

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Sigkos sh.a.

We have audited the accompanying financial statements of SIGKOS sh.a. (the "Company"), which comprise the statement of financial position as at December 31, 2009, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year 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 financial statements in accordance with the rules and regulations of Central Bank of Kosovo applicable to insurance companies ("CBK Rules") in Kosovo as set out in note 2 and 3 to the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

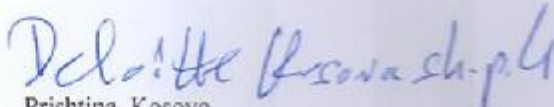
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether 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 financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and of its financial performance and its cash flows for the year then ended in accordance with the CBK Rules and Regulations as set out in note 2 and 3 to the financial statements.



Prishtina, Kosovo
April 9, 2010

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Member of Deloitte Touche Tohmatsu

SIGKOS S.H.A.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2009

	Notes	Year ended December 31, 2009 (in EUR)	Year ended December 31, 2008 (in EUR)
Gross premiums written	16	2,225,693	2,140,522
Less: Premium tax		(215,218)	(189,643)
Less: Premiums ceded to reinsurers		(114,745)	(131,243)
Net premiums written		1,895,730	1,819,636
Net change in reserves for unearned premiums		(110,561)	(142,726)
Net earned premiums		1,785,169	1,676,910
Share of income from IAK	17	916,853	765,858
Interest income; net of tax		190,058	150,067
Other income		65,313	27,824
Total revenues		2,957,393	2,620,659
Losses and loss adjustment expenses	11	(813,705)	(368,339)
Share of expenses of IAK	17	(183,239)	(221,829)
Contributions to Guarantee Fund	18	(190,757)	(132,192)
Administrative and marketing expenses	19	(1,321,343)	(1,146,159)
Total losses and expenses		(2,509,044)	(1,868,519)
Profit for the year		448,349	752,140
Other comprehensive income		-	-
Total comprehensive income for the year		448,349	752,140

The accompanying notes from 1 to 22 form an integral part of these financial statements.

SIGKOS S.H.A.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2009

	Share capital (in EUR)	Accumulated profit/ (loss) (in EUR)	Total equity (in EUR)
Balance as at January 1, 2008	3,000,000	(639,290)	2,360,710
Issuance of share capital	294,000	-	294,000
Profit for the year	-	752,140	752,140
Balance as at December 31, 2008	3,294,000	112,850	3,406,850
Profit for the year	-	448,349	448,349
Balance as at December 31, 2009	3,294,000	561,199	3,855,199

The accompanying notes from 1 to 22 form an integral part of these financial statements.

SIGKOS S.I.A.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Note	Year ended December 31, 2009 (in EUR)	Year ended December 31, 2008 (in EUR)
Net profit for the year		448,349	752,140
Adjustments for:			
Depreciation and amortisation		76,021	62,545
Property and equipment written off		5,296	1,230
Provision for doubtful receivables		93,549	-
Interest income		(190,058)	(150,067)
Operating profit before changes in operating assets and liabilities		433,157	665,848
Changes in operating assets and liabilities			
(Increase)/decrease in restricted balances with CBK and other banks		(300,000)	1,883,047
Decrease/(increase) in deferred acquisition costs		(20,153)	9,797
Increase in receivables from agents and customers		(110,261)	(137,732)
(Increase)/decrease in other assets		(175,665)	54,067
Increase/(decrease) in liabilities for losses and loss adjustment expenses		396,619	(60,681)
Increase in unearned premiums		119,957	142,726
Increase/(decrease) in insurance account payables		23,156	(6,474)
Decrease in other payables		(100,990)	(115,904)
Net cash from operating activities		265,820	2,434,694
Cash flows from investing activities			
Purchase of property and equipment	8	(43,737)	(46,739)
Purchase of intangible asset	9	(8,888)	(28,469)
Increase in held to maturity investments		(2,406,116)	(148,570)
Interest received		160,051	62,726
Net cash used in investing activities		(2,298,690)	(161,052)
Cash flows from financing activities			
Increase in share capital		-	294,000
Net cash from financing activities		-	294,000
(Decrease)/increase in cash and cash equivalents during the year		(2,032,870)	2,567,642
Cash and cash equivalents at the beginning of the year	4.1	3,177,935	610,293
Cash and cash equivalents at the end of the year	4.1	1,145,065	3,177,935

The accompanying notes from 1 to 22 form an integral part of these financial statements.

SIGKOS SH.A.
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2009

	Notes	As at December 31, 2009 (in EUR)	As at December 31, 2008 (in EUR)
ASSETS			
Cash and bank balances	4	520,308	547,063
Held to maturity investments	5	4,379,442	3,679,442
Deferred acquisition costs	6	217,112	196,959
Receivables from agents and customers	7	234,983	218,271
Property and equipment	8	178,588	198,428
Intangible assets	9	27,288	36,140
Other assets	10	389,198	183,525
TOTAL ASSETS		5,946,919	5,059,828
LIABILITIES			
Losses and loss adjustment expenses	11	774,792	378,173
Unearned premiums	12	1,046,315	926,358
Insurance accounts payable	13	116,064	92,908
Other payables	14	154,549	255,539
TOTAL LIABILITIES		2,091,720	1,652,978
SHAREHOLDERS' EQUITY			
Share capital	15	3,294,000	3,294,000
Accumulated profit		561,199	112,850
TOTAL SHAREHOLDERS' EQUITY		3,855,199	3,406,850
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		5,946,919	5,059,828

Authorised for issue on behalf of the Board of Directors of the Company on April 9, 2010:


Ibrahim Kastrati

General Director

Alisa Bejta


Finance Director

The accompanying notes from 1 to 22 form an integral part of these financial statements.