

Global Alliance Seguros, S.A.

Financial Statements
31 December 2015

GLOBAL ALLIANCE SEGUROS, S.A.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in MZN)

Global Alliance Seguros, S.A.

Financial Statements 2015

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1. DIRECTORS' REPORT

The directors are pleased to present their report for the year ended 31 December 2015.

1.1. CONSTITUTION AND NATURE OF BUSINESS ACTIVITIES

Global Alliance Seguros, S.A. (hereinafter 'GA' or company), incorporated and domiciled in Mozambique transacts life assurance, non-life assurance and pension fund management.

The company has its registered office and principal place of business at Av. Marginal, Parcela 141, Maputo.

COMPANY REGISTRATION NUMBER

12801/102-C/29

1.2. MATERIAL CHANGES IN THE COMPANY

There have been no material changes in the Company for the financial year ended 31 December 2015.

1.3. BUDGET REVIEW AND HIGH-LEVEL OVERALL PERFORMANCE OF THE BUSINESS

	Budget (USD)	Actuals (USD)	Variance
GPI	57 087 897	61 744 357	4 656 460
NPI	26 559 859	24 202 483	-2 357 377
OTHER INCOME	-	2 438 742	2 438 742
CLAIMS	13 651 874	15 503 467	1 851 593
OPERATING EXPENSES	7 609 162	7 240 246	-368 916
PBT	8 384 966	5 709 306	-2 675 660

1.3.1 OVERALL PERFORMANCE OF THE BUSINESS

We experienced lower business activities in 2015 financial year mainly driven by the following:

- New players in the insurance industry resulting in stiff competition and price wars as well as new insurance licences issued;
- On-going political instability in the country has impacted negatively on the economy and business growth;
- Slowing down in the economy growth;
- Loss of major accounts to competitors and due to non payment;
- Expiry of once off policies.

The abovementioned factors resulted in lower Net Insurance Premium (NPI) and Profit before tax for the year compared to 2014 and compared to budget for the year.

1.3.2 GROSS PREMIUM INCOME (GPI)

Gross Premium Income (GPI) was higher than budget due to new business acquired in the Life space. Major contributor in GPI growth was the medical products that took precedence in 2015.

1.3.3 OTHER INCOME

Other income is made up of Foreign Exchange gains generated from revaluation of assets and liabilities of the company. Although the functional currency is MZN, for internal reporting purposes Global Alliance still reports in USD. The stronger appreciation of the USD against the MZN contributed to the FX gains.

1.3.4 CLAIMS

The company experienced high volumes of claims mainly driven by motor own damage, fire, civil and miscellaneous. Normally, Global Alliance will have a low claims experience in December as most of our service providers close early for holidays, and a high volume of claims in January.

1.3.5 OPERATING EXPENSES

Management continued to focus on cost control in order to mitigate the risk of revenue that was not growing as expected. However, operating expenses increased year on year due to inflationary increase, normal business growth and depreciation of the Metical.

Further information on the activities, performance and financial position of the company is presented in the annual financial statements and notes thereto.

1.4. HOLDING COMPANY AND ULTIMATE HOLDING COMPANY

Holding Company	Absa Financial Services Africa Holdings Pty Ltd - 98%
Ultimate Holding Company	Barclays Bank PLC (62.3%)
Shareholders	Absa Financial Services Africa Holdings Pty Ltd - 98% Absa Insurance Company Ltd - 1% Absa Life Ltd - 1%

1.5. EVENTS AFTER THE BALANCE SHEET DATE

There have been no facts or circumstances of a material nature that have occurred between the year end and the date of these financial statements that could have a significant effect on the reported results and financial position.

1.6. GOING CONCERN

The financial statements presented on pages 9 to 61 were prepared based on the principle of going concern and directors have every reason to believe that the insurance company will continue to operate in the foreseeable future.

1.7. DIVIDENDS

Management recommends that no dividends be distributed.

1.8. BOARD MEMBERSHIP

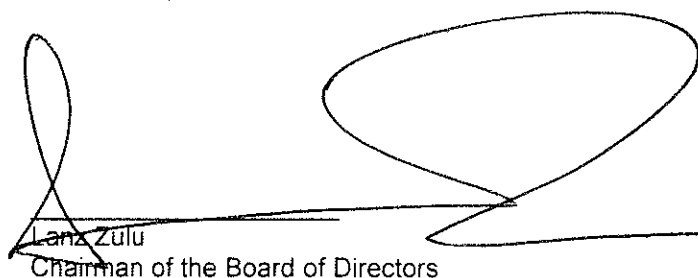
L. Zulu	Chairman
N. Remane	Non-executive
R. Barros	Non-executive

1.9. AUDITORS

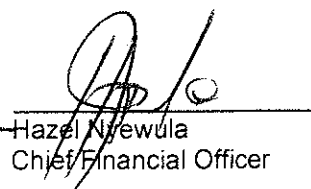
PricewaterhouseCoopers, Lda.

1.10. ADDRESS

Avenida da Marginal, Parcela 141
Maputo
Mozambique



Lanza Zulu
Chairman of the Board of Directors



Hazel Nzewula
Chief Financial Officer

Maputo
27 May 2016

2. STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

This statement, which should be read in conjunction with the fiscal committee report and auditor's opinion set out on page 8, has the main objective to distinguish for shareholders the respective responsibilities of directors and auditors in relation to the financial statements of Global Alliance Seguros, S.A. (the "Company").

The directors are responsible for the preparation, integrity and fair presentation of the financial statements that present reliable state of transactions at the end of the financial year, cash flows of the period and other information contained in this report.

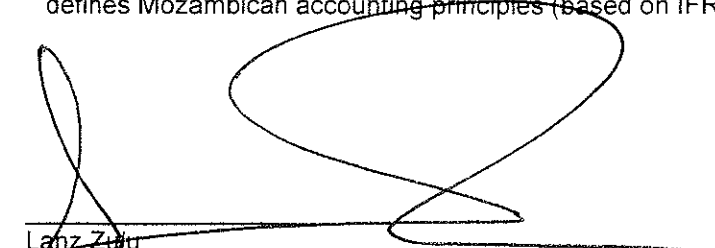
In order to achieve these responsibilities:

- All management and employees have to maintain the highest ethical standards to ensure that the company's business is conducted in a manner that all reasonable circumstances beyond reproach;
- The Board of Directors sets standards and management implements systems of internal control to provide reasonable assurance that assets are safeguarded and the risk of error, fraud or loss is reduced in a cost-effective manner. These controls in policies and procedures include the proper delegation of responsibilities and authority within a clearly defined framework, effective accounting procedures and adequate segregation of duties;
- The Board of Directors and management identify all key risk areas within the company and strive to minimize these risks by ensuring that own infrastructures, controls and systems are applied and managed within the pre-defined procedures and limitations;
- The Actuarial Review Committee assists the directors with regard to actuarial and related matters.

To the best knowledge and belief, based on the above, the Directors believe that there were no significant failures of the internal control systems and procedures during the year under review.

The entity adopts appropriate and consistent accounting policies, and these are supported by judgments and estimates that are prudent and reasonable.

These financial statements were prepared in accordance with the Mozambican Diploma no. 222/2010 which defines Mozambican accounting principles (based on IFRS) for insurance companies.



Lenz Zulu

Chairman of the Board of Directors



Rui Barros

Member of the Board of Directors

Maputo
27 May 2016

1. FISCAL COMMITTEE REPORT

According to the legal and statutory provisions, the Fiscal Committee reviewed the annual report presented by Global Alliance Seguros, S.A. for the financial year 2015 and presented to the shareholders the opinion on the Statement of Financial Position, Statement of Comprehensive Income and Board of Directors' Report for the year ended 31 December 2015.

In carrying out its activities, the Fiscal Committee monitored the company's business, reviewed the annual accounts, accompanied the result of the work of the external auditor and maintained regular contact with the administration, having had access to all the information that was requested from the company's management.

Based on our analysis of the annual report, of the information provided and the external auditors reports (PwC), the opinion of the Fiscal Committee is that the Statement of Financial Position and Statement of Comprehensive Income of Global Alliance, S.A. are in accordance with the legal and statutory provisions, meeting the criteria valuation usually adopted and that its financial statements, prepared in accordance with International Financial Reporting Standards (IFRS), adequately reflect the financial position of the company on 31 December 2015 and the results of its activity in the year then ended.

Taking into account the above, the Fiscal Committee recommends that the Shareholders approve the Board of Directors' Report, the Annual Financial Statements of Global Alliance, S.A. for the year ended 31 December 2015, and the proposal of the Board to apply the net income in the amount of 103,754,675 meticaís as follows: 20% equivalent to 20,750,935 meticaís in Legal Reserves and the remainder, amounting to 83,003,740 meticaís, to carry over to the following year through the Retained Earnings account.

BDO (Moçambique), Lda. Represented by:

Abdul Satar Hamid

Maputo, 30 May 2016



Free translation to English of the Original signed version in Portuguese

To the shareholders of
Global Alliance Seguros, S.A.

Audit Report

We have audited the accompanying financial statements of Global Alliance Seguros, S.A., which comprise the statement of financial position as at 31 December 2015 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Director's responsibility for the financial statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the generally accepted accounting principles of the Mozambican insurance sector, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Global Alliance Seguros, S.A., as at 31 December 2015, its financial performance and its cash flows for the year then ended in accordance with generally accepted accounting principles of the Mozambican insurance sector.

PRICEWATERHOUSECOOPERS

Maputo, 31 May 2016

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3. FINANCIAL STATEMENTS

3.1. Statement of comprehensive income

Notes	Profit and Loss Account	FY 2015 – MZN				Previous 2014 MZN
		Technical Life	Technical Non-life	Non- Technical	Total	
6	Premiums Earned Net of Reinsurance	140 129 916	884 540 739	0	1 024 670 655	1 298 388 845
	Gross written premiums	569 451 565	1 942 710 915	0	2 512 162 480	2 669 601 441
	Premiums ceded to reinsurers	-366 289 021	-1 053 247 049	0	-1 419 536 070	-1 327 922 122
	Provision for unearned premiums (change)	-62 091 900	234 982 648	0	172 890 748	-2 375 275
	Provision for unearned premiums, reinsurers' part (change)	-940 728	-239 905 775	0	-240 846 503	-40 915 198
7	Costs of Claims, Net of Reinsurance	-30 675 156	-560 726 230	0	-591 401 386	-479 722 755
	Amounts paid	-24 849 168	-498 507 298	0	-523 356 465	-465 183 786
	Gross amount	-28 807 383	-679 777 691	0	-708 585 074	-546 393 597
	Reinsurers' part	3 958 215	181 270 393	0	185 228 608	81 209 811
	Provision for claims (change)	-5 825 989	-62 218 932	0	-68 044 921	-14 538 969
	Gross amount	-5 823 149	-77 924 956	0	-83 748 105	112 006 427
	Reinsurers' part	-2 840	15 706 023	0	15 703 184	-126 545 397
8	Mathematical Provision - life, net of reinsurance	-24 038 893	0	0	-24 038 893	-16 509 806
	Gross amount	-25 067 576	0	0	-25 067 576	-16 956 720
	Reinsurers' part	1 028 683	0	0	1 028 683	446 913
9	Net Operating Expenses	-88 393 923	-270 003 651	0	-358 397 574	-276 778 609
	Acquisition costs	-85 256 564	-188 178 667	0	-273 435 231	-239 944 216
	Deferred acquisition costs (change)	14 685 097	7 108 426	0	21 793 522	8 099 775
	Administrative costs	-26 429 576	-115 711 057	0	-142 140 633	-112 824 269
	Reinsurance commissions and profit sharing	8 607 120	26 777 647	0	35 384 767	67 890 101
10	Income	7 609 612	33 315 564	0	40 925 175	14 352 459
	On interest on financial assets not carried at fair value through profit or loss	6 381 061	27 936 856	0	34 317 917	8 422 642
	Other	1 228 551	5 378 707	0	6 607 258	5 929 816
11	Underwriting expenses	-77 582	-339 661	0	-417 243	-331 187
	Other	-77 582	-339 661	0	-417 243	-331 187
12	Net gains of financial assets and liabilities carried at fair value through profit or loss	0	0	0	0	830 734
	Net gains of financial assets and liabilities initially recognized at fair value through profit or loss	0	0	0	0	830 734
13	Foreign exchange differences	0	0	73 036 482	73 036 482	60 195 398
14	Net gains from non-financial assets	13 464 852	58 950 330	0	72 415 182	18 379 980
16	Other technical income/costs, net of reinsurance	997 804	-50 790 321	0	-49 792 517	-364 898 998
15	Other provisions (Change)	-708 582	-3 102 234	0	-3 810 816	-20 344 199
16	Other income/ expenses	0	0	7 002 447	7 002 447	-2 782 493
	Net Income before Tax	18 308 048	91 844 536	80 038 930	190 191 513	230 779 369
26	Corporation Tax for the period – Current Tax	-5 926 338	-29 730 190	-25 908 701	-61 565 229	-68 597 652
26	Corporation Tax for the period – Deferred Tax	-2 394 169	-12 010 638	-10 466 802	-24 871 609	-5 930 483
29	Net Income for the Period	9 987 541	50 103 708	43 663 426	103 754 675	156 251 234

3.2. Statement of financial position as at 31 December 2015

Notes	Assets	FY2015 - MZN			FY2014 MZN
		Gross Value	Impairment, depreciation/ Amortization or adjustments	Net Value	
18	Cash & cash equivalents	295 059 139	0	295 059 139	322 969 633
19	Available-for-sale assets	346 634 800	0	346 634 800	234 640 000
20	Loans & Receivables	349 270 556	0	349 270 556	248 065 360
	Other deposits	349 270 556	0	349 270 556	248 065 360
21	Property	315 201 132	16 686 215	298 514 917	229 565 076
	Owner-occupied property	124 752 300	16 686 215	108 066 085	111 531 426
	Investment property	190 448 832	0	190 448 832	118 033 650
22	Other tangible assets	22 044 705	10 013 093	12 031 612	9 897 642
23	Other intangible assets	4 048 945	2 348 785	1 700 160	1 713 343
24	Technical Provisions for Reinsurance ceded	460 225 492	0	460 225 492	438 918 247
	Provision for unearned premiums	343 196 977	0	343 196 977	310 228 844
	Mathematical provision for Life- Insurance	8 368 717	0	8 368 717	7 340 034
	Provision for claims	108 659 798	0	108 659 798	121 349 369
25	Other Debtors for Insurance & Other Operations	621 993 358	37 322 825	584 670 532	473 227 897
	Receivables for direct insurance operations	567 610 959	37 322 825	530 288 133	431 742 082
	Account receivable for other reinsurance operations	0	0	0	35 036 173
	Account receivable for other operations	54 382 399	0	54 382 399	6 449 642
26	Tax Assets	49 642 552	0	49 642 552	8 940 084
	Current tax assets	0	0	0	0
	Deferred tax assets	49 642 552	0	49 642 552	8 940 084
27	Accruals and deferrals	5 641 018	0	5 641 018	78 585 134
	Total Assets	2 469 761 697	66 370 919	2 403 390 778	2 046 522 416

