

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Management of Elsig Insurance Company

We have audited the accompanying financial statements of Elsig Insurance Company (the Company), which comprise the statement of financial position as at December 31, 2009, and the 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 the Central Bank of Kosova applicable to insurance companies ("CBK Rules") in Kosovo as set out in note 2 and 3. 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 as set out in note 2 and 3.



Prishtina, Kosova,
March 22, 2010

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ELSIG INSURANCE COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2009

	Notes	December 31, 2009 (in EUR)	December 31, 2008 (in EUR)
ASSETS			
Cash at banks and on hand	5	106,573	641,677
Balance with CBK	6	266,377	1,800,000
Held to maturity investments	7	5,200,000	1,200,000
Receivables from agents and customers		323,891	62,681
Deferred acquisition costs	8	624,769	198,722
Property and equipment	9	197,165	92,756
Other assets	10	179,989	59,580
TOTAL ASSETS		6,898,764	4,055,416
LIABILITIES			
Unearned premiums		2,170,717	898,521
Losses and loss adjustment expenses	11	981,929	210,602
Insurance accounts payable	12	182,229	129,553
Other accounts payable	13	215,891	128,310
TOTAL LIABILITIES		3,550,766	1,366,986
SHAREHOLDERS' EQUITY			
Share capital	14	3,436,108	3,000,000
Retained loss		(88,110)	(311,570)
TOTAL SHAREHOLDERS' EQUITY		3,347,998	2,688,430
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			
		6,898,764	4,055,416

Authorized for issue by the management on behalf of board of directors March 22, 2010.

Mr. Rexhep Idrizaj

General Director

Mr. Valon Berisha

Finance Director

The accompanying notes on pages from 6 to 19 form an integral part of these financial statements.

ELSIG INSURANCE COMPANY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2009

	Notes	Year ended December 31, 2009 (in EUR)	Period ended December 31, 2008 (in EUR)
Gross premiums written	15	4,149,236	1,146,638
Premium tax		(290,447)	(80,265)
Ceded reinsurance premiums		(118,516)	(17,123)
Net premiums written		3,740,273	1,049,250
Change in reserves for unearned premiums		(1,272,196)	(898,521)
Net earned premiums		2,468,077	150,729
Share of income from IAK, net of premium tax	16	832,523	568,804
Interest income		219,262	103,559
Other income		4,576	-
Total revenues		3,524,438	823,092
Losses and loss adjustment expenses	11	(1,457,355)	(243,651)
Underwriting and policy acquisition costs		426,048	198,722
Share of expenses of IAK	16	(182,385)	(159,722)
Contribution to Guarantee Fund	17	(109,663)	(113,200)
General and administrative expenses	18	(1,977,623)	(816,811)
Total expenses		(3,300,978)	(1,134,662)
Net profit / (loss) for the period		223,460	(311,570)
Other comprehensive income		-	-
Total comprehensive Income		223,460	(311,570)

The accompanying notes on pages from 6 to 19 form an integral part of these financial statements.