

KOSOVO PENSION SAVINGS TRUST
PENSION ASSETS

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

As at and for the year ended December 31, 2014

INDEPENDENT AUDITOR'S REPORT	1-2
STATEMENT OF FINANCIAL POSITION.....	3
STATEMENT OF COMPREHENSIVE INCOME.....	4
STATEMENT OF CHANGES IN NET PARTICIPANTS' ASSETS	5
STATEMENT OF CASH FLOWS.....	6
NOTES TO THE FINANCIAL STATEMENTS	7-29

Independent Auditors' Report

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To the Board of Governors of Kosovo Pension Savings Trust

We have audited the accompanying financial statements of Kosovo Pension Savings Trust –Pension Assets (the “KPST-PA”), which comprise the statement of financial position as at December 31, 2014, and the statement of comprehensive income, statement of changes in net participants’ assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Kosovo Pension Savings Trust – Pension Assets as at December 31, 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

We draw attention to note 16 to financial statements which describes that receipts from participants amounting to EUR 10,795,420 were not attributed to individual participant's accounts as at December 31, 2014. As of December 31, 2013 the amount not attributed to individual participant's accounts was EUR 12,849,215. During 2014 KPST attributed the amount of EUR 1,560,328 to individual accounts from the amount outstanding as of December 31, 2013. Our opinion is not qualified in respect of this matter.



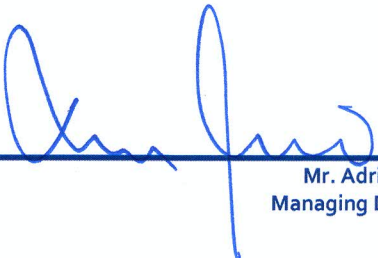
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Pristina, Kosovo
April 14, 2015


	Notes	As at December 31 2014	As at December 31 2013
		EUR	EUR
Assets			
Cash at bank	4	9,938,218	209,646,903
Contribution receivables	5	7,984,158	7,869,239
Available for sale investments	6	1,023,619,618	650,832,621
Held to maturity investments	7	54,701,478	53,122,905
		1,096,243,472	921,471,668
Liabilities			
Liabilities towards KPST-Operations	8	366,825	294,010
Liabilities for repurchased shares	9	118,203	112,347
Non-contributions	10	13,688	13,334
		498,716	419,691
Net participants' assets		1,095,744,756	921,051,977

Authorised for issue by the Governing Board and Management of KPST and signed on their behalf on April 14, 2015.

Dr. Prof. Ymer Havolli
Chairperson of the Board

Mr. Adrian Zalli
Managing Director



Mr. Vërshim Hatipi
Deputy Director – Finance and IT

The accompanying notes from 1 to 19 form an integral part of these financial statements

	Notes	Year ended December 31 2014	Year ended December 31 2013
		EUR	EUR
Income			
Revaluation of available for sale investments – net	11	65,791,957	67,528,194
Interest income from held to maturity investments	12	952,061	430,207
Interest income from bank deposits	13	-	173,172
Other income	14	-	3,000,000
		66,744,018	71,131,573
Expenses			
Fees charged on participants' accounts	15	(5,269,319)	(4,599,464)
		(5,269,319)	(4,599,464)
Increase in net participants' assets		61,474,699	66,532,109

The accompanying notes from 1 to 19 form an integral part of these financial statements

	Participants' Contributions	Retained Earnings	Total
	EUR	EUR	EUR
As at January 1, 2013	697,410,643	50,077,044	747,487,687
Contributions	119,291,741	-	119,291,741
Repurchases due to withdrawal of savings	(9,674,931)	(1,074,936)	(10,749,867)
Repurchases due to refunds	(1,438,393)	(71,300)	(1,509,693)
Increase in net participants' assets	-	66,532,109	66,532,109
As at December 31, 2013	805,589,060	115,462,917	921,051,977
Contributions	128,862,934	-	128,862,934
Repurchases due to withdrawal of savings	(12,256,211)	(2,022,630)	(14,278,841)
Repurchases due to refunds	(1,201,279)	(164,734)	(1,366,013)
Increase in net participants' assets	-	61,474,699	61,474,699
As at December 31, 2014	920,994,504	174,750,252	1,095,744,756

The accompanying notes from 1 to 19 form an integral part of these financial statements

	Notes	Year ended December 31 2014	Year ended December 31 2013
		EUR	EUR
Cash flows from operating activities			
Increase in net participants' assets		61,474,699	66,532,109
<i>Movement of working capital:</i>			
Increase in fees payable	8	26,846	59,651
Increase in liabilities for non-contributions	10	354	8,442
Net cash flows from operating activities		61,501,899	66,600,202
Cash flows from investing activities			
Decrease / (Increase) in available for sale investments		(372,786,997)	15,486,768
(Increase) in held to maturity investments		(1,578,573)	(23,073,909)
Decrease in investments in bank deposits		-	16,428,599
Net cash flows from investing activities		(374,365,570)	8,841,458
Cash flows from financing activities			
Participants' contributions received		128,748,014	119,156,250
Withdrawal of savings		(14,317,568)	(10,711,142)
Refunds		(1,275,460)	(1,568,003)
Net cash flows from financing activities		113,154,986	106,877,105
(Decrease) / Increase in cash and cash equivalents		(199,708,685)	182,318,765
Cash and cash equivalents at the start of the year		209,646,903	27,328,138
Cash and cash equivalents at the end of the year	4	9,938,218	209,646,903

The accompanying notes from 1 to 19 form an integral part of these financial statements

1 GENERAL

The Kosovo Pension Savings Trust (hereinafter "KPST"), registered at address: Rr. Agim Ramadani No. 10, 10000 Prishtina, Republic of Kosovo, with registration number 90000225; was created by UNMIK Regulation 2001/35 on 22 December 2001, later amended to Regulation No. 2005/20, further amended by Law No. 03/L-084 of the Republic of Kosovo, further amended by Law No. 04/L-101 of the Republic of Kosovo, the latter complemented by additions and changes of Law No. 04/L-168; as a not-for-profit, financial institution whose sole and exclusive purpose is to administer and manage individual accounts for savings pensions, assuring the prudent investment and custody of pension assets, and paying the proceeds of individual accounts to purchase annuities for savings pensions, as management trustee acting on behalf of participants' and beneficiaries.

Law No. 04/L-101 provides for a pension savings program, funded by contributions of both employees and their employers, and administered and invested through the KPST. Under this defined contribution system, all employed residents of Kosovo and their employers are required to make pension contributions (except for foreign employees with temporary stay in Kosovo). KPST is maintaining individual accounts for each participant to which contributions as well as investment returns are credited.

The KPST is overseen by a Board of Governors, which is comprised of investment and pension experts, as well as employee and employer representatives from Kosovo. One non-voting member represents the interests of the Government.

