MAURITIUS UNION
GROUP

ANNUAL REPORT 2015

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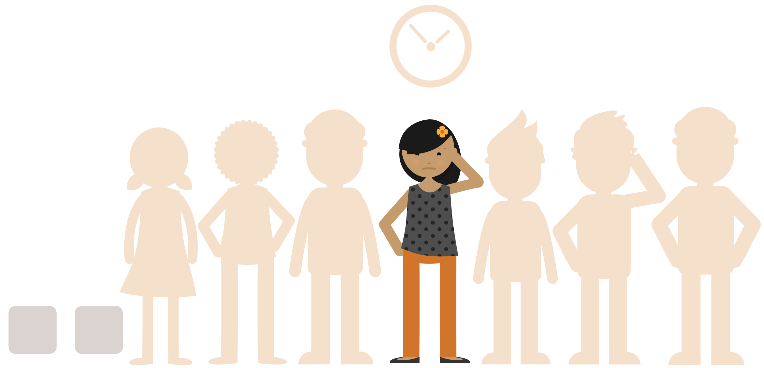

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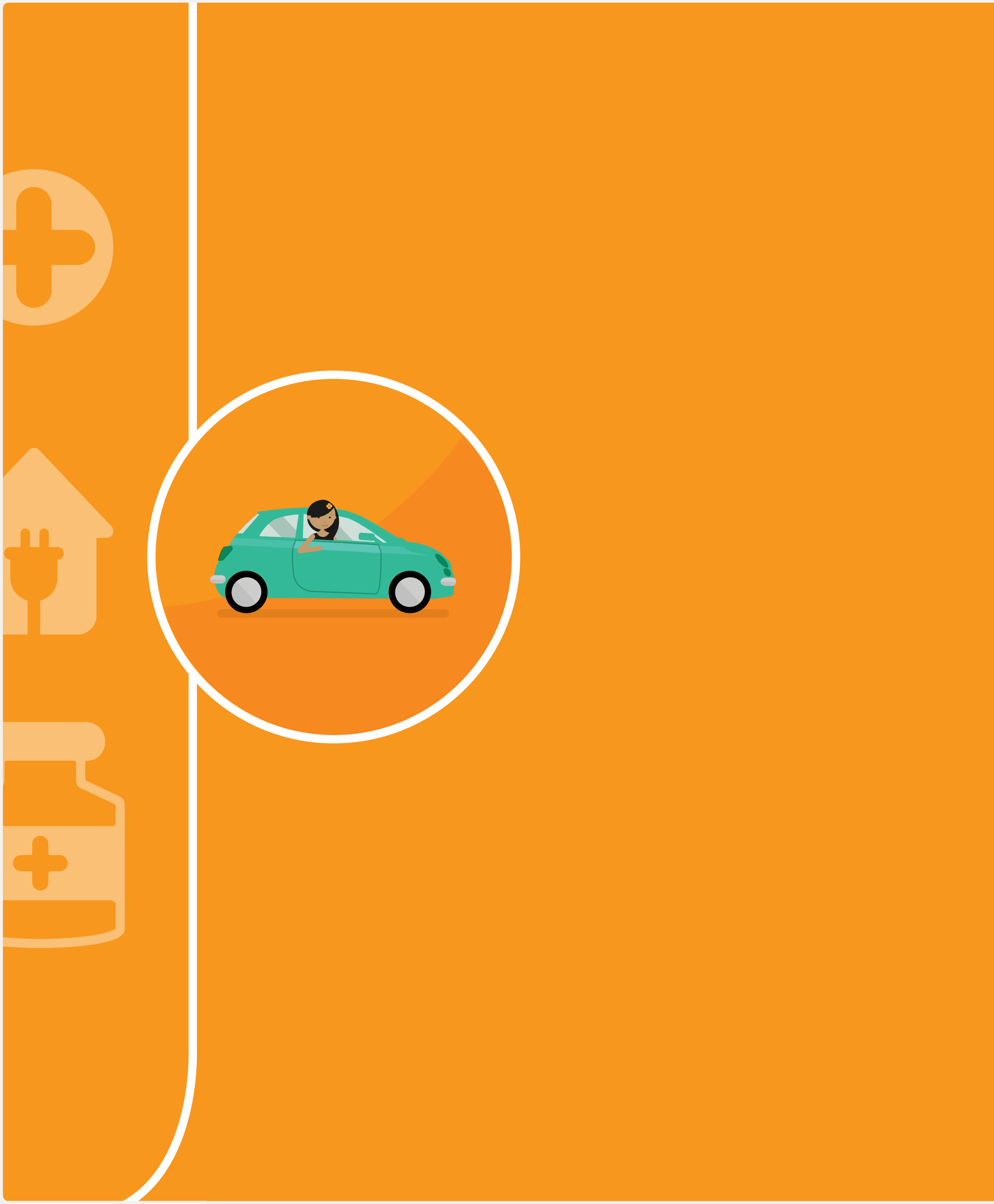

INTRODUCTION

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 2015.
This Annual Report was approved by the Board of Directors on 30 March 2016.

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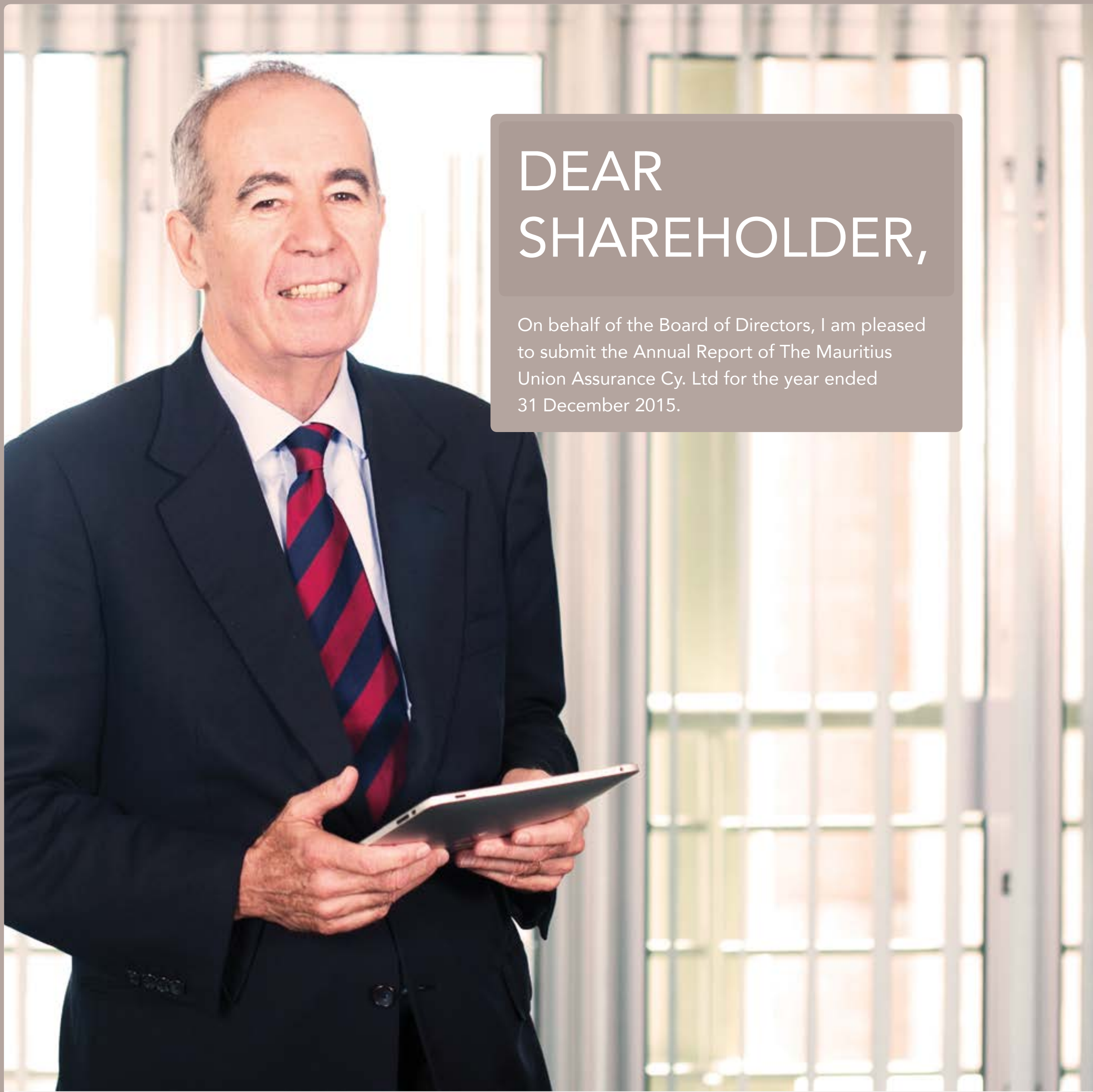

DEAR SHAREHOLDER,

On behalf of the Board of Directors, I am pleased to submit the Annual Report of The Mauritius Union Assurance Cy. Ltd for the year ended 31 December 2015.

CHAIRMAN'S REVIEW

OVERVIEW OF 2015

2015 has been a very satisfactory year for the MUA Group of Companies.

The international scene has been marked, similar to the previous years, by a slackened and disappointing global recovery phase, amidst continued volatile financial conditions. World growth is estimated at 3.1%[1] for 2015 and is expected to expand to 3.4% in 2016.

Based on these economic indicators, we expect to see insurance premium growth in most regions in 2016; more in the East African markets and to a lesser extent in our Mauritian operations.

The low-yield interest environment prevailing internationally has yet again posed significant challenges to the profitability of insurance companies. Nonetheless, despite the difficult market conditions, non-life insurance companies have been able to support their underwriting profits through low natural catastrophe losses.

Life insurers, though, have suffered more out of these conditions, due to their heightened dependence on investment income for profits.

Locally, the real GDP growth is estimated at 3.4%. The finance and insurance sector posted satisfactory results, though the economy was hampered, amongst others, by subdued private investment.

RESULTS

The local market has been characterised by fierce competition, by the consequences of the collapse of the BAI Group and by the motor insurance business line which has suffered from a substantial increase in road accidents, particularly in the first semester of 2015.

Nonetheless, the Board is pleased to note that the Group has delivered a resilient performance with a stronger balance sheet, buoyed by strong growth from MUA, La Prudence Life Insurance and our international operations (PTHL). The Group turnover grew by 27% to now exceed the Rs 3.4 billion mark, of which the African operations accounted for 19%.

The gross earned premiums for the Group increased by 28% to Rs 3.396 billion and the profit before tax increased by 107% to Rs 444m.

Group profit after tax increased by 107% to reach Rs 348m. This rise in profitability is greatly attributed to the good performance of La Prudence (Mauricienne) Assurance Ltée, the increased profitability of the African subsidiaries and the fact that we accounted for 12 months of African profits, as compared to 7 months in 2014.

Concerning the local short-term business, gross earned premiums rose by 7% to reach Rs 1,759m, underlying our prudent risk selection and cautious pricing strategy. On the other hand, the net claims incurred increased by 12% to Rs 828m. Investment income decreased slightly from Rs 89m to Rs 85m. Taking into account the unfavourable claims expenses, the operating profits decreased by 12% which led to a reduction of the profits after tax from Rs 141m to Rs 125m.

Regarding the local long-term business, gross premiums increased by 4% to Rs 684m, driven by a significant boost in new business.

The gross earned premiums from our African subsidiaries collectively amounted to Rs 953m with a profit after tax of Rs 165m.

RIGHTS ISSUES

Last year, we had proceeded with a right issue of 5,010,000 new ordinary shares of par value Rs 10.00 each at an issue price of Rs 65.00 per share. We are pleased that the rights issue has been fully subscribed, bringing the total number of shares in issue to 45,090,000. This successful exercise demonstrates the trust that our shareholders have in the Group as well as their willingness to participate in our continued development and expansion.

DIVIDEND

The Board has declared a total dividend of Rs 108.9m, equivalent to a dividend of Rs 2.50 per share.

EXPANSION INTO EAST AFRICA

In 2014, the Group had marked a new milestone in its rich history with the takeover of Phoenix TransAfrica Holdings Ltd (PTHL), which holds 66,38% in Phoenix of East Africa Assurance Company Ltd (PEAL) in a transaction valued at $22.6m. The results, so far, have been satisfactory and in 2015, we have worked on and fine-tuned our medium-term strategic plan for our East African operations.

More details about our African operations can be found on page 9.

SUSTAINABILITY & INTEGRATED REPORTING

The Group, fully aware of its role in society as a responsible insurer, has been publishing, since 2013, an annual Sustainability Report. This year, the report focuses on the three main sustainability axes of the Group, namely on its approaches towards enhancing its business resilience, creating shared value and minimising the negative environmental impacts. We are working towards greater monitoring and transparency regarding the

[1] *IMF. [2016]. World Economic Outlook Update, January 2016*

sustainability issues we face and the Group also signals its intent towards adopting and applying the best practices in terms of the Principles of the International Integrated Reporting Framework and the Principles for Sustainable Insurance (PSI) of the UNEP-FI for the years to come.

The report can be found on page 76.

ACKNOWLEDGEMENTS

Early 2016 Mr Bertrand de Chazal resigned. He has been our fellow member for over three years and we thank him for his contribution.

Mr Lakshmana (Kris) Lutchmenarraidoo's contract as Managing Director of the Eastern African subsidiaries is ending on 30 June 2016. He will remain as director in a number of companies within the Group. We would like to thank Mr Lutchmenarraidoo for his excellent contribution along the years.

Mr Ashraf Musbally, the Head of General Insurance of Mauritius Union Assurance Cy Ltd, will take over as Managing Director of the Eastern African subsidiaries as from April 2016. In addition, he will be invited to sit as Executive Director at the board of MUA.

In closing, I would like to express my appreciation to all the staff of the Mauritius Union Group for their continued dedication and contribution in the development and expansion of the Group.

I also thank my colleagues on the Board of Directors for their continued support and last, but not the least, my sincere thanks go to all our other stakeholders – brokers, accredited agents and salespersons – who are truly the link between us and our customers.

Yours sincerely,

Dominique GALEA
CHAIRMAN

We had concluded, in May 2014, a deal with Phoenix TransAfrica Holdings Limited (PTHL) to buy all its shares in a transaction valued at USD 22.6m.

This acquisition was in line with the Group's expansion strategy to gain a strong foothold in the insurance markets across several East African countries, while making the most out of the tremendous growth opportunities that this region offers.

2015 has been a year of adaptation to the specific market environment, customer needs and behaviours of each country, and has also been a remarkable learning curve for us. Overall, we are very satisfied with the progress achieved since takeover. We are focused on balancing the risk-reward trade-off and making the most of the opportunities that exist in those markets.

OUR AFRICAN SUBSIDIARIES

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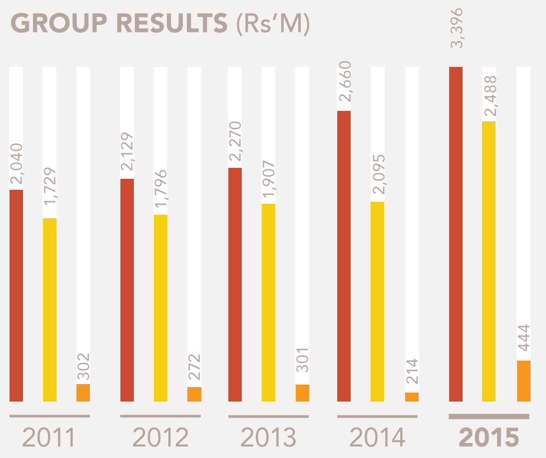
COMPANY PROFILE

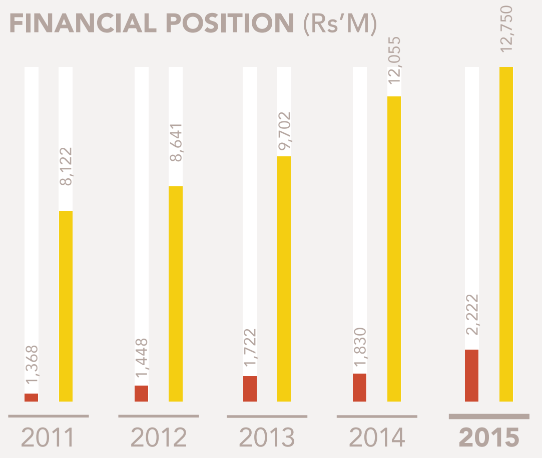
GROUP RESULTS (Rs'M)



	2011	2012	2013	2014	2015
GPE	2,040	2,129	2,270	2,660	3,396
NEP	1,729	1,796	1,907	2,095	2,488
PBT	302	272	301	214	444

Gross Premium Earned
Net Earned Premium
Profit Before Tax

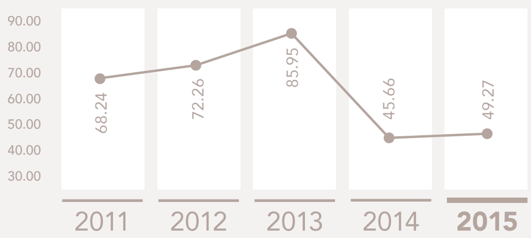
FINANCIAL POSITION (Rs'M)



	2011	2012	2013	2014	2015
SF	1,368	1,448	1,722	1,830	2,222
TA	8,122	8,641	9,702	12,055	12,750

Shareholders Funds
Total Assets

GROUP NET ASSETS PER SHARE



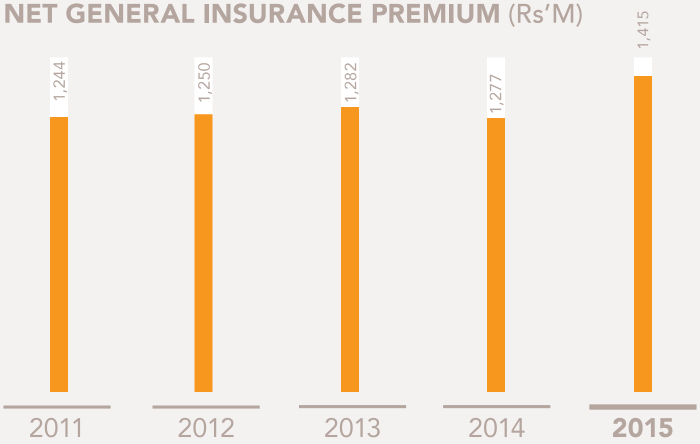
GROUP NET ASSETS PER SHARE (Rs)

	2011	2012	2013	2014	2015
NAPS	68.24	72.26	85.95	45.66	49.27

Net Assets Per Share

FINANCIAL HIGHLIGHTS

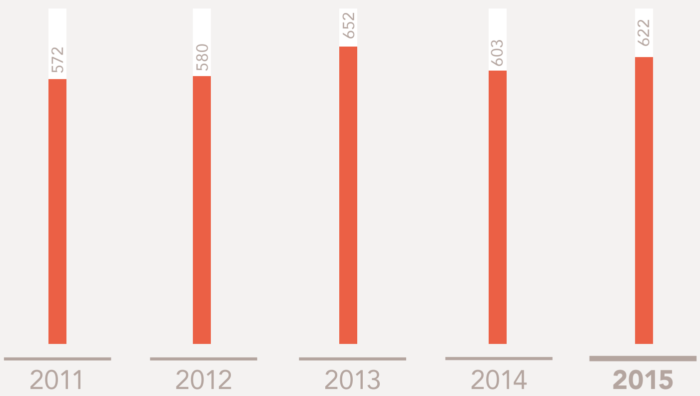
NET GENERAL INSURANCE PREMIUM (Rs'M)



	2011	2012	2013	2014	2015
NIP	1,244	1,250	1,282	1,277	1,415

Net Insurance Premium

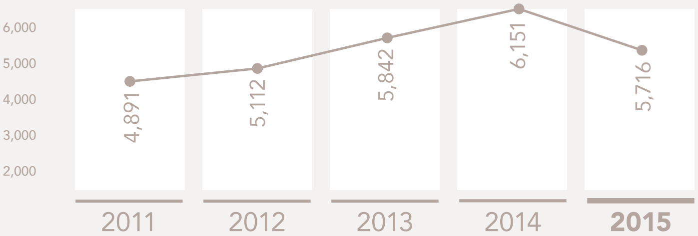
NET LIFE INSURANCE PREMIUM (Rs'M)



	2011	2012	2013	2014	2015
NIP	572	580	652	603	622

Net Insurance Premium

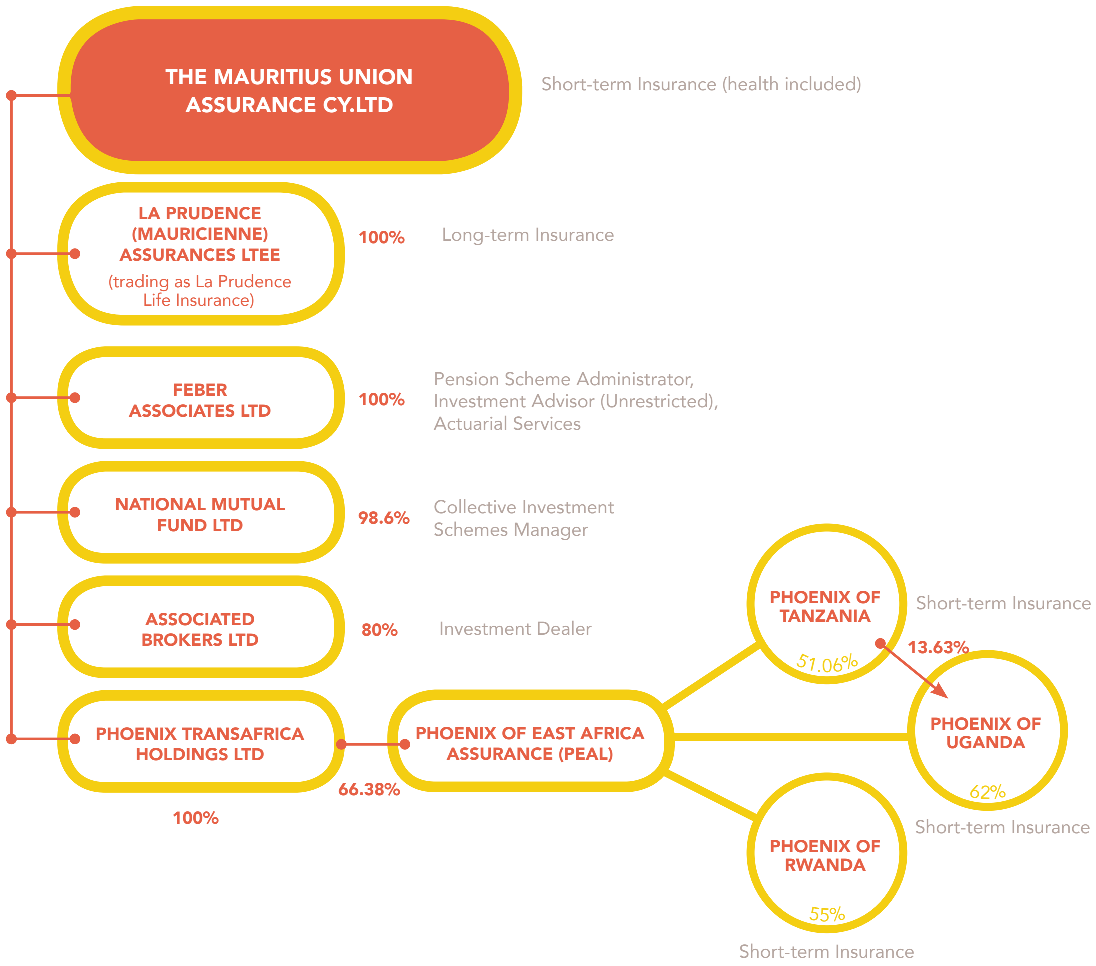
LIFE ASSURANCE FUND



LIFE ASSURANCE FUND (Rs'M)

	2011	2012	2013	2014	2015
LAF	4,891	5,112	5,842	6,151	5,716

Life Assurance Fund



GROUP STRUCTURE & CORE BUSINESSES

REGISTERED OFFICE

4, Leoville L'Homme Street
Port Louis
Republic of Mauritius
Telephone: +230 207 5500
Email: info@mauritiusunion.com
Website: www.mauritiusunion.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
The 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

Dear Shareholder,

We are pleased to present you a review of the performance of the Group and the Company for the year ended 31 December 2015.

MANAGEMENT REVIEW AND PERFORMANCE

GROUP RESULTS

Rs M	2015	2014
Gross Written Premium	3,410	2,730
Net Claims and Benefits	-1,616	-1,682
Operations and Administrative Expenses	-1,135	-859
Profit from Operations	469	231
Profit before Tax	444	214
Income Tax Expense	-96	-46
Profit After Tax	348	168

2015 was the first year of implementation of our three-year strategic plan 'AMBITION MUA 2017', which has for vision and goal to become **'L'assurance de référence de tous les Mauriciens'**.

Our strategic plan is based on the concept of 'shared value', whereby each and every stakeholder of the Group benefits from the value that we create - be it our employees who benefit from adequate personal development programmes and performance-based bonuses; our customers who receive quality service and tailored products; the community who benefits from our CSR activities and our shareholders who reap the fruits of our financial performance.

We are satisfied with the progress we have made in a year, increasing our market share and the return on equity, while containing our costs through enhanced efficiency.

During the year under review, the gross earned premiums for the Group have recorded a healthy growth, moving from Rs 2.7bn to Rs 3.4bn (28% increase), while the profit after tax, increased by 107% to Rs 348m. These figures take into account 12 months of operations of our African subsidiaries, as compared to 7 months accounted in 2014.

The earnings per share amounted to Rs 5.88, compared to Rs 3.68 (restated after the rights issue) for 2014, and the net assets per share stood at Rs 49.27 as compared to Rs 45.66 as at 31 December 2014.

African Operations

The gross earned premiums for 2015 stands at Rs 953m, an 11% increase from the figures recorded in 2014, at the time of the takeover, with a profit after tax of Rs 165m. Since the acquisition in May 2014, we have focused on building the competencies of the subsidiaries, while working on restoring the goodwill of the Phoenix Group.

Over the next five years, we aim to become a significant player and contributor in each of the four markets that falls under the Phoenix Group, namely Kenya, Rwanda, Tanzania and Uganda.

GENERAL INSURANCE REVIEW IN MAURITIUS

Rs M	2015	2014
Gross Written Premium	1,789	1,661
Net Claims and Benefits	-828	-740
Operations and Administrative Expenses	-557	-523
Profit from Operations	175	198
Profit before Tax	150	180
Income Tax Expense	-25	-39
Profit After Tax	125	141

Despite the highly competitive environment in which we are operating, we have noted a 7% growth in gross written premium in 2015 to reach Rs 1,789m. This has been made possible by resisting price cuts, focusing on risk selection and implementing a cautious pricing strategy. On the other hand, the underwriting results decreased by 4%, mainly in the motor business and explained by the significant increase in road accidents during the 1st semester of 2015 nationwide.

All classes of business contributed positively to the overall underwriting results in 2015. Management expenses were also well contained and we have re-structured our sales force for greater efficiency and reviewed internal operations to give our staff more autonomy. Additionally, we have continued to apply strict underwriting principles in the acceptance risks on all classes of business, thereby improving the underwriting results of some lines of businesses.

The motor business remains our main class of business in the general insurance portfolio in terms of turnover and profitability. This line of business experienced a significant increase in premium contribution in 2015, mainly explained by applying a cautious pricing strategy and resisting market pressure of cutting rates. On the other hand, the net claims incurred increased due to the rise in road accidents, which impacted negatively on its profitability. During the course of 2015, we have reviewed our product offerings and pricing strategy with the objective of increasing the turnover as well as the profitability of this class of business.

The health portfolio, second largest class of business within the general insurance portfolio has contributed significantly to the overall general insurance results. The constant positive underwriting results trend also demonstrates our 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 perils classes performed reasonably well. As with the other business lines, we have continued to apply strict underwriting approach through a rigorous control on rates and pricing and have further enhanced our understanding and analysis of all commercial risks.

Finally, we have further improved our performance on the Financial & Special Risks, strengthening our partnership with our reinsurers, international brokers and other intermediaries. This has, in turn, reinforced our leadership position on the market.

LIFE INSURANCE REVIEW

The life insurance sector continued to face challenges due to persistent low interest rates and weak investment performance. In 2015, sentiment and confidence in the local sector was negatively impacted following the collapse of the BAI Group.

