



आपत्काले रक्षिष्यामि
GIC Re SA Ltd.

GIC RE SOUTH AFRICA LTD

**ANNUAL FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2015**

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:
YR Sunkara
Managing Director

GIC RE SOUTH AFRICA LTD
REGISTRATION NUMBER 1956/003037/06
ANNUAL FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2015

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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 2015, 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 is 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 13 July 2015 and are signed on their behalf by



YR Sunkara
Authorised Managing Director



AK Roy
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 2015, 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.



I Blaikie
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 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 | Qualifications | Position | Independent |
|-------------|------------------|-------------------------|-----------------|--------------------|
| S Bhikha | 24 April 2014 | B Compt Hons CA(SA) | Chairman | Yes |
| N Mohan | 24 April 2014 | FCII, B Com, ICSI India | Member | No |
| J Bagg | 24 April 2014 | B.Sc. FASSA, FIA, ASA | Member | Yes |

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

Meetings

The audit committee held two meeting during the period. Attendance at this meeting is shown below:

| | 20 October 2014 | 06 March 2015 |
|--------------------------------------|------------------------|----------------------|
| Members | | |
| S Bhikha | Yes | Yes |
| N Mohan | Yes | Yes |
| J Bagg | Yes | Yes |
| Guests | | |
| YR Sunkara (Managing Director & CEO) | Yes | Yes |
| A Malherbe (External Auditor) | Yes | No |
| A Vos (External Auditor) | Yes | Yes |

AUDIT COMMITTEE REPORT (CONTINUED)

Statutory duties

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


- Ensured the appointment as external auditor of the company of a registered auditor who, in the opinion of the audit committee, was 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 period 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 auditor, 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 period under review.

Annual financial statements

Following our review of the annual financial statements of GIC Re South Africa Ltd for the period ended 31 March 2015, 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 2015 and the results of operations and cash flows for the period then ended.



S Bhikha
Chairman of the audit committee
13 July 2015

INDEPENDENT AUDITOR'S REPORT

To the shareholder of GIC Re South Africa Limited

Report on the financial statements

We have audited the financial statements of GIC Re South Africa Limited, which comprise the statement of financial position at 31 March 2015, 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, as set out on pages 15 to 51.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these 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.

Auditor's responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of GIC Re South Africa Limited at 31 March 2015, and its financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

INDEPENDENT AUDITOR'S REPORT (continued)

Other reports required by the Companies Act

As part of our audit of the financial statements for the 15 months ended 31 March 2015, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified inconsistencies between these reports and audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

KPMG Inc.
Registered Auditor



Per Antoinette Malherbe
Chartered Accountant (SA)
Registered Auditor
Director
16 July 2015

Private Bag 9
Parkview
2122

KPMG Crescent
85 Empire Road
Parktown
2193

GIC RE SOUTH AFRICA LTD
STATUTORY ACTUARY'S REPORT (LIFE BUSINESS)
AS AT 31 MARCH 2015
STATEMENT OF ASSETS, LIABILITIES, EXCESS ASSETS AND
CAPITAL REQUIREMENTS

| | <u>15 months</u> <u>ended</u> <u>31 March</u> <u>2015</u> <u>R '000</u> | <u>12 months</u> <u>ended</u> <u>31 December</u> <u>2013</u> <u>R '000</u> |
|---|---|--|
| Published Reporting Basis | | |
| Total value of life assets as per statement of financial position | 39 565 | 40 728 |
| Actuarial value of policy liabilities | 15 091 | 19 079 |
| Current and other liabilities as per the life statement of financial position | 2 606 | 3 062 |
| Total value of liabilities | 17 697 | 22 141 |
| Excess Assets | 21 867 | 18 587 |
| Statutory Basis | | |
| Total value of assets as per life statement of financial position | 39 565 | 40 728 |
| Disallowed assets | (546) | (546) |
| Value of assets on the Statutory Basis | 39 019 | 40 182 |
| Actuarial value of life policy liabilities | 15 091 | 19 079 |
| Current and other liabilities as per life statement of financial position | 2 606 | 3 062 |
| Total value of liabilities | 17 697 | 22 141 |
| Excess Assets | 21 321 | 18 041 |
| Capital Adequacy Requirements | 10 000 | 10 000 |
| CAR Cover | 213% | 180% |
| 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: | | |
| Excess Assets at end of reporting period | 21 867 | 18 587 |
| Excess Assets as at beginning of reporting period | 18 587 | 13 596 |
| Change in Excess Assets over the reporting period | 3 280 | 4 991 |

GIC RE SOUTH AFRICA LTD
STATUTORY ACTUARY'S REPORT - LIFE BUSINESS (CONTINUED)
AS AT 31 MARCH 2015
LIFE - STATEMENT OF ASSETS, LIABILITIES, EXCESS ASSETS AND
CAPITAL REQUIREMENTS (CONTINUED)

| | <u>15 months</u> <u>ended</u> <u>31 March</u> <u>2015</u> <u>R '000</u> | <u>12 months</u> <u>ended</u> <u>31 December</u> <u>2013</u> <u>R '000</u> |
|---|---|--|
| The change in the excess assets is due to the following factors: | | |
| Investment return generated by excess assets over liabilities: | | |
| Investment income | 979 | 414 |
| Capital appreciation | 260 | 419 |
| Total investment return on excess assets | <u>1 239</u> | <u>833</u> |
| Operating profit | 728 | 130 |
| Changes in valuation methods or assumptions | 1 313 | 4 028 |
| Tax | - | - |
| Reported profit in annual financial statements | <u>3 280</u> | <u>4 991</u> |
| Dividends paid | - | - |
| Total change in Excess Assets | <u>3 280</u> | <u>4 991</u> |
| Reconciliation of Excess Assets between Published Reporting Basis and Statutory Basis | | |
| Excess Assets on Published Reporting Basis | 21 867 | 18 587 |
| Less: Asset Adjustments in terms of Schedule 3 of the Act | (546) | (546) |
| Excess Assets on Statutory Basis | <u>21 321</u> | <u>18 041</u> |

GIC RE SOUTH AFRICA LTD
STATUTORY ACTUARY'S REPORT - LIFE BUSINESS (CONTINUED)
AS AT 31 MARCH 2015
NOTES TO THE STATEMENT OF ASSETS, LIABILITIES, EXCESS ASSETS AND
CAPITAL REQUIREMENTS

Changes in Published Reporting Valuation Methods or Assumptions

The value of net liabilities as at 31 March 2015 reduced by R1.313 million as a result of changes to the valuation assumptions. This excludes the change in the IBNR which is not treated as a basis change as it just reflects the actual run-off pattern of the business.

The main assumption changes were as follows (all assumptions include compulsory margins):

- The expense inflation assumption for PHI and WOP business reduced from 6.33% to 5.49% p.a. due to changes in the inflation curve;
- A discretionary margin of 7.5% was introduced on the UPR to allow for approximations in the calculations of the average renewal date (and given the change in the year end date); and,
- The contingency reserve was released due to the improved operating ratio.

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 R647,464. This is the result of the elimination of negative reserves on certain classes of business as well as the inclusion of a 7.5% margin on the UPR.

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:

GIC RE SOUTH AFRICA LTD
STATUTORY ACTUARY'S REPORT - LIFE BUSINESS (CONTINUED)
AS AT 31 MARCH 2015
LIFE - NOTES TO THE STATEMENT OF ASSETS, LIABILITIES, EXCESS ASSETS AND
CAPITAL REQUIREMENTS (CONTINUED)

For the Term Business:

| | |
|-------------------|--|
| Investment return | : 7.25% 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 |

For the WOP and PHI Business:

| | |
|--------------------|--------------------------------------|
| Investment return | : 7.25% p.a. |
| Renewal expenses | : R236.42 per policy p.a. |
| Expense inflation | : 5.49% p.a. |
| Mortality | : 138.7% of SA85/90 |
| Inception Rate | : 105% of CMIR12 (deferred 14 weeks) |
| Benefit Escalation | : 6% active; 9% claimants |
| Premium Escalation | : Benefit escalation + 1% |

For risk premium business an Unexpired Risk Reserve was established by multiplying the assumed operating ratio by the Unearned Premium Reserve.

An Incurred But Not Reported (IBNR) reserve of 2.2 months claims was established for risk premium business while and IBNR of 8 months premium was established for PHI business.

The Profit Commission reserve is the sum of all outstanding payments to be made to cedants plus interest owing on these amounts.

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.

