Heritage
Insurance Co

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

THE HERITAGE INSURANCE COMPANY TANZANIA LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

TABLE OF CONTENTS	**PAGE**

THE HERITAGE INSURANCE COMPANY TANZANIA LIMITED

DIRECTORS, SENIOR MANAGEMENT AND OTHER COMPANY DETAILS FOR THE YEAR ENDED 31 DECEMBER 2015

1 DIRECTORS

The directors of the Company at the date of this report, all of whom have served since 1 January 2015, are shown on page 4.

2 COMPANY SECRETARY

Gemma Moshy
P.O.Box 78196
Dar es Salaam

3 SENIOR MANAGEMENT

Anil Chopra, MBA, AIII	-	Chief Executive Officer
Ian Baigrie, NTC5, COP	-	General Manager - Underwriting & Claims
Puneet Jain, ACA, ACS	-	Chief Financial Officer

4 INDEPENDENT AUDITORS

KPMG
11th Floor, PPF Tower, Ohio Street
Garden Avenue
PO Box 1160,
Dar es Salaam.

5 REGISTERED OFFICE

Oyster Bay Office Complex
368 Msasani Road, Oyster Bay
PO Box 7390, Dar es Salaam,
Tanzania.

6 PRINCIPAL BANKERS

Citibank Tanzania Limited
36 Upanga Road
PO Box 71625, Dar es Salaam,
Tanzania.

THE HERITAGE INSURANCE COMPANY TANZANIA LIMITED

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

Over the past 17 years, in our strategy for building value and our aim of delivering a step-change in both the level and sustainability of growth while maintaining our position as one of the leading insurers in the Tanzanian insurance industry, it is once again my pleasure to present to you the Annual Report & Financial Statements for the year ended 31 December 2015.

MARKET CONDITIONS

In 2015 Tanzania has continued to maintain a healthy fiscal position, keeping the deficit at sustainable levels and managing expenditure growth in line with the broad objective of sustaining macroeconomic stability. Access to financial services in Tanzania has increased significantly, with about 73% of the mainland population using formal financial services (bank, non-bank, insurance) which indeed is an encouraging sign.

The general insurance industry had an eventful journey through 2015 to reminisce. The introduction of VAT on non-life insurance has raised new set of challenges to the industry and there are number of areas yet to be clarified by revenue authorities. An expeditious clarification on the ambiguous tax regulations would help the industry and our clients to adapt to the change.

The proposed National Policy on insurance circulated by the regulator looks very promising and once implemented, will open new avenues for premium growth.

BUSINESS PERFORMANCE

The gross written premium grew by 15% over the previous year primarily because of growth in Accident and Fire classes. The net earned premium increased by 12%. Investment income arising out of interest and dividends decreased by 3% due to the smaller investment portfolio in 2015 compared to last year. Fair value loss on investments in 2015 was TShs 742 million compared to a gain of TShs 2,108 million in 2014. This was due to sharp decline in equity markets during the year.

The underwriting profit increased by 30% to TShs 1,313 million in 2015 from TShs 1,014 million in 2014, mainly due to contributions by Accident, Motor & Engineering classes. The profit before tax at TShs 4,331 million is 27% higher in 2015 compared with profit before tax of TShs 3,401 million in 2014 due to higher underwriting surplus and exchange gains recognition.

REINSURANCE

Globally the reinsurance market had a challenging year due to increased incidence of losses arising out of natural disasters like flood and storms worldwide. However the reinsurance premium rates remained stable primarily due to overcapacity in the reinsurance market.

Owing to a higher number of Fire and Engineering claims during the year the reinsurance commission earned by the Company in Fire and Engineering classes remained at the lowest level of scaled commission structure. The Company has however implemented a number of measures to improve the underwriting of risks and stabilize the reinsurance treaty results for better commission earnings in the future.

THE HERITAGE INSURANCE COMPANY TANZANIA LIMITED

CHAIRMAN'S STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015

Though there were no major changes in the terms of underwriting capacity, the reinsurers have mandated that the Company must follow the actuarially determined premium rates specified in the market agreement.

OPERATIONS

During the year the Company had a number of large fire claims which were assessed and managed in an extremely professional manner thus enhancing the reputation of the Company among our business partners and clients.

Operating expenses remained marginally higher as compared to the international benchmark of 10% of Gross Written Premium. The Company continues to focus on prudently reducing the cost base and on improving the operational cost ratios.

INVESTMENTS

Interest & dividend incomes as at the end of December 2015 was 18% above the budget. However, fair value losses were accounted for against the budgeted gains resulting in a net investment income of TZS 1,367 Million. Unrealized exchange gain of TZS 1,116 Million and realised exchange gains of TZS 1,013 million has also been recorded as at the end of December 2015.

PROSPECTS FOR 2016

The Company will continue to maintain focus on its core market segment of large corporate clients along side making concerted efforts to develop & strengthen business relationships with new business partners to broaden its client base market segments which include underwriting of Chinese commercial entities and online platform. The operations in natural gas resources explorations are projected to stabilize and the company is expecting to derive substantive growth from this sector over the medium and long term.

ACKNOWLEDGEMENTS

I would like to extend my sincere thanks to all our brokers, customers, business partners and reinsurers for their continued support and reposing trust in the Company.

I also thank the management and employees of the Company for their commitment to the values and ideals that Heritage represents.

I must acknowledge the support and guidance provided by the Commissioner of Insurance and his team to the Company.

Finally, my thanks go to my fellow Directors for their valuable guidance and support in all our endeavors.

YOGESH M. MANEK **CHAIRMAN**	29.02.2016 **DATE**

THE HERITAGE INSURANCE COMPANY TANZANIA LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2015

1 The Directors submit their report together with the audited financial statements for the year ended 31 December 2015, which disclose the state of affairs of The Heritage Insurance Company Tanzania Limited ("the Company").

2 INCORPORATION

The Company is incorporated in Tanzania under the Companies Act as a limited liability company.

3 VISION

Our vision is to be the obvious and preferred choice of risk partner for buyers, intermediaries and reinsurers, and the point of reference for the Tanzania insurance industry.

4 MISSION

Our mission is to maintain a viable and sustainable risk transfer enterprise that maximises returns for key stakeholder groups – our shareholders, business partners and staff.

5 PRINCIPAL ACTIVITIES

The Company is registered for general insurance business, which is its principal activity.

6 COMPOSITION OF THE BOARD OF DIRECTORS

The directors of the Company at the date of this report and who have served since 1 January 2015, except where otherwise stated, are:-

Name	Position	Nationality	Age
Yogesh M Manek	Chairman	Tanzanian	61
Nanalal L Chohan	Director	Tanzanian	68
Michael L du Toit	Director	South African	54
Juma V Mwapachu	Director	Tanzanian	73
Stephen Lugalia	Director	Kenyan	58
Peter N Gethi	Director	Kenyan	50
Godfrey Kioi	Director	Kenyan	51

7 COMPANY SECRETARY

The Company's Secretary as at the date of the report was Mrs. Gemma Moshy.

8 CORPORATE GOVERNANCE

The Board of Directors consists of 7 directors and 1 alternate director. None of the directors hold executive positions in the Company. The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The Board is required to meet at least four times a year. The Board delegates the day to day management of the business to the Chief Executive Officer assisted by the Management Team. The Management Team is invited to attend board meetings and facilitate the effective control of the Company's operational activities, acting as a medium of communication and coordination between the various departments.

The Company is committed to the principles of effective corporate governance. The Directors also recognize the importance of integrity, transparency and accountability. During the year the Board had the following sub-committees to ensure a high standard of corporate governance throughout the Company.

Board Audit and Risk Committee

No.	Name	Position
1	Stephen Lugalia	Chairman
2	Geetha Sivakumar	Member (Appointed on 17 March 2015)
3	Michael L du Toit	Member
4	Peter N Gethi	Member

Board Investment Committee

No.	Name	Position
1	Yogesh M. Manek	Chairman
2	Michael L du Toit	Member
3	Geetha Sivakumar	Member (Appointed on 17 March 2015)

Board Human Resources and Remuneration Committee

No.	Name	Position
1	Juma V. Mwapachu	Chairman
2	Yogesh M. Manek	Member
3	Stephen Lugalia	Member

During the year the Board of Directors held four meetings. The Board sub-committees held the following number of meetings: Audit and Risk Committee four; Investment Committee five; and Human Resources and Remuneration Committee three meetings.

9 RISK MANAGEMENT AND INTERNAL CONTROL

The Board accepts final responsibility for the risk management and internal control systems of the Company. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- The safeguarding of the Company's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviors towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance with such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Company's system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

The Board assessed the internal control systems throughout the financial year ended 31 December 2015 and is of the opinion that they met accepted criteria.

The Board performs risk and internal control assessment through the Board Audit and Risk Committee.

10 CAPITAL STRUCTURE

The Company's capital structure for the year under review is shown in Note 13 to the financial statements.

11 MANAGEMENT TEAM

The management of the Company is under the Chief Executive Officer, assisted by the following:-

- Chief Financial Officer;
- General Manager - Underwriting & Claims
- Human Resources Officer and
- System Administration Manager.

12 SHAREHOLDERS OF THE COMPANY

The total number of shareholders during the year 2015 is 2 (2014: 2 shareholders). One director, **Mr. Yogesh M. Manek** has an indirect interest of 37.44% in the shares of the Company through his shareholding in MAC Group Tanzania Limited. No other director holds shares of the Company.

12 SHAREHOLDERS OF THE COMPANY (CONTINUED)

The shares of the Company are held as follows:

Name of the Shareholder	Number of Shares held in 2015	Number of Shares held in 2014
Heritage Insurance Company Kenya Limited	**36,000**	36,000
MAC Group Tanzania Limited	**24,000**	24,000
	60,000	60,000

13 FUTURE DEVELOPMENT PLANS

The Company will continue to improve its profitability through the introduction of innovative products and focusing on value-added customer services while carefully managing both costs and risks. The Company will continue to focus on improving productivity and introducing new products to the market.

Based on gross premium written in the current year, the Company is one of the leading private insurance Company in Tanzania. After deducting reinsurance premium, the Company registered net earned premium of TShs 14,950 million (2014: TShs 13,407 million).

