

KOSOVO PENSION SAVINGS TRUST

PENSION ASSETS

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

As at and for the year ended December 31, 2015

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INDEPENDENT AUDITORS' REPORT

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, 2015, 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 the 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, 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



Other Matter

The financial statements of Kosovo Pension Savings Trust –Pension Assets for the year ended December 31, 2014, were audited by another auditor who expressed an unmodified opinion on those financial statements on April 14, 2015, with an emphasis of matter paragraph drawing attention to the note of Individual participants’ accounts which describes certain receipts from participants that were not attributed to the individual participant’s accounts.

Pristina, Kosovo
April 12, 2016

	Notes	As at December 31 2015	As at December 31 2014
		EUR	EUR
Assets			
Cash at bank	4	50,906,018	9,938,218
Contribution receivables	5	8,758,404	7,984,158
Available for sale investments	6	1,084,732,950	1,023,619,618
Held to maturity investments	7	95,654,197	54,701,478
		1,240,051,569	1,096,243,472
Liabilities			
Liabilities towards KPST-0	8	277,050	366,825
Liabilities for repurchased shares	9	1,666,758	118,203
Non-contributions	10	16,029	13,688
		1,959,837	498,716
Net participants' assets		1,238,091,732	1,095,744,756

Authorised for issue by the Governing Board and Management of KPST and signed on their behalf on April 12, 2016.

Prof. Dr. 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 18 form an integral part of these financial statements

	Notes	Year ended December 31 2015	Year ended December 31 2014
		EUR	EUR
Income			
Revaluation of available for sale investments – net	11	26,712,800	65,791,957
Interest income from held to maturity investments	12	1,676,846	952,061
Other income	13	1,165,138	-
		29,554,784	66,744,018
Expenses			
Fees charged on participants' accounts	14	(5,819,478)	(5,269,319)
		(5,819,478)	(5,269,319)
Increase in net participants' assets		23,735,306	61,474,699

The accompanying notes from 1 to 18 form an integral part of these financial statements

	Participants' Contributions	Retained Earnings	Total
	EUR	EUR	EUR
As at January 1, 2014	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
Contributions	138,293,862	-	138,293,862
Repurchases due to withdrawal of savings	(15,781,882)	(3,517,561)	(19,299,443)
Repurchases due to refunds	(377,605)	(5,144)	(382,749)
Increase in net participants' assets	-	23,735,306	23,735,306
As at December 31, 2015	1,043,128,879	194,962,853	1,238,091,732

The accompanying notes from 1 to 18 form an integral part of these financial statements

	Notes	Year ended December 31 2015	Year ended December 31 2014
		EUR	EUR
Cash flows from operating activities			
Increase in net participants' assets		23,735,306	61,474,699
<i>Movement of working capital:</i>			
Increase / (Decrease) in liabilities towards KPST-0	8	(42,604)	26,846
Increase in liabilities for non-contributions	10	2,341	354
Net cash flows from operating activities		23,695,043	61,501,899
Cash flows from investing activities			
(Increase) in available for sale investments		(61,113,332)	(372,786,997)
(Increase) in held to maturity investments		(40,952,719)	(1,578,573)
Net cash flows from investing activities		(102,066,051)	(374,365,570)
Cash flows from financing activities			
Participants' contributions received		137,519,615	128,748,014
Withdrawal of savings		(17,786,861)	(14,317,568)
Refunds		(393,946)	(1,275,460)
Net cash flows from financing activities		119,338,808	113,154,986
Increase / (Decrease) In cash and cash equivalents		40,967,800	(199,708,685)
Cash and cash equivalents at the start of the year		9,938,218	209,646,903
Cash and cash equivalents at the end of the year	4	50,906,018	9,938,218

The accompanying notes from 1 to 18 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.

These financial statements are for KPST Pension Assets (or "KPST-PA") which consist of contributors' pension savings (pension assets). The financial statements for KPST Operations (or "KPST-O"), which is the entity managing and administering contributors' pension savings (pension assets), are prepared separately to the financial statements for pension assets.

