

ROSNO

**Summarised Consolidated
Financial Statements**

31 December 2009

Contents

Independent Auditors' Report.....	1
Consolidated Statement of Financial Position.....	2
Consolidated Statement of Comprehensive Income.....	3
Consolidated Statement of Cash Flows.....	5
Consolidated Statement of Changes in Equity.....	6

Notes to the Summarised Consolidated Financial Statements

1. Principal Activities	7
2. Basis of Preparation.....	7
3. Significant Accounting Policies	8
4. Investment Securities Available-for-Sale	8
5. Receivables.....	9
6. Provision for Unearned Premiums.....	10
7. Loss Provision	10
8. Income and Expenses Analysis by Type of Business	12
9. Analysis of Premiums and Claims.....	14
10. Acquisition Costs.....	15
11. Operating Expenses	16
12. Reconciliation of Consolidated Operating Profit and Profit/(Loss) before Tax	18

Independent Auditors' Report

To the Shareholders and Board of Directors of ROSNO:

We have audited the consolidated financial statements of ROSNO and its subsidiaries (the "Group") as at and for the year ended 31 December 2009, from which the accompanying summarised consolidated financial information was derived, in accordance with International Standards on Auditing. In our report dated 31 March 2010 we expressed an unqualified opinion on the consolidated financial statements from which this summarised consolidated financial information was derived.

In our opinion, the summarised consolidated financial information is consistent, in all material respects, with the consolidated financial statements from which it was derived.

For a better understanding of the Group's consolidated financial position as at 31 December 2009 and its consolidated financial performance and its consolidated cash flows for the year then ended and the scope of our audit, the summarised consolidated financial information should be read in conjunction with the consolidated financial statements from which the summarised consolidated financial information was derived, and our audit report thereon.



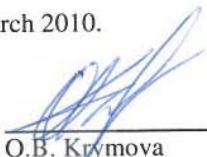
ZAO KPMG
31 March 2010

ROSNO
Consolidated Statement of Financial Position as at 31 December 2009
(in thousands of Russian Roubles)

	Note	2009	2008
Assets			
Cash and cash equivalents		3 434 763	3 411 194
Deposits with banks		7 130 942	7 559 148
Promissory notes and originated loans		90 852	351 386
Investment securities available-for-sale	4	6 141 976	6 375 284
Receivables	5	4 493 223	3 853 353
Prepayments		5 358 167	5 257 219
Reinsurers' share of provision for unearned premiums	6	1 262 764	1 197 922
Reinsurers' share of loss provision	7	8 002 941	3 307 302
Deferred acquisition costs		2 136 190	2 327 605
Goodwill		182 358	183 358
Deferred tax assets		13 391	379 149
Other assets		123 310	163 922
Investments in associated undertakings		39 826	25 286
Investment property		89 373	89 373
Property, plant and equipment		2 130 298	1 563 326
Total assets		40 630 374	36 044 827
Liabilities			
Provision for unearned premiums	6	9 282 455	10 194 853
Loss provision	7	12 343 566	8 859 153
Payables		3 360 772	4 515 961
Obligatory medical insurance liability		8 138 490	8 297 653
Borrowings		-	623 792
Other liabilities		19 366	37 110
Deferred tax liability		59 585	23 861
Total liabilities		33 204 234	32 552 383
Equity			
Share capital		2 416 384	2 416 384
Share premium		3 905 382	3 905 382
Additional paid-in capital		2 175 429	-
Fair value reserve for investment securities available-for-sale		178 867	(886 582)
Foreign exchange translation reserve		(17 335)	5 521
Accumulated deficit		(1 236 504)	(1 962 097)
Equity attributable to equity holders of the parent		7 422 223	3 478 608
Minority interest		3 917	13 836
Total equity		7 426 140	3 492 444
Total liabilities and equity		40 630 374	36 044 827

Authorized for issue by the Management Board and signed on its behalf on 31 March 2010.


 H. Chopra
 General Director


 O.B. Krymova
 Chief Financial Officer

For a better understanding these summarised consolidated financial statements should be read in conjunction with the consolidated financial statements from which they were derived

ROSNO
Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2009
(in thousands of Russian Roubles)

