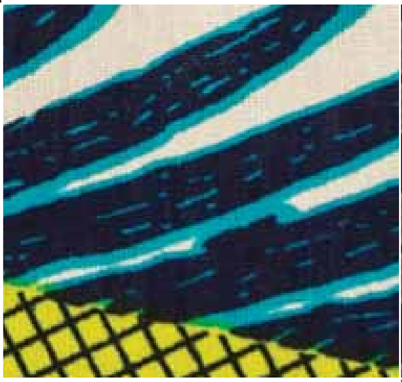
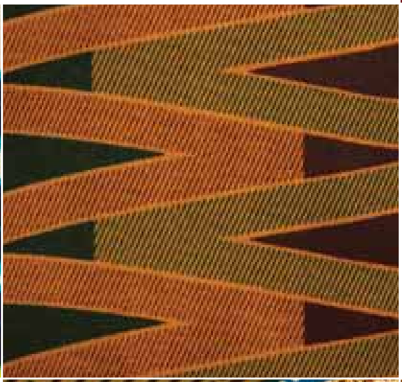
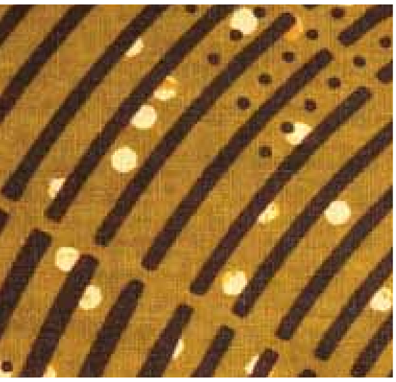
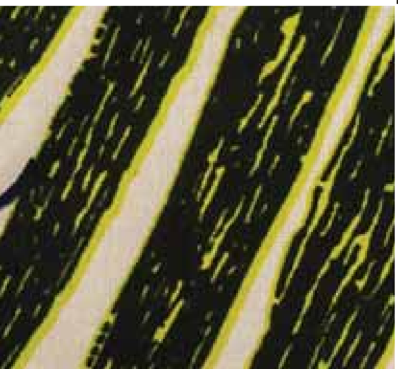



Annual Report 2013



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ANNUAL REPORT SEGURADORA INTERNACIONAL DE MOÇAMBIQUE 2013

The Seguradora Internacional de Moçambique, S. A. Annual Report is prepared in Portuguese. This is a translated version and should there be any doubt the Portuguese version must be consulted.

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Seguradora Internacional de Moçambique, S.A.

Mário Fernandes da Graça Machungo
Chairman of the Board of Directors

CHAIRMAN'S STATEMENT

It is with renewed optimism that we once again saw a return to growth of the global economy and market stability in 2013, as well as a positive performance of the Mozambican economy, which continues to register a high GDP growth rate, with estimates pointing to 7% and subdued inflation, with preliminary data indicating a rate of 4.1%.

The insurance market in Mozambique, as a result of the high development indices that the country has been registering, has been attracting interest in this activity from national and international investors, which has resulted in the establishment of new insurance companies over the last few years, thus demonstrating the vigour of the insurance business in our market.

Being a key component of the financial sector, due to its specific nature, complexity, transparency and rigour that is required in terms of management, the insurance activity entails the establishment of strong regulation and supervision, particularly in emerging markets such as ours, where there are still weaknesses in the prudential supervision system, in a context of an extraordinary increase in the number of players in the market.

In this regard, we welcome the nomination, in 2013, of the first Administrative Board of the Insurance Supervision Institute of Mozambique – (ISSM) and, consequently, of its President, to whom we express our steadfast availability to provide our modest contribution to the success of his noble mission, during this decisive phase involving the organisation, structuring and affirmation of the institution.

We consider this to be an important step towards greater supervision and monitoring of the establishment and implementation, by the insurance companies of the country, of processes leading to prudent and more rigorous management, in the pursuit of their economic and financial objectives, but primarily to safeguard the interests of the policyholders and of all that use, in some way and at some time, their services.

With growing foreign investment, directed towards large-scale development projects in the areas of mineral, water and agricultural resources, the supervisory authority and the national insurance companies are faced with an enormous challenge, requiring them to, in the short term, become specialised in insurance areas that those projects require and, as a result, create internal mechanisms, both in terms of legislation and agreements between insurers, in order to maintain the majority of the insurance premiums generated by those projects in the country.

In spite of all the constraints in terms of the increase in the number of claims, the substantial fall of interest rates on investments and the intense competition in the market, Seguradora Internacional de Moçambique achieved results that confirm its position as one of the most solid insurance companies operating in the country.

As a result and maintaining a prudent management, which should characterise all financial institutions, Seguradora Internacional de Moçambique continued to record high levels of solvency and liquidity in 2013, with processed revenue having increased by 27% and net income having reached the previous year's levels.

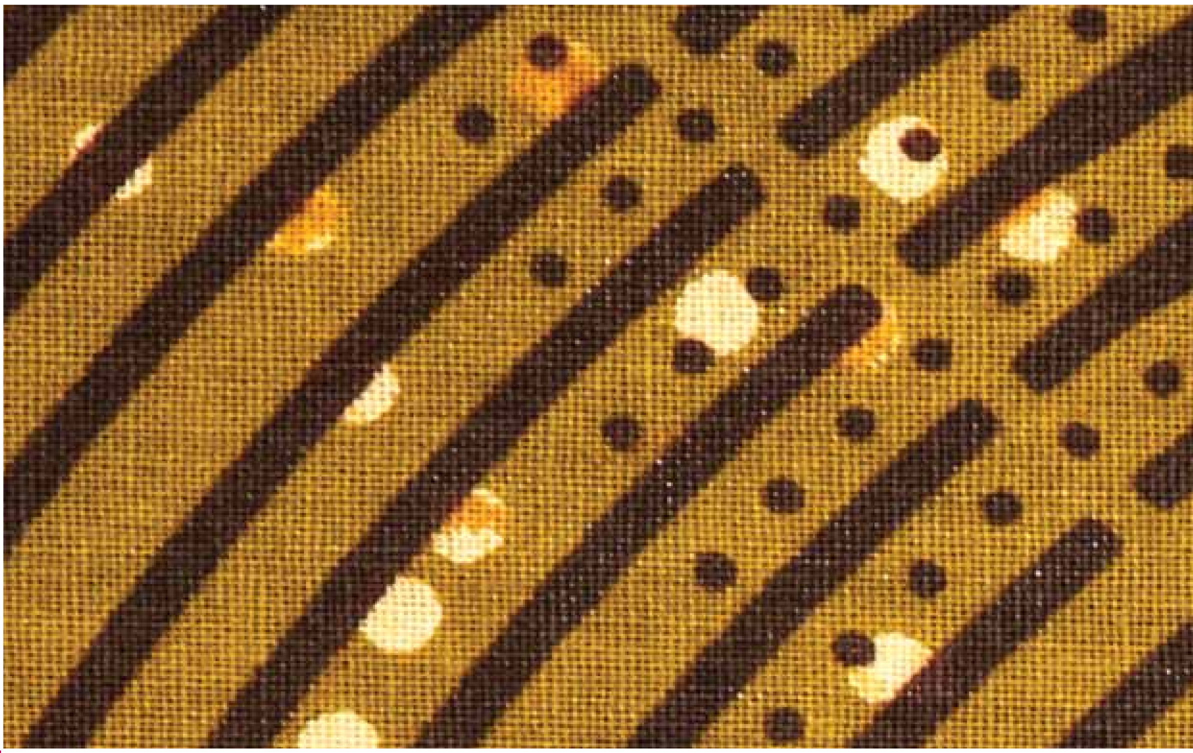
With a continuing focus on permanent improvement and updating of its information systems, Seguradora introduced new software applications and initiated the parameterisation of others with a view to their implementation in the short term, thus guaranteeing greater efficiency in customer service and an improvement in the levels of data control and reconciliation which will also enable, within a short period of time, to improve the offer of services and greater interaction between its business partners through the use of new technologies.

In order to deal with the fierce competition and the growing demands of the market and so as to endow its staff with knowledge in very specialised business areas, as in the case of oil, gas and energy, Seguradora Internacional de Moçambique, with the support of its international partners, continued to invest in the training of its employees both at home and abroad.

To conclude, it is with renewed hope that we would like to offer a word of thanks to our Shareholders, all our Customers and Business Partners, Employees and Authorities, which enabled Seguradora Internacional de Moçambique to achieve the results obtained and that drive us towards new challenges and conquests.

Mário Fernandes da Graça Machungo
Chairman of the Board of Directors

Annual Report 2013



KEY INDICATORS

KEY INDICATORS

Million MZN

BUSINESS INDICATORS	2013	2012	VAR. % 13/12
INCOME STATEMENT			
Direct written premiums	**1,771**	1,395	27.0%
Non-Life	**1,385**	1,067	29.8%
Life	**386**	328	17.7%
Technical margin	**771**	736	4.8%
Net income	**399**	392	1.8%
BALANCE SHEET			
Equity	**1,567**	1,405	11.5%
Total assets	**5,569**	5,169	7.7%
Investments	**5,179**	4,776	8.4%
RATIOS			
EFFICIENCY			
1 – Ratio of Non-Life claims, net of reinsurance	**32.5%**	30.1%	2.4 p.p.
2 – Ratio of Non-Life costs, net of reinsurance	**27.9%**	23.9%	4.0 p.p.
3 – Combined ratio of Non-Life, net of reinsurance	**60.3%**	54.0%	6.3 p.p.
4 – Life net operating costs/Life investments	**0.4%**	0.4%	0.0 p.p.
PROFITABILITY			
1 – Technical earnings/Premium revenue	**43.5%**	52.7%	-9.2 p.p.
Non-Life	**48.3%**	60.3%	-12.0 p.p.
Life	**26.4%**	28.0%	-1.6 p.p.
2 – Return on average equity (ROE)	**25.5%**	27.9%	-2.4 p.p.
SOLVENCY			
1 – Solvency ratio	**373.4%**	392.1%	-18.7 p.p.
2 – Equity/Total assets	**28.1%**	27.3%	0.8 p.p.
3 – Coverage of the technical provisions	**144.6%**	131.4%	13.2 p.p.
OTHER INDICATORS			
Market share	**n.a.**	25.9%	-
Number of Employees	**147**	146	0.7%

SHAREHOLDER STRUCTURE

MZN

SHAREHOLDERS	Number of shares	%	Paid-up share capital
BIM – Banco Internacional de Moçambique, S.A.	1,326,232	89.91%	132,623,200
PT Participações, SGPS, S.A.	86,068	5.84%	8,606,800
FDC – Fundação para o Desenvolvimento da Comunidade	30,716	2.08%	3,071,600
TDM – Telecomunicações de Moçambique, S.A.	30,716	2.08%	3,071,600
Remaining Shareholders	1,268	0.09%	126,800
Total	1,475,000	100.0000%	147,500,000

GOVERNING BODIES

BOARD OF THE GENERAL MEETING

Chairman	Narciso Matos
Deputy Chairman	Teotónio Jaime dos Anjos Comiche
Secretary	Horácio de Barros Chimene

BOARD OF DIRECTORS

Chairman	Mário Fernandes da Graça Machungo
Deputy Chairman	Manuel d'Almeida Marecos Duarte
Director	Rui Manuel Teles Raposo Pinho de Oliveira
Director	Rui Jorge Lourenço Fernandes
Director	João Manuel Rodrigues T. da Cunha Martins
Director	Manuel Frederico Lupi Belo
Director	Curratilaine Issufo Abdul Remane

SUPERVISORY BOARD

Chairman	António de Almeida
Member	Daniel Filipe Gabriel Tembe
Member	Eulália Mário Madime
Alternate Member	Maria Iolanda Wane

REPORT OF THE BOARD OF DIRECTORS

REPORT OF THE BOARD OF DIRECTORS

With the completion of the financial year of 2013, the Board of Directors of Seguradora Internacional de Moçambique, S.A. has the pleasure of presenting the Shareholders with the Annual Report for the year ended on 31 December 2013, which was audited by KPMG Auditores e Consultores, S.A.

ECONOMIC AND FINANCIAL ENVIRONMENT

WORLD ECONOMY

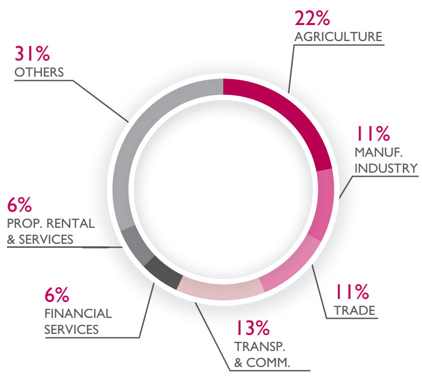
The year of 2013 began with an estimated global growth of 3.1% by the IMF, having been revised downwards to 2.9% in July of the same year. In spite of this scenario, it was consensual that the most developed countries are undergoing a robust recovery in comparison with 2008, when the financial crisis impacted on the real economy. The following measures contributed to this feeling of optimism, namely:

- Policies providing stimulus and support to the economic recovery in the USA, with emphasis on expansionary monetary policies with zero Federal rates, in addition to fiscal policies that have continued the purchase of public debt and led to the consequent increase of the Fed's balance sheet. This strategy was followed by the ECB and the Bank of Japan;
- The continuation of sustainable growth of the emerging economies – led by China –, which benefitted from the moderate growth of the developed economies. This growth was important in reversing the trend of retraction of the euro zone. In addition to China, the growth registered in the economies of India, Turkey and Brazil – which face the pressing need for structural reforms in the near future – was also worthy of note;
- Sub-Saharan Africa continued to record robust growth (5.1%) driven by the demand for raw materials and energy products, sustained by the growth of China and gradual recovery of the USA, while at the same time there is a growing middle class and an increase in consumption and domestic credit in various countries of the continent. In contrast, the most powerful economy of Africa, South Africa, was the one which recorded the less buoyant growth (2.0%);
- The stability of markets, since in 2013 the risk of a price bubble through influence of capital flows arising from quantitative easing (QE) was not observed. Viewed from another perspective, deflation did not reach levels that would require taking specific measures in the more developed countries registering real growth and beyond the risk of recession.

It is in this context of relative macroeconomic stability that inflation is expected to be contained taking into consideration that the recovery of the more advanced countries is taking place in a scenario of excess production capacity, combined with the prevailing unemployment level that should contain wage increases and keep commodity prices stable.

Expectations are optimistic in terms of growth during 2014, where the global economy should grow from 2.9% in 2013 to 3.2% in 2014, driven by the robust recovery of the USA and other developed countries, while, at the same time, the euro zone should emerge out of the recession and Asia is expected to record a growth of 6.6%, with China as one of the main drivers (7.4%).

GDP – SECTORIAL CONTRIBUTION (3RD QUARTER, 2013)



Source: INE

MOZAMBIQUE

ECONOMIC GROWTH

According to data from the IMF/Government, the initial GDP growth estimates were 8.4%, having been revised downwards to 7.0% as a result of the floods that devastated the country in the beginning of the year and the dampening of coal export forecasts due to the combination of two factors: (i) infrastructure constraints and (ii) slight fall in price of the commodity. The final economic growth estimates for 2013 point to a rate of 7.0% driven by public investment and private consumption, investments in the mining sector and exports, supported by a cycle of very strong credit, as well as extraordinary fiscal revenue.

In terms of sectorial contribution, the evolution by quarter varied. In fact, in the 2nd quarter, growth (8.1%) was due to the expansion of the primary sector which increased by 10.4%, with emphasis on the impetus from the mining (33.0%) and agricultural (9.5%) industries. In the third quarter, the tertiary sector was more vibrant, with a growth of 8.8%, which among the transport and communications and trade sectors comprises the second largest share of GDP. In effect, this sector was driven by the growth of transport based on the commodity export logistics and the increased cargo handling capacity of ports and railway lines within the context of the privileged location of Mozambique in relation to the countries of the hinterland. During the first two quarters of 2013, the slowdown in the secondary sector was evident as a result of the weak energy production arising from a malfunction of the energy transport equipment of HCB to South Africa.

INFLATION

Inflation in 2013 evolved over three phases: (i) a positive month-on-month change in the first four months of the year, reaching an accumulated inflation of 3.08%, (ii) a negative month-on-month change in the four consecutive months from May to August, reducing the accumulated variation to 1.76%, (iii) and, lastly, a positive month-on--month change between August and November. In effect, the month-on-month change in November came to 0.69%, corresponding to an annual rate of change of 4.04% (2.33%, in 2012), and an acceleration of average inflation from 2.41% in January to 4.14%, in November. The factors exerting moderate pressure on inflation, in general, arise from the increase in prices of the category of food products and non-alcoholic beverages and, partially, from the aggravation of housing and energy product prices.The factors dampening inflationary pressure were the fall in the prices of some commodities in the international market, namely, fuel and rice, and, at a secondary level, the containment of the import transmission mechanism due to: (i) the relative stability of the metical in relation to the USD and (ii) the appreciation of the national currency in relation to the ZAR. In line with the fall in inflation, Banco de Moçambique cut its reference rates, namely the Permanent Assignment Facility (FPC) over 3 cycles, falling from 9.50% in January to 8.25% in October, and remaining unchanged until the end of the year.

