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GIC Re SA Ltd.

GIC RE SOUTH AFRICA LTD

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

The financial statements have been audited in compliance with Section 30 of the South African Companies Act 71 of 2008.

Prepared under the supervision of:
D. Prasad
Managing Director and Chief Excecutive Officer

GIC RE SOUTH AFRICA LTD
REGISTRATION NUMBER 1956/003037/06
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

Contents **Page**

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation and fair presentation of the annual financial statements of GIC Re South Africa Ltd, comprising the statement of financial position as at 31 March 2017, and the statements of comprehensive income, changes in equity and cash flows for the period then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. In addition the directors are responsible for preparing the Directors' report.

The directors are also responsible for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the company to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the annual financial statements

The annual financial statements of GIC Re South Africa Ltd, as identified in the first paragraph, were approved by the board of directors on 15 May 2017 and are signed on their behalf by

D Prasad
Authorised Managing Director

A G Vaidyan
Chairman

Declaration of the Company Secretary

In terms of S88 (2)(e) of the Companies Act 71 of 2008, I certify that in respect of the financial period ended 31 March 2017, the company has lodged with the Registrar of Companies all such returns that are required by the Companies Act, and that all such returns are to the best of my knowledge and belief, true, correct and up to date.

W Mwase
Company Secretary

AUDIT COMMITTEE REPORT

In addition to having specific statutory responsibilities, the audit committee is a sub-committee of the board of directors. It assists the board through advising and making recommendations on financial reporting, oversight of financial risk management and internal financial controls, external audit functions and statutory and regulatory compliance of the company. General risk management remains the responsibility of the board.

Terms of reference

The audit committee has adopted the formal terms of reference that have been approved by the board of directors, and has executed its duties during the past financial year in accordance with these terms of reference.

The composition of the audit committee

Name	Appointed	Resigned	Qualifications	Position	Independent
S Bhikha	24-Apr-14		B Compt Hons CA(SA)	Chairman	Yes
J Bagg	24-Apr-14		B.Sc. FASSA, FIA, ASA	Member	Yes
B N Narasimhan	23-Jun-16		MA, MBA, B.Sc., AIII	Member	No

The executive directors and external auditor attend the committee meetings by invitation only. The external and internal auditors have unrestricted access to the audit committee.

Meetings

The audit committee held four meetings during the year. Attendance at the meetings is shown below:

	23-Jun-16	15-Sep-16	14-Nov-16	16-Mar-17
Members				
S Bhikha	Yes	Yes	Yes	Yes
J Bagg	Yes	Yes	Yes	Yes
B N Narasimhan	No	Yes	Yes	Yes
Invitees				
A G Vaidyan (Chairman of the Board, Non-executive)	No	Yes	No	Yes
D Prasad (Managing Director & Chief Executive Officer Designate)	Yes	Yes	Yes	Yes
S Karmarkar (Chief Operating Officer)	No	Yes	Yes	Yes
S K Jangir	Yes	Yes	Yes	Yes
A Malherbe (External Auditor)	Yes	No	No	No
A Vos (External Auditor)	Yes	No	No	No
N Bikhani (External Auditor)	No	No	Yes	Yes
M Mia (Internal Auditor)	No	Yes	Yes	Yes
C Falconer (Life Actuary)	Yes	No	No	No

Statutory duties

In the execution of its statutory duties, as required in terms of the Companies Act, during the past financial year the audit committee has:

- Ensured the re-appointment as external auditor of the company of a registered auditor who, in the opinion of the audit committee, is independent of the company.
- Determined the fees to be paid to the external auditor and such auditor's terms of engagement.
- Ensured that the appointment of the external auditor complies with this Act and any other legislation relating to the appointment of such auditor.
- Considered the independence of the external auditor and has concluded that the external auditor has been independent of the company throughout the year taking into account all other non-audit services performed and circumstances known to the committee.
- Confirmed that there were no complaints relating to the accounting practices of the company, the content or auditing of its financial statements, the internal financial controls of the company, or to any related matter.
- Based on reports from the external auditors, internal auditors and appropriate inquiries, made submissions to the board on any matter concerning the company's accounting policies, financial control, records and reporting, including input to the board's statement regarding control effectiveness.

Legal requirements

The audit committee has complied with all applicable legal, regulatory and other responsibilities for the year under review.

Annual financial statements

Following our review of the annual financial statements of GIC Re South Africa Ltd for the year ended 31 March 2017, we are of the opinion that, in all material respects, they comply with the relevant provisions of the Companies Act and International Financial Reporting Standards, and that they fairly present the financial position at 31 March 2017 and the results of operations and cash flows for the year then ended.

S Bhikha
Chairman of the audit committee
15 May 2017

GIC RE SOUTH AFRICA LTD
STATUTORY ACTUARY'S REPORT (LIFE BUSINESS)
AS AT 31 MARCH 2017
STATEMENT OF ASSETS, LIABILITIES, EXCESS ASSETS AND CAPITAL REQUIREMENTS

	Year ended 31 March 2017 R '000	Year ended 31 March 2016 R '000
Published Reporting Basis		
Total value of life assets as per statement of financial position	**32 399**	**42 607**
Actuarial value of policy liabilities	13 835	17 898
Current and other liabilities as per the life statement of financial position	278	5 868
Total value of liabilities	**14 113**	**23 766**
Excess Assets	**18 286**	**18 841**
Statutory Basis		
Total value of assets as per life statement of financial position	32 399	42 607
Disallowed assets	(546)	(684)
Value of assets on the Statutory Basis	**31 853**	**41 923**
Actuarial value of life policy liabilities	13 835	17 898
Current and other liabilities as per life statement of financial position	278	5 868
Total value of liabilities	**14 113**	**23 766**
Excess Assets	**17 740**	**18 157**
Capital Adequacy Requirements	**10 000**	**10 000**
CAR Cover	**177%**	**182%**

Analysis of change in Excess Assets on Published Reporting Basis

The excess of the value of assets over the value of liabilities has changed as follows over the reporting period:

	2017	2016
Excess Assets at end of reporting period	18 286	18 841
Excess Assets as at beginning of reporting period	18 841	21 868
Change in Excess Assets over the reporting period	**(555)**	**(3 027)**

LIFE - STATEMENT OF ASSETS, LIABILITIES, EXCESS ASSETS AND CAPITAL REQUIREMENTS (CONTINUED)

	Year ended 31 March 2017 R '000	Year ended 31 March 2016 R '000
The change in the excess assets is due to the following factors:		
Investment return generated by excess assets over liabilities:		
Investment income	1 308	1 083
Capital appreciation	324	332
Total investment return on excess assets	**1 632**	**1 415**
Operating loss	(2 721)	(2 161)
Changes in valuation methods or assumptions	534	(2 280)
Reported profit in annual financial statements	**(555)**	**(3 026)**
Total change in Excess Assets	**(555)**	**(3 026)**
Reconciliation of Excess Assets between Published Reporting Basis and Statutory Basis		
Excess Assets on Published Reporting Basis	18 286	18 841
Less: Asset Adjustments in terms of Schedule 3 of the Act	(546)	(684)
Excess Assets on Statutory Basis	**17 740**	**18 157**

Changes in Published Reporting Valuation Methods or Assumptions

The value of net liabilities as at 31 March 2017 reduced by R0.5 million.

The basis changes include the following main items:

- The expense budget dropped significantly due to the Company's decision to recapture the remaining business and keep the Company dormant. This impacted on the contingency reserve.
- We have included a margin in the IBNR of approximately R1.2 million to allow for any recaptures that are not favourable or not completed (where the loss ratio may be above 100%).
- The UPR on some of the business remaining was released following Management's confirmation that it is all monthly premium business.
- The interest rate assumptions was reduced for Term business from 8.5% p.a. to 8.0% p.a.

Published Reporting Valuation Methods and Assumptions

The valuation was performed using the Statutory Valuation Method for insurance contracts. Assets and policy liabilities have been valued on methods and assumptions that are consistent with each other.

The result of the valuation methods and assumptions is that profits are released appropriately over the term of each policy, to avoid premature recognition of profits that may give rise to losses in later years.

Published Reporting Liability Valuation Methods and Assumptions

In the calculation of liabilities, provision has been made for:

* The best-estimate of the future experience, plus
* The compulsory margins prescribed by SAP104, plus
* Discretionary margins to ensure the release of profits consistent with policy design and to allow for any additional uncertainty.

The effect of the discretionary margins amounts to R822 867.

The reserves for term, PHI and Waiver of Premium classes were established by discounting the future expected net claims and net expense and commission outgo, less the future net office premiums (if any) on a policy-by-policy basis. The main assumptions (inclusive of compulsory margins as outlined in SAP104) were:

Investment return	: 7.75% p.a.
Renewal expenses	: 30% of net premiums
Mortality	: 134.4% of SA85/90 plus 5.4% Doyle Pattern II
Lapse rate	: 7.5% in all years
Commission	: 24% of net premiums

A UPR was established for Annual premium business. An additional loading was added if the operating ratio exceeded 100%.

There are no more PHI and WOP policies on the book.

An Incurred But Not Reported (IBNR) reserve of 1.02 months claims was established. A margin of approximately R1.2 million (gross of retrocession) was included in the IBNR (i.e. an additional month of claims) to allow for the risk of the recaptures being unfavourable or not being completed.

The Profit Commission reserve is the sum of all outstanding payments to be made to cedants plus interest owing on these amounts. No profit commission remains owing on the remaining business.

Where credible experience data existed, the parameters were based on experience investigations undertaken during the financial year.

Policyholder reasonable benefit expectations have been allowed for. All contractual obligations have been taken into account. All business is written on a non-profit basis.

Published Reporting Asset Valuation Methods and Assumptions

All assets (including the excess of assets over liabilities) have been valued as described in the notes to the company accounts.