5.2. Statement of financial position as at 31 December 2015 (Continued)

Notes	Liabilities & Equity	FY 2015 MZN	FY 2014 MZN
	Liabilities		
24	Technical provisions	836 842 064	793 217 429
	Provision for unearned premiums	516 167 223	520 213 783
	Mathematical Provisions for life- insurance	154 180 237	81 397 532
	Provision for Claims	166 494 603	191 606 114
	For Life Insurance	3 325 533	494 795
	Workers' compensations	0	12 789 751
	Other business lines	163 169 071	178 321 567
28	Other Creditors for insurance & other operations	600 970 228	420 484 757
	Payables for direct insurance operations	34 567 134	33 340 749
	Payables for other reinsurance operations	501 894 304	369 565 401
	Payables for other operations	64 508 780	17 578 608
26	Tax Liabilities	121 101 793	96 272 311
	Current tax liabilities	13 955 568	54 700 162
	Deferred tax liabilities	107 146 225	41 572 148
27	Accruals & Deferrals	35 169 736	30 823 721
	Total Liabilities	1 594 083 821	1 340 798 218
	Equity		
29	Share capital	242 090 000	242 090 000
29	Other reserves	113 031 350	81 901 877
29	Retained earnings	350 430 932	225 481 088
29	Net income for the period	103 754 675	156 251 234
	Total Equity	809 306 957	705 724 198
	Total Equity & Liabilities	2 403 390 778	2 046 522 416

5.3. Statement of Changes in Equity

Notes	Statement of Changes in Equity	Share capital	Other reserves		Retained earnings	Net Income for the period	Foreign exchange reserve	Total
			Legal reserve	Share premium				
	Balance sheet as at 31 December 2013	142 525 000	56 654 197	1 970 879	101 721 731	116 384 003	30 652 156	449 907 965
	Increase of reserves (1)		23 276 801		93 107 202	-116 384 003		0
	Net Income for the Period (2)					156 251 234		156 251 234
	Other comprehensive income for the period (3)	0	0	0	0	0	0	0
	Total comprehensive income for the period (4) = (2) + (3)	0	0	0	0	156 251 234	0	156 251 234
	Transactions with equity holders (5)	99 565 000	0	0	0	0	0	99 565 000
	Increase of Share Capital	99 565 000						99 565 000
	Transfers between equity items not included other lines (6)	0	0	0	30 652 156	0	-30 652 156	0
	Changes in accounting policies – changes in functional currency				30 652 156		-30 652 156	0
	Total of variation in equity (1) + (4) + (5) + (6)	99 565 000	23 276 801	0	123 759 358	39 867 231	-30 652 156	255 816 233
	Balance sheet as at 31 December 2014	242 090 000	79 930 998	1 970 879	225 481 089	156 251 234	0	705 724 198
	Increase of Reserves (1)		31 250 247		125 000 987	-156 251 234		0
	Net Income for the Period (2)					103 754 675		103 754 675
	Other variations in equity (3)		-120 773		-51 143			-171 916
	Total of variations in equity (1) + (2) + (3)	0	31 129 474	0	124 949 844	-52 496 559	0	103 582 758
	Balance sheet at 31 December 2015	242 090 000	111 060 472	1 970 879	350 430 932	103 754 675	0	809 306 957

5.4. Statement of Cash Flows

Statement of Cash Flows	2015 MZN	2014 MZN
Cash Flow from Operating Activities		
Net income for the period	103 754 675	156 251 234
Adjustments related to:		
Depreciation and amortization	8 204 509	7 307 408
Change in provision for claims	68 044 921	14 538 969
Change in other technical provision	70 201 125	51 700 505
Change in provision for premium receipts	3 810 816	20 344 199
Increase of debtors	-115 253 451	-15 177 866
Increase of creditors	205 314 954	17 515 311
Change in other assets	10 934 403	-9 605 152
Change in other liabilities	-90 275 396	1 441 370
Increase of fair value of financial assets through results	0	-830 734
Gains unrealised on properties investment	-72 415 182	-18 379 980
Foreign exchange difference	62 362 516	-80 680 510
Interest, rent and similar income	-40 925 175	-12 653 955
Adjustments on retained earnings	-171 916	0
Total	213 586 797	131 770 800
Cash Flow from Investing Activities		
Acquisition of investments (including Term Deposits)	-213 199 996	-482 705 360
Refunds/ Investments sale (including refund of Term deposits)	0	234 389 004
Acquisition of Tangible and Intangible Assets	-6 859 954	-2 967 431
Interest and other	40 925 175	12 653 955
Total	-179 134 775	-238 629 832
Cash Flow from Financing Activities		
Increase of Share Capital	0	99 565 000
Total	0	99 565 000
Total net increase/decrease in cash and cash equivalents	34 452 022	-7 294 032
Currency translation differences	-62 362 516	80 680 510
Cash and cash equivalents at the beginning of the period	322 969 633	249 583 155
Cash and cash equivalents at the end of the period	295 059 139	322 969 633

6. NOTES TO THE FINANCIAL STATEMENTS

Note 1 - General Information

Global Alliance Seguros, S.A. (hereinafter 'GA' or company), incorporated and domiciled in Mozambique transacts life assurance, non-life assurance and fund management. The company has its registered office and principal place of business at Av. Marginal, Parcela 141, Maputo.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Note 2 - Basis of preparation

▪ Basis of presentation

The financial statements now presented refer to the year ended December 31, 2015 and have been prepared in accordance with the Insurance Companies Accounting Plan issued by Ministry of Finance and approved by Ministerial Decree 222/2010, and also in accordance with the rules governing the accounting of operations of insurance companies, as established by the Institute of Insurance Supervision of Mozambique (ISSM).

The new Accounting Plan introduced the International Financial Reporting Standards (IFRS), with the exception of the measurement of liabilities resulting from insurance contracts, defined in IFRS 4 – Insurance Contracts.

The IFRS include accounting standards issued by the International Accounting Standard Board (IASB) and the interpretation issued by the International Financial Reporting Interpretation Committee (IFRIC) and by their predecessor.

The company complied with IFRS as issued by the IASB applicable at 31 December 2015.

Items included in the financial statements are measured in the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are stated in Meticals (MZN).

These financial statements were approved at the Board of Directors held in May 27, 2016.

▪ New standards, interpretations and amendments that become effective for the annual reporting period beginning on 1 January 2015

The following amendments to standards become effective for the annual reporting period beginning on 1 January 2015.

(i) Amendments to IAS 19, Employee Benefits –Employee Contributions

These narrow scope amendments simplify accounting for defined benefit plans that require contributions from employees or third parties. The adoption of the amendments has no impact on the Company financial statements as the company does not have defined benefit plans that require employees or third parties to contribute to the cost of the plan.

(ii) Annual Improvements to IFRSs 2011-2013

These improvements to IFRSs consist of amendments to four IFRSs including IFRS 3 *Business Combinations* and IFRS 13 *Fair Value Measurement*. The amendments clarify existing guidance and there is no impact on the Company's financial statements.

- **Standards, interpretations and amendments to published standards that are not yet effective and have not been adopted early by the company**

The following new standards, amendments to existing standards have been issued, are not yet effective and have not been adopted early by the Group.

(i) Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation

These amendments provide additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated. The amendments to IAS 16 and IAS 38 prohibit the use of revenue-based depreciation for property, plant and equipment and significantly limit the use of revenue-based amortisation for intangible assets. The adoption of these amendments is not expected to have a significant impact for the Company's financial statements as the company does not apply revenue based depreciation or amortisation. These amendments are effective for annual reporting periods beginning on or after 1 January 2016.

(ii) Amendments to IAS 27, Equity Method in Separate Financial Statements

The amendments to IAS 27 allow investments in subsidiaries to be accounted for using the equity method within the Company's financial statements. The Company does not intend to use the equity method in its separate financial statements. The amendments to IAS 27 are effective for annual reporting periods beginning on or after 1 January 2016.

(iii) Narrow scope amendments to IFRS10, IFRS 12 and IAS 28 – Applying the Consolidation Exception

These narrow scope amendments clarify the application of the requirements for investment entities to measure subsidiaries at fair value instead of consolidating them. There are no implications for the Group's consolidated financial statements as the Group does not meet the definition of an investment entity. These amendments are effective for annual reporting periods beginning on or after 1 January 2016.

(iv) Amendments to IAS 1 – Disclosure Initiative

These amendments clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendments form part of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The adoption of these amendments will have no impact on the Company's profit or loss or equity. The amendments are effective for annual reporting periods beginning on or after 1 January 2016.

(v) Annual Improvements to IFRSs 2012-2014

These improvements consist of amendments to five IFRSs including IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, IFRS 7 *Financial Instruments: Disclosures* and IAS 19 *Employee Benefits*. The amendments clarify existing guidance. The adoption of these amendments is not expected to have a significant impact on Company's financial statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2016.

(vi) IFRS 15, Revenue from Contracts with Customers

IFRS 15 will replace IAS 18 Revenue and establishes a principle based five-step model to be applied to all contracts with customers, except for insurance contracts, financial instruments and lease contracts. IFRS 15 also includes enhanced disclosure requirements. The impact of the adoption of the new standard has yet to be fully assessed by the Group. This standard applies to annual reporting periods beginning on or after 1 January 2018.

(vii) IFRS 9, Financial Instruments

In July 2014, the IASB published IFRS 9 *Financial Instruments* which will replace IAS 39 *Financial Instruments: Recognition and Measurement*. The standard incorporates new classification and measurements requirements for financial assets, the introduction of an expected credit loss impairment model which will replace the incurred loss model of IAS 39, and new hedge accounting requirements.

Under IFRS 9, all financial assets will be measured at either amortised cost or fair value. The basis of classification will depend on the business model and the contractual cash flow characteristics of the financial assets. The standard retains most of IAS 39's requirements for financial liabilities except for those designated at fair value through profit or loss whereby that part of the fair value changes attributable to own credit is to be recognised in other comprehensive income instead of the income statement.

The hedge accounting requirements are more closely aligned with risk management practices and follow a more principle based approach. In December 2015, the IASB published an Exposure Draft to consult on amendments to IFRS 4 *Insurance Contracts* that would address the accounting consequences of the application of IFRS 9 to insurers prior to the publication of the new accounting standard for insurance contracts.

The ED introduces two alternative options to insurers: the overlay approach and the deferral approach. The deferral approach provides an entity, if eligible, with a temporary exemption from applying IFRS 9 until the earlier of the effective date of a new insurance contract standard or 2021. The overlay approach allows an entity to remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contracts standard is applied. These amendments are expected to be finalised and issued in 2016.

Until the forthcoming ED is finalised, and the interaction with the new insurance contracts standard is clear, it is not possible to fully assess the effect of the adoption of IFRS 9.

(viii) Amendments to IFRS 10 and IAS 28 – Sale of Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to IFRS 10 and IAS 28 clarify that for transactions between an investor and its associate or joint venture, full gains are to be recognised where the assets sold or contributed constitute a business as defined in IFRS 3 *Business Combinations*. Where the assets sold or contributed do not constitute a business, gains and losses are recognised only to extent of other investors' interests in associate or joint venture. The adoption of these amendments is not expected to have significant implications for the Company's financial statements. In December 2015, the IASB postponed the effective date of these amendments indefinitely pending the outcome of its research project on the equity method of accounting.

(ix) IFRS 16 Leases

In January 2016, the IASB published IFRS 16 Leases which will replace IAS 17 Leases. IFRS 16 introduces a definition of a lease with a single lessee accounting model eliminating the classification of either operating or finance leases. Lessees will be required to account for all leases in a similar manner to the current financial lease accounting recognising lease assets and

liabilities on the statement of financial position. Lessor accounting remains similar to current practice. The impact of the adoption of IFRS 16 has yet to be fully assessed by the Company. This standard applies to annual reporting periods beginning on or after 1 January 2019.

(x) Narrow scope amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses

The revisions to IAS 12 Income Taxes clarify the accounting for deferred tax assets on unrealised losses and state that deferred tax assets should be recognised when an asset is measured at fair value and that fair value is below the asset's tax base. It also provides further clarification on the estimation of probable future taxable profits that may support the recognition of deferred tax assets. The adoption of this amendment is not expected to have an impact on the financial statements as the clarifications to IAS 12 are consistent with our existing interpretation. The amendment is effective from 1 January 2017.

(xi) Amendments to IAS 7 – Disclosure initiative

The amendments to IAS 7, Statement of Cash Flows, which form part of the IASB's Disclosure Initiative, require disclosure of the movements in liabilities arising from financing activities with cash and non-cash changes presented separately.

▪ **Main accounting policies**

a) Cash and cash equivalents

Cash and cash equivalent consist of cash at bank and in hand, deposits held at call with banks and other short-term high liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant change in value. Such investments are those with less than three months maturity.

b) Investments in subsidiaries, associates and joint ventures

Entities controlled by the Company are classified as subsidiaries. Control is presumed to exist when the Company has the power to exercise the majority of the voting rights.

All the entities that over which the Company has significance influence, but does not control its financial and operating policies are classified as associates. The Company is normally presumed to exert significant influence when it is empowered to exercise more than 20% of the associate's voting rights.

