

Translation from Romanian

**ASTRA
ASIGURĂRI**

SOCIETATEA ASIGURARE – REASIGURARE ASTRA S.A.

ADMINISTRATOR'S REPORT

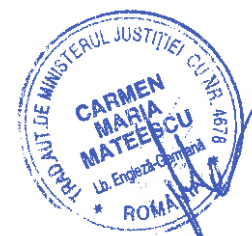
DECEMBER 31, 2014



	COMPANY NAME	TOTAL GWP 2014	MARKET SHARE TOTAL INSURERS
1	ALLIANZ - ȚIRIAC ASIGURĂRI	984,986,460	12.17%
2	OMNIASIG VIG	860,379,659	10.63%
3	ASTRA	777,240,286	9.60%
4	GROUPAMA ASIGURARI	710,847,112	8.78%
5	ING ASIGURĂRI DE VIATA	613,920,907	7.58%
6	ASIROM VIG	575,276,138	7.11%
7	CARPATICA ASIG	553,811,137	6.84%
8	EUROINS ROMANIA	474,376,061	5.86%
9	GENERALI ROMANIA	462,797,691	5.72%
10	UNIQA ASIGURARI	411,597,609	5.08%
	TOTAL TOP 10	6,425,233,060	79.38%
	TOTAL 2014	8,094,442,855	100.00%
	TOTAL REMAINDER MARKET	1,669,209,795	20.62%
	TOTAL 2013	8,124,654,841	
	EVOLUTION IN NOMINAL TERMS 2014/2013	-0.34%	

Source: The evolution of the Romanian insurance-reinsurance market in 2014 issued by the Financial Supervisory Authority

Allianz-Tiriac is the market leader, with premiums of RON 984,986,460 (increasing by 7.21% from 2013) and a market share of 12.17%. With premiums of 860.379.659, Omniasig VIG ranks second with a market share of 10.63%, although it has recorded a decrease of 2.35% in premiums. The top 10 companies have seized 79.38% of the market with a total of 6,425,233,060 in gross written premiums.



Non-Life Insurance

The total volume of gross written premiums for non-life insurance in 2014 was of RON 6,452,457,944 recording a nominal increase of 0.55% compared to 2013.

	COMPANY NAME	TOTAL GWP 2014	NON-LIFE MARKET SHARE
1	ALLIANZ - ȚIRIAC	887,784,504	13.76%
2	OMNIASIG VIG	860,379,659	13.33%
3	ASTRA	767,081,288	11.89%
4	GROUPAMA ASIGURĂRI	667,210,507	10.34%
5	CARPATICA ASIG	553,811,137	8.58%
6	ASIROM VIG	477,545,082	7.40%
7	EUROINS ROMANIA	474,376,061	7.35%
8	UNIQA ASIGURĂRI	411,597,609	6.38%
9	GENERALI ROMANIA	384,525,006	5.96%
10	CITY INSURANCE	361,795,907	5.61%
	TOTAL TOP 10	5,846,106,760	90.60%
	TOTAL 2014	6,452,457,944	100.00%
	TOTAL REMAINDER MARKET	606,351,184	9.40%
	TOTAL 2013	6,490,358,402	
	EVOLUTION IN NOMINAL TERMS 2014/2013	-0.55%	

Source: The evolution of the Romanian insurance-reinsurance market in 2014 issued by the Financial Supervisory Authority

The top 10 companies have accumulated a combined amount of RON 5,846,106,760 which represents 90.60% of the total value for this activity segment,

The largest weight in total gross written premiums for non-life insurance was held by class X – Motor Third Party Liability (43,34% compared to 37,93% in 2013), class III – Motor Hull (26,23% compared to 27,19% in 2013), class VIII – Catastrophe and other naturals perils (14,88% compared to 16,34% in 2013),



Life Insurance

The cumulated value of gross written premiums in 2014 for life insurance, as reported by insurance companies authorized to underwrite this insurance class was of RON 1,641,984,911 recording a nominal increase of 0.47% from 2013.

In 2014, life insurance continued to show a high degree of concentration, with the top 10 companies accounting for 93.73 % of the total number of premiums underwritten in this segment, with cumulated premiums of RON 1,538,970,640.

	COMPANY NAME	TOTAL GWP 2014	NON-LIFE MARKET SHARE
1	ING ASIGURĂRI DE VIAȚĂ	613,920,907	37.39%
2	METROPOLITAN LIFE	264,356,617	16.10%
3	BCR ASIGURĂRI DE VIAȚĂ VIG	143,831,041	8.76%
4	ASIROM VIG	97,731,056	5.95%
5	ALLIANZ - ȚIRIAC	97,201,956	5.92%
6	BRD ASIGURĂRI DE VIAȚĂ	78,897,561	4.81%
7	GENERALI ROMANIA	78,272,685	4.77%
8	EUROLIFE ERB	74,026,687	4.51%
9	GRAWE ROMANIA	47,095,525	2.87%
10	GROUPAMA ASIGURĂRI	43,636,605	2.66%
	TOTAL TOP 10	1,538,970,640	93.73%
	TOTAL 2014	1,641,984,911	100.00%
	TOTAL REMAINDER MARKET	103,014,271	6.27%
	TOTAL 2013	1,634,296,439	
	EVOLUTION IN NOMINAL TERMS 2014/2013	0.47%	

Source: The evolution of the Romanian insurance-reinsurance market in 2014 issued by the Financial Supervisory Authority

The main changes in the rankings on the life insurance market are: Metropolitan Life climbs a spot to number 2 after merging with Alico while Eurolife ERB makes its way into top 10 to number 8. ING remains the market leader, with an increase of 9.71% in premiums underwritten, while Metropolitan Life recorded an increase of 88.09% in market share mainly due to the Alico merger.