GIC RE SOUTH AFRICA LTD
STATUTORY ACTUARY'S REPORT - LIFE BUSINESS (CONTINUED)
AS AT 31 MARCH 2015
LIFE - NOTES TO THE STATEMENT OF ASSETS, LIABILITIES, EXCESS ASSETS AND
CAPITAL REQUIREMENTS (CONTINUED)

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 2015, 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
13 July 2015

GIC RE SOUTH AFRICA LTD
DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 MARCH 2015

The directors have pleasure in presenting their report for the period ended 31 March 2015.

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 Limited after the formal 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 is expected to be activated in 2 years time after the company has stabilised.

GIC Re South Africa Ltd's vision is to become known as 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 the right kind of professional attitude in the region.

GIC Re South Africa Ltd's operation in Johannesburg commenced underwriting business from 1 January 2015 and recorded an impressive growth in excess of 40%.

In 2014 South Africa's growth continued to slow down, recording only GDP growth of 1.5%, the weakest performance since the global financial crisis. The nation's economy was affected by its most protracted industrial action since the end of apartheid and significantly weakened demand from trading partners.

The company has been successfully established despite the adverse economic scenario and made its presence felt in South Africa and the entire Sub-Saharan Africa by achieving an overall growth of 40%.

The above is due to the fact that most of the Sub-Saharan economies are on a growth path with GDP growing at a rate of 5% per annum and above and demand for insurance is likely to continue.

Nevertheless, projections based on improvements in the global economy, the successful completion of major government projects and new investment plans, suggest that natural GDP growth could rebound to 2.0% in 2015. As one of the BRICS (Brazil, Russia, India, China and South Africa) partners, the country is well intergrated into the global economy.

Share capital

GIC Re acquired saXum Reinsurance Limited for R25 million, after which and in accordance with the business plan submitted to the FSB, GIC Re recapitalised the company with R100m.

Overview for the year

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

GIC RE SOUTH AFRICA LTD
DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 31 MARCH 2015

Dividends

saXum Reinsurance Limited was previously the holding company of saXum Insurance Ltd and Bibleman Holdings and Investments (Pty) Ltd. At the time of acquisition GIC Re only acquired saXum Reinsurance Limited from the group and various loans/intra-company borrowings in the saXum group were unbundled due to the sale of saXum Reinsurance Limited.

Consequently, a dividend in specie, of R42,021,633, was declared, on 24 April 2014, to remove the subsidiaries from saXum Reinsurance Limited, thus completing the acquisition process.

Change in the Financial Year

The company changed its financial year end from 31 December to 31 March. The change in the year end was to align the year end of the company with that of its parent.

Directors

The directors in office at the date of this report are :

Appointment date:

| | |
|---------------------------------------|-------------------------------------|
| AK Roy (Chairman, Non-executive) | 24 April 2014 |
| N Mohan (Non-executive) | 24 April 2014 (Retired 31 May 2015) |
| YR Sunkara (Managing Executive) | 24 April 2014 |
| S Bhikha (Independent, non-executive) | 24 April 2014 |
| C Moosa (Independent, non-executive) | 24 April 2014 |
| J Bagg (Independent, non-executive) | 24 April 2014 |

Directors' interest

No directors have an interest in the company.

Secretary and registered office

I Blaikie is the company secretary. The registered office and office of the secretary are :

15 Eton Road
Parktown
2193

PO Box 1634
Houghton
2041

Auditor

KPMG Inc.

Company registration number

1956/003037/06

Number of employees

The number of people employed by the company at the end of the year is 11 (2013: 9).

GIC RE SOUTH AFRICA LTD
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015

| | <u>Note</u> | <u>31 March</u> <u>2015</u> <u>R</u> | <u>31 December</u> <u>2013</u> <u>R</u> |
|---|-------------|--|---|
| <u>ASSETS</u> | | | |
| Equipment | 5 | 1 585 004 | 739 549 |
| Investment in subsidiaries | 6 | - | 44 148 080 |
| Technical assets under insurance contracts | | 124 653 562 | 8 451 256 |
| Retroceded outstanding claims | 7 | 26 207 193 | 2 192 225 |
| Retroceded unearned premium reserve | 9 | 78 852 140 | - |
| Retroceded policyholder liabilities | 8 | 5 265 076 | 6 259 031 |
| Gross deferred acquisition costs | 10 | 14 329 153 | - |
| Investments | 11 | 73 724 899 | 7 655 323 |
| Deferred taxation | 12 | 5 971 195 | 5 971 195 |
| Amounts receivable from insurance companies | | 112 092 397 | 570 026 |
| Other accounts receivable | | 2 023 041 | 932 700 |
| Cash at bank and on hand | | 33 283 828 | 15 089 470 |
| Total assets | | 353 333 926 | 83 557 599 |
| <u>LIABILITIES AND SHAREHOLDER'S EQUITY</u> | | | |
| Technical liabilities under insurance contracts | | 167 626 647 | 42 159 910 |
| Gross outstanding claims | 7 | 42 817 278 | 16 821 562 |
| Gross policyholder liabilities under life insurance contracts | 8 | 20 356 542 | 25 338 348 |
| Gross unearned premium reserve | 9 | 87 613 488 | - |
| Retroceded deferred acquisition cost | 10 | 16 839 339 | - |
| Deposits withheld from retrocessionaires | | 80 392 245 | - |
| Amounts payable to insurance companies | | 17 674 446 | 11 934 222 |
| Accrual for leave pay | 13 | 43 765 | 50 713 |
| Other accounts payable | | 956 361 | 4 047 507 |
| Total liabilities | | 266 693 464 | 58 192 352 |
| <u>SHAREHOLDER'S EQUITY</u> | | | |
| Share capital | 14 | 111 500 000 | 11 500 000 |
| Revaluation reserve | 15 | 1 392 622 | (9 103 613) |
| Retained earnings | | (26 252 160) | 22 968 860 |
| Total shareholder's equity | | 86 640 462 | 25 365 247 |
| Total liabilities and shareholder's equity | | 353 333 926 | 83 557 599 |

GIC RE SOUTH AFRICA LTD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2015

| | <u>Note</u> | <u>15 months ended 31 March 2015 R</u> | <u>12 months ended 31 December 2013 R</u> |
|--|-------------|--|---|
| Gross premiums written | | 155 877 705 | 16 281 844 |
| Retroceded premiums | | <u>(129 976 349)</u> | <u>(5 779 472)</u> |
| Net premiums written | | 25 901 356 | 10 502 372 |
| Change in provision for unearned premiums | 9 | (8 761 348) | - |
| Gross Reinsured | | <u>(87 613 488)</u> | <u>-</u> |
| | | <u>78 852 140</u> | <u>-</u> |
| Net premium earned | | 17 140 008 | 10 502 372 |
| Commission income | 18 | 11 848 833 | 669 036 |
| Net investment income | 16 | 4 739 502 | (6 554 608) |
| Decrease in net life policyholder liabilities | 8 | <u>3 987 851</u> | <u>6 079 480</u> |
| Net income | | 37 716 194 | 10 696 280 |
| Claims incurred, net of reinsurance | 17 | (12 715 911) | (5 837 977) |
| Commission expense | 18 | (10 788 390) | (319 934) |
| Interest paid | | (142 343) | (425 731) |
| Investment management expenses | | (374 443) | (522 779) |
| Management expenses | 19 | (10 204 020) | (9 056 216) |
| Foreign exchange loss | | <u>(194 239)</u> | <u>(2 224 792)</u> |
| Profit/(loss) before taxation | 20 | 3 296 848 | (7 691 149) |
| Taxation | 21 | <u>-</u> | <u>-</u> |
| Profit/(loss) for the year | | 3 296 848 | (7 691 149) |
| Other comprehensive income for the year, net of taxation | | <u>-</u> | <u>-</u> |
| Total comprehensive profit/(loss) for the year | | <u><u>3 296 848</u></u> | <u><u>(7 691 149)</u></u> |