Joint ventures are joint arrangements whereby the Company and other parties that have joint control of the arrangement have rights to the net assets of the joint venture.

c) Financial assets

(i) Classification

The Company classifies its financial assets at the start of each transaction, taking into account the underlying intention, in accordance with the following categories:

- *Held-for-trading financial assets*

These are assets acquired with the main objective of being traded in the short-term.

- *Financial assets at fair value through profit and loss*

These are financial assets designated at the time of their initial recognition at fair value, with variations recognized in profit or loss.

- *Available-for-sale financial assets*

This category includes (i) non-derivative financial assets the intention of which is to be held for an indetermined period, (ii) financial assets that are designated as available-for-sale at the time of their initial recognition, (iii) financial assets that do not fall within the other categories.

- *Financial assets held to maturity*

Financial assets held to maturity, which includes non-derivative financial assets with fixed or determinable payments and fixed maturity for which the Company has the intent and ability to hold to maturity and were not assigned to any other category of financial assets. Any reclassification or sale of financial assets recognized in this category that is not undertaken close to maturity requires the Company to reclassify this entire portfolio as available-for-sale financial assets.

- *Loans and receivables*

Loans and receivables, which include amounts receivable, related with direct insurance operations, reinsurance ceded and transactions related with insurance contracts and other transactions.

(ii) Recognition, initial measurement and derecognition

Acquisitions and disposals of (i) financial assets at fair value through profit or loss; (ii) investments held to maturity; and (iii) available-for-sale financial assets are recognized on trade date, that is, on the date the Company undertakes to acquire or dispose of the asset.

Financial assets are initially recognized at their fair value plus trading costs, except where classified as financial assets at fair value through profit or loss, in which case the costs are recognized in profit or loss.

These are derecognized when:

- (i) the Company's contractual rights to receive their cash flows expire; or
- (ii) the Company has transferred substantially the whole of the risks and benefits associated with holding them.

(iii) Subsequent measurement

Following initial recognition, financial assets at fair value through profit or loss are carried at their fair value, and variations are recognised in profit or loss.

Held-for-sale financial assets are likewise carried at fair value, and variances are recognised in other comprehensive income. Currency fluctuations associated with these investments are recognised in profit or loss.

The fair value of quoted financial assets is their current bid price. In the absence of quotation, the Company estimates the fair value using (i) valuation methodologies such as the use of prices of recent similar transaction at arm's length, discounted cash-flow techniques and customised options valuation models designed to reflect the specifics and circumstances of the instrument, and (ii) valuation assumptions based on market information.

Loans and receivables are subsequently carried at amortised cost on the basis of the effective interest-rate method. Financial assets in respect of which fair value cannot be measured reliably are carried at acquisition cost.

(iv) Transfers amongst financial assets

In October 2008 the IASB issued a revision of IAS 39 - Classification of financial instruments Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7: Financial instruments Disclosures). This alteration came to allow an enterprise to transfer financial assets at fair value through profit or loss to the available-for-sale financial assets portfolio, to Loans and receivables or to financial assets held to maturity, provided such financial assets meet the characteristics of each category. Additionally, transfers of financial assets recognised in the available-for-sale financial assets category to the categories of Loans and advances to customers - Securitised credit and financial assets held to maturity are permitted in certain specific circumstances.

(v) Impairment

The Company regularly assesses whether there is objective evidence that a financial asset or group of financial assets shows signs of impairment. For those financial assets showing signs of impairment, the respective recoverable value is determined and impairment losses are recorded with a contra-entry in profit or loss.

A financial asset or group of financial assets is impaired where there is objective evidence of impairment as a result of one or more events occurring after its initial recognition, such as: (i) for securities representing equity capital, ongoing depreciation or significant reduction of their price, and (ii) for debt securities, where this event (or events) impact(s) on the estimated future cash flows of the financial asset or group of assets, which can be estimated reasonably.

(vi) Adjustments of premium receipts pending collection and doubtful debts

The amounts of these adjustments are calculated on the basis of the value of premiums pending collection and of doubtful debt.

d) Embedded derivatives

Derivatives embedded in other financial instruments are treated separately where their economic characteristics and their risks are not related with the principal instrument and the principal instrument is not carried at fair value through profit and loss. These embedded derivatives are recorded at fair value and variations are recognised in profit and loss.

e) Recognition of interest

Results in respect of interest on available-for-sale financial assets and financial assets at fair value through profit or loss are recorded under specific headings of gains and losses.

Calculation of the amortised cost is performed using the effective interest rate method; its impact recorded under returns on investments. The effective interest rate is the rate that discounts future payments or receipts estimated over the expected life of the financial instrument. In calculating the effective interest rate future cash flows are estimated considering all the contract terms of the financial instrument (e.g., put options), though possible future credit losses are not considered. The calculation includes commissions constituting an integral part of the effective interest rate, transaction costs and all premiums and discounts related with the transaction.

f) Investment property and building for own use

- *Investment property*

Investment property is held for long-term rental yields. Completed investment property is stated at its fair value. Changes in fair values are recorded in the income statement as investment income. Investment properties under construction are included within property and equipment, and are stated at cost less any impairment in their values until construction is completed of fair value becomes reliably measurable. The Company uses criterias in IAS 40.

- *Owner-occupied properties*

Owner-occupied properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on the straight-line method to write down the cost of assets to their residual values over their estimated useful lives as follows:

	Useful life
Property at Av. Marginal	36 years

Subsequent costs incurred with the tangible assets are recognized only if it is probable that they will generate future economic benefit for the Company. All maintenance and repair costs are recognised as a cost in accordance with the accrual accounting principle.

g) Tangible assets

The Company's tangible assets are carried at cost less accumulated depreciation and impairment losses.

Depreciation of tangible assets is calculated using the straight-line method at the following rates which reflect the expected useful lives of the assets.

	Annual rates
Furniture	10%
IT hardware	25%
Transport equipment	25%

h) Intangible assets

Intangible assets are carried at cost less accumulated depreciation and impairment losses.

Depreciation of intangible assets is calculated using straight-line method at the following rates which reflect the expected useful lives of the assets:

	Internally generated assets	Finite useful life	Annual rate
Softwares and licenses	No	Yes	25%

Where there is an indication that an asset might be impaired, IAS 36 requires that its recoverable value be estimated, and an impairment loss recognised in the event that the net value of an asset exceeds its recoverable value. Impairment losses are recognised in the statement of income.

i) Product classification

Insurance contracts are defined as those containing significant insurance risk if, and only if, an insured event could cause an insurer to make significant additional payments in any scenario, excluding scenarios that lack commercial substance, at the inception of the contract. Such contracts remain insurance contracts until all rights and obligations are extinguished or expire.

Contracts can be reclassified as insurance contracts after inception if insurance risk becomes significant. Any contracts not considered to be insurance contracts under IFRS are classified as investment contracts.

Some insurance and investment contracts contain a discretionary participation feature, which is a contractual right to receive additional benefits. These are referred to as participating contracts.

The insurance contracts are measured according to the following principles:

(i) Premiums

Gross direct insurance, accepted reinsurance and ceded reinsurance premiums written are recorded respectively as income and costs during the year to which they refer, regardless of the moment of their receipt or payment.

Premiums collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience, and are included in premiums written.

(ii) Provision for unearned premiums

The proportion of written premiums, gross of commission payable to intermediaries, attributable to subsequent periods is deferred as a provision for unearned premiums. The change in this provision is taken to the income statement as recognition of revenue over the period of risk.

(iii) Deferred acquisition costs

Costs relating to the acquisition of new business for insurance and participating investment contracts are deferred in line with existing local accounting practices, to the extent that they are expected to be recovered out of future margins in revenue on these contracts.

Deferred acquisition costs are amortised systematically over a period no longer than that in which they are expected to be recoverable out of these future margins. Deferrable acquisition costs for non-participating investment and investment fund management contracts are amortised over the period in which the service is provided.

General insurance deferred acquisition costs are amortised over the period in which the related revenue is earned. The reinsurers' share of deferred acquisition costs is amortised in the same manner as the underlying asset.

(iv) Provision for claims

The provision for claims corresponds to the cost of claims incurred pending settlement, the estimated liability for claims incurred but not yet reported (IBNR) and the direct and indirect costs associated with their settlement. The provision for reported and unreported claims is estimated by the Company on the basis of past experience, available information and application of actuarial methods.

(v) Mathematical provision

The aim of the mathematical provisions is to record the present value of the Company's future liabilities in respect of insurance contracts issued. They are calculated on the basis of recognised actuarial methods under applicable legislation.

(vi) Provision for profit sharing

The provision for profit sharing corresponds to the amounts attributed to the insured of the beneficiaries of the contracts, in the form of profitsharing not yet distributed.

j) Financial liabilities

An instrument is classified as a financial liability where there is a contractual obligation for its settlement to be made by paying cash or another financial asset, regardless of its legal form.

l) Employee benefits

- *Annual leave*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

- *Pension obligations and other long-term benefits*

The Company does not operate pension schemes for employees and other long-term benefits.

- *Performance bonus*

The Company grants bonus benefits to its employees in service and they are recorded as cost for the period to which they refer.

m) Income taxes

The current tax expense is based on the taxable profits for the year, after any adjustments in respect of the tax legislation in force. Tax expense is allocated over profits before taxation and amounts charged or credited to components of other comprehensive income and equity, as appropriate. The current income tax rate is 32%.

Provision is made for deferred tax liabilities, or credit taken for deferred tax assets, on all material temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

n) Provisions and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more probable than not that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recorded as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Provisions are not recognized for future operating losses. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event, or if there is a present obligation as a result of a past event but either a payment is not probable or the amount cannot be reasonably estimated.

o) Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Accordingly, a financial instrument is treated as equity if:

- (i) there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and
- (ii) the instrument is a non-derivative that contains no contractual obligation to deliver a variable number of shares or is a derivative that will be settled only by the Company exchanging a fixed amount of cash or other assets for a fixed number of the Company's own equity instruments.

p) Leases

Leases, where a significant portion of the risks and rewards of ownership is retained by the lessor, are classified as operating leases. Where the company is the lessee, payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the term of the relevant leases.

Where the Company is the lessor, lease income from operating leases is recognised in the income statement on a straight-line basis over the lease term. When assets are subject to finance leases, the present value of the lease payments, together with any unguaranteed residual value, is recognised as a receivable. The Company has not entered into any material finance lease arrangements either as lessor or lessee.

q) Non-current assets held for sale

Assets held for disposal as part of operations which are held for sale are shown separately in the statement of financial position. Operations held for sale are recorded at the lower of their carrying amount and their fair value less the estimated selling costs.

r) Report by operating segments

The Company determines and presents operating segments based on the management information produced in-house.

A business operating segment is an identifiable component of the Company that is intended to provide an individual product or service or a group of related products or services, within a specific economic environment, and is subject to risks and benefits that can be differentiated from others operating in different economic environments.

s) Transactions in foreign currency

The Company has Metical (MZN) as its functional currency.

Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate ruling at the settlement date or balance sheet date whichever occurs first. Exchange differences on the settlement or translation of monetary assets or liabilities are included in the profit or loss of the period in which they arise.

Note 3 - Changes in accounting policies, estimates and errors

There were no changes in accounting policies compared to previous years.

Note 4 - Significant judgements, accounting estimates and assumptions

The preparation of financial statements requires from management to disclose the key judgments, estimates and assumptions made in the process of applying accounting policies that have the most significant effect on the amounts recognized in the financial statements.

The main accounting estimates and judgements used by the Company in the application of accounting principles are detailed as follows.

The Board of Directors considers the choices made are appropriate and that the financial statements adequately present the Company's financial position and the results of its operations in all materially relevant aspects.

The alternatives analysed hereunder are presented only to help readers to understand the financial statements and are not intended to suggest that other alternatives or estimates are more appropriate.

a) Fair value of property investment

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; regardless of whether that price is directly observable or estimated using another valuation technique.

The fair value of investment property is based on its highest and best use from a market participant's perspective.

b) Technical provisions

Technical provisions including provisions for claims correspond to future liabilities stemming from the contracts. The assumptions used were based on past experience of market values.

These assumptions may be reviewed in the event that future experience confirms their inadequacy.

Technical provisions stemming from insurance contracts include (i) provision for unearned premiums, (ii) mathematical provision, and (iii) provisions for claims reported and not reported, including the respective settlement costs.

In determining technical provisions arising from insurance contracts, the Company periodically evaluates its liabilities using actuarial methods and taking into account the respective reinsurance cover. The provisions are periodically reviewed by qualified actuaries.

The provisions for claims do not represent an exact calculation of the amount of the liabilities, rather an estimate resulting from application of actuarial valuation techniques. These estimated provisions correspond to the Company's expectation of the ultimate cost of settling claims based on an evaluation of the facts and circumstances known at the time, on a review of the historic settlement patterns, on an estimate of trends in terms of claims frequency and costs, and other factors.

Variables in the determination of the estimate of the provisions may be affected by internal and/or external events, especially alterations to claims management processes, inflation and legal alterations. Many of these events are not directly quantifiable, particularly on a prospective basis. Additionally, there may be a significant time difference between the moment of occurrence of the insured event (claim) and the moment when this event is reported to the Company. The provisions are regularly reviewed through an ongoing process when additional information is received and the liabilities come to be settled.

c) Income taxes

Determination of income tax requires certain interpretations and estimates. Other interpretations and estimates could result in a different amount of corporate tax, current and deferred, recognized during the period.

In keeping with tax legislation in force, the Tax Authorities are entitled to review the calculation of the taxable income made by the Company, during a period of five years. There may therefore be corrections to the taxable income as a result of differences in the interpretation of tax legislation.

Nevertheless, the Company's Board of Directors is convinced that there will be no significant corrections to the corporate tax recorded in the financial statements.

d) Provisions

Provisions that are not technical are raised to cover possible losses. This is determined by management and is supported by information provided by legal staff and is subject to regular testing.

Note 5 - Segment reporting and allocation of investments and other assets

The insurer considers as primary segment the business segment. Within this segment there is a split between life insurance and non-life, and within each of these there is further detailed information by product classes (life and non-life insurance). In life insurance data submitted will be split by product classes Credit Life, Life Risk Group Life and Individual Risk. In Non-Life, the information is detailed by product classes of Accidents, Fire and Elements of Nature, Automotive, Marine, and Air Transport, Liability and Other.