Compared to 2013, the share held by the top 10 companies in terms of premiums underwritten for life insurance recorded an increase of 4.10 percentage points, from 89.63% to 93.73%.



2. Company Overview

S.C. ASIGURARE-REASIGURARE ASTRA S.A. ((hereinafter referred to as the “Company” or “Astra”) is a legal entity registered in Romania on 1 January 1991. ASTRA is authorized to carry on insurance and reinsurance activities through its central office in Bucharest, Strada Nerva Traian, no. 3, Sector 3 and through its branches, agencies and working points in Bucharest and the rest of the country. The Company’s main activity is non-life and life insurance.

Under Decision no.42/2014 regarding the initiation of the financial recovery procedure through special administration of Societatea de Asigurare Reasigurare ASTRA S.A., published in the Official Journal, Part I, no. 120 of 18.02.2014 and implemented under Decision no. 43/2014 and Decision no. 66/2014, S.C. KPMG Advisory S.R.L was appointed by the Financial Supervisory Authority (“FSA”) as Special Administrator of ASTRA.

The company conducts its activity in Romania through the central office located in Bucharest, 48 branches, 147 agencies, 25 working points and 1 regional centre located in Bucharest (2013: 50 branches, 147 agencies, 30 working points and 1 regional centre located in Bucharest) located countrywide and overseas through three branches: Hungary (opened in 2010), Slovakia (opened in 2012) and Germany (opened in 2014).

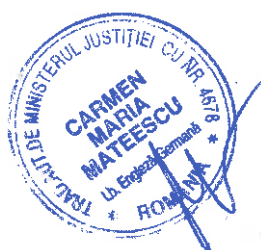
The tangible and intangible assets and liabilities structure of the branch located in Hungary as of 31 December 2014 was as follows: total assets RON 38.115.966 (31 December 2013: RON 7.723.897); total liabilities RON 106.058.201 (31 December 2013: RON 7.883.502), losses RON 6.851.383 (2013: RON 22.776.776).

The tangible and intangible assets and liabilities structure of the branch located in Slovakia as of 31 December 2014 was as follows: total assets RON 6.585.836 (31 December 2013: RON 306.975); total liabilities RON 15.734.435 (31 December 2013: 3.693.746RON), losses of RON 5.763.792 (2013: RON 3.301.238).

The tangible and intangible assets and liabilities structure of the branch located in Germany as of 31 December 2014 was as follows: total assets RON 382.810; total liabilities RON 2.142.106, losses of RON 1.759.296.

As of 31 December 2013, the Company held shares in the following entities:

RON	31 December 2013 Share capital (%)	31 December 2014 Share capital (%)
SC ASTRA SAFE IMOB SRL	95	95
SC ASTRA TRAINING SRL	95	95
SC ASTRA ACTIV SRL	95	95
SC NOVACUART SRL	100	100



The Company has 72,448,321 outstanding shares (31 December 2013: 72,448,321 shares) having a nominal value of RON 2.66 each, equal to the one presented at 31 December 2013. The shareholder structure as of 31 December 2013 and 31 December 2014 is presented below:

RON	31/12/2013		31/12/2014	
	RON	%	RON	%
THE NOVA GROUP INVESTMENTS ROMANIA SA	140,069,256	72.68	140,069,256	72.68
EPSILON ESTATE PROVIDER SRL	52,063,132	27.02	52,063,132	27.02
Individuals and Legal Entities	580,146	0.30	580,146	0.30
TOTAL	192,712,534	100	192,712,534	100

According to Decision no. 43/2014, the Special Administrator prepared a detailed report on the Company's financial position. This report presents in detail the issues set out in Decision no. 43/2014, inter alia: a detailed report on the Company's financial standing based on a due diligence analysis performed by the Special Administrator on the non-audited financial information as of 31 December 2013 and the real and operative possibilities for the financial recovery of the Company, the measures to be undertaken by the Special Administrator for his purpose or, as the case may be, issues that might be an obstacle against the objective of this procedure.

The Company is dependent upon the successful implementation of the measures to be undertaken for financial recovery, set out in the Special Administrator's report submitted to the Financial Supervisory Authority ("FSA") as of 25 March 2014 and approved under FSA Decision no. 117/07.04.2014 (except for two of these measures). The recovery plan included in the Special Administrator's Report seeks to avoid the initiation of bankruptcy procedures and the Company's recovery through measures meant to restore its liquidity and solvency according to realistic and operational measures identified, taking into consideration the applicable economic constraints, the cumulative legal requirements for insurance activities, the stock market and legal entities as well as the complex diagnosis of the Company's worsened, generalized symptoms, accruing over time.