GIC RE SOUTH AFRICA LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2015

| | <u>Share capital</u> R | <u>Revaluation reserve</u> R | <u>Retained earnings</u> R | <u>Total</u> R |
|---|-------------------------------|-------------------------------------|-----------------------------------|-------------------|
| <u>31 March 2015</u> | | | | |
| Balance as at 1 January 2014 | 11 500 000 | (9 103 613) | 22 968 860 | 25 365 247 |
| Share issue | 100 000 000 | - | - | 100 000 000 |
| Non-life | 100 000 000 | - | - | 100 000 000 |
| Total comprehensive profit for the period | - | - | 3 296 848 | 3 296 848 |
| Non-life | - | - | 17 624 | 17 624 |
| Life | - | - | 3 279 224 | 3 279 224 |
| Dividend in specie | - | - | (42 021 633) | (42 021 633) |
| Non-life | - | - | (42 021 633) | (42 021 633) |
| Transfer to reserves | | | | |
| Revaluation of investments | - | 10 496 235 | (10 496 235) | - |
| Balance as at 31 March 2015 | 111 500 000 | 1 392 622 | (26 252 160) | 86 640 462 |
| <u>31 December 2013</u> | | | | |
| Balance as at 1 January 2013 | 11 500 000 | (1 050 204) | 22 606 600 | 33 056 396 |
| Total comprehensive loss for the year | - | - | (7 691 149) | (7 691 149) |
| Non-life | - | - | (12 681 816) | (12 681 816) |
| Life | - | - | 4 990 667 | 4 990 667 |
| Transfer from reserves | | | | |
| Revaluation of investments | - | (8 053 409) | 8 053 409 | - |
| Balance as at 31 December 2013 | 11 500 000 | (9 103 613) | 22 968 860 | 25 365 247 |

GIC RE SOUTH AFRICA LTD
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2015

| | <u>Note</u> | <u>15 months</u> <u>ended</u> <u>31 March</u> <u>2015</u> <u>R</u> | <u>12 months</u> <u>ended</u> <u>31 December</u> <u>2013</u> <u>R</u> |
|--|-------------|--|---|
| <u>Cash flows from operating activities</u> | | | |
| Cash utilised by operations | 27.1 | (21 246 110) | (3 927 129) |
| Interest received | | 6 487 627 | 1 089 684 |
| Interest paid | | (142 343) | (425 731) |
| Dividends received | | 74 518 | 332 920 |
| | | <hr/> | <hr/> |
| Net cash outflow from operating activities | | (14 826 308) | (2 930 256) |
| <u>Cash flows from investing activities</u> | | | |
| Net (acquisition)/disposal of investments | | (65 765 772) | 2 468 174 |
| Additions to property and equipment | | (1 805 721) | (6 658) |
| Proceeds on disposal of equipment | | 592 159 | 800 000 |
| Disposal of shares in investment in subsidiary | | - | (10 000 000) |
| Acquisition of shares in investment in subsidiary | | - | 10 000 000 |
| | | <hr/> | <hr/> |
| Net cash (outflow)/inflow from investing activities | | (66 979 334) | 3 261 516 |
| | | <hr/> | <hr/> |
| Net (decrease)/increase in cash and cash equivalents | | (81 805 642) | 331 260 |
| <u>Cash flows from financing activities</u> | | | |
| Shares issued | | 100 000 000 | - |
| <u>Cash and cash equivalents</u> | | | |
| At the beginning of year | | <hr/> | <hr/> |
| | | 15 089 470 | 14 758 210 |
| At the end of year | 27.2 | <hr/> <hr/> | <hr/> <hr/> |
| | | 33 283 828 | 15 089 470 |

GIC RE SOUTH AFRICA LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2015

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. The company changed its financial year-end from 31 December to 31 March to align with the year-end of its parent company. The amounts presented as comparative figures are the twelve months to 31 December 2013 and are not entirely comparable with the fifteen months ended 31 March 2015.

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.

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.

GIC RE SOUTH AFRICA LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 MARCH 2015

1 Accounting policies (continued)

1.4 Investment in subsidiaries

Subsidiaries are those entities over whose financial and operating policies the company has the power to exercise control, so as to obtain benefits from their activities.

The investments in the subsidiaries are stated at fair value. 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 is calculated on an annual basis. Increases or decreases in the carrying value of these investments are credited or charged to profit and loss. A transfer is then made to or from the revaluation reserve, net of deferred tax.

1.5 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:

- Furniture, fittings and equipment 6 years
- Computer equipment 3 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.

1.6 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.

1.7 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 unmaturing policies, provisions for profit commissions accrued and adjustments to contingency and other reserves within the policyholder liabilities as well as recoveries under retrocession agreements.

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GIC RE SOUTH AFRICA LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 MARCH 2015

1 Accounting policies (continued)

1.8 Deposits

Deposits retained on retrocession placed are stated at amortised cost.

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 gain 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 treaty business and the 365 days basis for facultative 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.

GIC RE SOUTH AFRICA LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 MARCH 2015

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 balance sheet 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:

GIC RE SOUTH AFRICA LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 MARCH 2015

1 Accounting policies (continued)

1.17 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.

1.18 Retirement benefits

The company provides retirement benefits for some of its employees. Current contributions to the defined contribution fund are charged against income.

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.

GIC RE SOUTH AFRICA LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 MARCH 2015

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 assets 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 7.

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 historical reinsurance contracts is largely managed through the following actions:

GIC RE SOUTH AFRICA LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 MARCH 2015

2 Reinsurance risk management (continued)

2.1 Non-life reinsurance contracts (continued)

- Having operationalised the subsidiary effective 1 January 2015 the goal has been to achieve geographical spread. The business has been well-diversified across the entire Sub-Saharan Africa and it has written premium from across 17 countries of the continent and is also class diversified. A significant portion of premium is written from South Africa and Kenya. Although hail storm exposures have been considered exceptional, the company has regarded concentration in Kenya as a primary concern. To mitigate the underwriting risk and protect the net account it has purchased a whole account quota share protection of 90% cover from Head Office for all exposures. GIC Re South Africa Ltd is permitted by the FSB to retain 10% of the overall Gross Written Premium in the first year. Based on an internal assessment, GIC has calculated a worst case scenario in any one catastrophe and as a matter of abundant precaution also procured an Excess of Loss protection for USD 4.75 million XS USD 250 000. This will protect the bottom-line of the company in any catastrophic event. This Excess of Loss cover will be effective from 1 April 2015.
- A portion of the historical risks underwritten 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 the historical reinsurance contracts is valid and accurate.

2.1.2 Concentrations of reinsurance risk

Concentrations of risk may arise where a particular event or series of events impact heavily upon the company's resources.

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 company is therefore unable to produce claims development information by loss or financial year.

Claims development is monitored in aggregate for all loss years. Note 7 provides details of the overall changes in estimates during 2013 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.

GIC RE SOUTH AFRICA LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 MARCH 2015

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 the end of the term or 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 25% 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 erratic. Claims development information is therefore not presented. Refer to note 7 for the estimates maturity profile.

GIC RE SOUTH AFRICA LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 MARCH 2015

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 diversified across industries as detailed in note 11, and the largest investment in any one company comprises 0.09% (2013: 0.39%) of the total assets.

At 31 March 2015, the company's ordinary listed equities were recorded at their fair value of R1.76 million (2013: R0.62 million). A hypothetical 25% decline in each share's price would have decreased profit before taxation by R0.4 million (2013: R0.2 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 11. It is estimated that a 2% increase in interest rates for these investments would have increased the company's 2015 profit before taxation by less than R50,000 (2013: R60,000).
- **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 countries. In more than 90% 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 conjunction 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.

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GIC RE SOUTH AFRICA LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 MARCH 2015

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 2 years. 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 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 continuously rated A- (Excellent) by AM Best for at least the last 5 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 15th among the Top 50 Global reinsurance groups in terms of Gross Written Premium. As at 31 March 2015, it has a net worth of approximately USD 2 billion and total assets of USD 12.5 billion.

GIC Re South Africa Ltd arranged a 90% whole account quota share treaty whereby 90% of the claims incurred are recovered from GIC Re India. In addition to this GIC Re South Africa Ltd withholds 40% of the premium as an unearned premium reserve 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.

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GIC RE SOUTH AFRICA LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 MARCH 2015

3 Financial risk (continued)

3.3 Credit risk (continued)

Analysis of the credit quality of the company's assets

| | <u>AAA</u> <u>R</u> | <u>AA</u> <u>R</u> | <u>A</u> <u>R</u> | <u>BBB and</u> <u>lower</u> <u>R</u> | <u>Not</u> <u>Rated</u> <u>R</u> | <u>Total</u> <u>R</u> |
|--|------------------------|-----------------------|----------------------|--|--|--------------------------|
| 2015 | | | | | | |
| Technical assets under insurance contracts | - | - | 110 324 409 | - | 14 329 153 | 124 653 562 |
| Investments | | | | | | |
| Government securities | - | - | - | 2 077 031 | - | 2 077 031 |
| Accounts receivable | 5 659 463 | 19 134 719 | 26 080 616 | 23 115 903 | 40 124 737 | 114 115 438 |
| Cash and cash equivalents | - | - | 4 118 282 | 61 829 209 | - | 65 947 491 |
| | <u>5 659 463</u> | <u>19 134 719</u> | <u>140 523 307</u> | <u>87 022 143</u> | <u>54 453 890</u> | <u>306 793 522</u> |
| 2013 | | | | | | |
| Technical assets under insurance contracts | - | - | 8 451 256 | - | - | 8 451 256 |
| Investments | | | | | | |
| Corporate securities | - | - | 1 240 691 | - | 1 746 201 | 2 986 892 |
| Preference shares | - | - | - | - | 333 600 | 333 600 |
| Accounts receivable | 128 674 | - | - | - | 1 374 052 | 1 502 726 |
| Cash and cash equivalents | - | - | - | 10 096 509 | 4 992 961 | 15 089 470 |
| | <u>128 674</u> | <u>-</u> | <u>9 691 947</u> | <u>10 096 509</u> | <u>8 446 814</u> | <u>28 363 944</u> |

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 external rating agencies like Fitch and Standard and Poor's. The 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.