On the operational side, as from 1 January 2015, all corporate pension schemes were transferred to the LPM Multi-Employer Fund, which has been established as an independent trust in line with the Private Pension Scheme Act of 2012. Consequently, inflow from the trust is now accounted as investment contracts and the corresponding liability shown as financial contracts.

For the Life Awareness month in September, LPM launched an innovative, stand-alone critical illness cover for women - Assurance Cancer Féminin (ACF). This new product was well received by the market.

INFORMATION SYSTEMS

Since 2013, MUA conducted a project to revamp its core IT systems in line with its business and IT strategy. A consultancy firm led the selection process to evaluate potential suppliers and make suitable recommendations.

The Lending System was replaced in the same year and a new Accounting Platform was implemented in 2014 to facilitate the consolidation of accounts of our subsidiaries. Secured e-commerce websites were launched for customers to buy insurance online.

Portals were also developed for our business partners to interact with us online, thereby improving turnaround time and efficiency. For example, our salespersons can now issue motor quotations and brokers can renew policies online within set parameters. The portals provide for security and confidentiality of data.

Our aim is to reduce our carbon footprint while also improving operational efficiency at all levels. In that context, a project was initiated in 2015 to review business processes and reduce paper usage by implementing the concepts of e-documents and e-approval across the company. We are working to create a fully digitised and digitalised organisation in the coming years.

Regarding our Core Insurance System, and in line with our IT strategy, an integrated platform was selected with the three lines of business namely Health, General and Life. The project was planned to be executed in phases, starting with Health Insurance module. Things were progressing until we started experiencing persistent issues with the supplier. Several attempts were made to resolve these issues but to no avail. After a thorough analysis of all possible options, Management has, with the input of our external Quality Assurance Consultant, decided to terminate the project amicably.

In 2016, MUA will pursue its journey in the implementation of its IT Strategy. New online facilities will be offered to our customers such as the Health Insurance Portal. The project related to process efficiency and reduction of paper usage within the Group will be extended internally to other business units and externally to our business partners.

As regards to our East African subsidiaries, the

General Insurance system used in Mauritius has been successfully implemented in Kenya, Tanzania and Uganda. It will now be deployed in Rwanda. In 2016, a new corporate website will be launched for the Phoenix of East Africa Group. This will allow customers to get information about the various products and services being offered. A new e-commerce website for Travel Insurance will also be launched in the same year.

HUMAN RESOURCES

Our greatest asset is the people who work for us. We create and deliver value only through their hard work, dedication and commitment and hence make sure to reward and value our staff well.

We have noted the constant flux that our business environment is facing, the emergence of new players on the market and the ever-increasing competition that makes employee retention a real challenge. Having, for the previous years, focused on a performance-centric culture by providing our best and promising talents career development and progression opportunities, we have further strengthened the psychological contract that exists between us and our employees.

Investment in our workforce through a Total Reward Strategy underpinned our new approach of addressing everything that employees value in working for Mauritius Union Group. Our actions surpassed the element of base pay only and included medical covers for our staff and their family, learning and development programmes, pension benefits, loan facilities, employee welfare and happiness initiatives, flexible working conditions and career growth opportunities.

Our approach, being gradual rather than radical, keeps on creating a conducive environment in promoting employee engagement and enhancing our reputation as a great place to work at.

CUSTOMER SATISFACTION

We believe that strong customer relationships hold the key to our success. Unfortunately, the insurance industry was rocked last year by the collapse of the BAI Group, with a strong negative impact on the image of the financial world and accompanied by a pronounced feeling of consumer distrust.

We have worked hard to strengthen the relationship of trust that exist between our customers and our organisation and would like to reassure all shareholders that we manage our operations in a transparent and ethical manner.

Moreover, we have carried out our yearly Customer Satisfaction Survey at the end of 2015 and we are satisfied to note that 85% of our customer base are satisfied with the services we provide them, a commendable and stable result that demonstrates that our efforts at reassuring our customers of our financial stability and providing a dedicated and personalised service to them have borne fruits.

MARKETING STRATEGY: FOCUS ON OUR DIGITAL CAPABILITIES

In 2015, we undertook a comprehensive review and rethinking of our marketing strategy in line with our Strategic Plan, 'MUA Ambition 2017', which culminated with a new brand identity and marketing vision. Our marketing now revolves around 'Emma', our insurance mascot, who lends a youthful and modern dimension to our brand. Indeed, Emma has featured heavily in the digital insurance marketing campaign we launched in August 2015 and through her, we have put forth a strong message to the audience about our digital competencies and the ease of making use of them.

We believe that our new marketing approach provides us with a strong, yet differentiated brand that shall be a strong driving force behind successful and effective advertising campaigns for the years to come.

PROSPECTS

2015 has been marked by a significant downward pressure on local market rates and of fierce competition between the local insurance companies, similar to the trend that we have been noting for the last couple of years.

We also forecast that we shall face a similar set of issues in 2016. However, we shall maintain our prudent underwriting approach, cautious pricing strategy and shall carry on with the execution of our strategic plan, 'MUA Ambition 2017'. We shall continue to focus on gaining further business efficiency while capitalising on new opportunities, especially within the corporate business and the Captive Insurance market. Additionally, we shall start to consolidate our local operations with that of our African subsidiaries with the objective of generating substantial economies of scale.

Moreover, based on the promising results of our African subsidiaries, we remain more confident than ever that our expansion strategy will provide us with the required impetus to sustain our growth rate over the long term.

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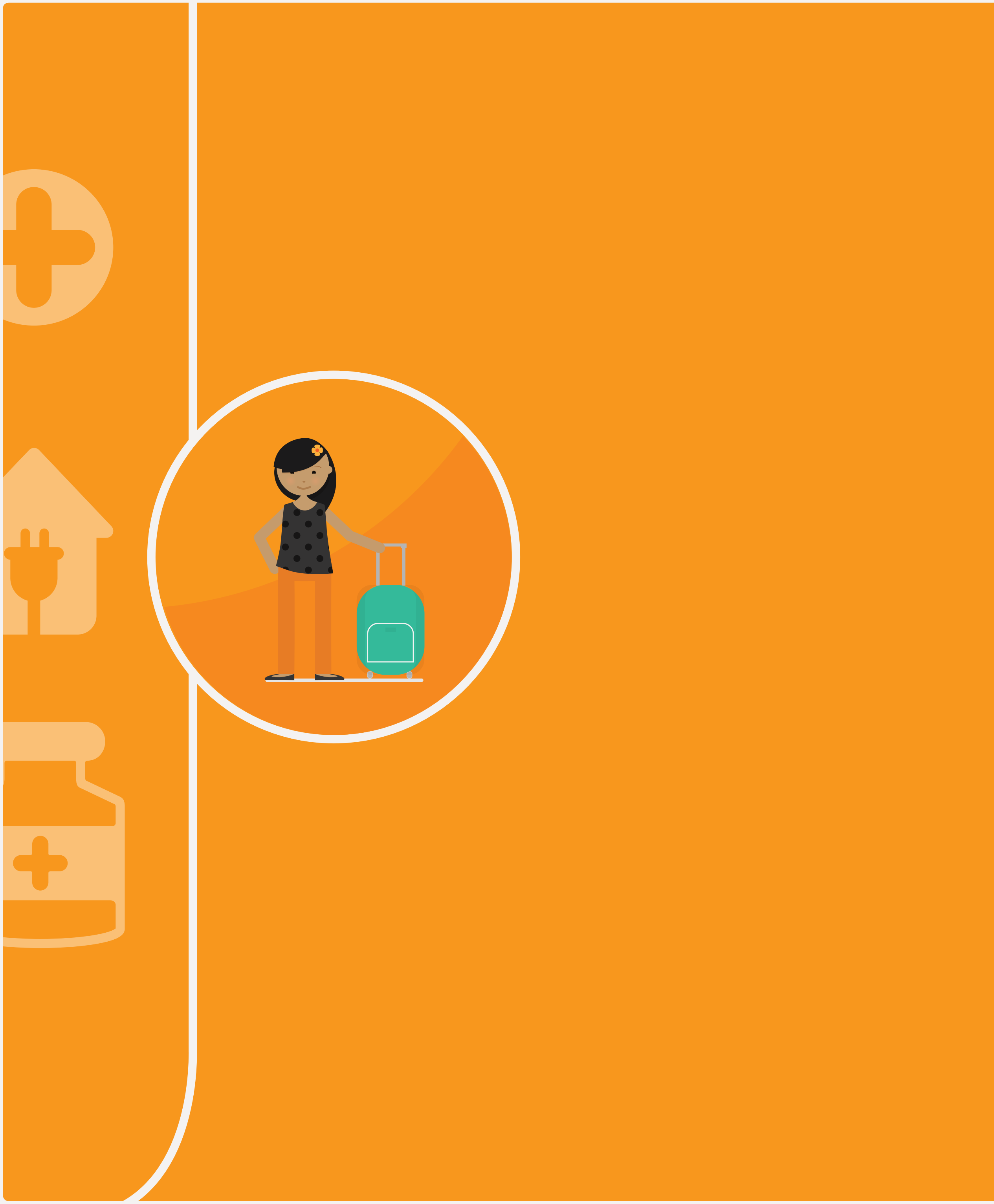

CORPORATE GOVERNANCE REPORT

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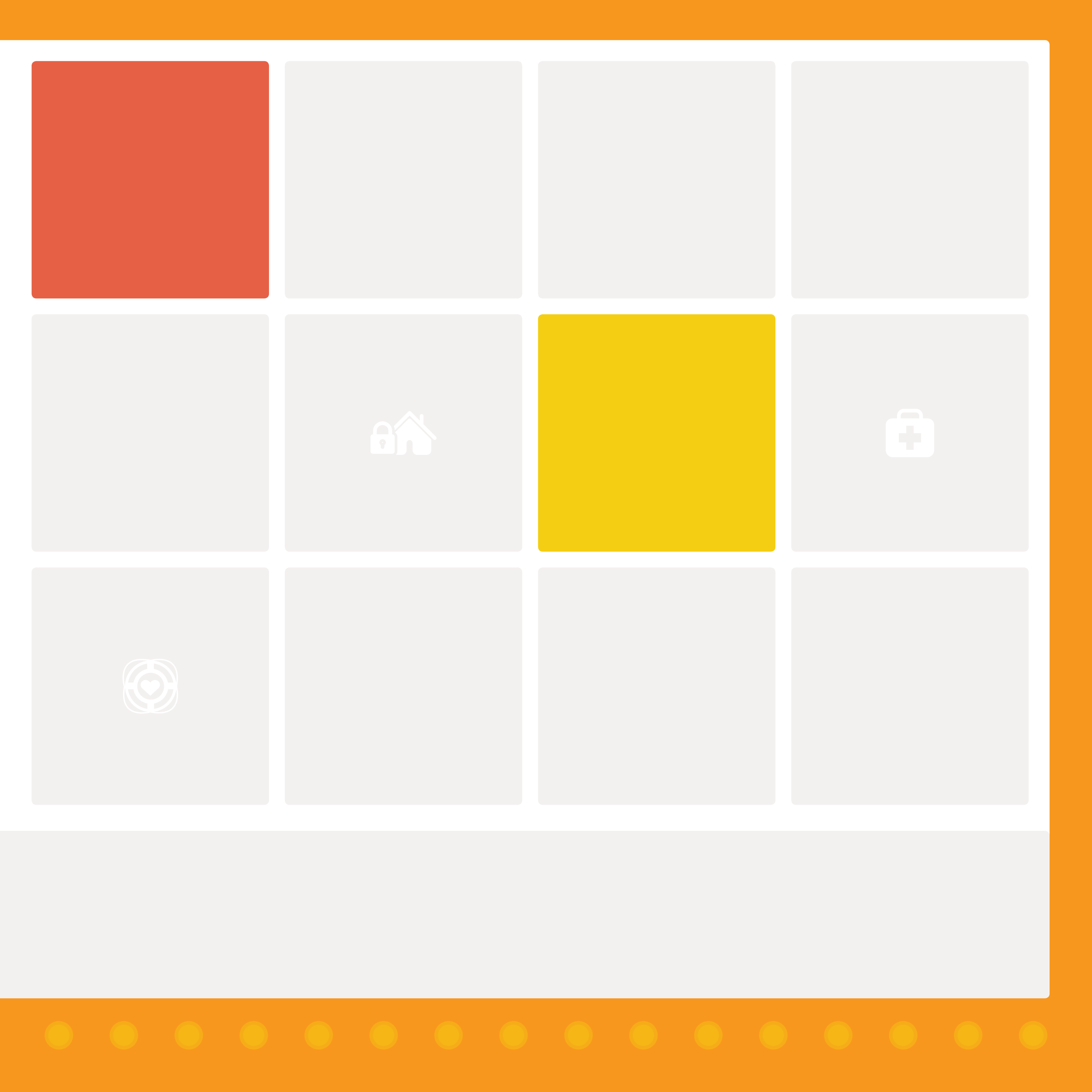
The Board of Directors of The Mauritius Union Assurance Cy. Ltd (the Board) endorses the Code of Corporate Governance for Mauritius issued by the National Committee on Corporate Governance.

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



BOARD OF DIRECTORS

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 2015.

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

The strong executive management presence, as recommended by the Code, is ensured by the Chief Executive Officer, who is an appointed member of the Board, the Group Chief Finance Officer, the Head of General Insurance and the Managing Director of Life Insurance 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 seven 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 the 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 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.

The Independent Non-Executive Directors bring to the Board a wide range of experience and skills.

Newly-appointed Directors 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 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.

An appraisal of the Board and its Directors was performed in November 2015 by an external consultant. It was planned going forward to carry such exercise every two years.

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.

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MR DOMINIQUE GALEA

Chairman
Director – appointed in 2010

Mr Dominique Galea, born in 1952, holds a degree from HEC (Hautes Etudes Commerciales, 77). He started his career in the clothing industry by setting up a buying office for overseas buyers (Kasa Textile Ltd). He has since diversified his activities by acquiring controlling stakes in Ducray Lenoir Ltd in 1988, and in Rey & Lenferna Ltd in 1998. He was appointed to the Board of The Mauritius Union Assurance Cy. Ltd in 2010 and was elected Chairman. Mr Galea is the Chairman of La Prudence (Mauricienne) Assurances Ltée, United Docks Ltd, Rey & Lenferna Ltd, Forges Tardieu Ltd and Phoenix Transafrica Holdings Ltd, Phoenix of East Africa Assurance Company Limited, and is a director of its three subsidiaries. He is also a director of Ascencia Ltd.

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

DIRECTORS' PROFILE

MR BERTRAND CASTERES

Chief Executive Officer
Executive Director - appointed in 2014

Mr 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. 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 is a 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 operations to Crédit 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 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 and resigned on 18 January 2016

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 The Mauritius Union Assurance Cy. Ltd in June 2012. 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. 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 2005 till today.

He was responsible for establishing the first Credit Card Programme 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. He has also served as a director of Investec Bank (Mauritius) Ltd – 2000-2004; Bramer Investment Management Co Ltd – 2000-2001; AXA Assistance Océan 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.

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 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 Transafrica Holdings Ltd, 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 Founder 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.

He was appointed to the Board of The Mauritius Union Assurance Cy. Ltd in August 2010.

Since March 2015, Mr Suddhoo is the Chairman of Air Mauritius Ltd, a listed company.

EXECUTIVE DIRECTOR'S SERVICE CONTRACT

Mr. Lakshmana (Kris) Lutchmenarraidoo is ending his two-year fixed term contract on 30 April 2016 with the East African subsidiaries.

Mr. Bertrand Casteres has no fixed term contract.

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

Mr Bertrand de Chazal submitted his resignation from the Board and the Audit and Risk Committee on the 18 January 2016.

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 2015, 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	356,370	360,366
Mr Alfred Bouckaert	Independent Non-Executive	1,125	-
Mr Bertrand Casteres	Executive	1,325	-
Mr Bertrand de Chazal	Independent Non-Executive	2,125	-
Mr Bruno de Froberville	Non-Executive	52,999	717,718
Mrs Mélanie Faugier	Non-Executive	1,310	2,498,510
Mr Dominique Galea	Non-Executive	39,700	5,716,960
Mr Angelo Letimier	Independent Non-Executive	2,125	-
Mr Lakshmana (Kris) Lutchmenarraidoo	Executive	20,000	-
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 40 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, share dealings by Directors and their associates including subscription to the rights issue exercise closed on 12 October 2015 were as follows:

Name of Directors	Acquired/ Subscribed	Acquired/ Subscribed	Disposed of
	Direct	Associates	Direct
Mr Vincent Ah-Chuen	39,596	26,675	(8,300)
Mr Alfred Bouckaert	70,125	-	(70,000)
Mr. Bertrand Casteres	325	-	-
Mr Bertrand de Chazal	1,125	-	-
Mr Bruno Huet D'arlon de Froberville	51,999	137	-
Mr Dominique Galea	5,300	1,020,079	-
Mrs Mélanie Faugier	310	357,000	-
Mr Angelo Letimier	1,125	-	-
Mr Lakshmana (Kris) Lutchmenarraidoo	5,000	-	-

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Three committees of the Board have been constituted, namely an Audit & Risk Committee, an 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 2015 were:

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

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 four times during the year under review.

The Audit & Risk Committee focuses on:

- the functioning of the internal control system and internal audit
- the proper implementation and monitoring of the Company's Risk Policies and Enterprise Risk Management Framework
- 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 the 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 four 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.

COMMITTEES OF THE BOARD

It makes recommendations to the Board on the appointment of new and Executive, 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 committee met four times in 2015.
The members as at 31 December 2015 were:

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

ASSETS AND LIABILITIES COMMITTEE (ALCO)

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

- Devise the Group's 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 within 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 2015 and its members as at 31 December 2015 were:

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

DIRECTORS' ATTENDANCE AT BOARD MEETINGS

BOARD MEETINGS
4 out of 7

ASSETS AND LIABILITIES COMMITTEE
4 out of 4

MR
ALFRED BOUCKAERT

BOARD MEETINGS
7 out of 7

CORPORATE GOVERNANCE COMMITTEE
4 out of 4

ASSETS AND LIABILITIES COMMITTEE
4 out of 4

MR
DOMINIQUE GALEA

BOARD MEETINGS
7 out of 7

CORPORATE GOVERNANCE COMMITTEE
4 out of 4

MR
VINCENT AH CHUEN

BOARD MEETINGS
7 out of 7

CORPORATE GOVERNANCE COMMITTEE
4 out of 4

ASSETS AND LIABILITIES COMMITTEE
4 out of 4

MR
BERTRAND CASTERES

BOARD MEETINGS
5 out of 7

AUDIT & RISK COMMITTEE
3 out of 4

MR
BERTRAND DE CHAZAL

BOARD MEETINGS
6 out of 7

AUDIT & RISK COMMITTEE
3 out of 4

MRS
MELANIE FAUGIER

BOARD MEETINGS
7 out of 7

AUDIT & RISK COMMITTEE
3 out of 4

ASSETS AND LIABILITIES COMMITTEE
3 out of 4

MR
BRUNO DE FROBERVILLE

BOARD MEETINGS
6 out of 7

AUDIT & RISK COMMITTEE
4 out of 4

MR
ANGELO LETIMIER

BOARD MEETINGS
6 out of 7

CORPORATE GOVERNANCE COMMITTEE
4 out of 4

ASSETS AND LIABILITIES COMMITTEE
2 out of 2

MR
LAKSHMANA (KRIS) LUTCHMENARRAIDOO

BOARD MEETINGS
5 out of 7

CORPORATE GOVERNANCE COMMITTEE
4 out of 4

MR
ARJOON SUDDHOO

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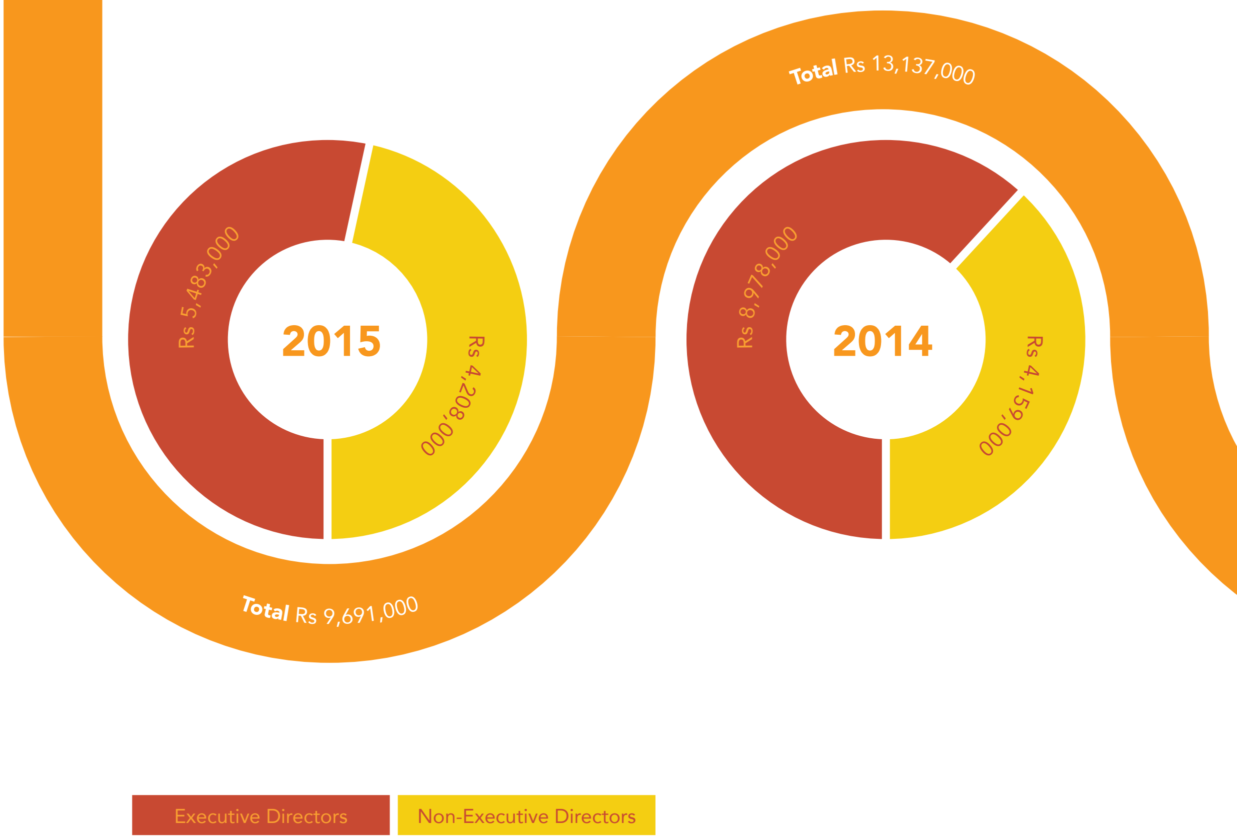
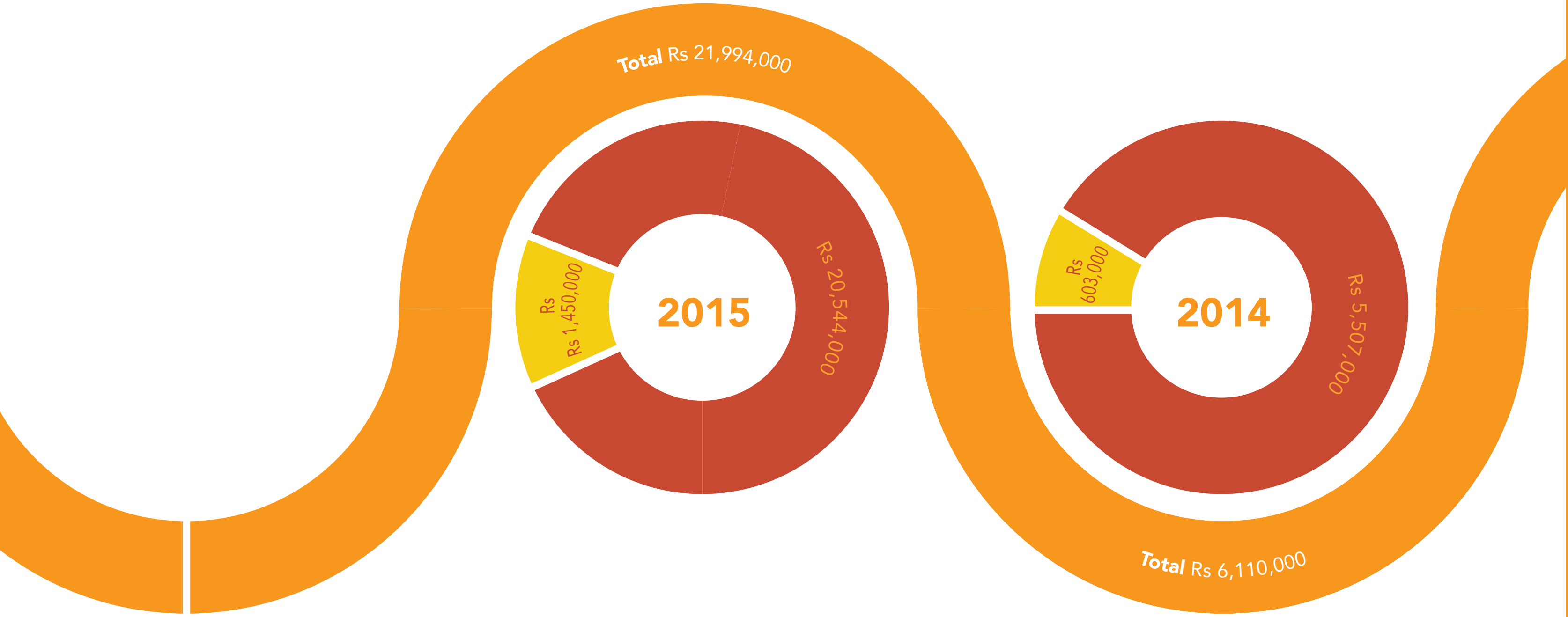
REMUNERATION FROM THE COMPANY



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 organizational 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 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. She 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.

Mrs Ahnee joined La Prudence (Mauricienne) Assurances Ltée in 2000 as Claims Manager of the General Business. Mrs Ahnee focused on the Health and Non-Motor business after the merger of LPM/ MUA activities in 2010, and in 2011 she took the responsibility of the Motor Claims of the General Insurance.

She was promoted to Head of Group Risk, Legal and Compliance and Customer Care in January 2014. She is also responsible of the implementation of Process Efficiency Projects across the Group.

She acts as Director of Fondation Mauritius Union Ltd (FMU) and is an active member of the Group's Corporate Social Responsibility committee.

SENIOR MANAGEMENT

MEKRAJ BALDOWA,
Group Head of Human Resources

Mr Baldowa, born in 1972 and 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 Group Human Resources Manager in May 2013 and 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 organisation 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 Operating 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 Group in 2012. He was appointed Managing Director of La Prudence Life Insurance in 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 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 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 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 Diplôme 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 net worth 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 Manager of the National Mutual Fund, and in 2014, he became in charge of the Strategic Marketing. Beginning 2015, Mr Katz has been appointed Head of Strategy & Financial Services for the Mauritius Union Group. He is also a Director of Feber Associates Limited, National Mutual Fund Ltd and Fondation Mauritius Union Ltd.

CLAREL MARIE,

General Manager - Operations, La Prudence Life Insurance

Mr Marie, born in 1960, holds an MBA and is a Chartered Insurer and 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 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

Mrs 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 Mée & 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 rights issue of 5,010,000 ordinary shares in the ratio of one share for every eight shares held increasing total number of ordinary shares in issue from 40,080,000 to 45,090,000 and the stated capital from Rs 400,800,000 to Rs 726,450,000.

