

**G.F.A. INSURANCE LTD
AND ITS SUBSIDIARY**

FINANCIAL STATEMENTS - YEAR ENDED

DECEMBER 31, 2014

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DIRECTORS' PROFILE - YEAR ENDED DECEMBER 31, 2014

THE DIRECTORS OF G.F.A. INSURANCE LTD IN OFFICE DURING THE YEAR ENDED 31 DECEMBER 2014 WERE AS FOLLOWS:***Members of the Board of Directors***

Mr. Mohammad Alaoud Ruhomutally (Chairman)

Mr. Abdool Rahman (Abdel) Ruhomutally (Managing Director)

Mr. Ahmud Ally Beebeejaun

Miss Najah Ruhomutally, alternate Director Mr. Aadil Ruhomutally – appointed on July 22, 2014

Mr. Takoorpersad (Dhan) Seewoodoyal

Dr. Abdool Raouf Ruhomutally - resigned on January 7, 2014

Independent Directors

Mr. Birendranauth Sowambur

Mr. Mohammad Ehsan Hosenie

Mr. Kader Mungly – appointed on November 24, 2014

Mr. MOHAMMAD ALAOD RUHOMUTALLY – CHAIRMAN

Executive Director appointed in September 1996. Managing Director up to December 2013 and appointed as Non-Executive Chairman in January 2014

Mr M. Alaoud Ruhomutally has been associated with the insurance sector for more than 30 years now. During the period 1976 to 1985, he was the CEO of S. Ruhomutally and Co Ltd, the sole representative of Groupement Français D'Assurances, a French company based in Paris. After the departure of Groupement Français D'Assurances from Mauritius in 1985, he was appointed the exclusive sales representative of La Prudence, Reunion Island up to August 1996. In September 1996 he founded the G.F.A. Insurance Ltd, a fully Mauritian owned company.

Mr. ABDOOL RAHMAN (ABDEL) RUHOMUTALLY - MANAGING DIRECTOR

Executive Director appointed in June 2005. Deputy Managing Director up to December 12, 2013 and appointed as Managing Director on December 13, 2013

Mr Abdel Ruhomutally graduated in BA (Hons) Business Studies (Services - Finance) from the University of Westminster, United Kingdom. He also studied insurance at the London Guildhall University. Moreover, he holds Diplomas in Travel and Tourism and IATA Level II respectively. He joined the Company in 2001, after having built significant work experience overseas. He also has a strong background in I.T Infrastructure and Systems. He is an Approved Trainer of the Mauritius Qualifications Authority (MQA). Abdel was appointed as a member of the Motor Vehicle Insurance Arbitration Committee (MVIAC) by the Minister of Land Transport & Public Infrastructure in March 2008. He is also a Fellow of the prestigious Mauritius Institute of Directors since 2011. Abdel was elected a Council Member of the Insurance Institute of Mauritius in March 2013. He is a member of the Rotary Club of Port-Louis Citadelle and is the Chairperson of the Public Relations sub-committee of the same club. On 8th March 2013 Abdel was nominated Honorary President of the NGO Club Sportif Zenfan Vallée Pitot (Naw-N-Sha).

DIRECTORS' PROFILE - YEAR ENDED DECEMBER 31, 2014

Mr. TAKOORPERSAD SEEWODOYAL

Alternate to Miss Najah Ruhomutally up to December 2013 and appointed as Executive Director as from January 2014.

Mr Takoorpersad Seewoodoyal, also known as Dhan, joined the insurance industry in 1977. He has extensive knowledge and expertise in general insurance after having worked for several insurance agencies such as S. Ruhomutally & Co. Ltd (representative of Groupement Français D'Assurance and Prudence Creole), Marina Agency, AFIA Agency and G.F.A. Insurance Ltd since 1996. Presently, he acts as a Consultant on a contractual basis.

Mr. AHMUD ALLY BEEBEEJAUN, G.O.S.K

Director appointed in December 1996.

Mr Ahmud Ally Beebeejaun joined the Company since its incorporation in September, 1996. He is a holder of a certificate in Sugar Manufacture and Sugarcane Production from the University of Mauritius (1974). Mr Beebeejaun has wide-ranging experience in the sugar sector. He has been a Senior Test Chemist at the Ministry of Agriculture for more than thirty years. He sits on the board of the Food Service Commission, The Mauritius Sugar Terminal Corporation, The Mauritius Authority Advisory Council and the Mauritius Sugarcane Planters Association. In March 2013, Mr Beebeejaun was awarded with the distinction of Grand Officer of the Order of the Star and Key of the Indian Ocean (GOSK) on the occasion of the 45th Independence Day of Mauritius and the 21st anniversary of the Republic Day.

Miss NAJAH RUHOMUTALLY

Director appointed in September 1996.

Miss Najah Ruhomutally pursued her tertiary studies at the London Guildhall University, London, UK. She is in the insurance sector since 1996. She is actually the responsible officer of the Quatre-Bornes branch office.

Mr. AADIL RUHOMUTALLY

Alternate to Miss Najah Ruhomutally as from July 2014.

Mr Aadil Ruhomutally joined G.F.A. Insurance Ltd in October 2011 as Assistant Administrative Officer. He is holder of a Diploma in Financial Mathematics from the University of KENT and holds a BA in Business and Finance from Heriot – Watt University, Edinburgh, Scotland.

DR. ABDOOL RAOUF RUHOMUTALLY

Executive Chairman appointed in September 1996 and resigned in January 2014.

Dr. A. Raouf Ruhomutally was appointed Chairman in 1996 at the inception of the G.F.A. Insurance Ltd. He is a consultant Radiologist. He has been Chairman of S. Ruhomutally and Co Ltd, the exclusive agent of Groupement Français D'Assurances for more than ten years. He retired from civil service in September 2006. He is also the Director of Centre de Radiologie et D'Echographie. Dr. Raouf is the current president of the Radiological Society of Mauritius.

DIRECTORS' PROFILE - YEAR ENDED DECEMBER 31, 2014

Mr. BIRENDRANATH SOWAMBUR – INDEPENDENT DIRECTOR*Director appointed in June 2006.*

Mr Birendranath Sowambur was appointed as an Independent Director of the Company on 1st June, 2006. He is holder of several diplomas, namely in Occupational Health and Safety, Industrial Psychology and Personnel management. He reckons about twenty years' experience in the field of Health and Safety. He has served both in public and private organisations. He attended various international conferences on Occupational Health and Safety in Asian countries. He is presently working as an Occupational Health and Safety Consultant.

Mr. MOHAMMAD EHSAN HOSENIE – INDEPENDENT DIRECTOR*Director appointed in February 2010.*

Mr Ehsan Hosenie is a former Administrator of the Ministry of Education. He reckons more than 40 years service in the Government. He has worked as a Deputy Returning Officer (General, Municipal and Village elections). He possesses managerial experience as a Deputy Rector and Acting Rector of State Secondary Schools. Mr Hosenie is a graduate and holds a B.A.(Hons) in Mathematics, Post Graduate Certificate in Education (P.G.C.E) from the Mauritius Institute of Education (M.I.E). He also holds certificates in Journalism and Public Relations. He is also a Post Graduate Diploma holder in Computer Studies from Napier University (Scotland) and a Post Graduate Diploma holder in Education from Brighton University (UK) after following the MA (Education) course. Mr Hosenie is a member of the Rameshwar Gujadhur Stable and of the Mauritius Turf Club. He is an executive member of the Flamboyant Club.

Mr. KADER MUNGLY, FCA - INDEPENDENT DIRECTOR AND CHAIRMAN OF RISK AND AUDIT COMMITTEE*Director appointed in November 2014*

Mr Kader Mungly is a Chartered Accountant and Tax Consultant. He has wide exposure in the financial services sector. He is also a registered trainer of the Mauritius Qualifications Authority on accounting and tax issues.

PROFILE OF MANAGEMENT TEAM - YEAR ENDED DECEMBER 31, 2014

The profile of the management team of G.F.A. Insurance Ltd (GFA) is as follows:

Mr MOHUNPERSAD JAGDEO, FIAB, AIII**– FINANCE MANAGER**

Jagdeo joined GFA in August 2006 and was promoted to the position of Finance Manager in 2009. He has more than 25 years of experience in the insurance industry. Mr Jagdeo is responsible for the day to day operations of the Finance Department. His areas of responsibilities also include liaison with regulatory authorities for financial issues. Besides his insurance and reinsurance accounting background, Mr Jagdeo has also completed his professional examinations leading to his admission as Associate Member of The Insurance Institute of India.

Mr YASEEN JAWAHEER, FIII, MBA**– BUSINESS DEVELOPMENT OFFICER AND NON-MOTOR UNDERWRITER**

Yaseen was appointed on 1st August 2012. He has eighteen (18) years of experience in the general insurance sector. Yaseen is presently a Fellow of The Insurance Institute of India (FIII) and holds a Master in Business Administration (MBA) from Ireland. Backed by a strong background and wide experience, he worked for major international insurance groups before joining GFA. His field of expertise is non motor insurances. He is also a member of the Chartered Insurance Institute of the UK and is working actively towards obtaining his ACII - Associate of The Chartered Insurance Institute.

Mr RAFFEEK SUFURHALLY, BSc, AIII**- HEAD OF CLAIMS AND MONEY LAUNDERING OFFICER.**

Mr RaffEEK Sufurhally reckons more than 30 years experience as Internal Controller in public/parastatal organisations. He holds a BSc (Hons) in Management and he is an Associate member of the Insurance Institute of India. RaffEEK joined GFA in 2007.

Mr JUGDEO NAGINLAL, FCCA**– FINANCIAL CONSULTANT/COMPANY SECRETARY**

Jugdeo Naginlal is a qualified accountant since June 1979. He has worked in the civil service, in industry, and in the profession with one of the big firms. He is working as a freelance since 1992 and has wide experience, inter alia, in the following fields: accounting, auditing, taxation, vat, secretarial. He has been the company secretary of GFA since its incorporation in September 1996.

Mr AMIT MAHARAJA, BSc, PGDCA**– IT OFFICER**

Amit is originally from India. He joined GFA on 18th March 2011. He holds a Bachelor in Science and a Post Graduate Diploma in Computer Application (P.G.D.C.A). He has 13 years of strong professional experience of IT administration, networking & IT business development. Amit looks after our whole IT infrastructure from hardware to our in-house Insurance software as well as administration of our servers, intranet and website. His regular on-the-spot IT training is highly beneficial to all our staff.

Ms RASHIDA DUYMUN**– HR AND ADMINISTRATION OFFICER**

Rashida joined GFA in January 2000. She is a senior officer of the Company and reckons more than 14 years of dedicated and loyal service. She is the current HR Officer and is also in charge of the Administration and Secretarial Department.

STATEMENT OF COMPLIANCE

(Pursuant to Section 75 (3) of the Financial Reporting Act)

Name of PIE: G.F.A. Insurance Ltd

Reporting Period: December 31, 2014

We, the Directors of G.F.A. Insurance Ltd (the PIE), confirm to the best of our knowledge that the PIE has complied with all of its obligations and requirements under the Code of Corporate Governance except with the following sections:

1. Section 2.3.2 – Frequency of Board Meetings

For the year under review, the Board met three times. The Board meetings are conducted in accordance with the Constitution of G.F.A. Insurance Ltd and the Mauritius Companies Act 2001. In addition, decisions are also taken by way of written resolutions signed by all directors.

2. Section 2.8.2 – Remuneration of Directors

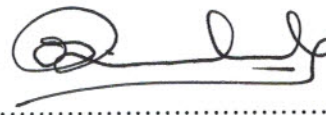
The Board is of the opinion that the remuneration of individual Directors is sensitive information and has resolved not to disclose such information in the annual report.

3. Section 2.10.3 – Board and Director Appraisal

For the year under review, no evaluation of the Board or its Committees was carried out. The Directors forming part of the Board of G.F.A. Insurance Ltd, especially those who are members of Board committees, have been appointed in the light of their wide range of skills and competence acquired through several years of working experience and professional background.



.....
Mr Mohammad Alaoud Ruhomutally
Chairman



.....
Mr Abdool Rahman (Abdel) Ruhomutally
Managing Director

Date: 19 MAR 2015

Date: 19 MAR 2015

CORPORATE GOVERNANCE REPORT – YEAR ENDED DECEMBER 31, 2014**ADHERENCE TO GOOD GOVERNANCE**

G.F.A. Insurance Ltd (the “Company”) is committed to the highest standard of business integrity, transparency and professionalism in all its endorsement to ensure that the activities within the Company are managed ethically and responsibly to enhance values for all stakeholders. As an essential part of this commitment, the Board of Directors of the Company subscribes to and is fully committed to complying with good governance practices.

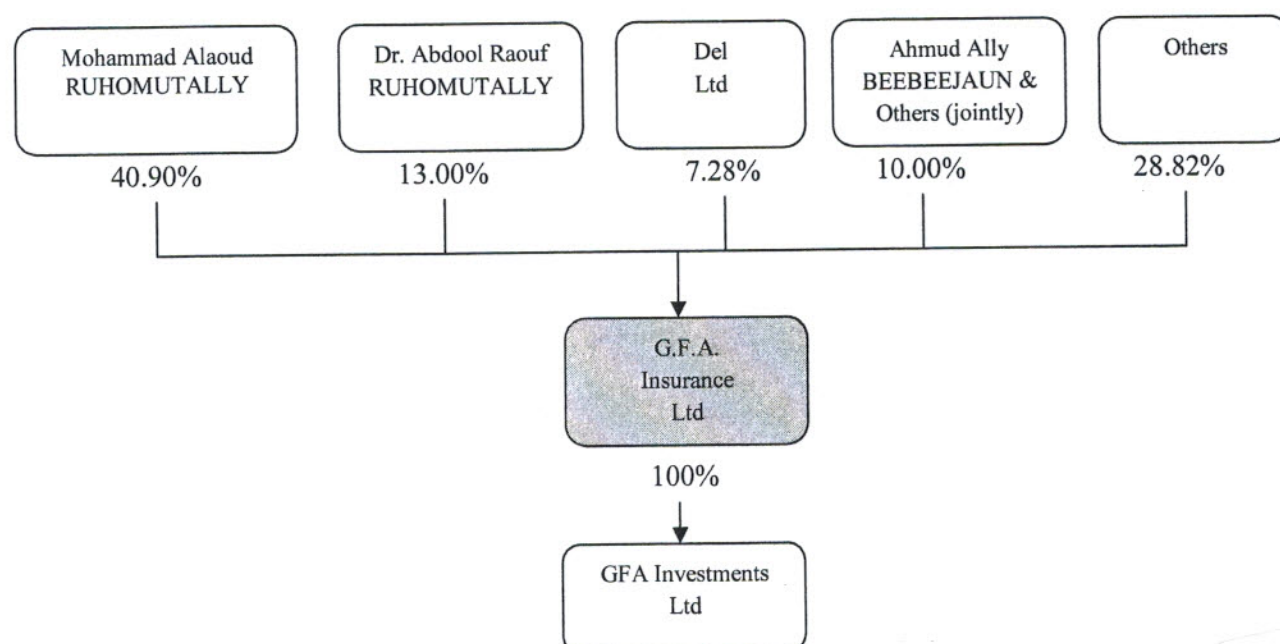
The fundamental concern of corporate governance is to ensure the condition whereby the Company’s Directors and managers act in the interest of the Company and its various stakeholders.