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GIC RE SOUTH AFRICA LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 MARCH 2015

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.

| <u>2015</u> | Level 1 | Level 2 | Level 3 | Total |
|--|-------------------|----------------|-------------------|-------------------|
| Financial assets designated at fair value through profit or loss | 73 724 898 | - | - | 73 724 898 |
| | <u>73 724 898</u> | <u>-</u> | <u>-</u> | <u>73 724 898</u> |
| <u>2013</u> | Level 1 | Level 2 | Level 3 | Total |
| Financial assets designated at fair value through profit or loss | 7 655 323 | - | - | 7 655 323 |
| Other non financial assets at fair value | - | - | 44 148 080 | 44 148 080 |
| | <u>7 655 323</u> | <u>-</u> | <u>44 148 080</u> | <u>51 803 403</u> |

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GIC RE SOUTH AFRICA LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 MARCH 2015

3 Financial risk (continued)

Fair value hierarchy (continued)

Management analysis of level 3 instruments

The following table shows a reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy:

| | <u>2015</u> <u>R</u> | <u>2013</u> <u>R</u> |
|--|-------------------------|-------------------------|
| Opening balance | 44 148 080 | 52 974 789 |
| Subsidiary fair value adjustment | (2 126 447) | (8 826 709) |
| Distribution of subsidiary at fair value | <u>(42 021 633)</u> | - |
| Closing balance | <u>-</u> | <u>44 148 080</u> |

No sensitivity analysis has been performed as discounted cash flows and price-earnings models are not currently reliable measures of fair value for these investments.

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.

The long-term insurance returns submitted by the company to the regulator for all the five quarters did maintain the surplus asset ratio as required, except for the first quarter, the short-term returns also maintained a surplus asset ratio for the remaining four quarters. This is as a direct result of the additional capital of R100m received from the company's shareholder in April 2014.

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GIC RE SOUTH AFRICA LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 MARCH 2015

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 FSB.

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 over 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.

Being the first year of reactivated operations, explicit assumptions were used in determining the claim provisions. However, reported claims for the period have been taken into account.

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GIC RE SOUTH AFRICA LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 MARCH 2015

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 2013.

4.2.3 Sensitivities in assumptions

The table below demonstrates the (increase)/decrease in profit/(loss) before tax for a hypothetical worse than expected experience in material assumptions for policyholder liabilities, net of reinsurance.

| | <u>2015</u> | <u>2013</u> |
|---|-------------|-------------|
| | <u>R</u> | <u>R</u> |
| 10% worse than expected claims experience | (1 260 000) | (2 827 500) |
| 10% higher expenses | (429 750) | (1 788 000) |
| 1% lower investment margins | (429 750) | (1 536 750) |
| 2.5% decrease in lapses | 683 250 | 770 250 |

Each scenario was considered in isolation.

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GIC RE SOUTH AFRICA LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 MARCH 2015

| 5 Equipment | 31 March 2015 R | 31 December 2013 R |
|-------------------------------------|--------------------------------|-----------------------------------|
| At cost | | |
| Equipment | 1 849 795 | 1 288 467 |
| Furniture | 881 926 | 553 789 |
| Motor vehicles | 894 325 | 2 480 020 |
| | <u>3 626 046</u> | <u>4 322 276</u> |
| Accumulated depreciation | | |
| Equipment | 1 346 429 | 1 250 703 |
| Furniture | 587 035 | 545 473 |
| Motor vehicles | 107 578 | 1 786 551 |
| | <u>2 041 042</u> | <u>3 582 727</u> |
| Net book value | | |
| Equipment | 503 366 | 37 764 |
| Furniture | 294 891 | 8 316 |
| Motor vehicles | 786 747 | 693 469 |
| | <u>1 585 004</u> | <u>739 549</u> |
| Equipment | | |
| Net book value at beginning of year | 37 764 | 80 690 |
| Additions | 561 329 | 6 658 |
| Depreciation | (95 727) | (49 584) |
| Net book value at end of year | <u>503 366</u> | <u>37 764</u> |
| Furniture | | |
| Net book value at beginning of year | 8 316 | 19 352 |
| Additions | 328 137 | - |
| Depreciation | (41 562) | (11 036) |
| Net book value at end of year | <u>294 891</u> | <u>8 316</u> |
| Motor vehicles | | |
| Net book value at beginning of year | 693 469 | 2 016 695 |
| Additions | 916 255 | - |
| Disposals | (592 159) | (798 523) |
| Depreciation | (230 818) | (524 703) |
| Net book value at end of year | <u>786 747</u> | <u>693 469</u> |
| Total | | |
| Net book value at beginning of year | 739 549 | 2 116 737 |
| Additions | 1 805 721 | 6 658 |
| Disposals | (592 159) | (798 523) |
| Depreciation | (368 107) | (585 323) |
| Net book value at end of year | <u>1 585 004</u> | <u>739 549</u> |

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GIC RE SOUTH AFRICA LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 MARCH 2015

| | <u>31 March</u> | <u>31 December</u> |
|--|-----------------|--------------------|
| | <u>2015</u> | <u>2013</u> |
| 6 <u>Investment in subsidiaries</u> | R | R |
| <u>Saxum Insurance Limited (100% holding)</u> | | |
| Shares at cost | 42 817 290 | 42 817 290 |
| Revaluation | (26 346 662) | (25 664 579) |
| Dividend in specie | (16 470 628) | - |
| Carrying value | <u>-</u> | <u>17 152 711</u> |
| The subsidiary was incorporated during 2004 and is a direct insurer. | | |
| <u>Bibleman Holdings and Investments (Pty) Ltd</u> | | |
| <u>(100% holding)</u> | | |
| Shares at cost | 11 843 050 | 11 843 050 |
| Revaluation | 13 707 955 | 15 152 319 |
| Dividend in specie | (25 551 005) | - |
| Carrying value | <u>-</u> | <u>26 995 369</u> |
| The subsidiary was acquired during October 2006. | | |
| Total investment in subsidiaries | <u>-</u> | <u>44 148 080</u> |

The subsidiaries were distributed as a dividend in specie on 24 April 2014 to the shareholder, Eton Holdings and Investments (Pty) Limited.

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GIC RE SOUTH AFRICA LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 MARCH 2015

| | <u>31 March</u> <u>2015</u> | | <u>31 December</u> <u>2013</u> | |
|---|--------------------------------|-------------------------|-----------------------------------|-------------------------|
| | <u>Non-Life</u> <u>R</u> | <u>Life</u> <u>R</u> | <u>Non-Life</u> <u>R</u> | <u>Life</u> <u>R</u> |
| 7 Provision for outstanding claims | | | | |
| Balance at beginning of the period | 12 751 665 | 1 877 672 | 15 546 377 | 1 342 223 |
| Gross | 12 751 665 | 4 069 897 | 15 546 377 | 1 789 631 |
| Retroceded | - | (2 192 225) | - | (447 408) |
| Amounts transferred (to)/from profit or loss | 2 572 825 | (592 077) | (2 794 712) | 535 449 |
| Gross | 28 351 486 | (2 355 770) | (2 794 712) | 2 280 266 |
| Retroceded | (25 778 661) | 1 763 693 | - | (1 744 817) |
| Balance at end of the period | 15 324 490 | 1 285 595 | 12 751 665 | 1 877 672 |
| Gross | 41 103 151 | 1 714 127 | 12 751 665 | 4 069 897 |
| Retroceded | (25 778 661) | (428 532) | - | (2 192 225) |
| | 15 324 490 | 1 285 595 | 12 751 665 | 1 877 672 |
| Property | 3 091 101 | | 1 356 056 | |
| Miscellaneous | 11 041 972 | | 10 466 234 | |
| Transport | 1 191 417 | | 929 375 | |
| | 15 324 490 | | 12 751 665 | |
| Estimated maturity profile: | | | | |
| Gross | 41 103 151 | 1 714 127 | 12 751 665 | 4 069 897 |
| Within one year | 28 893 710 | 1 714 127 | 3 187 916 | 4 069 897 |
| Thereafter | 12 209 441 | - | 9 563 749 | - |
| Retroceded | (25 778 661) | (428 532) | - | (2 192 225) |
| Within one year | (20 622 929) | (428 532) | - | (2 192 225) |
| Thereafter | (5 155 732) | - | - | - |
| Net | 15 324 490 | 1 285 595 | 12 751 665 | 1 877 672 |
| Within one year | 8 270 781 | 1 285 595 | 3 187 916 | 1 877 672 |
| Thereafter | 7 053 709 | - | 9 563 749 | - |
| | 15 324 490 | 1 285 595 | 12 751 665 | 1 877 672 |

