

**Translation from Romanian**

**SOCIETATEA ASIGURARE – REASIGURARE ASTRA S.A.**

**INDIVIDUAL FINANCIAL STATEMENTS**

**31 DECEMBER 2014**

**Prepared in accordance with the Order  
of the Insurance Supervision Commission  
no. 3129/2005**



**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.**

**INDIVIDUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**All amounts in lei ("RON") unless otherwise stated**

**BALANCE SHEET**  
**As at 31 December 2014**

	Element	Row no.	Note	Balance at:	
				01.01.2014	31.12.2014
	A	B		1	2
	<b>ASSETS</b>				
<b>A</b>	<b>INTANGIBLE ASSETS</b>				
	<b>I. Intangible assets</b>				
	1.Set-up expenses	01		-	-
	2.Development costs	02		-	-
	3. Leases, patents, licenses, trademarks, other rights and similar values	03	3.1	3,620,960	3,594,128
	4. Goodwill	04		-	-
	5. Advances for intangible assets and intangible assets in progress	05		-	-
	6. Other intangible assets	06	3.1	17,365	7,185
	<b>TOTAL (rows 01 to 06)</b>	<b>07</b>	<b>3.1</b>	<b>3,638,325</b>	<b>3,601,313</b>
	<b>INVESTMENTS</b>				
	<b>I. Investments in tangible assets</b>				
	1. Land and buildings	08	4.1	80,424,484	70,222,922
	2. Advances and investments for land and buildings in progress	09	4.1	-	-
	<b>TOTAL (rows 08 + 09)</b>	<b>10</b>	<b>4.1</b>	<b>80,424,484</b>	<b>70,222,922</b>
<b>B</b>	<b>II. Investments in related parties, equity investments and other investments in financial assets</b>				
	1.Equity investments in related parties	11	4.2	-	-
	2. Loans and receivables to related parties	12		-	-
	3. Equity investments in associates	13		-	-

Notes from page 26 to page 106 are an integral part of the individual financial statements.



**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.**

**INDIVIDUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**All amounts in lei ("RON") unless otherwise stated**

**BALANCE SHEET (continued)**

**As at 31 December 2014**

	Element	Row no.	Note	Balance at:	
				01.01.2014	31.12.2014
	A	B		1	2
<b>B</b>	<b>II. Investments in related parties, equity investments and other investments in financial assets (continued)</b>				
	4. Loans and receivables to associates	14		-	-
	5. Other investments in financial assets	15	4.3	25,449,117	24,864,534
	<b>TOTAL (rows 11 to 15)</b>	16		<b>25,449,117</b>	<b>24,864,534</b>
	<b>III. Other financial investments</b>				
	1 Shares, other variable income securities and unit funds	17	4.4	15,284,891	16,015,579
	2. Bonds and other fixed-income securities	18		-	-
	3. Equity investments in common investment funds	19		-	-
	4. Mortgage loans	20		-	-
	5. Other loans	21		-	-
	6. Deposits to credit institutions	22	4.5	9,672,665	-
	7. Other financial investments	23	4.6	61,577,477	32,324,151
	<b>TOTAL (rows 17 to 23)</b>	24		<b>86,535,033</b>	<b>48,339,730</b>
	<b>IV Deposits with reinsurers</b>	25		-	-
<b>C</b>	<b>FINANCIAL INVESTMENTS RELATED TO LIFE INSURANCE, FOR WHICH RISK IS BORNE BY THE INSURED PERSON</b>	26		-	-
	<b>TOTAL INVESTMENTS (rows 10+16+24+25+26)</b>	27		<b>192,408,634</b>	<b>143,427,186</b>

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**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.**  
**INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**  
**All amounts in lei ("RON") unless otherwise stated**

**BALANCE SHEET (continued)**  
**As at 31 December 2014**

	Element	Row no.	Note	Balance at	
				01.01.2014	31.12.2014
	A	B		1	2
<b>D</b>	<b>REINSURER'S SHARE OF TECHNICAL RESERVES</b>				
	<b>I. Reinsurer's share of technical reserves for non-life insurance</b>				
	1. Reinsurer's share of premiums reserve	28	13	12,424,370	9,265,509
	2. Reinsurer's share of reserve for bonuses and rebates	29		-	-
	3. Reinsurer's share of claims reserve	30	13	5,580,816	67,570,374
	4. Reinsurer's share of other technical reserves		13	<b>80,654,924</b>	-
	a) Reinsurer's share of unexpired risk reserve	31		-	-
	b) Reinsurer's share of catastrophic reserve	32	13	80,654,924	-
	c) Reinsurer's share of other technical reserves	33		-	-
	<b>TOTAL (rows 28 to 33)</b>	<b>34</b>	<b>13</b>	<b>98,660,110</b>	<b>76,835,883</b>

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**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.**

**INDIVIDUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**All amounts in lei ("RON") unless otherwise stated**

**BALANCE SHEET (continued)**

**As at 31 December 2014**

	Element	Row no.	Note	Balance at:	
				01.01.2014	31.12.2014
	A	B		1	2
<b>D</b>	<b>II. Reinsurer's share of technical reserves for life insurance</b>				
	1. Reinsurer's share of mathematical reserve	35		-	-
	2. Reinsurer's share of premiums reserve	36	13	82,486	51,413
	3. Reinsurer's share of reserve for bonuses and rebates	37		-	-
	4. Reinsurer's share of claims reserve	38	13	2,300,000	2,427,533
	5. Reinsurer's share of other technical reserves	39		-	-
	<b>TOTAL (rows 35 to 39)</b>	<b>40</b>	<b>13</b>	<b>2,382,486</b>	<b>2,478,946</b>
	<b>III. Reinsurer's share of mathematical reserve related to life insurance contracts for which the investment risk is borne by the insured person</b>	<b>41</b>			
	<b>TOTAL (rows 34+40+41)</b>	<b>42</b>		<b>101,042,596</b>	<b>79,314,829</b>
<b>E</b>	<b>RECEIVABLES</b>				
	Amounts receivable from related parties	43	18	8,220,754	5,396,444
	Amounts receivable from equity interests	44		-	-
	<b>TOTAL (rows 43+44)</b>	<b>45</b>	<b>18</b>	<b>8,220,754</b>	<b>5,396,444</b>



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**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.**

**INDIVIDUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

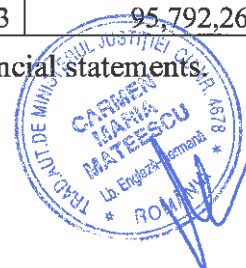
**All amounts in lei ("RON") unless otherwise stated**

**BALANCE SHEET (continued)**

**As at 31 December 2014**

	Element	Row no.	Note	Balance at:	
				01.01.2014	31.12.2014
	A	B		1	2
<b>E</b>	<b>I Receivables from direct insurance operations</b>				
	Insured	46	5	184,415,571	144,553,409
	Insurance intermediaries	47		-	-
	Other receivables from direct insurance operations	48		-	-
	<b>TOTAL (rows 46 to 48)</b>	49	5	<b>184,415,571</b>	<b>144,553,409</b>
	<b>II Receivables arising from reinsurance operations</b>	50	6.1	26,036,243	7,066,912
	<b>III Other receivables</b>	51	10	55,240,359	32,064,200
	<b>IV Receivables from share capital called but not paid (456-495)</b>	52		-	-
<b>F</b>	<b>OTHER ASSETS</b>				
	<b>I Tangible assets and inventories</b>				
	1. Technical equipment and vehicles	53	3.2	7,434,485	4,803,989
	2. Other equipment and furniture	54	3.2	760,196	635,129
	3. Advances for tangible assets in progress	55	3.2	6,106	6,106
	<b>TOTAL (rows 53 to 55)</b>	56	3.2	<b>8,200,787</b>	<b>5,445,225</b>
	<b>Inventories</b>				
	4. Consumables	57	7	541,589	662,877
	5. Advances for inventories	58		-	-
	<b>TOTAL (rows 57 + 58)</b>	59	7	<b>541,589</b>	<b>662,877</b>
	<b>II Cash at bank and in hand</b>	60	8	6,250,901	11,228,847
	<b>III Other assets</b>	61		-	-
<b>G</b>	<b>PREPAYMENTS</b>				
	<b>I Accrued interest and prepaid rent</b>	62	9	63,060	16,665
	<b>II Deferred acquisition costs</b>				
	<b>TOTAL (rows 64+65)</b>	63	9	<b>109,756,023</b>	<b>95,792,267</b>
	1. Deferred acquisition costs for non-life insurance	64	9	109,756,023	95,792,267

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**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.**

**INDIVIDUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**All amounts in lei ("RON") unless otherwise stated**

**BALANCE SHEET (continued)**

**As at 31 December 2014**

	Element	Row no.	Note	Balance at:	
				01.01.2014	31.12.2014
	A	B		1	2
<b>G</b>	2. Deferred acquisition costs for life insurance	65		-	-
	<b>III Other prepayments</b>	66	9	7,292,315	316,223
	<b>TOTAL (rows 62+63+66)</b>	67	9	<b>117,111,398</b>	<b>96,125,156</b>
	<b>TOTAL ASSETS (rows 07+27+42+45+49+50+51+52+56+59+60+61+67)</b>	68		<b>703,107,158</b>	<b>528,886,398</b>
<b>LIABILITIES</b>					
<b>A</b>	<b>CAPITAL AND RESERVES</b>				
	<b>I Capital</b>				
	Share capital (1011+1012+1013)				
	out of which:	69	11	192,712,534	192,712,534
	- Subscribed and paid in share capital	70	11	192,712,534	192,712,534
	<b>II Share premium accounts</b>	71		-	-
	<b>III Revaluation reserves</b>	72	12	55,281,367	45,453,965
	<b>IV Reserves</b>				
	1. Legal reserves	73	12	6,133,118	6,133,118
	2. Statutory or contractual reserves	74		-	-
	3. Reserves representing realized surplus from revaluation reserves	75		-	-
	4. Other reserves	76	12	23,818,968	23,818,968
	5. Own shares	77		-	-
	<b>TOTAL (rows 73 la 76 - 77)</b>	78		<b>29,952,086</b>	<b>29,952,086</b>
<b>A</b>	<b>V Retained earnings</b>				
	1. Retained earnings representing undistributed profit or loss brought forward	Credit 79		-	-
		Debit 80		4,514,877	921,843,619
	2. Retained earnings arising from first time adoption of IAS, except for IAS 29	Credit 81		7,382,386	7,382,386
		Debit 82		-	-

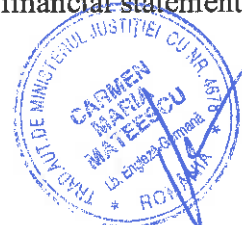
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**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.**
**INDIVIDUAL FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 31 DECEMBER 2014**
**All amounts in lei ("RON") unless otherwise stated**
**BALANCE SHEET (continued)**
**As at 31 December 2014**

Element	Row no.	Note	Balance at:	
			01.01.2014	31.12.2014
A	B		1	2
3. Retained earnings from correction of accounting errors	Credit 83		-	-
	Debit 84	2(u)	138,071,143	256,182,722
4. Retained earnings arising from application of accounting regulations in accordance with European Directives	Credit 85		-	-
	Debit 86		-	-
	Credit 87	32	-	30,704,600
VI Profit or loss for the year	Debit 88	32	917,328,742	
VII Profit allocation	89		-	-
TOTAL (rows 69+71+72+78+79-80+81-82+83-84+85-86+87- 88- 89)	90		(774,586,389)	(871,820,771)
SUBORDINATED DEBT	91		-	-
<b>TECHNICAL RESERVES</b>				
I. Technical reserves related to non-life insurance (Rows 93+94+95+98)	92		1,226,479,797	1,054,323,677
1. Premiums reserve related to non-life insurance	93	13	417,402,557	333,354,169
2. Reserve for bonuses and rebates related to non-life insurance	94		-	-
3. Claims reserve related to non-life insurance (rows 96+97)	95	13	665,486,605	702,767,565
a) Reported but not settled claims reserve	96		536,404,960	579,329,776
b) Incurred but not reported claims reserve	97		129,081,645	123,437,789
4. Other technical reserves for non-life insurance (rows 99+100+101)	98	13	143,590,635	18,201,943
a) Unexpired risk reserve	99		-	-
b) Catastrophe reserve	100	13	143,590,635	17,475,842
c) Other technical reserves	101		-	726,100

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**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.**

**INDIVIDUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**All amounts in lei ("RON") unless otherwise stated**

**BALANCE SHEET (continued)**

**As at 31 December 2014**

	Element	Row no	Note	Balance at:	
				01.01.2014	31.12.2014
	<b>A</b>	<b>B</b>		<b>1</b>	<b>2</b>
<b>C</b>	<b>II Technical reserves related to life insurance (rows 103+104+105+106+109)</b>				
	1. Mathematical reserve	102	13	32,271,408	31,546,351
	2. Premiums reserve related to life insurance	103	13,14	9,293,243	12,519,968
	3. Reserve for bonuses and rebates related to life insurance	104	13	7,058,865	4,578,848
	4. Claims reserve for life insurance (rows 107+108)	105	13,14	3,729,004	618,712
	a) Reported but not settled claims reserve	106	13	12,190,296	13,828,823
	b) Incurred but not reported claims reserve	107		12,190,296	13,828,823
	5. Other technical reserves related to life insurance	108		-	-
	III. Equalization reserve	109		-	-
	<b>TOTAL (rows 92+102+110)</b>	110		-	-
		111	13	1,258,751,205	1,085,870,028
<b>D</b>	<b>MATHEMATICAL RESERVE RELATED TO LIFE INSURANCE CONTRACTS FOR WHICH THE INVESTMENT RISK IS BORNE BY THE INSURED PERSON</b>	112		-	-
<b>E</b>	<b>PROVISIONS</b>				
	1. Provisions for pensions and other similar obligations	113		-	-
	2. Provisions for taxes	114		-	-
	3. Other provisions	115	15	6,497,729	101,383,515
	<b>TOTAL (rows from 113 to 115)</b>	116	15	6,497,729	101,383,515
<b>F</b>	<b>DEPOSITS FROM REINSURERS</b>	117		-	-
<b>G</b>	<b>LIABILITIES</b>				
	Amounts payable to related parties	118	19	10,900,834	3,147,714
	Amounts payable to associates from investments	119		-	-

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**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.**

**INDIVIDUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**All amounts in lei ("RON") unless otherwise stated**

**BALANCE SHEET (continued)**

**As at 31 December 2014**

	Element	Row no	Note	Balance at:	
				01.12.2014	31.12.2014
	A	B		1	2
<b>G</b>	<b>I Liabilities from direct insurance operations</b>	120		423,924	413,013
	<b>II Liabilities from reinsurance operations</b>	121	6.2	57,761,055	35,729,011
	<b>III Bonds issued</b>	122		-	-
	<b>IV Amounts due to credit institutions</b>	123		-	-
	<b>V Other liabilities including tax and other social security charges</b>	124	16	130,245,213	161,684,135
	<b>TOTAL (rows from 118 to 124 )</b>	125		<b>199,331,027</b>	<b>201,355,591</b>
<b>H</b>	<b>ACCRUALS AND DEFERRED INCOME</b>				
	<b>I. Subsidies for investments</b>	126	17	154,326	99,860
	<b>II. Deferred income</b>	127	17	12,959,260	12,379,894
	<b>TOTAL (rows 126 + 127)</b>	128	17	<b>13,113,586</b>	<b>12,479,754</b>
	<b>TOTAL LIABILITIES (rows 90+91+111+112+116+117+125+128)</b>	129		<b>703,107,158</b>	<b>528,886,398</b>

SPECIAL ADMINISTRATOR,  
KPMG Advisory SRL,  
by representative:  
Angela Manolache,

Signature  
Illegible signature

Stamp:  
KPMG Advisory SRL  
Special Administrator

PREPARED BY,  
Name and first name:  
Puscasiu Antonela  
Position:  
Financial Accounting  
Director Financial-Accounting  
Director

Signature  
Illegible signature

Stamp of the Company:  
Astra S.A.

Notes from page 26 to page 106 are an integral part of the individual financial statements.



**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.**

**INDIVIDUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**All amounts in lei ("RON") unless otherwise stated**

**NON-LIFE TECHNICAL ACCOUNT**  
**For the year ended 31 December 2014**

Description	Row no	Note	Financial Year	
			previous	previous
A	B		1	2
1.Earned Premiums, net of reinsurance				
a) gross written premiums (+)	01	20	905,003,566	761,322,644
b) premiums ceded to reinsurers (-)	02	20	333,500,295	143,226,576
c) change in unearned premium reserve (+/-)	03	20	(92,167,082)	(82,534,958)
d) change in unearned premium reserve, ceded in reinsurance (+ /-)	04	20	(151,688,515)	(3,158,861)
<b>TOTAL(rows 01-02-03+04)</b>	<b>05</b>	<b>20</b>	<b>511,981,838</b>	<b>697,472,165</b>
2. Share of net investment return (difference between investments income and expenses) transferred from non-technical account (+)	06		-	-
3.Other technical income, net of reinsurance (+)	07	27	103,834,106	76,166,098
4. Claim expenses, net of reinsurance				
a) claims paid (rows 09-10):	08		65,478,327	384,905,268
gross amount	09	22	522,107,627	497,074,679
reinsurer's share (-)	10	22	456,629,300	112,169,412
b) change in claims reserve, net of reinsurance: (+/-)	11	22	493,596,007	(157,439,904)
<b>TOTAL (rows 08+11)</b>	<b>12</b>	<b>22</b>	<b>559,074,334</b>	<b>227,465,363</b>
5. Change in other technical reserves, net of reinsurance, of which				
a)Change in unexpired risks reserve (+/-)	13		-	-
b)Change in catastrophe reserve (+/-)	14		5,553,912	(45,459,868)
c)Change in other technical reserves (+/-)	15		-	726,100
<b>TOTAL(rows 13+14+15)</b>	<b>16</b>		<b>5,553,912</b>	<b>(44,733,768)</b>
6. Change in reserve for bonuses and rebates (+/-)	17		-	-



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**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.**  
**INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**  
**All amounts in lei ("RON") unless otherwise stated**

**NON-LIFE TECHNICAL ACCOUNT (continued)**

**For the year ended 31 December 2014**

Description	Row No.	Note	Financial Year	
			previous	previous
A	B		1	2
7. Net operating expenses of which::				
a) acquisition costs	18	24	347,523,378	262,588,066
b) change in deferred acquisition costs (+/-)	19	24	44,030,593	(26,630,290)
c) administrative expenses	20	24	128,961,052	127,527,619
d) commissions from reinsurers and profit participation (-)	21	24	14,741,060	5,507,000
<b>TOTAL(rows 18+19+20-21)</b>	<b>22</b>	<b>24</b>	<b>505,773,963</b>	<b>357,978,395</b>
8. Other technical expenses, net of reinsurance	23	27	235,793,382	117,659,413
9. Changes in equalization reserve(+/-)	24		-	-
<b>10. Technical result for non-life insurance Profit (rows 05+06+07-12-16-17-22-23-24)</b>	<b>25</b>		<b>-</b>	<b>115,268,860</b>
<b>Loss (rows 12+16+17+22+23+24-05-06-07)</b>	<b>26</b>		<b>690,379,647</b>	<b>-</b>

SPECIAL ADMINISTRATOR,  
KPMG Advisory SRL  
By representative:  
Angela Manolache

PREPARED BY,  
Name and first name:  
Puscasiu Antonela

Position:  
Financial Accounting  
DirectorFinancial-Accounting Director

Signature  
Illegible signature

Signature  
Illegible signature

Stamp:  
KPMG Advisory SRL  
Special Administrator

Stamp of the Company:  
Astra S.A.

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**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.**

**INDIVIDUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**All amounts in lei ("RON") unless otherwise stated**

**LIFE TECHNICAL ACCOUNT**  
**For the year ended 31 December 2014**

Description	Row No.	Note	Financial year	
			Previous	Previous
A	B		1	2
1.Earned premiums, net of reinsurance				
a) gross written premiums (+)	01	21	14,282,368	8,793,683
b) premiums ceded to reinsurers (-)	02	21	306,405	158,325
c) change in unearned premiums reserve (+/-)	03	21	-932,724	(2,422,120)
<b>TOTAL(rows 01-02-03)</b>	<b>04</b>	<b>21</b>	<b>14,908,687</b>	<b>11,057,478</b>
2.Investment income				
a) Income from investments in associates, out of which:	05		-	-
- income from investments in related parties	06		-	-
b) Income from other investments with the distinct presentation of revenues from investments in related parties, out of which:	07	25	982,938	1,584,240
- income from sale of land and buildings	08		-	-
- income from other investments	09	25	982,938	1,584,240
c) Income from release of provisions for impairment losses or investments	10		-	-
d) Net gains on investments	11	25	989,607	213,842
<b>TOTAL (rows 05+07+10+11)</b>	<b>12</b>		<b>1,972,545</b>	<b>1,798,083</b>
3. Unrealized gains from investments	13		-	-
4. Other technical income, net of reinsurance	14	27	110,962	22,623
5. Claim expenses, net of reinsurance				
<b>TOTAL (rows 16+19)</b>	<b>15</b>		<b>20,491,187</b>	<b>4,409,743</b>
a) amounts paid (rows 17-18):	16	23	11,769,926	2,897,052
- gross amounts	17	23	11,769,926	2,897,052
- reinsurer's share (-)	18		-	-

Notes from page 26 to page 106 are an integral part of the individual financial statements.