Our Company strongly believes in maintaining a simple and transparent corporate structure which define the division of power and establish mechanism for achieving accountability between board of directing management and shareholders driven solely by a business needs.

In line with above, the Board, management and staff of the G.F.A. Insurance Ltd fully support and are committed to the principle of business integrity, transparency and professionalism as recommended by the Code of Corporate Governance. Furthermore, our Company strives to ensure that all its activities are conducted in such a way as to satisfy the characteristics of good governance namely: discipline, transparency, accountability, responsibility, fairness and social responsibility.

G.F.A. Insurance Ltd, as an insurance company, wishes to comply with the Code of Corporate Governance (the Code), as far as is reasonably possible and practical. The Board of Directors has set up a Corporate Governance Committee and an Audit and Risk Committee.

The Directors are thus continually focusing on maintaining the sustainability of the Company’s business and discharging their responsibility of stewardship of the Company’s assets with integrity through the existence of a proper control environment and a well functioning system of internal control.

HOLDING STRUCTURE

CORPORATE GOVERNANCE REPORT – YEAR ENDED DECEMBER 31, 2014**SUBSTANTIAL SHAREHOLDERS AS AT DECEMBER 31, 2014**

As at December 31, 2014, the following shareholders held more than 5% of the share capital of G.F.A. Insurance Ltd:

Shareholders	% holding
Mohammad Alaoud Ruhomutally	40.90
Dr. Abdool Raouf Ruhomutally	13.00
Del Ltd	7.28
Ahmud Ally Beebeejaun and others (jointly)	10.00

SHARE PRICE INFORMATION

As the Company is not listed, and no share has been the subject matter of any sale for the past ten years, share price information is not available.

SHAREHOLDER'S AGREEMENT

The Company is not aware of any Shareholder's Agreement.

CONSTITUTION

In accordance with the Constitution of the Company, there is no restriction as to the % of shareholding of the existing shareholders. Moreover, they have pre-emption rights in case any shareholder wishes to dispose any of his/her shares.

DIVIDEND POLICY

The Company's policy is to pay an interim dividend in the second half of the year on the current year's profit and a final dividend in April of the next year based on the audited accounts, subject to complying with solvency requirements.

BOARD OF DIRECTORS

The Board is presently composed of eight members, including three independent directors. Four members are full-time executive directors and one member is employed on a part-time basis.

The Board has met three times during the year under review. In addition, regular Management meetings are held on a monthly basis.

The Board bears the responsibility of organising and directing the affairs of the Company in a manner that is in the best interest of shareholders and other stakeholders. It is also responsible for continually reviewing the activities, practices and trends of the Company so that these are in conformity with legal and regulatory requirements, and with the principles of good governance set out in the 'Report of Corporate Governance for Mauritius'.

CORPORATE GOVERNANCE REPORT – YEAR ENDED DECEMBER 31, 2014

The Board retains full and effective control over the Company, delegating the day-to-day running and operational issues to the Managing Director and his management team. The Board of Directors is appointed by the shareholders on the basis of integrity, skill, acumen and experience to make sound judgments relevant to the business of the Company. In compliance with the Code the Board of Directors comprises three independent non-executive directors and at least two executive directors.

The Board of Directors ensures that the principles of Corporate Governance are followed and are fully committed to comply with the Code of Corporate Governance for Mauritius. In addition the Board aims at higher standard of corporate governance with a culture of best practice as a performance benchmark for the Company. The Board, being the focal point of the Corporate Governance system is ultimately accountable and responsible for the performance and affairs of the Company.

The compliance with the principles of Corporate Governance is viewed by the Company, its Board and the management, as an integral part of the Company's business activities and are respected at all levels of the Company.

The Board also monitors and evaluates the implementation of strategies, policies management performance criteria and business plans. It provides guidance and maintains effective control over the Company and monitors management to carry out board plans and strategies.

In line with those principles, the Board has set up Committees and has put in place the required structure, internal control systems, policies and procedures to ensure strict adherence thereto.

The following table gives the record of attendance at Board meetings of G.F.A. Insurance Ltd for the year under review:

Name of Directors	Number of meetings attended	Number of directorship in listed companies
<u>EXECUTIVE</u>		
<i>Abdool Rahman (Abdel) Ruhomutally (Managing Director)</i>	3 of 3	-
<i>Najah Ruhomutally</i>	3 of 3	-
<i>(Alternate : Aadil Ruhomutally - as from July 22, 2014)</i>		-
<i>Takoorsad Seewoodoyal</i>	2 of 3	-
<u>NON-EXECUTIVE</u>		
<i>Mohammad Alaoud Ruhomutally (Chairman)</i>	3 of 3	-
<i>Ahmud Ally Beebeejaun</i>	3 of 3	-
<u>INDEPENDENT</u>		
<i>Birendranath Sowambur</i>	3 of 3	-
<i>Mohammad Ehsan Hosenie</i>	2 of 3	-
<i>Kader Mungly – as from November 24, 2014</i>	1 of 1	-

The profiles of Directors and senior management team have been disclosed on pages 1 - 1(b) and page 2 respectively.

CORPORATE GOVERNANCE REPORT – YEAR ENDED DECEMBER 31, 2014

Board's and Directors' Appraisal

For the year under review, no evaluation of the Board or its Committees was carried out. The Directors forming part of the Board of G.F.A Insurance Ltd, especially those who are members of Board committees, have been appointed in the light of their wide range of skills and competence acquired through several years of working experience and professional background.

COMMON DIRECTORS

The common Directors for the year under review were as follows:

Directors	Del Ltd	GFA Investments Ltd
Mohammad Alaoud Ruhomutally	✓	✓
Abdool Rahman (Abdel) Ruhomutally		✓
Takoorsad Seewoodoyal		✓
Dr Abdool Raouf Ruhomutally (resigned on January 7, 2014)		✓

INTEREST OF DIRECTORS IN THE EQUITY CAPITAL

Shares held by Directors at December 31, 2014 are as follows:

Directors	Directly	Indirectly
Mohammad Alaoud Ruhomutally	10,226	1,224
Abdool Rahman (Abdel) Ruhomutally	1,000	50
Ahmud Ally Beebeejaun	450	683
Najah Ruhomutally	1,000	50
Aadil Ruhomutally (alternate to Najah Ruhomutally - as from July 22, 2014)	1,000	Nil
Takoorsad Seewoodoyal	5	Nil
Birendranauth Sowambur	Nil	Nil
Mohammad Ehsan Hosenie	Nil	Nil
Kader Mungly- as from November 24, 2014	Nil	Nil

INTEREST OF SENIOR OFFICERS IN THE EQUITY CAPITAL

Senior officers do not hold any shares in the Company.

DIRECTORS' DEALING IN SHARES

The Directors did not deal in the shares of the Company during the year under review.

CORPORATE GOVERNANCE REPORT – YEAR ENDED DECEMBER 31, 2014**BOARD COMMITTEES**

The Board has set up four subsidiary committees namely the Corporate Governance Committee, the Audit and Risk Committee, Investment Committee and Remuneration Committee with the aim of maintaining quality standards of Corporate Governance and streamlining the tasks of the Board.

The Board formally appointed the members of the following Committees:

Corporate Governance Committee:	Mr Kader Mungly (Chairman) (appointed on November 24, 2014), Mr Mohammad Ehsan Hosenie, Mr Birendranauth Sowambur and Mr Ahmud Ally Beebeejaun
Audit and Risk Committee:	Mr Kader Mungly (Chairman) (appointed on November 24, 2014), Mr Mohammad Ehsan Hosenie, Mr Birendranauth Sowambur and Mr Ahmud Ally Beebeejaun (up to November 23, 2014)
Investment Committee:	Mr Mohammad Alaoud Ruhomutally (Chairman), Mr Abdool Rahman (Abdel) Ruhomutally (Managing Director), Mr Jugdeo Naginlal (Company Secretary)
Remuneration Committee:	Mr Ahmud Ally Beebeejaun (Chairman), Mr Mohammad Ehsan Hosenie and Mr Birendranauth Sowambur

Corporate Governance Committee

The terms of reference of the Corporate Governance Committee was duly approved and the committee membership duly constituted by the Board.

The terms of reference of the Corporate Governance Committee are:

- To make recommendations to the Board on all corporate governance provisions to be adopted so that the Board remains effective in ensuring that the Company complies with prevailing corporate principles and practices.
- To ensure that the disclosure requirements with regard to corporate governance, whether in the annual report or other reports on an ongoing basis, are in accordance with the principles of the Code of Corporate Governance as recommended by the National Committee on Corporate Governance.
- To develop a Related Party Transaction Policy; to review related party transactions and approve, ratify, revise or reject such transactions in accordance with the Related Party Transaction policy; to review, at least on an annual basis, and recommend changes to the Related Party Transaction Policy.
- To review the independence, both in appearance and in fact, and develop and recommend to the Board criteria to assess the independence of Directors.

Audit and Risk Committee

The terms of reference of the Audit and Risk Committee are:

- To review the appropriateness of the Company's accounting policies.
- To assess the effectiveness of the internal control processes.
- To review the annual financial statements before their submission to the Board.
- To discuss the results of the external audit process with the external auditors.
- To direct the Risk Management Function with the support of the internal and external auditors.
- To review and approve the budget, including the budget for capital expenditure.

CORPORATE GOVERNANCE REPORT – YEAR ENDED DECEMBER 31, 2014

Investment Committee

The terms of reference and composition of the Investment committee were duly approved by the Board.

The terms of reference of the Investment committee are:

- To review and approve periodically the investment policies and overall strategies of the Company.
- To determine an appropriate investment strategy, including asset mix.
- To set asset portfolio performance targets.
- To monitor the performance of the asset portfolio against the agreed benchmarks and targets, seeking all necessary explanations to perform appropriate analysis.

Remuneration Committee

The terms of reference and composition of the Remuneration Committee were duly approved by the Board.

The terms of reference of the Remuneration Committee are:

- To determine the basic salary and other benefits attributable to the Senior Management of the Company and that of the Directors.

The Remuneration Committee also sees to it that efforts and hard work of employees, at all levels – Executive Directors to Staff grade - are adequately compensated. Salaries of employees are revised regularly depending however among other factors, on the capacity of the Company to pay.

The Remuneration Committee further ensures that a sense of belonging to the organisation is created among the employees and takes steps to enhance the standard of work of employees. In that connection, regular training courses are organised for the benefit of employees. Furthermore employees are sponsored in their attempts at professional and technical examinations so as to increase their knowledge and skills and thus increase their employability and their earning bargaining power.

It is worthwhile to note that G.F.A. Insurance Ltd won the MIM/MEF/AHRP Training Commitment Award in 2004. The Company was also awarded the Mauritius Business Excellence Award 2010 in the area of Leadership.

Board Committee Attendance

Directors	Corporate Governance Committee	Audit and Risk Committee	Investment Committee	Remuneration Committee
Mohammad Alaoud Ruhomutally			5 of 5	
Abdool Rahman (Abdel) Ruhomutally			5 of 5	
Ahmud Ally Beebeejaun	1 of 1	0 of 2		1 of 1
Birendranath Sowambur	1 of 1	2 of 2		1 of 1
Mohammad Ensan Hosenie	1 of 1	2 of 2		1 of 1
Kader Mungly (appointed on November 24, 2014)	N/A	0 of 2		

CORPORATE GOVERNANCE REPORT – YEAR ENDED DECEMBER 31, 2014**REMUNERATION OF DIRECTORS**

Remuneration and benefits received by the Directors from the Company during the year were as follows:

	2014 Rs	2013 Rs
Executive Directors	4,390,615	6,122,666
Non-executive & Independent Directors	3,565,709	182,800

The directors did not receive any remuneration from its subsidiary.

The Directors' remuneration is disclosed by category in view of the confidentiality and sensitivity of the information.

DIRECTORS' REMUNERATION POLICY

The Board is responsible for the remuneration strategy of G.F.A. Insurance Ltd and duties are delegated to the Remuneration Committee.

Remuneration is reviewed annually after taking cognizance of market norms and practices as well as additional responsibilities placed on Directors and senior managers. The remuneration package of the executive director consists of base salary and fringe benefits. There is no formal policy for executive directors approaching retirement and the remuneration for the executive directors approaching retirement is at the discretion of the Board of Directors.

DIRECTORS' SERVICE CONTRACTS

Mr Abdool Rahman (Abdel) Ruhomutally, Miss Najah Ruhomutally and Aadil Ruhomutally have service contracts with the Company without expiry dates. Mr Takoorpersad Seewoodoyal has a service contract which is renewed on a yearly basis. The other Directors do not have service contracts with the Company.

SHARE OPTION PLAN

The Company does not have any share option plan for its employees.

RELATED PARTY TRANSACTIONS

Please refer to Note 31 to the Financial Statements.

MANAGEMENT AGREEMENT

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

CORPORATE GOVERNANCE REPORT – YEAR ENDED DECEMBER 31, 2014**TIME TABLE OF IMPORTANT FORTHCOMING EVENTS**

Submission of audited financial statements and other returns	March 2015
Meeting of shareholders	May/June 2015
Dividend declaration and payment	April & October 2015

ETHICS

The Company has a Code of Ethics which is based on our Corporate Values which are essential for us to maintain the trust and reliability that have been earned over the years. The Code of Ethics establishes standards for behaviour and provides guidance as to ethical dilemmas and conflicts of interests faced at works.

ENVIRONMENT, HEALTH AND SAFETY

The Company encourages all initiatives towards friendly environments. In that connection, the Company is willing to go as far as possible paperless.

As regards to Health and Safety Procedure, one of the Directors being an Occupational Health and Safety Consultant, has devised a guideline which the Company is presently adhering to.

INTERNAL AUDIT

The mission of the internal audit is to provide independent, objective assurance services, designed to add value and improve the Company's operations. It derives its authority from the Board through the Audit and Risk Committee.

The scope of the Internal Auditor's work encompasses:

- Identifying risk areas and evaluating the level of risk for each risk area.
- Reviewing internal control processes and making appropriate recommendations to the Audit and Risk committee and the Management,
- Monitoring the implementation of the recommendations and reporting on these implementations to the Audit and Risk Committee.

Reporting Lines

The Internal Auditor has a direct reporting line to the Audit and Risk Committee and maintains an open and constructive communication with the Management. The Internal Auditor also has direct access to the Chairman of the Board. This structure allows the Internal Auditor to remain independent.

Coverage

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

Restrictions

The Internal Auditor has unrestricted access to the Company's accounting records, to management and to employees.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board of Directors is responsible for risk management and for the Company's systems of internal control. The Company's policy on risk management encompasses all significant business risks including physical, operational, business continuity, financial compliance and reputational which could influence the achievement of the Company's objectives.

The risk management mechanism in place includes:

- A system for the ongoing identification and assessment of risk;
- Development of strategies in respect of risks and definition of acceptable and non-acceptable levels of risk;
- Reviewing the effectiveness of the system of internal control and
- Processes to reduce or mitigate identified risks and contain them within the levels of tolerance defined by the Board.

