

**INTERSIG Vienna Insurance Group sh.a.**

**Financial Statements**  
**for the year ended 31 December 2015**  
**(with the independent auditor's report thereon)**

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## Independent Auditors' Report

To the shareholders of  
Intersig Vienna Insurance Group Sh.a.

Tirana, 29 March 2016

We have audited the accompanying financial statements of Intersig Vienna Insurance Group Sh.a. ("the Company"), which comprise the statement of financial position as at 31 December 2015, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Other Report on regulatory requirements – requirements of Financial Supervisory Authority of Albania for Solvency Margin and Assets Deemed to Back Insurance Liabilities.**

Pursuant to the requirements of the Financial Supervisory Authority of Albania, we have read the accompanying Supplementary Schedules of Solvency Margin and Assets Deemed to Back Insurance Liabilities (“Supplementary Schedules”). These Supplementary Schedules prepared by management are not part of the accompanying financial statements. The historical financial information, presented in the Supplementary Schedules prepared by management, is consistent, in all material respects, with the annual financial information disclosed in the accompanying financial statements of the Company as of and for the year ended 31 December 2015, prepared in accordance with the national accounting legislation, applicable for insurance companies in Albania. Management is responsible for the preparation of the Supplementary Schedules, in accordance with Law “On the Activity of Insurance, Reinsurance and Intermediary in Insurance and Reinsurance” no. 52 dated 22 May 2014.

Fatos Beqja  
*Statutory Auditor*

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**Intersig Vienna Insurance Group Sh.a.****Statement of financial position***(All amounts are expressed in Lek '000, unless otherwise stated)*

	Notes	31 December 2015	31 December 2014
<b>ASSETS</b>			
Cash and cash equivalents	10	51,049	242,637
Term deposits with banks	11	845,853	735,332
Treasury bills	12	477,579	225,308
Insurance and other receivables	13	48,422	58,535
Deferred acquisition costs	14	135,706	126,888
Reinsurance assets	15	754,156	493,190
Prepaid income tax	16	7,582	7,582
Investment property	17	220,493	232,098
Property, equipment and intangible assets	19	44,203	49,048
Other assets	18	34,276	49,587
Shares in affiliate companies	20	7,975	5,009
Deferred tax assets	38	4,561	19,258
<b>TOTAL ASSETS</b>		<b>2,631,855</b>	<b>2,244,472</b>
<b>LIABILITIES</b>			
Liabilities for losses and loss adjustments expenses	21	838,475	575,299
Unearned premium reserve	22	707,618	596,210
Reinsurance deposit	23	429,035	344,523
Borrowings	24	-	98,417
Subordinated Loan	25	137,280	140,324
Tax and similar liabilities	26	13,747	31,179
Insurance and other payables	27	89,238	101,861
<b>TOTAL LIABILITIES</b>		<b>2,215,393</b>	<b>1,887,813</b>
<b>EQUITY</b>			
Share capital	28	1,228,000	1,228,000
Insurance risk reserves	29	53,265	53,265
Retained losses		(864,803)	(924,606)
<b>TOTAL EQUITY</b>		<b>416,462</b>	<b>356,659</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,631,855</b>	<b>2,244,472</b>

The notes on pages 5 to 36 are an integral part of these financial statements.

These financial statements have been approved by the Directors of the Company on 29 March 2016

  
Gentian Sula  
General Director

  
Ilir Elmazi  
Finance Director

**Intersig Vienna Insurance Group Sh.a.**  
**Statement of profit or loss and other comprehensive income**  
*(All amounts are expressed in Lek '000, unless otherwise stated)*