The directors believe that the Company is well placed to consolidate its position as a leading Company in the market during the next two to three years.

14 PERFORMANCE FOR THE YEAR

During the year the Company recorded a net profit after tax for the year of TShs 3,201 million (2014: TShs 3,301 million).

15 TRANSFERS TO RESERVE

An amount of TShs 640 million (2014: TShs 660 million), has been transferred from the retained earnings to a contingency reserve, in accordance with Regulation 27 (2) (b) of the Insurance Act 2009.

16 DIVIDEND

The Board of Directors approved payment of an interim dividend of TShs 4 billion equivalent to TShs 66,667 per share (2014: TShs 1.4 billion equivalent to TShs 23,333 per share). No final Dividend is being proposed. In making the proposal the directors have taken into account the financial situation of the company and the need for future Investments.

17 RESOURCES

Employees with appropriate skills and experience in running the business are a key resource available to the Company and they assist in pursuing the Company’s business objectives.

18 PRINCIPAL RISKS AND UNCERTAINTIES

The principal financial risks that may significantly affect the Company's strategies and development are mainly insurance risk, credit risk, debt and equity market price, foreign currency exchange rate and interest rate risk. More details of the risks facing the Company are provided in Note 3 to the financial statements.

19 SERIOUS PREJUDICIAL MATTERS

In the opinion of the directors, there are no serious prejudicial matters that can affect the Company.

20 SOLVENCY

The Board of directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The Board of directors has reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

21 EMPLOYEES' WELFARE

Management and employees' relationship

There was continued good relation between employees and management for the year 2015. There were no unresolved complaints received by Management from the employees during the year. A healthy relationship continues to exist between management and staff.

The Company is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind.

Training facilities

During the year the Company spent TShs 20 million (2014: TShs 13 million) for staff training in order to improve employees technical skills and hence effectiveness. Training programs have been and are continually being developed to ensure employees are adequately trained at all levels. All employees have some form of annual training to upgrade skills and enhance development.

Medical assistance

All members of staff and their spouses up to a maximum of four beneficiaries (dependants) for each employee were availed medical services by the Company through medical insurance.

Persons with disabilities

Applications for employment by disabled persons are always considered, bearing in mind the aptitude of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and appropriate training is arranged. It is the policy of the Company that training, career development and promotion of persons with disabilities should, as far as possible, be identical to that of other employees.

21 EMPLOYEES' WELFARE (CONTINUED)

Employees benefit plan

The Company pays contributions to publicly administered pension plan on mandatory basis which qualifies to be a defined contribution plan. The number cf employees during the year was 45 (2014: 45).

22 GENDER PARITY

The Company had 45 employees, out of which 17 were female and 28 were male (2014: female 25, male 20).

23 RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in note 36 to these financial statements.

24 POLITICAL AND CHARITABLE DONATIONS

The Company did not make any political donations during the year. Donations made to charitable and other organizations during the year amounted to TShs 9.2 million (2014: TShs 6.3 million).

25 RELATIONSHIP WITH STAKEHOLDERS

The Company continued to maintain a good relationship with all stakeholders including the regulators.

26 CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company encourages its employees' initiatives on participating in the CSR activities. Various activities were carried out during the year including visiting orphanage centers.

27 AUDITORS

The auditors, KPMG, have expressed their willingness to continue in office and are eligible for re-appointment. A resolution proposing reappointment of KPMG for the year ending 31 December 2016 will be put to the Annual General Meeting.

BY ORDER OF THE BOARD

YOGESH M. MANEK **CHAIRMAN**	**GODFREY KIOI** **DIRECTOR**

29-02-2016

DATE

THE HERITAGE INSURANCE COMPANY TANZANIA LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2015

The Company's directors are responsible for the preparation of financial statements that give a true and fair view of The Heritage Insurance Company Tanzania Limited comprising the statement of financial position as at 31 December 2015, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year 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 in the manner required by the Companies Act, 2002.

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 going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The auditors are responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

Approval of financial statements

The financial statements of The Heritage Insurance Company Tanzania Limited, as identified in the first paragraph, were approved by the board of directors on ....29 - 02 - .....2016 and signed by.

YOGESH M. MANEK
CHAIRMAN

GODFREY KIOI
DIRECTOR

29-02-2016
DATE

REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF THE HERITAGE INSURANCE COMPANY TANZANIA LIMITED

Report on the financial statements

We have audited the accompanying financial statements of The Heritage Insurance Company Tanzania Limited ("the Company"), which comprise the statement of financial position as at 31 December 2015, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements which include a summary of significant accounting policies and other explanatory information, as set out on pages 17 to 58.

Director's responsibility for the financial statements

The Company's directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2002, 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 our judgement including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of The Heritage Insurance Company Tanzania Limited as at 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2002.

KPMG

REPORT OF THE INDEPENDENT AUDITOR (CONTINUED)
TO THE MEMBERS OF THE HERITAGE INSURANCE COMPANY TANZANIA LIMITED

Report on other legal and regulatory requirements

As required by the Companies Act, 2002 we report that:

- in our opinion, proper accounting records have been kept by The Heritage Insurance Company Tanzania Limited;
- the individual accounts are in agreement with the accounting records of the company; and
- we obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit

KPMG
Certified Public Accountants (T)

....
Signed by: M Salim Bashir
Dar es Salaam

29 February 2016

THE HERITAGE INSURANCE COMPANY TANZANIA LIMITED

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 TShs'000	2014 TShs'000
Insurance premium revenue	5	**44,597,665**	43,708,113
Insurance premium ceded to reinsurers		**(29,647,669)**	(30,301,396)
Net insurance premium revenue		**14,949,996**	13,406,717
Investment income	6	**2,109,832**	2,168,526
Commission earned		**3,654,804**	3,445,882
Loss on disposal of Investment in Associate	16	**-**	(1,387,281)
Fair value (loss) /gain		**(742,381)**	2,107,584
Other income	8	**2,128,925**	578,650
Net income		**22,101,176**	20,320,078
Insurance claims		**(19,808,499)**	12,599,878
Insurance claims recovered from reinsurers		**12,821,686**	(18,777,024)
Net insurance claims	9	**(6,986,813)**	(6,177,146)
Operating expenses	10	**(5,354,531)**	(5,801,054)
Commission expense		**(5,428,392)**	(5,130,980)
Profit from operations		**4,331,440**	3,210,898
Share of profit of equity- accounted investee, net of tax	7	**-**	190,120
Profit before income tax		**4,331,440**	3,401,018
Taxation	11	**(1,130,500)**	(99,576)
Profit for the year		**3,200,940**	3,301,442
Other comprehensive income		**-**	-
Total comprehensive income for the year		**3,200,940**	3,301,442

THE HERITAGE INSURANCE COMPANY TANZANIA LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Notes	2015	2014
		TShs'000	TShs'000
ASSETS			
Motor vehicle and equipment	14	**111,439**	65,030
Equity investment at fair value through profit or loss (quoted)	17	**6,514,194**	6,800,226
Equity investment at fair value through profit or loss (unquoted)	18	**895,429**	811,685
Receivables arising out of direct insurance arrangements		**8,800,734**	4,922,263
Receivables arising out of reinsurance arrangements		**6,740,009**	5,441,666
Reinsurers' share of insurance liabilities	19	**21,564,923**	16,873,666
Deferred acquisition cost	20	**1,810,325**	2,171,466
Deferred tax asset	21	**864,597**	912,439
Income tax recoverable		**596,264**	832,157
Other receivables	22	**355,036**	1,707,202
Government securities at fair value through profit or loss	23	**3,325,187**	3,895,432
Corporate bonds at fair value through profit or loss	24	**237,455**	314,471
Deposits with financial institutions	25	**12,571,325**	12,189,313
Cash and bank balances	26	**1,836,192**	129,069
Total assets		**66,223,109**	**57,066,085**
LIABILIITIES			
Insurance contract liabilities	27	**14,188,625**	13,460,924
Unearned premiums	28	**19,900,264**	16,813,007
Payables arising from reinsurance arrangements	29	**10,987,283**	5,831,084
Deferred acquisition income	20	**1,855,814**	1,410,038
Other payables	30	**1,767,817**	1,228,666
Total liabilities		**48,699,803**	**38,743,719**
EQUITY			
Share capital		**6,000,000**	6,000,000
Contingency reserve		**5,375,653**	4,735,465
Retained earnings		**6,147,653**	7,586,901
Total equity	13	**17,523,306**	**18,322,366**
Total equity and liabilities		**66,223,109**	**57,066,085**

The financial statements on pages 13 to 58 were approved for issue by the board of directors on 29.02.2016 and signed on its behalf by:

YOGESH M. MANEK	**GODFREY KIOI**	**ANIL CHOPRA**
CHAIRMAN	**DIRECTOR**	**CHIEF EXECUTIVE OFFICER**

THE HERITAGE INSURANCE COMPANY TANZANIA LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Share Capital TShs'000	Contingency reserve TShs'000	Retained earnings TShs'000	Proposed dividend TShs'000	Total TShs'000
Year ended 31 December 2015					
Balance at 1 January 2015	**6,000,000**	**4,735,465**	**7,586,901**	**-**	**18,322,366**
Total comprehensive income for the year					
Profit for the year	-	-	3,200,940	-	3,200,940
Other comprehensive income net of tax:	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**3,200,940**	**-**	**3,200,940**
Transfer to contingency reserve	-	640,188	(640,188)	-	-
Transactions with owners:					
Payment of interim dividend 2015	-	-	(4,000,000)	-	(4,000,000)
Total transactions with owners	**-**	**640,188**	**(4,640,188)**	**-**	**(4,000,000)**
Balance at 31 December 2015	**6,000,000**	**5,375,653**	**6,147,653**	**-**	**17,523,306**
Year ended 31 December 2014					
Balance at 1 January 2014	**6,000,000**	**4,075,177**	**6,345,747**	**1,500,000**	**17,920,924**
Total comprehensive income for the year					
Profit for the year	-	-	3,301,442	-	3,301,442
Other comprehensive income net of tax:	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the year	**-**	**-**	**3,301,442**	**-**	**3,301,442**
Transfer to contingency reserve	**-**	**660,288**	**(660,288)**	**-**	**-**
Transactions with owners:					
Payment of dividend 2013	-	-	-	(1,500,000)	(1,500,000)
Payment of interim dividend for 2014	-	-	(1,400,000)	-	(1,400,000)
Total transactions with owners	**-**	**-**	**(1,400,000)**	**(1,500,000)**	**(2,900,000)**
Balance at 1 December 2014	**6,000,000**	**4,735,465**	**7,586,901**	**-**	**18,322,366**

