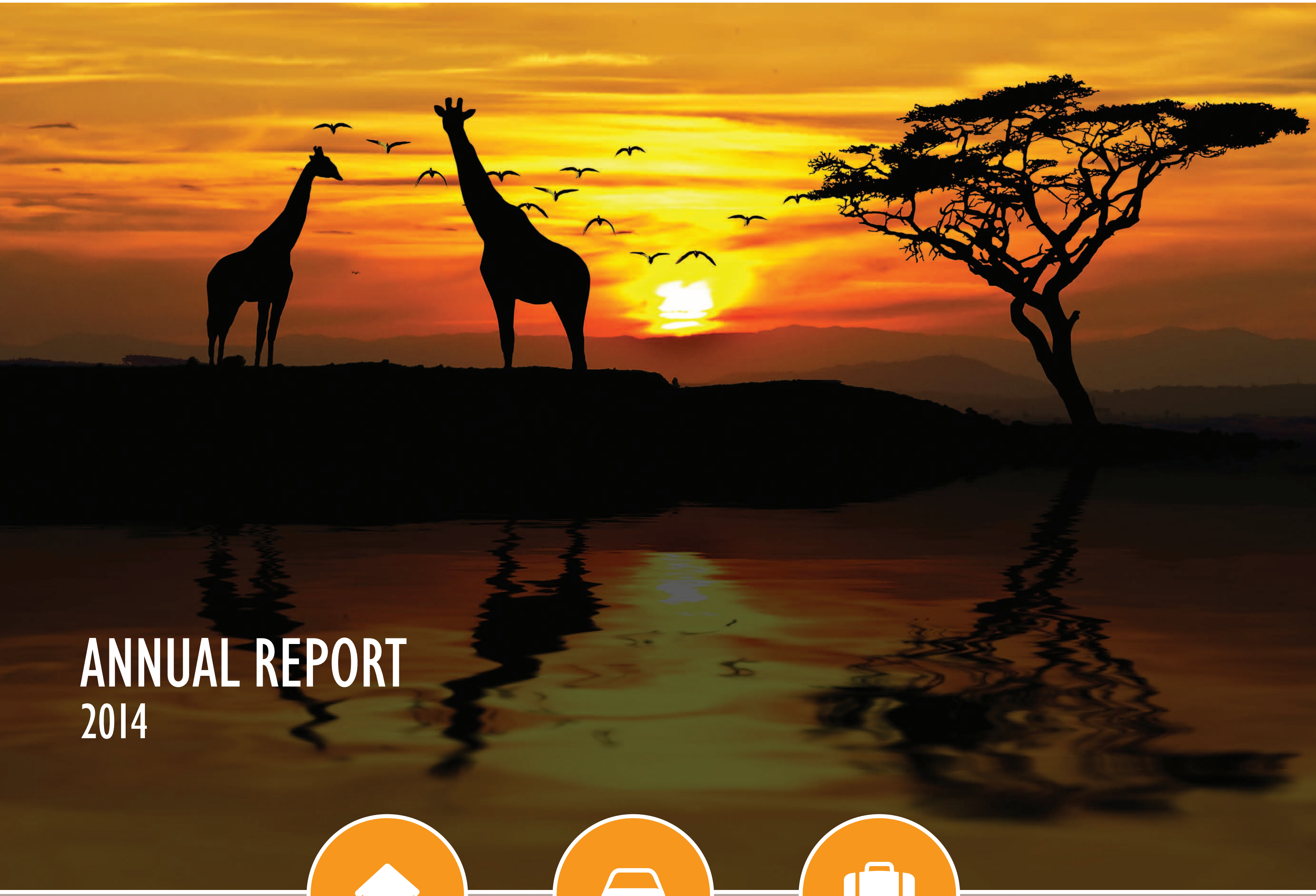
MAURITIUS UNION
GROUP



ANNUAL REPORT
2014

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INTRODUCTION

DEAR SHAREHOLDER,

The Board of Directors is pleased to present the Annual Report of The Mauritius Union Assurance Cy. Ltd for the year ended 31 December 2014.
This Annual Report was approved by the Board of Directors on 31 March 2015.

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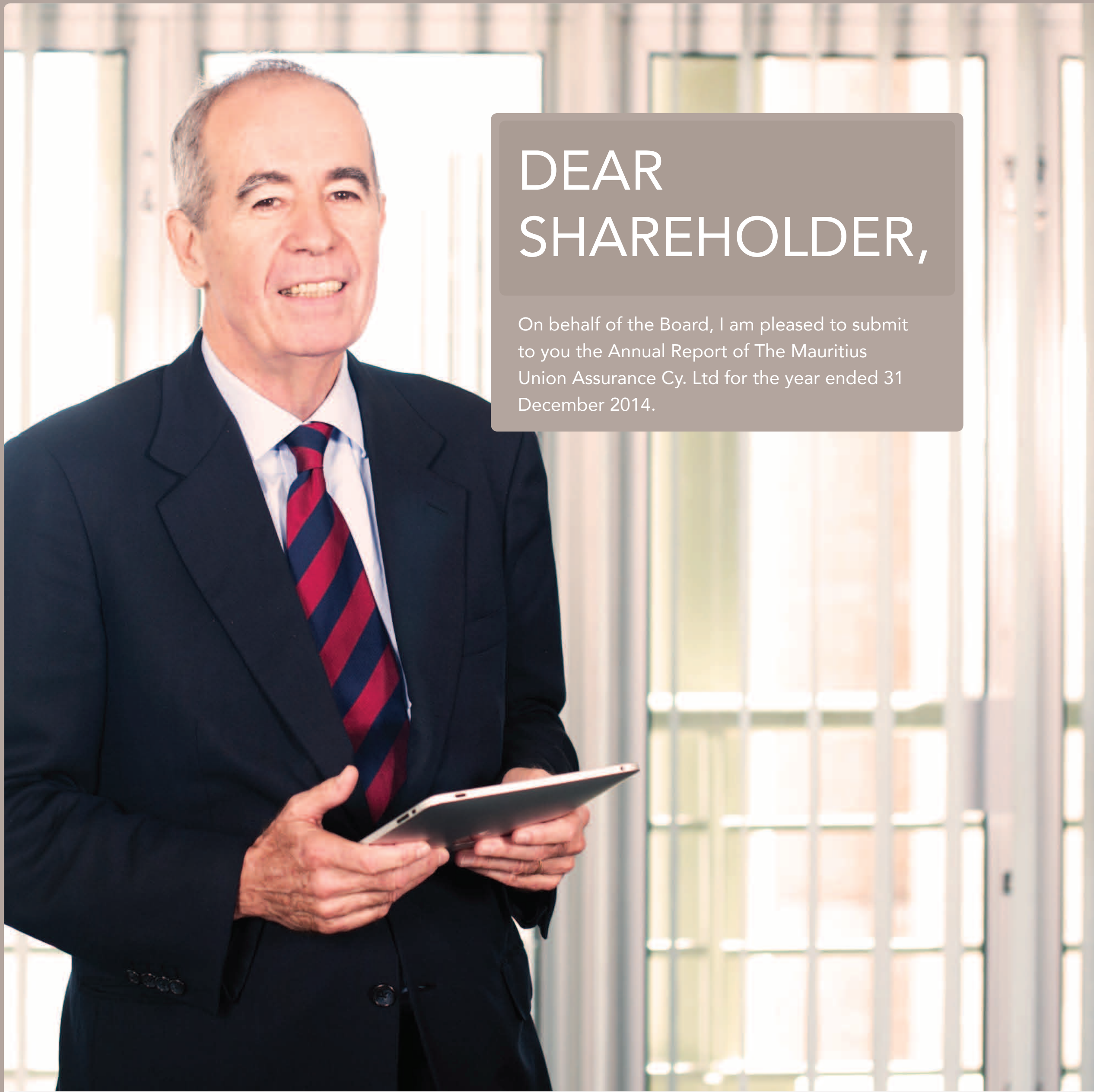

DEAR SHAREHOLDER,

On behalf of the Board, I am pleased to submit to you the Annual Report of The Mauritius Union Assurance Cy. Ltd for the year ended 31 December 2014.

CHAIRMAN'S REVIEW

OVERVIEW

On the international scene, the global economy maintained a slow, but extremely fragile recovery trajectory, notwithstanding the fact that certain economic regions such as the Euro area have experienced a slowdown in economic activity. The growth was lower than anticipated, and increased only marginally to 2.6% in 2014 from 2.5% in 2013.

These modest boosts in economic activity have resulted in mild improvements in non-life premium growth. However, the low-yield environment remained a significant challenge to the profitability of insurance companies, more so for life insurers due to their heightened dependence on investment returns for profits. Consequently, insurance companies have been reliant on below average catastrophe losses and reserve releases to be able to maintain their profitability.

The local economy has performed reasonably well with a growth rate of 3.3%, compared to the marginally lower figure of 3.2% recorded in 2013. The finance and insurance sectors have remained stable at 5.4% and on a more positive note; no major catastrophe loss was recorded. The ongoing soft market conditions in the international reinsurance and local insurance markets have resulted in a fierce price competition.

RESULTS

The gross earned premiums for the Group increased by 17% to Rs2.7bn and the profit before tax decreased by 29% to Rs214m. Overall profit after tax declined by 35% to Rs169m. This drop in profitability is mainly due to the downward pressure on premium rates and increased expenses.

Concerning the short-term business, gross earned premiums rose by 2% to reach Rs1, 642m and net claims incurred increased by 3% to Rs740m, mainly due to a growing customer base. Investment income rose from Rs63m to Rs89m due to the increasing dividends paid by our subsidiaries, especially by our recently acquired subsidiary in sub-Saharan Africa. Profit before tax fell by 12% to Rs180m. Taxation charge decreased from Rs42m to Rs39m. Overall profit after tax decreased from Rs162m to Rs141m.

Regarding long-term business, gross premiums decreased by 3% to Rs658m. Despite the poor performance of the local equity markets, investment income increased from Rs288m in 2013 to Rs327m in 2014, resulting into an operating profit of Rs58m.

DIVIDEND

The Board has declared a total dividend of Rs100.2m, equivalent to a dividend of Rs2.50 per share. It took into account both the prescribed minimum regulatory capital requirements and the expected capital commitments for a number of strategic initiatives.

EXPANSION INTO EAST AFRICA

The Group has marked another crucial milestone in 2014 with the takeover of Phoenix TransAfrica Holdings Ltd (PTHL), which holds controlling interests in Phoenix of East Africa Assurance Company Ltd (PEAL), in a transaction valued at $22.6m. Through this transaction, the Group has gained an entry into the booming markets of Kenya, Tanzania, Uganda and Rwanda. An overview of the transaction and the opportunities that await us in East Africa can be found on page 8.

SUSTAINABILITY REPORTING

Since 2013, the Group has been actively integrating the numerous policies of sustainable development into our business model, as we are acutely aware of the importance of our role in society as a responsible insurer. Hence, we have, during the course of the last year, carried out a re-evaluation of our practices and have identified the issues that we need to improve upon.
A summarized version of the report can be found on page 76.

LEADERSHIP

There has also been a change in the leadership of the Group this year, with Mr. Bertrand Casteres taking the reign as the new CEO in January 2015. The previous CEO, Mr. Lakshmana (Kris) Lutchmenarraidoo was appointed as the Managing Director of Phoenix of East Africa Assurance Company Ltd in July 2014.

I have absolutely no doubt that the Group shall flourish and succeed beyond expectations under the guidance of those two capable leaders and wish them the very best for the year to come.

CONCLUSION

In closing, I would like to express my appreciation to the staff of the Mauritius Union Group for their continued dedication and contribution, and to my colleagues on the Board of Directors for their support throughout 2014.

I would also seize this opportunity to thank Mr. Lakshmana (Kris) Lutchmenarraidoo for the excellent work accomplished during the years under his trusted leadership.

Last but not least, my sincere thanks go to all our other stakeholders – brokers, accredited agents and salespersons that have provided the link between our Group and our customers.

Domique GALEA
CHAIRMAN

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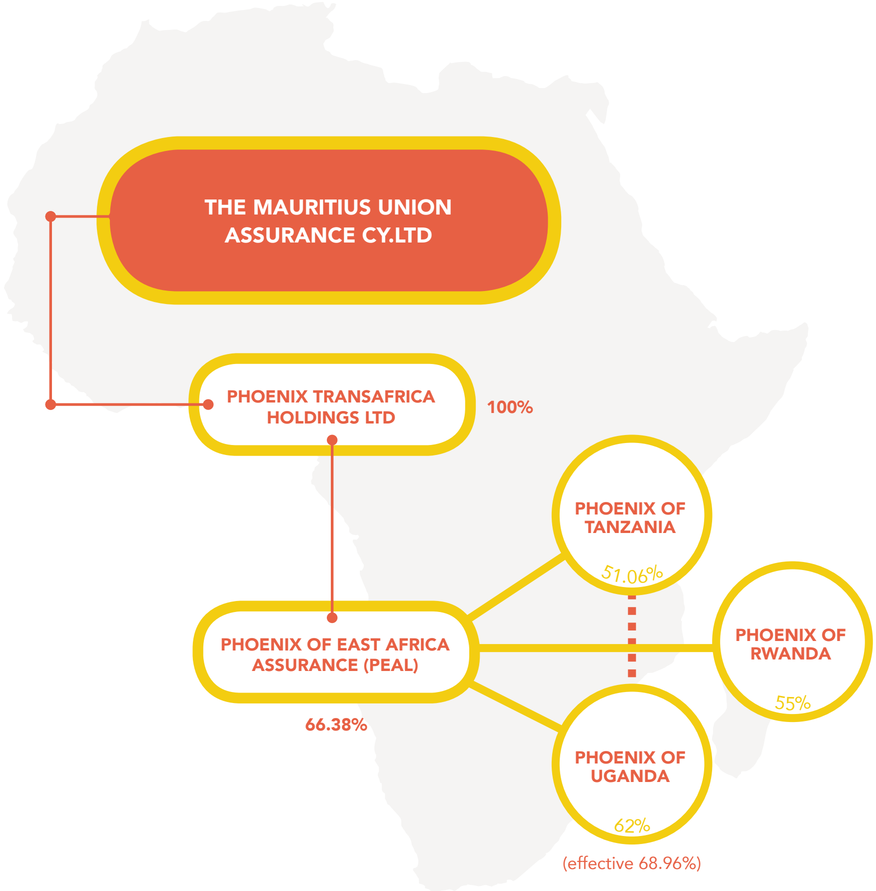
In line with our expansion strategy, we have concluded a deal with Phoenix TransAfrica Holdings Limited (PTHL) in May 2014 to buy all of its issued shares in a transaction valued at USD 22.6m.



ACQUISITION OF

PTHL owns 66.38% of Phoenix of East Africa Assurance Company Limited ("PEAL") which is incorporated in Kenya. PEAL, in turn, holds the controlling interest in subsidiaries incorporated in Tanzania, Uganda and Rwanda. Through this acquisition, the Group has gained a strong and established foothold in those East African markets.

We believe that this acquisition will prove to be a wise and highly profitable investment for the Group, taking into account the tremendous growth potential of those developing markets. We plan to diligently leverage the competencies, knowledge base and experience duly acquired in Mauritius into our African counterparts and look forward to write a new successful chapter in collaboration with PEAL.

OUR VISION FOR AFRICA

THE CHALLENGES

These four markets are still in the early stages of development, with very low penetration levels for most insurance products. Hence, we will have to do considerable groundwork to create the required awareness for those products and to build a stellar reputation amongst the local populations. Moreover, the markets are very different from the one in Mauritius. We will have to learn tremendously from and about the diverse cultures, the ways of living, the customs and the market vagaries of each of these African countries. As a newcomer in these markets, it is paramount that we remain alert and attentive to those little details that shape a society's distinctive consumer behaviours.

THE OPPORTUNITIES

With the swelling middle and upper middle income segments in those countries, we expect to develop amongst the local population a budding interest for basic insurance products.

However, we do not intend to stop there. We shall also introduce, in due time, other tailored insurance solutions to the market based on local needs. We are also looking into obtaining considerable economies of scale by setting up common platforms.

THE STRATEGY

We are determined to ensure that we obtain the sought synergistic gains between our operations in Mauritius and those of Phoenix in East Africa and we have already started creating the required communication channels between the various operations. We firmly believe that it is through a seamless exchange of information and knowledge that value will be created for us.

PHOENIX TRANSAFRICA HOLDINGS LTD

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COMPANY PROFILE

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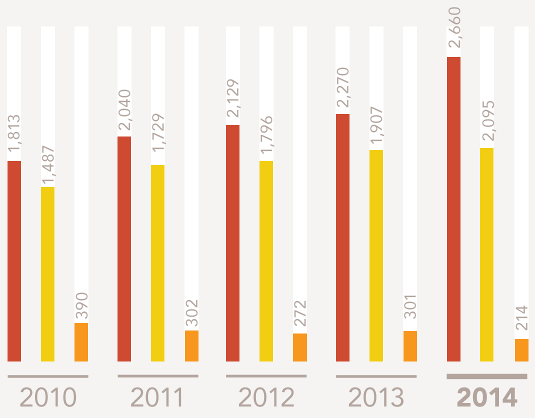
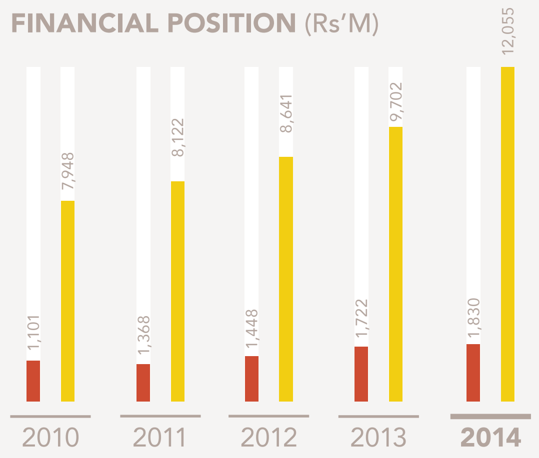
GROUP RESULTS (Rs'M)



	2010	2011	2012	2013	2014
GPE	1,813	2,040	2,129	2,270	2,660
NEP	1,487	1,729	1,796	1,907	2,095
PBT	390	302	272	301	214

Gross Premium Earned
Net Earned Premium
Profit Before Tax

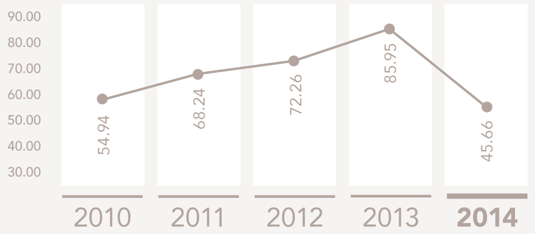
FINANCIAL POSITION (Rs'M)



	2010	2011	2012	2013	2014
SF	1,101	1,368	1,448	1,722	1,830
TA	7,948	8,122	8,641	9,702	12,055

Shareholders Funds
Total Assets

GROUP NET ASSETS PER SHARE



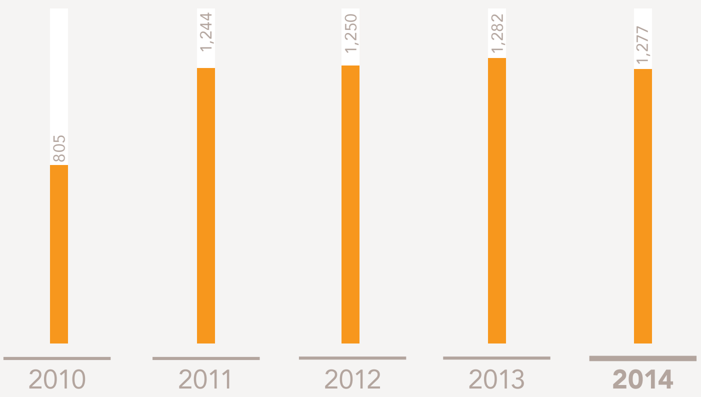
GROUP NET ASSETS PER SHARE (Rs)

	2010	2011	2012	2013	2014
NAPS	54.94	68.24	72.26	85.95	45.66

Net Assets Per Share

FINANCIAL HIGHLIGHTS

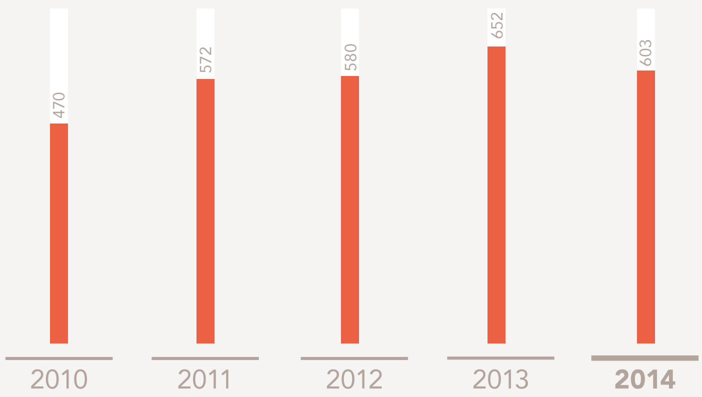
NET GENERAL INSURANCE PREMIUM (Rs'M)



	2010	2011	2012	2013	2014
NIP	805	1,244	1,250	1,282	1,277

Net Insurance Premium

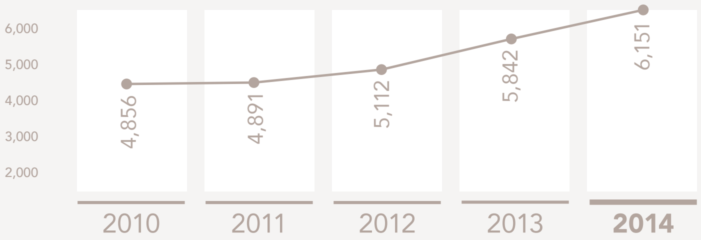
NET LIFE INSURANCE PREMIUM (Rs'M)



	2010	2011	2012	2013	2014
NIP	470	572	580	652	603

Net Insurance Premium

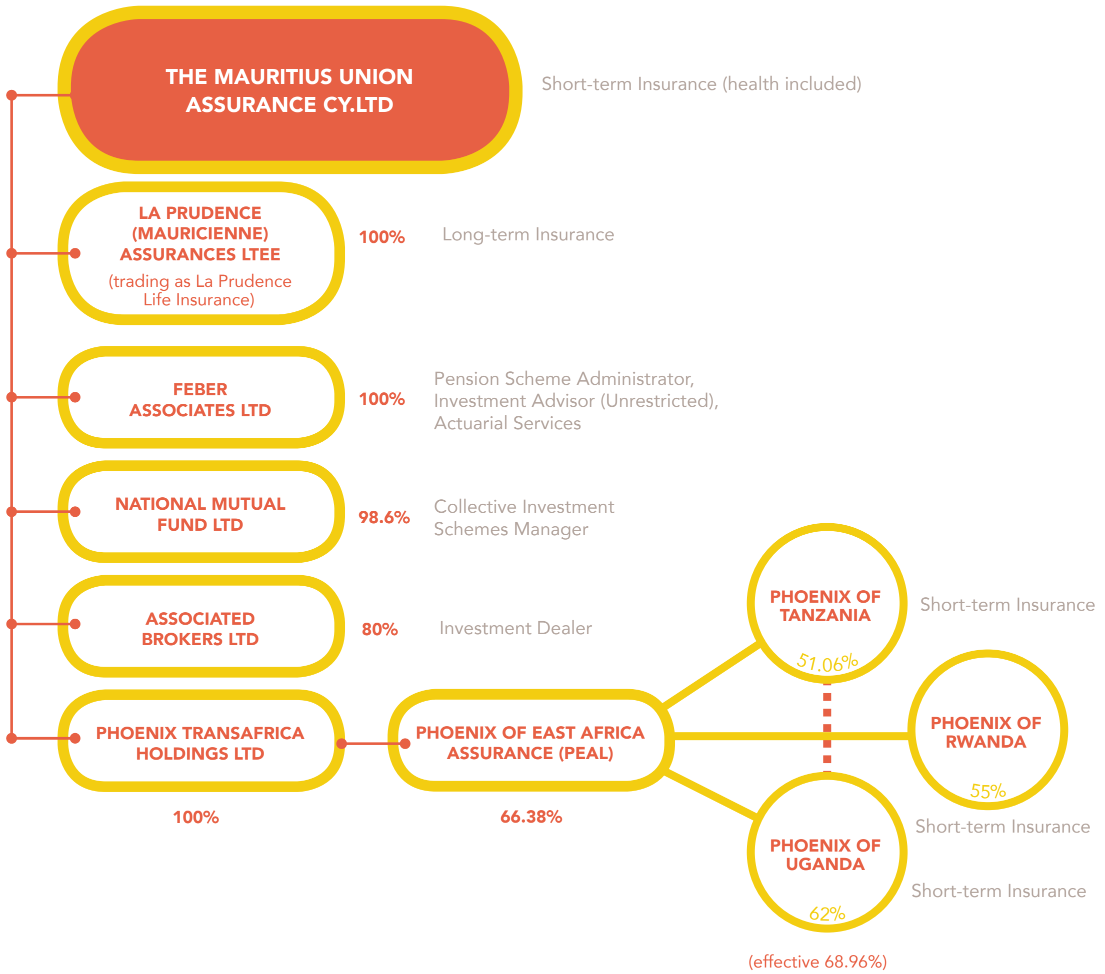
LIFE ASSURANCE FUND



LIFE ASSURANCE FUND (Rs'M)

	2010	2011	2012	2013	2014
LAF	4,856	4,891	5,112	5,842	6,151

Life Assurance Fund



GROUP STRUCTURE & CORE BUSINESSES

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Fax: +230 212 2962
Email: info@mauritiusunion.com
Website: www.mauritiusuniongroup.com

AUDITORS

Ernst & Young

ACTUARIES

Deloitte Actuarial & Insurance Solutions,
South Africa

MAIN BANKERS

ABC Banking Corporation Ltd
Afrasia Bank Limited
Bank One Limited
Banque des Mascareignes Ltee
Barclays Bank Plc
Hong Kong & Shanghai Banking Corporation Limited
Investec Bank (Mauritius) Ltd
Mauritius Commercial Bank Ltd
SBI (Mauritius) Ltd
Standard Bank (Mauritius) Limited
State Bank of Mauritius Ltd

SECRETARY

ECS Secretaries Ltd

SHARE REGISTRY

Abax Corporate Administrators

CORPORATE INFORMATION

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MANAGEMENT REVIEW

BY THE CHIEF EXECUTIVE OFFICER

We are pleased to present to you a review of the performance of the Group and the Company for the year ended 31 December 2014. Similar to 2013, 2014 premium rates have remained under pressure all through the year as market conditions stayed soft.

MANAGEMENT REVIEW AND PERFORMANCE

GROUP'S PERFORMANCE

Rs M	2014	2013
Gross Earned Premium	2,660	2,270
Net Claims and Benefits	-1,682	-1,893
Operations and Administrative Expenses	-859	-637
Profit from Operations	231	316
Profit before Tax	214	301
Income tax expense	-46	-40
Profit after tax	168	260

The gross earned premiums for the Group increased by 17% to Rs2.7bn and the profit before tax decreased by 29% to Rs214m. Overall profit after tax fell by 35% to Rs168m.

GENERAL INSURANCE REVIEW

Rs M	2014	2013
Gross Earned Premium	1,642	1,609
Net Claims and Benefits	-740	-719
Operations and Administrative Expenses	-523	-487
Profit from Operations	198	219
Profit before Tax	180	203
Income tax expense	-39	-41
Profit after Tax	141	161

The prevailing downward pressure on premium rates due to the soft reinsurance market and the severe competition among the players on almost all classes of business, have impacted the growth of premium contribution. As a result, gross earned premium increased by 2% to reach Rs1,642m. The underwriting results decreased slightly by 5% due to the downward trend in rates observed on the motor insurance business.

All classes of business contributed positively to the overall underwriting results in 2014. On the other hand, we have initiated a re-structuring exercise at group level to reinforce our operations, which explains an increase in the management expenses for the year. This exercise has been finalized and the general insurance cluster has embarked on a cost control and efficiency program that is expected to maintain the level of expenses within budgetary objectives.

The motor business remains one of the main classes of the general insurance portfolio in terms of turnover and profitability. This line of business experienced a decrease of 2% in premium contribution in 2014, mainly explained by the downward pressure on premium rates. On the other hand, the net claims incurred increased by 9% and with the combined effect of the reduction on premium contribution, the profitability on this line of business was negatively impacted. New projects have been initiated to review our product offerings and pricing strategy to increase the sales and profitability of this class of business.

The health portfolio is another major class of business within the general insurance portfolio. This line of business has contributed significantly to the overall general insurance results, with an increase of 6% and 42% in gross premium and underwriting results respectively. We continue to exert strict underwriting discipline in risk selection and pricing, while exerting rigorous claims handling control through better screening. The challenge is to maintain the claims cost and administrative expenses at reasonable levels while enhancing customer service.

The fire and allied classes performed reasonably well with an increase of 5% and 34% in gross premium and underwriting results. We continue to apply strict underwriting approach through control on rates and pricing and maintain our understanding and analysis of all commercial risks, which we initiated at the end of 2013.

We have further improved our performance on the Financial & Special Risks businesses with an increase of 13% and 12% in premium and underwriting results respectively. We continued to strengthen our partnership with our reinsurers, international brokers and other intermediaries. This has reinforced our position on the market.

Overall, the profit from operations was impacted negatively by 10% to reach Rs198m. Profit before tax reached 180M, while the profit after tax amounted to Rs141M.

LIFE INSURANCE REVIEW

Rs'000	2014	2013
GWP	658,362	675,647
Net claims	466,031	444,481
Net underwriting results	135,094	196,851
Management expenses	99,813	99,099
Investment income	327,010	288,146
Life fund	6.151	5.842
Shareholder fund	358.5	295.8

We were expecting a challenging year in 2014 due to the far-reaching negative impact of the world economic situation.

Our Life insurance goals for the year were to be even more client focused, enhance operational efficiency, optimise investment returns for our clients and to increase sales with a special attention to pure protection line of business.

Regular communication was made to clients to inform them of changes to the economic environment and to their policy conditions. On the administrative side, continuous efforts were made to improve our back office efficiency. Processes were reviewed to eliminate time wastage and systems were modified to enable back office staff to easily access information. Technical training was also delivered as and when to build staff knowledge and capacity. Caring for the other aspects of staff working environment and welfare ensured a level of production and a high degree of affiliation to the group.

Management was prudent in keeping the expenses under good supervision and we finished the year with the satisfaction of an improvement in overall efficiency.

Investing the clients' funds with care in this volatile economic environment was also an important target to keep clients' confidence high.

During the year 2014 we also completed our reassurance treaty review with the signature of new treaties and on the legal compliance side, we received the approval of the Financial Services Commission with respect to our proposal for the application of the Private Pension Scheme Act 2012. The La Prudence Multi Employer Trust was set up and the work around this project is well in progress for completion.

Finally, we increased our product offering in the line of pure protection product, namely Bancassurance and are happy to note the growth in the premium income in that area.

SEYCHELLES

Our branch in Seychelles is picking up momentum slowly and has achieved solid Underwriting results. The HR have been further reinforced and we have also increased our visibility through a number of marketing and communication campaigns carried out during the year.

MUA Seychelles, in collaboration with the ANHRD (Agency for National Human Resource Development) is also awarding a scholarship to a Seychellois student to pursue his/her further education in Mauritius.

INFORMATION SYSTEMS

The Information Systems' landscape at the Mauritius Union Group has known significant changes in 2014. A common accounting platform, namely Oracle Financials, was successfully implemented. All windows XP desktops were migrated to Windows 7 visualized desktops. The websites of all the subsidiaries were consolidated into a customer-centric group-website with a view to providing all the services and information in one location.

With the recent acquisition of Phoenix Assurance Group in East Africa, the IT infrastructure of the African subsidiaries is being revamped and aligned to the overall IT strategy of the group. As a result, new hardware and applications are being installed at each location to improve on customer service, operational efficiency and facilitate collaboration and communication across borders.

HUMAN RESOURCES

Consistent with the Group's strategic objectives of cost-consciousness and financial efficiency, several measures were implemented not only to control expenditures and expenses but also to improve business efficacy. Recruitment was strictly regulated based on needs and a re-engineering 'rightsizing' exercise was effected to allow the Group to scale the business down to a leaner and more efficient organisation. To develop winning talents, investment in staff training and development remained critical and a special emphasis was placed on professional image and grooming.

To engage and retain our human capital, career progression opportunities were also created through our performance-centric culture.

CUSTOMER SATISFACTION

The satisfaction of our customers with our products and services is measured on a yearly basis through a survey carried out by an independent research company. For 2014, 88% of the respondents were happy and satisfied with us (compared to 87% in 2013), a commendable and stable result that demonstrates the appreciation of our customers towards the relentless efforts we have been making to provide a world class service over the last few years.

MARKETING STRATEGY

The marketing focus in 2014 was to reinforce the brand image of the Mauritius Union Group as an experienced, professional, modern, responsible & reliable insurer.
To that aim, regular open days and other similar events were organised in popular, crowded locations to allow our sales force to interact closely with the public. The Group's advertising also spanned all media platforms, be it newspapers, TV, radio, billboards and so on, ensuring a wide-reaching brand visibility.

PROSPECTS

The local market continues to be impacted by pressure on rates. Competition amongst local insurance companies is not showing signs of abating and premium rates on certain lines of business are well below technical rates. On the reinsurance side, the market is likely to remain soft as capacity remains plentiful.

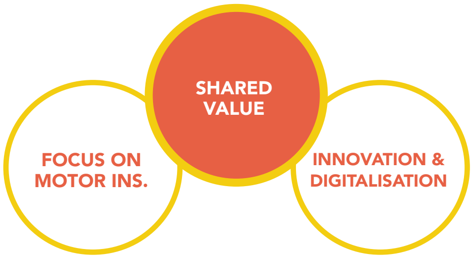
We are confident that our expansion strategy in sub-Saharan Africa will provide a strong foundation to sustain growth over the long term.

MUA AMBITION 2017

2014 has been a challenging year for the industry and for the Group. As the challenges had mounted, we had adequately responded by mitigating their effects through specific tactical measures such as putting tight controls on spend and headcount, and targeted advertising efforts.

However, given that we expect some of these trends to carry over in 2015 and perhaps beyond, it had become crucial for us to take stock of our strategy, to question whether we are on the right track and to redefine and sharpen our strategic focus for the next 3 years.

This exercise lasted the whole of last year and resulted in a comprehensive plan entitled "MUA Ambition 2017". For us, the plan symbolizes and renders more concrete our aspirations, the trade-offs that we will have to do and our focal points.



Our focus for the next three years will remain the motor insurance segment, which has been the backbone of our financial strength for many years now. However, we do intend to bring forth new products, promote more aggressively our digital platforms and also re-invigorate the marketplace with structural changes that shall facilitate procedures and render practices more transparent.

Nonetheless, we do not intend to create an unhealthy over-reliance on the motor insurance segment and are looking to diversify our activities on other retail insurance business lines. We already have a broad array of products across all the major business lines, but we are acutely aware of our limitations in some of them and are looking for means to build more competencies in those fields.

Another aspect of "MUA Ambition 2017" that we are absolutely excited about is our long-standing culture of innovation and digitalization. We prefer to view technology more as an opportunity than as a challenge or a threat. As an essentially digitisable industry, every facet of insurance can be revamped through technology and it is something we are really looking into. We were the first insurance providers in Mauritius to offer e-commerce platforms, through which customers can get a quote and can buy a policy, and we are absolutely determined to remain the leaders in that field.

A smart use of technology-driven innovation can allow us to empower our customers, to provide value to them, to control costs more rigorously and to make our operations leaner. In fact, the possibilities are endless and we could, in the future, potentially reinvent all aspects of our business model.

We have kick-started the implementation of "MUA Ambition 2017" in January 2015 and are happy with the responses we have received so far. We have to re-affirm strongly that our aim regarding our strategic planning is not simply to create shareholder value. Of course, we have to deliver results to keep our investors happy, but at the same time, we firmly believe that we need to set in place a business model that simultaneously delivers value to our employees, customers, investors and the community.

GROUP SUBSIDIARIES

FEBER ASSOCIATES

Feber Associates, founded in 1985, is a pioneer in all corporate pension needs (administration, actuarial and investments). The company showed a good resilience during the past year and posted an increase in its turnover to reach Rs24.8m and a marked increase of 11% on its profitability before tax. These good results were driven by new businesses, reinforcement of the Group Actuarial department and continuous efficiency improvement in the pension administration process. On the back of the strength of the Group, the development of its pension activities and its foreign partnerships, Feber Associates has significantly increased its number of institutional clients.

We are confident that the recent legislative environment, the broad array of pension capabilities, and the constant commitment to client service will maintain Feber Associates in its leadership position in the pension industry.

NATIONAL MUTUAL FUND

The National Mutual Fund (NMF), founded in 1990, is a pioneer in mutual funds investment and the first Mauritian player to engage in unit trust activities. It is currently licensed as a CIS manager. During the previous years, NMF has significantly worked on its image in order to position itself as the ideal savings vehicle for Mauritians. Our advertising campaigns and promotional offers have significantly helped us to modernize and increase the dynamic image and visibility of the NMF. It posted a marked increase in profit before tax to reach Rs3m and a turnover of Rs9m.

NMF is the Fund Manager of two exclusive and well-performing funds, the NMF General Fund and the NMF Property Trust. Both funds have achieved commendable performance during the year and paid dividends in excess of banks' savings rate.

The NMF General Fund size as at 31 December 2014 was Rs583m whereas the NMF Property Trust stood at Rs121m. The key objective of the company is to maintain an efficient and a competitive risk / return approach for both funds.