As at 31 December 2015, the following shareholders owned more than 5% of the issued share capital:

- Ducray-Lenoir Investments Ltd – 12.4%
- Mr Pierre-Emile Joseph Latour-Adrien – 11.1%
- Devlin Investments Ltd – 7.5%
- Société Robert de Froberville – 6.4%
- Société de Financement et Promotion – 5.1%

DISTRIBUTION OF SHAREHOLDING AT 31 DECEMBER 2015

NO. OF SHARES	NO. OF SHAREHOLDERS	NO. OF SHARES OWNED	% OF TOTAL ISSUED SHARES
1 - 500	448	77,720	0.172%
501 - 1,000	162	124,712	0.277%
1,001 - 5,000	482	1,176,841	2.610%
5,001 – 10,000	162	1,175,327	2.607%
10,001 - 50,000	211	4,765,463	10.569%
50,001 – 100,000	49	3,433,564	7.615%
100,001 – 250,000	41	6,831,844	15.152%
250,001 – 500,000	16	4,994,697	11.077%
Above 500,000	10	22,509,832	49.922%
TOTAL	1,581	45,090,000	100.00%

SHAREHOLDING

COMMON DIRECTORS AND DIRECTORS OF SUBSIDIARIES AT 31 DECEMBER 2015

	LEGAL ENTITY													
DIRECTOR	The Mauritius Union Assurance Cy. Ltd	La Prudence (Mauricienne) Assurances Ltée	Associated Brokers Ltd	Feber Associates Ltd	National Mutual Fund Ltd	Fondation Mauritius Union Ltd	Cie du Decadel Ltée	Risk Advisory Services Ltd	Prudence Properties Ltd	Prudence Realty 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 Mée			•											
Mr Bertrand de Chazal	•	•												
Mrs Mélanie Faugier	•										•	•		•
Mr Bruno de Froberville	•	•		•	•									
Mr Dominique Galea	•	•	•								•	•	•	•
Mr Naresh Gokulsing		•			•									
Mr Jérôme Katz				•	•	•								
Mr Angelo Létimier	•													
Mr Lakshmana (Kris) Lutchmenarraidoo	•						•	•	•	•	•	•	•	•
Mr Axel Roussety		•												
Mr Arjoon Suddhoo	•													

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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

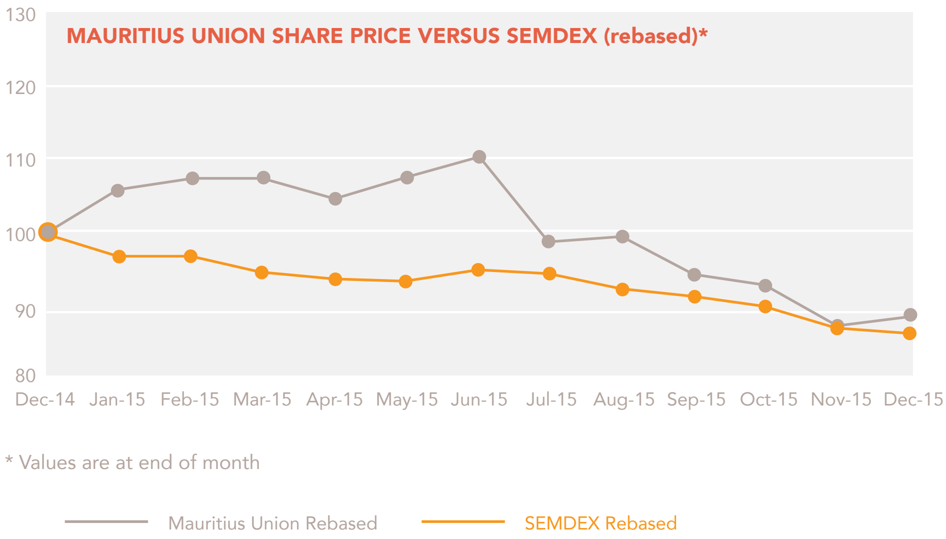
The payment of dividends is subject to the profitability of the Company, to its cash flow and to its capital expenditure requirements.

SHARE OPTION

The Company has no share option plan.

SHARE PRICE INFORMATION

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



* Values are at end of month

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INTERNAL AUDIT

The 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 line of defence, which are 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 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 10 internal audit reviews during 2015.

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, management and employees.

DONATIONS

Charitable Donations 2015

Charitable donations made by the Company during the year amounted to Rs 994,442, as compared to Rs 991,000 in 2014. These donations were channelled through the Fondation Mauritius Union Ltd, which handles the Group's CSR activities, as detailed on page 91.

This year's actions were centred on:

Category	Number of Projects	Total Spent in Rs
Environment, conservation and national disasters	2	60,000
Advocacy, awareness and preventive campaigns	5	114,500
Education, welfare and development of vulnerable children	5	408,890
Poverty alleviation, community development and capacity building	7	351,032
Protection, health and social integration of vulnerable groups	3	60,000
Grand Total	**22**	**994,422**

Actions by the Fondation Mauritius Union Limited in 2015 were once again based on an open-source approach by conducting a three-phase process: **hear, create and deliver.**

There has been a significant involvement of our employees in community development and community support projects.

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 62.

DONATIONS + RISK MANAGEMENT

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	Rs'000	Rs'000	**Rs'000**	Rs'000
Audit fees paid to:				
Ernst & Young	**7,058**	6,066	**1,662**	1,603
Fees paid for other services provided by				
Ernst & Young	**3,553**	2,747	**930**	1,724
Details:				
- Tax computation fees	**1,164**	1,046	**81**	114
- Review of the annual statutory return to the FSC	**201**	206	**115**	115
- Advisory services	**2,188**	1,495	**734**	1,495
TOTAL	**10,611**	8,813	**2,592**	3,327

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 14 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

Recognising that our reputation is priceless, we demonstrated no compassion for any ethical compromise in our operations as well as in service provided to our customers, communities and stakeholders.

Our Code of Ethics defines the standards for every Mauritius Union employee in his or her daily business practices. The Code has been revamped in 2015 to comprise a gift acceptance policy, thereby creating a pool of gifts received from suppliers and well-wishers for employees to have an equal chance of participating in a draw as lucky winners.

Recent alleged cases of financial scams reported within the financial services sector in Mauritius, make us recognise the importance of being alert and sensitive to situations that may be illegal, unethical, in violation with ethical standards and/ or termed otherwise as improper.

We reinforced our employees' obligation to report any questionable situations or suspicious activity with a spirit of responsible business practices at every level of the Group to ensure compliance and good governance.

SUSTAINABILITY REPORTING + ETHICS

ENVIRONMENT, HEALTH & SAFETY

Within the Mauritius Union Group, safety is an absolute priority. In our quest for excellence, safety plays a pivotal role in all our activities. Safety objectives are, therefore, a mandatory component in the annual business plan. MUA is firmly committed to implementing its Health and Safety Policy, placing legislative requirements as a minimum standard.

The Group has defined a health and safety framework to effectively control risks and prevent staff from being harmed in the course of their duties by adopting industry's best practices. 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 risks.

Below are some major achievements in Health & Safety for 2015:

- Assessment of Health & Safety risks within MUA Group
- Establishment and deployment of an emergency preparedness plan with respect to fire and natural catastrophes
- Collection of old/used batteries and small electronic equipment for recycling as part of our environment protection initiative
- Health and well-being initiatives for our employees: blood donation, free eye tests
- First Aid training to selected staff to provide assistance in case of emergency
- Installation of water fountains across Mauritius Union Group offices.

CORPORATE SOCIAL RESPONSIBILITY

CSR activities conducted were in line with the Company's three year strategic plan, that of community partnership.

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

CSR activities for the year 2015 included the following:

- Education and poverty alleviation
- Health & Wellness
- Training and empowerment/Development
- Assistance to NGOs towards project write-ups
- Employee involvement

Actions by the Fondation Mauritius Union Limited in 2015 were once again based on an open-source approach by conducting a three-phase process: **hear, create and deliver.**

The successful implementation of our CSR strategy for the year 2015 with the active engagement of our employees, laid much emphasis on employee giving, community partnership, local involvement and employee volunteerism.

We further enhanced 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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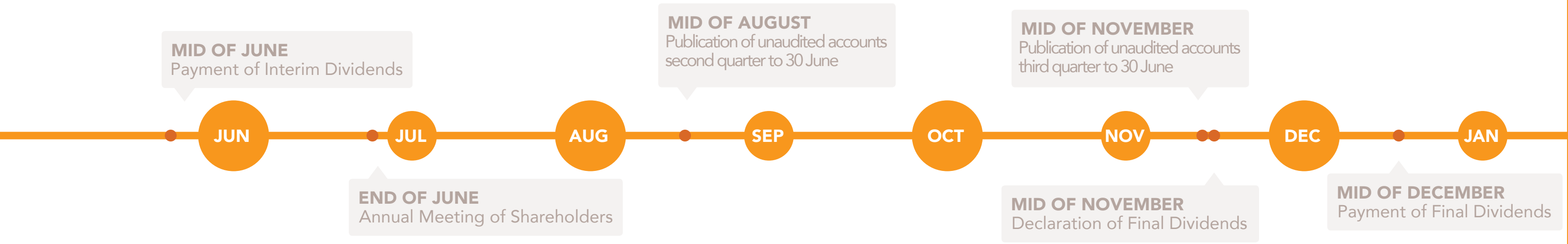
TIMETABLE OF IMPORTANT

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 are carried out on an ongoing basis, 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
30 March 2016 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 2015

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

30 March 2016

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RISK MANAGEMENT REPORT

RISK MANAGEMENT PHILOSOPHY AND OBJECTIVES

There are numerous types of risk which insurance companies handle in the normal course of their business; change in mortality rates, undergoing losses due to man-made or natural catastrophes, losing income ability through operational disruptions, outliving of 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 programme are:

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

We are fully committed to maintain our existing strategy of embedding risk management in what we do as 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 optimise 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 amongst its staff, driven by a robust Risk governance structure and clear risk appetite.

Ensure that sufficient capital surpluses are available to meet the expectations of customers, shareholders and be compliant with regulatory obligations, whilst meeting 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 subject to a rigorous monitoring.

RISK MANAGEMENT PHILOSOPHY

THE RISK MANAGEMENT FRAMEWORK

The Group Audit and Risk Methodology is fully risk-based and aligned with the Committee of Sponsoring Organisations of the Treadway Commission (COSO) and the 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

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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, staffing, technology and the organisational structure.

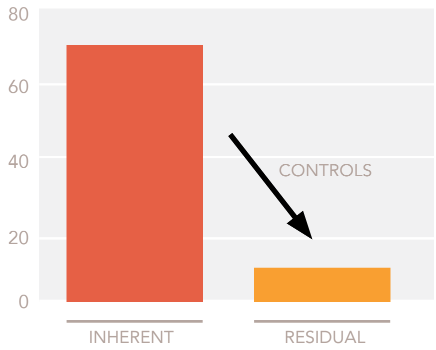
The residual risk is also known as "vulnerability" or "exposure". It is the risk that remains after the company has attempted to mitigate the inherent risk.

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 minimises 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 key components 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.

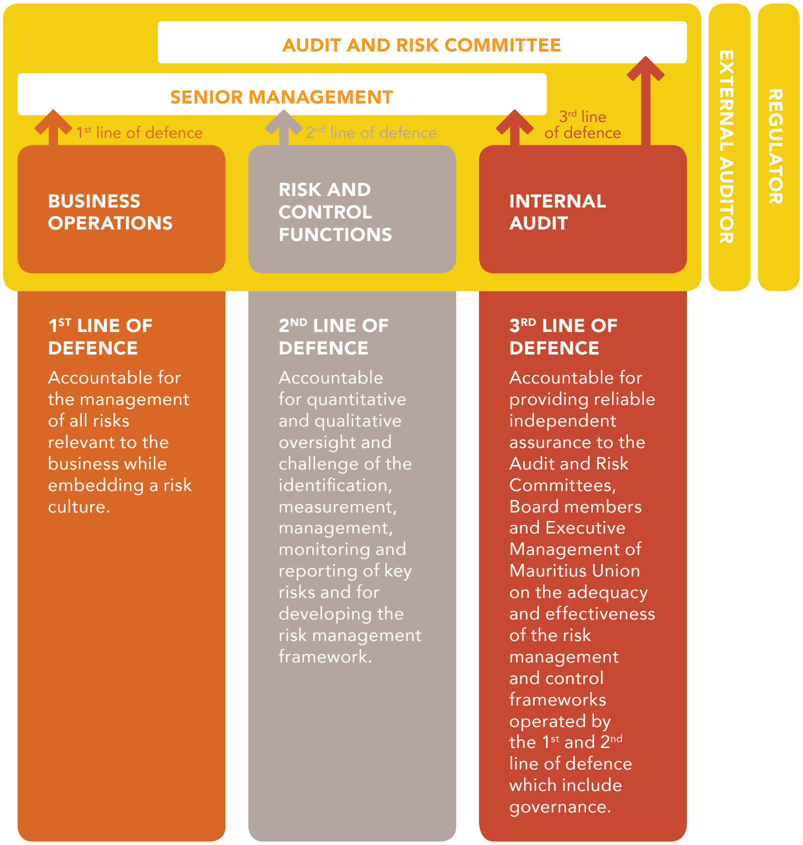
We incorporate risk considerations and capital needs into day-to-day management and decision-making processes. We actively manage our risk profile through a wide range of techniques, including product design, pricing, underwriting, asset allocation, investment management, reinsurance, acquisitions and 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 2015.

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.

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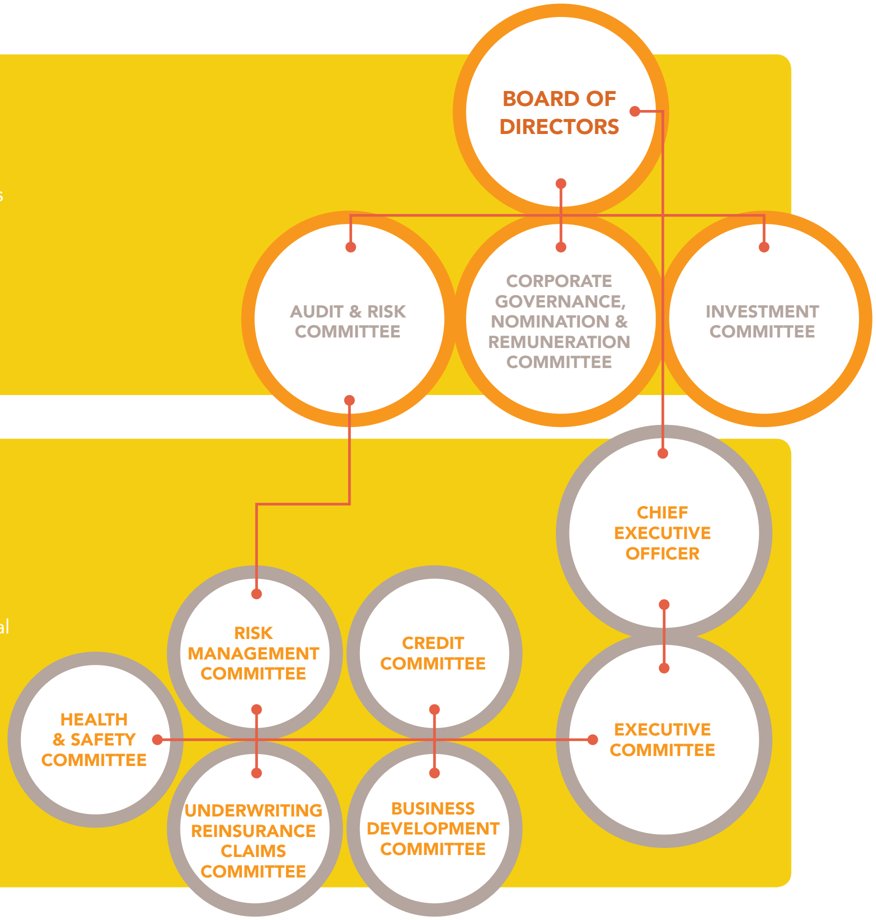
The Board has the overall responsibility to ensure that risks are effectively identified, measured, monitored and managed with respect to the corporate governance structure adopted by Mauritius Union. The Board discharges its duty through policies and frameworks as well as committees as illustrated in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

BOARD

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

GROUP

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

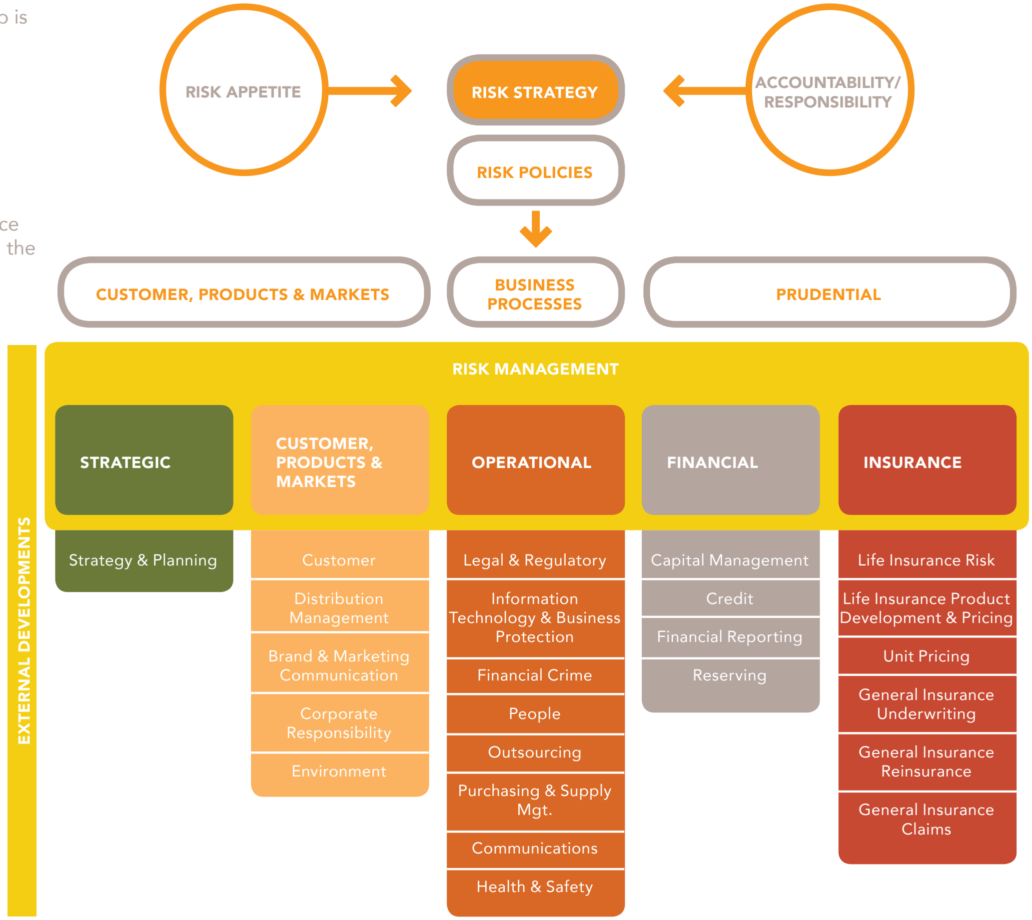


THE GOVERNANCE STRUCTURE

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

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

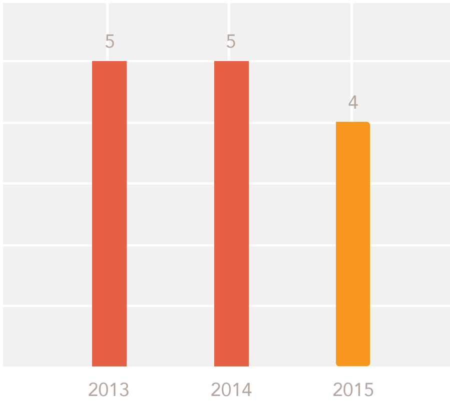
Close risk monitoring allows us to detect potential deviations from our risk tolerance at an early stage both at Group level and the operating entity level.



THE RISK PROFILE

RISK POLICY IMPLEMENTATION STATUS

	POLICY	YEAR
1	Risk Management & Internal Control	2013
2	People	
3	Strategy & Planning	
4	GI Reinsurance	
5	Information Technology & Business Protection	
6	CI Claims	2014
7	CI Underwriting	
8	Life Insurance Risk	
9	Legal	
10	Financial Reporting	
11	Distribution	2015
12	Health & Safety	
13	Unit Pricing	
14	Capital Management	



As per Mauritius Union Group's risk model, 25 risk areas have been identified, as at 31 December 2015, 14 risk policies have already been implemented as illustrated above.

STRATEGIC RISK

Strategy and Planning Risk is the risk of an unexpected negative change in the Company's 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 analyse 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 programme with a view to developing and promoting the reputation of the organisation 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.

d) Corporate Responsibility Risk

These risks might occur when we fail to act responsibly in how we do business or our inability to manage the organisation's policy commitments and business activities in a responsible manner, will impact on sound and demonstrable performance e.g. failure to meet corporate responsibility policies and practices may undermine business success.

e) Environment Risk

Environment Risks arise when the Organisation breaches environmental best practices or is seen not to follow best practices on the environment. A sustainability report is prepared to provide an oversight of Mauritius Union Group's commitment towards the environment.

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 & Business Protection Risk

Risks relating to the Group IT objectives: IT strategy, run the business, change the business, IT HR, legal and regulatory, IT governance, IT risk and assurance, relationship management creating ineffective delivery of our systems and services in support of our business operations. This may result in failure to ensure: appropriate governance of our IT assets, the optimal positioning of our IT estate to extend our business strategies or maximisation of our ability to leverage our scale and add value to our business.

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 behaviour within the Company. Furthermore, 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) People 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 programme has been initiated to minimise such risk while external training is also provided with the same objective in mind. The Human Resources department also ensures compliance with labour laws.

e) Purchasing & Supply Management Risk

This refers to the failure of the application of procurement best practice to material purchasing transactions and the consistent management of key global supplier relationships prevents the delivery of significant benefits to businesses and the Group reducing competitive advantage in terms of price, quality, delivery and innovation. There is a procurement committee in place to ensure that best practice is adopted.

f) Communications Risk

Ineffective internal communication to staff and management (including inadequate knowledge sharing; failure to re-use / leverage the organisation's intellectual property and inconsistency in communications) can be a major reputational risk for Mauritius Union Group. The Human Resource, the Legal and the Marketing department have the responsibility of ensuring proper communication Group-wide.

g) 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.

FINANCIAL RISKS

Credit Risk

1. 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 Rs 25m) 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 USD, 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.

2. 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 minimize 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 analysing data.
- The processes and timelines by which this data is obtained and reported.
- The systems that crunch the financial information and distil 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) Life Insurance Risk

Life insurance risk arises through its exposure to mortality and morbidity insurance and exposure to worse than anticipated operating experience on factors such as persistency levels and management and administration expenses. A life insurance risk policy has been implemented to oversee the controls in place and there is a life committee also in place to manage the risks. Moreover, there is also the actuarial valuation carried every year to look after the solvency of the life business

b) Life Insurance Product Development and Pricing Risk

These are risks arising from the Life products we offer, the pricing, terms and benefits of those products, and the impact of variations from assumptions on profit. Every product development is overseen by the Life Committee of La Prudence Life Assurance and also by our statutory actuaries. We must also pinpoint that every new product launched requires the approval of the Financial Services Commission.

c) Unit Pricing Risk

It consists of the risk that unit prices are calculated incorrectly and not being detected/corrected quickly, including the consequential risks, such as failure to meet regulatory standards. To mitigate those risks, a unit pricing guideline has been implemented.

d) General Insurance 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 and also the Underwriting Reinsurance Claims Committee.

e) General Insurance Reinsurance Risk

General insurance risk arises from: fluctuations in the timing, frequency, severity of claims and claim settlements relative to expectations, unexpected claims arising from a single source, and inadequate reinsurance protection or other risk transfer techniques. The Underwriting Reinsurance Claims Committee has the responsibility to overview those risks and also a reinsurance risk policy has also been implemented whereby efficacy of controls is tested annually.

f) General Insurance Claims Risk

Failure to deliver acceptable claims service to customers impacts financial performance; the risk that the expense of administering policies, or of processing claims, exceeds the costs assumed in pricing calculations. The Underwriting Reinsurance Claims Committee has the responsibility to overview those risks and also a Claim Risk policy has been implemented whereby efficacy of controls is tested annually.

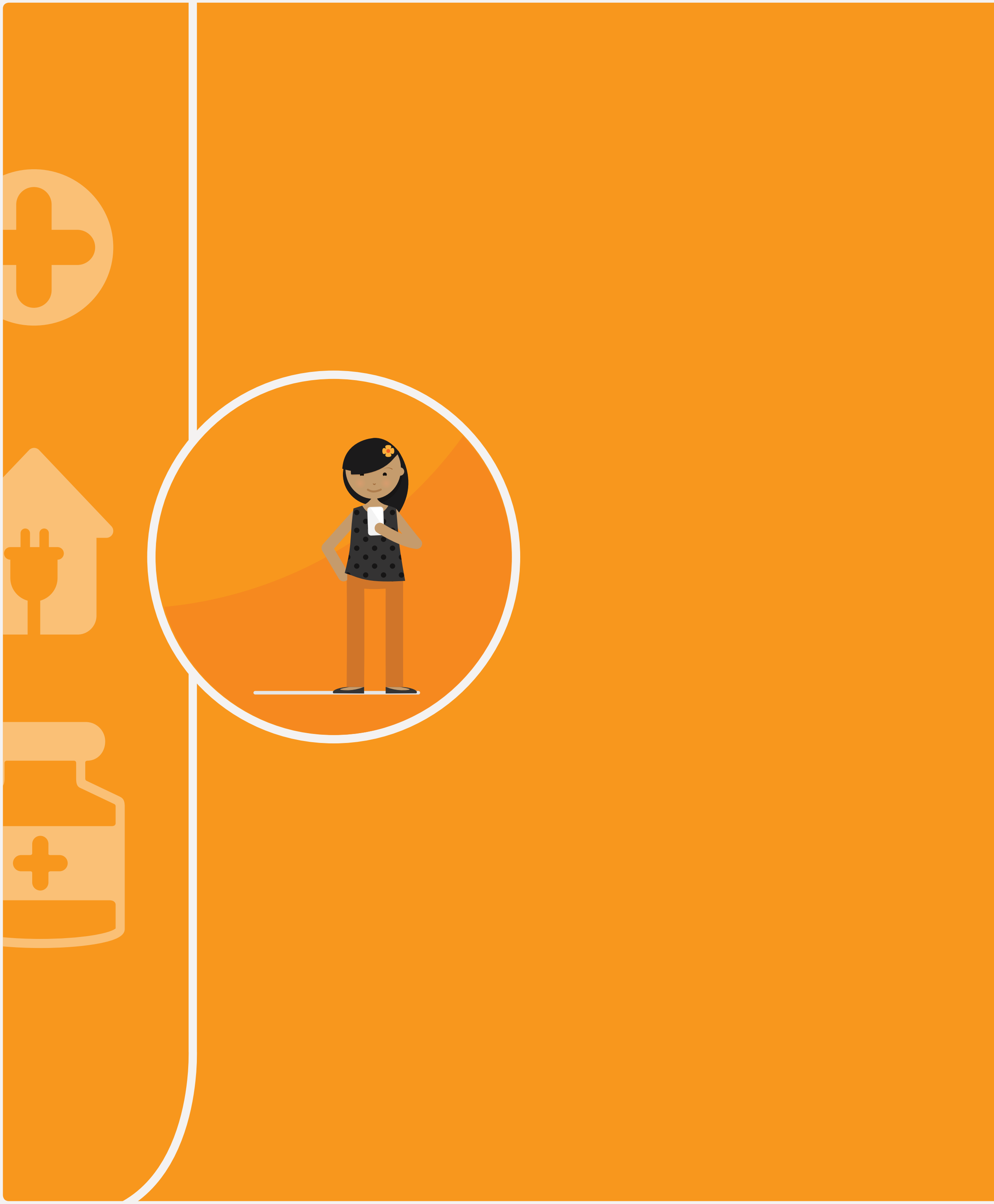
ROLE OF UNDERWRITING REINSURANCE CLAIMS COMMITTEE

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 the 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 is the third year that we have published a separate report to disclose our initiatives and performance with regard to Sustainability issues. In this edition, we have focused on the main undertakings of the year, followed by an emphatic explanation of our vision and commitments for the future.

WHAT SUSTAINABILITY MEANS TO US...

If you see it through our lens, sustainability is not a fad or whim that we are happily indulging ourselves in for a few years only. The Mauritius Union Group is more than just another company coming forth to proclaim its sustainability ethos or simply a contributor to the local economy.

We are a market leader with the conviction that we are amenable to the safeguarding of the interests of our fellow citizens and with the unflinching commitment of making a lasting positive impact on the world around us. To achieve these goals, we have embedded sustainability principles as a central tenet to our vision and strategy.

Far from being a philanthropic initiative that is alienated from the core business model, sustainability is verily a dominant and integral aspect of who we are and what we stand for.

It is part of the DNA of the Group.