3. 2014 INCOME AND EXPENSE BUDGET

Technical Account – Non-life insurance

-RON-

Description	Row no.	As of 31.12.2013	2014 Budget	As of 31.12.2014
A	B	1	2	3
1. Earned Premiums, net of reinsurance		x	x	x
a) gross written premiums (+)	01	905,003,566	830,461,099	761,322,644
b) premiums ceded to reinsurers (-)	02	333,500,295	114,832,299	143,226,576
c) change in unearned premium reserve (+/-)	03	-92,167,082	-92,970,707	-82,534,958
d) change in unearned premium reserve, ceded in reinsurance (+/-)	04	-151,688,515	-7,807,543	-3,158,861
TOTAL(rows 01-02-03+04)	05	511,981,838	800,791,964	697,472,165
2. Share of net investment return (difference between investment income and expenses) transferred from non-technical account (+)	06	0	0	0
3. Other technical income, net of reinsurance (+)	07	103,834,106	13,392,156	76,166,098
4. Claim expenses, net of reinsurance		x	x	x
a) claims paid (rows 09-10):	08	65,478,327	-	384,905,268
gross amounts	09	522,107,627	-	497,074,679
reinsurer's share (-)	10	456,629,300	-	112,169,412
b) change in claims reserve, net of reinsurance: (+/-)	11	493,596,007	-	-157,439,904
TOTAL (rows 08+11)	12	559,074,334	551,467,669	227,465,363
5. Change in other technical reserves, net of reinsurance, of which		x	x	x
a)Change in unexpired risks reserve (+/-)	13	0	-	0
b)Change in catastrophe reserve (+/-)	14	5,553,912	-	-45,459,868
c)Change in other technical reserves (+/-)	15	0	-	726,100
TOTAL(rows 13+14+15)	16	5,553,912	-	-44,733,768
6. Change in reserve for bonuses and rebates (+/-)	17	0	-	0
7. Net operating expenses, out of which:		x	x	x
a) acquisition costs	18	347,523,378	-	262,588,066
b) change in deferred acquisition costs (+/-)	19	44,030,593	-	-26,630,290
c) administrative expenses	20	128,961,052	117,025,831	127,527,619
d) commissions from reinsurers and profit participation (-)	21	14,741,060	-	5,507,000
TOTAL(rows 18+19+20-21)	22	505,773,963	-	357,978,395
8. Other technical expenses, net of reinsurance	23	235,793,382	-	117,659,413
9. Changes in equalization reserve(+/-)	24	0	0	0
10. Technical result for non-life insurance Profit (rows 05+06+07-12-16-17-22-23-24)		x	x	x
Loss (rows 12+16+17+22+23+24-05-06-07)	25	0	9,434,006	115,268,860
1. Earned Premiums, net of reinsurance	26	690,379,647	0	0

Technical Account – Life insurance
-RON-

Description	Row no.	As of 31.12.2013	2014 Budget	As of 31.12.2014
A	B	1	2	3
1.Earned premiums, net of reinsurance		x	x	x
a) gross written premiums (+)	01	14.282.368	14.028.242	8.793.683
b) premiums ceded to reinsurers (-)	02	306.405	175.353	158.325
c) change in unearned premiums reserve (+/-)	03	-932.724	338.207	-2.422.120
TOTAL(rows 01-02-03)	04	14.908.687	13.514.681	11.057.478
2.Investment income		x	x	x
a) Income from investments in associates, out of which:	05	0		0
b) income from investments in related parties	07	982.938		0
d) Net gains on investments	11	989.607		1.584.240
TOTAL(rows 05+07+10+11)	12	1.972.545	2.070.569	1.798.083
4. Other technical income, net of reinsurance	14	110.962		22.623
5. Claim expenses, net of reinsurance		x	x	x
TOTAL (rows 16+19)	15	20.491.187	3.919.257	4.409.743
a) amounts paid (rows 17-18):	16	11.769.926	2.136.973	2.897.052
b) variation of damage reserve (+/-) (rows 20-21)	19	8.721.261	1.782.284	1.512.691
- gross amount	20	149.511		1.640.224
- reinsurer part (-)	21	-8.571.750		127.533
6. Chang in life insurance technical reserves		x	x	x
TOTAL (rows 23+26+29)	22	-7.091.745		117,924
a) change in mathematical reserve (rows 24-25)	23	1.561.762		3.227.293
b) change in reserve for bonuses and rebates (rows 27-28)	26	-8.653.507		-3.109.368
8.Net operating expenses:		x	x	x
a) acquisition costs	35	3.408.702	3.273.369	2.704.527
c) administrative expenses	37	1.168.328	753.453	1.236.941
TOTAL(rows 35+36+37-38)	39	4.577.030	4.026.822	3.941.468
9. Investment charges:		x	x	x
a) investment management fee, including interest expense	40	1.586		451.751
TOTAL(rows 40+41+42)	43	1.586		451.751
11. Other technical expenses, net of reinsurance	45	128.569		37.815
13. Technical result for life insurance		x	x	x
Profit(rows 04+12+13+14-15-22-32-39-43-44-45-46)	47	0	5.259.536	3.919.483
Loss (rows15+22+32+39+43+44+45+46-4-12-13-14)	48	1.114.433	0	0