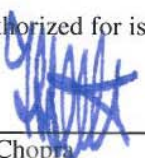
	Note	2009	2008
INSURANCE			
Gross premiums written	9	22 864 603	24 689 581
Premiums ceded	9	(4 346 730)	(3 941 182)
		18 517 873	20 748 399
Change in provision for unearned premiums, net	9	1 024 903	502 829
Net premiums earned	9	19 542 776	21 251 228
Gross claims paid	9	(12 736 960)	(11 909 180)
Claims ceded	9	1 698 052	604 153
		(11 038 908)	(11 305 027)
Claims handling expenses	9	(781 922)	(887 223)
Change in loss provision, net	9	495 522	(402 875)
Net claims incurred	9	(11 325 308)	(12 595 125)
Acquisition costs	10	(4 673 666)	(4 977 084)
Insurance operating expenses	11	(3 094 559)	(4 026 185)
Change in provision for impairment of insurance receivables	5	(46 431)	(58 979)
Other insurance income		63 198	12 548
Insurance activity result		466 010	(393 597)
INVESTMENT			
Interest income		1 065 678	1 060 290
Realized losses less gains arising from investment securities available-for-sale		(312 114)	(1 765 422)
Gains less losses arising from financial assets at fair value through profit or loss		-	35 253
Impairment of investment securities available-for-sale		(100 474)	(1 026 972)
Other investment income		16 773	38 114
Change in provision for impairment of promissory notes and originated loans		(7 355)	(251 238)
Deposits with banks written-off		-	(28 554)
Investment operating expenses	11	(150 289)	(127 539)
Investment activity result		512 219	(2 066 068)
OTHER			
Other commission income		1 226 026	863 305
Other operating expenses	11	(1 245 676)	(983 425)
Foreign exchange (losses net of gains)/gains net of losses		(64 519)	153 868
Change in provision for impairment of other receivables	5	-	(621)
Impairment of goodwill		(1 000)	(61 529)
Other income		99 755	101 796
Other expenses		(73 552)	(7 387)
Other activity result		(58 966)	66 007
Profit / (loss) before tax and share of results of associates		919 263	(2 393 658)
Share of results of associates after tax		15 474	-
Profit/ (loss) before tax		934 737	(2 393 658)
Income tax (expense)/credit		(190 078)	87 827
Profit / (loss) for the year		744 659	(2 305 831)
Other comprehensive income			
Fair value reserve for investment securities available-for-sale:			
Net change in fair value of investment securities available-for-sale, net of tax of RUR 192 580 thousand		815 758	(2 405 421)
Net change in fair value of investment securities available-for-sale transferred to profit or loss, net of tax of RUR 62 423 thousand		249 691	1 341 721
Translation difference		(22 856)	16 999
Other comprehensive income/(loss), net of tax		1 042 593	(1 046 701)
Total comprehensive income/(loss) for the year		1 787 252	(3 352 532)

For a better understanding these summarised consolidated financial statements should be read in conjunction with the consolidated financial statements from which they were derived


ROSNO
Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2009 (Continued)
(in thousands of Russian Roubles)

	Note	2009	2008
Profit / (loss) for the year attributable to:			
Equity holders of the parent		744 433	(2 307 809)
Minority interest		226	1 978
<hr/>			
Total comprehensive income/(loss) for the year attributable to:			
Equity holders of the parent		1 787 026	(3 354 510)
Minority interest		226	1 978
<hr/>			

Authorized for issue by the Management Board and signed on its behalf on 31 March 2010.



H. Chopra
General Director





O.B. Krymova
Chief Financial Officer

ROSNO**Consolidated Statement of Cash Flows for the Year Ended 31 December 2009**
(in thousands of Russian Roubles)

	Note	2009	2008
Cash flows from operating activities			
Gross premiums received		22 725 146	24 348 703
Ceded premiums paid		(4 406 843)	(3 720 711)
Gross claims paid		(13 004 633)	(11 763 165)
Claims ceded received		1 527 752	510 811
Acquisition costs paid		(5 387 957)	(5 056 395)
Claims handling expenses paid		(784 089)	(884 159)
Commission income on reinsurance outwards received		122 016	216 757
Interest income received		935 215	1 147 373
Operating expenses paid		(4 282 332)	(4 907 041)
Other commission income received		1 115 384	862 463
Rental income received		6 985	7 932
Other income received		78 999	147 747
Other expenses paid		(68 782)	(6 984)
Income tax paid		(121 719)	(289 545)
Cash flows (used in) / from operating activities before changes in operating assets and liabilities		(1 544 858)	613 786
Changes in operating assets and liabilities			
Net decrease / (increase) in deposits with banks		417 581	(688 477)
Net decrease / (increase) in promissory notes and other originated loans		211 631	(522 433)
Net increase in receivables		(78 441)	(2 444)
Net decrease / (increase) in prepayments		72 075	(1 746 040)
Net decrease / (increase) in other assets		39 377	(98 601)
Net decrease in payables		(259 456)	(54 885)
Net (decrease) / increase in obligatory medical insurance liability		(164 037)	2 671 162
Net increase in other liabilities		3 218	11 157
Net cash (outflow)/inflow from operating activities		(1 302 910)	183 225
Cash flows from investing activities			
Acquisition of investment securities available-for-sale		(118 776)	(23 091)
Proceeds from disposal and redemption of investment securities available-for-sale		980 752	1 336 789
Acquisition of property, plant and equipment		(828 647)	(545 851)
Proceeds from disposal of property, plant and equipment		81 590	84 821
Proceeds from disposal of subsidiary, net of cash disposed		588 566	-
Increase in investment in subsidiaries		(29 103)	(281 172)
Net cash inflow from investing activities		674 382	571 496
Cash flows from financing activities			
Increase in additional paid-in-capital		1 405 000	-
(Decrease)/Increase in borrowings		(623 792)	623 792
Net cash inflow from financing activities		781 208	623 792
Effect of exchange rate changes on cash and cash equivalents		(129 111)	(29 583)
Net increase in cash and cash equivalents		23 569	1 348 930
Cash and cash equivalents as at the beginning of the year		3 411 194	2 062 264
Cash and cash equivalents as at the end of the year		3 434 763	3 411 194

Authorized for issue by the Management Board and signed on its behalf on 31 March 2010.