ASSOCIATED BROKERS

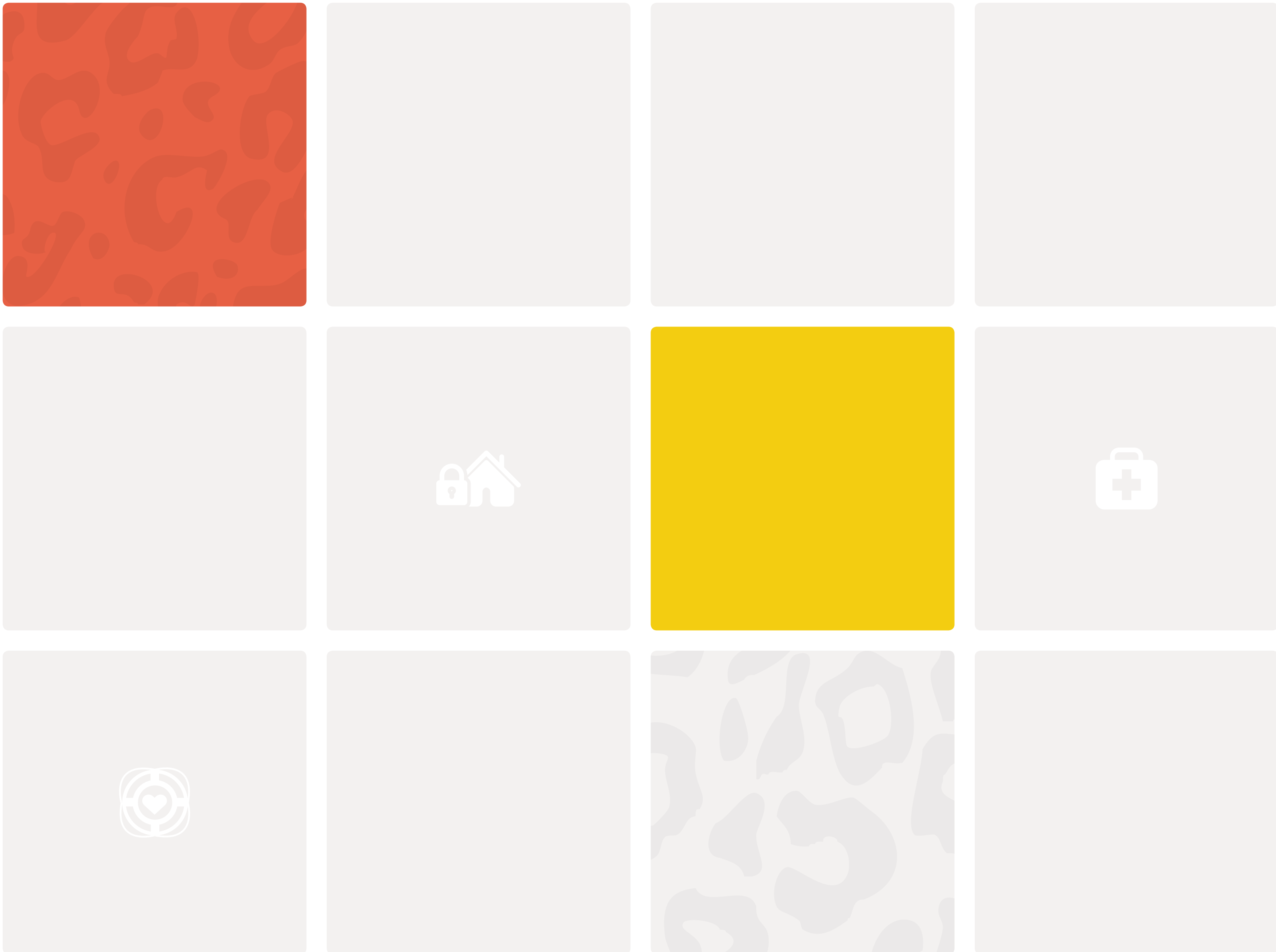
The company was incorporated in 1989 to undertake stock broking activities on the newly created Port Louis Stock Exchange. Associated Brokers Ltd was one of the pioneers of the equity market development in Mauritius. It has since been involved in many assignments as Financial Advisor and Sponsoring Stockbroker in Public Offerings, Rights Issues and Private Placements of Shares of various Companies.

ABL employs well-qualified staff members who are conversant with all issues concerning the floatation of various types of capital market instruments and has a well-balanced client base. Today the company stands with substantial assets in the form of an office building from which it operates, an appreciable equities' portfolio and cash at bank and has been showing steady profits year after year.

CONCLUSION

On behalf of the Board, I would like to thank all members of the staff of the Group for their contribution during the past year. I also put on record the trust placed in us by all our customers.

Bertrand CASTERES
CHIEF EXECUTIVE OFFICER



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CORPORATE GOVERNANCE REPORT

The Board of directors of The Mauritius Union Assurance Cy. Ltd (the Board) endorses the Code of Corporate Governance for Mauritius issued by the National Committee on Corporate Governance.

The Board advocates the conduct of business practices that display characteristics of good corporate governance, namely discipline, transparency, independence, accountability, fairness and social responsibility. The directors further confirm that the Company has striven to comply, in all material respects, with the principles of the Code and has provided the necessary explanations where appropriate.

INTRODUCTION

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The Company has a unitary Board consisting of ten directors, four of whom are independent non-executives, four non-executives and two executives, as at 31 December 2014.

This composition aims at achieving a balanced Board which has the appropriate skills, experience, knowledge and independence required for it to assume fully its responsibilities while discharging its duties effectively.

The strong executive management presence, as recommended by the Code, is ensured by the Chief Executive Officer and the CEO Designate, who is an appointed member of the Board, the Chief Finance Officer and the Head of Group Strategy & Financial Services who, although not appointed members of the Board, attend all meetings and contribute actively to its deliberations.

The Board is ultimately responsible for the corporate policy and strategy of the Company and its subsidiaries and is governed inter alia by a Board Charter and Code of Ethics. The Code of Ethics was reviewed and updated early 2015 and a Prevention of Money Laundering Policy and a Gift policy inserted.

The Board holds a minimum of six scheduled meetings every year during which it validates and monitors strategies, policies and business plans as well as considers all statutory matters, including the approval of unaudited quarterly results for publication, audited financial statements, the declaration of dividends, the review of the company's performance through budgets and forecasts and the Chief Executive Officer's report. In addition, the Board meets between scheduled meetings to address any matter that may require its attention.

The Board met six times during the year under review.

There is a clear separation between the role of the Chairperson and that of the Chief Executive Officer. The Chairperson leads the Board, ensuring that all directors participate fully and constructively in the functioning of the Company and in the decision-making process. He acts as the main informal link between the Board and management and, particularly, between the Board and the Chief Executive Officer. He ensures, with the Company Secretary's participation, unhindered access to information by all Board and committee members so that they may contribute in a meaningful way to board meetings and to other discussions and are able to take informed decisions.

The Chief Executive Officer's responsibilities encompass the development and recommendation of a long-term company vision and strategy that will generate satisfactory levels of shareholder value as well as positive and reciprocal relations with relevant stakeholders. He prepares the annual business plans and budgets to be presented to the Board, strives to achieve the company's financial and operating goals and objectives, and ensures that day-to-day business is professionally and appropriately monitored and managed. The Chief Executive Officer is responsible for the implementation of strategies and policies approved by the Board.

Mr Lutchmenarraidoo has resigned as Chief Executive Officer on the 31 December 2014 and has been appointed Managing Director of Phoenix of East Africa Assurance Company Ltd, a recently acquired subsidiary of the Company operating in various east African countries. The Board has appointed Mr. Bertrand Casteres as Chief Executive Officer of the Company effective as from January 2015. Mr Casteres has been the CEO designate of the company for the last two years.

The independent non-executive directors bring to the Board a wide range of experience and skills. They are clear of any conflicting business interest or other relationships which could materially affect their ability to exercise an independent judgement.

Directors newly appointed to the Board go through an induction whereby they receive a pack of materials containing basic information on the Company such as contained in its constitution and its code of good conduct and are made aware of the restrictions in respect of dealings in shares and the disclosure obligations in case of conflicts of interest. Upon appointment, directors' interests, if any, are recorded in a Directors' Interest Register which is kept under the control of the Company Secretary and updated as

BOARD OF DIRECTORS

and when required. Meetings are organised with senior staff in order to familiarise the new directors with the Company's operations, products and business environment.

Being committed to professional development, the Board encourages its members to participate in appropriate forums in order to update and improve their skills and knowledge.

The appraisal of the board and its directors is performed every two years and the appraisal exercise is scheduled for 2015.

As recommended by the Code of Corporate Governance, all directors will stand for re-election at the annual meeting of shareholders. The Chairperson assumes his role for a pre-agreed period and is elected on an annual basis by the Board of Directors.

MR DOMINIQUE GALEA

Chairman
Director – appointed in 2010

Mr Dominique Galea, born in 1952, holds a "Hautes Etudes Commerciales" (HEC) degree. He started his career in the textile industry in the early 1980s by setting up an agency business, Kasa Textile & Co Ltd. He has since diversified his activities by acquiring a majority interest in Ducray Lenoir Ltd in 1988, and in Rey & Lenferna Ltd in 1998. Mr Galea subsequently took over Forges Tardieu Ltd in early 2005. He was appointed to the Board of The Mauritius Union Assurance Cy. Ltd in June 2010 and was elected Chairman. Mr Galea is a member of its Corporate Governance, Nomination and Remuneration Committee. He is also the Chairman of La Prudence (Mauricienne) Assurances Ltée, of United Docks Ltd, of Rey & Lenferna Ltd and of Forges Tardieu Ltd, and a director of Associated Brokers Ltd and Ascencia Ltd. Additionally, Mr Galea is the chairman of Phoenix of East Africa Assurance Company Limited, and is a director of its three subsidiaries.

Directorship of listed companies: Ascensia Ltd, United Docks Ltd, Forges Tardieu Ltd.

DIRECTORS' PROFILE

MR BERTRAND CASTERES

Chief Executive Officer
Executive Director - appointed in 2014

Bertrand Casteres, born in 1978, holds a Master's degree in applied mathematics, actuarial science and finance and an Executive MBA from HEC (Paris).

Mr Casteres has worked for major insurance companies in Europe. Before joining the Mauritius Union Group in January 2012 as head of internal audit, he worked in the internal audit department of Aviva Europe as audit senior manager in the financial management and actuarial audit department, conducting internal audit reviews in actuarial processes across Aviva's European subsidiaries. He was also involved in the implementation of Solvency II EU Directive within the Aviva Group.

Mr Casteres was appointed CEO Designate of the Mauritius Union Assurance Cy Ltd on 1 January 2013 and CEO in January 2015.

MR VINCENT AH CHUEN

Director - appointed in 1992

Mr Vincent Ah Chuen, born in 1944, is the Managing Director of ABC Group of Companies. He was appointed to the Board of The Mauritius Union Assurance Cy. Ltd in 1992 and is a member of its Corporate Governance, Nomination and Remuneration Committee. He is the Chairman of Associated Brokers Ltd and a Director of La Prudence (Mauricienne) Assurances Ltée. Mr Ah Chuen is also a Director of Les Moulins de La Concorde Ltée, of POLICY Ltd, of ABC Motors Co. Ltd, of New Goodwill Investment Ltd and Council Member of Sir J. Moilin Ah-Chuen Foundation. He is also a director of Phoenix Transafrica Holdings Ltd, of Phoenix of East Africa Assurance Co Ltd and two of its subsidiaries.

Directorship of listed companies: POLICY Ltd, Les Moulins de La Concorde Ltée, ABC Motors Co Ltd.

MR ALFRED BOUCKAERT

Director - appointed in 2013

Mr. Bouckaert born in 1946 holds a bachelor degree from the University of Louvain, Belgium.

He started his career at Arthur Andersen and joined the Chase Manhattan Bank in 1972 where he held various positions as manager commercial banking Belgium, General Manager Chase Denmark, and General Manager Chase Belgium. In 1989 the Chase Manhattan sold most of its European operation to Credit Lyonnais where Mr. Bouckaert became CEO Belgium. He became in 1993 General Manager of the international operations of Crédit Lyonnais and was in charge of the divestiture of 21 banks of the group. Subsequently he joined AXA in 1999 where he was appointed General Manager of their Belgian acquisition "Royale Belge" (largest property/casualty company in Belgium) later rebranded Axa Belgium. In 2004 his responsibilities were extended to the northern region of AXA which comprises Belgium, Germany, Switzerland (with the acquisition of Winterthur), the central European countries, Ukraine and Russia. Mr Bouckaert became a member of the directoire of AXA in 2006. He retired from Axa in 2010 and was later asked by the Belgian government to preside over the Belgian arm of Dexia which had collapsed in 2011. He left that responsibility in 2013 and now holds positions in several boards of non-quoted and quoted companies outside Mauritius.

MR BERTRAND DE CHAZAL

Director – appointed in 2012

Mr Bertrand de Chazal is a fellow member of the Institute of Chartered Accountants of England and Wales. He served as a senior financial analyst with the World Bank from 1986 to 2003 and was a senior manager with Touche Ross in France and West Africa. Mr de Chazal has a wide experience as director of listed companies and has been actively involved as Chairman of several audit committees.

Mr de Chazal was appointed to the Board of Mauritius Union Assurance Cy Ltd in June 2012 and is the chairman of the Audit and Risk committee. Mr de Chazal is also the Chairman of the MCB Equity Fund and a director of MCB Capital Markets Ltd. He also sits on the boards and chairs the audit committees of Promotion and Development Ltd and Caudan Development Ltd.

Directorship of listed companies: Promotion and Development Ltd, Caudan Development Ltd.

MR BRUNO DE FROBERVILLE

Director – appointed in 2010

Mr Bruno de Froberville, born in 1962, is currently the General Manager and owner of Square Lines Ltd, a property development company. He has extensive knowledge of the building sector. From 2005 to 2008 he worked with La Prudence (Mauricienne) Assurances Ltée for property development. He was the general manager and owner of B.E.A.M. Ltd (a residential and industrial buildings company) between July 1994 and December 2004, and the manager of Building Art Ltd from July 1988 to June 1994. He was also the marketing manager of Loom Art Ltd, a manufacturer of hand-made carpets. He was appointed to the Board of The Mauritius Union Assurance Cy. Ltd in August 2010.

Mr de Froberville holds an MBA from the University of Birmingham, a Bachelor in Science and a Major in Marketing from Louisiana State University.

Directorship of listed companies: Mauritius Freeport Development Co Ltd.

MRS MÉLANIE FAUGIER

Director – appointed in 2010

Mrs Mélanie Faugier, born in 1980, is the Managing Director of Cottons Trading Ltd and Senior Homes Ltd. From June 2004 to July 2007 she was the Trading Manager of Thon des Mascareignes (which belongs to the IBL Group). She also worked for Schlumberger Oilfield Services in Equatorial Guinea and for Association Solidari'terre in Madagascar. Mrs Faugier was appointed to the Board of The Mauritius Union Assurance Cy. Ltd in July 2010 and is a member of the Audit & Risk Committee. She is also the chairperson of the National Mutual Fund Ltd and of Feber Associates Ltd. Additionally, Mrs Faugier is a director of Phoenix Transafrica Holdings, of Phoenix of East Africa Assurance Co Ltd and two of its subsidiaries.

Mrs Faugier holds a DEUG in economics from University of Paris I – Panthéon Sorbonne and an Msc in Management from EM Lyon School of Management.

MR ANGELO LETIMIER

Director – appointed in 2014

Mr. Angelo Letimier born in 1948 is an experienced banking executive with international experience. He has enjoyed a stimulating career with MCB Ltd in two-times slots: 1966-1992 and the 2005 till today. He was responsible of establishing the first Credit Card Program of Mauritius in 1988 and opening the Representative office of the bank in Paris in 1990. In 1992 he joined MasterCard International Inc as Senior Vice President and General Manager Middle East & Africa Region based in Paris for 8 years.

Since he returned to Mauritius he launched the first non-bank Credit Card operations for Rogers, now operating under the CIM Group. He was the General Manager of Cirne Financial Services from 2002 to 2004 now IPRO. Has also served as a director of Investec Bank (Mauritius) Ltd-2000-2004; Bramer Investment Management Co Ltd – 2000-2001; AXA Assistance Ocean Indien –2005-2010; Director of Happy World Ltd-2004 to date

In 2008 he created as a subsidiary of the MCB Group ICPS Ltd (International Card Processing Services Ltd) a company involved in all aspects of Card Processing for banks and financial institutions. He is the Managing Director of ICPS.

He is a member of the Audit committee.

MR LAKSHMANA (KRIS) LUTCHMENARRAIDOO

Executive Director – appointed in 2011

Mr Lakshmana (Kris) Lutchmenarraidoo, born in 1951, worked for the State Bank of Mauritius from 1973 to 1986 and holds a Banking Diploma from Finafrica Institute. He was promoted to management level in 1978 and was the Assistant General Manager of the bank from 1982 to 1986. In 1987, he joined the Mauritius Leasing Company Ltd as General Manager before being appointed Managing Director in 1997 and President of the Financial Services arm of the British American Group from 1999 to 2002. He joined Mauritius Post Ltd in July 2002 as Executive Chairman and was appointed Chief Executive Officer of the Mauritius Post and Cooperative Bank Ltd in May 2003. In September 2005, he left the bank to join Mauritours Ltd as General Manager. He joined La Prudence (Mauricienne) Assurances Ltée in September 2007 as General Manager of the general insurance department and was appointed to the board on 28 May 2010.

Mr Lutchmenarraidoo has been the Chief Executive Officer of The Mauritius Union Assurance Cy. Ltd from 2011 to 2014. He was appointed as Managing Director of Phoenix of East Africa Assurance Company Limited in July 2014, and he is also the Chairman of Phoenix of Tanzania Assurance Company Limited, and a Board Member of Phoenix of Uganda Assurance Company Limited, and Phoenix of Rwanda Assurance Company Limited.

MR ARJOON SUDDHOO

Director – appointed in 2010

Mr. Arjoon Suddhoo, born in 1958, holds a BSc (1st Class Hons) in aeronautical engineering, a PhD in computational mathematics from the University of Manchester and an MBA (Distinction) from the University of Liverpool. He is a Fellow of the Mauritius Academy of Science and Technology, a Fellow of the Mauritius Institute of Directors, Fellow of the Royal Aeronautical Society and President of the Aeronautical Society of Mauritius. Mr Suddhoo started his career in 1986 as a research scientist at Rolls Royce Aerospace Ltd, UK which he left in 1993 as the research and development manager. He is currently the Executive Director of the Mauritius Research Council, a post he occupies since 1999. He also holds directorships in various other private and governmental organizations and was the Chairman of Air Mauritius Ltd from 2001 to 2005. In 2006, Mr Suddhoo was appointed visiting Professor at Queen's University in Northern Ireland. He was appointed to the Board of The Mauritius Union Assurance Cy. Ltd in August 2010 and is a member of its Corporate Governance, Nomination & Remuneration Committee.

Mr Suddhoo was appointed Chairman of Air Mauritius Ltd in March 2015.

EXECUTIVE DIRECTOR'S SERVICE CONTRACT

The Chief Executive Officer, Mr Lakshmana (Kris) Lutchmenarraidoo had a two-year fixed term contract which ended on 31 December 2014.

CONTRACTS OF SIGNIFICANCE

There was no contract of significance subsisting during the year to which the Company, or one of its subsidiaries, was a party and in which a director was materially interested, either directly or indirectly.

CHANGES IN DIRECTORSHIP

Upon recommendation of the Corporate Governance Committee, approval of the Financial Services Commission and approval of the shareholders at the 2014 annual meeting, Mr Angelo Letimier has been appointed in May 2014 as independent non-executive director and Mr Bertrand Casteres as second executive director of the Company in May 2014.

Mr Lawrence Poisson resigned as director on the 9 May 2014 and Mrs Priscilla Balgobin-Bhoyrul resigned on the 10 May 2014. Mr Gerard de Rauville after a leave of absence has submitted his resignation from the Board in November 2014.

DIRECTORS' INTERESTS IN SHARES OF THE COMPANY

The direct and indirect interests of the directors in the ordinary shares of the Company as at 31 December 2014, together with the category they fall in, are set out in the table below:

Directors	Category	Number of Shares	
		Direct	Indirect
Mr Vincent Ah-Chuen	Non-executive	316,774	297,294
Mr Alfred Bouckaert	Independent Non-Executive	1,000	-
Mr Bertrand Casteres	Executive	1,000	-
Mr Bertrand de Chazal	Independent Non-Executive	1,000	-
Mr Bruno de Froberville	Non-executive	1,000	717,718
Mrs Mélanie Faugier	Non-Executive	1,000	2,175,660
Mr Dominique Galea	Non-Executive	34,400	4,312,332
Mr Angelo Letimier	Independent Non-Executive	1,000	-
Mr Lakshmana (Kris) Lutchmenarraidoo	Executive	15,000	-
Mr Arjoon Suddhoo	Independent Non-Executive	1,000	-

RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS

The Board of Directors has adopted a Code of Conduct providing amongst others clear guidance on disclosures of interests that may arise. For related party transactions, please refer to Note 38 of the Financial Statements.

DIRECTORS' DEALING IN SHARES

The directors of the Company follow the principles of the Model Code for Securities Transactions as detailed in Appendix 6 of the Listing Rules in all their dealings.

During the year under review, the associates of Mr. Dominique Galea acquired 182,432 shares.

In accordance with article 21.7 of the constitution of the Company whereby a director has to hold a minimum of 500 shares of the Company, the newly appointed directors, Mr Alfred Bouckaert and Mr Angelo Letimier acquired 500 shares respectively.

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COMMITTEES OF THE BOARD

Three committees of the Board have been constituted, namely an Audit & Risk Committee, an Investment Committee (recently renamed Assets and Liabilities Committee) and a Corporate Governance, Nomination & Remuneration Committee.

These committees were set up in order to assist the directors in the discharge of their duties through a comprehensive evaluation of specific issues. They may seek information from any employee of the Company in order to correctly perform their duties.

The Committees may, at the Company's expense, request such independent external professional advice that they consider necessary to perform their duties.

The Chairpersons of the three committees are invited to report to the directors during board meetings.

AUDIT & RISK COMMITTEE

Members of the Audit & Risk Committee as at 31 December 2014 were:

- Mr Bertrand de Chazal (Chairperson)
- Mrs Melanie Faugier
- Mr Bruno de Froberville
- Mr Angelo Letimier

Mrs Marie-Anne Adam of ECS Secretaries Ltd acts as Secretary.

The Board has established formal terms of reference for the Audit & Risk Committee. The Committee confirms that it has discharged its responsibilities for the year in compliance with these terms of reference. The Committee met five times during the year under review.

The Audit & Risk Committee focuses on:

- the functioning of the internal control system and internal audit
- the risk areas of the company's operations to be covered within the remit of the internal and external audits, with the exclusion of legal risks
- the reliability and accuracy of financial information provided to management and other users of financial statements
- the company's compliance with regulatory requirements with regard to both financial and non-financial matters
- the scope and results of the external audit, its cost-effectiveness, independence and objectivity
- the nature and extent of non-audit services provided by external auditors

External and Internal Auditors attend meetings when required.

CORPORATE GOVERNANCE, NOMINATION & REMUNERATION COMMITTEE

The Corporate Governance, Nomination & Remuneration Committee is appointed by the Board and consists of a Chairman who is an independent non-executive director and three members.

a) It is responsible for implementing the Code of Corporate Governance for Mauritius (the Code) throughout the Company and for ensuring that the reporting requirements on corporate governance are made in accordance with the principles enunciated in the Code. It makes recommendations to the Board on the appointment of new executives, non-executive directors and senior management and advises on the composition of the Board in general and the balance between executive and non-executive directors appointed to the Board.

b) The committee makes recommendations regarding the company's general policy pertaining to executive, non-executive, independent non-executive fees and senior management remuneration. Succession planning is included in the terms of reference of this committee.

The members as at 31 December 2014 were:

- Mr Arjoon Suddhoo (Chairperson)
- Mr Vincent Ah Chuen
- Mr Dominique Galea
- Mr Lakshmana (Kris) Lutchmenarraidoo

Mrs Marie-Anne Adam of ECS Secretaries Ltd acts as Secretary.

ASSETS AND LIABILITIES COMMITTEE (ALCO) (PREVIOUSLY THE INVESTMENT COMMITTEE)

The objectives of the Assets and Liabilities Committee (ALCO) are to:

- Devise the Group investment strategy
- Define the investment philosophy and specific investment objectives of the Group consistent with this strategy
- Define responsibilities with regard to the management of the Group investment portfolio
- Determine appropriate levels of investment risk which the Group is prepared to accept with the broader guidelines set by the Mauritius Union Group Risk Policy and the Board
- Determine capital allocation criteria
- Monitor the Assets and Liabilities management
- Determine appropriate benchmarks for the measurement of investment performance

While the Board is ultimately responsible for ensuring that the appropriate structure and process are in place to effectively manage capital and treasury risk, the ALCO decides on the appropriate asset allocation, on portfolio construction and asset manager selection (where applicable) in order to achieve the goals set out in the investment strategy.

The ALCO, in consultation with the investment advisors, is responsible for the regular review of the overall investment strategy and the submission of appropriate recommendations to the Board for consideration.

The Committee met four times in 2014 and its members as at 31 December 2014 were:

- Mr Alfred Bouckaert (Chairperson)
- Mr Bruno de Froberville
- Mr Dominique Galea
- Mr Lakshmana (Kris) Lutchmenarraidoo
- Mr Laval Foo-Kune
- Mr Marc Hardy (Independent Consultant)

Mrs Marie-Anne Adam of ECS Secretaries Ltd acts as Secretary.

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DIRECTORS' ATTENDANCE AT BOARD MEETINGS

MR VINCENT AH CHUEN
BOARD MEETINGS **5 out of 6**
CORPORATE GOVERNANCE COMMITTEE **5 out of 5**

MRS PRISCILLA BALGOBIN-BHOYRUL
BOARD MEETINGS **2 out of 2**
AUDIT & RISK COMMITTEE **1 out of 2**

MR ALFRED BOUCKAERT
BOARD MEETINGS **5 out of 6**
ASSETS AND LIABILITIES COMMITTEE **4 out of 4**

MR BERTRAND CASTERES
BOARD MEETINGS **4 out of 4**

MR BERTRAND DE CHAZAL
BOARD MEETINGS **5 out of 6**
AUDIT & RISK COMMITTEE **5 out of 5**

MRS
MELANIE FAUGIER

BOARD MEETINGS
6 out of 6

AUDIT & RISK COMMITTEE
5 out of 5

MR
BRUNO DE FROBERVILLE

BOARD MEETINGS
6 out of 6

AUDIT & RISK COMMITTEE
4 out of 5

ASSETS AND LIABILITIES COMMITTEE
4 out of 4

MR
DOMINIQUE GALEA

BOARD MEETINGS
6 out of 6

CORPORATE GOVERNANCE COMMITTEE
5 out of 5

ASSETS AND LIABILITIES COMMITTEE
4 out of 4

MR
ANGELO LETIMIER

BOARD MEETINGS
4 out of 4

AUDIT & RISK COMMITTE
2 out of 3

MR
LAKSHMANA (KRIS) LUTCHMENARRAIDOO

BOARD MEETINGS
6 out of 6

CORPORATE GOVERNANCE COMMITTEE
5 out of 5

ASSETS AND LIABILITIES COMMITTEE
4 out of 4

MR
LAWRENCE POISSON

BOARD MEETINGS
2 out of 2

MR
ARJOON SUDDHOO

BOARD MEETINGS
5 out of 6

CORPORATE GOVERNANCE COMMITTEE
5 out of 5

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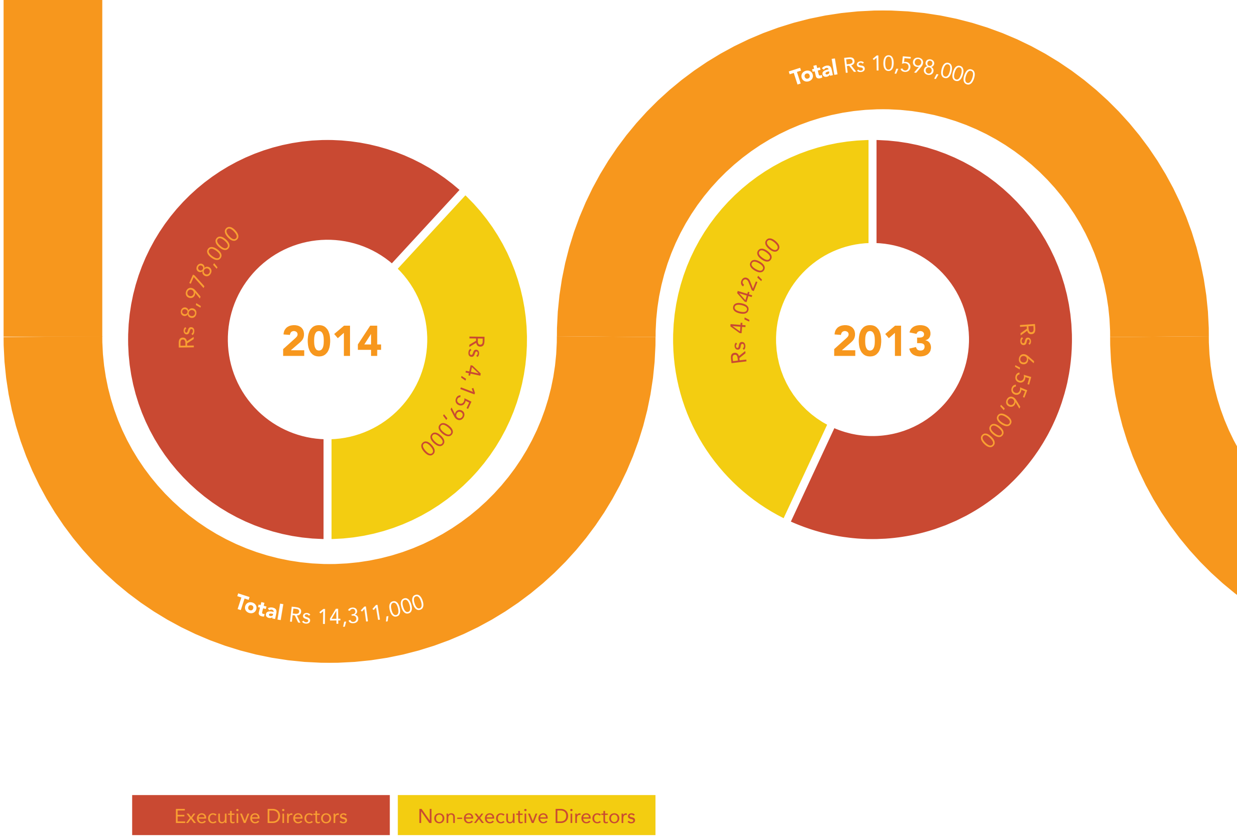
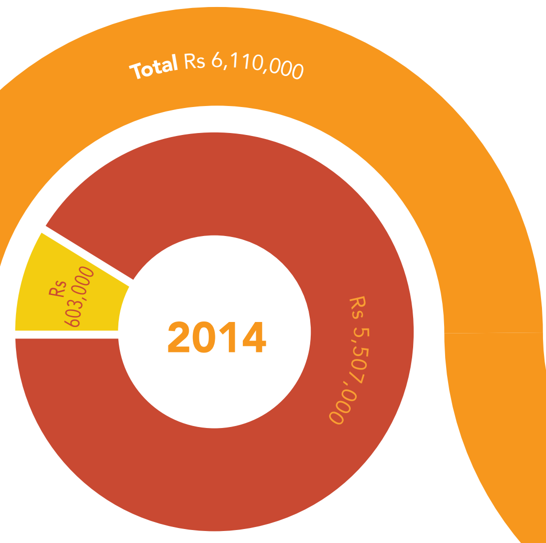
REMUNERATION FROM THE COMPANY



DIRECTORS' REMUNERATION

REMUNERATION
FROM SUBSIDIARIES



DIRECTORS' REMUNERATION PHILOSOPHY

The remuneration of Directors and Senior Executives of the Company is subject to an annual review, according to the criteria contained in the terms of reference of the Remuneration Committee.

The remuneration philosophy is based on transparency and merit while performance-based reward is at the heart of organisational culture.

Remuneration of Directors has not been disclosed on an individual basis as the Board considers this sensitive information.

WHILST IN OFFICE

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The Company Secretary plays a key role in the application of corporate governance in the Company. He ensures that the Company complies with its constitution and all relevant statutory and regulatory requirements, codes of conduct and rules established by the Board. He provides guidance to the Board as a whole and to directors individually as to how their responsibilities should be discharged in the best interests of the Company. He advises the board on matters of ethics and good governance and is the focal point of contact within the Company for shareholders.

COMPANY SECRETARY

The Executive Committee of the Mauritius Union Group has been constituted to manage business issues, opportunities and threats that have cross-divisional implications or are considered as material and/or sensitive for the Mauritius Union Group. The Committee is the executive decision-making body of the Mauritius Union Group and it acts as the primary forum through which decisions of a transverse nature are taken. To effectively address matters of relevance to its duties and responsibilities, the Committee has set up appropriate management sub-committees which provide comprehensive evaluation on key issues for members of the Executive Committee to reach informed decisions.

The Executive Committee of the Mauritius Union Group consists of the following senior management team members:

DELPHINE AHNEE,

Head of Group Risk, Legal and Compliance - Customer Care

Mrs Ahnee holds an LLB (Hons.) degree from the University of Mauritius where she was 'Major de Promotion' for her master's thesis. She worked at Me Edwin Venchard, QC Chambers and contributed to the updating of the Statutory Laws of Mauritius and of the Mauritius Reports. She has qualified as Quality Management System Auditor and she has graduated from ESSEC Business School in 2014.

Mrs Ahnee joined La Prudence (Mauricienne) Assurances Ltée in 2000 as Claims Manager of the General Business. She is a director of Fondation Mauritius Union Ltd (FMU) and is the Head of the Group Risk, Legal, Compliance and Customer Care business units.

SENIOR MANAGEMENT

MEKRAJ BALDOWA,

Group Head of Human Resources

Mr. Baldowa born in 1972, holder of a degree in Business Management, has been in the insurance industry since 1992 when he joined The Mauritius Union Assurance Cy. Ltd and where he held number of positions. He is a Certified Practitioner of Neuro-Linguistic Programming approved by the American Board of NLP, USA.

Mr Baldowa was appointed as the Group Human Resources Manager in May 2013 and he was promoted to the position of Group Head of Human Resources in January 2015.

Significantly involved in our Corporate Social Responsibility (CSR), Mr Baldowa is a director of Fondation Mauritius Union Ltd (FMU). He was in the past President of MACOSS, an umbrella organization of NGOs in Mauritius.

SIN CHAM (LAVAL) FOO-KUNE,

Group Chief Finance Officer

Mr Foo-Kune, born in 1967, is a Chartered Accountant having graduated with a Bachelor of Commerce and a Bachelor of Accountancy from the University of the Witwatersrand, South Africa. He worked for Levenstein & Partners, a medium-size auditing firm in South Africa, from 1992 to 1995. He left the firm to work for Symo Corporation Ltd, a manufacturing group of companies in Johannesburg, as accountant from 1995 to 1996. In 1996, he joined IBM South Africa as senior financial analyst and was responsible for the financial operations of several business units within the company.

He left IBM in 1998 to join La Prudence (Mauricienne) Assurances Ltée as Financial Manager. In 2010, when the Mauritius Union Assurance Cy. Ltd merged with La Prudence (Mauricienne) Assurances Ltée, he was appointed Senior Manager in charge of the Finance and Accounting department of the Group.

NARESH GOKULSING,

Managing Director, La Prudence Life Insurance

Mr Gokulsing, born in 1970, holds a BA in accounting and finance from the University of Leeds and an MBA from Warwick Business School. He is also a Fellow Member of the Association of Chartered Certified Accountants (FCCA). He started his career in the audit and advisory services division of PwC in 1993. In 1997, he joined Cim Stockbrokers as Head of Research and was General Manager from 2000 to 2002. Mr Gokulsing served as Director of the Stock Exchange of Mauritius Ltd from 2000 to 2002.

Mr Gokulsing moved within the Cim group as Head of Finance of Cim Insurance from 2002 to 2007 and as Chief Operations Officer and Executive Director of Cim Insurance and Cim Life from 2009 to 2011. He also spent one year as Managing Director of Cim Property Fund Management in 2008 to launch Ascencia Ltd.

He joined Mauritius Union in 2012. He was appointed as Managing Director of La Prudence Life Insurance effective January 2015. He is currently a director of the National Mutual Fund Ltd.

PATRICE HOUDET,
Head of Underwriting

Mr Houdet, born in 1955, is a chartered insurer with considerable experience in the insurance sector. He has started his career in 1976 in the Marine Underwriting and Claims departments at Albatross Insurance Co. ltd and has steadily moved up the corporate ladder within the company.

In 2007, he was named as the Head of Operations General Insurance, and following the merger of Cim Insurance with Swan in 2012, was the Manager – Integration Support at Swan Insurance.

Mr Houdet has joined the Mauritius Union Group as the Senior Manager of the Claims (General Insurance) department in January 2014, and has been appointed as Head of Underwriting effective 1 January 2015.

JÉRÔME KATZ,
Head of Strategy & Financial Services

Mr Katz, born in 1983, holds a Master in Management and a Diplome de Grande Ecole from ESCP Europe (Ecole Supérieure de Commerce de Paris). He started his career in 2006 with the American bank JPMorgan in Paris as an Analyst in Investment Management for family owned businesses and high networth individuals.

He joined La Prudence (Mauricienne) Assurances in 2009 as the Manager of Feber Associates, a wholly-owned subsidiary dedicated to corporate pension, investments and actuarial services. While still being the Manager of Feber Associates, Mr Katz has been progressively given increasing responsibilities within the Mauritius Union Group. In 2013, he was appointed as the Manager of the National Mutual Fund, and in 2014, he became in charge of the Strategic Marketing. Beginning 2015, Mr Katz has been appointed as the Head of Strategy & Financial Services for the Mauritius Union Group. He is also a Director of Fondation Mauritius Union Ltd.

CLAREL MARIE,

General Manager - operations, La Prudence Life Insurance

Mr Marie, born in 1960, holds an MBA and is an Associate of the Chartered Insurance Institute, London. He worked for the Anglo-Mauritius Assurance Society Ltd from 1979 to 1993 where he acquired broad experience in the long-term insurance business both in the individual life and the pension business. He joined Albatross Insurance in 1993 to develop the long-term individual assurance products and was appointed technical manager for Life and Pension in 2001.

He joined La Prudence (Mauricienne) Assurances Ltée in August 2006 as technical manager of the Life and Pension department and is currently in charge of the operations side of La Prudence Life Insurance. Mr. Marie is also a director of Fondation Mauritius Union Ltd.

ASHRAF MUSBALLY,

Head of General Insurance

Mr. Musbally, born in 1969, graduated in 1993 from City University, London in Insurance & Investment. He holds an MBA from Imperial College, London, and is a Fellow of the Chartered Insurance Institute (CII).

He worked as Management Consultant at Kemp Chatteris Deloitte & Touche before joining La Prudence (Mauricienne) Assurances Ltée in 1997 to manage and develop its health insurance department, a post which he held until 2004, when he was appointed Chief Operations Officer – General Insurance.

Mr Musbally kept the same position after the merger of LPM/MUA activities in 2010, and in January 2012 he took the responsibility of the Underwriting Department of the General Insurance.

He was promoted to Head of the General Insurance cluster in January 2014.

VANISHA PURSUN,

Head of Group Actuarial Services

Ms. Pursun, born in 1975, holds an Honours degree in Mathematics from the University of Delhi and is a Fellow of the Institute and Faculty of Actuaries. She started working in IT consulting with De Chazal Du Mee & Co Ltd. She subsequently embarked on a career in Pensions and Employee Benefits actuarial consulting in 1999 with Bacon Woodrow and Legris Ltd (now Aon Hewitt) and qualified as an Actuary in 2008.

She left Aon in 2008 to join Novilis Pensions Ltd, then administrators of the Sugar Industry Pension Fund (SIPF), as Consulting Actuary.

She joined the Mauritius Union Group in 2011 as a Consulting Actuary with Feber Associates Ltd and took on the responsibility of the Group Actuarial department as from July 2012. She was also responsible for the Life Insurance operations in 2013 and 2014.

RISHI SEWNUNDUN,

Head of Information Systems & Logistics

Mr Sewnundun, born in 1974, graduated in Computer Science and Engineering at the University of Mauritius. He also holds an MBA in marketing from the same university. He joined J. Kalachand & Co. Ltd in 1998 where he worked as Systems Manager and later as Sales Manager.

He was recruited in May 2005 as Head of Information Systems and appointed Senior Manager in January 2008.

KENNY WONG,

Head of Reinsurance, Financial & Special Risks

Mr. Wong, born in 1982, graduated with First Class Honours from the London School of Economics and Political Science. His fields of study included Risk Theory, Actuarial Mathematics, Applied Statistics and Structured Finance. He is a Fellow and Graduate Statistician of the Royal Statistical Society of London, and a Certified Insurance Professional and Associate of the Australian and New Zealand Institute of Insurance and Finance.

He joined The Mauritius Union Assurance Cy. Ltd in January 2009 as Reinsurance Manager and was appointed Senior Manager –Technical Reinsurance in July 2012. Prior to joining Mauritius Union, Mr Wong held various positions in reinsurance broking, investment banking, and marketing both in Mauritius and London.

During the year under review the Company had proceeded with a bonus issue of one share for every one share held increasing total number of ordinary shares in issue from 20,040,000 to 40,080,000 and the share capital from MUR 200,400,000 to MUR 400,800,000.