Risk Management refers to the process used by the Company to monitor and mitigate its exposure to risk. The objective of risk management is not to eliminate risk altogether, but to reduce it to an acceptable level having regard to the objectives of the Company.

While the Board is responsible for the overall risk management and internal control systems, oversight of the Company's risk management process, with the exception of the legal risk, has been delegated to the Audit and Risk Committee.

To strengthen control, a Risk Management Framework is being implemented to:

- ensure all material risks are identified and reported to management, to the Audit and Risk Committee and to the Board
- ensure mitigation activities are developed, communicated, agreed and measured to ensure objectives are achieved
- ensure continuous identification of new risks that may arise so as to implement mitigation controls.

The following risk areas have been identified for the Company:

Insurance Risks

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

The main risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. Risks are mainly associated with the Company's underwriting, reinsurance and claims handling activities.

Motor and Liability Insurance

The Company's underwriting strategy attempts to ensure that the underwritten risks are acceptable, well priced and diversified in type. Statistics captured and analysed by computer software are extensively used to assess and review risks and the Company reserves the right not to renew policies and/or to impose deductibles.

The Company determines the extent of risks retainable and transfers, through reinsurance led by top rated reinsurers, risks in excess of its capacity. Thus, through effective proportional, excess of loss and facultative reinsurance covers, the maximum loss for a given risk that the Company may suffer in any one year is predetermined.

CORPORATE GOVERNANCE REPORT – YEAR ENDED DECEMBER 31, 2014

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

Financial Risks

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

- Credit risk
- Liquidity risk
- Market risk
- Reinsurers' default

Credit Risk

The Company's credit risk is primarily attributable to debtors including agents for insurance premium payable. The amounts presented in the Statement of Financial Position are net of allowances for doubtful receivables, estimated by the Company's management based on prior experience and the current economic environment. The Company structures the levels of its credit risk it accepts by placing limits on its exposure to a single counter party. Such risks are subject to frequent review.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to meet short-term debts. Liquidity risk is considered to be very low.

Market Risk

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

Reinsurer's Default

The Company is exposed to the possibility of default by its Reinsurers for their share of insurance liabilities and refunds in respect of claims already settled by it. Management monitors the financial strength of its Reinsurers and the Company's set procedures ensure that risks are only ceded to top-rated and credit-worthy Reinsurers.

Operational Risks

Operational risks are risks of loss/or opportunity gain foregone resulting from inadequate or failed internal processes, people and systems or from external events. These losses may be caused by one or more of the following:

CORPORATE GOVERNANCE REPORT – YEAR ENDED DECEMBER 31, 2014

Human Resources Risk

Human resource risk is the risk that the personnel responsible for managing and controlling different sectors of the organisation or a business process do not possess the requisite knowledge, skills and experience needed to ensure that critical business objectives are achieved and significant business risks are reduced to an acceptable level.

Compliance Risk

Compliance risk, also referred to as non-conformance risk, results in lower quality, higher costs, lost revenues and unnecessary delays. Non-conformance also gives rise to product/service failure risk because if not detected and corrected before a product or service is delivered to the customer, a product or performance failure could result. A Compliance Department has been set up to monitor these issues.

Business Interruption Risk

The Company's capability to continue critical operations and processes are highly dependent on availability of information technologies, skilled labour and other resources. If people with the requisite experience and skills or other critical resources were unavailable or if critical systems broke down, the Company would experience difficulty in continuing operations. A business interruption plan has been set up involving the duplication of our records and information systems on back up media which are stored. Insurance transactions are backed-up daily in branch offices and same is exported to Head Office by removable media on a weekly basis. (Each office operates independently and is not linked to a single server. Full customer service can be restored within a maximum of two hours).

Product/Service Failure Risk

During insurance operations there may be a risk of customers receiving faulty insurance policies or service. These failures would result in customer complaints, litigated claims, cancelled policies, increased claim frequency or severity. These can significantly affect the Company's reputation, profitability, future business and market share. A Customers' Complaints Handling unit has been implemented.

Health and Safety Risk

Worker health and safety risks are significant if not controlled because they can expose the Company to substantial liability in respect of workers' compensation. Non-compliance with Health and Safety Legislation may result in heavy fines. The Health and Safety Committee ensures that these risks are minimised through control, follow-up and communication procedures. The Human Resources Department ensures compliance with labour laws.

With regards to the operational risks, management is currently rating the risks by applying appropriate methods based on the recurring nature of the risk and the financial and operational impact of the risk.

Under the risk management framework that is currently being established, a priority plan of action aimed at developing and implementing mitigating controls will be prepared. Clear responsibilities and targets will be established and monitored. The overall effort to establish a risk management framework is being undertaken under the close supervision of the Audit and Risk Committee.

CORPORATE GOVERNANCE REPORT – YEAR ENDED DECEMBER 31, 2014

CORPORATE SOCIAL RESPONSIBILITY

G.F.A. Insurance Ltd has always recognised its social responsibility within the wider community in which it operates. Our Company has been actively involved in the support of social aid and sports. Consequently, the Company has established a social policy, both for the welfare of its employees and for the community, thus helping to contribute to the social and economic uplifting of the country.

A CSR committee has been formed and its mission is:

“To assist G.F.A. Insurance Ltd in its economic role as a pillar of the Mauritian society supporting its stakeholders and as an organisation committed to social responsibility, making good use of its resources in order to give Mauritian children the opportunity to grow and develop themselves within a safe environment as well as the necessary tools to face the economic challenges of tomorrow. GFA believes in the potential of the young generation and is convinced that it represents the richest and strongest resource on which all the hopes and the future of our country are built.”

Since 2010 G.F.A. Insurance Ltd made donations or sponsorships totalling nearly Rs 3.1 million to several organisations to assist and support them in their laudable social initiatives. The beneficiaries of our CSR undertakings are:

- The Humanitarian Education Liberation Project
- L'Etoile du Berger- We are only sponsoring the project for the creation of a centre for the sheltering and rehabilitation of children in distress
- Etoile d'Esperance - Association Alcool femme
- SOS Children's Village
- Mauritian Wildlife Foundation
- Le Mouvement pour L'Eradication de la Pauvreté-
- Naw-N-Sha- Club Sportif Zenfan Vallee Pitot- Housing, Food, Education & Sports
- Muslim Benevolent & Welfare Society
- Mauritius Mental Health Association
- United Skills Workers Cooperative Society Ltd
- Transparency Mauritius
- Foyer Père Laval
- Association Don Bosco of Sainte Croix
- EDYCSE
- Defenders Social and Welfare Association
- PILS
- Link to life
- Mouvement pour le progrès de Roche Bois
- Cité Martial Barbell Gym
- Gayasingh Ashram
- Plaine-Verte Judo Club
- Mauritius Employers Federation CSR Fund
- Reef Conservation
- Lizie Dan La Main
- APSA - Diabetes Care Centre
- Ti Diams
- Club Sportive Zanfan Vallée Pitot
- Rotary Club Port Louis Citadelle
- L'Etoile du Berger

CORPORATE GOVERNANCE REPORT – YEAR ENDED DECEMBER 31, 2014

- Association Des Jeunes de la Citadelle
- Islamic Centre Disabled Children
- Century Welfare Association
- Mauritius Muslim Orphanage
- Refund of nursery expenses for 2 staff
- Road safety campaign
- Funding of children care expenses

The Company believes it is its social responsibility to recruit employees from deprived areas around its Head Office (like Vallée Pitot and Tranquebar) and at the same time relieves them of the pain of encountering transport problem to and from their place of work.

CHARITABLE DONATIONS

	2014 Rs.	2013 Rs.
Charitable donations – number of recipients: 15 (2013: 2)	141,645	26,500

CONTRIBUTION TO POLITICAL PARTIES

No contribution was made to any political party during the year under review.

AUDITORS FEES

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

	2014 Rs.	2013 Rs.
BDO & Co:		
Audit fees	379,500	402,500
Review of insurance return	28,750	28,750

CORPORATE GOVERNANCE REPORT – YEAR ENDED DECEMBER 31, 2014

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors acknowledge their responsibilities for:

- (i) adequate accounting records and maintenance of effective internal control systems,
- (ii) the preparation of financial statements which fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for that year and which comply with International Financial Reporting Standards (IFRS),
- (iii) the selection of appropriate accounting policies supported by reasonable and prudent judgements.

The external auditors are responsible for reporting on whether the financial statements are fairly presented.

The Directors report that:

- (i) adequate accounting records and an effective system of internal controls and risk management have been maintained,
- (ii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently,
- (iii) International Financial Reporting Standards have been adhered to.
- (iv) the Code of Corporate Governance has been adhered to. Reasons have been provided in the Corporate Governance Report in case of non-compliance with any requirement.

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



.....
Mr. Mohammad Alaoud Ruhomutally
Chairman



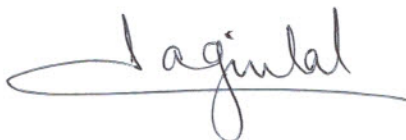
.....
Mr. Abdool Rahman (Abdel) Ruhomutally
Managing Director

Date: **19 MAR 2015**

Date: **19 MAR 2015**

SECRETARY'S CERTIFICATE - YEAR ENDED DECEMBER 31, 2014

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

A handwritten signature in black ink, appearing to read 'Jugdeo Naginlal', with a long horizontal flourish extending to the left.

COMPANY SECRETARY

Jugdeo Naginlal, F.C.C.A

Date: 19 MAR 2015

G.F.A. INSURANCE LTD AND ITS SUBSIDIARY

5

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

This report is made solely to the members of G.F.A. Insurance Ltd (the "Company"), as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Financial Statements

We have audited the group financial statements of G.F.A. Insurance Ltd and its subsidiary (the "Group") and the Company's separate financial statements on pages 6 to 63 which comprise the statements of financial position at December 31, 2014 and the statements of profit or loss, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

G.F.A. INSURANCE LTD AND ITS SUBSIDIARY

5(a)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Report on the Financial Statements (Continued)

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

Opinion

In our opinion, the financial statements on pages 6 to 63 give a true and fair view of the financial position of the Group and of the Company at December 31, 2014, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

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

We have obtained all information and explanations we have required.

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

Financial Reporting Act 2004

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

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

Insurance Act 2005

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



BDO & Co
Chartered Accountants

Port Louis,
Mauritius.

Per Georges Chung Ming Kan, F.C.C.A
Licensed by FRC

19 MAR 2015

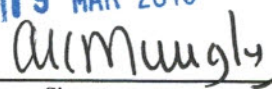
STATEMENTS OF FINANCIAL POSITION - DECEMBER 31, 2014

	Notes	THE GROUP		THE COMPANY	
		2014	2013	2014	2013
		Rs.	Rs.	Rs.	Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	5	37,580,232	37,856,811	37,443,309	37,652,162
Investment property	6	74,250,000	74,250,000	18,250,000	18,250,000
Investment in subsidiary company	8	-	-	25,000,000	15,000,000
Statutory deposits	9	8,000,000	8,000,000	8,000,000	8,000,000
Investment in financial assets	10	43,295,339	36,451,358	43,295,339	36,451,358
Fixed deposits	11	273,000,000	257,615,000	273,000,000	257,615,000
Deferred tax assets	12	2,364,629	1,985,265	20,226	-
Loans to related parties	13	475,756	1,633,100	475,756	1,633,100
		<u>438,965,956</u>	<u>417,791,534</u>	<u>405,484,630</u>	<u>374,601,620</u>
Current assets					
Trade and other receivables	14	17,232,741	13,483,223	16,967,752	13,379,723
Receivables from subsidiary company		-	-	406,714	-
Investment in financial assets	10	2,000,000	3,000,000	2,000,000	3,000,000
Loan to subsidiary company	15	-	-	-	10,751,054
Loans to related parties	13	267,336	1,876,808	267,336	1,876,808
Short-term deposits	11	54,615,000	46,000,000	54,615,000	46,000,000
Cash and cash equivalents	29(b)	34,312,529	32,546,387	33,614,554	32,324,171
		<u>108,427,606</u>	<u>96,906,418</u>	<u>107,871,356</u>	<u>107,331,756</u>
Total assets		<u>Rs. 547,393,562</u>	<u>514,697,952</u>	<u>513,355,986</u>	<u>481,933,376</u>
EQUITY AND LIABILITIES					
Capital and Reserves (attributable to owners of the parent company)					
Share capital	16	25,000,000	25,000,000	25,000,000	25,000,000
Other reserves	17	4,771,313	3,793,368	4,771,313	3,793,368
Retained earnings		238,254,325	184,171,982	211,652,277	158,059,674
		<u>268,025,638</u>	<u>212,965,350</u>	<u>241,423,590</u>	<u>186,853,042</u>
Technical provisions					
Gross outstanding claims and IBNR	19(a)	153,704,752	169,945,393	153,704,752	169,945,393
Gross unearned premiums	19(b)	82,174,847	85,557,265	82,174,847	85,557,265
		<u>235,879,599</u>	<u>255,502,658</u>	<u>235,879,599</u>	<u>255,502,658</u>
Non-current liabilities					
Borrowings	20	1,252,411	2,265,461	1,252,411	2,265,461
Retirement benefit obligations	21	14,148,700	12,032,880	14,148,700	12,032,880
Deferred tax liabilities	12	7,042,666	6,658,458	-	308,694
		<u>22,443,777</u>	<u>20,956,799</u>	<u>15,401,111</u>	<u>14,607,035</u>
Current liabilities					
Trade and other payables	22	13,871,831	17,965,207	13,478,969	17,662,703
Current tax liabilities	23(a)	5,379,445	5,185,320	5,379,445	5,185,320
Borrowings	20	1,793,272	2,122,618	1,793,272	2,122,618
		<u>21,044,548</u>	<u>25,273,145</u>	<u>20,651,686</u>	<u>24,970,641</u>
Total equity and liabilities		<u>Rs. 547,393,562</u>	<u>514,697,952</u>	<u>513,355,986</u>	<u>481,933,376</u>

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


Signature

Mohammad Alaoud Ruhomutally
Name of Director

19 MAR 2015

Signature

Abdool Kader Mungly
Name of Director

The notes on pages 12 to 63 form an integral part of these financial statements.
Auditors' report on pages 5 and 5(a).