H. Chopra
General Director


O.B. Krymova
Chief Financial Officer

For a better understanding these summarised consolidated financial statements should be read in conjunction with the consolidated financial statements from which they were derived

ROSNO

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2009

(in thousands of Russian Roubles)

	Share capital	Share premium	Additional paid-in capital	Fair value reserve for investment securities available-for-sale	Foreign exchange translation reserve	(Accumulated deficit)/retained earnings	Total	Minority interest	Total equity
Balance at 31 December 2007	2 416 384	3 905 382	-	177 118	(11 478)	547 698	7 035 104	92 186	7 127 290
Total comprehensive (loss) / income for the year									
Loss for the year	-	-	-	-	-	(2 307 809)	(2 307 809)	1 978	(2 305 831)
Other comprehensive income									
Net change in fair value of investment securities available-for-sale, net of tax of RUR 701 279 thousand	-	-	-	(2 405 421)	-	-	(2 405 421)	-	(2 405 421)
Net change in fair value of investment securities available-for-sale transferred to profit or loss, net of tax of RUR 423 701 thousand	-	-	-	1 341 721	-	-	1 341 721	-	1 341 721
Translation difference	-	-	-	-	16 999	-	16 999	-	16 999
Total comprehensive income				(1 063 700)	16 999	(2 307 809)	(3 354 510)	1 978	(3 352 532)
Acquisition of subsidiary	-	-	-	-	-	(201 986)	(201 986)	(80 328)	(282 314)
Balance at 31 December 2008	2 416 384	3 905 382	-	(886 582)	5 521	(1 962 097)	3 478 608	13 836	3 492 444
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	744 433	744 433	226	744 659
Other comprehensive income									
Net change in fair value of investment securities available-for-sale, net of tax of RUR 192 580 thousand	-	-	-	815 758	-	-	815 758	-	815 758
Net change in fair value of investment securities available-for-sale transferred to profit or loss, net of tax of RUR 62 423 thousand	-	-	-	249 691	-	-	249 691	-	249 691
Translation difference	-	-	-	-	(22 856)	-	(22 856)	-	(22 856)
Total comprehensive income				1 065 449	(22 856)	744 433	1 787 026	226	1 787 252
Acquisition of subsidiary	-	-	-	-	-	(18 840)	(18 840)	(10 145)	(28 985)
Additional paid-in capital	-	-	2 175 429	-	-	-	2 175 429	-	2 175 429
Balance at 31 December 2009	2 416 384	3 905 382	2 175 429	178 867	(17 335)	(1 236 504)	7 422 223	3 917	7 426 140

Authorized for issue by the Management Board and signed on its behalf on 31 March 2010.

H. Chopin
General Director

O.B. Krymova
Chief Financial Officer

1. Principal Activities

The consolidated financial statements include the financial statements of ROSNO (“the Company”) and its subsidiaries. The Company and its subsidiaries together are referred to as the “Group”.

The Open Joint-Stock Company Insurance Company “ROSNO”, trading as “ROSNO”, is an open joint-stock company registered in the Russian Federation in 1992. The principal activities of ROSNO and its subsidiaries are the provision of insurance. In addition its subsidiary, ARAM, provides asset management services within the Russian Federation. The Group operates under insurance and reinsurance license (№ 0290 77 dated 16 April 2009) issued by the Ministry of Finance of the Russian Federation. Insurance business written by the Group includes medical, property, casualty, life, personal insurance and reinsurance. The Group has a license of professional participant of the securities market (№077-09185-001000 dated 8 June 2006) for carrying out investment activities. The Group has also contracted with the Government Fund for Obligatory Medical Insurance (GFOMI), which carries out an obligatory medical insurance program to provide Russian Federation citizens with free of charge medical services via certain appointed insurers, including the Group. The Group has contracted with GFOMI to administer a portion of this program and receives commissions for providing this service.

As at 31 December 2009 the Company has 88 branches (31 December 2008: 100) within the Russian Federation. As at 31 December 2009 the Company’s subsidiaries have a further 142 branches (31 December 2008: 235).

The Company’s registered office is located at the following address: Russia, 115184, Moscow, Ozerkovskaya Naberezhnaya, 30.

The Company is 100% ultimately owned and controlled by Allianz SE, a worldwide insurance company (31 December 2008: 100%), which has publicly available financial statements.

These consolidated financial statements were authorised for issue on 31 March 2010 by the Management Board.

