

CLOSED JOINT STOCK INSURANCE COMPANY «BUSIN»

**BALANCE SHEET**

As at December, 31, 2007

(in thousand hryvnia)

|  | <i>Notes</i> | <i>2007</i>    | <i>2006</i>   |
|--|--------------|----------------|---------------|
| <b>Assets</b>  |              |                |               |
| <b>Current assets</b>  |              |                |               |
| Cash and cash equivalents  | 6            | <b>8,241</b>   | 13,174        |
| Accounts receivable  | 7            | <b>12,741</b>  | 28,499        |
| Advances paid  | 8            | <b>799</b>     | 23            |
| Other accounts receivable  | 9            | <b>3,679</b>   | 503           |
| Investments accounted at fair value                              | 16           | <b>1,169</b>   | 1,714         |
| Inventories  | 10           | <b>17</b>      | 14            |
| Non-current assets held for sale                                 | 11           | <b>6,100</b>   | -             |
|  |              | <b>32,746</b>  | <b>43,927</b> |
| <b>Long-term assets</b>  |              |                |               |
| Prepaid expenses   |              | <b>83</b>      | 7             |
| Long-term accounts receivable                                    | 13           | <b>130</b>     | 64            |
| Investments reflected applying method of participation in equity | 15           | <b>56</b>      | -             |
| Investments held for sale reflected at cost                      | 14           | <b>1,714</b>   | -             |
| Fixed assets and intangible assets                               | 17           | <b>924</b>     | 29,274        |
|  |              | <b>2,907</b>   | <b>29,345</b> |
|  |              | <b>35,653</b>  | <b>73,272</b> |
| <b>Liabilities and equity</b>                                    |              |                |               |
| <b>Current liabilities</b>                                       |              |                |               |
| Accounts payable   | 18           | <b>477</b>     | 14,368        |
| Deferred tax liabilities   | 12           | <b>946</b>     | 6,451         |
| Advances received  |              | <b>216</b>     | -             |
| Other current liabilities  | 19           | <b>2,032</b>   | 1,651         |
|  |              | <b>3,671</b>   | <b>22,470</b> |
| <b>Insurance reserves</b>  |              |                |               |
| Unearned premiums reserves                                       | 20           | <b>9,351</b>   | 26,426        |
| Reserves other than unearned premiums reserves                   | 20           | <b>415</b>     | 1,894         |
| Reinsurers' share in unearned premiums reserves                  | 20           | <b>(5,884)</b> | (21,362)      |
| Reinsurers' share in other than unearned premiums reserves       | 20           | <b>(286)</b>   | (818)         |
|  |              | <b>3,597</b>   | <b>6,140</b>  |
| <b>Equity</b>  |              |                |               |
| Shareholders equity  | 21           | <b>10,125</b>  | 10,125        |
| Capital reserves   | 22           | <b>125</b>     | 125           |
| Fixed assets revaluation surplus                                 |              | <b>4,350</b>   | 21,465        |
| Retained earnings  |              | <b>13,815</b>  | 12,947        |
|  |              | <b>28,385</b>  | <b>44,662</b> |
|  |              | <b>35,653</b>  | <b>73,272</b> |

Chairman of the Board \_\_\_\_\_ L. M. Nepochatova

Chief financial officer \_\_\_\_\_ Z. M. Tsebrovskaya

CLOSED JOINT STOCK INSURANCE COMPANY «BUSIN»

INCOME STATEMENT

As at December, 31, 2007

(in thousand hryvnia)

|  | <i>Notes</i> | <i>2007</i>     | <i>2006</i>    |
|--|--------------|-----------------|----------------|
| <b>Premiums received</b>   |              |                 |                |
| Total premiums received  | 23,37        | <b>19,500</b>   | 41,303         |
| Premiums paid to reinsurers  | 24,37        | <b>(13,999)</b> | (32,713)       |
| <b>Changes in insurance reserves</b>   |              |                 |                |
| Changes in unearned premiums reserves  | 20,37        | <b>17,075</b>   | (11,884)       |
| Changes in reinsure's share in unearned premiums reserves  | 20,37        | <b>(15,479)</b> | 13,152         |
| <b>Total income</b>  |              | <b>7,097</b>    | <b>9,859</b>   |
| <b>Insurance claims and indemnities and changes in reserves, other than unearned premiums reserves</b> |              |                 |                |
| Insurance claims and indemnities   | 25           | <b>(1,246)</b>  | (7,197)        |
| Changes in reserves other than unearned premiums reserves  | 23           | <b>1,479</b>    | 5,178          |
| Changes in reinsurers' share in reserves other than unearned premiums reserves                         | 23           | <b>(392)</b>    | 679            |
| <b>Case administration cost</b>  |              |                 |                |
| Administrative expenses  | 26           | <b>(5,114)</b>  | (2,651)        |
| Sale service related expenses  | 27           | <b>(1,159)</b>  | (1,274)        |
| Provision for doubtful debt on accounts receivable   | 28           | <b>(40)</b>     | (1,247)        |
| <b>Other operating income and expenses</b>   | 29           | <b>159</b>      | 749            |
| <b>Total insurance related expenses</b>  |              | <b>(6,313)</b>  | <b>(5,763)</b> |
| <b>Net insurance activity income</b>   |              | <b>785</b>      | <b>4,096</b>   |
| <b>Provision for doubtful debts on other receivables</b>   | 28           | <b>26</b>       | (10)           |
| <b>Financial income and expenses</b>   | 30           | <b>829</b>      | 1,224          |
| <b>Other income and expenses</b>   | 31           | <b>750</b>      | 203            |
| <b>Net income before taxation</b>  |              | <b>2,390</b>    | <b>5,513</b>   |
| Income tax expenses  | 32           | <b>(1,936)</b>  | (1,083)        |
| <b>Net profit after taxation</b>   |              | <b>454</b>      | <b>4,430</b>   |