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GIC RE SOUTH AFRICA LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 MARCH 2015

| 8 <u>Policyholder liabilities for life insurance contracts</u> | <u>31 March</u> <u>2015</u> <u>R</u> | <u>31 December</u> <u>2013</u> <u>R</u> |
|---|---|--|
| Balance at beginning of year | 19 079 317 | 25 158 797 |
| Gross | 25 338 348 | 31 943 600 |
| Retroceded | (6 259 031) | (6 784 803) |
| Amounts transferred (to)/from profit and loss | (3 987 851) | (6 079 480) |
| Gross | (4 981 806) | (6 605 252) |
| Retroceded | 993 955 | 525 772 |
| Balance at end of year | 15 091 466 | 19 079 317 |
| Gross | 20 356 542 | 25 338 348 |
| Retroceded | (5 265 076) | (6 259 031) |
| Estimated maturity profile: | | |
| Gross | 20 356 542 | 25 338 348 |
| Within one year | 12 005 391 | 13 954 597 |
| Thereafter | 8 351 151 | 11 383 751 |
| Retroceded | (5 265 076) | (6 259 031) |
| Within one year | (3 168 889) | (3 771 289) |
| Thereafter | (2 096 187) | (2 487 742) |
| Net | 15 091 466 | 19 079 317 |
| Within one year | 8 836 502 | 10 183 308 |
| Thereafter | 6 254 964 | 8 896 009 |

GIC RE SOUTH AFRICA LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 MARCH 2015

| | <u>31 March</u> <u>2015</u> <u>R</u> | <u>31 December</u> <u>2013</u> <u>R</u> |
|---|--|---|
| 9 <u>Unearned premium reserve</u> | | |
| Balance at beginning of year | - | - |
| Gross | - | - |
| Reinsured | - | - |
| Amounts transferred through profit and loss | 8 761 348 | - |
| Gross | 87 613 488 | - |
| Reinsured | (78 852 140) | - |
| Balance at end of year | 8 761 348 | - |
| Gross | 87 613 488 | - |
| Reinsured | (78 852 140) | - |
| 10 <u>Deferred acquisition costs</u> | | |
| Balance at beginning of year | - | - |
| Gross | - | - |
| Reinsured | - | - |
| Amounts transferred through profit and loss | (2 510 186) | - |
| Gross | 14 329 153 | - |
| Reinsured | (16 839 339) | - |
| Balance at end of year | (2 510 186) | - |
| Gross | 14 329 153 | - |
| Reinsured | (16 839 339) | - |

Reinsurance contracts incepted during the current financial period upon reactivation of the non-life reinsurance license. 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.

GIC RE SOUTH AFRICA LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 MARCH 2015

| 11 <u>Investments</u> | <u>31 March</u> <u>2015</u> | | <u>31 December</u> <u>2013</u> | |
|--|--------------------------------|-----------------------|-----------------------------------|-----------------------|
| | <u>R</u> | <u>R</u> | <u>R</u> | <u>R</u> |
| | <u>Cost</u> | <u>Carrying Value</u> | <u>Cost</u> | <u>Carrying Value</u> |
| Negotiable certificates of deposits | 8 169 528 | 8 169 528 | - | - |
| Ordinary shares - listed | 1 837 534 | 1 760 270 | 517 702 | 623 301 |
| Collective investment schemes - listed | 57 228 000 | 57 597 132 | 2 083 523 | 3 711 530 |
| Preference shares - listed | - | - | 240 000 | 333 600 |
| Corporate bonds - listed | - | - | 2 788 797 | 2 986 892 |
| Government bonds - listed | 2 104 126 | 2 077 031 | - | - |
| Unit Trust | 2 257 503 | 4 120 937 | - | - |
| Total investments at fair value through profit or loss | <u>71 596 691</u> | <u>73 724 898</u> | <u>5 630 022</u> | <u>7 655 323</u> |

Listed ordinary shares portfolio analysis

| | <u>%</u> | <u>%</u> |
|----------------------|------------|------------|
| Non-mining resources | 30 | 50 |
| Financial | 16 | 32 |
| Industrial | 14 | 18 |
| Mining | 40 | - |
| | <u>100</u> | <u>100</u> |

Maturity profile of fixed interest securities

| | <u>Less than</u> <u>one year</u> <u>R</u> | <u>One to five</u> <u>years</u> <u>R</u> | <u>Total</u> <u>R</u> |
|-------------------------------------|---|--|--------------------------|
| 2015 | | | |
| Negotiable certificates of deposits | 4 000 000 | 4 169 528 | 8 169 528 |
| Government bonds | <u>2 077 031</u> | <u>-</u> | <u>2 077 031</u> |
| 2013 | | | |
| Corporate bonds | <u>2 469 851</u> | <u>517 041</u> | <u>2 986 892</u> |

The weighted average interest rate of these securities is 13.8% (2013: 8.24%).

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 interest rate exposures of the company's interest bearing investments

| | <u>31 March</u> <u>2015</u> | <u>31 December</u> <u>2013</u> |
|-------------------------------------|--------------------------------|-----------------------------------|
| Negotiable certificates of deposits | 11.06% | N/A |
| Corporate bonds | - | 8.24% |
| Government Bonds | 2.74% | - |
| | <u>13.80%</u> | <u>8.24%</u> |

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GIC RE SOUTH AFRICA LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 MARCH 2015

| 12 <u>Deferred taxation</u> | <u>Non-Life</u> | <u>Life</u> | <u>Total</u> |
|---|------------------------|--------------------|---------------------|
| | <u>R</u> | <u>R</u> | <u>R</u> |
| <u>31 March 2015</u> | | | |
| Asset at beginning of year | 5 425 210 | 545 985 | 5 971 195 |
| Movement | - | - | - |
| Asset at end of year | <u>5 425 210</u> | <u>545 985</u> | <u>5 971 195</u> |
| The year-end deferred tax balance comprises: | | | |
| Unrealised loss on revaluation of investments | - | 347 342 | 347 342 |
| Provisions | 12 254 | - | 12 254 |
| S24 j interest adjustment | (7 538) | (14 808) | (22 346) |
| Calculated loss | <u>5 420 494</u> | <u>213 451</u> | <u>5 633 945</u> |
| | <u>5 425 210</u> | <u>545 985</u> | <u>5 971 195</u> |
| <u>31 December 2013</u> | | | |
| Asset at beginning of year | 5 425 210 | 545 985 | 5 971 195 |
| Movement | - | - | - |
| Asset at end of year | <u>5 425 210</u> | <u>545 985</u> | <u>5 971 195</u> |
| The year-end deferred tax balance comprises: | | | |
| Unrealised gain on revaluation of investments | - | (547 807) | (547 807) |
| Provisions | 14 200 | - | 14 200 |
| S24 j interest adjustment | - | (19 149) | (19 149) |
| Calculated loss | <u>5 411 010</u> | <u>1 112 941</u> | <u>6 523 951</u> |
| | <u>5 425 210</u> | <u>545 985</u> | <u>5 971 195</u> |

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GIC RE SOUTH AFRICA LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 MARCH 2015

| | <u>31 March</u> <u>2015</u> <u>R</u> | <u>31 December</u> <u>2013</u> <u>R</u> |
|--|--|---|
| 13 <u>Accrual for leave pay</u> | | |
| Balance at beginning of year | 50 713 | 205 314 |
| Prior year accrual utilised during the year | (50 713) | (205 314) |
| Current year accrual created during the year | 43 765 | 50 713 |
| Balance at end of year | <u>43 765</u> | <u>50 713</u> |
| 14 <u>Share capital</u> | | |
| Authorised | | |
| 14 000 000 ordinary shares of R2 each | - | 28 000 000 |
| 300 000 000 ordinary shares of no par value | - | - |
| Issued | | |
| 5 750 000 ordinary shares of no par value | - | 11 500 000 |
| 55 750 000 ordinary shares of no par value | 111 500 000 | - |
| | <u>111 500 000</u> | <u>11 500 000</u> |

During the period the directors resolved to convert the existing ordinary shares with par value of R2 each to no par value shares. The authorised share capital was then increased to 300 000 000 shares of no par value. A capital contribution was made by the holding company, General Insurance Corporation of India, of R100 000 000 on 24 April 2014. On 3 March 2015, 50 000 000 ordinary shares of no par value were issued in respect of this capital contribution.

