

ROSNO

**Interim Consolidated Condensed
Financial Statements**

**For the Six-Month Period Ended
30 June 2009**

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**STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION
AND APPROVAL OF THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009**

The following statement, which should be read in conjunction with the independent auditors' responsibilities stated in the independent auditors' report set out on page 2, is made with a view to distinguishing the respective responsibilities of management and those of the independent auditors in relation to the interim consolidated condensed financial statements of ROSNO and its subsidiaries (the "Group").

Management is responsible for the preparation of the interim consolidated condensed financial statements that present fairly the financial position of the Group at 30 June 2009, the results of its operations, cash flows and changes in equity for the six-month period then ended, in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

In preparing the interim consolidated condensed financial statements, management is responsible for:


- selecting suitable accounting principles and applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- stating whether IFRS have been followed, subject to any material departures disclosed and explained in the interim consolidated condensed financial statements; and
- preparing the interim consolidated condensed financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business for the foreseeable future.

Management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Group, and which enable them to ensure that the interim consolidated condensed financial statements of the Group comply with IFRS;
- maintaining statutory accounting records in compliance with legislation and accounting standards of the Russian Federation;
- taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- detecting and preventing fraud and other irregularities.

The interim consolidated condensed financial statements as at and for the six-month period ended 30 June 2009 were authorised for issue by the Management Board on 30 September 2009.

On behalf of the Management Board:



H. Chopin
General Director

Moscow



O.B. Krymova
Chief Financial Officer

Moscow



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Naberezhnaya Tower Complex, Block C
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Independent Auditors' Report

To the Shareholders and Board of Directors of ROSNO:

Report on the Interim Consolidated Condensed Financial Statements

We have audited the accompanying interim consolidated condensed financial statements of ROSNO (the "Company") and its subsidiaries (the "Group"), which comprise the interim consolidated condensed statement of financial position as at 30 June 2009, and the interim consolidated condensed statement of comprehensive income, interim consolidated condensed statement of changes in equity and interim consolidated condensed cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these interim consolidated condensed financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility


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

Opinion


In our opinion, the interim consolidated condensed financial statements as at 30 June 2009 and for the six-month period then ended are prepared in all material respects, in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.



ZAO KPMG
30 September 2009

ROSNO**Interim Consolidated Condensed Statement of Financial Position as at 30 June 2009**
(in thousands of Russian Roubles)

	Note	30 June 2009	31 December 2008
Assets			
Cash and cash equivalents		4 130 648	3 411 194
Deposits with banks		5 313 907	7 559 148
Promissory notes and originated loans		149 372	351 386
Investment securities available-for-sale	4	6 164 907	6 375 284
Receivables	5	6 096 609	3 853 353
Prepayments		5 030 687	5 257 219
Reinsurers' share of provision for unearned premiums	6	2 340 384	1 197 922
Reinsurers' share of loss provision	7	2 473 614	3 307 302
Deferred acquisition costs		2 414 302	2 327 605
Goodwill		182 358	183 358
Deferred tax assets		282 963	379 149
Other assets		130 888	163 922
Investments in associated undertakings		26 516	25 286
Investment property		89 373	89 373
Property, plant and equipment		1 840 181	1 563 326
Total assets		36 666 709	36 044 827
Liabilities			
Provision for unearned premiums	6	12 003 055	10 194 853
Loss provision	7	6 581 739	8 859 153
Payables		4 752 258	4 515 961
Obligatory medical insurance liability		6 975 484	8 297 653
Borrowings		-	623 792
Other liabilities		40 617	37 110
Deferred tax liability		13 003	23 861
Total liabilities		30 366 156	32 552 383
Equity			
Share capital		2 416 384	2 416 384
Share premium		3 905 382	3 905 382
Additional paid-in capital	13	1 727 429	-
Fair value reserve for investment securities available-for-sale		(320 032)	(886 582)
Foreign exchange translation reserve		(13 508)	5 521
Accumulated deficit		(1 418 021)	(1 962 097)
Equity attributable to shareholders of the parent		6 297 634	3 478 608
Minority interest		2 919	13 836
Total equity		6 300 553	3 492 444
Total liabilities and equity		36 666 709	36 044 827

Authorized for issue by the Management Board and signed on its behalf on 30 September 2009.