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

Adoption of new and revised standards

i) Standards and Interpretations effective in the current period

The following standards, amendments to the existing standards and interpretations issued by the International Accounting Standards Board are effective for the current period:

- **Amendments to IAS 19 "Employee Benefits"** - Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014);
- **Amendments to various standards "Improvements to IFRSs (cycle 2010-2012)"** resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 July 2014);
- **Amendments to various standards "Improvements to IFRSs (cycle 2011-2013)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 July 2014).

The adoption of these amendments to the existing standards and interpretations has not led to any changes in the KPST-PA's accounting policies.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

2.3 Changes in accounting policies and disclosures (continued)

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.

- **IFRS 9 “Financial Instruments”** (effective for annual periods beginning on or after 1 January 2018);
- **IFRS 14 “Regulatory Deferral Accounts”** (effective for annual periods beginning on or after 1 January 2016) ;
- **IFRS 15 “Revenue from Contracts with Customers”** and further amendments (effective for annual periods beginning on or after 1 January 2018) ;
- **IFRS 16 “Leases”** (effective for annual periods beginning on or after 1 January 2019);
- **Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date was deferred indefinitely until the research project on the equity method has been concluded) ;
- **Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosure of Interests in Other Entities” and IAS 28 “Investments in Associates and Joint Ventures”** - Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016) ;
- **Amendments to IFRS 11 “Joint Arrangements”** – Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016) ;
- **Amendments to IAS 1 “Presentation of Financial Statements”** - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016) ;
- **Amendments to IAS 7 “Statement of Cash Flows”** - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2017) ;
- **Amendments to IAS 12 “Income Taxes”** - Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017) ;
- **Amendments to IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets”** - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016) ;
- **Amendments to IAS 16 “Property, Plant and Equipment” and IAS 41 “Agriculture”** - Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016) ;
- **Amendments to IAS 27 “Separate Financial Statements”** - Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016) ;
- **Amendments to various standards “Improvements to IFRSs (cycle 2012-2014)”** resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 January 2016).

KPST – PA has elected not to adopt these standards, revisions and interpretations in advance of their effective dates. KPST – PA anticipates that the adoption of these standards, revisions and interpretations will have no material impact on the financial statements in the period of initial application.

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 2015	December 31 2014
		EUR	EUR
Available for sale investments	1	1,084,732,950	1,023,619,618

Fair value measurements listed above are recurring. There were no movements of funds between levels during the year ending December 31, 2015 and 2014.

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: 57%; Multi-asset class vehicles: 35%; Pure debt securities vehicles including Kosovo treasury bonds: 34%; and money markets and Kosovo treasury bills: 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: 60%; Risk targeted/Risk managed/ Absolute return vehicles: 46%; and Pure income vehicles: 23%). 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 and term deposits 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, 2014 and 2015.

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 2015		As at December 31 2014	
	Assets	Liabilities	Assets	Liabilities
	EUR	EUR	EUR	EUR
Fixed rate				
Held to maturity investments	95,654,197	-	54,701,478	-
Total	95,654,197	-	54,701,478	-

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, 2015 amounted to EUR 1,640,183 (2014: EUR 1,189,903). Average monthly incoming contributions for the year amounting EUR 11,459,968 (2014: EUR 10,738,578) 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 and term deposits with banks have an original maturity of up to five years.

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

	As at December 31 2015		As at December 31 2014	
	Current Up to 1 year	Non-current 1-5 years	Current Up to 1 year	Non-current 1-5 years
	EUR	EUR	EUR	EUR
Financial assets				
Cash at bank	50,906,018	-	9,938,218	-
Held to maturity investments	55,999,981	39,654,216	34,123,521	20,577,957
Contribution receivables	8,758,404	-	7,984,158	-
	115,664,403	39,654,216	52,045,897	20,577,957
Financial Liabilities				
Account payables	1,959,837	-	498,716	-
	1,959,837	-	498,716	-
Maturity gap	113,704,566	39,654,216	51,547,181	20,577,957

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, 2015:

Description	Applicable ratings	Percentage of KPST assets
Prime	AAA	17.9%
High	AA+ , AA, AA-	10.4%
Upper medium	A+ , A, A-	3.2%
Lower medium	BBB+ , BBB, BBB-	2.5%
Non-investment speculative	BB+ , BB, BB-	0.8%
Highly speculative	B+ , B, B-	0.4%
Substantial risk	CCC+	-
Extremely speculative	CCC	-
In default with little prospect of recovery	CCC- , CC, C	0.0%
In default	D	0.0%
Total		35.2%

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 66,532,108 or decreased by EUR 66,532,109 respectively (2014: increased by EUR 51,186,216 or decreased by EUR 51,175,746 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 749,998,176, or 60.9% of KPST-PA assets (2014: EUR 725,587,238 or 66.7%). 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 37,504,629 or decrease by EUR 37,495,189 respectively (2014: increase by EUR 36,279,889 or decrease by EUR 36,278,835).

