor	45.79%		U	0	۲	0	45.79%	23,300,229	
Moja naložba	25.0%	1,181,313	l	0	~	0	25.0%	1,267,036	25.0%
Gold-Mak	17.7%	1,789,853	l	0	~	-58,718	17.7%	1,731,135	17.7%
Total		31,580,978		0		-58,718		26,298,400	

(EUR)	Type of debt	As at 30 June	As at 1 January
	instrument	2009	2009
Zavarovalnica Maribor	bond	1,512,893	1,512,985

Investments in the equity of associated companies have been accounted for using the equity method. The interim loss reported by Zavarovalnica Maribor also resulted in a lower value of the investment in the associated company. This was partly off-set by an increase in revaluation surplus, which belongs to shareholders and entailed an increase in the value of the investment in line with the parent company's shareholding in this insurer. In total the investment in Zavarovalnica Maribor decreased by *only* EUR 5.3m.

6) Financial investments

(EUR)	Held-to-	maturity	At fair	At fair value through profit or loss				
			Nor	Non-derivative				
	Net carrying		Held for	Designated as at fair		Available for	Loans and	
	amount	Fair value	trading	value through P/L	Derivative	sale	deposits	Total
Long-term financial investments								
Equity and other variable income securities								
and mutual funds	976,981	976,981	791,432	0	0	35,543,765	0	37,312,178
Debt securities and other fixed income								
securities	8,639,680	7,925,477	427,737	0	0	85,430,373	0	94,497,790
Shares in investment funds	0	0	343,710	0	0	0	0	343,710
Other financial investments	61,672	6,672	0	0	0	341,531	0	403,203
Other loans granted	0	0	0	0	0	23,601	1,135,338	1,158,939
Deposits	0	0	0	0	0	0	2,423,427	2,423,427
Short-term financial investments								
Held for trading shares and interests	0	0	997,155	0	0	0	0	997,155
Held for trading securities or securitites with								
a remaining maturity of less than one year	82,524	82,206	357,481	1,024,266	0	62,793,726	0	64,257,997
Short-term loans granted	0	0	0	0	0	0	1,506,653	1,506,653
Short-term deposits	0	0	0	0	0	0	68,118,098	68,118,098
Other Short-term financial investments	187,425	187,425	0	0	-5,503	0	1,882,125	2,064,047
Financial investments of reinsurers i.r.o.								
reinsurance contracts with cedants	0	0	0	0	0	0	5,857,454	5,857,454
Total	9,948,282	9,178,761	2,917,515	1,024,266	-5,503	184,132,996	80,923,095	278,940,651

7) Funds for the benefit of policyholders who bear the investment risk

Policyholders' funds increased by 21% in line with the increase in mathematical provisions for life business where policyholders bear the investment risk.

8) Reinsurers' share of technical provisions

(EUR)	30 June 2009	31 December 2008	Index
Unearned premiums	8,619,811	3,212,667	268.3
Mathematical provisions	84	78	107.7
Provision for outstanding claims	29,870,300	36,174,355	82.6
Provisions for bonuses and rebates	0	3	-
Other technical provisions	1,401,644	753,918	185.9
Total	39,891,839	40,141,021	99.4

9) Receivables

Receivables due from primary insurance and reinsurance business increased significantly compared with 31 December 2008 as a result of an increased business volume on the Group level. **Pursuant to the change in ISA regulations relating to the form of financial statements, the Group reclassified the former item Tax receivables as a subitem of Receivables.** This does not constitute a change in the balance sheet that would require explanatory information.

10) Other assets

(EUR)	30 June 2009	31 December 2008	Index
Inventories and other assets	1,072,495	264,058	406.2
Accrued interest and rent	78,306	72,485	108.0
Short-term deferred acquisition costs	7,208,836	6,094,488	118.3
Other short-term accruals and deferred			
income	12,721,807	16,660,037	76.4
Total	21,081,444	23,091,068	91.3

11) Equity

At 30 June 2009 total consolidated shareholders' equity was EUR 172,963,635, a decrease by 0.6% compared with year-end 2008. By decision of the 20th General Meeting of the controlling company of 14 April 2008, EUR 10,145,464 of the then authorised capital of EUR 16,404,853 is yet to be subscribed.