MACROECONOMIC INDICATORS

MACROECONOMIC INDICATORS	2008	2009	2010	2011	2012	**2013E**
Real GDP (annual change)	6.80%	6.30%	7.20%	7.30%	7.50%	**7.00%**
Inflation (average change)(1)	10.3%	3.4%	12.7%	8.4%	2.9%	**4.1%**
Money supply (annual change)(2)	26.0%	32.6%	29.3%	6.4%	18.3%	**21.5%**
Current account balance (% GDP)(3)	-12.2%	-10.5%	-11.7	-24.3%	-36.5%	**-40%**
Budget balance (% GDP)(3)	-2.3%	-5.4%	-4.3%	-5.3%	-4.2%	**-6.7%**
MZN/USD rate at the end of the period	25.50	29.2	32.8	27.1	29.8	**30.1**
MZN/USD exchange rate % change	7.1%	14.5%	12.3%	-17.4%	10.0%	**1.0%**
MZN/ZAR rate at the end of the period	2.72	3.96	5.03	3.40	3.50	**2.90**
MZN/ZAR exchange rate % change	-22.3%	45.6%	27.0%	-32.4%	2.9%	**-17.1%**

Notes: E – estimates, except exchange rate (Millennium bim); 1) Inflation (INE); 2) Updated according to IMF/Government Country Report 13/200 (2010-2013); 3) Ibidem, after donations.

PUBLIC ACCOUNTS

The available data up to the end of the 1st semester of 2013 indicate a year-on-year nominal increase in revenue of around 28.0%, against an increase of current expenditure of 15.0% and a decrease in investment of 11.0%. It is important to note that only 50.0% of the programmed investment expenditure was carried out, which resulted in a reduction of the deficit before donations from 3.1% to 1.8% of GDP.The share of current expenditure stood at 9.7% of GDP, structurally influenced by staff costs (55.0%), acquisition of goods and services (20.0%) and transfers (17.0%).The amount of revenue gained (55,565 million meticais) corresponded to 10.4% of GDP, slightly above current expenditure (9.7%). According to the tax authorities, the year-on-year increase was due to the taxation of capital gains, as well as the improved efficiency in supervision and control through audits carried out.

Concerning the funding of the deficit in the 1st semester of 2013, 64.0% of needs were covered by domestic sources, 17.0% by foreign credit, 10.0% by special programmes and 8.5% by donations. It is important to note that foreign loans amounted to 8.976 million meticais, representing a nominal increase of around 79.0%.

(1) When preparing this report, the data relative to December had not been released yet.

EXTERNAL BALANCE

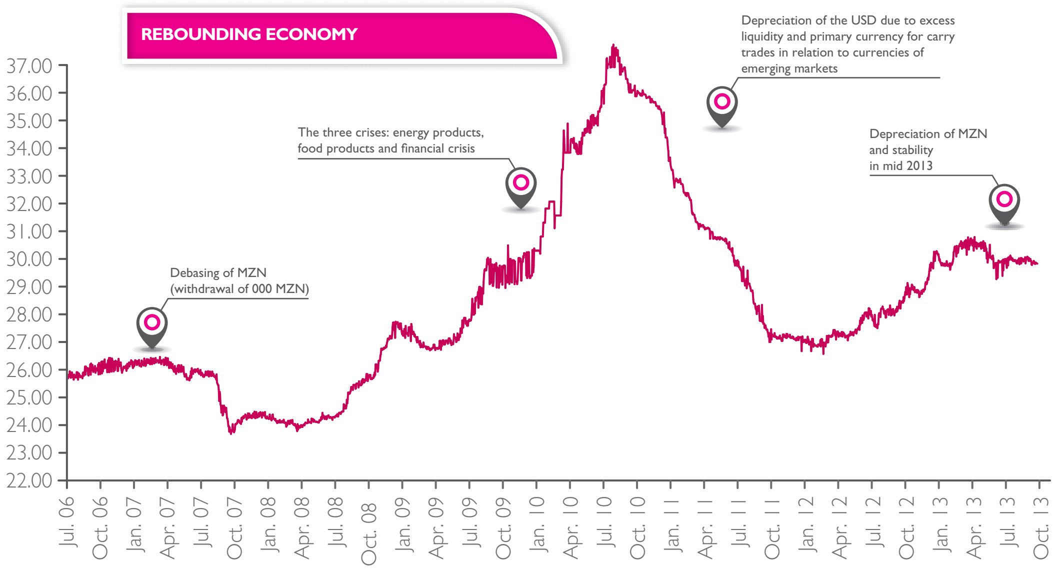
The trade, service and income balance recorded a negative figure at the end of the 1st semester of 2013:

- The trade balance deficit in the first semester of 2013 was the result of the decline of approximately 12.6% in exports (1.7 billion USD), against the increase of approximately 5.5% in imports (4.0 billion USD). The deterioration of the trade balance is explained by the combination of two factors: (a) on the one hand, the decline in aluminium prices, the decreased provision of energy and the reduction of traditional exports, and, on the other hand, (b) the significant increase of imports arising from the acquisition of intermediate goods and equipment under the implementation of large-scale investment projects. In this particular case, the increase in coal and gas exports were not sufficient to offset the abovementioned effects;
- In the 1st semester of 2013, the service balance recorded a deficit of 1.2 billion USD, explained by payments to non-residents involved in the provision of construction services for the large-scale projects, in spite of the positive effect of revenue generated from the transport and handling of cargo in transit;
- The income account recorded a deficit of 16.6 million USD, corresponding to a 24% year-on-year reduction of the deficit, mainly due to the reduction of the remuneration of factors of production to entities abroad, particularly in the form of dividends.

The addition to the goods, services and income accounts in deficit of the value of unilateral transfers of 583 million USD, corresponding to a year-on-year change of 134.0%, resulting from the flow of donations to special programmes, resulted in a current account deficit of approximately 3.09 billion USD, representing a year-on-year decrease of 6.4%. Estimates for the year under analysis point to a share of the current account deficit relative to GDP of approximately 40.0%, reflecting a growth model based on capital-intensive Foreign Direct Investment (FDI) and a specific phase, namely, the investment phase.

With regards to below-the-line operations(2), the current balance deficit was financed by capital flows, specifically directed to the mining industry sector, whose value reached around 3.5 billion USD (a year-on-year increase of +42%), offset by the repayment of liabilities to foreign entities, giving rise to a net flow of around 2.8 billion USD. Net international reserves came to 2.8 billion dollars at the end of September, corresponding to a coverage without including the large-scale projects of 6.5 months. At the end of December, reserves stood at 2.9 billion USD(3). With respect to the exchange rate in relation to the USD, it is important to highlight the fact that the same returned to its historical trend as of January 2012, after an abnormal period, namely in mid-2010, when the national currency underwent major depreciations, followed by an appreciation until the end of 2011, as a result of the effects of the global economic and financial crisis. In 2013, the metical was characterised by a certain level of stability, with an estimated annual depreciation of 1.01% and an appreciation in relation to the ZAR of 15.0%.

EVOLUTION OF THE EXCHANGE



Source: Millennium bim Research

(1) Implicit is the idea that the balance of payments is defined by the current account, a working assumption.
(2) Banco de Moçambique, Communiqué Nr. 23/2013.

OVERVIEW OF THE INSURANCE SECTOR IN MOZAMBIQUE

In a context of difficulties that have affected the global economy over the last few years and which has only recently shown signs of recovery, the insurance market at an international level registered a favourable performance in spite of the substantial losses arising from natural catastrophes.

This favourable environment also characterised the insurance market in Mozambique, as a result of the high levels of economic and social development that the country has been registering.

Based on the information disclosed by the Insurance Supervision Institute of Mozambique relative to 2012, latest available data, the insurance market in Mozambique continues to grow, as evidenced by the increase in the number of operators in the market, as well as the positive evolution of the key economic indicators which, as previously mentioned, are supported by the economic and social growth that the country has been registering.

In 2012, 3 more companies were granted authorisation to operate in the country, bringing the number of insurance companies in the market to 12. A reinsurer in the Non-Life branch, 46 insurance brokers, 14 insurance agents, 236 insurance promoters and 6 pension fund management entities also operate in the market, thus confirming the growing competitiveness and dynamism of the national economy and of the insurance market in particular.

According to the legislation that authorises the access and exercise of insurance activity in the country, Decree--Law 1/2010, insurers are excluded from cumulatively operating in the Life and Non-Life branches, with the exception of some insurers that at that date already operated cumulatively in both branches, namely, Seguradora Internacional de Moçambique, Emose, Global Alliance and Moçambique Companhia de Seguros.

In 2012, the insurance sector achieved a volume of direct insurance premiums of 5,382 million meticais, corresponding to a growth rate of 12.3% in relation to the previous year, with the Real and Life branches registering a growth of 13.7% and 4.5%, respectively.

The cumulative analysis of Life and Non-Life confirms that, in terms of processed revenue, Seguradora Internacional de Moçambique holds a total market share of approximately 26.0%, and the fact that it was leader in the Life business in 2012 with a share of approximately 43.0% is also noteworthy.

DIRECT INSURANCE PREMIUMS – MOZAMBIQUE

Million MZN

BUSINESS BRANCH	2012	2011	VAR.% 12/11
Life	767	734	4.5%
Non-Life	4,615	4,059	13.7%
Total	**5,382**	**4,793**	**12.3%**

Source: Insurance Supervision Institute of Mozambique (ISSM), December 2012.

The Non-Life business branch represented 85.7% of the total volume of direct insurance premiums of the market and the Life business branch the remaining 14.3%.

In the composition of the Non-Life business branch portfolio, we note once again that the Motor branch continues to account for a high proportion in relation to the other branches, representing 39.5% of the total premiums issued, having shown a positive variation of 4.6% during the period under review relative to the previous year.

INDICATORS	2012	2011
% insurance premiums in GDP	1.32%	1.31%
Premiums per capita (MZN)	227.1	208.4

Source: Insurance Supervision Institute of Mozambique (ISSM), December 2012.

The premium per capita grew from the previous 208.4 meticais to 227.1 meticais, for an estimated population of 23.7 million inhabitants, given that the insurance penetration rate increased slightly relative to 2011, from 1.31% to 1.32% in 2012.

In 2012, the insurance market registered a total of 1,269.8 million meticais of costs with claims, representing 47.7% of the net reinsurance premiums of the Non-Life business branches against 42.5% in 2011. The highest claim rates were recorded in the Miscellaneous branch with 63.4% and in the Motor branch with 52.4%.

As a result of prudent management and subscription policies, Seguradora Internacional de Moçambique presented one of the lowest claim rates of the national insurance market of 30.1%, compared with 62.7%, 54.8% and 45.8% of Emose, Global Alliance and Hollard, respectively.

The net income of the insurance sector in 2012 declined slightly relative to the previous year by 15.8%, registering a total value of 586.3 million meticais, largely due to the entry of new operators, mainly of the Life branch, whose contribution to this indicator was not favourable for us. Seguradora Internacional de Moçambique contributed with 66.9% of the total net income of the sector, with a total value of 392.3 million meticais.

The return on equity of the insurance sector stood at 14.1% in overall terms and Seguradora Internacional de Moçambique achieved an average return on equity of 27.9%.

At the end of the financial year of 2012, the Mozambican insurance market reported total investments of 9,562 million meticais, corresponding to a growth rate of 13.1% relative to the previous year. Investments represented 68.7% of total assets held by insurers.

The significant weight of Buildings in total investments was maintained, which stood at 31.5% in 2012, representing an increase of 15.1% relative to the previous period.

As at 31 December 2012, insurers had constituted 5,681 million meticais of technical provisions net of reinsurance. The degree of coverage relative to the assets held to cover the technical provisions came to 117.8%.

KEY EVENTS OF 2013

Seguradora Internacional de Moçambique recorded a positive evolution of processed revenue as at 31 December 2013, corresponding to the amount of 1,771 million meticais, which represented a growth of 27.0% relative to 31 December 2012.

This increase was due to the contribution of the Real branches with a year-on-year growth of 29.8%, arising from the entry of new business into the portfolio, in the Fire, Motor, and Personal Accident and Health branches.

Particular note should also be made of the growth of 32.8% in Life Risk, arising from the increase of bank credit relative to the New Life Credit (CNV) product, which increased 221.0% relative to the same period of 2012 and represents 34.3% of the branch's total production.

In 2013, the Fire branch accounted for the highest share in total production, representing 31.2% of the total revenue of the real branches, justified by the reinforcement of insurance for large-scale projects, whose premiums came to approximately 10.7 million USD, against 7.7 million USD in the previous year. Next in line is the Motor branch which registered moderate growth relative to the same period of 2012, having shown a positive variation of 5.4% but, with a 31% share in the portfolio and, in addition, the Personal Accidents and Sickness branch representing 21.1% of total revenue, due to the promotion of the New Life Credit (CNV) product of Millennium bim relative to 2012.

The net collection for the period grew at a rate of 28.5%, in spite of a climate of notable difficulties arising from the economic and financial circumstances of the market, with the average collection period having stood at 27 days.

The Net Income of Seguradora Internacional de Moçambique came to 399 million meticais, slightly below the result registered in 2012, in spite of the negative impact of the decrease in interest rates and the consequent reduction of the profitability of investments and, in addition, the high costs of claims.

In 2013, we carried out various commercial actions such as the launch of the Mapfre product, the review of the Own Damage tariffs in the Motor branch and in the Life Risk branch. We continued the 20 years campaign of Ímpar at the Branches of the Insurer and also included in this process other commercial networks, reinforcing, on the one hand, our commercial relations with the main insurance brokers of the market.

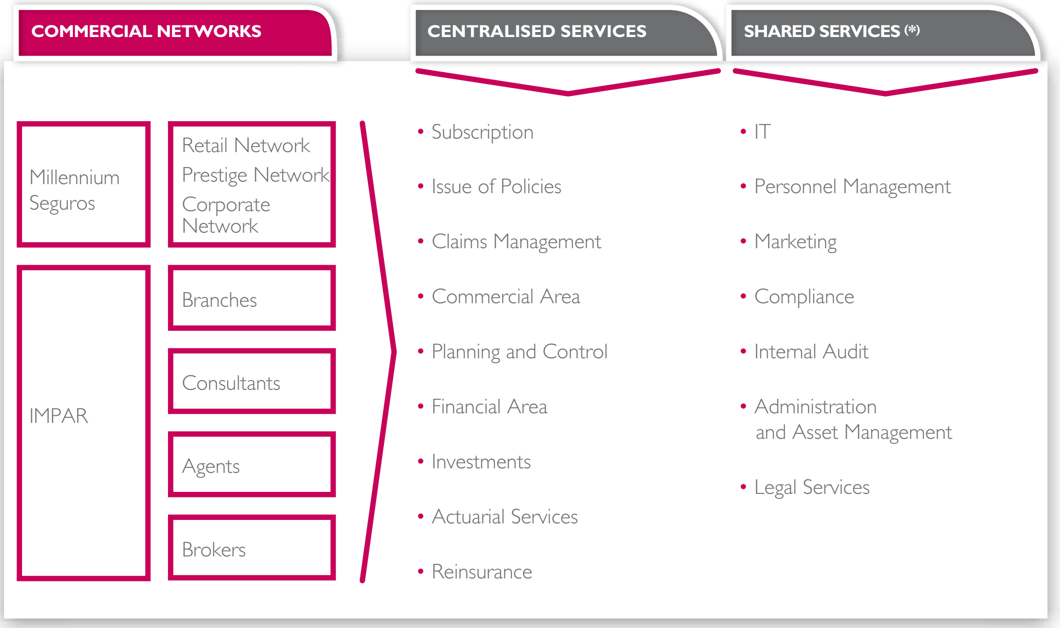
We also continued to capitalise on the Group's synergies, through a cross-selling strategy, fomenting the sale of insurance at Millennium bim branches, whose portfolio grew 64.8%.

At an internal level, several actions were undertaken, such as the implementation of the myGIS application with the introduction of Accounting Management, Payments, Cash Desks and Fixed Assets modules, and improvement of the information for system control and management, via applications operated from the corporate portal.

We also paid special attention to the training of Employees from the Head Office and Branches with a view to enabling them to better exploit the new applications and follow their evolution over time.

ORGANISATIONAL STRUCTURE

ORGANISATIONAL STRUCTURE



(*) With Millennium bim.

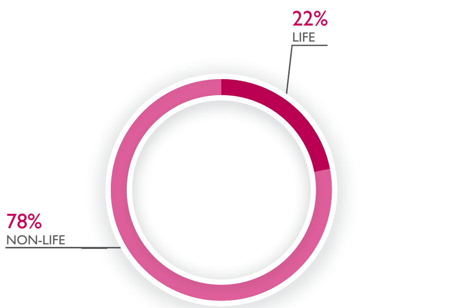
FINANCIAL REVIEW

During 2013, the overall value of direct insurance premiums stood at 1,771 million meticais, which compares favourably with the 1,395 million meticais of the previous year, representing growth of 27.0%. The Non-Life business contributed with 1,386 million meticais and Life with 386 million meticais to this evolution.

DIRECT INSURANCE PREMIUMS Thousand MZN

BUSINESS	2013	2012	VAR.% 13/12
Life	**385,750**	327,653	17.7%
Non-Life	**1,385,542**	1,067,370	29.8%
Total	**1,771,292**	1,395,023	27.0%

STRUCTURE OF THE PREMIUM PORTFOLIO



LIFE BUSINESS

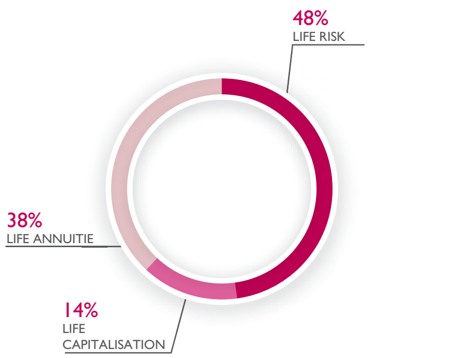
DIRECT INSURANCE PREMIUMS

The Life business recorded a growth rate of 17.7% during 2013. This evolution is justified by the impact of the growth of revenue from the Life Risk branch, due to the increase in insurance related to bank loans, with a total volume of premiums of 63 million meticais which represent 31.0% of the Life portfolio. The increase in Life Capitalisation and Life Annuity insurance is also worthy of mention.