Regarding the geographical segment, all contracts are awarded in Mozambique, so there is only one segment.

▪ Segment reporting

Reporting by business segments - Technical results on 31 December 2015 and 2014:

2015 amounts in MZN	Life insurance	Non-life insurance	Total
Earned premium, direct insurance	569 451 565	2 310 433 032	2 879 884 596
gross claims, direct insurance	-34 630 531	-757 057 255	-791 687 787
Other technical costs	-25 067 576	0	-25 067 576
Technical margin direct insurance	516 614 300	1 553 375 776	2 069 990 076
Result – reinsurance ceded	-352 697 843	-1 069 398 760	-1 422 096 603
Net technical margin	157 055 615	483 977 016	641 032 631
Operational expenses	-60 856 550	-332 925 791	-393 782 341
Net operational	96 199 065	151 051 225	247 250 290
Investment income	20 996 881	91 926 233	112 923 115
Others	289 223	-53 892 556	-53 603 333
Technical result	117 485 169	189 084 902	306 570 071

2014 Amounts em MZN	Life insurance	Non-life insurance	Total
Earned premium, direct insurance	162 976 826	2 504 249 340	2 667 226 166
Gross claims, direct insurance	-12 543 900	-421 843 270	-434 387 169
Other technical costs	-16 956 720	0	-16 956 720
Technical margin direct insurance	133 476 207	2 082 406 070	2 215 882 277
Result – reinsurance ceded	-37 913 327	-1 307 922 565	-1 345 835 892
Net technical margin	95 562 880	774 483 506	870 046 385
Operational expenses	-39 376 789	-305 291 921	-344 668 710
Net operational result	56 186 090	469 191 585	525 377 675
Investment income	2 820 076	30 411 910	33 231 986
Others	-1 299 391	-383 943 807	-385 243 197
Technical result	57 706 775	115 659 688	173 366 464

Reporting by Business Life Insurance - Technical results on 31 December 2015 and 2014:

2015 Amounts in MZN	Life insurance								
	Credit Life	Group life	Individual life	Medical	Embedded funeral	Hospital plan	Personal accident	Standalone	Total
Earned premium, direct insurance	161 656 685	41 228 053	189 481	348 114 887	14 189 216	927 591	396 098	2 749 555	569 451 565
Gross claims, direct insurance	-11 501 767	-10 172 344	-5 531	-1 879 340	-2 021 503	-172 558	-8 425 928	-451 561	-34 630 531
Other technical costs	-25 770 015	411 732	185 946	104 761	0	0	0	0	-25 067 576
Technical margin direct insurance	124 384 903	31 467 441	369 897	346 340 307	12 167 713	755 033	-8 029 830	2 297 995	516 614 300
Result – reinsurance ceded	-34 947 049	-11 518 796	-77 190	-306 154 808	0	0	0	0	-352 697 843
Net technical margin	89 437 853	19 948 645	292 706	40 185 499	12 167 713	755 033	-8 029 830	2 297 995	157 055 615
Operational expenses	-35 175 793	-8 930 348	-102 275	-8 383 918	-6 713 467	-351 087	-151 322	-1 048 339	-60 856 550
Net operational result	54 262 060	11 018 297	190 431	31 801 581	5 454 246	403 946	-8 181 152	1 249 656	96 199 065
Investment income	12 274 504	2 659 154	12 428	4 163 368	1 466 458	95 867	40 937	284 167	20 996 881
Others	169 076	36 629	171	57 349	20 200	1 321	564	3 914	289 223
Technical result	66 705 640	13 714 080	203 030	36 022 298	6 940 903	501 133	-8 139 652	1 537 737	117 485 169

2014 Amounts in MZN	Life insurance			
	Credit Life	Group life	Individual life	Total
Earned premium, direct insurance	112 665 626	27 993 612	22 317 588	162 976 826
gross claims, direct insurance	-3 274 772	-5 749 875	-3 519 252	-12 543 900
Other technical costs	-23 762 353	5 351 885	1 453 748	-16 956 720
Technical margin direct insurance	85 628 501	27 595 622	20 252 084	133 476 207
Result – reinsurance ceded	-27 678 070	-8 831 300	-1 403 956	-37 913 327
Net technical margin	57 950 431	18 764 322	18 848 127	95 562 880
Operational expenses	-27 187 939	-4 221 485	-7 967 366	-39 376 789
Net operational	30 762 492	14 542 837	10 880 761	56 186 090
Investment income	1 870 262	435 768	514 046	2 820 076
Others	-861 750	-200 787	-236 854	-1 299 391
Technical result	31 771 004	14 777 819	11 157 953	57 706 775

Segment Reporting Non-Life business - Technical results on 31 December 2015 and 2014:

2015 Amounts in MZN	Non-life insurance						
	Workman compensation	Fire	Motor	Marine, aviation, transport	Civil responsibility	Others	Total
Earned premium, direct insurance	155 855 831	915 900 316	382 625 141	91 768 935	63 735 155	700 547 653	2 310 433 032
Gross claims, direct insurance	-122 816 528	-169 062 871	-319 595 447	-27 242 328	-33 524 479	-84 815 602	-757 057 255
Technical margin direct insurance	33 039 303	746 837 445	63 029 694	64 526 607	30 210 676	615 732 051	1 553 375 776
Result – reinsurance ceded	0	-622 942 059	-1 022 522	-49 825 499	-669 880	-394 938 800	-1 069 398 760
Net technical margin	33 039 303	123 895 386	62 007 172	14 701 108	29 540 796	220 793 251	483 977 016
Operational expenses	-61 188 304	-46 851 501	-120 301 581	-11 849 085	-19 173 545	-73 561 775	-332 925 791
Net operational result	-28 149 001	77 043 885	-58 294 409	2 852 024	10 367 250	147 231 476	151 051 225
Investment income	16 903 536	10 605 101	38 117 667	2 535 470	6 496 505	17 267 955	91 926 233
Others	232 839	146 080	525 054	34 925	-55 069 312	237 858	-53 892 556
Technical result	-11 012 627	87 795 067	-19 651 689	5 422 418	-38 205 557	164 737 290	189 084 902

2014 Amounts in MZN	Non-life insurance						
	Workman compensation	Fire	Motor	Marine, aviation, transport	Civil responsibility	Others	Total
Earned premium, direct insurance	132 122 280	1 476 846 750	450 627 327	64 911 478	265 121 323	114 620 181	2 504 249 340
Gross claims, direct insurance	-138 122 177	16 648 122	-259 159 874	-12 833 611	-2 197 418	-26 178 311	-421 843 270
Other technical costs	0	0	0	0	0	0	0
Technical margin direct insurance	-5 999 897	1 493 494 872	191 467 453	52 077 867	262 923 905	88 441 870	2 082 406 070
Result – reinsurance ceded	24 912	-1 045 833 784	-4 312 850	-31 884 499	-175 841 568	-50 074 775	-1 307 922 565
Net technical margin	-5 974 985	447 661 088	187 154 603	20 193 368	87 082 337	38 367 095	774 483 506
Operational expenses	-39 124 013	-125 086 375	-106 613 094	-9 183 025	-6 802 716	-18 482 699	-305 291 921
Net operational result	-45 098 998	322 574 713	80 541 509	11 010 343	80 279 621	19 884 396	469 191 585
Investment income	3 411 908	12 909 813	11 222 640	556 496	469 899	1 841 154	30 411 910
Others	-1 572 086	-5 948 383	-5 170 993	-256 413	-370 147 592	-848 338	-383 943 807
Technical result	-43 259 176	329 536 143	86 593 155	11 310 425	-289 398 072	20 877 212	115 659 688

Reporting by business segment – Financial position at 31 December 2015 and 2014:

2015 amounts in MZN	Life insurance	Non life insurance	Total 2015
Cash and cash equivalents	55 534 394	239 524 745	295 059 139
Financial assets available for sale	65 241 679	281 393 121	346 634 800
Loans and receivables	65 737 766	283 532 790	349 270 556
Investments to hold until maturity	0	0	0
Buildings	56 184 821	242 330 096	298 514 917
Other tangible and intangible assets	2 584 518	11 147 254	13 731 772
Technical provision for reinsurance ceded	86 621 088	373 604 404	460 225 492
Other debtors and tax assets	119 386 889	514 926 195	634 313 084
Accruals and deferrals	1 061 721	4 579 297	5 641 018
Total Assets	452 352 876	1 951 037 902	2 403 390 778
Technical Provisions	157 505 770	679 336 294	836 842 064
Other creditors and tax liabilities	135 904 389	586 167 632	722 072 021
Accruals and deferrals	6 619 453	28 550 284	35 169 736
Total Liabilities	300 029 611	1 294 054 210	1 594 083 821

2014 amounts in MZN	Life insurance	Non life insurance	Total 2014
Cash and cash equivalents	33 343 613	289 626 020	322 969 633
Financial assets available for sale	24 224 399	210 415 601	234 640 000
Loans and receivables	25 610 443	222 454 917	248 065 360
Investments to hold until maturity	0	0	0
Buildings	23 700 461	205 864 616	229 565 076
Other tangible and intangible assets	1 198 726	10 412 259	11 610 985
Technical provision for reinsurance ceded	45 314 230	393 604 016	438 918 246
Other debtors and tax assets	49 779 363	432 388 618	482 167 981
Accruals and deferrals	8 113 185	70 471 950	78 585 135
Total Assets	211 284 419	1 835 237 997	2 046 522 416
Technical provisions	81 892 327	711 325 102	793 217 429
Other creditors and tax liabilities	53 350 364	463 406 703	516 757 068
Accruals and deferrals	3 182 263	27 641 458	30 823 721
Total Liabilities	138 424 954	1 202 373 263	1 340 798 218

▪ Allocations of investments and other assets on 31 December 2015 and 2014:

Nature of Investments and other assets 2015	Life insurance without profit sharing	Insurance with no participation in the results	Non life insurance	Unallocated	Total 2015 MZN
Cash and cash equivalents	0	147 168 549	147 890 590	0	295 059 139
Financial assets available for sale	0	0	346 634 800	0	346 634 800
Loans and receivables	0	0	349 270 556	0	349 270 556
Investments to hold until maturity	0	0	0	0	0
Buildings	0	0	67 933 629	230 581 268	298 514 917
Other tangible and intangible assets	0	0	0	13 731 772	13 731 772
Technical provision for reinsurance ceded	0	0	0	460 225 492	460 225 492
Other debtors and tax assets	0	0	0	634 313 084	634 313 084
Accruals and deferrals	0	0	0	5 641 018	5 641 018
Total	0	147 168 549	911 729 576	1 344 492 654	2 403 390 778

Nature of Investments and other assets 2014	Life insurance without profit sharing	Insurance with no participation in the results	Non life insurance	Unallocated	Total 2014 MZN
Cash and cash equivalents	0	165 482 400	157 487 233	0	322 969 633
Financial assets available for sale	0	0	234 640 000	0	234 640 000
Loans and receivables	0	0	248 065 360	0	248 065 360
Investments to hold until maturity	0	0	0	0	0
Buildings	0	0	71 132 510	158 432 566	229 565 076
Other tangible and intangible assets	0	0	0	11 610 985	11 610 985
Technical provision for reinsurance ceded	0	0	0	438 918 246	438 918 246
Other debtors and tax assets	0	0	0	482 167 981	482 167 981
Accruals and deferrals	0	0	0	78 585 135	78 585 135
Total	0	165 482 400	711 325 102	1 169 714 913	2 046 522 416

Note 6 – Premiums earned net of reinsurance

The breakdown of premiums earned net of reinsurance is as follows:

	2015 MZN	2014 MZN
Gross Premium written	2 512 162 480	2 669 601 441
Ceded Reinsurance premiums	-1 419 536 070	-1 327 922 122
Premiums earned net of Re-insurance	1 092 626 410	1 341 679 318
Variation of unearned premiums	172 890 748	-2 375 275
Variation of unearned premiums of ceded reinsurance	-240 846 503	-40 915 198
Net Variation of unearned premiums	-67 955 755	-43 290 473
Earned premiums, net reinsurance	1 024 670 655	1 298 388 845