The revaluation surplus is less negative than at the end of 2008. This is because the Group decided to dispose of certain investments (albeit at a loss). In addition, the Company also had positive fair value movements of available-for-sale investments, which had a positive impact on the statement of comprehensive income.

The Group made a loss of EUR 15.3m in the interim period. The reason for this large loss is also the large loss made by Zavarovalnica Maribor in the 2009 interim period. The investment in Zavarovalnica Maribor in the consolidated statements is accounted for using the equity method, which is why the item Loss from investments in the equity of associated and jointly-owned companies accounted for using the equity method shows an expense of EUR 9.2m.

Net earnings/loss per share as at 30 June 2009

(EUR)	30 June 2009	30 June 2008
Net earnings/losses	-15,117,413	8,362,446
Average number of shares	9,362,519	8,291,090
Net earnings/loss per share	-1.61	1.01

Comprehensive income/loss per share as at 30 June 2009

(EUR)	30 June 2009	30 June 2008
Comprehensive income	~6,702,878	-7,236,074
Average number of shares	9,362,519	8,291,090
Net loss per share	-0.72	-0.87

All issued shares are ordinary shares; therefore, "adjusted net earnings/loss per share" is the same as the unadjusted figure shown in the table above.

12) Subordinated liabilities

Outstanding debt at effective interest rate as at	
30 June 2008	31,121,669
Debt currency	EUR
Maturity date	27 December 2026
Conversion into shareholders' equity applicable	n/a
Conversion into other liabilities applicable	n/a

13) Technical provisions and the technical provision for the benefit of life insurance policyholders who bear the investment risk

(EUR)			Uses and	
	1 January 2009	Additions	releases	30 June 2009
	1	2	3	4=1+2-3
Gross unearned premiums	78,620,515	89,715,846	66,278,383	102,057,978
Mathematical provisions	10,280,389	3,477,396	1,487,857	12,269,928
Gross provision for claims	164,740,856	89,929,879	78,353,409	176,317,326
Gross provision for bonuses, rebates and				
cancellations	523,001	886,444	690,451	718,994
Other gross technical provisions	2,142,754	2,807,674	1,604,602	3,345,826
Technical provisions for the benefit of life				
policyholders who bear the investment risk	10,748,185	3,711,760	314,788	14,145,157
Total	267,055,700	190,528,999	148,729,490	308,855,209

14) Other provisions

(EUR)	As at 1 January 2009	Additions	Uses	Foreign exchange differences	As at 30 June 2009
Provision for severance pay upon					
retirement	641,383	40,724	12,164	-2,761	667,182
Provision for jubilee benefits	135,128	2,854	0	-206	137,776
Total provisions for employees	776,511	43,578	12,164	-2,967	804,958
Other long-term deferred income	1,105	0	205	0	900
Total other provisions	777,616	43,578	12,369	-2,967	805,858

15) Operating liabilities and other liabilities

Liabilities arising out of reinsurance business decreased by 4% compared to 31 December 2008.

Pursuant to the change in ISA regulations relating to the form of financial statements (as already mentioned for receivables), the Group reclassified the former item <u>Tax liabilities</u> as a subitem of Liabilities.

Other liabilities include short-term liabilities and accrued costs (expenses) and deferred income.

The effective tax rate is not calculated because the Group made a loss.