A Director and 25 permanent staff members managed the day-to-day operations of the KPST during 2014 (2013: Director and 25 permanent staff members).

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Statement of compliance

The financial statements of KPST-PA have been prepared in accordance with International Financial Reporting Standards ("IFRS").

2.2 Basis of preparation

KPST-PA maintains its accounting records and prepares its statutory financial statements under the historical cost convention as modified by the revaluation of available for sale financial assets. Current and comparative data stated in these financial statements are expressed in Euro, which is the functional and presentation currency of KPST-PA. Where necessary, comparative figures have been reclassified in order to conform to the current year presentation.

2.3 Changes in accounting policies and disclosures

2.3.1 New and revised standards that are effective for annual periods beginning on or after 1 January 2014

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2014. Information on these new standards is presented below.

IFRIC 21 'Levies'

IFRIC 21 clarifies that:

- the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by the government's legislation. If this activity arises on a specific date within an accounting period then the entire obligation is recognised on that date;
- the same recognition principles apply in the annual and interim financial statements.

IFRIC 21 has no material effect on the KPST-PA financial statements.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

2.3 Changes in accounting policies and disclosures (continued)

2.3.1 New and revised standards that are effective for annual periods beginning on or after 1 January 2014 (continued)

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

These amendments clarify the application of certain offsetting criteria in IAS 32, including:

- the meaning of 'currently has a legally enforceable right of set-off';
- that some gross settlement mechanisms may be considered equivalent to net settlement.

The amendments have been applied retrospectively in accordance with their transitional provisions. As the KPST-PA does not currently present any of its financial assets and financial liabilities on a net basis using the provisions of IAS 32, these amendments had no material effect on the KPST-PA financial statements for any period presented.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

These amendments clarify that an entity is required to disclose the recoverable amount of an asset (or cash generating unit) whenever an impairment loss has been recognised or reversed in the period. In addition, they introduce several new disclosures required to be made when the recoverable amount of impaired assets is based on fair value less costs of disposal, including:

- additional information about fair value measurement including the applicable level of the fair value hierarchy, and a description of any valuation techniques used and key assumptions made;
- the discount rates used if fair value less costs of disposal is measured using a present value technique.

The amendments are applied retrospectively in accordance with their transitional provisions.

The application of IAS 36 does not impact KPST-PA financial statements.

2.3.2 Early adoption of 'Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)'

The amendments to IAS 19 made a number of changes to the accounting for employee benefits. These amendments are effective for annual periods beginning on or after 1 July 2014 and:

- clarify the requirements of IAS 19 relating to contributions from employees or third parties;
- introduce a practical expedient such that contributions that are independent of the number of years of service may be treated as a reduction of service cost in the period in which the related service is rendered.

The application of IAS 19 does not impact KPST-PA financial statements.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

2.3 Changes in accounting policies and disclosures (continued)

2.3.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by KPST-PA

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by KPST-PA.

Management anticipates that all of the relevant pronouncements will be adopted in KPST-PA accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to KPST-PA financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on KPST-PA financial statements.

IFRS 9 'Financial Instruments' (2014)

The IASB recently released IFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

KPST-PA management has yet to assess the impact of IFRS 9 on these financial statements. The new standard is required to be applied for annual reporting periods beginning on or after 1 January 2018.

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

IFRS 15 is effective for reporting periods beginning on or after 1 January 2017. The application of IFRS 15 does not impact KPST-PA financial statements.

Amendments to IFRS 11 'Joint Arrangements'

These amendments provide guidance on the accounting for acquisitions of interests in joint operations constituting a business. The amendments require all such transactions to be accounted for using the principles on business combinations accounting in IFRS 3 'Business Combinations' and other IFRSs except where those principles conflict with IFRS 11. Acquisitions of interests in joint ventures are not impacted by this new guidance.

The amendments are effective for reporting periods beginning on or after 1 January 2016.

The application of IFRS 11 does not impact KPST-PA financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenue and expense recognition

Revenues consist of gross returns of financial instruments whose recognition and measurement is disclosed in the respective accounting policies included in this note, with interest on bank deposits recognised on accrual basis.

Expenses consist of fees accrued on daily basis by specified rates being charged by KPST Operations on the gross daily pension assets.

3.2 Contributions

Contributions from participants are accounted for on accrual basis.

3.3 Withdrawals of savings and refunds

Withdrawals of savings, or benefit payments, which are payable to members or their successors, as well as refunds of erroneous contributions, are accounted for in the period in which the redemption of respective units occurs.

3.4 Financial instruments

Financial assets and liabilities carried on the statement of financial position include investments, cash, cash equivalents, receivables, and liabilities. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies included in this note. Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the related contractual arrangement. Interest, gains and losses relating to financial instruments classified as assets or liabilities are reported as net income. Financial instruments are offset when KPST-PA has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

3.5 Investments

All purchases and sales of securities are recognised at the trade date. Trade date is the date on which KPST-PA commits to purchase or sell the asset.

Held to maturity investments

Held to maturity investments are represented by deposits or investments with fixed or determinable payments and fixed maturity which KPST-PA has the positive intent and ability to hold to maturity. Term deposits with original maturities of three months or less are classified as cash equivalents for the purpose of cash flow statement, whilst those with original maturities of more than three months are classified as held to maturity investments.

Interest for deposits is calculated on time accrual basis. Government or treasury bills and notes at the time of acquisition are valued at their discounted values with subsequent valuations done at amortised costs.

Available for sale investments

Investment securities in the open-end mutual funds held by KPST-PA are classified as available for sale. These investments are initially recognised at cost, being the fair value of the consideration given including acquisition charges associated with the investment.

After the initial recognition, investments in available for sale securities are re-measured at fair value on the basis of quoted market prices at the close of trading on the reporting date.

Determining fair values

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Investments (continued)

Financial instruments measured at fair value

The financial assets measured according to the fair value in the statement of financial position are presented in accordance with the hierarchy of the fair value. This hierarchy groups the financial assets and liabilities into three levels that are based on the significance of the incoming data used during the measurement of the fair value of the financial assets:

- Level 1: quoted prices (not adjusted) on the active markets for identical assets or liabilities;
- Level 2: other incoming data, aside from the quoted prices, included in Level 1 which are available for asset or liability observing, directly (i.e. as prices), or indirectly (i.e. made of prices); and
- Level 3: incoming data on the asset or liability that are not based on data available for market observing.

As of the reporting dates, the financial instruments of KPST-PA measured at fair value are explained as follows:

Class of investment	Level	As at	As at
		December 31 2014	December 31 2013
		EUR	EUR
Available for sale investments	1	1,023,619,618	650,832,621

Fair value measurements listed above are recurring. There were no movements of funds between levels during the year ending December 31, 2014 and 2013.

Impairment

Impairment of investments is recognised in the statement of comprehensive income when there is a permanent diminution in their value.