THE HERITAGE INSURANCE COMPANY TANZANIA LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	**2015**	2014
		TShs'000	TShs'000
Cash generated from operating activities	32	**4,835,665**	**1,283,423**
Dividend received		**219,815**	**198,752**
Interest received		**1,890,017**	**1,969,772**
Tax paid		**(846,765)**	**(422,711)**
Net Cash generated from operating activities		**6,098,732**	**3,029,236**
Cash flows from investing activities			
Purchase of items of motor vehicles and equipment	14	**(116,765)**	**(43,627)**
Proceeds from disposal of items of motor vehicles and equipment		**-**	**2,184**
Purchase of Quoted Shares		**(447,770)**	**(643,036)**
Net change in investments		**4,848,223**	**(1,361,981)**
Proceeds from sale of Investment in Associate	16	**-**	**79,000**
Net cash generated from investing activities		**4,283,688**	**(1,967,460)**
Cash flows from financing activities			
Dividends paid		**(4,000,000)**	**(2,900,000)**
Cash used in financing activities		**(4,000,000)**	**(2,900,000)**
Net increase/(decrease) in cash and cash equivalents		**6,382,420**	**(1,838,224)**
Cash and cash equivalents at the beginning of the year		445,613	**2,283,837**
Cash and cash equivalents at the end of the year	26	**6,828,033**	**445,613**

1 GENERAL INFORMATION

The Heritage Insurance Company Tanzania Limited is a limited liability company incorporated under the Companies Act and is domiciled in the United Republic of Tanzania. The address of its registered office is as follows:

Oyster Bay Office Complex
368 Msasani Road
PO Box 7390
Dar es Salaam

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2002. The measurement basis applied is the historical cost basis except where otherwise stated in the accounting policies below. The financial statements are presented in Tanzania Shillings (TShs) which is its functional currency rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

i) Relevant new standards, amendments and interpretations issued but not yet effective and not early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2016, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company do not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

New or amended standards	Summary of the requirement	Possible impact on the financial statements
Effective date 1 January 2016 Disclosure Initiative (Amendments to IAS 1)	The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements.	This will be adopted on 1 January 2016.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

i) *Relevant new standards, amendments and interpretations issued but not yet effective and not early adopted (continued)*

New or amended standards	Summary of the requirement	Possible impact on the financial statements
Effective date 1 January 2018 IFRS 15 Revenue from Contracts with Customers	IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.	IFRS 15 excludes insurance contracts within the scope of IFRS 4. The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 15.
Effective date 1 January 2019 IFRS 16 Leases	IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, ie the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 has one model for lessees which will result in almost all leases being included on the Statement of Financial position. No significant changes have been included for lessors	The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 16.

The following new or amended standards are not applicable to the entity business and will therefore have no impact on future financial statements.

- IFRS 14 Regulatory Deferral Accounts
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
- Agriculture: Bearer Plants (Amendment to IAS 16 and IAS 41)
- Equity Method in Separate Financial Statements (Amendments to IAS 27)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost.

The Company's share of its associates' post acquisition profits or losses is recognised in profit or loss, and its share of post acquisition movements in reserves is recognised in reserves. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

(c) Insurance contracts

i) Classification

Insurance contracts are those contracts that transfer significant insurance risk.

General Insurance business means insurance business of any class or classes not being long term insurance business.

Classes of General Insurance Include Aviation insurance, Engineering insurance, Fire insurance – domestic risks, Fire insurance – industrial and commercial risks, Liability insurance, Marine insurance, Motor insurance – private vehicles, Motor insurance – commercial vehicles, Personal accident insurance, Theft insurance, Workmen's Compensation and Employer's Liability insurance and Miscellaneous insurance (i.e. class of business not included under those listed above)

ii) Recognition and measurement

a) Premium income

Premium income is recognised on assumption of risks, and includes estimates of premium due but not yet received, less an allowance for cancellations and less unearned premiums. Unearned premiums represent the proportion of the premiums written in periods up to the accounting date which relate to the unexpired terms of policies in force at the balance sheet date, and are calculated using the 1/24th method for all classes other than marine and 1/6th method for marine.

b) Claims

Claims incurred comprise claims paid in the year and changes in the provision for outstanding claims. Claims paid represent all payments made during the year, whether arising from events during that or earlier years. Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the balance sheet date, but not settled at that date. Outstanding claims are computed on the basis of the best information available at the time the records for the year are closed, and include additional provisions for claims incurred but not reported ("IBNR") at the balance sheet date based on the Company's experience but subject to the minimum percentages set by the Commissioner of Insurance. Outstanding claims are not discounted.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Commission earned and payable and deferred acquisition costs (DAC)

Commissions earned and payable are recognized in the period in which relevant premiums are written. A proportion of commissions' payable and earned is deferred and amortised over the period in which the related premium is earned. Deferred acquisition costs represent a proportion of acquisition costs that relate to policies that are in force at the year end

d) Liability adequacy test

At each financial reporting date, liability adequacy tests are performed to ensure the adequacy of the contract liabilities net of related DAC. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss as part of claims incurred.

Contracts entered into by the Company with reinsures under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

e) Reinsurance contracts held

The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsures. Amounts recoverable from or due to reinsures are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Company assesses its reinsurance assets for impairment on a yearly basis. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the profit or loss. The Company gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is also calculated following the same method used for these financial assets.

f) Receivables and payables relating to insurance and investment contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers, reinsurers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the profit or loss. The Company gathers the objective evidence that an insurance receivable is impaired using the same process adopted for other financial assets. The impairment loss is also calculated under the same method used for these financial assets.

g) Salvage

Some insurance contracts permit the Company to sell (usually damaged) property acquired in settling a claim (for example, salvage).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Salvage (Continued)

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognised in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

h) Revenue recognition

i) Insurance premium revenue

The revenue recognition policy relating to insurance contracts is set out under note (c) above.

ii) Commissions

Commissions receivable are recognized as income in the period in which they are earned.

iii) Interest income

Interest income for all interest-bearing financial instruments, including financial instruments measured at fair value through profit or loss, is recognized within ‘investment income’ in the profit or loss using the effective interest rate method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

iv) Investment income

Investment income is stated net of investment expenses. Investment income is recognised on a time proportion basis that takes into account the effective interest yield on the asset.

v) Dividend income

Dividends are recognized in profit or loss when the Company’s right to receive the payment is established.

i) Motor vehicles and equipment

All items of motor vehicles and equipment are initially recorded at cost. They are subsequently stated at historical cost less depreciation. Depreciation is calculated on the straight line basis to write down the cost of each asset to its residual value over its estimated useful life, as follows:

Computer equipment	3 years
Motor vehicles	4 years
Furniture and equipment	5 years

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

Gains and losses on disposal of items of motor vehicles and equipment are determined by comparing the proceed from disposal with the carrying amounts of the item and are recognised in profit or loss in other income. The asset’s residual values, depreciation methods and useful lives are reviewed at each reporting date and adjusted, if appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Intangible assets (Computer software)

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).
Costs associated with minor customization or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding three or five years).

k) Impairment of non-financial assets

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separable identifiable cash flows (cash-generating units).

l) Financial instruments

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separable identifiable cash flows (cash-generating units).

Classification of financial assets

The Company classifies its financial assets in the following measurement categories: those at measured fair value and those measured at amortised cost. This classification depends on whether the financial asset is a debt or equity investment.

i) Debt investments

Financial assets at amortised cost

A debt investment is classified as 'amortised cost' only if both of the following criteria are met: the objective of the Company's business model is to hold the asset to collect the contractual cash flows; and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. The nature of any derivatives embedded in the debt investment are considered in determining whether the cash flows of the investment are solely payments of principal and interest on the principal outstanding and are not accounted for separately.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets at fair value

If either of the two criteria's above are not met, the debt instrument is classified as 'fair value through profit or loss'.
The Company has not designated any debt investment as measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch.

ii) Equity investments

All equity investments are measured at fair value. Equity investments that are held for trading are measured at fair value through profit or loss. For all other equity investments, the Company can make an irrevocable election at initial recognition to recognize changes in fair value through other comprehensive income rather than profit or loss.

Classification of financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or 'other financial liabilities.

i) Financial liabilities at fair value through profit or loss

The Company does not have any financial liability measured at fair value through profit or loss.

ii) Other financial liabilities

Other financial liabilities include insurance liabilities, creditors arising out of reinsurance arrangements, other payables and bank overdraft are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash.

Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date – the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the income statement.

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present unrealized and realized fair value gains and losses on equity investments in other comprehensive income, there is no subsequent recycling of fair value gains and losses to profit or loss.

Dividends from such investments continue to be recognized in profit or loss as long as they represent a return on investment. The Company is required to reclassify all affected debt investments when and only when its business model for managing those assets changes.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Impairment of financial assets

Assets carried at amortised cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default in principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For premium receivables, impairment is determined using a policy driven by age of the debt and subsequent recovery. For all amounts that have been outstanding for more than 270 days, a full provision is made. In addition to individual impairment, unidentified impairment is performed on a portfolio basis using historical loss experience from prior years.

n) Impairment of non-financial assets

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

o) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at amortised cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, and bank overdrafts.

p) Functional currency

Transactions are recorded on initial recognition in Tanzania Shillings, being the currency of the primary economic environment in which the Company operates (the functional currency). Transactions in foreign currencies are converted into Tanzania Shillings using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q) Accounting for leases

Leases of assets where a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged on a straight-line basis over the period of the lease.

r) Employee benefits

(i) Retirement benefit obligations

The Company operates a defined contribution plan for its employees. A defined contribution plan is a plan under which the Company pays fixed contributions into a separate entity. The employees of the Company are members of the National Social Security Fund (NSSF), which is a defined contribution scheme. The Company's contributions to the defined contribution scheme are charged to profit or loss in the period to which they relate. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relative to employee service in the current and prior periods.