H. Chopra
General Director

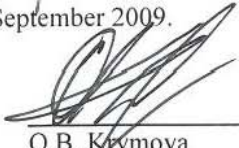

O.B. Krymova
Chief Financial Officer

ROSNO**Interim Consolidated Condensed Statement of Comprehensive Income for the Six-Month Period Ended 30 June 2009
(in thousands of Russian Roubles)**

	Note	Six-Month Period ended 30 June 2009	Six-Month Period ended 30 June 2008
INSURANCE			
Gross premiums written	9	13 508 023	14 390 229
Premiums ceded	9	(3 112 944)	(2 759 416)
		10 395 079	11 630 813
Change in provision for unearned premiums, net	9	(518 109)	(1 248 671)
Net premiums earned		9 876 970	10 382 142
Gross claims paid	9	(6 585 631)	(5 735 380)
Claims ceded	9	999 725	190 800
		(5 585 906)	(5 544 580)
Claims handling expenses	9	(402 862)	(421 547)
Change in loss provision, net	9	796 108	(517 853)
Net claims incurred		(5 192 660)	(6 483 980)
Net acquisition costs	10	(2 359 113)	(2 529 479)
Insurance operating expenses	11	(1 756 369)	(1 764 671)
Change in provision for impairment of insurance receivables	5	(25 787)	(56 704)
Other insurance income		1 004	5 922
Insurance activity result		544 045	(446 770)
INVESTMENT			
Interest income		504 767	518 493
Realized losses less gains arising from investment securities available-for-sale		(293 321)	117 363
Losses less gains arising from financial assets at fair value through profit or loss		-	(450 628)
Impairment of securities available-for-sale		(90 798)	-
Other investment income		22 632	16 362
Change in provision for impairment of promissory notes and originated loans		-	13 197
Investment operating expenses	11	(53 235)	(63 831)
Investment activity result		90 045	150 956
OTHER			
Other commission income		572 947	396 775
Other operating expenses	11	(558 217)	(487 713)
Foreign exchange (losses net of gains)/gains net of losses		(73 378)	69 208
Change in provision for impairment of other receivables	5	(76)	(406)
Other income		81 862	104 393
Other expenses		(34 888)	(2 259)
Other activity result		(11 750)	79 998
Profit / (Loss) before tax		622 340	(215 816)
Income tax expense		(59 583)	(85 705)
Net profit / (loss) for the period		562 757	(301 521)
Attributable to:			
Equity holders of the parent		562 916	(302 862)
Minority interest		(159)	1 341
OTHER COMPREHENSIVE INCOME			
Change in fair value reserve for investment securities available-for-sale		566 550	(64 747)
Total comprehensive income/(loss) for the period		1 129 307	(366 268)

Authorized for issue by the Management Board and signed on its behalf on 30 September 2009.


H. Chopra
General Director


O.B. Krymova
Chief Financial Officer


The notes set out on pages 7 to 17 form an integral part of these interim consolidated condensed financial statements.

ROSNO**Interim Consolidated Condensed Statement of Cash Flows for the Six-Month Period Ended 30 June 2009
(in thousands of Russian Roubles)**