16) Earned premiums by class of business

(EUR)		Premiums			Change in unearned	
		written for	Reinsurers' and	Change in gross	premiums for the	
	Gross premiums	assumed co-	co-insurers'	unearned	reinsurance and co-	Premiums
	written	insurance	shares (-)	premiums (+/-)	insurance part (+/-)	earned
Personal accident	9,664,502	6,048	-30,367	-1,037,512	12,051	8,614,722
Health	2,954,524	0	0	-95,104	0	2,859,420
Land vehicles casco	24,291,709	0	-1,896,001	-2,913,123	238,961	19,721,546
Aircraft casco	244,916	0	-21,530	-128,637	8,226	102,975
Ships hull	587,425	0	-44,134	-79,982	21,656	484,965
Goods in transit	1,899,174	2,587	-81,093	-382,625	18,318	1,456,361
Fire and natural forces	26,343,685	45,273	-6,391,439	-3,807,222	1,433,082	17,623,379
Other damage to property	27,248,751	123,206	-5,719,903	-7,242,749	1,435,801	15,845,106
Motor liability	35,904,434	0	-1,560,913	-2,678,891	669,145	32,333,775
Aircraft liability	248,892	0	-52,311	-11,323	12,166	197,424
Liability for ships	153,033	0	-1,896	-14,232	0	136,905
General liability	3,885,870	40,100	~564,094	-1,265,840	267,142	2,363,178
Credit	940,310	0	0	-89,194	0	851,116
Suretyship	84,614	0	-2,361	27,338	-1,657	107,934
Miscellaneous financial loss	630,203	0	-353,113	-167,450	45,734	155,374
Legal expenses	93,370	2,323	-45,049	-12,132	30,847	69,359
Assistance	536,731	0	-153,458	-88,421	51,653	346,505
Total non-life	135,712,143	219,537	-16,917,662	-19,987,099	4,243,125	103,270,044
Life	1,174,979	0	0	-11,426	-19,364	1,144,189
Unit-linked life	4,085,949	0	0	-38,379	0	4,047,570
Total life	5,260,928	0	0	-49,805	-19,364	5,191,759
Total	140,973,071	219,537	-16,917,662	~20,036,904	4,223,761	108,461,803

17) Income from investments in affiliates

Income from investments in affiliates in the 2009 interim period accounted for just 10% of such income generated in the 2008 interim period. In this regard, only the proportional (25%) share of the profit earned by the associated pension company could be added.

18) Investment income

Investment income generated from non-life business is lower than in the 2008 interim period primarily due to the lower capital gains realised in sales of investments.

	Lieleiliter from al	I to bility of the al	
(EUR)	Liability fund	Liability fund	
	30 June 2009	30 June 2008	Index
Income from shares and interests	55,933	82,212	68.0
Income from land and buildings	7,613	16,658	45.7
Interest income	3,428,353	3,351,945	102.3
Financial income from revaluation	213,296	87,803	242.9
Other financial income	176,318	4,115	4,284.8
Gains on disposals of investments	1,138,318	1,043,002	109.1
Total investment income - liability fund	5,019,831	4,585,735	109.5
	Capital fund	Capital fund	
	30 June 2009	30 June 2008	Index
Income from shares and interests	111,746	674,227	16.6
Income from land and buildings	50,448	50,893	99.1
Interest income	1,242,958	1,436,196	86.5
Financial income from revaluation	0	597,085	٦
Gains on disposals of investments	2,139,007	6,250,976	34.2
Total investment income - capital fund	3,544,159	9,009,377	39.3
Total investment income	8,563,990	13,595,112	63.0

Investment income as at 30 June 2009 – non-life business

Investment income as at 30 June 2009 – life business

(EUR)	Long-term	Long-term	
	business fund	business fund	
	30 June 2009	30 June 2008	Index
Interest income	357,322	255,209	140.0
Other financial income	5,855	3,279	178.6
life insurance policyholders who bear the			
investment risk	1,782,320	32,948	5,409.5
Total investment income – long-term			
business fund	2,145,497	291,436	736.2
	Capital fund	Capital fund	
	30 June 2009	30 June 2008	Index
Interest income	69,321	17,794	389.6
Other financial income	245,481	0	~
Total investment income - capital fund	314,802	17,794	1,769.1
Total investment income	2,460,299	309,230	795.6