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, 2015 was as follows:

Currency - USD: 56.0%; EUR: 27.0%; GBP: 7.9%; JPY: 1.6%; AUD: 1.9%; DKK: 1.6%; CAD: 1.4%; CHF: 1.2%; Other: 1.4%.

Asset class - Equities: 60.9%; Treasury debt: 23.2%; Corporate debt: 12.0%; Money markets: 6.4%; Net derivatives: -2.5%.

The main risks to which Open-end vehicles themselves were exposed to as at December 31, 2015 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.
Tobam - ABWEF	Price risk; Counterparty risk; Currency risk; Discretionary management 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.

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 2015	As at December 31 2014
	EUR	EUR
At Central Bank of Republic of Kosovo	50,906,018	9,938,218
Total cash at bank	50,906,018	9,938,218

During 2014 and 2015 no interest was offered on the KPST-PA cash account with the Central Bank of Kosovo.

5 CONTRIBUTIONS RECEIVABLE

	As at December 31 2015	As at December 31 2014
	EUR	EUR
Contributions receivable	8,758,404	7,984,158
Total contributions receivable	8,758,404	7,984,158

Contribution receivables relate to contributions received in collection account up to the 18th of the following month (2014: up to the 18th) and not unitised on reporting date.

6 AVAILABLE FOR SALE INVESTMENTS

	Notes	As at December 31 2015	As at December 31 2014
		EUR	EUR
Vanguard - GSIF	6.1	348,579,355	343,025,434
BNY Mellon - RRF	6.2	170,643,379	166,159,683
AXA - GILB	6.3	95,816,363	71,926,649
Schroders - SISF	6.4	111,573,428	114,516,911
Aquila - RP7	6.5	-	28,803,675
Nordea 1 - GSEF	6.6	57,695,077	50,304,385
Nordea 1 - SRF	6.7	145,649,845	100,812,922
KBI - IDPDEF	6.8	58,909,446	54,922,848
AXA - WFOI	6.9	27,877,091	26,287,722
Pictet - HDS	6.10	32,956,868	30,197,501
Tobam - ABWEF	6.11	35,032,098	36,661,888
Total available for sale investments		1,084,732,950	1,023,619,618

6 AVAILABLE FOR SALE INVESTMENTS (CONTINUED)

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

	2015		2014	
	Units	EUR	Units	EUR
As at January 1	22,705,338	343,025,434	22,678,696	313,444,532
Re-investment of rebates	27,110	423,931	26,642	383,016
Revaluation - Increase	-	6,014,502	-	30,011,423
Fees withheld	-	(884,512)	-	(813,537)
As at December 31	22,732,448	348,579,355	22,705,338	343,025,434

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, 2015 was 1.50% p.a. (2014: 9.31% p.a.). The management fee is calculated daily, at an annualised rate of 0.25% of assets (2014: 0.25%). The fund gives out a 0.12% rebate on the management fee (2014: 0.12%) which is reinvested in the following month, making net management fees charged by the fund 0.13% of assets p.a. (2014: 0.13% of assets p.a.). There were no redemptions from this fund during 2015.

6.2 BNY Mellon - Real Return Fund (ISIN IE00B504KX99)

	2015		2014	
	Units	EUR	Units	EUR
As at January 1	138,385,677	166,159,683	117,521,047	133,139,594
New investments during the year	-	-	20,864,630	25,000,000
Revaluation - Increase	-	4,483,696	-	8,020,089
As at December 31	138,385,677	170,643,379	138,385,677	166,159,683

The BNY Mellon Real Return 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, 2015 was 2.70% p.a. (2014: 5.98% p.a.). The management fee was calculated daily at an annualised rate of 0.60% of assets (2014: 0.60% 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, 2015 amount to EUR 1,033,227 (2014: EUR 868,854). There were no redemptions from this fund during 2015.