STATEMENTS OF PROFIT OR LOSS - YEAR ENDED DECEMBER 31, 2014

	Notes	THE GROUP		THE COMPANY	
		2014	2013	2014	2013
		Rs.	Rs.	Rs.	Rs.
Gross premiums		157,508,333	161,658,139	157,508,333	161,658,139
Premium ceded to reinsurers		(8,553,511)	(10,018,475)	(8,553,511)	(10,018,475)
		148,954,822	151,639,664	148,954,822	151,639,664
Change in unearned premiums	19(b)	3,382,418	(12,706,038)	3,382,418	(12,706,038)
Net earned premiums		152,337,240	138,933,626	152,337,240	138,933,626
Gross claims paid	19(a)	89,298,194	85,638,391	89,298,194	85,638,391
Claims recovered		(14,710,739)	(16,360,346)	(14,710,739)	(16,360,346)
Movement in claims outstanding and IBNR	19(a)	(16,240,641)	1,002,000	(16,240,641)	1,002,000
Net claims incurred		58,346,814	70,280,045	58,346,814	70,280,045
Underwriting results		93,990,426	68,653,581	93,990,426	68,653,581
Commission receivable from reinsurers		1,793,349	1,524,316	1,793,349	1,524,316
Commission payable to agents		(7,658,932)	(8,178,521)	(7,658,932)	(8,178,521)
Net commissions payable		(5,865,583)	(6,654,205)	(5,865,583)	(6,654,205)
Underwriting surplus		88,124,843	61,999,376	88,124,843	61,999,376
Investment and interest income	24	23,923,591	58,432,367	22,961,287	27,345,956
Operating profit		112,048,434	120,431,743	111,086,130	89,345,332
Other income	25	10,983,718	15,108,427	10,970,118	15,102,427
		123,032,152	135,540,170	122,056,248	104,447,759
Administrative expenses	26(i)	(51,290,978)	(38,863,416)	(51,206,304)	(38,809,109)
Depreciation and amortisation	26(ii)	(3,237,982)	(3,739,446)	(3,170,256)	(3,663,362)
Profit from operations		68,503,192	92,937,308	67,679,688	61,975,288
Finance costs	27	(296,902)	(485,522)	(296,902)	(485,522)
Profit before taxation	26	68,206,290	92,451,786	67,382,786	61,489,766
Taxation	23(b)	(11,623,947)	(13,570,276)	(11,290,183)	(9,195,511)
Profit for the year	Rs.	56,582,343	78,881,510	56,092,603	52,294,255

The notes on pages 12 to 63 form an integral part of these financial statements.

Auditors' report on pages 5 and 5(a).

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - YEAR ENDED
DECEMBER 31, 2014**

	Notes	THE GROUP		THE COMPANY	
		2014	2013	2014	2013
		Rs.	Rs.	Rs.	Rs.
Profit for the year		56,582,343	78,881,510	56,092,603	52,294,255
Other comprehensive income:					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Increase in fair value of available-					
for-sale financial assets	10(a)	685,530	4,141,539	685,530	4,141,539
Reclassification adjustments on disposal					
of financial assets		292,415	(492,989)	292,415	(492,989)
<i>Items that will not be reclassified to profit or loss:</i>					
Gain on revaluation of property, plant					
and equipment	5	-	3,817,318	-	3,817,318
Income tax relating to components of other					
comprehensive income	12(b)	-	(513,198)	-	(513,198)
Other comprehensive income, net of income tax		977,945	6,952,670	977,945	6,952,670
Total comprehensive income for the year	Rs.	57,560,288	85,834,180	57,070,548	59,246,925

The notes on pages 12 to 63 form an integral part of these financial statements.

Auditors' report on pages 5 and 5(a).

STATEMENTS OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2014

THE GROUP	Note	Share capital	Revaluation surplus	Available-for-sale fair value reserve	Retained earnings	Total
		Rs.	Rs.	Rs.	Rs.	Rs.
Balance at January 1, 2014		25,000,000	4,260,120	(466,752)	184,171,982	212,965,350
Profit for the year		-	-	-	56,582,343	56,582,343
Other comprehensive income for the year		-	-	977,945	-	977,945
Total comprehensive income for the year		-	-	977,945	56,582,343	57,560,288
Dividends - 2014	28	-	-	-	(2,500,000)	(2,500,000)
Balance at December 31, 2014	Rs.	25,000,000	4,260,120	511,193	238,254,325	268,025,638
Balance at January 1, 2013		25,000,000	956,000	(4,115,302)	107,790,472	129,631,170
Profit for the year		-	-	-	78,881,510	78,881,510
Other comprehensive income for the year		-	3,304,120	3,648,550	-	6,952,670
Total comprehensive income for the year		-	3,304,120	3,648,550	78,881,510	85,834,180
Dividends - 2013	28	-	-	-	(2,500,000)	(2,500,000)
Balance at December 31, 2013	Rs.	25,000,000	4,260,120	(466,752)	184,171,982	212,965,350

The notes on pages 12 to 63 form an integral part of these financial statements.
Auditors' report on pages 5 and 5(a).

STATEMENTS OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2014

THE COMPANY	Note	Share capital	Revaluation surplus	Available-for-sale fair value reserve	Retained earnings	Total
		Rs.	Rs.	Rs.	Rs.	Rs.
Balance at January 1, 2014		25,000,000	4,260,120	(466,752)	158,059,674	186,853,042
Profit for the year		-	-	-	56,092,603	56,092,603
Other comprehensive income for the year		-	-	977,945	-	977,945
Total comprehensive income for the year		-	-	977,945	56,092,603	57,070,548
Dividends - 2014	28	-	-	-	(2,500,000)	(2,500,000)
Balance at December 31, 2014	Rs.	25,000,000	4,260,120	511,193	211,652,277	241,423,590
Balance at January 1, 2013		25,000,000	956,000	(4,115,302)	108,265,419	130,106,117
Profit for the year		-	-	-	52,294,255	52,294,255
Other comprehensive income for the year		-	3,304,120	3,648,550	-	6,952,670
Total comprehensive income for the year		-	3,304,120	3,648,550	52,294,255	59,246,925
Dividends - 2013	28	-	-	-	(2,500,000)	(2,500,000)
Balance at December 31, 2013	Rs.	25,000,000	4,260,120	(466,752)	158,059,674	186,853,042

The notes on pages 12 to 63 form an integral part of these financial statements.
Auditors' report on pages 5 and 5(a).

STATEMENTS OF CASH FLOWS - YEAR ENDED DECEMBER 31, 2014

		THE GROUP		THE COMPANY	
	Notes	2014	2013	2014	2013
		Rs.	Rs.	Rs.	Rs.
Cash flows from operating activities					
Cash generated from operations	29(a)	23,665,541	57,207,648	22,855,572	56,374,592
Interest paid		(296,902)	(485,522)	(296,902)	(485,522)
Tax paid	23(a)	(11,424,978)	(6,137,872)	(11,424,978)	(6,137,872)
Net cash generated from operating activities		11,943,661	50,584,254	11,133,692	49,751,198
Cash flows from investing activities					
Purchase of property, plant and equipment		(3,217,320)	(3,318,989)	(3,217,320)	(3,225,974)
Proceeds from sale of property, plant and equipment		256,000	-	256,000	-
Purchase of investment in financial assets	10	(14,848,924)	(9,091,612)	(14,848,924)	(9,091,612)
Proceeds from disposal of financial assets		9,814,914	2,635,332	9,814,914	2,635,332
Dividends received		2,039,006	1,506,567	2,039,006	1,506,567
Proceeds from maturity of deposits		44,000,000	63,900,000	44,000,000	63,900,000
Additions to deposits		(68,000,000)	(136,500,000)	(68,000,000)	(136,500,000)
Interest received		20,854,385	17,883,470	20,844,255	17,880,721
Repayment of loans to subsidiary company	15	-	-	344,340	620,000
Loans to related parties	13	-	(2,200,000)	-	(2,200,000)
Repayment of loans to related parties	13	2,766,816	1,490,092	2,766,816	1,490,092
Net cash used in investing activities		(6,335,123)	(63,695,140)	(6,000,913)	(62,984,874)
Cash flows from financing activities					
Finance lease principal payments		(2,122,580)	(1,713,357)	(2,122,580)	(1,713,357)
Dividends paid	28	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)
Net cash used in financing activities		(4,622,580)	(4,213,357)	(4,622,580)	(4,213,357)
Increase/(decrease) in cash and cash equivalents Rs.		985,958	(17,324,243)	510,199	(17,447,033)
Movement in cash and cash equivalents					
At January 1,		32,546,387	49,870,630	32,324,171	49,771,204
Increase/(decrease)		985,958	(17,324,243)	510,199	(17,447,033)
At December 31,	29(b)	33,532,345	32,546,387	32,834,370	32,324,171

The notes on pages 12 to 63 form an integral part of these financial statements.

Auditors' report on pages 5 and 5(a).

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

1. GENERAL INFORMATION

G.F.A. Insurance Ltd is a private limited company incorporated in Mauritius and is engaged in General (Non-life) Insurance Business. Its registered address is 16, Frère Felix de Valois St, Champs de Mars, Port Louis. Its principal place of business is at its head office at Port Louis. The Company also has branches at Rivière du Rempart, Triolet, Terre Rouge, Goodlands, Quatre-Bornes, Rose-Hill, Flacq, Rivière des Anguilles, Rose Belle and Mahebourg.

These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of shareholders of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(i) Basis of preparation

The financial statements of G.F.A. Insurance Ltd comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements include the consolidated financial statements of the parent company and its subsidiary (the Group) and the separate financial statements of the parent company (the Company).

Where necessary, comparative figures have been amended to conform with change in presentation and disclosure in the current year. The financial statements are prepared under the historical cost convention, except that:

- (a) freehold land and buildings are carried at revalued amounts;
- (b) investment property is stated at fair value.
- (c) available-for-sale financial assets and relevant financial assets and liabilities are stated at their fair values; and
- (d) held-to-maturity investments, loans and receivables and relevant financial assets and financial liabilities are carried at amortised cost.

Amendments to published Standards and Interpretations effective in the reporting period

Amendments to IAS 32, 'Offsetting Financial Assets and Financial Liabilities', clarify the requirements relating to the offset of financial assets and financial liabilities. The amendment is not expected to have any impact on the Group's financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 27, 'Investment Entities', define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities. As the Company is not an investment entity, the standard has no impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(i) Basis of preparation (cont'd)*****Amendments to published Standards and Interpretations effective in the reporting period (cont'd)***

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what obligating event that gives rise to pay a levy and when should a liability be recognised. The Company is not subject to levies so the interpretation has no impact on the Group's financial statements.

Amendments to IAS 36, 'Recoverable Amount Disclosures for Non- financial Assets', remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated. The amendment has no impact on the Group's financial statements.

Amendments to IAS 39, 'Novation of Derivatives and Continuation of Hedge Accounting', provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness. The amendment has no impact on the Group's financial statements.

Annual Improvements 2010-2012 Cycle

IFRS 13 (Amendment), 'Fair Value Measurement' clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has no impact on the Group's financial statements.

Annual Improvements 2011-2013 Cycle

IFRS 1 (Amendment), 'First-time Adoption of International Financial Reporting Standards' clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. The amendment has no impact on the Group's financial statements, since the Group is an existing IFRS preparer.

Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2015 or later periods, but which the Group has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

IFRS 9 Financial Instruments

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(i) Basis of preparation (cont'd)***Standards, Amendments to published Standards and Interpretations issued but not yet effective (cont'd)*

Annual Improvements to IFRSs 2010-2012 cycle

Annual Improvements to IFRSs 2011-2013 cycle

IFRS 14 Regulatory Deferral Accounts

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

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

IFRS 15 Revenue from Contract with Customers

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)

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

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

Annual Improvements to IFRSs 2012-2014 Cycle

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

Disclosure Initiative (Amendments to IAS 1)

Where relevant, the Group is still evaluating the effect of these Standards, amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

(ii) Insurance contracts

Insurance contracts are those contracts that transfer significant insurance risk at the inception of the contract. Such contracts remain insurance contracts until all rights and obligations are extinguished or expire. Insurance risk is transferred when the Group agrees to compensate a policyholder if a specified uncertain event adversely affects the policyholder. The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect. Contracts not considered to be insurance contracts under IFRS are classified as investment contracts. The Group does not issue any investment contracts.

The Group issues short-term insurance contracts as follows:

Short-term insurance contracts are issued in the following classes of business : Motor, Fire and Allied Perils, Marine, Personal Accident, Public Liability, Professional Indemnity and Directors' and Officers' liability and Miscellaneous. These contracts insure the policyholder for damage suffered to property or goods, for value of property and equipment lost or damaged, losses or expenses incurred, sickness and loss of earnings resulting from occurrence of the insured event.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(iii) Reinsurance contracts**

The Group assumes and cedes reinsurance in the normal course of business. Premiums and claims on reinsurance assumed (inward facultative reinsurance) are recognised in profit or loss on the same basis as direct business. Reinsurance ceded may be in respect of a single policy, i.e., a facultative arrangement or for multiple policies as in treaties.

Treaties provide either proportional (as in quota share or surplus) or non-proportional coverage (as in excess-of-loss). Proportional treaties provide for sharing of the insurance premiums and the associated losses in designated proportions between the Group and the Reinsurer. Each group of policies so affected is defined by the reinsurance contract.

For non-proportional treaties, premiums are not ceded but instead an excess-of-loss premium is payable to the Reinsurer for protection of losses in excess of the Group's loss retention limit which is the amount of total insured loss that the Group agrees to absorb or bear prior to application of the reinsurance.

Any gains and losses on buying reinsurance are recognised immediately in profit or loss and are not subject to amortisation. Premiums ceded and claims reimbursed are presented on a gross basis in the statements of profit or loss and the statements of financial position as appropriate.

Reinsurance assets primarily include balances due from both insurance and reinsurance companies for ceded insurance liabilities. Amounts recoverable from Reinsurers are estimated in a manner consistent with the outstanding claims provisions or settled claims associated with the reinsured policies and in accordance with the relevant reinsurance contract.

Reinsurance liabilities are primarily amounts due to Reinsurers for premiums ceded and for excess-of-loss premiums payable.

If a reinsurance asset is impaired, the Group reduces the carrying amount accordingly, and will immediately recognise the impairment loss in profit or loss. A reinsurance asset will be deemed to be impaired if there is objective evidence, as a result of an event that occurred after initial recognition of the asset, that the Group may not receive all amounts due to it under the terms of the contract, and that the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(iv) Short-term insurance (General Business)

- **Revenue Recognition - Earned Premiums**

General insurance premiums written reflect business incepted during the year. Premiums written are recognised as revenue over the period of the contract, calculated on the basis of the 365th method.

- **Provision for Unearned Premiums (General Business)**

The provision for unearned premiums represents the portion of premiums written relating to periods of insurance risks subsequent to the end of reporting date computed on same time basis as for earned premiums. The movement on the provision is taken to profit or loss in order that revenue is recognised over the period of the risk.

- **Claims incurred**

Claims incurred comprise claims and claims handling costs paid in the year and changes in the provision of outstanding claims including provision for claims incurred but not reported (IBNR) and related expenses together with any adjustments to claims of prior years. Claims handling costs include internal and external costs incurred in connection with the negotiation and settlement of claims. Internal costs include all direct external expenses of the claims department.

- **Outstanding claims provision**

Outstanding claims provision represents the estimated ultimate cost of settling all claims arising from events which have occurred up to the end of the reporting period, including provision for claims incurred but not reported (IBNR). It includes related expenses and a deduction for the expected value of salvage and subrogation. The Group does not discount its liabilities for unpaid claims.

Significant delays can be expected in the notification and settlement of certain claims, the ultimate cost of which cannot therefore be known with certainty at the end of the reporting period. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposure and that the provision is determined using best estimates of claims development patterns, forecast inflation and settlement of claims.

However, given the uncertainty in establishing claims provision, it is likely that the outcome will prove to be different from the original liability established. Differences between the estimated cost and subsequent settlement of claims are recognised in profit or loss in the year in which they are settled or in which the provisions for claims outstanding are re-estimated.