DIRECT INSURANCE PREMIUMS Thousand MZN

BRANCH	2013	2012	VAR.% 13/12
Life Risk	**184,578**	138,949	32.8%
Life Capitalisation	**53,418**	49,156	8.7%
Life Annuities	**147,754**	139,548	5.9%
Total	**385,750**	327,653	17.7%

STRUCTURE OF THE PREMIUM PORTFOLIO



TECHNICAL ANALYSIS

The technical margin of the Life branch, before the allocation of administrative costs, stood at 102 million meticais in 2013, an increase of 11.0% relative to 2012, due to the impact of the increase in revenue.

TECHNICAL MARGIN Thousand MZN

BRANCH	2013	2012	VAR.% 13/12
Life Risk	**85,408**	76,113	12.2%
Life Capitalisation	**2,895**	3,724	-22.3%
Life Annuities	**13,661**	11,981	14.0%
Total	**101,964**	91,818	11.0%

The Life Risk branch continues to be the branch with the greatest contribution to the technical margin and represents 47.8% of the total value of premiums of the Life branch and 83.8% of its technical margin.

In 2013, the technical yield of the Life Risk branch was affected negatively by the significant reduction of yields of the assets allocated to the technical reserves and increased technical costs due to the aging of the portfolio, having come to 46.3% against 54.8% in 2012, a negative variation of 8.5 p.p.

NON-LIFE BUSINESS

DIRECT INSURANCE PREMIUMS

In the Non-Life business, the volume of direct insurance premiums grew by 29.8% in 2013 relative to 2012, having reached 1,386 million meticais. The Personal Accidents and Sickness, Fire, Occupational Accident and Motor branches contributed significantly to this increase due to their relative weight in the total volume of premiums.

The highest growth rate was registered in the Personal Accidents and Sickness branch which showed a positive variation of 107.2%, driven by the sale of insurance related with bank loans and the reinforcement of the health insurance portfolio.

The Fire and Natural Phenomena branch was the most significant in terms of value, representing a contribution of 31.2% of total processed revenue of the real branches and presented a growth rate of 39.6%, justified by the emission of special insurance relative to large-scale development projects.

The Motor branch presented a contribution of 30.0% of the total processed revenue of the real branches and a growth rate of 5.4%, confirming the loyalty of our customers and, consequently, the stability of our portfolio.

NON-LIFE DIRECT INSURANCE PREMIUMS

Thousand MZN

BRANCHES	2013	2012	VAR.% 13/12
Occupational Accidents	**99,905**	90,891	9.9%
Personal Accidents and Sickness	**292,598**	141,219	107.2%
Fire and Natural Phenomena	**431,756**	309,352	39.6%
Motor	**429,420**	407,416	5.4%
Marine	**416**	2,471	-83.2%
Aviation	**2,274**	2,186	4.0%
Transport	**29,094**	20,133	44.5%
General Civil Liability	**19,681**	14,945	31.7%
Miscellaneous	**80,398**	78,757	2.1%
Total	**1,385,542**	1,067,370	29.8%

TECHNICAL ANALYSIS

The costs related to Non-Life direct insurance claims reached 311 million meticais, thus presenting a positive net variation of 29.2% in 2013 relative to 2012, corresponding to an increase of about 65 million meticais due to the occurrence of droughts at the beginning of the year, several fire claims of significant value and, in addition, the high motor claims rate.

The Non-Life claims rate, before the allocation of administrative costs, stood at 22.4%, a negative variation of 4.0 percentage points relative to 2012, which is explained by the impact of the release of the provision for claims in the Miscellaneous branch.

The technical margin before the allocation of administrative costs came to 669 million euros in 2013 against 644 million meticais in the previous period, representing a growth of 3.9%. The positive evolution of processed revenue that offset the increase in net costs with claims contributed to this moderate growth.

The Non-Life combined ratio, after allocation of administrative costs, stood at 60.3%, a variation of 3.0 percentage points relative to 2012. This evolution arises from the increase of the ratio of claims net of reinsurance by 3.0 p.p.

NON-LIFE CLAIM RATES

BRANCHES	2013	2012	VAR.% 13/12
Occupational Accidents	**14.8%**	14.4%	0.4 p.p.
Personal Accidents and Sickness	**23.4%**	31.8%	-8.4 p.p.
Fire and Natural Phenomena	**7.7%**	7.9%	-0.2 p.p.
Motor	**38.6%**	34.2%	4.4 p.p.
Marine	**4.0%**	-459.5%	463.5 p.p.
Aviation	**0.1%**	1.1%	-1.0 p.p.
Transport	**8.3%**	3.3%	5.0 p.p.
General Civil Liability	**112.6%**	17.6%	95.0 p.p.
Miscellaneous	**5.1%**	87.7%	-82.6 p.p.
Total	22.4%	26.5%	-4.1 p.p.

ADMINISTRATIVE COSTS

Administrative costs grew by 9.1%, standing at 224 million meticais, which corresponds to 12.6% of the gross premiums issued.

Thousand MZN

ADMINISTRATIVE COSTS	2013	2012	VAR.% 13/12
Staff costs	**141,007**	133,161	5.9%
External supplies and services	**76,364**	70,162	8.8%
Other administrative costs	**6,486**	1,913	239.0%
Total	223,857	205,236	9.1%

The 9.1% increase in administrative costs, corresponding to 22.2 million meticais, is explained by the alterations which occurred under the headings of staff costs and external supplies and services arising from the continuous growth of the Insurer, which entailed major investments in its information technology system through the introduction of new applications and upgrades of existing applications.

NET INCOME

Net Income on 31 December 2013 came to 399 million meticais, representing a growth of 1.8% relative to the same period of 2012, in spite of the negative impact of market interest rates and the high rate of claims verified. The growth of processed revenue and the control of administrative costs contributed significantly to this performance.

SOLVENCY RATIO

As at 31 December 2013, Seguradora Internacional de Moçambique presented a solvency ratio of 373.4%, vastly superior to the minimum limit required and indicative of the financial solidity of the Insurer, thus reflecting a solid capital structure suited to the liabilities assumed.

The solvency ratio presented was calculated in accordance with the criteria defined by the Insurance Supervision Institute of Mozambique (ISSM).

REINSURANCE

The general framework of natural catastrophes in 2013, dominated by extreme climate events in Europe and by the super typhoon Haiyan in the Philippines, characterised the high losses from natural disasters in the year under analysis. Hailstorms, floods and the effects of the typhoon Haiyan caused the loss of billions of US dollars in Central Europe and in the Philippines. In the latter, the catastrophe resulted in the loss of more than 6,000 human lives, being considered one of the most violent in the history of mankind.

Overall, the losses from natural catastrophes in 2013, in spite of the high values involved, were relatively more moderate, considering the average values of the last ten years. Direct total losses of about one hundred and twenty-five billion US dollars were thus registered, with about thirty-one billion US dollars of insured losses.

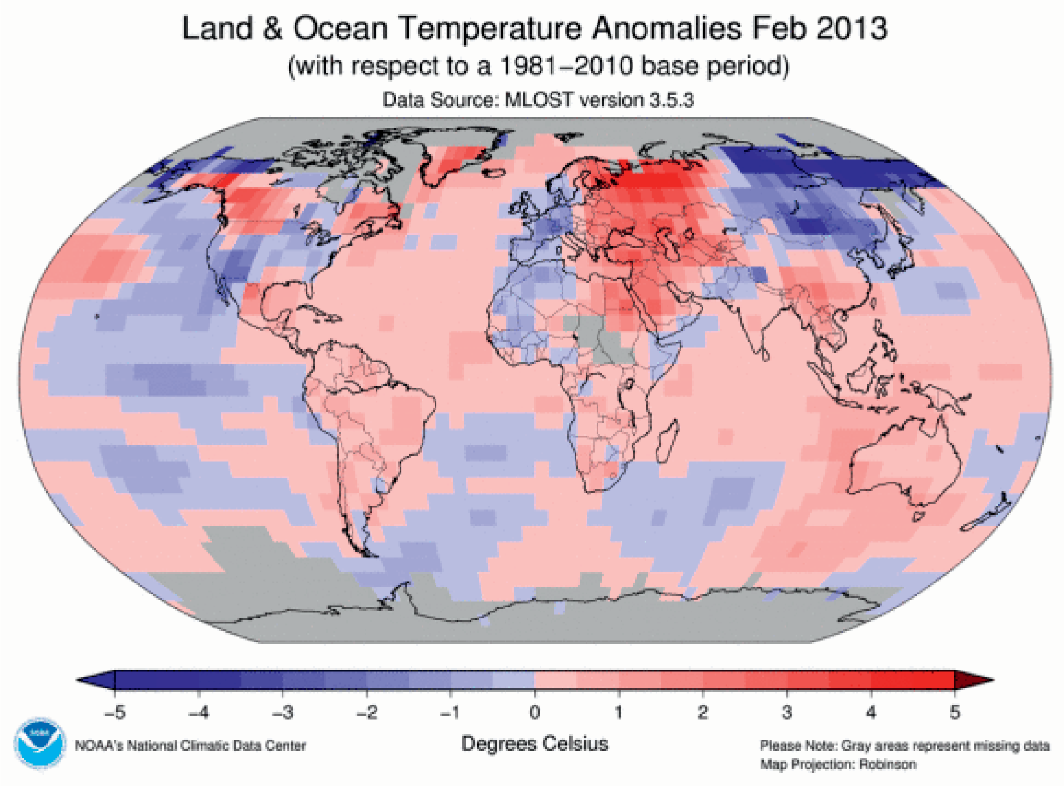
According to Munich Re, several of the events occurred in 2013 illustrate well the importance of early warnings and loss mitigation measures, which can substantially reduce the impact of natural catastrophes. This implies greater stability of premises, introduction of effective measures of protection and security, as well as adequate insurance programmes, in addition to State support, with a view to providing the necessary financial assistance following catastrophes.

In fact, in the case of the most recent winter storms in Europe, losses remained relatively low, while at the same time events such as that of the Philippines revealed the need to implement urgent measures in emerging and developing countries, in order to better protect the people.

The most costly natural disaster of the year in Europe, in terms of total economic losses, was the flood in the south and east of Germany and its neighbouring states, at the beginning of June 2013, in which total losses came to about fifteen billion US dollars, whilst insured losses came to about three billion US dollars.

On the other hand, the most costly event for the insurance industry in 2013 also occurred in Europe, caused by a line of instability characterised by hailstorms that hit some regions of northern and south-eastern Germany between 27 and 28 July 2013, which represented losses of around five billion US dollars.

LAND AND OCEAN TEMPERATURE ANOMALIES, FEBRUARY 2013



Source: http://en.wikipedia.org/wiki/File:Land_and_ocean_temperature_anomalies,_February_2013.gif

MOZAMBIQUE

In Mozambique, the floods registered in January 2013 were the worst in a decade, where more than one hundred and eighty thousand people were made homeless. These floods mainly affected the province of Gaza, hit by the overflow of the Limpopo river.

According to the data published by governmental entities, the number of human losses in January 2013, resulting from this catastrophe, came to sixty-eight. This was the most significant catastrophe following the floods in 2000 that caused around eight hundred casualties.

The increase in the levels of Mozambican rivers resulted in an exodus of the affected populations to higher altitude areas, where the humanitarian agencies set up temporary shelters to assist the displaced persons.

People climb onto roofs in Xai-Xai, in the southern Mozambican province of Gaza.
Source: http://www.dw.de/moçambique-mantem-alerta-vermelho-contra-enchentes/a-16558921

REINSURANCE UNDERWRITING POLICY

In 2013, we maintained external assistance in reinsurance contracting through an international broker, with broad experience and knowledge of the insurance and reinsurance business, in order to obtain the best reinsurance conditions from our international partners.

On the other hand, within a wide range of international reinsurers, we are also able to count on the support of the reinsurer IRB – Brasil Re, one of the largest reinsurance companies in Latin America and a strategic business partner.

Seguradora Internacional de Moçambique, maintaining its high level of requirements relative to reinsurance contracting, continued to guarantee within the range of reinsurers that participate in the treaty, and not only, the participation of international reinsurers with a proven track record and a consequent high rating, according to the table below:

COMPANY	Rating
Munich Re (leader)	AA
Munich Reinsurance Company of Africa Ltd. (leader)	A+
Munich Mauritius Reinsurance Co. Ltd. (leader)	A-
Africa Reinsurance Corporation	A-
Swiss Reinsurance Company Ltd.	A-
Best Re	A-
Hannover Reinsurance Company	A-
IRB – Brasil Resseguros S.A.	A-
ARIG	B++
ZEP-RE (PTA Reinsurance Company)	B+

INVESTMENT MANAGEMENT

As at 31 December 2013, the investment portfolio of Seguradora Internacional de Moçambique reached 5,179 million meticais, having grown by 8.4% in relation to the previous year. This growth is sustained by the positive performance of collections which grew 28.0% relative to the previous year, the favourable evolution of the business and the careful management of financial flows.

About 35.0% of the investment portfolio comprises assets available for sale, with emphasis on long term public debt instruments which represent about 78%, corresponding to a greater stability of the portfolios, a risk mitigation strategy and, in addition, the maintenance of a remuneration above the average interest rate of short term debt instruments, given that, during extensive periods over the course of the year, no auctions offering these debt instruments took place.

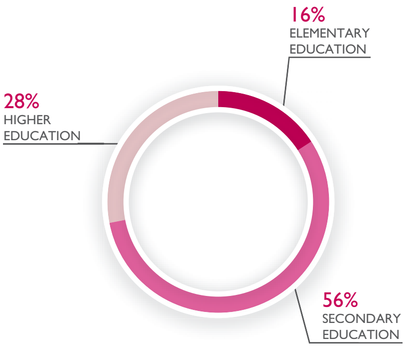
In spite of the decrease in market interest rates, in 2013 it was possible to obtain an average portfolio rate of return, without including capital gains due to revaluations, of about 6.1%, whereas in 2012 the average portfolio return came to 9.7%.

Thousand MZN

INVESTMENT PORTFOLIO	2013	%	2012	%
AVAILABLE FOR SALE				
Short term public debt	–	n.a.	553,203	22.1%
Long term public debt	**1,411,269**	**77.91%**	1,423,630	56.9%
Bonds	**175,000**	**9.66%**	299,624	12.0%
Shares	**225,217**	**12.43%**	227,233	9.1%
Subtotal	**1,811,486**	**100.0%**	2,503,690	100.0%
OTHER				
Land and buildings	**1,295,306**		1,425,856	
Term deposits	**2,072,251**		846,333	
Subtotal	**3,367,557**		2,272,189	
Total	**5,179,043**		4,775,879	

THE EMPLOYEES

EMPLOYEES BY ACADEMIC QUALIFICATIONS



Over the course of 2013, Seguradora Internacional de Moçambique continued its policy of permanent supervision of Employees, seeking to optimise their personal and professional development and fulfilment.

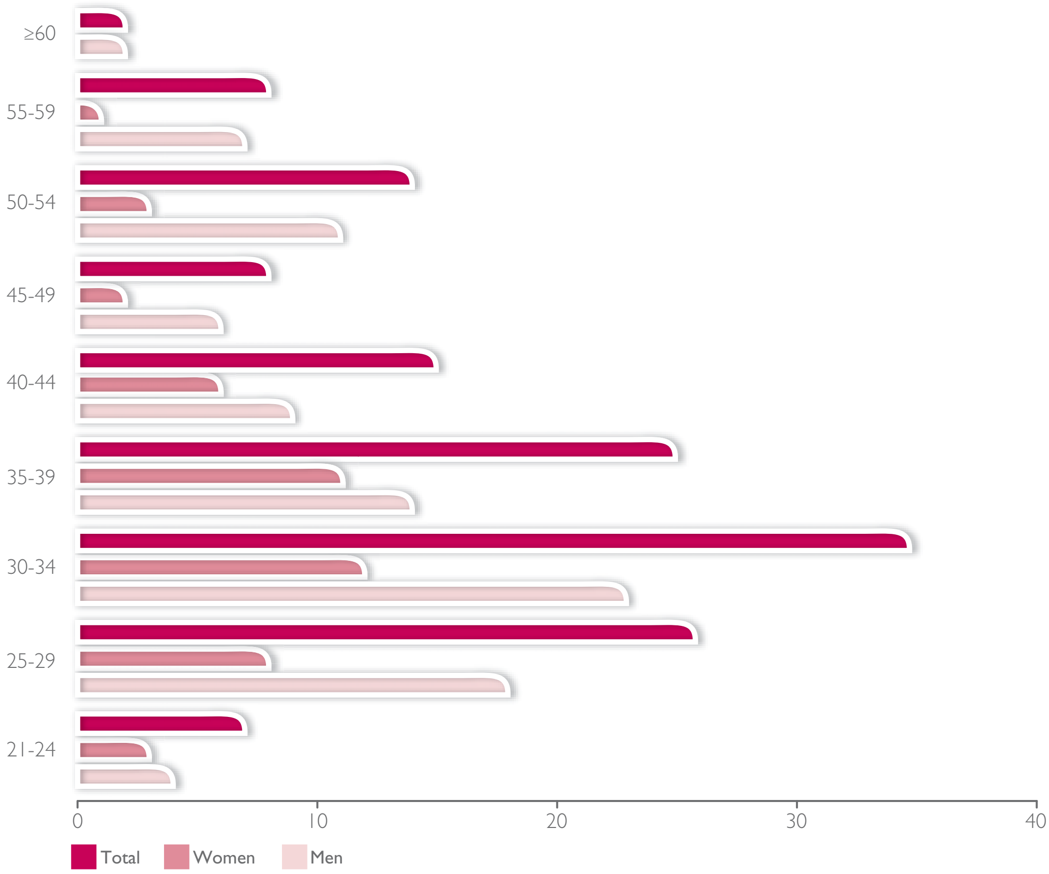
Specific attention was given to the training of staff regarding the upgrading and standardisation of procedures for a correct and adequate performance of their functions.