As at 31 December 2014, the following shareholders owned more than 5% of the issued share capital:

- Ducray-Lenoir Investments Ltd – 11.6%
- Mr Pierre-Emile Joseph Latour-Adrien – 11.1%
- Devlin Investments Ltd – 7.5%
- Societe Robert de Froberville – 7.2%

DISTRIBUTION OF SHAREHOLDING AT 31 DECEMBER 2014

NO. OF SHARES	NO. OF SHAREHOLDERS	NO. OF SHARES OWNED	% OF TOTAL ISSUED SHARES
1 - 500	451	84,105	0.21%
501 - 1,000	166	131,953	0.329%
1,001 - 5,000	449	1,145,479	2.858%
5,001 – 10,000	149	1,110,574	2.771%
10,001 - 50,000	189	4,198,204	10.475%
50,001 – 100,000	46	3,252,372	8.115%
100,001 – 250,000	43	7,204,758	17.976%
250,001 – 500,000	12	3,936,862	9.823%
Above 500,000	8	19,015,693	47.444%
TOTAL	1,513	40,080,000	100.00%

SHAREHOLDING

COMMON DIRECTORS AND DIRECTORS OF SUBSIDIARIES AT 31 DECEMBER 2014

	LEGAL ENTITY														
DIRECTOR	The Mauritius Union Assurance Cy. Ltd	La Prudence (Mauricienne) Assurances Ltee	Associated Brokers Ltd	Feber Associates Ltd	National Mutual Fund Ltd	Fondation Mauritius Union Ltd	Cie du Decadel Ltee	Risk Advisory Services Ltd	Prudence Properties Ltd	Prudence Realty Ltd	Phoenix of Transafrica Holdings Ltd	Phoenix of East Africa Assurance Co Ltd	Phoenix of Uganda Assurance Co LTd	Phoenix of Tanzania Assurance Co Ltd	Phoenix of Rwanda Assurance Co Ltd
Mr Vincent Ah Chuen	•	•	•								•	•	•	•	
Mr Manickchand Beejan		•		•	•		•	•	•	•					
Mr Alfred Bouckaert	•														
Mr Bertrand Casteres	•		•	•	•										
Mr François Cayeux			•												
Mr Pierre De Chasteigner Du Mee			•												
Mr Bertrand de Chazal	•	•													
Mrs Melanie Faugier	•			•	•						•	•	•		•
Mr Bruno de Froberville	•	•													
Mr Dominique Galea	•	•	•								•	•	•	•	•
Mr Angelo Letimier	•														
Mr Lakshmana (Kris) Lutchmenarraidoo	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Mr Axel Roussety		•													
Mr Arjoon Suddhoo	•														

CONSTITUTION

The Constitution of the Company is in conformity with the Companies Act 2001 and the Listing Rules of the Stock Exchange of Mauritius. There are no restrictions on the transfer of fully paid-up shares.

In accordance with the Constitution of the Company, no shareholder can hold more than 5% of the issued share capital of the Company, without the prior authorisation of the Board of Directors.

SHAREHOLDERS' AGREEMENT

The Company is not aware of any shareholders' agreement.

MANAGEMENT AGREEMENT

The Group has not entered into any management agreement with third parties.

DIVIDEND POLICY

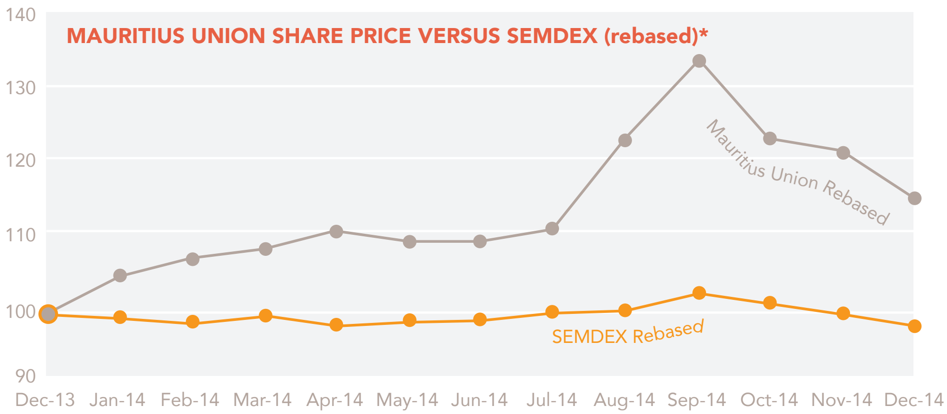
The payment of dividends is subject to the profitability of the Company, to its cash flow and to its capital expenditure requirements.

SHARE OPTION

The Company has no share option plan.

SHARE PRICE INFORMATION

The chart below shows the evolution of the The Mauritius Union Assurance Cy. Ltd share price as compared to the Mauritius Stock Exchange Index (Semdex) during the year under review.



* Values are at end of month

MUA share price performance is adjusted for 1:1 Bonus Issue effective on 26 September 2014.

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INTERNAL AUDIT

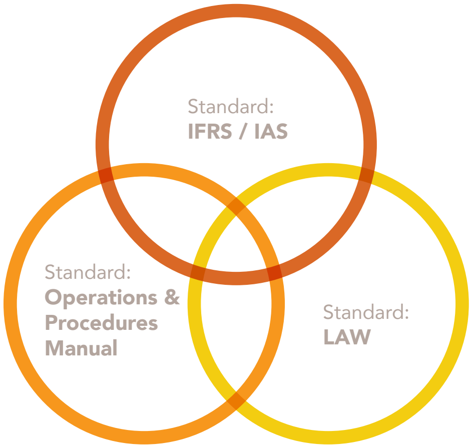
Group Audit's mission is to provide reliable independent assurance to the Board and the Group Audit and Risk Committee on the adequacy and effectiveness of the internal control frameworks which include governance and risk management.

The Mauritius Union Group Audit Methodology sets out the mandatory standards to be followed by all Group Auditors which should allow Group Audit to achieve its mission.

The Mauritius Union Group Audit Methodology is fully risk based.

As the third line of defence of the "three lines of defence model", the Internal Audit provides an independent assurance over the first and second lines of defence, which are the business operations and risk function respectively.

An overview of the company's internal control system is illustrated hereunder:



Our in-house internal audit team carries out the internal audit. The scope of their work encompasses:

- Identification of risk areas and the evaluation of the level of risk for each risk area
- Review of internal control processes and recommendations thereon to the Audit & Risk Committee and to the Management
- Monitoring of the implementation of the recommendations and reporting on these to the audit committee

The team carried out ten internal audit reviews during 2014.

REPORTING LINES

The internal audit derives its authority from the Board through the Audit & Risk Committee. Internal auditors have a direct reporting line to the Audit & Risk Committee and maintain an open and constructive communication with the management. They also have direct access to the Chairperson of the Board. This structure allows the Internal Auditors to remain independent.

COVERAGE

The Internal Audit plan, which is approved by the Audit & Risk Committee, is based on the principles of risk management designed to ensure that their scope of work is congruent with the degree of risk attributable to the area being audited.

RESTRICTIONS

The Internal Auditors have unrestricted access to the Company's records, to management and employees.

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DONATIONS + RISK MANAGEMENT

DONATIONS

Charitable Donations 2014

Charitable donations made by the Company during the year amounted to Rs 991,000 as compared to Rs 831,095 in 2013. These donations were channeled through the Fondation Mauritius Union Ltd which handles the Group's CSR activities, as detailed in section 16.3.

This year's actions were centred on:

- Education and poverty alleviation
- Health & Wellness
- Training and Empowerment/Development
- Protection of environment
- Assistance to NGOs towards project write ups

Actions by the Fondation Mauritius Union Limited in 2014 were once again based on an open-source approach by conducting a three-phase process: **hear, create and deliver.**

Political Donations

In line with the Company's policy, no political donations were made during the year under review.

RISK MANAGEMENT

Risk management is discussed in the Risk Management Report on page 64.

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	Rs'000	**Rs'000**	Rs'000
AUDIT FEES PAID TO:				
Ernst & Young	**6,066**	2,278	**1,603**	1,447
FEES PAID FOR OTHER SERVICES PROVIDED BY				
Ernst & Young	**2,747**	398	**1,724**	206
Details:				
- Tax computation fees	**1,046**	187	**114**	85
- Review of the annual statutory return to the FSC	**206**	211	**115**	121
- Advisory services	**1,495**	-	**1,495**	-
TOTAL	**8,813**	2,676	**3,327**	1,653

AUDITORS' REMUNERATION

SUSTAINABILITY REPORTING

The Company recognises that it operates within a broader social and economic community. Consequently, when it takes decisions and carries out its activities, it is committed to considering not only economic viability but also environmental consequences and social implications. The Company recognises its key role regarding job and wealth creation in the Mauritian society. Reporting sustainability is generally recognised as a way for a company to strike the right balance between economic, environmental and social integration, often through commitment and activities that extend beyond mere compliance with legislation.

A detailed Sustainability Report is presented on page 76.

The Fondation Mauritius Union Limited was incorporated on 14th October 2010. It received official Corporate Social Responsibility (CSR) Accreditation from the National Empowerment Foundation in December 2010. Using the Fondation as a special purpose vehicle, we are now able to execute our CSR projects in a more efficient and structured manner, thereby contributing to the betterment of the community.

ETHICS

The Company has adopted a Code of Ethics which goes beyond minimum legal requirements and outlines core principles that should guide business conduct. It is based on our corporate values which are essential for us to maintain the trust and reliability that have been earned over the years. The Code of Ethics establishes standards for behaviour and provides guidance as to ethical dilemmas or conflicts of interest faced at work.

The Code of Ethics was reviewed and updated early 2015 and a Prevention of Money Laundering Policy and a Gift policy inserted

All employees have taken cognizance of the Code and have pledged to abide by its contents.

A transparent recruitment procedure based on merit is adopted by the Company.

SUSTAINABILITY REPORTING + ETHICS

ENVIRONMENT, HEALTH & SAFETY

Excellent Health, Safety and Environmental performance is a prerequisite for Mauritius Union Group's operations. The company is committed to improving its safety and environmental performance continuously, creating a culture of visible leadership commitment and engaging all employees.

2014 was a year of structural reorganisation for the Health & Safety committee at the Mauritius Union. The following are some of the milestones:

- Implementation of a new H & S Policy for the Group
- The safety & health committee was reorganised and held every two months to address H & S issues within the Group.
- Achievement of new Fire Certification for Head office
- Development of new Health & Safety procedures
- Establishment of a robust preventive maintenance programme for fire detection and firefighting equipment, generator, passenger lift, water pumps and building structural integrity, electrical system installation
- Training for Branch supervisors on response to armed robbery
- Constitution of a Fire Warden team. Training provided internally.
- Constitution of a First Aid team. Training provided by the Mauritius Red Cross.
- Health & wellbeing awareness for employees was organised in collaboration with the Ministry of Health & Quality of Life. Employees benefitted from services such as free blood tests, breast and cervical cancer screening for female employees and vision tests.

The implementation of a management system for health and safety has proved to be an effective tool to organise and focus the Group's efforts towards minimizing work-related hazards and improve employee well-being at work.

CORPORATE SOCIAL RESPONSIBILITY

CSR activities conducted were in line with the Company's corporate mission statement and values.

Initiatives in that context were geared towards education, poverty alleviation and the fight against exclusion in specific parts of the island.

CSR activities for the year 2014 included the following:

- Education and poverty alleviation
- Health & Wellness
- Training and Empowerment/Development
- Assistance to NGO towards project write ups
- Employee Involvement

Actions by the Fondation Mauritius Union Limited in 2014 were once again based on an open-source approach by conducting a three-phase process: hear, create and deliver. We shall raise awareness of every employee with regard to CSR and continually work and enhance our support to positively impact the daily life of less privileged people of our community through small actions that make a great difference.

ENVIRONMENT, HEALTH & SAFETY + CSR

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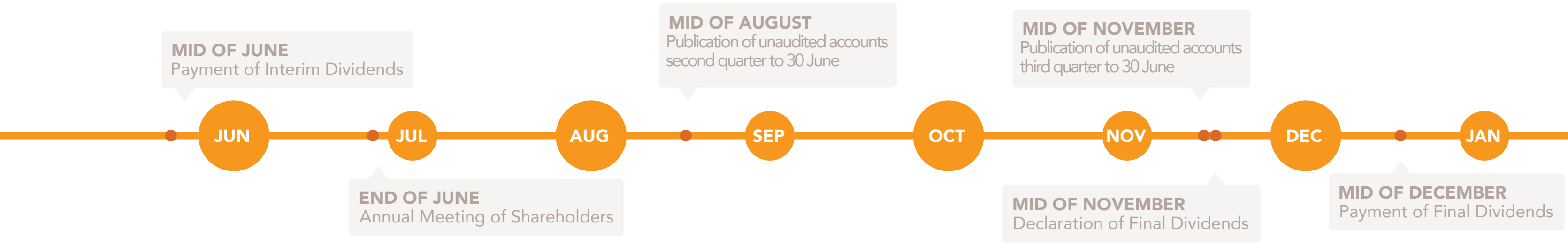
TIMETABLE OF IMPORTANT



UPCOMING EVENTS

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DIRECTORS' STATEMENT OF RESPONSIBILITIES

FINANCIAL STATEMENTS

The Directors of The Mauritius Union Assurance Cy. Ltd are required by the Companies Act 2001 to prepare, for every financial year, financial statements which present a true and fair view of the financial position of the Company and the Group at the end of the financial year as well as the results of their operations for the year then ended. They are responsible for the adequacy and accuracy of these financial statements and for the objectivity of any other information presented therein.

The Directors confirm that in preparing these financial statements they have:

i) Selected suitable accounting policies that are compliant with International Financial Reporting Standards and applied them consistently

ii) Made judgments and estimates that are reasonable and prudent

iii) Prepared the financial statements on a going-concern basis

iv) Kept proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company

v) Taken appropriate measures to safeguard the assets of the Company through the application of appropriate internal control, risk management systems and procedures

vi) Taken reasonable steps for the prevention and detection of fraud and other irregularities.

vii) Adhered to the Code of Corporate Governance and provided reasons for any area of non-compliance.

INTERNAL CONTROL

The Directors are responsible for the Company's systems of internal control. The systems have been designed to provide the Directors with reasonable assurance that assets are safeguarded, that transactions are authorised and properly recorded and that material errors and irregularities are either prevented or detected within a reasonable time. An internal audit and a risk and compliance function have been established to assist management in the effective discharge of its responsibilities. Internal audit review business controls on an ongoing basis are carried out independently of management. Reports are presented directly to the Audit and Risk Committee.

RISK MANAGEMENT

Through the Audit & Risk Committee, Directors are made aware of the risk areas that affect the Company and ensure that Management has taken appropriate measures to mitigate these risks.

The Board ensures that the principles of good governance are also applied in the Company's subsidiaries.

Approved by the Board of Directors on
31 March 2015 and signed on its behalf by:

Dominique GALEA
CHAIRMAN

Bertrand CASTERES
CHIEF EXECUTIVE OFFICER

STATEMENT OF COMPLIANCE

(SECTION 75(3) OF THE FINANCIAL REPORTING ACT)

Name of Public Interest Entity:
The Mauritius Union Assurance Cy Ltd

Reporting Period:
Year ended 31 December 2014

We, the Directors of The Mauritius Union Assurance Cy Ltd, confirm that, to the best of our knowledge, the Company has endeavoured to comply with the obligations and requirements under the Code of Corporate Governance in all material aspects, except for Section 2.8.2 of the Code for which the necessary explanations have been provided in the Corporate Governance Report.

Dominique GALEA
CHAIRMAN

Bertrand CASTERES
CHIEF EXECUTIVE OFFICER

31 March 2015

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RISK MANAGEMENT REPORT

RISK MANAGEMENT PHILOSOPHY

There are numerous types of risk which insurance companies handle in order to make money – mortality, undergoing losses due to man-made or natural catastrophes, losing income ability through operational disruptions, outliving your assets and so on. Where there is a risk, there is improbability, and where there is improbability, there is exposure to volatility.

Risk management in practice is where companies steadily identify, quantify and manage the various types of risk inherent to the operations. The most vital goals of a sound risk management program are:

- To manage the business's exposure to prospective earnings and capital capriciousness.
- To capitalize value for the organization's different stakeholders.

We are fully committed to embedding risk management in what we do and it is the source of value creation as well as an essential form of control. It is an integral part of maintaining financial stability for our customers, shareholders and other stakeholders.

Our sustainability and financial strength are buttressed by an effective risk management process which helps us identify major risks to which we may be exposed, while instituting appropriate controls and taking mitigating actions for the benefit of our customers and shareholders. The Mauritius Union Group's risk strategy is to invest its available capital to optimize the balance between return and risk whilst maintaining an appropriate level of economic (i.e. risk-based) capital and regulatory capital in accordance with its risk appetite.

Consequently, its risk management objectives are based on the following:

Open risk Culture: Promote a strong risk management culture driven by a robust risk governance structure and clear risk appetites.

Ensure that sufficient capital surpluses are available to meet the expectations of customers, shareholders and regulators, and to meet our liabilities even if a number of extreme risks were to materialise.

Clear accountability: Our operations are based on the principle of delegated and clearly defined authority. Individuals are accountable for the risks they take on, and their incentives are aligned with the Group's overall business objectives.

THE RISK MANAGEMENT FRAMEWORK

The Group Audit and Risk Methodology is fully risk-based and aligned on COSO (Committee of Sponsoring Organisations of the Treadway Commission) Enterprise Risk Management (ERM) Framework. The COSO ERM Framework is the broadly accepted standard against which organisations can benchmark their internal control activities.

Mauritius Union Group's risk management framework forms an integral part of the management and Board processes as well as the decision-making framework across the Group.

The key elements of the risk management framework are illustrated and described below:

AND OBJECTIVES

TYPES OF RISKS – INHERENT VS RESIDUAL

The inherent risk is the risk that exists before a company addresses it, that is the risk to MUA in the absence of any action taken to alter either the likelihood or the impact. Every company faces it, not all manage it effectively. These risks are reflected mainly on how you do business; its complexity, growth, changes; the staffing; technology and the organizational structure.

The residual risk is also known as "vulnerability" or "exposure". It is the risk that remains after the company has attempted to mitigate the inherent risk.

Adopting the approach of Enterprise Risk Management within the MUA, where management provides assurance and internal audit provides reassurance, Management is responsible for:

1. Assessing the inherent risk (i.e., before mitigation and controls)

2. Assessing the effectiveness of existing risk mitigation and controls

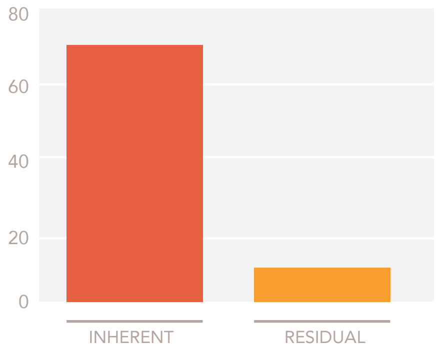
3. Determining the residual risk (i.e., the risk that remains after mitigation and controls are implemented)

4. Determining whether such exposure is within the appetite of the MUA for that type of risk, and, if not, further mitigating the risk

5. Providing reasonable assurance to the board that the controls are both effective and efficient in managing the exposure so that it remains within the board-approved appetite for that type of risk.

The diagram below illustrates how the MUA risk control framework minimizes the number of inherent risks to residual ones. The duty of the risk management is to review continuously the internal controls of the inherent risks and to monitor closely the residuals risks while taking actions when appropriate.

INHERENT VS RESIDUAL



RISK APPETITE

The risk appetite is the level of risk the Group acknowledges and is able to accept in the pursuit of its strategic objectives. The following statements, which are reviewed and approved by the Board, demonstrate a key focus on balance sheet strength and protection of the franchise value.

The strategic and operational planning process supports the group in optimally exploiting its opportunities. This involves the consideration of the portfolio of opportunities identified by businesses, leading to decisions by the Board in relation to the opportunities the group wishes to pursue.

Capital is allocated to businesses to support delivery of these plans. The group's required returns will be reflected in the targets set for businesses, including targets for return on capital employed, growth in business and profitability and dividend payment expectations.

The group's business plan, capital allocation and business targets are therefore a key component of the group's risk appetite.   Risk appetite will accordingly continually evolve and be reviewed annually.

RISK MANAGEMENT

The Group's approach to risk management ensures that significant existing or emerging risks are efficiently identified, measured, managed, monitored and reported on a perpetual basis. Risks are measured by considering the significance of the risk to the business and its stakeholders (both internal and external) in the context of our strategy, objectives and risk appetite. Monitoring ensures that risk management approaches are effective, and also seeks to identify risk-taking opportunities to improve the risk-adjusted performance of the Group.

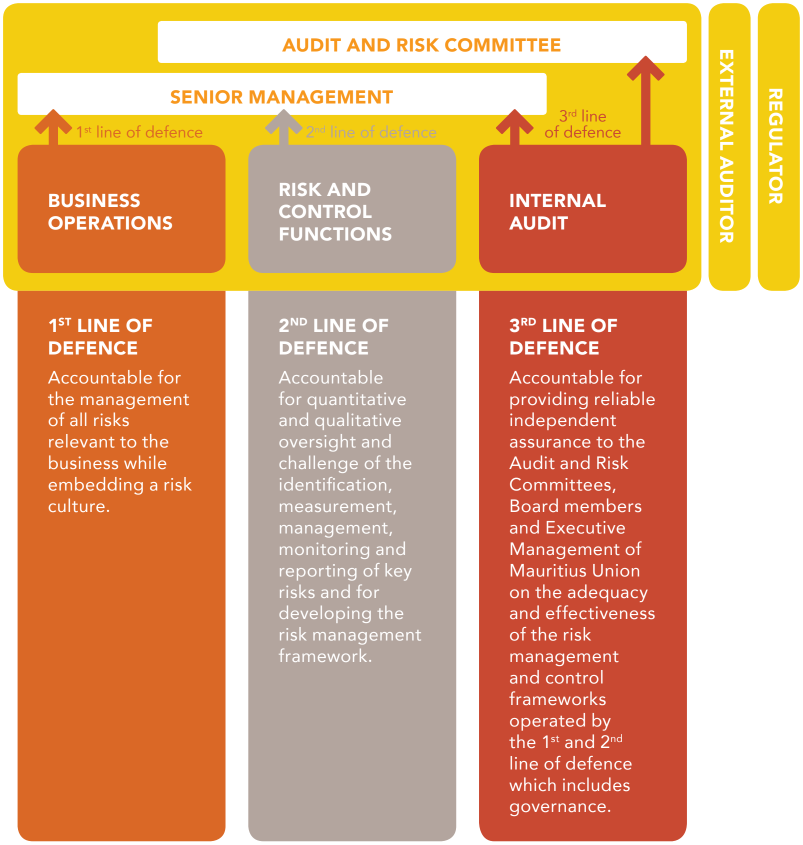
We incorporate risk considerations and capital needs into day-to-day management and decision-making processes. We actively manage our risk profile through a wide range of techniques, including product design, pricing, underwriting, asset allocation, investment management, reinsurance, acquisitions and disposals.

The development and evaluation of our business plans and our various capital and risk management actions are supported by the implementation of risk policies. This has been a key area of improvement throughout 2014.

RISK MANAGEMENT RESPONSIBILITIES

The Mauritius Union Group has adopted the 'three-lines-of-defence' model where ownership for risk is taken at all levels in the Group.

The Three Lines of Defence model is widely adopted by financial services companies globally. It clearly sets out the risk management responsibilities across the business and is consistent with the current regulatory climate encompassing corporate governance, systems and controls.



POLICIES AND PROCEDURES

To inculcate a consistent and rigorous approach to risk management across all the businesses in which we operate, we observe a set of formal risk policies. These delineate risk management and control requirements for the Group's operations. As our business responds to changing market conditions and customer needs, we regularly monitor the appropriateness of our risk policies to ensure that they remain up-to-date.

Businesses regularly identify and review risk exposures. Where risks are outside of tolerance, action plans are required. Similarly, controls are regularly reviewed for effectiveness and corrective actions implemented where necessary. This helps to provide assurance to the various risk oversight committees that there are appropriate controls in place for all our core business activities, and that the processes for managing risk are understood and followed consistently across our businesses.

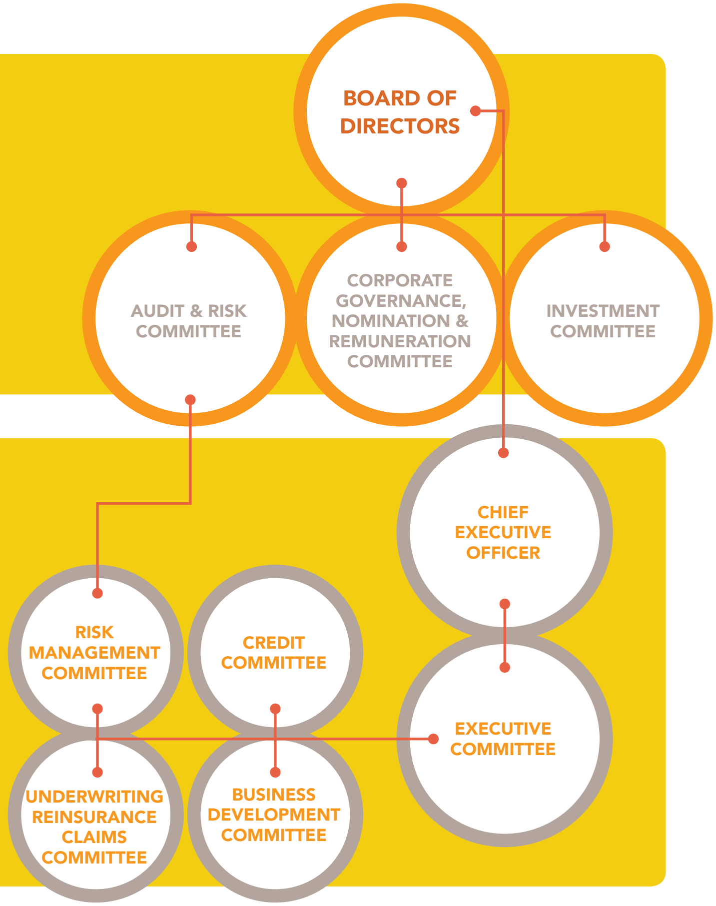
The Board has the overall responsibility to ensure that risks are effectively identified, measured, monitored and managed with respect to the corporate governance structure adopted by Mauritius Union. The Board discharges its duty through policies and frameworks as well as committees as illustrated in the chart hereunder.

BOARD

- Set strategic objectives
- Monitor performance
- Set risk apetite
- Set and uphold values
- Set risk policies

GROUP

- Set business standards
- Monitor performance
- Oversee risk and capital management
- Provide challenge
- Recommend risk management activity

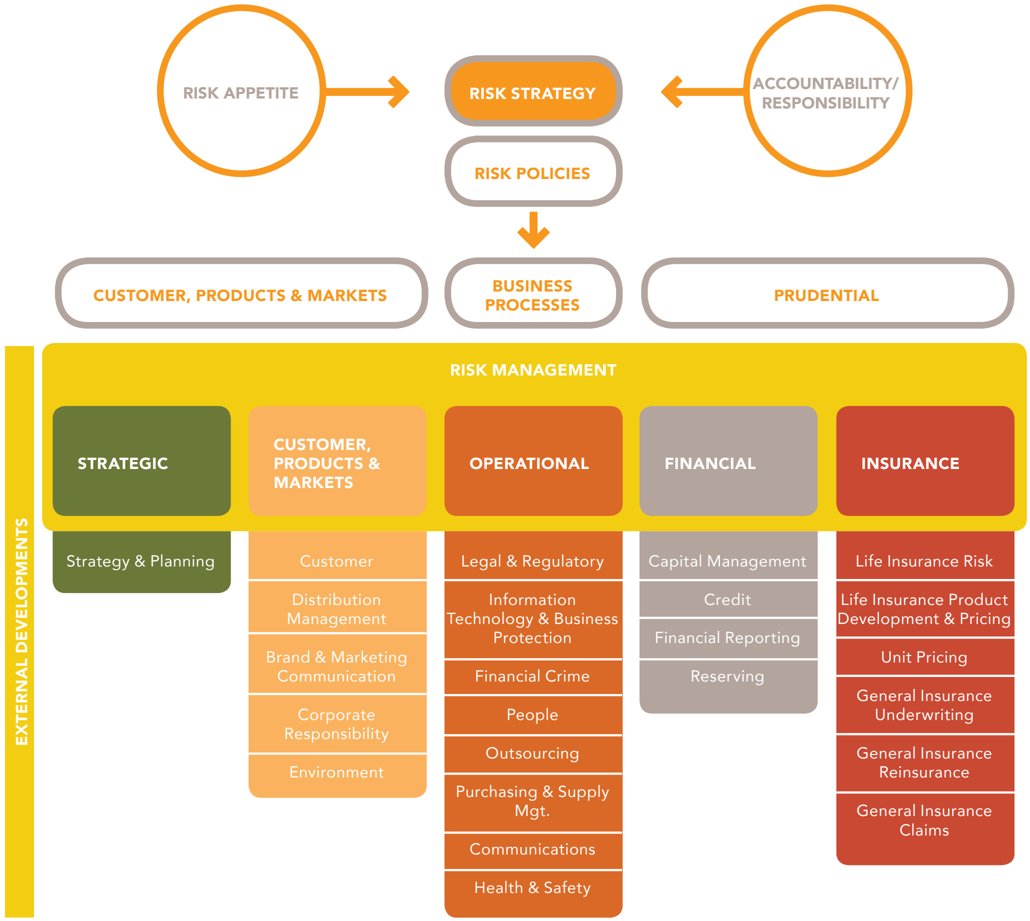


THE GOVERNANCE STRUCTURE

The main types of risk to which the Group is exposed are:

- Strategic
- Customers, Products and Markets
- Operational
- Financial
- Insurance

Close risk monitoring allows us to detect potential deviations from our risk tolerance at an early stage both at the Group level and the operating entity level.



THE RISK PROFILE

STRATEGIC RISK

Strategy and Planning risk is the risk of an unexpected negative change in the company value, arising from the adverse effect of management decisions regarding business strategies and their implementation. This risk reflects the compatibility between strategic goals, the business strategies and the resources deployed to achieve those goals. Strategic risk also includes the lack of management's ability to effectively analyze and react to external factors (e.g. market conditions) which could affect the future direction of the relevant operating entity or the Group as a whole.

The strategic planning process hinges on the development of a three-year strategic plan which is reviewed annually during the budgetary exercise to ensure that strategic initiatives are on track and/or have to be amended in light of changes, both within the group and in the external environment.

All strategic projects are regrouped within a project register to facilitate implementation and progress monitoring.

CUSTOMERS, PRODUCTS & MARKETS RISKS

During insurance operations, there may be a risk related to customer management, brand management, products and distribution management which can cause significant damage to the group's reputation, profitability, future business and market share.

a) Customer Risk

Customers are the key component of any business and customer risks are very likely to arise upon failure to communicate effectively with existing and new customers in the process of providing them with the necessary information or during the delivery of the service. Such failure may result in customer complaints, litigated claims, cancelled policies and increased claim frequency or severity. The group has in place a customer care department to professionally and promptly handle customer complaints.

b) Distribution Management Risk

These risks occur when the group's distribution strategy fails to support effective, diversified distribution channels in line with its business objectives. The business development committee reviews the distribution channel strategy whilst monitoring potential inherent risks.

c) Brand & Marketing Communication Risk

These risks arise due to the inability to devise and implement integrated corporate marketing program with a view to developing and promoting the reputation of the organization through its brand portfolio. This may result in the inability to sustain competitive advantage in chosen markets. The marketing department uses a whole array of tools in its promotional mix as part of its corporate advertising strategy. The group also makes use of surveys to assess the impact of its marketing campaign.

OPERATIONAL RISK

Operational risks are risks of loss and/or opportunity gain foregone resulting from inadequate or untried internal processes, human error and systems' malfunction or from external events. One or more of the following may cause such losses:

a) Legal & Regulatory Risk

It is the risk of financial or reputational loss arising from: regulatory or legal action; disputes for or against the company; failure to correctly document, enforce or adhere to contractual arrangements; inadequate management of non-contractual rights; or failure to meet non-contractual obligations. Compliance risk, also referred to as non-conformance risk, results in lower quality, higher costs, loss of revenue and undue delays. Non-conformance also gives rise to product/service failure risk because if not detected and corrected before a product or service is delivered to the customer, a product or performance failure could result. The legal and compliance department monitors such matters.

b) Information Technology Risk

This refers to the risk that hardware and software do not operate as intended and that the integrity and reliability of data and information are compromised. This would impact the smooth running of day-to-day business. Hence the IT department has put in place a risk management policy along with relevant controls to ensure that potential risks are monitored and any impact mitigated.

c) Financial Crime Risk

It is the failure to detect, prevent and report financial crime in respect of fraud, malpractice, bribery and corruption, money laundering and any other illegal behavior within the company. Furthermore, if there might be unacceptable levels of fraud, malpractice, corruption and / or any illegal activity commissioned by an external party / parties. The company makes sure that the requirements of regulation and legislation regarding financial crime management are fully met at all times.

d) Human Resources Risk

Such risk stems from the fact that staff members entrusted with the management and control of various stages of the business process chain lack the requisite knowledge, skills and experience needed to ensure that critical business objectives are achieved and that significant business risks are reduced to an acceptable level. An internal training program has been initiated to minimize such risk while external training is also provided with the same objective in mind.

e) Business Interruption Risk

The Company's capability to operate normally is highly dependent on the availability of information technology, of skilled labour and other resources. If people with the requisite experience and skills or other key resources were unavailable or if critical systems happened to break down, the Company would experience difficulty in transacting business. A business continuity plan has been devised. It is based on the duplication of our records and information systems on back-up servers at a remote location. Insurance transactions are updated daily to these servers, through the Mauritius Telecom frame relay network. Full and uninterrupted customer service can be delivered from the remote location.

f) Health and Safety Risk

Worker health and safety risks are significant if unchecked because they can expose the Company to substantial liability in respect of workers' compensation. Non-compliance with Health and Safety legislation may result in heavy fines. The Health and Safety Committee ensures that these risks are minimised through control, follow-up and communication procedures. The Human Resources Department ensures compliance with labour laws.

FINANCIAL RISKS

Capital Management Risk

MUA has responsibility of maintaining sufficient cash flow in order to meet its short-term and long-term debt obligations and operating expenses at all times so as to manage all risks related to capital management. The short-term or the general insurance side, is required to maintain a minimum capital requirement ratio of 150% at all times (with a minimum of Rs25m) as required by the Insurance Act 2005. The amount of capital required takes into account investment concentration limits, policy liabilities risks, catastrophe risks and reinsurance cession risks. The company's capital requirement ratio has been maintained well above the minimum statutory limit of 150%.

On the long-term side, the minimum capital requirement is determined by the external actuary after taking into account stress test requirements. In order to demonstrate solvency, La Prudence Life Insurance must have assets in excess of liabilities to cover the minimum capital requirement by at least a multiple of one. La Prudence Life Insurance has also satisfied the minimum capital requirements under the Insurance Act 2005.

In order to meet these financial obligations, there are other risks as highlighted below, to be managed.

a) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to meet short-term debts. Liquidity risk is considered to be very low and the investment portfolio is managed under the guidance of the external actuary.The external actuary has confirmed that there are appropriate assets in place to match the liabilities in nature and term.

b) Interest rate risk

Interest rate risk refers to the risk that the value of future cash flows from financial instrument backing the liabilities would be insufficient to fund guaranteed benefits payable, especially under long-term Life Assurance contracts. This risk is mitigated through a well-diversified portfolio of fixed income securities and equity investments. Under general insurance contracts, liabilities are not directly sensitive to the level of market interest rates as they are contractually non-interest bearing. In case of bodily injury claims which are settled over long periods, these long-tail liabilities are hedged by the equity portion of the investment portfolio of the general business.

c) Market risk

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The Investment Committee ensures that investments are sufficiently diversified in order to match assets and liabilities and liquidity requirements.

d) Foreign exchange risk

The group holds a number of deposits, equity investments, property investments and bank balances denominated in foreign currencies and is primarily exposed to fluctuations of the United States dollar, the Euro and the British Pound. Exposure to foreign currency is not hedged but closely monitored by management.The bulk of the insurance contracts written by the group is in rupees. The reinsurance treaties have also been established in the local currency. There is only one treaty which is denominated in USD.

Credit Risk

a) Reinsurance Credit Risk

Reinsurance Credit Risk is defined as the reluctance or inability on the part of reinsurers to honour financial obligations towards the Company.A dedicated unit selects the Company's reinsurance partners and only reinsurers with strong credit profiles are considered. We may also require evidence of parental guarantee, details of retrocession arrangements, or other financial measures to further mitigate our exposure to reinsurance Credit Risk.The unit monitors and manages the concentration of risk to each reinsurer as well as their credit rating and solvency movements, with the objective of diversifying our reinsurance placements such that the financial impact of default by any one reinsurer is limited.The unit also performs back-to-back verifications for facultative placements in order to ensure that there are no discrepancies between the insurance and reinsurance contracts.

b) Investment Credit Risk

The group invests in debt instruments and there are risks that the issuer of debt securities defaults on capital or interest payments. The bulk of the group's investment portfolio is in local government bonds. Investment in foreign debt securities should carry at least a BBB rating.

c) Loans Credit Risk

Both Mauritius Union General Insurance and La Prudence Life Insurance grant loans in their normal course of business. Loan credit risk is the risk that a borrower defaults on capital or interest payments. This risk is mitigated through holding appropriate security against all loans granted, which are closely monitored, by the credit committee chaired by the Chief Executive Officer. The legal department monitors payment procedures and debt recovery through appropriate legal action, if necessary.

d) Debtors Credit Risk

This risk is attributable to the inability of customers to pay amounts in full when insurance premiums are due. The group has in place a policy for granting credit and maintains records of the payment history for contract holders with whom it conducts regular business. The credit terms are based on the client payment history. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Group. A deposit premium payable in advance is also requested upfront to minimise the risk of default. The receivables are closely monitored, reminders are sent to policy holders when their accounts are overdue and the policies are cancelled if payments are not received following the reminders.

Financial Reporting Risk

Financial reporting can be grouped into three major components:

- A variety of the people responsible for extracting, assembling, aggregating, and analyzing data.
- The processes and timelines by which this data is obtained and reported.
- The systems that crunch the financial information and distill it into meaningful form.

The finance department has implemented a financial reporting risk management policy with adequate controls to manage these risks.

Reserving Risk

We estimate and hold reserves for claims that have not yet been settled. If reserves were not sufficient, due to unforeseen factors, to cover forthcoming settlement of claims in abeyance, we would experience losses.

Claims handling is closely monitored so as to ensure that the loss reported is covered and properly assessed. Where legally justified, the Company may sue third parties for payment of some or all liabilities (subrogation). The Company ensures that claims provisions are determined using the best information available about claims settlement patterns, forecast inflation and settlement of claims. Estimation techniques also involve obtaining corroborative evidence from as wide a range of sources as possible and combining these to form the best overall estimates.

INSURANCE RISKS

The main activity of the group is the acceptance of risk under an insurance contract where in return for a consideration (the premium), a policyholder is compensated for pecuniary loss suffered as a result of a specified uncertain future event, or of a certain future event where the timing of the occurrence is uncertain.

a) Underwriting Risk

Underwriting risk is defined as the risk of insured losses in our general insurance business being higher than our expectations. This may arise from the type of products, the inaccurate pricing of risks when underwritten or when assumptions made in product design differ from the actual experience. To mitigate such risks, underwriting guidelines are reviewed regularly. Also, the Group makes use of appropriate pricing tools and methodologies under the supervision of the Underwriting Unit.

b) Claims Risk

Claims risk arises due to failure to deliver acceptable claims service to customers while claim costs may exceed assumed pricing calculations.