The unissued shares are under the control of the directors.

| | <u>31 March</u> <u>2015</u> <u>R</u> | <u>31 December</u> <u>2013</u> <u>R</u> |
|--------------------------------------|--|---|
| 15 <u>Revaluation reserve</u> | | |
| Investments in subsidiaries | - | (10 512 259) |
| Investments | 1 392 622 | 1 408 646 |
| | <u>1 392 622</u> | <u>(9 103 613)</u> |

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

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GIC RE SOUTH AFRICA LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 MARCH 2015

| 16 | Non-Life | Life | Total |
|--|--------------------|--------------------|---------------------|
| <u>Net investment income</u> | R | R | R |
| <u>31 March 2015</u> | | | |
| Dividends received - listed | - | 74 518 | 74 518 |
| Interest received | 5 038 534 | 1 449 093 | 6 487 627 |
| Realised gain on disposal of investments | 26 746 | 299 315 | 326 061 |
| Net movement in unrealised gains and losses on revaluation and disposal of investments | (162 314) | 140 057 | (22 257) |
| Unrealised loss on revaluation of investment in subsidiaries | (2 126 447) | - | (2 126 447) |
| | <u>2 776 519</u> | <u>1 962 983</u> | <u>4 739 502</u> |
| <u>31 December 2013</u> | | | |
| Dividends received - listed | - | 332 920 | 332 920 |
| Interest received | 159 662 | 930 022 | 1 089 684 |
| Realised gain on disposal of investments | - | (224 531) | (224 531) |
| Net movement in unrealised gains and losses on revaluation and disposal of investments | - | 1 074 028 | 1 074 028 |
| Unrealised loss on revaluation of investment in subsidiaries | (8 826 709) | - | (8 826 709) |
| | <u>(8 667 047)</u> | <u>2 112 439</u> | <u>(6 554 608)</u> |
| <u>17</u> | | | |
| <u>Claims incurred</u> | | | |
| <u>31 March 2015</u> | | | |
| Claims paid | (491 608) | (10 243 555) | (10 735 163) |
| Gross | 2 638 941 | (15 728 588) | (13 089 647) |
| Retroceded | (3 130 549) | 5 485 033 | 2 354 484 |
| Change in provision for outstanding claims | (2 572 825) | 592 077 | (1 980 748) |
| Gross | (28 351 486) | 2 355 770 | (25 995 716) |
| Retroceded | 25 778 661 | (1 763 693) | 24 014 968 |
| Claims incurred | <u>(3 064 433)</u> | <u>(9 651 478)</u> | <u>(12 715 911)</u> |
| <u>31 December 2013</u> | | | |
| Claims paid | (387 316) | (7 709 924) | (8 097 240) |
| Gross | (387 316) | (10 279 899) | (10 667 215) |
| Retroceded | - | 2 569 975 | 2 569 975 |
| Change in provision for outstanding claims | 2 794 712 | (535 449) | 2 259 263 |
| Gross | 2 794 712 | (2 280 266) | 514 446 |
| Retroceded | - | 1 744 817 | 1 744 817 |
| Claims incurred | <u>2 407 396</u> | <u>(8 245 373)</u> | <u>(5 837 977)</u> |

GIC RE SOUTH AFRICA LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 MARCH 2015

| | <u>31 March</u> <u>2015</u> R | <u>31 December</u> <u>2013</u> R |
|--|-------------------------------------|--|
| 18 <u>Commission</u> | | |
| <u>Commission expenses</u> | | |
| Gross commission and brokerage paid | 25 117 543 | 319 934 |
| Gross deferred acquisition cost | (14 329 153) | - |
| | 10 788 390 | 319 934 |
| <u>Commission earned</u> | | |
| Retrocession commission and brokerage received | 27 908 913 | 91 089 |
| Retroceded overriding commission received | 779 259 | 577 947 |
| Retroceded deferred commission revenue | (16 839 339) | - |
| | 11 848 833 | 669 036 |
| 19 <u>Management expenses</u> | | |
| Included in management expenses are expenses relating to life insurance contracts: | | |
| Gross expenses incurred | 5 306 069 | 5 384 874 |
| 20 <u>Profit before taxation</u> | | |
| Profit before taxation is stated after charging: | | |
| Employee costs | | |
| – salaries and bonuses | 2 293 699 | 4 137 666 |
| – employer contributions to defined contribution retirement fund | 249 451 | 359 149 |
| – other | 60 352 | 13 462 |
| | 2 603 502 | 4 510 277 |
| External auditor's remuneration | | |
| – audit services | 425 200 | 443 700 |
| – non-audit services | 339 884 | - |
| | 765 084 | 443 700 |
| Consulting fees paid | 1 800 052 | 4 599 305 |
| Depreciation of equipment | 368 106 | 585 323 |
| Operating lease expense | 866 232 | 416 958 |

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GIC RE SOUTH AFRICA LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 MARCH 2015

| 21 Taxation | Non-Life R | Life R | Total R |
|--|-----------------------|-------------------|--------------------|
| 31 March 2015 | | | |
| South African normal tax | | | |
| Current taxation | | | |
| – current year | - | - | - |
| Deferred taxation | | | |
| – current year | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| Tax rate reconciliation: | % | % | |
| Standard tax rate | 28 | 28 | |
| Dividends received | (1) | - | |
| Deferred tax not raised on unrealised losses for subsidiaries | 27 | - | |
| Return transfers previously not recognised and other four funds tax losses | - | (21) | |
| Calculated tax loss for which no deferred tax asset is raised | (54) | (10) | |
| Other | - | 3 | |
| Effective tax rate | <u>0</u> | <u>0</u> | |
| 31 December 2013 | | | |
| South African normal tax | | | |
| Current taxation | | | |
| – current year | - | - | - |
| Deferred taxation | | | |
| – current year | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| Tax rate reconciliation: | % | % | |
| Standard tax rate | 28 | 28 | |
| Dividends received | - | 3 | |
| Deferred tax not raised on unrealised profits for subsidiaries | (54) | - | |
| Return transfers previously not recognised and other four funds tax losses | - | (72) | |
| Calculated tax loss for which no deferred tax asset is raised | 36 | (2) | |
| Other | - | (1) | |
| Effective tax rate | <u>10</u> | <u>(44)</u> | |

The individual policyholder fund of the life segment has a calculated tax loss of R49,239,205. At year end a deferred tax asset was not raised for this loss as it is not probable that the company will generate sufficient taxable income in the individual policyholder fund 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. Assessed losses of R3,6 million (2013: R3,5 million) have not been recognised as it is uncertain whether further losses will be offset by taxable income in future.

GIC RE SOUTH AFRICA LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 MARCH 2015

22 Related party transactions

22.1 Identity of related parties

The company has a related party relationship with its previous holding company, subsidiaries, directors and executive officers, as well as entities that are under common control of that shareholder.

The holding company is General Insurance Corporation of India (previously Eton Holdings and Investments Proprietary Limited), which acquired 100% of the company's shares on 24 April 2014.