(ii) Annual leave

The estimated monetary liability for employees' accrued annual leave entitlement at balance sheet date is recognised as an expense accrual.

s) Income tax

Income tax expense is the aggregate of the charge to profit or loss in respect of current income tax and deferred income tax.

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Tanzanian Income Tax Act.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax liability is settled.

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

t) Contingency reserves

The Contingency reserve is calculated annually as the greater of 3% of net written premium or 20% of the net profit after tax, in accordance with the Insurance Act, Tanzania. This reserve shall accumulate until it reaches the minimum paid up share capital or 50% of the net premiums, whichever is greater.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

u) Dividends

Dividends on ordinary shares are recognised as a liability in the period in which the dividends are approved by the Company's shareholders. Proposed dividends are shown as a separate component of equity until approved by the shareholders.

v) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

w) Share capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.
Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as deduction from the proceeds net of tax.

3 MANAGEMENT OF FINANCIAL RISK

The Company's activities expose it to a variety of risks, including insurance and/or financial risk. This section summarises the way the Company manages key risks:

Insurance risk

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

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

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

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

The following tables disclose the concentration of insurance liabilities by the class of business in which the contract holder operates and by the maximum insured loss limit included in the terms of the policy. The amounts are the carrying amounts of the insurance liabilities in thousands of Tanzanian Shillings (gross and net of reinsurance) arising from insurance contracts:

3 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

Concentration of Insurance liabilities by class of business

Year ended 31 December 2015

Class of business		Maximum insured loss TShs 0 m to 50 m	TShs 50 m to 500 m	TShs 500 m to 5,000,000 m	Total
		TShs'000	TShs'000	TShs'000	TShs'000
Motor	Gross	9,415,088	22,467,872	16,498,369	48,381,329
	Net	8,585,045	6,613,009	6,966,260	22,164,314
Fire	Gross	8,282,522	122,478,029	8,241,811,712	8,372,572,263
	Net	18,574,232	80,904,276	69,246,248	168,724,756
Other	Gross	24,547,057	239,447,033	3,188,201,207	3,452,195,297
	Net	112,940,266	395,592,430	1,372,224,983	1,880,757,679
Total	**Gross**	**42,244,667**	**384,392,934**	**11,446,511,288**	**11,873,148,889**
	Net	**140,099,543**	**483,109,715**	**1,448,437,491**	**2,071,646,749**

The concentration by class or maximum insured loss at the end of the period is broadly consistent with the prior year.

3 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

Concentration of Insurance liabilities by class of business (continued)

Year ended 31 December 2014

Class of business		Maximum insured loss			
		TShs 0 m to 50 m	TShs 50 m to 500 m	TShs 500 m to 5,000,000 m	Total
		TShs'000	TShs'000	TShs'000	TShs'000
Motor	Gross	11,768,860	28,084,840	20,622,962	60,476,661
	Net	10,469,567	8,064,645	8,495,439	27,029,651
Fire	Gross	8,366,184	123,715,181	8,325,062,335	8,457,143,700
	Net	15,478,527	67,420,230	57,705,207	140,603,964
Other	Gross	23,378,149	228,044,793	3,036,382,102	3,287,805,044
	Net	81,251,990	284,598,871	987,212,218	1,353,063,078
Total	**Gross**	**43,513,193**	**379,844,813**	**11,382,067,399**	**11,805,425,406**
	Net	**107,200,084**	**360,083,746**	**1,053,412,863**	**1,520,696,693**

3 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

Financial risk

The Company is exposed to financial risk through its financial assets and financial liabilities, including insurance assets and insurance liabilities. In particular the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are interest rate risk, equity price risk, currency risk, credit risk and liquidity risk.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Company primarily faces due to the nature of its investments and liabilities are interest rate risk and equity price risk.

The Company manages these positions within an investment committee and investment policy that has been developed to achieve long-term investment returns in excess of its obligations under insurance contracts. The principal technique of the Company is to match assets to the liabilities arising from insurance contracts by reference to the type of benefits payable to contract holders and the availability of investments within the country.

Credit risk

The Company has exposure 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:

- receivables arising out of direct insurance arrangements;
- receivables arising out of reinsurance arrangements; and
- reinsurers' share of insurance liabilities.

Other areas where credit risk arises include cash and cash equivalents and deposits with banks and other receivables.

The Company has no significant concentrations of credit risk. The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or group of counterparties. Such risks are subject to an annual or more frequent review. Limits on the level of credit risk by category are approved quarterly by the Board of Directors.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a re-insurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to signing of any contract.

3 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

Credit risk (continued)

The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Company. Management information reported to the Company includes details of provisions for impairment on receivables and subsequent write-offs. Internal audit makes regular reviews to assess the degree of compliance with the Company procedures on credit. Where there exists significant exposure to individual policyholders, or homogenous groups of policyholders, a financial analysis equivalent to that conducted for reinsurers is carried out by the Company risk department.

The maximum exposure to credit risk at 31 December 2015 is the carrying value of the financial assets in the balance sheet.

There was no collateral held in respect of the financial assets in the balance sheet.

None of the above assets are past due or impaired except as indicated below:

	Direct insurance arrangements		Reinsurance arrangements	
	2015	2014	**2015**	2014
	TShs ‘000	TShs ‘000	**TShs ‘000**	TShs ‘000
Neither past due nor impaired	**7,723,243**	666,208	**21,564,923**	16,873,666
Past due but not impaired	**1,077,491**	2,673,768	**6,740,009**	5,441,666
Impaired	**2,308,301**	1,582,286	**-**	-
Gross	**11,109,035**	6,504,547	**28,304,932**	22,315,332
Less: Provision for impairment	**(2,308,301)**	(1,582,285)	**-**	-
	8,800,734	4,922,262	**28,304,932**	22,315,332

The balances that are neither past due not impaired are due principally from leading brokers with the best credit reputation in the country.

3 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

Credit risk (continued)

Receivables arising out of direct insurance arrangements past due but not impaired:

	2015	2014
	TShs '000	TShs '000
Past due but not impaired:		
- by up to 30 days	**-**	-
- by 31 to 60 days	**-**	-
- by 61 to 150 days	**636,684**	2,582,930
- by 151 to 360 days	**440,807**	90,839
Total past due but not impaired	**1,077,491**	2,673,768

Receivables arising out of re-insurance arrangements past due but not impaired;

	2015	2014
	TShs '000	TShs '000
Past due but not impaired:		
- by up to 30 days	**1,678,685**	1,372,138
- by 31 to 60 days	**1,759,118**	1,257,926
- by 61 to 150 days	**221,293**	843,828
- by 151 to 360 days	**3,080,913**	1,967,774
Total past due but not impaired	**6,740,009**	5,441,666

All impaired receivables have been individually assessed:

	Direct insurance arrangements		**Reinsurance arrangements**	
	2015	2014	**2015**	2014
	TShs '000	TShs '000	**TShs '000**	TShs '000
Individually assessed impaired receivables				
- brokers	**2,005,905**	1,264,716	**-**	-
- direct clients	**302,396**	317,570	**-**	-
	2,308,301	1,582,286	**-**	-

The movement on the impairment provision for impairment of receivables is as follows:

At beginning of year	**1,582,286**	488,230	-	-
Provision/(Release) for impairment	**726,015**	1,094,056	-	-
At end of the year	**2,308,301**	1,582,286	**-**	-

3 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

Market risk

(i) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various foreign currency transactions, primarily with respect to the US dollar. Foreign exchange risk arises from reinsurance dealings with foreign reinsurance brokers. This risk is significant and has in the past been mitigated through the use of a dollar-denominated account.

At 31 December 2015, if the Tanzanian Shilling had strengthened/weakened by 10% against the US dollar, with all other variables held constant, post-tax profit for the year would have been TShs 1,364 million lower/higher (2014: 561 million), mainly as a result of foreign exchange loss/gains on translation of US dollar denominated balances (receivables, payables and cash and bank).

(ii) Price risk

The Company is exposed to price risk because of investments in quoted and unquoted shares classified as available-for-sale. To manage its price risk arising from investments in equity and debt securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with limits set by the Company in the Investment Policy. All quoted securities held by the Company are traded on the Dar es Salaam Stock Exchange (DSE).

An increase or decrease of 10% in the market price would have resulted in the fair value increase/ decrease in profit or loss by TShs 651 million (2014: TShs 680 million).

Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities as they fall due and to replace funds when they are withdrawn. The Company is exposed to daily calls on its available cash for claims settlement and other administration expenses. The Company does not maintain cash resources to meet all of these needs but maintains a balanced portfolio of short term and long term investments to suit the Company’s settlement cycle. Large unexpected payments are met out of call deposits placed with various financial institutions at competitive interest rates. Prompt premium collections ensure that the day-to-day liquidity requirements of the Company are adequately met.

3 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

Liquidity risk (continued)

The table below presents the cash flows payable by the Company for financial liabilities by remaining contractual maturities at the balance sheet date.

31 December 2015	Up to 1 Month TShs'000	1-3 Months TShs'000	3-12 months TShs'000	1-5 years TShs'000	Over 5 years TShs'000	Total TShs'000
Liabilities						
Insurance contract liabilities	-	-	12,007,144	2,181,481	-	**14,188,625**
Creditors arising from reinsurance arrangements	-	-	10,987,283	-	-	**10,987,283**
Other payables	-	1,767,817	-	-	-	**1,767,817**
Total financial liabilities (contractual maturity dates)	**-**	**1,767,817**	**22,994,427**	**2,181,481**	**-**	**26,943,725**
Assets						
Other receivables (Excluding prepayments)	-	-	252,351	-	-	**252,351**
Receivables arising out of reinsurance arrangements	-	-	6,740,009	-	-	**6,740,009**
Reinsurers' share of insurance liabilities	-	-	21,564,923	-	-	**21,564,923**
Receivables arising out of direct insurance arrangements	-	-	8,800,734	-	-	**8,800,734**
Government securities at FVTPL	-	-	-	671,649	2,653,538	**3,325,187**
Corporate bonds at FVTPL	-	114,880	-	-	122,575	**237,455**
Quoted/ unquoted investments at FVTPL	-	-	6,514,194	-	895,429	**7,409,623**
Deposits with financial institutions	-	4,876,961	7,694,364	-	-	**12,571,325**
Cash and bank balances	1,836,192	-	-	-	-	**1,836,192**
Total financial assets (expected maturity dates)	**1,836,192**	**4,991,841**	**51,566,575**	**671,649**	**3,671,542**	**62,737,799**
Net liquidity surplus/(Shortfall)	**1,836,192**	**3,224,024**	**28,572,148**	**(2,181,481)**	**3,671,542**	**35,794,074**

3 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

Liquidity risk (Continued)

The table below presents the cash flows payable by the Company under financial liabilities by remaining contractual maturities at the balance sheet date.