(EUR)		At fair valu	ue through pro	fit or loss					
		Non-de	erivative						
			Designated as						
	Held-to-	Held for	at fair value		Available-for-	Loans and	Land and	Subordinated	
	maturity	trading	through P/L	Derivative	sale	receivables	buildings	liabilities	Total
Income from shares and interests	0	15,637	0	0	152,042	0	0	0	167,679
Income from land and buildings	0	0	0	0	0	0	58,061	0	58,061
Interest income	701,513	0	84,156	0	2,239,911	2,072,374	0	0	5,097,954
Financial income from revaluation	0	15,993	1,785,348	0	120,823	73,452	0	0	1,995,616
Other financial income	173,580	0	8,593	0	0	245,481	0	0	427,654
Gains on disposals of investments	0	270,749	0	0	3,006,577	0	0	0	3,277,325
Total	875,093	302,379	1,878,097	0	5,519,353	2,391,307	58,061	0	11,024,289

19) Other technical income

In the second half of 2008, the parent company changed the presentation of commission from reinsurance contracts. Commission expenses continue to be shown under acquisition costs, but since the 2008 interim period, commission income is shown under other technical income. In the first half of 2009, consolidated commission income increased by 114% due to a larger business volume.

(EUR)	30 June 2009	30 June 2008
Personal accident	1,669	113,053
Land vehicles casco	128,091	184,122
Aircraft casco	1,618	-44
Ships hull	233	6,140
Goods in transit	1,254	23,703
Fire and natural forces	1,047,160	267,677
Other damage to property	1,027,847	216,731
Motor liability	85,288	268,004
Aircraft liability	10,007	3,967
Liability for ships	0	1,670
General liability	19,617	16,586
Credit	0	19,602
Suretyship	0	-67
Miscellaneous financial loss	82,462	4,385
Legal expenses	0	203
Assistance	0	341
Total non-life	2,405,246	1,126,071
Life	5,850	0
Wedding and childbirth insurance	0	38
Total life	5,850	38
Total	2,411,096	1,126,109

20) Net claims incurred

(EUR)	Gross a	mounts		Change in	Change in the	
		Subrogation	Reinsurers'	gross claims	provision for	Claims
	Claims	recoveries	share (-)	provision (+/-)	outstanding claims for	incurred
Personal accident	3,402,345	0	-324	553,068	5,850	3,960,939
Health	743,884	0	0	-48,195	0	695,689
Land vehicles casco	19,462,230	-306,213	-4,707,069	196,780	3,048,620	17,694,348
Aircraft casco	67,581	0	~1,077	-3,479	-34,513	28,512
Ships hull	367,668	0	-3,552	9,779	3,118	377,013
Goods in transit	583,559	-6,919	-141	~90,507	-76,501	409,491
Fire and natural forces	11,517,266	-185	-5,985,034	1,057,161	1,763,431	8,352,639
Other damage to property	11,365,929	-54,064	-2,883,125	4,963,525	2,855,282	16,247,547
Motor liability	18,546,981	-735,133	-1,015,244	1,496,337	-622,814	17,670,127
Aircraft liability	39,518	0	-7,535	70,172	-18,123	84,032
Liability for ships	92,074	0	0	-52,555	-7,314	32,205
General liability	1,529,240	0	-102,788	1,803,077	91,097	3,320,626
Credit	1,852,197	-817,585	0	190,365	0	1,224,977
Suretyship	269,788	-50,127	0	-87,215	0	132,446
Miscellaneous financial loss	502,743	0	-454,605	-359,544	137,012	-174,394
Legal expenses	0	0	94	-61	0	33
Assistance	25,290	0	2,841	5,443	0	33,574
Total non-life	70,368,293	-1,970,226	-15,157,559	9,704,151	7,145,145	70,089,804
Life	357,515	0	0	-76,129	-461	280,925
Unit-linked life	426,114	0	0	~15,062	0	411,052
Total life	783,629	0	0	-91,191	-461	691,977
Total	71,151,922	-1,970,226	-15,157,559	9,612,960	7,144,684	70,781,781