22.2 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.

| | <u>2015</u> <u>R</u> | <u>2013</u> <u>R</u> |
|--|-------------------------|-------------------------|
| - Salaries and bonuses | <u>1 872 350</u> | <u>1 678 902</u> |
| Directors emoluments are set out below: | | |
| - Salaries and bonuses | | |
| YR Sunkara* Managing director | 1 000 000 | - |
| T A E Ohlenschläger Non-executive director | - | 189 367 |
| L W Clark Executive director | - | 1 846 916 |
| C Matthews Executive director | - | 2 208 000 |
| | <u>1 000 000</u> | <u>4 244 283</u> |
| - Fees | | |
| S Bhikha Non-executive director | 135 000 | - |
| CI Moosa Non-executive director | 100 000 | - |
| J Bagg Non-executive director | 145 000 | - |
| | <u>380 000</u> | <u>-</u> |
| Key personnel | | |
| - Salaries and bonuses | | |
| I Blaikie Public Officer, Company Secretary, General Manager - Life | 1 378 850 | - |
| S Karmarkar** Chief Operating Officer | 188 000 | - |
| SK Jangir** Chief Finance Officer | 117 500 | - |
| Z Ahmad** Chief Underwriting Officer | 94 000 | - |
| SKR Chintapalli** Chief Technology Officer, Manager – HR, Manager Admin | 94 000 | - |
| Others | - | 1 678 902 |
| | <u>1 872 350</u> | <u>1 678 902</u> |

* From August 2014 to March 2015

** From November 2014 to March 2015

GIC RE SOUTH AFRICA LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 MARCH 2015

22 Related party transactions (continued)

22.3 Other related party transactions

The following transactions were entered into with the previous holding company, its subsidiaries and other related parties on commercial terms and conditions prior to 24 April 2014:

| | <u>2015</u> | <u>2013</u> |
|---|-------------|-------------|
| | <u>R</u> | <u>R</u> |
| Statement of comprehensive income effects : | | |
| - consulting fees paid | | |
| White Chocolate Mountain Trust | 896 672 | 2 690 016 |
| - interest on loans received | | |
| Directors | 16 153 | 57 095 |
| - motor vehicle rental received | | |
| White Chocolate Mountain Trust | 123 121 | 510 805 |
| - administration fees received | | |
| Eton Holdings and Investments Proprietary Limited | - | 148 200 |
| Saxum Insurance Limited | 1 000 000 | 1 388 400 |
| Eton Road Investments Company Proprietary Limited | - | 593 040 |
| - computer costs received | | |
| Saxum Insurance Limited | - | 112 300 |
| Eton Road Investments Company Proprietary Limited | - | 179 600 |
| - motor vehicle distributed | 592 159 | - |
| - dividend in specie | 42 021 633 | - |
| Statement of financial position effects : | | |
| - other accounts receivable | | |
| Eton Road Investments Company Proprietary Limited | - | (2 153 675) |
| Loans to the directors of the company | - | 746 860 |
| - other accounts payable | | |
| Saxum Insurance Limited | - | 37 040 |
| - Investment in subsidiaries | | |
| Bibleman Holdings and Investments (Proprietary) Limited | - | 26 995 369 |
| Saxum Insurance Limited | - | 17 152 711 |

The following transactions were entered into with the current holding company, its subsidiaries and other related parties on terms and conditions after 24 April 2014 :

| | | |
|--|--------------|---|
| Statement of comprehensive income effects : | | |
| Retroceded premiums from holding company | 129 976 349 | - |
| Retroceded claims from holding company | (26 363 452) | - |
| Retroceded commission from holding company | (11 848 833) | - |
| | | - |
| Statement of financial position effects : | | |
| Retroceded outstanding claims | 26 207 193 | - |
| Retroceded unearned premium provision | 78 852 140 | - |
| Retroceded deferred acquisition cost | (16 839 339) | - |
| Retroceded reserve deposit | 80 392 245 | - |
| Retroceded receivables | - | - |

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GIC RE SOUTH AFRICA LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 MARCH 2015

23 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 | 371 540 | 454 484 |
| One to five years | - | 412 823 |
| | <u>371 540</u> | <u>867 307</u> |

The operating lease expires on 31 October 2015 and it is expected to be renewed at the same terms as the current lease.

24 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

The subsidiaries were declared as a dividend in specie at their carrying value, on the dividend declaration date of 24 April 2014 for R42 021 633 (refer to note 6).

Going concern

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

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

IFRS 9 Financial Instruments

On 24 July, 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 debt recognised in the company.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application. Early adoption is permitted.

Disclosure Initiative (Amendments to IAS 1)

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments apply for annual periods beginning on or after 1 January 2016 and early application is permitted.

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GIC RE SOUTH AFRICA LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 MARCH 2015

| Note | Total | | Non-life | | Life | |
|---|-----------------|--------------|---------------|--------------|--------------|--------------|
| | 31 March | 31 December | 31 March | 31 December | 31 March | 31 December |
| | 2015 | 2013 | 2015 | 2013 | 2015 | 2013 |
| | R | R | R | R | R | R |
| 26 Revenue account split between non-life and life reinsurance contracts | | | | | | |
| Gross premiums written | 155 877 705 | 16 281 844 | 135 759 733 | - | 20 117 972 | 16 281 844 |
| Retroceded premiums | (129 976 349) | (5 779 472) | (122 183 759) | - | (7 792 590) | (5 779 472) |
| Gross UPR movement | (87 613 488) | - | (87 613 488) | - | - | - |
| Retro UPR movement | 78 852 140 | - | 78 852 140 | - | - | - |
| Net premiums written and earned | 17 140 008 | 10 502 372 | 4 814 626 | - | 12 325 382 | 10 502 372 |
| Claims incurred | (12 715 911) | (5 837 977) | (3 064 433) | 2 407 396 | (9 651 478) | (8 245 373) |
| Claims paid | 17 (10 735 163) | (8 097 240) | (491 608) | (387 316) | (10 243 555) | (7 709 924) |
| Gross Retroceded | (13 089 647) | (10 667 215) | 2 638 941 | (387 316) | (15 728 588) | (10 279 899) |
| | 2 354 484 | 2 569 975 | (3 130 549) | - | 5 485 033 | 2 569 975 |
| Change in provision for outstanding claims | 7 (1 980 748) | 2 259 263 | (2 572 825) | 2 794 712 | 592 077 | (535 449) |
| Gross Retroceded | (25 995 716) | 514 446 | (28 351 486) | 2 794 712 | 2 355 770 | (2 280 266) |
| | 24 014 968 | 1 744 817 | 25 778 661 | - | (1 763 693) | 1 744 817 |
| Net commission | 281 186 | (228 845) | 1 231 149 | - | (949 963) | (228 845) |
| Commissions (paid)/received | 2 791 372 | (228 845) | 3 741 335 | - | (949 963) | (228 845) |
| Gross Retroceded | (25 117 543) | (319 934) | (23 678 535) | - | (1 439 008) | (319 934) |
| | 27 908 915 | 91 089 | 27 419 870 | - | 489 045 | 91 089 |
| Net change in deferred acquisition cost | (2 510 186) | - | (2 510 186) | - | - | - |
| Gross Retroceded | 14 329 153 | - | 14 329 153 | - | - | - |
| | (16 839 339) | - | (16 839 339) | - | - | - |
| Change in provision for policyholder liabilities | 8 3 987 851 | 6 079 480 | - | - | 3 987 851 | 6 079 480 |
| Gross Retroceded | 4 981 806 | 6 605 252 | - | - | 4 981 806 | 6 605 252 |
| | (993 955) | (525 772) | - | - | (993 955) | (525 772) |
| Underwriting result | 8 693 134 | 10 515 030 | 2 981 342 | 2 407 396 | 5 711 792 | 8 107 634 |
| Gross Retroceded | 96 656 605 | 12 414 393 | 86 368 653 | 2 407 396 | 10 287 952 | 10 006 997 |
| | (76 691 937) | (1 899 363) | (72 115 777) | - | (4 576 160) | (1 899 363) |
| Management expenses | (10 204 020) | (9 056 216) | (4 897 951) | (3 671 642) | (5 306 069) | (5 384 574) |
| Net income/(loss) before other income and expenses | (1 510 886) | 1 458 814 | (1 916 609) | (1 264 246) | 405 723 | 2 723 060 |
| Net investment (loss)/income | 4 222 714 | (7 503 118) | 2 128 473 | (9 192 778) | 2 094 241 | 1 689 660 |
| Other income | 779 259 | 577 947 | - | - | 779 259 | 577 947 |
| Foreign exchange loss | (194 239) | (2 224 792) | (194 239) | (2 224 792) | - | - |
| Profit (Loss) before taxation | 20 3 296 848 | (7 691 149) | 17 625 | (12 681 816) | 3 279 223 | 4 990 667 |
| Taxation | 21 - | - | - | - | - | - |
| Profit (Loss) before taxation | 3 296 848 | (7 691 149) | 17 625 | (12 681 816) | 3 279 223 | 4 990 667 |