Non-technical Account

-RON-

Description	Row no.	As of 31.12.2013	2014 Budget	As of 31.12.2014
A	B	1	2	3
1. Technical result for non-life insurance		x	x	x
Profit	01	0	9.434.006	117.835.732
Loss	02	690.379.647	0	0
2. Technical result for life insurance		x	x	x
Profit	03	0	5.259.536	3.919.483
Loss	04	1.114.433	0	0
3. Investment income		x	x	x
a) Income from investments in associates	05	960.252	-	56.573
b) Income from other investments	07	7.237.409	2.707.052	1.418.213
Income from other investments	10	7.237.409	-	1.418.213
c) Income from release of provisions for impairment losses or investments	11	0	-	1.864.535
d) Net gains on investments	12	4.103.873	1.355.191	391.403
TOTAL (rows 05+07+11+12)	13	12.301.534	4.062.243	3.730.724
4. Unrealized gains from investments		111.556		2.304.256
6. Investment charges		x	x	x
TOTAL (rows 17+18+19)	16	31.388.546	-	1.301.069
a) Investment management fees, including interest expense	17	1.857.824	-	836.859
b) Charges with provisions for impairment losses on investments	18	0	-	464.210
c) Realized losses on investments	19	29.530.722	-	-
8. Share of net gains from investments transferred to the non-life insurance technical account	21	0	-	0
9. Other non-technical income	22	4.192.249	-	15.717.741
10. Other non-technical expenses, including provisions	23	210.905.643	-	106.234.040
15. Current profit or loss		x	x	x
Profit	28	0	18.755.786	30.845.894
Loss	29	917.182.930	0	0
19. Total income	34	1.186.505.009	976.214.000	1.054.673.904
20. Total expenses	35	2.103.687.939	957.458.214	1.023.828.010
21. Gross result		x	x	x
Profit (rows 34-35); (28-29+32-33);	36	0	18.755.786	30.845.894
Loss (row 35-34); (row 29-28+ 33-32);	37	917.182.930	0	0
22. Income tax	38	145.812	-	128.415
23. Other taxes (not included in the previous rows)	39	0	-	12.879
24. Net result of the period		x	x	x
Profit (row 36-38-39)	40	0	18.755.786	30.704.600
Loss (rows 37+38+39)	41	917.328.742	0	0

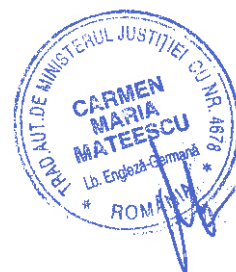


In 2014 the company registered a profit of RON 30,704,600 as opposed to the loss of RON 917,328,742 in 2013.

- thousand Ron - Income/Expenses	Actual 2013	Budget 2014	2013 Actual	2004 Actual/Budget
Total Income	1,186,505	976,214	1,054,673	108,04%
Total Expenses	2,103,834	957,458	1,023,969	106,95%
Profit/Loss	(917,329)	18,755	30,704	163,71%

The net turnover in 2014 was RON 858,800,781 compared to RON 1.012.385.740 in 2013, a decrease of 15.17%.

RON	2013	2014	2014/2013
Non-life Insurance Romania	946,832,618	775,159,426	81.87%
Non-life Insurance Hungary	49,609,293	65,586,393	132.21%
Non-life Insurance Slovakia	728,736	6,511,808	893.58%
Non-life Insurance Germany	0	296,278	100.00%
Life Insurance Romania	15,215,092	9,889,470	65.00%
Life Insurance Hungary	0	1,357,406	100.00%
Turnover	1,012,385,740	858,800,781	84.83%



4. TECHNICAL ACTIVITY

4.1. Gross Written Premiums

Gross written premiums net of cancellations amounted to 770,116,327 RON in 2014 compared to RON 919,285,934 in 2013, decreasing by 16.63%.

TOTAL WRITTEN PREMIUMS (net of cancellations) in RON	2013	2014	VAR
Romania Non-Life	855,562,914	675,969,006	-20.99%
written premiums	1,004,011,301	740,162,264	-26.28%
cancelled premiums	148,448,387	64,193,258	-56.76%
Hungary Non-Life	46,447,971	73,943,667	59.20%
written premiums	71,109,455	97,922,418	37.71%
cancelled premiums	24,661,484	23,978,751	-2.77%
Slovakia Non-Life	2,992,681	10,692,652	257.29%
written premiums	3,062,899	11,500,818	275.49%
cancelled premiums	70,218	808,166	1050.94%
Germany Non-Life		717,319	100.00%
written premiums	0	754,567	100.00%
cancelled premiums	0	37,248	100.00%
Romania Life	14,282,368	7,403,644	-48.16%
written premiums	15,868,071	10,544,777	-33.55%
cancelled premiums	1,585,703	3,141,133	98.09%
Hungary Life		1,390,039	100.00%
written premiums	0	1,417,148	100.00%
cancelled premiums	0	27,110	100.00%
TOTAL	919,285,934	770,116,327	16.23%



4.2. Collected Premiums

The premiums collected (net of cancellations) from direct insurance and reinsurance in 2014 amounted to RON 783,817,343 decreasing by 11.31% compared to the ones collected in 2013 (RON 883,807,638).

Total Collected Premiums in RON	2013	2014	VAR
Non-life Insurance Romania	816,593,599	701,488,652	-14,10%
Non-life Insurance Hungary	50,839,509	62,453,000	22,84%
Non-life Insurance Slovakia	2,197,559	9,331,329	324,62%
Non-life Insurance Germany	-	711,897	
Life Insurance Romania	13,198,184	8,526,761	-35,39%
Life Insurance Hungary	978,787	1,305,703	33,40%
TOTAL	883,807,638	783,817,343	-11,31%

4.3. Claim Expenses

Adjustments in the claims process resulted in claim payments of RON 499,971,731 in 2014 compared to RON 533,877,538 in 2013, decreasing by 6.35 %.