Salvage and subrogation reimbursements

Salvage is the equitable right of the Group to the residual value of property for which it has paid a total loss. When the Group compensates an insured due to a loss caused by a third party, it is subrogated to the right of the insured to be compensated by that third party.

Estimates of salvage and subrogation are taken into consideration while calculating provisions for outstanding claims. The salvage property and subrogation reimbursements are recognised in other assets when the liabilities are settled. Allowance for salvage is the amount that can reasonably be recovered from the disposal of property whereas the subrogation allowance is the assessment of the amount that can be recovered from the action against the liable third party.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(v) Other revenue recognition**

Other revenues are recognised as follows:

- Brokerage and commission receivable - as it accrues in accordance with the substance of the relevant agreements.
- Interest income - on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate, and continues unwinding the discount as interest income.
- Dividend income - when the shareholder's right to receive payment is established.

(vi) Liability Adequacy Test

- *Short-term insurance*

At the end of each reporting period, the Group reviews its unexpired risk and carries out a liability adequacy test for any overall excess of expected claims over unearned premiums using the current best estimates of future cash flows under its contracts after taking into account the investment returns expected to arise on assets backing such liabilities. Any deficiency is immediately recognised in profit or loss and a provision is established in the statement of financial position (the unexpired risk provision).

(vii) Property, plant and equipment

Land and buildings, are stated at their fair value, based on periodic, but at least triennial valuations, by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditures that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Increases in the carrying amount arising on revaluation are credited to other comprehensive income and shown as revaluation surplus in shareholders' equity. Decreases that offset previous increases of the same asset are charged against revaluation surplus directly in equity; all other decreases are charged to profit or loss.

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

Freehold Building	2% p.a.
Improvement to Building	10% p.a.
Motor Vehicles	20% p.a.
Fixtures and Fittings	10% p.a.
Office Equipment	20% p.a.

Land is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(vii) Property, plant and equipment (cont'd)**

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in profit or loss in other income. On disposal of revalued assets, the amounts included in revaluation surplus are transferred to retained earnings.

(viii) Investment property

Investment property, held to earn rentals/or for capital appreciation or both and not occupied by the Group are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value, representing open-market value determined by external valuers. Changes in fair values are included in profit or loss as part of other income.

(ix) Intangible assets*Computer software*

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised over their estimated useful lives (5 years).

(x) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(xi) Investment in subsidiaries*Separate financial statements of the investor*

In the separate financial statements of the investor, investment in subsidiary company is carried at cost. The carrying amount is reduced to recognise any impairment in the individual value of the investment.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(xi) Investment in subsidiaries (cont'd)***Consolidated financial statements*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss as a bargain purchase gain.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. The subsidiaries have consistently applied all the policies adopted by the Group.

Disposal of subsidiary

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(xii) Financial instruments****(i) Financial assets*****Categories of financial assets***

The Group classifies its financial assets in the following categories : loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired.

Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money or services directly to a debtor with no intention of trading the receivable. They are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised costs using the effective interest method, less any impairment. They are included in current assets when maturity is within twelve months after the end of the reporting period or non-current assets for maturities greater than twelve months.

(b) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Held-to-maturity investments are recognised initially at fair value plus directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the end of the reporting period.

Initial measurement

Purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially measured at fair value plus transaction costs.

Subsequent measurement

Available-for-sale financial assets are subsequently carried at their fair values.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(xii) Financial instruments (cont'd)

(i) Financial assets (cont'd)

(c) Available-for-sale financial assets (cont'd)

Subsequent measurement (cont'd)

Unrealised gains and losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised in other comprehensive income. When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in profit or loss as gains and losses on financial assets.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flows analysis, and option pricing models refined to reflect the issuer's specific circumstances.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of financial assets classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in equity, is removed from and recognised in profit or loss.

If the fair value of a previously impaired debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed and the reversal recognised in profit or loss. Impairment losses for an investment in an equity instrument are not reversed.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(xii) Financial instruments (cont'd)****(i) Financial assets (cont'd)****(d) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognised in profit or loss.

The carrying amounts of trade receivables are assumed to approximate their fair values.

(e) Trade and other payables

Trade payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

(f) Borrowings

Borrowings are recognised initially at fair value being their issue proceeds net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

(g) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of 3 months or less. Bank overdrafts are shown within borrowings in current liabilities in the statements of financial position.

(h) Share capital

Ordinary shares are classified as equity.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(xiii) Current and deferred income tax**

The tax expense for the period comprises of current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax

The current income tax charge is based on taxable income for the year calculated on the basis of tax laws enacted or substantively enacted by the end of the reporting period.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting or taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting date and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

For the purpose of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodies in the investment property over time, rather than through sale.

(xiv) Retirement benefit obligations

The net present value of gratuity on retirement payable under the Employment Rights Act 2008 is calculated and provided for. The obligations arising under this item are not funded.

(xv) Leases

- (a) Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(xv) Leases (cont'd)****(b) Accounting for leases - where Group is the lessee**

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss.

(c) Operating leases

Assets leased out under operating leases are included in investment property in the statements of financial position. Rental income is recognised on a straight line basis over the lease term.

(xvi) Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are declared.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS

The Group's activities expose it to a variety of insurance and financial risks.

The following describes the Group's significant risks factors together with risks management policies applicable.

3.1 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the claim results. By the very nature of an insurance contract, this risk is fortuitous and therefore unpredictable.

The principal risks that the Group faces under its insurance contracts are that the contracts will be under-priced or under-reserved.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This may occur if the frequency or severity of claims and benefits payable are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

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

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

(i) Short term insurance**(a) *Insurance liabilities***

General insurance risk arises from:

- fluctuations in the timing, frequency and severity of claims and claims settlements relative to expectations;
- unexpected claims arising from a single source, inaccurate pricing of risks when underwritten;
- inadequate reinsurance protection or other risk transfer techniques;
- inadequate reserves; and
- inflation due to the long term period typically required to settle some claims.

The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk and industry.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.1 Insurance risk (cont'd)

(i) Short term insurance (cont'd)(a) *Insurance liabilities (cont'd)*

Underwriting measures are in place to enforce appropriate risk selection criteria and performance of individual insurance policies are reviewed by management. The Group has the right not to renew individual policies, impose deductibles and reject fraudulent claims. The Group has underwriting limits by the type of risks and by industry. Claims development and provisioning levels are closely monitored.

Reinsurance arrangements in place include proportional, excess-of-loss and catastrophe coverage. The effect of such reinsurance arrangements is that the Group would not suffer total net insurance losses of more than a predetermined amount in any one year.

(b) *Concentration of insurance risk*

The concentration of insurance risk before and after reinsurance by class of business is summarised below:

THE GROUP AND THE COMPANY						
Outstanding claims						
Class of Business	2014			2013		
	No. of	Gross	Net	No. of	Gross	Net
	claims			claims		
		Rs.	Rs.		Rs.	Rs.
Motor	3,880	124,171,246	124,171,246	3,382	142,612,925	142,612,925
Liability	17	14,587,103	14,587,103	11	10,495,250	10,495,250
Guarantee	-	-	-	1	1,500,000	1,500,000
Property	9	389,075	389,075	3	579,200	579,200
Transportation	3	353,700	353,700	1	103,700	103,700
Accident and health	2	51,000	51,000	3	52,318	52,318
Engineering	2	109,000	109,000	1	9,000	9,000
	<u>3,913</u>	<u>139,661,124</u>	<u>139,661,124</u>	<u>3,402</u>	<u>155,352,393</u>	<u>155,352,393</u>
IBNR			<u>14,043,628</u>			<u>14,593,000</u>
			<u>153,704,752</u>			<u>169,945,393</u>

The Group has proper procedures in place to identify, quantify and manage risk exposure by classes of business. There are policies for underwriting, claims handling, reinsurance and reserving that operate within the Group's risk management framework to ensure that accumulated exposures are contained within the limits of the risk appetite of the Group.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.1 Insurance risk (cont'd)

(i) Short term insurance (cont'd)(c) *Sources of uncertainty*

Claims are payable either on "claims-occurrence" basis which is the most common form or on a "claims-made" basis, which comprise mainly insurance contracts issued for 'professional indemnity and Directors' and Officers' liability'.

Under the 'claims-made' basis, the Group is liable for losses discovered within a specific underwriting year even if the adverse event happened prior to that year. For the 'claim-occurrence' basis, the Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, claims may be settled over a long period of time and a larger element of the claims provision relates to incurred but not reported (IBNR) claims. Claims can be either long tail or short tail. Short tail claims are settled within a short time and the Group's estimation processes reflect with a higher degree of certainty all factors that may influence amount and timing of future cash outflows. For long tail claims, the estimation process is more uncertain and depends largely on external factors such as judicial decision and legislation, levels of claims, inflation and economic conditions.

The estimated costs of claims include direct expenses to be incurred in settling claims, net of subrogation and salvage recoveries.

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

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

(i) **Short term insurance (cont'd)**

The table below shows the development of claims, for the Group and the Company, over the previous ten years to December 31, 2014 on a gross and net of reinsurance basis.

	23,970,976	32,263,201	34,167,889	40,343,620	41,249,421	61,831,739	64,713,951	75,942,652	83,047,354	96,718,838	83,643,779	637,893,420
Current estimate of cumulative claims	(23,488,353)	(29,434,644)	(30,885,950)	(35,378,534)	(36,527,719)	(45,298,751)	(59,016,890)	(57,848,301)	(67,633,534)	(72,242,522)	(56,344,293)	(514,099,491)
Less: Cumulative payments to date												
Liability recognised in the statements of financial position	482,623	2,828,557	3,281,939	4,965,086	4,721,702	16,532,988	5,697,061	18,094,351	15,413,820	24,476,316	27,299,486	123,793,929
Liability in respect of prior years												377,317
Liability in respect of non-motor claims												15,489,878
Incurring but not reported (IBNR)												14,043,628
												153,704,752

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)**3.1 Insurance risk (cont'd)****(ii) Reinsurance strategy**

Reinsurance purchases are reviewed annually to verify that the levels of protection being bought reflect any developments in exposure and risk appetite of the Group. The basis of these purchases is underpinned by extensive financial modelling and actuarial analysis to optimise the cost and risk management benefits.

Probabilistic models are used to develop and test scenarios using the Group's data to determine potential losses and appropriate levels of reinsurance protection. Reinsurance is placed with top-rated Reinsurers who meet the Group's counterparty security requirements.

3.2 Financial risk factors

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

The main financial risks to which the Group is exposed are:

- Credit risk
- Interest rate risk
- Market risk
- Liquidity risk

Credit risk

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations. The Group's credit risk is primarily attributable to its receivables, namely:

- reinsurer's share of insurance liabilities;
- amount due from reinsurers in respect of claims already paid;
- amount due from insurance contract holders; and
- amount due from insurance intermediaries.

The amount presented in the statements of financial position are net of allowances for doubtful receivables, estimated by management based on prior experience and the current economic environment.

The Group has no significant concentration of credit risk in respect of its insurance business with exposure spread over a large number of clients, agents and brokers.

The Group assesses the credit worthiness of brokers, agents and of contract holders based on details of recent payment history, past experience and by taking into account their financial position.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.2 Financial risk factors (cont'd)

Credit risk (cont'd)Reinsurance credit exposure

The Group is however exposed to concentrations of risks with respect of their reinsurers due to the nature of the reinsurance market and the restricted range of reinsurers that have acceptable credit ratings. The Group is exposed to the possibility of default by its reinsurers for their share of insurance liabilities and refunds in respect of claims already paid.

Management also monitors the financial strength of its reinsurers and the Group has policies in place to ensure that risks are ceded to top-rated and credit worthy reinsurers only. The credit worthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

The following table provides information regarding the carrying value of financial assets that have been impaired and the ageing of the financial assets.

THE GROUP

	Neither past due nor impaired Rs.	Financial assets that are past due				Financial assets that have been impaired Rs.	Carrying amount at year end Rs.
		1mth-3mth Rs.	3mth-6mth Rs.	6mth-1yr Rs.	>1 yr Rs.		
<u>December 31, 2014</u>							
- Trade and other receivables	17,232,741	-	-	72,078	323,680	(395,758)	17,232,741
- Other financial assets	415,965,960	-	-	-	-	-	415,965,960
<u>December 31, 2013</u>							
- Trade and other receivables	6,803,757	6,679,466	174,567	16,801	204,390	(395,758)	13,483,223
- Other financial assets	387,122,653	-	-	-	-	-	387,122,653

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.2 Financial risk factors (cont'd)

Credit risk (cont'd)

The following table provides information regarding the carrying value of financial assets that have been impaired and the ageing of the financial assets.

THE COMPANY

	Neither past due nor impaired	Financial assets that are past due				Financial assets that have been impaired	Carrying amount at year end
		1mth-3mth	3mth-6mth	6mth-1yr	>1 yr		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<u>December 31, 2014</u>							
- Trade and other receivables	16,967,752	-	-	72,078	323,680	(395,758)	16,967,752
- Other financial assets	415,674,699	-	-	-	-	-	415,674,699
<u>December 31, 2013</u>							
- Trade and other receivables	6,700,257	6,832,380	21,653	16,801	204,390	(395,758)	13,379,723
- Other financial assets	397,651,491	-	-	-	-	-	397,651,491

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.2 Financial risk factors (cont'd)

Interest rate risk

Interest rate risk arises from the Group's loans and receivables, investments in fixed income securities (Held-to-Maturity Investments), bank balances and deposits which are exposed to fluctuations in interest rates. Exposure to interest rate risk on short term business is monitored by management through a close matching of assets and liabilities. The impact of exposure to sustained low interest rates is also regularly monitored. This risk is closely monitored by management through a well diversified portfolio of fixed income securities and equity investments.

Short term insurance liabilities are not directly sensitive to the level of market interest rates as they are undiscounted and contractually non-interest bearing. However, due to the time value of money and the impact of interest-rates on the level of bodily injury related claims incurred by certain insurance contract holders, a reduction for interest rates would normally produce a higher insurance liability. The Group reviews its estimation in respect of these claims on a regular basis and ensures that adequate cash flow is available at all times.

Sensitivity

The impact on the Group's and Company's results had interest rates varied by plus or minus 1% would have been as follows:

	Impact on results	
	THE GROUP	THE COMPANY
	±1%	±1%
<u>At December 31, 2014</u>	Rs.	Rs.
- Held-to-maturity investments	52,849	52,849
- Bank balances and deposits	3,827,105	3,821,316
<u>At December 31, 2013</u>	Rs.	Rs.
- Held-to-maturity investments	28,732	28,732
- Bank balances and deposits	3,442,854	3,441,287

Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The carrying amount of investments whose shares are traded on the market may be subject to variations. This risk is mitigated as the Group holds a diversified portfolio of investments in Mauritius.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.2 Financial risk factors (cont'd)

Market risk (cont'd)**Equity price risk**

The Group is subject to price risk due to daily changes in the market values of its equity securities portfolio. Equity price risk is actively managed in order to mitigate anticipated unfavourable market movements. In addition, local insurance regulations set out the capital required for risks associated with type of assets held, investments above a certain concentration limit, policy liabilities risks, catastrophes risks and reinsurance ceded.