3.6 Cash and cash equivalents

For cash flow purposes, cash and cash equivalents consist of cash at bank, cash on hand and short term deposits with an original maturity of up to three months. Bank deposits that require a notice to be given prior to their withdrawal, but which the Governing Board has no intentions of redeeming are excluded from cash and cash equivalents.

3.7 Taxation

KPST pension assets are exempt from the payment of corporate profit taxes.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Financial risk management

The liabilities towards contributors of KPST-PA are always equal to the value of participants' net assets, i.e. no financing gap for future benefits exists, which is why no actuarial valuations are performed by KPST-PA. KPST-PA liabilities do not consist of any financial instruments, e.g. funds borrowed from other financial institutions, which is why risk management for liabilities part of KPST-PA is not deemed necessary.

When it comes to assessing the risk of financial instruments which form part of assets of KPST-PA, the overwhelming majority of investments are through Open-end vehicles, which effectively means that the day-to-day risk management function is outsourced to the providers of Open-end vehicles. As a result the KPST-PA financial assets are directly exposed to only a limited number of risks (namely price risk) and with a limited portion of assets, which the Governing Board seeks to manage through its investment policy.

The investment policy above all requires for invested assets, whether directly or indirectly, to be highly diversified across issuers and asset classes as well as across investment approach of Open-end vehicles themselves. Further, as a way to manage the direct risks the policy sets limits as to the proportion of assets that can be invested in instruments of a given asset class (Pure equity vehicles: 50%; Multi-asset class vehicles: 40%; Pure debt securities vehicles: 30%; and money markets and Kosovo treasury bills and bonds: 10%); as well as limits as to the proportion of assets that can be invested in instruments of a given investment approach (Directional return/Non risk adjusted vehicles: 55%; Risk targeted/Risk managed/ Absolute return vehicles: 40%; and Pure income vehicles: 25%). Within this framework the Governing Board makes decisions whether to increase or reduce exposure to a certain Open-end vehicle depending on vehicle's performance, underlying holdings, or its correlation with other Open-end-vehicles, as well as beliefs for the short and medium term prospect for the given asset class and investment style of the Open-end vehicle. KPST itself does not engage in forward contracts, swaps or derivatives in order to manage and control these risks to assets of KPST-PA.

The Finance Department of KPST on quarterly basis analyses the compliance of direct investments, as well as indirect investments through underlying holdings of Open-end vehicles, with the Investment Policy of KPST. The risks and volatility of both direct and indirect holdings are also assessed on quarterly basis. The findings are reviewed by the Investment Committee of the Governing Board of KPST and serve as an aide for investment decisions.

Presented below are standard risks to which KPST-PA financial assets were directly exposed to on reporting date:

3.8.1 Currency risk

As at reporting date the direct investments in Kosovo Treasury debt securities were all EUR denominated. As a way to manage the currency risk through Open-end vehicles, the investment policy of KPST allows only up to 10 percent of KPST-PA assets to be invested in Open-end vehicles which are not denominated in EUR and provide no EUR hedging.

The Open-end vehicles through which KPST was invested on reporting date were all EUR denominated or EUR hedged; whereby managers of Open-end vehicles use currency derivatives to manage and control the currency risk.

As a result of there being no direct currency risk exposure on reporting date no sensitivity analysis is performed on the effects of currency shifts on the comprehensive income for the year ended December 31, 2013 and 2014.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Financial risk management (continued)

3.8.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at reporting date KPST-PA had direct investments in held to maturity instruments which were with a fixed interest rate, whereas there were no direct investments in floating interest rate securities.

	As at December 31 2014		As at December 31 2013	
	Assets	Liabilities	Assets	Liabilities
	EUR	EUR	EUR	EUR
Fixed rate				
Held to maturity investments	54,701,478	-	53,122,905	-
Total	54,701,478	-	53,122,905	-

3.8.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, availability of funds through adequate credit facilities and ability to collect timely - within the terms established - the amounts due from third parties.

The average monthly redemptions from KPST-PA through withdrawals of savings and refunds for the year ended December 31, 2014 amounted to EUR 1,189,903 (2013: EUR 1,021,630). Average monthly incoming contributions for the year amounting EUR 10,738,578 (2013: EUR 9,940,978) continued to be well in excess of monthly outgoings.

Investments through Open-end vehicles can all be redeemed within 1-10 days, and all the investments of KPST-PA assets in Kosovo Treasury debt securities have an original maturity of less than two years from reporting date.

The table below presents the remaining contractual maturities of financial assets and liabilities of KPST-PA.

	As at December 31 2014		As at December 31 2013	
	Current Up to 1 year	Non-current 1-2 years	Current Up to 1 year	Non-current 1-2 years
	EUR	EUR	EUR	EUR
Financial assets				
Cash at bank	9,938,218	-	209,646,903	-
Held to maturity investments	34,123,521	20,577,957	53,122,905	-
Contribution receivables	7,984,158	-	7,869,239	-
	52,045,897	20,577,957	270,639,047	-
Financial Liabilities				
Account payables	498,716	-	419,691	-
	498,716	-	419,691	-
Maturity gap	51,547,181	20,577,957	270,219,356	-

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Financial risk management (continued)

3.8.4 Credit risk

Credit risk is the risk of financial loss to KPST-PA if a customer or counterparty to financial instruments fails to meet its contractual obligations. KPST-PA assets are directly exposed only to Kosovo Treasury debt instruments, which as yet remain unrated; however, as the Law in force classifies Kosovo Treasury debt instruments in the Prime category, so does KPST-PA when analysing the direct, and indirect exposure within portfolios of Open-end vehicles, exposure to credit risk.

KPST-PA considers the credit risk to be very low for KPST-PA investments given the vast diversity of issuers as well as the rating of debt instruments within Open-end vehicles.

Below are the investment ratings of direct (and indirect holdings through Open-end vehicles), of KPST-PA assets as at December 31, 2014:

Description	Applicable ratings	Percentage of KPST assets
Prime	AAA	15.0%
High	AA+ , AA, AA-	11.7%
Upper medium	A+ , A, A-	3.0%
Lower medium	BBB+ , BBB, BBB-	2.6%
Non-investment speculative	BB+ , BB, BB-	0.8%
Highly speculative	B+ , B, B-	0.3%
Substantial risk	CCC+	0.1%
Extremely speculative	CCC	-
In default with little prospect of recovery	CCC- , CC, C	0.0%
In default	D	0.0%
Total		33.5%

3.8.5 Price risk

Despite the moderately reduced sensitivity to changes in the fair value of available-for-sale investments through Open-end vehicles, price risk remains the most significant direct risk factor of KPST-PA invested assets. KPST-PA through its investment policy attempts to manage this risk by diversifying investments in uncorrelated Open-end vehicles which in turn hold within their portfolios different classes of assets and have different investment styles and objectives.