2. Basis of Preparation

Basis of Preparation. The summarized consolidated financial statements were derived from the consolidated financial statements of the Group as at and for the year ended 31 December 2009 and do not include all of the information required under International Financial Reporting Standards (“IFRS”) for full consolidated financial statements. For a better understanding of the Group’s consolidated financial position as at 31 December 2009 and its consolidated financial performance and its consolidated cash flows for the year then ended, the summarised consolidated financial statements should be read in conjunction with the consolidated financial statements from which the summarised consolidated financial statements were derived.

The consolidated financial statements of the Group have been prepared in accordance with IFRS.

The Group maintains its accounting records in accordance with Russian insurance and accounting regulations. These consolidated financial statements have been prepared from those accounting records and adjusted as necessary in order to be in accordance with IFRS. These adjustments include certain reclassifications to reflect the economic substance of underlying transactions including reclassifications of certain assets and liabilities, income and expenses to appropriate financial statement captions.

Basis of measurement. The consolidated financial statements are prepared on the historical cost basis except that available-for-sale securities are stated at fair value.

Presentation currency. The consolidated financial statements are presented in Russian Roubles (“RUR”), which is the functional currency of the Group. Financial information presented in RUR has been rounded to the nearest thousand.

Use of estimates. Management has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these consolidated financial statements in conformity with IFRS. Actual results could differ from these estimates.

3. Significant Accounting Policies

The accounting policies applied by the Group in the 31 December 2009 consolidated financial statements are consistent with those applied by the Group in the 31 December 2008 consolidated financial statements except that, starting from 1 January 2009 the Group adopted the revised version of IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009). As a result the income statement is replaced by a statement of comprehensive income that also includes all non-owner changes in equity, such as the revaluation of available-for-sale assets. The balance sheet is renamed to the statement of financial position and the cash flow statement is renamed to the statement of cash flows. According to the revised IAS 1, a statement of financial position at the beginning of the earliest comparative period is presented whenever the entity restates comparatives due to reclassifications, changes in accounting policies, or corrections of errors. Various Improvements to IFRSs have been dealt with on a standard-by-standard basis.

4. Investment Securities Available-for-Sale

	2009	2008
Russian Rouble denominated		
- Municipal bonds	1 756 252	2 203 165
- Corporate bonds	1 456 330	1 993 738
- Shares in mutual investment funds	1 274 045	938 436
- Government bonds	635 042	163 069
- Corporate shares	60	163 376
- Other	9 034	7 550
US dollar denominated		
- Russian Corporate and Government Eurobonds	1 008 738	895 077
Ukrainian Hryvna denominated		
- Corporate shares	2 475	10 873
Total investment securities available-for-sale	6 141 976	6 375 284

Russian Rouble denominated municipal bonds have maturity dates ranging from 2010 to 2015, coupon rates of 7-19% p.a. (31 December 2008: 6-13% p.a.) and an average effective yield to maturity of 11% p.a. as 31 December 2009 (31 December 2008: 8% p.a.), depending on the type of bond issue.

Russian Rouble denominated corporate bonds have maturity dates ranging from 2010 to 2019, coupon rates of 7-19% p.a. (31 December 2008: 7-15% p.a.) and an average effective yield to maturity of 9% p.a. as at 31 December 2009 (31 December 2008: 8% p.a.), depending on the type of bond issue.

Russian Rouble denominated government bonds have maturity dates ranging from 2010 to 2036, coupon rates of 6-12% p.a. (31 December 2008: 6-9%) and an average effective yield to maturity of approximately 8% p.a. as at 31 December 2009 (31 December 2008: 6%), depending on the type of bond issue.

US dollar denominated Eurobonds are bonds issued by the Russian government and Russian companies that have maturity dates ranging from 2012 to 2034, coupon rates of 6-13% (31 December 2008: 6-13%) and an average effective yield to maturity of 7% p.a. as at 31 December 2009 (31 December 2008: 6% p.a.) depending on the type of bond issue.

All interest-bearing investment securities available-for-sale have fixed interest rates.

In 2008 the Group reclassified certain securities held for trading with effect from 1 July 2008 into investment securities available-for-sale following amendments to IAS 39 Financial Instruments: Recognition and Measurement. The Group determined that the extraordinary deterioration of the global and local financial markets during the third quarter of 2008 constituted rare circumstances that permit reclassification out of the trading category.

4. Investment Securities Available-for-Sale (Continued)

The disclosures below detail the impact of the reclassifications on the consolidated financial statements:

	31 December 2009		31 December 2008		1 July 2008	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Quoted securities reclassified to investment securities available-for-sale	2 264 675	2 264 675	2 107 287	2 107 287	2 437 682	2 437 682
	2 264 675	2 264 675	2 107 287	2 107 287	2 437 682	2 437 682

Included in the table above are amounts related to financial instruments held by the Group as at 31 December 2009.