Such an integral role has had a significant effect over time:

- It has forced us to take a long-term view of our performance. We are not focused on creating short-term value, at the expense of the well-being of our stakeholders and of the preservation of resources.

In fact, the long-term value that we aim to create has a threefold aspect to it:

1. **Enhancing our business resilience**

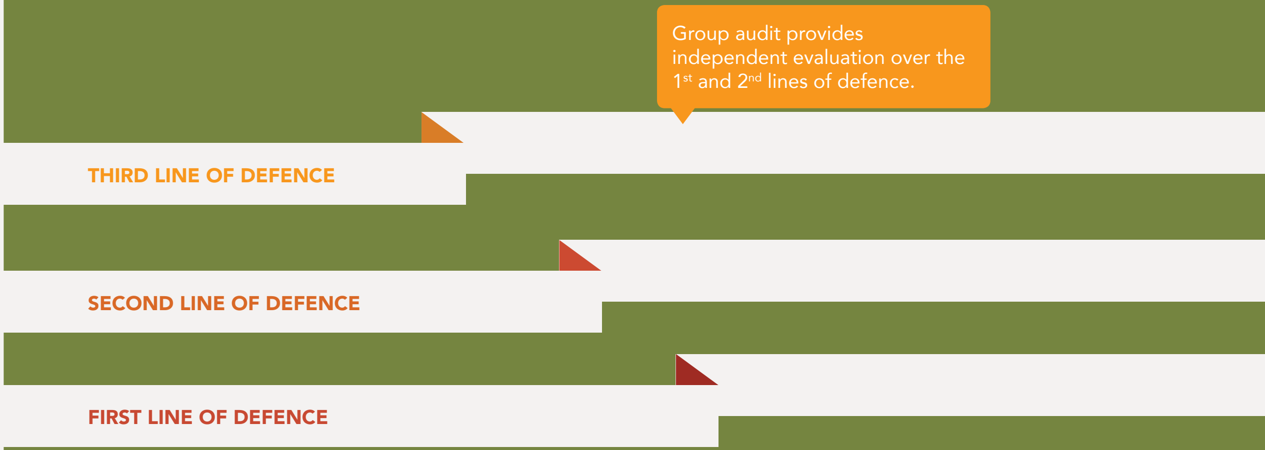
   Our primary duty is to ensure that our business model is resilient. We have built in the following key strategic enablers in our business operations:

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

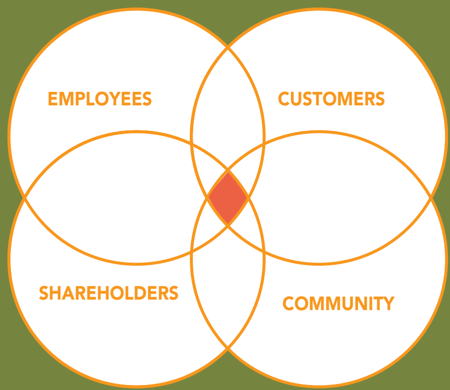
These key strategic enablers ensure that our business model remains agile enough to adapt continuously to the evolving business environment and the challenges that it gives rise to, yet resistant to enterprise-wide risks and vulnerabilities.

Moreover, we adhere strictly to the **Three Lines of Defence Model** to ensure effective risk management and control. It functions by clearly setting out the risk management responsibilities across the business and is consistent with the current regulatory climate around corporate governance, systems and controls.



2. Creating shared value

As any other company, we are here to create value. But at the Mauritius Union Group, we are determined that our purpose is not restricted to solely shareholder value, but all stakeholders at large should benefit from our activities and performance, be it our customers, our employees and the community at large.



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 Care, Information Systems and Marketing amongst others – own their business risk. They have the primary responsibility for identifying, reporting, monitoring and managing their risks.

OUR CUSTOMER CHARTER... WE CARE FOR YOU!

In the insurance world, we tend to have few interactions with our customers. People mostly contact us at times of renewal and when they have to submit a claim. It's not always an easy time for them. The Customer Care department has worked relentlessly and passionately to ensure that the service we provide is up to the standard at all times.

The team has fine-tuned our **Customer Charter** in 2015 and is now in the process of providing adequate training to all our staff members to ensure alignment and to bring them up to speed.

The Charter is the fruit of a long multi-departmental effort towards building a real customer-centric service at all service levels and bears the tagline "**We care for you**", a powerful cue to how much our customers' benefits and satisfaction lie at the heart of our operations.

WHAT HAVE WE DONE FOR OUR CUSTOMERS

IN 2015?

OUR NEW PRODUCTS!

2015 has surely been a busy year at La Prudence Life Insurance, with the launch of two new products.

Assurance Cancer Féminin

At La Prudence Life Insurance, we have thought hard about the hardships that women suffering from cancer face.

Cancer figures among the leading causes of morbidity and mortality worldwide, with the number of new cases expected to increase by around 70% over the next two decades or so. Women, in particular, are plagued by breast cancer.

We have realised that it is not an easy battle. Indeed, far from it, it usually involves onerous and snowballing medical costs, as well as a long period of convalescence.

It is for that reason that we have launched an innovative product on the market, one that we are convinced shall alleviate the worries that a cancer patient has in respect to the treatment costs. For us, no woman should be fighting against this disease while worrying constantly about the medical costs.

L'Assurance Cancer Féminin is an insurance dedicated to women, aged between 18 to 54, that covers the following six cancers:

- Breast cancer
- Cervical cancer
- Ovarian cancer
- Uterine cancer
- Vaginal and vulvar cancer
- Tubal cancer

L'Assurance Cancer Féminin provides a lump sum that can go up to Rs 3 million upon diagnosis of the disease.

The insurance cover is accessible and affordable to all women aged 18 to 54 with low premiums (which are also fixed over a period of ten years) and with a simplified subscription process.

Family Protection Plan

Life is uncertain; we never know what the next minute holds for us. Most of us would agree that it is always wise to have a plan B, for when things don't quite go as expected.

Nonetheless, numerous are those who simply ignore the importance of life insurance, dismissing it almost casually as an unnecessary expense, a "fonds perdu" in a way.

Yet, through life insurance, we can provide financial security to those we care about the most. We provide them with a blanket of protection even when we are not around to look after them.

Keeping all of this in mind, we have created a life insurance product with low premiums but with an adequate cover.

The product can be adjusted as per the level of coverage the individual wishes to sign up for, and additionally **the premium stays the same throughout the 20 years of contract!**

You've heard it right… We shall not be increasing the premiums as time goes on.

The following benefits are offered:

- Rs 300,000 death cover
- Up to Rs 900,000 accidental death cover (Double or Treble Accident Benefit)
- A 'Total & Permanent Disability' benefit
- Double accident benefit
- A simplified subscription process, with no need to undergo a medical test.

The General Insurance business, on the other hand, oversaw the launch of an insurance cover dedicated to SMEs.

SME Pack

During the Budget presentation 2015/2016 – Mauritius at the Crossroad – held on the 24 March 2015, the former Minister of Finance and Economic Development, Mr Seetanah Lutchmeenaraidoo, unequivocally put forth that the most ambitious objective of the Government is "to make the Small and Medium Enterprises (SME) sector the backbone of the economy".

It is a vision that the Mauritius Union Group emphatically adheres to. Indeed, to go along with the Government's 'One-Stop Shop' approach to the SME sector, we have worked on a multi-risk package dedicated to provide comprehensive and adequate coverage to SME businesses.

Henceforth, there shall be no need to subscribe to different policies, but through this new product, all SMEs truly access to a 'One-Stop Insurance Shop', which includes:

- A Motor Insurance Cover for vehicles owned by the business
- A Medicaid Health Insurance Cover for the owner and his/her employees
- A Personal Accident Cover for the owner and his/her employees
- An Employers' Liability *(covering the legal liability of the owner for bodily injury or illness, or death or disease sustained by an employee and which arises out of and in the course of the employment)*
- A Public Liability Cover *(providing indemnity against the owner's liability to third parties for bodily injury and loss of or damage to property that is not deliberately or criminally caused)*
- A Fire & Allied Perils Cover *(covering the building, contents – plant and machinery, stocks, claim costs and debris removal).*

KEEPING UP WITH TIME... OUR NEW SERVICES!

The way customers behave has evolved drastically. Gone are the days where to obtain information about insurance products, one had to wait to meet an agent or salesperson. Nowadays, from email, telephone calls or the Internet, means do not lack for the customer to get into touch with us.

Moreover, today's customer is financially literate, tech-savvy and certainly does not shy away from shopping around.

We are aware that such dynamic changes in customer behaviour entail profound and probably disruptive effects to the distribution network and the customer decision journey. It is for that reason that throughout our strategic plan, 'Ambition 2017', we have placed enormous emphasis on the need to reinvent, readjust and readapt ourselves to the new expectations of our customers and to the digitalisation of insurance.

2015 has been a phenomenal year for us in terms of digitalisation of our products and advertising of our online services.

Carfidence

Carfidence

We have introduced a novel concept, one that we believe was urgently needed, to the local market. It is called 'Carfidence', a portmanteau derived from the words 'CAR' and 'CONFIDENCE'.

Developed in partnership with car surveyors, Carfidence provides an indicative market value for a car based on three primary criteria: the make of the vehicle, its model and the year of production.

As the leading insurer in motor insurance, we are conscious of our role to provide adequate assistance and advice to our customers and remain committed to deliver peace of mind to them.

How does it help?

- Customers no longer have to resort to guesswork to figure out the sum insured value. With the indicative value obtained through this new tool, we advise our customers about the sum insured value such that they avoid cases of over-insurance or under-insurance;
- Additionally, in cases of total loss accidents, we guarantee to reimburse our customers the Carfidence value.

SUBMIT YOUR CLAIM ONLINE!

In August, we launched a new service – the motor insurance claim online facility.

Dealing with the claim process after an accident is not easy for many customers. You have to find time to fill in the forms and make sure to drop them at one of our offices or with our agents.

We have, hence, worked on an online claim form, whereby within a few clicks, the customer can make a claim from a PC, mobile phone or tablet. The customer just has to fill in the relevant questions, upload the photos of the accident and the 'Agreed Statement of Facts'.

And that is not all! We have also reviewed the claim process so that it takes less time to process the claim.

The response rate for this new facility has been satisfactory and we hope that customers do make the most out of what we have to offer them.

GET A QUOTE AND BUY YOUR INSURANCE COVER ONLINE!

We have added a new offering to our digital insurance tools: Click for Home, or simply put the possibility to get a quote for a home insurance online.

With issues like floods cropping up repeatedly over the last few years, having an adequate home insurance policy can truly be a lifesaver.

Moreover, we have noticed that people tend to unknowingly assume that home insurance is expensive and they thus reason that they could do without it.

'Click for Home' is our attempt to prove otherwise and to make sure our customers are duly protected at all times.

But it's not only home insurance that is now online! Indeed, buying insurance has never been so easy, with the possibility to get quotes for home insurance, life insurance and to buy car insurance and travel insurance on our website **www.mauritiusunion.com**

Click & Go
VOTRE
ASSURANCE AUTO
EN LIGNE

I-Go
VOTRE
ASSURANCE VOYAGE
EN LIGNE

Click for Life
VOTRE
ASSURANCE VIE
EN LIGNE

Click for Home
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ASSURANCE MAISON
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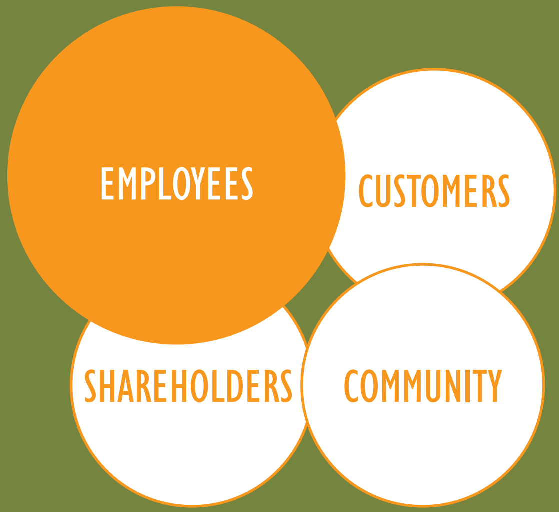


Our Employees

At the Mauritius Union Group, our vision with regard to our human capital is simple: to be an **Employer of Choice**. We firmly believe that our employees are the greatest of our assets, one that we nurture with great care. Our efforts span from recruiting top talents, driving performances up through a performance-based incentive system to creating a work environment that reflects a culture of inclusion and togetherness.

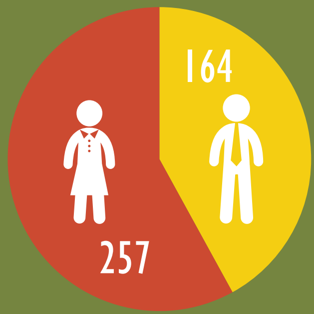
As at December 2015, we had 421 persons working for us full-time. As a sign of the good health of the working environment of the organisation, 108 of our staff members (25%) have stayed loyal to us for over 10 years and are the living ambassadors of our brand.

421
EMPLOYEES

Moreover, with over 66 years of existence behind us, the Group blends experience successfully to the dynamism of a young workforce. Indeed, 32% of our employees are aged less than 30 and the average age across the company stands at 37 years old.

37
THE AGE AVERAGE AT THE MAURITIUS UNION GROUP

Women play a central role to the functioning of the organisation; remarkably, women make up 61% of the overall headcount (257 out of 421) and constitute 38% of our managerial staff.



38%
OF WOMEN IN THE MANAGERIAL STAFF

25%
HAS BEEN WITH MUA FOR MORE THAN 10 YEARS

WHAT HAVE WE DONE FOR OUR EMPLOYEES IN 2015?

The Mauritius Union Group Values

Our values inspire the way our people act and behave. They sustain and reinforce our mission statement and they define the way decisions are made in our Group.

We are motivated by truth and honesty. Acting responsibly and with integrity, in the best interest of our stakeholders, is the leitmotiv of our Group. To that, we strongly believe there is no compromise.

Working as a team, we are committed to creating value for our stakeholders. As diversity is our strength, we believe that it is only by respecting one another that we shall fulfil our vision.

We strive to deliver innovative and meaningful financial solutions to all our clients and we believe that professionalism in everything we do is fundamental to the achievement of our Group's Mission.

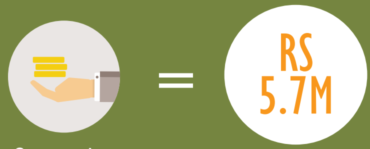
Within this line of action lies our drive for excellence.

CAREER DEVELOPMENT

A central tenet of our Human Resources strategy is the **Training & Development** needs of our employees. It encompasses both generous **studies allocation schemes** and **training programmes** provided throughout the year.

Mauritius Union Studies Allocation Scheme

In an effort to recognise the merits of our employees and to inspire them to a dynamic and challenging career progression within our organisation, we have sponsored in 2015 the studies of around 50 of our employees, to the tune of Rs 5.7 million. We take pride in their success and upon the successful completion of their studies, we make sure to adjust their salaries commensurate with their qualifications.



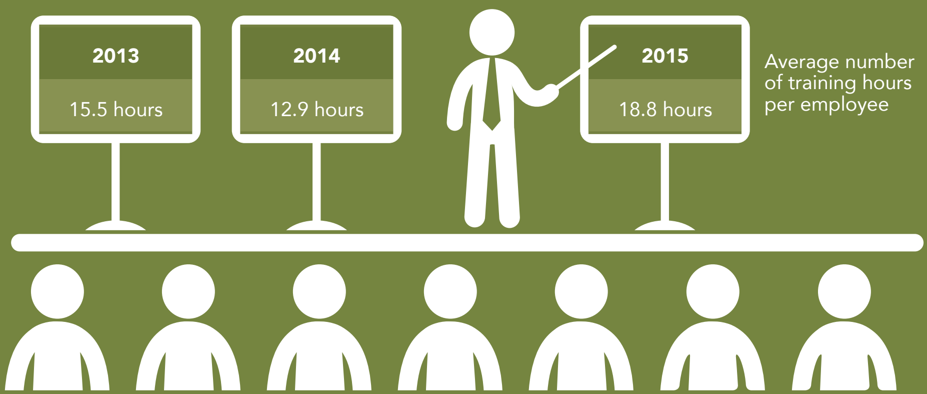
Sponsoring of the studies of around 50 employees

Training Programmes

Viewed as a long-term investment, we focus on providing continuous development and skills enhancement training programmes to employees across all levels of the hierarchy, within the framework of our Employee Development Plan.

Our primary aim is to ensure that our employees are adequately equipped with the skills and competencies needed for us to be able to take the Group to the heights of success that our Strategic Plan, 'Ambition 2017', aims at.

The average number of training hours per employee stands at 18.8 hours for 2015, a marked increase from the 12.9 hours recorded last year. We have also, on numerous occasions, sent employees abroad to attend international conferences and other summits.



Average number of training hours per employee

Countries where several of our employees have participated in training programmes:

- Switzerland
- India
- Dubai
- South Africa
- Thailand

KEY INDICATORS

SOCIAL		2013	2014	2015	2014-2015 Change
Total headcount		448	434	421	-3.0%
Gender balance: Proportion of women	Total	58%	59%	61%	2pts
	Executives	41%	38%	38%	-
Proportion of variable pay		23%	14.67%	20%	5.33pts
Average number of training hours per employee		15.5	12.9	18.8	5.9

Our Employee Welfare Team

Our Employee Welfare Team has been very active in 2015 and has led several initiatives such as the organisation of an eye check-up and a breast cancer screening, as well as fun activities such as an Employee Welfare Night, Celebration of the Independence Day, amongst others.

They have also met with the management on a regular basis to discuss the concerns of employees at large and have been able to work out effective solutions to better the mental, physical and financial well-being of our people.

Work-Life Balance

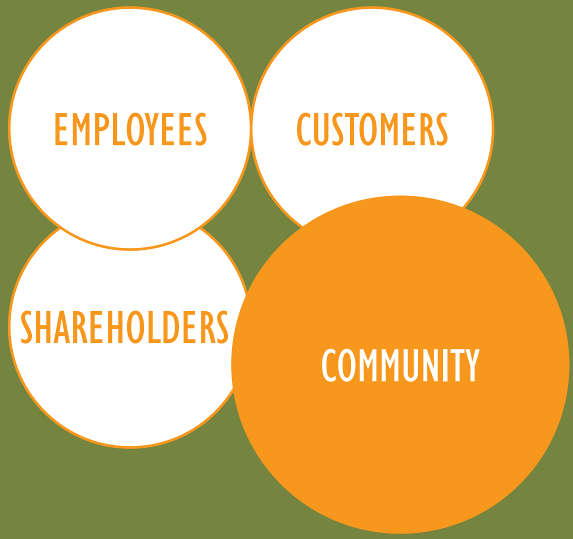
At the Mauritius Union Group, it is our foremost conviction that the most productive and effective employees are those who rejoice of a good work-life balance. It is for that reason that we advocate that the demands of work remain challenging and satisfying without overwhelming our people's ability to enjoying a fulfilling personal life.

It is also one of the key ingredients that effectively position us as an Employer of Choice in Mauritius.

Our Employees and Sports

The positive impact of sports on boosting the morale and improving the mood, motivation and productivity in the working environment is well documented. We have always encouraged our employees to actively practise a sport activity on a regular basis and indeed, to facilitate it all, we also offer free in-house Zumba classes 3 times per week, just after work.

We are also pleased to announce that we had sponsored the National Badminton Team during the 'Jeux des Iles 2015' competition held in Reunion Island, which had within its ranks as Captain, Shama Aboobakar, our Senior Consultant at Feber Associates.



Road Safety… Our Actions

As from mid-2015, in line with the Ministry of Public Infrastructure and Land Transport's announcement of developing a new Road Safety Strategy 2015-2020 to combat against the alarming rate of road accidents, we have added a new element to the open days we have been holding at various shopping centres across the island.

Indeed, as well as going out to meet the public and explaining to them our product portfolio, we have also partnered with the Police to set up a car crash accident rollover simulator at each location we have been to.

The simulator works by recreating what happens to the vehicle occupants during a rollover crash and creates the needed awareness to dissuade various forms of negligence while driving.

It has been an effective campaign, especially a big hit with teenagers and children.

WHAT HAVE WE DONE FOR OUR COMMUNITY

CSR REPORT: FONDATION MAURITIUS UNION LIMITED

We make sure to give back to the communities in which we operate in, through a series of targeted CSR activities that take place throughout the year via our philanthropic arm, the Fondation Mauritius Union Limited (FMU).

Almost from its inception, the Mauritius Union Group has developed a strong culture of engagement in societal issues. Indeed, we have been dedicating a part of our profits to those 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 the CSR law was thus an opportunity for us to set up a governance structure and to formalise the management of the funds earmarked for CSR activities.

The Governance of the Fondation Mauritius Union (FMU)

The FMU is a non-profit company with a board, whose Chairman is the CEO of the Group and whose activities are overseen by a part-time coordinator.

IN 2015?

To encourage staff inclusion and participation, each board member has been designated in-charge for a specific sub-committee and has the responsibility to invite the staff of the Group to participate in its respective initiatives.

FMU welcomes requests from external non-profit organisations and objectively evaluates them as established per the following procedure:

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

Last year, the Group has supported 22 CSR projects headed by the 6 different sub-committees of the FMU:

CSR Contributions 2015:

Category	No. of Projects	Total Spent in Rs
Environment, conservation and national disasters	2	60,000
Advocacy, awareness and preventive campaigns	5	114,500
Education, welfare and development of vulnerable children	5	408,890
Poverty alleviation, community development and capacity building	7	351,032
Protection, health and social integration of vulnerable groups	3	60,000
Grand Total	**22**	**994,422**

The notable highlights were:

Financial assistance to assist in the treatment costs of two children

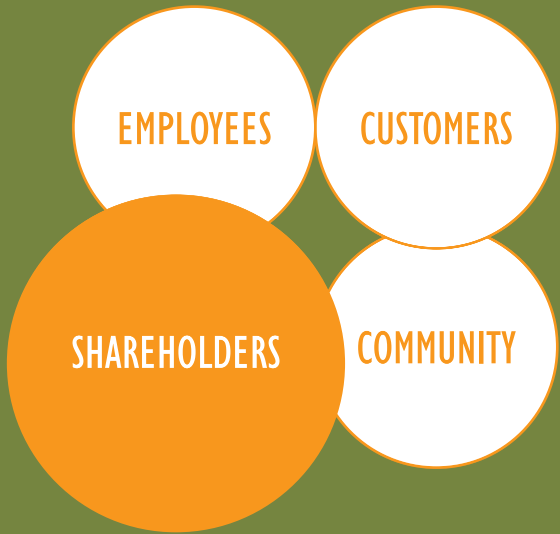
We have provided financial help to two families who needed funds for the surgery and other treatments of two little girls who were suffering from congenital cardiac malformation and bone marrow aspiration respectively. We are very happy to note that the two little angels are now doing better.

Distribution of school materials, food and Christmas gifts to those in need

In 2015, we have distributed school materials to 50 children who are in need, food items to around 60 vulnerable families and have sent our love in the form of Christmas gifts to children in 4 poverty-stricken areas of the island.

Employee Participative Support Programme at Ile Aux Aigrettes

Over 50 employees of the Group participated to a programme carried out in partnership with the Mauritius Wildlife Foundation, where they helped with the weeding of invasive plants, the potting of native varieties and the preservation of endemic plants.



We have paid a total dividend of Rs 109m in 2015, equivalent to a dividend of Rs 2.50 per share.

The Group has paid out consistent dividends over the years, demonstrating that our business follows a circle of revenue and profit generation and efficient reinvestment in the business.

We are focusing on building longer-term value through significant investment in our African subsidiaries.

We focus on creating value for all our stakeholders. We firmly believe that it is through creating value for firstly our employees and secondly for our customers, that we build shareholder value in the long-term.

WHAT HAVE WE DONE FOR OUR SHAREHOLDERS

3. Minimising the negative environmental impacts

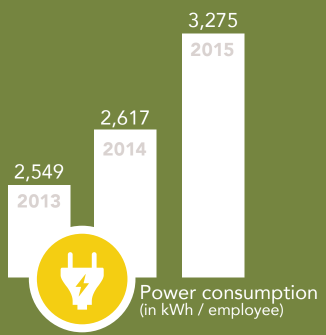
Carbon Footprint

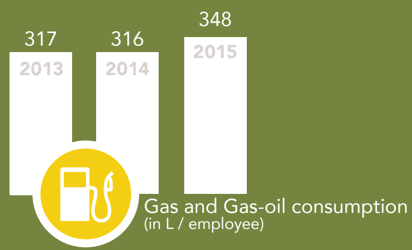
The impacts of climate change on the environment and its consequences on the planet are issues of pressing need which have been well documented. As contributing members of society, we have, be it on the individual or collective front, the moral duty to curb our carbon emissions to avoid a worsening of the current situation. After all, it is our duty, even more as Insurers, to ensure that we leave the world a better place to live in for the generations to come.

With this in mind, the Group has been closely monitoring, since the start of 2013, the impact of our activities on the environment, starting with our electricity and fuel consumption.

KEY INDICATORS

ENVIRONMENTAL	2013	2014	2015
Electricity Consumption (in kWh)	1,141,849	1,135,778	1,378,561
Gas and Gas-oil consumption (in L)	-	137,000	146,679





The results show that over 2015, our carbon footprint has been more consequential than that of the previous years. However it is worth noting that this rise in consumption is attributed to the installation of a Server Room in late 2014.

Additionally, we had taken several measures throughout the year to curb all excessive and wasteful consumption of energy and we believe that the consumption recorded in late 2015 reflects a decrease in inefficient and wasteful energy use.

IN 2015?

We are more committed than ever to ensure that a culture of 'energy efficiency' becomes more deeply ingrained into the culture of the Group and are convinced that the results of all our efforts shall continue to bear its fruits over the next 2 years.

We are also pleased to note the efforts made by the staff of the Rose Hill Branch:

Rose Hill Branch goes Green!

The Rose Hill branch has implemented, with great enthusiasm, the 'Saving Attitude' project and the team is working on decreasing the costs of operating the branch without compromising on the quality of service being delivered.

Over a period of three months in late 2015, the staff has been able to decrease its electricity consumption by 17%, an achievement that they look to better in 2016!

Paper Consumption

One of the other major impacts that our activities may have on the environment is our paper consumption. The consumption of this item had been rather stable over the period of 2011 to 2013 (even registered a decrease in 2012), but had seen a considerable increase in 2014 to a total use of 4,054,900 sheets of paper.

We are very happy to note that this figure has been brought down to 3,974,570 sheets. The decrease is marginal, but it is proof that some of the initiatives that we have implemented in late 2015 have started to bear fruits.

It also implies that we have used around 9,441 sheets of paper per employee.

We remain confident that the results for the coming years shall truly reflect our commitment and vision to become a paperless organisation in the long run. Indeed, this is an earmarked project of great significance in some of our main clusters in our strategic plan, 'Ambition 2017' for the 2015 – 2017 period, with two projects starting in 2016.

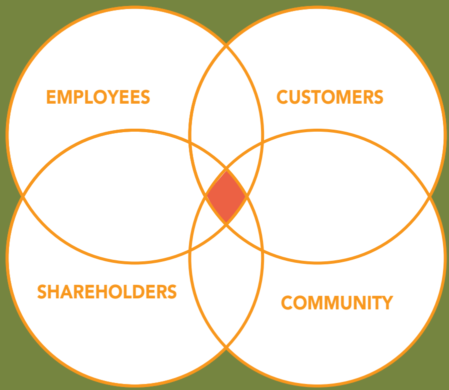
3 974 570
PRINTED SHEETS IN 2015, AN AVERAGE OF 9,441 PAGES PER EMPLOYEE.