Chairman of the Board \_\_\_\_\_ L. M. Nepochatova

Chief financial officer \_\_\_\_\_ Z. M. Tsebrovskaya

CLOSED JOINT STOCK INSURANCE COMPANY «BUSIN»

CASH FLOW STATEMENT

As at December, 31, 2007

(in thousand hryvnia)

|   | 2007           | 2006           |
|---|----------------|----------------|
| <b>Cash flows from operating activities</b>                                       |                |                |
| <b>Net income before taxation</b>   | <b>2,390</b>   | 5,513          |
| Adjustments to:   |                |                |
| Fixed assets depreciation and Intangible assets amortization                      | 799            | 161            |
| Changes in insurance reserves   | (18,554)       | 6,705          |
| Changes of reinsurers' share in insurance reserves                                | 16,011         | (13,831)       |
| Changes of provision for doubtful debts   | 40             | 1,247          |
| Revaluation of shares accounted at fair value                                     | (254)          | -              |
| Changes of provisions for impairment of financial investments stated through P&L. | 8              | -              |
| Impairment of fixed assets  | (12)           | (11)           |
| Result from sale of financial investments   | 357            | -              |
| Interest expenses (income)  | (829)          | (1,224)        |
| <b>Changes in:</b>  |                |                |
| Accounts receivable   | 15,718         | (13,928)       |
| Advances paid   | (775)          | 140            |
| Other accounts receivable   | (3,774)        | 907            |
| Inventories   | (3)            | 44             |
| Prepaid expenses  | (76)           | (3)            |
| Long-term account receivable  | (66)           | 8              |
| Accounts payable  | (13,891)       | 14,226         |
| Advances received   | 216            | -              |
| Other liabilities   | 420            | (117)          |
| <b>Cash from operating activity</b>   | <b>(2,276)</b> | <b>(163)</b>   |
| Interest received on bank deposits  | 829            | 1,224          |
| Income tax paid   | (1,444)        | (1,235)        |
| Dividends paid  | (250)          | (920)          |
| <b>Net cash flows from operating activities</b>                                   | <b>(3,141)</b> | <b>(1,094)</b> |
| <b>Cash flows from investment activities</b>                                      |                |                |
| Acquisition of fixed assets   | (734)          | (181)          |
| Proceeds from sales of fixed assets   | -              | 75             |
| Investments in associates   | (65)           | -              |
| Acquisition and sales of investments  | (993)          | -              |
| <b>Net cash flows from investment activities</b>                                  | <b>(1,792)</b> | <b>(106)</b>   |
| <b>Cash flows from financial activities</b>                                       | -              | -              |
| <b>Net cash from financial activity</b>   | -              | -              |
| <b>Net cash increase</b>  | <b>(4,933)</b> | <b>(1,200)</b> |
| <b>Cash and cash balances at the beginning of the year</b>                        | <b>13,174</b>  | <b>14,374</b>  |
| <b>Cash and cash balances at the year-end</b>                                     | <b>8,241</b>   | <b>13,174</b>  |

Chairman of the Board \_\_\_\_\_ L. M. Nepochatova

Chief financial officer \_\_\_\_\_ Z. M. Tsebrovskaya

SUPPLEMENTARY LIABILITY SOCIETY “INSURANCE COMPANY “PROVITA”

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2007

(000'UAH)

|   | <i>Shareholders'<br/>equity (21)</i> | <i>Capital<br/>reserves (22)</i> | <i>Revaluatio<br/>n surplus</i> | <i>Retained<br/>earnings</i> | <i>Total</i>    |
|---|--------------------------------------|----------------------------------|---------------------------------|------------------------------|-----------------|
| <b>Balance as at December 31, 2005</b>                                | <b>10,125</b>                        | <b>125</b>                       | -                               | <b>9,437</b>                 | <b>19,687</b>   |
| Net profit for the period   | -                                    | -                                | -                               | 4,430                        | <b>4,430</b>    |
| Revaluation surplus of non-current assets                             | -                                    | -                                | 28,620                          | -                            | <b>28,620</b>   |
| Deferred taxes accrued at the expenses of revaluation surplus         | -                                    | -                                | (7,155)                         | -                            | <b>(7,155)</b>  |
| Dividend payment to the shareholders                                  | -                                    | -                                | -                               | (920)                        | <b>(920)</b>    |
| <b>Balance as at December 31, 2006</b>                                | <b>10,125</b>                        | <b>125</b>                       | <b>21,465</b>                   | <b>12,947</b>                | <b>44,662</b>   |
| Net profit for the period   | -                                    | -                                | -                               | 454                          | <b>454</b>      |
| Dividend payment to the shareholders                                  | -                                    | -                                | -                               | (250)                        | <b>(250)</b>    |
| Depreciation on revaluated fixed assets                               | -                                    | -                                | (665)                           | 665                          | -               |
| Adjustment of revaluation surplus as a result of deferred tax accrual | -                                    | -                                | 5,715                           | -                            | <b>5,715</b>    |
| Impairment of non-current assets                                      | -                                    | -                                | (22,196)                        | -                            | <b>(22,196)</b> |
| <b>Balance as at December 31, 2007</b>                                | <b>10,125</b>                        | <b>125</b>                       | <b>4,320</b>                    | <b>13,815</b>                | <b>28,385</b>   |

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