Note	Six-Month Period ended 30 June 2009	Six-Month Period ended 30 June 2008
Cash flows from operating activities		
	11 010 753	12 241 844
Gross premiums received	(2 418 917)	(1 888 939)
Ceded premiums paid	(6 585 232)	(5 738 151)
Gross claims paid	920 408	212 460
Claims ceded received	(2 625 643)	(2 442 044)
Acquisition costs paid	(403 808)	(420 838)
Claims handling expenses paid	79 093	118 778
Commission income on reinsurance outwards received	482 992	321 943
Interest income received	-	(84 061)
Loss from financial assets at fair value through profit or loss	(2 355 472)	(2 256 581)
Operating expenses paid	563 850	409 036
Other commission income received	3 966	3 970
Rental income received	34 469	102 297
Other income received	(22 890)	(2 259)
Other expenses paid	(53 053)	(177 483)
Income tax paid		
Cash flows (used in) / from operating activities before changes in operating assets and liabilities	(1 369 484)	399 972
Changes in operating assets and liabilities		
Net decrease in deposits with banks	2 138 280	1 025 337
Net increase in financial assets at fair value through profit or loss	-	(132 443)
Net decrease in promissory notes and other originated loans	210 638	7 083
Net decrease in receivables	128 439	5 664
Net decrease/(increase) in prepayments	89 176	(230 953)
Net decrease/(increase) in other assets	33 551	(18 619)
Net increase in payables	120 147	64 303
Net (decrease)/increase in obligatory medical insurance liability	(1 282 861)	7 459
Net (decrease) in other liabilities	(4 301)	(20 534)
Net cash inflow from operating activities	63 585	1 107 269
Cash flows from investing activities		
Acquisition of investment securities available-for-sale	(54 638)	(392 688)
Proceeds from disposal and redemption of investment securities available-for-sale	335 327	120 480
Acquisition of property, plant and equipment	(405 470)	(128 241)
Proceeds from disposal of property, plant and equipment	-	35 597
Acquisition of subsidiaries, net of cash acquired	-	(5 800)
Proceeds from disposal of subsidiary, net of cash disposed	588 566	-
Increase in investment in subsidiaries	(28 663)	(264 558)
Net cash inflow/(outflow) from investing activities	435 122	(635 210)
Cash flows from financing activities		
Increase in additional paid-in capital	957 000	-
Decrease in borrowings	(623 792)	-
Net cash inflow from financing activities	333 208	-
Effect of exchange rate changes on cash and cash equivalents	(112 461)	(602)
Net increase in cash and cash equivalents	719 454	471 457
Cash and cash equivalents as at the beginning of year	3 411 194	2 062 264
Cash and cash equivalents as at the end of period	4 130 648	2 533 721

Authorized for issue by the Management Board and signed on its behalf on 30 September 2009.


H. Chopra
General Director



O.B. Krymova
Chief Financial Officer

The notes set out on pages 7 to 17 form an integral part of these interim consolidated condensed financial statements.


ROSNO**Interim Consolidated Condensed Statement of Changes in Equity for the Six-Month Period Ended 30 June 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 period	-	-	-	(64 747)	-	(302 862)	(367 609)	1 341	(366 268)
Acquisition of subsidiary	-	-	-	-	-	(203 581)	(203 581)	(79 473)	(283 054)
Translation difference	-	-	-	-	(4 548)	-	(4 548)	-	(4 548)
Balance at 30 June 2008	2 416 384	3 905 382	-	112 371	(16 026)	41 255	6 459 366	14 054	6 473 420
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 / (loss) for the period	-	-	-	566 550	-	562 916	1 129 466	(159)	1 129 307
Additional paid-in capital	-	-	1 727 429	-	-	-	1 727 429	-	1 727 429
Acquisition of subsidiary	-	-	-	-	-	(18 840)	(18 840)	(10 758)	(29 598)
Translation difference	-	-	-	-	(19 029)	-	(19 029)	-	(19 029)
Balance at 30 June 2009	2 416 384	3 905 382	1 727 429	(320 032)	(13 508)	(1 418 021)	6 297 634	2 919	6 300 553

Authorized for issue by the Management Board and signed on its behalf on 30 September 2009.



 H. Chopra
 General Director



 O.B. Krymova
 Chief Financial Officer

1. Principal Activities

These interim consolidated condensed 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 assets 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 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.

At 30 June 2009 the Company has 100 branches (31 December 2008: 100) within the Russian Federation. At 30 June 2009 the Company’s subsidiaries have further 143 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 interim consolidated condensed financial statements were authorised for issue on 30 September 2009 by the Management Board.

2. Basis of Preparation

Basis of Preparation. The interim consolidated condensed financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“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 interim consolidated condensed financial statements are prepared on the historical cost basis except that financial instruments at fair value through profit or loss and available-for-sale securities are stated at fair value.