Claims Paid in RON	2013	2014	VAR
Claims Paid Non-Life Insurance Romania	490,558,470	445,016,978	-9,28%
Claims Paid Non-Life Insurance Hungary	31,479,431	49,894,590	58,50%
Claims Paid Non-Life Insurance Slovakia	69,711	2,112,046	2929,72%
Claims Paid Non-Life Insurance Germany	0	51,064	100,00%
Claims Paid Life Insurance Romania	11,769,926	2,897,052	-75,39%
Claims Paid Life Insurance Hungary	0	0	100,00%
TOTAL	533,877,538	499,971,731	-6,35%

4.4. Acquisition and administrative expenses

Acquisition and administrative expenses amounted to RON 394,057,153 in 2014, decreasing by 18.09% from 2013 (RON 481,061,460).



4.5. Investment Expenses

RON	2013	2014
Adjustment expenses regarding the depreciation of financial assets	29,530,722	-
Adjustment expenses regarding the depreciation of investments	-	464,210
Asset management expenses, including interest rate expenses of which:	1,857,824	836,859
<i>Interest Rate Expenses</i>	1,797,780	836,859
<i>Investment Expenses</i>	60,044	-
Total	31,388,546	1,301,069

4.6. Investment Income

In 2014 investment income for non-life insurance, in amount of RON 1.866.189 decreased by 84.83% from 2013 (RON 12.301.534).

The structure of dividend income collected by the Company from **non-life insurance** activity as of 31 December 2013 and 31 December 2014 is presented below:

RON	2013	2014
Interest rate income	7,237,409	1,418,213
Total income from other investments	7,237,409	1,418,213
Income from financial assets	3,516,491	-
Income from rent and site management	587,381	391,403
Total investment income	4,103,873	391,403
Dividend Income	960,252	56,573
TOTAL	12,301,534	1,866,189



Investment income from life insurance activities, in amount of RON 1,798,083 decreased by 9.7% in 2014 compared to 2013 (RON 1,972,545). The investment income structure for **life insurance** as of 31 December 2014 is presented below:

RON	2013	2014
Income from other investments	982,938	1,584,240
Income from investments	989,607	213,842
Total	1,972,545	1,798,083



According to the analysis performed by the Special Administrator on the Company's financial and operational standing, net assets could be restored up to a level where the Company would reach the minimum solvency margin, and implicitly, would cover the minimum security fund level through a number of measures, as follows:

- Contribution in cash to the share capital of RON 490 million for which the following actions were initiated
- Operational measures with no impact on liquidity (non-cash), with a net impact on the Company's equity, comprising:
 - Extension of the catastrophe risk reinsurance program, including the reduction of the Company's retention to EUR 3 million, a measure that has a net estimated impact of RON 40 Million on Shareholders' equity
 - Securing/giving in payment intergroup loans with an estimated net impact on net assets of RON 122 million
 - Out of court settlement of disputes over insurance contracts with Romstrade, disputes which have a net estimated impact of RON 151 million on shareholders' equity



6. EMPLOYEE INFORMATION

Payroll and social security	2013	2014
Payroll expenses	40,186,899	40,817,195
Non-life Insurance	39,443,503	40,199,335
Life Insurance	743,396	617,860
Social security expenses	11,568,813	11,616,672
Non-Life Insurance	11,361,622	11,395,358
Life Insurance	207,191	221,315

The number of employees as of 31 December 2014 is presented below:

	2013	2014
Management	268	267
Insurance Activity Staff	808	754
Administrative Staff	390	367
Total	1,466	1,388



7. TANGIBLE AND INTANGIBLE ASSETS AND LIABILITIES

The change in the Company's financial position is presented in the following table:

	31 December 2013	31 December 2014	VAR +/-	VAR %
Total assets	703,107,158	528,886,398	-174,220,760	-24,78%
Total liabilities (including technical reserves)	1,477,693,547	1,400,707,169	-76,986,378	-5,21%
Net assets	-774,586,389	- 871,820,771	-97,234,382	12,55%

The change in balance sheet items is presented below:

Indicator	31 December 2013	31 December 2014	VAR (RON)	VAR (%)
Intangible assets	3,638,325	3,601,313	-37,012	-1.02%
Land and buildings	80,424,484	70,222,922	-10,201,562	-12.68%
Advances and investment for land and buildings in progress	-	-	-	-
Equity investments in related parties	-	-	-	-
Other investment in financial assets	25,449,117	24,864,534	-584,583	-2.30%
Shares, other variable income securities and unit funds	15,284,891	16,015,579	730,688	4.78%
Bonds and other fixed income securities	-	-	-	-
Deposits to credit institutions	9,672,665	-	-	-
Other financial investments	61,577,477	32,324,151	-29,253,326	-47.51%
Reinsurer's share of technical reserves for life insurance	2,382,486	2,478,946	96,46	4.05%
Amounts receivable from related parties	8,220,754	5,396,444	-2,824,310	-34.36%
Receivables from direct insurance operations	184,415,571	144,553,409	-39,862,162	-21.62%
Receivables arising from reinsurance operations	26,036,243	7,066,912	-18,969,331	-72.86%
Other receivables	55,240,359	32,064,200	-23,176,159	-41.96%
Tangible assets	8,200,787	5,445,225	-2,755,562	-33.60%
Inventories	541,589	662,877	121,288	22.39%
Cash at bank and in hand	6,250,901	11,228,847	4,977,946	79.64%
Prepayments	117,111,398	96,125,156	-20,986,242	-17.92%