Statutory Capital Adequacy Requirements

The Statutory Capital Adequacy Requirement (CAR) is the additional amount required, over and above the actuarial liabilities, to enable the company to meet material deviations in the main parameters affecting the life assurer's business.

The Statutory CAR was calculated in accordance with SAP104 issued by the Actuarial Society of South Africa.

For the purpose of grossing up the Immediate Ordinary Capital Adequacy Requirements (IOCAR) to determine the Ordinary Capital Adequacy Requirements (OCAR), it has been assumed that assets backing the CAR are invested in cash.

The OCAR exceeded the Terminal Capital Adequacy Requirements (TCAR), and thus the CAR has been based on the OCAR.

In terms of the Board Notice of 2010, a minimum Capital Adequacy Requirement (MCAR) applies. The MCAR for the Company is R10 million which exceeds the OCAR described above, and thus the CAR has been based on the MCAR.

Certificate of Financial Position

I hereby certify that:

* The valuation on the Statutory Basis of GIC Re South Africa Ltd as at 31 March 2017, the results of which are summarised above, has been conducted in accordance with, and this Statutory Actuary's Report has been produced in accordance with, applicable Actuarial Society of South Africa's Advisory Practice Notes and Standard of Actuarial Practice;

* In terms of Section 31(c) of the Long-Term Act of 1998, some of the Company's assets exceed the maximum allowable level. However, after adjusting the assets for the asset spreading restrictions, the Company is still in a financially sound position.

* The Company was financially sound on the Statutory basis as at the valuation date, and in my opinion is likely to remain financially sound for the foreseeable future.

PC Falconer
Statutory Actuary
15-May-17

INDEPENDENT AUDITOR'S REPORT

To the shareholder of GIC Re South Africa Ltd

Opinion

We have audited the financial statements of GIC Re South Africa Limited set out on pages 15 to 49 which comprise the statement of financial position as at 31 March 2017, and the statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of GIC Re South Africa Limited as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for *Accountants Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, Audit Committee Report and the certificate by the Company Secretary as required by the Companies Act of South Africa and Statement of Responsibility by the Board of Directors and Statutory Actuary's Report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of GIC Re South Africa Ltd for 4 years.

KPMG Inc.
Registered Auditor

Per Antoinette Malherbe
Chartered Accountant (SA)
Registered Auditor
Director
17 May 2017

KPMG Crescent
85 Empire Road
Parktown
2193

GIC RE SOUTH AFRICA LTD
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2017

The directors have pleasure in presenting their report for the year ended 31 March 2017.

Business

GIC Re South Africa Ltd is a 100% owned subsidiary of General Insurance Corporation of India (GIC Re), which is fully owned by the Government of India. GIC Re acquired saXum Reinsurance Limited, a composite (Life and Non-Life) reinsurer in April 2014. The Company name was changed from saXum Reinsurance Limited to GIC Re South Africa Ltd after the approval from the Financial Services Board and the Companies and Intellectual Property Commission.

GIC Re South Africa Ltd holds a composite licence, but to date only short-term reinsurance has been activated. Life Reinsurance business is in run-off.

GIC Re South Africa Ltd's vision is to become a truly African Reinsurer. The core business philosophy includes reinsurance capacity development in Sub-Saharan Africa, application of state of the art technology, mutually beneficial relationships, benchmarking reinsurance and service delivery mechanisms and professional attitude.

The company was rated BB+ (Global) and zaA+ (National) with a stable outlook by S&P ratings in July 2016.

GIC Re South Africa Ltd's operation in Johannesburg commenced underwriting business on 1 January 2015. For the year ended 31 March 2017, the company recorded a growth of 108% in GWP as accounted.

South Africa Economic Outlook:

Global growth in 2016 is at a post-crisis low of 2.3% and is projected to rise to 2.7% in 2017. Stagnant global trade, subdued investments and heightened policy uncertainty marked another difficult year for the world economy. A moderate recovery is expected for 2017 with receding obstacles to activity in commodity-exporting emerging markets and developing economies. However, fiscal stimulus in key major economies, if implemented, may boost global growth above expectations.

Growth in Sub-Saharan Africa is estimated to have decelerated to 1.5 percent in 2016, the lowest level in over two decades, as commodity exporters adjust to low commodity prices. South Africa and oil exporters account for most of the slowdown, while activity in non-resource intensive countries—agricultural exporters and commodity importers—generally remained robust.

A dismal performance in the mining and manufacturing sectors caused GDP to contract in Q4 2016. Due to the weeker-than-expected result, South Africa's economy grew just 0.3% in the full year 2016 which represented the weakest pace of growth in seven years. The economy has been consistently falling behind the government's growth targets which is having serious implications for business and consumer confidence. Persistent weak economic fundamentals, a high current account deficit, the growing trend of fiscal debt and other structural constraints in the South African economy raised concerns with credit rating agencies about the outlook for South Africa. On April 3, 2017, the international rating agency - S & P - lowered foreign currency sovereign rating on Republic of South Africa to BB+/B from BBB-/A-3 considering elevated political risks which could undermine fiscal and economic growth. This could lead to increased capital outflows, higher cost of and reduced access to funding and lower business confidence and corporate profits.

Share capital

The company issued 71 200 000 ordinary shares of no par value totalling R142.40 million during 2017 (2016: Nil)

Overview for the year

The results for the year and the financial position of the company are fully disclosed in the attached financial statements.

Holding company

The company is a wholly owned subsidiary of General Insurance Corporation of India (GIC Re).

Dividends

No dividends were paid or declared during the year (2016 : Nil)

Directors

The directors in office at the date of this report are :	Date Appointed	Date Resigned
A G Vaidyan (Chairman, non-executive)	23-Jan-16	
B N Narasimhan (non-executive)	04-Feb-16	
D Prasad (Managing Executive)	22-Feb-16	
S Bhikha (Independent, non-executive)	24-Apr-14	
C Moosa (Independent, non-executive)	24-Apr-14	
J Bagg (Lead Independent, non-executive)	24-Apr-14	

Directors' interest

No directors have an interest in the company.

Secretary and registered office

W Mwase is the company secretary. The registered office and office of the secretary are:

First Floor, Block C
Riviera Road Office Park
No. 6-9 Riviera Road
Houghton - 2193

Auditor

KPMG Inc.

Company registration number

1956/003037/06

Number of employees

The number of people employed by the company at 31 March 2017 is 20 (2016: 14).

GIC RE SOUTH AFRICA LTD
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Note	Year ended 31 March 2017 R	Year ended 31 March 2016 R
ASSETS			
Equipment	5	1 243 485	1 524 957
Technical assets under insurance contracts		776 433 850	417 919 918
Retroceded outstanding claims	6	405 829 555	202 901 429
Retroceded policyholder liabilities	7	3 059 190	5 832 763
Retroceded unearned premium reserve	8	287 805 264	165 324 413
Gross deferred acquisition costs	9	79 739 841	43 861 313
Investments	10	539 218 376	292 403 805
Deferred taxation	11	5 971 195	5 971 195
Amounts due from companies on reinsurance contracts		343 620 234	200 469 156
Other accounts receivable		1 891 299	302 174
Cash at bank and on hand		77 673 244	37 541 978
Total assets		1 746 051 683	956 133 183
LIABILITIES AND SHAREHOLDER'S EQUITY			
Technical liabilities under insurance contracts		903 576 353	491 441 445
Gross outstanding claims	6	478 388 281	237 563 814
Gross policyholder liabilities under life insurance contracts	7	16 894 528	23 730 776
Gross unearned premium reserve	8	332 164 908	183 409 426
Retroceded deferred acquisition cost	9	76 128 636	46 737 429
Deposits withheld from retrocessionaires		619 411 431	375 711 021
Amounts due to companies on reinsurance contracts		26 778 839	8 461 983
Other accounts payable	12	439 485	534 431
Total liabilities		1 550 206 108	876 148 880
SHAREHOLDER'S EQUITY			
Share capital	13	253 900 000	111 500 000
Revaluation reserve	14	1 733 310	1 664 865
Retained earnings		(59 787 735)	(33 180 562)
Total shareholder's equity		195 845 575	79 984 303
Total liabilities and shareholder's equity		1 746 051 683	956 133 183

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GIC RE SOUTH AFRICA LTD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

	Note	Year ended 31 March 2017 R	Year ended 31 March 2016 R
Gross premiums written		688 644 606	331 818 342
Retroceded premiums		(592 848 686)	(291 781 769)
Net premiums written		95 795 920	40 036 573
Change in provision for unearned premiums	8	(26 274 630)	(9 323 665)
Gross		(148 755 482)	(95 795 938)
Reinsured		122 480 852	86 472 273
Net premium earned		69 521 290	30 712 908
Commission income	17	137 398 775	61 933 115
Net investment income	15	22 279 312	8 087 125
Decrease/(increase) in net life policyholder liabilities	7	4 062 675	(2 806 547)
Net income		233 262 052	97 926 601
Claims incurred, net of reinsurance	16	(74 345 058)	(32 603 728)
Commission expense	17	(126 667 050)	(57 982 690)
Interest paid		(3 563 617)	(80 882)
Investment management expenses		(1 805 492)	(917 816)
Management expenses		(23 717 580)	(18 583 626)
Increase in provision for doubtful debts		(820 639)	(1 090 621)
Foreign exchange (loss)/gain		(28 881 344)	6 676 603
Loss before taxation	18	(26 538 728)	(6 656 159)
Taxation	19	-	-
Loss for the year		(26 538 728)	(6 656 159)
Other comprehensive income for the year, net of taxation		-	-
Total comprehensive loss for the year		(26 538 728)	(6 656 159)