6 AVAILABLE FOR SALE INVESTMENTS (CONTINUED)

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

	2015		2014	
	Units	EUR	Units	EUR
As at January 1	497,762	71,926,649	433,540	57,478,701
New investments during the year	169,976	25,000,000	63,995	9,200,000
Re-investment of rebates	298	43,585	227	31,648
Revaluation - Increase / (Decrease)	-	(796,761)	-	5,462,474
Fees withheld	-	(357,110)	-	(246,174)
As at December 31	668,036	95,816,363	497,762	71,926,649

Global Inflation Linked Bond fund of AXA, a leading global asset manager, 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, 2015 was -0.74% p.a. (2014: 8.99% p.a.). The management fee is calculated daily at an annualised rate of 0.40% of assets (2014: 0.40%); however, 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 2015.

6.4 Schroders - International Strategic Bond Euro Hedged (ISIN LU0201524265)

	2015		2014	
	Units	EUR	Units	EUR
As at January 1	734,036	114,516,911	639,039	96,379,844
New investments during the year	-	-	94,997	15,000,000
Revaluation - Increase / (Decrease)	-	(2,943,483)	-	3,137,067
As at December 31	734,036	111,573,428	734,036	114,516,911

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, 2015 was -2.57% p.a. (2014: 3.44% p.a.). The management fee is calculated quarterly, at an annualised rate of 0.50% of assets (2014: 0.50%), and was paid separately through an invoice, i.e. not reducing the net asset value. However, for the value of assets in excess of EUR 100 million, the annualised fee rate is 0.45% of assets. Total fees charged by the fund manager for the year ended December 31, 2015 amount to EUR 558,529 (2014: EUR 508,375). There were no redemptions from this fund during 2015.

6 AVAILABLE FOR SALE INVESTMENTS (CONTINUED)

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

	2015		2014	
	Units	EUR	Units	EUR
As at January 1	266,152	28,803,675	266,152	26,986,630
Revaluation - Increase	-	44,541	-	1,817,045
Redemptions	(266,152)	(28,848,216)	-	-
As at December 31	-	-	266,152	28,803,675

Aquila - AC Risk Parity 7 fund of Alceda Fund Management 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 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, same as for the year ended December 31, 2014. Fees were 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, 2015 amount to EUR 143,518 (2014: EUR 231,565). In June 2015 the Governing Board redeemed in full its remaining investments in the fund thereby realising a gain of EUR 1,479,231.

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

	2015		2014	
	Units	EUR	Units	EUR
As at January 1	2,648,993	50,304,385	-	-
New investments during the year	-	-	2,648,993	45,000,000
Revaluation - Increase	-	7,390,692	-	5,304,385
As at December 31	2,648,993	57,695,077	2,648,993	50,304,385

Nordea 1 - Global Stable Equity fund 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 for the year ended December 31, 2015 was 14.69% p.a. (June 11 – December 31, 2014: 16.15% p.a.). The management fee is calculated daily at an annualised rate of: 0.43% 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, 2015 amount to EUR 241,760 (2014: EUR 81,464). There were no redemptions from this fund during 2015.

6 AVAILABLE FOR SALE INVESTMENTS (CONTINUED)

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

	2015		2014	
	Units	EUR	Units	EUR
As at January 1	6,124,722	100,812,922	-	-
New investments during the year	2,343,292	40,000,000	6,124,722	96,000,000
Revaluation - Increase	-	4,836,923	-	4,812,922
As at December 31	8,468,014	145,649,845	6,124,722	100,812,922

Nordea 1 - Stable Return fund 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 for the year ended December 31, 2015 was 4.50% p.a. (June 11 – December 31, 2014: 7.09% p.a.). The management fee is calculated daily at an annualised rate of: 0.56% 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, 2015 amount to EUR 676,803 (2014: EUR 232,940). There were no redemptions from this fund during 2015.