TOTAL ASSETS (i)	703,107,158	528,886,398	-174,220,760	-24.78%
Share capital and reserves, of which:	-774,586,389	-871,820,771	97,234,382	-12.55%
<i>Retained earnings from correction of accounting errors (ii)</i>	138,071,143	256,182,722	118,111,579	85.54%
Technical reserves	1,258,751,205	1,085,870,028	-172,881,177	-13.73%
Provisions	6,497,729	101,383,515	94,885,786	1560.29%
Amounts payable to related parties	10,900,834	3,147,714	-7,753,120	-71.12%
Liabilities from direct insurance operations	423,924	413,013	-10,911	-2.57%
Liabilities from reinsurance operations	57,761,055	36,110,730	-22,032,044	-38.14%
Other liabilities including tax and other social security charges	130,245,213	161,684,135	31,438,922	24.14%
Accruals and deferred income	13,113,586	12,479,754	-633,832	-4.83%
TOTAL LIABILITIES	703,107,158	528,886,398	-174,220,760	-24.78%

(i) As of 31 December 2013, the Company's asset decreased by RON 174,220,760 compared to the end of the previous year as a consequence of a reconsideration of the accounting policies and to the accurate application of the applicable legislation. The Company recorded additional impairment adjustments related to insurance and reinsurance receivables, subrogation receivables, receivables from affiliated parties or receivables subject to litigation.

(ii) As part of the annual patrimony inventory, the Company performed inventory of the premium receivable balances, of the claims reserves and of other balance sheet items as at 31 December 2014. Thus, a number of changes referring to prior periods which include errors in application of accounting policies. As a consequence of these findings, the retained earning position has been affected with an additional loss of RON 118,111,579 coming from the accounting records presented in the below. Thus, the most significant corrections performed against retained earnings were: correction of the reported and unreported claims reserve, cancellation of policies expired prior to 31 December 2013 and accompanying adjustment of the premium receivables impairment provision, and correction of the intermediaries' commission payable balances as at 31 December 2013 corresponding to the policies cancelled in prior periods.

7.1. Financial Assets

As of 31 December 2014 the Company had financial investments in:

- Bonds and other fixed income securities;
- Bank deposits;
- Investments in group companies;
- Shares listed on the stock exchange.
- Unit funds



As of 31 December 2014, long term investments had a market value of RON 13,185,156, increasing by RON 699,234 from 2013. Bank deposits and other financial investments decreased from RON 61,577,477 in 2013 to RON 32,324,151 in 2014. The value of unit funds and listed shares at 31.12.2014 was RON 16,015,579, increasing by RON 730,687.

7.2. Technical Reserves

Gross technical reserves of RON 1,085,870,028 in 2014 increased by 13.22% from 2013 (RON 1,258,751,205).

RON	31 December 2013	31 December 2014
Unearned premiums reserve	424,461,422	337,933,017
Unearned premiums reserve ceded	(12,506,856)	(9,316,922)
<i>Premium reserves net of reinsurance</i>	<i>411,954,566</i>	<i>328,616,095</i>
Claims reserve	677,676,901	716,596,388
Claims reserve ceded	(7,880,816)	(69,997,907)
<i>Claims reserve net of reinsurance</i>	<i>669,796,085</i>	<i>646,598,481</i>
Mathematical reserve	9,293,243	12,519,968
Mathematical reserve ceded	-	-
<i>Mathematical reserve net of reinsurance</i>	<i>9,293,243</i>	<i>12,519,968</i>
Bonuses and rebate reserve	3,729,004	618,712
Bonuses and rebate reserve ceded	-	-
<i>Bonuses and rebate reserve net of reinsurance</i>	<i>3,729,004</i>	<i>618,712</i>
Disaster reserves	143,590,635	17,475,842
Disaster reserves ceded	(80,654,924)	-
<i>Disaster reserves net of reinsurance</i>	<i>62,935,711</i>	<i>17,475,842</i>
Other technical reserves	-	726,1
Other technical reserves ceded	-	-
<i>Other technical reserves net of reinsurance</i>	<i>-</i>	<i>726,1</i>
Total technical reserves	1,258,751,205	1,085,870,028
Total reinsurer's share of technical reserves	(101,042,596)	(79,314,829)
Total technical reserves net of reinsurance	1,157,708,609	1,006,555,198

8. RISK MANAGEMENT

Given the nature of the activities conducted, the Company is exposed to various risks, which include: insurance risk, economic environment risk, interest rate risk, liquidity risk, credit risk, foreign exchange risk, taxation risk, concentration risk, operational risk and reputation risk. The management aims to mitigate the potentially adverse effects associated with these risk factors that could affect the financial performance of the Company.

Insurance risk

When underwriting policies, the Company assumes a technical risk, i.e. the risk of incurring claims related to the written premiums. The concentration of the technical risk could result in significant losses for the Company, provided that an event or a series of events were to affect an entire insurance class or the country per se. The Company reduces the technical risk using a detailed client assessment, well established exposure limits, reinsurance programs and a cautious provisioning policy in what concerns the claims insurance, both reported and not reported yet.

Risk related to business environment

Over the past year, the European financial sector faced a debt crisis, triggered by major fiscal imbalances and high public debt in several European countries. Current fears that the deteriorating financial conditions, which may contribute in a later stage to a further loss of confidence, led to a joint effort of governments and central banks adopting special measures to counter the vicious circle of rising risk aversion and ensure the normal functioning of the market.

Identifying and assessment of the influence of a market liquidity shortages, analyze compliance with debt agreement and other contractual obligations, valuation of significant uncertainties, including uncertainties related to ability of an entity to continue to operate for a reasonable period of time, all these bringing their own challenges.

Company debtors may also be affected by crisis liquidity situations, which might hinder to honor current their current liabilities. Deterioration of operating conditions for debtors may also affect estimates of management on future cash flows and estimates on impairment of financial assets and financial assets.