The Group does not have material holdings in unquoted equity securities. Management actively monitors equity assets owned directly by the Group as well as concentrations of specific equity holdings. Equity price risk is also mitigated as the Group holds diversified portfolios of local and foreign investments in various sectors of the economy.

Sensitivity

The impact on the Group's and Company's shareholders' equity had the equity market values increased/decreased by 10% with other assumptions left unchanged would have been as follows:

	Impact on Shareholders' equity
	±10%
At December 31, 2014	Rs.
- Available-for-sale financial assets	3,829,534
At December 31, 2013	
- Available-for-sale financial assets	3,445,136

Liquidity risk

The Group has strong liquidity positions and liquidity risk is considered to be low since the Group maintains an adequate level of cash resources or assets that are readily available on demand. Through the application of the liquidity management policy, the Group seeks to maintain sufficient financial resources to meet its obligations as they fall due.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.2 Financial risk factors (cont'd)

Liquidity risk (cont'd)

The table below analyses the Group's and the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

THE GROUP

	Less than 1 year Rs.	Between 1 and 2 years Rs.	Between 2 and 5 years Rs.	Total Rs.
<u>At December 31, 2014</u>				
Borrowings	1,793,272	1,099,940	152,471	3,045,683
Trade and other payables	13,871,831	-	-	13,871,831
	<u>15,665,103</u>	<u>1,099,940</u>	<u>152,471</u>	<u>16,917,514</u>
<u>At December 31, 2013</u>				
Borrowings	2,122,618	1,013,088	1,252,373	4,388,079
Trade and other payables	17,965,207	-	-	17,965,207
	<u>20,087,825</u>	<u>1,013,088</u>	<u>1,252,373</u>	<u>22,353,286</u>

THE COMPANY

	Less than 1 year Rs.	Between 1 and 2 years Rs.	Between 2 and 5 years Rs.	Total Rs.
<u>At December 31, 2014</u>				
Borrowings	1,793,272	1,099,940	152,471	3,045,683
Trade and other payables	13,478,969	-	-	13,478,969
	<u>15,272,241</u>	<u>1,099,940</u>	<u>152,471</u>	<u>16,524,652</u>
<u>At December 31, 2013</u>				
Borrowings	2,122,618	1,013,088	1,252,373	4,388,079
Trade and other payables	17,662,703	-	-	17,662,703
	<u>19,785,321</u>	<u>1,013,088</u>	<u>1,252,373</u>	<u>22,050,782</u>

3.3 Capital risk management

The main objectives of the Group when managing capital are:

- to comply with the Minimum Capital Requirements of the Insurance Act 2005 and the Insurance Rules and Regulations 2007.

This is a risk based capital method of measuring the minimum amount appropriate for the Group to support its overall business operations on consideration of its size and risk profile. The calculation is based on applying capital factors to amongst others, the Group's assets, outstanding claims, unearned premium liability and assets above a certain concentration limit.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)**3.3 Capital risk management (cont'd)**

- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for its policyholders.
- to provide an adequate return to shareholders by pricing insurance contracts and other services commensurately with the level of risk.

The Insurance Act 2005 specifies the amount of capital that must be held in proportion to the Company's liabilities, i.e. in respect of outstanding claim liability risk, unearned premium liability risk, investment risk, catastrophe risk and reinsurance ceded.

For the year ended December 31, 2014, the Company has satisfied the minimum capital requirement.

3.4 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity investments classified as trading securities or available-for-sale.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1 Insurance Contracts

The estimation of the ultimate liabilities arising under insurance contracts is the Group's most critical accounting estimate. Liabilities include outstanding claims provision (including IBNR), liabilities for unearned premiums and long-term benefits payable. In addition to the inherent uncertainty when estimating liabilities, there is also uncertainty as regard the eventual outcome of claims. As a result, the Group applies estimation techniques to determine appropriate provisions.

(i) Short-term insurance**(a) *Estimates of insurance liabilities***

Outstanding claims provisions are determined based upon previous claims experience, knowledge of events, the terms and conditions of the relevant policies and on interpretation of circumstances. The approach also includes consideration of the development of loss payment trends, the levels of unpaid claims, legislative changes, judicial decisions and economic conditions.

Where possible, the Group adopts multiple techniques to estimate the required level of provision which also assists in giving greater understanding of the trends, inherent in the data being projected. The Group's estimates of losses and loss expenses are reached after a number of different bases to determine these provisions. Methods include:

- Development of previously settled claims where payments to date are extrapolated.
- Notified claims development, where notified claims to date for each year are extrapolated based upon observed development of earlier years.
- Expected loss ratios.

Large claims impacting each relevant business class are generally assessed separately, being measured either at the face value of the loss adjusters' estimates, or based on management's experience.

Provisions are calculated gross of reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from Reinsurers based upon the gross provisions and having due regard to collectability.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)**4.1 Insurance Contracts (cont'd)****(i) Short-term insurance (cont'd)****(a) *Estimates of insurance liabilities (cont'd)***

Estimation techniques for the determination of insurance liabilities involve obtaining corroborative evidence from as wide a range of sources as possible and combining these to form the overall estimate.

The degree of uncertainty under insurance contracts varies by policy class according to the characteristics of the insured risk. There may be significant reporting lags between the occurrence of the insured event and the reporting date to the Group, there may also be uncertainty as to the magnitude and timing of the settlement of the claim. Factors that contribute to uncertainty include inflation, inconsistent judicial interpretations and court judgements. The establishment of insurance liabilities is an inherently uncertain process and as a consequence of this uncertainty, the eventual cost of settlement of outstanding claims can vary substantially from initial estimates, especially for long tail business. The Group seeks to provide appropriate levels of claims provision taking known facts and experience into account. The Group did not change its assumptions used to measure insurance liabilities and assets.

The Group believes that the liability for claims carried at year end is adequate.

(b) *Sensitivity analysis*

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

4.2 Reinsurance

The Group is exposed to disputes on, and defects in, contract wordings and the possibility of default of its Reinsurers. The Group monitors the financial strength of their Reinsurers. Allowance will be made in the financial statements for non-recoverability in case of Reinsurer's default.

4.3 Held-to-maturity investments

The Group follows the guidance of International Accounting Standard (IAS) 39, "*Financial Instruments: Recognition and Measurement*" on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity.

If the Group fails to keep these investments to maturity other than for specific circumstances explained in IAS 39, it will be required to reclassify the whole class as available-for-sale. The investments would therefore be measured at fair value not amortised cost.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)**4.4 Impairment of available-for-sale financial assets**

The Group follows the guidance of IAS 39 on determining when an investment is other-than-temporarily impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

4.5 Limitation of sensitivity analysis

The sensitivity analysis demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should be noted that these sensitivities are non-linear and larger or smaller impacts should be interpolated or extrapolated from these results.

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

4.6 Revaluation of property, plant and equipment and investment property

The Group carries its investment property at fair value, with changes in fair value being recognised in profit or loss. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The Group engaged independent valuation specialist to determine fair value on December 23, 2013.

The determined fair value of the investment property is most sensitive to the estimated yield as well as long term vacancy rate. The key assumptions used to determine the fair value of the investment property are further explained in Note 6.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

5. PROPERTY, PLANT AND EQUIPMENT

(a) THE GROUP(i) 2014

COST OR VALUATION

	Freehold Land	Freehold Building	Improvement to Building	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At January 1, 2014	10,000,000	18,000,000	3,002,416	12,930,899	3,374,915	6,367,368	53,675,598
Additions	-	-	967,708	1,335,501	141,184	772,927	3,217,320
Disposals	-	-	-	(3,033,700)	-	-	(3,033,700)
At December 31, 2014	-	-	3,970,124	11,232,700	3,516,099	7,140,295	25,859,218
- Cost	10,000,000	18,000,000	-	-	-	-	28,000,000
- Valuation	10,000,000	18,000,000	3,970,124	11,232,700	3,516,099	7,140,295	53,859,218
DEPRECIATION							
At January 1, 2014	-	-	150,437	8,581,948	2,264,563	4,821,839	15,818,787
Charge for the year	-	360,000	374,585	1,733,491	191,734	578,172	3,237,982
Disposal adjustment	-	-	-	(2,777,783)	-	-	(2,777,783)
At December 31, 2014	-	360,000	525,022	7,537,656	2,456,297	5,400,011	16,278,986
NET BOOK VALUE							
At December 31, 2014	Rs. 10,000,000	17,640,000	3,445,102	3,695,044	1,059,802	1,740,284	37,580,232

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) <u>THE GROUP</u>	Freehold Land Rs.	Freehold Building Rs.	Improvement to Building Rs.	Motor Vehicles Rs.	Furniture & Fittings Rs.	Office Equipment Rs.	Total Rs.
(ii) <u>2013</u>							
COST OR VALUATION							
At January 1, 2013	9,604,000	15,413,000	382,423	12,930,899	3,108,794	5,754,493	47,193,609
Additions	-	-	2,439,993	-	266,121	612,875	3,318,989
Transfer from investment property							
(note 6)	-	(100,000)	180,000	-	-	-	80,000
Revaluation surplus (note 17)	396,000	2,687,000	-	-	-	-	3,083,000
At December 31, 2013							
- Cost	-	-	3,002,416	12,930,899	3,374,915	6,367,368	25,675,598
- Valuation	10,000,000	18,000,000	-	-	-	-	28,000,000
	10,000,000	18,000,000	3,002,416	12,930,899	3,374,915	6,367,368	53,675,598
DEPRECIATION							
At January 1, 2013	-	495,665	13,083	5,995,768	2,073,410	4,248,732	12,826,658
Charge for the year	-	245,120	130,887	2,586,180	191,153	573,107	3,726,447
Transfer	-	(6,467)	6,467	-	-	-	-
Revaluation surplus (note 17)	-	(734,318)	-	-	-	-	(734,318)
At December 31, 2013	-	-	150,437	8,581,948	2,264,563	4,821,839	15,818,787
NET BOOK VALUE							
At December 31, 2013	Rs. 10,000,000	18,000,000	2,851,979	4,348,951	1,110,352	1,545,529	37,856,811

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) THE COMPANY(i) 2014

COST OR VALUATION

At January 1, 2014	10,000,000	18,000,000	2,909,401	12,930,899	3,280,788	6,067,530	53,188,618
Additions	-	-	967,708	1,335,501	141,184	772,927	3,217,320
Disposals	-	-	-	(3,033,700)	-	-	(3,033,700)
At December 31, 2014	-	-	3,877,109	11,232,700	3,421,972	6,840,457	25,372,238
- Cost	10,000,000	18,000,000	-	-	-	-	28,000,000
- Valuation	10,000,000	18,000,000	3,877,109	11,232,700	3,421,972	6,840,457	53,372,238

DEPRECIATION

At January 1, 2014	-	-	144,424	8,581,948	2,223,053	4,587,031	15,536,456
Charge for the year	-	360,000	365,283	1,733,491	181,631	529,851	3,170,256
Disposal adjustment	-	-	-	(2,777,783)	-	-	(2,777,783)
At December 31, 2014	-	360,000	509,707	7,537,656	2,404,684	5,116,882	15,928,929

NET BOOK VALUE

At December 31, 2014	Rs. 10,000,000	17,640,000	3,367,402	3,695,044	1,017,288	1,723,575	37,443,309
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NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) THE COMPANY	Freehold		Improvement		Motor		Furniture		Office		Total
	Land	Building	to Building	to Building	Vehicles	& Fittings	Equipment	Rs.	Rs.	Rs.	
(ii) 2013	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
COST OR VALUATION											
At January 1, 2013	9,604,000	15,413,000	382,423	12,930,899	3,014,667	5,454,655	46,799,644				
Additions	-	-	2,346,978	-	266,121	612,875	3,225,974				
Transfer from investment property (note 6)	-	(100,000)	180,000	-	-	-	80,000				
Revaluation surplus (note 17)	396,000	2,687,000	-	-	-	-	3,083,000				
At December 31, 2013											
- Cost	-	-	2,909,401	12,930,899	3,280,788	6,067,530	25,188,618				
- Valuation	10,000,000	18,000,000	-	-	-	-	28,000,000				
	10,000,000	18,000,000	2,909,401	12,930,899	3,280,788	6,067,530	53,188,618				
DEPRECIATION											
At January 1, 2013	-	495,665	13,083	5,995,768	2,042,003	4,073,892	12,620,411				
Charge for the year	-	245,120	124,874	2,586,180	181,050	513,139	3,650,363				
Transfer	-	(6,467)	6,467	-	-	-	-				
Revaluation surplus (note 17)	-	(734,318)	-	-	-	-	(734,318)				
At December 31, 2013	-	-	144,424	8,581,948	2,223,053	4,587,031	15,536,456				
NET BOOK VALUE											
At December 31, 2013	Rs. 10,000,000	18,000,000	2,764,977	4,348,951	1,057,735	1,480,499	37,652,162				

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) Leased assets included in property, plant and equipment are analysed as follows:-

THE GROUP AND COMPANY

Cost - capitalised finance leases

Accumulated depreciation

Net book values

Motor Vehicles	
2014	2013
Rs.	Rs.
5,570,400	12,127,599
(3,321,400)	(8,211,368)
Rs. 2,249,000	3,916,231

(d) Depreciation expense of Rs.3,237,982 (2013:Rs.3,726,447) for the Group and Rs.3,170,256 (2013:Rs.3,650,363) has been charged to statements of profit or loss.

(e) The Group's freehold land and building were revalued on December 23, 2013 by Messrs NP Jeetun Chartered Valuation Surveyor, an independent professionally qualified valuer. The revaluation surplus, net of applicable deferred income taxes, was credited to revaluation surplus in shareholders' equity (note 17).

Details of the Group's and the Company's freehold land and buildings measured at fair value and information about the fair value hierarchy are as follows:

Level 3	
2014	2013
Rs.	Rs.
Freehold land	10,000,000
Buildings	18,000,000
Rs. Total	28,000,000

The fair value of the freehold land and building was derived using the sales comparison approach. Sales prices of comparable land and building in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre.