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

	2015		2014	
	Units	EUR	Units	EUR
As at January 1	3,868,079	54,922,848	-	-
New investments during the year	-	-	3,868,079	51,000,000
Re-investment of rebates	924	14,367	-	-
Revaluation - Increase	-	4,403,728	-	4,075,341
Fees withheld	-	(431,497)	-	(152,493)
As at December 31	3,869,003	58,909,446	3,868,079	54,922,848

Kleinwort Benson Investors – Institutional Developed Equity Fund, which changed its name during 2015 from Kleinwort Benson Investors – Institutional Dividend Plus Developed Equity, 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 for the year ended December 31, 2015 was 7.23% p.a. (July 3 – December 31, 2014: 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 (2014: 0.73%). Starting from January 1, 2015 for values of assets in excess of EUR 40,000,000 the fund gives out a 0.1% of assets p.a. as rebate on the management fee. There were no redemptions from this fund during 2015.

6 AVAILABLE FOR SALE INVESTMENTS (CONTINUED)

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

	2015		2014	
	Units	EUR	Units	EUR
As at January 1	209,664	26,287,722	-	-
New investments during the year	49	6,667	209,664	26,000,000
Revaluation - Increase	-	1,737,267	-	348,852
Fees withheld	-	(154,565)	-	(61,130)
As at December 31	209,713	27,877,091	209,664	26,287,722

AXA – Optimal Income fund 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 for the year ended December 31, 2015 was 6.02% p.a. (July 11 – December 31, 2014: 1.24% p.a.). The management fee is calculated daily at an annualised rate of: 0.55% of assets (2014: 0.55%), and is withheld from the fund, thereby reducing the net asset value. There were no redemptions from this fund during 2015.

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

	2015		2014	
	Units	EUR	Units	EUR
As at January 1	202,003	30,197,501	-	-
New investments during the year	-	-	202,003	30,000,000
Revaluation - Increase	-	2,759,367	-	197,501
As at December 31	202,003	32,956,868	202,003	30,197,501

Pictet – High Dividend Selection fund 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 for the year ended December 31, 2015 was 9.14% p.a. (July 14 – December 31, 2014: 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, 2015 amount to EUR 209,272 (2014: EUR 76,744). There were no redemptions from this fund during 2015.

6 AVAILABLE FOR SALE INVESTMENTS (CONTINUED)

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

	2015		2014	
	Units	EUR	Units	EUR
As at January 1	2,493	36,661,888	-	-
New investments during the year	6	103,472	2,493	35,000,000
Revaluation – Increase / (Decrease)	-	(1,217,672)	-	1,748,152
Fees withheld	-	(515,590)	-	(86,264)
As at December 31	2,499	35,032,098	2,493	36,661,888

Tobam – Anti-benchmark World Equity fund 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 for the year ended December 31, 2015 was -4.70% p.a. (July 16 – December 31, 2014: 4.50% p.a.). The management and other fees are calculated daily at an annualised rate of 1.40% of assets, 0.80% of which is given as a rebate (2014: 0.60% of assets and no rebate) and is withheld from the fund, thereby reducing the net asset value. There were no redemptions from this fund during 2015.

6.12 Open-end vehicle fees and rebates

		Year ended December 31 2015			Year ended December 31 2014		
		Gross fee	Rebate	Net fee	Gross fee	Rebate	Net fee
		EUR	EUR	EUR	EUR	EUR	EUR
Vanguard – GSIF	6.1	884,512	(424,566)	459,946	813,537	(390,498)	423,039
BNY Mellon – RRF	6.2	1,033,227	-	1,033,227	868,854	-	868,854
AXA – GILB	6.3	357,110	(44,635)	312,475	246,174	(30,762)	215,412
Schroders – SISF	6.4	558,529	-	558,529	508,375	-	508,375
Aquila – RP7	6.5	143,518	-	143,518	231,565	-	231,565
Nordea 1 – GSEF	6.6	241,760	-	241,760	81,464	-	81,464
Nordea 1 – SRF	6.7	676,803	-	676,803	232,940	-	232,940
KBI – IDPDEF	6.8	431,497	(19,186)	412,311	152,493	-	152,493
AXA – WFOI	6.9	154,565	-	154,565	61,130	-	61,130
Pictet – HDS	6.10	209,272	-	209,272	76,744	-	76,744
Tobam – ABWEF	6.11	515,590	(294,248)	221,342	86,264	-	86,264
ECM – DEC		-	-	-	101,033	-	101,033
Total open-end vehicle fees and rebates		5,206,383	(782,635)	4,423,748	3,460,573	(421,260)	3,039,313