To the extent that information is available, in its impairment policy, management has reflected revised estimates of expected future cash flows.

Management is unable to predict events that could have an impact on the financial sector in Romania and the effect this might have on the financial statements.

The management of the Company believes that it has taken all necessary measures to support the growth of the Company's business in the current market conditions by:

- Constant monitoring of liquidity and dependence on certain sources of funding
- Projections of current liquidity
- Obtaining commitment from the main shareholder to support the Company's operations in

Romania



- Review the terms and conditions of financing agreements and consideration of the implications of obligations imposed and of the risks identified, such as compliance with due dates or breach of any term or condition of a contract

Given the fact that current market conditions and uncertainties will be maintained in 2014 and probably later on, additional effects can be felt beyond the data in these individual financial statements.

Liquidity risk

The Company's liquidity policy is to maintain sufficient liquidities in order to fulfil its obligations as they fall due.

Interest rate risk

The Company has assets which generate interest revenue.

Credit risk

Credit Risk represents an accounting loss that could be recognized given the contracting parties wouldn't fulfill their obligations. To control the exposure to credit risk, the entity makes regular credit evaluations of the financial state of the contracting parties.

The Company is exposed to credit risk from financial instruments which derives from the potential unfulfilling of payment obligations by contractual partners. However, the management does not anticipate significant losses, other than those recorded in the financial statements.

Foreign exchange rate risk

The Company is exposed to foreign exchange risk as a result of transactions in foreign currencies. In order to avoid losses from adverse fluctuations of foreign exchange rates, the Company currently applies a policy of diversification of its foreign currency portfolio.

Taxation risk

Romanian tax legislation provides detailed and complex regulations and has undergone various changes in recent years. Interpretation of the text and practical implementation procedures of the newly enforced EU tax regulations could vary, and there is a risk that certain transactions, for example, could be viewed differently by the tax authorities as compared to the Company's treatment. Furthermore, the Romanian Government has a number of agencies that are authorized to conduct audits (controls) of companies operating in Romania. These controls are similar in nature to tax audits performed by tax authorities in many countries, but may extend not only to tax matters but to other legal and regulatory matters in which the applicable agency may be interested. It is likely that the Company will continue to be subject to regular controls as new laws and regulations are issued.

Concentration risk

Concentration risk is the risk of exposure to a risk with potential of generating losses that are large enough to threaten the solvency or financial situation. The company analyzes the influence that natural disasters can produce and mitigates the risk through reinsurance or by subscribing policies in different areas to avoid risk concentration in high seismic risk areas.



Operational risk

Operational risk is defined as the possibility of recording losses or of failing to achieve the estimated profits, which occurs due to the influence of internal factors (improper conduct of internal activities, the existence of inadequate personnel or systems) or of external factors (economic conditions, changes in the insurance market, technological progress). Operational risk policy includes procedures for the identification, assessment, monitoring and control for analysis of the operational losses database.

Reputation risk

The company aims to create and preserve a good image in the market and public confidence in its integrity in order to prevent recording losses or failing to realize the estimated profits due to reputational risk.



9. SUBSEQUENT EVENTS

Financial recovery through special administration

At the financial statements approval date, the Company is undergoing a financial recovery process through special administration in accordance with the action plan included in the Special Administrators' Report and approved by ASF decision no. 117/07.04.2014. The plan approved by ASF is currently in implementation process (see note 2.e).

Share capital increase

One of the measures included in the approved action plan is the share capital increase with the amount of RON 490 million, by an initial capital contribution in the amount of at least 70 million.

On 12 May 2014, the Extraordinary General Shareholders Meeting (EGSM) approved the delegation to the Special Administrator, the Board of Directors respectively (in the event that after the calling of the EGSM the Company's management would be resumed by the Board of Directors) of the prerogative to increase the Company's share capital. The delegation of the share capital increase prerogative is valid for a maximum of one year after the date of the resolution. The Special Administrator / Board of Directors may decide, under one or several resolutions, the Company's share capital increase through the issuance of new shares, with amounts that may not exceed in total the amount of RON 490,000,000.

The first capital increase in the amount of RON 65,084,659, subscribed and paid by the existing shareholders on October 1, 2014, was subsequently approved by ASF on 18 February 2015 and notified by ASF decision no. 280 / 02.19.2015. Subsequently, the Company has taken steps required to complete the registration of the capital increase with other bodies / authorities of the capital market.

On March 18, 2015, the Company issued the Special Administrator Decision No. 99 regarding share capital increase by cash contribution with the amount of RON 424,915,339.94, from RON 257,797,193.08 to RON 682,712,533.02 by issuing a number of 159,742,609 registered shares with face value of 2.66 lei / share. The decision was published in the Official Gazette on March 30, 2015.

Through this decision, the trading of preemptive rights of shareholders registered in the shareholders' register of the Company on the Record Date (i.e. 7 April 2015) was approved, for a period of 5 working days, under the terms of the prospectus going to be issued by an authorized intermediary and subject to ASF approval (the "Prospectus").

The stages of the second share capital increase approved by ASF will be the following:

- Stage I – a month, under the conditions established in the Prospectus: subscription of new shares by holders of preference rights;
- Stage II – 5 business days, under the conditions set out in the Prospectus: unsubscribed shares in the course of Stage I will be offered for subscription to persons who have subscribed shares under Phase I valid. If nobody subscribes valid shares under Phase I, these will be offered for subscription in Phase III.