Presentation currency. These interim consolidated condensed 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 these interim consolidated condensed financial statements are consistent with those applied by the Group in the consolidated financial statements for the year ended 31 December 2008, except for changes in IFRS as described below:

Changes in accounting policies resulting from the changes in IFRS

Starting from 1 January 2009 the Group adopted IAS 1 “Presentation of Financial Statements (Revised)”, which specifies how an entity should present changes in equity not resulting from transactions with owners and other changes in equity in its financial statements, and introduces certain other requirements in respect of presentation of information in the financial statements.

Certain other improvements to IFRS became effective from 1 January 2009 and have been adopted by the Group since that date. These changes do not have significant effect on the Group’s consolidated financial statements.

4. Investment Securities Available-for-Sale

	30 June 2009	31 December 2008
Russian Rouble denominated		
- Municipal bonds	2 279 289	2 203 165
- Corporate bonds	1 589 061	1 993 738
- Shares in mutual investment funds	1 115 025	938 436
- Government bonds	228 249	163 069
- Corporate shares	1 150	163 376
- Other	7 467	7 550
US dollar denominated		
Russian Corporate and Government Eurobonds	930 683	895 077
Ukrainian Hryvnias denominated		
-Corporate shares	13 983	10 873
Total investment securities available-for-sale	6 164 907	6 375 284

Russian Rouble denominated corporate bonds have maturity dates ranging from 2009 to 2019, coupon rates of 7-19% p.a. as at 30 June 2009 (31 December 2008: 7-15% p.a.) and an average effective yield to maturity of 8% p.a. as at 30 June 2009 (31 December 2008: 8% p.a.), depending on the type of bond issue.

Russian Rouble denominated municipal bonds have maturity dates ranging from 2009 to 2015, coupon rates of 6-19% p.a. (31 December 2008: 6-13% p.a.) and an average effective yield to maturity of 8% p.a. as at 30 June 2009 (31 December 2008: 8% p.a.), depending on the type of bond issue

Russian Rouble and Ukrainian Hryvnias denominated corporate shares are publicly traded equity securities.

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 6% p.a. as at 30 June 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 2009 to 2035, coupon rates of 6-13% p.a. as at 30 June 2009 and an average effective yield to maturity of 6% p.a. as at 30 June 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.

5. Receivables

	30 June 2009	31 December 2008
Receivables arising out of direct insurance operations	4 798 218	3 009 183
Receivables arising out of premiums assumed	733 018	193 219
Receivables arising out of claims ceded	240 871	220 064
Other receivables	726 634	807 156
Less: Provision for impairment	(402 132)	(376 269)
Total receivables	6 096 609	3 853 353

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*Notes to the Interim Consolidated Condensed Financial Statements for the Six-Month Period Ended 30 June 2009
(in thousands of Russian Roubles)*

5. Receivables (Continued)

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

	30 June 2009	31 December 2008
Provision for impairment of receivables as at the beginning of the period	376 269	316 669
Charge for provision for impairment of receivables during the period	25 863	59 600
Provision for impairment of receivables as at the end of the period	402 132	376 269

6. Provision for Unearned Premiums

Movements in the provision for unearned premiums are as follows:

	30 June 2009			31 December 2008		
	Gross	Reinsurers' Share	Net	Gross	Reinsurers' Share	Net
Provision for unearned premiums as at the beginning of the period	10 194 853	(1 197 922)	8 996 931	10 147 305	(813 106)	9 334 199
Change in provision for the period	1 651 589	(1 133 480)	518 109	(229 352)	(273 477)	(502 829)
Disposals of subsidiaries	(23 606)	957	(22 649)	-	-	-
Effect of change in foreign currency exchange rates	180 219	(9 939)	170 280	276 900	(111 339)	165 561
Provision for unearned premiums as at the end of the period	12 003 055	(2 340 384)	9 662 671	10 194 853	(1 197 922)	8 996 931