These actions took the form of both attendance courses and distance learning courses through the use of e-learning platforms, where Employees assumed responsibility for their training, with the ultimate goal being enhanced employee motivation, fulfilment and loyalty to the Insurer.

Other initiatives, with an impact on the levels of Employee motivation and dealt with within the scope of the Group's Employee management policies, were the review of the Health Regulations and the implementation of agreements with new healthcare providers and, on the other hand, the continuation of the consolidation of the Employee assessment and counselling process. This initiative was implemented in coordination with direct hierarchies, which guaranteed the maintenance of high levels of motivation and fulfilment of objectives, also contributing to an environment and a feeling of belonging, measured by the Employee satisfaction survey, whose response and participation rates were very high.

Seguradora Internacional de Moçambique completed the financial year of 2013 with 147 Employees, with an average age of 37 years old, 67.6% of whom are men and 32.4% are women. All the Employees are full-time workers, hence there are no situations of permanent employees working part-time.

EMPLOYEES BY AGE AND GENDER



OUTLOOK FOR 2014

We project an increase in Net Income of 16.8% for 2014, taking into account the reinforcement of production at the business network of the Insurer where we expect to grow 23%, in addition to an expected growth of 10% in the Millennium bim business network and an expected growth of 8.0% in the Large Companies network.

We intend to continue with our Customer follow-up strategy, based on the volume of the portfolio and the promotion of Customer Loyalty Campaigns in terms of Product, projecting the launch of new products in terms of the Banking channel and the Direct channel.

We also expect an increase in subscription capacity in various business classes, granted by our Reinsurers and obtained with the renewal of agreements, which will enable us to improve the levels of customer service.

In terms of the information system, the implementation of the eGIS application and of financial reconciliations will be a priority, in addition to the implementation of the concept of warnings and alerts via SMS for individual customers of the Banking Channel and of the Insurer's branches and, in addition, the introduction of the application to control Customer requests and complaints, with a view to improving the functionality and efficiency of technical, commercial and financial operations.

In order to ensure a distinction in Customer information and service management, we will continue to dedicate special attention to the quality of information and to the service levels provided, to both our Customers and to our Business Partners, where the reinforcement of relations and the efficiency and efficacy in the service that we provide will be a priority.

As an important pillar of our market leadership strategy, both in terms of market share and management processes and practices, we will continue to pay particular attention to the training component for our Employees.

The updating of the internal rules and regulations will also merit special attention in 2014, in addition to the organisational and process restructuring, as a means of enhancing the functionality of the Insurer's various business areas.

The pursuit of these actions will provide the necessary visibility and recognition to achieve sustainable growth, of both revenue and income, and of other key indicators in all of the Insurer's business segments.

PROPOSED APPROPRIATION OF NET INCOME

The net income after tax of Seguradora Internacional de Moçambique, for the financial year ended on 31 December 2013, stood at 399,229,524.08 meticais.

Under the terms of number 1) of article 36 of Decree-Law 1/2010 which regulates insurance activity, the Board of Directors of Seguradora Internacional proposes that the net income for 2013 should be applied as follows:

		MZN
Dividends	**60.0%**	239,537,714.45
Free reserves	**40.0%**	159,691,809.63

As at 31 December 2013, the Legal Reserve of Seguradora Internacional de Moçambique is equivalent to the value of the Company's Share Capital, thus complying with the terms of number 1 of article 36, subparagraph b) of Decree-Law 1/2010 of 31 December.

ACKNOWLEDGEMENTS

In concluding this report, the Board of Directors would like to express its gratitude to all those that supported and supervised the business of Seguradora Internacional de Moçambique over the course of 2013.

- First of all, we would like to thank the Shareholders for their confidence and reiterated support given to the Board of Directors in the fulfilment of the company's objectives.
- Also, a special thanks to the jurisdiction and supervision entities, in particular the Ministry of Finance and the Insurance Supervision Institute of Mozambique, for their customary availability and guidance given to the insurance activity in Mozambique.
- We also owe a special thanks to our Customers, for their preference and confidence deposited in us, and to whom we reaffirm our commitment to the quest for excellence in the provision of services and to the full satisfaction of their needs.
- We would also like to extend our thanks to our business partners, namely the Brokers, Agents and Consultants that contributed to the strict fulfilment of our objectives.
- To the Board of the General Meeting and Board of Auditors, for the interested manner in which they supervised the Company's life and for the constructive dialogue they have always maintained with the Board of Directors.
- To conclude, a special word to all the employees of Seguradora Internacional de Moçambique, for their commitment, competence and dedication that were decisive in the results achieved by the Company.

Maputo, 21 February 2014

The Board of Directors

Mário Fernandes da Graça Machungo, Chairman
Manuel d'Almeida Marecos Duarte, Deputy Chairman
Rui Manuel Teles Raposo Pinho de Oliveira, Director
Rui Jorge Lourenço Fernandes, Director
João Manuel Rodrigues T. da Cunha Martins, Director
Manuel Frederico Lupi Belo, Director
Curratilaine Issufo Abdul Remane, Director

Annual Report 2013

FINANCIAL STATEMENTS

SEGURADORA INTERNACIONAL DE MOÇAMBIQUE, S.A.

PROFIT AND LOSS ACCOUNT

for the year ended on 31 December 2013

MZN

Notes	Profit and loss account	Financial year				Previous financial year
		Technical account Life Business	Technical account Non-Life Business	Non-technical account	Total	
3 i); 6	Acquired premiums, net of reinsurance	366,359,812	861,017,476	–	1,227,377,288	1,061,713,151
	Gross premiums issued	385,749,605	1,385,542,375	–	1,771,291,980	1,395,023,112
	Assigned reinsurance premiums	(19,389,793)	(450,873,868)	–	(470,263,662)	(348,712,686)
	Provision for non-acquired premiums (variation)	–	(68,456,892)	–	(68,456,892)	24,426,046
	Provision for non-acquired premiums, portion of the reinsurers (variation)	–	(5,194,137)	–	(5,194,137)	(9,023,321)
	Fees of insurance contracts and operations considered for accounting purposes as investment contracts or service provision contracts	–	–	–	–	–
7	Cost of claims, net of reinsurance	(277,900,135)	(299,317,274)	–	(577,217,409)	(495,755,847)
	Values paid	(279,299,167)	(269,827,545)	–	(549,126,712)	(453,148,369)
	Gross values	(287,621,223)	(310,553,683)	–	(598,174,906)	(495,901,623)
	Portion of the reinsurers	8,322,056	40,726,137	–	49,048,194	42,753,254
	Provision for claims (variation)	1,399,032	(29,489,728)	–	(28,090,696)	(42,607,478)
	Gross value	(224,349)	(11,155,943)	–	(11,380,292)	(64,299,833)
	Portion of the reinsurers	1,623,381	(18,333,785)	–	(16,710,404)	21,692,355
8	Other technical provisions, net of reinsurance	–	3,559,599	–	3,559,599	(638,342)
9	Life branch mathematical provisions, net of reinsurance	(42,617,384)	–	–	(42,617,384)	9,207,102
	Gross value	(42,616,852)	–	–	(42,616,852)	9,315,582
	Portion of the reinsurers	(533)	–	–	(533)	(108,480)
10	Profit sharing, net of reinsurance	(271,412,121)	(25,548,758)	–	(296,960,879)	(240,559,772)
3 i); 11	Net operating costs	(60,787,638)	(193,360,117)	–	(254,147,755)	(237,411,498)
	Acquisition cost	(36,997,500)	(137,967,438)	–	(174,964,938)	(108,603,111)
	Deferred acquisition costs (variation)	–	17,959,396	–	17,959,396	4,783,581
	Administrative costs	(31,999,146)	(120,645,052)	–	(152,644,198)	(179,887,459)
	Fees and sharing of reinsurance profit	8,209,008	47,292,977	–	55,501,985	46,295,491
3 e); 12	Income	157,062,777	145,537,052	7,777,319	310,377,148	392,784,120
	Interest on financial assets not stated at fair value through profit or loss	77,386,228	144,151,847	7,777,319	229,315,394	298,470,183
	Interest on financial liabilities not stated at fair value through profit or loss	–	–	–	–	–
	Other	79,676,550	1,385,205	–	81,061,755	94,313,937
13	Financial costs	(270,622)	(10,802,652)	–	(11,073,274)	(2,511,888)
	Interest on financial assets not stated at fair value through profit or loss	–	–	–	–	–
	Interest on financial liabilities not stated at fair value through profit or loss	–	–	–	–	–
	Other	(270,622)	(10,802,652)	–	(11,073,274)	(2,511,888)

(Continues)

(Continuation)

MZN

Notes	Profit and loss account	Financial year				Previous financial year
		Technical account Life Business	Technical account Non-Life Business	Non-technical account	Total	
	Net gains of financial assets and liabilities not stated at fair value through profit or loss	–	–	–	–	–
	Assets available for sale	–	–	–	–	–
	Loans and accounts receivable	–	–	–	–	–
	Investments held to maturity	–	–	–	–	–
	Financial liabilities stated at amortised cost	–	–	–	–	–
	Other	–	–	–	–	–
	Net gains of financial assets and liabilities stated at fair value through profit and loss	–	–	–	–	–
	Net gains of financial assets and liabilities held for trading	–	–	–	–	–
	Net gains of financial assets and liabilities on initial recognition at fair value through profit and loss	–	–	–	–	–
14	Currency conversion differences	(260,648)	1,915,276	(556,972)	1,097,656	983,744
15	Net gains on sale of assets not classified as non-current assets held for sale and discontinued operating units	182,850,000	1,827,061	–	184,677,061	48,714,600
	Impairment losses (net of reversal)	–	–	–	–	–
	Assets available for sale	–	–	–	–	–
	Loans and accounts receivable stated at amortised cost	–	–	–	–	–
	Investments held to maturity	–	–	–	–	–
	Other	–	–	–	–	–
	Other technical income/costs, net of reinsurance	–	–	–	–	20,193
16	Other provisions (variation)	(537,773)	(5,702,416)	–	(6,240,189)	(2,181,895)
17	Other income/costs	–	–	(575,833)	(575,833)	(510,435)
	Negative goodwill recognised immediately in profit or loss	–	–	–	–	–
	Gains and losses of associates and joint ventures accounted for under the equity method	–	–	–	–	–
	Gains and losses of non-current assets (or groups for disposal) classified as held for sale	–	–	–	–	–
	Pre-tax profit	52,486,268	479,125,248	6,644,514	538,256,030	533,853,231
3 m); 28	Income tax for the year – Current tax	(13,556,713)	(123,753,577)	(1,716,216)	(139,026,506)	(141,503,581)
3 m); 28	Income tax for the year – Deferred tax	–	–	–	–	–
32	Net income for the year	38,929,555	355,371,671	4,928,298	399,229,524	392,349,650

SEGURADORA INTERNACIONAL DE MOÇAMBIQUE, S.A.

COMPREHENSIVE INCOME STATEMENT

for the year ended on 31 December 2013

MZN

Notes of the annex	Statement of comprehensive income	Financial year				Previous financial year			
		Technical Life	Technical Non-Life	Non-Technical	Total	Technical Life	Technical Non-Life	Non-Technical	Total
34	Net income for the year	38,929,555	355,371,671	4,928,298	399,229,524	23,705,930	354,751,036	13,892,685	392,349,650
	Other comprehensive income for the year	–	(1,242,401)	–	(1,242,401)	(84,604)	2,547,471	–	2,462,868
22, 34	Financial assets available for sale	–	(1,827,061)	–	(1,827,061)	(124,417)	3,746,281	–	3,621,864
22, 34	Taxes	–	584,660	–	584,660	39,813	(1,198,810)	–	(1,158,997)
	Total comprehensive income, net of tax	**38,929,555**	**354,129,269**	**4,928,298**	**397,987,123**	**23,621,326**	**357,298,507**	**13,892,685**	**394,812,518**

SEGURADORA INTERNACIONAL DE MOÇAMBIQUE, S.A.

BALANCE SHEET

for the year ended on 31 December 2013

MZN

Notes	Assets	Gross Assets	Amortisation/ depreciation	Net assets	Previous financial year net assets
3 a); 19	**Cash and cash equivalents and demand deposits**	**1,756,471,781**	**–**	**1,756,471,781**	**207,152,471**
3 b); 20	Investments in affiliates, associates and joint ventures	211,350,850	–	211,350,850	211,350,850
	Financial assets held for trading	–	–	–	–
	Financial assets classified on initial recognition at fair value through profit or loss	–	–	–	–
3 c); 21	Financial assets available for sale	1,600,135,091	–	1,600,135,091	2,292,381,072
3 c); 22	**Loans and accounts receivable**	**347,115,345**	**–**	**347,115,345**	**679,549,784**
	Deposits with ceding undertakings	–	–	–	–
	Other deposits	347,115,321	–	347,115,321	679,549,774
	Loans granted	–	–	–	–
	Accounts receivable	–	–	–	–
	Other	24	–	24	10
	Investments held to maturity	–	–	–	–
3 f); 23	**Buildings**	**1,295,306,325**	**–**	**1,295,306,325**	**1,425,856,325**
	Buildings for own use	–	–	–	–
	Income-generating buildings	1,295,306,325	–	1,295,306,325	1,425,856,325
3 g); 24	Other tangible assets	66,392,099	42,443,772	23,948,328	25,757,447
24	Inventories	1,804,594	–	1,804,594	1,419,513
	Goodwill	–	–	–	–
3 h); 25	Other intangible assets	54,969,082	34,410,634	20,558,448	16,435,958
3 i); 26	**Assigned reinsurance technical provisions**	**111,391,894**	**–**	**111,391,894**	**123,961,722**
	Provision for non-acquired premiums	44,714,898	–	44,714,898	49,149,206
	Life branch mathematical provision	144,984	–	144,984	145,732
	Provision for claims	66,532,013	–	66,532,013	74,666,785
	Provision for profit sharing	–	–	–	–
	Other technical provisions	–	–	–	–
	Assets due to post-employment benefits and other long term benefits	–	–	–	–
27	**Other receivables due to insurance and other operations**	**183,413,269**	**28,995,345**	**154,417,924**	**93,692,325**
	Accounts receivable due to direct insurance operations	157,059,279	28,995,345	128,063,934	74,119,330
	Accounts receivable due to other reinsurance operations	558,655	–	558,655	1,006,442
	Accounts receivable due to other operations	25,795,335	–	25,795,335	18,566,552
3 m); 28	**Tax assets**	**2,506,836**	**–**	**2,506,836**	**26,449,229**
	Current tax assets	–	–	–	23,942,393
	Deferred tax assets	2,506,836	–	2,506,836	2,506,836
29	**Accruals and deferrals**	**43,988,317**	**–**	**43,988,317**	**64,874,683**
	Interest receivable	42,355,551	–	42,355,551	63,792,199
	Other accruals and deferrals	1,632,767	–	1,632,767	1,082,485
	Other asset items	–	–	–	–
	Non-current assets held for sale and discontinued operating units	–	–	–	–
	Total assets	**5,674,845,483**	**105,849,751**	**5,568,995,733**	**5,168,881,379**

SEGURADORA INTERNACIONAL DE MOÇAMBIQUE, S.A.

BALANCE SHEET

for the year ended on 31 December 2013

MZN

	Liabilities and equity	Financial year	Previous financial year
	Liabilities		
3 i); 26	**Technical provisions**	**3,694,106,835**	**3,622,891,850**
	Provision for non-acquired premiums	497,797,454	446,721,860
	Life branch mathematical provision	2,092,005,852	1,990,630,944
	Provision for claims	412,102,503	390,256,239
	Life branch	34,195,253	28,433,177
	Workman's compensation and occupational diseases	59,581,192	54,845,815
	Other branches	318,326,058	306,977,247
	Provision for profit sharing	691,429,458	790,951,640
	Provision for claim rate deviations	771,568	4,331,167
	Provision for risks underway	–	–
	Other technical provisions	–	–
	Financial liabilities of the deposit component of insurance contracts and of insurance contracts and operations considered for accounting purposes as investment contracts	–	–
	Other financial liabilities	**–**	**–**
	Subordinated debt	–	–
	Deposits received from reinsurers	–	–
	Other	–	–
3 l); 30	**Liabilities due to post-employment benefits and other long term benefits**	**7,810,308**	**7,491,201**
31	**Other payables due to insurance on other operations**	**190,697,197**	**65,083,036**
	Accounts payable due to direct insurance operations	45,701,797	26,448,167
	Accounts payable due to other reinsurance operations	101,284,754	12,476,440
	Accounts payable due to other operations	43,710,646	26,158,429
3 m); 28	**Tax liabilities**	**62,781,037**	**28,454,482**
	Current tax liabilities	43,965,315	9,054,101
	Deferred tax liabilities	18,815,722	19,400,381
29	**Accruals and deferrals**	**45,734,559**	**39,672,345**
3 n)	Other provisions	406,442	406,442
	Other liabilities	–	–
	Liabilities of a group for disposal classified as held for sale	–	–
	Total liabilities	**4,001,536,378**	**3,763,999,356**
	Equity	**–**	**–**
3 o); 32	Capital	147,500,000	147,500,000
	(Own shares)	–	–
	Other equity instruments	–	–
	Revaluation reserves	3,849,074	5,676,135
32	Due to readjustments in the fair value of financial assets	3,849,074	5,676,135
	Due to revaluation of buildings for own use	–	–
	Due to revaluation of intangible assets	–	–
	Due to revaluation of other tangible assets	–	–
	Due to foreign exchange differences	–	–
32	**Deferred tax reserve**	**-1,231,704**	**-1,816,363**
32	**Other reserves**	**1,006,223,341**	**849,283,481**
32	Retained earnings	11,889,120	11,889,120
32	Net income for the year	399,229,524	392,349,650
	Total equity	**1,567,459,355**	**1,404,882,023**
	Total liabilities and equity	**5,568,995,733**	**5,168,881,379**

SEGURADORA INTERNACIONAL DE MOÇAMBIQUE, S.A.