**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.**

**INDIVIDUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**All amounts in lei ("RON") unless otherwise stated**

**LIFE TECHNICAL ACCOUNT (continued)**

**For the year ended 31 December 2014**

Description	Row no.	Note	Financial year	
			previous	previous
A	B		1	2
b) change in claim reserve (+/-) (rows.20-21 )	19		8,721,261	1,512,691
- gross amounts	20	23	149,511	1,640,224
- reinsurer's share (-)	21	23	(8,571,750)	127,533
6. Change in life insurance technical reserves				
<b>TOTAL (rows 23+26+29)</b>	22		<b>(7,091,745)</b>	<b>117,924</b>
a) change in mathematical reserve (rows 24-25)	23	14	1,561,762	3,227,293
- gross amounts	24	14	1,561,762	3,227,293
- reinsurer's share (-)	25		-	-
b) change in reserve for bonuses and rebates (rows 27-28)	26	14	(8,653,507)	(3,109,368)
- gross amounts	27	14	(8,653,507)	(3,109,368)
- reinsurer's share (-)	28		-	-
c) change in other technical reserves (rows. 30-31)	29		-	-
- gross amounts	30		-	-
- reinsurer's share (-)	31		-	-
7. Change in reinsurer's share of mathematical reserve related to life insurance contracts for which the investment risk is borne by the insured person				
<b>TOTAL(rows 33-34)</b>	32		-	-
- gross amounts	33		-	-
- reinsurer's share (-)	34		-	-
8. Net operating expenses:				
a) acquisition costs	35	24	3,408,702	2,704,527
b) change in deferred acquisition costs	36		-	-
c) administrative expenses	37	24	1,168,328	1,236,941

Notes from page 26 to page 106 are an integral part of the individual financial statements.



**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.**

**INDIVIDUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**All amounts in lei ("RON") unless otherwise stated**

**LIFE TECHNICAL ACCOUNT (continued)**  
**For the year ended 31 December 2014**

Description	Row no.	Note	Financial year	
			Previous	Previous
A	B		1	2
d) commissions from reinsurers and profit participation (-)	38		-	-
<b>TOTAL(rows 35+36+37-38)</b>	39	24	<b>4,577,030</b>	<b>3,941,468</b>
9. Investment charges:				
a) investment management fee, including interest expense	40		1,586	451,751
b) charges with provisions for impairment losses or investments	41		-	-
c) losses on disposal of investments	42		-	-
<b>TOTAL(rows 40+41+42)</b>	43		<b>1,586</b>	<b>451,751</b>
10. Unrealized losses on investments	44		-	-
11. Other technical expenses, net of reinsurance	45	27	128,569	37,815
12. Share of net investment return transferred to non-technical account	46		-	-
13. Technical result of life insurance				
<b>Profit(rows 04+12+13+14-15-22-32-39-43-44-45-46)</b>	47			<b>3,919,483</b>
<b>Loss(rows 15+22+32+39+43+44+45+46-4-12-13-14)</b>	48		<b>1,114,433</b>	

ADMINISTRATOR SPECIAL,  
KPMG Advisory SRL,  
Represented by  
Angela Manolache,

Signature  
Illegible signature

Stamp:  
KPMG Advisory SRL  
Special Administrator

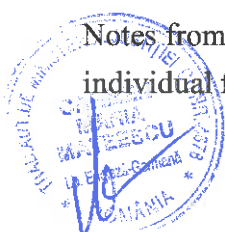
PREPARED BY,  
Name and first name:  
Puscasiu Antonela  
Position:  
Accounting  
Financial-Accounting

Financial  
Director  
Director

Signature  
Illegible signature

Stamp of the Company:  
Astra S.A.

Notes from page 26 to page 106 are an integral part of the individual financial statements.



**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.**

**INDIVIDUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**All amounts in lei ("RON") unless otherwise stated**

**NON-TECHNICAL ACCOUNT  
for the year ended 31 December 2014**

Description	Row no.	Note	Financial Year	
			previous	previous
A	B		1	2
1. Technical result of non-life insurance				
Profit	01		-	115,268,860
Loss	02		690,379,647	-
2. Technical result of life insurance				
Profit	03		-	3,919,483
Loss	04		1,114,433	-
<b>3. Investment income</b>				
a) Income from investments in associates	05	25	960,252	56,573
out of which income from investments in related parties	06		-	-
b) Income from other investments	07	25	7,237,409	1,418,213
out of which income from investments in related parties	08		-	-
Income from land and buildings	09		-	-
Income from other investments	10	25	7,237,409	1,418,213
c) Income from release of adjustments for impairment losses or investments	11		-	1,864,535
d) Net gains on investments	12	25	4,103,873	391,403
<b>TOTAL(rows 05+07+11+12)</b>	13	25	<b>12,301,534</b>	<b>3,730,724</b>
4. Unrealized gains from investments	14		111,556	2,304,256
5. Share of net gains from investments transferred from the life insurance technical account	15		-	-
6. Investment charges				
<b>TOTAL (rows 17+18+19)</b>	16	26	<b>31,388,546</b>	<b>1,301,069</b>
a) Investment management fees, including interest expense	17	26	1,857,824	836,859
b) Charges with provisions for impairment losses on investments	18		-	464,210
c) Realized losses on investments	19	26	29,530,722	-

Notes from page 26 to page 106 are an integral part of the individual financial statements.





**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.**

**INDIVIDUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**All amounts in lei ("RON") unless otherwise stated**

**NON-TECHNICAL ACCOUNT (continued)**

**for the year ended 31 December 2014**

Description	Row no.	Note	Financial year	
			previous	previous
<b>A</b>	<b>B</b>		<b>1</b>	<b>2</b>
7. Unrealized losses on investments	20		-	2,560,060
8. Share of net gains from investments transferred to the non-life insurance technical account	21		-	-
9. Other non-technical income	22	28	4,192,249	15,717,741
10. Other non-technical expenses, including provisions	23	28	210,905,643	106,234,040
11. Income from administration of facultative pension funds	24		-	-
12. Expenses from administration of facultative pension funds *	25		-	-
13. Profit from administration of facultative pension funds * (rows 24-25)	26		-	-
14. Loss from administration of facultative pension funds * (rows 25-24)	27		-	-
15. Current profit or loss				
Profit (rows 01-02+03-04+13+14+15-16-20-21+22-23+26-27)	28		-	30,845,894
Loss (rows 02-01+04-03-13-14-15+16+20+21-22+23+27-26)	29		917,182,930	
16. Income from extraordinary events	30		-	-
17. Expenses from extraordinary events	31		-	-
18. Extraordinary profit or loss				
Profit (rows 30-31)	32		-	-
Loss (rows 31-30)	33		-	-
19. Total income	34		1,186,505,009	1,054,673,904
20. Total expenses	35		2,103,687,939	1,023,828,010
21. Gross result				
Profit (rows 34-35); (rows 28-29+32-33);	36		-	30,845,894
Loss (rows 35-34); (rows 29-28+33-32);	37		917,182,930	-

Notes from page 26 to page 106 are an integral part of the individual financial statements.



**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.****INDIVIDUAL FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2014****All amounts in lei ("RON") unless otherwise stated****NON-TECHNICAL ACCOUNT (continued)  
for the year ended 31 December 2014**

Description	Row no.	Note	Financial year	
			previous	previous
A	B		1	2
22. Income tax	38		145,812	128,415
23. Other taxes (not included in the previous rows)	39		-	12,879
24. Net result of the financial year				
<b>Profit (rows 36-38-39)</b>	40	32	-	<b>30,704,600</b>
<b>Loss (rows 37+38+39)</b>	41	32	<b>917,328,742</b>	-

SPECIAL ADMINISTRATOR,  
KPMG Advisory SRL,  
by representative:  
Angela Manolache,

Signature  
Illegible signature

Stamp:  
KPMG ADVISORY SRL  
Special Administrator

PREPARED BY,  
Name and first name:  
Puscasiu Antonela  
Position:  
Accounting  
Financial-Accounting

Financial  
Director  
Director

Signature  
Illegible signature

Stamp of the Company:  
Astra S.A.

Notes from page 26 to page 106 are an integral part of the individual financial statements.





**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.**  
**INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**  
All amounts in lei ("RON") unless otherwise stated

**STATEMENT OF CHANGES IN EQUITY**  
For the year ended 31 December 2014

	Balance at beginning of the year	Increase		Decrease		Balance at the end of the year
		Total, of which	by transfer	Total, of which	by transfer	
Share capital	192,712,534	-	-	-	-	192,712,534
Revaluation reserve	55,281,367	5,735,629	-	15,563,032	5,965,070	45,453,964
Legal reserve	6,133,118	-	-	-	-	6,133,118
Statutory or contractual reserves	-	-	-	-	-	-
Reserves from realized revaluation surplus	-	-	-	-	-	-
Other reserves	23,818,968	-	-	-	-	23,818,968
Own shares	-	-	-	-	-	-
Reserves from conversion	-	-	-	-	-	-
Retained earnings arising from undistributed profit or retained loss	-	-	-	-	-	-
Credit balance	-	-	-	-	-	-
Debit balance	4,514,877	917,328,742	917,328,742	-	-	921,843,619
Retained earnings arising from first time adoption of IAS, except for IAS 29	-	-	-	-	-	-
Credit balance	7,382,386	-	-	-	-	7,382,386
Debit balance	-	-	-	-	-	-
Retained earnings arising from application of accounting regulations in accordance with European Directives	-	-	-	-	-	-
Credit balance	-	-	-	-	-	-
Debit balance	-	-	-	-	-	-

Notes from page 26 to page 106 are an integral part of the individual financial statements.

**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.**  
**INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**  
All amounts in lei ("RON") unless otherwise stated

**STATEMENT OF CHANGES IN EQUITY (continued)**  
**For the year ended 31 December 2014**

	Balance at beginning of the year	Increase		Decrease		Balance at the end of the year
		Total, of which	by transfer	Total, of which	by transfer	
Retained earnings arising from correction of errors						
Credit balance	-	-	-	-	-	-
Debit balance	138,071,143	205,955,409	-	87,843,829	5,965,070	256,182,722
Result of the financial year						
Credit balance	-	30,704,600	-	-	-	30,704,600
Debit balance	917,328,742	-	-	917,328,742	917,328,742	-
Distribution of profit	-	-	-	-	-	-
Total shareholders' equity	(774,586,389)	(1,086,843,922)	(917,328,742)	(989,609,539)	(917,328,742)	(871,820,771)

**SPECIAL ADMINISTRATOR,**  
KPMG Advisory SRL,

By representative:  
Angela Manolache

**PREPARED**

Name and first name:  
Puscasiu Antonela

Signature

Company stamp

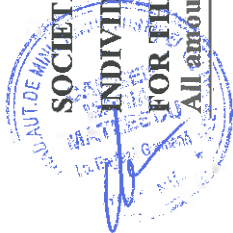
KPMG Advisory SRL

Special Administrator

Position: Financial Accounting Director  
Signature illegible signature  
Astra S.A.

Notes from page 26 to page 106 are an integral part of the individual financial statements.





**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.**

**INDIVIDUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

All amounts in lei ("RON") unless otherwise stated

**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 December 2013

	Balance at beginning of the year	Increase		Decrease		Balance at the end of the year
		Total, of which	by transfer	Total, of which	by transfer	
Share capital	192,712,534	-	-	-	-	192,712,534
Revaluation reserve	55,281,367	-	-	-	-	55,281,367
Legal reserve	6,133,118	-	-	-	-	6,133,118
Statutory or contractual reserves	-	-	-	-	-	-
Reserves from realized revaluation surplus	-	-	-	-	-	-
Other reserves	23,818,968	-	-	-	-	23,818,968
Own shares	-	-	-	-	-	-
Reserves from conversion	-	-	-	-	-	-
Retained earnings arising from undistributed profit or retained loss	-	-	-	-	-	-
Credit balance	-	-	-	-	-	-
Debit balance	11,185,935	-	-	6,671,058	6,671,058	4,514,877
Retained earnings arising from first time adoption of IAS, except for IAS 29	-	-	-	-	-	-
Credit balance	7,382,386	-	-	-	-	7,382,386
Debit balance	-	-	-	-	-	-
Retained earnings arising from application of accounting regulations in accordance with European Directives	-	-	-	-	-	-
Credit balance	-	-	-	-	-	-
Debit balance	-	-	-	-	-	-

Notes from page 26 to page 106 are an integral part of the individual financial statements.

**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.  
INDIVIDUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

All amounts in lei ("RON") unless otherwise stated

**STATEMENT OF CHANGES IN EQUITY (continued)  
for the year ended 31 December 2013**

	Balance at beginning of the year	Increase		Decrease		Balance at the end of the year
		Total, of which	by transfer	Total, of which	by transfer	
Retained earnings arising from correction of errors						
Credit balance	-	-	-	-	-	-
Debit balance	72,630,571	65,440,572	-	-	-	138,071,143
Result of the financial year						
Credit balance	6,671,058	-	-	6,671,058	6,671,058	-
Debit balance	-	917,328,742	-	-	-	917,328,742
Distribution of profit	-	-	-	-	-	-
Total shareholders' equity	208,182,925	(982,769,314)	-	-	-	(774,586,389)

**SPECIAL ADMINISTRATOR,**  
KPMG Advisory SRL,  
By representative:  
Angela Manolache

**PREPARED**

Name and first name:  
Puscasiu Antonela

Signature Illegible signature  
Company stamp: KPMG ADVISORY SRL  
Special Administrator

Position: Financial Accounting Director  
Signature Illegible signature  
Company stamp: Astra S.A.

Notes from page 26 to page 106 are an integral part of the individual financial statements.



**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.**

**INDIVIDUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**All amounts in lei ("RON") unless otherwise stated**

**CASH FLOW STATEMENT – NON-LIFE INSURANCE**

**For the year ended 31 December 2014**

**- indirect method-**

	Note	Financial year	
		Previous	Previous
<b>Cash flow from operating activity</b>			
Net Profit /(Loss)		(916,214,308)	26,596,812
<i>Adjustments for non-cash items and other elements included in investment or in financing activity</i>		964,486,862	(130,628,039)
Depreciation expense	24	9,282,925	7,834,945
Provisions	15	6,497,729	94,885,786
Net value adjustments	15	430,857,118	(27,784,273)
Non-monetary adjustments for investment income and charges and value adjustments	15	29,530,722	(1,144,521)
Profit from disposal of tangible and intangible assets		(52,933)	-
Profit from disposal of financial assets		(3,456,447)	-
Interest income		(7,237,608)	(1,418,215)
Change in technical reserves net of reinsurance		558,613,020	(281,390,922)
Change in acquisition costs carried forward		45,684,274	(26,630,290)
Other non-cash adjustments		(105,231,938)	105,019,451
<i>Changes in working capital during the period</i>		(121,946,478)	3,140,508
Changes in receivables and other assets		(138,380,903)	29,363,953
Changes in liabilities and deferred income		16,434,425	(26,223,445)
Income tax paid		-	-
<b>1. Net cash flow from operating activities</b>		<b>(73,673,924)</b>	<b>(100,890,719)</b>
<b>Cash flow from investing activities:</b>			
Cash receipts from the sale of investments, placements and interest income		15,471,295	39,447,152
Cash payments for acquisition of tangible and intangible assets		(4,654,890)	(2,438,304)
Cash receipts from the sale of tangible and intangible assets		-	-
Loans granted		-	-
Cash receipts from dividend, interest and other		3,441,396	-
Cash payments for dividends, interest and other		-	-
<b>2. Net cash flow from investing activities</b>		<b>14,257,802</b>	<b>37,008,849</b>

Notes from page 26 to page 106 are an integral part of the individual financial statements.



**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.**  
**INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**  
**All amounts in lei ("RON") unless otherwise stated**

**CASH FLOW STATEMENT – NON-LIFE INSURANCE (continued)**  
**For the year ended 31 December 2014**  
**- indirect method-**

	Note	Financial year	
		previous	previous
<b>Cash flows from financing activities:</b>			
Cash receipts from loans received		10,900,834	-
Cash receipts from life insurance transfer		8,118,610	-
Cash payments for reimbursed loans		(5,075,088)	-
Cash receipts from shareholders for share capital increases		-	65,084,659
<b>3. Net cash from financing activities</b>		<b>13,944,357</b>	<b>65,084,659</b>
<b>Net decrease in cash and cash equivalents (1+2+3)</b>		<b>(45,471,766)</b>	<b>1,202,789</b>
<b>Cash and cash equivalents at the beginning of the year (A)</b>	33	<b>82,940,567</b>	<b>37,468,800</b>
<b>Cash and cash equivalents at the year-end (C=A+B)</b>	33	<b>37,468,800</b>	<b>38,671,589</b>

SPECIAL ADMINISTRATOR,  
KPMG Advisory SRL  
By representative:  
Angela Manolache

Signature  
Illegible signature

Company stamp  
KPMG ADVISORY SRL  
Special Administrator

PREPARED  
PREPARED BY,  
Name and first name:  
Puscasiu Antonela  
Position:  
Financial Accounting  
Director Financial-Accounting  
Director

Signature  
Illegible signature

Company stamp:  
Astra S.A.

Notes from page 26 to page 106 are an integral part of the individual financial statements.





**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.**

**INDIVIDUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**All amounts in lei ("RON") unless otherwise stated**

**CASH FLOW STATEMENT – LIFE INSURANCE**

**For the year ended 31 December 2014**

**- indirect method-**

	Note	Financial Year	
		Previous	Previous
<b>Cash flow from operating activity</b>			
Net Profit /(Loss)		(1,114,434)	4,109,751
<i>Adjustments for non-cash items and other elements included in investment or in financing activity</i>		780,109	(1,506,606)
Depreciation expense	25	611,350	622,638
Revenues/ income from interest and others		(989,019)	(213,766)
Change in technical reserves net of reinsurance		695,216	(821,516)
Change in acquisition costs carried forward		-	-
Other non-cash adjustments		462,562	(1,093,962)
			(5,022,408)
<i>Changes in the working capital during the year</i>		115,870	
Changes in receivables and other assets		7,684,758	788,297
Changes in liabilities and deferred income		(7,440,944)	(5,810,705)
Income tax paid		(127,944)	-
<b>1. Net cash flow from operating activities</b>		<b>(218,455)</b>	<b>(2,419,262)</b>
<b>Cash flow from investing activities:</b>			
Cash payments for acquisition of tangible and intangible assets		-	1,196
Cash receipts from the sale of tangible and intangible assets		72,797	-
Loans (granted)/ received		1,537,696	
Cash receipts from interest, dividends and others		1,056,753	2,099,527
Cash payment for interest, dividends and others		-	
<b>2. Net cash flow from investing activities</b>		<b>2,667,245</b>	<b>2,100,724</b>

Notes from page 26 to page 106 are an integral part of the individual financial statements.



**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.**

**INDIVIDUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**All amounts in lei ("RON") unless otherwise stated**

**CASH FLOW STATEMENT – LIFE INSURANCE (continued)**

**For the year ended 31 December 2014**

**- indirect method-**

	Note	Financial Year	
		Previous	Previous
<b>Cash flows from financing activities:</b>			
Cash payments through transfer to non-life insurance		(8,118,610)	-
<b>3. Net cash flow from financing activities</b>		<b>(8,118,610)</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents (1+2+3)</b>		<b>(5,669,820)</b>	<b>(318,539)</b>
<b>Cash and cash equivalents at the beginning of the year (A)</b>	<b>33</b>	<b>6,320,367</b>	<b>650,548</b>
<b>Cash and cash equivalents at the year-end (C=A+B)</b>	<b>33</b>	<b>650,548</b>	<b>332,009</b>

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

Signature  
Illegible signature

Company stamp  
KPMG ADVISORY SRL  
Special Administrator

PREPARED  
PREPARED BY,  
Name and first name:  
Puscasiu Antonela  
Position:  
Financial Accounting  
Director Financial-Accounting  
Director

Signature  
Illegible signature

Company stamp:  
Astra S.A.

Notes from page 26 to page 106 are an integral part of the individual financial statements..



**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.****NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS****FINANCIAL YEAR ENDED 31 DECEMBER 2014****All amounts in lei ("RON") unless otherwise stated****1 General**

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 authorised to carry on insurance and reinsurance activities through its central office in Bucharest, Strada Nerva Traian, nr. 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. („the "Company"”), 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 („ASF”) as Special Administrator of ASTRA.

The Company has a central office located in Bucharest, 48 branches, 147 agencies, 25 working points and 1 regional center located in Bucharest (2013: 50 branches, 147 agencies, 30 working points and 1 regional center located in Bucharest) located throughout the country and abroad through three branches: Hungary (opened in 2010), Slovakia (opened in 2012) and Germany (opened in 2014).

The financial position of Hungary branch as at 31 December 2014 is 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), loss RON 6,851,383 (2013: RON 22,776,776).

The financial position of Slovakia branch as at 31 December 2014 is as follows: total assets RON 6,585,836 (31 December 2013: RON 306,975); total liabilities RON 15,734,435 (31 December 2013: RON 3,693,746), loss RON 5,763,792 (2013: RON 3.301.238).

The financial position of Germany branch as at 31 December 2014 is as follows: total assets RON 382,810; total liabilities RON 2,142,106, loss RON 1,759,296.

As at 31 December 2014, the Company held shares in the following entities:

RON	31 December 2013 <i>share capital (%)</i>	31 December 2014 <i>share capital (%)</i>
SC ASTRA SAFE IMOB SRL	95	95
SC ASTRA TRAINING SRL	95	95
SC ASTRA ACTIV SRL	95	95
SC NOVACUART SRL	100	100



## **1 General (continued)**

The Company's management analyzed the requirements to prepare consolidated financial statements as per the Order no. 3129/2005 by the President of the Insurance Supervisory Commission (currently, Financial Supervisory Authority) (Order 3129/2005). Art. 17 and art. 18 of part 2 "Accounting regulations according to the European Directives on the consolidated financial statements of insurance companies" under Order 3129/2005, specifies the materiality principle applies for including the subsidiaries' balance sheet and profit or loss account items in the consolidated statements. Following the analysis an insignificant impact resulted for every item (less than 1% of the balance sheet items, i.e. of the profit or loss account at consolidated level). Thus, these financial statements present a true and fair view of the assets, liabilities, financial position and losses insofar as the consolidated financial statements are concerned.