Amounts in MZN	2015			2014		
	Direct insurance and reinsurance accepted	Reinsurance ceded	Net	Direct insurance and reinsurance accepted	Reinsurance ceded	Net
Gross premiums written:	2 512 162 480	-1 419 536 070	1 092 626 410	2 669 601 441	-1 327 922 122	1 341 679 318
<i>Life</i>	569 451 565	-366 289 021	203 162 544	162 976 826	-49 121 524	113 855 302
Credit Life	161 656 685	-42 890 502	118 766 183	112 665 626	-37 157 300	75 508 326
Group life	41 228 053	-15 498 494	25 729 559	27 993 612	-10 400 277	17 593 335
Individual life	189 481	-69 233	120 248	22 317 588	-1 563 947	20 753 641
Medical	348 114 887	-307 830 791	40 284 095	0	0	0
Embebed Funeral	14 189 216	0	14 189 216	0	0	0
Hospital plan	927 591	0	927 591	0	0	0
Personal Accident	396 098	0	396 098	0	0	0
Standalone (Bancassurance)	2 749 555	0	2 749 555	0	0	0
<i>Non life</i>	1 942 710 915	-1 053 247 049	889 463 866	2 506 624 615	-1 278 800 598	1 227 824 017
Workman compensation	163 555 972	0	163 555 972	137 724 509	24 912	137 749 422
Personal Accident	23 445 109	-9 438 954	14 006 155	95 871 884	-47 347 624	48 524 260
Fire	734 616 775	-632 003 476	102 613 299	1 578 399 060	-1 057 189 482	521 209 578
Motor	370 005 624	-1 185 040	368 820 585	459 186 882	-6 093 785	453 093 097
Marine	40 935 792	-28 861 270	12 074 522	38 969 092	-29 642 389	9 326 704
Aviation	13 923 565	-12 804 319	1 119 246	21 946 342	-19 915 497	2 030 845
Transport	12 721 422	-1 382 383	11 339 039	12 313 254	-1 203 330	11 109 924
Civil responsibility	63 885 851	-1 026 685	62 859 165	130 348 364	-111 377 079	18 971 284
Miscellaneous	519 620 805	-366 544 922	153 075 883	31 865 227	-6 056 325	25 808 902
Changes in provision for unearned premiums:	172 890 748	-240 846 503	-67 955 755	-2 375 275	-40 915 196	-43 290 473
<i>Life</i>	-62 091 900	-940 728	-63 032 628	0	0	0
Credit Life	-62 709 921	-110 153	-62 820 074	0	0	0
Group life	0	-316 100	-316 100	0	0	0
Individual life	-6	-93 782	-93 788	0	0	0
Medical	325 359	-420 626	-95 267	0	0	0
Embebed Funeral	290 661	-68	290 593	0	0	0
Hospital plan	667	0	667	0	0	0
Personal Accident	1 340	0	1 340	0	0	0
Standalone (Bancassurance)	0	0	0	0	0	0
<i>Non life</i>	234 982 648	-239 905 775	-4 923 127	-2 375 275	-40 915 198	-43 290 473
Workman compensation	-7 700 141	0	-7 700 141	-5 602 229	0	-5 602 229
Personal Accident	-328 746	-409 923	-738 669	-11 218 895	420 913	-10 797 982
Fire	181 283 541	-178 200 060	3 083 481	-101 552 310	21 330 906	-80 221 403
Motor	12 619 517	0	12 619 517	-8 559 555	113 234	-8 446 320
Marine	17 325 611	-16 431 176	894 435	-6 697 623	6 843 869	146 246
Aviation	6 718 909	-6 718 909	-	-1 284 645	1 129 141	-155 504
Transport	143 636	-151 332	-7 696	-334 943	-10 021	-344 964
Civil responsibility	-150 696	-177 144	-327 840	134 772 959	-71 571 733	63 201 226
Miscellaneous	25 071 017	-37 817 230	-12 746 213	-1 898 035	828 491	-1 069 543
Earned premiums:	2 685 053 228	-1 660 382 574	1 024 670 655	2 667 226 166	-1 368 837 321	1 298 388 845
<i>Life</i>	507 359 665	-367 229 749	140 129 916	162 976 826	-49 121 524	113 855 302
Credit Life	99 946 763	-43 000 655	55 946 108	0	0	0
Group life	41 228 053	-15 814 594	25 413 459	0	0	0
Individual life	189 475	-163 015	26 460	0	0	0
Medical	348 440 246	-308 251 417	40 188 829	0	0	0
Embebed Funeral	14 479 876	-68	14 479 808	0	0	0
Hospital plan	928 257	0	928 257	0	0	0
Personal Accident	397 438	0	397 438	0	0	0
Standalone (Bancassurance)	2 749 555	0	2 749 555	0	0	0
<i>Non life</i>	2 177 693 564	-1 293 152 824	884 540 739	2 504 249 340	-1 319 715 796	1 184 533 544
Workman compensation	155 855 831	0	155 855 831	132 122 280	24 912	132 147 192
Personal Accident	23 116 363	-9 848 878	13 267 486	84 652 989	-46 926 711	37 726 278
Fire	915 900 316	-810 203 537	105 696 780	1 476 846 750	-1 035 858 575	440 988 175
Motor	382 625 141	-1 185 040	381 440 102	450 627 327	-5 980 551	444 646 776
Marine	58 261 403	-45 292 446	12 968 957	32 271 470	-22 798 520	9 472 950
Aviation	20 642 473	-19 523 27	1 119 246	20 661 697	-18 786 355	1 875 342
Transport	12 865 058	-1 533 716	11 331 342	11 978 311	-1 213 351	10 764 961
Civil responsibility	63 735 155	-1 203 829	62 531 326	265 121 323	-182 948 812	82 172 511
Miscellaneous	544 691 822	-404 362 152	140 329 670	29 967 192	-5 227 833	24 739 359

Note 7 – Costs of claims, net of reinsurance

The balance of cost of claims, net of reinsurance is as follows:

	2015 MZN	2014 MZN
Claims Paid		
Gross amounts	-658 237 804	-506 430 401
Reinsurers' portion	185 228 608	81 209 811
Provision for claims (change)		
Gross amounts	-83 748 105	112 006 427
Reinsurers' portion	15 703 184	-126 545 397
Total before inputted costs	-541 054 117	-439 759 560
Costs with Claims inputted	-50 347 269	-39 963 195
Total	-591 401 386	-479 722 755

Further details in the cost of claims below:

Amounts in MZN 2015	2015					
	Claims paid		Changes in provisions for claims		Inputed claims cost (2)	Total
	Gross claims (1)	Reinsurance portion	Gross change	Reinsurance portion		
<i>Life</i>	-19 445 830	3 958 215	-5 823 149	-2 840	-9 361 552	-30 675 156
Credit Life	-4 639 734	1 815	-1 389 391	-1	-5 472 642	-11 499 953
Group life	-6 915 783	3 956 400	-2 070 965	-2 838	-1 185 596	-6 218 782
Individual life	8	0	2	0	-5 541	-5 531
Medical	-17 765	0	-5 320	0	-1 856 256	-1 879 340
Embeded Funeral	-1 052 500	0	-315 176	0	-653 827	-2 021 503
Hospital plan	-99 900	0	-29 916	0	-42 743	-172 558
Personal Accident	-6 470 156	0	-1 937 520	0	-18 252	-8 425 928
Standalone (Bancassurance)	-250 000	0	-74 864	0	-126 697	-451 561
<i>Non life</i>	-638 791 974	181 270 393	-77 924 956	15 706 023	-40 985 717	-560 726 230
Workman compensation	-102 746 208	0	-12 533 804	0	-7 536 516	-122 816 528
Personal Accident	0	3 632 811	0	314 762	-645 391	3 302 182
Fire	-146 467 288	166 305 857	-17 867 252	14 409 434	-4 728 331	11 652 420
Motor	-269 700 315	0	-32 900 202	0	-16 994 930	-319 595 447
Marine	604 155	-1 745 912	73 700	-151 273	-556 383	-1 775 714
Aviation	373 136	-373 136	45 518	-32 330	-51 574	-38 386
Transport	-24 250 158	14 125 811	-2 958 228	1 223 919	-522 493	-12 381 149
Civil responsibility	-27 297 960	353 081	-3 330 024	30 592	-2 896 495	-33 140 805
Miscellaneous	-69 307 336	-1 028 120	-8 454 663	-89 081	-7 053 603	-85 932 802
Total	-658 237 804	185 228 608	-83 748 105	15 703 184	-50 347 269	-591 401 386

Note: (1) + (2) = Gross amount in the statement of comprehensive income.

Amounts in MZN	2014					
	Claims paid		Changes in provision for claims		Inputted claims cost	Total
	Gross claims	Reinsurance portion	Gross change	Reinsurance portion		
Life	-8 982 717	2 352 639	-169 894	-163 807	-3 391 288	-10 355 067
Credit Life	-916 739	0	-108 946	0	-2 249 087	-3 274 772
Group life	-5 482 009	2 352 639	256 169	-163 807	-524 034	-3 561 042
Individual life	-2 583 969	0	-317 117	0	-618 167	-3 519 252
Non Life	-497 447 684	78 857 171	112 176 321	-126 381 590	-36 571 907	-469 367 688
Workman compensation	-128 335 965	0	-5 683 215	0	-4 102 998	-138 122 177
Personal Accident	-11 545 681	88 708	-1 256 367	6 020	-1 445 341	-14 152 662
Fire	-90 869 936	67 986 222	123 042 781	-123 937 688	-15 524 723	-39 303 344
Motor	-240 202 553	1 004 373	-5 461 512	-971	-13 495 809	-258 156 472
Marine	-3 147 845	2 559 193	-3 738 427	2 380 263	-277 805	-2 224 621
Aviation	0	0	935 523	-932 769	-60 491	-57 738
Transport	-7 137 141	4 325 396	923 494	-1 023 616	-330 920	-3 242 786
Civil responsibility	-4 121 169	1 835 242	2 488 829	-2 421 895	-565 078	-2 784 072
Miscellaneous	-12 087 393	1 058 038	925 215	-450 934	-768 743	-11 323 817
Total	-506 430 401	81 209 811	112 006 427	-126 545 397	-39 963 195	-479 722 755

Note 8 – Mathematical provision - Life, net of reinsurance

The mathematical reserves for life insurance are as follows:

	2015 MZN		2014 MZN	
	Gross amounts	Reinsurers' portion	Gross amounts	Reinsurers' portion
Life Insurance	-25 067 576	1 028 683	-16 956 720	446 913
Credit Life	-25 770 015	1 058 742	-23 762 353	887 175
Group Life - Risk	411 732	-17 619	5 351 885	-619 856
Individual Life – Risk	185 946	-7 957	1 453 748	179 595
Medical	104 761	-4 483	0	0

Note 9 – Net Operating Expenses

At year end 2015 and 2014, net operating Expenses are analysed as follows:

	2015 MZN	2014 MZN
Acquisition Costs	-273 435 231	-239 944 216
Deferred Acquisition Costs (Change)	21 793 522	8 099 775
Administrative Costs	-142 140 633	-112 824 269
Reinsurance commissions and profit sharing	35 384 767	67 890 101
Total	-358 397 574	-276 778 609

Further details on the net operating expenses are as follows:

Net Operating Expenses	2015 MZN				
	Acquisition costs		Deferred acquisition costs (Change)	Administrative costs	Reinsurance commissions and profit sharing
	Costs inputed (see Note 17)	Commissions		Costs Imputed (See Note 17)	
Life Insurance	-15 852 573	-33 259 498	14 685 097	-26 429 576	8 607 120
Credit Life	-9 267 208	-25 243 335	14 785 137	-15 450 387	6 882 897
Group Life - Risk	-2 007 652	-3 549 952	-25 566	-3 347 179	43 756
Individual Life – Risk	-9 383	-60 341	-16 908	-15 643	0
Medical	-3 143 328	0	0	-5 240 590	1 680 467
Embedded Funeral Benefits	-1 107 171	-3 701 535	-58 876	-1 845 886	0
Hospital Plan	-72 379	-157 904	-133	-120 671	0
Personal accident	-30 907	-68 887	0	-51 529	0
Standalone	-214 545	-477 545	1 443	-357 692	0
Non- Life Insurance	-69 403 990	-154 919 170	7 108 426	-115 711 057	26 777 647
Work Accident	-12 762 112	-28 301 790	1 152 722	-21 277 126	0
Personnel Accident	-1 092 886	-1 347 495	-67 999	-1 822 072	801 497
Fire and other Losses	-8 006 815	-30 836 928	5 341 287	-13 349 045	6 546 187
Motor	-28 778 707	-41 339 250	-2 203 462	-47 980 161	162 517
Marine	-942 163	-3 731 921	-189 078	-1 570 784	2 484 442
Aviation	-87 334	-774 904	150 194	-145 604	964 043
Transportation	-884 774	-2 193 035	-4 578	-1 475 104	28 327
Civil responsibility	-4 904 839	-6 079 967	-11 340	-8 177 398	150 275
Various	-11 944 361	-40 313 881	2 940 681	-19 913 763	15 640 360
Sub-total	-85 256 564	-188 178 667	21 793 522	-142 140 633	35 384 767
Total	-273 435 231		-	-	-

Net Operating Expenses	2014 MZN				
	Acquisition costs		Deferred acquisition costs (Change)	Administrative costs	Reinsurance commissions and profit sharing
	Costs inputed (see Note 17)	Comissions		Costs inputed (ver Nota 17)	
Life Insurance	-5 742 707	-24 059 782	0	-9 574 301	8 572 451
Credit Life	-3 808 537	-17 029 768	0	-6 349 633	8 592 055
Group Life - Risk	-887 384	-1 854 645	0	-1 479 456	0
Individual Life – Risk	-1 046 785	-5 175 369	0	-1 745 212	-19 604
Non- Life Insurance	-61 929 776	-148 211 951	8 099 775	-103 249 969	59 317 650
Work Accident	-6 947 894	-21 709 497	1 116 979	-11 583 601	0
Personnel Accident and sickness	-2 447 498	-5 484 338	1 553 093	-4 080 494	428 478
Fire and other Losses	-26 289 103	-58 252 807	3 285 003	-43 829 467	45 976 257
Motor	-22 853 400	-46 550 840	892 574	-38 101 428	664 299
Marine	-470 426	-3 549 216	-78 450	-784 300	2 916 405
Aviation	-102 433	-579 858	3 258	-170 778	431 226
Transportation	-560 369	-2 001 865	45 666	-934 254	257 630
Civil responsibility	-956 886	-5 291 280	1 040 780	-1 595 330	7 693 898
Various	-1 301 766	-4 792 250	240 872	-2 170 318	949 458
Sub-total	-67 672 482	-172 271 733	8 099 775	-112 824 269	67 890 101
Total	-239 944 216		-	-	-

Note 10 – Income

At year end 2015 and 2014, the income per category of each financial assets are analyzed as follows:

Amount in MZN	2015	2014
	Allocated / Total	Allocated / Total
Income	40 925 175	14 352 459
Interest on financial assets not carried at fair value through profit or loss	34 317 917	8 422 642
Bonds and other fixed income		
On other issuers	19 637	1 327 282
On available-for-sale assets	157 113	0
Interest on Fixed term deposits	34 141 167	7 095 360
Other income	6 607 258	5 929 816
Rental income from buildings and other	6 607 258	5 929 816

Note 11 – Underwriting costs

At year end 2015 and 2014, the underwriting costs are analyzed as follows:

Imputed Costs (see note 17)	2015 MZN	2014 MZN
Life Insurance	-77 582	-28 105
Credit Life	-45 353	-18 639
Group Life - Risk	-9 825	-4 343
Individual Life – Risk	-46	-5 123
Medical	-15 383	0
Embebed Funeral	-5 418	0
Hospital plan	-354	0
Personal Accident ('Personal Accident)	-151	0
Standalone (Bancassurance)	-1 050	0
Non- Life Insurance	-339 661	-303 082
Work Accident	-62 457	-34 003
Personnel Accident and sickness	-5 349	-11 978
Fire and other Losses	-39 185	-128 658
Automotive	-140 842	-111 844
Marine	-4 611	-2 302
Aviation	-427	-501
Transportation	-4 330	-2 742
Civil responsibility	-24 004	-4 683
Various	-58 455	-6 371
Total	-417 243	-331 187

Note 12 – Net Gains on Financial Assets & Liabilities Carried at Fair Value through Profit or Loss

These are changes in fair value of derivative financial instruments classified as financial assets at fair value through profit and loss, which relate only to the change in fair value of the Swap's interest rate.