Waste

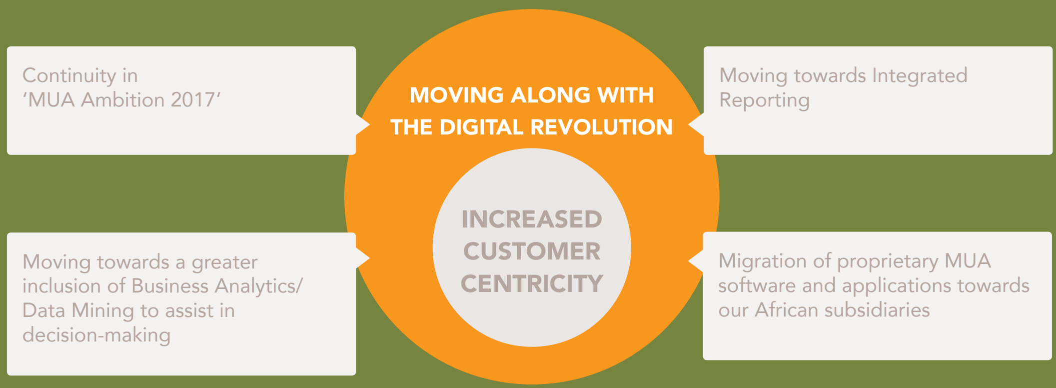
The business of insurance is not an important waste producer. The two main types of waste we generate are electronic waste and paper/cardboard. Currently, most of what is printed by us is afterwards archived and our obsolete equipment is handed over to organisations for second-hand utilisation or recycling.

THE WAY FORWARD – OUR STRATEGY FOR 2016

At the core of our strategy for 2016 is our strong belief that all stakeholders should benefit from our performance and results. Hence, similar to the previous years, our strategy and vision for the year in course shall rotate around our shared value model.



Moreover, taking into account our strategic plan, 'MUA Ambition 2017', we have identified **2 core functions** and **4 key areas for improvements** for 2016 and for the years to come.



At the heart of our model, lies a strong emphasis on **customer centricity**.

Our ambition is to be 'L'Assurance de référence pour tous les Mauriciens'. It is the vision that is the powerful driving force behind our strategic decisions and trade-offs.

Indeed, for us, customers should look up to us as their first choice for all their insurance needs and it is our responsibility to make sure that our services and products are up to the levels of their expectations and even exceed them on a regular basis.

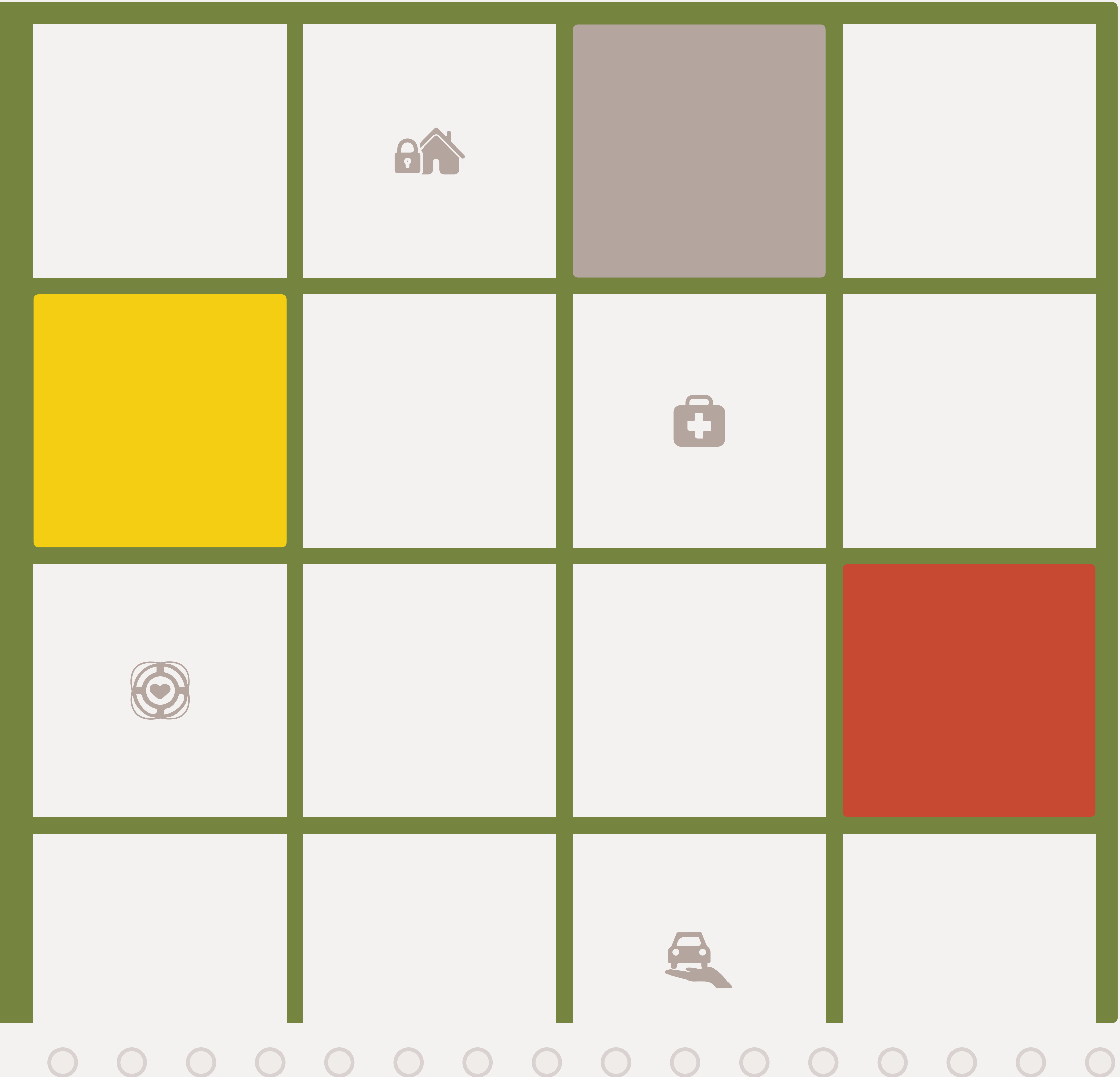
Hence, we are making the conscious effort to apply customer centricity to all our strategies and other initiatives, irrespective of the magnitude and breadth of the project in question.

The second core function is our **Digital Revolution**. The way customers interact with us is undergoing fundamental change. New sales and communication channels are developing through digital insurance. Indeed, they range from social media sites, our websites to our call centre.

Hence in 2016, our focus shall be on integrating the different customer touch points to create a truly cross channel approach, to seamlessly transition into the digital era, while creating more engaging relationships with our customers.

Complimentary to the 2 core functions, are our 4 key areas for improvement:

- Continuity in 'MUA Ambition 2017'
- Moving towards Integrated Reporting
- Moving towards a greater inclusion of Business Analytics/Data Mining to assist in decision-making
- Migration of proprietary Mauritius Union software and applications towards our African subsidiaries



ASSURANCE CANCER FÉMININ

EMPLOYEE PARTICIPATIVE SUPPORT PROGRAMME AT ILE AUX AIGRETTES

SPONSORING THE NATIONAL BADMINTON TEAM

DISTRIBUTION OF SCHOOL MATERIALS, FOOD AND CHRISTMAS GIFTS TO THOSE IN NEED

YOU
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OTHER STATUTORY DISCLOSURES

(pursuant to Section 221 of the Companies Act 2001)

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, except for the executive directors, have service contracts.

DIRECTORS

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

DIRECTORS OF THE MAURITIUS UNION ASSURANCE COMPANY LIMITED

	FROM THE COMPANY		FROM SUBSIDIARIES	
	2015	**2014**	**2015**	**2014**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Executive Directors				
Full-time	5,483	8,978	20,544	5,507
Non-Executive Directors	4,208	4,159	1,450	603
	9,691	13,137	21,994	6,110

DONATIONS

Charitable donations

Charitable donations made by the Company during the year amounted to Rs 994,000 as compared to Rs 991,000 in 2014. These donations were channelled through the Fondation Mauritius Union Ltd which handles the Group's CSR activities.

POLITICAL DONATIONS

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

AUDITORS' FEES

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

	THE GROUP		THE COMPANY	
	2015	2014	2015	2014
	Rs'000	Rs'000	Rs'000	Rs'000
Audit fees paid to: Ernst & Young	7,058	6,066	1,662	1,603
Fees paid for other services provided by: Ernst & Young	3,553	2,747	930	1,724

YOU ARE HERE

FINANCIAL STATEMENTS

7.1 SECRETARY'S CERTIFICATE FOR THE YEAR ENDED 31 DECEMBER 2015

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

30 March 2016

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 112 to 225 which comprise the statements of financial position as at 31 December 2015 and the statements of profit or loss, 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 Financial Reporting Act 2004, 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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 112 to 225 give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards 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 state to them in an auditors' 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

30 March 2016

7.3 STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

		THE GROUP		THE COMPANY	
	Notes	2015	2014	2015	2014
ASSETS		**Rs'000**	Rs'000	**Rs'000**	Rs'000
Non-current assets					
Property and equipment	5	**341,164**	347,358	**235,505**	251,880
Investment properties	6	**523,155**	514,752	**79,000**	79,000
Intangible assets	7	**691,711**	746,913	**308,843**	352,577
Investment in subsidiary companies	8	**-**	-	**927,296**	927,296
Investment in joint venture in Kenya Motor Insurance Pool	9	**14,325**	14,397	**-**	-
Financial assets at fair value through other comprehensive income	10(a)	**564,469**	658,836	**399,502**	461,608
Financial assets at fair value through profit or loss	10(b)	**2,566,280**	2,578,317	**178,318**	-
Financial assets at amortised cost	10(c)	**4,607,148**	2,785,019	**501,901**	88,200
Loans and receivables at amortised cost	11	**750,573**	763,719	**153,320**	126,548
Deferred tax assets	16(b)	**59,270**	72,380	**15,644**	38,394
		10,118,095	8,481,691	**2,799,329**	2,325,503
Current assets					
Financial assets at amortised cost	10(c)	**107,137**	396,935	**8,000**	17,663
Loans and receivables at amortised cost	11	**108,215**	154,204	**70,083**	101,258
Insurance and other receivables	12	**894,338**	800,775	**529,128**	472,019
Prepayments		**5,394**	4,528	**2,808**	3,016
Current tax assets	20(b)	**16,353**	-	**-**	-
Deferred acquisition costs receivable	13(b)	**111,461**	95,767	**64,508**	58,587
Amount receivable from subsidiary		**-**	-	**16,644**	8,119
Reinsurance assets	13(a)	**827,769**	788,783	**508,706**	440,506
Cash and short term deposits	38(b)	**561,264**	1,332,450	**156,546**	303,174
		2,631,931	3,573,442	**1,356,423**	1,404,342
Total assets		**12,750,026**	12,055,133	**4,155,752**	3,729,845

The notes on pages 120 to 225 form an integral part of these financial statements.
Auditors' report on pages 110 and 111.

7.3 STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

		THE GROUP		THE COMPANY	
	Notes	2015	2014	2015	2014
EQUITY AND LIABILITIES		**Rs'000**	Rs'000	**Rs'000**	Rs'000
Equity attributable to equity holders of the parent					
Issued share capital	14	**450,900**	400,800	**450,900**	400,800
Share premium	14	**273,068**	-	**273,068**	-
Total reserves		**1,490,804**	1,415,068	**1,066,251**	1,089,894
Non-distributable share of Life surplus		**6,803**	14,144	**-**	-
Total ordinary shareholders' equity		**2,221,575**	1,830,012	**1,790,219**	1,490,694
Non-controlling interests		**633,084**	600,033	**-**	-
Total equity		**2,854,659**	2,430,045	**1,790,219**	1,490,694
Technical Provisions					
Life assurance fund	15	**5,716,232**	6,151,442	**-**	-
Investment contract liabilities	15(a)	**577,745**	-	**-**	-
Insurance contract liabilities	13(a)	**2,533,380**	2,449,132	**1,799,391**	1,678,570
		8,827,357	8,600,574	**1,799,391**	1,678,570
Non-current liabilities*					
Borrowings	18	**300,000**	322,936	**300,000**	322,936
Deferred tax liabilities	16(b)	**116,674**	95,454	**-**	-
Employee benefit obligations	17	**5,749**	4,871	**5,749**	4,871
		422,423	423,261	**305,749**	327,807
Current liabilities*					
Borrowings	18	**23,638**	21,042	**22,936**	21,042
Trade and other payables	19	**587,145**	541,512	**201,084**	164,612
Deferred acquisition costs payable	13(c)	**34,804**	35,531	**34,804**	35,531
Current tax liabilities	20(b)	**-**	3,168	**1,569**	11,589
		645,587	601,253	**260,393**	232,774
Total equity and liabilities		**12,750,026**	12,055,133	**4,155,752**	3,729,845

* exclude technical provisions

These financial statements have been approved for issue by the Board of Directors on:

} Directors

The notes on pages 120 to 225 form an integral part of these financial statements.
Auditors' report on pages 110 and 111.

7.4 STATEMENTS OF PROFIT AND LOSS FOR YEAR ENDED 31 DECEMBER 2015

		THE GROUP		THE COMPANY	
	Notes	2015	2014	2015	2014
		Rs'000	Rs'000	Rs'000	Rs'000
Gross premiums earned	21	3,395,555	2,659,949	1,759,161	1,641,883
Premiums ceded to reinsurers	21	(907,854)	(565,312)	(377,243)	(369,564)
Net earned premiums	21	2,487,701	2,094,637	1,381,918	1,272,319
Fees and commission income	22	226,225	157,528	95,911	92,726
Investment income	23	515,664	421,445	85,176	88,927
Realised gains/(losses)	24	3,052	5,761	(16,528)	385
Unrealised (losses)/gains	25	(146,362)	19,125	-	5,000
Other operating income	26	150,210	73,961	13,295	2,376
Total revenue		3,236,490	2,772,457	1,559,772	1,461,733
Gross claims paid	13	(1,773,610)	(1,645,095)	(943,747)	(954,763)
Claims ceded to reinsurers	13	257,444	324,636	134,187	242,980
Gross change in contract liabilities	13	(174,735)	(358,484)	(91,047)	(4,954)
Change in contract liabilities ceded to reinsurers	13	75,318	(3,148)	72,214	(23,617)
Net claims and benefits		(1,615,583)	(1,682,091)	(828,393)	(740,354)
Change in investment contract liabilities	15(a)	(17,201)	-	-	-
Commission and brokerage fees paid	27	(299,568)	(207,283)	(187,420)	(145,326)
Other operating and administrative expenses	28	(835,605)	(652,054)	(369,345)	(377,972)
Total claims, benefits and other expenses		(2,767,957)	(2,541,428)	(1,385,158)	(1,263,652)
Profit from operations		468,533	231,029	174,614	198,081
Finance costs	29	(24,778)	(18,572)	(24,568)	(18,235)
Share of (loss)/profit from a joint venture	9(a)	(136)	1,697	-	-
Profit before tax		443,619	214,154	150,046	179,846
Income tax expense	20	(95,618)	(45,555)	(24,742)	(38,513)
Profit for the year		348,001	168,599	125,304	141,333
Attributable to:					
Equity holders of the parent		248,902	148,552		
Non-controlling interests		99,099	20,047		
		348,001	168,599		
Earnings per share (basic and diluted)					
Attributed to equity holders of the parent (Rs/cs)	37	5.88	3.68		

7.4 STATEMENTS OF COMPREHENSIVE INCOME FOR YEAR ENDED 31 DECEMBER 2015

		THE GROUP		THE COMPANY	
	Notes	**2015**	2014	**2015**	2014
		Rs'000	Rs'000	**Rs'000**	Rs'000
Profit for the year		**348,001**	168,599	**125,304**	141,333
Other comprehensive income:					
Items that will not be reclassified to profit or loss in subsequent periods:					
Exchange difference on translating foreign operations		**(42,042)**	3,130	**2,817**	(815)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**(42,042)**	3,130	**2,817**	(815)
Items that will not be reclassified to profit or loss in subsequent periods:					
(Decrease)/increase arising on revaluation of financial assets at fair value through other comprehensive income	10 (a)	**(69,553)**	37,769	**(42,260)**	542
Re-measurement of defined benefit obligations	17	**(536)**	(286)	**(536)**	(286)
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		**(70,089)**	71,975	**(42,796)**	27,789
Other comprehensive income for the year - net of tax		**(112,131)**	75,105	**(39,979)**	26,974
Total comprehensive income for the year		**235,870**	243,704	**85,325**	168,307
Attributable to:					
Equity holders of the parent		**177,363**	207,456	**85,325**	168,307
Non-controlling interests		**58,507**	36,248	**-**	-
		235,870	243,704	**85,325**	168,307

The notes on pages 120 to 225 form an integral part of these financial statements.
Auditors' report on pages 110 and 111.

7.5 STATEMENTS OF CHANGES IN EQUITY FOR YEAR ENDED 31 DECEMBER 2015

		ATTRIBUTABLE TO OWNERS OF THE PARENT											
THE GROUP	Notes	Share capital	Share premium	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	Rs'000
Balance at 1 January 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	35	-	-	-	-	-	3,931	-	-	3,931	(3,931)	-	-
Additional non controlling interest arising on acquisition of African subsidiaries	39	-	-	-	-	-	-	-	-	-	-	586,935	586,935
Bonus issue of shares	14	200,400	-	-	-	-	(200,400)	-	-	(200,400)	-	-	-
Dividends	32	-	-	-	-	-	(100,200)	-	-	(100,200)	-	(28,686)	(128,886)
Balance at 31 December 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

7.5 STATEMENTS OF CHANGES IN EQUITY FOR YEAR ENDED 31 DECEMBER 2015

		ATTRIBUTABLE TO OWNERS OF THE PARENT											
THE GROUP	Notes	Share capital	Share premium	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	Rs'000
Balance at 1 January 2015		**400,800**	**-**	**35,250**	**1,958**	**40,324**	**1,327,237**	**10,056**	**243**	**1,415,068**	**14,144**	**600,033**	**2,430,045**
Transfer of gains on disposal of financial assets at fair value through other comprehensive income		-	-	-	-	(855)	855	-	-	-	-	-	-
Profit for the year		-	-	-	-	-	248,902	-	-	248,902	-	99,099	348,001
Other comprehensive income		-	-	-	(12,090)	(58,913)	(536)	-	-	(71,539)	-	(40,592)	(112,131)
Total comprehensive income		**-**	**-**	**-**	**(12,090)**	**(58,913)**	**248,366**	**-**	**-**	**177,363**	**-**	**58,507**	**235,870**
Movement in reserves		-	-	-	-	-	(14,200)	14,200	-	-	-	-	-
Transfer of distributable share of Life Surplus	35	-	-	-	-	-	7,341	-	-	7,341	(7,341)	-	-
Right issue	14	50,100	275,550	-	-	-	-	-	-	-	-	-	325,650
Issue costs		-	(2,482)	-	-	-	-	-	-	-	-	-	(2,482)
Dividends	32	-	-	-	-	-	(108,968)	-	-	(108,968)	-	(25,456)	(134,424)
Balance at 31 December 2015		**450,900**	**273,068**	**35,250**	**(10,132)**	**(19,444)**	**1,460,631**	**24,256**	**243**	**1,490,804**	**6,803**	**633,084**	**2,854,659**

The notes on pages 120 to 225 form an integral part of these financial statements.
Auditors' report on pages 110 and 111.

7.5 STATEMENTS OF CHANGES IN EQUITY FOR YEAR ENDED 31 DECEMBER 2015

THE COMPANY	Notes	Issued share capital	Share premium	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	Rs'000
Balance at 1 January 2014		**200,400**	-	**2,460**	-	**65,989**	**1,153,738**	**1,222,187**	**1,422,587**
Transfer of loss 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	32	-	-	-	-	-	(100,200)	(100,200)	(100,200)
Balance at 31 December 2014		400,800	-	29,993	(815)	42,037	**1,018,679**	**1,089,894**	**1,490,694**
Balance at 1 January 2015		**400,800**	-	**29,993**	**(815)**	**42,037**	1,018,679	1,089,894	1,490,694
Transfer of gain on disposal of financial assets at fair value through other comprehensive income		-	-	-	-	933	(933)	-	-
Profit for the year		-	-	-	-	-	125,304	125,304	125,304
Other comprehensive income		-	-	-	2,817	(42,260)	(536)	(39,979)	(39,979)
Total comprehensive income		-	-	-	2,817	(42,260)	124,768	85,325	85,325
Right issue of shares	14	50,100	275,550	-	-	-	-	-	325,650
Issue costs		-	(2,482)	-	-	-	-	-	(2,482)
Dividends	32	-	-	-	-	-	(108,968)	(108,968)	(108,968)
Balance at 31 December 2015		**450,900**	**273,068**	**29,993**	**2,002**	**710**	**1,033,546**	**1,066,251**	**1,790,219**

The notes on pages 120 to 225 form an integral part of these financial statements.
Auditors' report on pages 110 and 111.

7.5 STATEMENT OF CASH FLOWS FOR YEAR ENDED 31 DECEMBER 2015

	Notes	THE GROUP 2015 Rs'000	THE GROUP 2014 Rs'000	THE COMPANY 2015 Rs'000	THE COMPANY 2014 Rs'000
Operating activities					
Net cash generated from/(used in)/operations	38(a)	204,540	(21,105)	195,213	225,216
Dividend received		79,419	47,855	21,451	21,579
Interest received		392,285	248,861	33,915	32,744
Interest paid		(24,778)	(12,738)	(24,568)	(12,401)
Income tax paid	20(b)	(61,786)	(47,068)	(10,020)	(10,008)
Net cash generated from operating activities		589,680	215,805	215,991	257,130
INVESTING ACTIVITIES					
Proceeds on disposal of property and equipment		11,491	3,556	9,875	2,936
Proceeds on disposal/maturity of financial assets		712,589	1,661,524	51,846	123,325
Purchase of investment property		-	(28)	-	-
Purchase of property and equipment	5	(36,380)	(35,888)	(10,530)	(25,473)
Purchase of intangible assets	7	(7,678)	(17,549)	(2,427)	(15,107)
Purchase of financial assets	10	(2,411,863)	(1,257,098)	(615,202)	(15,993)
Net movement in loans and receivables		59,135	40,496	4,171	706
Change in investment in contract liabilities		50,814	-	-	-
Acquisition of subsidiary	8	-	-	-	(719,254)
Net cash outflow on acquisition of subsidiaries	39	-	(430,024)	-	-
Net cash used in investing activities		(1,621,892)	(35,011)	(562,267)	(648,860)
FINANCING ACTIVITIES					
Issue of bonds		-	200,000	-	200,000
Issue of shares/issue cost	14	323,168	-	323,168	-
Borrowings paid		(21,042)	(19,305)	(21,042)	(19,305)
Dividends - Owners of the Parent	32	(108,968)	(100,200)	(108,968)	(100,200)
- Non-controlling interest		(25,456)	(28,686)	-	-
Net cash generated from financing activities		167,702	51,809	193,158	80,495
Net (decrease)/increase in cash and cash equivalents		(864,510)	232,603	(153,118)	(311,235)
MOVEMENT IN CASH AND CASH EQUIVALENTS					
At 1 January		1,332,450	1,091,983	303,174	615,964
Net (decrease)/increase in cash and cash equivalents		(864,510)	232,603	(153,118)	(311,235)
Exchange gains/(losses) on cash and cash equivalents		92,622	7,864	6,490	(1,555)
At 31 December	38(b)	560,562	1,332,450	156,546	303,174

The notes on pages 120 to 225 form an integral part of these financial statements. Auditors' report on pages 110 and 111.

7.6 NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2015

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 1 January 2011, the Company's principal activity is to transact only in short term insurance business. The life business of the Company was transferred to La Prudence Mauricienne Limitée (LPM), one of the company's subsidiary companies.

On 31 May 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 business.

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 Mauritian 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 2015. 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 in 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 2015:

Amendments	**Effective for accounting period beginning on or after**
- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	1 July 2014
Annual Improvements 2010-2012 Cycle	
- IFRS 2 Share-based Payment	1 July 2014
- IFRS 3 Business Combinations	1 July 2014
- IFRS 8 Operating Segments	1 July 2014
- IAS 16 Property, Plant and Equipment	1 July 2014
- IAS 38 Intangible Assets	1 July 2014
- IAS 24 Related Party Disclosures	1 July 2014
Annual Improvements 2011-2013 Cycle	
- IFRS 3 Business Combinations	1 July 2014
- IFRS 13 Fair Value Measurement	1 July 2014
- IAS 40 Investment Property	1 July 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:

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions – effective 1 July 2014

IAS 19 requires an entity to consider contribution from employees or third parties when accounting for defined benefit plans.

Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service.

This amendment had no impact on the financial position of the Group and the Company's financial statements.

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39. This is consistent with the Group's and the Company's current accounting policy and, thus, this amendment did not impact the Group's accounting policy.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policy and disclosures (continued)

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'; and
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Group has not applied the aggregation criteria in IFRS 8.12. The Group has presented the reconciliation of segment assets to total assets in previous periods and continues to disclose the same in Note 32 in this period's financial statements as the reconciliation is reported to the chief operating decision maker for the purpose of her decision making.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

This amendment did not have any impact to the revaluation adjustments recorded by the Group and the Company during the current period.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

This amendment is not relevant for the Group and the Company as they do not receive any management services from other entities.

Annual Improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and the Group and the Company have applied these amendments in these consolidated financial statements. They include:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3; and
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

The Group has not entered into a joint arrangement, and thus this amendment is not relevant for the Group and its subsidiaries.

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Group and the Company do not apply the portfolio exception in IFRS 13.

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment did not impact the accounting policy of the Group and 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 except for IFRS 9:

New or revised standards	**Effective for accounting period beginning on or after**
- IFRS 9 Financial Instruments	1 January 2018
- IFRS 15 Revenue from Contracts with Customers	1 January 2018
- IFRS 16 Leases	1 January 2019
Amendments	
- 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)	Effective date postponed indefinitely
- Annual Improvements 2012 – 2014 Cycle	1 January 2016
- Disclosure initiative-Amendments to IAS 1	1 January 2016

New or revised standards

IFRS 9 Financial Instruments-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 has already adopted the 'classification and measurement of financial assets' part of IFRS 9. Moreover the Group is still assessing the impact of the full adoption of IFRS 9 on the financial statements.

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 2018

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Accounting Standards and Interpretations issued but not yet effective (continued)

IFRS 15 Revenue from Contracts with Customers - effective 1 January 2018 (continued)

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.

IFRS 16 Leases – effective 1 January 2019

The IASB has redrafted this new leasing standard that would require lessees to recognise assets and liabilities for most leases. Lessees applying IFRS would have a single recognition and measurement model for all leases (with certain exemptions). Lessors applying IFRS would classify leases using the principle in IAS 17; in essence, lessor accounting would not change. The IASB and the FASB have made different decisions about lease classification and the recognition, measurement and presentation of leases for lessees and lessors.

The Group and the Company are still assessing the impact of this new standard.

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 non-controlling 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 and accounted for in equity once it is finally settled.

Goodwill is initially measured at cost being the excess of the aggregate of the fair value 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 which 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.

On consolidation, the assets and liabilities of foreign operations are translated into Mauritian Rupees (Rs) at a rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

On disposal of a foreign operation, the component of other comprehensive income relating to that profit or loss foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign generation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

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% (2014: 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% (2014: 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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting policies (continued)

(c) Insurance contracts (continued)

Long-term insurance contracts without fixed terms and with DPF (continued)

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 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 expired 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, noninsurance 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 of 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. 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.

Life Assurance Fund

Investment contracts are those contracts that transfer significant financial risks and no significant insurance risk.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its life time, even if insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired. Investment can, however, be classified as insurance contracts after inception if insurance risk becomes significant.

(xi) Investment contract liabilities

Investment contracts are contracts without DPF. Investment contract liabilities without DPF are recognised when contracts are entered into. These liabilities are initially recognised at fair value, this being the transaction price excluding any transaction costs directly attributable to the issue of the contract. Subsequent to initial recognition, investment contract liabilities are measured at fair value through profit or loss.

(d) Financial instruments

Financial assets

As from 1 January 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting policies (continued)

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 through 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/losses- 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.

(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 expired. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting policies (continued)

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 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 and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(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 approved.

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 costs 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	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 valuation 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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting policies (continued)

(n) Investment properties (continued)

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.

Goodwill

Goodwill is not amortised but tested for impairment annually as described in note 2.4(a).

(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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting policies (continued)

(u) Taxes (continued)

Deferred income tax (continued)

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% (2014: 7%) of these bonuses is transferred from the non-distributable reserve to retained earnings in the Statement of Changes in Equity.

(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% (2014: 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% (2014: 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) Defined Benefit Scheme

For Defined Benefit retirement benefit plans, the cost of providing benefits using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes on the return on plan assets (excluding interest) is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in returned earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements)
- Net interest expenses or income and
- Remeasurement

(iii) 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.