Considering the above, the Company will not prepare another set of consolidated financial statements as per Order 3129/2005, the equity investments being presented under row 11: "Equity investments in related parties" of the balance sheet presented in these individual financial statements.

## **2 Significant accounting policies**

The significant accounting policies applied in preparing the individual financial statements of the Company are presented below: :

### **(a) Preparation and presentation of the individual financial statements**

These individual financial statements have been prepared in accordance with::

- 1) Order no. 3129/2005 by the President of the Insurance Supervisory Commission approving the accounting regulations in line with the European directives specific to insurance business, as subsequently amended and supplemented, which transposes:
  - European Economic Community Directive 91/674/EEC of 19 December 1991 on the annual and consolidated financial statements for insurance companies published in the Official Journal of the European Union no. L 374, of 31 December 1991, as subsequently amended and supplemented;
  - The Fourth European Economic Community Directive 78/660/EEC of 25 July 1978 on the annual accounts of certain types of companies published in the Official Journal of the European Union no. L 222 of 14 August 1978, as subsequently amended and supplemented;
- 2) Accounting Law no. 82/1991, as republished and amended;
- 3) Norms issues by the Financial Supervisory Authority no 4/2015 for the implementation of the Norms on the closing of the 2014 financial year for insurance companies.

The individual financial statements comprise:

- Balance sheet
- Profit or loss account (Non-life technical account, Life technical account, Non-technical account)
- Statement of changes in equity
- Cash flow statements
- Notes to the individual annual financial statements



## **2 Significant accounting policies (continued)**

### **(b) Basis of preparation**

These individual financial statements were prepared on a historical cost basis, with exceptions presented in the following accounting policies. The financial statements were prepared and presented in lei (RON), rounded to the nearest RON.

### **(c) Foreign currency conversion**

Foreign currency transactions are recorded at the National Bank of Romania (NBR) exchange rate prevailing at the date of the transaction. Foreign exchange differences arising from foreign currency transactions are recorded as income or expenses at the date of the transaction using the available exchange rate of the day.

Monetary assets and liabilities in foreign currencies are translated in RON at the National Bank of Romania exchange rate prevailing at the balance sheet date.

The foreign exchange gain or loss resulting from the conversion of monetary assets and liabilities are recorded in the profit or loss account of the year in progress.

The foreign exchange rates for the main foreign currencies at the end of the financial were:

<b>Currency</b>	<b>31 December 2013</b>	<b>31 December 2014</b>
Dollar (USD)	1:RON 3.2551	1:RON 3.6868
Euro (EUR)	1:RON 4.4847	1:RON 4.4821
Hungarian Forint (HUF)	100:RON 1.5091	100:RON 1.4211

For the preparation of the individual financial statements in accordance with Order 3129/2005, estimates and assumptions were used to measure the value of the assets and liabilities reported in the balance sheet as at 31 December 2014, contingent assets and liabilities at the date of individual financial statements and income and expenses reported for that period.

### **(d) Use of estimates**

Although these individual estimates have a certain degree of uncertainty, their effect on the financial statements is considered to be insignificant.

The main components of these individual financial statements for which estimates were used are:

- Technical reserves for non-life and life insurance
- The share of technical reserves ceded in reinsurance
- Insurance receivables
- Liabilities from reinsurance operations
- Foreign exchange gains or losses
- Premiums ceded in reinsurance
- Commission expenses with agents and brokers
- Deferred acquisition costs



## **2 Significant accounting policies (continued)**

### **(e) Going concern**

Under Decision no. 42 of 18 February 2014, implemented under Decision no. 43/2014 and Decision no. 66/2014, the Financial Supervisory Authority decided that a financial recovery procedure through special administration should be opened, in line with the provisions of Law no. 503/2004 regarding the financial recovery, bankruptcy, dissolution and voluntary liquidation of insurance companies, as republished, and appointed KPMG Advisory SRL as Special Administrator of the Company. In accordance with Decision no. 43/2014, the Special Administrator prepared a detailed report in connection with the Company's financial situation. This report details the issues set forth under Decision no. 43/2014, among which: a detailed report regarding the Company's financial position based on a due diligence performed by the Special Administrator on the non-audited financial information as at 31.12.2013 and the actual and operative possibilities for the Company's financial recovery, the measures to be undertaken by the Special Administrator to this end or, as applicable, the reasons that might prevent the fulfilment of the objectives pursued under this procedure.

The Company depends on the successful implementation of the financial recovery measures to be undertaken as set out in the Special Administrator's report submitted to the Financial Supervisory Authority ("ASF") on 25 March 2014 and approved under ASF Decision no. 117/07.04.2014 (except for two of the measures). The recovery plan included in the Special Administrator's Report is deemed to avoid bankruptcy proceedings and instead envisages the Company's recovery through measures of restoring liquidity and solvency, depending on the actual and operative recovery possibilities to be identified, and taking into account the applicable economic restraints, the cumulated requirements of the insurance and capital markets and of the companies legislation, as well as the complex diagnosis of the Company's aggravated, generalized condition with symptoms built up in time.

As at 31 December 2014, the Company's net asset, determined as the difference between total assets and total liabilities had a negative value. If the Company's net asset, determined as the difference between its total assets and total liabilities, decreased to less than half of the subscribed share capital, pursuant to Law 31/1990 as republished and amended under law 441/2006, the Extraordinary General Meeting of Shareholders has to be called to decide on the measures to be taken according to applicable legal requirements.

In this respect, through decision no. 100/23.04.2015 issued by the Special Administrator, an Extraordinary General Shareholders Meeting has been convened for 27-28 May 2015. The convening aimed for the approval of the special administrator's proposal for the Company not to be dissolved in the situation provided by art. 15324, paragraph 1 of the Company Law no. 31/1990, as amended and supplemented, according to which " If the board of directors or directorate, finds that, following losses set through approved annual financial statements, the company's net assets, calculated as the difference between total assets and its total liabilities, decreased to less than half the subscribed capital, then it will soon convene the extraordinary general shareholders meeting to decide whether the company should be dissolved. "

As at 31 December 2014, the available solvency margin for non-life insurance activity amounts to RON 908,252,736, the minimum solvency margin for the non-life insurance activity is of RON 115,910,139, and the security funds amounts to RON 38,636,713. Thus, the solvency margin level for non-life insurance activities is not in line with art. 2, par. (1) under Order no. 3/2008 by the President of the Insurance Supervisory Commission for the implementation of the Norms on the computation of the solvency margin available of the minimum solvency margin and the security fund insurers carrying on non-life insurance activities, as amended and supplemented ("Order 3/2008).





## **2 Significant accounting policies (continued)**

### **(e) Going concern (continued)**

As at 31 December 2014, the available solvency margin for life insurance activity is of RON 32,830,652, the minimum solvency margin for life insurance activity is of RON 3,127,924, and the security fund is RON 16,322,180.

As at 31 December 2014, the Company records a liquidity coefficient of 0.08 for non-life insurance activities, determined as the ratio between liquid assets and short-term debts to policyholders, thus not complying with the provisions of Order 9/2011 by the President of the Insurance Supervisory Commission for the implementation of the Norms on technical reserves for non-life insurance, assets admitted to cover them and the spread of assets admitted to cover gross technical reserves, as well as the liquidity ratio, as subsequently amended and supplemented ("Order 9/2011").

As at 31 December 2014, the Company records a liquidity coefficient of 0.86 for the life insurance activity, determined as the ratio between liquid assets and short-term debts to policyholders. Thus the Company did not comply with the provisions of Order 8/2011 by the President of the Insurance Supervisory Commission for the implementation of the Norms on technical reserves for life insurance, assets admitted to cover them and the spread of assets admitted to cover gross technical reserves as well as the liquidity ratio, as subsequently amended and supplemented ("Order 8/2011").

As at 31 December 2014, the Company records a deficit of RON 699,815,900 between the technical reserves and the assets admitted to cover them for non-life insurance therefore not complying with the provisions of Order 9/2011.

La 31 December 2014, the Company recorded a deficit of RON 3,500,371 between the technical reserves and the assets admitted to cover them for life insurance therefore not complying with the provisions of Order 8/2011.

According to the analysis performed by the Special Administrator on the Company's financial and operational situation, the net asset 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 below mentioned actions were initiated;
- Operational measures with no impact on liquidity (non-cash), with a net effect on the Company's equity, comprising:
  - i. Extension of the catastrophe risk reinsurance program NATCAT 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 in Shareholders' equity;
  - ii. Securing/giving in payment intergroup loans having an estimated net impact on net assets of RON 122 Million;
  - iii. Off-court settlement of disputes over insurance contracts with Romstrade, having a net estimated impact of RON 151 Million in shareholders' equity;

At the date of these financial statements, the implementation stage of measures included in the recovery plan is as follows:

- Contribution in cash to the share capital

On 12 May 2014, the Extraordinary General Shareholders Meeting („EGSM”) approved the delegation to the Special administrator, the Directorate respectively (where subsequent to EGSM convening the Company's management would be taken over by the Directorate), of the attribution to increase the Company's share capital. The delegation is operational for a period of up to one year from the date of the decision. The special administrator/Directorate can decide through one or more decisions to increase the share capital by issuance of new shares with amounts which cannot exceed RON 490,000,000.

## **2 Significant accounting policies (continued)**

### **(e) Going concern (continued)**

On 27 June 2014, KPMG Advisory SRL, mandated as Special Administrator of the Company by ASF under Decision no. 42/18.02.2014, and in consideration of Resolution no. 1 of 12 May 2014 adopted by EGMS, issued Resolution no. 26, approving the Company's share capital increase by contribution in cash with an amount of RON 70,000,001.40, from RON 192,712,533.86 to the value of RON 262,712,535.26 through issuance of new shares.

On August 29, 2014 the announcement of the offer for the issue of shares in the share capital increase with grant of preference, with cash contribution of Asigurare –Reasigurare Astra S.A, which was approved by decision ASF 1143 / 29.08. 2014, was published.

On 1 October 2014 the subscription period ended and the Special Administrator issued Decision no. 68/3 October 2014 rectified by Decision No 70/07.10.2014 which approved the capital increase by cash contribution in the amount of RON 65,084,659.22. The share capital increase has been approved by ASF on 18 February 2015 and communicated through decision no. 280/19.02.2015. Subsequently, the Company has undertaken necessary steps to finalize the registration of the share capital with other bodies/authorities on the market.

The share capital increase by cash contribution in amount of RON 65,084,659.22 approved through ASF decision no.280/19.02.2015 would determine an improvement of the liquidity ratio, of the solvency margin and of the level of financial assets as at 31 December 2014. Thus, as at 31 December 2014, net assets would increase by RON 65,084,659 and the available solvency margin would reduce at the negative level of RON 843,168,077.

On 18 March 2015, based on the mandate as Special Administrator of the Company granted by ASF under Decision no. 42/18.02.2014, and in consideration of Resolution no. 1 of 12 May 2014 adopted by EGMS, KPMG Advisory issued decision no.99 through which the share capital increase by cash contribution in amount of RON 424,915,339.94 from RON 257,797,193.08 to RON 682,712,533.02 through issuance of shares has been approved.

The second share capital increase is addressed both to existing shareholders and to other investors, the interest showed by the latter category representing a main factor in the Company recovery process.

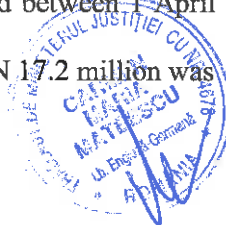
If the second stage of the share capital increase up to the level of RON 490 million, estimated to end by October 2015, will be successfully finalized, the compliance with the prudential indicators will thereon depend on the implementation of the operational measures presented in the recovery plan and/or of a new share capital increase.

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

- Operational measures with impact on the Company's equity presented in the recovery plan:

- Reinsurance program

- The company successfully implemented the reinsurance program. Thus, the net retention for the catastrophe risks has been reduced from EUR 10 million to EUR 3 million through the introduction of the layer of EUR 7 million in excess of 3 million EUR covered by reinsurers rated at least A-, according to the classification provided by rating agencies AM Best or Standard&Poor's.
- As a consequence, the required share capital increase has been reduced by RON 26.5 million (net of additional costs in amount of RON 4.2 million for the period between 1 April 2014 and 31 December 2014).
- Also, an additional reduction of the required capital in amount of RON 17.2 million was





## **2 Significant accounting policies (continued)**

### **(e) Going concern (continued)**

obtained through the release of the catastrophe reserve for insurance class 1 – Accidents and health, which is not exposed to natural catastrophe risks, and of the catastrophe reserve for insurance class 5 – Aviation insurance which is 100% ceded in reinsurance. This operation has been communicated to ASF together with supporting documentation

- At the same time, during December 2014, the Company finalized the placement in reinsurance of the catastrophe risk treaty (Excess of Loss) with reinsurers rated at least A-, as a part of the reinsurance program for 2015 and has reduced the net retention from EUR 3 million to EUR 1 million.
  - In respect of Securing/offsetting or collecting the existing intra-group loans the Company initiated steps to recover loans through collection or asset exchange have not been finalized as of the date of these financial statements. In the Extraordinary General Meeting of Shareholders held on 9 October 2014 the payment of intra group loans was approved, including especially, but not limiting to, the loan to Medien Holding SRL, representing principal plus interest.
  - Up to this date, compensation agreements have been concluded for receivables from MegaConstruct, ETA ESTATE SOLUTION SPV and THETA PROFICIENCY SRL in amount of RON 8,245,360, with liabilities towards Compania Hoteliera Intercontinental and International Business Center Modern.
  - The recovery plan provisioned an estimated deadline for the implementation of this measure, but recovery efforts have not been successfully concluded. Thus, in 2015 the Company has requested the initiation of insolvency procedures for Medien Holding, as part of the legal steps undertaken in order to recover amounts granted as loan. The request has been recorded in court at the Bucharest Tribunal with number 15999/3/2015, with hearings on June 29, 2015.
  - In respect of the amicable settlement of litigations regarding Romstrade insurance contracts, the measure has a net impact in equity of RON 151 million.
  - Through civil sentence no. 805/2014, issued on 14 October 2014, the Court of Appeal rejected as unfounded the appeal of ASTRA in case no. 11570/3/2013 against National Company of Motorways and National Roads in Romania (CNADNR).
  - The decision of the Bucharest Court of Appeal is enforceable, granting CNADNR the right to proceed to the enforcement and collection of amounts ordered by the Bucharest Court ruling in December 2013 (approximately RON 95 million, including legal fees).
  - Subsequently, against this solution, ASTRA registered an appeal to the Court of Appeal on 15 October 2014 and filed for suspension of foreclosure decided through civil sentence no. 7039/06.12.2013 of the Bucharest Tribunal, maintained through civil sentence no. 805 from 14 October 2014 of the Bucharest Court of Appeal, registered with the High Court of Justice under no. 3660/1/2014. On December 5, 2014, the High Court rejected the request registered by Astra.
  - Since December 5, 2014 there have been several negotiations with CNADNR representatives in order to reschedule payment obligations as decided through court. In addition, the company has developed and submitted for approval in writing to CNADNR a plan to reschedule payment obligations.
- During February 2015, the Company has elaborated the appeal motives and filed an appeal request with the High Court of Justice, the file being in court at the date of these financial statements. At the same time, the Company has identified a motive to review decision no. 805/2014 issued by the Bucharest Court of Appeal and declared extraordinary remedy of the

## **2 Significant accounting policies (continued)**

### **(e) Going concern (continued)**

currently suspended pending resolution of the appeal.

- On April 6, 2015, the bailiff Trancă Bogdan Ovidiu communicated to the Company the notification regarding the initiation of the foreclosure procedure for the amount of RON 95,951,709.72 (including foreclosure expenses), on the basis of the executory title represented by decision no. 805/14.10.2014 of the Bucharest Court of Appeal and by Civil Sentence no. 7039/06.12.2013 of the Bucharest Tribunal – Civil Section VI in the file no. 11570/3/2013 – Executory file 1729/2015. At the same date, copies of the addresses for garnishments establishment sent to all banks and treasuries from the jurisdiction of the Bucharest Court of Appeal have been communicated to the Company.
- Considering the above, the Company has undertaken a series of actions of an administrative-legal stance in order to ensure the possibility for the Company to continue as a going concern and the possibility to implement the recovery plan.
- On April 14, 2015 the Company was notified of the Sector 3 Court pronouncement in respect of file no. 14873/301/2015 deciding the provisional suspension of the foreclosure initiated through executory file no. 1729/2015 of bailiff's office Trancă Bogdan Ovidiu, until the solution of the foreclosure suspension request filed by the Company.
- As a consequence of the abovementioned pronouncement, all banks were informed of the suspension of foreclosure. Thus, during the suspension period, the Company can continue its activity as depicted in the ASF approved recovery plan.
- Also, the Company makes efforts to reach an agreement with CNADNR on the proposal to reschedule payment of amounts mentioned in enforceable executory decision.
- Considering that through decision no. 805/14.10.2014 of the Bucharest Court of appeal in file no. 11570/3/2013, the contracts concluded with SC Romstrade SRL, having as beneficiary CNADNR, have been classified as guarantee instruments on the contractual liability that the contractor (SC Romstrade SRL) has towards CNADNR, the Company has reclassified the amount requested by CNADNR and granted by court, in amount of RON 94,885,786.38 (including legal fees), from RBNS category to the provisions for risks and charges category.
- Regarding court file no. 16039/3/2013:
- According to civil sentence no. 1582/2014 pronounced by the Bucharest Tribunal on 28 March 2014, the Court admitted in part the request filed by Eximbank in respect of the guarantee insurance policy no. 453 / 02.02.2011 having as insured SC Romstrade SRL, obliging ASTRA to pay RON 15,628,279 (compared to the applicant's claims in the amount of RON 34.4 million). Against this decision, both ASTRA and Eximbank filed appeals.
- On 23 October 2014 the Bucharest Court of Appeal has rejected the appeal filed by Eximbank requesting payment from Astra of RON 15,628,279 as unfounded, it allowed the appeal filed by ASTRA and modified in part the sentence appealed in the sense that it has rejected as unfounded Eximbank's request. The decision had a term of appeal of 30 days from communication of the decision.
- On 25 March 2015 the Company was notified of the recourse filed by Eximbank and on 24 April 2015 submitted a response. Currently, on the High Court of Justice portal the file appears as being in filter procedure.
- As at 31 December 2014, the reserve for this court file is of RON 15,628,279.

Considering the above mentioned aspects, the individual financial statements have been prepared on a going concern basis.



## 2 Significant accounting policies (continued)

### (f) Non-life insurance activity

The technical result for non-life insurance operations is computed on an annual basis, so that the claims expenses, commissions and other related charges are computed by reference to the share allocated to premiums, net of reinsurance, accounted for on an accrual basis, as follows:

#### *Gross written premiums*

Gross written premiums comprise the value of gross premiums collected and to be collected related to insurance contracts. If the term of the insurance contract exceeds one year, the gross written premium represents the value of gross premium collected and receivable related to a calendar year under the insurance contract, except for contracts with single premium, for which the gross written premium represents the value of the single gross written premium related to the insurance contract. For insurance contracts denominated in foreign currencies, the gross written premiums are presented in RON at historical exchange rate applicable at the subscription date.

#### *Deferred acquisition costs*

Acquisition costs are the expenses incurred in the process of selling policies. Acquisition costs include commissions, variable expenses incurred with the issuance and subscription of policies that are directly linked to the Company's business. In general, deferred acquisition costs represent that share of acquisition costs that correspond to the premium reserve.

Deferred acquisition costs are computed for each policy. For premiums collected in advance the underlying commissions were recorded as prepayments. Other acquisition costs were recorded as expenses related to the period in which they were incurred.

Commission expenses are recorded against debts to insurance intermediaries based on existing mandate contracts and on insurance policies for which gross written premiums were recognized. Given that under the mandate contracts the amounts are payable, deferred costs were recorded for commission expenses that diminish as the risk expires and premium income is earned.

#### *Claims*

The claims incurred for non-life insurance include all claims incurred during the period, whether these are reported or not.

The claims reserve, assessed on a case by case basis and using statistical methods, is determined based on estimated amounts payable for all claims occurred until the balance sheet date but unpaid, whether they are reported or not, together with all external costs related to claims settlements.

Although management considers that the gross claim reserve and recoveries from reinsurers and from subrogation are correctly estimated and recorded, the final liability may be influenced by subsequent events and information and may significantly differ from the reserves already booked. Adjustments for reserves are reflected in the financial statements for the period when they are made. The methods used and estimates made are regularly revised.



## **2 Significant accounting policies (continued)**

### **(f) Non-life insurance activity (continued)**

#### *Income from recoveries and subrogation rights*

Income from recoveries and subrogation rights include all the amounts corresponding to claims paid for which the person at fault is not insured by the Company. This income is recorded in order to recover the amounts spent and for which the Company is entitled to a subrogation against the entity that caused the prejudice.

#### *Amounts ceded to reinsurers*

Premiums, claims and acquisition costs are presented net of amounts ceded to reinsurers and recoverable from them. The amounts estimated to be collected from reinsurers corresponding to unpaid claims and loss adjustments are recorded separately from the amounts estimated to be paid to the insured persons.

The amounts recoverable from reinsurers are estimated according to claims due on insurance policies covered by reinsurance contracts.

#### *Non-life technical reserves*

The Company maintains technical reserves in accordance with Order no. 3109/2003 issued by the Insurance Supervisory Commission for application of the Norms regarding the computation and recording methodology of minimum technical reserves for non-life insurance, with subsequent amendments.