	2015 MZN	2014 MZN
Life Insurance	0	70 496
Credit Life	0	46 753
Group Life - Risk	0	10 893
Individual Life – Risk	0	12 850
Non- Life Insurance	0	760 238
Work Accident	0	85 291
Personnel Accident and sickness	0	30 045
Fire and other Losses	0	322 720
Automotive	0	280 544
Marine	0	5 775
Aviation	0	1 257
Transportation	0	6 879
Civil responsibility	0	11 747
Various	0	15 980
Total	0	830 734

Note 13 – Foreign exchange differences

The figures for the year 2015 and 2014 in exchange differences are as follows:

Description	2015 MZN	2014 MZN
Receipts/payments of brokers and reinsurers	61 788 274	-23 961 578
Tax payable	0	-1 811 323
Technical provisions	-56 498 472	6 214 938
Current and term deposits	62 362 516	80 680 510
Other	5 384 164	-927 148
Total	73 036 482	60 195 398

Exchange differences are justified by the strong appreciation of the USD against the MZN that occurred during the year 2015.

Exchange rates:

Currency	31.12.2015	Average 2015	31.12.2014	Average 2014
MZN/USD	46.26	39.28	32.32	30.67

Note 14 – Net gains from non-financial assets

The value of MZN 72,415,182 registered on December 31, 2015, relates to the change in fair value of the properties assigned to technical provisions - Marginal Property (Headquarters) and Property A9 Golden Sands, in the amount of MZN 65,732,832 and MZN 6,682,359, respectively. See also note 21.

The value of MZN 18,379,980, registered on December 31, 2014, relates to the change in fair value of the properties assigned to technical provisions - Marginal Property (Headquarters) and Property A9 Golden Sands, in the amount of MZN 17,242,720 MZN and 1,137,260, respectively. See also note 21.

	2015 MZN	2014 MZN
<i>Life Insurance</i>	<i>13 464 852</i>	<i>1 559 731</i>
Credit Life	7 871 377	1 034 406
Group Life - Risk	1 705 259	241 015
Individual Life – Risk	7 970	284 309
Medical	2 669 879	0
Embeded Funeral	940 408	0
Hospital plan	61 477	0
Personal Accident	26 252	0
Standalone (Bancassurance)	182 230	0
<i>Non- Life Insurance</i>	<i>58 950 330</i>	<i>16 820 249</i>
Work Accident	10 839 877	1 887 062
Personnel Accident and sickness	928 275	664 745
Fire and other Losses	6 800 825	7 140 172
Automotive	24 444 046	6 207 029
Marine	800 254	127 769
Aviation	74 179	27 821
Transportation	751 509	152 197
Motor thir party liability	4 166 070	259 892
Others	10 145 296	353 562
Total	72 415 182	18 379 980

Note 15 – Other Provisions (Change)

The Other provisions (variation) include the variation of receipts adjustment for charging and variation adjustment for amounts receivable from reinsurers. See also note 25.

	Other Provisions (change)	
	2015 MZN	2014 MZN
Life Insurance	-708 582	-1 726 415
Credit Life	-414 228	-1 144 950
Group Life - Risk	-89 738	-266 772
Individual Life -- Risk	-419	-314 692
Medical	-140 501	0
Embebed Funeral	-49 489	0
Hospital plan	-3 235	0
Personal Accident ('Personal Accident)	-1 381	0
Standalone (Bancassurance)	-9 590	0
Non- Life Insurance	-3 102 234	-18 617 784
Work Accident	-570 444	-2 088 727
Personnel Accident and sickness	-48 850	-735 785
Fire and other Losses	-357 890	-7 903 223
Automotive	-1 286 357	-6 870 357
Marine	-42 113	-141 423
Aviation	-3 904	-30 794
Transportation	-39 548	-168 462
Civil responsibility	-219 238	-287 666
Others	-533 892	-391 346
Total	-3 810 816	-20 344 199

Note 16 – Other income/ expenses

At year end 2015 and 2014, the account other technical income/costs, net reinsurance, are analyzed as following below:

	2015 MZN	2014 MZN
Management of pension funds	5 366 281	5 032 081
Transfer of Risk (Treaties)	-55 158 798	-369 931 080
Other income / expenses net technical reinsurance	-49 792 517	-364 898 998
Bank comission/charges	-3 975 271	-4 395 910
Other (individually immaterial)	10 977 719	1 613 417
Other income	7 002 447	-2 782 493

Note 17 – Expenses by Nature

The analysis of expenses using a classification based on function, as acquisition of insurance contracts (acquisition costs and administrative costs), claims costs and investment costs, is presented as follows:

Amounts in MZN	2015			2014
	Technical account / Total	Non- Technical account	Total	Technical account / Total
Claims Costs (see Note 7)	-50 347 269	0	-50 347 269	-39 963 195
Acquisition Costs (see Note 9)	-85 256 564	0	-85 256 564	-67 672 482
Administratives Costs (see Note 9)	-142 140 633	0	-142 140 633	-112 824 269
Costs of Investment Management (see Note 11)	-417 243	0	-417 243	-331 187
Total	-278 161 708	0	-278 161 708	-220 791 134

The breakdown of costs by nature to be charged is presented as follows:

Costs by nature imputed	2015 MZN	2014 MZN
Staff Costs	136 206 605	105 466 906
Officers Remuneration	16 303 409	16 804 035
Staff Remunerations	102 682 384	79 897 752
Charges on Remuneration	2 614 930	1 880 816
Post-employment Benefits	0	0
Compulsory Insurance	583 460	963 701
Social welfare Costs	5 133 617	3 134 155
Other Staff Costs	8 888 804	2 786 447
Supplies and Services	118 751 342	99 199 948
Specialized services		
Kindle Technologies – KIT	44 595 115	44 506 123
Audit, consulting, litigation and other	25 540 236	23 148 970
Advertising and Marketing	16 979 521	10 067 333
Communication	7 028 407	5 454 220
Technical Documentation	3 681 715	3 231 480
Rents	1 832 959	1 554 950
Maintenance and Repair	4 839 615	2 513 443
Stationery	1 113 710	1 094 073
Travel and accommodation	3 797 851	1 381 771
Entertainment expenses	2 445 274	1 310 981
Electricity, fuel and water	898 223	769 521
Others	5 998 715	4 167 084
<i>Taxes and fees</i>	14 999 252	8 816 871
Depreciation for the period	8 204 509	7 307 408
Own use of buildings (see Note 21)	3 465 342	3 369 779
Intangible Asset (see Note 21)	994 275	980 571
Tangible Asset (see Note 22)	3 744 892	2 957 058
Total	278 161 708	220 791 134

During 2015, the Global Alliance had, on average, 108 workers at its service, distributed by professional categories listed in the following table.

Average number of employees by professional category	2015	2014
Executive officers	7	5
Superior professionals	10	9
Middle professionals	13	5
Qualified professionals	60	58
Others	18	16
Total	108	93

Note 18 – Cash and cash equivalents

The description of the components of cash and cash equivalents and current deposits, reconciling the amounts included in the statement of cash flows with the corresponding amounts reported in the statement of financial position as at December 31, 2015 and 2014 is analyzed as follows:

	2015 MZN	2014 MZN
Cash	2 664	13 344
Current deposits	295 056 475	322 956 289
Total	295 059 139	322 969 633

Note 19 – Available-for-sale assets

The amount of MZN 346 634 800 registered on account available assets for sale at December 31, 2015 is made up as follows:

1. MZN 20 000 000 related to bonds of Standard Bank acquired on 29 October 2015, with a maturity of 12 months. The currency issue is the metical, with annual interest rate of 12.25%.
2. MZN 50 000 000 relating to treasury bills (TBs) of Mozambique acquired on December 22, 2015, with 30 days maturity, on custody of the Banc ABC. The issue currency of TB's is the metical, with monthly interest payment of 8%.
3. MZN 185 040 000 relating to treasury bills (TBs) of Mozambique acquired on December 22, 2015, with a maturity of three months, under custody of BCI. The issue currency of TB's is the metical, but the purchase amount was fixed in USD, amounting to USD 4 000 000. This amount was revalued at the exchange rate of December 31, 2015 for balance sheet presentation purposes. The monthly interest rate is 14%.
4. MZN 91 594 800 for the bonds of Banc ABC, acquired on December 22, 2015, with a maturity of three months.
The currency of issue of the bonds is USD amounting to USD 1 980 000. This amount was revalued at the exchange rate of December 31, 2015 for balance sheet presentation purposes. The monthly interest rate is 11.20%.

Note 20 – Loans and Receivables

At year end 2015 and 2014, Loans and Receivables presented the following breakdown:

Description	2015 MZN	2014 MZN
Term Deposit in MZN – Principal & interest	162 511 345	30 000 000
Term Deposit in USD – Principle & interest	186 759 211	218 065 360
Total	349 270 556	248 065 360

At year end 2015, term deposits present the following detail:

Bank	Currency	Start Date	End Date	Interest Rate	Amount MZN
MCB	USD	12/07/2015	12/07/2016	2.00%	23 701 691
MCB	USD	28/11/2015	28/11/2016	2.09%	34 985 372
FNB	MZN	21/08/2015	17/02/2016	12.75%	31 061 042
BCI	USD	30/11/2015	30/11/2016	3.00%	92 860 391
Capital Bank	MZN	19/11/2015	17/02/2016	12.20%	4 164 669
Moza Banco	USD	09/10/2015	07/10/2016	4.70%	35 211 757
Capital Bank	MZN	02/07/2015	03/01/2016	11.25%	76 212 550
UBA	MZN	06/11/2015	06/02/2016	12.50%	51 073 084
Total					349 270 556

At year end 2014, term deposits present the following detail:

Bank	Currency	Start Date	End Date	Interest Rate	Amount MZN
BCI	USD	14/11/2014	14/11/2015	2.80%	129 185 360
FNB	MZN	19/08/2014	15/02/2015	12.50%	30 000 000
MCB	USD	28/11/2014	28/11/2015	2.00%	24 240 000
ABC	USD	30/03/2015	30/03/2015	8.25%	24 240 000
Moza Banco	USD	24/09/2015	24/09/2015	12.00%	24 240 000
MCB	USD	12/07/2015	12/07/2015	2.00%	16 160 000
Total					248 065 360

Note 21- Property

• Investment Property

The properties held by Global Alliance were valued in 2015 by a competent property valuator, Zambujo & Asociados Lda. The valuations of both properties were prepared based on the market model in order to determine the fair value.

The fair value of investment properties, as determined by the valuator which is based on comparable data market, and in accordance with IFRS 13, falls within the fair value hierarchy Level 2 - Fair value determined using valuation techniques supported by observable prices in tradable current markets for the same financial instrument.

Movements in the value of the properties are as follows:

Amounts in MZN	Fair Value 31.12.2014	Additions Acquisition / Improvement		Disposals	Transfers	Revaluation (see note 14)	Fair value 31.12.2015
		Acquisition	Improvement				
Property marginal	110 485 920	0	0	0	0	65 732 832	176 218 752
Property A9 Golden Sands	7 547 730	0	0	0	0	6 682 350	14 230 080
Total	118 033 650	0	0	0	0	72 415 182	190 448 832

Amounts in MZN	Fair Value 31.12.2013	Additions Acquisition / Improvement		Disposals	Transfers	Revaluation (see note 14)	Fair Value 31.12.2014
		Acquisition	Improvement				
Propriety marginal	93 243 200	0	0	0		17 242 720	110 485 920
Propriety A9 Golden Sands	6 410 470	0	0	0		1 137 260	7 547 730
Total	99 653 670	0	0	0	0	18 379 980	118 033 650

In 2015 and 2014 there were no additions (acquisitions or improvements), disposals, write-offs and transfers of buildings.

Investment income from buildings – rental income is as follows:

Amount in MZN	2015			2014		
	Life insurance	Non- Life insurance	Total	Life insurance	Non- Life insurance	Total
Rent (see note 10)	1 215 057	5 319 627	6 534 683	503 206	5 426 611	5 929 816

■ **Owner-occupied property**

Movements in own use of buildings occurred during the 2015 and 2014 financial years are as follows:

Amount in MZN	Balance at 31.12.2014			Depreciation	Balance at 31.12.2015		
	Cost of the building	Accumulated depreciation	Carrying value		Cost of the building	Accumulated depreciation	Carrying value
Own use of Building							
Property marginal	124 752 300	13 220 873	111 531 427	3 465 342	124 752 300	16 686 214	108 066 084
Total	124 752 300	13 220 873	111 531 427	3 465 342	124 752 300	16 686 214	108 066 084

Amount in MZN	Balance at 31.12.2013			Depreciation	Balance at 31.12.2014		
	Cost of the building	Accumulated depreciation	Carrying value		Cost of the building	Accumulated depreciation	Carrying value
Own use of Building							
Property marginal	124 752 300	9 851 093	114 901 206	3 369 779	124 752 300	13 220 873	111 531 426
Total	124 752 300	9 851 093	114 901 206	3 369 779	124 752 300	13 220 873	111 531 426

In the years 2015 and 2014 there were no additions (acquisitions or improvements), disposals, write-offs and transfers.

Direct operating expenses relating to buildings for own use is as follows:

Amount in MZN	2015			2014		
	Life insurance	Non-Life insurance	Total	Life insurance	Non-Life insurance	Total
Repairs , Maintenance and other expenses	864 246	3 783 747	4 647 993	210 228	2 267 118	2 477 347

Note 22 – Other tangible assets

Tangible assets of the Insurance Company are stated at cost less accumulated depreciation and impairment losses.