Sensitivity Analysis of price changes in Open-end vehicles

Had the prices of Open-end vehicles been 5% higher/lower on reporting date, net participants' assets would have been increased by EUR 51,186,216 or decreased by EUR 51,175,746 respectively (2013: increased by EUR 32,544,256 or decreased by EUR 32,538,061 respectively).

Sensitivity Analysis of price changes of equities within Open-end vehicles

The fair value of equity holdings within Open-end vehicles amounted to EUR 725,587,238, or 66.7%, of KPST-PA assets (2013: EUR 404,325,510 or 44.3%). The price risk of underlying equity holdings within Open-end vehicles is much lower than the direct price risk of Open-end vehicles themselves, whereby a 5% higher/lower valuation of indirect investments in equities on reporting date would cause net participants' assets to increase by EUR 36,279,889 or decrease by EUR 36,278,835 respectively (2013: increase by EUR 19,305,378 or decrease by EUR 19,301,131).

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Financial risk management (continued)

3.8.6 Exposure through indirect holdings

The majority of KPST-PA assets are invested through Open-end vehicles which trade in different asset classes and employ varying investment and risk policies. As a result, KPST-PA assets are exposed to different risks for its indirect investments depending on the assets invested with a given Open-end vehicle.

When all investments, direct and indirect, are taken into account, the exposure of KPST-PA assets as at December 31, 2014 was as follows:

Currency - USD: 42.7%; EUR: 23.2%; GBP: 12.5%; JPY: 4.2%; AUD: 2.8%; Other: 14.6%. The portion of non-EUR assets unhedged to EUR was 4.1% of KPST-PA assets.

Asset class - Equities: 66.7%; Treasury debt: 21.6%; Corporate debt: 11.9%; Money markets: 3.6%; Net derivatives: -3.8%.

The main risks to which Open-end vehicles themselves were exposed to as at December 31, 2014 were as follows:

Fund	Main risks
Vanguard - GSIF	Price risk; Country/political risk; Index tracking risk.
AXA - GILB	Credit risk; Counterparty risk; Interest rate risk.
BNY Mellon - RRF	Price risk; Credit risk; Counterparty risk; Interest rate risk; Currency risk.
Aquila - RP7	Credit risk; Counterparty risk; Liquidity risk; Derivatives risk.
Schroders - SISF	Credit risk; Counterparty risk; Currency risk; Derivatives risk.
Nordea 1 - GSEF	Price risk; Counterparty risk; Country/Political risk.
Nordea 1 - SRF	Price risk; Credit risk; Counterparty risk; Country/Political risk; Derivatives risk.
KBI - IDPDEF	Price risk; Counterparty risk; Liquidity risk; Currency risk.
AXA - WFOI	Credit risk; Counterparty risk.
Pictet - HDS	Price risk; Counterparty risk; Currency risk; Country/Political risk.
Tobam - ABWEF	Price risk; Counterparty risk; Currency risk; Discretionary management risk.

Full set of risks exposed to by each of these funds can be obtained from each respective fund prospectus.

3.9 Significant estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and any future periods affected. Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below:

Allowance for impairment of available-for-sale equity investments

KPST-PA determines that available for sale investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, KPST-PA evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investor, industry and sector performance, changes in technology, and operational and financing cash flows.

4 CASH AT BANK

	As at December 31 2014	As at December 31 2013
	EUR	EUR
At Central Bank of Republic of Kosovo	9,938,218	209,646,903
Total cash at bank	9,938,218	209,646,903

During 2013 and 2014 no interest was offered on the KPST-PA cash account with the Central Bank of Kosovo.

5 CONTRIBUTIONS RECEIVABLE

	As at December 31 2014	As at December 31 2013
	EUR	EUR
Contributions receivable	7,984,158	7,869,239
Total contributions receivable	7,984,158	7,869,239

Contribution receivables relate to contributions received in collection account up to the 18th of the following month (2013: up to the 18th) and not unitised on reporting date.

6 AVAILABLE FOR SALE INVESTMENTS

	Notes	As at December 31 2014	As at December 31 2013
		EUR	EUR
Vanguard - GSIF	6.1	343,025,434	313,444,532
BNY Mellon - RRF	6.2	166,159,683	133,139,594
AXA - GILB	6.3	71,926,649	57,478,701
Schroders - SISF	6.4	114,516,911	96,379,844
Aquila - RP7	6.5	28,803,675	26,986,630
Nordea 1 - GSEF	6.6	50,304,385	-
Nordea 1 - SRF	6.7	100,812,922	-
KBI - IDPDEF	6.8	54,922,848	-
AXA - WFOI	6.9	26,287,722	-
Pictet - HDS	6.10	30,197,501	-
Tobam - ABWEF	6.11	36,661,888	-
ECM - DEC	6.12	-	23,403,320
Total available for sale investments		1,023,619,618	650,832,621

6 AVAILABLE FOR SALE INVESTMENTS (CONTINUED)

6.1 Vanguard Investment Series plc - Global Stock Index Fund Euro hedged (ISIN: IE00B03HD316)

	2014		2013	
	Units	EUR	Units	EUR
As at January 1	22,678,696	313,444,532	25,211,077	272,937,641
New investments during the year	-	-	3,205,132	42,000,000
Redemptions	-	-	(5,803,337)	(75,000,000)
Re-investment of rebates	26,642	383,016	65,824	818,992
Revaluation - Increase	-	30,011,423	-	73,873,421
Fees withheld	-	(813,537)	-	(1,185,522)
As at December 31	22,705,338	343,025,434	22,678,696	313,444,532

The fund seeks to provide long term growth of capital by tracking the performance of Morgan Stanley Capital International (MSCI), World Free Index (the "Index"), a market capitalisation weighted index of common stocks of companies in developed countries. Global Stock Index Fund investment policy is to remain substantially invested in common stocks. KPST investments in the fund are subscribed based on the Net Asset Value per share on the relevant business day. The fund does not pay any dividend therefore all gains were reflected in the Net Asset Value of the fund. The net return for the year ended December 31, 2014 was 9.31% p.a. (2013: 27.66% p.a.). The management fee is calculated daily, at an annualised rate of 0.25% of assets (2013: 0.25%). The fund gives out a 0.12% rebate on the management fee (2013: 0.12%) which is reinvested in the following month, making net management fees charged by the fund 0.13% of assets p.a. (2013: 0.13% of assets p.a.). There were no redemptions from this fund during 2014.