Significant unobservable valuation input:**Range (Rs.)**

Price per square metre:

Freehold land

21,452 - 22,113

Building

16,364 - 68,027

Significant increases/(decreases) in estimated price per square metre in isolation would result in a significantly higher/(lower) fair value.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The revalued amount of freehold land and buildings using significant unobservable inputs are as follows:

	THE GROUP AND THE COMPANY	
	Freehold Land and Buildings	
	2014	2013
	Rs.	Rs.
Opening balance	28,000,000	24,521,335
Depreciation charge for the year	(360,000)	(245,120)
Transfer	-	(93,553)
Gains recognised in other comprehensive income	-	3,817,338
Closing balance	Rs. 27,640,000	28,000,000

(f) If the land and building were stated on a historical cost basis, the amounts would be as follows:

	THE GROUP AND THE COMPANY	
	2014	2013
	Rs.	Rs.
Cost	23,961,000	23,961,000
Accumulated depreciation	(942,813)	(655,673)
Net book value	Rs. 23,018,187	23,305,327

6. INVESTMENT PROPERTY

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
<i>Fair value model</i>				
At January 1,	74,250,000	37,106,120	18,250,000	11,405,000
Acquisition	-	-	-	-
Transfer to property, plant and equipment (note 5)	-	(80,000)	-	(80,000)
Increase in fair value (note 24)	-	37,223,880	-	6,925,000
At December 31,	Rs. 74,250,000	74,250,000	18,250,000	18,250,000

The investment properties were valued on December 23, 2013 at fair value by Messrs NP Jeetun Chartered Valuation Surveyor, an independent professionally qualified valuer. The fair value was determined on an open-market basis by reference to market evidence of transaction prices for similar properties. The directors consider the carrying amount to be not materially different from the valuation carried out on December 23, 2013.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

6. INVESTMENT PROPERTY (CONT'D)

Details of the Group's and the Company's investment properties and information about the fair value hierarchy as at December 31, 2014 and December 31, 2013 are as follows:

	Level 3	
	THE GROUP	THE COMPANY
	Rs.	Rs.
Land	18,250,000	18,250,000
Building	56,000,000	-
Total	Rs. 74,250,000	18,250,000

The following amounts have been recognised in profit or loss:

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
Rental income	1,198,174	982,622	246,000	197,840
Direct operating expenses arising from investment properties that generate rental income	267,683	241,103	-	-

7. INTANGIBLE ASSETS

(a) THE GROUP AND THE COMPANY

COST

At January 1, and December 31,

Computer software	
2014	2013
Rs.	Rs.
695,125	695,125

AMORTISATION

At January 1,

Charge for the year

At December 31,

695,125	682,126
-	12,999
695,125	695,125

NET BOOK VALUES

At DECEMBER 31,

Rs.	-	-
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- (b) Amortisation expense of Rs.Nil. (2013: Rs.12,999), for the Group and the Company, has been charged to statements of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

8. INVESTMENT IN SUBSIDIARY COMPANY (AT COST)

	THE COMPANY	
	2014	2013
	Rs.	Rs.
At January 1,	15,000,000	15,000,000
Additions (note 15)	10,000,000	-
At December 31,	Rs. 25,000,000	15,000,000

(a) The list of the Company's subsidiary is as follows:

Name	Country of incorporation and operation	Class of shares held	Year end	Stated capital	% holding	Main business
				Rs.	Direct	
<u>2014</u>						
GFA Investments Ltd	Mauritius	Ordinary	December 31, 2014	25,000,000	100%	Rental of building
<u>2013</u>						
GFA Investments Ltd	Mauritius	Ordinary	December 31, 2013	15,000,000	100%	Rental of building

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

9. STATUTORY DEPOSITS

Statutory deposits of Rs 8m are pledged in favour of the Financial Services Commission as required by the Insurance Act 1987. However, under Insurance Act 2005, the amount of the statutory deposit has not yet been prescribed.

The deposits carries interest rates varying from 5.05% to 5.55% and maturity dates varying between March 2017 and March 2019.

10. INVESTMENT IN FINANCIAL ASSETS

(a) THE GROUP AND THE COMPANY

	2014			2013		
	Held-to-maturity	Available-for-sale	Total	Held-to-maturity	Available-for-sale	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At January 1,	5,000,000	34,451,358	39,451,358	2,000,000	26,510,700	28,510,700
Additions	5,000,000	9,848,924	14,848,924	3,000,000	6,091,612	9,091,612
Matured/disposals	(3,000,000)	(6,690,473)	(9,690,473)	-	(2,292,493)	(2,292,493)
Increase in fair value	-	685,530	685,530	-	4,141,539	4,141,539
At December 31,	7,000,000	38,295,339	45,295,339	5,000,000	34,451,358	39,451,358

The above financial assets are classified as follows:

	2014			2013
	Held-to-maturity	Available-for-sale	Total	Total
	Rs.	Rs.	Rs.	Rs.
Non-current assets	5,000,000	38,295,339	43,295,339	36,451,358
Current assets	2,000,000	-	2,000,000	3,000,000
Rs.	7,000,000	38,295,339	45,295,339	39,451,358

(b) Available-for-sale financial assets

	THE GROUP AND THE COMPANY	
	2014	2013
	Rs.	Rs.
Equity securities at fair value:		
- Listed	18,404,589	15,093,200
- DEM quoted	1,129,650	372,850
- Unquoted	13,580,700	13,587,888
Debt securities at fair value:		
- Listed	5,180,400	5,397,420
Rs.	38,295,339	34,451,358

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

10. INVESTMENT IN FINANCIAL ASSETS (CONT'D)

(c) Held-to-maturity investments	THE GROUP AND THE COMPANY	
	2014	2013
	Rs.	Rs.
Held-to-maturity investments include the following:		
- unlisted		
Total investment	Rs. 7,000,000	5,000,000

(d) THE GROUP AND THE COMPANY	Level 1	Level 3	Total
	Rs.	Rs.	Rs.
At December 31, 2014			
Available-for-sale financial assets	24,714,639	13,580,700	38,295,339
At December 31, 2013			
Available-for-sale financial assets	20,863,470	13,587,888	34,451,358

- (e) Available-for-sale financial assets are denominated in Rupees.
- (f) Held-to-maturity investments are denominated in Rupees and comprised of debentures with variable interest rates ranging from 7.50% to 8.00% (2013: 7.50% to 7.75%) p.a. and maturity dates varying between December 2015 to October 2016.
- (g) Available-for-sale financial assets comprise principally of listed, Development Enterprise Market (DEM) quoted and unquoted equity securities. The fair value of these financial assets is based on the Stock Exchange or DEM quoted prices at the close of business at the end of each reporting period. In assessing the fair value of unquoted available-for-sale financial assets, the Company uses the latest transaction price as a reference and makes assumptions that are based on market conditions existing at the end of each reporting period. The directors are of the opinion that the cost of unquoted securities approximate its fair value.
- (h) The maximum exposure to credit risk at the reporting date is the fair value of securities classified as available-for-sale.
- (i) None of the financial assets are either past due or impaired.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

11. FIXED DEPOSITS

	THE GROUP AND THE COMPANY	
	2014	2013
<i>Held-to-maturity investments</i>		
Maturing:	Rs.	Rs.
up to 3 months	10,000,000	27,000,000
3 to 6 months	24,500,000	19,000,000
6 to 12 months	20,115,000	-
1 to 5 years	270,000,000	254,615,000
> 5 years	3,000,000	3,000,000
	Rs. 327,615,000	303,615,000
Analysed as follows:		
Non-current assets	273,000,000	257,615,000
Current assets	54,615,000	46,000,000
	Rs. 327,615,000	303,615,000

- (a) The deposits earn interest at rates varying between 3.65% - 7.50% (2013: 3.80% - 7.50%) p.a.
(b) The fixed deposits are denominated in Rupees.
(c) None of the financial assets are either past due or impaired.

12. DEFERRED TAXATION

Deferred income taxes are calculated on all temporary differences under the liability method at the rate of 15% (2013: 15%).

- (a) There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred income tax assets and liabilities when the deferred income taxes relate to the same fiscal authority on the same entity. The following amounts are shown in the statements of financial position.

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
Deferred tax assets	2,364,629	1,985,265	20,226	-
Deferred tax liabilities	(7,042,666)	(6,658,458)	-	(308,694)
	Rs. (4,678,037)	(4,673,193)	20,226	(308,694)

At the end of the reporting period, the Group had unused tax losses of Rs.1,615,502 (2013: Rs.1,202,224) available-for-offset against future profits. A deferred tax asset has been recognised in respect of such losses. The tax losses expire on a rolling basis over 5 years.

- (b) The movement on the deferred income tax account is as follows:

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
At January 1,	(4,673,193)	578,386	(308,694)	568,120
Profit or loss (charge)/credit (note 23(b))	(4,844)	(4,738,381)	328,920	(363,616)
Other comprehensive income charge (note 17)	-	(513,198)	-	(513,198)
At December 31,	Rs. (4,678,037)	(4,673,193)	20,226	(308,694)

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

12. DEFERRED TAXATION (CONT'D)

- (c) The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same fiscal authority on the same entity, is as follows:

(i) THE GROUP

	Accelerated tax depreciation	Revaluation of building	Investment property	Total
	Rs.	Rs.	Rs.	Rs.
At January 1, 2013	299,752	-	-	299,752
Profit or loss charge	261,926	-	5,583,582	5,845,508
Other comprehensive income charge (note 17)	-	513,198	-	513,198
At December 31, 2013	561,678	513,198	5,583,582	6,658,458
Profit or loss (credit)/charge	(1,309)	-	385,517	384,208
At December 31, 2014	Rs. 560,369	513,198	5,969,099	7,042,666

	Retirement benefit obligations	Tax losses	Total
	Rs.	Rs.	Rs.
At January 1, 2013	859,872	18,266	878,138
Profit or loss credit	945,060	162,067	1,107,127
At December 31, 2013	1,804,932	180,333	1,985,265
Profit or loss credit	317,372	61,992	379,364
At December 31, 2014	Rs. 2,122,304	242,325	2,364,629

	THE GROUP	
	2014	2013
	Rs.	Rs.
Net deferred tax (liabilities)/assets		
Deferred tax liabilities	(7,042,666)	(6,658,458)
Deferred tax assets	2,364,629	1,985,265
	Rs. (4,678,037)	(4,673,193)

(ii) THE COMPANY

	Accelerated tax depreciation	Revaluation of building	Investment property	Total
	Rs.	Rs.	Rs.	Rs.
At January 1, 2013	299,752	-	-	299,752
Profit or loss charge	261,926	-	1,038,750	1,300,676
Other comprehensive income charge	-	513,198	-	513,198
At December 31, 2013	561,678	513,198	1,038,750	2,113,626
Profit or loss credit	(11,548)	-	-	(11,548)
At December 31, 2014	Rs. 550,130	513,198	1,038,750	2,102,078

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

12. DEFERRED TAXATION (CONT'D)

(ii) THE COMPANY (CONT'D)

	Retirement benefit obligations
<u>Deferred tax assets</u>	Rs.
At January 1, 2013	867,872
Profit or loss credit	937,060
At December 31, 2013	1,804,932
Profit or loss credit	317,372
At December 31, 2014	Rs. 2,122,304

Net deferred tax assets/(liabilities)

Deferred tax liabilities

Deferred tax assets

THE COMPANY	
2014	2013
Rs.	Rs.
(2,102,078)	(2,113,626)
2,122,304	1,804,932
Rs. 20,226	(308,694)

13. LOANS TO RELATED PARTIES

Loans to directors:

At January 1,

Additions

Repayments

At December 31,

THE GROUP AND THE COMPANY	
2014	2013
Rs.	Rs.
3,509,908	2,800,000
-	2,200,000
(2,766,816)	(1,490,092)
Rs. 743,092	3,509,908

The above loans to related parties are classified as follows:

Non-current assets

Current assets

475,756	1,633,100
267,336	1,876,808
Rs. 743,092	3,509,908

The loans to directors bear interest at the rate of 3% (2013: 3%) p.a.

14. TRADE AND OTHER RECEIVABLES

Trade receivables:

- premium and agents balances

Less: provision for impairment

Receivable from insurers/reinsurers

Other receivables

THE GROUP		THE COMPANY	
2014	2013	2014	2013
Rs.	Rs.	Rs.	Rs.
8,011,207	7,075,224	8,011,207	7,075,224
(395,758)	(395,758)	(395,758)	(395,758)
7,615,449	6,679,466	7,615,449	6,679,466
7,669,829	5,346,796	7,669,829	5,346,796
1,947,463	1,456,961	1,682,474	1,353,461
Rs. 17,232,741	13,483,223	16,967,752	13,379,723

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

14. TRADE AND OTHER RECEIVABLES (CONT'D)

- (a) The carrying amount of trade and other receivables approximately their fair value.
- (b) As at December 31, 2014, trade receivables of Rs.395,758 (2013: Rs.395,758) were impaired for the Group and the Company. The amount of the provision as of December 31, 2014 was Rs.395,758 (2013: Rs.395,758) for the Group and the Company. The individually impaired receivables mainly relate to policyholders who are in unexpectedly difficult economic situations.

The ageing analysis of these trade receivables is as follows:

		THE GROUP AND THE COMPANY	
		2014	2013
		Rs.	Rs.
Over 3 months	Rs.	<u>395,758</u>	<u>395,758</u>

As of December 31, 2014, the Group and the Company did not have trade receivables which were past due but not impaired.

- (c) The carrying amounts of the Groups' and the Company's trade and other receivables are denominated in Rupees.
- (d) Movements on the provision for impairment of trade receivables are as follows:

		THE GROUP AND THE COMPANY	
		2014	2013
		Rs.	Rs.
At January 1,		395,758	395,758
Charged to profit or loss		-	-
At December 31,	Rs.	<u>395,758</u>	<u>395,758</u>

- (e) The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Company does not hold any collateral as security.

15. LOAN TO SUBSIDIARY COMPANY

		THE COMPANY	
		2014	2013
		Rs.	Rs.
At January 1,		10,751,054	11,371,054
Transfer to investment in subsidiary company (note 8)		(10,000,000)	-
Repayments		(344,340)	(620,000)
Transfer to receivable from subsidiary company		(406,714)	-
At December 31,	Rs.	<u>-</u>	<u>10,751,054</u>

The loan to subsidiary company is interest free and has no fixed repayment terms.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

16. SHARE CAPITAL

	Authorised, Issued and fully paid	
	2014	2013
	Rs.	Rs.
1 Founder share of Rs.1,000 each	1,000	1,000
24,999 Ordinary shares of Rs.1,000 each	24,999,000	24,999,000
	Rs. 25,000,000	25,000,000

The total authorised number of Ordinary shares is 25,000 (2013 : 25,000) with a par value of Rs.1,000 per share (2013 : Rs.1,000 per share). All issued shares are fully paid.

The Founder share confer to its holder the following unalterable rights except with the express consent in writing of its holder:

- (a) the right to sit permanently on the Board of Directors of the Company or to appoint representative to sit on the Board.
- (b) the right to be permanently the Executive Managing Director of the Company.

The Founder's share shall further rank pari pasu with the ordinary shares of the Company.

Fully paid Ordinary shares carry one vote per share and carry a right to dividends.

17. OTHER RESERVES

	Available-for-sale		
	Revaluation	fair value	Total
	surplus	reserve	
	Rs.	Rs.	Rs.
(i) At January 1, 2014	4,260,120	(466,752)	3,793,368
Increase in fair value of financial assets (note 10(a))	-	685,530	685,530
Reclassification adjustments on disposal of financial assets	-	292,415	292,415
At December 31, 2014	Rs. 4,260,120	511,193	4,771,313
(ii) At January 1, 2013	956,000	(4,115,302)	(3,159,302)
Revaluation of property, plant and equipment (note 5)	3,817,318	-	3,817,318
Income tax relating to components of other comprehensive income (note 12(b))	(513,198)	-	(513,198)
Increase in fair value of financial assets (note 10(a))	-	4,141,539	4,141,539
Reclassification adjustments on disposal of financial assets	-	(492,989)	(492,989)
At December 31, 2013	Rs. 4,260,120	(466,752)	3,793,368

Revaluation surplus

The revaluation surplus arises on the revaluation of land and buildings.

