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INDEPENDENT AUDITOR'S REPORT

To the shareholders and management of Illyria Insurance sh.a.

We have audited the accompanying financial statements of Illyria Insurance sh.a. ("the Company), which comprise the statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors 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 policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give true and fair view of the financial position of the Company as at 31 December 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Report on regulatory requirements of the supervisory authority, the Central Bank of Kosovo, for Solvency Margin and Assets Deemed to Insurance Liabilities

Pursuant to the requirements of the Central Bank of Kosovo ("CBK"), 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 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 31 December 2014, prepared in accordance with International Financial Reporting Standards, applicable for insurance companies in Kosovo. Management is responsible for the preparation of the Supplementary Schedules, in accordance with CBK Rule No. 8 "On Capital Adequacy" dated 29 December 2011.

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Pristina, March 26, 2015

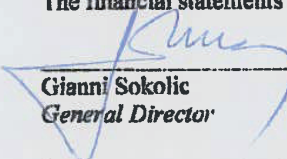
Kompania e Sigurimeve Illyria Sh.a.


Statement of financial position

As of 31 December 2014 (in EUR)

	Note	31 December 2014	31 December 2013
Assets			
Cash and cash equivalents	7	1,933,798	948,979
Term deposits, net	8	6,832,352	6,461,992
Reinsurance share of insurance liabilities	9	518,340	489,427
Property, plant and equipment	10	3,252,611	3,353,727
Intangible assets	11	98,646	90,955
Deferred acquisition costs	12	459,528	584,894
Investments	13	-	1,800,000
Receivables from agents and customers	14	517,856	569,151
Other assets	15	247,748	1,466,267
Total assets		13,860,879	15,765,392
Liabilities			
Insurance contract liabilities - Claim reserves	16	5,821,719	5,297,776
Insurance contract liability - Unearned premium	17	2,846,911	2,975,635
Insurance payables	18	426,015	1,729,107
Borrowings	19	-	1,100,000
Deferred revenue	20	56,965	52,743
Other accounts payable	21	881,036	1,013,540
Total liabilities		10,032,646	12,168,801
Equity			
Share capital	22	5,428,040	5,428,040
Revaluation surplus		765,996	765,996
Accumulated loss		(2,365,803)	(2,597,445)
Total equity		3,828,233	3,596,591
Total liabilities and equity		13,860,879	15,765,392

The financial statements set out on pages 1 to 38 were authorized for issue on 15 March 2015 by:


Gianni Sokolic
General Director


Primož Mocivnik
Chairman of the Board

The notes on pages 5 to 38 are an integral part of these financial statements.

Kompania e Sigurimeve Illyria Sh.a.

Statement of comprehensive income

For the period ended 31 December 2014 (in EUR)

	Notes	2014	2013
Gross written premiums	23	8,891,082	9,697,381
Premium tax		(444,577)	(497,469)
Change in the gross provision for unearned premiums	17	128,724	122,519
Net written premiums		8,575,229	9,322,431
Premiums ceded to reinsurers'	24	(684,912)	(640,292)
Reinsurers' share of change in the provision for unearned premiums	9	24,477	(79,705)
Net insurance premiums revenue		7,914,794	8,602,434
Investment income	8	154,362	283,859
Reinsurance recoveries		260,598	343,905
Reinsurance commission		100,507	111,715
Other income		26,190	61,057
Total revenues		8,456,451	9,402,970
Losses and loss adjustment expenses	16	(4,043,740)	(4,988,263)
Interest expense		(31,200)	(91,728)
Policy acquisition costs	25	(753,852)	(751,208)
Share of expenses of IAK	26	(851,164)	(869,412)
Administrative expenses	27	(2,544,839)	(2,444,092)
Total losses and expenses		(8,224,795)	(9,144,703)
Net profit for the year		231,656	258,267
Other comprehensive income		-	-
Other comprehensive income		-	-
Total comprehensive income for the period		231,656	258,267

The notes on pages 5 to 38 are an integral part of these financial statements.

Kompania e Sigurimeve Illyria Sh.a.

Supplementary Schedules

Table 1: Minimal Solvency Margin

Solvency Margin based on the Central Bank of Kosovo Rule 8 on Capital Adequacy section 8,9 and 10:

Description	31 December 2014
1 Net Profit of the year	231,656
2 Net Assets	3,828,233
3 Total Assets	13,860,879
4 Minus: Premium receivables older than 90 days	211,011
5 Minus: Other Debtors	164,073
6 Minus: Advances and prepayments	-
7 Minus: 25% of Deffered Acquisition Costs	114,882
8 Minus: Other non - liquid assets	-
9 Minus: Intangible Assets	98,646
10 Minus: Liabilities	10,032,646
11 Net Admissible Assets (3+(-4-5-6-7-8-9-10))	3,239,621
12 Required Solvency Margin (as per rule 8 section 8)	600,000
13 Adequacy ¹³ = 11-12	2,639,621
14 Solvency Position	Solvent

Table 2: Assets Deemed to Back Insurance Liabilities

Rule No 8 on Capital Adequacy sets the requirements for assets covering total collateral

Description	31 December 2014
1 Total requirements for risk insurance	-
2 Insurance risk 2014	4,706,399
3 Total requirements for risk insurance in 2014 (1+2)	4,706,399
4 Claims paid from Insurance Risk in 2014	-
5 Premiums ceded to reinsures from Insurance risk 2014	-
6 Plus Operational Risk	-
7 Total Variable Collateral (3+(4:6))	4,706,399
8 Minimum Capital Requirement	3,000,000
9 Total required Capital (7+8)	7,706,399
10 Total Cash or near cash assets (11+12)	8,766,150
11 Cash in current account	1,933,798
12 Investments and term deposits (13+14)	6,832,352
13 Variable Capital	-
14 Other Deposits	6,832,352
15 25% of Variable Collateral Invested in Property (7*25%)	1,176,600
16 Surplus/Deficit (10-9)	1,059,751
17 Status:	Surplus