6.2 BNY Mellon - Real Return Fund (ISIN IE00B504KX99)

	2014		2013	
	Units	EUR	Units	EUR
As at January 1	117,521,047	133,139,594	77,533,181	83,960,682
New investments during the year	20,864,630	25,000,000	39,987,866	45,000,000
Revaluation - Increase	-	8,020,089	-	4,178,912
As at December 31	138,385,677	166,159,683	117,521,047	133,139,594

As at December 31, 2014, KPST-PA investments consisted of 138,385,677 shares in BNY Mellon Real Return Fund. The fund is an absolute return vehicle investing the funds in a mixture of cash, bonds and equities. The fund does not pay a dividend therefore all the gains and income are reflected on the Net Asset Value of the fund. The return for the year ended December 31, 2014 was 5.98% p.a. (2013: 4.62% p.a.). The management fee was calculated daily at an annualised rate of 0.60% of assets (2013: 0.70% of assets) and was paid separately through an invoice, i.e. not reducing the net asset value. Total fees charged by the fund manager for the year ended December 31, 2014 amount to EUR 868,854 (2013: EUR 763,930). There were no redemptions from this fund during 2014.

6 AVAILABLE FOR SALE INVESTMENTS (CONTINUED)

6.3 AXA - Global Inflation Linked Bonds Eur (ISIN LU0227145629)

	2014		2013	
	Units	EUR	Units	EUR
As at January 1	433,540	57,478,701	813,865	115,609,533
New investments during the year	63,995	9,200,000	68,885	10,000,000
Redemptions	-	-	(449,472)	(60,000,000)
Re-investment of rebates	227	31,648	262	35,263
Revaluation - Increase / (Decrease)	-	5,462,474	-	(7,693,843)
Fees withheld	-	(246,174)	-	(472,252)
As at December 31	497,762	71,926,649	433,540	57,478,701

As of December 31, 2014, KPST-PA investments consisted of 497,762 shares in the Global Inflation Linked Bond fund of AXA, a leading global asset manager. The fund is an absolute return vehicle investing funds in inflation protected sovereign and corporate bonds. The fund does not pay a dividend, and all the gains and income were reflected in the Net Asset Value of the fund. The net return for the year ending December 31, 2014 was 8.99% p.a. (2013: -6.67% p.a.). The management fee is calculated daily at an annualised rate of 0.40% of assets (2013: 0.40%); however with effect from May 1, 2013 when value of assets is in excess of EUR 50 million, a rebate at an annualised rate of 5% of assets is accrued daily and reinvested in the following month, making net fees charged by the fund 0.35% of assets p.a. There were no redemptions from this fund during 2014.

6.4 Schroders - International Strategic Bond Euro Hedged (ISIN LU0201424265)

	2014		2013	
	Units	EUR	Units	EUR
As at January 1	639,039	96,379,844	438,594	64,758,425
New investments during the year	94,997	15,000,000	200,445	30,000,000
Revaluation - Increase	-	3,137,067	-	1,621,419
As at December 31	734,036	114,516,911	639,039	96,379,844

Schroders International Strategic Bond fund is a Luxemburg based mutual fund which operates through investments in a portfolio of bonds and other fixed and floating rates securities denominated in various currencies issued by governments, government agencies, supra-national and corporate issuers worldwide. The fund does not pay a dividend therefore all the income is reflected in the bid price of the fund. The return for the year ended December 31, 2014 was 3.44% p.a. (2013: 2.15% p.a.). The management fee is calculated quarterly, at an annualised rate of 0.50% of assets (2013: 0.50%), and was paid separately through an invoice, i.e. not reducing the net asset value. However, with effect from May 1, 2013 when value of assets is in excess of EUR 100 million, the annualised fee rate is reduced to 0.45% of assets; which transpired to be applicable late in 2014. Total fees charged by the fund manager for the year ended December 31, 2014 amount to EUR 508,375 (2013: EUR 453,392). There were no redemptions from this fund during 2014.

6 AVAILABLE FOR SALE INVESTMENTS (CONTINUED)

6.5 Aquila - AC Risk Parity 7 Fund (ISIN LU0554703917)

	2014		2013	
	Units	EUR	Units	EUR
As at January 1	266,152	26,986,630	685,082	73,938,085
New investments during the year	-	-	92,885	10,000,000
Redemptions	-	-	(511,815)	(52,000,000)
Revaluation - Increase / (Decrease)	-	1,817,045	-	(4,951,455)
As at December 31	266,152	28,803,675	266,152	26,986,630

As at December 31, 2014, KPST-PA investments consisted of 266,152 shares in Aquila - AC Risk Parity 7 fund of Alceda Fund Management. The fund is an absolute return vehicle investing the vast majority of the fund in highly rated bonds, with the rest in bond and equity index futures for hedging purposes. The fund does not pay a dividend therefore all the gains and income were reflected on the Net Asset Value of the fund. The net return for the year ended December 31, 2014 was 6.73% p.a. (2013: -6.05% p.a.). The management fee is calculated daily at an annualised rate of: 1.06% of assets when invested amounts were less than EUR 50,000,000; 0.96% of assets when invested amounts were between EUR 50,000,000 and EUR 79,999,999; and 0.79% of assets when invested amounts were between EUR 80,000,000 and EUR 99,999,999 (2013: 0.79% of assets) and were paid separately through an invoice, i.e. not reducing the net asset value; however, from January 1, 2014 the fund manager waived fees of 0.27% of assets, making fees 0.79% of assets, until the high watermark reached during 2013, was surpassed on December 1, 2014. Total fees charged by the fund manager for the year ended December 31, 2014 amount to EUR 231,565 (2013: EUR 625,429). There were no redemptions from this fund during 2014.

6.6 Nordea 1 – Global Stable Equity Fund (ISIN LU0257969260)

	2014		2013	
	Units	EUR	Units	EUR
As at January 1	-	-	-	-
New investments during the year	2,648,993	45,000,000	-	-
Revaluation - Increase	-	5,304,385	-	-
As at December 31	2,648,993	50,304,385	-	-

In June 2014 the Governing Board decided to subscribe to the Nordea 1 - Global Stable Equity fund. This is an active fund that primarily contains stocks of global corporations which have stable: returns, dividends and cash flows. The fund may however hold up to 1/3 of assets in cash or invest them in bonds or other debt instruments in order to manage risk. The fund does not pay a dividend therefore all the gains were reflected on the Net Asset Value of the fund. The return from June 11, 2014 when first assets were invested and up to December 31, 2014 was 16.15% p.a. The management fee is calculated daily at an annualised rate of: 0.44% of assets and is paid separately through an invoice, i.e. not reducing the net asset value. Total fees charged by the fund manager for the year ended December 31, 2014 amount to EUR 81,464. There were no redemptions from this fund during 2014.