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

7 HELD TO MATURITY INVESTMENTS

	Notes	As at December 31 2015	As at December 31 2014
		EUR	EUR
Banka Kombëtare Tregtare – Dega Kosovë	7.1	3,009,082	-
Banka për Biznes	7.2	3,008,014	-
Kosovo Treasury debt instruments	7.3	89,637,101	54,701,478
Total held to maturity investments		95,654,197	54,701,478

As of reporting date, the value of term deposits in local commercial banks amounted EUR 6,017,096 (2014: nil). The combined interest accrued on term deposits for the year ended December 31, 2015 was EUR 17,096 (2014: nil).

7.1 Banka Kombëtare Tregtare – Dega Kosovë

	2015	2014
	EUR	EUR
As at January 1	-	-
New placements	3,000,000	-
Interest accrued	9,082	-
As at December 31	3,009,082	-

On 28 October 2015 KPST-PA placed EUR 3,000,000 in term deposit with Banka Kombëtare Tregtare – Dega Kosovë, with an interest rate of 1.7% and an original maturity of one year.

7.2 Banka për Biznes

	2015	2014
	EUR	EUR
As at January 1	-	-
New placements	3,000,000	-
Interest accrued	8,014	-
As at December 31	3,008,014	-

On 28 October 2015 KPST-PA placed EUR 3,000,000 in term deposit with Banka për Biznes – a commercial bank in operating in the Republic of Kosovo - with an interest rate of 1.5% and an original maturity of one year.

7 HELD TO MATURITY INVESTMENTS (CONTINUED)

7.3 Kosovo Treasury debt Instruments

					2015	
ISIN Rate Maturity	As at January 1	Placements	Interest gained	Matured / Coupons	As at December 31	
	EUR	EUR	EUR	EUR	EUR	
KV1104340433 1.34 22.04.2015	12,449,874	-	50,126	(12,500,000)	-	
KV1104540457 1.40 17.06.2015	9,339,215	-	60,785	(9,400,000)	-	
KV1204610466 2.60 30.06.2016	6,009,295	-	149,976	(156,000)	6,003,271	
KV1104940495 2.10 19.08.2015	12,334,432	-	165,568	(12,500,000)	-	
KV1205110510 2.90 30.09.2016	7,050,916	-	202,928	(203,000)	7,050,844	
KV1205510558 2.90 01.12.2016	7,517,746	-	217,199	(217,500)	7,517,445	
KV1105820589 2.00 22.07.2015	-	9,513,805	96,195	(9,610,000)	-	
KV1105940594 2.00 10.02.2016	-	9,801,786	175,689	-	9,977,475	
KV1206110619 2.80 31.03.2017	-	347,979	8,110	(4,900)	351,189	
KV1106440648 1.50 18.05.2016	-	9,850,599	92,084	-	9,942,683	
KV1206520656 3.20 29.05.2018	-	6,992,487	134,186	(114,415)	7,012,258	
KV1206710671 2.80 30.06.2017	-	10,000,956	140,955	(140,955)	10,000,956	
KV1207130716 4.90 31.08.2020	-	4,208,024	76,932	-	4,284,956	
KV1207210725 2.80 30.09.2017	-	10,000,000	70,235	-	10,070,235	
KV1107420749 1.60 20.04.2016	-	4,404,374	13,864	-	4,418,238	
KV1107540754 1.60 07.12.2016	-	5,068,011	4,918	-	5,072,929	
KV1207610763 2.60 31.12.2017	-	7,934,622	-	-	7,934,622	
	54,701,478	78,122,643	1,659,750	(44,846,770)	89,637,101	