	2009		2008	
	Recognized for reclassified assets	Would have been recognized if the reclassifications were not made	Recognized for reclassified assets	Would have been recognized if the reclassifications were not made
Interest income	225 761	225 761	418 623	418 623
Gains less losses/(losses less gains) arising from financial assets at fair value through profit or loss	-	221 031	-	(2 378 281)
Realised losses less gains arising from investment securities available-for-sale	(205 006)	-	(1 351 349)	-
Impairment of investment securities available-for-sale	(75 018)	-	(494 292)	-
Total recognized in profit or loss for the year (net of tax)	(54 263)	446 792	(1 427 018)	(1 959 658)
Net change in fair value of investment securities available-for-sale	221 031	-	(2 378 281)	-
Net change in fair value of investment securities available-for-sale transferred to profit or loss	280 024	-	1 845 641	-
Total amount recognized within a consolidated statement of comprehensive income for the year (net of tax)	446 792	446 792	(1 959 658)	(1 959 658)

5. Receivables

	2009	2008
Receivables arising out of direct insurance operations	2 811 323	3 009 183
Receivables arising out of premiums assumed	810 114	193 219
Receivables arising out of claims ceded	266 626	220 064
Other receivables	1 027 860	807 156
Less: Provision for impairment	(422 700)	(376 269)
Total receivables	4 493 223	3 853 353

For a better understanding these summarised consolidated financial statements should be read in conjunction with the consolidated financial statements from which they were derived

5. Receivables (Continued)

Movements in the provision for impairment of receivables are as follows:

	2009	2008
Provision for impairment of receivables as at 1 January	376 269	316 669
Charge of provision for impairment of receivables during the year	46 431	59 600
Provision for impairment of receivables as at 31 December	422 700	376 269

6. Provision for Unearned Premiums

Movements in the provision for unearned premiums are as follows:

	2009			2008		
	Gross	Reinsurer's share	Net	Gross	Reinsurer's share	Net
Provision for unearned premiums as at 1 January	10 194 853	(1 197 922)	8 996 931	10 147 305	(813 106)	9 334 199
Change in provision for the year	(986 110)	(38 793)	(1 024 903)	(229 352)	(273 477)	(502 829)
Disposal of subsidiary	(23 606)	957	(22 649)	-	-	-
Effect of changes in foreign currency exchange rates	97 318	(27 006)	70 312	276 900	(111 339)	165 561
Provision for unearned premiums as at 31 December	9 282 455	(1 262 764)	8 019 691	10 194 853	(1 197 922)	8 996 931

7. Loss Provision

	2009				2008			
	Outstanding claims provision and IBNR	Loss adjust- ment expense reserve	Future policies benefits reserve	Total	Outstanding claims provision and IBNR	Loss adjust- ment expense reserve	Future policies benefits reserve	Total
Gross provision	11 911 959	309 400	122 207	12 343 566	7 673 268	367 618	818 267	8 859 153
Reinsurer's share of provision	(7 985 944)	(16 997)	-	(8 002 941)	(3 300 232)	-	(7 070)	(3 307 302)
Loss provision, net of reinsurance	3 926 015	292 403	122 207	4 340 625	4 373 036	367 618	811 197	5 551 851

For a better understanding these summarised consolidated financial statements should be read in conjunction with the consolidated financial statements from which they were derived

7. Loss Provision (Continued)

Movements in the loss provision are as follows:

	2009				2008			
	Outstanding claims provision and IBNR	Loss adjustment expense reserve	Future policies benefits reserve	Total	Outstanding claims provision and IBNR	Loss adjustment expense reserve	Future policies benefits reserve	Total
Loss provision, net of reinsurance, as at 1 January	4 373 036	367 618	811 197	5 551 851	4 003 177	410 123	455 811	4 869 111
Increase/(decrease) in provision, gross	4 575 527	(67 730)	(18 219)	4 489 578	3 149 458	(75 932)	268 180	3 341 706
Increase/(decrease) in reinsurer's share in provision	(4 968 136)	(16 997)	33	(4 985 100)	(2 942 482)	6 862	(3 211)	(2 938 831)
Disposal of subsidiary	(120 172)	-	(766 094)	(886 266)	-	-	-	-
Effect of changes in foreign currency exchange rates	65 760	9 512	95 290	170 562	162 883	26 565	90 417	279 865
Loss provision, net of reinsurance, as at 31 December	3 926 015	292 403	122 207	4 340 625	4 373 036	367 618	811 197	5 551 851

ROSNO

Notes to the Summarised Consolidated Financial Statements for the Year Ended 31 December 2009
(in thousands of Russian Roubles)