STATEMENT OF CHANGES IN EQUITY

for the year ended on 31 December 2013

MZN

Notes	Statement of changes in equity	Share capital	Treasury shares	Other equity instruments: Supplementary capital contributions	Other equity instruments: Other	Revaluation reserves: Due to readjustments in the fair value of financial assets	Deferred tax reserve
	Balance sheet as at 31 December 2011	147,500,000	–	–	–	2,054,271	(657,367)
	Correction of errors (IAS 8)						
37	Changes to accounting policies (IAS 8)						
	Changes on opening balance	147,500,000	–	–	–	2,054,271	(657,367)
33,34	Increased reserves via appropriation of profit (1)						
	Net income for the period (2)						
	Other comprehensive income for the period (3)	–	–	–	–	3,621,864	(1,158,997)
22, 34	Net gains from adjustments in the fair value of financial assets available for sale					3,621,864	(1,158,997)
	Other gains/losses recognised directly in equity						
	Total comprehensive income for the period (4) = (2) + (3)	–	–	–	–	3,621,864	(1,158,997)
	Operations with shareholders (5)	–	–	–	–	–	–
	Distribution of reserves						
33,34	Distribution of profit/loss						
	Transfers between equity headings not included under other lines (6)						
	Total changes in equity (1) + (4) + (5) + (6)	–	–	–	–	3,621,864	(1,158,997)
	Balance sheet as at 31 December 2012	147,500,000	–	–	–	5,676,135	(1,816,364)
	Correction of errors (IAS 8)						
37	Changes to accounting policies (IAS 8)						
	Changes on opening balance	147,500,000	–	–	–	5,676,135	(1,816,364)
33,34	Increased reserves via appropriation of profit (1)						
	Net income for the period (2)						
	Other comprehensive income for the period (3)	–	–	–	–	(1,827,061)	584,660
22, 34	Net gains from adjustments in the fair value of financial assets available for sale					(1,827,061)	584,660
	Other gains/losses recognised directly in equity						
	Total comprehensive income for the period (4) = (2) + (3)	–	–	–	–	(1,827,061)	584,660
	Operations with shareholders (5)	–	–	–	–	–	–
	Distribution of reserves						
33,34	Distribution of profit/loss						
	Transfers between equity headings not included under other lines (6)						
	Total changes in equity (1) + (4) + (5) + (6)	–	–	–	–	(1,827,061)	584,660
	Balance sheets as at 31 December 2013	147,500,000	–	–	–	3,849,074	(1,231,704)

SEGURADORA INTERNACIONAL DE MOÇAMBIQUE, S.A.

STATEMENT OF CHANGES IN EQUITY

for the year ended on 31 December 2013

MZN

Notes	Statement of changes in equity	Other reserves				Retained earnings	Net income for the year	Future fund allocations	Total
		Legal reserve	Statutory reserve	Share premium	Other				
	Balance sheet as at 31 December 2011	100,000,000	–	8,258,661	587,359,005	–	396,053,660	–	1,240,568,231
	Correction of errors (IAS 8)								–
37	Changes to accounting policies (IAS 8)								–
	Changes on opening balance	100,000,000	–	8,258,661	587,359,005	–	396,053,660	–	1,240,568,230
33,34	Increased reserves via appropriation of profit (1)				153,665,816	11,889,120	(165,554,938)		–
	Net income for the period (2)						392,349,650		392,349,650
	Other comprehensive income for the period (3)	–	–	–	–	–	–		2,462,868
22, 34	Net gains from adjustments in the fair value of financial assets available for sale								2,462,868
	Other gains/losses recognised directly in equity								–
	Total comprehensive income for the period (4) = (2) + (3)	–	–	–	–	–	392,349,650		394,812,518
	Operations with shareholders (5)	–	–	–	–	–	(230,498,724)		(230,498,724)
	Distribution of reserves						–		–
33,34	Distribution of profit/loss						(230,498,724)		(230,498,724)
	Transfers between equity headings not included under other lines (6)								
	Total changes in equity (1) + (4) + (5) + (6)	–	–	–	153,665,816	11,889,120	(3,704,012)		164,313,792
	Balance sheet as at 31 December 2012	100,000,000	–	8,258,661	741,024,821	11,889,120	392,349,648		1,404,882,022
	Correction of errors (IAS 8)								–
37	Changes to accounting policies (IAS 8)								–
	Changes on opening balance	100,000,000	–	8,258,661	741,024,821	11,889,120	392,349,648		1,404,882,022
33,34	Increased reserves via appropriation of profit (1)	47,500,000			109,439,860		(156,939,862)		–
	Net income for the period (2)						399,229,524		399,229,524
	Other comprehensive income for the period (3)	–	–	–	–	–	–		–
22, 34	Net gains from adjustments in the fair value of financial assets available for sale								–
	Other gains/losses recognised directly in equity								–
	Total comprehensive income for the period (4) = (2) + (3)	–	–	–	–	–	399,229,524		399,229,524
	Operations with shareholders (5)	–	–	–	–	–	(235,409,790)		(235,409,790)
	Distribution of reserves						–		–
33,34	Distribution of profit/loss						(235,409,790)		(235,409,790)
	Transfers between equity headings not included under other lines (6)								
	Total changes in equity (1) + (4) + (5) + (6)	47,500,000	–	–	109,439,860	–	6,879,872		162,577,330
	Balance sheets as at 31 December 2013	147,500,000	–	8,258,661	850,464,681	11,889,120	399,229,520		1,567,459,353

SEGURADORA INTERNACIONAL DE MOÇAMBIQUE, S.A.

CASH FLOW STATEMENT

para o ano findo em 31 de Dezembro de 2013

MZN

Cash flow statement	Financial year 2013	Financial year 2012
Cash flows arising from operating activities		
Net income for the year	399,229,524	392,349,650
Amortisation/depreciation	15,180,729	14,745,935
Variation of the provision for claims	–	–
direct insurance and reinsurance	21,846,264	66,346,209
accepted assigned reinsurance	8,134,772	-11,934,226
Variation of other technical provisions	–	–
direct insurance and reinsurance	49,368,721	132,210,874
accepted assigned reinsurance	4,435,056	-1,504,404
Variation of the provision for receipts for collection	6,240,189	2,181,895
Variation of the provision for other risks and costs	–	–
(Increase)/decrease of receivables	–	–
due to direct insurance and reinsurance accepted	-60,184,793	-43,656
due to reinsurance operations	447,787	9,681,203
due to other operations	-7,228,782	-16,462,392
Increase/(decrease) of payables	–	–
due to direct insurance and reinsurance accepted operations	19,253,629	-8,238,827
due to assigned reinsurance operations	88,808,313	-5,393,362
State and other public entities	58,268,948	-55,410,553
miscellaneous payables	17,552,218	2,486,582
Variations in other asset accounts	20,886,366	133,886,202
Variations in other liability accounts	6,381,321	-313,048
Interest and similar income	-516,477,243	-544,510,300
Effect on foreign exchange differences	-359,831	123,255
Unrealised gains of investment properties	–	-48,714,600
Total	131,783,187	61,486,434
Cash flows arising from investing activities	–	–
Acquisition of investments (including constitution of term deposits)	-1,483,047,676	-2,694,973,230
Repayments/disposals of investments (including repayment of term deposits)	2,637,059,890	2,448,008,385
Acquisition of tangible and intangible assets	-17,903,375	-8,599,931
Interest and similar income	516,477,243	544,510,300
Total	1,652,586,081	288,945,524
Cash flows arising from financing activities	–	–
Dividends distributed	-235,409,790	-230,498,724
Total	-235,409,790	-230,498,724
Net change in cash and cash equivalents	1,548,959,479	119,933,234
Effect on foreign exchange differences	359,831	-123,255
Cash and cash equivalents at the beginning of the period	207,152,471	87,342,492
Cash and cash equivalents at the end of the period	1,756,471,781	207,152,471

SEGURADORA INTERNACIONAL DE MOÇAMBIQUE, S.A.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended on 31 December 2013

NOTE 1 – GENERAL INFORMATION

Seguradora Internacional de Moçambique, S.A. is an insurance company which was incorporated in Mozambique on 3 September 1992, having started its activity in that same year. The corporate object of Seguradora Internacional de Moçambique, S.A. is the exercise of Life and Non-Life insurance activity.

The Group's restructuring process in Mozambique, during 2001, included a merger by incorporation of Seguradora Internacional de Moçambique, S.A.R.L. (incorporated company) in Ímpar – Companhia de Seguros de Moçambique, S.A.R.L. (incorporating company), drawn up in a deed on 27 November 2001, with the incorporated company having been made extinct. The merger was carried out by incorporation, through the transfer of the total assets of the incorporated company to Ímpar – Companhia de Seguros de Moçambique, S.A.R.L.

On that same date, the Company changes its corporate name of Ímpar – Companhia de Seguros de Moçambique, S.A.R.L. to Seguradora Internacional de Moçambique, S.A.R.L.

Seguradora Internacional de Moçambique, S.A.R.L. (hereinafter referred to as SIM or Insurer) is registered in Mozambique, with its head office being at Av. 25 de Setembro no. 1800, 9th A.

NOTE 2 – BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS AND MAIN ACCOUNTING POLICIES ADOPTED

BASIS OF PRESENTATION

Under the adoption of the "Plan of accounts for entities qualified to exercise insurance activity", approved by Ministerial Diploma number 220/2010, of 17 December, of the Ministry of Finance, with entry into force on 1 January 2011, Seguradora Internacional de Moçambique, S.A. adopted the International Financial Reporting Standards (IFRS) in force for the preparation of these financial statements.

The IFRS include the accounting standards issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), and their respective former bodies.

The financial statements are expressed in meticais, which is the functional currency of the Insurer, and are prepared in accordance with the historical cost principle, with the exception of the assets and liabilities recorded at fair value, namely financial assets and income-generating properties.

The preparation of the financial statements requires that the Insurer make judgements and estimates and use assumptions that affect the application of the accounting policies and the values of income, costs, assets and liabilities. Changes to these assumptions or their difference in relation to reality might have impacts on the actual estimates and judgements. The areas involving a higher degree of judgment or complexity or where significant assumptions and estimates are used in the preparation of the financial statements are analysed in Note 3.

NEW STANDARDS AND AMENDMENTS TO EXISTING STANDARDS WHICH, IN SPITE OF ALREADY BEING PUBLISHED, ARE ONLY OF COMPULSORY APPLICATION FOR ANNUAL PERIODS STARTING AS OF 1 JULY 2012 OR ON A LATER DATE:

Standards

- IAS 12 (amendment), 'Income tax' (applicable in financial years starting on or after 1 January 2012). This amendment requires that an Entity measure deferred taxes related to assets depending on whether the Entity expects to recover the net value of the asset through use or sale, except for investment properties measured according to the fair value model. This amendment incorporates in IAS 12 the principles included in SIC 21, which is revoked. This amendment has no impact on the Financial Statements of the Entity.
- IAS 1 (amendment), 'Presentation of the financial statements' (applicable in financial years starting on or after 1 July 2012). This amendment requires Entities to present the items stated as Other comprehensive income in a separate form, according to whether they may be recycled or not in the future through profit or loss for the year and the respective tax impact, if the items are presented before tax. The Entity will apply this standard in the year when it is enforced.
- IAS 19 (revised 2011), 'Employee benefits' (applicable in financial years starting on or after 1 January 2013). This revision introduces significant differences in the recognition and measurement of costs related to defined benefits and employment severance pay, as well as in the disclosures to be made for all benefits granted to employees. Actuarial deviations are now recognised immediately and only under "Other comprehensive income" (the corridor method is not permitted). The financial cost of plans related to the constituted fund is calculated on the net value of the non-funded liability. Employment severance pay only qualifies as such when there is no obligation of the employee to provide future service. The Entity will apply this standard in the year when it is enforced.
- Annual improvement of the standards in 2009-2011, applicable mainly for financial years starting on or after 1 January 2013. The annual improvement process of 2009-2011 affects the following standards: IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34. These improvements will be adopted by the Entity, when applicable, except for the improvements to IFRS 1 since the Entity already applies a plan of accounts based on the IFRS.
- IFRS 1 (amendment), 'First-time adoption of the IFRS' (applicable in financial years starting, at the latest, on or after 1 January 2013). This amendment seeks to include a specific exemption for entities which formerly operated in hyperinflationary economies, and adopt the IFRS for the first time. The exemption permits an Entity to choose to measure certain assets and liabilities at fair value and use the fair value as the "deemed cost" in the statement of the opening financial position for the IFRS. Another amendment introduced refers to the replacement of the references and specific dates by "IFRS transition date" in the exceptions to the retrospective application of the IFRS. This amendment has no impact on the Financial Statements of the Entity.
- IFRS 1 (amendment) 'First-time adoption of the IFRS – Government loans' (applicable in financial years starting on or after 1 January 2013). This amendment seeks to clarify how entities which are adopting the IFRS for the first time should record a loan from the government with an interest rate below the market rate. It also introduces an exemption to retrospective application, similar to that attributed to entities which already reported based on the IFRS, in 2009. This amendment has no impact on the Financial Statements of the Entity since it already applies the IFRS.
- IFRS 10 (new), 'Consolidated financial statements' (applicable in financial years starting, at the latest, on or after 1 January 2013). IFRS 10 replaces all the principles associated to control and consolidation included in IAS 27 and SIC 12, changing the definition of control and criteria applied to determine control. The basic principle that the consolidated company presents the parent company and subsidiaries as a single entity remains unchanged. This amendment has no impact on the Financial Statements of the Entity.
- IFRS 11 (new), 'Joint arrangements' (applicable in financial years starting, at the latest, on or after 1 January 2013). IFRS 11 focuses on the rights and obligations associated to joint arrangements instead of the legal form. Joint arrangements may be Joint operations (rights over assets and liabilities) or Joint ventures (rights over the net assets through application of the equity method). Proportional consolidation is no longer permitted in the measurement of Jointly controlled entities. This amendment has no impact on the Financial Statements of the Entity.
- IFRS 12 (new) – 'Disclosure of interests in other entities' (applicable in financial years starting on or after 1 January 2013). This standard establishes the disclosure requirements for all types of interests in other entities, including joint ventures, associates and special purpose entities, in order to assess the nature, risk and financial impacts associated to the interest of the Entity. The Entity will apply this standard in the year when it is enforced.
- Amendment to IFRS 10, IFRS 11 and IFRS 12 – 'Transition regime' (applicable in financial years starting on or after 1 January 2013). This amendment clarifies that, when the application of IFRS 10 gives rise to an accounting treatment of a financial investment that is different from that followed previously, pursuant to IAS 27/SIC 12, the comparative data should be restated but only for the previous comparative period, and the calculated differences, as at the beginning of the comparative period, are recognised in equity. Specific disclosures are required by IFRS 12. This amendment has no impact on the Financial Statements of the Entity.

- Amendment to IFRS 10, IFRS 12 and IFRS 27 – 'Investment entities' (applicable in financial years starting on or after 1 January 2014). This amendment includes the definition of an Investment entity and introduces the regime of exception to the obligation to consolidate, for Investment entities which qualify as such, since all the investments will be measured at fair value. Specific disclosures are required by IFRS 12. This amendment has no impact on the Financial Statements of the Entity.
- IFRS 13 (new) – 'Fair value: measurement and disclosure' (effective for financial years starting on or after 1 January 2013). The objective of IFRS 13 is to increase consistency, by establishing a definition of fair value and constituting the only basis of the requirements of measurement and disclosure of fair value applicable transversally across all the IFRS. The Entity will apply this standard in the year when it is enforced.
- IAS 27 (revised 2011) 'Separate financial statements' (applicable in financial years starting, at the latest, on or after 1 January 2014). IAS 27 was revised after the issue of IFRS 10 and contains the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an Entity prepares separate financial statements. The Entity will apply this standard in the year when it is enforced.
- IAS 28 (revised 2011) 'Investments in associates and joint ventures' (applicable in financial years starting, at the latest, on or after 1 January 2014). IAS 28 was revised after the issue of IFRS 11, with its scope now including the accounting treatment of investments in associates and joint ventures, and establishing the requirements for the application of the equity method. The Entity will apply this standard in the year when it is enforced.
- IFRS 7 (amendment), 'Disclosures – Offsetting financial assets and liabilities' (applicable in financial years starting on or after 1 January 2013). This amendment is part of the IASB "offsetting of assets and liabilities" project and introduces new disclosure requirements on non-recorded rights to offset assets and liabilities, offset assets and liabilities and the effect of this offsetting on exposure to credit risk. The Entity will apply this standard in the year when it is enforced.
- IAS 32 (amendment), 'Offsetting financial assets and liabilities' (applicable in financial years starting on or after 1 January 2014). This amendment is part of the IASB "offsetting of assets and liabilities" project which clarifies the term "currently has a legally enforceable right to set-off" and clarifies that some gross settlement systems (offsetting chambers) may be equivalent to net settlement. The Entity will apply this standard in the year when it is enforced.
- IFRS 9 (new), 'Financial instruments – classification and measurement' (applicable in financial years starting on or after 1 January 2015). This refers to the first phase of IFRS 9, which establishes the existence of two categories of measurement: amortised cost and fair value. All equity instruments are measured at fair value. A financial instrument is measured at amortised cost only when the Entity holds it to receive the contractual cash flow and the cash flow represents the nominal and interest. Otherwise, the financial instruments are stated at fair value through profit or loss. The Entity will apply IFRS 9 in the year when it is enforced.