(iv) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting policies (continued)

(z) Fair value measurement (continued)

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:

- in the principal market for the asset or liability, or
- in 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.

(aa) Contingencies reserve

A contingency reserve was created by one of the Company's overseas Insurance subsidiaries in order to comply with their local Insurance Act Regulations. This reserve is created to cover fluctuations in securities and variation in statistical estimates.

2.5 Significant accounting judgments, estimates and assumptions

The preparation of these financial statements requires management to make judgements, 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 previous 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 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).

2.5 Significant accounting judgments, estimates and assumptions (continued)

Valuation of insurance contract liabilities (continued)

(ii) Long term insurance (continued)

	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) Other significant, estimates and judgments

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 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 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% effective 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

2.5 Significant accounting judgments, estimates and assumptions (continued)

Valuation of insurance contract liabilities (continued)

(iii) Other significant, estimates and judgments (continued)

Control over subsidiaries (continued)

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.

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 2015			
Class of business	No. of claims	Gross liabilities	Reinsurance of liabilities	Net
		Rs'000	Rs'000	Rs'000
Motor	13,579	612,240	(45,539)	566,701
Fire	368	123,600	(96,112)	27,488
Personal Accident	299	74,980	(51,597)	23,383
Transport	248	47,982	(22,444)	25,538
Miscellaneous	2,649	437,206	(305,354)	131,852
IBNR	-	111,500	(22,254)	89,246
Total	**17,143**	**1,407,508**	**(543,300)**	**864,208**

THE COMPANY	OUTSTANDING CLAIMS 2015			
Class of business	No. of claims	Gross liabilities	Reinsurance of liabilities	Net
		Rs'000	Rs'000	Rs'000
Motor	11,486	461,616	(9,658)	451,958
Fire	205	76,077	(58,316)	17,761
Personal Accident	159	34,639	(30,401)	4,238
Transport	153	17,146	(1,327)	15,819
Miscellaneous	1,602	364,142	(264,987)	99,155
IBNR	-	62,740	(6,278)	56,462
Total	**13,605**	**1,016,360**	**(370,967)**	**645,393**

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	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	541,651	(291,808)	249,843
IBNR	-	123,857	(25,964)	97,893
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

(a) Long-term Insurance

The table below presents the concentration of insured benefits across bands of insured benefits per individual life assured.

	THE GROUP Total benefits insured				THE COMPANY Total benefits insured			
Benefits assured per life assured at the end of 2015	Before reinsurance		After reinsurance		Before reinsurance		After reinsurance	
Rs'000	Rs'000	%	Rs'000	%	Rs'000	%	Rs'000	%
0 - 50	228,982	1	243,667	2	-	-	-	-
50 - 100	503,183	2	542,715	4	-	-	-	-
100 - 150	907,711	3	1,024,309	8	-	-	-	-
150 - 200	941,281	4	1,031,899	8	-	-	-	-
200 - 250	1,355,877	5	1,298,504	10	-	-	-	-
250 - 300	1,196,750	4	5,096,840	38	-	-	-	-
More than 300	21,139,306	81	3,541,913	30	-	-	-	-
Total	**26,273,090**	**100**	**12,779,847**	**100**	**-**	**-**	**-**	**-**

	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**	**-**	**-**	**-**	**-**

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 2015	Total annuities payable per annum							
	2015		2014		2015		2014	
Rs'000	Rs'000	%	Rs'000	%	Rs'000	%	Rs'000	%
0 - 10	1,830	3	1,701	3	-	-	-	-
10 - 20	3,434	6	3,047	6	-	-	-	-
20 - 50	11,484	19	9,498	19	-	-	-	-
50 - 100	12,127	21	10,090	20	-	-	-	-
100 - 150	8,143	14	7,148	14	-	-	-	-
More than 150	21,779	37	19,048	38	-	-	-	-
Total	**58,797**	**100**	**50,532**	**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)

AVERAGE CLAIM COST					
2015	Change in asssumptions	Impact on gross liabilities	Impact on reinsurance share of liabilities	Impact on profit before tax	Impact on equity
		Rs'000	Rs'000	Rs'000	Rs'000
THE GROUP	10%	129,601	52,105	(77,496)	(65,872)
THE COMPANY	10%	95,362	36,469	(58,893)	(50,059)

AVERAGE CLAIM COST					
2014	Change in asssumptions	Impact on gross liabilities	Impact on reinsurance share of liabilities	Impact on profit before tax	Impact on equity
		Rs'000	Rs'000	Rs'000	Rs'000
THE GROUP	10%	119,901	45,001	(74,900)	(63,665)
THE COMPANY	10%	85,553	29,570	(55,983)	(47,586)

(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)

3.1.3 Sources of uncertainty (continued)

(b) Long-term Insurance

Sensitivity analysis

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 indicated 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 of the variable.

	THE GROUP				
2015	**Basic liabilities**	**Future bonus reserve**	**Total life fund**	**Change in basic liability**	**Impact on profit or loss**
Variable	**Rs'000**	**Rs'000**	**Rs'000**		
Base run	5,618,322	97,909	5,716,231	0.00%	0.00%
Future mortality 10% worse	5,648,912	91,328	5,740,240	0.50%	-5.20%
Future lapses 10% higher	5,618,429	101,554	5,719,983	-0.80%	-0.80%
Future investment returns 1% lower	5,759,966	(40,838)	5,719,128	2.50%	-0.60%
Future inflation 1% higher	5,664,324	81,427	5,745,751	0.80%	-6.40%
Future maintenance expense 10% higher	5,684,896	68,131	5,753,027	1.20%	-8.00%

	THE GROUP				
2014	**Basic liabilities**	**Future bonus reserve**	**Total life fund**	**Change in basic liability**	**Impact on profit or loss**
Variable	**Rs'000**	**Rs'000**	**Rs'000**		
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 expense 10% higher	6,015,782	165,369	6,181,151	1.10%	-8.30%

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 (2015)				
Net estimate of ultimate claim costs	**Underwriting year**				
	2011	**2012**	**2013**	**2014**	**2015**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At end of claim year	123,260	100,563	92,041	220,876	265,512
One year later	101,542	102,880	48,344	163,540	-
Two years later	67,784	66,442	46,863	-	-
Three years later	59,995	57,324	-	-	-
Four years later	50,195	-	-	-	-

	THE COMPANY (2015)				
Net estimate of ultimate claim costs	**Underwriting year**				
	2011	**2012**	**2013**	**2014**	**2015**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At end of claim year	123,260	100,563	92,041	144,018	168,854
One year later	101,542	102,880	48,344	95,964	-
Two years later	67,784	66,442	46,863	-	-
Three years later	59,995	57,324	-	-	-
Four years later	50,195	-	-	-	-

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

3.1 Insurance risks (continued)

3.1.4 Claims development tables (continued)

THE GROUP (2014)					
Net estimate of ultimate claim costs	**Underwriting year**				
	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)					
Net estimate of ultimate claim costs	**Underwriting year**				
	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)

Long-term Insurance (The Group)

	FINANCIAL LIABILITIES	
Long term insurance contracts	**2015**	**2014**
	Rs'000	**Rs'000**
No stated Maturity	2,689,180	2,123,457
0 - 1 yr	254,660	174,703
1 - 2 yrs	171,042	175,256
2 - 3 yrs	176,899	167,349
> 3 yrs	3,073,145	3,510,676
	6,364,926	6,151,441

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 (2015)					
	2011	**2012**	**2013**	**2014**	**2015**	**TOTAL**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Current estimates of cumulative claims	661,378	780,855	442,049	994,527	888,851	3,767,660
Cumulative payments	(611,183)	(723,531)	(395,186)	(830,987)	(623,339)	(3,184,226)
Liability	50,195	57,324	46,863	163,540	265,512	583,434
Liability in respect of prior years						191,528
Incurred but not reported (IBNR)						89,246
Total liability (net)						864,208

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

3.1 Insurance risks (continued)

3.1.4 Claims development tables (continued)

THE COMPANY (2015)						
	2011	2012	2013	2014	2015	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Current estimates of cumulative claims	661,378	780,855	442,049	769,243	610,253	3,263,778
Cumulative payments	(611,183)	(723,531)	(395,186)	(673,280)	(441,398)	(2,844,578)
Liability	50,195	57,324	46,863	95,963	168,855	419,200
Liability in respect of prior years						169,731
Incurred but not reported (IBNR)						56,462
Total liability (net)						645,393

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	44,961	59,995	66,442	48,344	333,191	552,933
Liability in respect of prior years						196,069
Incurred but not reported (IBNR)						97,893
Total liability (net)						846,895

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

3.1 Insurance risks (continued)

3.1.4 Claims development tables (continued)

	THE COMPANY (2014)				
	2011	2012	2013	2014	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Current estimates of cumulative claims	664,897	779,002	424,540	516,631	2,920,778
Cumulative payments	(604,902)	(712,560)	(376,196)	(372,613)	(2,557,018)
Liability	59,995	66,442	48,344	144,018	363,760
Liability in respect of prior years					196,069
Incurred but not reported (IBNR)					66,731
Total liability (net)					626,560

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 and Liquidity risk.

Concentration risk

The Group has no significant concentration of currency risk.

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 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 significant effect in determining the ultimate impact on the market risk, but to demonstrate the impact due to changes in variables, these variables had to be changed on an individual basis.

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

3.2 Financial risks (continued)

Concentration risk

THE GROUP - 2014

		31 December 2015		31 December 31 2014	
	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%	1,592	255	1,112	236
EUR	+2.5%	146	417	29	377
GBP	+2.5%	30	-	119	-
SGD	+2.5%	7	-	3	-
AUD	+2.5%	-	-	-	-
ZAR	+2.5%	49	-	-	-
SCR	+2.5%	535	-	339	-
RWF	+10.0%	15,725	148	15,153	227
KSHS	+10.0%	2,211	2,329	1,012	3,166
TZSHS	+10.0%	1,797	1,022	5,396	868
USHS	+10.0%	2,939	175	9,599	194
USD	-2.5%	(1,592)	(255)	(1,112)	(236)
EUR	-2.5%	(146)	(417)	(29)	(377)
GBP	-2.5%	(30)	-	(119)	-
SGD	-2.5%	(7)	-	(3)	-
AUD	-2.5%	-	-	-	-
ZAR	-2.5%	(49)	-	-	-
SCR	-2.5%	(535)	-	(339)	-
RWF	-10.0%	(15,725)	(148)	(15,153)	(227)
KSHS	-10.0%	(2,211)	(2,329)	(1,012)	(3,166)
TZSHS	-10.0%	(1,797)	(1,022)	(5,396)	(868)
USHS	-10.0%	(2,939)	(175)	(9,599)	(194)

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

3.2 Financial risks (continued)

3.2.1 Market risk

(i) Foreign exchange risk

		THE COMPANY			
		31 December 2015		31 December 2014	
	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%	245	255	164	236
EUR	+2.5%	3	417	15	377
GBP	+2.5%	3	-	-	-
SGD	+2.5%	7	-	-	-
AUD	+2.5%	-	-	-	-
ZAR	+2.5%	6	-	7	-
SCR	+2.5%	535	-	339	-
USD	-2.5%	(245)	(255)	(164)	(236)
EUR	-2.5%	(3)	-	(15)	(377)
GBP	-2.5%	(3)	-	-	-
SGD	-2.5%	(7)	-	-	-
AUD	-2.5%	-	-	-	-
ZAR	-2.5%	(6)	-	(7)	-
SCR	-2.5%	(535)	-	(339)	-

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			
	31 December 2015		31 December 2014	
Changes in interest rate	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	35,237	-	33,858	-
- 250 basis points	(35,237)	-	(33,858)	-

	THE COMPANY			
	31 December 2015		31 December 2014	
Changes in interest rate	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	9,528	-	9,767	-
- 250 basis points	(9,528)	-	(9,767)	-

(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			
	31 December 2015		31 December 2014	
Changes in share price	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%	64,157	14,112	64,458	11,540
-2.5%	(64,157)	(14,112)	(64,458)	(11,540)

	THE COMPANY			
	31 December 2015		31 December 2014	
Changes in share price	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%	4,458	9,988	-	11,540
-2.5%	(4,458)	(9,988)	-	(11,540)

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 contract holders 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	2015	2014	2015	2014
	Rs'000	Rs'000	Rs'000	Rs'000
Financial assets at fair value through other comprehensive income*	53,819	57,348	53,818	55,184
Financial assets at fair value through profit or loss*	178,318	-	178,318	-
Financial assets at amortised cost	4,714,285	3,181,954	509,901	105,863
Loans and receivables at amortised cost	858,788	917,923	223,403	227,806
Insurance and other receivable	894,338	800,775	529,128	472,019
Amount receivable from subsidiary	-	-	16,644	8,119
Reinsurance assets**	543,300	475,973	370,967	298,753
Bank balances and cash	561,264	1,332,450	156,546	303,174
	7,804,112	6,766,423	2,038,725	1,470,918

* Excludes equity instruments.

** Excludes the reinsurer's of share of unearned premium as it is not a financial asset

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 31 December 2015 based on contractual undiscounted payments. However due to the nature of the business, it is not possible to quantify payment for the outstanding claims provision including IBNR over the years since these can be made as from next year and last up to ten years

	THE GROUP					
2015	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	142,962	277,774	449,262
Trade and other payables	551,363	-	-	-	-	551,363
	551,363	-	28,526	142,962	277,774	1,000,625

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

3.2 Financial risks (continued)

3.2.3 Liquidity risk (continued)

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	142,962	200,000	371,488
Trade and other payables	501,996	-	-	-	-	501,996
	501,996	-	28,526	142,962	200,000	873,484

THE COMPANY

2015	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	-	-	158,241	12,962	212,962	384,165
Trade and other payables	169,599	-	-	-	-	169,599
	169,599	-	158,241	12,962	212,962	553,764

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	142,962	277,774	449,262
Trade and other payables	128,392	-	-	-	-	128,392
	128,392	-	28,526	142,962	277,774	577,654

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 33 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 31 December 2015 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 overseas African jurisdictions where it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. capital adequacy) to minimise the risk of default and insolvency on the part of MUA to meet unforeseen liabilities. In reporting financial strength, capital and solvency is measured using the rules prescribed by the Insurance Acts. 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 unforeseen 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 activities, 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 unforeseen liabilities as these arise.

5. PROPERTY AND EQUIPMENT

(a) The Group

	LAND AND BUILDINGS				
2015	**Freehold land**	**Buildings on freehold land**	**Office equipment, computers, fixtures & fittings and other electrical**	**Motor vehicles**	**Total**
COST OR VALUATION	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At 1 January 2015	40,000	211,676	278,212	46,894	576,782
Additions during the year	-	-	30,799	5,581	36,380
Disposals during the year	-	-	(4,678)	(15,810)	(20,488)
Write off			(1,296)	(44)	(1,340)
Exchange differences	-	-	(1,962)	(455)	(2,417)
At 31 December 2015	40,000	211,676	301,075	36,166	588,917
DEPRECIATION					
At 1 January 2015	-	-	201,469	27,955	229,424
Charge for the year	-	3,924	26,451	7,696	38,071
Disposals	-	-	(3,891)	(13,780)	(17,671)
Write off	-	-	(497)	(23)	(520)
Exchange differences	-	-	(1,214)	(337)	(1,551)
At 31 December 2015	-	3,924	222,318	21,511	247,753
CARRYING AMOUNT					
At 31 December 2015	40,000	207,752	78,757	14,655	341,164

5. PROPERTY AND EQUIPMENT

(a) The Group (continued)

2014	LAND AND BUILDINGS Freehold land	Buildings on freehold land	Office equipment, computers, fixtures & fittings and other electrical	Motor vehicles	Total
COST OR VALUATION	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At 1 January 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 39)	-	-	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 31 December 2014	40,000	211,676	278,212	46,894	576,782
DEPRECIATION					
At 1 January 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 31 December 2014	-	-	201,469	27,955	229,424
CARRYING AMOUNT					
At 31 December 2014	40,000	211,676	76,743	18,939	347,358

5. PROPERTY AND EQUIPMENT (CONTINUED)

(b) The Company

	LAND AND BUILDINGS				
2015	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 1 January 2015	40,000	143,500	145,670	33,255	362,425
Additions during the year	-	-	6,239	4,291	10,530
Write off		-	(1,296)	-	(1,296)
Disposals during the year	-	-	(1,629)	(10,314)	(11,943)
At 31 December 2015	40,000	143,500	148,984	27,232	359,716
DEPRECIATION					
At 1 January 2015	-	-	87,279	23,266	110,545
Charge for the year		2,870	16,721	4,446	24,037
Write off		-	(497)	-	(497)
Disposals during the year	-	-	(1,298)	(8,576)	(9,874)
At 31 December 2015	-	2,870	102,205	19,136	124,211
CARRYING AMOUNT					
At 31 December 2015	40,000	140,630	46,779	8,096	235,505

5. PROPERTY AND EQUIPMENT (CONTINUED)

(b) The Company (continued)

	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 1 January 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 31 December 2014	40,000	143,500	145,670	33,255	362,425
DEPRECIATION					
At 1 January 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 31 December 2014	-	-	87,279	23,266	110,545
CARRYING AMOUNT					
At 31 December 2014	40,000	143,500	58,391	9,989	251,880

(c) The Group land and building are stated at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses. The land and building were last revalued in December 2014 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. Management did not carry another independent valuation this year and they have assessed that the carrying amount has not changed significantly over the year .

5. PROPERTY AND EQUIPMENT (CONTINUED)

(b) The Company

(d) If land and buildings had been stated on a historical cost basis, the amounts would be as follows:

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Cost	195,153	195,153	163,369	163,369
Accumulated depreciation	(13,382)	(12,904)	(12,328)	(9,861)
Net book values	181,771	182,249	151,041	153,508

6. INVESTMENT PROPERTIES

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
At 1 January,	514,752	184,578	79,000	74,000
Acquisition through business combinations (note 39)	-	295,031	-	-
Addition during the year	-	28	-	-
Impairment	(6,130)	-		
Increase in fair value	41,441	32,431	-	5,000
Exchange differences	(26,908)	2,684	-	-
At 31 December,	523,155	514,752	79,000	79,000

The fair value of the Group's investment properties as at 31 December 2015 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 35,814,000 (2014 – Rs 19,204,000) and (the Company Rs Nil (2014: Rs 22,000), which is included in investment income. No direct operating expenses arose in respect of this property for the Group during the year (2014: Rs Nil).

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					
2015	**Goodwill**	**Client portfolio**	**Computer software**	**Work in progress**	**Total**
COST	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At 1 January 2015	345,441	439,570	144,840	32,074	961,925
Transfer	-	-	12,619	(12,619)	-
Additions during the year	-	-	7,678	-	7,678
Write off	-	-	(10,192)	(19,263)	(29,455)
Exchange differences	-	-	82	(7)	75
At 31 December 2015	345,441	439,570	155,027	185	940,223
AMORTISATION AND IMPAIRMENT					
At 1 January 2015	-	101,916	113,096	-	215,012
Charge of the year	-	24,029	15,274	-	39,303
Write off	-	-	(5,972)	-	(5,972)
Exchange differences	-	-	169	-	169
At 31 December 2015	-	125,945	122,567	-	248,512
CARRYING AMOUNT					
At 31 December 2015	345,441	313,625	32,460	185	691,711

7. INTANGIBLE ASSETS (CONTINUED)

	THE GROUP				
2014	**Goodwill**	**Client portfolio**	**Computer software**	**Work in progress**	**Total**
COST	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At 1 January 2014	206,165	376,978	129,895	32,074	745,112
Acquisition through business combinations (note 39)	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 31 December 2014	345,441	439,570	144,840	32,074	961,925
AMORTISATION AND IMPAIRMENT					
At 1 January 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 31 December 2014	-	101,916	113,096	-	215,012
CARRYING AMOUNT					
At 31 December 2014	345,441	337,654	31,744	32,074	746,913

7. INTANGIBLE ASSETS (CONTINUED)

	THE COMPANY				
2015	**Goodwill**	**Client portfolio**	**Computer software**	**Work in progress**	**Total**
COST	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At 1 January,	133,188	245,478	79,077	32,074	489,817
Transfer from property and equipment	-	-	-	-	-
Write off	-	-	(10,192)	(19,263)	(29,455)
Transfer	-	-	12,811	(12,811)	-
Additions during the year	-	-	2,427	-	2,427
At 31 December,	133,188	245,478	84,123	-	462,789
AMORTISATION AND IMPAIRMENT					
At 1 January,	-	76,931	60,309	-	137,240
Transfer from property and equipment	-	-	-	-	-
Write off	-	-	(5,972)	-	(5,972)
Charge for the year	-	12,510	10,168	-	22,678
At 31 December,	-	89,441	64,505	-	153,946
CARRYING AMOUNT					
At 31 December,	133,188	156,037	19,618	-	308,843

7. INTANGIBLE ASSETS (CONTINUED)

	THE COMPANY				
2014	**Goodwill**	**Client portfolio**	**Computer software**	**Work in progress**	**Total**
COST	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At 1 January,	133,188	245,478	68,524	27,480	474,670
Transfer from property and equipment	-	-	40	-	40
Write off	-	-	-	-	-
Transfer	-	-	-	-	-
Additions during the year	-	-	10,513	4,594	15,107
At 31 December,	133,188	245,478	79,077	32,074	489,817
AMORTISATION					
At 1 January,	-	64,421	50,834	-	115,255
Transfer from property and equipment	-	-	20	-	20
Write off	-	-	-	-	-
Charge for the year	-	12,510	9,455	-	21,965
At 31 December,	-	76,931	60,309	-	137,240
CARRYING AMOUNT					
At 31 December,	133,188	168,547	18,768	32,074	352,577

Capital **Work in Progress** represents the implementation of a new software.

8. INVESTMENT IN SUBSIDIARY COMPANIES

(a) UNQUOTED

	THE COMPANY	
	2015	2014
	Rs'000	**Rs'000**
At 1 January,	927,296	208,042
Acquisition during the year	-	719,254
At 31 December,	927,296	927,296

(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	
					2015	2014		**2015**	2014	**2015**	2014
DIRECT SHAREHOLDING				**Rs’000**	**Rs’000**	**Rs’000**					
La Prudence (Mauricienne) Assurances Limitée	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%	100%	-	-

8. INVESTMENT IN SUBSIDIARY COMPANIES (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	
					2015	2014		**2015**	2014	**2015**	2014
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	143,807	Ordinary	66.38%	66.38%	33.62%	33.62%
Phoenix of Rwanda Assurance Company Limited*	General Insurance business	Rwanda	Rwanda Francs	1,000,000	-	-	Ordinary	36.51%	36.51%	63.49%	63.49%
Phoenix of Tanzania Assurance Company Limited*	General Insurance business	Tanzania	Tanzania Shillings	8,000,000	-	-	Ordinary	33.89%	33.89%	66.11%	66.11%
Phoenix of Uganda Assurance Company Limited*	General Insurance business	Uganda	Uganda Shillings	2,315,000	-	-	Ordinary	45.78%	45.78%	54.22%	54.22%

*See note 2.5 on significant, judgment and estimates.

(c) Summarised financial information on subsidiaries with material non-controlling interests:

*See note 2.5 on significant, judgment and estimates

Proportion of equity interest held by non-controlling interests:

NAME	COUNTRY OF INCORPORATION AND OPERATION	2015	2014
Associated Brokers Ltd	Mauritius	20.00%	20.00%
Phoenix East Africa Assurance Company Limited	Kenya	33.62%	33.62%
Phoenix of Rwanda Assurance Company Limited	Rwanda	63.49%	63.49%
Phoenix of Tanzania Assurance Company Limited	Tanzania	66.11%	66.11%
Phoenix of Uganda Assurance Company Limited	Uganda	54.22%	54.22%

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

(c) Summarised financial information on subsidiaries with material non-controlling interests:

	2015				
	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
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Proportion of non-controlling interests	20%	33.62%	66.11%	54.22%	63.49%
Current assets	17,246	259,530	303,799	195,608	237,769
Non current assets	25,308	544,727	726,651	112,939	13,057
Current liabilities	(14,112)	(56,893)	(129,786)	(63,885)	(63,302)
Non current liabilities	(8)	(196,894)	(372,507)	(130,919)	(110,219)
Net assets	28,434	550,470	528,157	113,743	77,305
Carrying amounts of non-controlling interests	5,687	185,068	349,165	61,671	49,081
Revenue	11,556	185,300	379,781	151,394	140,775
Profit for the year	4,712	26,593	112,810	18,294	7,399
Other comprehensive losses	(1,648)	(17,483)	(46,883)	(5,938)	(269)
Total comprehensive income	3,064	9,110	65,927	12,356	7,130
Profit allocated to non-controlling interest	942	8,941	74,579	9,920	4,698
Total comprehensive income allocated to non-controlling interest	613	3,063	45,584	6,700	4,527
Dividend paid to non-controlling interest	1,000	10,844	13,583	-	-

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

(c) Summarised financial information on subsidiaries with material non-controlling interests (continued):

	2014				
	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
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Proportion of non-controlling interests	20%	33.62%	66.11%	54.22%	63.49%
Current assets	41,731	149,199	663,996	301,685	245,569
Non current assets	26,478	635,063	336,999	16,610	12,974
Current liabilities	(37,844)	(58,956)	(100,595)	(61,578)	(63,506)
Non current liabilities	(8)	(151,690)	(410,414)	240,857	(124,836)
Net assets	30,357	573,616	489,986	15,860	70,201
Carrying amounts of non-controlling interests	6,071	145,273	340,626	61,954	46,019
Revenue	9,908	105,081	169,122	75,775	79,613
Profit/(losses) for the year	2,705	(8,679)	36,302	(4,383)	(3,226)
Other comprehensive income/(losses)	2,734	(37,810)	6,745	515	(1,249)
Total comprehensive income/(losses)	5,439	(46,489)	43,047	(3,868)	(4,475)
Profit/(losses) allocated to non-controlling interest	541	(4,255)	36,302	(4,383)	(3,226)
Total comprehensive income/(losses) allocated to non-controlling interest	1,088	(15,571)	40,785	(4,104)	(3,865)
Dividend paid to non-controlling interest	431	15,892	10,711	1,624	-

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

(c) Summarised financial information on subsidiaries with material non-controlling interests:

Summarised cash flow information:

2015

	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
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Operating activities	(25,131)	(32,342)	19,637	125,489	24,789
Investing activities	(13)	71,057	(5,598)	(137,359)	103,980
Financing activities	(4,999)	(48,384)	-	(20,816)	-
Net (decrease)/increase in cash and cash equivalents	(30,143)	(9,669)	14,039	(32,686)	128,769

2014

	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
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Operating activities	34,997	688,301	62,511	4,407	5,624
Investing activities	505	362,803	(81,495)	(3,236)	(1,245)
Financing activities	(2,155)	(430,917)	-	-	(12,100)
Net increase/ (decrease) in cash and cash equivalents	33,347	620,187	(18,984)	1,171	(7,721)

9. (a) INVESTMENT IN JOINT VENTURE IN KENYA MOTOR INSURANCE POOL

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
At 1 January,	14,397	-	-	-
Acquisition through business combinations (note 39)	-	13,306	-	-
Share of (loss)/profit	(136)	1,697	-	-
Exchange differences	64	(606)	-	-
At 31 December,	14,325	14,397	-	-

(b) Details of the group's material joint venture at the end of the reporting period are 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			
			2015		2014	
			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%	-	5.1%

9. (b) INVESTMENT IN JOINT VENTURE IN KENYA MOTOR INSURANCE POOL (CONTINUED)

Summarised financial information of joint ventures

	2015	2014
	Rs'000	**Rs'000**
Current assets	311,988	309,996
Non current assets	-	-
Current liabilities	31,000	5,595
Non current liabilities	-	22,308
Equity	5.1%	5.1%
Proportion of group's ownership carrying amount of investment	14,325	14,397
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	47,452	29,662
Revenue	5,565	-
(Loss)/ profit for the year/ period*	(2,245)	30,817
Other comprehensive for the period	-	-
Interest	-	1,163
Depreciation	-	-
Income tax	-	-
Dividend received from the joint venture	1,203	-

*No revenue was generated in 2014. Profit in the previous period arose only from interest and other income.

The Pool is in the process of being wound up and is therefore no longer a going concern. Any surplus/deficit after the Pool has been wound up will be shared out by the participating members per their respective shares.

10. FINANCIAL ASSETS

The breakdown of financial assets is shown in note 33.