8. Income and Expenses Analysis by Type of Business

	2009					Total
	Russian Non-Life	Russian Life	Asset Management	Ukraine	Intercompany	
INSURANCE						
Gross premiums written	22 341 852	141 337	-	381 414	-	22 864 603
Premiums ceded	(4 202 367)	(5 783)	-	(138 580)	-	(4 346 730)
	18 139 485	135 554	-	242 834	-	18 517 873
Change in provision for unearned premiums, net	957 336	72	-	67 495	-	1 024 903
Net premiums earned	19 096 821	135 626	-	310 329	-	19 542 776
Gross claims paid	(12 443 070)	(22 077)	-	(282 413)	10 600	(12 736 960)
Claims ceded	1 645 649	888	-	62 115	(10 600)	1 698 052
	(10 797 421)	(21 189)	-	(220 298)	-	(11 038 908)
Claims handling expenses	(752 281)	-	-	(29 641)	-	(781 922)
Change in loss provision, net	502 499	(60 948)	-	53 971	-	495 522
Net claims incurred	(11 047 203)	(82 137)	-	(195 968)	-	(11 325 308)
Net acquisition costs	(4 531 959)	(76 124)	-	(65 583)	-	(4 673 666)
Insurance operating expenses	(2 855 369)	(67 922)	-	(171 268)	-	(3 094 559)
Change in provision for impairment of insurance receivables	(22 441)	5 990	-	(29 980)	-	(46 431)
Other insurance income	63 198	-	-	-	-	63 198
Insurance activity result	703 047	(84 567)	-	(152 470)	-	466 010
INVESTMENT						
Interest income	1 013 740	14 126	14 429	23 383	-	1 065 678
Realized losses less gains arising from investment securities available-for-sale	(320 705)	536	1 105	6 950	-	(312 114)
Impairment of investment securities available-for-sale	(95 730)	-	-	(4 744)	-	(100 474)
Other investment income	19 516	-	151 028	-	(153 771)	16 773
Change in provision for impairment of promissory notes and originated loans	(7 355)	-	-	-	-	(7 355)
Investment operating expenses	(185 666)	-	(117 473)	(921)	153 771	(150 289)
Investment activity result	423 800	14 662	49 089	24 668	-	512 219
OTHER						
Other commission income	1 069 562	-	156 464	-	-	1 226 026
Other operating expenses	(1 077 478)	-	(145 511)	(22 687)	-	(1 245 676)
Foreign exchange (losses net of gains)/gains net of losses	(87 728)	(4 075)	553	26 731	-	(64 519)
Impairment of goodwill	(1 000)	-	-	-	-	(1 000)
Other income	67 681	24 842	4 955	2 277	-	99 755
Other expenses	(51 529)	(9 674)	-	(12 349)	-	(73 552)
Other activity result	(80 492)	11 093	16 461	(6 028)	-	(58 966)
Profit/ (loss) from before tax and share of results of associates						
	1 046 355	(58 812)	65 550	(133 830)	-	919 263
Share of results of associates after tax	15 474	-	-	-	-	15 474
Profit/ (loss) before tax	1 061 829	(58 812)	65 550	(133 830)	-	934 737
Income tax (expense)/credit	(150 444)	84	(13 991)	(25 727)	-	(190 078)
Profit / (loss) for the year	911 385	(58 728)	51 559	(159 557)	-	744 659
Attributable to:						
Equity holders of the parent	911 159	(58 728)	51 559	(159 557)	-	744 433
Minority interest	226	-	-	-	-	226

For a better understanding these summarised consolidated financial statements should be read in conjunction with the consolidated financial statements from which they were derived

ROSNO
Notes to the Summarised Consolidated Financial Statements for the Year Ended 31 December 2009
(in thousands of Russian Roubles)
8. Income and Expenses Analysis by Type of Business (Continued)