6 AVAILABLE FOR SALE INVESTMENTS (CONTINUED)

6.7 Nordea 1 –Stable Return Fund X EUR (ISIN LU0539147214)

	2014		2013	
	Units	EUR	Units	EUR
As at January 1	-	-	-	-
New investments during the year	6,124,722	96,000,000	-	-
Revaluation - Increase	-	4,812,922	-	-
As at December 31	6,124,722	100,812,922	-	-

In June 2014 the Governing Board decided to subscribe to the Nordea 1 - Stable Return fund. This is an active fund that contains global corporations' stocks and bonds and government securities, aiming to generate return from both asset classes and at the same time to manage risks through the strategic use of financial derivative. The fund does not pay a dividend therefore all the gains and income were reflected on the Net Asset Value of the fund. The return from June 11, 2014 when first assets were invested and up to December 31, 2014 was 7.09% p.a. The management fee is calculated daily at an annualised rate of: 0.59% of assets and is paid separately through an invoice, i.e. not reducing the net asset value. Total fees charged by the fund manager for the year ended December 31, 2014 amount to EUR 232,940. There were no redemptions from this fund during 2014.

6.8 Kleinwort Benson Investors - Institutional Dividend Plus Developed Equity Fund H (ISIN IE00B589V552)

	2014		2013	
	Units	EUR	Units	EUR
As at January 1	-	-	-	-
New investments during the year	3,868,079	51,000,000	-	-
Revaluation - Increase	-	4,075,341	-	-
Fees withheld	-	(152,493)	-	-
As at December 31	3,868,079	54,922,848	-	-

In June 2014 the Governing Board decided to subscribe to the Kleinwort Benson Investors – Institutional Dividend Plus Developed Equity fund. This is an active fund that contains stocks with stable dividends of corporations in the developed world. The fund does not pay a dividend therefore all the gains were reflected on the Net Asset Value of the fund. The net return from July 3, 2014 when first assets were invested and up to December 31, 2014 was 8.77% p.a. The management fee is calculated daily at an annualised rate of: 0.73% of assets and is withheld from the fund, thereby reducing the net asset value. There were no redemptions from this fund during 2014.

6 AVAILABLE FOR SALE INVESTMENTS (CONTINUED)

6.9 AXA - Optimal Income I EUR (ISIN: LU0184635471)

	2014		2013	
	Units	EUR	Units	EUR
As at January 1	-	-	-	-
New investments during the year	209,664	26,000,000	-	-
Revaluation - Increase	-	348,852	-	-
Fees withheld	-	(61,130)	-	-
As at December 31	209,664	26,287,722	-	-

In June 2014 the Governing Board decided to subscribe to the AXA – Optimal Income fund. This is an active fund that contains corporate stocks and bonds and government securities, mainly from Europe, aiming to generate an absolute return in long-term from both these classes of financial instruments. For the sake of risk management, small scale use of derivatives is allowed. The fund does not pay a dividend therefore all the gains and income were reflected on the Net Asset Value of the fund. The net return from July 11, 2014 when first assets were invested and up to December 31, 2014 was 1.24% p.a. The management fee is calculated daily at an annualised rate of: 0.55% of assets and is withheld from the fund, thereby reducing the net asset value. There were no redemptions from this fund during 2014.

6.10 Pictet - High Dividend Selection - Z Euro (ISIN: LU0650147423)

	2014		2013	
	Units	EUR	Units	EUR
As at January 1	-	-	-	-
New investments during the year	202,003	30,000,000	-	-
Revaluation - Increase	-	197,501	-	-
As at December 31	202,003	30,197,501	-	-

In June 2014 the Governing Board decided to subscribe to the Pictet – High Dividend Selection fund. This is an active fund that primarily contains stocks with stable dividends of global corporations. The fund does not pay a dividend therefore all the gains were reflected on the Net Asset Value of the fund. The return from July 14, 2014 when first assets were invested and up to December 31, 2014 was 1.88% p.a. The management fee is calculated daily at an annualised rate of: 0.63% of assets and is paid separately through an invoice, i.e. not reducing the net asset value. Total fees charged by the fund manager for the year ended December 31, 2014 amount to EUR 76,744. There were no redemptions from this fund during 2014.

6 AVAILABLE FOR SALE INVESTMENTS (CONTINUED)

6.11 Tobam - Anti-benchmark World Equity Fund Euro-Hedged (ISIN: LU1067857836)

	2014		2013	
	Units	EUR	Units	EUR
As at January 1	-	-	-	-
New investments during the year	2,493	35,000,000	-	-
Revaluation - Increase	-	1,748,152	-	-
Fees withheld	-	(86,264)	-	-
As at December 31	2,493	36,661,888	-	-

In June 2014 the Governing Board decided to subscribe to the Tobam – Anti-benchmark World Equity fund. This is an active fund that selects stocks of global corporations with the aim of achieving the optimal degree of diversification. The fund does not pay a dividend therefore all the gains were reflected on the Net Asset Value of the fund. The net return from July 16, 2014 when first assets were invested and up to December 31, 2014 was 4.50% p.a. The management fee is calculated daily at an annualised rate of: 0.60% of assets and is withheld from the fund, thereby reducing the net asset value. There were no redemptions from this fund during 2014.

6.12 European Credit Management Ltd - Diversified European Credit (ISIN XS0306910752)

	2014		2013	
	Units	EUR	Units	EUR
As at January 1	252,550	23,403,320	252,550	22,086,565
Revaluation - Increase	-	856,706	-	1,429,999
Fees withheld	-	(101,033)	-	(113,244)
Redemptions	(252,550)	(24,158,993)	-	-
As at December 31	-	-	252,550	23,403,320

As of November 2014, KPST redeemed fully its investment in the Diversified European Credit portfolio of ECM. This is an active fund that searches for the best deals offered on the bond and credit markets in Europe, and has a slightly higher volatility than other KPST debt instrument investments. The fund did not pay a dividend therefore all the income was reflected in the Net Asset Value of the fund. The net return for the year up to November 9, 2014 was 3.23% p.a. (2013: 4.85% p.a.). The management fee is calculated daily, at an annualised rate of 0.50% of assets (2013: 0.50%), plus a variable fee based on the performance of the fund vis-à-vis the benchmark of Euribor. The overall realised gains from the initial investment and up to the full redemption from the fund came to EUR 460,026.

6 AVAILABLE FOR SALE INVESTMENTS (CONTINUED)

6.13 Open-end vehicle fees and rebates

		Year ended December 31 2014			Year ended December 31 2013		
		Gross fee	Rebate	Net fee	Gross fee	Rebate	Net fee
		EUR	EUR	EUR	EUR	EUR	EUR
Vanguard – GSIF	6.1	813,537	(390,498)	423,039	1,185,522	(789,074)	396,448
BNY Mellon – RRF	6.2	868,854	-	868,854	763,930	-	763,930
AXA – GILB	6.3	246,174	(30,762)	215,412	472,252	(39,207)	433,045
Schroders – SISF	6.4	508,375	-	508,375	453,392	-	453,392
Aquila – RP7	6.5	231,565	-	231,565	625,429	-	625,429
Nordea 1 - GSEF	6.6	81,464	-	81,464	-	-	-
Nordea 1 - SRF	6.7	232,940	-	232,940	-	-	-
KBI - IDPDEF	6.8	152,493	-	152,493	-	-	-
AXA - WFOI	6.9	61,130	-	61,130	-	-	-
Pictet - HDS	6.10	76,744	-	76,744	-	-	-
Tobam - ABWEF	6.11	86,264	-	86,264	-	-	-
ECM – DEC	6.12	101,033	-	101,033	113,244	-	113,244
State Street – EMIF		-	-	-	51,450	-	51,450
Total open-end vehicle fees and rebates		3,460,573	(421,260)	3,039,313	3,665,219	(828,281)	2,836,938

¹ During 2014 KPST redeemed in full its investment in the ECM – DEC fund.