Interpretations

- IFRS 20 (new), 'Stripping costs in the production phase of a surface mine' (applicable in financial years starting on or after 1 January 2013). This interpretation refers to the recording of costs related to removal of waste at the initial stage of a surface mine, as an asset, considering that the removal of waste generates two potential benefits: the immediate extraction of mineral resources and the opening of access to additional amounts of mineral resources to extract in the future. This amendment has no impact on the Financial Statements of the Entity.

Main accounting policies adopted

The main accounting policies used in the preparation of the financial statements are described as follows and were applied consistently for the periods presented in the financial statements:

A) CASH AND CASH EQUIVALENTS

For the effect of the cash flow statement, the heading cash and cash equivalents covers the values recorded in the balance sheet with less than three months' maturity counted as of the balance sheet date, promptly convertible into cash and with low risk of alteration of value, which includes cash and disposable assets in credit institutions.

B) INVESTMENTS IN AFFILIATES, ASSOCIATES AND JOINT VENTURES

Companies over which the Insurer exercises control are classified as subsidiaries. Control is normally assumed when the Insurer has the power to exercise the majority of the voting rights. Control may also exists when the Insurer has the power, directly or indirectly, to manage the financial and operating policies of a certain company in order to obtain benefits from its activities, even if the percentage holding of its share capital is less than 50%.

Companies over which the Insurer exercises significant influence are classified as associates. Significant influence is assumed when the Insurer has the power to participate in decisions relative to the company's financial and operating policies, but does not control these policies.

All companies over which the Insurer has capacity to control, jointly with other venturers (shareholders), the operating and financial policy of the venture are classified as joint ventures (jointly controlled entities).

The consolidation of accounts is prepared at the level of the shareholder Millennium bim.

C) FINANCIAL ASSETS

(i) Classification

The Insurer classifies its financial assets at the time of their acquisition considering the intention underlying them, in accordance with the following categories:

Financial assets held for trading

Those acquired for the main purpose of generating capital gains in the short term.

Financial assets at fair value through profit or loss

This category includes embedded derivatives, stated initially at fair value and with subsequent variations recognised in gains and losses.

Financial assets available for sale

Financial assets available for sale are non-derivative financial assets that (i) the Insurer intends to hold for an indeterminate period of time, (ii) are stated as available for sale at the time of their initial recognition or (iii) which do not fall under any of the categories referred to above.

Investments held to maturity

These are financial assets over which there is the intention and capacity to hold them until maturity, presenting fixed and determinable maturity and cash flow. In the case of early sale, the category is considered contaminated and all assets of the category must be reclassified to the category of available for sale.

Loans granted and accounts receivable

Includes financial assets, except derivatives, with fixed or determinable payments which are not listed on an active market and whose purpose is not trading. This also covers values receivable related to direct insurance operations, reinsurance and other transactions related to insurance contracts.

(ii) Recognition, measurement and derecognition

Acquisitions and disposals: Financial assets are recognised initially at fair value plus the transaction costs, except in cases of financial assets held for trading or at fair value through gains and losses, in which case these transaction costs are recorded directly in gains and losses.

Financial assets are derecognised when (i) the Insurer's contractual rights to receive its cash flows expire, (ii) the Insurer has substantially transferred all the risks and rewards of ownership or (iii) even if the Insurer keeps part of, but not substantially all the risks and benefits associated to their holding, the Insurer has transferred the control over the assets.

(iii) Subsequent measurement

After their initial recognition, the financial assets held for trading and the financial assets at fair value through gains and losses are measured at fair value, with their variations recognised in gains and losses.

Investments available for sale are also recognised at fair value, although the respective variations are recognised under reserves, in the proportion held by the shareholder, until the investments are derecognised, that is, the time when the accumulated value of the potential gains and losses recognised under reserves is transferred to retained earnings. In the case of products with profit sharing, the variations of fair value are recognised initially under reserves (equity) and, subsequently, transferred to the account of profit sharing to be attributed.

Also relative to financial assets available for sale, the adjustment to the book value includes the separation between (i) the amortisations according to the effective rate, (ii) the currency conversion variations (in the case of monetary assets denominated in foreign currency) – both against gains or losses and (iii) the variations in fair value (except exchange rate risk) – as described above.

Investments held to maturity are measured at amortised cost, according to the effective interest rate method, with the amortisations (interest, incremental values, premiums and discounts) to be recognised in the profit and loss account.

The fair value of listed financial assets is their present purchase price (bid price). In the event of the absence of a stock market price, the Insurer estimates the fair value using (i) valuation methodologies, such as, the use of prices of recent, similar transactions and carried out under market conditions, discounted cash flow techniques and parameterised option valuation models in order to reflect the particularities and circumstances of the instrument and (ii) valuation assumptions based on market information.

Financial instruments for which it is not possible to reliably measure the fair value are recorded at acquisition cost.

(iv) Transfers between categories of financial assets

In October 2008, the IASB issued the revision of standard IAS 39 – Reclassification of financial instruments (Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7: Financial Instruments Disclosures). This amendment now allows an entity to transfer financial assets held for trading to the portfolios of financial assets available for sale, loans granted and accounts receivable or to financial assets held to maturity, provided that these financial assets comply with the characteristics of each category.

Transfers of financial assets available for sale to the categories of loans granted and accounts receivable and financial assets held to maturity are also permitted.

(v) Impairment

Impairment of securities:

The Insurer regularly assesses, for each portfolio of securities, whether there is objective evidence that a financial asset or group of financial assets shows signs of impairment. For financial assets showing signs of impairment, the respective recoverable value is determined, with the impairment losses being recognised in the profit and loss account.

A financial asset, or group of financial assets, is impaired whenever there is objective evidence of impairment arising from one or more events that occur after their initial recognition, such as: (i) for listed equity instruments, a devaluation that is continued or of significant value in its stock market price, and (ii) for debt securities, when this event (or events) have an impact on the estimated value of the future cash flows of the financial asset, or group of financial assets, which may be reasonably estimated.

The Insurer considers that a financial asset, or group of financial assets, is impaired whenever, after its initial recognition, there is objective evidence that:

(i) for listed variable yield securities:

1) Its fair value is below the acquisition cost for 12 months consecutively (long-lasting devaluation); or
2) There is a significant devaluation of 25% or more relative to its acquisition cost on the closing date of the accounts;
3) Impairment loss should be recognised for all the securities which were the object of impairment loss previously, whenever there is a decline in relation to their cost value, since the last impairment loss date;

4) Furthermore, a qualitative analytical list is prepared based on other impairment indicators, for the purpose of identifying decreases of value that have not been detected through the application of the impairment limits referred to in 1) and 2).

(ii) for fixed yield and non-listed securities:

1) Existence of an event (or events) which has impact on the estimated value of the future cash flows of the financial asset, or group of financial assets, which may be reasonably estimated.

When there is evidence of impairment in financial assets available for sale, the accumulated potential loss in reserves, corresponding to the difference between the acquisition cost and the present fair value, minus any impairment loss in the asset previously recognised through profit or loss, is transferred to retained earnings. If, in a subsequent period, the value of the impairment loss decreases, the previously recognised impairment loss is reversed against profit or loss for the year until the full value of the acquisition cost if the increase is objectively related to an event which has occurred after the recognition of the impairment loss.

Regarding investments held to maturity, the impairment losses correspond to the difference between the book value of the asset and present value of estimated future cash flows (considering the recovery period) discounted at the original effective interest rate of the financial asset. These assets are presented in the assets, net of impairment. In the case of an asset with a variable interest rate, the interest rate to be used to determine the respective impairment loss is the present effective interest rate, determined based on the rules of each contract. In relation to investments held to maturity, if in a subsequent period the value of the impairment loss decreases, and this decrease may be objectively related to an event which occurred after the recognition of the impairment, this value is reversed against profit or loss.

Adjustments of receipts of premiums for collection and credit related to bad debt:

The objective of the adjustments of receipts of premiums for collection is to reduce the value of the premiums for collection to their estimated realisation value. The calculation of these adjustments are based on the values of premiums due for collection for over 30 days, to which a margin is applied, calculated for each product, in the case of Life and for each branch in the case of Non-Life. This adjustment is presented in the balance sheet as a deduction to receivables due to direct insurance operations.

This adjustment aims to recognise the impact of potential non-collection of issued premium receipts through profit or loss.

Adjustments of credit related to bad debt aim to reduce the value of the balances receivable arising from direct insurance, reinsurance and other operations to their probable realisation value, and are calculated according to the age of these balances and based on economic analysis.

D) RECOGNITION OF INTEREST AND DIVIDENDS

Revenue relative to interest of financial instruments is recognised under the heading of interest and similar income using the effective rate method.

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, for a shorter period, to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, estimates are made of the future cash flows considering all contractual terms of the financial instrument, but not considering, however, any possible future credit losses. The calculation includes any fees that are an integral part of the effective interest rate, transaction costs and all premiums and discounts directly related to the transaction.

In the case of financial assets or groups of similar financial assets for which impairment losses have been recognised, the interest recognised through profit or loss is determined based on the interest rate used to measure the impairment loss.

Income from equity instruments (dividends) is recognised when the right to receive this income is established.

E) INVESTMENT PROPERTIES

Investment properties
The Insurer defines income-generating properties as properties whose recoverability is achieved through rents rather than through their continued use, using the measurement criteria of IAS 40.

Investment properties are recognised initially at acquisition cost, including any directly related transaction costs, and subsequently at their fair value. Fair value variations determined on each reporting date are recognised through profit or loss. Investment properties are not subject to depreciation.

Related subsequent expenditure is capitalised when it is probable that the Insure will obtain future economic benefits in excess of the initially estimated performance level.

The fair value of income-generating properties is based on a valuation made by an independent valuator. Independent valuators have recognised and relevant professional qualification to issue the valuation reports.

The current situation of the properties considers their age, state of conservation and any maintenance/remodelling works which may have been done (even if carried out by lessees).

The fair value of the investment properties is considered the most probable value that they would have in a free market transaction, between two prudent entities, assuming a reasonable period of market exposure. The market comparison criterion is used to determine the fair value, where the property is compared to others that are similar and have been involved in a sufficiently recent transaction to consider that the values achieved are valid in market terms.

Also see Note 22.

F) TANGIBLE FIXED ASSETS

These assets are recognised at their respective historical acquisition cost subject to depreciation and impairment tests. Their depreciation was calculated through the application of the straight-line method, based on the following estimated useful life of the assets:

	Useful life
Administrative equipment	6 to 10
Machines, appliances and tools	6 to 8
IT equipment	6
Interior facilities	8
Transport material	4
Other equipment	3 to 10

For the initial recognition of the tangible assets, any costs required for the correct operation of a given asset are capitalised, pursuant to the provisions in IAS 16. For the subsequent measurement, the Insurer chooses to establish a useful life that is capable of reflecting the estimated time over which economic benefits will be obtained, depreciating the asset over that period. The useful life of each asset is reviewed on each reporting date.

Subsequent costs related to tangible assets are capitalised under assets only if it probable that these costs will result in future economic benefits for the Insurer. All expenses related to maintenance and repair are recognised as a cost.

G) INTANGIBLE ASSETS

The costs incurred with the acquisition of computer applications are capitalised as intangible assets, as well as any additional expenses that may be required for their implementation.

Costs directly related to the development of computer applications, which are expected to generate future economic benefits beyond one financial year, are recognised and recorded as intangible assets.

Intangible assets are recognised at their respective historical acquisition cost subject to amortisation and impairment tests. Their amortisation is calculated through the application of the straight-line method, based on the following annual rates, which reflect, in a reasonable manner, the estimated useful life of the intangible assets:

	Internally generated intangible assets	Finite useful life?	Useful Life
Software	N	Y	6 years

Costs related to the maintenance of computer programmes are recognised as costs when they are incurred.

H) INSURANCE CONTRACTS

The Insurer issues contracts that include insurance risk, financial risk or a combination of both insurance and financial risk. A contract, under which the Company accepts significant insurance risk from another party, agreeing to compensate the insured party in the case of a specific uncertain future event which might adversely affect the insured party, is classified as an insurance contract.

A contract issued by the Insurer whose risk is essentially financial and where the assumed insured risk is not significant, but where there is a discretionary profit sharing attributed to the insured parties, is considered an investment contract and is recognised and measured in accordance with the accounting policies applicable to insurance contracts. A contract issued by the Insurer which transfers only financial risk, without discretionary profit sharing, is classified as a financial instrument.

Insurance contracts and investment contracts with profit sharing features are recognised and measured as follows:

(i) Premiums

Gross premiums issued are recorded as income for the financial year to which they refer, regardless of the time of their payment or receipt.

Reinsurance premiums assigned are recorded as costs for the financial year to which they refer, in the same way as gross premiums issued.

(ii) Acquisition cost

Acquisition costs essentially correspond to the remuneration contractually attributed to mediators for the achievement of insurance and investment contracts.

Contracted fees are recorded as costs at the time of the issue of the respective premiums or renewal of the respective policies.

(iii) Provision for non-acquired premiums

The provision for non-acquired premiums is based on the evaluation of the premiums issued before the end of the year, but whose validity continues after this date. This provision is determined through the application of the *pro-rata temporis* method to each contract in force. This method is applied to the gross premiums issued minus the respective acquisition costs.

(iv) Mathematical provision of the Life branch

The objective of the mathematical provisions for the Life branch is to record the present value of the Insurer's future liabilities relative to the policies issued, and they are calculated based on recognised actuarial methods.

The mathematical provisions constituted for all the contracts marketed by the Insurer correspond to the estimated actuarial value of the commitment made to the beneficiaries, including already distributed profit sharing and after deduction of the actuarial value of future premiums.

The mathematical provisions were calculated individually for each contract in force and following a prospective actuarial method.

(v) Provision for claims

The provision for claims corresponds to the expected value of costs related to claims that have not yet been settled or have already been settled but have not yet been paid by the end of the year.

This provision was determined as follows:

- based on the analysis of the outstanding claims at the end of the year and consequent estimated liability existing on that date; and
- through the provision, based on statistical data, of values of costs related to claims for the year, in order to meet liabilities related to claims declared after the closing of the year (IBNR).

The mathematical reserve of the occupational accidents branch is calculated for pensions that have already been homologated by the Labour Court and for estimates arising from proceedings whose injured parties are in a situation of "clinical cure".

(vi) Provision for profit sharing

Provision for profit sharing to be attributed (shadow accounting):

Pursuant to IFRS 4, unrealised gains and losses on the assets covering liabilities arising from insurance and investment contracts with discretionary profit sharing is attributed to policyholders, in proportion to their estimated share, based on the expectation that they will receive these unrealised gains and losses when they are realised, through the recognition of a liability.

The estimated amounts to be attributed to insurance policyholders under the form of profit sharing, for each modality or group of modalities, is calculated based on a suitable plan applied consistently, taking into account the profit sharing plan, the maturity of the commitments, the allocated assets as well as other specific variables of the modality or modalities in question.

Provision for attributed profit sharing:

Corresponds to the amounts attributed to insurance policyholders or to the beneficiaries of the contracts, as profit sharing, and when it has not yet been distributed, namely through inclusion in the mathematical provision of the contracts.

(vii) Provision for claim rate deviations

The provision for claim rate deviations should be constituted for credit insurance, fidelity insurance, the harvest branch and for seismic phenomena risk, and should be calculated in conformity with the criteria established by the Insurance Supervision Institute of Moçambique (ISSM).

(viii) Provision for risks underway

The provision for risks underway corresponds to the estimated amount required to meet probable indemnities and costs payable after the end of the year and which exceed the value of the non-acquired premiums, premiums payable relative to contracts in force and premiums which will be renewed in January of the following year, in conformity with the criteria established by the ISSM.

(ix) Assigned reinsurance technical provisions

The assigned reinsurance technical provisions are determined through the application of the criteria described above for direct insurance, taking into account the percentage assignment, as well as other clauses in the treaties in force.

I) FINANCIAL LIABILITIES

An instrument is classified as a financial instrument when there is a contractual obligation at settlement to deliver cash or another financial asset, independently of its legal form.

J) BENEFITS GRANTED TO EMPLOYEES

Supplementary retirement pension (post-employment benefits)

SIM attributes its employees a supplementary retirement pension for which it maintains insurance, managed in-house by the actual Insurer, which covers the respective liabilities.

Regarding these supplementary retirement pensions, the Insurer has created an internal fund to cover the respective liabilities (mathematical provisions). The fund's assets are composed of State bonds and demand deposits.

The actuarial valuation of the liability is made through the projected unit credit method, based on the actuarial and financial assumptions disclosed in Note 29 – Benefits granted to employees.

Seniority bonus (other long term benefits)
The seniority bonus is attributed to the Insurer's employees according to the years of service provided to the Insurer, whereby they are paid 1, 2 and 3 salaries upon reaching 15, 20 and 30 years of service, respectively. The present value of the seniority bonuses is accrued at the end of each year.

Performance bonus (short term benefits)
The performance bonus attributed to the Insurer's employees, accrued for each month, is calculated according to a performance assessment, which is based on organisational, quantitative and qualitative criteria.

L) INCOME TAX

Seguradora Internacional de Moçambique, S.A. is subject to the tax system stipulated in the Income Tax Code, whereby the profit imputable to each year is subject to Corporate Income Tax (IRPC – rate currently in force: 32%).

Income tax includes current and deferred tax. Income tax is recognised through profit or loss, except when related to items that are not recognised directly under equity, in which case it is also stated against equity. Deferred taxes recognised in equity arising from the revaluation of investments available for sale are subsequently recognised through profit or loss at the time when the gains or losses which led to them are recognised.

Current taxes are those which are expected to be paid based on the tax base calculated in accordance with the tax rules in force and using the tax rate that has been approved or is substantially approved at the end of the reporting period.

Deferred taxes are calculated considering the existing difference between the book value of the assets and liabilities and their tax base, using tax rates that have been approved or are substantially approved on the reporting date and which are expected to be applied when these differences are reversed.

Deferred tax liabilities are recognised for all taxable tax adjustments.