The growth during the 2015 and 2014 financial years are as follows:

Amounts in MZN	Balance as at 31.12.2014			Addition	Decreases	Depreciation		Balance as at 31.12.2015		
	Cost	Accumulated depreciation	Carrying value	Acquisition	Transfer and disposals	Transfer and disposals	Depr. for the year	Cost	Acc. depreciation	Carrying value
Furniture	19 246 608	9 558 613	9 687 995	4 032 939	3 587 898	3 541 640	3 499 317	19 691 649	9 516 290	10 175 359
Transport equipment	733 639	523 992	209 647	1 897 067	277 649	272 765	245 575	2 353 057	496 802	1 856 255
Total	19 980 247	10 082 605	9 897 642	5 930 005	3 865 547	3 814 404	3 744 892	22 044 705	10 013 092	12 031 612

Amounts in MZN	Balance at 31.12.2013			Addition	Decreases	Depreciation		Balance as at 31.12.2014		
	Cost	Accumulate depreciation	Carrying value	Acquisition	Transfer and disposals	Depreciation for assets no longer in use	Depr. for the year	Cost	Acc. Depreciation	Carrying value
Equipment	16 821 973	6 658 893	10 163 080	2 424 635	841 379	44 668	2 855 052	19 246 608	9 558 613	9 687 995
Transport equipment	642 639	421 986	220 653	91 000	237 751	0	102 006	733 639	523 992	209 647
Total Other tangible asset	17 464 612	7 080 879	10 383 732	2 515 635	1 079 129	44 668	2 957 058	19 980 247	10 082 605	9 897 641

Note 23 – Other intangible assets

Intangible assets of the Global Alliance are stated at cost less accumulated amortisation and impairment losses.

The movements during the 2015 and 2014 financial years are as follows:

Amount in MZN	Balance at 31.12.2014			Addition	Decrease	Amortization		Balance at 31.12.2015		
	Cost	Accum. amort.	Carrying value	Acquisition	Transf. disposals	Amortisation for assets no longer in use	Amortis. for the year	Cost	Acc. amortiz.	Carrying value
IT Application	5 373 290	3 659 946	1 713 343	981 092	2 305 437	2 305 437	994 275	4 048 945	2 348 785	1 700 160
Total	5 373 290	3 659 946	1 713 343	981 092	2 305 437	2 305 437	994 275	4 048 945	2 348 785	1 700 160

Amount in MZN	Balance at 31.12.2013			Addition	Decrease	Amortization		Balance at 31.12.2014		
	Cost	Accum. amort.	Carrying value	Acquisition	Transf. disposals	Amortisation for assets no longer in use	Amortis. for the year	Cost	Acc. amort.	Carrying value
IT Application	4 921 494	2 679 376	2 242 118	451 796	0	0	980 571	5 373 290	3 659 946	1 713 343
Total	4 921 494	2 679 376	2 242 118	451 796	0	0	980 571	5 373 290	3 659 946	1 713 343

Note 24 – Technical Provisions

In 2015 and 2014 years, this account has the following composition:

Technical provisions	2015 MZN			2014 MZN		
	Direct insurance and reinsurance accepted	Reinsurance ceded	Net	Direct insurance and reinsurance accepted	Reinsurance ceded	Net
Provision for unearned premium	516 167 223	343 196 977	172 970 246	520 213 783	310 228 844	209 984 940
Mathematical provision for life-Insurance	154 180 237	8 368 717	145 811 520	81 397 532	7 340 034	74 057 499
Provision for Claims	166 494 603	108 659 798	57 834 806	191 606 114	121 349 369	70 256 745
On Life Insurance	3 325 533	0	3 325 533	494 795	19 250	475 545
On Non- Life Insurance	163 169 071	108 659 798	54 509 273	191 111 318	121 330 119	69 781 200
Total	836 842 064	460 225 492	376 616 572	793 217 429	438 918 246	354 299 183

Provisions for unearned premiums are analyzed as follows:

Provision for unearned premium	2015 MZN			2014 MZN		
	Direct insurance and reinsurance accepted	Reinsurance ceded	Net	Direct insurance and reinsurance accepted	Reinsurance ceded	Net
<i>Non- Life Insurance</i>						
Work Accident	28 585 572	0	28 585 572	19 167 292	0	19 167 292
Personnel Accident	0	0	0	13 965 280	2 947 813	11 017 466
Fire	275 286 053	261 521 750	13 764 303	317 223 352	227 599 934	89 623 417
Motor	96 007 103	10 560 781	85 446 322	79 721 369	144 808	79 576 561
Marine	21 258 676	16 347 922	4 910 754	20 344 996	19 622 645	722 351
Aviation	4 097 003	4 097 003	0	7 959 869	7 696 649	263 220
Transportation	2 580 836	327 766	2 253 070	1 035 469	92 123	943 346
Civil responsibility	53 519 719	32 111 831	21 407 888	55 590 623	50 637 788	4 952 835
Miscellaneous	34 832 261	18 229 924	16 602 337	5 205 534	1 487 083	3 718 450
Total	516 167 223	343 196 977	172 970 246	520 213 783	310 228 844	209 984 939

Mathematical Provisions are analysed as follows:

Mathematical provision	2015 MZN			2014 MZN		
	Direct Insurance and reinsurance accepted	Reinsurance ceded	Net	Direct insurance and reinsurance accepted	Reinsurance ceded	Net
<i>Life Insurance</i>						
Credit Life	121 185 666	7 795 344	113 390 322	56 269 987	5 552 267	50 717 720
Life Group Risk	10 744 821	214 896	10 529 925	13 981 196	1 554 072	12 427 124
Life Individual Risk	47 488	0	47 488	11 146 349	233 694	10 912 655
Medical	15 418 024	308 360	15 109 664	0	0	0
Embebed funeral	770 901	0	770 901	0	0	0
Hospital plan	925 081	0	925 081	0	0	0
Personal accident	2 004 651	50 117	1 954 534	0	0	0
Standalone	3 083 605	0	3 083 605	0	0	0
Total	154 180 237	8 368 717	145 811 520	81 397 532	7 340 034	74 057 499

The provisions for claims are analysed as follows:

Provision for claims	2015 MZN			2014 MZN		
	Direct Insurance and reinsurance accepted	Reinsurance ceded	Net	Direct insurance and reinsurance accepted	Reinsurance ceded	Net
<i>Life Insurance</i>						
Credit Life	619 518	247 807	371 711	150 506	0	150 506
Life Group Risk	1 164 946	698 968	465 978	27 173	19 250	7 923
Life Individual Risk	0	0	0	317 117	0	317 117
Medical	3 038	0	3 038	0	0	0
Embebed Funeral	181 445	0	181 445	0	0	0
Hospital plan	20 978	0	20 978	0	0	0
Personal Accident	1 292 854	517 142	775 712	0	0	0
Standalone	42 754	0	42 754	0	0	0
<i>Non- Life Insurance</i>						
Work Accident	13 651 690	0	13 651 690	12 789 751	0	12 789 751
Personnel Accident	0	0	0	1 416 585	52 757	1 363 828
Fire	76 687 278	72 852 914	3 834 364	124 911 328	116 819 585	8 091 743
Motor	31 510 367	9 453 110	22 057 257	44 390 117	0	44 390 117
Marine	3 538 000	3 361 100	176 900	3 911 277	2 531 655	1 379 622
Aviation	1 170 000	1 170 000	0	310 441	312 445	-2 004
Transportation	1 068 477	801 358	267 119	526 675	0	526 675
Civil responsibility	3 129 066	1 251 626	1 877 440	1 595 322	1 600 272	-4 951
Miscellaneous	32 414 193	18 305 773	14 108 420	1 259 824	13 405	1 246 419
Total	166 494 603	108 659 798	57 834 806	191 606 114	121 349 369	70 256 745

Note 25 - Other Debtors for Insurance & Other Operations

In 2015 and 2014 years, this account has the following composition:

	2015 MZN	2014 MZN
Accounts receivable from direct insurance operations		
Insurance holders	233 601 331	84 527 037
Insurance brokers	334 009 627	374 818 148
Co-insurance	0	11 489 157
	567 610 959	470 834 342
Adjustment: provision for bad debts	-37 322 825	-39 092 260
	530 288 133	431 742 082
Accounts receivable from reinsurance operations		
other reinsurers	0	47 400 092
Adjustments for Accounts receivable from reinsurance	0	-12 363 919
	0	35 036 173
Accounts receivable from other operations		
Other debtors	54 382 399	6 449 642
Total	584 670 532	473 227 897

The unfolding of the adjustment of pending premium receipts is as follows:

Amount in MZN	Balance at 31.12.2013	Adjustments	Balance at 31.12.2014	Adjustments	Balance at 31.12.2015
Adjustment of pending premium receipts	18 748 061	20 344 199	39 092 260	-1 769 435	37 322 825
Adjustment for amounts receivable from reinsurers	12 363 919	0	12 363 919	-12 363 919	0
Total	31 111 980	20 344 199	51 456 179	-14 133 354	37 322 825

Note 26 – Current and Deferred Tax

Assets and liabilities for taxes recognized in the balance sheet at 31 December 2015 and 2014 can be analyzed as follows:

	2015 MZN	2014 MZN
Current Tax Asset	0	0
Adjustment for amounts receivable from reinsurers	3 074 024	3 074 024
Unfavorable foreign exchange	46 568 528	5 866 060
Deferred tax asset	49 642 552	8 940 084
Tax Asset	49 642 552	8 940 084
Income tax payable		
Income tax estimate	61 565 229	68 597 652
Income tax advances	-60 272 959	-43 140 979
Other tax		
Stamp tax	4 125 796	22 225 242
Supervision fee	2 399 128	3 908 829
Individual income tax	5 167 073	2 389 716
VAT - others	455 360	429 621
Other tax	515 942	290 082
Current tax liability	13 955 568	54 700 162
Investment properties	44 035 069	20 862 211
Variation on fair value derivatives	405 420	405 420
Favorable foreign exchange	49 471 545	7 070 326
Own use of buildings	13 234 192	13 234 192
Deferred tax liability	107 146 225	41 572 148
Tax Liability	121 101 793	96 272 311

The income tax reported on the results of 2015 and 2014 is as follows:

	2015 MZN	2014 MZN
Current Tax	61 565 229	68 597 652
Deferred Tax	24 871 609	5 930 483
Total tax recognized in results	86 436 838	74 528 135

The estimated tax rate of the Insurer for the year is about 32.34%, slightly higher than the theoretical nominal rate of 32%. The reconciliation of the tax rate is as follows:

	2015 MZN		2014 MZN	
	Value	Tax	Value	Tax
Profit before tax	190 191 513		230 779 369	
Tax payable at nominal rate	60 861 284	32.00%	73 849 398	32.00%
Cost/ income for current tax	61 565 229		68 597 652	
Cost/ income for deferred tax	24 871 609		5 930 483	
Effective tax charge recognized in earnings	86 436 838		74 528 135	
Effective rate		45.45%		32.29%
Reconciled differences				
Impact of non-deductible expenses	25 575 554	13.45%	678 737	0.29%

Declarations of Self-Liquidity of the Insurance Company are subject to inspection and possible adjustment by the tax authorities during the period of five years. However, it is the conviction of the Board of the Insurance Company, that there will be no significant corrections to taxes on profits recorded in the financial statements.

Note 27 – Accruals and Deferrals

In 2015 and 2014 years, the balance was made up as follows:

	2015 MZN	2014 MZN
Accruals and Deferred Assets		
Deferral of amounts transferred	-375 764	73 521 965
Interest receivable	1 622 762	3 315 978
Other accruals and deferrals	4 394 020	1 747 192
	5 641 018	78 585 135
Accruals and Deferred Liabilities		
Remuneration and bonus	16 065 551	19 760 604
Audit fees	4 493 336	2 950 670
Fraud	596 103	596 103
Transfer pricing – ABSA Life	7 981 062	0
Others	6 033 684	7 516 345
	35 169 736	30 823 721

Note 28 – Other creditors for insurance operations and other operations

For 2015 and 2014, this note has the following composition:

	2015 MZN	2014 MZN
Payables for direct insurance operations		
Insurance holders	0	2 175 887
Insurance brokers	34 567 134	29 758 197
Co-insurance	0	1 406 665
	34 567 134	33 340 749
Payables for reinsurance operation		
Other reinsurer	501 894 304	369 565 401
	501 894 304	369 565 401
Payables for other operation		
Other creditors	64 508 790	17 578 608
	64 508 790	17 578 608
Total	600 970 228	420 484 757

Note 29 – Share Capital, reserves, other reserve, retained earnings and net income for the period

The authorized and issued share capital of Global Alliance on December 31, 2015, amounting to 242 090 000 MZN, represented by 242 090 000 shares with a nominal value of 1 MZN, is fully subscribed and paid.

	2015	2014
Number of shares at 1 January	242 090 000	142 525 000
Capital increase	0	99 565 000
Number of shares on 31 December	242 090 000	242 090 000

In 2015, Global Alliance remained with the same shareholder structure.

	Number of shares	Percentage of shareholding	Share capital	
			2015 MZN	2014 MZN
Absa Financial Services Africa Holding	237 248 200	98.00%	237 248 200	237 248 200
Absa Short Term Insurance	2 420 900	1.00%	2 420 900	2 420 900
Absa Life	2 420 900	1.00%	2 420 900	2 420 900
Total	242 090 000	100.00%	242 090 000	242 090 000

The application of the net profit for the financial year 2014 was carried out as follows:

Application of Net Profit	2014 MZN
Income for the year	156 251 234
Application: Fund legal reserve	31 250 247
Retained earning	125 000 987
Dividends per share	0

No dividend was declared or paid during 2015.

Description of the nature and purpose of each reserve of equity:

Other Reserves

It includes free reserves, which result from positive results, not necessary to provide the legal reserve or to cover losses brought forward and not distributed to shareholders. Legal reserve can only be used to cover accumulated losses or to increase the share capital. Under Mozambican law, the legal reserve is based on the following minimum percentages of the profits of each year:

- (i) 20% until the cumulative amount of the reserve represents half of the minimum capital laid down under Article 15 of the Legal Insurance Scheme ;
- (ii) 10% from the moment has been reached the amount referred to in the previous paragraph, until this reserve represents an amount equal to the share capital.