7. Loss Provision

	30 June 2009			31 December 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	6 123 741	331 092	126 906	6 581 739	7 673 268	367 618	818 267	8 859 153
Reinsurers' share of provision	(2 473 614)	-	-	(2 473 614)	(3 300 232)	-	(7 070)	(3 307 302)
Loss provision, net of reinsurance	3 650 127	331 092	126 906	4 108 125	4 373 036	367 618	811 197	5 551 851

7. Loss Provision (Continued)

Movements in the loss provision are as follows:

	30 June 2009			31 December 2008			Total
	Outstanding claims provision and IBNR	Loss adjustment expense reserve	Future policies benefits reserve	Outstanding claims provision and IBNR	Loss adjustment expense reserve	Future policies benefits reserve	
Loss provision, net of reinsurance, as at the beginning of the period	4 373 036	367 618	811 197	5 551 851	4 003 177	410 123	4 869 111
Increase/(decrease) in provision, gross	(1 592 529)	(51 136)	(18 229)	(1 661 894)	3 149 458	(75 932)	3 341 706
Increase/(decrease) in reinsurers' share in provision	865 753	-	33	865 786	(2 942 482)	6 862	(2 938 831)
Disposal of subsidiaries	(120 172)	-	(766 094)	(886 266)	-	-	-
Effect of change in foreign currency exchange rates	124 039	14 610	99 999	238 648	162 883	26 565	279 865
Loss provision, net of reinsurance, as at the end of the period	3 650 127	331 092	126 906	4 108 125	4 373 036	367 618	5 551 851

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**Notes to the Interim Consolidated Condensed Financial Statements for the Six-Month Period Ended 30 June 2009
(in thousands of Russian Roubles)**

8. Income Statement Analysis by Type of Business

	Six-Month Period ended 30 June 2009					
	Russian Non-Life	Russian Life	Asset Management	Ukraine	Intercompany	Total
INSURANCE						
Gross premiums written	13 191 942	141 337	-	181 238	(6 494)	13 508 023
Premiums ceded	(3 037 692)	(5 783)	-	(69 469)	-	(3 112 944)
	10 154 250	135 554	-	111 769	(6 494)	10 395 079
Change in provision for unearned premiums, net	(607 004)	72	-	88 823	-	(518 109)
Net premiums earned	9 547 246	135 626	-	200 592	(6 494)	9 876 970
Gross claims paid	(6 360 399)	(22 077)	-	(214 383)	11 228	(6 585 631)
Claims ceded	946 119	888	-	63 946	(11 228)	999 725
	(5 414 280)	(21 189)	-	(150 437)	-	(5 585 906)
Claims handling expenses	(384 218)	-	-	(18 644)	-	(402 862)
Change in loss provision, net	776 721	(60 948)	-	80 335	-	796 108
Net claims incurred	(5 021 777)	(82 137)	-	(88 746)	-	(5 192 660)
Net acquisition costs	(2 260 198)	(76 124)	-	(22 791)	-	(2 359 113)
Insurance operating expenses	(1 598 431)	(67 922)	-	(96 510)	6 494	(1 756 369)
Change in provision for impairment of insurance receivables and prepayments	8 051	5 990	-	(39 828)	-	(25 787)
Other insurance income	1 004	-	-	-	-	1 004
Insurance activity result	675 895	(84 567)	-	(47 283)	-	544 045
INVESTMENT						
Interest income	475 142	14 126	6 915	8 584	-	504 767
Realized losses less gains arising from investment securities available-for-sale	(294 467)	536	610	-	-	(293 321)
Impairment of securities available-for-sale	(90 710)	-	-	(88)	-	(90 798)
Other investment income	14 973	-	33 518	-	(25 859)	22 632
Investment operating expenses	(33 649)	-	(45 077)	(368)	25 859	(53 235)
Investment activity result	71 289	14 662	(4 034)	8 128	-	90 045
OTHER						
Other commission income	508 488	-	64 459	-	-	572 947
Other operating expenses	(494 621)	-	(62 051)	(1 545)	-	(558 217)
Foreign exchange (losses net of gains)/gains net of losses)	(81 736)	(4 075)	725	11 708	-	(73 378)
Change in provision for impairment of other receivables	(76)	-	-	-	-	(76)
Other income	56 044	24 842	-	976	-	81 862
Other expenses	(12 933)	(9 674)	-	(12 281)	-	(34 888)
Other activity result	(24 834)	11 093	3 133	(1 142)	-	(11 750)
Profit /(Loss) before tax	722 350	(58 812)	(901)	(40 297)	-	622 340
Income tax (expense)/credit	(47 227)	84	(770)	(11 670)	-	(59 583)
Net profit / (loss) for the period	675 123	(58 728)	(1 671)	(51 967)	-	562 757
Attributable to:						
Equity holders of the parent	675 282	(58 728)	(1 671)	(51 967)	-	562 916
Minority interest	(159)	-	-	-	-	(159)