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GIC RE SOUTH AFRICA LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	Share capital R	Revaluation reserve R	Retained earnings R	Total R
31 March 2017				
Balance as at 1 April 2016	111 500 000	1 664 865	(33 180 562)	79 984 303
Share issue	142 400 000	-	-	142 400 000
Non-life	142 400 000	-	-	142 400 000
Total comprehensive profit for the period	-	-	(26 538 728)	(26 538 728)
Non-life	-	-	(25 984 392)	(25 984 392)
Life	-	-	(554 336)	(554 336)
Transfer to reserves				
Revaluation of investments	-	68 445	(68 445)	-
Balance as at 31 March 2017	253 900 000	1 733 310	(59 787 735)	195 845 575
31 March 2016				
Balance as at 1 April 2015	111 500 000	1 392 622	(26 252 160)	86 640 462
Share issue	-	-	-	-
Non-life	-	-	-	-
Total comprehensive profit for the year	-	-	(6 656 159)	(6 656 159)
Non-life	-	-	(3 630 115)	(3 630 115)
Life	-	-	(3 026 044)	(3 026 044)
Transfer from reserves				
Revaluation of investments	-	272 243	(272 243)	-
Balance as at 31 March 2016	111 500 000	1 664 865	(33 180 562)	79 984 303

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GIC RE SOUTH AFRICA LTD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

	Note	Year ended 31 March 2017 R	Year ended 31 March 2016 R
Cash flows from operating activities			
Cash generated by operations	25.1	126 107 562	215 355 019
Interest received		18 840 459	7 717 401
Interest paid		(3 563 617)	(80 882)
Dividends received		574 665	60 649
Net cash inflow from operating activities		141 959 069	223 052 187
Cash flows from investing activities			
Net acquisition of investments		(243 950 383)	(218 369 831)
Additions to property and equipment		(293 754)	(424 206)
Proceeds on disposal of property and equipment		16 334	-
Net cash outflow from investing activities		(244 227 803)	(218 794 037)
Net (decrease)/increase in cash and cash equivalents		(102 268 734)	4 258 150
Cash flows from financing activities			
Shares issued		142 400 000	-
Cash and cash equivalents			
At the beginning of year		37 541 978	33 283 828
At the end of year	25.2	77 673 244	37 541 978

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1 Accounting policies

1.1 Statement of compliance

The financial statements of the company are prepared on the going concern basis and in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa. The accounting policies set out below have been applied consistently to all years presented in the financial statements.

1.2 Basis of preparation

The company is domiciled in South Africa and its reporting currency is Rand.

Basis of measurement

The financial statements are prepared on the historical cost basis, adjusted by the revaluation of investments to fair value.

Use of estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The most significant judgements, estimates and assumptions relate to technical provisions and liabilities under insurance contracts detailed in note 4. In addition, assumptions are made about the recoverability of insurance receivables and credit control is strictly monitored.

1.3 Classification of contracts

Contracts under which the company accepts significant insurance risk from another party (the policyholder) through reinsurance inwards by agreeing to compensate the policyholder or other beneficiary if a specific uncertain future event (the insured event) adversely affects the policyholder or other beneficiary are classified as insurance contracts. The same definition is applied to reinsurance outwards. Insurance risk is risk other than financial risk. Financial risk is the risk of a possible future change in one or more of a specific interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Contracts that do not meet the above definition are classified as investment contracts and are deposit accounted.

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1 Accounting policies (continued)

1.4 Equipment

Equipment, furniture and motor vehicles are stated at cost less accumulated depreciation which is calculated to write off the cost of the assets to its residual value over their useful lives in a pattern that reflects their economic benefits.

The current estimated useful lives are as follows:

• Equipment	
Office Equipment	6 years
Computer equipment	3 years
• Furniture and fittings	6 years
• Motor vehicles	5 years

The useful lives and depreciation methods are reassessed annually. The residual values, if not insignificant, are also reassessed annually. 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 are determined by comparing the proceeds with the carrying amount of the assets and are included in profit or loss.

1.5 Outstanding and unintimated claims

Provisions are made for claims incurred up to the reporting date. The provisions exclude Value Added Tax but include an estimate for future claims handling costs.

1.6 Policyholder liabilities for life insurance contracts

The liabilities under life insurance contracts are valued in terms of the Financial Soundness Valuation ("FSV") basis contained in SAP104 issued by the Actuarial Society of South Africa and are reflected as policyholder liabilities under life insurance contracts in the statement of financial position. The operating surpluses or losses arising from insurance contracts are determined by the annual actuarial valuation. These surpluses or losses are arrived at after taking into account the movement in actuarial liabilities under unmatured policies, provisions for profit commissions accrued and adjustments to contingency and other reserves within the policyholder liabilities as well as recoveries under retrocession agreements.

1.7 Deposits

Deposits retained on retrocession placed are stated at amortised cost.

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1 Accounting policies (continued)

1.8 Revaluation reserve

The company has chosen to disaggregate equity into more classes than the minimum required by creating a revaluation reserve as an additional class within equity. This is to present unrealised gains and losses on investments separately from other profits or losses and is shown separately on the statement of financial position.

The revaluation reserve comprises of the revaluation of investments above or below their original cost, after deferred tax is recognised on the revaluation. A gain or loss arising from a change in fair value is recognised in net profit or loss for the period in which it arises and thereafter is transferred to a revaluation reserve. When investments are disposed of, the cumulative gain or loss previously recognised in the revaluation reserve is transferred to retained income.

1.9 Premiums

Premium income on insurance contracts is brought to account at the earlier of the date of notification or the date of receipt. At year end, an estimate is raised for premiums where notification has not been timeously received.

1.10 Unearned premium provision

The provision for unearned premium comprises the portion of premiums written which are estimated to be earned in future periods. The unearned premium provision is calculated separately for each contract at the balance sheet date using principally the 50% method basis for proportional treaty business and the 365 days basis for facultative business and non-proportional business.

1.11 Commission expense

Acquisition costs comprise commission and other variable costs directly connected with the acquisition or renewal of insurance policies. Commission expenses are charged to profit or loss as incurred and include commission, brokerage, taxes, and profit commission which is paid to cedants based on the performance of the contracts underwritten.

1.12 Investment income

Interest income is recognised as it accrues, using the effective interest method. Dividends are recognised when the right of receipt is established.

1.13 Gain or loss on realisation of investments

Gains or losses on realisation of investments are calculated on a weighted average basis.

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1 Accounting policies (continued)

1.14 Income tax

Income tax on profit and loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity, or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

1.15 Provisions

A provision is recognised in the statement of financial position when the company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

1.16 Impairment

The carrying amounts of the company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If there is any indication that an asset is impaired, its recoverable amount is estimated. The recoverable amount is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount. In assessing the value in use, the expected future cash flows from the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of amortisation) had an impairment loss not been recognised in prior years.

1.17 Financial instruments

Financial assets are recognised when the company becomes a party to the contractual terms that comprise an asset. On initial recognition these instruments are recognised at fair value or for financial instruments not carried at fair value, the cost thereof, including transaction costs. Subsequent to initial recognition, these instruments are measured as set out below:

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1 Accounting policies (continued)

1.18 Financial instruments (continued)

Investments

Investments are classified at fair value through profit or loss. The investments are managed and their performance evaluated and reported internally on a fair value basis in terms of a documented investment strategy. The fair value of listed investments is measured with reference to their quoted bid prices at the reporting date.

Trade and other receivables

Trade and other receivables are stated at amortised cost using the effective interest rate method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Cash and cash equivalents are stated at amortised cost.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisations.

Derecognition

A financial asset is derecognised when the company loses control over the contractual rights that comprise an asset and consequently transfers the risks and benefits associated with the asset on trade date. This occurs when the rights are realised, expire or are surrendered. A financial liability is derecognised when it is legally extinguished.

Offset

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the company has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.19 Foreign currencies

Assets and liabilities in foreign currencies are translated to South African Rand at rates of exchange ruling at the reporting date.

Foreign currency transactions during the year are recorded at rates of exchange ruling at the transaction date. Realised and unrealised gains or losses on exchange are accounted for in profit and loss during the period that they arise.

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1.20 Retrocession

The company retrocedes insurance risk in the normal course of business for the purpose of limiting its net loss potential through the diversification of its risk. Retrocession arrangements do not relieve the company from its direct obligation to cedants. Amounts recoverable under retrocession contracts are recognised in the same year as the related claim. Amounts recoverable under retrocession agreements are assessed for impairment at each reporting date. Such assests are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition that the company may not recover all amounts due.

Premiums retroceded, claims reimbursed and commission income are presented in the statement of comprehensive income and statement of financial position separately from the gross amounts. Deferred retrocession income is recognised on a basis consistent with the provision for earned premiums.

2 Reinsurance risk management

2.1 Non-life reinsurance contracts

2.1.1 Risk management objectives and policies for mitigating reinsurance risk

The company reactivated its underwriting non-life reinsurance business as of 1 January 2015 after having been in run off since 2002. The cover periods for all historical reinsurance contracts, which were annual in nature, had expired by the end of 2005. The company's exposure is therefore limited to the uncertainty surrounding the timing of payment and severity of claims already incurred under historical reinsurance contracts. This is commonly referred to as claims development risk.

Sound underwriting principles are applied when the reinsurance contracts are underwritten. In order to ensure that each contract was comprehensively evaluated for underwriting and rating purposes, strict underwriting guidelines, agreed to with the parent company, are followed. The underwriting guidelines stipulate the type of risks that could be underwritten, as well as the exposure per risk that was acceptable.