Deferred tax assets are recognised for all deductible tax adjustments, only to the extent it is expected that there will be taxable profit in the future, capable of absorbing these adjustments.

M) PROVISIONS

Provisions are recognised when (i) the Insurer has a present obligation, legal or constructive; (ii) it is probable that its payment will be required and (iii) a reliable estimate can be made of its value.

N) EQUITY

Shares are classified as share capital when there is no liability to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are presented in equity as deductions to the income, net of tax.

O) LEASES

The Insurer classifies lease operations as financial leases or operating leases according to their substance and not to their legal form, pursuant to the criteria defined in IAS 17 – Leases. Operations where the risks and benefits inherent to the ownership of an asset are substantially transferred to the lessee are classified as financial leases. All other lease operations are classified as operating leases.

Operating leases

Payments made under operating lease contracts are recorded as costs for the periods to which they refer.

Financial leases

Financial lease contracts are recognised on their starting date, in the assets and liabilities, at the acquisition cost of the leased asset, which is equivalent to the present value of future lease instalments. Lease instalments are composed of (i) the financial cost which is debited through profit or loss and (ii) the financial amortisation of the outstanding capital which is deducted from the liabilities. The financial costs are recognised as costs over the lease period, so as to produce a constant periodic interest rate on the outstanding liability balance for each period.

P) NON-CURRENT ASSETS HELD FOR SALE

Non-current assets are classified as held for sale when their book value was recovered mainly through a sales transaction (including those acquired exclusively for the purpose of their sale) and the sale is highly probable.

Immediately before the initial classification of the asset as held for sale, the non-current assets are measured pursuant to the applicable IFRS.

Subsequently, these assets for disposal are measured at the lowest value between their book value and their fair value minus the costs of their sale.

Q) SEGMENTAL REPORTING

A business segment is a group of assets and operations which are subject to specific risks and benefits which are different from those of other business segments.

A geographic segment is a group of assets and operations which are located in a specific economic environment, which is subject to risks and benefits which are different from those of other segments operating in other economic environments.

R) FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are converted into Mozambican Meticais at the exchange rate in force on the date when they occur, and are revalued at the end of each month according to the exchange rate indicated by Banco de Moçambique.

Currency conversion differences arising from differences between the rates in force on the contract date and those in force on the reporting date are recognised in the profit and loss account for the year.

Non-monetary assets and liabilities stated at historical cost, expressed in foreign currency, are converted at exchange rate on the transaction date. Non-monetary assets and liabilities expressed in foreign currency and recorded at fair value are converted at the exchange rates in force on the date when the fair value was determined. The resulting currency conversion differences are recognised through profit or loss, except with respect to the differences related to shares classified as financial assets available for sale, which are recognised under reserves.

NOTE 3 – MAIN ACCOUNTING ESTIMATES AND JUDGEMENTS OF RELEVANCE USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

The IAS/IFRS establish a series of accounting procedures and require that the Board of Director make judgements and determine the necessary estimates in order to decide upon the most suitable accounting procedure. The main accounting estimates and judgements used in the application of the accounting principles by the Insurer are disclosed as follows, in order to allow for a better understanding of how their application affects the reported results of the Insurer. A more detailed description of the main accounting policies used by the Insurer is presented in Note 2.

It should be taken into account that, in some situations, there may be alternatives to the accounting policy procedures adopted by the Insurer, which would lead to different results. However, the Insurer believes that the applied judgements and estimates are appropriate and that, therefore, the financial statements present the true and appropriate financial position of the Insurer and its operations in all materially relevant aspects.

The considerations presented as follows are indicated only to assist the reader in understanding the financial statements and are not intended to suggest that other alternatives or estimates would be more appropriate.

A) FAIR VALUE OF INVESTMENT PROPERTIES

The fair value of the investment properties is based on valuations made by independent valuators, which is considered the most probable value that they would have in a free market transaction, between two prudent entities, assuming a reasonable period of market exposure.

The market comparison criterion is used to determine the fair value, where the property is compared to others that are similar and have been involved in a sufficiently recent transaction to consider that the values achieved are valid in market terms.

Different methodologies could determine different results.

Also see Note 22.

B) TECHNICAL PROVISIONS RELATIVE TO INSURANCE CONTRACTS

Future liabilities arising from insurance contracts with discretionary profit sharing are recorded under the heading of technical provisions. Technical provisions relative to traditional life products were determined based on various assumptions, namely mortality, longevity and interest rate, applicable to each coverage. The assumptions used were based on the past experience of the Insurer and market. These assumptions may be reviewed if it is decided that the future experience confirms their unsuitability. The technical provisions arising insurance and investment contracts with discretionary profit sharing (capitalisation products) include the (1) mathematical provision, (2) provision for profit sharing and (3) provision for claims.

For the determination of the technical provisions arising from insurance contracts with profit sharing, the Insurer periodically assesses its liabilities using actuarial methodologies and taking into account the respective reinsurance coverage. The provisions are reviewed periodically by the actuarian in charge.

Regarding the technical provisions of the Non-Life branches, the costs related to claims that have occurred and been notified to the Insurer, as well as the cost of those that have not yet been notified but have occurred, constitute estimates whose evolution is monitored and analysed, by the actuarian in charge. This analysis enables monitoring the evolution of payments, outstanding reserves, total costs and provides the grounds for alterations in the average cost of opening claims proceedings.

The Insurer calculates the technical provisions based on the technical notes and plans of participation of the products. Any possible alteration of criteria is duly assessed for quantification of its financial impacts.

Also see Note 25.

C) FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value is based on listed market prices, when available, and in the absence of a market price it is determined based on the use of prices of recent, similar transactions carried out under market conditions or based on valuation methodologies, using discounted future cash flow techniques which take into account market conditions, the effect of time, the yield curve and volatility factors. These methodologies may require the use of assumptions or judgments in estimating the fair value.

Consequently, the use of a different model or of different assumptions or judgments in applying a particular model could result in different financial results from those reported.

D) SUPPLEMENTARY RETIREMENT PENSIONS AND OTHER BENEFITS GRANTED TO EMPLOYEES

The determination of retirement pension liabilities requires the use of assumptions and estimates, including the use of actuarial projections, estimated returns on investments and other factors that could impact the costs and liabilities of the pension plan. Changes in these assumptions could affect the determined values.

Also see Note 29.

E) INCOME TAXES

The determination of income tax requires certain interpretations and estimates. Different interpretations and estimates would result in a different level of income tax, current and deferred, recognised for the year.

According to the tax legislation in force, the Tax Authorities are entitled to review the calculation of the tax base made by the Insurer for a period of five years. Hence, it is possible that there may be corrections to the tax base, as a result of differences in the interpretation of the tax legislation.

Also see Note 27.

NOTE 4 – SEGMENTAL REPORTING AND ALLOCATION OF INVESTMENTS AND OTHER ASSETS

The Insurer considers the business segment as its main segment. The business segment is further divided into the Life branch and the Non-Life branches, and for each branch, the information is detailed by type of product (in the case of the Life branch) and by sub-branch (in the case of the Non-Life branches). In the Life branch, the presented data is divided between the Annuity, Capitalisation and Life Risk segments. In the Non-Life branches, the information is detailed by the sub-branch of Occupational Accidents, Personal Accidents and Sickness, Fire and Natural Phenomena, Motor, Miscellaneous and Other branches (includes the Marine, Aviation, Transport and Civil Liability sub-branches).

Concerning geographic location, all the contracts are signed in Mozambique, hence there is only one segment.

Segmental reporting

Reporting by business segments – technical earnings, as at 31 December 2013:

MZN

	Life	Non-Life	Total
Acquired premiums, direct insurance	385,749,605	1,317,085,482	1,702,835,087
Cost of claims, direct insurance	(287,845,573)	(321,709,626)	(609,555,198)
Other technical costs	(314,028,972)	(21,989,159)	(336,018,131)
Technical margin, direct insurance	(216,124,940)	973,386,698	757,261,758
Assigned reinsurance earnings	(1,235,880)	(297,838,739)	(299,074,619)
Net technical margin	(217,360,820)	675,547,959	458,187,139
Operating costs	(68,996,646)	(240,653,094)	(309,649,741)
Operating earnings	(286,357,467)	434,894,865	148,537,398
Investment earnings	156,792,104	158,930,420	315,722,524
Other	189,603,190	(3,787,140)	185,816,050
Technical earnings	**60,037,828**	**590,038,145**	**650,075,972**

Reporting by Life branch business segments – technical earnings, as at 31 December 2013:

MZN

	Life			
	Annuities	Capitalisation	Life Risk	Total
Acquired premiums, direct insurance	147,754,269	53,417,335	184,578,002	385,749,605
Cost of claims, direct insurance	(163,368,541)	(90,688,878)	(33,788,154)	(287,845,573)
Other technical costs	(250,776,517)	(2,068,834)	(61,183,622)	(314,028,972)
Technical margin, direct insurance	(266,390,789)	(39,340,376)	89,606,226	(216,124,940)
Assigned reinsurance earnings	–	–	(1,235,880)	(1,235,880)
Net technical margin	(266,390,789)	(39,340,376)	88,370,346	(217,360,820)
Operating costs	(34,113,370)	(6,587,261)	(28,296,015)	(68,996,646)
Operating earnings	(300,504,160)	(45,927,637)	60,074,331	(286,357,467)
Investment earnings	95,787,712	42,056,630	18,947,763	156,792,104
Other	182,429,204	(292,896)	7,466,883	189,603,190
Technical earnings	**(22,287,245)**	**(4,163,903)**	**86,488,976**	**60,037,828**

Reporting by Non-Life branch business segments – technical earnings, as at 31 December 2013:

MZN

	Non-Life						
	Occupational Accidents	Personal Accidents and Sickness	Fire and Natural Phenomena	Motor	Miscellaneous	Other branches	Total
Acquired premiums, direct insurance	99,279,623	212,547,719	429,209,399	435,750,170	87,345,321	52,953,251	1,317,085,482
Cost of claims, direct insurance	(16,537,334)	(70,364,903)	(34,448,860)	(173,738,201)	(1,957,191)	(24,663,137)	(321,709,626)
Other technical costs	(1,148,389)	(24,400,369)	3,559,599	–	–	–	(21,989,159)
Technical margin, direct insurance	81,593,899	117,782,447	398,320,138	262,011,969	85,388,130	28,290,114	973,386,698
Assigned reinsurance earnings	733,017	(4,926,980)	(324,159,643)	(4,454,914)	(48,573,267)	83,543,048	(297,838,739)
Net technical margin	82,326,916	112,855,468	74,160,495	257,557,055	36,814,863	111,833,162	675,547,959
Operating costs	(20,517,700)	(42,758,267)	(72,469,499)	(81,064,579)	(14,456,486)	(9,386,563)	(240,653,094)
Operating earnings	61,809,216	70,097,201	1,690,996	176,492,476	22,358,377	102,446,599	434,894,865
Investment earnings	10,697,912	56,234,596	8,346,587	68,052,522	4,045,353	11,553,450	158,930,420
Other	(2,051,952)	1,119,813	(248,593)	(2,309,213)	687,254	(984,450)	(3,787,140)
Technical earnings	**70,455,177**	**127,451,610**	**9,788,990**	**242,235,786**	**27,090,984**	**113,015,599**	**590,038,145**

Reporting by business segments – technical earnings, as at 31 December 2012:

MZN

	Life	Non-Life	Total
Acquired premiums, direct insurance	327,652,700	1,091,796,458	1,419,449,158
Cost of claims, direct insurance	(273,196,361)	(287,005,095)	(560,201,456)
Other technical costs	(191,308,172)	(40,574,360)	(231,882,532)
Technical margin, direct insurance	(136,851,833)	764,217,003	627,365,169
Assigned reinsurance earnings	(5,288,413)	(241,814,975)	(247,103,388)
Net technical margin	(142,140,246)	522,402,027	380,261,781
Operating costs	(69,059,963)	(214,647,027)	(283,706,990)
Operating earnings	(211,200,209)	307,755,000	96,554,791
Investment earnings	203,436,289	164,340,068	367,776,358
Other	48,947,005	2,316,672	51,263,677
Technical earnings	**41,183,085**	**474,411,741**	**515,594,826**

MZN

	Life			
	Annuities	Capitalisation	Life Risk	Total
Acquired premiums, direct insurance	139,547,625	49,155,610	138,949,465	327,652,700
Cost of claims, direct insurance	(159,893,562)	(87,582,074)	(25,720,725)	(273,196,361)
Other technical costs	(113,333,560)	(41,937,127)	(36,037,485)	(191,308,172)
Technical margin, direct insurance	(133,679,497)	(80,363,591)	77,191,255	(136,851,833)
Assigned reinsurance earnings	–	–	(5,288,413)	(5,288,413)
Net technical margin	(133,679,497)	(80,363,591)	71,902,842	(142,140,246)
Operating costs	(36,165,333)	(7,454,184)	(25,440,446)	(69,059,963)
Operating earnings	(169,844,830)	(87,817,775)	46,462,396	(211,200,209)
Investment earnings	122,431,204	57,246,375	23,758,711	203,436,289
Other	22,676,428	26,248,963	21,613	48,947,005
Technical earnings	**(24,737,198)**	**(4,322,437)**	**70,242,720**	**41,183,085**

Reporting by Non-Life branch business segments – technical earnings, as at 31 December 2012:

MZN

	Non-Life						
	Occupational Accidents	Personal Accidents and Sickness	Fire and Natural Phenomena	Motor	Miscellaneous	Other branches	Total
Acquired premiums, direct insurance	88,557,084	171,212,039	310,382,819	401,025,651	78,257,495	42,361,370	1,091,796,458
Cost of claims, direct insurance	(14,031,505)	(45,752,318)	(24,488,884)	(143,310,667)	(68,394,877)	8,973,157	(287,005,095)
Other technical costs	(1,156,520)	(38,779,498)	(638,342)	–	–	–	(40,574,360)
Technical margin, direct insurance	73,369,059	86,680,222	285,255,593	257,714,984	9,862,618	51,334,526	764,217,003
Assigned reinsurance earnings	1,527,437	(2,000,832)	(222,916,019)	(2,634,423)	18,323,748	(34,114,888)	(241,814,975)
Net technical margin	74,896,497	84,679,390	62,339,575	255,080,561	28,186,366	17,219,639	522,402,027
Operating costs	(17,607,705)	(30,951,558)	(58,635,490)	(85,136,042)	(14,411,074)	(7,905,158)	(214,647,027)
Operating earnings	57,288,792	53,727,833	3,704,085	169,944,519	13,775,292	9,314,480	307,755,000
Investment earnings	12,773,052	50,841,359	9,289,040	66,961,220	21,003,525	3,471,872	164,340,068
Other	(2,028,670)	1,246,671	(753,686)	4,225,621	(590,421)	217,157	2,316,672
Technical earnings	**68,033,174**	**105,815,863**	**12,239,439**	**241,131,360**	**34,188,396**	**13,003,510**	**474,411,741**

Reporting by business segments – Balance Sheet, as at 31 December 2013:

MZN

BALANCE SHEET	Life business	Non-Life branch business	Total
Cash and cash equivalents and demand deposits	1,326,217,480	430,254,300	1,756,471,781
Investments in affiliates, associates & joint ventures	159,579,673	51,771,177	211,350,850
Assets available for sale	1,208,176,045	391,959,047	1,600,135,091
Loans and accounts receivable	262,088,150	85,027,196	347,115,345
Buildings	978,016,219	317,290,106	1,295,306,325
Other tangible & intangible assets & inventories	34,967,227	11,344,142	46,311,369
Assigned reinsurance technical provisions	3,115,045	108,276,850	111,391,894
Other receivables & tax assets	118,485,456	38,439,304	156,924,760
Accruals and deferrals	33,213,215	10,775,102	43,988,317
Total assets	**4,123,858,510**	**1,445,137,224**	**5,568,995,733**
Technical provisions	2,789,221,616	904,885,219	3,694,106,835
Other financial liabilities	–	–	–
Post-employment & other long term benefit liabilities	5,897,144	1,913,164	7,810,308
Other payables & tax liabilities	191,387,797	62,090,437	253,478,234
Accruals and deferrals	34,531,709	11,202,850	45,734,559
Other provisions	306,883	99,559	406,442
Total liabilities	**3,021,345,148**	**980,191,230**	**4,001,536,378**

Reporting by Life branch business segments – Balance sheet, as at 31 December 2013:

MZN

BALANCE SHEET	Life			
	Annuities	Capitalisation	Life Risk	Total
Cash and cash equivalents and demand deposits	698,964,016	486,515,144	140,738,320	1,326,217,480
Investments in affiliates, associates & joint ventures	84,104,191	58,540,872	16,934,609	159,579,673
Assets available for sale	636,751,960	443,212,332	128,211,752	1,208,176,045
Loans and accounts receivable	138,129,823	96,145,508	27,812,818	262,088,150
Buildings	515,449,506	358,779,543	103,787,170	978,016,219
Other tangible & intangible assets & inventories	18,428,978	12,827,523	3,710,725	34,967,227
Assigned reinsurance technical provisions	–	–	3,115,045	3,115,045
Other receivables & tax assets	62,446,070	43,465,698	12,573,687	118,485,456
Accruals and deferrals	17,504,552	12,184,074	3,524,589	33,213,215
Total assets	**2,171,779,097**	**1,511,670,695**	**440,408,718**	**4,123,858,510**
Technical provisions	1,470,019,489	1,023,209,675	295,992,452	2,789,221,616
Other financial liabilities	–	–	–	–
Post-employment & other long term benefit liabilities	3,108,006	2,163,333	625,805	5,897,144
Other payables & tax liabilities	100,868,210	70,209,497	20,310,091	191,387,797
Accruals and deferrals	18,199,445	12,667,756	3,664,508	34,531,709
Other provisions	161,738	112,578	32,566	306,883
Total liabilities	**1,592,356,887**	**1,108,362,838**	**320,625,423**	**3,021,345,148**