31 December 2014	Up to 1 Month TShs'000	1-3 Months TShs'000	3-12 months TShs'000	1-5 years TShs'000	Over 5 years TShs'000	Total TShs'000
Liabilities						
Insurance contract liabilities	-	-	11,370,354	2,090,570	-	**13,460,924**
Creditors arising from reinsurance arrangements	-	-	5,831,084	-	-	**5,831,084**
Other Payables	-	1,228,666	-	-	-	**1,228,666**
Total financial liabilities (contractual maturity dates)	-	1,228,666	17,201,438	2,090,570	-	20,520,674
Assets						
Other receivables			1,645,255			1,645,255
Receivables arising out of reinsurance arrangements	-	-	5,441,666	-	-	5,441,666
Reinsurers' share of insurance liabilities	-	-	4,237,472	847,794	-	5,085,266
Receivables arising out of direct insurance arrangements	-	-	4,922,262	-	-	4,922,262
Government securities at FVTPL	-	-	509,058	648,901	2,737,473	3,895,432
Corporate bond at FVTPL	-	-	-	314,471	-	314,471
Quoted/ unquoted instruments at FVTPL	-	-	6,800,226	-	811,685	7,611,911
Deposits with financial institutions	-	115,319	12,073,994	-	-	12,189,313
Cash and bank balances	129,069	-	-	-	-	129,069
Total financial assets (expected maturity dates)	129,069	115,319	35,629,935	1,811,166	3,549,158	41,234,645
Net liquidity surplus/(Shortfall)	129,069	(1,113,347)	18,428,497	(279,404)	3,549,158	20,713,971

3 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

Capital management

The Company's objectives when managing capital, which is a broader concept than the 'equity' on the statement of financial position, are:

- to comply with the capital requirements as set out in the Insurance Act 2009;
- to comply with regulatory solvency requirements as set out in the Insurance Act; This is constantly monitored to ensure the Company's ability to meet all its obligations as they fall due is not compromised.
- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk.

The Insurance Act requires an insurance company conducting general insurance business to hold a minimum level of paid up capital of TShs 1,997 million for the year ended 31 December 2015;

As at period end, the Company had a share capital of 60,000 fully paid up shares totaling TShs 6,000 million. This is in excess of the minimum requirement.

Solvency

General insurance businesses are required to keep a solvency margin i.e. admitted assets less admitted liabilities equivalent to the higher of TShs 1,028.50 million or 20% of the net written premium.

During the year the Company held more than the minimum paid up capital required as well as met the required solvency margins. The following table gives a quantitative analysis of the solvency margin as at 31 December 2015:

3 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

Solvency margin as at 31 December 2015	TShs' 000	Short term Business TShs' 000
Total admitted assets		**33,986,826**
Total admitted liabilities		**25,279,067**
a) Net Written Premium preceding year	13,406,717	
b) Net Written Premium current period	14,949,996	
Add: the greater of Tshs 1,028.5 million or 20% of net written premium		**2,919,349**
Total liabilities and minimum requirement		**28,198,416**
Solvency Margin		**5,788,410**

Solvency margin as at 31 December 2014

	TShs' 000	Short term Business TShs' 000
Total admitted assets		**28,798,628**
Total admitted liabilities		**20,476,507**
a) Net Written Premium preceding year	12,737,786	
b) Net Written Premium current period	13,406,717	
Add: the greater of Tshs 935 million or 20% of net written premium		**2,813,472**
Total liabilities and minimum requirement		**23,289,979**
Solvency Margin		**5,508,649**

3 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value of information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

2015	Fair value through profit or loss	Amortised costs	Other financial liabilities	Total	Level 1	Level 2	Level 3
	Tshs '000	Tshs '000	Tshs '000	Tshs '000	Tshs '000	Tshs '000	Tshs '000
Financial assets measured at fair value							
Equity investment at fair value through profit or loss (quoted)	6,514,194	-	-	6,514,194	**6,514,194**	**-**	**-**
Equity investment at fair value through profit/ loss (unquoted)	895,429	-	-	895,429	**-**	**-**	**895,429**
Government securities at fair value through profit or loss	3,325,187	-	-	3,325,187	**-**	**3,325,187**	**-**
Corporate bonds at fair value through profit or loss	237,455	-	-	237,455	**-**	**-**	**237,455**
	10,972,265,	**-**	**-**	**10,972,265,**			
Financial assets not measured at fair value							
Receivables arising out of direct insurance arrangements	-	8,800,734	-	8,800,734	-	-	-
Receivables arising out of reinsurance arrangements	-	6,740,009	-	6,740,009	-	-	-
Reinsurers' share of insurance liabilities	-	21,564,923	-	21,564,923	-	-	-
Other receivables (excluding prepayment)	-	252,351	-	252,351	-	-	-
Deposits with financial institutions	-	12,571,325	-	12,571,325	-	-	-
Cash and bank balances	-	1,836,192	-	1,836,192	-	-	-
	-	**51,765,534,**		**51,765,534,**			
Financial liabilities measured at fair value	-	-	-	-	-	-	-
Financial liabilities not measured at fair value							
Insurance contract liabilities	-	-	14,188,625	14,188,625	-	-	-
Unearned premiums	-	-	19,900,264	19,900,264	-	-	-
Payables arising from reinsurance arrangements	-	-	10,987,283	10,987,283	-	-	-
Other payables	-	-	1,767,817	1,767,817	-	-	-
	-	**-**	**46,843,989**	**46,843,989**			

3 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

Accounting classification and fair values (continued)

2014	Fair value through profit or loss	Amortised costs	Other financial liabilities	Total	Level 1	Level 2	Level 3
	Tshs '000	Tshs '000	Tshs '000	Tshs '000	Tshs '000	Tshs '000	Tshs '000
Financial assets measured at fair value							
Equity investment at fair value through profit or loss (quoted)	6,800,226	-	-	6,800,226	6,800,226	-	-
Equity investment at fair value through profit/ loss (unquoted)	811,685	-	-	811,685	-	-	811,685
Government securities at fair value through profit or loss	3,895,432	-	-	3,895,432	-	3,895,432	-
Corporate bonds at fair value through profit or loss	314,471	-	-	314,471	-	-	314,471
	11,821,814	**-**	**-**	**11,821,814,**			
Financial assets not measured at fair value							
Receivables arising out of direct insurance arrangements	-	4,922,263	-	4,922,263	-	-	-
Receivables arising out of reinsurance arrangements	-	5,441,666	-	5,441,666	-	-	-
Reinsurers' share of insurance liabilities	-	16,873,666	-	16,873,666	-	-	-
Other receivables (excluding prepayment)	-	1,651,139	-	1,651,139	-	-	-
Deposits with financial institutions	-	12,189,313	-	12,189,313	-	-	-
Cash and bank balances	-	129,069	-	129,069	-	-	-
	-	**41,207,116**	**-**	**41,207,116**			
Financial liabilities measured at fair value	-	-	-	-	-	-	-
Financial liabilities not measured at fair value							
Insurance contract liabilities	-	-	13,460,924	13,460,924	-	-	-
Unearned premiums	-	-	16,813,007	16,813,007	-	-	-
Payables arising from reinsurance arrangements	-	-	5,831,084	5,831,084	-	-	-
Other payables	-	-	1,228,666	1,228,666	-	-	-
	-	**-**	**37,331,681**	**37,331,681**			

3 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

Measurement of fair values

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on the Dar es Salaam Stock Exchange;

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

The fair value of other classes of financial assets and liabilities that are not traded in an active market (for example, unquoted equity investments and Corporate Bonds) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments
- The fair value government security is calculated as the present value of the estimated future cash flows based on observable yield curves.
- Other techniques, such as discounted cash flow analysis, arc used to determine fair value for the remaining financial instruments.

Note that all of the resulting fair value estimates are included in level 2 or 3 .There were no transfers into or out of any levels during the year.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The ultimate liability arising from claims made under insurance contracts

The estimation of claims incurred is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims. Refer to Note 31 for movements in insurance liabilities and reinsurance assets, where estimates have been used in determining the outstanding claims provision.

5 INSURANCE PREMIUM REVENUE

The general insurance business is analysed into several sub-classes of business based on the nature of the assumed risks. The premium revenue of the Company, net of the movement in unearned premium reserve, can be analysed between the main classes of business as shown below:

	2015	2014
	TShs'000	TShs'000
Motor	**8,320,983**	7,992,364
Fire	**17,433,026**	20,458,291
Accident	**1,923,269**	9,227,950
Marine	**1,507,780**	1,743,049
Engineering	**4,314,940**	2,793,251
Medical	**1,436,407**	1,014,291
Other	**9,661,260**	478,917
	44,597,665	43,708,113

6 INVESTMENT INCOME

Interest from government securities	**476,204**	629,881
Interest from corporate bonds	**18,084**	54,580
Bank deposit interest	**1,395,729**	1,285,311
Dividends received	**219,815**	198,754
	2,109,832	2,168,526

7 SHARE OF PROFIT OF ASSOCIATE

Share of profit in Strategis Insurance (Tanzania) Limited (Note 16)	**-**	190,120
	-	190,120

8 OTHER INCOME

	2015 TShs'000	2014 TShs'000
Profit on disposal of property and equipment	**-**	1,994
Foreign exchange gain	**2,128,925**	576,656
	2,128,925	578,650

9 INSURANCE CLAIMS

	2015	2014
Engineering	**487,175**	2,013,319
Fire commercial (*)	**10,045,664**	(20,509,253)
Liability	**(219,915)**	270,265
Marine	**116,286**	(29,710)
Motor	**2,984,595**	3,332,804
Personal accident	**292,969**	563,773
Theft	**273,828**	166,105
Workman compensation	**50,293**	(27,472)
Miscellaneous	**5,777,604**	1,620,291
	19,808,499	(12,599,878)

(*) A huge number of fire claims were made in the previous years, in the prior year there was a reversal of a fire claim provision of Tshs 18 billion following an assessment performed by the Company's loss adjuster.