ROSNO**Notes to the Interim Consolidated Condensed Financial Statements for the Six-Month Period Ended 30 June 2009
(in thousands of Russian Roubles)****8. Income Statement Analysis by Type of Business (Continued)**

	Six-Month Period ended 30 June 2008					Total
	Russian Non-Life	Russian Life	Asset Management	Ukraine	Intercompany	
INSURANCE						
Gross premiums written	13 698 794	244 420	-	453 287	(6 272)	14 390 229
Premiums ceded	(2 697 129)	(17 253)	-	(51 306)	6 272	(2 759 416)
Change in provision for unearned premiums, net	11 001 665	227 167	-	401 981	-	11 630 813
	(1 141 939)	4 858	-	(111 590)	-	(1 248 671)
Net premiums earned	9 859 726	232 025	-	290 391	-	10 382 142
Gross claims paid	(5 469 784)	(8 744)	-	(264 440)	7 588	(5 735 380)
Claims ceded	155 244	678	-	42 466	(7 588)	190 800
Claims handling expenses	(5 314 540)	(8 066)	-	(221 974)	-	(5 544 580)
Change in loss provision, net	(399 024)	-	-	(22 523)	-	(421 547)
	(351 944)	(126 881)	-	(39 028)	-	(517 853)
Net claims incurred	(6 065 508)	(134 947)	-	(283 525)	-	(6 483 980)
Net acquisition costs	(2 265 576)	(186 609)	-	(77 294)	-	(2 529 479)
Insurance operating expenses	(1 457 470)	(164 805)	-	(142 396)	-	(1 764 671)
Change in provision for impairment of insurance receivables and prepayments	(53 256)	-	-	(3 448)	-	(56 704)
Other insurance income	5 922	-	-	-	-	5 922
Insurance activity result	23 838	(254 336)	-	(216 272)	-	(446 770)
INVESTMENT						
Interest income	485 163	12 898	6 095	14 337	-	518 493
Realized gains less losses arising from investment securities available-for-sale	116 883	13	467	-	-	117 363
Gains less losses arising from financial assets at fair value through profit or loss	(428 081)	(3 549)	(360)	(18 638)	-	(450 628)
Other investment income	4 060	4	46 150	-	(33 852)	16 362
Change in provision for impairment of promissory notes and originated loans	13 197	-	-	-	-	13 197
Investment operating expenses	(45 450)	(251)	(51 896)	(86)	33 852	(63 831)
Investment activity result	145 772	9 115	456	(4 387)	-	150 956
OTHER						
Other commission income	363 791	-	32 984	-	-	396 775
Other operating expenses	(377 232)	-	(108 829)	(1 652)	-	(487 713)
Foreign exchange gains net of losses/(losses net of gains)/	82 466	(7 703)	(72)	(5 483)	-	69 208
Change in provision for impairment of other receivables	(406)	-	-	-	-	(406)
Other income	103 253	-	101	1 039	-	104 393
Other expenses	(2 259)	-	-	-	-	(2 259)
Other activity result	169 613	(7 703)	(75 816)	(6 096)	-	79 998
Profit/(Loss) before tax	339 223	(252 924)	(75 360)	(226 755)	-	(215 816)
Income tax (expense)/credit	(82 027)	(165)	16 944	(20 457)	-	(85 705)
Net profit / (loss) for the period	257 196	(253 089)	(58 416)	(247 212)	-	(301 521)
Attributable to:						
Equity holders of the parent	255 855	(253 089)	(58 416)	(247 212)	-	(302 862)
Minority interest	1 341	-	-	-	-	1 341