21) Operating expenses

(EUR)	30 June 2009	30 June 2008	Index
Acquisition costs (commissions)	22,849,263	18,613,991	122.8
Change in deferred acquisition costs	-2,877,275	-3,182,325	90.4
Depreciation of operating assets	846,425	743,714	113.8
Labour costs	11,009,371	9,688,334	113.6
~ salaries and wages	8,302,151	7,396,756	112.2
- social and pension insurance costs	1,503,566	1,344,454	111.8
- other labour costs	1,203,654	947,124	127.1
Costs of serices by natural persons not			
performing business, incl. of contributions	542,564	409,580	132.5
Other operating costs	6,609,485	8,759,410	75.5
- entertainment, advertising, exhibition costs	1,265,256	1,824,878	69.3
- material and energy costs	683,712	577,699	118.4
- maintenance costs	217,772	81,914	265.9
- reimbursement of work-related costs	311,421	548,270	56.8
- professional services costs	1,016,444	2,992,235	34.0
- taxes, levies and charges independent of profit			
or loss, except for insurance	315,295	72,882	432.6
- transport and communication costs	255,101	134,343	189.9
- insurance costs	124,963	48,680	256.7
- bank fees	328,053	235,139	139.5
- rentals and leases	549,101	410,137	133.9
- training costs	46,247	305,673	15.1
- other service costs	1,496,120	1,527,560	97.9
Total	38,979,833	35,032,704	111.3

22) Expenses from investments in associated companies

This item shows the impact of the 2009 interim loss of Zavarovalnica Maribor as already described in the note to the equity item.

23) Investment expenses

In the first half of 2009, the Group reported, within investment expenses relating to the liability as well as the capital fund for non-life business, a loss from the disposal of investments that is by EUR 4.2m larger than the loss in the 2008 interim period; in addition, with regard to the year-end 2008, the Group adopted criteria for the impairment of financial investments and a write down of an investment in a subsidiary and subsequently to goodwill testing, reported expenses of EUR 2.4 relating to new impairments.

(EUR)	Liability fund	Liability fund	
	30 June 2009	30 June 2008	Index
Depreciation of investments not necessary for			
operations	355	355	100.0
Asset management expenses, interest expenses			
and other financial expenses	262,072	180,024	145.6
Financial expenses from revaluation	234,228	511,796	45.8
Losses on disposal of investments	1,750,329	562,955	310.9
Total investment expenses - liability fund	2,246,984	1,255,130	179.0
	Capital fund 30	Capital fund 30	
	June 2009	June 2008	Index
Depreciation of investments not necessary for			
operations	11,419	7,912	144.3
Asset management expenses, interest expenses			
and other financial expenses	1,003,435	1,418,115	70.8
Financial expenses from revaluation	2,375,023	346,109	686.2
Losses on disposal of investments	5,423,193	1,448,455	374.4
Total investment expenses - capital fund	8,813,070	3,220,591	273.6
Total investment expenses	11,060,054	4,475,721	247.1

Investment expenses as at 30 June 2009 – non-life business

Investment expenses as at 30 June 2009 – life business

(EUR)	Long-term business fund	Long-term business fund	
	30 June 2009	30 June 2008	Index
Asset management expenses, interest expenses			
and other financial expenses	15,717	10	157,170.0
Total investment expenses – long-term business			
fund	15,717	10	157,170.0
	Capital fund	Capital fund	
	30 June 2009	30 June 2008	Index
Asset management expenses, interest expenses			
and other financial expenses	62,787	0	~
Net unrealised losses on investments of life			
insurance policyholders who bear the investment			
risk	452,205	2,162,510	20.9
Total investment expenses - capital fund	514,992	2,162,510	23.8
Total investment expenses	530,709	2,162,520	24.5