	2008					Total
	Russian Non-Life	Russian Life	Asset Management	Ukraine	Intercompany	
INSURANCE						
Gross premiums written	23 314 279	557 837	-	824 532	(7 067)	24 689 581
Premiums ceded	(3 782 593)	(35 969)	-	(129 490)	6 870	(3 941 182)
	19 531 686	521 868	-	695 042	(197)	20 748 399
Change in provision for unearned premiums, net	526 041	6 307	-	(29 519)		502 829
Net premiums earned	20 057 727	528 175	-	665 523	(197)	21 251 228
Gross claims paid	(11 322 770)	(36 195)	-	(559 757)	9 542	(11 909 180)
Claims ceded	513 083	678	-	99 934	(9 542)	604 153
	(10 809 687)	(35 517)	-	(459 823)	-	(11 305 027)
Claims handling expenses	(833 693)	-	-	(53 530)	-	(887 223)
Change in loss provision, net	13 688	(298 237)	-	(118 379)	53	(402 875)
Net claims incurred	(11 629 692)	(333 754)	-	(631 732)	53	(12 595 125)
Net acquisition costs	(4 510 379)	(336 901)	-	(129 804)	-	(4 977 084)
Insurance operating expenses	(3 302 317)	(387 442)	-	(336 570)	144	(4 026 185)
Change in provision for impairment of insurance receivables	(14 073)	-	-	(44 906)	-	(58 979)
Other insurance income	12 548	-	-	-	-	12 548
Insurance activity result	613 814	(529 922)	-	(477 489)	-	(393 597)
INVESTMENT						
Interest income	986 833	34 572	8 505	30 380	-	1 060 290
Realized (losses)/gains arising from investment securities available-for-sale	(1 762 566)	(3 644)	788	-	-	(1 765 422)
Gains less losses arising from financial assets at fair value through profit or loss	35 253	-	-	-	-	35 253
Impairment of investment securities available-for-sale	(944 523)	(26 860)	-	(55 589)	-	(1 026 972)
Other investment income	39 993	-	65 380	-	(67 259)	38 114
Change in provision for impairment of promissory notes and originated loans	(251 238)	-	-	-	-	(251 238)
Deposits with banks written-off	(28 554)	-	-	-	-	(28 554)
Investment operating expenses	(95 781)	(540)	(98 409)	(68)	67 259	(127 539)
Investment activity result	(2 020 583)	3 528	(23 736)	(25 277)	-	(2 066 068)
OTHER						
Other commission income	783 776	-	79 529	-	-	863 305
Other operating expenses	(776 750)	-	(207 669)	994	-	(983 425)
Foreign exchange gains net of losses (losses net of gains)	64 576	38 619	(78)	50 751	-	153 868
Change in provision for impairment of other receivables	(621)	-	-	-	-	(621)
Impairment of goodwill	(22 397)	-	(39 132)	-	-	(61 529)
Other income	97 549	109	171	3 967	-	101 796
Other expenses	(7 387)	-	-	-	-	(7 387)
Other activity result	138 746	38 728	(167 179)	55 712	-	66 007
Loss before tax	(1 268 023)	(487 666)	(190 915)	(447 054)	-	(2 393 658)
Income tax credit/(expense)	134 546	(398)	(278)	(46 043)	-	87 827
Loss for the year	(1 133 477)	(488 064)	(191 193)	(493 097)	-	(2 305 831)
Attributable to:						
Equity holders of the parent	(1 135 455)	(488 064)	(191 193)	(493 097)	-	(2 307 809)
Minority interest	1 978	-	-	-	-	1 978

For a better understanding these summarised consolidated financial statements should be read in conjunction with the consolidated financial statements from which they were derived

9. Analysis of Premiums and Claims

An analysis of premiums and claims by line of business for the year ended 31 December 2009 is provided in the following table:

	Auto-transport Insurance	Voluntary Medical Insurance	Property Insurance	Finance	Life Insurance	Other Insurance	Total
Gross premiums written	7 691 857	6 113 352	4 730 781	2 356 915	146 351	1 825 347	22 864 603
Premiums ceded	(337 228)	(628 669)	(1 812 729)	(590 186)	(5 783)	(972 135)	(4 346 730)
Net premiums written	7 354 629	5 484 683	2 918 052	1 766 729	140 568	853 212	18 517 873
Change in provision for unearned premiums, net of reinsurance	970 804	137 414	(11 471)	(175 682)	(251)	104 089	1 024 903
Net premiums earned	8 325 433	5 622 097	2 906 581	1 591 047	140 317	957 301	19 542 776
Gross claims paid	(5 130 631)	(4 582 164)	(873 652)	(853 318)	(47 195)	(1 250 000)	(12 736 960)
Claims ceded	66 573	90 412	281 372	274 876	888	983 931	1 698 052
Net claims paid	(5 064 058)	(4 491 752)	(592 280)	(578 442)	(46 307)	(266 069)	(11 038 908)
Claims handling expenses	(519 693)	(166 128)	(42 957)	(27 695)	-	(25 449)	(781 922)
Change in loss provision, net of reinsurance	976 968	(97 902)	256 868	(561 555)	(46 460)	(32 397)	495 522
Net claims incurred	(4 606 783)	(4 755 782)	(378 369)	(1 167 692)	(92 767)	(323 915)	(11 325 308)

9. Analysis of Premiums and Claims (Continued)

An analysis of premiums and claims by line of business for the year ended 31 December 2008 is provided in the following table:

	Auto-transport Insurance	Voluntary Medical Insurance	Property Insurance	Finance	Life Insurance	Other Insurance	Total
Gross premiums written	9 958 437	6 307 513	4 942 501	1 000 483	569 983	1 910 664	24 689 581
Premiums ceded	(687 613)	(82 782)	(1 850 123)	(496 228)	(36 069)	(788 367)	(3 941 182)
Net premiums written	9 270 824	6 224 731	3 092 378	504 255	533 914	1 122 297	20 748 399
Change in provision for unearned premiums, net of reinsurance	1 032 320	105 625	(458 788)	(148 853)	6 317	(33 792)	502 829
Net premiums earned	10 303 144	6 330 356	2 633 590	355 402	540 231	1 088 505	21 251 228
Gross claims paid	(6 391 278)	(4 233 764)	(798 896)	(92 040)	(47 496)	(345 706)	(11 909 180)
Claims ceded	145 848	52 012	269 660	47 128	678	88 827	604 153
Net claims paid	(6 245 430)	(4 181 752)	(529 236)	(44 912)	(46 818)	(256 879)	(11 305 027)
Claims handling expenses	(611 882)	(181 021)	(23 689)	(46 665)	-	(23 966)	(887 223)
Change in loss provision, net of reinsurance	57 090	(39 217)	(40 410)	46 215	(297 901)	(128 652)	(402 875)
Net claims incurred	(6 800 222)	(4 401 990)	(593 335)	(45 362)	(344 719)	(409 497)	(12 595 125)