7 HELD TO MATURITY INVESTMENTS

					2014	
ISIN Rate Maturity	As at January 1	New placements	Interest gained	Matured / Coupons	As at December 31	
	EUR	EUR	EUR	EUR	EUR	
KV1102140211 2.26 23.04.2014	11,727,484	-	82,516	(11,810,000)	-	
KV1102820282 1.49 19.02.2014	9,979,422	-	20,578	(10,000,000)	-	
KV1103020305 1.24 19.03.2014	1,725,390	-	4,610	(1,730,000)	-	
KV1103240327 1.98 22.10.2014	14,760,760	-	239,240	(15,000,000)	-	
KV1103420343 1.20 21.05.2014	14,929,849	-	70,151	(15,000,000)	-	
KV1103720374 1.09 23.07.2014	-	17,791,846	98,154	(17,890,000)	-	
KV1103920398 0.92 20.08.2014	-	3,364,309	15,691	(3,380,000)	-	
KV1104340433 1.34 22.04.2015	-	12,337,826	112,048	-	12,449,874	
KV1104540457 1.40 17.06.2015	-	9,268,795	70,420	-	9,339,215	
KV1204610466 2.60 30.06.2016	-	6,011,634	75,661	(78,000)	6,009,295	
KV1104940495 2.10 19.08.2015	-	12,240,102	94,330	-	12,334,432	
KV1205110510 2.90 30.09.2016	-	7,000,000	50,916	-	7,050,916	
KV1205510558 2.90 01.12.2016	-	7,500,000	17,746	-	7,517,746	
	53,122,905	75,514,512	952,061	(74,888,000)	54,701,478	

					2013	
ISIN Rate Maturity	As at January 1	New placements	Interest gained	Matured / Coupons	As at December 31	
	EUR	EUR	EUR	EUR	EUR	
KV1100820084 3.05 23.01.2013	12,655,493	-	24,507	(12,680,000)	-	
KV1101120114 2.36 20.03.2013	1,273,418	-	6,582	(1,280,000)	-	
KV1102140211 2.26 23.04.2014	-	11,546,252	181,232	-	11,727,484	
KV1102820282 1.49 19.02.2014	-	9,925,301	54,121	-	9,979,422	
KV1103020305 1.24 19.03.2014	-	1,719,262	6,128	-	1,725,390	
KV1103240327 1.98 22.10.2014	-	14,705,355	55,405	-	14,760,760	
KV1103420343 1.20 21.05.2014	-	14,909,512	20,337	-	14,929,849	
	13,928,911	52,805,682	348,312	(13,960,000)	53,122,905	

As of and during year ending December 31, 2014 all held to maturity investments of KPST-PA consisted of Kosovo Treasury securities which are not yet rated. It is the intention of the Governing Board to hold to maturity all its investments of KPST-PA in Kosovo Treasury debt instruments.

8 LIABILITIES TOWARDS KPST OPERATIONS

	As at December 31 2014	As at December 31 2013
	EUR	EUR
Fees charged on participants' accounts - payable	319,203	292,357
Difference from refunds of erroneous contributions - payable	47,622	1,653
Total liabilities towards KPST Operations	366,825	294,010

As at December 31, 2014 the balance of payable fees amounting EUR 319,203 relates to KPST fees charged to the participants accounts which were not transferred to KPST Operations as of reporting date (December 31, 2013: EUR 292,357).

When a pension contribution is proven to have been paid in error, the nominal amount is refunded to the payer. As per KPST policies in effect from January 1, 2013 the difference of the refunded amount and the value of redeemed shares on the day of the refund, is to be treated as other income (or expense) of KPST Operations. As at December 31, 2014 the balance of payable differences from refunds was EUR 47,622 (December 31, 2013: EUR 1,653).

9 LIABILITIES FOR REPURCHASED SHARES

	As at December 31 2014	As at December 31 2013
	EUR	EUR
Liabilities for refunds	118,203	73,620
Liabilities for the withdrawal of savings	-	38,727
Total liabilities for repurchased shares	118,203	112,347

As at December 31, 2014 the balance of pension assets redeemed through refunds and withdrawal of savings (benefit payments) which were not transferred to respective beneficiaries as of reporting date amounts to EUR 118,203 (2013: EUR 112,347).

10 NON-CONTRIBUTIONS

	As at December 31 2014	As at December 31 2013
	EUR	EUR
Non-contributions	13,688	13,334
Total non-contributions	13,688	13,334

Incoming transfers to KPST's collection account with CBK, which at the time of processing a bank statement are identified to have been paid in error and are not pension contributions, are classified as non-contributions and are not unitised. In all other cases incoming contribution transfers are unitised, and subsequently redeemed as Refunds when proven to have been made in error. As at December 31, 2014 the balance of non-contributions not yet returned as of reporting date amounts to EUR 13,688 (2013: EUR 13,334).

11 REVALUATION OF AVAILABLE FOR SALE INVESTMENTS - NET

	Notes	Year ended December 31 2014	Year ended December 31 2013
		EUR	EUR
Vanguard – GSIF	6.1	30,011,423	73,873,421
BNY Mellon – RRF	6.2	8,020,089	4,178,912
AXA – GILB	6.3	5,462,474	(7,693,843)
Schroders – SISF	6.4	3,137,067	1,621,419
Aquila – RP7	6.5	1,817,045	(4,951,455)
Nordea 1 - GSEF	6.6	5,304,385	-
Nordea 1 - SRF	6.7	4,812,922	-
KBI - IDPDEF	6.8	4,075,341	-
AXA - WFOI	6.9	348,852	-
Pictet - HDS	6.10	197,501	-
Tobam - ABWEF	6.11	1,748,152	-
ECM – DEC	6.12	856,706	1,429,999
State Street – EMIF ¹		-	(930,259)
Net increase on revaluation of available for sale investments for the year		65,791,957	67,528,194

¹ During 2013 KPST redeemed in full its investment in the State Street Emerging Markets Index Fund.

12 INTEREST INCOME FROM HELD TO MATURITY INVESTMENTS

	Notes	Year ended December 31 2014	Year ended December 31 2013
		EUR	EUR
Raiffeisen Bank Kosovo		-	81,895
Kosovo Treasury debt instruments	7	952,061	348,312
Total interest income from held to maturity investments		952,061	430,207

13 INTEREST INCOME FROM BANK DEPOSITS

During 2014 there were no KPST-PA assets placed in bank deposits. Deposits in NLB Prishtina, which were redeemed during 2013, earned EUR 173,172 in interest for the year ending December 31, 2013.