(EUR)		At fair value through profit or loss							
		Non-de	erivative						
	Held-to-	Held for	Designated as at fair value		Available-for-	Loans and	Land and	Subordinated	
	maturity	trading	through P/L	Derivative	sale	deposits	buildings	liabilities	Total
Expenses from land and buildings	0	0	0	0	0	0	11,774	0	11,774
Asset management expenses, interest expenses and other financial expenses	183,922	2,510	9,773	2,742	27,869	140,707	0	976,487	1,344,011
Financial expenses from revaluation	0	26,655	9,905	96	2,572,596	0	0	0	2,609,252
Losses on disposal of investments	0	193,268	452,205	0	4,577,522	0	0	0	5,222,995
Permanent impairment expenses	0	0	0	0	2,402,732	0	0	0	2,402,732
Total	183,922	222,433	471,883	2,838	9,580,719	140,707	11,774	976,487	11,590,764

Income and net profit/loss of Group companies in the first half of 2009

Zavarovalnica Tilia Income 30,198,578 25,741,323 Net profit/loss 7,386 198,099 Sava osiguranje	(EUR)	First half 2009	First half 2008
Income 30,198,578 25,741,323 Net profit/loss 7,386 198,099 Sava osiguranje	· · · ·		1 HOC HUII 2000
Net profit/loss 7,386 198,099 Sava osiguranje		30,198,578	25.741.323
Sava osiguranje Income 6,197,277 5,713,898 Net profit/loss 79,585 75,284 Dukagjini			
Income 6,197,277 5,713,898 Net profit/loss 79,585 75,284 Dukagjini			
Net profit/loss 79,585 75,284 Dukagjini	Sava osiguranje		
Dukagjini Income 5,999,971 3,632,071 Net profit/loss 1,149,059 747,712 Sava Tabak Income 6,926,823 6,334,547 Income 6,926,823 6,334,547 Net profit/loss 492,147 471,001 Bro-Dil Income 108,321 255,327 Net profit/loss 54,659 168,810 Sava Montenegro Income 5,658,059 3840848 Net profit/loss -1,325,743 -1,031,050 Sava Invest Income 9,214 0 Net profit/loss -51,730 -26922 Income 9,214 0 Net profit/loss -51,730 -26922 Income 72,088 0 Net profit/loss -28,330 0 Sava Life Income 1 Income 323,294 0	Income	6,197,277	5,713,898
Income 5,999,971 3,632,071 Net profit/loss 1,149,059 747,712 Sava Tabak	Net profit/loss	79,585	75,284
Income 5,999,971 3,632,071 Net profit/loss 1,149,059 747,712 Sava Tabak	Dukagiini		
Net profit/loss 1,149,059 747,712 Sava Tabak Income 6,926,823 6,334,547 Income 6,926,823 6,334,547 Net profit/loss 492,147 471,001 Bro-Dil Income 108,321 255,327 Net profit/loss 54,659 168,810 Sava Montenegro Income 5,658,059 3840848 Net profit/loss -1,325,743 -1,031,050 Sava Invest Income 9,214 0 Net profit/loss -51,730 -26922 Dukagjini Life Income 72,088 0 Net profit/loss -28,330 0 0 Sava Life Income 323,294 0		5,999,971	3.632.071
Sava Tabak			
Income 6,926,823 6,334,547 Net profit/loss 492,147 471,001 Bro-Dil	1		
Net profit/loss 492,147 471,001 Bro-Dil Income 108,321 255,327 Net profit/loss 54,659 168,810 Sava Montenegro Income 5,658,059 3840848 Net profit/loss -1,325,743 -1,031,050 Sava Invest Income 9,214 0 Net profit/loss -51,730 -26922 Dukagjini Life Income 72,088 0 Net profit/loss -28,330 0 Sava Life Income 0 Income 323,294 0	Sava Tabak		