(a) Financial assets at fair value through other comprehensive income

2015	THE GROUP	THE COMPANY
	Rs'000	Rs'000
At 1 January 2015	658,836	461,608
Additions during the year	29,057	14,653
Disposals during the year	(51,831)	(34,499)
Decrease in fair value	(69,553)	(42,260)
Exchange differences	(2,040)	-
At 31 December 2015	564,469	399,502
Analysed as follows:		
Quoted equity securities	459,827	316,248
Unquoted securities	50,824	29,436
Open Ended Mutual Funds	53,818	53,818
Total financial assets at fair value through other comprehensive income	564,469	399,502

2014	THE GROUP	THE COMPANY
	Rs'000	Rs'000
At 1 January 2014	576,437	558,257
Additions during the year	34,606	15,993
Acquisition through business combinations (note 39)	497,122	-
Disposals during the year	(491,222)	(113,184)
Increase in fair value	37,769	542
Exchange differences	4,124	-
At 31 December 2014	658,836	461,608
Analysed as follows:		
Quoted equity 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

(b) Financial assets at fair value through profit or loss

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
At 1 January,	2,578,317	2,734,981	-	2,923
Additions during the year	229,465	267,184	178,318	-
Disposals during the year	(53,699)	(410,542)	-	(2,923)
Decrease in fair value	(187,803)	(13,306)	-	-
At 31 December,	2,566,280	2,578,317	178,318	-
Analysed as follows:				
Local - Listed	2,052,170	2,269,042	-	-
Others	514,110	309,275	178,318	-
Total financial assets at fair value through profit or loss	2,566,280	2,578,317	178,318	-

(c) Financial assets at amortised cost

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
At 1 January,	3,181,954	2,105,462	105,863	112,792
Acquisition through business combinations (note 39)	-	410,007	-	-
Additions during the year	2,154,188	955,308	422,231	-
Matured during the year	(637,666)	(271,056)	(17,347)	(6,999)
Amortisation during the year	(2,408)	3,508	(846)	70
Exchange differences	18,217	(21,275)	-	-
At 31 December,	4,714,285	3,181,954	509,901	105,863
Analysed as follows:				
Non-current	4,607,148	2,785,019	501,901	88,200
Current portion	107,137	396,935	8,000	17,663
	4,714,285	3,181,954	509,901	105,863

11. LOANS AND RECEIVABLES AT AMORTISED COST

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Mortgage Loans	584,828	719,271	6,134	44,426
Loans on Life policies	18,732	19,158	-	-
Secured Loans	270,561	185,926	214,344	180,250
Unsecured Loans	5,767	5,643	4,220	3,979
CDS guarantee fund	1,790	2,588	565	778
Provision for impairment:				
- Mortgage Loans	(20,475)	(12,028)	(31)	(222)
- Loan on Life policies	(129)	(157)	-	-
- Secured Loans	(1,985)	(2,188)	(1,718)	(1,300)
- Unsecured Loans	(301)	(290)	(111)	(105)
	858,788	917,923	223,403	227,806
Analysed as follows:				
Non-current	750,573	763,719	153,320	126,548
Current	108,215	154,204	70,083	101,258
	858,788	917,923	223,403	227,806

(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.

The ageing analysis of loan and receivables is as follows:

THE GROUP	**2015**	2014	**2015**	2014
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Neither past due nor impaired	845,334	881,159	221,497	203,131
Past due but not impaired	9,176	33,289	1,330	24,601
Past due and impaired	27,168	18,139	2,436	1,701
Gross:	881,678	932,587	225,263	229,433
Less provision for impairment	(22,890)	(14,664)	(1,860)	(1,627)
	858,788	917,923	223,403	227,806

11. LOANS AND RECEIVABLES AT AMORTISED COST (CONTINUED)

THE GROUP			Past due but not impaired		Past due but not impaired
	Total	Neither past due nor impaired	< 30 days	30- 90 days	91-180 days
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2015	**881,678**	**845,334**	**4,986**	**4,190**	**27,168**
2014	932,587	881,159	24,804	8,485	18,139

THE COMPANY			Past due but not impaired		Past due but not impaired
	Total	Neither past due nor impaired	< 30 days	30- 90 days	91-180 days
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2015	**225,263**	**221,497**	**905**	**425**	**2,436**
2014	229,433	203,131	23,678	923	1,701

(b) Movement in provision for impairment of loans

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
At 1 January,	14,663	14,467	1,627	1,367
Recoveries	(94)	-	(94)	-
Charge for the year	8,321	460	327	260
Write off during the year	-	(264)	-	-
At 31 December,	22,890	14,663	1,860	1,627

(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, except for those which are unsecured. The fair value of the collateral of loans are considered greater than the carrying value of the loans.

(e) 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 14.2%. Repayment can go up to 360 months.

12. INSURANCE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2015	2014	2015	2014
	Rs'000	Rs'000	Rs'000	Rs'000
Premium debtors and agents' balances	666,075	664,537	432,987	388,037
Provision for credit impairment	(98,271)	(74,189)	(16,587)	(14,292)
	567,804	590,348	416,400	373,745
Amount due by reinsurers	122,497	64,227	42,247	26,409
Investment income receivable	123,193	119,676	31,827	38,050
Other receivables	80,844	26,524	38,654	33,815
	894,338	800,775	529,128	472,019

(i) Credit risk exposure is disclosed in note 3.2.2.

(a) Premium debtors and agents' balances that are less than three months past due are not impaired. As at 31 December 2015, the Group had Rs 160.0M, and the Company had Rs 121.9M (2014: The Group Rs 265.8M and the Company Rs 123.3M) 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	
	2015	2014	2015	2014
	Rs'000	Rs'000	Rs'000	Rs'000
Up to 3 months	247,817	58,676	172,626	127,096
3 to 6 months	93,649	117,404	78,027	80,326
6 to 12 months	60,665	107,819	43,847	43,023
> 12 months	5,673	40,649	-	-
	407,804	324,548	294,500	250,445

12. INSURANCE AND OTHER RECEIVABLES (CONTINUED)

(b) Movement in provision for credit impairment

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
At 1 January,	74,189	14,415	14,292	14,415
Acquisition through business combinations (note 39)	-	57,755	-	-
Charge during the year	25,986	438	2,295	-
Release during the year	-	(42)	-	(123)
Exchange difference	(1,904)	1,623	-	-
At 31 December,	98,271	74,189	16,587	14,292

(c) The other classes within insurance and other receivables do not include impaired assets.

(d) The Group and the Company do not hold any collateral as security in respect of insurance and other receivables.

(e) 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	
	2015	2014	2015	2014
	Rs'000	Rs'000	Rs'000	Rs'000
Gross				
- Claims reported and loss adjustment expenses	1,296,008	1,199,011	953,620	855,529
- Claims incurred but not reported (IBNR)	111,500	123,857	62,740	69,784
- Unearned premiums	1,125,872	1,126,264	783,031	753,257
Total gross insurance contract liabilities	2,533,380	2,449,132	1,799,391	1,678,570
Recoverable from reinsurers				
- Claims reported and loss adjustment expenses	521,046	450,009	364,689	295,700
- Claims incurred but not reported (IBNR)	22,254	25,964	6,278	3,053
- Unearned premiums	284,469	312,810	137,739	141,753
Total reinsurers' share of insurance contract liabilities	827,769	788,783	508,706	440,506
Net				
- Claims reported and loss adjustment expenses	774,962	749,002	588,931	559,829
- Claims incurred but not reported (IBNR)	89,246	97,893	56,462	66,731
- Unearned premiums	841,403	813,454	645,292	611,504
Total net insurance contract liabilities	1,705,611	1,660,349	1,290,685	1,238,064

13(a). REINSURANCE ASSETS AND INSURANCE CONTRACT LIABILITIES (CONTINUED)

The Group

(i) Claims

	2015			2014		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 1 January,	1,322,868	(475,973)	846,895	920,359	(322,370)	597,989
Acquisition through business combinations (note 39)	-	-	-	353,486	(156,751)	196,735
Claims incurred during the year	1,375,863	(320,514)	1,055,349	1,183,215	(333,697)	849,518
Cash paid for claims settled during the year	(1,275,648)	245,196	(1,030,452)	(1,170,387)	315,959	(854,428)
Exchange differences	(15,575)	7,991	(7,584)	36,195	20,886	57,081
At 31 December,	1,407,508	(543,300)	864,208	1,322,868	(475,973)	846,895
Recognised notified claims	1,296,008	(521,046)	774,962	1,199,011	(450,009)	749,002
Incurred but not reported (IBNR)	111,500	(22,254)	89,246	123,857	(25,964)	97,893
	1,407,508	(543,300)	864,208	1,322,868	(475,973)	846,895
Movement in outstanding claims	100,215	(75,318)	24,897	49,023	3,148	52,171
Movement in insurance contract liabilities 15(a)	74,520	-	74,520	309,461	-	309,461
Movement during the year recognised in the profit and loss	174,735	(75,318)	99,417	358,484	3,148	361,632
Total claims and benefits paid						
Claims-Non Life	1,275,648	(245,196)	1,030,452	1,170,387	(315,959)	854,428
Claims and benefits-Life	497,962	(12,248)	485,714	474,708	(8,677)	466,031
	1,773,610	(257,444)	1,516,166	1,645,095	(324,636)	1,320,459

13(a). REINSURANCE ASSETS AND INSURANCE CONTRACT LIABILITIES (CONTINUED)

The Group
(ii) Provision for unearned premiums

	2015			2014		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 1 January,	1,126,264	(312,810)	813,454	734,287	(128,095)	606,192
Acquisition through business combinations (note 39)	-	-	-	365,404	(170,427)	194,977
Premium written during the year	2,726,350	(868,661)	1,857,689	2,071,370	(569,328)	1,502,042
Premium earned during the year	(2,711,661)	890,979	(1,820,682)	(2,001,586)	510,439	(1,491,147)
Exchange differences	(15,081)	6,023	(9,058)	(43,211)	44,601	1,390
At 31 December,	1,125,872	(284,469)	841,403	1,126,264	(312,810)	813,454

The Company
(i) Claims

	2015			2014		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 1 January,	925,313	(298,753)	626,560	920,359	(322,370)	597,989
Claims incurred during the year	1,034,794	(206,401)	828,393	959,717	(219,363)	740,354
Cash paid for claims settled during the year	(943,747)	134,187	(809,560)	(954,763)	242,980	(711,783)
At 31 December,	1,016,360	(370,967)	645,393	925,313	(298,753)	626,560
Recognised notified claims	953,620	(364,689)	588,931	855,529	(295,700)	559,829
Incurred but not reported	62,740	(6,278)	56,462	69,784	(3,053)	66,731
	1,016,360	(370,967)	645,393	925,313	(298,753)	626,560
Movement during the year recognised in the profit and loss	91,047	(72,214)	18,833	4,954	23,617	28,571

13(a). REINSURANCE ASSETS AND INSURANCE CONTRACT LIABILITIES (CONTINUED)

The Company

(ii) Provision for unearned premiums

	2015			2014		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 1 January,	753,257	(141,753)	611,504	734,287	(128,095)	606,192
Premium written during the year	1,788,935	(373,229)	1,415,706	1,660,853	(383,222)	1,277,631
Premium earned during the year	(1,759,161)	377,243	(1,381,918)	(1,641,883)	369,564	(1,272,319)
At 31 December,	783,031	(137,739)	645,292	753,257	(141,753)	611,504

13(b). DEFERRED ACQUISITION COSTS RECEIVABLE

	THE GROUP		THE COMPANY	
	2015	2014	2015	2014
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 January,	95,767	58,369	58,587	58,369
Acquisition through business combinations (note 39)	-	29,946	-	-
Movement	15,694	7,452	5,921	218
At 31 December,	111,461	95,767	64,508	58,587

13(c). DEFERRED ACQUISITION COSTS PAYABLE

	THE GROUP		THE COMPANY	
	2015	2014	2015	2014
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 January,	35,531	32,603	35,531	32,603
At movement	(727)	2,928	(727)	2,928
At 31 December,	34,804	35,531	34,804	35,531

14. ISSUED SHARE CAPITAL

THE GROUP AND THE COMPANY	AUTHORISED		ISSUED AND FULLY PAID	
	2015	2014	**2015**	2014
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Ordinary shares of Rs.10 each	500,000	500,000	450,900	400,800

The authorised share capital of the company is 50 million shares (2014: 50 million shares).

	THE GROUP AND COMPANY	
	2015	2014
	No of shares (000)	
At 1 January,	40,080	20,040
Bonus issue made during the year	-	20,040
Right issue made during the year	5,010	-
At 31 December,	45,090	40,080

	THE GROUP AND COMPANY			
	2015		2014	
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
	Par value	Share premium	Par value	Share premium
At 1 January,	400,800	-	200,400	-
Bonus issue made during the year	-	-	200,400	-
Right issue made during the year	50,100	273,068	-	-
At 31 December,	450,900	273,068	400,800	-

During the financial year 2015, the Company has made a right issue in the ratio of 1 new ordinary shares for every 8 ordinary shares held on 21 August 2015. The new share of par value of Rs 10 at an issue price of Rs 65 per share. Issue costs amounting to Rs 2.48 M has been offset against the share premium.

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	
	2015	2014	**2015**	2014
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
At 1 January,	6,151,442	5,841,981	-	-
Investment fair value adjustments transferred to investment	(509,730)	-	-	-
Transfer of surplus from the Life Business revenue account	74,520	309,461	-	-
At 31 December,	5,716,232	6,151,442	-	-
See accounting policy note 2.4 (w).				

15(a). INVESTMENT CONTRACT LIABILITIES

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Transfer from insurance contract liabilities	509,730	-	-	-
Deposits	67,248	-	-	-
Withdrawals	(16,434)	-	-	-
Investment fair value adjustment	17,201	-	-	-
	577,745	-	-	-

Following a change in the Private Pension Scheme Act effective from 1 January 2015, the portfolio of the group pension was transferred from the books of La Prudence Mauricienne Limitée (LPM), a subsidiary of the Company dealing in the life insurance business into a trust. The trust has invested in the underlying funds of LPM. The value of the Investment contract liabilities at 31 December 2015 represent fair value of investments.

15(b).

	2015	2014
	Rs'000	Rs'000
Life fund 1 January,	6,151,442	5,841,981
Premium (net of reinsurance)	622,383	603,489
Interest, dividends and rent	347,543	327,009
Realised capital loss	18,563	4,754
Unrealised capital gain	(187,803)	11,894
Disposal of asset	(107)	1
Taxation	-	-
Death and disability claims (net of reinsurance)	(15,121)	(15,963)
Maturity claims	(257,633)	(235,655)
Surrenders	(132,334)	(134,368)
Annuities and pensions	(79,611)	(76,542)
Other benefits	(1,015)	(3,504)
Commissions (net of reinsurance)	(8,483)	(2,364)
Management expenses	(104,020)	(99,813)
Depreciation and amortisation of assets	(9,086)	(11,801)
Transfer to investment contracts	(526,931)	-
Transfer to revenue account	(101,555)	(57,676)
Life fund 31 December,	5,716,232	6,151,442

The actuaries of LPM are Deloitte, South Africa. The latest actuarial valuation of the Life assurance fund was done at 31 December 2015. At the end of every year, the amount of the liabilities of the Life assurance fund is established. The surplus between the fair value of the assets and the fair value of the liabilities amounting to Rs 101,554,603 (2014: Rs 57,676,230) has been transferred to the income statement. This portion is calculated by LPM and approved by the actuaries on the basis that sufficient reserves are held to maintain the solvency of the Life assurance fund over the long term.

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	
	2015	2014	**2015**	2014
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
At 1 January,	(23,074)	48,372	38,394	65,318
Acquisition through business combinations (note 39)	-	(42,227)	-	-
(Over)/ under provision of deferred tax (note 20)	(1,222)	(521)	(1,172)	(480)
Deferred tax charge for the year (note 20)	(41,837)	(28,698)	(21,578)	(26,444)
Effect of exchange differences	8,729	-	-	-
At 31 December,	(57,404)	(23,074)	15,644	38,394

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	
	2015	2014	**2015**	2014
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Deferred tax liabilities	(116,674)	(95,454)	-	-
Deferred tax assets	59,270	72,380	15,644	38,394
	(57,404)	(23,074)	15,644	38,394

16. DEFERRED TAX (CONTINUED)

Deferred tax assets and liabilities are attributable to the following:

	THE GROUP		THE COMPANY	
DEFERRED TAX LIABILITIES	**2015**	**2014**	**2015**	**2014**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Deferred tax on client portfolio	(19,725)	(15,977)	-	-
Provision for legal costs	(6,696)	(6,685)	8,664	(6,685)
Difference between capital allowances and depreciation	(90,253)	(72,792)	-	-
	(116,674)	(95,454)	8,664	(6,685)

	THE GROUP		THE COMPANY	
DEFERRED TAX ASSETS	**2015**	**2014**	**2015**	**2014**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Difference between capital allowances and depreciation	33,121	17,469	20,196	19,091
Provision for bad debts	8,908	2,144	2,820	2,144
Provision for impairment of loan receivables	316	242	316	242
Retirement benefit obligations	976	730	976	730
Tax losses carried forward	15,949	51,795	-	22,872
	59,270	72,380	24,308	45,079
	(57,404)	(23,074)	(15,644)	38,394

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 423M (2014 : Rs 473M) to carry forward against future taxable income. These can be carried forward over 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 Limitée.
(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	
	2015	2014
	Rs'000	Rs'000
Funded obligation (note a)	4,839	4,294
Unfunded obligation (note b)	910	577
	5,749	4,871

(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	
	2015	2014
	Rs'000	Rs'000
Defined benefit of funded obligation	7,516	6,924
Fair value of plan assets	(2,677)	(2,630)
Benefit liability	4,839	4,294

17. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

(a) Funded obligation (continued)

(i) Movement of defined benefit of funded obligations:

	THE GROUP AND THE COMPANY	
	2015	2014
	Rs'000	Rs'000
At 1 January,	6,924	6,442
Amount recognised in profit or loss:		
Interest cost	520	481
Amount recognised in other comprehensive income:		
Actuarial changes arising from changes in financial assumptions	72	1
At 31 December,	7,516	6,924

(ii) Movement of fair value of plan assets:

	THE GROUP AND THE COMPANY	
	2015	2014
	Rs'000	Rs'000
At 1 January,	2,630	2,536
Amount recognised in profit or loss:		
Interest income	197	190
Amount recognised in other comprehensive income:		
Actuarial changes arising from changes in financial assumptions	(150)	(96)
At 31 December,	2,677	2,630

17. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

(a) Funded obligation (continued)

The main categories of plan assets are as follows:

	THE GROUP AND THE COMPANY	
	2015	2014
	%	%
Local equities	46	46
Local -Debt Maturity >=12 months	34	34
Local-Cash and Debt Maturity	9	9
Overseas equities	11	11
	100	100

The principal actuarial assumptions used for accounting purposes were:

	THE GROUP AND THE COMPANY	
	2015	2014
	%	%
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
Actuarial 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		FUTURE PENSION COST INCREASE	
	1%	1%	1%	1%
SENSITIVTY LEVEL	increase	decrease	increase	decrease
	Rs'000	Rs'000	Rs'000	Rs'000
2015				
Impact on defined benefit obligation	(1,053)	1,317	840	(723)
2014				
Impact on defined benefit obligation	(1,022)	1,287	783	(672)

ASSUMPTIONS	LIFE EXPECTANCY OF MALE PENSIONERS		LIFE EXPECTANCY OF FEMALE PENSIONERS	
SENSITIVTY LEVEL	increase by	decrease by	increase by	decrease by
	1 year	1 year	1 year	1 year
2015	67	(68)	91	(92)
2014	70	(71)	92	(93)

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 13 years (2014: 14 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 2016.

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	
	2015	2014
	Rs'000	Rs'000
Present value of unfunded obligation	910	577

(i) Movement in the liability recognised in the statements of financial position:

	THE GROUP AND THE COMPANY	
	2015	2014
	Rs'000	Rs'000
At 1 January,	577	377
Amount recognised in profit or loss:		
Interest cost	19	11
Amount recognised in other comprehensive income:		
Actuarial losses	314	189
Benefit paid	-	-
At 31 December,	910	577

17. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

(b) Unfunded obligation (continued)

The principal actuarial assumptions used for accounting purposes were:

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	%	**%**	**%**	**%**
Discount rate	6.5	6.8	6.5	6.8
Future salary increase	5.5	5.8	5.5	5.8
Future pension increase	0.0	0.0	0.0	0.0

The Group does not expect any contribution in 2016.
No sensivity analysis for the unfunded obligation has been made as the balance is insignificant.

18. BORROWINGS

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Preference share capital (i)	100,000	100,000	100,000	100,000
Interest free borrowings (ii)	22,936	43,978	22,936	43,978
Bank overdraft (iii)	702	-	-	-
Subordinated bonds (iv)	200,000	200,000	200,000	200,000
	323,638	343,978	322,936	343,978
Analysed as follows:				
Non-current	300,000	322,936	300,000	322,936
Current	23,638	21,042	22,936	21,042
	323,638	343,978	322,936	343,978

(i) The Mauritius Commercial Bank has discharged its claims amounting to Rs 250M against the Company in exchange of Rs 100M redeemable preference share of Rs 1,000 each and Rs 150M 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 30 May 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 Rs 150M interest free loan shall be paid in 6 equal yearly instalment of Rs 25M each starting on 31 May 2011 through 31 May 2016.

(iii) The bank overdraft bears interest at libor 1 month + 3 % and payable on demand.

(iv) The Company issued 20,000 floating rate subordinated notes of a nominal value of Rs 10,000 each by way of a private placement. The first day of listing and trading was 22 January 2015. The maturity date is 24 September 2024. Interest rate until 23 September 2019 has been determined at weighted average of Repo +1.85% pa and from 24 September 2019 to 23 September 2024, will be weighted average of Repo rate +2.10% pa.

19. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Loans repaid in advance	1,435	2,596	1,435	2,596
Premiums prepaid	34,347	36,920	30,050	33,630
Amounts due to reinsurers	185,260	195,074	45,131	39,543
Dividend payable	58,222	45,472	-	-
Commision payables	50,374	37,819	40,384	28,188
Accruals	52,090	25,058	42,120	22,639
Other payables	205,417	198,573	41,964	38,016
	587,145	541,512	201,084	164,612

The carrying amounts of trade and other payables approximate their fair values.
Included under other payables an amount of Rs 33.7M (2014: Rs 29M) relating to accrued interest for both the Group and the Company.

20. TAX CHARGE

(a) In the statements of profit or loss

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Income tax provision at applicable rate	53,726	4,522	4,268	-
Alternative Minimum Tax	-	10,020	-	10,020
CSR tax	720	225	569	-
Tax withheld on dividend received	2,950	1,569	1,992	1,569
Under provision of deferred tax	1,222	521	1,172	480
Deferred tax charge (Note 16)	41,837	28,698	21,578	26,444
Foreign tax credit	(4,837)	-	(4,837)	-
Tax charge for the year	95,618	45,555	24,742	38,513

20. TAX CHARGE (CONTINUED)

(b) In the statements of financial position

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
At 1 January,	3,168	10,858	11,589	10,008
Acquisition through business combination (note 39)	-	23,042	-	-
Payment	(61,786)	(47,068)	(10,020)	(10,008)
Tax withheld on dividend received	(7,344)	1,569	-	1,569
Income tax expenses	53,726	4,522	4,268	-
CSR tax	720	225	569	-
Foreign tax credit	(4,837)	-	(4,837)	-
Alternative Minimum Tax	-	10,020	-	10,020
	(16,353)	3,168	1,569	11,589

20. TAX CHARGE (CONTINUED)

(c) The tax on the profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Profit before taxation	443,619	214,154	150,046	179,846
Tax thereon at applicable rate*	111,726	32,123	22,507	26,977
Corporate Social Responsibility at the rate of 2%	3,152	-	3,001	-
	114,878	32,123	25,508	26,977
Tax effect of:				
Income not subject to tax	(1,928)	(15,716)	(2,063)	-
Expenses not deductible for tax purposes	30,509	10,546	6,741	3,608
Income exempt for tax	(42,573)	(4,141)	(3,771)	(4,141)
Utilitsation of tax losses on which deferred tax not recognised	(5,323)	-	-	-
Deferred tax assets not recognised	-	10,408	-	-
Under provision of deferred tax in prior years	1,222	521	1,172	480
CSR contribution	720	225	-	-
Foreign tax credit	(4,837)	-	(4,837)	-
Alternative Minimum Tax	-	11,589	-	10,020
Tax withheld on dividend received	2,950	-	1,992	1,569
	95,618	45,555	24,742	38,513

*Rates applicable are 15% for Mauritius and 30% for African subsidiaries.

21. NET EARNED PREMIUMS

(a) Gross Premium earned is as follows:

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Non Life insurance	2,726,350	2,071,370	1,788,935	1,660,853
Life insurance	683,894	658,363	-	-
Change in unearned premiums provision	(14,689)	(69,784)	(29,774)	(18,970)
	3,395,555	2,659,949	1,759,161	1,641,883

21. NET EARNED PREMIUMS

(b) Premium ceded to reinsurers is as follows:

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Non Life insurance	(868,661)	(569,328)	(373,229)	(383,222)
Life insurance	(61,511)	(54,873)	-	-
Change in unearned premiums provision	22,318	58,889	(4,014)	13,658
	(907,854)	(565,312)	(377,243)	(369,564)
Net earned premiums	2,487,701	2,094,637	1,381,918	1,272,319

22. FEES AND COMMISSION INCOME

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Reinsurance commission	211,386	141,626	80,024	77,137
Other fees	14,839	15,902	15,887	15,589
	226,225	157,528	95,911	92,726

23. INVESTMENT INCOME

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Rental income from investment property	35,814	19,204	-	22
Dividend income	83,619	87,347	42,103	53,764
Interest on loans and financial assets	334,403	294,668	38,329	29,582
Interest on bank accounts	61,828	20,226	4,744	5,559
	515,664	421,445	85,176	88,927

24. REALISED GAINS/ (LOSSES)

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Property and equipment				
Realised gain on disposal	8,792	1,007	7,754	385
Write off of property and equipment	(820)	-	(799)	-
Write off of intangible asset	(23,483)	-	(23,483)	-
Financial assets				
Realised gains	18,563	4,754	-	-
	3,052	5,761	(16,528)	385

25. UNREALISED (LOSSES)/GAINS

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Fair value gains on investment properties (note 6)	41,441	32,431	-	5,000
Loss on fair value through profit or loss (note 10(b))	(187,803)	(13,306)	-	-
	(146,362)	19,125	-	5,000

26. OTHER OPERATING INCOME

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Brokerage fees	10,149	8,190	-	-
Administration fees	24,020	20,853	-	-
Management fees	7,836	8,459	-	-
Exchange gains	92,622	9,419	6,490	-
Other income	15,583	27,040	6,805	2,376
	150,210	73,961	13,295	2,376

27. COMMISSION AND BROKERAGE FEES PAID

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Commission paid	296,140	205,552	183,992	143,595
Other charges	3,428	1,731	3,428	1,731
	299,568	207,283	187,420	145,326

28. OTHER OPERATING AND ADMINSTRATIVE EXPENSES

	NOTES	THE GROUP		THE COMPANY	
		2015	2014	**2015**	2014
		Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Exchange loss		-	1,555	-	1,555
Management expenses		758,231	570,505	322,630	328,678
Depreciation	5	38,071	45,041	24,037	25,774
Amortisation	7	39,303	34,953	22,678	21,965
		835,605	652,054	369,345	377,972

29. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Interest expense:				
- Notional interest on interest free loan	2,853	4,682	2,853	4,682
- Dividend on redeemable preference shares	9,000	9,000	9,000	9,000
- Interest on subordinated bonds	12,715	3,565	12,715	3,526
- Interest on bank overdraft	210	1,325	-	1,027
	24,778	18,572	24,568	18,235

30. PROFIT BEFORE TAX

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	Rs'000	Rs'000	Rs'000	Rs'000
The profit before tax has been arrived at				
After crediting:				
Investment income				
- dividend income	83,619	87,347	42,103	53,764
- interest on financial assets	396,231	314,894	43,073	35,141
Profit on disposal on financial assets (note 24)	18,563	4,754	-	-
Gain on sale of property and equipment	8,792	1,007	7,754	385
And charging:				
Auditors' fees	7,058	6,066	1,662	1,603
Employee benefit expenses (note 31)	351,520	262,293	195,084	187,061
Depreciation on property and equipment (note 5)	38,071	45,041	24,037	25,774
Amortisation of intangible assets (note 7)	39,303	34,953	22,678	21,965

31. EMPLOYEE BENEFIT EXPENSES

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Wages and salaries	299,650	212,846	167,557	156,689
Social Security costs	8,958	9,047	6,749	6,940
- Defined contributions	19,478	15,521	11,369	10,733
- Defined benefits	539	492	539	492
Other benefits	22,895	24,687	8,870	12,207
Total	351,520	262,293	195,084	187,061

32. DIVIDENDS PAID

	THE GROUP AND THE COMPANY	
	2015	2014
Paid	**Rs'000**	**Rs'000**
Interim ordinary dividend	30,060	30,060
Final ordinary dividend	78,908	70,140
	108,968	100,200

Dividend per share: Interim Rs 0.75 (2014: Rs 1.50).
Dividend per share: Final Rs 1.75 (2014: Rs 3.50).