The reinsurance contracts underwritten by the company comprise:

- Property reinsurance: contracts that indemnify against physical loss or damage and the financial consequences from a loss or damage to land and buildings.
- Transport reinsurance: contracts that indemnify against losses from the possession, use or ownership of a vessel, aircraft or other craft for the conveyance of persons or goods.
- Accident reinsurance: contracts that indemnify against losses from a variety of risks. These include:
  - Motor
  - Personal accident and health
  - Guarantee
  - Liability
  - Engineering
  - Miscellaneous

The claims liabilities recognised for each of these classes at year end are disclosed in note 6.

The largest claims development uncertainty is concentrated in those classes that are classified as long tail, such as liability and engineering. Long tail business is defined as reinsurance contracts under which claims are typically not settled within one year of the occurrence of the events giving rise to the claims. In long tail classes, there is still significant scope for future development, positive or negative, both in number of claims, as well as the value of the claims. The claims development risk from reinsurance contracts is largely managed through the following actions:

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2 Reinsurance risk management (continued)

2.1 Non-life reinsurance contracts (continued)

- GIC Re South Africa Limited commenced its operations from 1st January, 2015 and underwriting non-life reinsurance business emanating from Sub-Saharan Africa. Currently, the company has underwritten business from across 32 countries of the region. Although, the business is well-diversified, a significant portion of the premium is written from South Africa comprising almost 59% and Kenya around 15% of the total book of business.
- The company has regarded its concentration in South Africa as a primary concern from the point of view of hailstorm and earthquake exposures. To mitigate the underwriting risk, it has in place a 15% Whole Account Quota Share Treaty. Further based on internal assessment, the company has calculated realistic disaster scenario in any one catastrophe and as a matter of abundant precaution procured an excess of loss protection for USD 14.5 Mln. Xs. USD 0.5 Mln. The cover is currently in place. These arrangements will protect the capital of the company in any catastrophic event.
- Further, plans are afoot to model the portfolio based on 1 in 250 year return period for Earthquake and Hailstorm exposures arising from South Africa and to obtain adequate excess of loss cover effective 1st April, 2017.
- A portion of the historical risks underwrtitten by the company pertaining to the run-off book of business was historically retroceded in order to mitigate its net exposure. The retrocession contracts entered into comprise a combination of proportional and non-proportional treaties. These contracts were recaptured and, as such, the company has no protection for the run-off book of business.
- The company follows robust claims assessment procedures to ensure, that the liability it accepts for claims covered by reinsurance contracts is valid and accurate.

2.1.2 Concentrations of reinsurance risk

Concentrations of risk may arise with a particular event or series of events for example in one geographical location.

2.1.3 Claims development information

Consistent with practice in the reinsurance industry, quarterly statements received from reinsurers under proportional reinsurance contracts, do not detail the date of loss of reinsurance claims. Proportional reinsurance contracts make up the largest part of the company's business. The majority of the business underwritten is classified as "short-tail" meaning that claims are settled within a year after the loss date. In terms of IFRS 4, an insurer need only disclose claims run-off information where uncertainty exists about the amount and timing of claim payments not resolved within one year.

Claims development is monitored in aggregate for all loss years. Note 6 provides details of the overall changes in estimates of claims liabilities created in earlier years.

2.2 Life reinsurance contracts

2.2.1 Risk management objectives and policies for mitigating reinsurance risk

The company ceased underwriting life reinsurance business during 2002, and entered into a run-off phase. The company remains on risk for life reinsurance contracts underwritten in the past that have cover periods that extend into the future. The company is exposed to the uncertainty surrounding the timing, severity and frequency of claims under reinsurance contracts.

Sound underwriting principles were applied historically when the reinsurance contracts were underwritten. In order to ensure that each contract was comprehensively evaluated for underwriting and rating purposes, strict underwriting guidelines, agreed to with the then parent company were followed. The underwriting guidelines stipulated the type of risks that could be underwritten, as well as the exposure per risk that was acceptable.

2 Reinsurance risk management (continued)

2.2.1 Risk management objectives and policies for mitigating reinsurance risk (continued)

The significant types of reinsurance contracts underwritten in the past, where the company remains on risk are summarised below.

Term
- Policy is limited to a defined term. The sum assured is payable at death should this occur during the term.

Risk premium
- Sum assured is payable at death. Premiums received are based on current age, sum at risk and may be reviewed in some cases. Cover may be extended to include disability and dread disease.

Disability
- A benefit which is paid out if the assured is totally and permanently disabled from carrying out his/her occupation as defined in the policy conditions.

Permanent health insurance
- Compensates the assured for loss of income in case of temporary disability or total and permanent disability during the policy term.

The risk that arises from the reinsurance contracts underwritten in the past is largely managed through the following actions:

- The company has no further exposure to treaties that have been commuted.
- As from 1 January 2010 the life retrocession agreements with Revios Ruckvericherung AG (Scor Germany), which ended on 31 December 2009, was replaced with a single agreement with Scor Africa Limited (Scor Africa), whereby the company's net retention on any one risk is reduced to a maximum of R750,000, as compared to the previous R2,500,000. The agreement is for a quota share of 75% on all risks, previously 50%, with sums assured capped at R750,000.

  Scor Africa carries the remaining 25% on quota share risk to R1,000,000, as well as the excess of loss treaty which provides for the remaining cover over R1,000,000. An over-rider commission of 10% on all retrocession premiums ceded to Scor Africa is payable to the company as an expense recovery together with a profit commission of 50% on Scor Africa's annual profits.
- The company follows robust claims assessment procedures to ensure that it pays valid and accurate claims. The company uses medical officers to assess claims, where appropriate.

2.2.2 Concentrations of reinsurance risk

Concentrations of risk may arise where a particular event or series of events impact heavily on the company's resources. The company is not aware of any undue concentrations of risk and its portfolio is generally representative of the risk profiles of the major life offices in South Africa.

2.2.3 Claims development

In terms of IFRS 4: Insurance Contracts, claims development information need only be presented where uncertainty exists about the amount and timing of claims payments not resolved within one year following the date of the loss. The company has been in run-off for approximately 12 years. The number of new claims reported is limited and as a result run-off information is eratic. Claims development information is therefore not presented. Refer to note 7 for the estimates maturity profile.

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3 Financial risk

Transactions in financial instruments result in the company assuming financial risks. These include market risk, liquidity risk and credit risk. Each of these risks is described below, together with ways in which the company manages these risks.

3.1 Market risk

Market risk can be described as the risk of a change in the fair value of a financial instrument brought about by changes in interest rates, equity prices, or foreign exchange rates.

- Equity price risk
  The portfolio of listed equities, which are stated at fair value at reporting date, has exposure to price risk, being the potential loss in market value resulting from adverse changes in prices. The company's objective is to earn competitive relative returns by investing in a diverse portfolio of securities. Portfolio characteristics are analysed on a regular basis. The portfolio is invested in various industries as detailed in note 10, and the largest investment in any one company comprises 0.23% (2016: 0.14%) of the total assets.

  At 31 March 2017, the company's ordinary listed equities were recorded at their fair value of R16.3 million (2016: R4.01 million). A hypothetical 25% decline in each share's price would have decreased profit before taxation by R4.08 million (2016: R1.0 million).

- Interest rate risk
  Fluctuations in interest rates impact on the value of government securities and corporate bonds and the interest returns from these investments. The maturity profile of these instruments is set out in note 10. It is estimated that a 2% increase in interest rates for these investments would have increased the company's 2017 profit before taxation by less than R250,000 (2016: R150,000).

- Foreign currency risk
  The company is exposed to foreign currency risk for transactions that are denominated in a currency other than Rand. The company is writing business in sub-Saharan African countries. In more than 55% of the contracts, the transacting currency is US dollar. Initially the company's focus is to build foreign currency reserves and match dollar liabilities with dollar assets.

3.2 Liquidity risk

The company ensures that the solvency of the company meets the regulatory requirements at all times by maintaining a high level of liquidity.

The company follows the regulatory provisions, in conjuction with prudential norms laid out by the Board, with regard to the investment of its funds. The general investment strategy is to use cash as the default asset class. In the initial years of operations equity exposure will be maintained at lower levels.

Expected cashflows of liabilities:

	Carrying amount	**1 year**	**2 years**	**More than 2 years**
Deposits withheld from retrocessionaires	**619 411 431**	619 411 431	-	-
Amounts due to companies on reinsurance contracts	**26 778 839**	26 778 839	-	-
Other accounts payable	**439 485**	439 485	-	-

Maturity of Technical liabilities under insurance contracts have been included in Note 6 - 9.

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3 Financial risk (continued)

3.2 Liquidity risk (continued)

The company is accumulating foreign currency reserves and not intending to convert foreign currency funds into Rand during the next year. All these funds are invested in short-term deposits in the form of fixed or call deposits.

For Rand funds, the fund managers are instructed to keep funds invested in such a way as to offer maximum flexibility and high liquidity.

Over and above these liquidity measures, a letter of comfort given by the parent company provides support to the company in order to maintain adequate capital, to meet solvency and policy holder liability requirements and financial obligations.

3.3 Credit risk

The company has several exposures to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the company is exposed to credit risk are:
- amounts due from reinsurance policyholders;
- amounts due from reinsurance contract intermediaries;
- investments excluding equities and cash equivalents; and
- retroceded technical liabilities.

Exposure to individual policyholders and groups of policyholders are monitored as part of the credit control process. Reputable financial institutions are used for investing and cash handling purposes.

Under the terms of the retrocession agreements, retrocessionaires agree to reimburse the ceded amount in the event that a gross claim is paid. However, the company remains liable to its cedants regardless of whether the retrocessionaire meets the obligations it has assumed. Consequently, the company is exposed to credit risk.