Bro-Dil 108,321 255,327 Income 108,321 255,327 Net profit/loss 54,659 168,810 Sava Montenegro 108,321 255,327 Income 5,658,059 168,810 Sava Montenegro 108,321 255,327 Income 5,658,059 168,810 Sava Montenegro 108 100 Income 5,658,059 3840848 Net profit/loss -1,325,743 -1,031,050 Sava Invest 100 100 Income 9,214 00 Net profit/loss -51,730 -26922 Income 72,088 00 Net profit/loss -28,330 0 Sava Life 100 100 Income 323,294 0	Income	6,926,823	6,334,547
Income 108,321 255,327 Net profit/loss 54,659 168,810 Sava Montenegro 1000000000000000000000000000000000000	Net profit/loss	492,147	471,001
Income 108,321 255,327 Net profit/loss 54,659 168,810 Sava Montenegro 1000000000000000000000000000000000000			
Net profit/loss 54,659 168,810 Sava Montenegro Income 5,658,059 3840848 Net profit/loss -1,325,743 -1,031,050 Sava Invest 9,214 00 Income 9,214 0 Net profit/loss -51,730 -26922 Dukagjini Life 1000000000000000000000000000000000000			
Sava Montenegro Income 5,658,059 3840848 Net profit/loss -1,325,743 -1,031,050 Sava Invest Income 9,214 00 Net profit/loss -51,730 -26922 Dukagjini Life Income 72,088 00 Net profit/loss -28,330 0 Sava Life Income 323,294 0			
Income 5,658,059 3840848 Net profit/loss -1,325,743 -1,031,050 Sava Invest	Net profit/loss	54,659	168,810
Income 5,658,059 3840848 Net profit/loss -1,325,743 -1,031,050 Sava Invest	Sava Montenegro		
Net profit/loss -1,325,743 -1,031,050 Sava Invest		5 658 059	3840848
Sava Invest 9,214 0 Income 9,214 0 Net profit/loss -51,730 -26922 Dukagjini Life 1 1 Income 72,088 0 Net profit/loss -28,330 0 Sava Life 1 1 Income 323,294 0			
Income 9,214 0 Net profit/loss -51,730 -26922 Dukagjini Life 0 Income 72,088 0 Net profit/loss -28,330 0 Sava Life 1 0 Income 323,294 0		1,525,145	1,001,000
Net profit/loss -51,730 -26922 Dukagjini Life	Sava Invest		
Dukagjini Life Income 72,088 0 Net profit/loss -28,330 0 Sava Life 1 1 Income 323,294 0	Income	9,214	0
Income 72,088 0 Net profit/loss -28,330 0 Sava Life 1 1 Income 323,294 0	Net profit/loss	-51,730	~26922
Income 72,088 0 Net profit/loss -28,330 0 Sava Life 1 1 Income 323,294 0	- 1		
Net profit/loss -28,330 0 Sava Life		70.000	
Sava Life Income 323,294 0			0
Income 323,294 0	Net profit/loss	~28,330	0
Income 323,294 0	Sava Life		
		323,294	0
ivet pront/ioss 52,447 0	Net profit/loss	52,447	0
Velebit Usluge	Velehit Usluge		
		1	0
		-503	0

The companies Dukagjini Hospital and Slorest have been established for specific projects of the Sava Re Group and do not carry on insurance business.

Due to the exceptionally challenging market conditions as a result of the economic crisis, individual Group companies did not meet planned targets; however, with the exception of Sava Montenegro, we do not expect that there will be any notable deviations from annual targets by the end of the year.

Declaration of the Management Board

"To the best of our knowledge, and in accordance with the applicable reporting principles, the summary of financial statements gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the Group; and the business report includes a fair review of transactions with related parties."

Ljubljana, 21 August 2009

1 1

Mag. Zvonko Ivanušič, Chairman of the Management Board

Srečko Čebron, Member of the Management Board

Jošt Dolničar, Member of the Management Board