ROLE OF UNDERWRITING REINSURANCE CLAIMS COMMITTEE

The role of the Underwriting Reinsurance Claims Committee (URCC) is to oversee the development of, and compliance to, underwriting and reinsurance guidelines and to monitor procedures relating to exceptions thereto. The URCC also has the responsibility for formulating the Company's underwriting and reinsurance strategies in line with Board's vision. The URCC reports to the executive committee.

The main responsibilities and duties of the URCC are:

- To receive and approve reports regarding operational activities of the Underwriting and Reinsurance departments so as to ensure that set strategies are respected;
- To establish, review and maintain underwriting criteria, limits, guidelines, policies and processes;
- To review reports with respect to compliance of the underwriting guidelines and policies, and to make recommendations to the Executive Committee for approval relating to cases where risks deviate from set criteria;
- To review and make recommendations on entry into new lines of insurance and reinsurance businesses;
- To review existing lines of insurance and reinsurance business and to make recommendations on continued writing or withdrawal of such businesses;
- To perform such other responsibilities regarding the company's underwriting, reinsurance and claims activities or other matters as the Executive Committee may assign to the URCC from time to time.

YOU ARE HERE

SUSTAINABILITY REPORT

INTRODUCTION

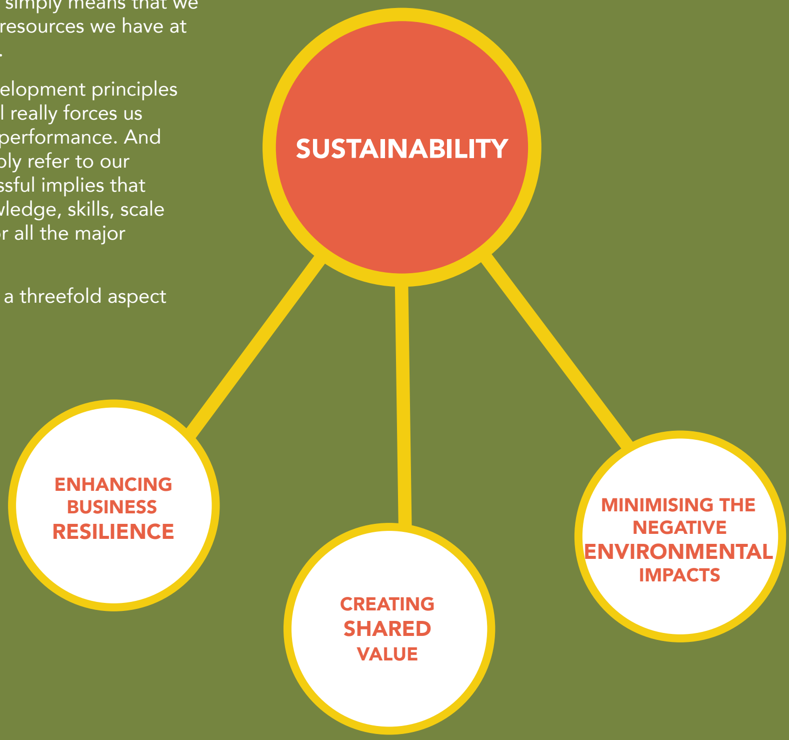
This year, through our 2nd report on Sustainability, we want to strongly reaffirm, with renewed vigour, the commitment that we made in 2013 to seamlessly integrate our business model with our value system.
The report serves not only as a review and disclosure of the various initiatives we took in 2014 but shall also act as a testimony to our vision and commitments for 2015.

YOU ARE HERE

Sustainability for us means that we should be able to achieve the goals we have set ourselves today without jeopardizing the resources that will allow us to keep tomorrow's promises. It simply means that we avoid at all costs exploiting the resources we have at hand to create short-term value.

The inclusion of sustainable development principles and ethos in our business model really forces us to take a long term view of our performance. And by performance, we do not simply refer to our profitability. For us, to be successful implies that we are able to harness our knowledge, skills, scale and resources to create value for all the major stakeholders on the long term.

The value we look to create has a threefold aspect to it:



WHAT SUSTAINABILITY MEANS TO US...

1. **Enhancing our business resilience**

   As a well-established and trusted insurer, it is our foremost duty to ensure our business continuity.

   Our business model has thus been adapted such that it remains agile enough to adapt constantly to the evolving business environment and surroundings, yet resistant to enterprise-wide risks and vulnerabilities.

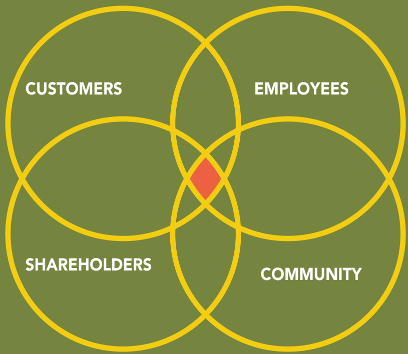
   This fine balance between responsiveness and resilience is achieved through an effective synergy between the following **key strategic enablers**:

A Sound & Solid Governance System

- A **ROBUST** and proactive risk management unit
- A **RIGOROUS** internal audit department
- A **RESPONSIVE** market research unit
- **REGULAR** financial disclosures to our shareholders

2. **Creating shared value**

   At the Mauritius Union Group, we firmly believe that our purpose is not simply to create shareholder value. All stakeholders at large should benefit from our activities and performance, be it our customers, our employees and the community at large.



3. **Minimising the negative environmental impacts**

   We aim to build a real understanding of the various impacts on the environment and proactively look to improve our performance in that aspect by both decreasing significantly our direct environmental footprint and by also driving positive behavior change amongst our employees.

OUR MILESTONES IN SUSTAINABLE INSURANCE PRACTICES

1948
Foundation of the first 100% Mauritian insurance company, with a number of shareholders gathered around the same objective: to make of Mauritius Union an insurer in touch with local realities.

1940 1950 1960

1949
Launch of the first life insurance accessible to all with a minimum subscription of Rs 2 per month

2005
Allocation of a budget dedicated to Social Responsibility, the Mauritius Union mainly supporting the education of children and women in distress

2005 2006 2007 2008 2009

2006
For the first time "sustainability" is addressed in the annual report as a sub-chapter based on three main topics: "Ethics"; "Environment, Health and Safety"; and "Social Responsibility"

BUILDING SUSTAINABILITY

1970

1971
Launch of the pioneering comprehensive home insurance in Mauritius

1973
Founding member of the Insurers' Association to promote best practices in insurance business in Mauritius

1980

1990

1992
Opening, in Flacq, of the first of 11 regional branches

1993
Opening of shareholding with the entry of the Mauritius Union Assurance on the stock market

2000

2010
Merger between Mauritius Union Insurance and La Prudence. Together they become the Mauritius Union Group

Creation of the Fondation Mauritius Union Limited

2011
Opening of the Seychelles branch, the first overseas branch

Signatory of the customer charter launched by the Insurers' Association

2012
First sensitization campaign on life insurance, accompanied by a wide distribution of plants

2013
First blood donation campaign in support to hospitals
Launch of our internal code of ethics

2014
Acquisition of Phoenix TransAfrica Holdings Limited (PTHL) for $22.6m.

Organisation of a full-day workshop with over 20 NGOs to discuss the local social issues – Grants made to eight of them amounting to Rs. 524,700.

IN RELATION TO OUR MISSION AND STRATEGIES

YOU ARE HERE

The Principles For Sustainable Insurance (Psi)

In 2012, the UNEP-FI (United Nation Environment Program – Finance Initiative) had launched the Principles for Sustainable Insurance to serve as a framework to be used by the players of the insurance industry to address the risks and opportunities of environmental, social and corporate governance (ESG) nature.

Indeed, the need to address ESG issues is becoming urgent in the current context. As these issues influence to a greater extent the traditional risk factors and consequently impact on the industry's viability, it is vital to ensure that we appropriately adjust the range of risk factors that is usually considered.

More specifically, the UNEP-FI has some major expectations towards our Group as an African Insurance Company, such as:

- To take into consideration the risks' increase in our area due to climate change
- To also take into account, the major epidemiologic risks
- To stay vigilant about insurance accessibility for the underprivileged
- To commit ourselves through the various means of impact we may have as an economic actor and local investor

Over 70 organisations worldwide have adopted the Principles. While the Group is not a signatory of the Principles, we have, since last year, engaged ourselves in a process of continuous improvement based on the recommendations of the UNEP-FI.

THE VIEWS OF BERTRAND CASTERES, CHIEF EXECUTIVE OFFICER

What were the highlights for the Group over the past year?

Last year was a challenging and exciting year for us. Indeed, we cannot deny that it has not been plain sailing throughout with market conditions that have been tough to navigate in.

Nonetheless, last year marked one major achievement for the Group, which can be succinctly summarised in one single word: AFRICA. Indeed, we had finalised the deal with Phoenix TransAfrica Holdings Ltd, which makes us the major shareholder in Phoenix of East Africa Assurance Company Ltd (PEAL). With PEAL being well established in 4 different countries, namely Kenya, Uganda, Rwanda and Tanzania, we believe we have made a wise investment with tremendous potential. Africa is a land of opportunities and backed by our long years of experience in Mauritius, we have the right dose of knowledge, capabilities and resources to further develop the market and the PEAL subsidiaries into yet another success story of the Mauritius Union Group.

It is fundamental for any business who wishes to be successful these days to avoid complacency in its strategies. It is something we religiously keep in mind. To keep up with the market and its ever evolving demands, we have invested considerably in further developing our digital platforms. Last year, we have launched our new website with a distinct modern, fresh and minimalist look and it serves as an apt display window for all the products & services that we propose. We have also reworked on the process flow and the design of our motor insurance e-commerce platform, Click & Go.

And the less positive points?

Predominantly, the market for our main portfolio, the motor insurance segment, has been rather saturated and the competition amongst insurers more intense than ever. The premium collections have consequently fallen. We are well aware of the obstacles that we are facing and have already started working, through our three-year strategic plan, MUA AMBITION 2017, on the steps that we will adopt to defend and consolidate our position as market leader.

How does sustainability fit with the Group's vision?

Since 2013, we have been working on integrating sustainable ethos more firmly in our business practices and it is slowly becoming a crucial aspect of how we see ourselves.

For us, the Group represents a long-lasting profitable organisation with diverse sources of income and with a conscientious approach to using the resources available to us efficiently and judiciously. After all, having a long-term vision is verily the DNA of insurance.

Currently, we have to admit that some of the sustainable practices are still being considered as an afterthought. However, it will take time for sustainability to become a central tenet and we are working hard towards this goal.

What are your key focus areas with regards to sustainability for next year?

Our aim and vision are that, in 3 years' time, all our operations will have to be evaluated in terms of the resources they use and the efficiency with which we make use of them. Operations that perform unsatisfactorily as per our pre-determined sustainability criteria will be consequently reviewed and accordingly reorganised.

As such, the notion of sustainability is, for us, the driving force behind the restructuring of our operations.

We also plan to encourage our employees to participate more actively and regularly in our CSR activities. We have a duty towards the society in which we operate and it is up to us, the Mauritius Union family, to try and help in all possible ways.

THE RESILIENCY OF OUR BUSINESS PRACTICES

OUR SUSTAINABLE DEVELOPMENT GOVERNANCE STRUCTURE

At the Mauritius Union Group, we adhere to the 3 lines of defence of the governance model strictly.

The **Three Lines of Defence** model is widely adopted by financial services companies. It clearly sets out the risk management responsibilities across the business and is consistent with the current regulatory climate around corporate governance, systems and controls.

It implies a set of controls at each level:

Group audit provide independent evaluation over the first and second lines of defence

THIRD LINE OF DEFENCE

SECOND LINE OF DEFENCE

FIRST LINE OF DEFENCE

Few insurers have their own risk management department, as we do, and one of our distinctive strengths is that we also have our own internal audit department which was established in April 2011, which ensures that we diligently have in place the appropriate risk management frameworks.

Includes teams like Compliance, Risk Management and Legal. They provide the risk frameworks and guidance within which the business must operate. They also challenge the various departments and clusters on how risks and controls are being managed at their individual levels

Business areas - such as Finance, Customer Experience, BC/IT, and Distribution & Marketing own their business risk. They have the primary responsibility for identifying, reporting, monitoring and managing their risks.

CUSTOMER CARE

Our commitment to customer satisfaction

The backbone of a company's success, regardless of its size, is its customers. Our sustainability rests primarily on the satisfaction of our customers with the services and products that we offer them.

Hence, in addition to the small-scale surveys carried out internally on a periodical basis, we also retain the services of an independent research institution to objectively measure the satisfaction of our customers on an annual basis.We ensure that the feedback collected from our customers is duly taken on board to be able to better relate and understand them.

Overall we are happy to note that over the period of 2013-2014, the satisfaction of our customers has remained positive and stable. We have also clearly identified the areas where we need to improve our performance and are committed to working methodically and hard to better ourselves.

Our Dedicated Customer Care Department

To ensure that the concerns of our customers are being dealt with promptly and efficiently, we have decided at the Mauritius Union Group to not simply hire a Complaints Officer, but rather to create a specialised 'Customer Care' Department.

The Department deals with customer dissatisfaction issues and initiates corrective measures that span the operations of the Group to avoid the recurrence of such matters. Follow-up and reviews are also performed to ensure that the corrective measures have been duly integrated and to fine-tune where required.

OUR ACTIONS FOR CUSTOMER COMPLAINTS MANAGEMENT

The Financial Services Commission (FSC) has edited guidelines relating to complaints handling by insurance companies. Each company should have its own complaints handling policy to ensure effective action. This policy should be displayed on the premises or communicated clearly to customers. These guidelines also stipulate the necessity of hiring a Complaints Coordinator in order to handle complaints as per the internal policy, but also within the procedure defined by the FSC.

Every 6 months, in accordance with the regulations of the Financial Service Commission, the Mauritius Union complies with its obligation to send a report to its Board of Directors stating:

The amount of complaints received by the company

- The amount of complaints that were justified
- The amount of complaints that were not justified
- Ideally, the Mauritius Union is favourable to the principle that the FSC should publish the statistics about complaints received and processed by each insurance company in Mauritius. This would clearly improve the insurance practice to the benefit of the customer.

RESPONSIBLE PRODUCTS AND SERVICES

1. The client asks for service at Mauritius Union

In case of dissatisfaction, the client can address his complaint to the Complaints Officer

2. The company has 3 working days to acknowledge receipt and 30 days to give a complete explanation

Case not settled

3. The client sends his complaint to the Financial Service Commission for arbitration and settlement

Our 2014 Achievements

- Our own customer charter with a new set of objectives derived from our customers' expectations
- Better accessibility of services via our website, both for claim follow-ups and insurance products
- A decrease in the motor claims complaints ratio figure recorded in 2014

Our commitments for 2015

- To work hand in hand with our colleagues so that the Customer Charter devised by them becomes part of our Group's DNA in as much as Customer Service is concerned.
- We intend to maintain our policy of **continuous training** so that our employees may have an extensive and thorough knowledge of our products and services. We believe this is key in avoiding misunderstandings between Mauritius Union and its customers.

Evolution of the complaints ratio on motor insurance (major portfolio at the Mauritius Union)

2012	2013	2014
11,019	11,237	11,725
186	155	122
1.7%	1.3%	1.04%

Evolution of the complaints ratio on health insurance

2012	2013	2014
36,836	40,931	42,014
13	17	19
0.04%	0.04%	0.05%

MOTOR INSURANCE

The number of vehicles registered in Mauritius (be it cars, trailers, motorcycles or even tractors) has seen an almost 60% jump from 2004 to 2014. There is now over 460,000 vehicles being driven around the country, and with car insurance being mandatory, this is a market with massive sales potential for the company.

465,052
VEHICLES INSURED IN MAURITIUS

Indeed, the motor insurance segment is already a major portfolio at the Mauritius Union Group.

291,605
VEHICLES IN 2004

465,052
VEHICLES IN 2014

To ensure we retain our existing business and acquire new customers, we have identified 4 primary sustainability axes for the motor insurance business line since 2013, which serve as our focal points in our efforts to improve our products, services and operations further:

- Ensuring that we have clear, transparent and easily understood products that aptly serve the needs of our customers
- Ensuring that our products are reasonably priced to allow accessibility to a wide audience
- Ensuring that we are able to provide a prompt, useful and courteous service to our customers and to assist and support them in the claim process
- Ensuring that we create awareness amongst the public about road safety measures and so forth. As a responsible insurer, we are committed to educating people of the dangers that the road represents to them and teaching them about the need to take the necessary precautionary measures.

Clear and affordable products

Financial literacy is still low and basic in Mauritius. We have noticed that, more often than not, the gamut of benefits and options proposed to customers leads to confusion for them. The possibility to customize the various covers to better serve the unique needs of each customer also seems to be adding to the opacity of the products.

Hence, we have reviewed our quotation form, and have ensured that we provide an explanatory note for any insurance jargon. We have also ensured that our employees take the time required to explain to our customers what they are signing up for.

Customers with specific needs are able to customize their cover through optional add-ons that can be latched to the basic covers. For example, customers can decide whether they want to be covered, or not, for any of the following:

- loss of car keys (including lock replacement)
- personal belongings
- damages caused by rodents
- misfuelling

Assistance and service to our clients

The backbone of any reliable and trustworthy insurance company is the assistance that it provides to its customers in times of need. Indeed, we are most called upon by our customers when an unfortunate accident takes place and it is our foremost duty to assist and guide them through the claims procedure.

To that aim, for our clients who have opted for a comprehensive cover, we have in place a 24/7 hotline (211 3030), which they can contact in cases of emergency. We also provide a handy guide with clear and simple explanations on their motor insurance policies, the claims process and other helpful tips.

Additionally, throughout 2014 and carrying on in 2015, we have been actively reviewing and streamlining our claims procedures to ensure that adequate feedback is regularly provided to our customers on the status of their claims and to improve our lead time from the evaluation of repairs and the surveyor's report to the approval of repairs. Our aim is to reduce the approval process by at least 2 days.

Road safety: a matter of self-responsibility and defensive driving after all!

It has been found that the increase in the number of road accidents is not directly linked to the increase of vehicles on our roads. In other words, it is not the increased traffic intensity that is causing a spike in the number of accidents recorded.

Rather, road safety is more to do with a conscientious adoption of safer driving practices by one and all. By improving the skills and attitudes of drivers through safety education, the number of road fatalities & the costs for emergency services, health and welfare services, insurance and other personal costs could be greatly reduced.

Hence, the most important element that could make a significant difference to increase our road safety is simply safety education. As such, we have committed ourselves to support a road safety campaign through 2015 to sensitize people about the dangers of reckless driving. We truly believe it could make a lasting difference.

HEALTH INSURANCE

Health insurance is of primordial importance as it concerns our accessibility to private healthcare facilities within reasonable, accessible and pre-determined costs. Indeed, it is simply about having peace of mind in times of illness.

For this business line to be a sustainable form of income for us and to deliver value to our customers, we concentrate on the following four strategic enablers:

- Ensuring that customers are proposed a wide range of products and services that they can choose from, depending on their unique needs,
- Ensuring that our products are affordable and accessible to a wide audience
- Ensuring that we provide our customers with the required service levels, especially during the claims procedures
- Contributing to the emergence of a transparent health management system in the country.

It is also worth noting that we are the only insurer in Mauritius to provide medical insurance to individuals aged 70 and above.

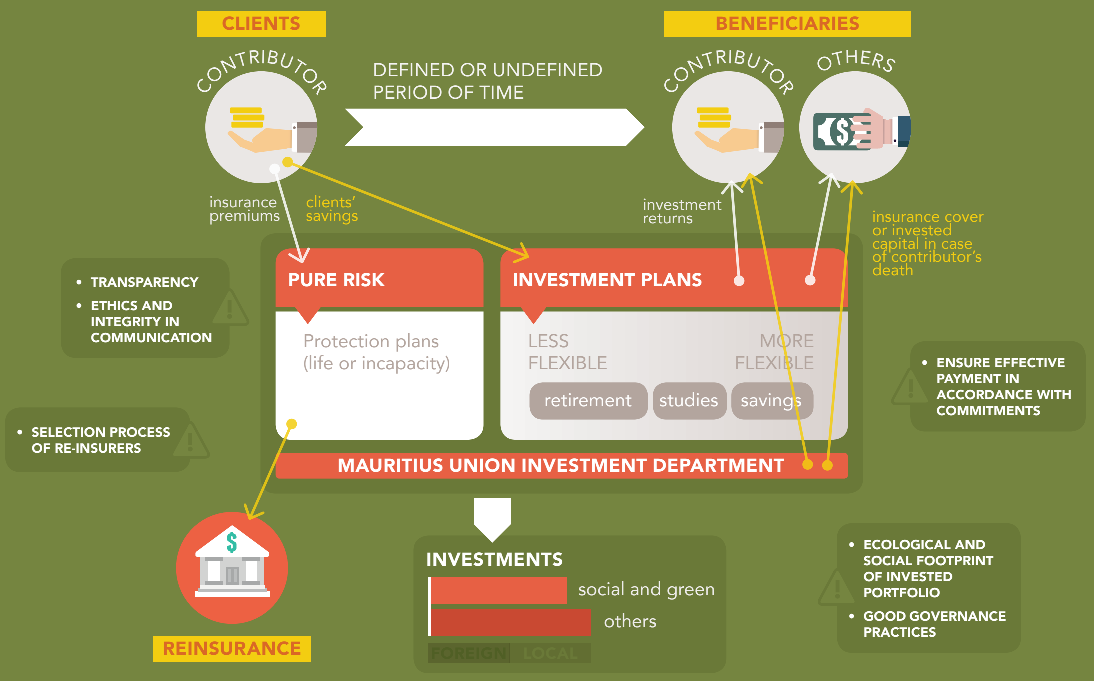
LIFE INSURANCE

The life insurance policies of the Group are sold through the La Prudence Life Insurance brand name. La Prudence proposes various products, be it pure life insurance covers or other pension/investment plans.

We have identified the following key strategic enablers to ensure the resiliency of the operations of La Prudence Life Insurance:

- To assist our customers in choosing the appropriate products for them as per their financial needs and situation
- To settle any claim from our customers within a reasonable time frame
- To invest our customers' savings in a prudent and responsible manner
- To choose strong and safe reinsurers
- To ensure the transparency of our customers' portfolios
- To guarantee the confidentiality of our customers' personal information

PRESENTATION OF LIFE INSURANCE AND ITS MAJOR SUSTAINABILITY ISSUES



OUR BEST PRACTICES

RS 6 BILLION
INVESTED IN MAURITIUS

RS 658 MILLION
LIFE INSURANCE PREMIUM RECEIVED IN 2014. THIS AMOUNT INCLUDES BOTH RISK COVERAGE PREMIUMS AND LONG TERM **INVESTMENTS**

5.5%
RETURN AS OF 31/12/2014 ON OUR COMBINED PORTFOLIO

SECURING THE FINANCIAL STRENGTH OF OUR COMMITMENTS

The solvency and the financial strength of our Life Insurance Funds are regularly evaluated by an actuary. This information is integrated in the actuarial report that is sent every year to the Financial Services Commission.

COMMITTED TO OUR CLIENTS

Some of our life insurance products may require that our customers go for a medical check-up. This information is required to evaluate the risk attached to the life of the insured. Our customers can rest assured that all their personal information related to life insurance is kept in a restricted area, with limited access.

The Mauritius Union duly complies with the obligation to submit any communication about its Life Insurance products to the Financial Services Commission for approval first, before disclosing it to customers.

These obligations for communication are stated in the Insurance Act 2005. As per this same legislation, we are required to communicate regularly with our clients about their premiums and savings. Furthermore, we have brought innovation to our products, so as to propose a wider range of benefits and funds to our customers.

Selection process of our reinsurers

We select our reinsurers among the best operating in this part of the world. We require them to be high up on the list of either AM Best or Standard & Poor's. Once our choice made, we rarely put the treaty out for tender except in special circumstances, in order to get better terms. The long term nature of our business allows us to nurture a bond of trust and stability with them.

BUILDING SHARED VALUE WITHIN OUR BUSINESS MODEL

OUR CUSTOMERS

Our main duty, vis-à-vis our customers, is to duly protect and enhance their financial security and it is something that we undertake with utmost solemnity. Indeed, providing the right service at the right time to the right audience is our driving motto, and is achieved through:

OUR UNDERWRITING APPROACH	OUR PROCEDURES	OUR PRODUCT DEVELOPMENT
Is based on a responsible and prudent methodology with a tight control on the level of risks our portfolios are ready to bear.	Have been reviewed and streamlined over the last year to make sure that our service delivery is of the standard expected by our customers.	Is a dynamic and continuous process with a strong focus on innovation. Opportunities are identified through an evaluation of the needs of the market and potential products are accessed on their ease to administer from an operational perspective, their start-up capital that is required and the degree to which they represent an attractive prospect for our customers.

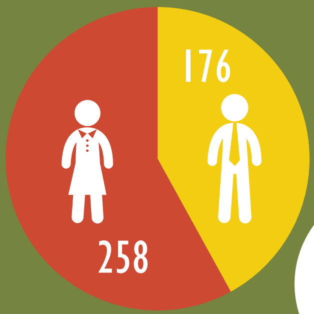
OUR INTERNAL ACTIVITIES

OUR EMPLOYEES

We also firmly believe that our employees are our greatest of assets, one that we need to nurture with great care. After all, we rely on the skills and knowledge of our employees to deliver the promises made to our customers.

434
EMPLOYEES

The Mauritius Union Group employs 434 persons, and our success relies mostly on their enthusiasm and dedication. With over 65 years of existence, the Group blends experience to the dynamism of a young workforce. 35.3% of our employees are aged less than 30 and interestingly, 18.9% of our workforce has been loyal to the company for over 10 years and are the living ambassadors of our brand.



38%
OF WOMEN IN THE MANAGERIAL STAFF

35.3
THE AGE AVERAGE AT THE MAURITIUS UNION GROUP

EMPLOYEE WELFARE TEAM

To maintain high productivity levels, we are very careful about taking care of the mental, physical and socio-economic wellness of our employees. To that aim, we have set up an Employee Welfare Team, constituted by staff representatives, with its own chairman and secretary. We consult with the EWT on various employees' satisfaction concerns.

HEALTH AT WORK

Our objective is to create a quality environment at work that prevents any health risk while promoting well-being. The company relies on the intervention of our Health and Safety Officer who intervenes within our premises as per the Operational Safety and Health Act 2005. This can lead us to audit the air quality in our offices every two years or, occasionally, to organize health awareness campaigns. In 2014, we have organized two different health check-ups: a general check-up in July & a bone density check-up in September.

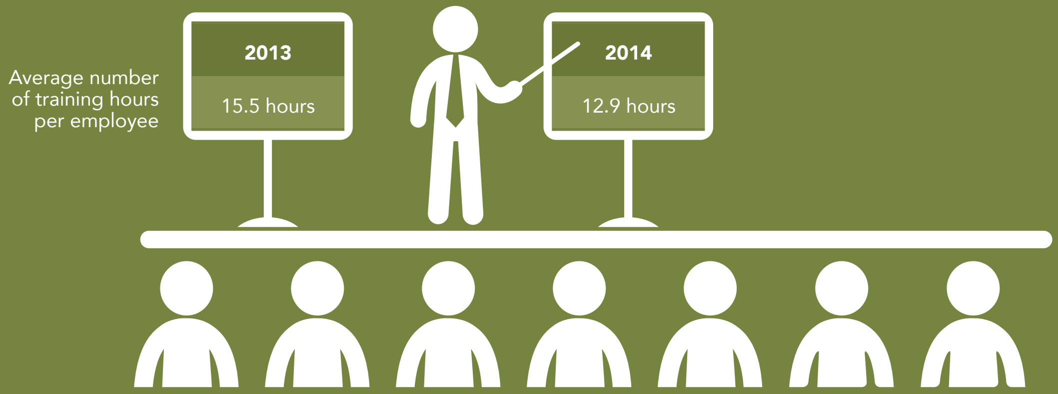
CAREER DEVELOPMENT

We provide regular training to our personnel and ensure that opportunities exist for their career advancement and personal achievement. Our employees are appraised bi-annually on their performance in an objective and constructive manner and they are adequately rewarded for their efforts and commitments.

REGULAR TRAINING

CAREER OPPORTUNITIES

PERFORMANCE MANAGEMENT



The Management also makes it a must to organize regular meetings with the members of the staff to inform them of any matters of importance to the Group, be it the financial performance or the latest news and events. These sessions also represent an open channel facilitating interaction between all the employees of the Group. The sessions also help in allowing a frank exchange of ideas and in creating closer informal bonds between them.

KEY INDICATORS

SOCIAL		2012	2013	2014	2013 - 2014 Change
Total headcount		435	448	434	-3.1%
Gender balance: proportion of women	Total	60%	58%	59%	1pt
	Executives	40%	41%	38%	3pts
Proportion of variable pay		11%	23%	14.67%	8.33pts
Average number of training hours per employee		12.6	15.5	12.9	2.6

OUR COMMUNITY

We also make sure to give back to the communities we operate in, through a series of targeted CSR activities that take place all year round through the Fondation Mauritius Union Limited (FMU).

Almost from its inception, the Mauritius Union Group has developed a strong culture of engagement in societal issues. We have been dedicating a part of our profits to those societal causes; years before the introduction of the CSR law which requires companies to engage 2% of their annual profit to CSR causes.

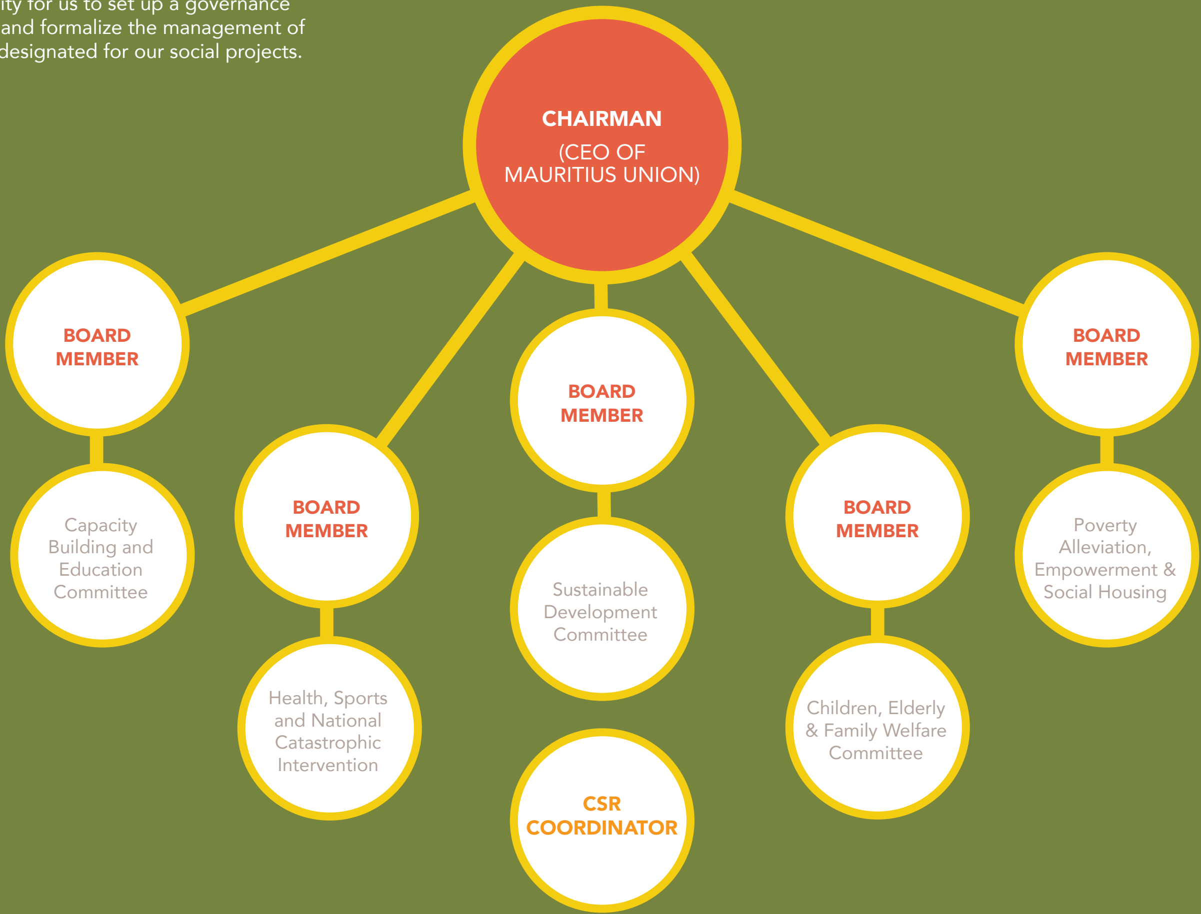
The enforcement of CSR law was thus an opportunity for us to set up a governance structure and formalize the management of the fund designated for our social projects.

The Governance of FMU (Fondation Mauritius Union)

The FMU is a non-profit company with a board, whose chairman is the CEO of the company. The foundation is managed by a coordinator who works part time.

Each board member is responsible for a subcommittee and invites the staff to participate in the initiatives of this committee; it is a way to involve staff in CSR projects.

All CSR projects of the Mauritius Union Group are approved by the board:



APPLICATION
If request is within guidelines and budget

Analyse request and organise site visit by the CSR Coordinator

Prepare project summary and make recommendations to CSR Committee

APPROVAL
If approved by committee

Ratify by FMU Chairman

Send Acceptance Letter

Sign MOU (both parties)

PAYMENT & MONITORING

Organise payment with finance department

Monitor the outcome of the project through site visit, receive regular report

Prepare completion report

Our Initiatives

CSR Contributions 2014:

37%	Poverty alleviation, community development and capacity building
27%	Education, welfare and development of vulnerable children
9%	Environment, conservation and national disasters
9%	Advocacy, awareness and preventive campaigns
9%	Protection, health and social integration of vulnerable groups
9%	Health

ENVIRONMENT, CONSERVATION & NATIONAL DISASTERS

The Fondation has supported the Mauritian Wildlife Foundation's project of the Ile aux Aigrettes Restoration Project through the part financing of the propagation of the native and endemic plants at a nursery.

EDUCATION, WELFARE AND DEVELOPMENT OF VULNERABLE CHILDREN

LoveBridge Educational Project

The Fondation has partly financed, through the Curepipe Starlight, the remedial classes of around 30 children aged 12 to 17 years in the region of la Brasserie and Casernes.

Distribution of Gifts and Food to Vulnerable Families

Employees of the Mauritius Union Group have spread around the joy of giving at Christmas time by presenting gifts to over 500 children of Vallée Pitot, La Brasserie/Casernes, Rose-Belle, Riviere des Anguilles and by distributing food items to 50 vulnerable families of La Brasserie.

Educational Support to Needy Children

The Fondation has distributed school materials, clothing and other basic necessities to around 84 children living in extreme poverty in the Grand Sables, Petit Sables, Vallée Pitot and Camp Firinga regions.

Additionally, the Fondation has also funded the yearly fees of five needy students who suffer from behavioural/mental problems through the A.P.E.B.S

Provision of shelter and other basic needs to Homeless Children

The Fondation believes that no child should left to live in the streets and to fend for himself/herself. To that aim, we have partnered with 'L'Association Etoile de Berger' to partly fund their project whose objective is to provide adequate shelter and other basic needs to homeless children around the island.

PROTECTION, HEALTH AND SOCIAL INTEGRATION OF VULNERABLE GROUPS

Psychological support to cancer patients (Link to Life)

Psychological and emotional concerns can serve as potential barriers to cancer patients under treatment. Hence, the Fondation has partly funded the psychological team at Link to Life to help them in providing support and assistance to the patients throughout the treatment, recovery and also relapse periods.

Supporting the running cost of the Hemophilia Patient and Parent Support Group Centre

The Fondation has funded the costs of running the Centre with the aim of improving the quality of life of those living with hemophilia and other inherited bleeding disorders. The Fondation is also committed to ensuring that the quality of care received is up to a good standard.

Stronger commitments

- Our current organization with thematic committees allows us to stay focused on our projects. We have also started to integrate a better holistic and systemic approach on social and environmental issues.
- The next step for 2015 would be to encourage an increased involvement and participation of our employees in our activities. We consider this as an excellent way to raise awareness on social issues and it can only be positive to improve our empathy for others and our customers.

Good practice

A step ahead of the law:

We do not restrict ourselves to the new method of calculating (2% of CSR), which leads to the allocation of a sum only at the end of each year. Instead, we opt to allocate an annual budget to CSR independently of the mandatory 2% of profits.

ENVIRONMENTAL MANAGEMENT SYSTEMS

Carbon footprint

The impacts of climate change on the environment and the consequences on the planet are issues of pressing need. As active members of society, we have, be it on the individual or collective front, the moral duty to reduce the carbon emissions to avoid worsening the current situation. After all, we would all like to leave the world a better place to live in for the future generations to come.

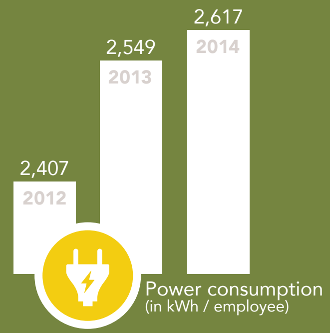
With this in mind, we have been monitoring closely, since the start of 2013, our impact on the environment, starting with CO2 emissions.

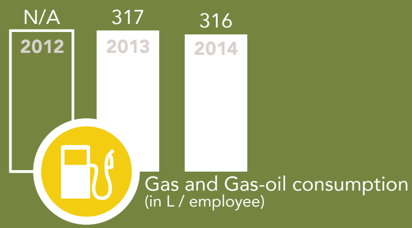
CO² EMISSIONS IN 2014

1,535 TONS

The CO2 emissions recorded in 2014 have not shown any rate of decrease from the figures of 2013 (both stand at around 1,535 tons).

This implies that the measures that we have taken last year to decrease our carbon footprint have not been as fruitful as desired. To that end, we have decided to investigate further to identify the shortcomings and to determine the course of action for 2015.





Paper consumption

One of the other major impacts that our activity may have on the environment is our high paper consumption. This item has been rather stable over the period 2011 to 2013 but has seen an increase in 2014 to a total use of 4 054 900 sheets of paper. This comes down to an average of 9,184 sheets of paper per employee. This means that around 22.7 tons of paper were used in 2014. It is generally accepted that at least twice this weight in dried wood is required to produce that amount of paper.

4 054 900
PRINTED SHEETS IN 2014, AN AVERAGE OF 9,184 PAGES PER EMPLOYEE.

We had affirmed last year our commitment and vision to be a paper-less organization. It is an earmarked project for 2014-2017. Over the 2014-2015 period, we had, amongst other initiatives, centralized the printers within various departments and had amended our payment method to encourage our staff and customers to opt for bank transfers instead of cheques received through postal mail.

Waste

The business of insurance is not an important waste producer. The two main types of waste we may generate are electronic waste and paper/cardboard. At this stage most of what is printed is archived and our obsolete equipment is handed over to organizations for second-hand utilization or plain recycling.

A new system has been set up in 2014 for the recycling of ink cartridges, with our supplier being responsible for managing the refills and reuse process.

However, for any other waste, there is still no sorting or recycling policy at the Mauritius Union.

Our Commitments For 2015

We shall encourage customers to prefer digital formats for certain of their documentation over printed versions. Certain procedures will be reviewed and whenever applicable, the archiving of documents will be done electronically. Additionally, taking into account that recycled paper uses considerably less water and energy in its production, we are currently exploring the possibility of its increased use in the near future.