GIC Re South Africa Ltd reinsures with its parent, General Insurance Corporation of India (GIC Re) which has been continously rated A- (Excellent) by AM Best for at least the last 6 years and AAA (In) for Claim Paying ability by the Indian rating agency, Credit Analysis & Research Ltd (CARE). The parent company is wholly owned by the Government of India with sovereign security. As per AM Best, GIC Re ranked 14th among the Top 50 Global reinsurance groups in terms of Gross Written Premium. As at 31 March 2016, it has a net worth of approximately USD 2.24 billion and total assets of USD 12 billion.

From Calender year 2016, GIC Re South Africa Ltd arranged a 85% whole account quota share treaty whereby 85% of the claims incurred are recovered from GIC Re India. In addition to this GIC Re South Africa Ltd continues to withhold 40% of the premium as an unearned premium reserve deposit and retain 100% of the outstanding claims reserve as an outstanding claims reserve deposit.

None of the company's financial assets exposed to credit risk are past due or impaired.

Age analysis of amounts due from companies on reinsurance contracts

	Total	**Current**	**30 days**	**60 days**	**90 days**	**More than 120 days**
Amounts due	**343 620 234**	308 548 038	5 425 171	3 868 109	8 302 071	17 476 845

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3 Financial risk (continued)

3.3 Credit risk (continued)

Analysis of the credit quality of the company's assets

	AAA R	AA R	A R	BBB and lower R	Not Rated R	Total R
2017						
Technical assets under insurance contracts	-	-	696 694 009	-	79 739 841	776 433 850
Investments						
Government securities	-	-	-	10 997 343	-	10 997 343
Negotiable Certificate of Deposit	-	48 296 384	-	110 958 220	-	159 254 604
Fixed Deposits	-	-	-	317 680 722	-	317 680 722
Accounts receivable	1 451 631	309 258	68 924 636	202 252 308	72 573 699	345 511 532 *
Cash and cash equivalents	-	425 690	-	77 247 554	-	77 673 244
	1 451 631	49 031 332	765 618 645	719 136 147	152 313 540	1 687 551 294
2016						
Technical assets under insurance contracts	-	-	374 058 605	-	43 861 313	417 919 918
Investments						
Government securities	-	-	-	6 779 132	-	6 779 132
Negotiable Certificate of Deposit	-	-	-	25 810 763	-	25 810 763
Fixed Deposits	-	-	-	206 610 408	-	206 610 408
Accounts receivable	3 672 300	2 555 538	63 200 612	58 498 035	72 844 845	200 771 330
Cash and cash equivalents		-	-	37 541 978	-	37 541 978
	3 672 300	2 555 538	437 259 217	335 240 316	116 706 158	895 433 529

The company's maximum exposure to credit risk is analysed in the table above.

The assets as above are based on external credit ratings obtained from various reputable rating agencies like Fitch and Standard and Poor's. The international rating scales are based on long-term investment horizons under the following broad investment grade definitions:

AAA The financial instrument is judged to be of the highest quality, with minimal credit risk and indicates the best quality issuers that are reliable and stable.
AA The financial instrument is judged to be of high quality and is subject to very low credit risk and indicates quality issuers.
A The financial instrument is considered upper-medium grade and is subject to very low credit risk although certain economic situations can more readily affect the issuers' financial soundness adversely than those rated AAA or AA.
BBB The financial instrument is subject to moderate credit risk and indicate medium class issuers, which are currently satisfactory.

* Amount receivable is net of provision for doubtful debts of R1.91 million (2016 : R1.09 million).

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3 Financial risk (continued)

Fair value hierarchy

The table below analyses assets carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1
Quoted market price in an active market for an identical instrument.
Level 2
Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly observable from market data.
Level 3
Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

2017	Level 1	Level 2	Level 3	Total
Financial assets designated at fair value through profit or loss	31 173 333	31 109 717	-	62 283 050
	31 173 333	31 109 717	-	62 283 050

2016	Level 1	Level 2	Level 3	Total
Financial assets designated at fair value through profit or loss	15 176 307	44 806 327	-	59 982 634
	15 176 307	44 806 327	-	59 982 634

The unit trust is valued with the unitisation pricing methodology based on quoted market prices.

Collective Investment schemes are valued based on its unit price or the net asset value (NAV), depending on the market value of the underlying investments in which the pool of money is invested. Its yield is calculated by taking the interest and income receivable of all the instruments in the fund divided by the net asset value, expressed as a nominal annual rate.

Capital management

The company recognises equity and reserves as capital and Management closely monitors the company's capital position relative to the economic and regulatory requirements. The company submits quarterly and annual returns to the Financial Services Board in terms of the Short-term Insurance Act, 1998 and the Long - term Insurance Act, 1998. The company is required to at all times to maintain a minimum capital adequacy requirement as defined in the Short-term Insurance Act and the Long-term Insurance Act.

Under the new regulatory regime, Solvency Assessment and Management (SAM), the legislative requirements will change significantly. The company with the assistance of its consulting actuary, has addressed the capital needs under the new regime and have complied with the transitional reporting requirements as communicated by the Regulator.

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4 Technical provisions and liabilities under insurance contracts

Insurance risks are unpredictable and the company recognises that it is impossible to forecast with absolute precision claims payable under insurance contracts. Over time, the company has developed a methodology that is aimed at establishing insurance provisions and liabilities that have a reasonable likelihood of being adequate to settle all its insurance obligations.

4.1 Non-life reinsurance contracts

4.1.1 Claim provisions

The outstanding claims provisions include notified claims as well as incurred but not yet reported claims. Outstanding claims provisions are not discounted.

Notified claims

Claims notified by cedants are assessed with due regard to the specific circumstances, information available from the cedant and/or loss adjuster and past experience with similar claims. The company employs staff experienced in claims handling and rigorously applies standardised policies and procedures around claims assessment.

The ultimate cost of the reported claims may vary as a result of future developments or better information becoming available about current circumstances. Estimates are therefore reviewed regularly and followed up with the cedant to ensure that it is still current.

Incurred but not reported claims (IBNR)

IBNR provisions were recognised in terms of the interim measures communicated by the Financial Services Board (FSB). These are deemed appropriate for IFRS purposes based on the reporting delays experienced by the company.

4.1.2 Premium provisions and deferred commission

Unearned premium provisions and deferred commission assets have been recognised. Proportional treaties are provided for at 50%, Non-Proportional treaties at 75% and for Facultative the 1/365th basis is used.

4.1.3 Assumptions

As a reinsurer it is necessary to estimate proportional premiums earned, but not yet reported by cedants (pipeline premiums estimates). These have been estimated with reference to the estimated premium income (EPI) from the signed treaty agreements.

Assumptions based on actual claims experience to date have been used in determining the claim provisions.

Profit commissions are payable to cedants based on the performance of the contracts underwritten and are estimated with reference to premiums and claims recorded in the financial statements.

4.1.4 Recoverability of Insurance Receivables

Amounts due from cedants have been assessed for an indication of impairment due to significant financial difficulty, a breach of contract or other observable data indicating a measurable decrease in the future cash recoverable. This may include adverse changes in the payment status of cedants or economic conditions that may lead to default of amounts due.

The carrying amount of insurance receivables has been reduced by a provision for doubtful debts and the amount of the loss has been recognised in the statement of comprehensive income. If in future the amount becomes recoverable the previously recognised provisions for doubtful debts will be reversed through the statement of comprehensive income.

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4 Technical provisions and liabilities under insurance contracts (continued)

4.2 Life reinsurance contracts

4.2.1 Outstanding claims

Notified claims

Claims notified by cedants are assessed with due regard to the specific circumstances, information available from the cedant and/or loss adjuster and past experience with similar claims. The company employs staff experienced in claims handling and rigorously applies standardised policies and procedures around claims assessment.

The ultimate cost of the reported claims may vary as a result of future developments or better information becoming available about current circumstances. Estimates are therefore reviewed regularly and followed up with the cedant to ensure that it is still current.

4.2.2 Policyholder liabilities

The basis adopted in calculating the policyholder liabilities is set out in the notes to the statement of actuarial values of life assets and liabilities that precede the financial statements. The statement also details the effect of the changes in assumptions from 2016.

4.2.3 Sensitivities in assumptions

The table below demonstrates the impact on the loss before tax for a hypothetical worse than expected experience in material assumptions for policyholder liabilities, net of reinsurance.

	2017 R	2016 R
10% worse than expected claims experience	(707 000)	(2 883 000)
10% higher expenses	(1 076 000)	(601 000)
1% lower investment margins	(303 000)	(525 000)
2.5% decrease in lapses	146 000	(1 000)

Each scenario was considered in isolation.