Claims and Loss Adjustment expenses 31 December 2015

	Gross Tshs'000	Reinsurance Tshs'000	Net Tshs'000
Current year Claims and Loss adjustment expenses	19,080,797	(11,570,936)	7,509,861
Additional (Adjustments) costs for prior year Claim & Loss expenses	(13,460,923)	5,084,967	(8,375,956)
Increase in the expect cost of Claims for unexpired risk	14,188,625	(6,335,717)	7,852,908
Total claims and loss adjustment expenses	**19,808,499**	**(12,821,686)**	**6,986,813**

9 INSURANCE CLAIMS (CONTINUED)

Claims and Loss Adjustment expenses 31 December 2014

	Gross Tshs'000	Reinsurance Tshs'000	Net Tshs'000
Current year Claims and loss adjustment expenses	22,114,973	(13,908,204)	8,206,769
Additional (Adjustments) costs for prior year Claim & Loss expenses	(48,175,774)	37,770,195	(10,405,579)
Increase in the expect cost of claims for unexpired risk	13,460,923	(5,084,967)	8,375,956
Total claims and loss adjustment expenses	**(12,599,878)**	**(18,777,024)**	**6,177,146**

10 OPERATING EXPENSES

	2015 TShs'000	2014 TShs'000
Staff costs	**3,044,929**	2,664,114
Auditors' remuneration	**72,110**	85,406
Depreciation and amortization	**70,356**	97,968
Operating lease rentals	**461,108**	422,505
Repairs and maintenance expenses	**36,989**	57,629
Directors' fees	**139,750**	142,875
Marketing	**144,621**	91,465
Increase in impairment provision	**726,016**	1,094,056
Revenue taxes	**266,255**	276,123
Services fees	**251,479**	248,709
Other operating expenses	**140,918**	620,204
	5,354,531	5,801,054
Staff costs include the following:		
- Salaries and wages	**2,839,296**	2,466,114
- Social security benefit costs	**205,633**	198,000
	3,044,929	2,664,114

11 INCOME TAX EXPENSE

	2015 TShs'000	2014 TShs'000
Current income tax – current year	**1,082,658**	34,857
Deferred income tax – current year	**47,842**	64,719
	1,130,500	99,576

11 INCOME TAX EXPENSE (CONTINUTED)

The Company's current tax expense is computed in accordance with income tax rules applicable to general insurance companies. A reconciliation of the tax charge is shown below:

	2015	2014
	TShs'000	TShs'000
Profit before income tax	**4,331,440**	3,401,019
Tax calculated at the tax rate of 30%	**1,299,432**	1,020,306
Tax effect of:		
Expenditures permanently disallowed	**36,894**	481,170
Depreciation allowance	**(22,268)**	(69,977)
Revaluation gain on Investment	**-**	(656,955)
Investment Income	**(22,359)**	(566,252)
IBNR provision	**(35,264)**	(86,037)
Deferred tax movement	**47,842**	64,719
Share of profit of Associate	**-**	(57,036)
Income not deductible for tax purposes	**(397,970)**	(161,228)
Bad Debts written off & allowable provision/release	**224,193**	130,866
	1,130,500	99,576

12 DIVIDEND

Proposed dividends are accounted for as a separate component of equity until they have been ratified at an Annual General Meeting. An interim dividend of Tshs 4 Billion was approved by the Board of Directors and has been paid for the year ended 31 December 2015 (2014: TShs 1.4 Billion). Payment of dividends is subject to withholding tax at a rate of either 5% or 10% depending on the residence and shareholding of the respective shareholders.

13 CAPITAL STRUCTURE

The total authorised number of ordinary shares is 100,000 with a par value of TShs 100,000, of which 60,000 shares have been issued and fully paid (2014: 60,000 shares of TShs 100,000 each).

	2015	2014
	TShs'000	TShs'000
Share capital	**6,000,000**	**6,000,000**
Contingency reserve	**5,375,653**	**4,735,465**
Retained earnings	**6,147,653**	**7,586,901**
Balance at 31 December	**17,523,306**	**18,322,366**

14 PROPERTY AND EQUIPMENT

Year ended 31 December 2015	Motor vehicles TShs'000	Furniture and equipment TShs'000	Total TShs'000
Cost			
At start of year	307,663	1,233,738	1,541,401
Additions	86,399	30,366	116,765
Disposals	(5,670)	-	(5,670)
At end of year	**388,392**	**1,264,104**	**1,652,496**
Accumulated depreciation			
At start of year	302,280	1,174,091	1,476,371
Charge for the year	26,983	43,373	70,356
Disposals	(5,670)	-	(5,670)
At end of year	323,593	1,217,464	1,541,057
Net book value at 31 December 2015	**64,799**	**46,640**	**111,439**
Year ended 31 December 2014			
Cost			
At start of year	307,663	1,99,061	1,506,724
Additions	-	43,627	43,627
Disposals	-	(8,951)	(8,951)
At end of year	**307,663**	**1,233,738**	**1,541,401**
Accumulated depreciation			
At start of year	267,814	1,119,349	1,387,163
Charge for the year	34,466	63,503	97,968
Disposals	-	(8,761)	(8,761)
At end of year	302,280	1,174,091	1,476,371
Net book value at 31 December 2014	**5,383**	**59,647**	**65,030**

15 HELD FOR SALE INVESTMENT IN ASSOCIATE

	2015 TShs'000	2014 TShs'000
At start of year	-	1,276,161
Disposal of Strategis Insurance shares	-	(1,276,161)
At end of year	-	-

The Company's investment in Strategis Insurance (Tanzania) Limited , an associate, was classified as Held For Sale in accordance with the requirements of IFRS 5 as the Board approved the disposal of the investment during the year 2014.The disposal of investment in Strategis Insurance (Tanzania) Limited , was finalized and concluded in 2014.

16 LOSS ON DISPOSAL OF ASSOCIATE

	2015 TShs'000	2014 TShs'000
Carrying value at start of the year	-	1,276,161
Share of profit	-	190,120
Proceeds on sale of shares	-	(79,000)
	-	1,387,281

17 EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (QUOTED)

	2015 TShs'000	2014 TShs'000
At start of year	**6,800,226**	4,106,903
Additions	**447,770**	643,097
Fair value (loss)/gain	**(733,802)**	2,050,226
At end of year	**6,514,194**	6,800,226

17 EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (QUOTED) (CONTINUED)

DETAILS	% Interest held	2015 TShs'000	2014 TShs'000
TBL Shares	0.035	**1,546,630**	1,472,433
Tatepa Shares	0.286	**33,244**	33,244
Tanga Cement Shares	0.081	**137,879**	232,380
TCC Shares	0.002	**31,900**	33,480
CRDB Shares	0.306	**2,695,162**	2,384,608
NMB Shares	0.127	**1,582,413**	2,152,081
DCB	0.885	**342,000**	432,000
Maendeleo Bank	1.103	**60,000**	60,000
Swissport	0.032	**84,966**	-
		6,514,194	6,800,226

18 EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (UNQUOTED)

	2015 TShs'000	2014 TShs'000
At start of year	**811,685**	442,182
Fair value gain on Investment	**83,744**	369,503
At end of year	**895,429**	811,685

Unquoted equity investment represents investment in unquoted shares of Tanzania National Reinsurance Corporation Limited, in which the Company holds 2% shareholding.

19 REINSURERS' SHARE OF INSURANCE LIABILITIES

	2015 TShs'000	2014 TShs'000
Reinsurers' share of:		
Unearned premium	**15,229,206**	11,788,399
Notified claims outstanding	**5,279,764**	4,237,473
Claims incurred but not reported	**1,055,953**	847,794
	21,564,923	16,873,666

20 DEFERRED ACQUISITION COST/(INCOME)

	2015	2014
Cost		
At start of year	**2,171,466**	2,163,443
Addition	**5,067,251**	5,139,003
Amortisation charge	**(5,428,392)**	(5,130,980)
At end of year	**1,810,325**	2,171,466
Income		
At start of year	**1,410,038**	(1,390,629)
Addition	**(3,209,028)**	(3,465,291)
Amortisation charge	**3,654,804**	3,445,882
At end of year	**1,855,814**	1,410,038

21 DEFERRED TAX ASSET

Deferred tax is calculated on all temporary differences under the liability method, using a principal tax rate of 30% (2014: 30%). The movement on the deferred income tax account is as follows:

	2015 TShs'000	2014 TShs'000
At start of the year	**912,439**	977,158
Credit/(Charge) to profit or loss (Note 11)	**(47,842)**	(64,719)
At end of the year	**864,597**	912,439

Deferred income tax assets and liabilities, deferred income tax (charge)/credit in profit or loss are attributable to the followings items:

21 DEFERRED TAX ASSET(CONTINUED)

Year ended 31 December 2015	**1 January TShs'000**	**Charge to profit or loss TShs'000**	**31 December TShs'000**
Property and equipment	69,698	(6,517)	63,181
Other temporary differences	842,741	(41,325)	801,416
Deferred income tax asset	**912,439**	**(47,842)**	**864,597**
Year ended 31 December 2014			
Property and equipment	110,882	(41,184)	69,698
Other temporary differences	866,276	(23,535)	842,741
	977,158	**(64,719)**	**912,439**

22 OTHER RECEIVABLES

	2015 TShs'000	2014 TShs'000
Due from related parties	**9,878**	1,591,454
Sundry debtors	**345,158**	115,748
	355,036	1,707,202

23 GOVERNMENT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Treasury bonds maturing after 12 months	**3,325,187**	3,386,374
Treasury bonds maturing within 12 months	**-**	509,058
	3,325,187	3,895,432

24 CORPORATE BONDS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015	2014
	TShs'000	TShs'000
At start of year	**314,471**	449,705
Addition	**140,000**	-
Interest	**838**	27,803
Repayment of principal amount	**(201,700)**	(125,000)
Fair value loss	**(16,154)**	(38,037)
At end of year	**237,455**	314,471

25 DEPOSITS WITH FINANCIAL INSTITUTIONS

Deposits with maturity of 90 days or less	**4,876,961**	115,319
Deposits with maturity of more than 90 days and less than 1 year	**7,694,364**	12,073,994
	12,571,325	12,189,313

Effective interest rates

The following table summarises the effective interest rates at the year end on the principal amount.