33. FAIR VALUE MEASUREMENTS

This note provides information on how the Group and Company determine 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 liabilities 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 liabilities are determined (in particular the valuation technique(s)and the inputs used).

33. FAIR VALUE MEASUREMENTS (CONTINUED)

THE GROUP	FAIR VALUE AS AT		Fair Value Hierarchy			Significant unobservable input(s)		
ASSETS /LIABILITES	31 December 2015 Rs'000	31 December 2014 Rs'000	2015	2014	Valuation technique(s) and key input(s)	2015	2014	Relationship of unobservable inputs to fair value
Investment properties:								
Land	208,253	194,000	Level 2	Level 2	Sales comparison approach and selling price	N/A		N/A
Building	314,902	320,752	Level 2	Level 2	Sales comparison approach and selling price	N/A		N/A
Property and equipment:								
Land	40,000	40,000	Level 2	Level 2	Sales comparison approach and selling price	N/A		N/A
Building	211,676	211,676	Level 2	Level 2	Sales comparison approach and selling price	N/A		N/A
Financial assets at fair value through other comprehensive income:								
Quoted securities:								
Banks and Insurance	183,887	141,249	Level 1	Level 1	N/A	N/A		N/A
Commerce	30,385	1,258	Level 1	Level 1	N/A	N/A		N/A
Industry	12,230	-	Level 1	Level 1	N/A	N/A		N/A
Investments	58,565	38,546	Level 1	Level 1	N/A	N/A		N/A
Leisure and Hotels	70,675	104,144	Level 1	Level 1	N/A	N/A		N/A
Sugar	424	41,732	Level 1	Level 1	N/A	N/A		N/A
Others	103,661	228,230	Level 1	Level 1	N/A	N/A		N/A
Unquoted securities:								
Foreign Equities	28,288	25,178	Level 3	Level 3	Dividend discount model	Dividend yield	Dividend ratio	**
Commerce	141	72	Level 3	Level 3	Dividend discount model	Dividend yield	Dividend ratio	**
Others	22,395	21,079	Level 3	Level 3	Dividend discount model	Dividend yield	Dividend ratio	**

33. FAIR VALUE MEASUREMENTS (CONTINUED)

THE GROUP	FAIR VALUE AS AT		Fair Value Hierarchy		Valuation technique(s) and key input(s)		Significant unobservable input(s)		
ASSETS /LIABILITES	31 December 2015 Rs'000	31 December 2014 Rs'000	2015	2014	2015	2014	2015	2014	Relationship of unobservable inputs to fair value
Open Ended Mutual Funds:									
Local	53,818	54,599	Level 2	Level 2	NAV		N/A	N/A	N/A
Foreign	-	2,749	Level 2	Level 2	NAV		N/A	N/A	N/A
A 3% change in dividend ratio will have an impact of **Rs 0.3M (2014: Rs 0.9M) on equity for financial assets at fair value through other comprehensive income.									
Financial assets at fair value through profit or loss:									
Quoted securities:									
Banks and Insurance	1,044,737	1,099,232	Level 1	Level 1	N/A	N/A	N/A	N/A	N/A
Commerce	76,398	99,342	Level 1	Level 1	N/A	N/A	N/A	N/A	N/A
Industry	33,676	49,821	Level 1	Level 1	N/A	N/A	N/A	N/A	N/A
Investments	574,192	613,672	Level 1	Level 1	N/A	N/A	N/A	N/A	N/A
Leisure and Hotels	159,703	202,794	Level 1	Level 1	N/A	N/A	N/A	N/A	N/A
Sugar	98,132	124,464	Level 1	Level 1	N/A	N/A	N/A	N/A	N/A
Others	65,335	79,717	Level 1	Level 1	N/A	N/A	N/A	N/A	N/A
Unquoted securities:									
Investment	67,008	64,925	Level 3	Level 3	NAV	NAV	FV of the underlying property based on sales comparison		*
Leisure and Hotels	7,221	7,221	Level 3	Level 3	PE Multiple	PE Multiple	Comparable PE ratio		**
Open Ended Mutual Funds:									
Local	29,546	40,710	Level 2	Level 2	Net Assets Value	Net Assets Value	-	N/A	N/A
Foreign	232,017	196,419	Level 2	Level 2	Net Assets Value	Net Assets Value	-	N/A	N/A
Local corporate debt	178,318	-	Level 2	N/A	DCF	N/A	N/A	N/A	N/A
Investment contract liabilities	577,745	-	Level 1	-	N/A	-	N/A	-	N/A

* An increase/ (decrease) in FV of the underlying property by 5% will lead to an increase/(decrease) of Rs 3.35M (2014:Rs 3.25M) on the fair value of the investment.
** An increase of 5% in the discount rate will lead to fall of Rs 3M (2014: Rs 93,000) in the fair value of the investment. A fall of 5% in discount rate will lead to an increase of Rs 2.16M (2014: Rs 96,000) in the fair value of the investment.
(a) Investment contract liabilities has been classified as level 1 as they are directly linked to listed equity prices.

33. FAIR VALUE MEASUREMENTS (CONTINUED)

THE COMPANY	FAIR VALUE AS AT		Fair Value Hierarchy			Significant unobservable input(s)		
ASSETS /LIABILITES	31 December 2015 Rs'000	31 December 2014 Rs'000	2015	2014	Valuation technique(s) and key input(s)	2015	2014	Relationship of unobservable inputs to fair value
Investment properties:								
Land	75,000	75,000	Level 2	Level 2	Sales comparison approach and selling price	N/A		N/A
Building	4,000	4,000	Level 2	Level 2	Sales comparison approach and selling price	N/A		N/A
Property and equipment:								
Land	40,000	40,000	Level 2	Level 2	Sales comparison approach and selling price	N/A		N/A
Building	140,630	143,500	Level 2	Level 2	Sales comparison approach and selling price	N/A		N/A
Financial assets at fair value through other comprehensive income:								
Quoted securities:								
Banks and Insurance	140,669	148,319	Level 1	Level 1	N/A	N/A		N/A
Commerce	1,181	1,258	Level 1	Level 1	N/A	N/A		N/A
Investments	54,141	38,546	Level 1	Level 1	N/A	N/A		N/A
Leisure and Hotels	70,675	104,144	Level 1	Level 1	N/A	N/A		N/A
Sugar	-	41,732	Level 1	Level 1	N/A	N/A		N/A
Others	49,582	46,551	Level 1	Level 1	N/A	N/A		N/A
Unquoted securities:								
Foreign Equities	28,287	25,178	Level 3	Level 3	Dividend discount model	Dividend ratio		**
Commerce	141	71	Level 3	Level 3	Dividend discount model	Dividend ratio		**
Others	1,008	625	Level 3	Level 3	Dividend discount model	Dividend ratio		**

33. FAIR VALUE MEASUREMENTS (CONTINUED)

THE COMPANY	FAIR VALUE AS AT		Fair Value Hierarchy		Valuation technique(s) and key input(s)		Significant unobservable input(s)		
ASSETS /LIABILITES	31 December 2015 Rs'000	31 December 2014 Rs'000	2015	2014	2015	2014	2015	2014	Relationship of unobservable inputs to fair value
Open Ended Mutual Funds:									
Local	53,818	54,599	Level 2	Level 2	NAV	NAV	N/A	N/A	N/A
Foreign	-	585	Level 2	Level 2	NAV	NAV	N/A	N/A	N/A
Financial assets at fair value through profit or loss:									
Local corporate debt	178,318	-	Level 2	N/A	DCF	N/A	N/A	N/A	N/A

** A 3% change in dividend ratio will have an impact of Rs 0.2M (2014: Rs 0.8M) on equity for financial assets at fair value through other comprehensive income.

*** An increase of 5% in the discount rate will lead to fall of Rs 3M (2014: Rs 93,000) in the fair value of the investment. A fall of 5% in discount rate will lead to an increase of Rs 2.16M (2014: Rs 96,000) in the fair value of the investment.

(b) Fair Value of the Group and Company's assets and liabilities that are not measured 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 recognised financial assets and financial liabilities approximate their fair values.

33. FAIR VALUE MEASUREMENTS (CONTINUED)

	THE GROUP				THE COMPANY			
	CARRYING AMOUNT		FAIR VALUE		CARRYING AMOUNT		FAIR VALUE	
	2015	2014	2015	2014	2015	2014	2015	2014
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Loans and receivables:								
Mortgage Loans	564,353	707,243	589,645	708,211	6,103	44,204	11,231	44,204
Loans on Life policies	18,603	19,001	19,688	20,229	-	-	-	-
Secured Loans	268,576	183,738	261,703	197,063	212,626	178,950	225,897	179,728
Unsecured Loans	5,466	5,353	4,256	4,261	4,109	3,874	4,256	3,874
CDS guarantee fund	1,790	2,588	1,427	1,331	565	778	596	774
Financial assets at amortised cost:								
Deposits and corporate bonds	988,503	278,700	988,503	278,700	218,200	100,900	218,200	100,900
Government loan stocks	3,725,782	2,903,254	4,114,263	3,316,892	291,700	4,963	286,552	5,278
Financial liabilities:								
Preference share capital	100,000	100,000	128,918	117,559	100,000	100,000	128,918	117,559
Subordinate bonds	200,000	200,000	210,357	200,000	200,000	200,000	210,357	200,000
Interest free loan	22,936	43,978	24,027	49,703	22,936	43,978	24,027	49,703

33. FAIR VALUE MEASUREMENTS (CONTINUED)

THE GROUP	Fair value hierarchy as at 31 December 2015				Fair value hierarchy as at 31 December 2014			
	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	-	589,645	-	589,645	-	708,211	-	708,211
Loans on Life policies	-	19,688	-	19,688	-	20,229	-	20,229
Secured Loans	-	261,703	-	261,703	-	197,063	-	197,063
Unsecured Loans	-	4,256	-	4,256	-	4,261	-	4,261
CDS guarantee fund	-	1,427	-	1,427	-	1,331	-	1,331
Financial assets at amortised cost:								
Deposits and corporate bonds	-	988,503	-	100,900	-	278,700	-	278,700
Government loan stocks	-	4,114,263	-	4,114,263	-	3,316,892	-	3,316,892
Financial liabilities:								
Preference share capital	-	128,918	-	-	-	117,559	-	117,559
Subordinate bonds	210,357	-	-	-	200,000	-	-	200,000

THE COMPANY	Fair value hierarchy as at 31 December 2015				Fair value hierarchy as at 31 December 2014			
	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	-	11,231	-	11,231	-	44,204	-	44,204
Secured Loans	-	225,897	-	225,897	-	179,728	-	179,728
Unsecured Loans	-	4,256	-	4,256	-	3,874	-	3,874
CDS guarantee fund	-	596	-	596	-	774	-	774
Financial assets at amortised cost:								
Deposits and corporate bonds	-	218,200	-	218,200	-	100,900	-	100,900
Government loan stocks	-	286,552	-	286,552	-	5,278	-	5,278
Financial liabilities:								
Preference share capital	-	128,918	-	128,918	-	117,559	-	117,559
Subordinate bonds	210,357	-	-	210,357	200,000	-	-	200,000

The valuation technique used to fair value the above instruments is discounted cash flow with observable yield for similar instruments.

33. 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:

	2015 THE GROUP			2014 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 1 January,	72,146	46,329	118,475	70,019	26,658	96,677
Unrealised gains	2,083	-	2,083	2 ,127	-	2,127
Total gains/(loss) in other comprehensive income	-	1,189	1,189	-	(82)	(82)
Acquisition from business combination	-	-	-	-	19,753	19,753
Purchases	-	3,306	3,306	-	-	-
At 31 December	74,229	50,824	125,053	72,146	46,329	118,475

	2015 THE COMPANY			2014 THE COMPANY		
	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 1 January,	-	25,874	25,874	-	25,969	25,969
Purchases	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Total gains/(loss) in other comprehensive income	-	3,562	3,562	-	(95)	(95)
At 31 December	-	29,436	29,436	-	25,874	25,874

34. 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

2015	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	1,612,426	252,893	1,865,319	622,382	-	-	2,487,701
Fee and commission income	73,615	134,340	207,955	18,270	-	-	226,225
Brokerage fees	-	-	-	-	10,346	(197)	10,149
Investment and other income	275,259	68,490	343,749	178,195	38,228	(47,757)	512,415
Segment income	1,961,300	455,723	2,417,023	818,847	48,574	(47,954)	3,236,490

34. SEGMENT INFORMATION (CONTINUED)

THE GROUP (CONTINUED)

2015 (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	1,065,143	210,505	1,275,648	497,962	-	-	1,773,610
Claims recovered from Reinsurers	(99,575)	(145,621)	(245,196)	(12,248)	-	-	(257,444)
Movement in outstanding claims	(7,011)	31,907	24,896	91,721	-	-	116,617
Commission and brokerage fees paid	194,029	78,786	272,815	26,753	-	-	299,568
Management expenses	471,971	151,186	623,157	104,020	32,950	(1,895)	758,232
Share of loss from joint venture	-	-	-	-	136	-	136
Finance costs	20,275	4,293	24,568	-	210	-	24,778
Depreciation	26,635	6,486	33,121	4,331	619	-	38,071
Amortisation	18,918	4,049	22,967	4,755	69	11,512	39,303
	1,690,385	341,591	2,031,976	717,294	33,984	9,617	2,792,871
Segment profit before tax	270,915	114,132	385,047	101,553	14,590	(57,571)	443,619
Profit before taxation							443,619
Taxation							(95,618)
Profit for the year							348,001

* Amount represents that of The Mauritius Union Assurance Company Limited and its African Subsidiaries. It is made up of Casualty and Property businesses.

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

34. 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 represents that of The Mauritius Union Assurance Company Limited and its African Subsidiaries. It is made up of Casualty and Property businesses.

34. SEGMENT INFORMATION (CONTINUED)

	THE GROUP						
2015	**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	5,599,696	979,857	6,579,553	6,824,725	75,613	(729,865)	12,750,026
Segment liabilities	816,990	148,207	965,197	70,651	21,371	10,791	1,068,010
Technical liabilities							
- Unearned premium reserve							1,125,872
- Life assurance fund							5,716,232
- Investment contract liabilities							577,745
- Outstanding claims							1,407,508
Total equity							2,854,659
Capital expenditure							
Property, plant and equipment	31,448	4,932	36,380	-	-	-	36,380
Intangible assets	6,637	1,041	7,678	-	-	-	7,678

* Amount represents that of The Mauritius Union Assurance Company Limited and its African Subsidiaries. It is made up of Casualty and Property businesses.

34. 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

* Amount represents that of The Mauritius Union Assurance Company Limited and its African Subsidiaries. It is made up of Casualty and Property businesses.

GEOGRAPHIC INFORMATION	Income from external customers		Non current assets	
	2015	**2014**	**2015**	**2014**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Mauritius	2,379,240	2,342,866	1,764,548	1,860,380
Kenya	185,300	105,081	128,724	126,290
Tanzania	379,781	169,122	312,756	302,291
Uganda	151,394	75,775	5,966	2,304
Rwanda	140,775	79,613	7,138	3,896
	3,236,490	2,772,457	2,219,132	2,295,161

35. 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. 7.3M (2014 - Rs.3.9 M). Assets and liabilities of the life Company are owed by the shareholders and policyholders. Surplus for the year attributable to the policyholders are then transferred to the Life Assurance Fund.

36. COMMITMENTS

Outstanding financial commitments:

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Loans approved by the Board of Directors but not yet disbursed	44,477	27,761	24,647	3,600

37. BASIC AND DILUTED EARNINGS PER SHARE

	THE GROUP	
	2015	2014
The following reflects the income and share data used in the basic and diluted EPS computations	**Rs'000**	**Rs'000**
Profit attributable to equity holders of the parent	248,902	148,552
Weighted average number of ordinary shares ranking for dividend	42,354,540	40,400,640
Earnings per share - Basic and diluted	5.88	3.68

On 21 August 2015, the Company made a right issue in the ratio of 1 new ordinary shares for every 8 ordinary shares held. The new share with a par value of Rs 10 was issued at a price of Rs 65 per share. Consequently, EPS for 2014 has been restated to account for the right issue. Prior to the right issue, EPS for 2014 was Rs 3.71 per share.

38. NOTES TO CASH FLOW STATEMENTS

(a) Cash generated from operations

	NOTES	THE GROUP		THE COMPANY	
		2015	2014	**2015**	2014
		Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Profit before taxation		443,619	214,154	150,046	179,846
Decrease in financial assets at fair value through profit or loss		187,803	13,306	-	-
Increase in fair value of investment properties	6	(41,441)	(32,431)	-	(5,000)
Impairment of investment properties	6	6,130	-	-	-
Assets written off	5/7	24,303	-	24,282	-
Exchange (gains)/losses on cash and cash equivalents	17	(92,622)	(7,864)	(6,490)	1,555
Provision for retirement benefit obligations		878	302	878	302
Provision for credit impairment	11/12	32,309	59,970	2,528	137
Dividend income	23	(83,619)	(87,347)	(42,103)	(53,764)
Interest income	23	(396,231)	(314,894)	(42,226)	(35,141)
Interest payable	29	24,778	18,572	24,568	18,235
Depreciation	5	38,071	45,041	24,037	25,774
Amortisation	7	39,303	34,953	22,678	21,965
Profit on sale of property and equipment	24	(8,792)	(1,007)	(7,754)	(385)
Profit on disposal of financial assets	24	(18,563)	(4,754)	-	-
Share of loss/(profit) from Joint Venture	9	136	(1,697)	-	-
		156,062	(63,696)	150,444	153,524
Change in unearned premium		37,007	10,895	33,789	5,312
Change in insurance and other receivables		(85,610)	77,743	(42,989)	40,554
Change in outstanding claims		24,897	(4,910)	18,834	28,571
Change in trade and other payables		72,184	(41,137)	35,135	(2,745)
Net cash generated from/(used in) operations (refer to page 10)		204,540	(21,105)	195,213	225,216

38. 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	
	2015	2014	**2015**	2014
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Cash at banks and on hand	561,264	1,111,572	156,546	303,174
Short-term deposits	-	220,878	-	-
	561,264	1,332,450	156,546	303,174
Less: Bank overdraft (note 18)	(702)	-	-	-
	560,562	1,332,450	156,546	303,174

Included are deposits maturing within 90 days.

Cash at bank earns interest at fixed rates based on a daily basis deposit rates. Short-term deposits are made for varying periods 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 2015 is an amount made by the African subsidiaries with financial institutions, with a weighted average effective interest of 8.22%. (2014: 8.22%).

39. BUSINESS COMBINATIONS

Last year on the 31 May 2014, MUA acquired 100% of the share capital of Phoenix Transafrica Holdings Limited (PTHL) a long-term equity investment holding company. PTHL has 66.38% equity stake in Phoenix of East Africa Assurance Company (PEAL) which itself has subsidiaries located in Tanzania, Uganda and Rwanda. All the subsidiaries in these countries are in the general insurance business.

The goodwill which amounted to Rs 139M arose from the acquisition was 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 were not recognised separately from goodwill because they did not meet the recognition criteria for indentifiable intangible assets. None of the goodwill recognised is expected to be deductible for income tax purposes.

39. BUSINESS COMBINATIONS (CONTINUED)

The following tables summarise the consideration paid for each entity, the fair value of the assets acquired, the 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

Acquisition related costs amounting to Rs 6.5M, have been excluded from the cost of investment and have been recognised as an expense in profit or loss for 2014, within the "other operating and administrative expenses".

39. BUSINESS COMBINATIONS (CONTINUED)

Fair value of recognised amounts of identifiable assets acquired and liabilities assumed at the date of acquisition

	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
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

39. BUSINESS COMBINATIONS (CONTINUED)

Goodwill arising from the business combination is determined as follows:

	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
Fair value of consideration transferred (as below)	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	(108,501)	430,024

Impact of acquisitions on the results of the Group
Included in the profit for the year year ended 31 December 2014 was Rs 20M attributable to the additional business generated by the African Subsidiaries from the acquisition date to 31 December 2014. Gross premium for the year ended 31 December 2014 included Rs 380M in respect of the African Subsidiaries during the seven months periods. Had the business combinations been effected at 1 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 the subsidiaries experience and reputation in their respective markets and their potential for growth.

39(a). IMPAIRMENT OF GOODWILL

Carrying amount of goodwill allocated to each of the CGUs:

	National Mutual Fund Ltd	La Prudence Mauricienne Assurance Limitée	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	Rs'000
Goodwill	21,780	184,385	38,579	28,534	48,725	23,438	345,441

Activities in each country represent the lowest level at which the goodwill is monitored for internal management purposes.

39(a). IMPAIRMENT OF GOODWILL (CONTINUED)

Because goodwill has been allocated to the activities in each country, each of those activities must be tested for impairment annually. The recoverable amounts of the cash generating units are determined on the basis of value in use calculations. At 31 December 2015 the value in use of each cash generating units exceeds its carrying amount. Therefore the activities in each country and the goodwill allocated for those activities are regarded as not impaired.

To determine the value for each country cash generating unit, cash flow forecast from the most recent financial approved budgets for the next five years is used. Discount rates used represent the current market assessment of the risks specific to a cash generating unit, taking into consideration the time value of money and the weighted average cost of capital (WACC).

The Group also carried out a sensitivity analysis based on changes on major assumptions listed below and noted that these did not have a significant impact on the recoverable amount.

Sensitivity to changes in assumptions.

	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
	Rs'000	Rs'000	Rs'000	Rs'000
5% change in growth rate	3,144	8,565	11,053	7,088
1% change in discount rate	3,181	8,427	10,841	6,966

40. RELATED PARTY TRANSACTIONS

		THE GROUP		THE COMPANY	
	Relationship	2015	2014	2015	2014
		Rs'000	Rs'000	Rs'000	Rs'000
Loans granted to					
Directors and key management personnel		28,848	19,080	4,727	375
Amount owed by					
Directors and key management personnel		47,443	91,051	5,631	3,378
Receivables from:					
NMF Property Trust	Sister company	109	150	-	-
NMF General Fund	Sister company	686	699	-	-
La Prudence Mauricienne Assurance Ltée	Subsidiary	-	-	5,737	2,045
Decadel Ltée	Subsidiary	-	-	3,571	4,351
Feber Associates Ltd	Subsidiary	-	-	911	1,668
National Mutual Fund	Subsidiary	-	-	77	55
PTHL	Subsidiary	-	-	6,348	-
Purchase of goods and services from					
Subsidiary company		197	914	93	256
Other related party - Accredited agent		22,664	20,526	22,664	20,526
Sale of services to					
Directors and key management personnel		552	1,189	130	258
Income receivable from:					
Subsidiary companies		-	-	31,886	41,067
Remuneration of key management personnel					
Salaries and short-term employee benefits		140,292	67,819	21,055	28,396
Post-employments benefits		10,380	2,842	2,083	2,593

Key management personnel consist of Chief Executive Officers and Senior managers.

40. RELATED PARTY TRANSACTIONS (CONTINUED)

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 at arm's length at market rates ranging from 7.5% to 13% (2014: 7.65% to 13%).

40. CONTINGENCIES

In common practice with insurance industry in general, the group is subject to litigations arising in the normal course of insurance business.The Directors are of the opinion that these litigations 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 these litigations.

41. EVENTS AFTER THE REPORTING DATE

There have been no material events after the reporting date which would require disclosures or adjustments to the 31 December 2015 financial statements.

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 Thursday 30 June 2016 at 10.00 hours to transact the following business:-

AGENDA

1. To consider the Annual Report for the year ended 31 December 2015
2. To receive the Auditors' Report
3. To consider and adopt the Annual Financial Statements for the year ended 31 December 2015.
4. To re-appoint under separate resolutions 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 LUTCHMENARRAIDOO
   h. Arjoon SUDDHOO
5. In accordance with Section 138(6) of the Companies Act 2001 to reappoint Mr Vincent AH CHUEN as Director of the Company.
6. To appoint Mr Mushtaq OOSMAN as Independent Non-Executive Director of the Company. *(please refer to Note (f) below)*
7. To appoint Mr Ashraf MUSBALLY as Executive Director of the Company. *(please refer to Note (g) below)*
8. To take note of the automatic reappointment of Messrs. Ernst & Young as auditors of the Company in compliance with Section 200 of the Companies Act 2001 and conformably with section 40(3) of the Insurance Act 2005 and to authorize the Board of Directors to fix their remuneration for the year ending 31 December 2016.

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 Wednesday 29 June 2016 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 Company Secretary, 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 Léoville L'Homme Street, Port-Louis, Mauritius at latest on Tuesday 28 June 2016 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 6 June 2016.

(e) Profiles of the Directors are set out on pages 26 to 30

(f) The Board of Directors appointed Mr Mushtaq Oosman as Independent Non-Executive Director of the Company on 1 April 2016 until the forthcoming annual meeting to be held on 30 June 2016 where his appointment will be proposed to the shareholders of the Company.

Profile of Mr Mushtaq Oosman is as follows:
Mr Mushtaq Oosman was a Partner in PwC Mauritius since 1 July 1991. He was primarily an Assurance Partner, also responsible for Business Recovery Services as well as the Chief Operating Partner for Mauritius. He has served on the Africa Central Governance Board and is well versed with the working and responsibilities of a Governance Board. Mr Oosman has over 25 years professional experience in audit and financial advice, with a diversified portfolio of clients in sectors such as banking, insurance, manufacturing, sugar companies, the hospitality industry, betting operator, textiles and trading. He retired from PwC in November 2015. He trained and qualified as a Chartered Accountant with Sinclairs in the UK, joined Roger de Chazal & Partners (founders of Price Waterhouse in 1988 in Mauritius) and have been with PwC since then. Mr Oosman is a fellow of the Institute of Chartered Accountants in England and Wales.

(g) The Board of Directors appointed Mr Ashraf Musbally as executive director of the Company on 18 April 2016 until the forthcoming annual meeting to be held on 30 June 2016 where his appointment will be proposed to the shareholders of the Company.
Profile of Mr Ashraf Musbally is found on page 45 of the annual report.

By order of the Board

ECS SECRETARIES LTD
per Marie-Anne Adam, ACIS
Company Secretary

11 May 2016

PROXY / CASTING POSTAL VOTE FORM

APPOINTMENT OF PROXY

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 Wednesday 29 June 2016 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 Company Secretary, 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 Léoville L'Homme Street, Port-Louis, Mauritius at latest on Tuesday 28 June 2016 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 6 June 2016.

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 Thursday 30 June 2016 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)

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 Thursday 30 June 2016 and at any adjournment thereof:

AS ORDINARY RESOLUTIONS	FOR	AGAINST	ABSTAIN
3. To adopt the Annual Financial Statements for the year ended 31 December 2015.	○	○	○
4. To reappoint under separate resolutions 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 LUTCHMENARRAIDOO	○	○	○
h. Arjoon SUDDHOO	○	○	○
5. In accordance with Section 138(6) of the Companies Act 2001 to reappoint Mr Vincent AH CHUEN as Director of the Company	○	○	○
6. To appoint Mr Mushtaq OOSMAN as Independent Non-Executive Director of the Company.	○	○	○
7. To appoint Mr Ashraf MUSBALLY as Executive Director of the Company.	○	○	○
8. To authorise the Board of Directors to fix the remuneration of auditors for the year ending 31 December 2016.	○	○	○

SIGNATURE ____________________ **DATE** ____________________

4 LEOVILLE L'HOMME STREET
PORT LOUIS, MAURITIUS

WWW.MAURITIUSUNION.COM

TEL (230) 207 5500

FB.COM/MAURITIUSUNIONGROUP

BRN C07000714