Detail of other reserves:

	2015 MZN	2014 MZN
Legal Reserve	111 181 244	79 930 998
Share Premium	1 970 879	1 970 879
Others	-120 773	0
Total	113 031 350	81 901 877

Note 30 – Transactions with related parties

On December 31, 2015 and 2014 the value of Directors' remuneration is as follows:

	2015 MZN	2014 MZN
Income statement information		
Director's remuneration	16 303 409	16 804 035
Balance sheet information		
Assets		
Loans to directors	1 090 601	396 857
Liabilities		
Bonus paid	0	2 893 031
Leave	12 763	303 795

The analysis of transactions with related parties in 2015 and 2014 is as follows

Receivables and payables	2015 MZN		2014 MZN	
	BBM	ABSA	BBM	ABSA
Cash and cash equivalents and current deposits	22 695 138	19 378 069	53 524 841	13 947 778
Account's receivable from direct insurance	33 694 836	0	13 888 027	0
Total Assets	56 389 973	19 378 069	67 412 868	13 947 778
Provision for unearned premium	15 712 847	0	12 095 769	0
Account's receivable from direct insurance	7 109 880	0	18 934 129	0
Transfer pricing – ABSA Life	7 981 062	0	0	0
Total Liabilities	30 803 789	0	31 029 898	0

Transactions	2015 MZN		2014 MZN	
	BBM	ABSA	BBM	ABSA
Premiums from direct insurance	47 185 727	0	36 290 937	0
Admin fees for managing pension fund	3 664 480	0	0	0
Total Income	50 850 207	0	36 290 937	0
Operating costs from direct insurance	-5 040 794	0	-9 677 515	0
Total Expenses	-5 040 794	0	-9 677 515	0

BBM – Barclays Bank Mozambique

Note 31 – Management of activity risk

The risks to which GA is exposed to is assumed as one of the pillars of the Insurer in supporting a strategy of profitable and sustainable growth. Thus, a major goal of GA is to ensure that its risk management framework allows it to ensure the appropriate balance between risk and return, in order to establish and preserve the trust of customers, shareholders, regulators and other stakeholders.

As part of its governance and risk management process, GA adopted an organizational structure for risk management in line with Absa Financial Services and Barclays PLC. The various functions related to the management of risks are reviewed monthly and quarterly respectively by the Management Business Review (MBR) and Control Risk Committee (CRC).

GA transactions related to insurance business are subject to supervision by the Regulator (ISSM), which determines, amongst other things, the nature and concentration of investments allocated to technical provisions.

The main risks are the following:

Insurance risk	Investment risk	Operational risk
Specific Risk of Non-life Insurance	Credit Risk	Event Risk
Specific Risk of Life- Insurance	Market Risk	Business Risk
	Liquidity Risk	Capital Risk
	Foreign Exchange Risk	

1) Specific risk of insurance

The main GA activity constitutes an acceptance of third party risk insurance, where the management of acceptance of this risk is important to the main indicators of activity, such as profit, business growth or market share. The risk associated with the insurance contracts concluded by the insurance company lies in the uncertainty relating to claims.

For portfolios of insurance contracts in which GA can apply the probability of accidents, the main risk the insurance company faces is the possibility of the current value of payment claims exceeding the amount of liabilities calculated by GA and expressed in their financial statements. This can occur by changes in the frequency and/or severity of amounts payable when compared with the estimated values. Thus, GA annually revises its estimates for the expected liabilities arising from insurance contracts.

Experience in the field shows that the larger the portfolio of insurance contracts with same characteristics, the lower the likelihood of significant changes affecting the liabilities estimated by the Insurer.

The Insurer developed its risk acceptance policy based on diversification of risks insured. The main areas of activity for the insurance are the Automotive, work accidents, fire and nature. The acceptance of these risks depends on the analysis by qualified personnel. In the case of acceptance of complex risks to which the insurer does not have adequate resources to carry out its assessment, the Insurer uses external experts.

The proper insurance risk management also assumes that the fees charged by the insurance company to be set in the most scientific way possible. However, the occurrence of natural disasters or other

catastrophic events that occur occasionally over time could result in significant variations in the results, depending on the reinsurance programs agreed by the Insurer.

Among the factors contributing to increased insurance risk include insufficient diversification of risk by various industries, the value of contracted capital insured and its geographical concentration. All the risks accepted by the insurer are located in Mozambique. Within Mozambique the risks are concentrated in major cities of the country. This could result in occurrence of an adverse event, to register losses in various policies insured by the Insurer. These risks are mitigated by the transfer of risk to reinsurers.

Claims cost per product classes is as follows:

Amounts in MZN Annex 3 2015	Amounts paid- costs (1)	Amounts paid- inputted costs (2)	Changes in provision for claims (3)	Cost of claims (4)=(1)+(2)+(3)
Workman compensation	102 746 208	7 536 516	12 533 804	122 816 528
Personal accident	0	645 391	0	645 391
Fire	146 467 288	4 728 331	17 867 252	169 062 871
Motor	269 700 315	16 994 930	32 900 202	319 595 447
Marine	-604 155	556 383	-73 700	-121 471
Aviation	-373 136	51 574	-45 518	-367 080
Transport	24 250 158	522 493	2 958 228	27 730 879
Civil responsibility	27 297 960	2 896 495	3 330 024	33 524 479
Miscellaneous	69 307 336	7 053 603	8 454 663	84 815 602
Total Non life	638 791 974	40 985 717	77 924 956	757 702 647

Amounts in MZN Annex 3 2014	Amounts paid- costs (1)	Amounts paid- inputted costs (2)	Changes in Provision for claims (3)	Cost of claims (4)=(1)+(2)+(3)
Workman compensation	128 335 965	4 102 998	5 683 215	138 122 177
Personal accident	11 545 681	1 445 341	1 256 367	14 247 389
Fire	90 869 936	15 524 723	-123 042 781	-16 648 122
Motor	240 202 553	13 495 809	5 461 512	259 159 874
Marine	3 147 845	277 805	3 738 427	7 164 077
Aviation	0	60 491	-935 523	-875 032
Transport	7 137 141	330 920	-923 494	6 544 566
Civil responsibility	4 121 169	565 078	-2 488 829	2 197 418
Miscellaneous	12 087 393	768 743	-925 215	11 930 921
Total Non life	497 447 684	36 571 907	-112 176 321	421 843 270

Additional information per product classes is as follows:

Amounts in MZN Annex 4 2015	Gross premium written	Gross premium acquired	Gross claims	Operational costs brokers fees etc	Reinsurance portion
Workman compensation	163 555 972	155 855 831	122 816 528	61 188 304	0
Personal accident	23 445 109	23 116 363	645 391	4 330 452	- 5 509 731
Fire	734 616 775	915 900 316	169 062 871	46 851 501	-801 142 119
Motor	370 005 624	382 625 141	319 595 447	120 301 581	-1 022 523
Marine	40 935 792	58 261 403	-121 471	6 433 946	-61 136 366
Aviation	13 923 565	20 642 473	-367 080	857 647	-25 683 559
Transport	12 721 422	12 865 058	27 730 879	4 557 491	13 693 010
Civil responsibility	63 885 851	63 735 155	33 524 479	19 173 545	-847 024
Miscellaneous	519 620 805	544 691 822	84 815 602	69 231 323	-427 656 222
Total Non life	1 942 710 915	2 177 693 564	757 702 647	332 925 791	-1 309 304 535

Amounts in MZN Annex 4 2014	Gross premium written	Gross premium acquired	Gross claims	Operational costs	Reinsurance portion
Workman compensation	137 724 509	132 122 280	138 122 177	39 124 013	24 912
Personal accident	95 871 884	84 652 989	14 247 389	10 459 237	-46 403 505
Fire	1 578 399 060	1 476 846 750	-16 648 122	125 086 375	-1 045 833 784
Motor	459 186 882	450 627 327	259 159 874	106 613 094	-4 312 850
Marine	38 969 092	32 271 470	7 164 077	4 882 392	-14 942 659
Aviation	21 946 342	20 661 697	-875 032	849 811	-19 287 899
Transport	12 313 254	11 978 311	6 544 566	3 450 822	2 346 059
Civil Responsibility	130 348 364	265 121 323	2 197 418	6 802 716	-175 841 568
Miscellaneous	31 865 227	29 967 192	11 930 921	8 023 462	-3 671 270
Total Non life	2 506 624 615	2 504 249 340	421 843 270	305 291 921	-1 307 922 565

2) Investment risk

The risk of investment is made up of four risks: credit, market, liquidity and foreign exchange.

a) Credit risk

Credit risk is the risk that GA will incur a loss because counterparties fail to meet their obligations. The main areas in which the insurer is exposed to credit risk are:

- (i) re-insurers' share in liabilities for insurance contracts, (ii) share of re-insurers in claims costs,
- (ii) amounts receivable from policyholders for insurance contracts, (iv) receivables from insurance brokers,
- (iii) counterparty risk in respect of debt instruments and balances at banks.

GA mitigates credit risk through diversifying its risk to more than one entity/counterparty. Each year the insurer shall review the risks to which it is exposed to make sure that it remains within the acceptable levels.

Despite the use of reinsurance companies as a strategy for insurance company to manage the risks to which it is exposed, GA will always be primarily responsible for covering the liabilities assumed with third parties. If a reinsurer for any reason fails to make payment of a claim, the insurance company continues to compensate the insured for the loss occurred. On renewal of reinsurance agreement, the counterparty risk is analyzed.

The credit risk associated with the debt instruments held by the insurer is reduced since the company's investment policies stipulate that investments should be directed to the largest companies in Mozambique. The exposure to unrated parties is limited.

The credit risk associated with loans and accounts receivable is reduced as term deposits are contracted with entities with good credit quality. The exposure to unrated parties is limited.

Amounts in MZN	2015		2014	
	Amount	%	Amount	%
Assets available for sale				
Bonds and other fixed income				
From public issuers	326 634 800	28%	234 640 000	25%
From private issuers	20 000 000			
Loans and Receivables				
Term deposits	349 270 556	30%	248 065 360	27%
Cash and cash equivalents and current deposits	295 059 139	25%	322 969 633	35%
Investment property	190 448 832	16%	118 033 650	13%
Total	1 181 413 327	100%	923 708 643	100%

b) Market risk

GA is exposed to financial risks arising from its financial assets and assets of reinsurance operations. In particular, the main financial risk that the insurance company faces is that its financial assets are not sufficient to cover the liabilities assumed by the insurance company upon acceptance of insurance risk from borrowers. The main components of financial risks are interest rate and credit risks.

c) Liquidity risk

The Insurer is exposed to liquidity risk through the daily requests of its assets, mainly to cover claims insured by GA. Liquidity risk is the financial incapacity of GA to meet its commitments. To control this risk, management will use different sources managing the assets based on their liquidity and periodically monitors the future cash flows and liquidity.

In insurance business it is not possible to foresee/estimate with certainty the amount necessary to cover the liabilities. Thus the insurance company assesses the value and maturity of its liabilities through statistical methods and previous experience.

d) Foreign exchange risk

The risk of exchange rate is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in exchange rates. GA conducts its business using both USD and MZN. The main transactions of GA occur in MZN and are still exposed to the risk of exchange rate variations for the USD or the South African Rand.

GA exposure to the risk of exchange rate is mainly related to investments denominated in USD.

On December 31, 2015 and 2014 the projected cash flows (undiscounted) of financial instruments, according to the contractual maturity, made up as follows:

Amounts in MZN 31.12.2015	Maturity			No maturity	Total
	<1 month	1-3 month	3-12 month		
Bonds and other fixed income	50 000 000	276 634 800	20 000 000		346 634 800
Term deposits		4 164 669	345 105 887		349 270 556
Cash and cash equivalents and current deposits				295 059 139	295 059 139
Investment property				190 448 832	190 448 832
Total	50 000 000	280 779 469	365 105 887	485 507 971	1 181 413 327

Amounts in MZN 31.12.2014	Maturity			No maturity	Total
	<1 month	Total	1-5 years		
Bonds and other fixed income	234 640 000				234 640 000
Term deposits		231 905 360	16 160 000		248 065 360
Cash and cash equivalents and current deposits				322 969 633	322 969 633
Investment property				118 033 650	118 033 650
Total	234 640 000	231 905 360	16 160 000	441 003 283	923 708 643

3) Operational risk

All institutions, including financial institutions, are subject to operational risk which is the inherent consequence of the business uncertainty, and the decision-making process. For the purposes of reporting and monitoring, operational risk can be divided into two categories, event risk and business risk.

Event risk includes the risk of loss resulting from the lack or failure of internal processes, people and systems or due to external events. This event risk definition includes legal and compliance risk, but excludes strategic and reputational risk.

Business risk is the risk of "being in business" and includes the risk of loss due to changes in the structural and or competitive environment. It has an external nature however can still be mitigated by good management practices.

Under the operational risk the insurance company has defined among others, policies / procedures for business continuity, IT security, procurement, money laundering, internal control and combating fraud.

Note 32 – Solvency Margin Coverage

The Insurer is subject to the solvency requirements set by Diploma No. 30/2012, issued by the Council of Ministers.

The solvency margin coverage in 2015 and 2014 is as follows:

Amounts in MZN	2015	2014	2015/2014
Share capital	242 090 000	242 090 000	-
Reserves	113 031 350	81 901 877	38.00%
Retained earnings	350 430 932	225 481 088	55.4%
Foreign exchange reserve	0	0	
Profit for the year	103 754 675	156 251 234	-33.6%
Items to deduct	-1 700 160	-1 713 343	-0.8%
Solvency available margin	807 606 797	704 010 855	14.7%
Required Solvency Margin - Non-life Insurance	576 379 602	578 069 362	-0.3%
Required Solvency Margin - Life Insurance	82 402 611	57 571 387	43.1%
Excess / (Insufficiency) of Solvency Margin	148 824 585	68 370 106	117.7%
Coverage	122.6%	110.8%	10.7%

Note 33 – Off - Balance Sheet

The value of pension funds managed by the insurance company is detailed as follows:

Amounts MZN		
Pension Funds	Balance as at 31-12-2015	Balance as at 31-12-2014
Mozal employees pension fund	401 078 500	289 266 165
Global Alliance open fund	101 988 660	55 613 405
Barclays Bank Mozambique Pension Fund	2 834 941 000	0
Total	3 338 008 160	344 879 570

The Insurer does not give guaranteed returns on managed pension funds.

Nota 34 – Events after the balance sheet date not described in previous points

Taking into consideration the IAS 10, up to the date of authorization for issue of these financial statements no subsequent events involving additional adjustments or disclosures were identified.