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GIC RE SOUTH AFRICA LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 MARCH 2015

| | <u>31 March</u> <u>2015</u> <u>R</u> | <u>31 December</u> <u>2013</u> <u>R</u> |
|---|--|---|
| 27 Notes to the statement of cash flows | | |
| 27.1 Cash utilised by operations | | |
| Profit/(loss) before taxation | 3 296 848 | (7 691 149) |
| Adjustments for: | | |
| – depreciation of equipment | 368 107 | 585 323 |
| – profit on disposal of equipment | - | (1 477) |
| – realised gain on disposal of investments | (326 061) | 224 531 |
| – interest received | (6 487 627) | (1 089 684) |
| – dividends received | (74 518) | (332 920) |
| – interest paid | 142 343 | 425 731 |
| – increase in net provision for unearned premium | 8 761 348 | - |
| – increase in net deferred acquisition costs | 2 510 186 | - |
| – increase/(decrease) in net provision for outstanding claims | 1 980 748 | (2 259 263) |
| – decrease in net policyholder liabilities for life insurance contracts | (3 987 851) | (6 079 480) |
| – decrease in accrual for leave pay | (6 948) | (154 601) |
| – unrealised loss on revaluation of investment in subsidiaries | 2 126 447 | 8 826 709 |
| – unrealised loss/(gain) on revaluation of investments | <u>22 257</u> | <u>(1 074 028)</u> |
| Cash generated/(utilised) by operations before working capital changes | 8 325 279 | (8 620 308) |
| Increase in amounts receivable from insurance companies | (111 522 371) | (272 848) |
| (Increase)/decrease in other accounts receivable | (1 090 341) | 148 306 |
| Increase in amounts payable to insurance companies | 5 740 224 | 3 343 552 |
| (Decrease)/increase in other accounts payable | (3 091 146) | 1 474 169 |
| Increase in deposits withheld from retrocessionaires | 80 392 245 | - |
| | <u>(21 246 110)</u> | <u>(3 927 129)</u> |

27.2 Cash and cash equivalents

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

| | | |
|-----------------------------|-------------------|-------------------|
| Cash on call and on deposit | 24 193 019 | 11 462 312 |
| Cash at bank and on hand | <u>9 090 809</u> | <u>3 627 158</u> |
| | <u>33 283 828</u> | <u>15 089 470</u> |

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GIC RE SOUTH AFRICA LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 MARCH 2015

Categorisation of assets and liabilities

| | Note | Total R | Financial | Financial | Other non - financial assets and liabilities R | Current / non - current distinction | |
|---|------|--------------------|--|--------------------------------|--|--|---|
| | | | assets designated at fair value through profit and loss R | assets and liabilities R | | Current assets and liabilities R | Non - current assets and liabilities R |
| ASSETS | | | | | | | |
| Equipment | 5 | 1 585 004 | - | - | 1 585 004 | - | 1 585 004 |
| Investment in subsidiaries | 6 | - | - | - | - | - | - |
| Technical assets under insurance contracts | | 124 653 562 | - | - | 124 653 562 | 117 401 643 | 7 251 919 |
| Retroceded outstanding claims | 7 | 26 207 193 | - | - | 26 207 193 | 21 051 461 | 5 155 732 |
| Retroceded unearned premium reserve | 9 | 78 852 140 | - | - | 78 852 140 | 78 852 140 | - |
| Gross deferred acquisition costs | 10 | 14 329 153 | - | - | 14 329 153 | 14 329 153 | - |
| Retroceded policyholder liabilities | 8 | 5 265 076 | - | - | 5 265 076 | 3 168 889 | 2 096 187 |
| Investments | 11 | 73 724 898 | 73 724 898 | - | - | 73 724 898 | - |
| Government securities | | 2 077 031 | 2 077 031 | - | - | 2 077 031 | - |
| Negotiable certificates of deposits | | 8 169 528 | 8 169 528 | - | - | 8 169 528 | - |
| Collective investment schemes - listed | | 4 120 937 | 4 120 937 | - | - | 4 120 937 | - |
| Listed ordinary shares | | 1 760 270 | 1 760 270 | - | - | 1 760 270 | - |
| Listed collective investment schemes | | 57 597 132 | 57 597 132 | - | - | 57 597 132 | - |
| Deferred tax | 12 | 5 971 195 | - | - | 5 971 195 | - | 5 971 195 |
| Amounts receivable from insurance companies | | 112 092 397 | - | 112 092 397 | - | 112 092 397 | - |
| Other accounts receivable | | 2 023 041 | - | 2 023 041 | - | 2 023 041 | - |
| Cash on call and on deposit | | 24 193 019 | - | 24 193 019 | - | 24 193 019 | - |
| Cash at bank and on hand | | 9 090 809 | - | 33 283 828 | - | 9 090 809 | - |
| Total assets | | 353 333 925 | 73 724 898 | 171 592 285 | - 132 209 761 | 338 525 807 | 14 808 118 |
| LIABILITIES | | | | | | | |
| Technical liabilities under insurance contracts | | 167 626 647 | - | - | 167 626 647 | 147 066 055 | 20 560 592 |
| Gross outstanding claims | 7 | 42 817 278 | - | - | 42 817 278 | 30 607 837 | 12 209 441 |
| Gross unearned premium reserve | 9 | 87 613 488 | - | - | 87 613 488 | 87 613 488 | - |
| Retroceded deferred acquisition cost | 10 | 16 839 339 | - | - | 16 839 339 | 16 839 339 | - |
| Gross policyholder liabilities | 8 | 20 356 542 | - | - | 20 356 542 | 12 005 391 | 8 351 151 |
| Deposits withheld from retrocessionaires | | 80 392 245 | - | - | 80 392 245 | 80 392 245 | - |
| Amounts payable to insurance companies | | 17 674 446 | - | - | 17 674 446 | 17 674 446 | - |
| Accrual for leave pay | 13 | 43 765 | - | - | 43 765 | 43 765 | - |
| Other accounts payable | | 956 361 | - | - | 956 361 | 956 361 | - |
| Total liabilities | | 266 693 464 | - | - 99 023 052 | 167 670 412 | 246 132 872 | 20 560 592 |

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GIC RE SOUTH AFRICA LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 MARCH 2015

Categorisation of assets and liabilities

| | 2013 | Note | Financial assets | | Financial assets and liabilities | Other non - financial assets and liabilities | Current / non - current distinction | | |
|---|------|------|-------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|
| | | | 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 | 739 549 | - | - | 739 549 | - | 739 549 | |
| Investment in subsidiaries | | 6 | 44 148 080 | - | - | 44 148 080 | - | 44 148 080 | |
| Technical assets under insurance contracts | | | 8 451 256 | - | - | 8 451 256 | 5 963 514 | 2 487 742 | |
| Retroceded outstanding claims | | 7 | 2 192 225 | - | - | 2 192 225 | 2 192 225 | - | |
| Retroceded policyholder liabilities | | 8 | 6 259 031 | - | - | 6 259 031 | 3 771 289 | 2 487 742 | |
| Investments | | 9 | 7 655 323 | 7 655 323 | - | - | 7 138 282 | 517 041 | |
| Corporate securities | | | 2 986 892 | 2 986 892 | - | - | 2 469 851 | 517 041 | |
| Listed preference shares | | | 333 600 | 333 600 | - | - | 333 600 | - | |
| Listed ordinary shares | | | 623 301 | 623 301 | - | - | 623 301 | - | |
| Listed collective investment schemes | | | 3 711 530 | 3 711 530 | - | - | 3 711 530 | - | |
| Deferred tax | | 10 | 5 971 195 | - | - | 5 971 195 | - | 5 971 195 | |
| Amounts receivable from insurance companies | | | 570 026 | - | 570 026 | - | 570 026 | - | |
| Other accounts receivable | | | 932 700 | - | 932 700 | - | 932 700 | - | |
| Cash on call and on deposit | | | - | - | - | - | - | - | |
| Cash at bank and on hand | | | 15 089 470 | - | 15 089 470 | - | 15 089 470 | - | |
| Total assets | | | 83 557 599 | 7 655 323 | 16 592 196 | - | 59 310 080 | 29 693 992 | 53 863 607 |
| LIABILITIES | | | | | | | | | |
| Technical liabilities under insurance contracts | | | 42 159 910 | - | - | 42 159 910 | 21 212 409 | 20 947 501 | |
| Gross outstanding claims | | 7 | 16 821 562 | - | - | 16 821 562 | 7 257 813 | 9 563 749 | |
| Gross policyholder liabilities | | 8 | 25 338 348 | - | - | 25 338 348 | 13 954 596 | 11 383 752 | |
| Amounts payable to insurance companies | | | 11 934 222 | - | - | 11 934 222 | 11 934 222 | - | |
| Accrual for leave pay | | 12 | 50 713 | - | - | 50 713 | 50 713 | - | |
| Other accounts payable | | | 4 047 507 | - | - | 4 047 507 | 4 047 507 | - | |
| Total liabilities | | | 58 192 352 | - | - | 15 981 729 | 42 210 623 | 37 244 851 | 20 947 501 |

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