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5 Equipment	31 March 2017 R	31 March 2016 R
At cost		
Equipment	1 267 005	2 244 397
Furniture	674 164	911 530
Motor vehicles	894 325	894 325
	2 835 494	4 050 252
Accumulated depreciation		
Equipment	781 045	1 592 357
Furniture	345 656	646 495
Motor vehicles	465 308	286 443
	1 592 009	2 525 295
Net book value		
Equipment	485 960	652 040
Furniture	328 508	265 035
Motor vehicles	429 017	607 882
	1 243 485	1 524 957
Equipment		
Net book value at beginning of year	652 040	503 366
Additions	152 646	394 602
Disposals	(8 567)	-
Depreciation	(310 159)	(245 928)
Net book value at end of year	485 960	652 040
Furniture		
Net book value at beginning of year	265 035	294 891
Additions	141 108	29 604
Disposals	(7 767)	-
Depreciation	(69 868)	(59 460)
Net book value at end of year	328 508	265 035
Motor vehicles		
Net book value at beginning of year	607 882	786 747
Additions	-	-
Disposals	-	-
Depreciation	(178 865)	(178 865)
Net book value at end of year	429 017	607 882
Total		
Net book value at beginning of year	1 524 957	1 585 004
Additions	293 754	424 206
Disposals	(16 334)	-
Depreciation	(558 892)	(484 253)
Net book value at end of year	1 243 485	1 524 957

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6 Provision for outstanding claims

	31 March 2017 Non-Life R	31 March 2017 Life R	31 March 2017 Total R	31 March 2016 Non-Life R	31 March 2016 Life R	31 March 2016 Total R
Balance at beginning of the period	32 803 692	1 858 693	34 662 385	15 324 490	1 285 595	16 610 085
Gross	234 363 318	3 200 496	237 563 814	41 103 151	1 714 127	42 817 278
Retroceded	(201 559 626)	(1 341 803)	(202 901 429)	(25 778 661)	(428 532)	(26 207 193)
Amounts transferred (to)/from profit or loss	39 751 284	(1 854 943)	37 896 341	17 479 202	573 098	18 052 300
Gross	244 019 963	(3 195 496)	240 824 467	193 260 167	1 486 369	194 746 536
Retroceded	(204 268 679)	1 340 553	(202 928 126)	(175 780 965)	(913 271)	(176 694 236)
Balance at end of the period	72 554 976	3 750	72 558 726	32 803 692	1 858 693	34 662 385
Gross	478 383 281	5 000	478 388 281	234 363 318	3 200 496	237 563 814
Retroceded	(405 828 305)	(1 250)	(405 829 555)	(201 559 626)	(1 341 803)	(202 901 429)
Property	50 593 505			15 696 461		
Miscellaneous	20 788 811			15 631 166		
Transport	1 172 660			1 476 065		
	72 554 976			32 803 692		

Estimated maturity profile:

	31 March 2017 Non-Life R	31 March 2017 Life R	31 March 2017 Total R	31 March 2016 Non-Life R	31 March 2016 Life R	31 March 2016 Total R
Gross	478 383 281	5 000	478 388 281	234 363 318	3 200 496	237 563 814
Within one year	343 093 243	5 000	343 098 243	180 196 491	2 991 407	183 187 898
Thereafter	135 290 038	-	135 290 038	54 166 827	209 089	54 375 916
Retroceded	(405 828 305)	(1 250)	(405 829 555)	(201 559 626)	(1 341 803)	(202 901 430)
Within one year	(296 254 663)	(1 250)	(296 255 913)	(161 247 701)	(1 289 530)	(162 537 231)
Thereafter	(109 573 642)	-	(109 573 642)	(40 311 925)	(52 273)	(40 364 198)
Net	72 554 976	3 750	72 558 726	32 803 692	1 858 693	34 662 384
Within one year	46 838 580	3 750	46 842 330	18 948 790	1 701 877	20 650 667
Thereafter	25 716 396	-	25 716 396	13 854 902	156 816	14 011 718

As the company obtains further data on loss run-off, further information will be provided in future periods on claim development.

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7 Policyholder liabilities for life insurance contracts	31 March 2017 R	31 March 2016 R
Balance at beginning of year	17 898 013	15 091 466
Gross	23 730 776	20 356 542
Retroceded	(5 832 763)	(5 265 076)
Amounts transferred (to)/from profit and loss	4 062 675	(2 806 547)
Gross	6 836 248	(3 374 234)
Retroceded	(2 773 573)	567 687
Balance at end of year	13 835 338	17 898 013
Gross	16 894 528	23 730 776
Retroceded	(3 059 190)	(5 832 763)

Estimated maturity profile:

Gross	16 894 528	23 730 776
Within one year	11 967 288	14 978 958
Thereafter	4 927 240	8 751 818
Retroceded	(3 059 190)	(5 832 763)
Within one year	(2 478 177)	(3 883 334)
Thereafter	(581 013)	(1 949 429)
Net	13 835 338	17 898 013
Within one year	9 489 111	11 095 624
Thereafter	4 346 227	6 802 389

Gong

	31 March 2017 R	31 March 2016 R
8 Unearned premium reserve		
Balance at beginning of year	18 085 013	8 761 348
Gross	183 409 426	87 613 488
Reinsured	(165 324 413)	(78 852 140)
Amounts transferred through profit and loss	26 274 630	9 323 665
Gross	148 755 482	95 795 938
Reinsured	(122 480 852)	(86 472 273)
Balance at end of year	44 359 644	18 085 013
Gross	332 164 908	183 409 426
Reinsured	(287 805 264)	(165 324 413)
9 Deferred acquisition costs		
Balance at beginning of year	(2 876 116)	(2 510 186)
Gross	43 861 313	14 329 153
Reinsured	(46 737 429)	(16 839 339)
Amounts transferred through profit and loss	6 487 321	(365 930)
Gross	35 878 528	29 532 160
Reinsured	(29 391 207)	(29 898 090)
Balance at end of year	3 611 205	(2 876 116)
Gross	79 739 841	43 861 313
Reinsured	(76 128 636)	(46 737 429)

Both the gross and retroceded unearned premium provisions are expected to mature within one year.

Deferred acquisition costs have been recognised on the same bases as the unearned premium reserve.

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10 Investments

	31 March 2017		31 March 2016	
	R Cost	R Carrying Value	R Cost	R Carrying Value
Negotiable certificates of deposits	156 000 000	159 254 604	25 220 000	25 810 763
Fixed deposits	316 297 698	317 680 722	205 574 264	206 610 408
Ordinary shares - listed	14 377 142	16 344 255	3 964 183	4 013 260
Collective investment schemes - listed	30 781 583	31 109 717	44 550 004	44 806 327
Preference shares - listed	3 461 018	3 831 735	-	-
Corporate bonds - listed	-	-	-	-
Government bonds - listed	10 895 395	10 997 343	6 812 381	6 779 132
Unit Trust - listed	-	-	1 937 437	4 383 915
Total investments at fair value through profit or loss	531 812 836	539 218 376	288 058 269	292 403 805

Listed ordinary shares portfolio analysis	% 2017	% 2016
Basic materials	37	18
Consumer services	12	5
Financials	36	60
Industrials	15	17
	100	100

Maturity profile of fixed interest securities

	Less than one year R	One to five years R	More than five years R	Total R
2017				
Negotiable certificates of deposits	159 254 604	-	-	159 254 604
Fixed deposits	317 680 722	-	-	317 680 722
Government bonds	5 144 413	3 020 884	2 832 046	10 997 343
2016				
Negotiable certificates of deposits	25 810 763	-	-	25 810 763
Fixed Deposits	206 610 408	-	-	206 610 408
Government bonds	-	4 532 003	2 247 129	6 779 132

The weighted average interest rate of these securities for 2017 is 4.57% (2016: 2.61%).

Details of shareholdings held in companies other than subsidiaries are recorded in a register. This register is available for inspection at the company's business premises.

Presented below are the effective interest rates of the company's interest bearing investments:

	31 March 2017	31 March 2016
Negotiable certificates of deposits	8.26%	7.54%
Fixed deposits*	2.66%	1.78%
Government bonds	8.42%	9.00%

* Interest rate for fixed deposits is low as 88% of the fixed deposits are held in foreign currencies.

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11 Deferred taxation	Non-Life R	Life R	Total R
31 March 2017			
Asset at beginning and end of year	5 425 210	545 985	5 971 195
The year-end deferred tax balance comprises:			
Unrealised loss on revaluation of investments	-	160 872	160 872
Provisions	102 871	-	102 871
S24 j interest adjustment	(213 582)	(4 964)	(218 546)
Calculated loss	5 535 921	390 077	5 925 998
	5 425 210	545 985	5 971 195
31 March 2016			
Asset at beginning and end of year	5 425 210	545 985	5 971 195
The year-end deferred tax balance comprised:			
Unrealised gain on revaluation of investments	-	441 063	441 063
Provisions	105 957	-	105 957
S24 j interest adjustment	(38 958)	(45 547)	(84 505)
Calculated loss	5 358 211	150 469	5 508 680
	5 425 210	545 985	5 971 195

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	31 March 2017 R	31 March 2016 R
12 Other accounts payable		
Accrual for leave pay	367 398	378 419
VAT	-	-
Other	72 087	156 012
	439 485	534 431

13 Share capital

	31 March 2017 R	31 March 2016 R
Authorised		
300 000 000 ordinary shares of no par value		
Issued		
At beginning of the year		
55 750 000 ordinary shares of no par value	111 500 000	111 500 000
Issued during the year		
71 200 000 ordinary shares of no par value	142 400 000	-
At end of the year		
126 950 000 ordinary shares of no par value	253 900 000	111 500 000

The unissued shares are under the control of the directors.

14 Revaluation reserve

	31 March 2017 R	31 March 2016 R
Investments	1 733 310	1 664 865
	1 733 310	1 664 865

The revaluation reserve represents the revaluation of investments which is net of deferred tax.