14 OTHER INCOME

During the year ending December 31, 2013 the Governing Board of KPST had decided to refund EUR 3,000,000 from the KPST Operations surplus to pension assets.

15 FEES CHARGED ON PARTICIPANTS' ACCOUNTS

	Year ended December 31 2014	Year ended December 31 2013
	EUR	EUR
Fees for joint activities	-	1,796,645
Fees for investment activities	3,976,844	2,009,569
Fees for operational activities	1,292,475	793,250
Total fees charged on participants' accounts	5,269,319	4,599,464

Fees are accrued on daily basis according to the formula:

$$\text{Fee} = [\text{Gross Participants' Assets}] * [\text{Rate}] / [\text{Number of calendar days in a year}].$$

Total fees charged on gross participants' assets for the purpose of financing the activities of KPST-O for the year ended December 31, 2014 amounted EUR 5,269,319 (2013: EUR 4,599,464).

For the year ending December 31, 2014 fees charged in accordance with Law Nr. 04/L-168 were 0.40% p.a. for investment activities and 0.13% p.a. for operational activities. From May 20, 2013 and up to December 31, 2013 fees charged were 0.38% p.a. for investment activities and 0.15% p.a. for operational activities. From January 1, 2013 and up to May 20, 2013 joint fees of 0.60% p.a. (covering both investment and operational activities) were charged in accordance with Law Nr. 04/L-101. Fees are at all times approved by the Assembly of the Republic of Kosovo.

16 INDIVIDUAL PARTICIPANTS' ACCOUNTS

	As at December 31 2014	As at December 31 2013
	Number of Accounts	Number of Accounts
Accounts with no withdrawals of savings	452,011	426,756
Accounts with withdrawals of savings	24,548	20,503
Total accounts	476,559	447,259

An account with withdrawals of savings represents accounts from which pension savings have been withdrawn due to: (i) the contributor retiring by reaching the pension age of 65 years old or by becoming permanently disabled; or (ii) successors, deemed as rightful heirs, inheriting the pension savings of a deceased participant. Out of 476,559 contributors for which KPST has opened a pension savings account, 285,914 had contributions belonging to the year ended December 31, 2014 (December 31, 2013: 277,305 out of 447,259 opened accounts).

Pension contributions are paid to KPST by employers on behalf of employees who are residents in Kosovo at the rate of at least 5% of total employee gross income for each, employee and employer part of contributions. Together with voluntary contributions, the maximum employee and employer can each contribute 15% of total employee gross income.

Employers are obliged to submit payroll data to TAK web portal in order to obtain the payment document for a given month. The self-employed make payments on quarterly basis. TAK makes the information available to KPST and is also responsible for the compliance by employers and enforcing such compliance by way of fines issued to delinquent employers.

16 INDIVIDUAL PARTICIPANTS' ACCOUNTS (CONTINUED)

Mainly due to the imperfect nature of collection and reporting process in force prior to the fourth quarter of 2012, when the TAK portal was introduced, funds collected have not been fully allocated to individual participants accounts. Since the portal was introduced the overwhelming majority of contributions are being allocated to individual accounts on the same day as payments are being processed. Predominantly due to employer non-reporting for prior periods, an amount of EUR 10,795,420 was not allocated to individual participants' accounts as at December 31, 2014 (December 31, 2013: EUR 12,849,215).

During 2014 KPST attributed the amount of EUR 1,560,328 to individual accounts from the amount outstanding as of December 31, 2013.

The nature and reason of contributions not allocated to participants' individual accounts is provided below:

Reason	As at	As at
	December 31 2014	December 31 2013
	EUR	EUR
Employers have not submitted contribution reports	9,711,948	11,269,000
Payment not posted to employer account	571,236	1,022,564
Invalid contributor ID and Name/Surname combination	512,236	557,651
Total un-allocated contributions	10,795,420	12,849,215
Cumulative contributions unitised up to reporting date	973,387,646	844,639,632
Un-allocated contributions as percentage of unitised contributions up to reporting date	1.0%	1.4%

Another way to view the progress of reconciliation process is by comparing allocated funds and net unitised assets under management, as provided below:

	Notes	As at	As at
		December 31 2014	December 31 2013
		Value EUR	Value EUR
Net participants' assets		1,095,744,756	921,051,977
Contributions receivable not unitised on reporting date	5	(7,984,158)	(7,869,239)
Net unitised participants' assets		1,087,760,598	913,182,738
Balance of funds in individual accounts		1,074,489,956	898,282,029
Percentage of net unitised participants' assets in individual accounts		98.8%	98.4%

17 PHASED WITHDRAWAL BENEFIT PAYMENTS

As per the administrative instruction issued by CBK on January 2013 participants retiring with balances of above EUR 2,000 in their KPST accounts, must withdraw their savings in phases. Participants receive monthly payments amounting 1% of the balance of their account upon retirement from KPST or EUR 150, whichever is greater. The instruction is conditional until such time as annuities shall be available in Kosovo. Upon retirement the complete balance of participants' KPST account is transferred to the commercial bank contracted to provide the phased withdrawal service, and such assets are no longer accounted for as KPST-PA assets. Persons retiring with balances under EUR 2,000 continue to get their proceeds in a lump-sum payment.

18 STATEMENT OF SHARE MOVEMENTS ATTRIBUTABLE TO REDEEMABLE PARTICIPANTS

	Notes	2014	2013
		#	#
As at January 1		753,650,392	662,262,094
Shares issued for received contributions		103,569,706	101,884,208
Shares redeemed through withdrawal of savings		(11,517,186)	(9,207,956)
Shares redeemed through refunds		(1,094,734)	(1,287,954)
As at December 31		844,608,178	753,650,392
Net unitised participants' assets	16	1,087,760,598	913,182,738
NAV per share on reporting date		EUR 1.2879	EUR 1.2117

19 EVENTS AFTER THE REPORTING PERIOD

For the first two months of 2015 the KPST-PA has the following financial data based on unaudited financial statements for those two months.

	As at February 28 2015
	EUR
Total assets	1,161,579,813
Total liabilities (short-term)	(486,916)
Net participants' assets	1,161,092,897

	For the period January 1 to February 28 2015
	EUR
Profit and interest on revaluation of investments	49,395,107
Fees charged on participants' accounts	(957,988)
Net increase in net participants' assets	48,437,119

On March 12, 2015 the Assembly of Kosovo approved investment fees of 0.40% p.a. of assets and operating fees of 0.085% p.a. of assets for the remainder of year ending December 31, 2015.

There are no additional subsequent events that require adjustment or further disclosure in the financial statements for the year ended December 31, 2014.