##### *(i) Unearned premium reserve*

The unearned premium reserve is computed monthly, by cumulating the share of gross written premiums corresponding to the unexpired periods of insurance contracts, so that the difference between the volume of gross written premiums and this reserve reflects the gross written premiums allocated to the share of risks expired at the date of the calculation. The unearned premiums reserve is obtained by cumulating the values of the premium reserve computed for each contract.

##### *(ii) Reported but not settled claims reserve "RBNS"*

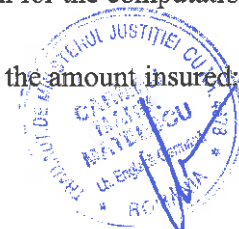
The claims reserve is recorded based on estimates for claims notified by policyholders, so that the reserve created to be sufficient to cover the payment of such claims.

The claim reserve is created and maintained for claims reported and not settled and it is computed for each insurance contract for which the occurrence of the insured event was notified, starting with the expenses estimated to be incurred in the future for settling those claims. The claims reserve is obtained by cumulating the individual values of claim reserves computed for each non - life insurance contract.

Since with 2013 financial year, pursuant to ISC Order no. 19/2012 amending and supplementing the Norms on the computation and recording of non-life minimum technical reserves, the Company revised its policies for recording claim reserves for claims subject to court actions. Thus, for court claims in respect of losses resulting from bodily injuries or death, the claims reserve is determined at the estimated value of payable claims according to the case law, including the court fees.

In respect of claims for pecuniary losses, the elements taken into consideration for the computation of the claims reserves are pursuant to CSA Order no. 3109/2003 as follows:

- i. The estimated value of the payable claim capped at the amount insured;





## **2 Significant accounting policies (continued)**

### **(f) Non-life insurance activity (continued)**

- ii. Expenses with the investigation and evaluation of losses, corresponding to services rendered by third parties;
- iii. Allocated loss adjustment expenses corresponding to services rendered by third parties;
- iv. Value of recoveries and subrogations both for settled and unsettled claims.

#### *(iii) Incurred but no reported claims reserve („IBNR”)*

IBNR is created and adjusted at financial year end based on statistical data and actuarial calculations for the claims incurred but not reported.

The Company's management considers the IBNR reserve as at 31 December 2014 to be sufficient for covering the payment of these claims incurred but not reported.

The incurred but not reported claim reserve for MTPL is computed according to CSA Order no.7/03.06.2008 amending and supplementing the Norms on the computation and recording of non-life minimum technical reserves, implemented under Order no. 3109/2003, through the analysis of quarterly data corresponding to claim files arising from MTPL contracts, recorded over the last 3 years (i.e. 12 quarterly periods) prior to the date of computation.

#### *(iv) Unexpired risks reserve*

The unexpired risks reserve is computed based on estimates of claims to occur after the financial year end, if the claims estimated to incur in the future exceed the already booked premium reserves and, as a consequence, in future periods the premium reserve will not be sufficient to cover claims occurring in the following financial periods

#### *(v) Catastrophe reserve*

The catastrophe reserve is created monthly by applying a minimum percentage of 5% to the gross written premiums corresponding to contracts covering catastrophic risks, until the reserve fund reaches at least the level of own retention or 10% of the cumulated risks assumed under contracts covering catastrophic risks.

#### *(vi) Equalization reserve*

The equalization reserve is created at the end of the financial years with favorable technical results in order to generate sources for covering claims incurred in the future financial years with unfavorable technical results. This reserve cannot exceed the value computed by applying a 3.5% percentage to the entire volume of gross written premiums recorded in the financial year for which the computation is made.

### **(g) Life insurance activity**

#### *Gross written premiums*

Life insurance gross written premiums are recognized and recorded as follows:

- For insurance contracts with a term exceeding one year, with premiums payable in instalments, the gross written premium represents the amount of gross premiums collected and receivable related to a calendar year, and for single premium contracts, the gross written premium represents the value of the single gross premium related to the contract;



## **2 Significant accounting policies (continued)**

### **(g) Life insurance activity (continued)**

- For insurance contracts with a term shorter than or equal to one year, the gross written premium represents the amount of gross premiums collected and receivable under the contract.

For contracts concluded in foreign currency, the gross written premiums are reflected in RON at the historical exchange rate valid at subscription date.

#### *Life technical reserves*

The Company creates and maintains technical reserves in line with the provisions of Order 8/2011 issued by the President of the Insurance Supervisory Commission, as subsequently amended. The content and computation method for premium reserves and life insurance claims is similar to the one described for non-life insurance activity.

#### *Mathematical reserve*

The mathematical reserve is computed and maintained in line with the provisions of Order 8/2011 issued by the President of the Insurance Supervisory Commission, as subsequently amended and represents the actuarial value of the insurer's financial liabilities after deducting the actuarial value of the policyholder's financial liabilities. This reserve is computed by using a prospective actuarial method, computing the liabilities separately for each life insurance contract.

The reserves are determined by taking into account several full years and using a linear interpolation formula. The redemption values are expressed as a percentage of the reserves value. For life insurance contracts under which the policyholder is entitled to the benefits generated from the mathematical reserve, the reserve for bonuses and rebates is created according to liabilities assumed.

### **(h) Investments in land and buildings**

Land and buildings are separately valued, making a distinction between them by means of estimation, when required. Real estate investments are registered at cost less accumulated depreciation and impairment losses. The value of real estate investments is adjusted according to the result of revaluations made in line with the legal requirements issued for this purpose.

The acquisition cost comprises the purchase price, non-recoverable taxes, transport expenses and other expenses incurred for the commissioning or the inventory inflow of the asset in question.

The estimated useful life of buildings ranges between 15 and 40 years.

### **(i) Financial instruments**

#### *Classification*

Financial assets measured at fair value through profit or loss are financial assets classified as held for trading or classified by the Company at fair value through profit or loss at the moment of initial recognition. A financial asset is classified as held for trading if:

- it is obtained or generated mainly for the purpose of selling or repurchasing it in the near future;
- it is part of an identified portfolio of financial instruments which are managed all together and for which there is proof of a real recent pattern of targeting short term profit making; or
- it is a derivative financial instrument (except for a derivative which is a designated and effective hedging instrument).



## **2 Significant accounting policies (continued)**

### **(i) Financial instruments (continued)**

Loans and receivables are non-derivative financial assets with fixed or determinable payments, which are not traded on an active market, other than those which the entity intends to sell immediately or in the near future, those which the entity designates, at initial recognition, at fair value through profit or loss account or for which the Company will not be able to substantially recover its initial investment, for other reasons than impairment of the loan, or which are classified as available for sale. These include deposits and other placements with banks.

Held to maturity investments represent those financial assets with fixed or determinable payments and fixed maturity which the Company's management intends and has the ability to hold to maturity. Held to maturity financial instruments include bonds and other fixed income securities (including treasury bills) which the Company can and intends to hold until maturity.

The available for sale financial assets are those financial assets which are not loans and receivables of the Company, financial assets valued at fair value through profit and loss account or investments held to maturity. The financial instruments available for sale include money market placements, bonds and other fixed income securities (including treasury bills), and participating interests which are not held for trading or held to maturity. As at 31 December 2013 they included shares, bonds and other fixed income securities.

#### *Recognition*

The Company recognizes financial assets when they become part of the contractual provisions of the financial instrument.

#### *Measurement*

The financial instruments are measured initially at acquisition cost, including trading costs.

After initial recognition, all the financial assets measured at fair value through the profit or loss account and the available for sale financial assets are measured at fair value, except for the instruments that are not listed on an active market and for those whose fair value cannot be accurately measured, which are valued at cost, including the trading costs, less impairment losses.

Financial assets available for sale, other than participating interests, are measured at fair value as at the balance sheet date, while the revaluation differences are recorded in the profit and loss account. Participating interests are measured and recorded at cost.

Loans and receivables and investments held to maturity are measured at amortized cost. The amortized cost is computed using the effective interest rate method.

#### *Fair value measurement principles*

The fair value of financial instruments is based on the market value at the balance sheet date, without deducting any trading costs. Where no market price quotation is available, the fair value of the financial instruments is estimated using price models or discounted cash-flows techniques.

When the discounted cash flow method is used, future cash flows are based on management's best estimate and the discount rate is a market rate at balance sheet date available for financial instruments with similar terms and characteristics. When price models are used, the data introduced is based on market estimates at balance sheet date.



## **2 Significant accounting policies (continued)**

### **(i) Financial instruments (continued)**

#### *Derecognition*

Financial assets are derecognized when control of contractual rights over a certain asset has been lost. The Company loses control when the rights over the specified benefits are exercised, the rights expire, or the Company waives these rights. Financial assets sold are derecognized at the transaction date.

The assets transferred under a sale contract whereby the Company reserves the possibility to repurchase the ceded elements against payment of an agreed price at a certain date or predetermined term, are derecognized.

#### *Specific instruments*

##### **Cash and cash equivalents**

Cash and cash equivalents refer to the balance of cash in hand and at bank as well as bank deposits with a maturity of up to 3 months.

##### **Deposits placed with credit institutions**

Bank placements are classified as loans and receivables. Placements are short term financial assets not quoted on an active market, hence deposits are measured at face value less the specific credit risk provision for possible losses from impairment of these receivables

##### **Bonds and other fixed income securities**

Bonds and other fixed income securities include state treasury bills, municipal and corporate bonds and are initially recorded at their purchase price, while the related receivables are recorded as income from financial assets

### **(j) Investment income**

Investment income is recognized on an accruals principle basis. The realized gains and losses represent the difference between the purchase price and net selling income.

### **(k) Intangible assets**

Intangible assets purchased by the Company are recorded at historical cost less accumulated depreciation.

#### *Subsequent expenses*

Subsequent expenses with intangible assets are capitalized only if they lead to a significant increase in their capacity to generate future economic benefits. All the other expenses are recorded when incurred

#### *Depreciation*

Depreciation is recorded linearly in the profit or loss account over the estimated useful life of the intangible asset. Intangible assets are depreciated starting with the date when the asset is ready for use, and the useful life is determined by reference to the asset's period of use but not less than 2 years.

The useful life of software is 3 years.





## **2 Significant accounting policies (continued)**

### **(l) Tangible assets**

Tangible assets, except for land and buildings, are measured at cost less accumulated depreciation and impairment losses.

Land and buildings are measured according to the methodology presented in note 2.h.

#### *Subsequent expenses*

Subsequent expenses with tangible assets are capitalized only if they lead to a significant increase in their capacity to generate future economic benefits. All the other expenses are recorded when incurred.

#### *Depreciation*

Depreciation of tangible assets is computed based on a depreciation plan, from the commissioning date until the date of full recovery of their entry value, according to their useful lives and normal conditions of use.

The Company's management estimates that the tangible assets useful lives, as set forth in Government Decision no 2139/2004 for approval of Catalogue for fixed assets classification and normal useful lives correspond to the economic useful lives and normal conditions of use of tangible assets owned by the Company.

The depreciation of tangible assets is made using the linear method over their estimated useful lives as follows:

<b>Category</b>	<b>Years</b>
Furniture and equipment	15
Vehicles	4 – 6
IT equipment	4

Tangible assets in progress are not depreciated until their commissioning date.

The Company's management reconsiders the book value of buildings and equipment if events or changing circumstances indicate that their book value could not be recoverable.

Gains and losses from fixed assets decommissioning are determined by reference to their net book value and are taken in consideration in determining the profit from operations.

Tangible assets that are written-off or transferred are removed from the balance sheet along with the corresponding accumulated depreciation. The resulting profit or loss is determined as the difference between the amount obtained and the net book value and is included in the operating profit for the period.

Maintenance and repair costs of fixed assets are recorded as expenses when incurred while improvements brought to the assets that enhance their value or useful life are capitalized.

Expenses with repairs and renovation are recorded in the profit and loss account when incurred.



## **2 Significant accounting policies (continued)**

### **(m) Receivables**

#### *i) Premium receivables*

Receivables are recorded at their carrying amount less provisions for doubtful debts if considered necessary. Starting 2013, for computing provisions for doubtful debts, the Company applies the following risk ratios, estimated on the basis of the collection history, the insurance market analysis and estimated probabilities of recovery:

- between 90 and 180 days old: 25%;
- between 180 and 270 days old: 40%;
- between 270 and 365 days old: 50%;
- older than 365 days: 100%.

#### *ii) VAT receivables*

The VAT amounts recoverable are initially recognized at the value corresponding to invoices paid to service units in respect of claims for partial damages to insured vehicles owned by leasing companies with which collaboration protocols were concluded.

These receivables are subsequently measured at their recoverable value, the Company creating for this purpose provisions for doubtful debts in consideration of: the statutory period during which the Company is entitled to recover the receivables (5 years), costs incurred for their recovery as well as unrecoverable amounts due to incorrect and/or inexistent documentation or for reasons pertaining to partner companies through which these amounts are recovered.

#### *(iii) Subrogation and recovery receivables*

For the computation of provisions for impairment of subrogation and recovery receivables, since 2013, the Company applies the following ratios determined according to the Company's collection history:

- 100% for receivables from insolvent third parties, receivables claimed in court or enforced or amicably settled, older than 2 years and receivables amicably settled older than one year;
- 50% for receivables claimed in court or being enforced that are between 1 and 2 years old and for receivables amicably settled that are less than 1 year old;
- 25% for receivables claimed in court or being enforced that are less than 1 year old.

### **(n) Cash at bank and in hand**

The cash at bank and in hand include all debit balances of current accounts and petty cash accounts.

### **(o) Adjustments for impairment of assets**

The book value of the Company's assets is revised at each balance sheet date in order to determine whether impairment indicators exist. When such impairment indicators exist, the recoverable amount of the Company's assets is assessed. An impairment adjustment in the form of a provision is recorded when the asset's book value exceeds its recoverable amount. The impairment adjustment is recorded through the profit or loss account. The impairment provision can be released if a change occurs in the conditions existing at the moment when the recoverable amount was first determined.



## **2 Significant accounting policies (continued)**

### **(o) Adjustments for impairment of assets (continued)**

The release of an impairment provision can be performed only so that the net book value of the asset does not exceed its historical net book value, considering the impairment charge and without taking into account the provision created.

### **(p) Provisions for risks and charges**

The provisions are recognized in the balance sheet when a legal or constructive obligation arises as a result of a past event and it is probable that an outflow of economic resources will be required to settle this obligation. The provisions are revised at each financial period end and adjusted to reflect the most appropriate current estimate. The differences resulting from required adjustments are recognized in the profit or loss for the period.

A provision will be recognized only when:

- an entity has a current obligation arising from a past event;
- it is probable that an outflow of resources will be required to settle the obligation; and
- a reliable estimate of the obligation's value can be made.

If these conditions are not met, the provision is not recognized in the individual financial statements

### **(q) Loans received**

Loans received are measured at face value.

### **(r) Pensions and other post-employment benefits**

In its normal course of business, the Company makes payments to the Romanian state pension fund, social security, health and unemployment fund for its employees in Romania. All Company employees are included in the state pension scheme.

The Company does not operate any other pension scheme and, as a result, the Company has no other obligation in relation to pensions. The Company does not operate any other post-employment benefit plan and does not have the obligation to render post-employment services to former and present employees.

### **(s) Dividend income**

Dividend income is recognized in the financial year result at the date when the right to receive such income is established. Income from participations and other non-fixed income investments are recognized as dividend income when incurred. Dividend is reflected as a component of investment income.

Dividends are treated as profit distribution for the period when they are declared and approved by the General Shareholders Meeting.

### **(t) Income tax**

The Company records income tax according to the accounting regulations and reporting requirements issued by the Ministry of Public Finances.

The current tax is the tax paid for the profit of the period, determined based on the percentages applied as at balance sheet date and on all the adjustments for the period.

The income tax rate used for current taxes computation as at 31 December 2014 is 16% (31 December 2013: 16%).

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**2 Significant accounting policies (continued)**

**(u) Legal reserve**

The legal reserve is set up to the deductibility limit, by allocating 5% of the gross accounting profit before determining the income tax, until the reserve reaches 20% of the share capital. The legal reserve may not be distributed to shareholders, nor may it be used for covering losses.

**(v) Correction of accounting errors and changes in accounting policies**

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 has been identified. As a consequence of these findings, the retained earning position has been affected with an additional loss of RON 118,111,579 arising from the corrections presented 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.

Affected balance item as at 31 December 2013	31-Dec-13 reported	Net correction	31-Dec-13 adjusted balance	Reference note
46 – Receivables from direct insurance operations	184,415,571	(3,909,765)	180,505,806	1
72 – Revaluation reserves	(55,281,367)	5,965,070	(49,316,297)	2
96 - Reported claims reserve	(536,404,960)	(120,917,479)	(657,322,439)	3
97 - Incurred but not reported claims reserve	(129,081,645)	(12,531,367)	(141,613,012)	4
124 – Other debt, including fiscal and social security liabilities	(130,245,213)	8,485,526	(121,759,687)	5
50 – Receivables from reinsurance operations	26,036,243	9,473,931	35,510,174	6
51 – Other receivables	55,240,359	(1,981,969)	53,258,390	7
66 – Other prepaid expenses	7,292,315	(2,695,526)	4,596,789	8
<b>Total</b>		<b>(118,111,579)</b>		



## **2 Significant accounting policies (continued)**

### **(v) Correction of accounting errors and changes in accounting policies (continued)**

#### **Note 1**

Subsequent to the annual inventory of insurance contracts, the Company decided to cancel the premium receivables in respect of insurance contracts that have exceeded the validity term or the risk period. Thus, for insurance policies which were not collected at 31 December 2013, and for which the coverage period had ended, the Company operated their cancellation presenting the impact in retained earnings. At the same time, the Company has identified and adjusted the corresponding impairment adjustments as at 31 December 2013 against retained earnings. The net impact of this correction on retained earnings was RON 3,909,765, coming from correction of the premium receivable balance of RON 51,262,835, and from impairment release in amount of RON 47,353,070.

#### **Note 2**

As at 31 December 2013 the Company created an adjustment for impairment of land and building in amount of RON 5,965,070; as for these assets the Company had already recorded a revaluation surplus as at 31 December 2013 and it corrected the revaluation reserve balance against retained earnings in the current period.

#### **Note 3**

Subsequent to the annual inventory of the reported but not settled claims reserve in 2014, the Company has corrected the reserve with RON 57.5 million supplementary reserve for 1834 claim files with notification date prior to 31 December 2013 and nil reserve at that date.

Subsequent to the analysis of the notification date of claims paid in 2014 the Company has identified the amount of RON 55.8 million relating to claim files paid in 2014 and which had notification date prior to 31 December 2013, and for which as at 31 December 2013 there was no claims reserve set-up.

As at 31 December, the Company has created claims reserve for 3 litigations involving reinsurance/retrocession contracts concluded by ADAS between 1960-1980 which are currently open for arbitration in London and Rome. The reserve is in amount of RON 7.6 million, and its impact was reflected in retained earnings.

The net effect on retained earnings coming from RBNS corrections as presented above was in amount of RON 120.9 million.

#### **Note 4**

Following changes made to the reported claims reserve with impact in retained earnings (see Note 3), the Company has recalculated according to actuarial methodology in force the IBNR balance as at 31.12.2013, resulting in an increase in reserves of RON 12.5 million.

#### **Note 5**

Given the Company's policy for recording commissions expenses in correspondence with the premium revenue recognition model, after inventory and cancellation of insurance premiums related to contracts already expired on 31 December 2013 (see Note 1) a decrease in commission payable balance was identified and reflected in retained earnings.

#### **Note 6**

Following the inventory of balances with reinsurers, the Company released RON 11,274,932 representing the impairment adjustment for doubtful debts in relation to Panamerican reinsurer, corresponding to the debt towards Panamerican as at 31 December 2013, identified as diminishing the





**2. Significant accounting policies (continued)****(v) Correction of accounting errors and changes in accounting policies (continued)**

net amount receivable from the reinsurer . On February 10, 2014, the Executive Board decided to close the reinsurance treaty starting April 1, 2014 and has notified this to the reinsurer's administrator, Marsh Management Services Cayman Islands Ltd. The actions in regards the contract termination have been completed by the date of these financial statements , the closing settlement the with reinsurer being already approved.

**Note 7**

After the inventory of receivable balances, the Company recorded full impairment of receivables from PAD policies written before 2014 and uncollected (RON 449,635) and other related receivables from various debtors throughout the branches (RON 1,500,334) .

**Note 8**

Following the inventory of prepaid expenses, the Company proceeded to derecognition of RON 2,695,526 for which the initial economic subject matter no longer existed.

Similarly, for the financial year 2013, an additional loss of RON 65,440,572, arising from the accounting bookings presented in the table below and reflecting prior period adjustments was recorded in retained earnings. The results for the financial year-ended 2013 is also affected by certain corrections that have been made impacting the outcome of 2013 with the full amount that, similarly to other adjustments listed below, should have been recorded with impact on the previous years results, but due to the lack of historical information we consider this being impractical. Thus, the most significant corrections that have been performed, showing the impact on the result of financial year 2013 are: premiums reserve ceded in reinsurance, adjusting the proportional reinsurance treaty concluded with Pan-American for auto insurance, impairment adjustment of receivables from insurance and reinsurance activity, impairment adjustments for loans granted to related parties, impairment allowance of receivables from subrogation and recovery, adjustments of value of the Company's investments.

For details on the net corrections made, please refer to the notes to the individual financial statements for the year ended 31 December 2013.