KEY INDICATORS

ENVIRONMENTAL	2012	2013	2014	2013 - 2014 Change
Power consumption (kWh / employee)	2,407	2,549	2,617	+68
CO^2 emissions (T.CO^2 eq. / employee)	-	3.43	3.54	+0.11
Paper consumption (kg / employee)	43.2	44.6	52.3	+7.7

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OTHER STATUTORY DISCLOSURES

The Directors have pleasure in submitting the Annual Report of The Mauritius Union Assurance Company Limited together with the audited financial statements for the year ended December 31, 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year comprised the transacting of all classes of insurance business. The Company also granted secured loans and invested in shares. There has been no change in the nature of its business.

DIRECTORS' SERVICE CONTRACTS

None of the directors proposed for re-election at the forthcoming annual meeting have unexpired service contracts.

DIRECTORS

Remuneration and benefits received, or due and receivable from the Company and its subsidiaires were as follows :

Directors of The Mauritius Union Assurance Company Limited

	FROM THE COMPANY		FROM SUBSIDIARIES	
	2014	**2013**	**2014**	**2013**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Executive Directors				
Full-time	8,978	6,556	5,507	-
Non-executive Directors	4,159	4,042	603	-
	13,137	10,598	6,110	-

CONTRACTS OF SIGNIFICANCE

There was no contract of significance subsisting during the year to which the company, or one of its subsidiary was a party to or in which a director was materially interested, either directly or indirectly.

OTHER STATUTORY DISCLOSURES

(pursuant to Section 221 of the Companies Act 2001)

DONATIONS

Charitable donations

Charitable donations made by the Company during the year amounted to Rs 991,000 as compared to Rs 831,095 in 2013. These donations were channelled through the Fondation Mauritius Union Ltd which handles the Group's CSR activities.

AUDITORS' FEES

The fees paid to the auditors, for audit and other services were:

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	Rs'000	Rs'000	Rs'000	Rs'000
Audit fees paid to: Ernst & Young	6,066	2,278	1,603	1,447
Fees paid for other services provided by: Ernst & Young	2,747	398	1,724	206

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FINANCIAL STATEMENTS

7.1 SECRETARY'S CERTIFICATE FOR THE YEAR ENDED DECEMBER 31, 2014

We certify, to the best of our knowledge and belief, that the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001.

ECS Secretaries Ltd
COMPANY SECRETARY

31 March 2015

SECRETARY'S CERTIFICATE

7.2 INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE MAURITIUS UNION ASSURANCE COMPANY LTD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the consolidated financial statements of The Mauritius Union Assurance Company Limited (the ''Company'') and its subsidiaries (together referred to as the "Group") on pages 110 to 218 which comprise the statements of financial position as at December 31, 2014 and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, 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 ethical requirements and plan and perform the audit to obtain reasonable assurance 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 auditors' judgement, 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 Company'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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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 on pages 110 to 218 give a true and fair view of the financial position of the Group and of the Company as at December 31, 2014 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001 and Financial Reporting Act 2004.

INDEPENDENT AUDITORS' REPORT

7.2 INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE MAURITIUS UNION ASSURANCE COMPANY LTD

Other matter

This report has been prepared solely for the Company's members, as a body, in accordance with section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to atate to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Companies Act 2001

We have no relationship with or interests in the Company or any of its subsidiaries, other than in our capacity as auditors, tax advisors, and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Financial Reporting Act 2004

The directors are responsible for preparing the corporate governance report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance (the "Code") as disclosed in the annual report and on whether the disclosure is consistent with the requirements of the Code.

In our opinion, the disclosure in the corporate governance report is consistent with the requirements of the Code.

Insurance Act 2005

The financial statements have been prepared in the manner and meet the requirements specified by the Financial Services Commission (FSC).

Ernst & Young
EBÈNE, MAURITIUS

Patrick NG TSEUNG, A.C.A
LICENSED BY FRC

31 March 2015

7.3 STATEMENTS OF FINANCIAL POSITION AS AT DECEMBER 31, 2014

		THE GROUP		THE COMPANY	
	Notes	2014	2013	2014	2013
ASSETS		**Rs'000**	Rs'000	**Rs'000**	Rs'000
Non-current assets					
Property and equipment	5	**347,358**	307,079	**251,880**	227,219
Investment properties	6	**514,752**	184,578	**79,000**	74,000
Intangible assets	7	**746,913**	561,480	**352,577**	359,415
Investment in subsidiary companies	8	**-**	-	**927,296**	208,042
Investment in joint venture in Kenya Motor Insurance Pool	9	**14,397**	-	**-**	-
Financial assets at fair value through other comprehensive income	10(a)	**658,836**	576,437	**461,608**	558,257
Financial assets at fair value through profit or loss	10(b)	**2,578,317**	2,734,981	**-**	2,923
Financial assets at amortised cost	10(c)	**2,785,019**	2,085,522	**88,200**	105,812
Loans and receivables at amortised cost	11	**763,719**	796,799	**126,548**	168,134
Deferred tax assets	16 (b)	**72,380**	72,988	**45,079**	72,963
		8,481,691	7,319,864	**2,332,188**	1,776,765
Current assets					
Financial assets at amortised cost	10(c)	**396,935**	19,940	**17,663**	6,980
Loans and receivables at amortised cost	11	**154,204**	161,816	**101,258**	60,638
Insurance and other receivables	12	**800,775**	593,364	**472,019**	481,140
Prepayments		**4,528**	4,658	**3,016**	4,658
Deferred acquisition costs receivable	13(b)	**95,767**	58,369	**58,587**	58,369
Amount receivable from subsidiary		**-**	-	**8,119**	7,432
Reinsurance assets	13(a)	**788,783**	450,465	**440,506**	450,465
Cash and short term deposits	36(b)	**1,332,450**	1,093,347	**303,174**	615,964
		3,573,442	2,381,959	**1,404,342**	1,685,646
Total assets		**12,055,133**	9,701,823	**3,736,530**	3,462,411

The notes on pages 118 to 218 form an integral part of these financial statements.
Auditors' report on pages 108 and 109.

7.3 STATEMENTS OF FINANCIAL POSITION AS AT DECEMBER 31, 2014

	Notes	THE GROUP 2014	THE GROUP 2013	THE COMPANY 2014	THE COMPANY 2013
EQUITY AND LIABILITIES		**Rs'000**	Rs'000	**Rs'000**	Rs'000
Equity attributable to equity holders of the parent					
Issued share capital	14	**400,800**	200,400	**400,800**	200,400
Total reserves		**1,415,068**	1,504,038	**1,089,894**	1,222,187
Non-distributable share of Life surplus		**14,144**	18,075	**-**	-
Total ordinary shareholders' equity		**1,830,012**	1,722,513	**1,490,694**	1,422,587
Non-controlling interests		**600,033**	5,536	**-**	-
Total equity		**2,430,045**	1,728,049	**1,490,694**	1,422,587
Technical Provisions					
Life assurance fund	15	**6,151,442**	5,841,981	**-**	-
Insurance contract liabilities	13 (a)	**2,449,132**	1,654,646	**1,678,570**	1,654,646
		8,600,574	7,496,627	**1,678,570**	1,654,646
Non-current liabilities*					
Borrowings	18	**322,936**	143,978	**322,936**	143,978
Deferred tax liabilities	16 (b)	**95,454**	24,616	**6,685**	7,645
Employee benefit obligations	17	**4,871**	4,283	**4,871**	4,283
		423,261	172,877	**334,492**	155,906
Current liabilities*					
Borrowings	18	**21,042**	20,668	**21,042**	19,304
Trade and other payables	19	**541,512**	240,141	**164,612**	167,357
Deferred acquisition costs payable	13 (c)	**35,531**	32,603	**35,531**	32,603
Current tax liabilities	20(b)	**3,168**	10,858	**11,589**	10,008
		601,253	304,270	**232,774**	229,272
Total equity and liabilities		**12,055,133**	9,701,823	**3,736,530**	3,462,411

* exclude technical provisions

These financial statements have been approved for issue by the Board of Directors on: **31 March 2015**

} Directors

The notes on pages 118 to 218 form an integral part of these financial statements.
Auditors' report on pages 108 and 109.

7.4 STATEMENTS OF PROFIT AND LOSS FOR YEAR ENDED DECEMBER 31, 2014

		THE GROUP		THE COMPANY	
	Notes	2014	2013	2014	2013
		Rs'000	Rs'000	Rs'000	Rs'000
Gross premiums earned	21	2,659,949	2,270,132	1,641,883	1,609,060
Premiums ceded to reinsurers	21	(565,312)	(363,169)	(369,564)	(339,266)
Net earned premiums	21	2,094,637	1,906,963	1,272,319	1,269,794
Fees and commission income		157,528	104,098	92,726	90,019
Investment income	22	421,445	343,566	88,927	62,911
Realised gains	23	5,761	726	385	545
Unrealised gains	24	19,125	455,826	5,000	78
Other operating income	25	73,961	37,348	2,376	2,331
Total revenue		2,772,457	2,848,527	1,461,733	1,425,678
Gross claims paid	13	(1,645,095)	(1,323,270)	(954,763)	(877,334)
Claims ceded to reinsurers	13	324,636	166,994	242,980	165,540
Gross change in contract liabilities	13	(358,484)	(764,270)	(4,954)	(34,104)
Change in contract liabilities ceded to reinsurers	13	(3,148)	26,561	(23,617)	26,561
Net claims and benefits		(1,682,091)	(1,893,985)	(740,354)	(719,337)
Commission and brokerage fees paid		(207,283)	(159,046)	(145,326)	(134,202)
Other operating and administrative expenses	26	(652,054)	(478,903)	(377,972)	(353,009)
Total claims, benefits and other expenses		(2,541,428)	(2,531,934)	(1,263,652)	(1,206,548)
Profit from operations		231,029	316,593	198,081	219,130
Finance costs	27	(18,572)	(15,478)	(18,235)	(15,360)
Share of profit from a joint venture	9	1,697	-	-	-
Profit before tax		214,154	301,115	179,846	203,770
Income tax expense	20	(45,555)	(40,995)	(38,513)	(41,785)
Profit for the year		168,599	260,120	141,333	161,985
Attributable to :					
Equity holders of the parent		148,552	259,490		
Non-controlling interests		20,047	630		
		168,599	260,120		
Earnings per share (basic and diluted)					
Attributed to equity holders of the parent (Rs/cs)	35	3.71	6.47		

7.4 STATEMENTS OF COMPREHENSIVE INCOME FOR YEAR ENDED DECEMBER 31, 2014

	Notes	THE GROUP		THE COMPANY	
		2014	2013	**2014**	2013
		Rs'000	Rs'000	**Rs'000**	Rs'000
Profit for the year		**168,599**	260,120	**141,333**	161,985
Other comprehensive Income:					
Items that will not be reclassified to profit or loss in subsequent periods:					
Exchange difference on translating		**3,130**	-	**(815)**	-
Net other comprehensive income to be classified to profit or loss in subsequent periods		**3,130**	-	**(815)**	-
Increase arising on revaluation of financial assets at fair value through other comprehensive income	10 (a)	**37,769**	115,898	**542**	112,954
Re-measurement of defined benefit obligations	17	**(286)**	(436)	**(286)**	(436)
Gain on revaluation of buildings	5	**34,492**	-	**27,533**	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**71,975**	115,462	**27,789**	112,518
Other comprehensive income for the year - net of tax		**75,105**	115,462	**26,974**	112,518
Total comprehensive income for the year		**243,704**	375,582	**168,307**	274,503
Attributable to :					
Equity holders of the parent		**207,456**	374,539	**168,307**	274,503
Non-controlling interests		**36,248**	1,043	**-**	-
		243,704	375,582	**168,307**	274,503

The notes on pages 118 to 218 form an integral part of these financial statements.
Auditors' report on pages 108 and 109.

7.5 STATEMENTS OF CHANGES IN EQUITY FOR YEAR ENDED DECEMBER 31, 2014

THE GROUP	Notes	ATTRIBUTABLE TO OWNERS OF THE PARENT										
		Share capital	Revaluation reserves	Currency translation reserves	Investment revaluation reserve	Retained earnings	Contingency reserves	Non distributable reserves	Total reserves	Non distributable share of Life Surplus*	Non-controlling interests	Total
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1, 2013		**200,400**	**1,142**	**-**	**(84,209)**	**1,321,226**	**-**	**-**	**1,238,159**	**9,615**	**4,766**	**1,452,940**
Transfer of gains on disposal of financial assets at fair value through other comprehensive income		-	-	-	10,418	(10,418)	-	-	-	-	-	-
Profit for the year		-	-	-	-	259,490	-	-	259,490	-	630	260,120
Other comprehensive income		-	-	-	115,485	(436)	-	-	115,049	-	413	115,462
Total comprehensive income		-	-	-	115,485	259,054	-	-	374,539	-	1,043	375,582
Transfer of distributable share of Life Surplus	33	-	-	-	-	(8,460)	-	-	(8,460)	8,460	-	-
Dividends	30	-	-	-	-	(100,200)	-	-	(100,200)	-	(273)	(100,473)
Balance at December 31, 2013		200,400	1,142	-	41,694	1,461,202	-	-	1,504,038	18,075	5,536	1,728,049

7.5 STATEMENTS OF CHANGES IN EQUITY FOR YEAR ENDED DECEMBER 31, 2014

		ATTRIBUTABLE TO OWNERS OF THE PARENT										
THE GROUP	Notes	Share capital	Revaluation reserves	Currency translation reserves	Investment revaluation reserve	Retained earnings	Contingency reserves	Non distributable reserves	Total reserves	Non distributable share of Life Surplus*	Non-controlling interests	Total
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1, 2014		**200,400**	**1,142**	-	**41,694**	**1,461,202**	-	-	**1,504,038**	**18,075**	**5,536**	**1,728,049**
Movement		-	-	-	-	(10,056)	10,056	243	243	-	-	243
Transfer of gains on disposal of financial assets at fair value through other comprehensive income		-	-	-	(24,494)	24,494	-	-	-	-	-	-
Profit for the year		-	-	-	-	148,552	-	-	148,552	-	20,047	168,599
Other comprehensive income		-	34,108	1,958	23,124	(286)	-	-	58,904	-	16,201	75,105
Total comprehensive income		-	**34,108**	**1,958**	**23,124**	**148,266**	-	-	**207,456**	-	**36,248**	**243,704**
Transfer of distributable share of Life Surplus	33	-	-	-	-	3,931	-	-	3,931	(3,931)	-	-
Additional non controlling interest arising on acquisition of African subsidiaries	37	-	-	-	-	-	-	-	-	-	586,935	586,935
Bonus issue of shares	14	200,400	-	-	-	(200,400)	-	-	(200,400)	-	-	-
Dividends	30	-	-	-	-	(100,200)	-	-	(100,200)	-	(28,686)	(128,886)
Balance at December 31, 2014		**400,800**	**35,250**	**1,958**	**40,324**	**1,327,237**	**10,056**	**243**	**1,415,068**	**14,144**	**600,033**	**2,430,045**

The notes on pages 118 to 218 form an integral part of these financial statements.
Auditors' report on pages 108 and 109.

7.5 STATEMENTS OF CHANGES IN EQUITY FOR YEAR ENDED DECEMBER 31, 2014

THE COMPANY	Notes	Issued share capital	Revaluation reserves	Currency translation reserves	Investment revaluation reserve	Retained earnings	Total reserves	Total
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1, 2013		**200,400**	**2,460**	-	**(57,383)**	**1,102,807**	**1,047,884**	**1,248,284**
Transfer of loss on disposal of financial assets at fair value through other comprehensive income		-	-	-	10,418	(10,418)	-	-
Profit for the year		-	-	-	-	161,985	161,985	161,985
Other comprehensive income		-	-	-	112,954	(436)	112,518	112,518
Total comprehensive income		-	-	-	112,954	161,549	274,503	274,503
Dividends	30	-	-	-	-	(100,200)	(100,200)	(100,200)
Balance at December 31, 2013		200,400	2,460	-	65,989	1,153,738	1,222,187	1,422,587
Balance at January 1, 2014		**200,400**	**2,460**	**-**	**65,989**	**1,153,738**	**1,222,187**	**1,422,587**
Transfer of gain on disposal of financial assets at fair value through other comprehensive income		-	-	-	(24,494)	24,494	-	-
Profit for the year		-	-	-	-	141,333	141,333	141,333
Other comprehensive income		-	27,533	(815)	542	(286)	26,974	26,974
Total comprehensive income		-	27,533	(815)	542	141,047	168,307	168,307
Bonus issue of shares	14	200,400	-	-	-	(200,400)	(200,400)	-
Dividends	30	-	-	-	-	(100,200)	(100,200)	(100,200)
Balance at December 31, 2014		**400,800**	**29,993**	**(815)**	**42,037**	**1,018,679**	**1,089,894**	**1,490,694**

The notes on pages 118 to 218 form an integral part of these financial statements.
Auditors' report on pages 108 and 109.

7.5 STATEMENT OF CASH FLOWS FOR YEAR ENDED DECEMBER 31, 2014

		THE GROUP		THE COMPANY	
	Notes	**2014**	2013	**2014**	2013
		Rs'000	Rs'000	**Rs'000**	Rs'000
Operating activities					
Net cash (used in)/generated from operations	36 (a)	(21,105)	228,447	225,216	104,167
Dividend received		47,855	78,363	21,579	15,876
Interest received		248,861	238,788	32,744	39,588
Interest paid		(12,738)	(15,478)	(12,401)	(15,360)
Income tax paid		(47,068)	(11,434)	(10,008)	(10,020)
Net cash generated from operating activities		215,805	518,686	257,130	134,251
INVESTING ACTIVITIES					
Proceeds on disposal of property and equipment		3,556	4,019	2,936	3,382
Proceeds on disposal/maturity of financial assets		1,661,524	316,857	123,325	60,847
Purchase of investment property		(28)	-	-	-
Purchase of property and equipment	5	(35,888)	(33,959)	(25,473)	(33,012)
Purchase of intangible assets	7	(17,549)	(44,115)	(15,107)	(33,756)
Purchase of financial assets	10	(1,257,098)	(776,877)	(15,993)	(14,623)
Loans and receivables recovered		194,710	224,558	72,209	82,750
Loans and receivables granted		(154,214)	(169,844)	(71,503)	(73,781)
Acquisition of subsidiary		-	-	(719,254)	-
Net cash outflow on acquisition of subsidiaries		(430,024)	-	-	-
Net cash used in investing activities		(35,011)	(479,361)	(648,860)	(8,193)
FINANCING ACTIVITIES					
Issue of bonds		200,000	-	200,000	-
Borrowings paid		(19,305)	(17,711)	(19,305)	(17,711)
Dividends - Owners of the Parent	30	(100,200)	(100,200)	(100,200)	(100,200)
- Non-controlling interest		(28,686)	(273)	-	-
Cash from /(used in) financing activities		51,809	(118,184)	80,495	(117,911)
Net increase/(decrease) in cash and cash equivalents		232,603	(78,859)	(311,235)	8,147
MOVEMENT IN CASH AND CASH EQUIVALENTS					
At January 1,		1,091,983	1,175,065	615,964	612,357
Net increase/ (decrease) in cash and cash equivalents		232,603	(78,859)	(311,235)	8,147
Exchange (losses)/ gains on cash and cash equivalents		7,864	(4,223)	(1,555)	(4,540)
At December 31,	36 (b)	1,332,450	1,091,983	303,174	615,964

The notes on pages 118 to 218 form an integral part of these financial statements.
Auditors' report on pages 108 and 109.

7.6 NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED DECEMBER 31, 2014

1. CORPORATE INFORMATION AND ACTIVITIES

The Mauritius Union Assurance Company Limited is a limited liability company incorporated and domiciled in Mauritius. These financial statements will be submitted for adoption at the forthcoming Annual Meeting of the Company. The address of the registered office is 4 Léoville l'Homme Street, Port Louis.

Following changes in the insurance legislation, whereby an insurance company cannot undertake both life (long term and nonlife business (short term), as from January 1, 2011, the company's principal activity was to transact only in short term insurance business. The life business of the Company was transferred to La Prudence Mauricienne Limitee (LPM), one of the company's subsidiary companies.

On May 31, 2014, The Mauritius Union Assurance Company Limited acquired 100% of Phoenix TransAfrica Holdings Ltd , a company incorporated in the Republic of Kenya with subsidiaries in Kenya, Tanzania, Uganda and Rwanda duly licensed to carry out general insurance

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements have been prepared under the historical cost basis except for the revaluation of land and buildings, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and investment properties which are stated at their fair value.

The consolidated financial statements are presented in rupees (Rs) rounded to the nearest thousand (Rs'000), unless otherwise indicated.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and comply with the Companies Act 2001.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries referred to as the "Group" as at 31 December 2014. The Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

2.2 Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended IFRS and IFRIC interpretations adopted in the year commencing 1 January 2014:

Amendments	Effective for accounting period beginning on or after
- Financial Instruments – Classification and measurement of financial assets,	
- Accounting for financial liabilities and derecognition (Amendments to IFRS 9)	January 1, 2018
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	January 1, 2014
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	January 1, 2014
- Recoverable amount disclosures for non-financial assets (Amendments to IAS 36)	January 1, 2014
- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)	January 1, 2014
- IFRIC 21 Levies	January 1, 2014

Where the adoption of the standard or interpretation or improvement is deemed to have an impact on the financial statements or performance of the Group, its impact is described below:

IFRS 9 Financial Instruments: Classification and measurement of financial assets, accounting for financial liabilities and derecognition – effective 1 January 2018

Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS9 introduces a "fair value through other comprehensive income"category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however there are differences in the requirements applying to the measurement of an entity's own credit risk.

The 2014 version of IFRS9 introduces an "expected credit loss" model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.

A new hedge model is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

The requirements for derecognition of financial assets and liabilities are carried forward from IAS 39.

The Group is still assessing the impact of this amendment.

IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities – effective 1 January 2014

This amendment to IAS 32 Financial Instruments: Presentation was made to clarify certain aspects because of diversity in application of the requirements on offsetting thereby focusing on four main areas:

- The meaning of 'currently has a legally enforceable right of set-off';
- The application of simultaneous realisation and settlement;
- The offsetting of collateral amounts; and
- The unit of account for applying the offsetting requirements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

This amendment did not have an impact on the financial position or performance of the Group.

2.2 Changes in accounting policy and disclosures (continued)

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) – effective 1 January 2014

These amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements were made to:

- Provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement;
- Require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries; and
- Require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated).

This amendment did not have an impact on the financial position or performance of the Group as the Group is not an investment entity.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36) – effective 1 January 2014

IAS 36 Impairment of Assets was amended to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

This amendment did not have an impact on the financial position or performance of the Group.

Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) – effective 1 January 2014

The amendments to IAS 39 Financial Instruments: Recognition and Measurement were made to clarify that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to apply the amendments and continue hedge accounting, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations.

The Group did not enter into any hedge arrangement during the financial year and as such this Standard had no effect on the financial position and performance of the Group.

IFRIC 21 Levies - effective 1 January 2014

Provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain.

The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation.

It provides the following guidance on recognition of a liability to pay levies:

- The liability is recognised progressively if the obligating event occurs over a period of time; and
- If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached.

This new interpretation had no effect on the financial position and performance of the Company.

2.3 Accounting Standards and Interpretations issued but not yet effective

The following standards, amendments to existing standards and interpretations were in issue but not yet effective. They are mandatory for accounting periods beginning on the specified dates, but the Group has not early adopted them:

New or revised standards	Effective for accounting period beginning on or after
- IFRS 14 Regulatory Deferral Accounts	January 1, 2016
- IFRS 15 Revenue from Contracts with Customers	January 1, 2017
Amendments	
- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	1 July 2014
- Annual Improvements 2010-2012 Cycle	1 July 2014
- Annual Improvements 2011-2013 Cycle	1 July 2014
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	1 January, 2016
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	1 January, 2016
- Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	1 January, 2016
- Equity Method in Separate Financial Statements (Amendments to IAS 27)	1 January, 2016
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	1 January 2016
- Annual Improvements 2012 – 2014 Cycle	1 July 2016

New or revised standards

IFRS 14 Regulatory Deferral Accounts - effective 1 January 2016

IFRS 14 permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.

This new standard will not have an impact, as the Group is not a first time adopter of IFRS.

IFRS 15 Revenue from Contracts with Customers - effective 1 January 2017

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

The Group is still assessing the impact of this new standard.

Amendments

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) - effective 1 July 2014

This amendment to IAS 19 Employee Benefits clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

The Group is still assessing the impact of this new standard.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Significant accounting policies

(a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the noncontrolling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with IFRS 8 Segment Reporting.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(b) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using Mauritian rupees, the currency of the primary economic environment in which the entities operate ("functional currency"). The consolidated financial statements are presented in Mauritian rupees.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

(c) Insurance contracts

(i) Classification of insurance contracts

The Group issues contracts which transfer insurance risk. Insurance contracts are those contracts which transfer significant insurance risk at the inception of the contract. Such contracts remain insurance contracts until all rights and obligations are extinguished or expired. Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

Insurance contracts issued by the Group are classified within the following main categories:

Short-term insurance contracts

Short-term insurance contracts are mainly in respect of motor business but the Group also sells fire and allied perils, health, marine, engineering and other miscellaneous insurance contracts. These contracts protect the Group's customers from damage suffered to property or goods, value of property and equipment lost, losses and expenses incurred, sickness and loss of earnings resulting from the occurrence of the insured events.

Long-term insurance contracts with fixed and guaranteed terms

These contracts insure events associated with human life, i.e. death, disability or survival over a long term. A liability for contractual benefits that are expected to be incurred in future is recorded once the first premium under such a contract has been recognised. The liability is based on best estimates assumptions regarding future mortality, persistency, maintenance expenses and investment income that are determined at each valuation date based on an analysis of recent experience modified by expectation of future trends. The best estimate assumptions are adjusted to include a margin for prudence.

Long-term insurance contracts without fixed terms and with DPF

Some insurance contracts contain a Discretionary Participation Feature (DPF). These types of insurance contracts entitle the contract holder, in supplement of a guaranteed amount, to a contractual right to receive additional profits or bonuses. The magnitude of the profits or bonuses as well as the timing of the payments is however at the discretion of the Group. The Group has an obligation to eventually pay to contract holders 93.5% (2013: 93.5%) of the DPF eligible surplus (i.e all interest and realised gains and losses arising from the assets backing these contracts). The remaining 6.5% (2013: 6.5%) accrues to the shareholders. Any portion of the DPF eligible surplus accruing to contract holders that is not declared as a profit or bonus is retained as a liability in the Life Assurance Fund, until declared and credited to contract holders in future periods. The portion of the DPF eligible surplus accruing to shareholders is transferred annually to a Non Distributable reserve under shareholder's equity. All DPF liabilities including unallocated surpluses, both guaranteed and discretionary, at the end of the reporting period are held within insurance contract liabilities, as appropriate.

100% of all profits arising out of the non-profit annuity and unit-linked books of business are now allocated to shareholders.

Unit linked contracts

These are insurance contracts which include an embedded derivative linking payments on the contracts to units of an internal investment fund set up by the Group with the consideration received from contract holders. This embedded derivative meets the definition of an insurance contract and has therefore not been accounted for separately from the host insurance contract. The liability of such contracts is adjusted for all changes in the fair value of underlying assets.

(ii) Reinsurance contracts

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group are classified as reinsurance contracts held. Insurance contracts entered into by the Group under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

Reinsurance contracts used by the Group are proportional and non-proportional treaties and facultative arrangements. Proportional reinsurance can be either 'quota share' where the proportion of each risk reinsured is stated or "surplus" which is a more flexible form of reinsurance and where the Group can fix its retention limit. Non-proportional reinsurance is mainly 'excess-of-loss' type of reinsurance where, in consideration for a premium, the reinsurer agrees to pay all claims in excess of a specified amount, i.e. the retention, and up to a maximum amount. Facultative insurance contracts generally relate to specific insured risks which are

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Significant accounting policies (continued)

(c) Insurance contracts (continued)

underwritten separately. Under treaty arrangements, risks underwritten by the Group falling under the terms and limits of the treaties are reinsured automatically.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expire or when the contract is transferred to another party.

(iii) Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders.

(iv) Impairment of reinsurance assets

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. If a reinsurance asset is impaired, the Group reduces the carrying amount accordingly and recognizes that impairment in profit or loss. A reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after initial recognition of that asset, that the Group may not recover all amounts due under the terms of the contract and that the event has a measurable impact on the amounts that the Group will receive from the reinsurer.

(v) Claims expenses and outstanding claims provisions

Outstanding claims provisions are based on the ultimate costs of all claims incurred but not settled at the end of financial reporting period, whether reported or incurred but not reported (IBNR). Notified claims are only recognised when the Company considers that it has a contractual liability to settle the claims. IBNR has been provided for on an actuarial method which consists in the projection of incurred but not reported claims based on the claims reporting delay pattern for the Company over the last ten years. Claims expenses are charged to profit or loss as incurred based on the estimated liability for compensation owed to contract holders or third parties.

There are often delays between the occurrence of the insured event and the time it is actually reported to the Company, particularly in respect of liability business, the ultimate cost of which cannot be known with certainty at the end of the financial reporting period. Following the identification and notification of the insured loss, there may still be uncertainty as to the magnitude and timing of the settlement of the claim. Outstanding claims provisions are not discounted and exclude any allowances for expected future recoveries. Recoveries represent claims recoverable from third party insurers. Recoveries are accounted for as and when received. However, non-insurance assets that have been acquired by exercising rights to sell, salvage or subrogate under the terms of the insurance contracts are included when providing for outstanding claims. The liability is not discounted due to the fact that the exact timing and actual amount to be paid cannot be determined.

(vi) Incurred but not reported claims (IBNR)

IBNR calculation is calculated on an actuarial method which consists in the projection of incurred but not reported claims based on the claims reporting delay pattern for the Company over the last ten years.

(vii) Salvage and subrogation reimbursements

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liabilities for claims, and salvage property is recognised in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

(viii) Deferred Acquisition Costs

The liability for commissions payable is recognised at the inception date of the insurance contract/endorsement.

Commissions payable and reinsurance commissions receivable relating to unexpired premiums are recognised and released to profit or loss as and when the premiums are earned.

(ix) Provision for unearned premiums

The provision for unearned premiums represents the portion of premiums written on short-term insurance contracts relating to periods of insurance risks subsequent to the reporting date. It is calculated on the inception basis (daily method). The movement on the provision is taken to profit or loss in order for revenue to be recognised over the period of the risk. The provision is derecognized when the contract expires, is discharged or cancelled.

(x) Liability adequacy test

Short-term insurance

At end of financial reporting period, a liability adequacy test is performed to ensure the adequacy of the contract liabilities. In performing the test, current best estimates of future contractual cash flows (including claims handling and administration expenses) and expected investment returns on assets backing such liabilities are used. Assets relate mainly to investment that is held by LPM, the subsidiary dealing in Life insurance. Any deficiency is immediately charged to profit or loss and a provision is established for losses arising from the liability adequacy test (the unexpired risk provision).

Long-term insurance

The Group's Independent Actuaries review the adequacy of insurance liabilities for long term contracts on an annual basis and ensure that provisions made by the Group are adequate.

(d) Financial instruments

Financial assets

As from January 1, 2012, the Group classifies its financial assets in the following measurement categories: those measured at fair value and those measured at amortized cost. This classification depends on whether the financial asset is a debt or equity investment.

Debt investments

(i) Financial assets at amortized cost

A debt investment is classified as 'amortized cost' only if both of the following criteria are met: the objective of the group's business model is to hold the asset to collect the contractual cash flows; and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

(ii) Financial assets at fair value

If either of the two criteria above is not met, the debt instrument is classified as 'fair value through profit or loss'.

The Group has not designated any debt investment as measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch.

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value though profit or loss is expensed in profit or loss.

Equity investments

All equity investments are measured at fair value. Equity investments that are held for trading are measured at fair value through profit or loss. For all other equity investments, the Group can make an irrevocable election at initial recognition to recognize changes in fair value through other comprehensive income rather than profit or loss.

A gain or loss on a debt investment that is subsequently measured at fair value is recognised in profit or loss and presented as part of 'realised gains/loss - net' in the period in which they arise.

A gain or loss on a debt investment that is subsequently measured at amortized cost is recognised in profit or loss when the financial asset is derecognized or impaired and through the amortization process using the effective interest rate method.

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present unrealized and realised fair value gains and losses on equity investments in other comprehensive income, there is no subsequent recycling of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as long as they represent a return on investment.

The Group is required to reclassify all affected debt investments when and only when its business model for managing those assets changes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Significant accounting policies (continued)

(e) Impairment of financial assets

Financial assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the loss is recorded in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. The impairment assessment is performed at each reporting date.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Loan receivables

Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that it will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(f) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss or loans and borrowings as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in case of borrowings, directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts and loans and borrowings.

Subsequent measurement

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate "EIR" method. Gains and losses are recognised in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in profit or loss.

(g) Derecognition of financial instruments

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement,

and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(h) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. Income and expenses will not be offset in the profit or loss unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group.

(i) Investment in subsidiary companies

Subsidiaries are all entities (including structured entities) over which the Group has control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Separate financial statements

Investments in subsidiaries in the separate financial statements of the Company are carried at cost, net of any impairment. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is recognised in profit or loss. Upon disposal of the investment, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(j) Investment in joint venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of

an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its joint venture is accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture. The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss as 'Share of profit of a joint venture' in the statement of profit or loss.

Upon loss of significant influence

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Significant accounting policies (continued)

(j) Investment in joint venture (continued)

over the joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence or joint control.

(k) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

(l) Equity movements

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Group's shareholders. Interim dividends are deducted from equity when they are paid.

Dividends for the year that are approved after the reporting date are dealt with as a non-adjusting event after the reporting date.

(m) Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost excludes the cost of day to day servicing. Replacement or major inspection cost are capitalized when incurred and if probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Land and buildings are subsequently shown at market value, based on valuations by external independent valuers, less subsequent depreciation for property. The valuation is performed every three years. All other property and equipment is stated at historical cost less accumulated depreciation and accumulated impairment.

Revaluations are done with sufficient regularity to ensure that the carrying amount does not differ materially from that would be determined using fair value at the end of the reporting date. Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated by the revalued amount of the asset. Any revaluation surplus is recognised in other comprehensive income and accumulated in the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. Increases and decreases in the carrying amounts arising on revaluation of land and buildings belonging to the life business are credited/debited to the Life Assurance Fund.

Depreciation is calculated on the straight line method to write off the cost of each asset, or the revalued amount, to its residual values over its estimated useful life as follows:

	Rate per annum
Buildings	1% - 2%
Office equipment, computers, fixtures, fittings and other electricals	10 - 33.33%
Motor vehicles	20%

Freehold land are not depreciated.

The assets' residual values and useful lives are reviewed and adjusted prospectively if appropriate, at each financial reporting period end. The residual value of all property and equipment is nil.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit and the surplus of the Life Assurance

Fund. On disposal of revalued assets, any amounts in revaluation reserve relating to those assets are transferred to retained earnings.

(n) Investment properties

Properties held to earn rentals or capital appreciation or both and not occupied by the Group are classified as investment properties. Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment properties at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss and the Life Assurance Fund in the period in which they arise. Fair values are determined based on the evaluation performed by an accredited external, independent valuer.

Investment properties are derecognized when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers made to or from investment properties are only made when there is a change in use evidenced by the end of owner-occupation, commencement of an operating lease to another party or completion of construction or development. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under plant and equipment up to the date of the change in use.

When the Group completes the construction or development of a self constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss.

(o) Non–Controlling Interest

Non-Controlling Interest are present ownership interest and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. All Non-Controlling Interests have measured at the proportionate share of the acquiree's identifiable net assets.

(p) Intangible assets

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognized.

Acquisition of client portfolio

The cost of acquisition of a client portfolio is capitalized and amortized using the straight-line method over five to twenty five years.

Computer software

Computer software is initially recorded at cost and amortized using the straight-line method over the estimated useful life of 5 years.

Work-in-progress represents the implementation of a software system.

(q) Impairment of non -financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Significant accounting policies (continued)

(q) Impairment of non-financial assets (continued)

sell, recent market transactions are taken into account, if available.

(r) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. Cash and cash equivalents are measured at amortized cost.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

(s) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(t) Segment reporting

Segments are reported in a manner consistent with the internal reporting provided to management.

(u) Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date, in the countries where the Group operates and generates taxable income. The income tax is recognised as a charge in profit or loss.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Deferred income tax assets and deferred income tax liabilities are offset only where both criteria below are met:

a. has a legally enforceable right to set off the recognised amounts; and
b. intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The Group and the Company have disclosed deferred income tax assets and deferred income tax liabilities separately as it does not meet the above criteria.

Corporate Social Responsibility

In line with the definition within the Income Tax Act 1995, Corporate Social Responsibility (CSR) is regarded as a tax and is therefore subsumed with the income tax shown within the Statement of Comprehensive Income and the income tax liability on the Statement of Financial Position.

The CSR charge for the current period is measured at the amount expected to be paid to the Mauritian tax authorities. The CSR rate and laws used to compute the amount are those charged or substantively enacted by the reporting date.

Alternative Minimum Tax (AMT)

Alternative Minimum Tax (AMT) is provided for where the Company has a tax liability of less than 7.5% of its book profit and pays a dividend. AMT is calculated as the lower of 10% of the dividend declared and 7.5% of book profit.

(v) Revenue recognition

(i) Premiums earned

Premiums on short-term insurance contracts represent gross premiums net of premiums ceded to reinsurers and are recognised as revenue (net earned premiums) on an inception basis (daily method).

Premiums on long-term insurance contracts are recognised in the Life Assurance Fund when receivable, i.e. when payments are due.

(ii) Consideration for annuities

Consideration for annuities is recognised in the Life Assurance Fund when receivable.

(iii) Other revenues

Other revenues are recognised on the following bases:

- Fees and commission income - on the accrual basis in accordance with the substance of the relevant agreements.
- Interest income - it is recognised using the effective interest method as it accrues.
- Dividend income - when the shareholder's right to receive payment is established.

(w) Shareholders' share of the surplus generated by the Life Business

The Group recognizes the shareholders' share of the DPF eligible surplus on an annual basis and transfers this amount from/to the Life Assurance Fund to/from the shareholders' share of Life surplus in equity. The non-distributable share of the surplus is transferred annually from retained earnings to a non-distributable reserve in the equity. Whenever bonuses are paid/credited to policyholders, an amount representing 7 % (2013: 7%) of these bonuses is transferred from the non-distributable reserve to retained earnings in the Statement of Changes in Equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Significant accounting policies (continued)

(x) Life Assurance Fund

The increase in the Life Assurance Fund represents the increase in the value of policy liabilities. The adequacy of the liabilities is determined annually by actuarial valuation. At the end of every year, a valuation of the assets and liabilities, and therefore of the DPF eligible surplus, is performed. In the light of this valuation a final bonus is set for policyholders. The cost of this bonus is met in full at the end of every year. The amount of the DPF eligible surplus distributable to shareholders is limited to 7% (2013: 7%) of the cost to the final bonuses allocated to policyholders. The shareholders' share of the DPF eligible surplus is recognised annually and transferred from the Life Assurance Fund to the Non-distributable share of Life surplus in equity when there is a surplus or from Non-distributable Share of Life Assurance Fund when there is a deficit. The non-distributable share of the surplus is transferred annually from the retained earnings to a non-distributable reserve in the Statement of Changes in Equity. Whenever bonuses are paid/credited to policyholders, an amount representing 7 % (2013: 7%) of these bonuses is transferred from the non-distributable surplus to retained earnings in the Statement of Changes in Equity.