					2014	
ISIN Rate Maturity	As at January 1	Placements	Interest gained	Matured / Coupons	As at December 31	
	EUR	EUR	EUR	EUR	EUR	
KV1102140211 2.26 23.04.2015	11,727,484	-	82,516	(11,810,000)	-	
KV1102820282 1.49 19.02.2015	9,979,422	-	20,578	(10,000,000)	-	
KV1103020305 1.24 19.03.2015	1,725,390	-	4,610	(1,730,000)	-	
KV1103240327 1.98 22.10.2015	14,760,760	-	239,240	(15,000,000)	-	
KV1103420343 1.20 21.05.2015	14,929,849	-	70,151	(15,000,000)	-	
KV1103720374 1.09 23.07.2015	-	17,791,846	98,154	(17,890,000)	-	
KV1103920398 0.92 20.08.2015	-	3,364,309	15,691	(3,380,000)	-	
KV1104340433 1.34 22.04.2016	-	12,337,826	112,048	-	12,449,874	
KV1104540457 1.40 17.06.2016	-	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 19.08.2016	-	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	

Kosovo Treasury debt instruments are not rated. It is the intention of the Governing Board to hold to maturity all its investments of KPST-PA assets in such instruments.

8 LIABILITIES TOWARDS KPST-O

	As at December 31 2015	As at December 31 2014
	EUR	EUR
Fees charged on participants' accounts and rebates - payable	276,599	319,203
Difference from refunds of erroneous contributions - payable	451	47,622
Total liabilities towards KPST-O	277,050	366,825

As at December 31, 2015 the balance of payable fees amounting EUR 276,599 relates to KPST fees charged to the participants' accounts (EUR 237,612), and re-invested rebates payable (EUR: 38,987), which were not transferred to KPST-O as of reporting date (December 31, 2014: EUR 319,203 **all of it related to fees charged to participants' accounts**).

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 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-O. As at December 31, 2015 the balance of payable differences from refunds was EUR 451 (December 31, 2014: EUR 47,622).

9 LIABILITIES FOR REPURCHASED SHARES

	As at December 31 2015	As at December 31 2014
	EUR	EUR
Liabilities for refunds	154,176	118,203
Liabilities for the withdrawal of savings	1,512,582	-
Total liabilities for repurchased shares	1,666,758	118,203

As at December 31, 2015 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 1,666,758 (2014: EUR 118,203).

10 NON-CONTRIBUTIONS

	As at December 31 2015	As at December 31 2014
	EUR	EUR
Non-contributions	16,029	13,688
Total non-contributions	16,029	13,688

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, 2015 the balance of non-contributions not yet returned as of reporting date amounts to EUR 16,029 (2014: EUR 13,688).

11 REVALUATION OF AVAILABLE FOR SALE INVESTMENTS - NET

	Notes	Year ended December 31 2015	Year ended December 31 2014
		EUR	EUR
Vanguard – GSIF	6.1	6,014,502	30,011,423
BNY Mellon – RRF	6.2	4,483,696	8,020,089
AXA – GILB	6.3	(796,761)	5,462,474
Schroders – SISF	6.4	(2,943,483)	3,137,067
Aquila – RP7	6.5	44,541	1,817,045
Nordea 1 - GSEF	6.6	7,390,692	5,304,385
Nordea 1 - SRF	6.7	4,836,923	4,812,922
KBI - IDPDEF	6.8	4,403,728	4,075,341
AXA - WFOI	6.9	1,737,267	348,852
Pictet - HDS	6.10	2,759,367	197,501
Tobam - ABWEF	6.11	(1,217,672)	1,748,152
ECM – DEC ¹		-	856,706
Net increase on revaluation of available for sale investments for the year		26,712,800	65,791,957

¹ During 2014 KPST redeemed in full its investment in ECM-DEC.

12 INTEREST INCOME FROM HELD TO MATURITY INVESTMENTS

	Notes	Year ended December 31 2015	Year ended December 31 2014
		EUR	EUR
Term deposits	7	17,096	-
Kosovo Treasury debt instruments	7.3	1,659,750	952,061
Total interest income from held to maturity investments		1,676,846	952,061

13 OTHER INCOME

During the year ending December 31, 2015 the Governing Board of KPST had decided to refund EUR 1,055,000 to pension assets from the KPST-O surplus for investment activities.

14 FEES CHARGED ON PARTICIPANTS' ACCOUNTS

	Year ended December 31 2015	Year ended December 31 2014
	EUR	EUR
Fees for investment activities	4,718,409	3,976,844
Fees for operational activities	1,101,069	1,292,475
Total fees charged on participants' accounts	5,819,478	5,269,319

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, 2015 amounted EUR 5,819,478 (2014: EUR 5,269,319).