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15 Net investment income

	Non-Life R	Life R	Total R
31 March 2017			
Dividends received - listed	457 833	116 832	574 665
Interest received	16 339 966	2 500 493	18 840 459
Realised gain/ (loss) on disposal of investments	(28 779)	2 797 905	2 769 126
Net movement in unrealised gains and losses on revaluation and disposal of investments	2 325 086	(2 230 024)	95 062
	19 094 106	3 185 206	22 279 312
31 March 2016			
Dividends received - listed	21 916	38 733	60 649
Interest received	5 332 933	2 384 468	7 717 401
Realised gain/ (loss) on disposal of investments	(154 074)	85 033	(69 041)
Net movement in unrealised gains and losses on revaluation and disposal of investments	(184 094)	562 210	378 116
	5 016 681	3 070 444	8 087 125

16 Claims incurred

	Non-Life R	Life R	Total R
31 March 2017			
Claims paid	(25 553 534)	(10 895 183)	(36 448 717)
Gross	(205 810 787)	(15 523 437)	(221 334 224)
Retroceded	180 257 253	4 628 254	184 885 507
Change in provision for outstanding claims	(39 751 284)	1 854 943	(37 896 341)
Gross	(244 019 962)	3 195 496	(240 824 466)
Retroceded	204 268 678	(1 340 553)	202 928 125
Claims incurred	(65 304 817)	(9 040 240)	(74 345 058)
31 March 2016			
Claims paid	(4 628 842)	(9 922 586)	(14 551 428)
Gross	(53 733 177)	(20 189 681)	(73 922 858)
Retroceded	49 104 335	10 267 095	59 371 430
Change in provision for outstanding claims	(17 479 202)	(573 098)	(18 052 300)
Gross	(193 260 167)	(1 486 369)	(194 746 536)
Retroceded	175 780 965	913 271	176 694 236
Claims incurred	(22 108 044)	(10 495 684)	(32 603 728)

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	31 March 2017 R	31 March 2016 R
17 Commission		
Commission expense		
Gross commision and brokerage paid	(162 545 578)	(87 514 850)
Gross deferred acquisition cost	35 878 528	29 532 160
	(126 667 050)	(57 982 690)
Commission income		
Retrocession commision and brokerage received	166 339 126	91 241 976
Retroceded overriding commision received	450 856	589 229
Retroceded deferred commission revenue	(29 391 207)	(29 898 090)
	137 398 775	61 933 115

18 Profit before taxation

Profit before taxation is stated after charging:

	31 March 2017 R	31 March 2016 R
Employee costs		
– salaries and bonuses	8 268 998	6 869 417
– employer contributions to defined contribution retirement fund	-	69 207
	8 268 998	6 938 624
External auditor's remuneration		
– audit services	526 150	417 300
– non-audit services	-	20 000
	526 150	437 300
Consulting fees paid	2 896 309	1 979 734
Depreciation of equipment	558 892	484 253
Operating lease expense	1 259 028	1 009 398

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19 Taxation

	Non-Life R	Life R	Total R
31 March 2017			
South African normal tax			
Current taxation			
– current year	-	-	-
Deferred taxation			
– current year	-	-	-
	-	-	-
Tax rate reconciliation:	%	%	
Standard tax rate	28	28	
Dividends received	1	-	
Return transfers previously not recognised and other four funds tax losses	-	(6)	
Calculated tax loss for which no deferred tax asset is raised	(32)	(36)	
Other	3	14	
Effective tax rate	(0)	(0)	
31 March 2016			
South African normal tax			
Current taxation			
– current year	-	-	-
Deferred taxation			
– current year	-	-	-
	-	-	-
Tax rate reconciliation:	%	%	
Standard tax rate	28	28	
Dividends received	0	-	
Return transfers previously not recognised and other four funds tax losses	-	(10)	
Calculated tax loss for which no deferred tax asset is raised	(28)	(21)	
Other	-	3	
Effective tax rate	0	0	

The policyholder funds relating to life insurance contracts have calculated tax losses. At year end a deferred tax asset was not raised for these losses as it is not probable that the company will generate sufficient taxable income in the foreseeable future to utilise the loss and the benefit does not accrue to the company.

Deferred tax has been raised in respect of non-life business to the extent of R5,4 million (2016: R5,4 million). Assessed losses of R35,7 million (2016: R7,3 million) have not been recognised as it is uncertain whether further losses will be offset by taxable income in future.

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20 Related party transactions

20.1 Identity of related parties

The current holding company is General Insurance Corporation of India (GIC Re India), which acquired 100% of the company's shares on 24 April 2014.

20.2 Transactions with key management personnel

The remuneration of the executive general management, who are key management personnel of the company, is set out below in aggregate.

		2017 R		2016 R	
Directors emoluments are set out below:					
- Salaries and bonuses					
D Prasad	Managing director	1 802 967		-	
YR Sunkara	Managing director	-		2 188 272	#
		1 802 967		2 188 272	
- Fees					
S Bhikha	Non-executive director	280 000		215 000	
CI Moosa	Non-executive director	160 000		165 000	
J Bagg	Non-executive director	300 000		200 000	
		740 000		580 000	

Other non-executive directors of GIC Re South Africa Ltd are appointed by GIC Re India (parent company) do not earn any remuneration for their services pertaining to the company.

Key personnel					
- Salaries and bonuses					
I Blaikie	Public Officer, Company Secretary, General Manager - Life	1 032 739	##	1 093 010	
S Karmarkar	Chief Operating Officer	766 548		660 314	
SK Jangir	Chief Finance Officer, Manager – HR	559 940		412 536	
Z Ahmad	Chief Underwriting Officer	531 226		332 054	
SKR Chintapalli	Chief Technology Officer	506 037		332 048	
F Mosam	Chief Technical Accounts Officer	107 344	*	-	
W Mwase	Public Officer, Company Secretary, Manager - Admin	44 230	**	-	
		3 548 064		2 829 962	

Apart from above, R1,13 million was paid as rent for accommodation provided to executive officers.

Resigned on 19 February 2016
Resigned on 31 December 2016
* From December 2016 to March 2017
** From February 2017 to March 2017

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20 Related party transactions (continued)

20.3 Other related party transactions

The following transactions were entered with the current holding company:

	2017 R	2016 R
Statement of comprehensive income effects :		
Retroceded premiums to holding company	590 016 049	285 915 150
Retroceded claims from holding company	(350 593 132)	(224 885 299)
Retroceded commission from holding company	(166 281 972)	(91 168 479)
Statement of financial position effects :		
Retroceded outstanding claims	371 895 505	201 559 626
Retroceded unearned premium provision	287 805 264	165 324 413
Retroceded deferred acquisition cost	(76 128 636)	(46 737 429)
Retroceded reserve deposit	585 478 632	375 711 021
Retroceded receivables	6 462 917	20 643 312

21 Commitments and contingencies

The company entered into a lease agreement for the rental of its premises for a period of three years with an escalation of 9% per annum. Future rentals payable under the operating lease as at year end is:

Within one year	91 495	791 932
One to five years	2 501 209	1 412 060
	2 592 704	2 203 992

The operating lease expires on 31 March 2020.

22 Other company information

Business

The company is a composite reinsurer that was previously in run-off and as of 1 January 2015 began writing non-life reinsurance business.

Dividends

No dividends were paid during the year (2016 : Nil)

Going concern

The directors believe that the company will be a going concern in the future.

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23 New standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2017, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

IFRS 9 Financial instruments - periods beginning on or after 1 January 2018

On 24 July 2014, the IASB issued the final IFRS 9 Financial instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

This standard will have a significant impact on the Company, which will include changes in the measurement bases of the Company's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Company. The assessment of the impact of this standard will be considered closer to the effective date.

Disclosure initiative (Amendments to IAS 7) - periods beginning on or after 1 January 2017

The amendments provide tor disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flow and non-cash changes. This includes providing a reconciliation between the opening and closing balances for liabilities arising from financing activities. The impact of this standard is not known or cannot be reasonably estimated.

Recognition of deferred tax assets tor unrealised losses (Amendments to IAS 12) - periods beginning on or after 1 January 2017

The amendments provide additional guidance on the existence of deductible temporary differerences, which depend solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments also provide additional guidance on the methods used to calculate future taxable profit to establish whether a deferred tax asset can be recognised.

Guidance is provided where an entity may assume that it will recover an asset for more than its carrying amount, provided that there is sufficient evidence that it is probable that the entity will achieve this. Guidance is provided for deductible temporary differences related to unrealised losses that are not assessed separately for recognition. These are assessed on a combined basis, unless a tax law restricts the use of losses to deductions against income of a specific type. The impact of this standard is not known or cannot be reasonably estimated.

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24 Revenue account split between non-life and life reinsurance contracts

	Note	Total 31 March 2017 R	Total 31 March 2016 R	Non-life 31 March 2017 R	Non-life 31 March 2016 R	Life 31 March 2017 R	Life 31 March 2016 R
Gross premiums written		688 644 606	331 818 342	681 056 377	315 699 944	7 588 229	16 118 398
Retroceded premiums		(592 848 686)	(291 781 769)	(590 016 049)	(285 915 150)	(2 832 637)	(5 866 619)
Gross UPR movement		(148 755 482)	(95 795 938)	(148 755 482)	(95 795 938)	-	-
Retro UPR movement		122 480 852	86 472 273	122 480 852	86 472 273	-	-
Net premiums written and earned		69 521 290	30 712 908	64 765 698	20 461 129	4 755 592	10 251 779
Claims incurred		(74 345 058)	(32 603 728)	(65 304 818)	(22 108 044)	(9 040 240)	(10 495 684)
Claims paid	16	(36 448 717)	(14 551 428)	(25 553 534)	(4 628 842)	(10 895 183)	(9 922 586)
Gross		(221 334 224)	(73 922 858)	(205 810 787)	(53 733 177)	(15 523 437)	(20 189 681)
Retroceded		184 885 507	59 371 430	180 257 253	49 104 335	4 628 254	10 267 095
Change in provision for outstanding claims	6	(37 896 341)	(18 052 300)	(39 751 284)	(17 479 202)	1 854 943	(573 098)
Gross		(240 824 466)	(194 746 536)	(244 019 962)	(193 260 167)	3 195 496	(1 486 369)
Retroceded		202 928 125	176 694 236	204 268 678	175 780 965	(1 340 553)	913 271
Net commission		10 731 725	3 950 425	10 366 851	3 524 003	364 874	426 422
Commissions (paid)/received		4 244 404	4 316 355	3 879 530	3 889 933	364 874	426 422
Gross		(162 545 578)	(87 514 850)	(162 402 442)	(87 278 547)	(143 136)	(236 303)
Retroceded		166 789 982	91 831 205	166 281 972	91 168 480	508 010	662 725
Net change in deferred acquisition cost	9	6 487 321	(365 930)	6 487 321	(365 930)	-	-
Gross		35 878 528	29 532 160	35 878 528	29 532 160	-	-
Retroceded		(29 391 207)	(29 898 090)	(29 391 207)	(29 898 090)	-	-
Change in provision for policyholder liabilities	7	4 062 675	(2 806 547)	-	-	4 062 675	(2 806 547)
Gross		6 836 248	(3 374 234)	-	-	6 836 248	(3 374 234)
Retroceded		(2 773 573)	567 687	-	-	(2 773 573)	567 687
Underwriting result		9 970 632	(746 942)	9 827 731	1 877 088	142 901	(2 624 030)
Gross		(42 100 368)	(94 003 914)	(44 053 768)	(84 835 725)	1 953 400	(9 168 189)
Retroceded		52 071 000	93 256 972	53 881 499	86 712 813	(1 810 499)	6 544 159
Management expenses		(23 717 580)	(18 583 626)	(20 154 036)	(15 424 375)	(3 563 544)	(3 159 251)
Net income/(loss) before other income and expenses		(13 746 948)	(19 330 568)	(10 326 305)	(13 547 287)	(3 420 643)	(5 783 281)
Net investment income		20 473 670	7 088 427	17 607 363	4 331 190	2 866 307	2 757 237
Interest paid on retrocession deposits		(3 563 467)	-	(3 563 467)	-	-	-
Increase in provision for doubtful debts		(820 639)	(1 090 621)	(820 639)	(1 090 621)	-	-
Foreign exchange gain/(loss)		(28 881 344)	6 676 603	(28 881 344)	6 676 603	-	-
Profit (Loss) before taxation	18	(26 538 728)	(6 656 159)	(25 984 392)	(3 630 115)	(554 336)	(3 026 044)
Taxation	19	-	-	-	-	-	-
Profit (Loss) after taxation		(26 538 728)	(6 656 159)	(25 984 392)	(3 630 115)	(554 336)	(3 026 044)