		For the year ended 31 December	
	Notes	2015	2014
Gross written premium	30	1,568,245	1,348,502
Change in provision for unearned premiums, net	22	(79,471)	(98,856)
Premiums ceded to reinsurers	31	(821,614)	(748,522)
<b>Earned premium, net</b>		<b>667,160</b>	<b>501,124</b>
Other income	32	10,433	15,910
<b>Net income</b>		<b>677,593</b>	<b>517,034</b>
Loss and loss adjustment expense	21	(352,851)	(317,639)
<b>Total losses and loss adjustments</b>		<b>(352,851)</b>	<b>(317,639)</b>
Acquisition costs	33	(390,921)	(300,810)
Change in deferred acquisition cost, net		8,818	4,305
Administration expenses	34	(242,450)	(230,830)
Other insurance related expenses	35	(68,580)	(27,138)
Provision for bad debts	13	1,086	(2,257)
Other expenses		(549)	(1,851)
Reinsurance income commission		423,376	299,249
<b>Operating expenses</b>		<b>(269,220)</b>	<b>(259,332)</b>
Interest income	36	34,276	28,065
Income from shares in affiliated companies		-	2,089
Financial charges		(20,789)	(15,308)
Foreign exchange gains, net	37	5,491	473
<b>Net financial income</b>		<b>18,978</b>	<b>15,319</b>
<b>Profit/(loss) before income tax</b>		<b>74,500</b>	<b>(44,618)</b>
Income tax	38	(14,697)	3,049
<b>Profit/(loss) for the year</b>		<b>59,803</b>	<b>(41,569)</b>
<b>Other comprehensive income for the year, net of tax</b>		-	-
<b>Total comprehensive income/(loss) for the year</b>		<b>59,803</b>	<b>(41,569)</b>

The notes on pages 5 to 36 are an integral part of these financial statements.

**Intersig Vienna Insurance Group Sh.a.****Statement of Changes in Equity**

For the year ended 31 December 2015 and 2014

*(all amounts are expressed in Lek '000, unless otherwise stated)*

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	Share capital	Reserves	Retained losses	Total
<b>Balance at 1 January 2014</b>	<u>1,228,000</u>	<u>53,265</u>	<u>(883,037)</u>	<u>398,228</u>
<b>Total comprehensive income for the period</b>				
Current year loss	-	-	(41,569)	(41,569)
<b>Other comprehensive income, net of tax</b>				
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive loss, net of tax</b>	<u>-</u>	<u>-</u>	<u>(41,569)</u>	<u>(41,569)</u>
<b>Balance at 31 December 2014</b>	<u>1,228,000</u>	<u>53,265</u>	<u>(924,606)</u>	<u>356,659</u>
<b>Total comprehensive income for the period</b>				
Current year profit	-	-	59,803	59,803
<b>Other comprehensive income, net of tax</b>				
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>	<u>-</u>	<u>-</u>	<u>59,803</u>	<u>59,803</u>
<b>Balance at 31 December 2015</b>	<u>1,228,000</u>	<u>53,265</u>	<u>(864,803)</u>	<u>416,462</u>

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**Intersig Vienna Insurance Group Sh.a.****Statement of cash flow***(all amounts are expressed in Lek '000, unless otherwise stated)*

	For the year ended 31 December	
	2015	2014
<b>Profit/(loss) before income tax</b>	<b>74,500</b>	<b>(44,618)</b>
<b>Cash flows from operating activities</b>		
<i>Adjustments for:</i>		
Depreciation and amortization	22,833	25,058
Loss on disposal of tangible assets	458	1,600
Impairment allowance	(1,086)	2,257
Share of profit of equity-accounted investees	-	(2,089)
Interest expense	20,789	15,308
	<b>117,494</b>	<b>(2,484)</b>
Changes in:		
-Insurance and other receivables	11,199	18,152
-Deferred acquisition costs	(8,818)	(4,305)
-Other assets	15,311	(6,784)
-Reinsurance assets	(260,966)	(237,687)
-Provision for claims	263,176	86,536
-Unearned Premium Reserve	111,408	222,813
-Reinsurance deposit	84,512	177,495
-Other liabilities	(30,055)	(19,964)
<b>Cash generated from operating activities</b>	<b>303,261</b>	<b>233,772</b>
Interest paid	(23,833)	(15,124)
Income tax paid	-	(3,721)
<b>Net cash from operating activities</b>	<b>279,428</b>	<b>214,927</b>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment and intangible assets	(6,841)	(7,847)
Increase in term deposits	(110,521)	(66,416)
Purchase of treasury bills	(252,271)	(29,493)
Acquisition of shares in affiliate companies	(1,461)	-
Increase of investment in affiliates	(1,505)	-
<b>Net cash used in investing activities</b>	<b>(372,599)</b>	<b>(103,756)</b>
<b>Cash flows from financing activities</b>		
Proceeds from subordinated loan	-	140,140
Repayments of borrowings	(98,417)	(26,312)
<b>Net cash (used in)/generated from financing activities</b>	<b>(98,417)</b>	<b>113,828</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(191,588)</b>	<b>224,999</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>242,637</b>	<b>17,638</b>
<b>Cash and cash equivalents at the end of the year (Note 10)</b>	<b>51,049</b>	<b>242,637</b>

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