Affected balance item as at 31 December 2012	31-Dec-12 reported	Correction	31-Dec-12 adjusted	Note reference
3 – Leases, patents, licenses, trademarks, other rights and similar values	6,008,424	(170,255)	5,838,169	Note 3.1
9 Advances and investments in intangible assets in progress	4,971,917	(2,575,833)	2,396,084	Note 4.1
18 - Bonds and other fixed income securities	21,568,644	60,044	21,628,688	Note 4.5
46 – Receivables from direct insurance operations– Insurance receivables	527,751,678	(311,331,708)	216,419,970	Note 5
55 – Advances for tangible assets in progress	33,934	(23,119)	10,815	Note 3.2
93 – Premium reserve related to non-life insurance	(697,455,169)	187,800,707	(509,654,462)	Note 13
121 – Payables from reinsurance operations	(302,291,299)	59,901,096	(242,390,203)	Note 6
124 – Other payables including tax and other social security charges	(130,283,940)	898,496	(129,385,444)	Note 16
<b>Total</b>		<b>(65,440,572)</b>		



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**3 Non-current assets**

**3.1 Intangible assets**

<b>RON</b>	<b>Leases, patents, licenses, trademarks, other rights and similar values</b>	<b>Other intangible assets</b>	<b>Total</b>
<i><b>Gross book value</b></i>			
<b>Balance at 1 January 2014</b>	<b>15,955,704</b>	<b>90,315</b>	<b>16,046,019</b>
Additions	2,673,246	-	2,673,246
Disposals		1,011	1,011
<b>Balance at 31 December 2014</b>	<b>18,628,950</b>	<b>89,304</b>	<b>18,718,254</b>
<i><b>Depreciation</b></i>			
<b>Balance at 1 January 2014</b>	<b>12,334,743</b>	<b>72,951</b>	<b>12,407,694</b>
Depreciation charge	2,700,079	9,168	2,709,247
<b>Balance at 31 December 2014</b>	<b>15,034,822</b>	<b>82,119</b>	<b>15,116,941</b>
<i><b>Net book value</b></i>			
<b>Balance at 1 January 2014</b>	<b>3,620,961</b>	<b>17,364</b>	<b>3,638,325</b>
<b>Balance at 31 December 2014</b>	<b>3,594,128</b>	<b>7,185</b>	<b>3,601,313</b>





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**3 Non-Current Assets (continued)**

**3.1 Intangible assets (continued)**

Out of which:

*General insurance:*

RON	Leases, patents, licenses, trademarks, other rights and similar values	Other intangible assets	Total
<i>Gross book value</i>			
Balance at 1 January 2014	15,946,679	90,315	16,036,994
Additions	2,673,246	-	2,673,246
Disposals	-	1,011	1,011
Balance at 31 December 2014	18,619,925	89,304	18,709,229

*Depreciation*

Balance at 1 January 2014	12,325,719	72,950	12,398,669
Depreciation charge	2,700,079	9,168	2,709,247
Balance at 31 December 2014	15,025,798	82,118	15,107,916

*Net book value*

Balance at 1 January 2014	3,620,960	17,365	3,638,325
Balance at 31 December 2014	3,594,127	7,186	3,601,313



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**3 Non-Current Assets (continued)**

**3.1 Intangible assets (continued)**

*Life insurance*

RON	Leases, patents, licenses, trademarks, other rights and similar values	Other intangible assets	Total
<i>Gross book value</i>			
Balance at 1 January 2014	9,024	-	9,024
Additions	-	-	-
Disposals	-	-	-
Balance at 31 December 2014	9,024	-	9,024
<i>Depreciation</i>			
Balance at 1 January 2014	9,024	-	9,024
Depreciation charge	-	-	-
Balance at 31 December 2014	9,024	-	9,024
<i>Net book value</i>			
Balance at 1 January 2014	-	-	-
Balance at 31 December 2014	-	-	-



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**3 Non-current assets (continued)**

**3.2. Tangible assets**

<i>RON</i>	<b>Technical equipment and vehicles</b>	<b>Other equipment and furniture</b>	<b>Advances and tangible assets in progress</b>	<b>Total</b>
<i>Gross book value</i>				
<b>Balance at 1 January 2014</b>	<b>26,719,442</b>	<b>2,657,860</b>	<b>6,106</b>	<b>29,383,408</b>
Additions	223,155	54,582	-	277,737
Disposals	25,728	-	-	25,728
<b>Balance at 31 December 2014</b>	<b>26,916,869</b>	<b>2,712,442</b>	<b>6,106</b>	<b>29,635,416</b>
<i>Depreciation</i>				
<b>Balance at 1 January 2014</b>	<b>19,284,957</b>	<b>1,897,664</b>	<b>-</b>	<b>21,182,621</b>
Depreciation charge	2,827,922	179,648	-	3,007,571
<b>Balance at 31 December 2014</b>	<b>22,112,879</b>	<b>2,077,312</b>	<b>-</b>	<b>24,190,192</b>
<i>Net book value</i>				
<b>Balance at 1 January 2014</b>	<b>7,434,485</b>	<b>760,196</b>	<b>6,106</b>	<b>8,200,787</b>
<b>Balance at 31 December 2014</b>	<b>4,803,989</b>	<b>635,129</b>	<b>6,106</b>	<b>5,445,225</b>



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**3 Non-current assets (continued)**

**3.2. Tangible assets (continued)**

Out of which:

*Non-life insurance*

<i>RON</i>	Technical equipment and vehicles	Other equipment and furniture	Advances and tangible assets in progress	Total
<i>Gross book value</i>				
Balance at 1 January 2014	26,459,711	2,633,296	6,106	29,099,113
Additions	218,506	54,582	-	273,088
Disposals	25,728	-	-	25,728
Balance at 31 December 2014	26,652,489	2,687,878	6,106	29,346,473
<i>Depreciation</i>				
Balance at 1 January 2014	19,090,089	1,879,552	-	20,969,641
Depreciation charge	2,809,968	178,053	-	2,988,022
Balance at 31 December 2014	21,900,057	2,057,605	-	23,957,663
<i>Net book value</i>				
Balance at 1 January 2014	7,369,622	753,744	6,106	8,129,472
Balance at 31 December 2014	4,752,431	630,272	6,106	5,388,810



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**3 Non-current assets (continued)**

**3.2. Tangible assets (continued)**

*Life insurance*

<i>RON</i>	<b>Technical equipment and vehicles</b>	<b>Other equipment and furniture</b>	<b>Total</b>
<i>Gross book value</i>			
<b>Balance at 1 January 2014</b>	<b>259,731</b>	<b>24,564</b>	<b>284,295</b>
Additions	4,649		4,649
Disposals			
<b>Balance at 31 December 2014</b>	<b>264,380</b>	<b>24,564</b>	<b>288,944</b>
<i>Depreciation</i>			
<b>Balance at 1 January 2014</b>	<b>194,868</b>	<b>18,112</b>	<b>212,980</b>
Depreciation charge	17,954	1,595	19,549
<b>Balance at 31 December 2014</b>	<b>212,822</b>	<b>19,707</b>	<b>232,529</b>
<i>Net book value</i>			
<b>Balance at 1 January 2014</b>	<b>64,863</b>	<b>6,452</b>	<b>71,315</b>
<b>Balance at 31 December 2014</b>	<b>51,558</b>	<b>4,857</b>	<b>56,415</b>

As at 31 December 2014, the Company does not hold pledged tangible or intangible assets.



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**4 Investments**

**4.1. Investments in land and building**

<i>RON</i>	<b>Land and buildings</b>
<b>Gross book value</b>	
<b>Balance at 1 January 2014</b>	<b>91,884,734</b>
Additions	-
Disposals	-
Accounting for revaluation	(7,460,796)
<b>Balance at 31 December 2014</b>	<b>84,423,938</b>
<b>Depreciation</b>	
<b>Balance at 1 January 2014</b>	<b>11,460,250</b>
Depreciation charge	2,740,766
<b>Balance at 31 December 2014</b>	<b>14,201,016</b>
<b>Net book value</b>	
<b>Balance at 1 January 2014</b>	<b>80,424,484</b>
<b>Balance at 31 December 2014</b>	<b>70,222,922</b>

The latest revaluation of land and buildings was performed at 31 December 2014 by an independent valuator, member of ANEVAR.

The result of the revaluation, a net decrease of RON 7,460,999 was accounted for in the financial statements as follows:

- An increase of the revaluation reserve for land and buildings which recorded an increase in value as compared to their net book value, in amount of RON 5,735,629;
- A decrease of the revaluation reserve in amount of RON 9,597,962 for those land and buildings for which the revalued amount was lower than their net book value, up to the level of the amount existent in the revaluation reserve at the date;
- An expense of RON 3,598,666 with the revaluation of land and buildings for which the negative difference between revalued amount and their net book value has exceeded the amounts available in the revaluation reserve.



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Out of which:

*Non-life insurance*

<i>RON</i>	<b>Land and buildings</b>
<i>Gross book value</i>	
<b>Balance at 1 January 2014</b>	<b>74,016,295</b>
Additions	-
Disposals	-
Accounting for revaluation	(5,713,198)
<b>Balance at 31 December 2014</b>	<b>68,303,097</b>
<i>Depreciation</i>	
<b>Balance at 1 January 2014</b>	<b>10,254,071</b>
Depreciation charge	2,137,676
<b>Balance at 31 December 2014</b>	<b>12,391,747</b>
<i>Net book value</i>	
<b>Balance at 1 January 2014</b>	<b>63,762,224</b>
<b>Balance at 31 December 2014</b>	<b>55,911,350</b>

As at 31 December 2014, investments in land and buildings are encumbered according to land book extracts as follows:

- The gross book value (cost) of encumbered land and buildings is RON 37,004,545 (the largest part in favor of CNANDR namely land and buildings in amount of RON 27,425,970)
- Gross book value of land and buildings with mortgage only on urban land is of RON 2,048,588

As at 31 December 2014 investments in net amount of RON 21,002,686 constitute guarantees for credit lines granted by Libra Bank and Intesa San Paolo. At 31 December 2014, the rest of land and building investments are unencumbered.





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**4 Investments (continued)**

**4.1. Investments in land and buildings (continued)**

*Life insurance*

<i>RON</i>	<b>Land and buildings</b>
<i>Gross book value</i>	
<b>Balance at 1 January 2014</b>	<b>17,868,439</b>
Additions	-
Disposals	-
Accounting for revaluation	(1,747,801)
<b>Balance at 31 December 2014</b>	<b>16,120,638</b>
<i>Depreciation</i>	
<b>Balance at 1 January 2014</b>	<b>1,206,179</b>
Depreciation charge	603,090
<b>Balance at 31 December 2014</b>	<b>1,809,269</b>
<i>Net book value</i>	
<b>Balance at 1 January 2014</b>	<b>16,662,260</b>
<b>Balance at 31 December 2014</b>	<b>14,311,369</b>

**4.2. Investments in related parties**

<i>RON</i>	<b>31 December 2013</b>		<b>31 December 2014</b>	
	<b>Equity</b>	<b>Quota</b>	<b>Equity</b>	<b>Quota</b>
	<b>investments</b>		<b>investments</b>	
SC ASTRA SAFE IMOB SRL	190	95 %	190	95 %
SC ASTRA TRAINING SRL	190	95 %	190	95 %
SC ASTRA ACTIV SRL	190	95 %	190	95 %
SC NOVACUART SRL	17,838,920	100 %	17,838,920	100 %
Impairment adjustments (i)	(17,839,490)		(17,839,490)	
<b>TOTAL</b>	-		-	

At 31 December 2014, the investments in related parties are unencumbered.



**4 Investments (continued)****4.2. Investments in related parties (continued)**

(i) For shares held in Novacuart SRL, the Company has an evaluation report dated 15 October 2010 prepared by SC Damiro Expert SRL, according to which the value in use generated by the exploitation of the quartz deposit is EUR 4.918 million. According to the evaluation report, the Company holds a 84.79% share of natural resource exploitation rights on quartz ore, so capital value of the contribution made to society Novacuart SRL is EUR 4,169,972, according to the evaluation report noted. At the date of the individual financial statements the concession license for exploitation of mineral resources of quartz ore is suspended. Although the shareholders of the Company estimate that the investment can be recovered in full, this quartz mine showing a high commercial interest, in the absence of evidence on these estimates, the Company considered prudent to constitute an impairment adjustment for the entire value of the investment.

The entities in which the Company has holdings of 95 % each, recorded negative equity over the period 2008-2014 , expenditure consistently exceeding revenues resulting from activities undertaken. Thus, for these holdings, an impairment adjustment of 100% of the shares value was recorded.

Information about the financial position and results recorded by the companies in which the Company holds equity is presented below:

31 December 2013	Total net assets	Total liabilities	Year end result
SC ASTRA SAFE IMOB SRL	(1,500)	1,642	(548)
SC ASTRA TRAINING SRL	(24,858)	28,751	(19,938)
SC ASTRA ACTIV SRL	(316,868)	325,672	(172,577)
SC NOVACUART SRL	17,851,976	192,245	(13,402)

The 2014 activity for the companies was not significant, thus the net assets, total liabilities and 2014 year end result do not differ significantly from those presented for the 2013 financial year.

**4.3. Other investments in financial assets**

RON	31 December 2013	31 December 2014
Long-term investments - life insurance (i)	12,485,921	13,185,156
Guarantees from employees	725,415	713,563
Garnishments (ii)	6,476,299	4,951,354
Long term loans (iii)	448,670	448,210
Other long term investments(iv)	3,190,581	3,190,582
Other long term receivables (Guarantees from suppliers and endorsements)	2,122,231	2,839,879
Impairment adjustments (iii)	-	(464,210)
<b>TOTAL</b>	<b>25,449,117</b>	<b>24,864,534</b>



**4 Investments (continued)****4.3. Other investments in financial assets (continued)**

La 31 December 2014, other investments in financial assets are unencumbered, except for those presented below.

- (i) Long term investments represented by treasury bills and state bonds are reflected in accounting at amortised cost, the Company using the effective interest rate method for the amortisation of the premium or discount.
- (ii) At 31 December 2014 the Company recorded balances garnishments for current accounts amounting to RON 4,951,354 (31 December 2013: RON 6,476,299). These amounts are to be paid to legal prosecutor offices following the settlement of forced execution cases, the Company classifying them in the category "Other investments in financial assets".
- (iii) At 31 December 2014 the amount of RON 448,210 (31 December 2013: RON 448,470), representing long term loan granted to Societatea Distributiile Unite in 2011 in amount of EUR 100,000 was fully provisioned.
- (vi) Other long term investments include, as at 31 December 2014, 31 December 2013 respectively, non-tradable shares on an active market, held in SC PAID SA POOL ASIGURARI IMPOTRIVA DEZASTRELOR (RON 2,901,723) and other entities (RON 289,508).

The structure of long-term investment related to life insurance at 31 December 2014 and 31 December 2013 is presented below:

RON	Original Currency	31 December 2013		31 December 2014	
		Market price	Book Value	Market price	Book Value
Treasury Bills	RON	5,314,197	5,170,138	6,559,363	5,672,208
Bonds - Portugal	EUR	2,373,303	2,119,812	2,390,416	2,263,674
Bonds - Romania	EUR	4,462,552	4,176,145	4,620,626	4,142,916
Bonds - Spain	RON	1,040,040	1,019,827	1,106,358	1,106,358
<b>TOTAL</b>		<b>13,190,092</b>	<b>12,485,922</b>	<b>14,676,763</b>	<b>13,185,156</b>

*Maturities of long term investments – life insurance 31.12.2014*

Long term investments	Book value	Under 1 year	Between 1 and 5 years	Over 5 years
Treasury Bills	5,672,208	-	-	5,672,208
Bonds - Portugal	2,263,674	-	2,263,674	-
Bonds - Romania	4,142,916	-	4,142,916	-
Bonds - Spain	1,106,358	1,106,358	-	-
<b>Total</b>	<b>13,185,156</b>	<b>1,106,358</b>	<b>6,406,590</b>	<b>5,672,208</b>



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**4 Investments (continued)**

**4.3. Other investments in financial assets (continued)**

*Maturities of long term investments – life insurance 31.12.2013*

Long term investments	Book value	Under 1 year	Between 1 and 5 years	Over 5 years
Treasury Bills	5,170,138	659,817	-	4,510,321
Bonds - Portugal	2,119,812	-	2,119,812	-
Bonds - Romania	4,176,145	-	4,176,145	-
Bonds - Spain	<u>1,019,827</u>	-	<u>1,019,827</u>	-
<b>Total</b>	<b>12,485,922</b>	<b>659,817</b>	<b>7,315,784</b>	<b>4,510,321</b>

*Nominal coupon rate*

	Original currency	2013	2014
Treasury Bills	RON	between 5.80% and 5.95%	between 5.80% and 5.95%
Bonds - Portugal	EUR	6.40%	6.40%
Bonds - Romania	EUR	6.50%	6.50%
Bonds - Spain	RON	8.85%	8.85%

*Equivalent amount in foreign currency for long -term securities - life insurance*

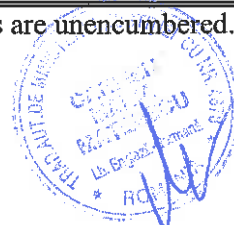
EUR		31 December 2013	31 December 2014
Bonds - Portugal	EUR	472,676	505,048
Bonds - Romania	EUR	896,281	924,325

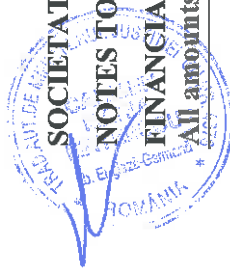
**4.4. Shares, other variable income securities and unit funds**

*Shares, other variable income securities and unit funds*

RON	31 December 2013	31 December 2014
Traded shares – non-life insurance (i)	13,067,119	12,811,012
Unit funds – life insurance (ii)	3,420,380	3,600,237
Impairment adjustments (iii)	<u>(1,202,607)</u>	<u>(395,670)</u>
<b>TOTAL</b>	<b>15,284,892</b>	<b>16,015,579</b>

At 31 December 2014 shares, other variable income securities and unit funds are unencumbered.





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**4 Investments (continued)**

**4.4. Shares, other variable income securities and unit funds (continued)**

(i) Structure of traded shares, relating to non-life insurance as at 31 December 2014 and 31 December 2013 is presented below:

RON	31 December 2013			31 December 2014		
	Number of traded shares	Market price per share	Market value	Number of traded shares	Market price per share	Market value
Societatea Nationala de Transport Gaze Naturale TRANSGAZ S.A.	3,831	185.25	709,693	3,831	262.90	1,007,170
SC Compania Hoteliera INTERCONTINENTAL SA	136,064,000	0.07	9,157,108	136,064,000	0.06	8,830,554
SC Unirea Shopping Center SA	31,823	60.00	1,909,380	31,823	58.00	1,845,734
BRD Groupe Societe Generale SA	20,000	9.00	180,000	20,000	8.75	175,000
FDI ACTIVE DINAMIC	82,833	6.93	573,738	82,833	6.74	558,634
Societatea de Investitii Financiare TRANSILVANIA S.A.	800,000	0.67	537,200	1,600,000	0.25	393,920
FLAMINGO INTERNATIONAL SA (*)	38,850,000	-	-	-	-	-
<b>TOTAL</b>			<b>13,067,119</b>			<b>12,811,012</b>

Shares and unit funds are recorded in accounting at market value.

At 31 December 2013 the Company has recorded adjustments representing loss on investments amounting to RON 9,431,027, respectively gain on investments amounting RON 111,556, for recognizing the market value of shares traded on stock exchange. (Please refer to Note 2(v) of individual financial statements).

(\*) At 31 December 2014 shares in Flamingo International SA, liquidated entity, have been derecognised from the company's accounting records.

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**4 Investments (continued)**

**4.4. Shares, other variable income securities and unit funds (continued)**

(ii) The structure of unit funds, related to the life insurance business at 31 December 2014 and 31 December 2013 is presented below:

		31.dec.13	31.dec.14
BCR MONETAR	RON	1,087,366	1,156,331
RAIFFESEN RON PLUS	RON	1,181,364	1,245,364
RAIFFESEN RON FLEXI	RON	1,151,649	1,198,542
<b>TOTAL</b>		<b>3,420,379</b>	<b>3,600,237</b>

(iii) At 31 December 2014, considering the impairment indicators for shares in Unirea Shopping Center, a supplementary adjustment of RON 395,670 was considered (31 December 2013: 1,202,607 RON), as a consequence of the reduced liquidity on the Bucharest Stock Exchange.

**4.5. Deposits to credit institutions**

RON	31 December 2013	31 December 2014
Deposits with credit institutions	9,672,665	-
<b>TOTAL</b>	<b>9,672,665</b>	<b>-</b>

At 31 December 2013, the investments in deposits held at credit institutions comprise of guarantees amounting to RON 9,465,998 and collateral deposits amounting to RON 215,667.

**4.6. Other financial investments**

RON	31 December 2013	31 December 2014
Bank deposits including accrued interest	61,571,199	32,097,881
Other financial investments	6,278	226,270
<b>TOTAL</b>	<b>61,577,477</b>	<b>32,324,151</b>



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**4 Investments (continued)**

**4.6. Other financial investments (continued)**

*Bank deposits split by currency:*

Currency	2013			2014		
	Non-life insurance	Life insurance	Total	Non-life insurance	Life insurance	Total
EUR	13,599,595	338,852	13,938,447	449,642	-	449,642
HUF	918,980	-	918,980	-	-	-
RON	<u>43,524,504</u>	<u>3,195,546</u>	<u>46,720,050</u>	<u>29,934,327</u>	<u>1,713,913</u>	<u>31,648,240</u>
<b>Total</b>	<b>58,043,079</b>	<b>3,534,398</b>	<b>61,577,477</b>	<b>30,383,968</b>	<b>1,713,913</b>	<b>32,097,881</b>

*Deposits interest rated*

	31 December 2013	31 December 2014
In EUR	0.15% - 3.75%	0.18%
In HUF	1.58% - 2%	-
In RON	<u>0.40% - 7 %</u>	<u>0.14%-4%</u>

At 31 December 2014 deposits held by the Company with commercial banks had initial maturities between 1 and 3 months except for 3 deposits set for one year.