Available-for-sale fair value reserve

Available-for-sale fair value reserve comprises of the cumulative net change in the fair value of available-for-sale financial assets that has been recognised in other comprehensive income until the investments are derecognised or impaired.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

18. INSURANCE LIABILITIES AND REINSURANCE ASSETS

	THE GROUP AND THE COMPANY	
	2014	2013
	Rs.	Rs.
Gross		
- Claims reported and loss adjustment expenses (note 19(a))	139,661,124	155,352,393
- Claims incurred but not reported (IBNR) (note 19(a))	14,043,628	14,593,000
- Unearned premiums (note 19(b))	82,174,847	85,557,265
Total gross insurance liabilities	Rs. 235,879,599	255,502,658
Net		
- Claims reported and loss adjustment expenses (note 19(a))	139,661,124	155,352,393
- Claims incurred but not reported (IBNR) (note 19(a))	14,043,628	14,593,000
- Unearned premiums (note 19(b))	82,174,847	85,557,265
Total net insurance liabilities	Rs. 235,879,599	255,502,658

19. MOVEMENT IN INSURANCE LIABILITIES AND REINSURANCE ASSETS

	THE GROUP AND THE COMPANY			
	2014		2013	
	Gross	Net	Gross	Net
	Rs.	Rs.	Rs.	Rs.
Short term insurance				
(a) Claims				
At January 1,				
Notified claims	155,352,393	155,352,393	149,943,393	149,943,393
Increase in liabilities	73,606,925	73,606,925	91,047,391	91,047,391
Cash paid for claims settled in the year	(89,298,194)	(89,298,194)	(85,638,391)	(85,638,391)
	139,661,124	139,661,124	155,352,393	155,352,393
Incurred but not reported (IBNR)	14,043,628	14,043,628	14,593,000	14,593,000
At December 31,	Rs. 153,704,752	153,704,752	169,945,393	169,945,393
Movement in claims outstanding and IBNR		(16,240,641)		1,002,000

(b) Provision for unearned premiums

	THE GROUP AND THE COMPANY			
	2014		2013	
	Gross	Net	Gross	Net
	Rs.	Rs.	Rs.	Rs.
At January 1,	85,557,265	85,557,265	72,851,227	72,851,227
(Decrease)/increase during the year	(3,382,418)	(3,382,418)	12,706,038	12,706,038
At December 31,	Rs. 82,174,847	82,174,847	85,557,265	85,557,265

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

20. BORROWINGS

	THE GROUP AND THE COMPANY	
	2014	2013
	Rs.	Rs.
Non-current		
Finance lease liabilities (see note (d) below)	<u>1,252,411</u>	<u>2,265,461</u>
Current		
Bank overdraft - unsecured	780,184	-
Finance lease liabilities (see note (d) below)	<u>1,013,088</u>	<u>2,122,618</u>
	<u>1,793,272</u>	<u>2,122,618</u>
Total borrowings	Rs. <u><u>3,045,683</u></u>	<u><u>4,388,079</u></u>

- (a) Leased liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default. The rate of interest varies between 8.25% p.a and 11.00% p.a. There are no restrictions imposed on the Group by lease arrangements other than in respect of the specific assets being leased.
- (b) The exposure of the Group's and Company's borrowings to interest-rate changes and the contractual repricing dates are as follows:

THE GROUP AND COMPANY	6 months or less	6 -12 months	1 - 5 years	Total
	Rs.	Rs.	Rs.	Rs.
December 31, 2014				
Total borrowings	Rs. <u>1,276,314</u>	<u>516,958</u>	<u>1,252,411</u>	<u>3,045,683</u>
December 31, 2013				
Total borrowings	Rs. <u>920,305</u>	<u>1,202,313</u>	<u>2,265,461</u>	<u>4,388,079</u>

- (c) The maturity of non-current borrowings is as follows:

	THE GROUP AND THE COMPANY	
	2014	2013
	Rs.	Rs.
After one year and before two years	1,099,940	1,013,088
After two years but before five years	<u>152,471</u>	<u>1,252,373</u>
	Rs. <u><u>1,252,411</u></u>	<u><u>2,265,461</u></u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

20. BORROWINGS (CONT'D)

(d) Finance lease liabilities - minimum lease payments:

	THE GROUP AND THE COMPANY	
	2014	2013
	Rs.	Rs.
Not later than one year	1,162,320	2,419,359
Later than one year and not later than five years	1,316,760	2,479,042
	2,479,080	4,898,401
Future finance charges	(213,581)	(510,322)
Rs.	<u>2,265,499</u>	<u>4,388,079</u>

The present value of finance lease liabilities may be analysed as follows:

	THE GROUP AND THE COMPANY	
	2014	2013
	Rs.	Rs.
Not later than one year	1,013,088	2,122,618
Later than one year and not later than five years	1,252,411	2,265,461
Rs.	<u>2,265,499</u>	<u>4,388,079</u>

(e) The carrying amounts of non-current borrowings are not materially different from their fair value.

(f) The carrying amounts of the Group's and the Company's borrowings are denominated in Rupees.

(g) The carrying amounts of borrowings approximate their fair value.

21. RETIREMENT BENEFIT OBLIGATIONS

	THE GROUP AND THE COMPANY	
	2014	2013
	Rs.	Rs.
Amount recognised in the statements of financial position as non-current liabilities:		
- Other post retirement benefits (note 21(a))	Rs. <u>14,148,700</u>	<u>12,032,880</u>
Amount charged to profit or loss:		
- Other post retirement benefits (note 21(a))	Rs. <u>13,895,549</u>	<u>6,642,818</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

21. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Other post retirement benefits

Other post retirement benefits comprise mainly of gratuity on retirement payable under the Employment Rights Act 2008 and other benefits.

	THE GROUP AND THE COMPANY	
	2014	2013
	Rs.	Rs.
At January 1,	12,032,880	5,390,062
Total expense charged in profit or loss	13,895,549	6,642,818
Paid during the year	(11,779,729)	-
At December 31,	Rs. 14,148,700	12,032,880

It has been assumed that the rate of future salary increases will be equal to the discount rate.

22. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
Trade payables:				
- amounts due to reinsurers	5,485,724	10,645,986	5,485,724	10,645,986
Accrued expenses	2,563,237	3,156,159	2,563,237	3,156,159
Other payables	5,822,870	4,163,062	5,430,008	3,860,558
Rs.	13,871,831	17,965,207	13,478,969	17,662,703

The carrying amount of trade and other payables approximate their fair value.

23. INCOME TAX

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
(a) <u>Statements of financial position</u>				
At January 1,	5,185,320	2,491,297	5,185,320	2,491,297
Income tax charge for the year	11,619,103	8,831,895	11,619,103	8,831,895
Payment during the year	(11,424,978)	(6,137,872)	(11,424,978)	(6,137,872)
At December 31,	Rs. 5,379,445	5,185,320	5,379,445	5,185,320
(b) <u>Statements of profit or loss</u>				
Income tax charge on the adjusted profit for the year at 15% (2013:15%)	11,838,682	8,831,895	11,838,682	8,831,895
Overprovision in previous years	(219,579)	-	(219,579)	-
	11,619,103	8,831,895	11,619,103	8,831,895
Deferred tax (note 12(b))	4,844	4,738,381	(328,920)	363,616
Net charge for the year	Rs. 11,623,947	13,570,276	11,290,183	9,195,511

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

23. INCOME TAX (CONT'D)

- (c) The tax on the Group's and Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate is as follows:

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
Profit before taxation	68,206,290	92,451,786	67,382,786	61,489,766
Tax calculated at 15% (2013: 15%)	10,230,944	13,867,768	10,107,418	9,223,465
Expenses not deductible for tax purposes	2,942,867	1,615,937	2,942,867	1,615,937
Income not subject to tax	(1,335,129)	(6,651,810)	(1,211,603)	(2,007,507)
Over provision in previous year	(219,579)	-	(219,579)	-
Deferred tax	4,844	4,738,381	(328,920)	363,616
Tax charge	Rs. 11,623,947	13,570,276	11,290,183	9,195,511

24. INVESTMENT AND INTEREST INCOME

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
Interest income	20,854,385	17,883,470	20,844,255	17,880,721
Dividend income	2,039,006	1,506,567	2,039,006	1,506,567
(Loss)/gain on disposal of financial assets	(167,974)	835,828	(167,974)	835,828
Revaluation gain on investment property (note 6)	-	37,223,880	-	6,925,000
Rental income	1,198,174	982,622	246,000	197,840
Rs. 23,923,591	58,432,367	22,961,287	27,345,956	

25. OTHER INCOME

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
Policy fees	10,419,700	10,847,470	10,419,700	10,847,470
Profit on disposal of property, plant and equipment	83	-	83	-
Others	563,935	4,260,957	550,335	4,254,957
Rs. 10,983,718	15,108,427	10,970,118	15,102,427	

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

26. PROFIT BEFORE TAXATION

Profit before taxation for the year is arrived at after charging:

(i) Administrative and other expenses	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
Employee benefit expense (see note (iii) below)	36,363,114	27,458,670	36,363,114	27,458,670
Marketing expenses	3,373,620	1,967,706	3,366,768	1,965,506
Utilities	1,973,405	1,873,868	1,939,456	1,841,030
Printing and stationery	815,522	1,296,161	815,522	1,296,161
Repairs and maintenance	1,158,041	1,247,006	1,029,051	1,149,978
Rent and rates	1,260,212	1,088,262	1,367,671	1,195,721
Licence and FSC fees	931,754	902,865	929,254	900,365
IT expense	848,337	842,571	848,337	842,571
Professional expenses	712,715	556,959	697,215	539,959
Bank charges	287,820	267,294	287,795	267,294
Other expenses	3,566,438	1,362,054	3,562,121	1,351,854
Rs.	<u>51,290,978</u>	<u>38,863,416</u>	<u>51,206,304</u>	<u>38,809,109</u>

Other expenses consist of expenses incurred in the day to day operation of the Group and of the Company.

(ii) Depreciation and amortisation	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
Depreciation (note 5)	3,237,982	3,726,447	3,170,256	3,650,363
Amortisation (note 7)	-	12,999	-	12,999
Rs.	<u>3,237,982</u>	<u>3,739,446</u>	<u>3,170,256</u>	<u>3,663,362</u>

(iii) Employee benefit expense	THE GROUP AND THE COMPANY	
	2014	2013
	Rs.	Rs.
Wages and salaries, including termination benefits	21,621,353	20,013,042
Social security costs	846,212	802,810
Other post-retirement benefits (note 21(a))	13,895,549	6,642,818
Rs.	<u>36,363,114</u>	<u>27,458,670</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

27. FINANCE COSTS

	THE GROUP AND THE COMPANY	
	2014	2013
	Rs.	Rs.
Interest expense:		
- Finance leases	Rs. <u>296,902</u>	<u>485,522</u>

28. DIVIDENDS

	THE GROUP AND THE COMPANY	
	2014	2013
	Rs.	Rs.
Amount recognised as distributions to equity holders in the year:		
Dividend for the year ended December 31, 2014 of Rs.100		
(2013: Rs.100) per share	Rs. <u>2,500,000</u>	<u>2,500,000</u>

29. NOTES TO THE STATEMENTS OF CASH FLOWS

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
(a) Cash generated from operations				
Profit before taxation	68,206,290	92,451,786	67,382,786	61,489,766
<i>Adjustments for :</i>				
Depreciation on property and equipment (note 5)	3,237,982	3,726,447	3,170,256	3,650,363
Amortisation of intangible assets (note 7)	-	12,999	-	12,999
Gain on revaluation of investment property	-	(37,223,880)	-	(6,925,000)
Increase in retirement benefit obligations	2,115,820	6,642,818	2,115,820	6,642,818
Interest expense	296,902	485,522	296,902	485,522
Profit on sale of property, plant and equipment	(83)	-	(83)	-
Profit on sale of financial assets	167,974	(835,828)	167,974	(835,828)
Interest income	(20,854,385)	(17,883,470)	(20,844,255)	(17,880,721)
Dividend income	(2,039,006)	(1,506,567)	(2,039,006)	(1,506,567)
Change in gross outstanding claims and IBNR	(16,240,641)	1,002,000	(16,240,641)	1,002,000
Change in gross unearned premiums	(3,382,418)	12,706,038	(3,382,418)	12,706,038
	<u>31,508,435</u>	<u>59,577,865</u>	<u>30,627,335</u>	<u>58,841,390</u>
<i>Changes in working capital :</i>				
-trade and other receivables	(3,749,518)	4,106,089	(3,588,029)	4,122,754
-trade and other payables	(4,093,376)	(6,476,306)	(4,183,734)	(6,589,552)
Cash generated from operations	Rs. <u>23,665,541</u>	<u>57,207,648</u>	<u>22,855,572</u>	<u>56,374,592</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

29. NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

(b) Cash and cash equivalents

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
Cash in hand and at bank	Rs. <u>34,312,529</u>	<u>32,546,387</u>	<u>33,614,554</u>	<u>32,324,171</u>

Cash and cash equivalents and bank overdraft include the following for the purpose of the statements of cash flow:

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
Cash and cash equivalents	34,312,529	32,546,387	33,614,554	32,324,171
Bank overdraft	(780,184)	-	(780,184)	-
Rs.	<u>33,532,345</u>	<u>32,546,387</u>	<u>32,834,370</u>	<u>32,324,171</u>

30. CONTINGENT LIABILITIES

Insurance claims

The Group and Company is possibly exposed to contingent liabilities amounting to Rs.139,661,124 (2013: Rs.155,352,393) representing various potential litigations. These contingent liabilities has already been provided for in note 19(a).

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

31. RELATED PARTY TRANSACTIONS

Details of related parties	Relationship	Type of transaction	THE GROUP		THE COMPANY	
			2014	2013	2014	2013
			Rs.	Rs.	Rs.	Rs.
<u>Sale of services:</u>						
Directors	Shareholder	Insurance premium	44,000	30,000	44,000	30,000
Agents	Shareholder	Insurance premium	10,248,901	11,433,649	10,248,901	11,433,649
<u>Expenses:</u>						
Post-employment retirement plan	Director	Employment benefits	13,422,388	5,984,493	13,422,388	5,984,493
GFA Investments Ltd	Subsidiary	Rental expense	-	-	208,696	208,696
<u>Amount owed by:</u>						
Agents	Shareholder	Insurance Receivables	845,866	396,644	845,866	393,644
Executive Director	Shareholder/ Executive Director	Loan	743,092	3,509,908	743,092	3,509,908
<u>Other related party transactions:</u>						
<u>Amount owed by:</u>						
GFA Investments Ltd	Subsidiary	Loan	-	-	-	10,751,054
GFA Investments Ltd	Subsidiary	Receivable	-	-	406,714	-

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

31. RELATED PARTY TRANSACTIONS (CONT'D)

- (a) The loan to subsidiary is interest-free and has been converted to investment in subsidiary during the year. The loans to directors bear interest at rate of 3% p.a (2013: 3% p.a).
- (b) For the year ended December 31, 2014, the Group and the Company have not recorded any impairment of receivables relating to amounts owed by related parties (2013: Rs.Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

(c) Key Management Personnel Compensation

THE GROUP AND THE COMPANY	
2014	2013
Rs.	Rs.
Salaries and short-term employee benefits	8,395,415
Post-employment benefits	6,759,352
	13,437,729
Rs. 21,833,144	12,743,845