For the year ending December 31, 2015 fees charged in accordance with Law Nr. 04/L-168 were: a) from January 1, 2015 up to March 12, 2015: 0.400% p.a. for investment activities and 0.130% p.a. for operational activities; b) from March 13, 2015 up to December 31, 2015: 0.400% p.a. for investment activities and 0.085% p.a. for operational activities. Fees are approved by the Assembly of the Republic of Kosovo.

15 INDIVIDUAL PARTICIPANTS' ACCOUNTS

	As at December 31 2015	As at December 31 2014
	Number of Accounts	Number of Accounts
Accounts with no withdrawals of savings	478,982	452,011
Accounts with withdrawals of savings	28,981	24,548
Total accounts	507,963	476,559

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 507,963 contributors for which KPST has opened a pension savings account, 297,466 had contributions belonging to the year ended December 31, 2015 (December 31, 2014: 285,914 out of 476,559 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.

15 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 9,971,270 was not allocated to **individual participants' accounts as at December 31, 2015** (December 31, 2014: EUR 10,795,420).

During 2015 KPST attributed the amount of EUR 1,107,600 to individual accounts from the amount outstanding as of December 31, 2014.

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

Reason	As at	As at
	December 31 2015	December 31 2014
	EUR	EUR
Employers have not submitted contribution reports	8,872,705	9,711,948
Payment not posted to employer account	564,039	571,236
Invalid contributor ID and Name/Surname combination	534,526	512,236
Total un-allocated contributions	9,971,270	10,795,420
Cumulative contributions unitised up to reporting date	1,110,907,262	973,387,646
Un-allocated contributions as percentage of unitised contributions up to reporting date	0.9%	1.1%

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 2015	December 31 2014
		Value EUR	Value EUR
Net participants' assets		1,238,091,732	1,095,744,756
Contributions receivable not unitised on reporting date	5	(8,758,404)	(7,984,158)
Net unitised participants' assets		1,229,333,328	1,087,760,598
Balance of funds in individual accounts		1,216,855,182	1,074,489,956
Percentage of net unitised participants' assets in individual accounts		99.0%	98.8%

16 PHASED WITHDRAWAL BENEFIT PAYMENTS

As per the Rule for the withdrawal of pension savings, amended by CBK in November 2014 and implemented by KPST in January 2015, participants retiring with balances above the threshold of EUR 2,250 in their KPST accounts, must withdraw their savings in phases but have the option to receive 20% of their balance in a lump-sum payment (2014: threshold of EUR 2,000 and no option to receive any portion of their balance in a lump-sum payment). Participants receive monthly payments amounting 1% of the balance of their account upon retirement from KPST or EUR 150, whichever is greater. The phased withdrawal rules are conditional until such time as annuities shall be available in Kosovo. Upon retirement the balance of **participants' KPST account**, minus the portion received in lump-sum, 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 the threshold get their proceeds in a lump-sum payment.

17 STATEMENT OF SHARE MOVEMENTS ATTRIBUTABLE TO REDEEMABLE PARTICIPANTS

	Notes	2015	2014
		#	#
As at January 1		844,608,178	753,650,392
Shares issued for received contributions		103,533,820	103,569,706
Shares redeemed through withdrawal of savings		(14,499,644)	(11,517,186)
Shares redeemed through refunds		(288,382)	(1,094,734)
As at December 31		933,353,972	844,608,178
Net unitised participants' assets	15	1,229,333,328	1,087,760,598
NAV per share on reporting date		EUR 1.3171	EUR 1.2879

18 EVENTS AFTER THE REPORTING PERIOD

For the first two months of 2016 the KPST-PA has the following financial data based on unaudited financial statements for those two months.

	As at February 29 2016
	EUR
Total assets	1,234,729,122
Total liabilities (short-term)	(443,707)
Net participants' assets	1,234,285,415
	For the period January 1 to February 29 2016
	EUR
Profit and interest on revaluation of investments	(22,456,273)
Fees charged on participants' accounts	(957,238)
Net increase in net participants' assets	(23,413,511)

There are no additional subsequent events that require adjustment or further disclosure in the financial statements for the year ended December 31, 2015.