	2015	2014
	%	%
Government securities	**11**	11
Deposits with financial institutions	**14**	14
Corporate bonds	**16**	16

26 CASH AND CASH EQUIVALENTS

	2015	2013
	TShs'000	TShs'000
Cash and bank balances		
Cash at bank	**1,827,564**	120,777
Cash in hand	**8,628**	8,292
	1,836,192	129,069

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	2015	2014
	TShs'000	TShs'000
Cash and bank balances	**1,836,192**	129,069
Deposits with financial institutions maturing within 90 days (Note 25)	**4,876,961**	115,319
Bonds maturing within 90 days	**114,880**	201,225
	6,828,033	445,613

27 INSURANCE CONTRACT LIABILITIES

	2015	2014
	TShs'000	TShs'000
Short term non-life insurance contracts:		
Claims reported and claims handling expenses	**12,007,144**	11,370,355
Claims incurred but not reported	**2,181,481**	2,090,569
Total - short term	**14,188,625**	13,460,924

Short term non-life insurance contracts

Gross claims reported, claims handling expense liabilities and the liability for claims incurred but not reported are net of expected recoveries from salvage and subrogation. The expected recoveries at the end of 2015 and 2014 are not material.

The development of insurance liabilities provides a measure of the Company's ability to estimate the ultimate value of claims. The table below illustrates how the Company's estimate of total claims outstanding for each accident year has changed at successive year ends.

27 INSURANCE CONTRACT LIABILITIES (CONTINUED)

Accident year	2009 TShs'000	2010 TShs'000	2011 TShs'000	2012 TShs'000	2013 TShs'000	2014 TShs'000	2015 TShs'000	Total TShs'000
Estimate of ultimate claims costs:								
At end of accident year	25,270,124	13,008,318	19,784,557	14,721,910	105,025,599	15,781,219	22,938,480	216,530,207
One year later	24,619,611	9,303,852	15,663,171	8,911,119	81,116,803	12,020,697	-	151,635,253
Two years later	22,638,542	23,341,512	13,334,586	6,469,118	81,585,761	-	-	147,369,519
Three years later	9,322,537	22,755,121	12,963,905	6,490,889	-	-	-	51,532,452
Four years later	9,140,232	22,542,835	12,905,033	-	-	-	-	44,588,100
Five years later	8,731,718	22,507,696	-	-	-	-	-	31,239,414
Six years later	8,785,476	-	-	-	-	-	-	8,785,476
Current estimate of cumulative claims	8,785,476	22,507,696	12,905,033	6,490,889	81,585,761	12,020,697	22,938,480	167,234,032
Less: cumulative payments to date	(8,457,580)	(22,390,386)	(12,807,111)	(6,168,286)	(79,312,120)	(10,315,959)	(15,259,060)	(154,710,502)
Liability in the balance sheet	327,896	117,310	97,922	322,603	2,273,641	1,704,738	7,679,420	12,523,530
Liability in respect of prior years	-	-	-	-	-	-	-	1,665,095
Total gross claims liability included in the balance sheet at 31 December 2015								**14,188,625**
Total gross claims liability included in the balance sheet at 31 December 2014								**13,460,924**

Movement in insurance liabilities and reinsurance assets are shown in note 31.

28 PROVISIONS FOR UNEARNED PREMIUM AND UNEXPIRED RISKS

These provisions represent the liability for short term business contracts where the Company's obligations have not expired at the period end. The unexpired risk provision relates to insurance contracts for which the Company expects to pay claims in excess of the related unearned premium provision. Movements in the two provisions are shown below:

Unearned premium provision			**2015**			**2014**
	Gross	**Re-insurance**	**Net**	**Gross**	**Re-insurance**	**Net**
	TShs'000	**TShs'000**	**TShs'000**	**TShs'000**	**TShs'000**	**TShs'000**
At beginning of year	**16,813,007**	**(11,788,399)**	**5,024,608**	19,100,808	14,737,144	4,363,664
Increase in the year	3,087,257	(3,440,807)	(353,550)	(2,287,801)	(2,948,445)	(660,644)
At end of year	**19,900,264**	**(15,229,206)**	**4,671,058**	16,813,007	11,788,699	5,024,308
Unexpired risk provision						
At beginning of year	-	-	-	-	-	-
Increase in the year (net)	-	-	-	-	-	-
At end of year	**-**	**-**	**-**	**-**	**-**	**-**
Total as per balance sheet	**19,900,264**	**(15,229,205)**	**4,671,058**	16,813,007	11,788,699	5,024,308

29 PAYABLES ARISING FROM REINSURANCE ARRANGEMENTS

	2015	2014
	TShs'000	TShs'000
International facultative	**7,526,389**	3,628,648
Local facultative	**3,460,894**	2,202,436
	10,987,283	5,831,084

30 OTHER PAYABLES

	2015	2014
Due to related companies	**87,177**	508,016
Accrued expenses	**1,680,640**	720,650
	1,767,817	1,228,666

31 MOVEMENTS IN INSURANCE LIABILITIES AND REINSURANCE ASSETS

Short term insurance business

			2015			2014
	Gross	Re-insurance	Net	Gross	Re-insurance	Net
	TShs'000	TShs'000	TShs'000	TShs'000	TShs'000	TShs'000
Notified claims	11,370,355	4,237,472	7,132,883	40,350,876	31,475,163	8,875,713
Incurred but not reported	2,090,569	847,495	1,243,074	7,824,899	6,295,033	1,529,866
Total at beginning of year	13,640,924	5,084,967	8,375,957	48,175,775	37,770,196	10,405,579
Cash paid for claims settled in year	(19,080,798)	(11,570,935)	(7,509,863)	(22,114,972)	(13,908,203)	(8,206,769)
Increase in liabilities:						
arising from current year claims	20,709,778	12,750,290	7,959,488	8,706,726	2,920,530	5,786,196
arising from prior year claims	(901,279)	71,395	(972,674)	(21,306,605)	(21,697,556)	390,951
Total at end of year	**14,188,625**	**6,335,717**	**7,852,908**	**13,640,924**	**5,084,967**	**8,375,957**
Notified claims	12,007,144	5,279,764	6,727,380	11,370,355	4,237,472	7,132,883
Incurred but not reported	2,181,481	1,055,953	1,125,528	2,090,569	847,495	1,243,074
	14,188,625	**6,335,717**	**7,852,908**	**13,640,924**	**5,084,967**	**8,375,957**

32 CASH GENERATED FROM OPERATIONS

	2015	2014
	TShs'000	TShs'000
Reconciliation of the Company's profit before income tax to cash generated from operations:		
Profit before income tax	**4,331,440**	3,401,018
Adjustments for:		
Dividend income	**(219,815)**	(198,754)
Interest income	**(1,890,017)**	(1,969,772)
Fair value loss/ (gain) on Investments	**742,381**	(2,107,584)
Depreciation expense (Note 14)	**70,356**	97,968
Loss on disposal of Investment in Strategis	**-**	1,387,281
Profit on sale of motor vehicle and equipment (Note 8)	**-**	(1,995)
Share of results of associate (Note 7)	**-**	(190,120)
Changes in:		
- Insurance contract liabilities, unearned premiums and reinsurers share of insurance liabilities	**(876,299)**	(1,368,980)
- Payables arising from reinsurance arrangements, deferred acquisition income and other payables	**6,141,126**	(2,650,569)
- Receivables from direct and reinsurance arrangements and other receivables	**(3,463,507)**	4,884,930
Cash generated from operations	**4,835,665**	1,283,423

33 FINANCIAL INSTRUMENTS BY CATEGORY

	Fair value through profit or loss TShs '000	**Amortised cost TShs '000**	**Total TShs '000**
31 December 2015			
Financial assets			
Cash and balances with banks	-	1,836,192	1,836,192
Government securities held-to-maturity	3,325,187	-	3,325,187
Deposits with financial institutions	-	12,571,325	12,571,325
Equity investment at fair value through profit or loss (quoted)	6,514,194	-	6,514,194
Equity investment at fair value through profit or loss (unquoted)	895,429	-	895,429
Corporate bonds at fair value through profit or loss	237,455	-	237,455
Receivables arising out of direct insurance arrangements	-	8,800,734	8,800,734
Receivables arising out of reinsurance arrangements	-	6,740,009	6,740,009
Reinsurers' share of insurance liabilities	-	21,564,923	21,564,923
Other receivables (Excluding prepayments)	-	252,351	252,351
	10,972,265	**51,765,534**	**62,737,799**

33 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

31 December 2015 Financial liabilities	Other liabilities at amortised cost
Insurance contract liabilities	**14,188,625**
Payables arising from reinsurance arrangements	**10,987,283**
Other payables	**1,767,817**
	26,943,725

	Fair value through profit or loss TShs '000	Amortised cost TShs '000	Total TShs '000
31 December 2014			
Financial assets			
Cash and balances with banks	-	129,069	129,069
Government securities held-to-maturity	3,895,432	-	3,895,432
Deposits with financial institutions	-	12,189,313	12,189,313
Available-for-sale quoted equity investments	6,800,226	-	6,800,226
Available-for-sale unquoted investment	811,685	-	811,685
Corporate bonds	314,471	-	314,471
Receivables arising out of direct insurance arrangements	-	4,922,262	4,922,262
Receivables arising out of reinsurance arrangements	-	5,441,666	5,441,666
Reinsurers' share of insurance liabilities	-	16,873,666	16,873,666
Other receivables (Excluding prepayments)	-	1,651,139	1,651,139
	11,821,814	41,207,115	53,028,929

31 December 2014 Financial liabilities	Other liabilities at amortised cost
Insurance contract liabilities	13,460,924
Payables arising from reinsurance arrangements	5,831,084
Other payables	1,228,666
	20,520,674

34 FAIR VALUE RESERVE

	2015	2014
	TShs'000	TShs'000
At start of year	**-**	2,774,627
Transfer to retained earnings from early adoption of IFRS 9	**-**	(2,774,627)
At end of year	**-**	-

35 CONTINGENT LIABILITIES

(i) Legal claims

In common with the insurance industry in general, the Company is subjected to litigation arising in the normal course of insurance business. The Directors are of the opinion that this litigation will not have a material effect on the financial position or profits of the Company.