- Stage III:
 - Shares will first be offered for subscription to qualified investors, for a period of 10 business days
 - Shares unsubscribed after offering them qualified investors will be offered for public subscription, for a period of 10 business days

The remaining shares not subscribed in the course of the abovementioned steps will be canceled by decision of the Special Administrator.

At the date of the financial statements, the prospectus for the second capital increase operation is pending approval from the Financial Supervisory Authority.

Transfer to an alternative trading system

Given the:

- provisions of Law no. 151/2014 on the legal status of the shares traded on RASDAQ market or on unlisted securities market
- Regulation no. 17 / 11.28.2014 , regarding the legal status of shares traded on RASDAQ market or on unlisted securities market
- The period of 120 days from the date of entry into force of Law no. 151/2014 (i.e. 26 February 2015) for convening and holding the Extraordinary General Shareholders Meeting (EGSM)

The Company convened the Extraordinary General Shareholders Meeting on February 20, 2015.

In the EGSM, the decision to perform all the necessary legal steps for the admission to trading of shares issued by the Company in the alternative trading system administered by BUCHAREST STOCK EXCHANGE SA ("AeRO") by the Company, was approved . The company took the necessary steps to implement the decision taken in this respect in EGSM, which at the date of this report are in progress.



Guarantee / payment of intra-group loans

Efforts started to recover loans by payment or exchange of assets were not completed by the date of these financial statements. In the Extraordinary General Shareholders Meeting dated October 9, 2014 payment of intra-group loans, including but not limited to, loan to Medien Holding SRL, representing principal amount plus interest was approved.

The recovery plan provided an estimated time of completion for the implementation of this measure, but recovery efforts have not been concluded yet. Accordingly, during 2015 the Company submitted an application to open insolvency proceedings for Medien Holding, as part of legal proceedings conducted to recover the amounts granted as loan, this request being registered before the Bucharest Court under no. 15999/3/2015 with hearings on June 29, 2015.

Settlement of legal disputes related to insurance contracts with Romstrade

By Civil Decision No. 805/2014, pronounced on 14 October 2014, the Court of Appeal rejected as unfounded the appeal of ASTRA in the file no. 11570/3/2013 contradictory with National Company of Motorways and National Roads in Romania (CNADNR).

The judgment of the Court of Appeal is enforceable, giving CNANDR the right to proceed collecting amounts ordered by the Bucharest Court ruling in December 2013 (approximately RON 95 million, including legal fees).

Against this solution, ASTRA filed a statement of appeal to the Court of Appeal recorded on 15 October 2014 and submitted an application to suspend the enforcement of the civil case no. 7039 / 12.06.2013 pronounced by the Bucharest Tribunal, upheld by the Civil Decision no. 805 of 14 October 2014 given by the Court of Appeal, filed at the High Court of Justice under no. 3660/1/2014. On 5 December 2014, the High Court of Justice dismissed the application for suspension of foreclosure filed by Astra.

Starting with 5th of December 2014 various negotiations were held with CNANDR representatives for rescheduling of payment obligations set through the decision given by the Court of Appeal. In addition, the Company has developed and submitted for approval in writing to CNADNR a plan for rescheduling of payment obligations.

During February 2015, the company has drafted grounds of appeal and filed the appeal with the High Court of Justice, the case being brought in court at the date of the financial statements. At the same time, the Company has identified a reason for the revision of Decision no. 805/2014 issued by the Court of Appeal and declared extraordinary appeal. The case was registered before the Court of Appeal with no. 973/2/2015 and is currently suspended pending resolution of the appeal.

On 6 April 2015 the bailiff Tranca Bogdan Ovidiu informed the Company of the notice relating to the initiation of enforcement for the amount of RON 95,951,709.72 (including costs of enforcement), based on the writ of execution granted through Decision no. 805 / 10.14.2014 of the Court of Appeal and Civil Sentence no. 7039 / 12.06.2013 of the Bucharest Tribunal - Section VI Civil in case no. 11570/3/2013 execution file - 1729/2015. At the same time the Company was notified of the addresses and copies of garnishment were sent to all banks and treasuries under the jurisdiction of Bucharest Court of Appeal.



Given the above, the Company has taken a number of legal and administrative actions to ensure the scope for further work and implementation of the recovery plan.

On April 14, 2015 the Company was notified by District 3 Court of the decision in File no. 14873/301/2015 ordering the temporary suspension of the execution started through execution file 1729/2015 by BEJ Ovidiu Bogdan Tranca, until the solutioning of the request for suspension of enforcement filed by the company.

Following the pronouncement mentioned above, all the banks were informed of the suspension of forced execution. As such, during the temporary suspension of the forced execution process, the Company may continue to work under the conditions applicable under the recovery plan approved by the ASF.

The Company continues to make all efforts to reach an agreement with CNADNR on the proposal to reschedule payment obligations.

SPECIAL ADMINISTRATOR,
KPMG Advisory SRL,
By Angela Manolache,
Authorized representative

DRAFTED,
Puscasiu Antonela
Capacity:
Finance - Accounting Director

Signature
Illegible signature

Signature
Illegible signature

Stamp: KPMG Advisory SRL
Special Administrator

Company stamp:
Astra S.A.

The undersigned, Carmen-Maria Mateescu, sworn interpreter and translator for the English and German languages by virtue of license no 4678 from 18 June 2001 issued by the Ministry of Justice from Romania, certify the accuracy of the translation performed from the Romanian language into the English language.