9. Analysis of Premiums and Claims

An analysis of premiums and claims by line of business for the six-month period ended 30 June 2009 is provided in the following table:

	Voluntary Medical Insurance	Auto- transport Insurance	Property Insurance	Other Insurance	Life Insurance	Total
Gross premiums written	3 889 570	3 716 315	3 598 893	2 159 397	143 848	13 508 023
Premiums ceded	(619 044)	(57 986)	(1 510 949)	(919 182)	(5 783)	(3 112 944)
Net premiums written	3 270 526	3 658 329	2 087 944	1 240 215	138 065	10 395 079
Change in provision for unearned premiums, net of reinsurance	(374 032)	881 754	(600 848)	(424 960)	(23)	(518 109)
Net premiums earned	2 896 494	4 540 083	1 487 096	815 255	138 042	9 876 970
Gross claims paid	(2 278 789)	(2 700 152)	(588 092)	(977 747)	(40 851)	(6 585 631)
Claims ceded	(9 215)	40 330	190 500	777 222	888	999 725
Net claims paid	(2 288 004)	(2 659 822)	(397 592)	(200 525)	(39 963)	(5 585 906)
Change in loss provision, net of reinsurance	(82 484)	686 822	271 848	(33 544)	(46 534)	796 108
Claims handling expenses	(69 825)	(266 685)	(33 065)	(33 287)	-	(402 862)
Net claims incurred	(2 440 313)	(2 239 685)	(158 809)	(267 356)	(86 497)	(5 192 660)

9. Analysis of Premiums and Claims (Continued)

An analysis of premiums and claims by line of business for the six-month period ended 30 June 2008 is provided in the following table:

	Voluntary Medical Insurance	Auto- transport Insurance	Property Insurance	Other Insurance	Life Insurance	Total
Gross premiums written	4 273 220	5 002 003	3 418 791	1 442 387	253 828	14 390 229
Premiums ceded	(10 659)	(552 138)	(1 605 218)	(574 109)	(17 292)	(2 759 416)
Net premiums written	4 262 561	4 449 865	1 813 573	868 278	236 536	11 630 813
Change in provision for unearned premiums, net of reinsurance	(1 232 841)	771 617	(666 338)	(125 672)	4 563	(1 248 671)
Net premiums earned	3 029 720	5 221 482	1 147 235	742 606	241 099	10 382 142
Gross claims paid	(2 017 619)	(3 249 000)	(328 648)	(125 755)	(14 358)	(5 735 380)
Claims ceded	36 948	64 156	75 823	13 195	678	190 800
Net claims paid	(1 980 671)	(3 184 844)	(252 825)	(112 560)	(13 680)	(5 544 580)
Change in loss provision, net of reinsurance	(121 140)	156 725	(264 014)	(159 785)	(129 639)	(517 853)
Claims handling expenses	(66 595)	(324 738)	(13 332)	(16 882)	-	(421 547)
Net claims incurred	(2 168 406)	(3 352 857)	(530 171)	(289 227)	(143 319)	(6 483 980)

10. Acquisition Costs

	Six-Month Period ended 30 June 2009	Six-Month Period ended 30 June 2008
Brokerage and agents commission	1 458 147	1 485 147
Salary costs	933 457	905 650
Social security and related employee costs	188 967	327 460
Other	109 088	391 236
Total acquisition costs	2 689 659	3 109 493
Less: Commission income on reinsurance ceded	(143 597)	(118 778)
Net change in deferred acquisition costs	(186 949)	(461 236)
Acquisition costs	2 359 113	2 529 479

11. Operating Expenses

Insurance operating expenses comprise the following:

	Six-Month Period ended 30 June 2009	Six-Month Period ended 30 June 2008
Salary costs and bonuses	852 620	786 106
Rent	261 693	238 006
Administration expenses	149 137	154 259
Social security and related employee costs	149 076	125 850
Information and consulting	75 714	81 650
Depreciation	67 792	72 584
Advertising and marketing	60 618	98 759
Communication expenses	47 932	43 011
Low value items and materials	25 509	15 275
Business trip expenses	24 707	30 999
Autotransport	14 808	21 397
Repair	9 271	14 213
Other expenses	17 492	82 562
Total insurance operating expenses	1 756 369	1 764 671

Investment operating expenses comprise the following:

	Six-Month Period ended 30 June 2009	Six-Month Period ended 30 June 2008
Salary costs and bonuses	26 022	21 858
Administration expenses	9 721	12 253
Rent	6 064	5 443
Social security and related employee costs	2 065	3 543
Advertising and marketing	2 039	10 236
Information and consulting	1 963	3 883
Depreciation	1 743	1 494
Communication expenses	504	1 021
Business trip expenses	82	786
Other expenses	3 032	3 314
Total investment operating expenses	53 235	63 831

Other operating expenses comprise the following:

	Six-Month Period ended 30 June 2009	Six-Month Period ended 30 June 2008
Salary costs and bonuses	271 338	239 427
Advertising and marketing	74 018	61 825
Social security and related employee costs	57 609	52 621
Rent	51 957	44 503
Administration expenses	29 507	23 254
Depreciation	19 106	12 077
Low value items and materials	14 006	8 527
Information and consulting	10 080	14 017
Autotransport	6 867	8 024
Communication expenses	5 963	5 920
Other expenses	17 766	17 518
Total other operating expenses	558 217	487 713

12. Reconciliation of Consolidated Operating Profit and 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.

Operating profit should be viewed as complementary to, and not a substitute for loss before tax and minority interest in earnings as determined in accordance with IFRS.

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

	Six-Month Period ended 30 June 2009	Six-Month Period ended 30 June 2008
Operating profit	1 006 995	113 913
Realized (losses)/gains arising from investment securities available-for-sale	(293 857)	117 350
Losses less gains arising from financial assets at fair value through profit or loss	-	(447 079)
Impairment of securities available-for-sale	(90 798)	-
Profit / (Loss) before tax	622 340	(215 816)

Realized gains arising from investment securities available-for-sale of RUR 536 thousand for six-month period ended 30 June 2009 (six-month period ended 30 June 2008: RUR 13 thousand) and losses arising from financial assets at fair value through profit or loss of RUR 3 549 thousand for six-month period ended 30 June 2008 shared with policy holders under life insurance contracts are included in operating profit.

	Six-Month Period ended 30 June 2009				
	Russian Non-Life	Russian Life	Asset Management	Ukraine	Total
Operating profit	1 107 527	(58 812)	(1 511)	(40 209)	1 006 995
Realized (losses)/gains arising from investment securities available-for-sale	(294 467)	-	610	-	(293 857)
Impairment of securities available-for-sale	(90 710)	-	-	(88)	(90 798)
Profit / (Loss) before tax	722 350	(58 812)	(901)	(40 297)	622 340

	Six-Month Period ended 30 June 2008				
	Russian Non-Life	Russian Life	Asset Management	Ukraine	Total
Operating profit	650 421	(252 924)	(75 467)	(208 117)	113 913
Realized (losses)/gains arising from investment securities available-for-sale	116 883	-	467	-	117 350
Losses less gains arising from financial assets at fair value through profit or loss	(428 081)	-	(360)	(18 638)	(447 079)
Profit / (Loss) before tax	339 223	(252 924)	(75 360)	(226 755)	(215 816)

13. Additional Paid-in Capital

On 26 March 2009 the Company received financial aid of RUR 957 000 thousand from Allianz SE presented in these interim consolidated condensed financial statements as part of additional paid-in capital.

On 7 April 2009 the Company sold 99.9% of Allianz ROSNO Life to another member of Allianz SE. The result on sale of RUR 770 429 thousand is presented in these interim consolidated condensed financial statements as part of additional paid-in capital.