(ii) Tax liabilities

The Company has tax disputes with Tanzania Revenue Authority with respect to Value Added Tax (VAT), corporation tax, withholding tax and Pay As You Earn (PAYE) tax from year 2003 – 2005 totaling Tshs 270 million. The Company has paid one third of amount in dispute as per provisions of Tanzania Income Tax Act. (In the opinion of the Directors no additional material liability is expected to arise from the disputed assessments.)

36 RELATED PARTY TRANSACTIONS

The Company is controlled by The Heritage Insurance Company Limited, incorporated in Kenya, which is the immediate parent company. The ultimate holding company is Standard Bank incorporated in South Africa. The Company disposed of its interest in Strategis Insurance (Tanzania) Limited during 2014 which was an associate company and thus no disclosure is made in 2015.

The following transactions were carried out with related parties:

	2015	2014
i) Transactions with Associated Companies	**TShs'000**	TShs'000
Gross earned premium		
Strategis Insurance (Tanzania) Limited-associate	**-**	868,222
	-	868,222
Net claims incurred		
Strategis Insurance (Tanzania) Limited- associate	**-**	917,507
	-	917,507

36 RELATED PARTY TRANSACTIONS (CONTINUED)

	2015 TShs'000	2014 TShs'000
iii) Outstanding balances payable to related parties		
The Heritage Insurance Company Limited Kenya- *immediate parent*	**86,050**	116,270
Liberty Africa	**-**	387,904
CFC Life	**1,127**	1,127
	87,177	505,301
iv) Outstanding balances receivable from related parties		
Staff loans	**21,729**	33,280
Liberty Africa	**2,378**	-
Mac Group Limited- *shareholder*	**7,500**	1,589,440
	31,607	1,622,720
v) Directors' remuneration		
Names of directors		
Yogesh. M. Manek	**24,000**	26,375
Vinod K. Dhall	**500**	23,000
Stephen Lugalia	**21,000**	18,750
Mike du Toit	**20,750**	16,750
Godfrey Kioi	**16,250**	6,250
John. H. D. Milne	**-**	12,750
Geetha Sivakumar	**20,750**	-
Juma. V. Mwapachu	**16,500**	17,750
Peter N. Gethi	**20,000**	21,250
At end of the year	**139,750**	142,875

Sitting allowance for the year ended 31 December 2015 was Tshs 11.5M for Chairman and Tshs 55.75M for all directors. (2014: Tshs 13.875M for Chairman and Tshs 56.5M for all directors).

vi) Key management compensation	2015 TShs'000	2014 TShs'000
Salaries and other short-term employee benefits	**1,308,586**	**1,020,279**
Post employment benefits	**104,213**	**96,359**
	1,412,799	**1,116,638**

Key management personnel are described as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

GENERAL INSURANCE BUSINESS REVENUE ACCOUNT 2015

Class of insurance Business	Engineering	Fire Industrial	Liability	Marine	Motor Commercial	Private	Personal Accident	Theft	Workmen's Compensation	Miscellaneous	2015 Total	2014 Total
Class code	**2**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**		
	TShs'000	**TShs'000**	**TShs'000**	**TShs'000**	**TShs'000**	**TShs'000**	**TShs'000**	**TShs'000**	**TShs'000**	**TShs'000**	**TShs'000**	**TShs'000**
Gross premium written	3,882,401	20,521,670	5,569,456	1,122,535	3,029,162	5,244,041	1,869,684	272,173	892,226	5,281,572	47,684,920	41,420,313
Change in gross UPR	432,539	(3,088,644)	(906,621)	385,246	145,992	(98,211)	53,584	(15159)	(10,631)	14,650	(3,087,255)	2,287,801
Gross earned premiums	4,314,940	17,433,026	4,662,835	1,507,781	3,175,154	5,145,830	1,923,268	257,014	881,595	5,296,222	44,597,665	43,708,113
Less: reinsurance payable	3,966,396	16,465,768	3,707,442	1,267,366	552,905	860,644	407,964	70,206	101,347	2,247,631	29,647,669	30,301,396
Net earned premiums	**348,544**	**967,258**	**955,393**	**240,415**	**2,622,249**	**4,285,186**	**1,515,304**	**186,808**	**780,248**	**3,048,591**	**14,949,996**	**13,406,717**
Net Written	*322,286*	862,865	887,960	215,500	2,488,497	4,361,999	1,410,422	186,044	780,186	3,080,987	14,596,746	14,067,360
Gross claims paid	1,792,930	7,316,438	210,288	165,947	577,164	3,012,274	503,941	230,454	11,590	5,259,768	19,080,794	22,114,973
Change in gross o/s claims	(1,305,756)	2,729,225	(430,203)	(49,662)	(332,877)	(271,967)	(210,972)	43,374	38,703	517,836	727,701	(34,714,851)
Less: Reinsurance recoverable	364,129	8,170,774	80,622	33,984	37,508	263,357	54,585	161,740	16,981	3,638,002	12,821,682	(18,777,024)
Net claims incurred	**123,045**	**1,874,889**	**(300,537)**	**82,301**	**206,779**	**2,476,950**	**238,384**	**112,088**	**33,312**	**2,139,602**	**6,986,813**	**6,177,146**
Commission receivable	(656,949)	(1,784,196)	(377,951)	(265,262)	(80,277)	(120,805)	(60,774)	(13,872)	(20,691)	(274,027)	(3,654,804)	(3,445,882)
Commission payable	499,955	1,535,730	302,711	261,387	585,687	959,728	373,730	51,027	168,137	690,300	5,428,392	5,130,980
Expenses of management	123,035	329,861	658,850	82,269	957,246	1,658,071	238,210	34,337	115,117	679,321	4,876,317	4,530,373
Total expenses and commissions	(33,959)	81,395	583,610	78,394	1,462,656	2,496,994	551,166	71,492	262,563	1,095,594	6,649,905	6,215,471
Underwriting profit/(loss)	**259,458**	(989,026)	672,320	79,720	952,814	(688,758)	725,754	3,228	484,373	(186,605)	1,313,278	1,014,100
Key ratios												
Loss ratio	35%	194%	-31%	34%	8%	58%	16%	60%	4%	70%	47%	46%
Commission ratio	13%	7%	5%	23%	19%	18%	20%	19%	19%	13%	11%	12%
Expense ratio												

THE HERITAGE INSURANCE COMPANY TANZANIA LIMITED
SUPPLEMENTARY INFORMATION

GENERAL INSURANCE BUSINESS REVENUE ACCOUNT 2014

Class of insurance Business	Engineering	Fire Industrial	Liability	Marine	Motor Commercial	Private	Personal Accident	Theft	Workmen's Compensation	Miscellaneous	2014 Total	2013 Total
Class code	**2**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**		
	TShs'000	**TShs'000**	**TShs'000**	**TShs'000**	**TShs'000**	**TShs'000**	**TShs'000**	**TShs'000**	**TShs'000**	**TShs'000**	**TShs'000**	**TShs'000**
Gross premium written	3,549,755	17,245,149	3,636,785	1,495,636	3,111,385	5,148,563	1,795,299	210,217	809,379	4,418,144	41,420,312	45,916,396
Change in gross UPR	(756,503)	3,213,142	(4,034)	247,413	(19,160)	(248,424)	90,168	(423)	44,633	(279,011)	2,287,801	(2,652,711)
Gross earned premiums	2,793,252	20,458,291	3,632,751	1,743,049	3,092,225	4,900,139	1,885,467	209,794	854,012	4,139,133	43,708,113	43,263,685
Less: reinsurance payable	2,604,209	19,726,041	2,810,499	1,489,123	556,667	747,385	372,989	35,797	110,171	1,848,515	30,301,396	30,940,638
Net earned premiums	189,043	732,250	822,252	253,926	2,535,558	4,152,754	1,512,478	173,997	743,841	2,290,618	13,406,717	12,323,047
Net Written	*269,787*	983,009	923,466	265,052	2,550,736	4,368,566	1,509,171	174,976	724,702	2,297,895	14,067,360	*12,737,785*
Gross claims paid	1,685,194	12,159,959	328,847	143,194	1,137,098	3,030,818	726,332	174,758	17,851	2,710,922	22,114,973	65,527,368
Change in gross o/s claims	328,125	(32,669,212)	(58,582)	(172,904)	(744,047)	(109,730)	(162,559)	17,860	(45,322)	(1,098,480)	(34,714,851)	30,158,100
Less: Reinsurance recoverable	1,407,829	(20,699,945)	13,140	(26,299)	146,083	298,943	109,688	5,365	(5,250)	(26,578)	(18,777,024)	89,270,772
Net claims incurred	605,490	190,692	257,125	(3,411)	246,968	2,622,145	454,085	187,253	(22,221)	1,639,020	6,177,146	6,414,696
Commission receivable	(550,874)	(1,890,816)	(254,070)	(202,269)	(87,885)	(114,115)	(57,523)	(8,558)	(24,841)	(254,930)	(3,445,881)	(3,383,823)
Commission payable	434,504	1,631,870	273,123	332,106	578,322	867,354	358,083	41,660	178,636	435,321	5,130,979	4,305,226
Expenses of management	91,848	334,664	620,376	90,237	886,210	1,469,454	1,469,454	34,836	137,142	560,409	4,530,373	4,567,667
Total expenses and commissions	(24,522)	75,718	639,429	220,074	1,376,647	2,222,693	605,757	67,938	290,937	740,800	6,215,471	5,489,070
Underwriting profit/(loss)	**(391,925)**	465,840	(74,302)	37,263	911,943	(692,084)	452,636	(81,194)	475,125	(89,202)	1,014,100	**419,281**
Key ratios												
Loss ratio	320%	26%	31%	-1%	10%	63%	30%	108%	-3%	72%	46%	52%
Commission ratio	12%	9%	8%	22%	19%	17%	20%	20%	22%	10%	12%	9%
Expense ratio	3%	2%	17%	6%	28%	29%	17%	17%	17%	13%	11%	10%