At 31 December 2014, the Company included in the category *Other financial investments – bank deposits* 5 overnight deposits in amount of RON 2,958,170, having interest rates ranging from 0.1% to 2%.

At 31 December 2014 other financial investments are unencumbered.





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**5 Receivables from direct insurance operations**

<i>RON</i>	<b>31 December 2013</b>	<b>31 December 2014</b>
Receivables from insurance activity	254,451,801	167,689,618
Out of which: non-life insurance	248,832,470	163,108,834
life insurance	5,619,331	4,580,784
Allowance for doubtful receivables (Note 15)	(70,036,231)	(23,136,210)
Out of which: non-life insurance	(70,036,231)	(23,136,210)
life insurance	-	-
<b>Receivables related to insurance activity, net of allowance</b>	<b>184,415,571</b>	<b>144,553,409</b>

Based on the aging analysis of insurance receivables, an adjustment for impairment of receivables in the amount of RON 23,136,210 was determined, by applying the following adjustment coefficients established depending on market practice and Company collection history:

- Over one year: 100%
- 270 days to 1 year: 50%
- 180 to 270 days: 40%
- 90 to 180 days: 25%

During 2014, the Company established impairment allowances related to non life insurance receivables in the amount of RON 22,094,848 ( Note 15 ) and released provisions worth RON 68,994,869 ( Note 15 ) . A significant part of the decrease of provision , i.e. RON 47,353,070 was recorded as a correction to the previous financial year through retained earnings (Note 2v ) .

**6 Receivables and liabilities arising from reinsurance operations**

**6.1 Receivables arising from reinsurance operations**

<i>RON</i>	<b>31 December 2013</b>	<b>31 December 2014</b>
Receivables from reinsurance activities - general insurance (i)	117,438,691	118,326,235
Receivables from reinsurance activities - life insurance	-	-
Allowance for receivables from reinsurance activities (i)	(91,402,448)	(111,259,322)
<b>Total</b>	<b>26,036,243</b>	<b>7,066,912</b>



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(i) Receivables arising from reinsurance operations for non-life insurance business and related impairment allowances can be analysed as follows:

RON	31 December 2013	31 December 2014
Reinsurance receivables from Panamerican treaty (a)	81,104,570	100,519,982
Receivables from reinsurance activity – ceded reinsurance	36,334,120	17,806,253
Allowance for reinsurance receivables – Panamerican treaty(a)	(81,104,570)	(100,519,982)
Other impairment adjustments related to reinsurance receivables (b)	(10,297,878)	(10,739,340)
<b>Total</b>	<b>26,036,242</b>	<b>7,066,912</b>

a) For risks related to Motor Hull and Motor third party liability (including Green Card), the Company has concluded a 50% proportional reinsurance contract with Panamerican, starting 1 May 2012. On 10 February 2014, the Board of Directors has decided the termination of the reinsurance treaty starting 1 April 2014 and has notified the reinsurance administrator, Marsh Management Services Cayman Islands Ltd. As at financial statements date the contract termination process was finalized, the closing settlement file with the reinsurer being already approved.

At 31 December 2014, the Company has determined that the settlement balance with Panamerican, based on the result of the transactions reflected in accounting which in accordance with treaty specifications, is a net receivable balance in amount of RON 100,519,982. Following the analysis of the recoverability of the receivable balance, the Company created an impairment allowance in amount of RON 100,519,982.

b) At 31 December 2014, the Company has also analyzed the recoverability of the receivables from reinsurance activity with other counterparties and has booked allowances for impairment losses of RON 10,739,340 (31 December 2013: RON 10,297,878). The adjustment for impairment was computed taking into consideration the ageing of receivables (greater than 1 year) and the total balance by counterparty, considering both amounts to be recovered and due.

At 31 December 2014 the Company recorded corrections on the receivable from reinsurance operations balance through retained earnings, as presented in Note 2v.

**6.2 Liabilities from reinsurance operations**

RON	31 December 2013	31 December 2014
Liabilities from reinsurance activity – non-life insurance	57,576,961	35,545,024
Liabilities from reinsurance activity - life insurance	184,094	183,987
<b>Total</b>	<b>57,761,055</b>	<b>35,729,011</b>



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**7 Inventories**

<i>RON</i>	<b>31 December 2013</b>	<b>31 December 2014</b>
Consumables	541,589	662,877
Out of which: non-life insurance	541,475	662,763
life insurance	114	114

**8 Cash at bank and in hand**

<i>RON</i>	<b>31 December 2014</b>		
	<b>In RON</b>	<b>In foreign currency</b>	<b>Total</b>
Cash in hand	10,138	132,633	142,771
Bank accounts	6,029,922	4,945,714	10,975,635
Treasury advances and other values	85,846	24,596	110,441
<b>Total</b>	<b>6,125,905</b>	<b>5,102,943</b>	<b>11,228,847</b>

<i>RON</i>	<b>31 December 2013</b>		
	<b>In RON</b>	<b>In foreign currency</b>	<b>Total</b>
Cash in hand	42,021	71,272	113,293
Bank accounts	3,777,175	2,265,421	6,042,596
Treasury advances and other values	95,012	-	95,012
<b>Total</b>	<b>3,914,208</b>	<b>2,336,693</b>	<b>6,250,901</b>

**Out of which:**

*Non-life insurance*

<i>RON</i>	<b>31 December 2014</b>		
	<b>In RON</b>	<b>In foreign currency</b>	<b>Total</b>
Cash in hand	10,138	132,633	142,771
Bank accounts	5,940,296	4,777,820	10,718,116
Treasury advances and other values	85,846	24,596	110,441
<b>Total</b>	<b>6,036,280</b>	<b>4,935,049</b>	<b>10,971,328</b>



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**8 Cash and bank accounts (continued)**

**31 December 2013**

*RON*

	<b>In RON</b>	<b>In foreign currency</b>	<b>Total</b>
Cash in hand	40,518	71,271	111,789
Bank accounts	3,553,924	2,102,237	5,656,161
Treasury advances and other values	95,012	-	95,012
<b>Total</b>	<b>3,689,454</b>	<b>2,173,508</b>	<b>5,862,962</b>

*Life Insurance*

*RON*

**31 December 2014**

	<b>In RON</b>	<b>In foreign currency</b>	<b>Total</b>
Cash in hand	-	-	-
Bank accounts	89,625	167,894	257,519
<b>Total</b>	<b>89,625</b>	<b>167,894</b>	<b>257,519</b>

*RON*

**31 December 2013**

	<b>In RON</b>	<b>In foreign currency</b>	<b>Total</b>
Cash in hand	1,503	1	1,504
Bank accounts	223,251	163,184	386,435
<b>Total</b>	<b>224,754</b>	<b>163,185</b>	<b>387,939</b>

At 31 December 2014, cash and bank accounts are unencumbered.

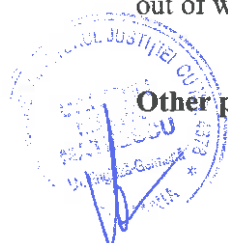
**9 Deferred acquisition costs**

*RON*

**31 December 2013**

**31 December 2014**

<b>Accrued interest and prepaid rent,</b>	<b>63,060</b>	<b>16,665</b>
out of which: - non-life insurance	62,657	16,262
- life insurance	403	403
<b>Deferred acquisition costs,</b>	<b>109,756,023</b>	<b>95,792,267</b>
out of which: - non-life insurance	109,756,023	95,792,267
- life insurance	-	-
<b>Other prepayments,</b>	<b>7,292,315</b>	<b>316,223</b>



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out of which: - non-life insurance	7,279,065	295,760
- life insurance	13,250	20,463
<b>Total</b>	<b>117,111,398</b>	<b>96,125,156</b>

**10 Other receivables**

<i>RON</i>	<b>Gross book value</b>	<b>Impairment</b>	<b>31 December 2014 Net book value</b>
Other receivables from struck off or insolvent companies, insurance brokers and other private individuals with low recoverability level (i)	88,751,827	(85,802,121)	2,949,706
Debtors from subrogations (ii)	33,964,715	(20,285,625)	13,679,090
VAT receivables (iii)	17,180,758	(5,622,743)	11,558,015
Receivables from state budget	2,658,961	-	2,658,961
Other doubtful receivables (v)	2,052,700	(2,052,700)	-
Advances to suppliers	1,218,427	-	1,218,427
<b>Total</b>	<b>145,827,389</b>	<b>(113,763,189)</b>	<b>32,064,200</b>

<i>RON</i>	<b>Gross book value</b>	<b>Impairment</b>	<b>31 December 2013 Net book value</b>
Other receivables struck off or insolvent companies, insurance brokers and other private individuals with low recoverability level (i)	98,475,345	(91,360,493)	6,856,087
Debtors from subrogations (ii)	76,709,753	(57,318,684)	19,391,069
VAT receivables (iii)	42,246,163	(17,471,338)	24,774,825
Receivables from state budget	3,053,548	-	3,053,548
Other doubtful receivables (v)	2,052,700	(2,052,700)	-
Advances to suppliers	1,164,830	-	1,164,830
<b>Total</b>	<b>223,702,339</b>	<b>(168,461,980)</b>	<b>55,240,359</b>



**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.****NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS****FINANCIAL YEAR ENDED 31 DECEMBER 2014****All amounts in lei ("RON") unless otherwise stated****10 Other receivables (continued)**

(i) At 31 December 2014, the Company registers receivables from deleted or and insolvent companies (Banca de Investitii si Dezvoltare, Sivamo) and also from private individuals and companies, with low recoverability level, as follows:

**31 December 2014**

	<b>Gross book value</b>	<b>Impairment adjustments</b>	<b>Net book value</b>
Receivables from BID (struck off company)	7,162,342	(7,162,342)	-
Receivables from Sivamo (low recoverability potential)	18,708,203	(18,708,203)	-
Other receivables	<u>62,881,282</u>	<u>(59,931,576)</u>	<u>2,949,706</u>
<b>Total</b>	<b>88,751,827</b>	<b>(85,802,121)</b>	<b>2,949,706</b>

At 31 December 2014, for these receivables, in the absence of real chances of recovery following steps taken up to the present time, impairment allowances have been set in amount of RON 85,802,121 (31 December 2013: RON 91,360,493).

(ii) On 31 December 2014 the Company had receivables from subrogations from third parties in amount of RON 33,964,715 (31 December 2013: RON 76,709,753). According to the methodology in force, impairment adjustments have been computed for these receivables, amounting to RON 20,285,625 (31 December 2012: RON 57,318,684), by applying the following adjustment coefficients determined according to the collection history of the Company:

- 100% for receivables from insolvent third parties, receivables claimed in court or enforced or amicably settled, older than 2 years and receivables amicably settled older than one year;
- 50% for receivables claimed in court or being enforced that are between 1 and 2 years old and for receivables amicably settled that are less than 1 year old;
- 25% for receivables claimed in court or being enforced that are less than 1 year old.

(iii) As at 31 December 2014 the Company had to recover amounts such as VAT related to repair costs invoiced by repairing units and paid by the Company as partial claims for vehicles owned by leasing companies and insured by the Company from a number of leasing companies which it has signed collaboration agreements with. These amounts were recognized by the company, resulting in a receivable in nominal value of RON 17,180,758 (31 December 2013: RON 42,246,163). At 31 December 2014 the recoverable balance of this receivable was estimated at RON 11,558,015 (31 December 2013: RON 24,774,825).

(iv) Doubtful receivables amounting RON 2,052,700 are represented by advances for tangible assets in progress (land and building) to Pall D'or Con S.A., reclassified in the receivable account due to the fact that the supplier had sold the goods. As at 31 December 2013, adjustments for impairment were booked in full value of these receivables.



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## 11 Share capital

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

RON	31 December 2013		31 December 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
Private individuals and legal entities	580,146	0,30	580,146	0,30
<b>TOTAL</b>	<b>192,712,534</b>	<b>100</b>	<b>192,712,534</b>	<b>100</b>

Starting 27.11.1997 the Company shares are traded on RASDAQ. ISIN code of the shares issued is ROATRAACNOR2, and the Bloomberg code BBGID is: BBG000CYN648.

During February 2015 a share capital increase in amount of RON 65,084,659 has been approved (note 36 to the individual financial statements).

## 12 Reserves

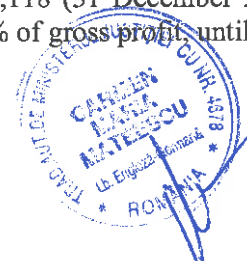
RON	31 December 2013	31 December 2014
Revaluation reserves (i)	55,281,367	45,453,964
Legal reserves (ii)	6,133,118	6,133,118
Other reserves (iii)	23,818,968	23,818,968
<b>Total</b>	<b>85,233,453</b>	<b>75,406,050</b>

(i) Revaluation reserves relate to investments in land and buildings. The latest revaluation was performed at 31 December 2014 by an independent valuator, member of ANEVAR. The revaluation result has been recorded as follows (see Note 4.1):

- An increase in revaluation reserve for land and buildings for which the value rendered exceeded the net book value in amount of RON 5,735,629;
- A decrease in revaluation reserve for land and buildings which had a revalued value below their net book value, up to the level of the prior recorded revaluation surplus, in amount of RON 9,597,962.

Also, the Company performed a correction for the recording at 31 December 2013 relating to an allowance for land and buildings for which a revaluation surplus already existed. Therefore, the revaluation reserve was decreased through retained earnings (see Note 2v). The value corrected is RON 5,965,050, presented in the statement of changes in equity.

(ii) At 31 December 2014, the legal reserve amounted to RON 6,133,118 (31 December 2013: 6,133,118 RON). The legal reserve is set by allocating a share of 5% of gross profit, until the





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**12 Share capital (continued)**

reserve reaches the level of 20% of share capital. Legal reserve can only be used in accordance with legal requirements.

(iii) Other reserves include realized surplus from revaluation reserves amounting 12,618,172 RON (31 December 2013: 12,618,172 RON).

**13 Technical reserves**

<i>RON</i>	<b>31 December 2013</b>	<b>31 December 2014</b>
Premium reserve	424,461,422	337,933,017
Ceded premium reserve	(12,506,856)	(9,316,922)
<i>Premium reserve, net of reinsurance</i>	<i>411,954,566</i>	<i>328,616,095</i>
Claims reserves	677,676,901	716,596,388
Ceded claims reserve	(7,880,816)	(69,997,907)
<i>Claims reserves, net of reinsurance</i>	<i>669,796,085</i>	<i>646,598,481</i>
Mathematical reserve (Note 14)	9,293,243	12,519,968
Ceded mathematical reserve	-	-
<i>Mathematical reserve, net of reinsurance</i>	<i>9,293,243</i>	<i>12,519,968</i>
Bonuses and rebates reserve (Note 14)	3,729,004	618,712
Ceded bonuses and rebates reserve	-	-
<i>Bonuses and rebates reserve, net of reinsurance</i>	<i>3,729,004</i>	<i>618,712</i>
Catastrophe reserve	143,590,635	17,475,842
Catastrophe reserve ceded	(80,654,924)	-
<i>Catastrophe reserve, net of reinsurance</i>	<i>62,935,711</i>	<i>17,475,842</i>
Other technical reserves	-	726,100
Share of other technical reserves ceded	-	-
<i>Other technical reserves, net of reinsurance</i>	<i>-</i>	<i>726,100</i>
<b>Total technical reserves</b>	<b>1,258,751,205</b>	<b>1,085,870,028</b>
<b>Reinsurer's share of total technical reserves</b>	<b>(101,042,596)</b>	<b>(79,314,829)</b>
<b>Total technical reserves, net of reinsurance</b>	<b>1,157,708,609</b>	<b>1,006,555,198</b>



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**13 Technical reserves (continued)**

*Non-life insurance*

<i>RON</i>	<b>31 December 2013</b>	<b>31 December 2014</b>
Premium reserve	417,402,557	333,354,169
Ceded premium reserve	(12,424,370)	(9,265,509)
<i>Premium reserve, net of reinsurance</i>	<i>404,978,187</i>	<i>324,088,660</i>
Claims reserves	665,486,605	702,767,565
Ceded claims reserve	(5,580,816)	(67,570,374)
<i>Claims reserves, net of reinsurance</i>	<i>659,905,789</i>	<i>635,197,192</i>
Catastrophe reserve	143,590,635	17,475,842
Catastrophe reserve ceded	(80,654,924)	-
<i>Catastrophe reserve, net of reinsurance</i>	<i>62,935,711</i>	<i>17,475,842</i>
Other technical reserves	-	726,100
Ceded share of other technical reserves	-	-
<i>Other technical reserves, net of reinsurance</i>	<i>-</i>	<i>726,100</i>
<b>Total technical reserves</b>	<b>1,226,479,797</b>	<b>1,054,323,677</b>
<b>Reinsurer's share of total technical reserves</b>	<b>(98,660,110)</b>	<b>(76,835,883)</b>
<b>Total technical reserves, net of reinsurance</b>	<b>1,127,819,687</b>	<b>977,487,794</b>

*Life insurance*

<i>RON</i>	<b>31 December 2013</b>	<b>31 December 2014</b>
Premium reserve	7,058,865	4,578,848
Ceded premium reserve	(82,486)	(51,413)
<i>Premium reserve, net of reinsurance</i>	<i>6,976,379</i>	<i>4,527,435</i>
Claims reserves	12,190,296	13,828,823
Ceded claims reserve	(2,300,000)	(2,427,533)
<i>Claims reserves, net of reinsurance</i>	<i>9,890,296</i>	<i>11,401,290</i>
Mathematical reserve (Note 14)	9,293,243	12,519,968
Ceded mathematical reserve	-	-
<i>Mathematical reserve, net of reinsurance</i>	<i>9,293,243</i>	<i>12,519,968</i>



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**13 Technical reserves (continued)**

Bonuses and rebates reserve (Note 14)	3,729,004	618,712
Ceded bonuses and rebates reserve	-	-
<i>Bonuses and rebates reserve, net of reinsurance</i>	<i>3,729,004</i>	<i>618,712</i>
<b>Total technical reserves – Life Insurance</b>	<b>32,271,408</b>	<b>31,546,351</b>
<b>Reinsurer's share of total technical reserves</b>	<b>(2,382,486)</b>	<b>(2,478,946)</b>
<b>Total technical reserves net of reinsurance</b>	<b>29,888,922</b>	<b>29,067,404</b>

**14 Technical reserves (for life insurance activity)**

*Mathematical reserve*

	31 December 2013	31 December 2014	Change in mathematical reserve
Mathematical reserve for Garant			
Individual	41,406	49,452	8,046
Mathematical reserve for Garant			
Bancar	75,341	18,135	(57,206)
Mathematical reserve for Economica	793,189	846,560	53,371
Mathematical reserve for Tezaur	4,955,047	5,499,486	545,006
Mathematical reserve for Viitor	3,395,879	3,693,741	297,862
Mathematical reserve for Respect	19,961	17,999	(1,962)
Mathematical reserve for Avantaj			
Protect	2,699	1,446	(1,253)
Mathematical reserve for Garant,			
Ungaria	9,721	6,359	(3,362)
Mathematical reserve for B&R			
Garant Grup	627,692	8,432	8,432
Mathematical reserve for B&R			
Respect	<u>2,619,168</u>	<u>2,378,358</u>	<u>2,378,358</u>
<b>Total</b>	<b>12,540,103</b>	<b>12,519,968</b>	<b>3,227,292</b>



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**14 Technical reserves (for life insurance activity – continued)**

*Bonuses and rebates reserve*

	31 December 2013	31 December 2014	Change in Bonuses and rebates reserve
Garant Individual			
Economica	37,510	47,683	10,173
Tezaur	191,924	272,118	81,118
Viitor	232,511	285,062	52,551
Respect	-	-	(2,619,168)
Garant Familia	4,354	1,754	(2,600)
Garant Grup	-	-	(627,692)
Garant L&A, Ungaria	15,845	12,094	(3,751)
	<b>482,144</b>	<b>618,712</b>	<b>(3,109,368)</b>

The company has reclassified reserves presented at 31 December 2013 as bonuses and rebates reserves for products Respect and Garant Grup in mathematical reserve.

**15 Provisions for risks and charges and impairment adjustments**

*Provisions for risks and charges*

RON	31 December 2013	Increases in 2014	Decreases in 2014	31 December 2014
Provisions for risks and charges (i)	6,497,729	94,885,786	-	101,383,515
<b>Total provisions for risks and charges</b>	<b>6,497,729</b>	<b>94,885,786</b>	<b>-</b>	<b>101,383,515</b>

The provision of RON 6,497,729 recorded at 31 December 2014 (31 December 2013: RON 6,497,729) represents estimated additional charges in relation to reinsurance premiums for closed contracts.

Given that Decision No . 805 / 10.14.2014 of the Court of Appeal in Case no. 11570/3/2013, SC Romstrade SRL contracts having as beneficiary CNADNR were classified as guarantee instruments for liabilities that the contractor (SC Romstrade SRL) has towards CNADNR. Thus the Company has reclassified the amount requested by CNADNR and granted by the court amounting to RON 94,885,786.38 (including legal costs), from claims reserves to provisions for risks and expenses category.

The Company made a provision for the dispute with CNADNR worth RON 94,885,786 and released the amount recorded as claim reserve at 31 December 2013 related to this file.

In April 2015, based on final and enforceable judgment obtained by CNADNR, the foreclosure procedure was initiated for an amount of RON 95,951,709.72 through garnishments setting on the Company's bank accounts.



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**15 Provisions for risks and charges and impairment adjustments (continued)**

Following the actions taken by the Company in court, the enforcement procedure is temporarily suspended until the proceedings for application of suspension brought by the Company takes place, which was on 17 June 2015, the trial date going to be set after that date. (see Note 2 ( e) to the individual financial statements).