10. Acquisition Costs

	2009	2008
Brokerage and agents commission	2 479 064	2 886 263
Salary costs	1 773 190	1 709 050
Social security and related employee costs	311 377	274 738
Other	221 466	399 418
Total acquisition costs	4 785 097	5 269 469
Less: Commission income on reinsurance ceded	(187 317)	(216 757)
Net change in deferred acquisition costs	75 886	(75 628)
Acquisition costs	4 673 666	4 977 084

For a better understanding these summarised consolidated financial statements should be read in conjunction with the consolidated financial statements from which they were derived

11. Operating Expenses

Insurance operating expenses comprise the following:

	2009	2008
Salary costs and bonuses	1 523 994	1 767 065
Rent	318 988	621 243
Administration expenses	248 589	332 820
Social security and related employee costs	210 223	281 601
Depreciation	176 305	144 907
Information and consulting	137 550	186 693
Communication expenses	121 104	107 594
Advertising and marketing	118 029	282 851
Low value items and materials	57 454	54 902
Business trip expenses	52 834	70 948
Repair	31 952	35 478
Transport	30 260	43 418
Other expenses	67 277	96 665
Total insurance operating expenses	3 094 559	4 026 185

Investment operating expenses comprise the following:

	2009	2008
Salary costs and bonuses	65 933	48 363
Administration expenses	37 524	29 022
Information and consulting	16 389	6 703
Rent	15 394	10 948
Social security and related employee costs	4 024	5 765
Advertising and marketing	3 319	13 627
Depreciation	3 278	3 293
Communication expenses	1 402	1 897
Business trip expenses	372	1 365
Other expenses	2 654	6 556
Total investment operating expenses	150 289	127 539

11. Operating Expenses (Continued)

Other operating expenses comprise the following:

	2009	2008
Salary costs and bonuses	608 217	493 104
Advertising and marketing	216 538	116 720
Rent	136 093	89 610
Social security and related employee costs	108 605	91 881
Administration expenses	41 162	57 381
Low value items and materials	29 901	20 301
Transport	14 548	16 460
Information and consulting	13 199	26 986
Communication expenses	12 359	13 208
Depreciation	10 365	24 171
Other expenses	54 689	33 603
Total other operating expenses	1 245 676	983 425

12. Reconciliation of Consolidated Operating Profit and Profit/(Loss) before Tax

The Group uses operating profit to evaluate the performance of its business segments and the Group as a whole. The Group considers the presentation of operating profit to be useful and meaningful because it enhances the understanding of the Group's underlying operating performance and the comparability of its operating performance over time.

Reconciliation of operating profit on a consolidated basis to the Group's profit (loss) before tax is presented in the table below:

	2009	2008
Operating profit	1 348 861	429 761
Realized (losses)/gains arising from investment securities available-for-sale	(312 650)	(1 761 778)
Impairment of investment securities available-for-sale	(100 474)	(1 000 112)
Impairment of goodwill	(1 000)	(61 529)
Profit/(loss) before tax	934 737	(2 393 658)

Realized gains arising from investment securities available-for-sale of RUR 536 thousand for the year ended 31 December 2009 (2008: realised losses of RUR 3 644 thousand) and impairment of investment securities available-for-sale of RUR 26 680 thousand for the year ended 31 December 2008 relating to profit sharing life insurance contracts are included in operating profit/(loss).

	2009				
	Russian Non-Life	Russian Life	Asset Management	Ukraine	Total
Operating profit	1 479 264	(58 812)	64 445	(136 036)	1 348 861
Realized (losses)/gains arising from investment securities available-for-sale	(320 705)	-	1 105	6 950	(312 650)
Impairment of investment securities available-for-sale	(95 730)	-	-	(4 744)	(100 474)
Impairment of goodwill	(1 000)	-	-	-	(1 000)
Profit/(loss) before tax	1 061 829	(58 812)	65 550	(133 830)	934 737

	2008				
	Russian Non-Life	Russian Life	Asset Management	Ukraine	Total
Operating profit	1 461 463	(487 666)	(152 571)	(391 465)	429 761
Realized (losses)/gains arising from investment securities available-for-sale	(1 762 566)	-	788	-	(1 761 778)
Impairment of investment securities available-for-sale	(944 523)	-	-	(55 589)	(1 000 112)
Impairment of goodwill	(22 397)	-	(39 132)	-	(61 529)
Loss before tax	(1 268 023)	(487 666)	(190 915)	(447 054)	(2 393 658)

For a better understanding these summarised consolidated financial statements should be read in conjunction with the consolidated financial statements from which they were derived