(y) Retirement benefit obligations

(i) Defined Contribution Pension Scheme

Retirement benefits to employees of the Group are provided by a Defined Contribution Pension Scheme, the Mauritius Union Group Pension Scheme, which is funded by contributions from the Group and the employees. Payments made by the Group are charged to profit or loss /Life Assurance Fund in the year in which they are payable.

The foreign subsidiaries operate a defined contribution pension plan scheme for all eligible employees. The scheme is administered by Roberts Insurance Brokers Limited and is funded by contribution from both the Company and employees.

The foreign subsidiaries contribute to the statutory National Social Security Fund in the respective countries. Contributions to these schemes are determined by local statue. The obligations to retirement benefits are charged to the profit or loss in the year to which they relate.

Members of the Defined Contribution Scheme, who were previously members of the MUA Staff Pension Scheme, a Defined Benefit Scheme, are entitled to a No Worse Off Guarantee ("NWOG") based on the benefits of the Defined Benefit Pension Scheme.

(ii) Termination benefits

Termination benefits are recognized as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iii) Short term benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(z) Fair value measurement

The Group measures financial instruments, such as, financial assets at fair value through profit or loss, financial assets at fair value through comprehensive income, and non-financial assets such as investment properties, land and building, at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 31.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- the principal market for the asset or liability, or
- the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Group. Management considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's valuation committee determines the policies and procedures for both recurring fair value measurement, such as financial assets at fair value through profit or loss and Financial Assets at Fair value through other comprehensive income.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by the valuation committee after discussion with and approval by the Company's audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the valuation committee analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the valuation committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The valuation committee, in conjunction with the Group's external valuers, also compares each of the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.5 Significant accounting judgments, estimates and assumptions

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Valuation of insurance contract liabilities

The uncertainty inherent in the financial statements of the Group arises mainly in respect of insurance liabilities, which include outstanding claims provision (including IBNR) and Life Assurance Fund. In addition to the inherent uncertainty when estimating liabilities, there is also uncertainty as regards the eventual outcome of claims. As a result, the Group applies estimation techniques to determine the appropriate provisions. During the year, the Group acquired an insurance business operating in Eastern African countries. As a result, management have made a number of significant estimates in the accounting for the business combination. These estimates are described further below.

(i) Non Life insurance

The estimation of ultimate liability arising from the claims made under insurance contracts is one of the Group's most critical accounting estimates. There are sources of uncertainty that need to be considered in the estimate of the liability that the Group will eventually pay for such claims. Estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not reported ("IBNR") at the reporting date. Liabilities for unpaid reported claims are estimated using the input of assessments for individual cases reported to the Group and management estimates based on past claims settlement trends for the claims incurred but not reported. At each reporting date, prior year claims estimates are reassessed for adequacy and changes are made to the provision.

The Group adopts multiple techniques to estimate the required level of provisions, thereby setting a range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and risks involved.

(ii) Long term insurance

Estimates of future benefit payments under long-term insurance contracts are provided for based on estimates made by the Group's Independent Actuaries. Estimates are made as to the expected number of deaths for each of the years in which the Group is exposed to risk. Estimates are based on standard industry mortality tables that reflect recent historical mortality experience, adjusted where appropriate, to reflect the Country's and Group's own experience.

For long-term insurance contracts with fixed and guaranteed terms and with DPF, estimates of future deaths, voluntary terminations, investment returns and administration expenses are made at each valuation date and form the assumptions used for calculating the liabilities. A margin for risk and uncertainty is added to these assumptions. Assumptions are reconsidered each year based on the most recent operating experience and estimate of future experience and are used to recalculate the liabilities.

The following table presents the sensitivity of the value of insurance liabilities disclosed to movements in assumptions used in the estimation of insurance liabilities.

The table indicates the level of the respective variables that will trigger an adjustment and then indicates the liability adjustment required as a result of a further deterioration in the variable. (Also see note 3.1.2).

THE GROUP					
	Basic liability	Future bonus reserve	Total Life Fund	Change in basic liability	Impact on Profit or loss
	Rs'000	Rs'000	Rs'000	%	%
VARIABLE					
Base run	5,947,938	203,502	6,151,440	0.00	0.00
Future mortality 10% worse	5,975,753	195,863	6,171,616	0.50	-5.60
Future lapses 10% higher	5,923,697	207,740	6,131,437	-0.40	-0.60
Future investment returns 1% lower	6,144,870	(74,019)	6,070,851	3.30	-8.00
Future inflation 1% higher	5,993,938	181,138	6,175,076	0.80	-6.60
Future maintenance expenses 10% higher	6,015,782	165,369	6,181,151	1.10	-8.30

For 10% worse mortality assumption, annuitant, deferred child and educassurance and deferred annuitant mortality has been taken as 10% lighter. For all other business, future mortality is assumed to be 10% higher.

(iii) Business Combination

During the year, the Group acquired Phoenix Trans Africa Holding Limited ("PTHL") and its subsidiaries operating in Kenya, Tanzania, Uganda and Rwanda respectively. In accounting for this business combination, Management have had to make certain critical estimates and judgements particularly regarding the cost of the business combination and the measurement of fair value of identifiable assets and liabilities including intangible assets. The cost of the business combination and fair value of assets acquired and liabilities assumed leading to the recognition of a goodwill are presented in note 37.

The cost of the business combination includes certain contingent considerations which depend on certain outcomes which are uncertain at the date of the acquisition. Management have made an assessment of the fair value of these contingent considerations by estimating the probability of such outcomes and determining their expected values.

Management have also estimated the fair value of intangible assets namely customer relationships by reference to the present value of future cash flows that these are expected to generate. The main assumptions affecting these estimates include customer retention rates, discount factor, inflation rates and key operating ratios such as loss ratio, risk retention rates and customer acquisition costs.

In addition, Management have determined the fair value of liabilities assumed including contingent liabilities. In so doing, the Group has taken into consideration the probabilities that such contingent liabilities will crystallise and the amounts at which they are expected to be settled.

The estimation of fair value of the insurance receivables has also involved a high degree of estimation uncertainty, especially in relation to the recoverability of doubtful balances from customers. In determining the amounts of impairment required, Management have used historical trends to estimate future probabilities of default and recoverability.

2.5 Significant accounting judgments, estimates and assumptions (continued)

Valuation of insurance contract liabilities (continued)

(iv) Other significant, estimates and judgements

Impairment of non-financial assets

At end of financial reporting period, management reviews and assesses the carrying amounts of non-financial assets and other assets and, where relevant, writes them down to their recoverable amounts based on best estimates.

Revaluation of property and equipment

The Group measures its land and buildings at revalued amounts with changes in fair value being recognised in Other Comprehensive Income. The Group engaged an independent professional valuer to determine the fair value. These estimates have been based on the market data regarding current yield on similar properties. The actual amount of the land and buildings could therefore differ significantly from the estimates in the future.

Useful lives and residual values of property and equipment

Determining the carrying amounts of property and equipment requires the estimation of the useful lives and residual values of these assets which carry a degree of uncertainty. The directors have used historical information relating to the Group and the relevant industries in which the Group's entities operate in order to best determine the useful lives and residual values of property and equipment.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Recoverable amount on insurance and other receivables

In preparing those consolidated financial statements, the directors have made estimates of the recoverable amounts of insurance and other receivables and impaired those receivables where the carrying amounts exceeded recoverable amounts. The estimation of recoverable amounts involve an assessment of the financial condition of the debtors concerned and estimate of the timing and the extent of cash flows likely to be received by the Group.

Limitation of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Group's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's view of possible near-term market changes that cannot be predicted with any certainty.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires MUA to estimate the future cash flows expected to arise from the cash generating units and a suitable discount rate in order to calculate present value The Group test goodwill annually for impairment, or more frequently if there are indicators that goodwill might be impaired.

The recoverable amount of a CGU is determined based on the value in use calculations. These calculations use cash flow projections based on financial budgets approved by management. Cash flows are extrapolated using the estimated growth rates. Management does not expect that the growth rate to exceed the long term average growth rate in which the CGU operates. Management believe that any reasonably possible change in key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit. Management have reviewed the carrying amount of the goodwill at the end of the reporting period and is in the opinion, they have not been impaired.

Classification and recognition of financial assets

Management has evaluated that all its equity securities except for the corporate bonds are held for strategic reason rather than for trading purposes. Consequently these do not qualify as financial assets at fair value through profit or loss. The impact of such a decision is that changes in fair value are recognised in other comprehensive income rather through profit or loss. Similarly the concept of impairment will no longer apply to these investments. This decision is irrevocable.

On the other hand, the corporate bonds (i.e. debt securities) were not considered to meet the criteria to be classified at amortized cost in accordance with IFRS 9, because the objective of the Group's business model is not to hold these debt securities in order to collect their contractual cash flows but rather to sell the instrument prior to its contractual maturity to realize their fair value changes.

Recognition of deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that is probable that taxable profit will be available against which losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Control over subsidiaries

Note 8 describe Phoenix of Rwanda Assurance Company Limited, Phoenix of Tanzania Assurance Company Limited and Phoenix of Uganda Assurance Company Limited as subsidiaries of the group even though the latter has only 36.51%, 33.89% and 45.78% ownership interest and voting rights.

The directors of the Company assessed whether or not the Group has control over the above subsidiaries based on whether the Group has the practical ability to direct their relevant activities unilaterally. In making their judgment, the directors considered the Group's absolute size of holding in these subsidiaries and the relative size of and dispersion of the shareholdings owned by the other shareholders. After assessment, the directors concluded that the Group has sufficient dominant voting interest to direct the relevant activities of these subsidiaries and therefore the Group has control over them.

7.6 NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED DECEMBER 31, 2014

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS

3.1 Insurance risks

Insurance risk is transferred when the Group agrees to compensate a policyholder if a specified uncertain future event (other than a change in a financial variable) adversely affects the policyholder. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

The main risk that the Group faces under its insurance contracts is that actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This may occur if the frequency or severity of claims and benefits are greater than estimated.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy so as to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, accumulation of risk and type of industry covered.

3.1.1 Insurance liabilities

(a) Short-term Insurance

The frequency and severity of claims can be affected by several factors. The most significant claims result from accident, liability claims awarded by the Court, fire and allied perils and their consequences. Inflation is also a significant factor due to the long period typically required to settle some claims.

The Group's underwriting strategy attempts to ensure that the underwritten risks are well diversified in type, amount of risk and industry. The Group has underwriting limits by type of risks and by industry. Performance of individual insurance policies is reviewed by management and the Group reserves the right not to renew individual policies. It can impose deductibles and has the right to reject the payment of a fraudulent claim. Where relevant, the Group may sue third parties for payment of some or all liabilities (subrogation). Claims development and provisioning levels are closely monitored.

The reinsurance arrangements of the Group include proportional, excess-of-loss and catastrophe coverage and as such, the maximum loss that the Group may suffer in any one year is pre-determined.

(b) Long-term Insurance

For long-term insurance contracts, where the insured event is death, the most significant factors that could impact on insurance claims are diseases like heart problems, diabetes, high blood pressure or changes in lifestyle, such as eating habits, smoking and lack of exercise, resulting in higher and earlier claims being submitted to the Group. For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity. The liabilities in terms of insurance contracts are based on recommendations of the Group's Independent Actuaries.

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (continued)

3.1 Insurance risks (continued)

3.1.2 Concentration of insurance risk

(a) Short-term Insurance

The following table discloses the concentration of outstanding claims by class of business, gross and net of reinsurance.

THE GROUP	OUTSTANDING CLAIMS 2014			
Class of business	No. of claims	Gross liabilities	Reinsurance of liabilities	Net
		Rs'000	Rs'000	Rs'000
Motor	14,678	504,499	(31,449)	473,050
Fire	357	78,918	(77,515)	1,403
Personal Accident	635	54,161	(43,137)	11,024
Transport	180	19,782	(6,100)	13,682
Miscellaneous	2,022	589,196	(313,862)	275,334
IBNR	-	76,312	(3,910)	72,402
Total	17,872	1,322,868	(475,973)	846,895

THE COMPANY	OUTSTANDING CLAIMS 2014			
Class of business	No. of claims	Gross liabilities	Reinsurance of liabilities	Net
		Rs'000	Rs'000	Rs'000
Motor	12,628	469,915	(22,028)	447,887
Fire	158	66,425	(68,067)	(1,642)
Personal Accident	131	38,412	(38,283)	129
Transport	127	15,238	(2,464)	12,774
Miscellaneous	1,362	265,539	(164,858)	100,681
IBNR	-	69,784	(3,053)	66,731
Total	14,406	925,313	(298,753)	626,560

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (continued)

3.1 Insurance risks (continued)

3.1.2 Concentration of insurance risk (continued)

(a) Short-term Insurance

The following table discloses the concentration of outstanding claims by class of business, gross and net of reinsurance.

THE GROUP AND THE COMPANY	OUTSTANDING CLAIMS 2013			
Class of business	No. of claims	Gross liabilities	Reinsurance of liabilities	Net
		Rs'000	Rs'000	Rs'000
Motor	12,153	437,423	(23,601)	413,822
Fire	231	103,574	(106,033)	(2,459)
Personal Accident	192	27,753	(25,320)	2,433
Transport	123	16,828	(3,805)	13,023
Miscellaneous	1,717	264,911	(159,637)	105,274
IBNR	-	69,870	(3,974)	65,896
Total	14,416	920,359	(322,370)	597,989

* Until 2013, MUA was the only company dealing in short term insurance. This explains why Company and Group figures for 2013 were the same. In 2014, with the acquisition of the African subsidiaries also dealing with short term insurance, Company and Group figures for 2014 are shown seperately.

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (continued)

3.1 Insurance risks (continued)

3.1.2 Concentration of insurance risk

(a) Long-term Insurance

The following table discloses the concentration of outstanding claims by class of business, gross and net of reinsurance.

	THE GROUP Total benefits insured				THE COMPANY** Total benefits insured			
Benefits assured per life assured at the end of 2014	Before reinsurance		After reinsurance		Before reinsurance		After reinsurance	
Rs'000	Rs'000	%	Rs'000	%	Rs'000	%	Rs'000	%
0 - 50	226,824	1	238,205	2	-	-	-	-
50 - 100	461,080	2	487,299	4	-	-	-	-
100 - 150	814,201	4	961,006	9	-	-	-	-
150 - 200	955,550	5	1,051,549	10	-	-	-	-
200 - 250	1,135,327	5	1,061,563	10	-	-	-	-
250 - 300	1,002,188	5	3,733,380	35	-	-	-	-
More than 300	16,494,690	78	3,226,866	30	-	-	-	-
Total	**21,089,860**	**100**	**10,759,868**	**100**	**-**	**-**	**-**	**-**

	THE GROUP Total benefits insured				THE COMPANY Total benefits insured			
Benefits assured per life assured at the end of 2013	Before reinsurance		After reinsurance		Before reinsurance		After reinsurance	
Rs'000	Rs'000	%	Rs'000	%	Rs'000	%	Rs'000	%
0 - 50	134,921	1	153,704	2	-	-	-	-
50 - 100	456,891	3	517,061	7	-	-	-	-
100 - 150	771,489	5	877,256	12	-	-	-	-
150 - 200	825,363	5	2,905,446	38	-	-	-	-
200 - 250	863,720	5	421,386	5	-	-	-	-
250 - 300	876,611	6	440,406	6	-	-	-	-
More than 300	11,889,829	75	2,290,150	30	-	-	-	-
Total	**15,818,824**	**100**	**7,605,409**	**100**	**-**	**-**	**-**	**-**

** The Company does not deal with Life insurance.

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (continued)

3.1 Insurance risks (continued)

3.1.2 Concentration of insurance risk (continued)

(b) Long-term Insurance

The following table for annuity insurance contracts illustrates the concentration of risk in bands that group these contracts in relation to the amount payable per annum as if the annuities were in payment at the year end. The Company does not hold any reinsurance contracts against the liabilities carried for these contracts.

	THE GROUP				THE COMPANY			
Annuities payable per annum per life insured at end of 2014	Total annuities payable per annum							
	2014		2013		2014		2013	
Rs'000	Rs'000	%	Rs'000	%	Rs'000	%	Rs'000	%
0 - 10	1,701	3	1,506	3	-	-	-	-
10 - 20	3,047	6	2,719	6	-	-	-	-
20 - 50	9,498	19	7,656	18	-	-	-	-
50 - 100	10,090	20	8,741	20	-	-	-	-
100 - 150	7,148	14	6,209	14	-	-	-	-
More than 150	19,048	38	16,923	39	-	-	-	-
Total	50,532	100	43,754	100	-	-	-	-

3.1.3 Sources of uncertainty

(a) Short-term Insurance

Claims on short-term insurance contracts are payable on a claims occurrence basis for motor and liability business and on a claims made basis for non-motor. Under the claims occurrence basis, the Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract. As a result, liability claims may be settled over a long period of time and a larger element of the claims provision relates to incurred but not reported claims (IBNR). For the claims made basis, the Group is liable only if the claims are reported within the specific underwriting year, based on the terms of the contract.

The estimated costs of claims include direct expenses to be incurred in settling claims, net of subrogation and salvage recoveries. The Group ensures that claims provisions are determined using the best information available of claims settlement patterns, forecast inflation and settlement of claims. Estimation techniques also involve obtaining corroborative evidence from as wide a range of sources as possible and combining these to form the best overall estimates. However, given the uncertainty in claims provisions, it is very probable that estimated costs and subsequent settlement amounts would differ.

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (continued)

3.1 Insurance risks (continued)

3.1.3 Sources of uncertainty (continued)

(a) Short-term Insurance (continued)

	THE GROUP				
2014	Change in asssumptions	Impact on gross liabilities	Impact on net liabilities	Impact on profit before tax	Impact on equity
		Rs'000	Rs'000	Rs'000	Rs'000
Average claim cost	10%	119,901	45,001	(74,900)	(63,665)

	THE COMPANY				
2014	Change in asssumptions	Impact on gross liabilities	Impact on net liabilities	Impact on profit before tax	Impact on equity
		Rs'000	Rs'000	Rs'000	Rs'000
Average claim cost	10%	85,553	29,570	(55,983)	(47,586)

	THE GROUP AND THE COMPANY				
2013	Change in asssumptions	Impact on gross liabilities	Impact on net liabilities	Impact on profit before tax	Impact on equity
		Rs'000	Rs'000	Rs'000	Rs'000
Average claim cost	10%	85,049	53,209	(31,840)	(27,064)

(b) Long -term Insurance

The Group manages long-term insurance risks through its underwriting strategy and reinsurance arrangements. Management ensures that risks underwritten are well diversified in terms of type of risk and the level of insured benefits. Medical selection is included in the Group's underwriting procedures, with premiums varied to reflect the health condition and family medical history of the applicant. Insurance risk may also be affected by the contract holder's behaviour who may decide to amend terms or terminate the contract or exercise a guaranteed annuity option.

The Group has a predetermined retention limit on any single life insured and the Group reinsures the excess of the insured benefit above the retention limit.

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (continued)

3.1 Insurance risks (continued)

3.1.4 Claims development tables

The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The table below illustrates how the estimates of total claims outstanding from its general business (short term insurance) for each year have changed at successive year ends and reconciles the cumulative claims to the amount appearing in the statement of financial position.

	THE GROUP (2014)				
	Underwriting year				
Net estimate of ultimate claim costs	2010	2011	2012	2013	2014
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At end of claim year	275,855	123,260	100,563	92,041	**333,191**
One year later	89,143	101,542	102,880	48,344	-
Two years later	65,480	67,784	66,442	-	-
Three years later	52,493	59,995	-	-	-
Four years later	44,961	-	-	-	-

	THE COMPANY (2014)				
	Underwriting year				
Net estimate of ultimate claim costs	2010	2011	2012	2013	2014
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At end of claim year	275,855	123,260	100,563	92,041	**144,018**
One year later	89,143	101,542	102,880	48,344	-
Two years later	65,480	67,784	66,442	-	-
Three years later	52,493	59,995	-	-	-
Four years later	44,961	-	-	-	-

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (continued)

3.1 Insurance risks (continued)

3.1.4 Claims development tables (continued)

	THE GROUP AND THE COMPANY (2013)*				
Net estimate of ultimate claim costs	**Underwriting year**				
	2009	**2010**	**2011**	**2012**	**2013**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At end of claim year	62,110	275,855	123,260	100,563	92,040
One year later	58,550	89,143	101,542	102,880	-
Two years later	70,414	65,480	67,784	-	-
Three years later	63,196	52,493	-	-	-
Four years later	51,483	-	-	-	-

* Until 2013, MUA was the only company dealing with short term insurance. This explains why the company and the group figures for 2013 were the same.

Long-term Insurance (The Group)

	FINANCIAL LIABILITIES	
Long term insurance contracts	**2014**	**2013**
	Rs'000	**Rs'000**
No stated Maturity	2,123,457	2,074,232
0 - 1 yr	174,703	161,072
1 - 2 yrs	175,256	163,235
2 - 3 yrs	167,349	171,088
> 3 yrs	3,510,676	3,272,353
	6,151,442	5,841,980

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (continued)

3.1 Insurance risks (continued)

3.1.4 Claims development tables (continued)

The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The table below illustrates how the estimates of total claims outstanding for each year from its general business (short term insurance) have changed at successive year ends and reconciles the cumulative claims to the amount appearing in the statement of financial position.

THE GROUP (2014)	2010	2011	2012	2013	2014	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Current estimates of cumulative claims	535,708	664,897	779,002	424,540	1,093,982	3,498,129
Cumulative payments	(490,747)	(604,902)	(712,560)	(376,196)	(760,791)	(2,945,196)
Liability	1,026,455	1,269,799	1,491,562	800,736	1,854,773	6,443,325
Liability in respect of prior years						196,069
Incurred but not reported (IBNR)						97,893
Total liability (net)						6,737,287

THE COMPANY (2014)	2010	2011	2012	2013	2014	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Current estimates of cumulative claims	535,708	664,897	779,002	424,540	516,631	2,920,778
Cumulative payments	(490,747)	(604,902)	(712,560)	(376,196)	(372,613)	(2,557,018)
Liability	1,026,455	1,269,799	1,491,562	800,736	889,244	5,477,796
Liability in respect of prior years						196,069
Incurred but not reported (IBNR)						66,731
Total liability (net)						5,740,596

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (continued)

	THE GROUP AND THE COMPANY (2013)					
	2009	2010	2011	2012	2013	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Current estimates of cumulative claims	706,582	541,633	670,986	807,019	367,016	3,093,236
Cumulative payments	(655,099)	(489,140)	(603,202)	(704,139)	(274,976)	(2,726,556)
Liability	1,361,681	1,030,773	1,274,188	1,511,158	641,992	5,819,792
Liability in respect of prior years						165,413
Incurred but not reported (IBNR)						65,896
Total liability (net)						6,051,101

3.2 Financial risks

The Group is exposed to financial risks through its financial assets, financial liabilities, insurance and reinsurance assets and liabilities. In particular, the key financial risk is that proceeds from financial assets are not sufficient to fund the obligations arising from insurance contracts.

Risk management is carried out by the investment department under policies approved by the investment committee. The investment department identifies and evaluates financial risks in close co-operation with the Group's operating units. The committee provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risks, interest rate risks and investment of excess liquidity.

The main risks to which the Group is exposed include:

- Market risk (which includes foreign exchange risk, interest rate risk and equity price risk);
- Credit risk;
- Liquidity risk;
- Fair value estimation.

3.2.1 Market risk

Market risk is the risk of adverse financial impact due to changes in fair value of future cash flows of financial instruments from fluctuations in foreign currency exchange rates, interest rates and equity prices.

(i)Foreign exchange risk

Currency risks that the fair value of future cashflows will fluctuate because of changes in foreign exchange rates.

Exposure to foreign currency is not hedged but closely monitored by management. The Group policy is to invest in foreign exchange where appreciation is expected.

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (continued)

3.2 Financial risks (continued)

3.2.1 Market risk (continued)

(i) Foreign exchange risk (continued)

THE GROUP - 2014

Concentration of financial assets and liabilities	USD	EUR	GBP	SGD	AUD	ZAR	SCR	MUR	RWF	KSHS	TZSHS	USHS	TOTAL
ASSETS	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial assets at fair value through other comprehensive income	9,439	15,066	-	-	-	-	-	456,143	9,078	126,635	34,708	7,767	658,836
Financial assets at fair value through profit or loss	153,582	12,344	28,791	-	1,702	-	-	2,381,898	-	-	-	-	2,578,317
Financial assets at amotised cost	-	-	-	-	-	-	-	2,438,812	-	382,137	327,904	33,101	3,181,954
Loans and receivables at amortised cost	-	-	-	-	-	-	-	917,923	-	-	-	-	917,923
Insurance and other receivables	-	-	-	-	-	-	-	541,961	40,270	46,985	63,108	112,453	804,777
Reinsurance assets	-	-	-	-	-	-	-	440,507	48,142	68,413	174,470	57,251	788,783
Cash and short term deposits	44,470	1,168	4,750	136	5	270	13,559	956,494	151,529	10,122	53,955	95,992	1,332,450
	207,491	28,578	33,541	136	1,707	270	13,559	8,133,738	249,019	634,292	654,145	306,564	10,263,040
LIABILITIES													
Borrowings	-	-	-	-	-	-	-	343,978	-	-	-	-	343,978
Trade and other payables	-	-	-	-	-	13,550	-	250,535	65,103	27,434	80,855	64,519	501,996
	-	-	-	-	-	13,550	-	594,513	65,103	27,434	80,855	64,519	845,974

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (continued)

3.2 Financial risks (continued)

3.2.1 Market risk (continued)

(i)Foreign exchange risk (continued)

	THE GROUP - 2013								
	USD	EUR	GBP	SGD	AUD	ZAR	SCR	MUR	TOTAL
ASSETS	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial assets at fair value through other comprehensive income	9,574	16,279	-	-	-	-	-	550,584	576,437
Financial assets at fair value through profit or loss	73,352	-	26,330	2,968	1,773	-	-	2,630,558	2,734,981
Financial assets at amotised cost	-	-	-	-	-	-	-	2,105,462	2,105,462
Loans and receivables at amortised cost	-	-	-	-	-	-	-	958,615	958,615
Insurance and other receivables	-	-	-	-	-	-	-	593,365	593,365
Reinsurance assets	-	-	-	-	-	-	-	450,465	450,465
Cash and short term deposits	458,615	3,586	8,140	-	5	3,254	10,580	609,167	1,093,347
	541,541	19,865	34,470	2,968	1,778	3,254	10,580	7,898,216	8,512,672
LIABILITIES									
Borrowings	-	-	-	-	-	-	-	164,646	164,646
Trade and other payables	99	-	-	-	-	17,074	-	180,731	197,904
	99	-	-	-	-	17,074	-	345,377	362,550

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (continued)

3.2 Financial risks (continued)

3.2.1 Market risk (continued)

(i) Foreign exchange risk (continued)

	THE COMPANY - 2014								
Concentration of financial assets and liabilities	**USD**	**EUR**	**GBP**	**SGD**	**AUD**	**ZAR**	**SCR**	**MUR**	**TOTAL**
ASSETS	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Financial assets at fair value through other comprehensive income	9,439	15,066	-	-	-	-	-	437,103	461,608
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	-
Financial assets at amortised cost	-	-	-	-	-	-	-	105,863	105,863
Loans and receivables at amortised cost	-	-	-	-	-	-	-	227,806	227,806
Insurance and other receivables	-	-	-	-	-	-	-	472,019	472,019
Reinsurance assets	-	-	-	-	-	-	-	440,506	440,506
Amount receivable from subsidiary	-	-	-	-	-	-	-	8,119	8,119
Cash and short term deposits	6,571	605	8	-	5	266	13,559	282,160	303,174
	16,010	15,671	8	-	5	266	13,559	1,973,576	2,019,095
LIABILITIES									
Borrowings	-	-	-	-	-	-	-	343,978	343,978
Trade and other payables	-	-	-	-	-	-	-	128,398	128,398
	-	-	-	-	-	-	-	472,376	472,376

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (continued)

3.2 Financial risks (continued)

3.2.1 Market risk (continued)

(i) Foreign exchange risk (continued)

THE COMPANY - 2013									
	USD	EUR	GBP	SGD	AUD	ZAR	SCR	MUR	TOTAL
ASSETS	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial assets at fair value through other comprehensive income	9,574	16,279	-	-	-	-	-	532,404	558,257
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	2,923	2,923
Financial assets at amortised cost	-	-	-	-	-	-	-	112,792	112,792
Loans and receivables at amortised cost	-	-	-	-	-	-	-	228,772	228,772
Insurance and other receivables	-	-	-	-	-	-	-	485,540	485,540
Reinsurance assets	-	-	-	-	-	-	-	450,465	450,465
Amount receivable from subsidiary	-	-	-	-	-	-	-	3,032	3,032
Cash and short term deposits	445,814	1,863	2	-	5	4	10,580	157,696	615,964
	455,388	18,142	2	-	5	4	10,580	1,973,624	2,457,745
LIABILITIES									
Borrowings	-	-	-	-	-	-	-	163,282	163,282
Trade and other payables	-	-	-	-	-	-	-	125,120	125,120
	-	-	-	-	-	-	-	288,402	288,402

The Group has no significant concentration of currency risk.

The analysis that follows is performed for reasonably possible movements in key vairables with all other variables held constant, showing the impact on profit before tax and equity due to changes in the fair value of currency sensitive monetary assets and liabilities including contract claim liabilities. The correlation of variables will have a signifcant effect in determining the ultimate impact on the market risk, but to demonstrate the impact due to changes in variables,variables had to be changed on an individual basis.

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (continued)

3.2 Financial risks (continued)

3.2.1 Market risk (continued)

(i) Foreign exchange risk (continued)

		THE GROUP			
		December 31, 2014		December 31, 2013	
	Changes in variables	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
		Rs'000	Rs'000	Rs'000	Rs'000
USD	+2.5%	1,112	236	13,297	239
EUR	+2.5%	29	377	90	407
GBP	+2.5%	119	-	862	-
SGD	+2.5%	3	-	74	-
AUD	+2.5%	-	-	44	-
ZAR	+2.5%	-	-	(346)	-
SCR	+2.5%	339	-	265	-
RWF	+10.0%	15,153	227	-	-
KSHS	+10.0%	1,012	3,166	-	-
TZSHS	+10.0%	5,396	868	-	-
USHS	+10.0%	9,599	194	-	-
USD	-2.5%	(1,112)	(236)	(13,297)	(239)
EUR	-2.5%	(29)	(377)	(90)	(407)
GBP	-2.5%	(119)	-	(862)	-
SGD	-2.5%	(3)	-	(74)	-
AUD	-2.5%	-	-	(44)	-
ZAR	-2.5%	-	-	346	-
SCR	-2.5%	(339)	-	(265)	-
RWF	-10.0%	(15,153)	(227)	-	-
KSHS	-10.0%	(1,012)	(3,166)	-	-
TZSHS	-10.0%	(5,396)	(868)	-	-
USHS	-10.0%	(9,599)	(194)	-	-

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (continued)

3.2 Financial risks (continued)

3.2.1 Market risk (continued)

(i) Foreign exchange risk (continued)

		THE COMPANY			
		December 31, 2014		December 31, 2013	
	Changes in variables	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
		Rs'000	Rs'000	Rs'000	Rs'000
USD	+2.5%	164	236	11,145	239
EUR	+2.5%	15	377	47	407
GBP	+2.5%	-	-	-	-
SGD	+2.5%	-	-	-	-
AUD	+2.5%	-	-	-	-
ZAR	+2.5%	7	-	-	-
SCR	+2.5%	339	-	265	-
USD	-2.5%	(164)	(236)	(11,145)	(239)
EUR	-2.5%	(15)	(377)	(47)	(407)
GBP	-2.5%	-	-	-	-
SGD	-2.5%	-	-	-	-
AUD	-2.5%	-	-	-	-
ZAR	-2.5%	(7)	-	-	-
SCR	-2.5%	(339)	-	(265)	-

The method used for deriving sensitivity information and significant variables did not change from the previous method.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of financial instruments or the future cash flows related to financial instruments will change due to a change in interest rates. The risk is also that there will be insufficient funds to fund the guaranteed benefits payable especially under long term life assurance contracts. Under short- term insurance contracts, liabilities are not directly sensitive to the level of market interest rates, as they are contractually non-interest bearing; except in case of bodily injury claims which are settled over long periods. Fluctuations in interest rates however impact on returns on financial instruments. This is closely monitored by Management through a well diversified portfolio of fixed income securities and equity investments.

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (continued)

3.2 Financial risks (continued)

3.2.1 Market risk (continued)

(ii) Interest rate risk

The interest rate risk arises on loan and receivables at amortised cost, cash and cash equivalents and bank overdrafts.

The analysis that follows is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity.

	THE GROUP			
	December 31, 2014		December 31, 2013	
Changes in variables	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
	Rs'000	Rs'000	Rs'000	Rs'000
+ 250 basis points	33,858	-	42,548	-
- 250 basis points	(33,858)	-	(42,548)	-

	THE COMPANY			
	December 31, 2014		December 31, 2013	
Changes in variables	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
	Rs'000	Rs'000	Rs'000	Rs'000
+ 250 basis points	9,767	-	12,487	-
- 250 basis points	(9,767)	-	(12,487)	-

(iii) Equity price risk

Equity price risk is the risk that the value of the financial instruments will fluctuate as a result of changes in market prices whether these changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The Group's price policy requires it to manage such risks by setting and monitoring objectives and constraints on investments , diversification plans, limits on investments in each industry sector and markets.

The equity price risk arises on the financial instruments held at fair value through other comprehensive income and at fair value through profit or loss.

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (continued)

3.2 Financial risks (continued)

3.2.1 Market risk (continued)

(iii) Equity price risk (continued)

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity.

	THE GROUP			
	December 31, 2014		December 31, 2013	
Changes in variables	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
	Rs'000	Rs'000	Rs'000	Rs'000
+2.5%	64,458	16,471	68,375	14,411
-2.5%	(64,458)	(16,471)	(68,375)	(14,411)

	THE COMPANY			
	December 31, 2014		December 31, 2013	
Changes in variables	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
	Rs'000	Rs'000	Rs'000	Rs'000
+2.5%	-	-	73	13,956
-2.5%	-	-	(73)	(13,956)

3.2.2 Credit risk

Credit risks is a risk that a counterparty will be unable to pay an amount in full when due. The Group's credit risk is primarily attributable to its reinsurance assets, loans, insurance and other receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by management based on prior experience and the current economic environment. The Credit Control department assesses the creditworthiness of brokers, agents and of contractholders based on details of recent payment history, past experience and by taking into account their financial position. The Group is exposed to the possibility of default by its reinsurers for their share of insurance liabilities and refunds in respect of claims already paid. Management monitors the financial strength of its reinsurers and the Group has policies in place to ensure that risks are ceded to top-rated and credit-worthy reinsurers only. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract. The table shows the maximum exposure to credit risk for the components of the financial position.

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (continued)

3.2 Financial risks (continued)

3.2.2 Credit risk (continued)

	THE GROUP		THE COMPANYV	
FINANCIAL INSTRUMENTS	2014	2013	2014	2013
	Rs'000	Rs'000	Rs'000	Rs'000
Financial assets at fair value through other comprehensive income*	253,036	576,437	55,808	558,257
Financial assets at fair value through profit or loss	2,578,317	2,734,981	-	2,923
Financial assets at amortised cost	3,181,954	2,105,462	105,863	112,792
Loans and receivables at amortised cost	932,586	973,082	229,433	230,139
Insurance and other receivable	874,964	607,779	486,311	495,555
Amount receivable from subsidiary	-	-	8,119	7,432
Reinsurance assets	788,783	450,465	440,506	450,465
Bank balances and cash	1,332,450	1,093,347	303,174	615,964
	9,942,090	8,541,553	1,629,214	2,473,527

* Excludes equity instruments.

3.2.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Liquidity risk is considered to be low since the Group maintains an adequate level of cash resources or assets that are readily available on demand.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at December 31, 2014 based on contractual undiscounted payments.

	THE GROUP					
2014	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Interest bearing loans and borrowings	-	-	28,526	128,526	200,000	357,052
Trade and other payables	501,996	-	-	-	-	501,996
	501,996	-	28,526	128,526	200,000	859,048

3. **MANAGEMENT OF INSURANCE AND FINANCIAL RISKS** (continued)

3.2 **Financial risks** (continued)

3.2.3 **Liquidity risk** (continued)

THE GROUP

2013	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Interest bearing loans and borrowings	1,363	-	25,000	150,000	-	176,363
Trade and other payables	155,543	-	42,361	-	-	197,904
	156,906	-	67,361	150,000	-	374,267

THE COMPANY

2014	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Interest bearing loans and borrowings	-	-	28,526	128,526	200,000	357,052
Trade and other payables	128,392	-	-	-	-	128,392
	128,392	-	28,526	128,526	200,000	485,444

THE COMPANY

2013	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Interest bearing loans and borrowings	-	-	25,000	150,000	-	175,000
Trade and other payables	125,120	-	-	-	-	125,120
	125,120	-	25,000	150,000	-	300,120

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (continued)

3.2 Financial risks (continued)

3.2.4 Fair values

The Group's financial assets and liabilities include financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, financial assets at amortised cost, loan and receivables at amortised cost, insurance and other receivables, amount receivable from subsidiary, cash and short term deposits , trade and other payables, loans and borrowings. Except where otherwise stated, the carrying amounts of these financial assets and liabilities approximate their fair values. See note 31 for fair value disclosures.

3.2.5 Capital management

The Group's objectives when managing capital are:

- to comply with the minimum capital requirements of the Insurance Act 2005 and the Insurance Rules and Regulations 2007
- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for its policyholders.
- to provide an adequate return to shareholders by pricing insurance contracts in line with the level of risk and therefore solvency.

The Group met the Minimum Capital Requirement at December 31, 2014 for both life and general businesses.

Capital available has been computed from the shareholders fund less any unadmitted asset.

The operations of the Group is also subject to regulatory requirements within the Mauritian as well as the overeas African jurisdictions where it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (eg: capital adequacy) to minimise the risk of default and insolvency on the part of MUA to meet unforseen liabiities. In reporting financial strength, capital and solvency is measured using the rules prescibed by the Insurance Act. Per the Insurance Rules 2007, a general insurer shall have at all times a capital requirement ratio of 150% and a solvency margin of at least 100% of the minimum requirements. The Group and regulated entities within it have met all these requirements.

4. RISK MANAGEMENT FRAMEWORK

4.1 Governance framework

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognised the critical importance of having efficient and effective risk management systems in place.

The board of directors approves the Company risk management policies and meets regularly to approve any commercial, regulatory and organisational requirements of such policies. These policies define the Company's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets align underwriting and reinsurance strategy to the corporate goals, and specify reporting requirements.

4.2 Regulatory Framework

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the Company is satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that the Company maintains an appropriate solvency position to meet unforseen liabilities arising from economic shocks or natural disasters.

The operations of the Company are subject to regulatory requirements within the jurisdictions in which it operates. Such regulations not only prescribe approval and monitoring of activites, but also impose certain restrictive provisions (e.g., capital adequacy) to minimise the risk of default and insolvency on the part of insurance companies to meet unforseen liabilities as these arise.