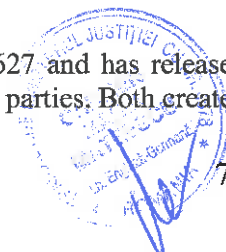
*Impairment adjustments*

	<i>Note</i>	<b>31 December 2013</b>	<b>Increases in 2014</b>	<b>Decreases in 2014</b>	<b>31 December 2014</b>
Impairment adjustments - investments in related parties	4.2	17,839,490	-	-	17,839,490
Impairment adjustments - shares, other variable income securities and unit funds in investment funds (i)	4.3 and 4.4	1,202,607	464,210	806,937	859,880
<b>Subtotal</b>		<b>29,530,722</b>	<b>464,210</b>	<b>806,937</b>	<b>18,699,370</b>
Impairment adjustments - receivables from direct insurance operations (ii)	5	70,036,231	22,094,848	68,994,869	23,136,210
Impairment adjustments – receivables from reinsurance operations (iii)	6.1	9,947,043	147,865	23,545	10,071,363
Impairment adjustments – receivables from inwards reinsurance	6.1	350,835	317,143	-	667,978
Impairment adjustments – receivables from Panamerican contract (iv)		81,104,570	30,737,553	11,322,142	100,519,981
Impairment adjustments – receivables from subrogations and recoveries (v)		57,318,684	-	37,033,059	20,285,625
Impairment adjustments – VAT receivables (vi)		17,471,338	-	11,848,596	5,622,742
Impairment adjustments – sundry debtors	10.1	<u>258,767</u>	<u>224,105</u>	<u>258,767</u>	<u>224,105</u>
<b>Subtotal</b>		<b>236,487,468</b>	<b>53,521,513</b>	<b>129,480,978</b>	<b>160,528,004</b>
Impairment adjustments - investments in tangible assets (vii)		5,965,070	-	5,965,070	-
Impairment adjustments - receivables from litigations (viii)	10.1	91,360,493	24,150,364	30,314,615	85,196,242
Impairment adjustments - doubtful receivables	10.6	2,052,700	-	-	2,052,700
Impairment adjustments - amounts to receive from related parties (ix)	18	<u>113,453,001</u>	<u>1,514,627</u>	<u>6,586,953</u>	<u>108,380,675</u>
<b>Subtotal</b>		<b>212,831,264</b>	<b>25,664,992</b>	<b>42,866,638</b>	<b>195,629,617</b>
<b>TOTAL</b>		<b>468,360,829</b>	<b>79,650,715</b>	<b>173,154,553</b>	<b>356,157,621</b>



**15 Provisions for risks and charges and impairment adjustments (continued)**

- (i) The company has recorded both creation and releases of impairment adjustments in respect of shares, other variable income securities and unit funds. As at la 31 December 2014 the balance of impairment adjustments has decreased to RON 859,880.
- (ii) The company has recorded in 2014 impairment adjustments for receivables from direct insurance operations in amount of RON 22,094,848 in accordance with the Company's provisioning policy presented in Note 5 Premium receivables. The company has also released impairment adjustments in amount of RON 68,994,869 subsequent to the inventory performed in 2014. Out of the total amount released, RON 47,353,097 have been released through retained earnings (see Note 2v), the rest of the amount representing provision release through the technical account, reflected in other technical revenues (Note 27).
- (iii) The company has recorded both creation and releases of impairment adjustments in respect of receivables from reinsurance operations in accordance with internal policies. These have been reflected through the technical account as a net expense, in other technical expenses – expenses regarding impairment adjustments (Note 28).
- (iv) The company has recorded in 2014 an additional impairment allowance for receivables from Panamerican reinsurance treaty in amount of RON 30,737,553. The company has released provisions RON 11,322,142 relating to the quota share reinsurance contract with Panamerican subsequent to the inventory performed during the year. Out of the provision released, the amount of RON 11,274,932 was released as correction of retained earnings position (see Note 2v), the rest representing provision release through the technical account. The Company has presented the net amount in respect of these provisions in the category Other technical expenses – Expenses regarding impairment adjustments (see note 27).
- (v) The company has performed during 2014 an inventory of the recourse receivable portfolio. Subsequent to the inventory, the Company decided to remove from the balance sheet recourses in amount of RON 37,205,596 considering that these no longer meet the asset recognition criteria. The expense with their derecognition was presented in Other technical expenses (see note 27). At the same time, the Company has released the allowance of RON 37,033,059 set up for the receivables written off, the release being shown through Other technical income (Note 27).
- (vi) The company has released in 2014 an adjustment in amount of RON 11,848,596 for VAT recoverable the release being presented through Other technical income (Note 27)
- (vii) The Company had recorded in 2013 an impairment adjustment for land and building. Subsequently, during 2014, it was found that the Company had a revaluation surplus for the impaired properties and therefore has released the impairment allowance recorded in 2013 and recognized the decrease in revaluation reserves. The allowance was released through retained earnings (note 2v)
- (viii) Subsequent to the inventory and measurement of amounts in litigation, during 2014, the company has made value adjustments for receivables in litigations in amount of RON 24,150,364. Out of this, RON 2,985,334 refer to prior year amounts, the provision being set up through retained earnings as an accounting error correction (see Note 2v). During 2014 the Company has released provisions for litigations in amount of RON 30,314,615 through the technical account – Other technical revenue (note 28).
- (ix) The Company has recorded allowances in amount of RON 1,514,627 and has released allowances in amount of RON 6,586,953 for receivables from related parties. Both created



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and released provisions have been reflected in the non-technical account = Other non-technical revenues (Note 28).

**16 Other liabilities including tax and other social security charges**

Description	31 December 2013	31 December 2014
Share capital related settlements(i)		65,084,659
Intermediaries commissions	59,201,343	33,588,582
Sundry creditors	21,620,622	11,073,155
Bank loans	20,494,791	2,500,000
Suppliers	13,800,286	16,160,596
Other liabilities (ii)	7,062,961	27,007,872
Liabilities towards and on behalf of staff	3,427,999	3,596,209
Social liabilities	2,958,483	2,056,056
Leasing contract liabilities	1,671,145	523,123
Income tax liabilities	7,583	93,883
<b>Total</b>	<b>130,245,213</b>	<b>161,684,135</b>

- (i) The amounts included in Share capital related settlements refer to amounts deposited by shareholders for the first share capital increase stage as depicted in the financial recovery plan. The amounts have been transferred on October 10, 2014, the approval from FSA being obtained in February 2015 (Subsequent events note).
- (ii) The company has included in other liabilities amounts in course of settlement of RON 8,603,989 (31 December 2013: null) and taxes due to regulatory and supervisory authorities for insurance activity performed in branches.

All liabilities presented are due within a period of less than one year.

**17 Deferred revenue**

RON	31 December 2013	31 December 2014
Premiums collected in advance	12,959,260	12,379,894
Investment subsidies	154,326	99,860
<b>Total</b>	<b>13,113,586</b>	<b>12,479,754</b>





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**18 Amounts receivable from related parties**

	31 December 2013			31 December 2014		
	Gross book value	Impairment adjustments	Net book value	Gross book value	Impairment adjustments	Net book value
Medien Holding SRL (i)	22,601,224	22,601,224	-	22,596,415	22,596,415	-
Medien Holding SRL (i)	5,024,553	5,024,553	-	5,020,689	5,020,689	-
Medien Holding SRL (i)	80,334,326	80,334,326	-	80,319,232	74,922,788	5,396,444
Baumeister (i)	1,820,907	1,820,907	-	1,820,907	1,820,907	-
Medien Holding SRL (i)	1,907,764	1,907,764	-	1,907,763	1,907,763	-
Novacuart (i)	175,100	175,100	-	183,131	183,131	-
Megaconstruct (ii)	4,917,288	-	4,917,288	273,647	273,647	-
Astra Card SRL (i)	310,000	310,000	-	310,000	310,000	-
Astra Safe Imob SRL (i)	324,179	324,179	-	340,468	340,468	-
Astra Training SRL (i)	25,958	25,958	-	27,283	27,283	-
ETA Estate Solutions SPV (ii)	978,005	-	978,005	-	-	-
TNG Real Estate Management (i)	928,990	928,990	-	977,584	977,584	-
Theta Proficiency SRL (ii)	2,325,461	-	2,325,461	-	-	-
<b>Total</b>	<b>121,673,755</b>	<b>113,453,001</b>	<b>8,220,754</b>	<b>113,777,119</b>	<b>108,380,675</b>	<b>5,396,444</b>



**18 Amounts receivable from related parties (continued)**

Amounts receivable represent loans granted to related parties in the period 2011-2013.

As at 31 December 2014, amounts receivable from related parties include accrued interest in amount of RON 12,306,869 (31 December 2013: RON 15,673,896).

- (i) As at 31 December 2014, the Company recognized an impairment adjustment of 100% (2013 : 100 %) of the value of loans to affiliated companies Baumeister , Novacuart , Astra Card Ltd, Astra Safe Imob SRL , Astra Training Ltd, TNG Real Estate Management given the lack of relevant financial information / lack of revenue sources to ensure loan repayment . Additionally, the terms of repayment the loans by Baumeister and ASTRA CARD SRL were set prior to 31 December 2013.

Amounts receivable from Medien Holding SRL : The procedure initiated during 2014 for offsetting the loans granted to Medien Holding SRL with assets owned by it or by other affiliated companies, did not led to the recovery of receivables . After 31 December 2014 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. For loans granted to Medien Holding SRL, the Company recognized an impairment adjustment of 95 % given the estimated amount recoverable in the procedure as mentioned above.

- (ii) On 30 June 2014 the company has concluded compensation agreements for amounts receivable from MegaConstruct , ETA ESTATE SOLUTION SRL SPV and THETA Proficiency , totaling RON 8,245,360 , with amounts owed to Compania Hoteliera Intercontinental and International Business Center Modern. In the clearing process a sum of RON 273,647 was not compensated. For this receivable the Company recognized an impairment adjustment of 100 % at 31 December 2014.

**19 Amounts payable to related parties**

RON	31 December 2013	Increases in 2014	Decreases in 2014	31 December 2014
INTERNATIONAL BUSINESS CENTER MODERN (i)	703,692	-	703,692	-
COMPANIA HOTELIERA INTERCONTINENTAL (i)	7,248,772	-	7,248,772	-
PALL D'OR	2,948,370	199,344	-	3,147,714
<b>Total</b>	<b>10,900,834</b>	<b>199,344</b>	<b>7,952,464</b>	<b>3,147,714</b>

- (i) On 30 June 2014 the company has concluded compensation agreements for amounts receivable from MegaConstruct , ETA ESTATE SOLUTION SRL SPV and THETA Proficiency with amounts owed to Compania Hoteliera Intercontinental and International Business Center Modern, clearing amounts of RON 7,952,464.



**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
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All amounts in lei ("RON") unless otherwise stated

**20 Earned premiums, net of reinsurance- non-life insurance**

a) Earned premiums, net of reinsurance

	2014									
		Gross written premiums	Change in unearned premium reserve	Earned premiums	Premiums ceded to reinsurers	Change in unearned premium reserve ceded to reinsurers	Net premiums ceded	Net earned premiums		
		1	2	3=1-2	4	5	6=4-5	7=3-6		
Motor third party liability and green card		472,083,910	28,550,904	443,533,006	90,624,066	-	90,624,066	352,908,940		
Motor hull		137,828,894	(31,213,718)	169,042,611	29,225,956	(669,443)	29,895,400	139,147,212		
Property		60,955,353	(29,398,927)	90,354,280	11,147,157	(709,074)	11,856,231	78,498,049		
Marine hull and other means of transport		18,217,391	(2,571,092)	20,788,484	10,732,238	(1,602,385)	12,334,623	8,453,861		
Health insurance		63,888,694	(6,298,338)	70,187,032	232,350	(86,808)	319,158	69,867,874		
General third party liability		(841,290)	(24,029,630)	23,188,340	1,264,809	(91,151)	1,355,960	21,832,380		
Guarantees		724,623	(5,028,433)	5,753,056	-	-	-	5,753,056		
Others		8,465,069	(12,545,724)	21,010,794	-	-	-	21,010,794		
<b>Total</b>		<b>761,322,644</b>	<b>(82,534,958)</b>	<b>843,857,602</b>	<b>143,226,576</b>	<b>(3,158,861)</b>	<b>146,385,437</b>	<b>697,472,165</b>		

(i) "Others" category includes gross written premium related to policies from class Health (class II), Credit (class XIV), Financial Risk (class XVI)

and Travel (class XVIII)





**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.**  
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**20 Earned premiums, net of reinsurance- non-life insurance (continued)**

a) Earned premiums, net of reinsurance (continued) 2013							
	Gross written premiums	Change in unearned premium reserve	Earned premiums	Premiums ceded to reinsurers	Change in unearned premium reserve ceded to reinsurers	Net premiums ceded	Net earned premiums
	1	2	3=1-2	4	5	6=4-5	7=3-6
Motor third party liability and green card	398,524,428	(21,053,338)	419,577,766	213,975,212	(80,339,596)	294,314,808	125,262,958
Motor hull	174,183,282	5,872,864	168,310,418	79,831,527	(26,733,156)	106,564,683	61,745,735
Property	129,426,291	(60,106,669)	189,532,960	24,672,269	(29,005,964)	53,678,233	135,854,727
Marine hull and other means of transport	22,913,465	(2,869,751)	25,783,216	13,653,819	(2,547,873)	16,201,692	9,581,524
Medical insurance	68,219,681	(4,030,034)	72,249,715	353,608	254,439	99,169	72,150,546
General third party liability	57,416,025	(5,956,662)	63,372,687	666,573	(2,605,680)	3,272,253	60,100,434
Guarantees	14,635,354	(5,285,970)	19,921,324	-	(1,971,361)	1,971,361	17,949,963
Others	39,685,040	1,262,478	38,422,562	347,287	(8,739,324)	9,086,611	29,335,951
<b>Total</b>	<b>905,003,566</b>	<b>(92,167,082)</b>	<b>997,170,648</b>	<b>333,500,295</b>	<b>(151,688,515)</b>	<b>485,188,810</b>	<b>511,981,838</b>

**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.**  
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**20 Earned premiums, net of reinsurance- non-life insurance (continued)**

a) Earned premiums, net of reinsurance (continued)

The value of inwards reinsurance gross written premiums in 2014 was of RON 3,696,303 (2013: RON 3,993,676).

b) Gross written premiums

<i>RON</i>	<b>2013</b>	<b>2014</b>
Motor third party liability and green card	401,229,672	463,359,929
Motor hull	155,693,514	150,408,996
Property	111,568,568	64,981,395
Marine hull	24,906,877	16,004,564
Medical insurance	64,403,873	63,739,841
General third party liability	54,418,208	7,050,118
Guarantees	19,143,652	-
Others	38,266,304	8,440,036
<b>Total</b>	<b>869,630,668</b>	<b>773,984,879</b>

c) Gross written premiums from branches abroad

<i>RON</i>	<b>2013</b>	<b>2014</b>
Hungary	46,447,971	73,943,667
Slovakia	2,992,681	10,692,652
Germany	-	717,319
<b>Total</b>	<b>49,440,652</b>	<b>85,353,638</b>



**SOCIETATEA A**  
**NOTES TO THE**  
**FINANCIAL STATEMENTS**  
**All amounts in lei**

## 21 Earned pre

a) Earned pre

	Number	%
Mixed life insurance	6	0.7%
Death – temporary	8	0.9%
Waiver of premium permanent disability	1	0.1%
Critical illness	1	0.1%
Death and permanent accident	1	0.1%
Surgery due to a critical illness	1	0.1%
Hospitalization due to a critical illness	1	0.1%
Others	1	0.1%
<b>Total</b>	<b>20</b>	<b>2.2%</b>

**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.**  
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**21 Earned premiums, net of reinsurance- Life insurance (continued)**

a) Earned premiums, net of reinsurance- (continued)

2013	1	2	3	4	5=3-4	6=1-2-5
RON	Gross written premiums	Premiums ceded to reinsurers	Change in unearned premium reserve	Change in unearned premium reserve ceded to reinsurers	Change in unearned premium reserve, net of reinsurance	Earned premiums, net of reinsurance
Mixed life insurance	1,842,883	-	388,835	-	388,835	1,454,048
Death – temporary clause	5,641,122	306,405	839,522	36,337	803,185	4,531,535
Waiver of premium for total and permanent disability	34,205	-	917	-	917	33,288
Critical illness	29,617	-	(3,936)	-	(3,936)	33,554
Death and permanent disability due to accident	22,285	-	1,372	-	1,372	20,913
Surgery due to accident	153,080	-	(4,346)	-	(4,346)	157,423
Hospitalization due to accident	322,633	-	4,214	-	4,214	318,419
Others	6,236,542	-	(2,122,965)	-	(2,122,965)	8,359,507
<b>Total</b>	<b>14,282,368</b>	<b>306,405</b>	<b>(896,387)</b>	<b>36,337</b>	<b>(932,723)</b>	<b>14,908,687</b>





**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.**

**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**

**FINANCIAL YEAR ENDED 31 DECEMBER 2014**

**All amounts in lei ("RON") unless otherwise stated**

**21 Earned premiums, net of reinsurance- Life insurance (continued)**

b) Gross written premiums were realized based on individual life insurance contracts and group insurance contracts as follows:

<i>RON</i>	<b>2013</b>	<b>2014</b>
Individual contracts	9,153,835	6,740,602
Group policies	5,128,533	2,053,081
<b>Total</b>	<b>14,282,368</b>	<b>8,793,683</b>

c) Insurance contracts concluded on life insurance segment provide the possibility to pay the premium in instalments or in full and in advance upon signing the contract. Gross written premiums for the two methods of collection are as follows:

<i>RON</i>	<b>2013</b>	<b>2014</b>
Single premium policies	1,655,060	2,162,825
Multiple instalments policies	12,627,308	6,630,858
<b>Total</b>	<b>14,282,368</b>	<b>8,793,683</b>

d) Life insurance contracts concluded have provisions regarding participation of the insured persons in profits sharing or investment component providing that the premium is invested in financial investments whose risk is borne by the insured person. The structure of gross written premiums is:

<i>RON</i>	<b>2013</b>	<b>2014</b>
Insurance premiums without profit participation	9,963,308	8,793,683
Investment premiums where the investment risk is borne by the insured	4,319,060	-
<b>Total</b>	<b>14,282,368</b>	<b>8,793,683</b>

e) Gross written premium for foreign branches

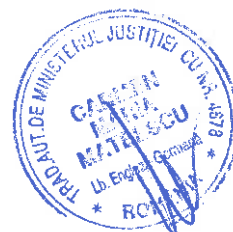
<i>RON</i>	<b>2013</b>	<b>2014</b>
Hungary	1,065,825	1,390,039
<b>Total</b>	<b>1,065,825</b>	<b>1,390,039</b>



**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.**  
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**22 Incurred claims net of reinsurance – non-life insurance**

	2014				
	Claims paid	Claims paid ceded to reinsurers	Change in claim reserves	Change in ceded claim reserves	Claims paid, net of reinsurance
RON	1	2	3	4	5=1-2+3+4
Motor third party liability and green card	339,026,557	91,625,076	(23,979,804)	(16,286,577)	207,135,101
Motor hull	119,678,826	20,393,600	29,296,013	(31,639,307)	96,941,932
Property	26,932,596	(3,311,908)	(3,922,896)	(4,716,254)	21,605,354
Marine hull and other means of transport	1,573,579	3,300,921	13,668,562	(7,711,543)	4,229,677
Medical insurance	3,542,502	161,723	(656,194)	395,904	3,120,488
General third party liability	2,989,405	-	(1,425,061)	(2,031,781)	(467,437)
Guarantees	18,559	-	(108,232,394)	-	(108,213,835)
Others	3,312,656	-	(198,572)	-	3,114,084
<b>Total</b>	<b>497,074,679</b>	<b>112,169,412</b>	<b>(95,450,347)</b>	<b>(61,989,557)</b>	<b>227,465,363</b>



**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.**  
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**22 Incurred claims net of reinsurance – non-life insurance (continued)**

2013

	Claims paid 1	Claims paid ceded to reinsurers 2	Change in claim reserves 3	Change in ceded claim reserves 4	Claims paid, net of reinsurance 5=1-2+3+4
RON					
Motor third party liability and green card					
Motor hull	338,053,055	429,909,849	134,383,673	131,735,043	174,261,922
Property	123,371,696	14,554,234	6,251,232	27,483,796	142,552,490
Marine hull and other means of transport	49,114,322	11,486,754	27,567,480	13,684,686	78,879,734
Medical insurance	2,865,588	542,931	699,650	28,160	3,050,467
General third party liability	495,396	-	625,643	(487,428)	633,611
Guarantees	3,541,154	-	7,478,698	118,465	11,138,317
Others	978,043	-	144,176,635	-	145,154,678
	3,688,373	135,532	(227,857)	78,131	3,403,115
<b>Total</b>	<b>522,107,627</b>	<b>456,629,300</b>	<b>320,955,154</b>	<b>172,640,853</b>	<b>559,074,334</b>

As at 31 December 2013, after analyzing the contractual provisions of the proportional reinsurance treaty with Panamerican for damage and third party liability risks, the change in reinsurer's share of the reported but not settled reserve and incurred but not reported reserve in the amount of RON 204,537,878 has been reclassified as part of reinsurer's share of claims paid. The balance of the reported claims reserve ceded into reinsurance based on the proportional treaty in amount of RON 100,216,639, respectively the incurred and not reported reserve ceded on the same treaty in amount of RON 104,321,239 have been reclassified in settlement accounts, being a component of receivables balance from reinsurance operations (presented in Note 6 - "Receivables and liabilities from reinsurance operations")

**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.**

**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**

**FINANCIAL YEAR ENDED 31 DECEMBER 2014**

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**23 Incurred claims net of reinsurance – life insurance**