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	31 March 2017 R	31 March 2016 R
25 Notes to the statement of cash flows		
25.1 Cash utilised by operations		
Loss before taxation	(26 538 728)	(6 656 159)
Adjustments for:		
– depreciation of equipment	558 892	484 253
– realised (gain)/loss on disposal of investments	(2 769 126)	69 041
– interest received	(18 840 459)	(7 717 401)
– dividends received	(574 665)	(60 649)
– interest paid	3 563 617	80 882
– increase in net provision for unearned premium	26 274 630	9 323 665
– increase in net deferred acquisition costs	(6 487 321)	365 930
– increase in net provision for outstanding claims	37 896 341	18 052 300
– (decrease)/increase in net policyholder liabilities for life insurance contracts	(4 062 675)	2 806 547
– unrealised gain on revaluation of investments	(95 062)	(378 116)
Cash generated by operations before working capital changes	8 925 444	16 370 293
Increase in amounts receivable from insurance companies	(143 151 078)	(88 376 759)
(Increase)/decrease in other accounts receivable	(1 589 124)	1 720 867
Increase/(decrease) in amounts payable to insurance companies	18 316 856	(9 212 463)
(Decrease)/increase in other accounts payable	(94 946)	(465 695)
Increase in deposits withheld from retrocessionaires	243 700 410	295 318 776
	126 107 562	215 355 019

25.2 Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts :

	31 March 2017 R	31 March 2016 R
Cash on call and on deposit	7 028 731	7 853 065
Cash at bank	70 632 967	29 675 241
Cash on hand	11 546	13 672
	77 673 244	37 541 978

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Categorisation of assets and liabilities

			Financial assets and liabilities			Other non - financial assets and liabilities	Current / non - current distinction	
2017	**Note**	**Total** R	Financial assets designated at fair value through profit and loss R	Loans and receivables R	Financial liabilities at amortised cost R	R	Current assets and liabilities R	Non - current assets and liabilities R
ASSETS								
Equipment	5	1 243 485	-	-	-	1 243 485	-	1 243 485
Technical assets under insurance contracts		776 433 850	-	-	-	776 433 850	666 279 195	110 154 655
Retroceded outstanding claims	6	405 829 555	-	-	-	405 829 555	296 255 913	109 573 642
Retroceded unearned premium reserve	8	287 805 264				287 805 264	287 805 264	-
Gross deferred acquisition costs	9	79 739 841				79 739 841	79 739 841	-
Retroceded policyholder liabilities	7	3 059 190	-	-	-	3 059 190	2 478 177	581 013
Investments	10	539 218 376	62 283 050	476 935 326	-	-	528 221 033	10 997 343
Government securities		10 997 343	10 997 343	-	-	-	-	10 997 343
Fixed deposits		317 680 722	-	317 680 722			317 680 722	
Negotiable certificates of deposits		159 254 604	-	159 254 604	-	-	159 254 604	-
Listed Unit Trust		-	-	-	-	-	-	
Listed ordinary shares		16 344 255	16 344 255	-	-	-	16 344 255	-
Listed preference shares		3 831 735	3 831 735				3 831 735	-
Listed collective investment schemes		31 109 717	31 109 717	-	-	-	31 109 717	-
Deferred tax	11	5 971 195	-	-	-	5 971 195	-	5 971 195
Amounts receivable from insurance companies		343 620 234	-	343 620 234	-	-	342 509 193	1 111 041
Other accounts receivable		1 891 299	-	1 891 299	-	-	1 891 299	-
Cash on call and on deposit		7 028 731	-	7 028 731	-	-	7 028 731	-
Cash at bank and on hand		70 644 513	-	70 644 513	-	-	70 644 513	-
Total assets		1 746 051 683	62 283 050	900 120 103	-	783 648 530	1 616 573 965	129 477 719
LIABILITIES								
Technical liabilities under insurance contracts		903 576 353	-	-	-	903 576 353	763 359 075	140 217 278
Gross outstanding claims	6	478 388 281	-	-	-	478 388 281	343 098 243	135 290 038
Gross unearned premium reserve	8	332 164 908	-	-	-	332 164 908	332 164 908	-
Retroceded deferred acquisition cost	9	76 128 636	-	-	-	76 128 636	76 128 636	-
Gross policyholder liabilities	7	16 894 528	-	-	-	16 894 528	11 967 288	4 927 240
Deposits withheld from retrocessionaires		619 411 431	-	-	619 411 431	-	619 411 431	-
Amounts payable to insurance companies		26 778 839	-	-	26 778 839	-	26 778 839	-
Other accounts payable	12	439 485	-	-	72 087	367 398	439 485	-
Total liabilities		1 550 206 108	-	-	646 262 357	903 943 751	1 409 988 830	140 217 278

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Categorisation of assets and liabilities

			Financial assets and liabilities			Other non - financial assets and liabilities	Current / non - current distinction	
2016	**Note**	**Total R**	Financial assets designated at fair value through profit and loss R	Loans and receivables R	Financial liabilities at amortised cost R	R	Current assets and liabilities R	Non - current assets and liabilities R
ASSETS								
Equipment	5	1 524 957	-	-	-	1 524 957	-	1 524 957
Technical assets under insurance contracts		417 919 918	-	-	-	417 919 918	375 606 291	42 313 627
Retroceded outstanding claims	6	202 901 429	-	-	-	202 901 429	162 537 231	40 364 198
Retroceded unearned premium reserve	8	165 324 413	-	-	-	165 324 413	165 324 413	-
Gross deferred acquisition costs	9	43 861 313	-	-	-	43 861 313	43 861 313	-
Retroceded policyholder liabilities	7	5 832 763	-	-	-	5 832 763	3 883 334	1 949 429
Investments	10	292 403 805	59 982 634	232 421 171	-	-	285 624 673	6 779 132
Government securities		6 779 132	6 779 132	-	-	-	-	6 779 132
Fixed deposits		206 610 408	-	206 610 408	-	-	206 610 408	-
Negotiable certificates of deposits		25 810 763	-	25 810 763	-	-	25 810 763	-
Listed Unit Trust		4 383 915	4 383 915	-	-	-	4 383 915	-
Listed ordinary shares		4 013 260	4 013 260	-	-	-	4 013 260	-
Listed preference shares		-	-	-	-	-	-	-
Listed collective investment schemes		44 806 327	44 806 327	-	-	-	44 806 327	-
Deferred tax	11	5 971 195	-	-	-	5 971 195	-	5 971 195
Amounts receivable from insurance companies		200 469 156	-	200 469 156	-	-	147 234 404	53 234 752
Other accounts receivable		302 174	-	302 174	-	-	302 174	-
Cash on call and on deposit		7 853 065	-	7 853 065	-	-	7 853 065	-
Cash at bank and on hand		29 688 913	-	29 688 913	-	-	29 688 913	-
Total assets		956 133 183	59 982 634	470 734 479	-	425 416 070	846 309 520	109 823 663
LIABILITIES								
Technical liabilities under insurance contracts		491 441 445	-	-	-	491 441 445	428 313 711	63 127 734
Gross outstanding claims	6	237 563 814	-	-	-	237 563 814	183 187 898	54 375 916
Gross unearned premium reserve	8	183 409 426	-	-	-	183 409 426	183 409 426	-
Retroceded deferred acquisition cost	9	46 737 429	-	-	-	46 737 429	46 737 429	-
Gross policyholder liabilities	7	23 730 776	-	-	-	23 730 776	14 978 958	8 751 818
Deposits withheld from retrocessionaires		375 711 021	-	-	375 711 021	-	375 711 021	-
Amounts payable to insurance companies		8 461 983	-	-	8 461 983	-	8 461 983	-
Other accounts payable	12	534 431	-	-	156 012	378 419	534 431	-
Total liabilities		876 148 880	-	-	384 329 016	491 819 864	813 021 146	63 127 734

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