5. PROPERTY AND EQUIPMENT

(a) The Group

	LAND AND BUILDINGS				
2014	**Freehold land**	**Buildings on freehold land**	**Office equipment, computers, fixtures, fittings & other electrical**	**Motor vehicles**	**Total**
COST OR VALUATION	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At January 1, 2014	40,000	188,048	249,778	45,732	523,558
Additions during the year	-	-	25,505	10,383	35,888
Transfer to intangible assets	-	-	(40)	-	(40)
Acquisition through business combinations (note 37)	-	-	6,314	1,396	7,710
Revaluation adjustment	-	(10,864)	-	-	(10,864)
Revaluation surplus	-	34,492	-	-	34,492
Disposals during the year	-	-	(3,552)	(10,691)	(14,243)
Exchange differences	-	-	207	74	281
At December 31, 2014	40,000	211,676	278,212	46,894	576,782
DEPRECIATION					
At January 1, 2014	-	7,143	181,965	27,371	216,479
Transfer to intangible assets	-	-	(20)	-	(20)
Charge for the year	-	3,721	29,018	12,302	45,041
Revaluation adjustment	-	(10,864)	-	-	(10,864)
Disposals	-	-	(3,518)	(8,174)	(11,692)
Exchange differences	-	-	(5,976)	(3,544)	(9,520)
At December 31, 2014	-	-	201,469	27,955	229,424
CARRYING AMOUNT					
At December 31, 2014	40,000	211,676	76,743	18,939	347,358

5. PROPERTY AND EQUIPMENT

(a) The Group (continued)

	LAND AND BUILDINGS				
2013	**Freehold land**	**Buildings on freehold land**	**Office equipment, computers, fixtures, fittings & other electrical**	**Motor vehicles**	**Total**
COST OR VALUATION	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At January 1, 2013	40,000	176,048	224,756	52,268	493,072
Additions	-	-	29,988	3,971	33,959
Transfer to investment property	-	12,000	-	-	12,000
Disposals	-	-	(4,966)	(10,507)	(15,473)
At December 31, 2013	40,000	188,048	249,778	45,732	523,558
DEPRECIATION					
At January 1, 2013	-	3,481	169,824	24,950	198,255
Charge for the year	-	3,662	16,949	9,057	29,668
Disposals	-	-	(4,808)	(6,636)	(11,444)
At December 31, 2013	-	7,143	181,965	27,371	216,479
CARRYING AMOUNT					
At December 31, 2013	40,000	180,905	67,813	18,361	307,079

5. PROPERTY AND EQUIPMENT (continued)

(b) The Company

	LAND AND BUILDINGS				
2014	**Freehold land**	**Buildings on freehold land**	**Office equipment, computers, fixtures, fittings & other electrical**	**Motor vehicles**	**Total**
COST OR VALUATION	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At January 1, 2014	40,000	123,369	124,303	39,904	327,576
Additions during the year	-	-	22,647	2,826	25,473
Transfer to intangible assets		-	(40)	-	(40)
Revaluation adjustment		(7,402)	-	-	(7,402)
Revaluation surplus		27,533	-	-	27,533
Disposals during the year	-	-	(1,240)	(9,475)	(10,715)
At December 31, 2014	40,000	143,500	145,670	33,255	362,425
DEPRECIATION					
At January 1, 2014	-	4,934	71,583	23,840	100,357
Transfer to intangible assets	-	-	(20)	-	(20)
Revaluation adjustment		(7,402)	-	-	(7,402)
Charge for the year		2,468	16,922	6,384	25,774
Disposals during the year	-	-	(1,206)	(6,958)	(8,164)
At December 31, 2014	-	-	87,279	23,266	110,545
CARRYING AMOUNT					
At December 31, 2014	40,000	143,500	58,391	9,989	251,880

5. **PROPERTY AND EQUIPMENT** (continued)

(b) **The Company** (continued)

	LAND AND BUILDINGS				
2013	**Freehold land**	**Buildings on freehold land**	**Office equipment, fixtures & fittings**	**Motor vehicles**	**Total**
COST OR VALUATION	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At January 1, 2013	40,000	123,369	98,183	45,054	306,606
Additions during the year	-	-	29,041	3,971	33,012
Disposals during the year	-	-	(2,921)	(9,121)	(12,042)
At December 31, 2013	40,000	123,369	124,303	39,904	327,576
DEPRECIATION					
At January 1, 2013	-	2,467	62,728	22,204	87,399
Charge for the year	-	2,467	11,637	7,832	21,936
Disposals	-	-	(2,782)	(6,196)	(8,978)
At December 31, 2013	-	4,934	71,583	23,840	100,357
CARRYING AMOUNT					
At December 31, 2013	40,000	120,902	52,720	16,064	227,219

(c) The group's land and building are stated at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Group's land and buildings as at 31 December 2014 were performed by an independent valuer not related to the group. They have appropriate qualification and experience in the fair value measurement of properties in the relevant location. The fair value was determined based on market comparable approach that reflects recent transactions prices for similar properties.

(d) If land and buildings had been stated on a historical cost basis, the amounts would be as follows:

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Cost	195,153	195,153	163,369	163,369
Accumulated depreciation	(12,904)	(9,423)	(9,861)	(7,394)
Net book values	182,249	185,730	153,508	155,975

6. INVESTMENT PROPERTIES - AT FAIR VALUE

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
At January 1,	184,578	196,578	74,000	74,000
Acquisition through business combinations (note 37)	295,031	-	-	-
Addition during the year	28	-	-	-
Transfer to property and equipment	-	(12,000)		
Increase in fair value	32,431	-	5,000	
Exchange differences	2,684	-	-	-
At December 31,	514,752	184,578	79,000	74,000

The fair value of the Group's investment properties as at 31 December 2014 has been arrived at on the basis of a valuation carried out by independent valuers not related to the Group. They have the appropriate qualifications and experience in the valuation of properties in the relevant locations. The fair value was determined using recent transaction prices for similar properties. The rental income arising during the year amounted to Rs 19,204,000 (2013 – Rs 741,000) and (the Company Rs 22,000 (2013: Rs 220,000)) , which is included in investment income. Direct operating expense arising in respect of this property for the Group during the year amounted to Rs Nil (2013- Rs 58,305).No direct operating expenses wee incurred for the Company in both years.

There is no restriction on reliability of investment property or the remittance of income and proceeds of disposal. The Group has no contractual obligation to purchase, construct or develop investment property or for repairs, maintenance or enhancement.

7. INTANGIBLE ASSETS

THE GROUP					
2014	**Goodwill**	**Client portfolio**	**Computer software**	**Work in progress**	**Total**
COST	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At January 1, 2014	206,165	376,978	134,489	27,480	745,112
Acquisition through business combinations (note 37)	139,276	62,592	922	-	202,790
Transfer from property and equipment	-	-	40	-	40
Additions during the year	-	-	17,549	-	17,549
Disposal	-	-	(3,588)	-	(3,588)
Exchange differences	-	-	22	-	22
At December 31, 2014	345,441	439,570	149,434	27,480	961,925
AMORTISATION					
At January 1, 2014	-	84,146	99,486	-	183,632
Transfer from office equipment	-		20	-	20
Charge for the year	-	17,770	17,183	-	34,953
Transfer from property and equipment	-	-	(3,588)	-	(3,588)
Exchange differences	-	-	(5)	-	(5)
At December 31, 2014	-	101,916	113,096	-	215,012
CARRYING AMOUNT					
At December 31, 2014	345,441	337,654	36,338	27,480	746,913

THE GROUP					
2013	**Goodwill**	**Client portfolio**	**Computer software**	**Work in progress**	**Total**
COST	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At January 1, 2013	206,165	376,978	117,854	-	700,997
Additions during the year	-	-	16,635	27,480	44,115
At December 31, 2013	206,165	376,978	134,489	27,480	745,112
AMORTISATION					
At January 1, 2013	-	66,376	88,599	-	154,975
Charge for the year	-	17,770	10,887	-	28,657
At December 31, 2013	-	84,146	99,486	-	183,632
CARRYING AMOUNT					
At December 31, 2013	206,165	292,832	35,003	27,480	561,480

7. INTANGIBLE ASSETS

THE COMPANY					
2014	**Goodwill**	**Client portfolio**	**Computer software**	**Work in progress**	**Total**
COST	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At January 1	133,188	245,478	68,524	27,480	474,670
Transfer from property and equipment		-	40	-	40
Additions during the year	-	-	10,513	4,594	15,107
At December 31,	133,188	245,478	79,077	32,074	489,817
AMORTISATION					
At January 1	-	64,421	50,834	-	115,255
Transfer from property and equipment		-	20	-	20
Charge for the year	-	12,510	9,455	-	21,965
At December 31	-	76,931	60,309	-	137,240
CARRYING AMOUNT					
At December 31	133,188	168,547	18,768	32,074	352,577

THE COMPANY					
2013	**Goodwill**	**Client portfolio**	**Computer software**	**Work in progress**	**Total**
COST	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At January 1	133,188	245,478	62,248	-	440,914
Additions during the year	-	-	6,276	27,480	33,756
At December 31,	133,188	245,478	68,524	27,480	474,670
AMORTISATION					
At January 1	-	51,911	44,907	-	96,818
Charge for the year	-	12,510	5,927	-	18,437
At December 31	-	64,421	50,834	-	115,255
CARRYING AMOUNT					
At December 31	133,188	181,057	17,690	27,480	359,415

Capital **Work in Progress** represents the implementation of a new software.

8. INVESTMENT IN SUBSIDIARY COMPANIES

	THE GROUP	
	2014	2013
	Rs'000	**Rs'000**
At January 1,	208,042	208,042
Acquisition during the year	719,254	-
At December 31,	927,296	208,042

(b) The financial statements of the following subsidiary companies below have been included in the consolidated financial statements. The subsidiaries have the same reporting date as the holding company and operate on the local and African market.

	MAIN ACTIVITIES	COUNTRY OF INCORPORATION	DOMINATED CURRENCY	STATED CAPITAL	NOMINAL VALUE OF INVESTMENT		CLASS OF SHARES HELD	% OF OWNERSHIP INTEREST AND VOTING POWER HELD		% OF OWNERSHIP INTEREST AND VOTING POWER HELD BY NCI	
					2014	2013		**2014**	2013	**2014**	2013
DIRECT SHAREHOLDING				**Rs'000**	**Rs'000**	**Rs'000**					
La Prudence (Mauricienne) Assurances Limitee	Life Insurance	Mauritius	Mauritian Rupees	25,000	167,327	167,327	Ordinary	100%	100%	-	-
The National Mutual Fund Ltd	Fund management	Mauritius	Mauritian Rupees	4,000	28,561	28,561	Ordinary	98.6%	98.6%	1.40%	1.40%
Associated Brokers Ltd	Stock broker	Mauritius	Mauritian Rupees	9,500	10,979	10,979	Ordinary	80%	80%	20%	20%
Compagnie du Decadel Limitée	Property holding	Mauritius	Mauritian Rupees	25	675	675	Ordinary	100%	100%	-	-
Feber Associates Limited	Manager and consultants of pension fund	Mauritius	Mauritian Rupees	2,000	500	500	Ordinary	100%	100%	-	-
Phoenix Transafrica Holdings Limited	Investment holdings	Kenya	Kenya Shillings	5,000	-	-	Ordinary	100%	0%	-	-

8. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

(b) The financial statements of the following subsidiary companies below have been included in the consolidated financial statements. The subsidiaries have the same reporting date as the holding company and operate on the local and African market. (continued)

	MAIN ACTIVITIES	COUNTRY OF INCORPO-RATION	DOMINATED CURRENCY	STATED CAPITAL	NOMINAL VALUE OF INVESTMENT		CLASS OF SHARES HELD	% OF OWNERSHIP INTEREST AND VOTING POWER HELD		% OF OWNERSHIP INTEREST AND VOTING POWER HELD BY NCI	
					2014	2013		**2014**	2013	**2014**	2013
INDIRECT SHAREHOLDING				**Rs'000**	**Rs'000**	**Rs'000**					
Risk Advisory Services Limited	Property holding	Mauritius	Mauritian Rupees	25,000	75	75	Ordinary	100%	100%	-	-
Phoenix East Africa Assurance Company Limited	General Insurance business	Kenya	Kenya Shillings	300,000	143,807	-	Ordinary	66.38%	0%	33.62%	-
Phoenix of Rwanda Assurance Company Limited	General Insurance business	Rwanda	Rwanda Francs	1,000,000	-	-	Ordinary	36.51%	0%	63.49%	-
Phoenix of Tanzania Assurance Company Limited	General Insurance business	Tanzania	Tanzania Shillings	8,000,000	-	-	Ordinary	33.89%	0%	66.11%	-
Phoenix of Uganda Assurance Company Limited	General Insurance business	Uganda	Uganda Shillings	2,315,000	-	-	Ordinary	45.78%	0%	54.22%	-

(c) Summarised financial information on subsidiaries with material non-controlling interests:

This information is based on amounts before intercompany eliminations and fair value adjustment upon business combination.

Proportion of equity interest held by non-controlling interests:

NAME	COUNTRY OF INCORPORATION AND OPERATION	2014	2013
Associated Brokers Ltd	Mauritius	20.00%	20%
Phoenix East Africa Assurance Company Limited	Kenya	33.62%	-
Phoenix of Rwanda Assurance Company Limited	Rwanda	63.49%	-
Phoenix of Tanzania Assurance Company Limited	Tanzania	66.11%	-
Phoenix of Uganda Assurance Company Limited	Uganda	54.22%	-

8. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

(c) Summarised financial information on subsidiaries with material non-controlling interests:

	2014					2013
	Associated Brokers Ltd	**Phoenix East Africa Assurance Company Limited**	**Phoenix of Tanzania Assurance Company Limited**	**Phoenix of Uganda Assurance Company Limited**	**Phoenix of Rwanda Assurance Company Limited**	**Associated Brokers Ltd**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Proportion of non-controlling interests	20%	33.62%	66.12%	54.22%	63.49%	20%
Current assets	41,731	149,199	663,996	301,685	245,569	8,443
Non current assets	26,478	635,063	336,999	16,610	12,974	23,945
Current liabilities	(37,844)	(58,956)	(100,595)	(61,578)	(63,506)	(5,270)
Non current liabilities	(8)	-	(70,240)	(1,470)	-	(51)
Net assets	30,357	573,616	489,986	15,860	70,201	27,058
Carrying amounts of non-controlling interests	6,071	145,273	340,626	61,954	46,019	5,412
Revenue	9,908	105,081	169,122	75,775	79,613	7,147
Profit/(losses) for the year	2,705	(8,679)	36,302	(4,383)	(3,226)	1,241
Other comprehensive income/(losses)	2,734	(37,810)	6,745	515	(1,249)	2,059
Total comprehensive income/(losses)	5,439	(46,489)	43,047	(3,868)	(4,475)	3,300
Profit/(losses) allocated to non-controlling interest	541	(4,255)	36,302	(4,383)	(3,226)	248
Total comprehensive income/(losses) allocated to non-controlling interest	1,088	(15,571)	40,785	(4,104)	(3,865)	660
Dividend paid to non-controlling interest	431	15,892	10,711	1,624	- 0	259

8. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

(c) Summarised financial information on subsidiaries with material non-controlling interests (continued):

Summarised cash flow information:

	2014					2013
	Associated Brokers Ltd	Phoenix East Africa Assurance Company Limited	Phoenix of Rwanda Assurance Company Limited	Phoenix of Tanzania Assurance Company Limited	Phoenix of Uganda Assurance Company Limited	Associated Brokers Ltd
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Operating activities	34,997	688,301	62,511	4,407	5,624	(2,218)
Investing activities	505	362,803	(81,495)	(3,236)	(1,245)	509
Financing activities	(2,155)	(430,917)	-	-	(12,100)	(1,293)
Net increase/ (decrease) in cash and cash equivalents	33,347	620,187	(18,984)	1,171	(7,721)	(3,002)

9. (a) INVESTMENT IN JOINT VENTURE IN KENYA MOTOR INSURANCE POOL

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	-	-	-	-
Acquisition through business combinations (note 37)	13,306	-	-	-
Share of profit	1,697	-	-	-
Exchange differences	(606)	-	-	-
At December 31,	14,397	-	-	-

9. INVESTMENT IN JOINT VENTURE IN KENYA MOTOR INSURANCE POOL (continued)

(b) Details of the group's material joint venture a the end of the reporting period is as follows:

Name of joint venture	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting right held by the Group			
			2014		2013	
			Direct	**Indirect**	Direct	Indirect
Kenya Motor Insurance Pool	Sharing of pool business and risks by insurance companies in Kenya and underwriting of Non Life Insurance Business	Kenya	5.1%	-	-	-

	2014
	Rs'000
Current assets	309,996
Non current assets	-
Current liabilities	5,595
Non current liabilities	22,308
The above amounts of assets and liabilities include the following;	
Cash and cash equivalents	29,662

9. INVESTMENT IN JOINT VENTURE IN KENYA MOTOR INSURANCE POOL (continued)

(b) Details of the group's material joint venture a the end of the reporting period is as follows (continued):

	2014
	Rs'000
Revenue	-
Profit for the period*	30,817
Other comprehensive for the period	-
Interest	1,163
Depreciation	-
Income tax	-
Dividend received from the joint venture	-

* Profit for the period arises only from interest and other income. No revenue was generated.

10. FINANCIAL ASSETS

The breakdown of financial assets is shown in note 31.

(a) Financial assets at fair value through other comprehensive income

	THE GROUP	THE COMPANY
	Rs'000	Rs'000
At January 1, 2014	576,437	558,257
Additions during the year	34,606	15,993
Acquisition through business combinations (note 37)	497,122	-
Disposals during the year	(425,279)	(115,114)
(Decrease)/increase in fair value	(28,174)	2,472
Exchange differences	4,124	-
At December 31, 2014	658,836	461,608
Analysed as follows:		
Quoted securities	555,159	380,550
Unquoted securities	46,329	25,874
Open Ended Mutual Funds	57,348	55,184
Total financial assets at fair value through other comprehensive income	658,836	461,608

10. FINANCIAL ASSETS (continued)

(a) Financial assets at fair value through other comprehensive income (continued)

	THE GROUP	THE COMPANY
	Rs'000	Rs'000
At January 1, 2013	484,521	471,316
Additions during the year	16,655	14,623
Disposals during the year	(40,793)	(40,792)
Increase in fair value	116,054	113,110
At December 31, 2013	576,437	558,257
Analysed as follows:		
Quoted securities	495,872	478,381
Unquoted securities	26,658	25,969
Open Ended Mutual Funds	53,907	53,907
Total financial assets at fair value through other comprehensive income	576,437	558,257

(b) Financial assets at fair value through profit or loss

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	2,734,981	2,365,120	2,923	2,845
Additions during the year	267,184	137,949	-	-
Disposals during the year	(410,542)	(223,914)	(2,923)	-
(Decrease)/ increase in fair value	(13,306)	455,826	-	78
At December 31,	2,578,317	2,734,981	-	2,923
Analysed as follows:				
Local - Listed	2,269,042	2,522,651	-	2,923
Others	309,275	212,330	-	-
	2,578,317	2,734,981	-	2,923

10. **FINANCIAL ASSETS** (continued)

(c) **Financial assets at amortised cost (continued)**

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
At January 1,	2,105,462	1,531,943	112,792	132,711
Acquisition through business combinations (note 37)	410,007	-	-	-
Additions during the year	955,308	622,273	-	-
Matured during the year	(271,056)	(51,536)	(6,999)	(20,000)
Amortisation during the year	3,508	2,782	70	81
Exchange differences	(21,275)	-	-	-
At December 31,	3,181,954	2,105,462	105,863	112,792
Analysed as follows:				
Non-current	2,785,019	2,085,522	88,200	105,812
Current portion	396,935	19,940	17,663	6,980
	3,181,954	2,105,462	105,863	112,792

11. LOANS AND RECEIVABLES AT AMORTISED COST

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Mortgage Loans	719,271	690,707	44,426	28,122
Loans on Life policies	19,158	19,789	-	-
Secured Loans	185,926	257,627	180,250	197,769
Unsecured Loans	5,643	4,572	3,979	4,248
CDS guarantee fund	2,588	387	778	-
Provision for impairment:				
- Mortgage Loans	(12,028)	(7,637)	(222)	(141)
- Loan on Life policies	(157)	(671)	-	-
- Secured Loans	(2,188)	(5,966)	(1,300)	(1,205)
- Unsecured Loans	(290)	(193)	(105)	(21)
	917,923	958,615	227,806	228,772

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Analysed as follows:				
Non-current	763,719	796,799	126,548	168,134
Current	154,204	161,816	101,258	60,638
	917,923	958,615	227,806	228,772

(a) All loans and receivables at amortised cost are considered impaired and overdue when they are more than 90 days old. Other balances of loans and receivables are neither past due nor impaired.

11. LOANS AND RECEIVABLES AT AMORTISED COST

(a) (continued)

The ageing analysis of loan and receivables is as follows:

	2014				2013			
THE GROUP	**Neither past due nor impaired**	**Past due but not impaired**	**Impaired**	**Total**	Neither past due nor impaired	Past due but not impaired	Impaired	Total
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Loans and advances to customers	**881,159**	**33,289**	**3,475**	**917,923**	946,977	8,706	2,932	958,615

	2014				2013			
THE COMPANY	**Neither past due nor impaired**	**Past due but not impaired**	**Impaired**	**Total**	Neither past due nor impaired	Past due but not impaired	Impaired	Total
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Loans and advances to customers	**203,131**	**24,601**	**74**	**227,806**	226,592	1,836	334	228,762

(b) **Movement in provision for impairment of loans**

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
At January 1,	14,467	16,137	1,367	3,142
Recoveries	-	(3,478)	-	(1,895)
Charge for the year	460	(1,808)	260	120
Write off during the year	(264)	-	-	-
At December 31,	14,663	14,467	1,627	1,367

(c) There is no concentration of risk with respect to loans and receivables at amortised cost since balances are widely spread.

(d) Loans and receivables at amortised cost are secured by life insurance policies and fixed charges.

(e) The currency profile of the loans and receivables are disclosed in note 3.2.1

(f) The terms and conditions for loan receivables vary on factors like market rates at the time the loan was granted, the credit risk of the borrower and the security provided. Interest rate varies between 4.12 to 142. Repayment can go up to 360 months.

12. INSURANCE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Premium debtors and agents' balances	664,537	390,961	388,037	381,118
Provision for credit impairment	(74,189)	(14,415)	(14,292)	(14,415)
	590,348	376,546	373,745	366,703
Amount due by reinsurers	64,227	26,996	26,409	26,996
Deposit	-	67,629	-	67,629
Investment income receivable	119,676	85,110	38,050	6,642
Other receivables	26,524	37,083	33,815	13,170
	800,775	593,364	472,019	481,140

(a) Premium debtors and agents' balances that are less than three months past due are not considered impaired. As at December 31, 2014, the Group had Rs 265.8M, and the Company had Rs 123.3M (2013: The Group Rs 110.4 M and the Company Rs 110.4 M) that were more than 3 months past due but not impaired. The ageing analysis of these premium debtors is as follows:

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Up to 3 months	324,476	266,120	250,396	256,277
3 to 6 months	117,404	78,874	80,326	78,874
6 to 12 months	107,819	31,552	43,023	31,552
> 12 months	40,649	-	-	-
	590,348	376,546	373,745	366,703

12. INSURANCE AND OTHER RECEIVABLES (continued)

(b) Movement in provision for credit impairment

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
At January 1,	14,415	16,258	14,415	16,258
Acquisition through business combinations (note 37)	57,755	-	-	-
Charge during the year	438	-	-	-
Release during the year	(42)	(1,843)	(123)	(1,843)
Exchange difference	1,623	-	-	-
At December 31,	74,189	14,415	14,292	14,415

(c) The other classes within insurance and other receivables do not include impaired assets.

(d) The Group and the Company does not hold any collateral as security in respect of insurance and other receivables.

(e) The currency profile of the insurance and other receivables are disclosed in note 3.2.1

(f) The maximum exposure to credit risk is disclosed in note 3.2.2.

13(a). REINSURANCE ASSETS AND INSURANCE CONTRACT LIABILITIES

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Gross				
- Claims reported and loss adjustment expenses	1,199,011	850,489	855,529	850,489
- Claims incurred but not reported (IBNR)	123,857	69,870	69,784	69,870
- Unearned premiums	1,126,264	734,287	753,257	734,287
Total gross insurance contract liabilities	2,449,132	1,654,646	1,678,570	1,654,646
Recoverable from reinsurers				
- Claims reported and loss adjustment expenses	450,009	318,396	295,700	318,396
- Claims incurred but not reported (IBNR)	25,964	3,974	3,053	3,974
- Unearned premiums	312,810	128,095	141,753	128,095
Total reinsurers' share of insurance contract liabilities	788,783	450,465	440,506	450,465
Net				
- Claims reported and loss adjustment expenses	749,002	532,093	559,829	532,093
- Claims incurred but not reported (IBNR)	97,893	65,896	66,731	65,896
- Unearned premiums	813,454	606,192	611,504	606,192
Total net insurance contract liabilities	1,660,349	1,204,181	1,238,064	1,204,181

13(a). REINSURANCE ASSETS AND INSURANCE CONTRACT LIABILITIES (continued)

The Group

(i) Claims

	2014			2013		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	920,359	(322,370)	597,989	886,255	(295,809)	590,446
Acquisition through business combinations (note 37)	353,486	(156,751)	196,735	-	-	-
Claims incurred during the year	1,183,215	(333,697)	849,518	911,438	(192,101)	719,337
Cash paid for claims settled during the year	(1,170,387)	315,959	(854,428)	(877,334)	165,540	(711,794)
Exchange differences	36,195	20,886	57,081	-	-	-
At December 31,	1,322,868	(475,973)	846,895	920,359	(322,370)	597,989
Recognised notified claims	1,199,011	(450,009)	749,002	850,489	(318,396)	532,093
Incurred but not reported (IBNR)	123,857	(25,964)	97,893	69,870	(3,974)	65,896
	1,322,868	(475,973)	846,895	920,359	(322,370)	597,989
Movement in outstanding claims	49,023	3,148	52,171	34,104	(26,561)	7,543
Increase in value of Life policy liabilities	309,461	-	309,461	730,166	-	730,166
Movement during the year	358,484	3,148	361,632	764,270	(26,561)	737,709
Total claims and benefits paid						
Claims-Non Life	1,170,387	(315,959)	854,428	877,334	(165,540)	711,794
Claims and benefits-Life	474,708	(8,677)	466,031	445,936	(1,454)	444,482
	1,645,095	(324,636)	1,320,459	1,323,270	(166,994)	1,156,276

13(a). REINSURANCE ASSETS AND INSURANCE CONTRACT LIABILITIES (continued)

The Group

(ii) Provision for unearned premiums

	2014			2013		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	734,287	(128,095)	606,192	712,929	(119,101)	593,828
Acquisition through business combinations (note 37)	365,404	(170,427)	194,977	-	-	-
Premium written during the year	2,071,370	(569,328)	1,502,042	1,630,418	(348,260)	1,282,158
Premium earned during the year	(2,001,586)	510,439	(1,491,147)	(1,609,060)	339,266	(1,269,794)
Exchange differences	(43,211)	44,601	1,390	-	-	-
At December 31,	1,126,264	(312,810)	813,454	734,287	(128,095)	606,192

The Company

(i) Claims

	2014			2013		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	920,359	(322,370)	597,989	886,255	(295,809)	590,446
Claims incurred during the year	959,717	(219,363)	740,354	911,438	(192,101)	719,337
Cash paid for claims settled during the year	(954,763)	242,980	(711,783)	(877,334)	165,540	(711,794)
At December 31,	925,313	(298,753)	626,560	920,359	(322,370)	597,989
Recognised notified claims	855,529	(295,700)	559,829	850,489	(318,396)	532,093
Incurred but not reported	69,784	(3,053)	66,731	69,870	(3,974)	65,896
	925,313	(298,753)	626,560	920,359	(322,370)	597,989
Movement during the year	4,954	23,617	28,571	34,104	(26,561)	7,543

13(a). REINSURANCE ASSETS AND INSURANCE CONTRACT LIABILITIES (continued)

The Company

(ii) Provision for unearned premiums

	2014			2013		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	734,287	(128,095)	606,192	712,929	(119,101)	593,828
Premium written during the year	1,660,853	(383,222)	1,277,631	1,630,418	(348,260)	1,282,158
Premium earned during the year	(1,641,883)	369,564	(1,272,319)	(1,609,060)	339,266	(1,269,794)
At December 31,	753,257	(141,753)	611,504	734,287	(128,095)	606,192

13(b). DEFERRED ACQUISITION COSTS RECEIVABLE

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	58,369	55,791	58,369	55,791
Acquisition through business combinations (note 37)	29,946	-	-	-
Movement	7,452	2,578	218	2,578
At December 31,	95,767	58,369	58,587	58,369

13(c). DEFERRED ACQUISITION COSTS PAYABLE

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	32,603	32,213	32,603	32,213
At movement	2,928	390	2,928	390
At December 31,	35,531	32,603	35,531	32,603

14. Share Capital

THE GROUP AND THE COMPANY	AUTHORISED		ISSUED AND FULLY PAID	
	2014	2013	2014	2013
	Rs'000	Rs'000	Rs'000	Rs'000
Ordinary shares of Rs.10 each	500,000	500,000	400,800	200,400

	THE GROUP AND COMPANY		THE GROUP AND COMPANY	
	2014	2013	2014	2013
	Rs'000	Rs'000	No of shares (000)	
At January 1,	200,400	200,400	20,040	20,040
Bonus issue made during the year	200,400	-	20,040	-
At December 31,	400,800	400,800	40,080	40,080

On September 2014, the Company made a 1:1 bonus issue of shares through capitalisation of retained earnings.

15. LIFE ASSURANCE FUND

	THE GROUP		THE COMPANY	
THE GROUP AND THE COMPANY	**2014**	2013	**2014**	2013
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
At January 1,	5,841,981	5,111,815	-	-
Transfer of surplus from the Life Business revenue account	309,461	730,166	-	-
At December 31,	6,151,442	5,841,981	-	-

See accounting policy note 2.4 (w).

16. DEFERRED TAx

Deferred income tax is calculated on all temporary differences under the liability method at 15%.

(a) The movement on the deferred tax account is as follows:

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
At January 1,	48,372	76,901	65,318	96,520
Acquisition through business combinations (note 37)	(42,227)	-	-	-
(Over)/ under provision of deferred tax (note 20)	(521)	1,461	(480)	(394)
Deferred tax charge for the year (note 20)	(28,698)	(29,990)	(26,444)	(30,808)
At December 31,	(23,074)	48,372	38,394	65,318

Deferred income tax assets and liabilities are offset when the deferred income taxes relate to the same fiscal authority.

(b) The following amounts are shown in the statement of financial position:

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Deferred tax liabilities	(95,454)	(24,616)	(6,685)	(7,645)
Deferred tax assets	72,380	72,988	45,079	72,963
	(23,074)	48,372	38,394	65,318

16. **DEFERRED TAx (continued)**

	THE GROUP		THE COMPANY	
DEFERRED TAX LIABILITIES	**2014**	**2013**	**2014**	**2013**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Deferred tax on client portfolio	(15,977)	(16,766)	-	-
Deferred tax CSR	-	(145)	-	-
Provision for legal costs	(6,685)	(7,645)	(6,685)	(7,645)
Difference between capital allowances and depreciation	(72,792)	(60)	-	-
	(95,454)	(24,616)	(6,685)	(7,645)

	THE GROUP		THE COMPANY	
DEFERRED TAX ASSETS	**2014**	**2013**	**2014**	**2013**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Difference between capital allowances and depreciation	17,469	31,456	19,091	31,431
Provision for bad debts	2,144	205	2,144	205
Provision for impairment of loan receivables	242	2,172	242	2,172
Retirement benefit obligations	730	643	730	643
Tax losses carried forward	51,795	38,512	22,872	38,512
	72,380	72,988	45,079	72,963
	(23,074)	48,372	38,394	65,318

Deferred tax assets are recognised only to the extent that realisation of the related tax benefit is probable. The Group has tax losses of Rs. 473M (2013 : Rs.410M) to carry forward against future taxable income. These can be carried forward for the next 5 years.

17. EMPLOYEE BENEFIT OBLIGATIONS

Pension schemes

The benefits of employees of the Group and the Company fall under the following different types of arrangements:

(i) A defined benefit scheme which is funded. The plan assets are held independently by La Prudence Mauricienne Assurance Limitee.
(ii) Unfunded defined benefit scheme which are entitled to a No Worse Off Guarantee ('NWOG')

The liabilities in respect of the defined benefit schemes above are analysed as follows:

	THE GROUP AND THE COMPANY	
	2014	2013
	Rs'000	Rs'000
Funded obligation (note a)	4,294	3,906
Unfunded obligation (note b)	577	377
	4,871	4,283

(a) Funded obligation

The amounts recognised in the statements of financial position in respect of funded obligation are as follows:

	THE GROUP AND THE COMPANY	
	2014	2013
	Rs'000	Rs'000
Defined benefit of funded obligation	6,924	6,442
Fair value of plan assets	(2,630)	(2,536)
Benefit liability	4,294	3,906

17. EMPLOYEE BENEFIT OBLIGATIONS (continued)

(a) Funded obligation (continued)

(i) Movement of defined benefit of funded obligations:

	THE GROUP AND THE COMPANY	
	2014	2013
	Rs'000	Rs'000
At January 1,	6,442	5,478
Amount recognised in profit or loss:		
Interest cost	418	418
Amount recognised in other comprehensive income:		
Acturial changes arising from changes in financial assumptions	1	546
At December 31,	6,924	6,442

(ii) Movement of fair value of plan assets:

	THE GROUP AND THE COMPANY	
	2014	2013
	Rs'000	Rs'000
At January 1,	2,536	2,246
Amount recognised in profit or loss:		
Interest income	179	180
Amount recognised in other comprehensive income:		
Acturial changes arising from changes in financial assumptions	85	110
At December 31,	2,630	2,536

17. EMPLOYEE BENEFIT OBLIGATIONS (continued)

(a) Funded obligation (continued)

The main categories of plan assets are as follows:

	THE GROUP AND THE COMPANY	
	2014	2013
	%	%
Local equities	46	54
Local -Debt Maturity >=12 months	34	34
Local-Cash and Debt Maturity	9	7
Overseas equities	11	5
Overseas-Debt Maturity >=12 months	0	0
Overseas- Cash and Debt Maturity	0	0
	100	100

The principal acturial assumptions used for accounting purposes were:

	THE GROUP AND THE COMPANY	
	2014	2013
	%	%
Discount rate	7.5	7.5
Expected rate of return on plan assets	7.5	7.5
Future salary increases	0.0	0.0
Future pension increases	3.0	3.0
Deferred pension increases	0.0	0.0
Acturial table for employee mortality:	PMA 92-PFA	

17. EMPLOYEE BENEFIT OBLIGATIONS (continued)

(a) Funded obligation (continued)

A quantitative sensitivity analysis for signifcant assumption is shown as follows below:

ASSUMPTIONS	DISCOUNT RATE		EXPECTED RATE OF RETURN ON PLAN ASSETS		FUTURE PENSION COST INCREASE	
	1%	1%	1%	1%	1%	1%
SENSITIVTY LEVEL	increase	decrease	increase	decrease	increase	decrease
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2014						
Impact on defined benefit obligation	(1,022)	1,287	Nil	Nil	783	(627)
2013						
Impact on defined benefit obligation	(1,263)	997	Nil	Nil	728	(625)

ASSUMPTIONS	LIFE EXPECTANCY OF MALE PENSIONERS		LIFE EXPECTANCY OF FEMALE PENSIONERS	
SENSITIVTY LEVEL	increase by 1 year	decrease by 1 year	increase by 1 year	decrease by 1 year
2014	70	(71)	92	(93)
2013	65	(66)	85	(87)

The sensitivity analsysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occuring at the end of the reporting period.
No contributions are expected to be paid to the defined benefit plan obligation in future years.
The average duration of the defined benefit plan obligation at the end of the reporting period is 14 years (2013: 15 yrs)
The overall expected rate of return is a weighted average of the expected returns of the various categories of plan assets held. Management assessment of the expected returns is based on historical returns trends and analysts predictions of the market for the asset in the next twelve months .
The Group does not expect any contribution in 2015.

17. **EMPLOYEE BENEFIT OBLIGATIONS (continued)**

(b) **Unfunded obligation**

The amounts recognised in the statements of financial position in respect of unfunded obligation are as follows:

	THE GROUP AND THE COMPANY	
	2014	2013
	Rs'000	Rs'000
Present value of unfunded obligation	577	377

(i) Movement in the liability recognised in the statements of financial position:

	THE GROUP AND THE COMPANY	
	2014	2013
	Rs'000	Rs'000
At January 1,	377	9,567
Amount recognised in profit or loss:	-	5
Interest cost	-	5
Amount recognised in other comprehensive income:	-	20
Actuarial losses	-	20
Benefit paid	-	(9,215)
At December 31,	377	377

17. EMPLOYEE BENEFIT OBLIGATIONS (continued)

(a) Unfunded obligation (continued)

The principal actuarial assumptions used for accounting purposes were:

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	%	**%**	**%**	**%**
Discount rate	6.8	7.3	6.8	7.3
Future salary increase	5.8	6.3	5.8	6.3
Future pension increase	0.0	0.0	0.0	0.0

The Group does not expect any contribution in 2015.

No sensivity analysis for the unfunded obligation has been made as the balance is insignificant.

18. BORROWINGS

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Preference share capital (i)	100,000	100,000	100,000	100,000
Interest free borrowings (ii)	43,978	63,282	43,978	63,282
Bank overdraft (iii)	-	1,364	-	-
Subordinated bonds (iv)	200,000	-	200,000	-
	343,978	164,646	343,978	163,282
Analysed as follows:				
Non-current	322,936	143,978	322,936	143,978
Current	21,042	20,668	21,042	19,304
	343,978	164,646	343,978	163,282

(i) The Mauritius Commercial Bank has discharged its claims amounting to Rs 250 M against the Company in exchange of Rs100 M redeemable preference share of Rs1,000 each and Rs150 M interest free loan.

A preferential cummulative dividend of 3% per annum, calculated on the issue price, is payable to the preference shareholder. These preference shares are redeemable on May 30, 2016 but the Company has the option to defer the redemption of these shares until 2021. A preferential cummulative dividend of 5% will then be payable as from the initial redemption date.

(ii) The Rs150 M interest free loan shall be paid in 6 equal yearly instalment of Rs25 M each starting on May 31, 2011 through May 31, 2016.

(iii) The bank overdraft bears interest at Libor 1 month + 3 % and payable on demand. In 2013, the bank overdraft was secured on the assets.

(iv) The Company issued 20,000 floating rate subordinated notes of a nominal value of Rs 10,000 each by way of a placing. The first day of listing and trading is 22nd January 2015. The maturity date is 24th September 2024. Interest rate until 23rd September 2019 has been determined at weighted average of Repo +1.85% pa and from 24th September 2019 to 23rd September 2024, will be weighted average of Repo rate +2.10% pa.

19. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Loans repaid in advance	2,596	1,265	2,596	1,265
Premiums prepaid	36,920	40,972	33,630	40,972
Amounts due to reinsurers	195,074	52,669	39,543	37,303
Dividend payable	45,472	-	-	-
Commision payables	37,819	27,711	28,188	27,711
Accruals	25,058	27,401	22,639	27,401
Other payables	198,573	90,123	38,016	32,705
	541,512	240,141	164,612	167,357

20. TAX CHARGE

(a) In the statements of profit or loss

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Income tax provision at applicable rate	4,522	1,591	-	-
Alternative Minimum Tax	10,020	10,020	10,020	10,020
CSR tax	225	76	-	-
Under provision of income tax	-	779	-	563
Tax withheld on dividend received	1,569	-	1,569	-
Under/(over) provision of deferred tax	521	(1,461)	480	394
Deferred tax charge (Note 16)	28,698	29,990	26,444	30,808
Tax charge for the year	45,555	40,995	38,513	41,785

20. TAX CHARGE (continued)

(b) In the statements of financial position

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
At January 1,	10,858	10,446	10,008	10,020
Acquisition through business combination (note 37)	23,042	-	-	-
Payment	(47,068)	(11,435)	(10,008)	(10,020)
Tax withheld	1,569	(619)	1,569	(12)
Under provision of income tax	-	779	-	-
Income tax expenses	4,522	1,591	-	-
CSR tax	225	76	-	-
Alternative Minimum Tax	10,020	10,020	10,020	10,020
At December 31,	3,168	10,858	11,589	10,008

(c) The tax on the profit before tax differs from the theoretical am ax rate as follows:

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Profit before taxation	214,154	301,115	179,846	203,770
Tax thereon at applicable rate	32,123	45,167	26,977	30,566
Tax effect of:				
Income not subject to tax	(15,716)	(54,153)	-	-
Expenses not deductible for tax purposes	10,546	3,485	3,608	3,721
Income exempt for tax	(4,141)	(2,032)	(4,141)	(3,085)
Deferred tax assets not recognised	10,408	39,114	-	-
Under/(over) provision of income tax	-	779	-	-
(Over)/ under provision of deferred tax	521	(1,461)	480	563
CSR contribution	225	76	-	-
Alternative Minimum Tax	11,589	10,020	11,589	10,020
	45,555	40,995	38,513	41,785

21. NET EARNED PREMIUMS

(a) Gross Premium earned is as follows:

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Non Life insurance	2,071,370	1,630,418	1,660,853	1,630,418
Life insurance	658,363	661,072	-	-
Change in unearned premiums provision	(69,784)	(21,358)	(18,970)	(21,358)
	2,659,949	2,270,132	1,641,883	1,609,060

(b) Premium ceded to reinsurers is as follows:

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Non Life insurance	(569,328)	(348,260)	(383,222)	(348,260)
Life insurance	(54,873)	(23,903)	13,658	-
Change in unearned premiums provision	58,889	8,994	13,658	8,994
	(565,312)	(363,169)	(369,564)	(339,266)
Net earned premiums	2,094,637	1,906,963	1,272,319	1,269,794

22. INVESTMENT INCOME

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Rental income from investment property	19,204	741	22	220
Dividend income	87,347	85,467	53,764	20,566
Interest on loans and financial assets	294,668	223,305	29,582	30,339
Interest on bank accounts	20,226	34,053	5,559	11,786
	421,445	343,566	88,927	62,911

23. REALISED GAINS/ (LOSSES)

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Property and equipment				
Realised gain /(loss)	1,007	(10)	385	320
Financial assets				
Realised gains	4,754	736	-	225
	5,761	726	385	545

24. UNREALISED GAIN /(LOSSES)

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Fair value gains on investment properties (note 6)	32,431	-	5,000	-00
Fair value on fair value through profit or loss financial instruments (note 10)	(13,306)	455,826	-	78
	19,125	455,826	5,000	78

25. OTHER OPERATING INCOME

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Brokerage fees	8,190	6,232	-	-
Administration fees	20,853	18,734	-	-
Management fees	8,459	8,238	-	-
Exchange gains	9,419	-	-	-
Other income	27,040	4,144	2,376	2,331
	73,961	37,348	2,376	2,331

26. OTHER OPERATING AND ADMINSTRATIVE EXPENSES

	NOTES	THE GROUP		THE COMPANY	
		2014	2013	**2014**	2013
		Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Exchange loss		1,555	4,223	1,555	4,540
Management expenses		570,505	416,355	328,678	308,096
Depreciation	5	45,041	29,668	25,774	21,936
Amortisation	7	34,953	28,657	21,965	18,437
		652,054	478,903	377,972	353,009

27. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Interest expense:				
- Notional interest on interest free loan	4,682	6,360	4,682	6,360
- Dividend on redeemable preference shares	9,000	9,000	9,000	9,000
- Interest on subordinated bonds	3,565	-	3,526	-
- Interest on bank overdraft	1,325	118	1,027	-
	18,572	15,478	18,235	15,360

28. PROFIT BEFORE TAX

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	Rs'000	Rs'000	Rs'000
The profit before tax has been arrived at				
After crediting:				
Investment income				
- dividend income	87,347	85,467	53,764	20,566
- interest on financial assets	314,894	257,358	35,141	42,125
Profit on disposal on financial assets (note 23)	4,754	736	-	225
Gain/(loss) on sale of property and equipment	1,007	(10)	385	320
And charging:				
Auditors' fees	6,066	2,278	1,603	1,447
Employee benefit expenses (note 28)	262,595	263,991	187,362	185,828
Depreciation on property and equipment (note 5)	45,041	29,668	25,774	21,936
Amortisation of intangible assets (note 7)	34,953	28,657	21,965	18,437

29. EMPLOYEE BENEFIT EXPENSES

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Wages and salaries	212,846	214,997	156,689	156,751
Social Security costs	9,047	7,858	6,940	6,022
- Defined contributions	15,522	14,205	11,034	9,895
- Defined benefits	-	263	-	263
Other benefits	25,179	26,668	12,699	12,897
Total	262,595	263,991	187,362	185,828

30. DIVIDENDS PAID

	THE GROUP AND THE COMPANY	
	2014	2013
Paid	**Rs'000**	**Rs'000**
Interim ordinary dividend of 15% (2013 -15%)	30,060	30,060
Final ordinary dividend 17.5% (2013 - 35%)	70,140	70,140
	100,200	100,200

Dividend per share : Interim Rs 1.50 (2013 :Rs 1.50).

Dividend per share : Final Rs 3.50 (2013 :Rs 3.50).

31. FAIR VALUE MEASUREMENTS

This note provides information and how the Group and Company determines fair value of various assets and liabilities.

(a) Fair Value of the Group and Company assets and liabilites that are measued at fair value on a recurring basis:

Some of the Group and Company's assets and liabilites are measured at fair value at the end of each reporting period. The following table gives the information about how the fair value of these assets and liabilites are determined (in particular the valuation technique(s) and the inputs used).

31. FAIR VALUE MEASUREMENTS (continued)

THE GROUP	FAIR VALUE AS AT		Fair Value Hierarchy				
ASSETS /LIABILITES	31 December 2014	31 December 2013	2014	2013	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Investment properties :							
Land	194,000	70,000	Level 2	Level 2	Sales comparison approach	Sales price per square meter	N/A
Building	320,752	114,578	Level 2	Level 2	Sales comparison approach	Sales price per square meter	N/A
Property and equipment :							
Land	40,000	-	Level 2	-	Sales comparison approach	Sales price per square meter	N/A
Building	211,676	-	Level 2	-	Sales comparison approach	Sales price per square meter	N/A
Financial assets at fair value through other comprehensive income:							
Quoted securities:							
Banks and Insurance	141,249	224,714		Level 1	Quoted Market Value	N/A	N/A
Commerce	1,258	7,710		Level 1	Quoted Market Value	N/A	N/A
Industry	-	9,388		Level 1	Quoted Market Value	N/A	N/A
Investments	38,546	40,838		Level 1	Quoted Market Value	N/A	N/A
Leisure and Hotels	104,144	115,116		Level 1	Quoted Market Value	N/A	N/A
Sugar	41,732	53,063		Level 1	Quoted Market Value	N/A	N/A
Others	53,621	27,552		Level 1	Quoted Market Value	N/A	N/A
Unquoted securities:							
Foreign Equities	25,178	25,272		Level 3	Dividend yield	Dividend ratio	**
Commerce	72	72		Level 3	Dividend yield	Dividend ratio	**
Others	21,079	1,314		Level 3	Dividend yield	Dividend ratio	**
Open Ended Mutual Funds:							
Local	54,599	53,325		Level 2	NAV	N/A	N/A
Foreign	2,749	582		Level 2	NAV	N/A	N/A

**A 3% change in dividend ratio will have an impact of Rs 0.9M (2013: Rs 1.3 M) on equity for financial assets at fair value through other comprehensive income.

31. FAIR VALUE MEASUREMENTS (continued)

THE GROUP

ASSETS /LIABILITES	FAIR VALUE AS AT 31 December 2014	31 December 2013	Fair Value Hierarchy	Valuation technique(s) an key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Financial assets at fair value through profit or loss:						
Quoted securities:						
Banks and Insurance	1,099,232	1,185,531	Level 1	Quoted Market Value	N/A	N/A
Commerce	99,342	179,927	Level 1	Quoted Market Value	N/A	N/A
Industry	49,821	126,118	Level 1	Quoted Market Value	N/A	N/A
Investments	613,672	605,050	Level 1	Quoted Market Value	N/A	N/A
Leisure and Hotels	202,794	230,684	Level 1	Quoted Market Value	N/A	N/A
Sugar	124,464	127,323	Level 1	Quoted Market Value	N/A	N/A
Others	79,717	68,018	Level 1	Quoted Market Value	N/A	N/A
Unquoted securities:						
Investment	64,925	59,166	Level 3	NAV	Discount due to lack of marketability	*
Leisure and Hotels	7,221	10,853	Level 3	Comparable PE ratio	FV of the underlying property based on sales comparison	**
Open Ended Mutual Funds:						
Local	40,710	37,283	Level 2	NAV	N/A	N/A
Foreign	196,419	105,028	Level 2	NAV	N/A	N/A

* An increase of 5% in the discount rate will lead to fall of Rs 93,000 in the fair value of the investment. A fall of 5% in discount rate will lead to an increase of Rs 96,000 in the fair value of the investment.

** An increase/ (decrease) in FV of the underlying property will lead to an increase/(decrease) of Rs 5.85 m in the fair value of the investment.

31. FAIR VALUE MEASUREMENTS (continued)

THE COMPANY

ASSETS /LIABILITES	FAIR VALUE AS AT		Fair Value Hierarchy		Valuation technique(s) and key input(s)		Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	2014	2013	2014	2013	2014	2013		
Investment properties :								
Land	75,000	70,000	Level 2	Level 2	Sales comparison approach		Sales price per square meter	N/A
Building	4,000	4,000	Level 2	Level 2	Sales comparison approach		Sales price per square meter	N/A
Property and equipment :								
Land	40,000	-	Level 2	-	Sales comparison approach	-	Sales price per square meter	N/A
Building	143,500	-	Level 2	-	Sales comparison approach	-	Sales price per square meter	N/A
Financial assets at fair value through other comprehensive income:								
Quoted securities:								
Banks and Insurance	148,319	239,630		Level 1		Quoted Market Value	N/A	N/A
Commerce	1,258	7,710		Level 1		Quoted Market Value	N/A	N/A
Industry	-	9,388		Level 1		Quoted Market Value	N/A	N/A
Investments	38,546	40,837		Level 1		Quoted Market Value	N/A	N/A
Leisure and Hotels	104,144	115,116		Level 1		Quoted Market Value	N/A	N/A
Sugar	41,732	53,549		Level 1		Quoted Market Value	N/A	N/A
Others	221,160	29,642		Level 1		Quoted Market Value	N/A	N/A

31. FAIR VALUE MEASUREMENTS (continued)

THE COMPANY

ASSETS /LIABILITES	FAIR VALUE AS AT		Fair Value Hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Unquoted securities:						
Foreign Equities	25,178	25,272	Level 3	Dividend yield	Dividend yield	**
Commerce	71	72	Level 3	Dividend yield	Dividend yield	**
Others	625	625	Level 3	Dividend yield	Dividend yield	**
Open Ended Mutual Funds :						
Local	54,599	53,325	Level 2	NAV	N/A	N/A
Foreign	585	582	Level 2	NAV	N/A	N/A
Financial assets at fair value through profit or loss:						
Local corporate debt	-	2,923	Level 1	Quoted Market Value	N/A	N/A

**A 3% change in dividend ratio will have an impact of Rs 0.8M (2013: Rs 1.3M) on equity for financial assets at fair value through other comprehensive income.

(b) Fair Value of the Group and Company's assets and liabilites that are not measued at fair value on a recurring basis (but fair value disclosures are required).

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised approximates their fair values.

31. **FAIR VALUE MEASUREMENTS** (continued)

	THE GROUP				THE COMPANY			
	CARRYING AMOUNT		FAIR VALUE		CARRYING AMOUNT		FAIR VALUE	
	2014	2013	2014	2013	2014	2013	2014	2013
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Loans and receivables:								
Mortgage Loans	707,243	683,070	708,211	673,958	44,204	27,981	44,204	27,982
Loans on Life policies	19,001	19,118	20,229	20,429				
Secured Loans	183,738	251,661	197,063	257,680	178,950	196,564	179,728	197,665
Unsecured Loans	5,353	4,379	4,261	4,281	3,979	4,227	3,874	4,220
CDS guarantee fund	2,588	387	1,331	271	673	-	774	-
Financial assets at amortised cost:								
Government loan stocks	2,903,254	2,031,212	3,316,892	2,220,237	5,163	12,092	5,278	12,863
Financial liabilities:								
Preference share capital	100,000	100,000	117,559	108,432	100,000	100,000	117,559	108,432

THE GROUP	Fair value hierarchy as at 31 December 2014				Fair value hierarchy as at 31 December 2013			
	Level 1	Level 2	Level 3	TOTAL	Level 1	Level 2	Level 3	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Loans and receivables:								
Mortgage Loans	-	708,211	-	708,211	-	673,958	-	673,958
Loans on Life policies	-	20,229	-	20,229	-	20,429	-	20,429
Secured Loans	-	197,063	-	197,063	-	257,680	-	257,680
Unsecured Loans	-	4,261	-	4,261	-	4,281	-	4,281
CDS guarantee fund	-	1,331	-	1,331	-	271	-	271
Financial assets at amortised cost:								
Government loan stocks	-	3,316,892	-	3,316,892	-	2,220,237	-	2,220,237
Financial liabilities:								
Preference share capital	-	117,559	-	-	-	108,432	-	108,432

31. FAIR VALUE MEASUREMENTS (continued)

THE COMPANY	Fair value hierarchy as at 31 December 2014				Fair value hierarchy as at 31 December 2013			
	Level 1	Level 2	Level 3	TOTAL	Level 1	Level 2	Level 3	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Loans and receivables:								
Mortgage Loans	-	44,204	-	44,204	-	27,982	-	27,982
Secured Loans	-	179,728	-	179,728	-	197,665	-	197,665
Unsecured Loans	-	3,874	-	3,874	-	4,220	-	4,220
CDS guarantee fund	-	774	-	774	-	-	-	-
Financial assets at amortised cost:								
Government loan stocks	-	5,278	-	5,278	-	12,863	-	12,863
Financial liabilities:								
Preference share capital	-	117,559	-	117,559	-	108,432	-	108,432

31. FAIR VALUE MEASUREMENTS (continued)

(c) Reconciliation of Level 3 fair value measurements.

The following table shows a reconciliation of the opening balance and closing recorded amount of Level 3 financial assets which are recorded at fair value:

	2014 THE GROUP			2013 THE GROUP		
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	70,019	26,658	96,677	82,599	18,800	101,399
Transfer from level 3	-	-	-	(9,212)	-	(9,212)
Total gains/(loss) in profit or loss*	2,127	-	2,127	(1,268)	-	(1,268)
Total gains/(loss) in other comprehensive income	-	(82)	(82)	-	10,648	10,648
Acquisition from business combination	-	19,753	19,753	-	-	-
Purchases	-	-	-	-	-	-
Disposals	-	-	-	(2,100)	(2,790)	(4,890)
At 31 December	72,146	46,329	118,475	70,019	26,658	96,677

	2014 THE COMPANY		2013 THE COMPANY	
	Financial assets at fair value through other comprehensive income	Total	Financial assets at fair value through other comprehensive income	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	25,969	25,969	18,788	18,788
Purchases	-	-	-	-
Disposals	-	-	(2,790)	(2,790)
Total gains/(loss) in other comprehensive income	(95)	(95)	9,971	9,971
At 31 December	25,874	25,874	25,969	25,969

32. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions.

The Group's reportable segments under IFRS8 are based on insurance classes.

(i) Casualty - includes motor, liability, cash in transit, personal accident and health.

(ii) Property - includes fire and allied perils, engineering, marine, and all risks

(iii) Life - includes both life and pensions

Revenue in the above segments is derived primarily from insurance premiums, investment income and realised gain on financial assets.

(iv) Other - consists of stock-broking. Revenue in this segment is derived primarily from brokerage commissions, investment income and realised gains on financial assets.

The Company customer portfolio base is widely spread and no customer accounts for more than 10% of the total revenue.

THE GROUP							
2014	**Casualty**	**Property**	**Total General ***	**Life**	**Other**	**Consolidated adjustments**	**Total**
Income	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Net earned premium	1,376,916	134,033	1,510,949	603,489	-	(19,801)	2,094,637
Fee and commission income	93,750	43,622	137,372	20,156	-	-	157,528
Brokerage fees	-	-	-	-	8,435	(245)	8,190
Share of profit from joint venture	-	-	-	-	1,697	-	1,697
Investment and other income	151,314	25,706	177,020	343,658	36,840	(45,416)	512,102
Segment income	1,621,980	203,361	1,825,341	967,303	46,972	(65,462)	2,774,154

32. SEGMENT INFORMATION (continued)

THE GROUP (continued)

2014 (continued)	Casualty	Property	Total General *	Life	Other	Consolidated adjustments	Total
Expenses	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Gross claims and benefits	824,442	345,945	1,170,387	474,708	-	-	1,645,095
Claims recovered from Reinsurers	(43,742)	(272,217)	(315,959)	(8,677)	-	-	(324,636)
Movement in outstanding claims	44,416	7,755	52,171	309,461	-	-	361,632
Commission and brokerage fees paid	131,816	52,947	184,763	22,520	-	-	207,283
Management expenses	392,235	75,521	467,756	99,813	30,112	(25,621)	572,060
Finance costs	14,904	3,370	18,274	-	298	-	18,572
Depreciation	33,779	5,080	38,859	5,145	1,037	-	45,041
Amortisation	18,820	4,147	22,967	6,657	69	5,260	34,953
	1,416,670	222,548	1,639,218	909,627	31,516	(20,361)	2,560,000
Segment profit before tax	205,310	(19,187)	186,123	57,676	15,456	(45,101)	214,154
Profit before taxation							214,154
Taxation							(45,555)
Profit for the year							168,599

* Amount represent that of The Mauritius Union Assurance Company Limited and its African Subsidiaries. It is made up of Casualty and Property business.

THE GROUP

2013	Casualty	Property	Total General *	Life	Other	Consolidated adjustments	Total
Income	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Net earned premium	1,162,418	107,376	1,269,794	651,745	-	(14,576)	1,906,963
Fee and commission income	44,391	45,628	90,019	14,431	-	(352)	104,098
Brokerage fees	-	-	-	-	6,232	-	6,232
Investment and other income	50,152	11,095	61,247	288,367	36,950	(11,157)	375,407
Fair value gains	64	15	79	455,748	-	-	455,827
Segment income	1,257,025	164,114	1,421,139	1,410,291	43,182	(26,085)	2,848,527

32. SEGMENT INFORMATION (continued)

THE GROUP (continued)

2013 (continued)	Casualty	Property	Total General *	Life	Other	Consolidated adjustments	Total
Expenses	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Gross claims and benefits	677,363	199,971	877,334	445,936	-	-	1,323,270
Claims recovered from Reinsurers	(33,064)	(132,476)	(165,540)	(1,454)	-	-	(166,994)
Movement in outstanding claims	21,859	(14,316)	7,543	730,166	-	-	737,709
Commission and brokerage fee paid	101,805	32,398	134,203	24,843	-	-	159,046
Management expenses	252,847	55,249	308,096	99,099	31,238	(17,855)	420,578
Finance costs	12,577	2,783	15,360	-	118	-	15,478
Depreciation	17,962	3,974	21,936	6,562	1,170	-	29,668
Amortisation	15,097	3,340	18,437	4,878	82	5,260	28,657
	1,066,446	150,923	1,217,369	1,310,030	32,608	(12,595)	2,547,412
Segment profit before tax	190,579	13,191	203,770	100,261	10,574	(13,490)	301,115
Profit before taxation							301,115
Taxation							(40,995)
Profit for the year							260,120

* Amount represent that of The Mauritius Union Assurance Company Limited only. It is made up of Casualty and Property business.

32. SEGMENT INFORMATION (continued)

THE GROUP

2014	Casualty	Property	Total General *	Life	Other	Consolidated adjustments	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Segment assets	5,200,416	922,958	6,123,374	6,581,357	100,485	(750,083)	12,055,133
Segment liabilities	784,973	139,708	924,681	71,373	11,462	16,998	1,024,514
Technical liabilities							
- Unearned premium reserve							1,126,264
- Life assurance fund							6,151,442
- Outstanding claims							1,322,868
Total equity							2,430,045
Capital expenditure							
Property, plant and equipment	32,165	3,131	35,296	121	471	-	35,888
Intangible assets	13,865	1,350	15,215	2,334	-	-	17,549
Depreciation	35,412	3,447	38,859	5,145	1,037	-	45,041
Amortisation	20,930	2,037	22,967	6,657	69	5,260	34,953

* Amount represent that of The Mauritius Union Assurance Company Limited and its African Subsidiaries. It is made up of Casualty and Property business.

THE GROUP

2013	Casualty	Property	Total General *	Life	Other	Consolidated adjustments	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Segment assets	2,835,211	627,200	3,462,411	6,206,494	62,037	(29,119)	9,701,823
Segment liabilities	315,405	69,773	385,178	68,685	12,835	10,449	477,147
Technical liabilities							
- Unearned premium reserve							734,287
- Life assurance fund							5,841,981
- Outstanding claims							920,359
Total equity							1,728,049

32. SEGMENT INFORMATION (continued)

THE GROUP (continued)							
2013 (continued)	**Casualty**	**Property**	**Total General ***	**Life**	**Other**	**Consolidated adjustments**	**Total**
Capital expenditure	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Property, plant and equipment	27,032	5,980	33,012	881	66	-	33,959
Intangible assets	27,642	6,114	33,756	10,359	-	-	44,115
Depreciation	17,962	3,974	21,936	6,562	1,170	-	29,668
Amortisation	15,097	3,340	18,437	4,878	82	5,260	28,657

* Amount represent that of The Mauritius Union Assurance Company Limited only. It is made up of Property and Casualty business.

GEOGRAPHIC INFORMATION	Income from external customers		Non current assets	
	2014	**2013**	**2014**	**2013**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Mauritius	2,320,508	-	7,505,708	-
Seychelles	22,358	-	2,055	-
Kenya	105,081	-	603,343	-
Tanzania	169,122	-	336,999	-
Uganda	75,775	-	16,610	-
Rwanda	79,613	-	12,974	-
	2,772,457	-	8,477,689	-

33. SHAREHOLDERS SHARE OF LIFE SURPLUS

In accordance with the accounting policy in Note 2, the independent actuaries have assessed the amount of the Discretionary Participating Feature (DPF) eligible surplus to be transferred to/(from) the Life Assurance Fund (from)/to Profit or Loss at Rs. 4.8M (2013 - Rs.8.4 M). Assets and liabilities of the Company's subsidiary and owed by the shareholders and policyholders. Surplus for the year attributable to the policyholders are then transferred to the Life Assurance Fund.

34. COMMITMENTS

Outstanding financial commitments:

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Loans approved by the Board of Directors but not yet disbursed	27,761	35,725	3,600	1,840

35. BASIC AND DILUTED EARNINGS PER SHARE

	THE GROUP	
	2014	2013
Earnings per share is based on the following:	**Rs'000**	**Rs'000**
Profit attributable to equity holders of the parent	148,552	259,490
Number of ordinary shares in issue and ranking for dividends	40,080,000	40,080,000
Earnings per share	3.71	6.47

Following the bonus issue of shares made in September 2014, EPS for the year ended December 31, 2013 has been restated accordingly.

36. NOTES TO CASH FLOW STATEMENTS

(a) Cash generated from operations

	NOTES	THE GROUP		THE COMPANY	
		2014	2013	2014	2013
		Rs'000	Rs'000	Rs'000	Rs'000
Profit before taxation		214,154	301,115	179,846	203,770
Decrease /(Increase) in Financial assets at fair value through profit or loss		13,306	(455,827)	-	(78)
Increase in fair value of investment properties	6	(32,431)	-	(5,000)	-
Exchange losses/(gains) on cash and cash equivalents	25/26	(7,864)	4,223	1,555	4,540
Provision for retirement benefit obligations		302	263	302	263
(Reversal)/ provision for credit impairment	11/12	2,215	(3,513)	137	(3,618)
Dividend income	22	(87,347)	(85,467)	(53,764)	(20,566)
Interest income	22	(314,894)	(257,358)	(35,141)	(42,125)
Interest payable	27	18,572	15,478	18,235	15,360
Depreciation	5	45,041	29,668	25,774	21,936
Amortisation	7	34,953	28,657	21,965	18,437
Profit on sale of property and equipment	23	(1,007)	10	(385)	(320)
Profit on disposal of financial assets	23	(4,754)	(736)	-	(225)
Share of profit from Joint Venture		(1,697)	-	-	-
		(121,451)	(423,487)	153,524	197,374
Change in unearned premium		10,895	12,364	5,312	12,363
Change in insurance and other receivables		135,498	(116,940)	40,554	(100,924)
Change in outstanding claims		(4,910)	737,709	28,571	7,542
Change in trade and other payables		(41,137)	28,016	(2,745)	(2,973)
Change in employee benefit obligations		-	(9,215)	-	(9,215)
Net cash(used in)/generated from operations (refer to page 10)		(21,105)	228,447	225,216	104,167

36. NOTES TO CASH FLOW STATEMENTS (continued)

(b) Cash and short term deposits

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at December, 31:

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Cash at banks and on hand	1,111,572	677,172	303,174	615,964
Short-term deposits	220,878	416,175	-	-
	1,332,450	1,093,347	303,174	615,964
Less: Bank overdraft (note 18)	-	(1,364)	-	-
	1,332,450	1,091,983	303,174	615,964

Included are deposits maturing within 90 days.

Cash at bank earns interest at fixed rates based on a daily basis. Short-term deposits are made for varying periods of between one day and the three months, depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposits rates. Included in short term deposit in 2014 is an amount made by the African subsidiaries with financial institutions , with a weighted average effective interest of 8.22% . (2013: 3.09%)

37. BUSINESS COMBINATIONS

On 31 st May 2014, MUA acquired 100% of the share capital of Phoenix Transafrica Holdings Limited (PTHL) , an investment holding Company holding long term equity investments. PTHL has 66.38 % equity stake in Phoenix of East Africa Assurance Company (PEAL) which itself have subsidiaries in located in Tanzania, Uganda and Rwanda . All the subsidiaries in these countries are in the general insurance business.

As a result of the acquisition, MUA is expected to expand its general insurance business on the African market by targeting certain African insurance Companies in the same line of business. The goodwill amounting to Rs 135 M arising from the acquisition is attributable to acquired customer base and a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to revenue growth and future market development. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for indentifable intangible assets. None of the goodwill recognised is expected to deductable for income tax purposes.

37. BUSINESS COMBINATIONS (continued)

The following tables summarise the consideration paid for each entity , the fair value of the assets acquired , liabilities assumed and the Non- Controlling interest at the acquisition date.

Subsidiaries acquired during the year

Name of Entity	Principal activity	Date of acquisition	Proportion of voting equity interest acquired (%)	Consideration transferred Rs'000
Phoenix Transafrica Holdings Limited	Investment holdings	31-May-14	100.00%	-
Phoenix of East Africa Assurance Company Limited	General Insurance business	31-May-14	66.38%	420,301
Phoenix of Uganda Assurance Company Limited	General Insurance business	31-May-14	45.78%	54,525
Phoenix of Tanzania Assurance Company Limited	General Insurance business	31-May-14	33.89%	193,986
Phoenix of Rwanda Assurance Company Limited	General Insurance business	31-May-14	36.51%	36,017
				704,829

Acquistion related costs amounting to Rs 6.5M, have been excluded from the cost of investment and has been recognised as an expense in profit or loss in the current year, within the "other operating and administrative expenses .

37. **BUSINESS COMBINATIONS** (continued)

	Phoenix Transafrica Holdings Limited	Phoenix of East Africa Assurance Company Limited	Phoenix of Uganda Assurance Company Limited	Phoenix of Tanzania Assurance Company Limited	Phoenix of Rwanda Assurance Company Limited	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets:						
Property and equipment	-	1,048	1,065	3,894	1,703	7,710
Investment property	-	-	-	295,031	-	295,031
Client portfolio	-	-	21,608	29,471	11,513	62,592
Other intangible assets	-	-	-	-	922	922
Investment in joint venture in Kenya Motor Insurance Pool	-	13,306	-	-	-	13,306
Financial assets at fair value through other comprehensive income	-	455,478	4,945	26,679	10,020	497,122
Financial assets at amortised cost	-	69,690	23,941	316,376	-	410,007
Deferred tax assets	-	23,695	1,684	-	1,983	27,362
Insurance and other receivables	-	45,107	109,826	179,397	42,919	377,249
Deferred acquisition costs receivable	-	6,259	4,329	15,153	4,205	29,946
Reinsurance assets	-	69,019	54,709	158,356	45,094	327,178
Cash and short term deposits	-	289	101,106	20,455	152,955	274,805
	-	683,891	323,213	1,044,812	271,314	2,323,230
Liabilities:						
Provision for unearned premiums	-	70,052	77,920	157,182	60,250	365,404
Provision for outstanding claims	-	66,846	63,551	149,880	73,209	353,486
Dividend payable	-	11,090	-	-	-	11,090
Deferred tax liabilities	-	-	-	69,589	-	69,589
Provision for impairment of insurance and other receivables	-	40,735	3,331	9,193	4,496	57,755
Trade and other payables	-	4,965	62,660	146,960	75,791	290,376
Current tax liabilities	-	4,738	-	18,304	-	23,042
	-	198,426	207,462	551,108	213,746	1,170,742
Fair value of identifiable net assets acquired	-	485,465	115,751	493,704	57,568	1,152,488

37. BUSINESS COMBINATIONS (continued)

	Phoenix Transafrica Holdings Limited	Phoenix of East Africa Assurance Company Limited	Phoenix of Uganda Assurance Company Limited	Phoenix of Tanzania Assurance Company Limited	Phoenix of Rwanda Assurance Company Limited	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Fair value of consideration transferred (as above)	-	362,864	81,525	215,986	44,454	704,829
plus Non-controlling interest measured as share of fair value of net identiable net assets	-	161,180	62,760	326,443	36,552	586,935
Less Net fair value of the identifiable net assets acquired	-	(485,465)	(115,751)	(493,704)	(57,568)	(1,152,488)
Goodwill arising on acquisition	-	38,579	28,534	48,725	23,438	139,276
Net cash flow on acquisition of subsidiaries						
Consideration paid in cash	-	362,864	81,525	215,986	44,454	704,829
Less cash and cash equivalent balances acquired	-	(289)	(101,106)	20,455	(152,955)	(274,805)
Net cash outflow/(inflow)	-	362,575	(19,581)	195,531	-	430,024

Impact of acquisitions on the results of the Group

Included in the profit for the year is Rs 20M attributable to the additional business generated by the African Subsidiaries during the seven months since acquisition.Gross premium for the year includes Rs 380M in respect of the African Subsidiaries during the seven months periods. Had the business combinations been effected at 01 January 2014, the gross premium of the group from continuing operations would have been Rs 842M , and the profit from continuing operations would have been Rs 70M .

As a result of the acquisition , the Group is expected to increase its presence in the African market. The goodwill arising from the acquisition is attributable to acquired customer base.

38. RELATED PARTY TRANSACTIONS

Carrying amount and fair value of recognised amounts of identifiable assets acquired and liabilities assumed at the date of acquisition were as follows (continued):

		THE GROUP		THE COMPANY	
	Relationship	2014	2013	2014	2013
		Rs'000	Rs'000	Rs'000	Rs'000
Loans granted to					
Directors and key management personnel		19,080	7,275	375	3,640
Amount owed by					
Directors and key management personnel		91,051	80,087	3,378	3,654
Receivables from:					
NMF Property Trust	Sister company	150	138	-	-
NMF General Fund	Sister company	699	825	-	-
La Prudence Mauricienne Assurance Ltee	Subsidiary	-	-	2,045	3,032
Decadel Ltee	Subsidiary	-	-	4,351	4,227
Feber Associates Ltd	Subsidiary	-	-	1,668	173
National Mutual Fund	Subsidiary	-	-	55	-
Payables to:					
La Prudence Mauricienne Assurance Ltee	Subsidiary		-		-
Other related parties			-		-
Purchase of goods and services from					
Subsidiary company		914	378	256	14,854
Other related party -Accredited agent		20,526	21,904	20,526	21,904
Sale of services to					
Directors and key management personnel		1,189	296	258	294
Income receivable from:					
Subsidiary companies		-	-	41,067	7,020
Remuneration of key management personnel					
Salaries and short-term employee benefits		40,539	36,289	28,396	25,088
Post-employments benefits		4,009	3,918	2,593	2,560

39. RELATED PARTY TRANSACTIONS

Key management personnel consist of Chief Executive Officers, Senior managers and Deputy senior managers.

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made at normal market prices. Outstanding balances at the year end are unsecured, interest free except for loan granted to directors and settlements occurs in cash. There have been no guarantees provided or received for any related party receivables and payables. At each financial year, an assessment of provision for impairment is undertaken through examining the financial position of the related party and the market in which the related party operates.
Intercompany balances are settled within the next month. Loans are repaid on a monthly basis by standing order. Loans are made at arm's length at market rates ranging from 7.65% to 13%.

40. CONTINGENCIES

In common practice with insurance industry in general, the group's is subjected to litigation arising in the normal course of insurance business.The directors are of the opinion that these litigation will not have a material effect on the financial position or results of the group as the insurance contract liabilities take into account the claims related to the litigation.

41. EVENTS AFTER THE REPORTING DATE

There have been no material events after the reporting date which would require disclosures or adjustments to the December 31 ,2014 financial statements

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NOTICE OF MEETING TO SHAREHOLDERS

Notice is hereby given that the Annual Meeting of Shareholders of The Mauritius Union Assurance Cy. Ltd will be held at the Registered Office of the Company, 4 Léoville L'Homme Street, Port-Louis, Mauritius, on Tuesday 30 June 2015 at 10.00 hours to transact the following business:

AGENDA

1. To consider the Annual Report for the year ended 31 December 2014
2. To receive the Auditors' report
3. To consider and adopt the Annual Financial Statements for the year ended 31 December 2014.
4. To re-appoint under separate resolution the following persons as director of the Company:
   a. Alfred BOUCKAERT
   b. Bertrand CASTERES
   c. Bruno de FROBERVILLE
   d. Mélanie FAUGIER
   e. Dominique GALEA
   f. Angelo LETIMIER
   g. Lakshmana (Kris) LUTCHMENARRAIDOO
   h. Arjoon SUDDHOO
5. In accordance with Section 138(6) of the Companies Act 2001 to re-appoint under separate resolution the following persons as director of the Company:
   a. Vincent AH CHUEN
   b. Bertrand DE CHAZAL
6. To re-appoint Messrs. Ernst & Young as auditors of the Company in compliance with Section 40(3) of the Insurance Act 2005 and to authorise the Board of Directors to fix their remuneration for the year ending 31 December 2015.

NOTES

(a) A member of the Company, entitled to attend and vote at this Meeting, may appoint a proxy (whether a shareholder or not) to attend and vote on his behalf, or may cast his vote by post. If no specific direction as to voting is given, the proxy will exercise his/her discretion as to how he/she votes.

(b) Any power of attorney appointing a proxy shall be deposited with the share registry, Abax Corporate Administrators Ltd, 6th floor, Tower A, 1 Cybercity, Ebène, Mauritius at latest on Monday 29 June 2015 at 10.00 hours and in default, the instrument of proxy shall not be treated as valid.

(c) The notice for casting a postal vote must be made in writing on the attached form and sent to the attention of the Secretary of the Company, the person authorized by the board of directors of the Company to receive and count the postal votes at the Annual Meeting. The document should reach the registered office of the Mauritius Union Assurance Cy. Ltd, 4 Leoville L'homme Street, Port Louis, Mauritius at latest on Friday 26 June 2015 at 10.00 hours, and in default, the notice of postal vote shall not be treated as valid.

(d) For the purpose of this Meeting, the Directors have resolved, in compliance with section 120 of the Companies Act 2001, that the shareholders who are entitled to receive notice and attend the Meeting, shall be those shareholders whose names are registered in the share register of the Company as at 5 June 2015.

(e) The profiles of the Directors are set out on pages 28 to 32 of the Annual Report.

By order of the Board

ECS SECRETARIES LTD
per Marie-Anne Adam, ACIS
Company Secretary

15 May 2015

PROXY / CASTING POSTAL VOTE FORM

APPOINTMENT OF PROXY

I/We

of

being a member of The Mauritius Union Assurance Cy. Ltd, hereby appoint

of or failing him,

of as my/our proxy to vote for me/us and on my/our behalf at the Annual Meeting of Shareholders of the Company to be held on Tuesday 30 June 2015 at 10.00 hours at the Registered Office of the Company, 4 Léoville L'Homme Street, Port-Louis, and at any adjournment thereof. The proxy will vote on the under-mentioned resolutions, as indicated:

CASTING POSTAL VOTES (see note c in side column)

I/We

of

being a member of The Mauritius Union Assurance Cy. Ltd, desire my/our vote/s to be cast as indicated on the under-mentioned resolutions at the Annual Meeting of Shareholders of the Company to be held on Tuesday 30 June 2015 and at any adjournment thereof:

AS ORDINARY RESOLUTIONS	FOR	AGAINST	ABSTAIN
3. To consider and adopt the Annual Financial Statements for the year ended 31 December 2014.	○	○	○
4. To re-appoint under separate resolution the following persons as director of the Company:			
a. Alfred BOUCKAERT	○	○	○
b. Bertrand CASTERES	○	○	○
c. Bruno de FROBERVILLE	○	○	○
d. Mélanie FAUGIER	○	○	○
e. Dominique GALEA	○	○	○
f. Angelo LETIMIER	○	○	○
g. Lakshmana (Kris) LUTCHMENARRAIDOO	○	○	○
h. Arjoon SUDDHOO	○	○	○
5. In accordance with Section 138(6) of the Companies Act 2001 to re-appoint under separate resolution the following persons as director of the Company:			
a. Vincent AH CHUEN	○	○	○
b. Bertrand DE CHAZAL	○	○	○
6. To re-appoint Messrs. Ernst & Young as auditors of the Company in compliance with Section 40(3) of the Insurance Act 2005 and to authorise the Board of Directors to fix their remuneration for the year ending 31 December 2015.	○	○	○

SIGNATURE

DATE

NOTES

(a) A member of the Company, entitled to attend and vote at this Meeting, may appoint a proxy (whether a shareholder or not) to attend and vote on his behalf, or may cast his vote by post. If no specific direction as to voting is given, the proxy will exercise his/her discretion as to how he/she votes.

(b) Any power of attorney appointing a proxy shall be deposited with the share registry, Abax Corporate Administrators Ltd, 6th floor, Tower A, 1 Cybercity, Ebène, Mauritius at latest on Monday 29 June 2015 at 10.00 hours and in default, the instrument of proxy shall not be treated as valid.

(c) The notice for casting a postal vote must be made in writing on the attached form and sent to the attention of the Secretary of the Company, the person authorized by the board of directors of the Company to receive and count the postal votes at the Annual Meeting. The document should reach the registered office of the Mauritius Union Assurance Cy. Ltd, 4 Leoville L'homme Street, Port Louis, Mauritius at latest on Friday 26 June 2015 at 10.00 hours, and in default, the notice of postal vote shall not be treated as valid.

(d) For the purpose of this Meeting, the Directors have resolved, in compliance with section 120 of the Companies Act 2001, that the shareholders who are entitled to receive notice and attend the Meeting, shall be those shareholders whose names are registered in the share register of the Company as at 5 June 2015.

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