	2014	Claims paid	Claims paid ceded to reinsurers	Change in claim reserves	Change in ceded claim reserves	Claims paid, net of reinsurance
<i>RON</i>						
Mixed life insurance		54,780	-	(13,014)	-	41,766
Death – temporary clause		199,688	-	263,570	27,533	435,726
Critical illness		-	-	-	-	-
Death and permanent disability due to accident		19,231	-	869,506	-	888,740
Surgery due to accident		22,195	-	9,068	-	31,263
Hospitalization due to accident		3,484	-	2,710	-	6,194
Others		473,173	-	508,381	100,000	881,545
<b>Total</b>		<b>772,551</b>	<b>-</b>	<b>1,640,224</b>	<b>127,533</b>	<b>2,285,242</b>
Surrenders and maturities		2,124,501	-	-	-	2,124,501
<b>Total</b>		<b>2,897,052</b>	<b>-</b>	<b>1,640,224</b>	<b>127,533</b>	<b>4,409,743</b>



**23 Incurred claims net of reinsurance – life insurance (continued)**

	2013				
	Claims paid	Claims paid ceded to reinsurers	Change in claim reserves	Change in ceded claim reserves	Claims paid, net of reinsurance
<i>RON</i>					
Mixed life insurance	22,911	-	18,719	-	41,630
Death – temporary clause	557,998	-	204,053	(8,571,750)	9,333,801
Critical illness	8,565	-	(8,643)	-	(78)
Death and permanent disability due to accident	-	-	19,231	-	19,231
Surgery due to accident	86,262	-	(27,003)	-	59,259
Hospitalization due to accident	30,408	-	(24,580)	-	5,828
Others	293,061	-	(32,265)	-	260,796
<b>Total</b>	<b>999,203</b>	<b>-</b>	<b>149,511</b>	<b>(8,571,750)</b>	<b>9,720,464</b>
Surrenders and maturities	10,770,723	-	-	-	10,770,723
<b>Total</b>	<b>11,769,926</b>	<b>-</b>	<b>149,511</b>	<b>(8,571,750)</b>	<b>20,491,187</b>

**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
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**24 Net operating expenses**

*Non-life insurance*

<i>RON</i>	<b>2013</b>	<b>2014</b>
Acquisition costs (i)	218,947,054	95,599,247
Commission expenses (ii)	128,576,324	166,988,819
<b>Acquisition costs total</b>	<b>347,523,378</b>	<b>262,588,066</b>
Change in deferred acquisition costs (ii)	44,030,593	(26,630,290)
<b>Total</b>	<b>391,553,971</b>	<b>235,957,776</b>
Administrative expenses (iii)	128,961,052	127,527,619
Commissions from reinsurers	(14,741,060)	(5,507,000)
	<b>114,219,992</b>	<b>122,020,619</b>
<b>Total</b>	<b>505.773.963</b>	<b>357,978,395</b>

*Life insurance*

<i>RON</i>	<b>2013</b>	<b>2014</b>
Acquisition costs	1,069,889	898,070
Commission expenses	2,338,813	1,806,457
Administrative expenses (iv)	1,168,328	1,236,941
<b>Total</b>	<b>4,577,030</b>	<b>3,941,468</b>

(i) Acquisition costs – non-life insurance:

<i>RON</i>	<b>2013</b>	<b>2014</b>
Discounts granted (a)	177,833,628	70,922,920
Salaries and relates state budget contributions, tax expenses and others (b)	38,597,118	23,210,550
Advertising expenses	1,671,444	737,396
Special documents expenses	264,935	570,088
Other acquisition costs (c)	579,929	158,293
<b>Total</b>	<b>218,947,054</b>	<b>95,599,247</b>



**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.****NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS****FINANCIAL YEAR ENDED 31 DECEMBER 2014****(all amounts expressed in lei ("RON") unless otherwise stated)****24 Net operating expenses (continued)**

- (a) As at 31 December 2014, acquisition expenses include expenses with discounts granted for contracted insurance policies in amount of RON 70,922,920 (31 December 2013: 177,833,628).
- (b) Salaries and related state budget contributions have been allocated as follows: 31% in „Acquisition costs”, respectively 69% in „Administrative expenses”; similar with the presentation for the comparative figures for financial year 2013.

At 31 December 2014, tax expenses of RON 23,278,050 (e.g. functioning taxes, guarantee fund taxes, MTPL tax, etc.) have also been allocated according to the percentages mentioned in the above paragraph. (31 December 2013: RON 22,875,060).

Other expenses include rent expenses, professional bodies' fees, sponsorship expenses.

- (ii) Commission expenses for non-life insurance can be analysed as follows:

RON	31 December 2013	31 December 2014
Motor third party liability and green card	70,821,192	83,839,868
Motor hull	21,715,801	26,387,274
Property	31,177,852	21,478,844
Marine hull	859,105	591,343
Medical insurance	1,221	119,029
General third party liability	2,252,879	2,043,312
Guarantees	394,410	116,584
Others	1,353,865	32,412,566
<b>Total</b>	<b>128,576,324</b>	<b>166,988,819</b>

- (iii) Administrative expenses – non-life insurance

RON	2013	2014
<b>Out of which:</b>	<b>128,961,052</b>	<b>127,527,619</b>
Tax expenses	3,563,004	4,476,301
Maintenance and repairs expenses	8,196,585	1,346,899
Rent expenses	7,046,672	6,054,699
Fees to professions bodies expenses	14,406,273	10,000,681
Suppliers of services expenses	21,901,319	24,521,574
Depreciation expenses	9,282,925	7,834,945
Postal and telecommunication expenses	8,672,507	7,183,865
Banking fees expenses	2,973,397	2,612,335
Other expenses	17,781,281	11,834,127
Miscellaneous expenses (69% of salary expenses) (b)	35,137,089	51,662,193





**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
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**24 Net operating expenses (continued)**

Administrative expenses include expenses with services contracts, tax expenses, fixed assets depreciation expense, rent expenses and personnel related expenses (in proportion of 69% of expenses – see Note 24(i)(b) to the individual financial statements). Expenses are allocated between segments based on allocation keys defined for each activity or department.

(iv) Administrative expenses – life insurance

	2013	2014
<i>RON</i>	<b>1,168,328</b>	<b>1,236,941</b>
<i>Out of which:</i>		
Depreciation of intangibles and fixed assets	611,649	622,638
Tax expenses	278,081	279,217
Banking fees expenses	37,547	14,257
Maintenance and repairs expenses	25,542	13,508
Suppliers of services expenses	25,292	-
Postal and telecommunication expenses	2,951	17,805
Other expenses	187,265	289,515

In 2014, expenses with financial statements audit were in amount of RON 845,650 (RON 861,960 in 2013), including VAT and were related to the audit of the financial statements as at 31 December 2014 prepared in accordance with the Order of the President of the Insurance Supervisory Commission no. 3129/2005, as well as of the IFRS financial statements.

**25 Investment revenue**

*Non-life insurance*

<i>RON</i>	2013	2014
Interest revenue	7,237,409	1,418,213
<b><i>Income from other investments – Total</i></b>	<b>7,237,409</b>	<b>1,418,213</b>
Income from financial investments	3,516,491	-
Rental income	587,381	391,403
<b><i>Gain on investments – Total</i></b>	<b>4,103,873</b>	<b>391,403</b>
Revenue from investments value adjustments	-	1,864,535
<b><i>Total revenue from adjustments for losses/impairment of investments</i></b>		<b>1,864,535</b>
Dividend income	960,252	56,573
<b>TOTAL</b>	<b>12,301,534</b>	<b>3,730,724</b>



**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2014**  
**(all amounts expressed in lei ("RON") unless otherwise stated)**

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**25 Investment income (continued)**

*Life insurance*

<i>RON</i>	<b>2013</b>	<b>2014</b>
Income from other investments	982,938	1,584,240
Income from gain on investments	989,607	213,842
<b>Total</b>	<b>1,972,545</b>	<b>1,798,083</b>

**26 Investment expenses**

<i>RON</i>	<b>2013</b>	<b>2014</b>
Expenses with impairment of financial assets (Note 15)	29,530,722	-
Expenses with impairment of investments	-	464,210
Expense with investments management, including interest expense, out of which:	1,857,824	836,859
<i>Interest expense</i>	1,797,780	836,859
<i>Investment expense</i>	60,044	-
<b>Total</b>	<b>31,388,546</b>	<b>1,301,069</b>



**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
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**(all amounts expressed in lei ("RON") unless otherwise stated)**

**27 Other technical income and expense**

*Non-life insurance*

<i>RON</i>	<b>2013</b>	<b>2014</b>
<b>Total technical income, out of which:</b>	<b>103,834,106</b>	<b>76,166,098</b>
Net income from subrogation	91,054,219	12,062,500
Foreign exchange gain	11,081,384	10,270,947
PAID commissions	1,698,502	2,481,866
Revenue from premium receivables impairment adjustments (Note 15)	-	2,434,469
Revenue from recourse receivables impairment adjustments (Note 15) (i)	-	37,033,059
Revenue from VAT receivables impairment adjustments (Note 15)	-	11,883,258

<i>RON</i>	<b>2013</b>	<b>2014</b>
<b>Total other technical expenses, out of which:</b>	<b>235,793,382</b>	<b>91,276,462</b>
Impairment adjustment expenses (Note 15)	230,628,171	32,875,777
Expenses with write-off of recourse receivables (i)	-	63,588,546
Foreign exchange differences	4,554,338	20,880,562
Reinsurance commissions	610,873	314,528

(i) In 2014, after the inventory process, the Company performed the write off of recourse receivables with a gross book value of RON 37,205,596. The Company made a provision amounting to RON 37,033,059 for these receivables, a provision that has been released and presented in Revenue from recourse receivables impairment adjustments. Also during 2014 the Company wrote off VAT receivables totaling RON 26,382,950; the provision released relating to this release of RON 11,883,259 being presented in Other technical income. The cumulative effect of these changes is RON 63,588,546.



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**27 Other technical income and expense (continued)**

*Life insurance*

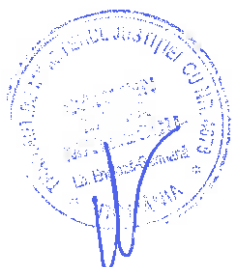
RON	2013	2014
<b>Other technical income:</b>	<b>110,962</b>	<b>22,623</b>
Foreign exchange gains	110,962	22,623
<b>Other technical expenses:</b>	<b>128,569</b>	<b>37,815</b>
Foreign exchange losses	128,569	37,815

**28 Other non technical income and expense**

*Other non-technical income*

RON	2013	2014
Discounts income	1,994,152	2,023,357
Income from claims, fines and penalties	241,136	(10,983)
Income from sale of assets and other equity operations	69,319	70,393
Other income related to amounts receivable from insured persons (i)	1,518,631	4,018,431
Impairment release for non-technical elements (ii)	0	9,270,737
Other non-technical income (iii)	610,147	334,822
<b>TOTAL</b>	<b>4,192,249</b>	<b>15,717,741</b>

- (i) Income related to amounts receivable from insured persons represents those amounts relating to Hungary branch for premium installments collected for periods not insured. This amount is paid by the Company at the beginning of the year and recorded as expense and then recovered throughout the year from the insured as revenue for the respective period.
- (ii) Impairment release for non-technical elements represent the net value of allowances created and released in respect of loans granted to related parties and other debtors
- (iii) In the category „Other non-technical income” the Company has included: other extraordinary revenue from management operations, income from donations and received subsidies, rental income, damages recovered from debtors and other extraordinary income.



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RON	2013	2014
Expenses with adjustments for impairment (Note 15)	200,228,947	-
Expenses with provisions for risks and charges (Note 15)	6,497,729	94,885,786
Losses from receivables	4,162,743	11,347,090
Expenses with assets sold and other equity operations	16,224	1,165
<b>Total</b>	<b>210,905,643</b>	<b>96,359,748</b>

**29 Reconciliation of accounting and fiscal profit**

RON	31 December 2013	31 December 2014
<b>Gross profit</b>	(917,328,742)	30,704,600
(+) Nondeductible expenses	500,309,984	349,285,921
(+) Elements similar to income	(23,583,798)	(96,399,879)
(-) Deductions from profit - statutory reserves	9,317,724	7,820,997
(-) Retained fiscal loss	57,705,399	515,718,410
(-) Non chargeable income and other fiscal deductions	8,092,731	99,222,586
<b>Chargeable income</b>	<b>(515,718,410)</b>	<b>(339,171,351)</b>
Income tax (16%)	-	-
Effect of elements subject to other tax rates	-	-
(-) Sponsorship expenses	-	-
<b>Income tax due</b>	<b>(515,718,410)</b>	<b>(339,171,351)</b>



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

During the year 2014, the average number of employees, by category, was:

	2013	2014
Management	268	267
Insurance activity employees	808	754
Administrative employees	390	367
<b>Total</b>	<b>1,466</b>	<b>1,388</b>

**31 Related parties**

The company provides services to related parties in accordance with usual commercial terms and benefits from services from these companies in similar conditions.

As at 31 December 2014 there is a total of 90 related companies. The most significant transactions were carried out with the following related parties: TNG REAL ESTATE MANAGEMENT, ASTRA NOVA SECURITY, THE NOVA GROUP INVESTMENTS B.V., PALL D'OR CON SA, INTERNATIONAL BUSINESS CENTER, MEGA CONSTRUCT SA .The nature of transactions with related parties are insurance policies underwriting, rental services, advertising services, security and protection services, maintenance and auto repairs, accommodation and protocol and granting intragroup loans.



**SOCIETATEA ASIGURARE- REASIGURARE ASTRA S.A.****NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS****FINANCIAL YEAR ENDED 31 DECEMBER 2014****(all amounts expressed in lei ("RON") unless otherwise stated)****31 Related parties (continued)**

Commercial transactions conducted in accordance with contracts and agreements concluded by the Company with related companies, administrators and other related parties to the administrators can be classified as follows:

- a) Insurance transactions related to insurance contracts in which the related parties act as contractors/insured parties:

	<b>2013</b>	<b>2014</b>
<b>Gross written premiums</b>	<b>57,981,572</b>	<b>1,431,399</b>
<b>Total</b>	<b>57,981,572</b>	<b>1,431,399</b>

Out of which:

	<b>31 December 2013</b>	<b>31 December 2014</b>
ROMANIAN - AUSTRIAN CASINO CORPORATION SRL	37,738	62,241
ASTRA NOVA SECURITY SA	3,937,822	44,620
THE NOVA GROUP INVESTMENTS B.V.	9,375	36,866
PALL D'OR CON SA	11,608	36,183
INTERNATIONAL BUSINESS CENTER	3,940,571	32,815
MEGA CONSTRUCT SA	1,140,184	32,079
TYCOON MEDIA PRESS	15,281	29,373
MEDIA ALPHA PUBLISHERS	79,388	27,476
TNG REAL ESTATE MANAGEMENT	3,915,456	25,275
SC FOTBAL CLUB OTELUL	5,232,684	23,127
Other related parties	39,661,466	1,081,344
<b>Total</b>	<b>57,981,572</b>	<b>1,431,398</b>

- b) Insurance claims paid to related parties in their contractor/insured party role:

	<b>2013</b>	<b>2014</b>
<b>Claims paid</b>	<b>15,967,170</b>	<b>151,171</b>
<b>Total</b>	<b>15,967,170</b>	<b>151,171</b>





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**31 Related parties (continued)**

c) Other related parties expenses:

<b>RON</b>	<b>2013</b>	<b>2014</b>
Rent expenses	918,325	781,320
Management services	122,210	142,975
Utilities, other administrative expenses	2,396,559	811,900
<b>Total</b>	<b>3,437,094</b>	<b>1,736,195</b>

In 2014, rent expenses with related parties amount to RON 781,320 (2013: RON 918,325). During 2014, the Company recorded management services expenses with International Business Center Modern of RON 142,975 (at 31 December 2013, management services amounted RON 122,210)

d) Balances relating to loans granted to/ received from related parties:

<b>RON</b>	<b>31 December 2013</b>	<b>31 December 2014</b>
Loans granted (Note 18)	105,999,859	101,470,250
Loans/investments received (Note 19)	10,656,060	2,875,000
<b>Total</b>	<b>116,655,919</b>	<b>104,345,250</b>

	<b>2013</b>	<b>2014</b>
Accrued interest on loans granted (Note 18)	15,673,896	12,306,869
Accrued interest for loans/investments received (Note 19)	244,774	272,714
<b>Total</b>	<b>15,918,670</b>	<b>12,579,583</b>



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**31 Related parties (continued)**

e) Income from transactions with related parties

RON	2013	2014
Income from transactions with related parties	64,562	43,215
(rent)		

f) Transactions with PAID

Transactions with PAID	2013	2014
Net premium income	1,691,021	2,436,417
Premiums payable to PAID	10,063,536	1,244,507

At 31 December 2014 the contribution owed to PAID for written premiums is in amount of RON 1,244,507 (31 December 2013: RON 10,063,536).

g) Liabilities to related parties (other than those presented above)

At 31 December 2014 the balance of liabilities towards related parties from services rendered by them and other related expenses amounts to RON 2,457,043 (31 December 2013: RON 1,700,847), out of which:

	31 December 2013	31 December 2014
OMEGA CITY BUSINESS CENTER SRL	784,151	884,550
ASTRA NOVA SECURITY SA	366,586	475,764
INTERNATIONAL BUSINESS CENTER MODERN SRL	216,415	216,414
UNIREA SHOPPING CENTER SA	183,426	372,286
Other related parties	150,269	508,027
<b>Total</b>	<b>1,700,847</b>	<b>2,457,043</b>

h) Receivables from related parties

At 31 December 2014, the Company had receivables amounting to RON 285,255 (31 December 2013: RON 242,041) from GRUPUL DE PRESA ROMAN, for rental services provided, as well as receivables from Omega City Business Center SRL for sale and lease contracts in amount of RON 12,219,941 (31 December 2013: RON 4,648,179). At 31 December 2014 the impairment adjustment for this receivables was in amount of RON 11,608,946 (31 December 2013: 0 RON).



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**31 Related parties (continued)**

i) Reserves balances recorded in relation to related parties:

	<b>31 December 2013</b>	<b>31 December 2014</b>
Unearned premium reserve (a)	13,307,302	744,733
Claims reserve	260,758	49,735
Benefit and rebates reserve (b)	36,778	85,601
Mathematical reserve	2,118,040	2,531,033

(a) Unearned premium reserve

<i>RON</i>	<b>31 December 2013</b>	<b>31 December 2014</b>
ASTRA NOVA SECURITY SA	926,392	34,888
THE NOVA GROUP INVESTMENTS B.V.	6,327	27,750
MEDIA ALPHA PUBLISHERS	23,789	21,621
ROMANIAN - AUSTRIAN CASINO CORPORATION SRL	23,449	16,792
REX MAMAIA	22,901	15,646
P.A.I.D SA	22,038	15,255
INTERNATIONAL BUSINESS CENTER	915,399	14,071
ALPHA SPV SRL	898,922	10,799
MEGA CONSTRUCT SA	269,577	10,534
PALL D'OR CON SA	7,817	9,480
TNG REAL ESTATE MANAGEMENT	902,827	9,441
Other related parties	9,287,864	558,454
<b>Total</b>	<b>13,307,302</b>	<b>744,733</b>



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At 31 December 2014 the net realized profit is of RON 30,704,600 (31 December 2013: net loss of RON 917,328,742).

**33 Cash and cash equivalents**

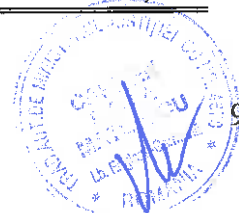
<i>RON</i>	<b>31 December 2013</b>	<b>31 December 2014</b>
Petty cash (Note 8)	113,293	142,771
Bank accounts (Note 8)	6,042,596	10,975,635
Bank deposits with maturities up to 3 months	31,963,459	27,885,192
<b>Total</b>	<b>38,119,348</b>	<b>39,003,598</b>

*Non-life insurance*

<i>RON</i>	<b>31 December 2013</b>	<b>31 December 2014</b>
Petty cash	111,789	142,771
Bank accounts	5,656,161	10,718,116
Bank deposits with maturities up to 3 months	31,700,850	27,810,702
<b>Total</b>	<b>37,468,800</b>	<b>38,671,589</b>

*Life insurance*

<i>RON</i>	<b>31 December 2013</b>	<b>31 December 2014</b>
Petty cash	1,504	-
Bank accounts	386,435	257,519
Bank deposits with maturities up to 3 months	262,609	74,490
<b>Total</b>	<b>650,548</b>	<b>332,009</b>



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### **34 Contingent assets and liabilities**

#### *Rent contracts*

The Company has concluded rent agreements, for which the future value of payments is as follows:

<i>RON</i>	<b>31 December 2013</b>	<b>31 December 2014</b>
Up to one year	4,006,514	3,944,575
Between 1 and 5 years	3,777,346	3,073,348
Over 5 years	42,315	-
<b>Total</b>	<b>7,826,174</b>	<b>7,017,923</b>

#### *Contingent assets*

For amounts collectible from Medien Holding SRL the Company has continued to compute and record from loan contracts' expiration date and up to 31 December 2014 interests amounting to RON 9,328,250 for the RON 98,165,150 receivables. This interest (together with amounts to be collected from Medien Holding SRL as mentioned in Note 18) was included in the 2015 request formulated by the Company for initiation of the insolvency procedure (see Note 2.e and Note 36).

### **35 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.



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**35 Risk management (continued)**

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 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.

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 would not 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



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### **35 Risk management (continued)**

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.





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### **36 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.

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**36 Subsequent events (continued)**

- 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.



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**36 Subsequent events (continued)**

***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



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**(all amounts expressed in lei ("RON") unless otherwise stated)**

**36 Subsequent events (continued)**

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,  
Surname and forename  
Puscasiu Antonela  
Capacity:  
Financial 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.