Reporting by Non-Life branch business segments – Balance Sheet, as at 31 December 2013:

MZN

BALANCE SHEET	Non-Life						
	Occupational Accidents	Personal Accidents and Sickness	Fire and Natural Phenomena	Motor	Miscellaneous	Other branches	Total
Cash and cash equivalents and demand deposits	34,009,933	147,561,557	23,849,571	182,197,918	12,068,577	30,566,745	430,254,300
Investments in affiliates, associates & joint ventures	4,092,311	17,755,629	2,869,746	21,923,315	1,452,175	3,678,003	51,771,177
Assets available for sale	30,982,842	134,427,679	21,726,814	165,981,193	10,994,400	27,846,119	391,959,047
Loans and accounts receivable	6,721,070	29,161,232	4,713,171	36,006,097	2,385,002	6,040,624	85,027,196
Buildings	25,080,552	108,818,952	17,587,814	134,361,461	8,899,946	22,541,380	317,290,106
Other tangible & intangible assets & inventories	896,710	3,890,628	628,821	4,803,855	318,202	805,927	11,344,142
Assigned reinsurance technical provisions	6,709,963	1,864,949	28,493,932	5,724,158	45,519,337	19,964,510	108,276,850
Other receivables & tax assets	3,038,478	13,183,281	2,130,742	16,277,725	1,078,217	2,730,860	38,439,304
Accruals and deferrals	851,730	3,695,468	597,278	4,562,886	302,240	765,500	10,775,102
Total assets	**112,383,589**	**460,359,373**	**102,597,889**	**571,838,609**	**83,018,095**	**114,939,669**	**1,445,137,224**
Technical provisions	71,527,666	310,342,677	50,158,997	383,187,809	25,381,912	64,286,158	904,885,219
Other financial liabilities	–	–	–	–	–	–	–
Post-employment & other long term benefit liabilities	151,228	656,146	106,049	810,159	53,664	135,918	1,913,164
Other payables & tax liabilities	4,908,008	21,294,759	3,441,756	26,293,167	1,741,629	4,411,118	62,090,437
Accruals and deferrals	885,542	3,842,170	620,989	4,744,022	314,238	795,889	11,202,850
Other provisions	7,870	34,145	5,519	42,160	2,793	7,073	99,559
Total liabilities	**77,480,314**	**336,169,896**	**54,333,309**	**415,077,318**	**27,494,235**	**69,636,156**	**980,191,230**

Reporting by business segments – Balance sheet, as at 31 December 2012:

MZN

BALANCE SHEET	Life business	Non-Life business	Total
Cash and cash equivalents and demand deposits	158,236,112	48,916,359	207,152,471
Investments in affiliates, associates & joint ventures	161,443,099	49,907,751	211,350,850
Assets available for sale	1,751,065,131	541,315,941	2,292,381,072
Loans and accounts receivable	519,082,951	160,466,833	679,549,784
Buildings	1,089,158,920	336,697,405	1,425,856,325
Other tangible & intangible assets & inventories	33,314,295	10,298,623	43,612,918
Assigned reinsurance technical provisions	1,493,352	122,468,370	123,961,722
Other receivables & tax assets	91,771,690	28,369,863	120,141,553
Accruals and deferrals	49,555,372	15,319,312	64,874,683
Total assets	**3,855,120,923**	**1,313,760,456**	**5,168,881,379**
Technical provisions	2,767,393,114	855,498,736	3,622,891,850
Other financial liabilities	–	–	–
Post-employment & other long term benefit liabilities	5,722,251	1,768,950	7,491,201
Other payables & tax liabilities	71,449,852	22,087,667	93,537,519
Accruals and deferrals	30,304,237	9,368,108	39,672,345
Other provisions	310,466	95,976	406,442
Total liabilities	**2,875,179,920**	**888,819,436**	**3,763,999,357**

Reporting by Life branch business segments – Balance sheet, as at 31 December 2012:

MZN

BALANCE SHEET	Life			
	Annuities	Capitalisation	Life Risk	Total
Cash and cash equivalents and demand deposits	87,714,692	55,806,025	14,715,395	158,236,112
Investments in affiliates, associates & joint ventures	89,492,414	56,937,051	15,013,633	161,443,099
Assets available for sale	970,664,261	617,558,050	162,842,821	1,751,065,131
Loans and accounts receivable	287,742,163	183,067,922	48,272,866	519,082,951
Buildings	603,751,179	384,119,840	101,287,901	1,089,158,920
Other tangible & intangible assets & inventories	18,467,043	11,749,141	3,098,111	33,314,295
Assigned reinsurance technical provisions	–	–	1,493,352	1,493,352
Other receivables & tax assets	50,871,608	32,365,641	8,534,440	91,771,690
Accruals and deferrals	27,469,925	17,476,973	4,608,473	49,555,372
Total assets	**2,136,173,286**	**1,359,080,645**	**359,866,991**	**3,855,120,922**
Technical provisions	1,534,043,219	975,992,191	257,357,703	2,767,393,114
Other financial liabilities	–	–	–	–
Post-employment & other long term benefit liabilities	3,172,004	2,018,099	532,149	5,722,251
Other payables & tax liabilities	39,606,646	25,198,624	6,644,582	71,449,852
Accruals and deferrals	16,798,484	10,687,567	2,818,186	30,304,237
Other provisions	172,100	109,494	28,872	310,466
Total liabilities	**1,593,792,453**	**1,014,005,974**	**267,381,493**	**2,875,179,921**

Reporting by Non-Life branch business segments – Balance sheet, as at 31 December 2012:

MZN

BALANCE SHEET	Non-Life						
	Occupational Accidents	Personal Accidents and Sickness	Fire and Natural Phenomena	Motor	Miscellaneous	Other branches	Total
Cash and cash equivalents and demand deposits	3,789,359	15,149,337	2,769,161	19,910,796	6,262,406	1,035,301	48,916,359
Investments in affiliates, associates & joint ventures	3,866,158	15,456,370	2,825,284	20,314,330	6,389,326	1,056,283	49,907,751
Assets available for sale	41,933,628	167,644,892	30,643,958	220,335,924	69,300,743	11,456,797	541,315,941
Loans and accounts receivable	12,430,738	49,696,384	9,084,046	65,316,029	20,543,402	3,396,234	160,466,833
Buildings	26,082,631	104,274,779	19,060,479	137,048,493	43,104,920	7,126,104	336,697,405
Other tangible & intangible assets & inventories	797,794	3,189,471	583,006	4,191,926	1,318,458	217,967	10,298,623
Assigned reinsurance technical provisions	8,792,800	1,705,635	18,584,475	9,257,985	71,714,987	12,412,489	122,468,370
Other receivables & tax assets	2,197,702	8,786,112	1,606,021	11,547,600	3,631,987	600,440	28,369,863
Accruals and deferrals	1,186,727	4,744,372	867,228	6,235,535	1,961,220	324,229	15,319,312
Total assets	101,077,537	370,647,352	86,023,657	494,158,617	224,227,449	37,625,844	1,313,760,456
Technical provisions	66,272,140	264,946,923	48,429,882	348,220,124	109,523,281	18,106,385	855,498,736
Other financial liabilities	–	–	–	–	–	–	–
Post-employment & other long term benefit liabilities	137,034	547,842	100,140	720,029	226,466	37,439	1,768,950
Other payables & tax liabilities	1,711,045	6,840,524	1,250,385	8,990,510	2,827,723	467,479	22,087,667
Accruals and deferrals	725,711	2,901,292	530,330	3,813,172	1,199,331	198,273	9,368,108
Other provisions	7,435	29,724	5,433	39,066	12,287	2,031	95,976
Total liabilities	68,853,364	275,266,304	50,316,171	361,782,901	113,789,088	18,811,608	888,819,436

Allocation of the investments and other assets

Allocation of the investments and other assets, as at 31 December 2013:

MZN

NATURE OF THE INVESTMENTS AND OTHER ASSETS	Life insurance without profit sharing	Life insurance with profit sharing	Non-Life branch insurance	Not allocated	Total
Cash and cash equivalents and demand deposits	51,591	1,159,315	–	1,776,832,875	1,778,043,781
Investments in affiliates, associates & joint ventures	–	–	–	211,350,850	211,350,850
Assets available for sale	46,146,659	1,036,972,794	392,515,639	124,499,999	1,600,135,091
Loans and accounts receivable	7,942,011	178,466,870	–	139,134,487	325,543,369
Buildings	55,156,158	1,239,427,428	–	722,740	1,295,306,325
Other tangible & intangible assets & inventories	–	–	–	46,311,369	46,311,369
Assigned reinsurance technical provisions	–	–	–	111,391,894	111,391,894
Other receivables & tax assets	–	–	–	156,924,760	156,924,760
Accruals and deferrals	1,256,560	28,236,470	–	14,495,287	43,988,317
Total	110,552,980	2,484,262,877	392,515,639	2,581,664,262	5,568,995,757

Allocation of the investments and other assets, as at 31 December 2012:

MZN

NATURE OF THE INVESTMENTS AND OTHER ASSETS	Life insurance without profit sharing	Life insurance with profit sharing	Non-Life branch insurance	Not allocated	Total
Cash and cash equivalents and demand deposits	230,627	5,182,473	–	201,739,371	207,152,471
Investments in affiliates, associates & joint ventures	–	–	–	211,350,850	211,350,850
Assets available for sale	41,022,162	921,818,968	733,030,366	596,509,576	2,292,381,072
Loans and accounts receivable	14,443,339	324,559,783	–	340,546,652	679,549,774
Buildings	60,718,283	1,364,415,302	–	722,740	1,425,856,325
Other tangible & intangible assets & inventories	–	–	–	43,612,918	43,612,918
Assigned reinsurance technical provisions	–	–	–	123,961,722	123,961,722
Other receivables & tax assets	–	–	–	120,141,553	120,141,553
Accruals and deferrals	1,427,654	32,081,169	–	31,365,859	64,874,683
Total	117,842,065	2,648,057,696	733,030,366	1,669,951,242	5,168,881,369

NOTE 5 – ACQUIRED PREMIUMS, NET OF REINSURANCE

The acquired premiums net of reinsurance are analysed as follows:

MZN

	2013	2012
Gross premiums issued of direct insurance and accepted reinsurance	**1,771,291,980**	1,395,023,112
Assigned reinsurance premiums	**(470,263,662)**	(348,712,686)
Net reinsurance premiums	**1,301,028,318**	1,046,310,426
Variation of non-acquired premiums of direct insurance and accepted reinsurance	**(68,456,892)**	24,426,046
Variation of non-acquired premiums of assigned reinsurance	**(5,194,137)**	(9,023,321)
Net variation of non-acquired premiums	**(73,651,030)**	15,402,724
Acquired premiums, net of reinsurance	**1,227,377,288**	1,061,713,150

The breakdown of the headings is analysed as follows:

MZN

	2013			2012		
	Direct insurance and accepted reinsurance	**Assigned reinsurance**	**Net**	Direct insurance and accepted reinsurance	Assigned reinsurance	Net
Gross premiums issued	**1,771,291,980**	**(470,263,662)**	**1,301,028,318**	1,395,023,112	(348,712,686)	1,046,310,426
Life branch	**385,749,605**	**(19,389,793)**	**366,359,812**	327,652,700	(23,332,967)	304,319,732
Annuities	**147,754,269**	**–**	**147,754,269**	139,547,625	–	139,547,625
Capitalisation	**53,417,335**	**–**	**53,417,335**	49,155,610	–	49,155,610
Life Risk	**184,578,002**	**(19,389,793)**	**165,188,208**	138,949,465	(23,332,967)	115,616,498
Non-Life branch	**1,385,542,375**	**(450,873,868)**	**934,668,506**	1,067,370,412	(325,379,719)	741,990,693
Occupational accidents	**99,905,379**	**(732,595)**	**99,172,784**	90,890,785	(776,825)	90,113,960
Personal accidents and sickness	**275,292,345**	**(5,939,040)**	**269,353,305**	125,174,882	(3,904,492)	121,270,390
Fire and other damages	**431,756,042**	**(374,263,925)**	**57,492,117**	309,352,407	(260,466,504)	48,885,903
Motor	**446,725,319**	**(3,232,723)**	**443,492,596**	423,460,301	(3,765,169)	419,695,132
Marine	**416,424**	**(357,451)**	**58,974**	2,471,354	(2,599,059)	(127,705)
Aviation	**2,273,902**	**(1,108,823)**	**1,165,079**	2,185,935	(1,158,304)	1,027,631
Transport	**29,093,611**	**(20,700,254)**	**8,393,357**	20,133,255	(15,901,607)	4,231,648
Civil liability	**19,681,493**	**(12,313,072)**	**7,368,422**	14,944,963	(9,220,140)	5,724,823
Miscellaneous	**80,397,859**	**(32,225,986)**	**48,171,874**	78,756,529	(27,587,619)	51,168,911
Variation of the provision for non-acquired premiums	**(68,456,892)**	**(5,194,137)**	**(73,651,030)**	24,426,046	(9,023,322)	15,402,724
Life branch	**–**	**–**	**–**	–	–	–
Non-Life branch	**(68,456,892)**	**(5,194,137)**	**(73,651,030)**	24,426,046	(9,023,322)	15,402,724
Occupational accidents	**(625,756)**	**–**	**(625,756)**	(2,333,701)	–	(2,333,701)
Personal accidents and sickness	**(62,744,626)**	**140,253**	**(62,604,372)**	46,037,157	(189,334)	45,847,822
Fire and other damages	**(2,546,643)**	**1,468,793**	**(1,077,850)**	1,030,412	(4,215,510)	(3,185,098)
Motor	**(10,975,150)**	**–**	**(10,975,150)**	(22,434,650)	(14,344)	(22,448,995)
Marine	**226,282**	**(133,085)**	**93,197**	1,105,123	(494,359)	610,764
Aviation	**8,842**	**(4,367)**	**4,475**	(19,407)	(39,284)	(58,691)
Transport	**(81,008)**	**10,481**	**(70,528)**	(103,722)	49,293	(54,429)
Civil liability	**1,333,705**	**(984,115)**	**349,590**	1,643,868	(1,503,629)	140,239
Miscellaneous	**6,947,462**	**(5,692,097)**	**1,255,365**	(499,034)	(2,616,153)	(3,115,188)
Acquired premiums	**1,702,835,087**	**(475,457,799)**	**1,227,377,288**	1,419,449,158	(357,736,008)	1,061,713,150
Life branch	**385,749,605**	**(19,389,793)**	**366,359,812**	327,652,700	(23,332,967)	304,319,732
Non-Life branch	**1,317,085,482**	**(456,068,006)**	**861,017,476**	1,091,796,458	(334,403,041)	757,393,417
Occupational accidents	**99,279,623**	**(732,595)**	**98,547,028**	88,557,084	(776,825)	87,780,259
Personal accidents and sickness	**212,547,719**	**(5,798,787)**	**206,748,932**	171,212,039	(4,093,826)	167,118,213
Fire and other damages	**429,209,399**	**(372,795,132)**	**56,414,267**	310,382,819	(264,682,014)	45,700,805
Motor	**435,750,170**	**(3,232,723)**	**432,517,446**	401,025,651	(3,779,513)	397,246,138
Marine	**642,706**	**(490,536)**	**152,170**	3,576,477	(3,093,418)	483,059
Aviation	**2,282,744**	**(1,113,190)**	**1,169,554**	2,166,528	(1,197,588)	968,940
Transport	**29,012,603**	**(20,689,774)**	**8,322,829**	20,029,533	(15,852,314)	4,177,219
Civil liability	**21,015,198**	**(13,297,187)**	**7,718,011**	16,588,832	(10,723,770)	5,865,062
Miscellaneous	**87,345,321**	**(37,918,082)**	**49,427,239**	78,257,495	(30,203,772)	48,053,723

NOTE 6 – COST OF CLAIMS, NET OF REINSURANCE

This heading is broken down as follows:

MZN

	2013	2012
Claims paid		
Gross values	**(583,957,446)**	(488,177,091)
Portion of the reinsurers	**49,048,194**	42,753,254
Variation of the provision for claims		
Gross values	**(11,380,292)**	(64,299,833)
Portion of the reinsurers	**(16,710,404)**	21,692,355
Total before imputed costs	**(562,999,949)**	(488,031,315)
Costs of claims (imputed) – see Note 17	**(14,217,460)**	(7,724,532)
Cost of claims, net of reinsurance	**(577,217,409)**	(495,755,847)

For the financial year of 2013, the Costs of Claims and Variations of the Technical Provisions of the Life and Non-Life business were broken down as follows:

MZN

	2013					
	Claims paid		Variation of the provision for claims		Costs of claims (imputed – see Note 17)	Total
	Gross values	Portion of the reinsurers	Gross values	Portion of the reinsurers		
Life	(285,984,061)	8,322,056	(224,349)	1,623,381	(1,637,162)	(277,900,135)
Annuities	(163,693,143)	–	1,543,919	–	(1,219,316)	(163,368,541)
Capitalisation	(95,918,044)	–	5,401,499	–	(172,333)	(90,688,878)
Life Risk	(26,372,874)	8,322,056	(7,169,767)	1,623,381	(245,513)	(23,842,716)
Non-Life	(297,973,385)	40,726,137	(11,155,943)	(18,333,785)	(12,580,298)	(299,317,274)
Occupational accidents	(10,141,189)	3,554,858	(4,672,816)	(2,089,247)	(1,723,328)	(15,071,722)
Personal accidents and sickness	(64,308,096)	–	(4,247,312)	–	(1,809,495)	(70,364,903)
Fire and other damages	(28,428,612)	18,492,686	(4,727,752)	1,574,480	(1,292,496)	(14,381,693)
Motor	(135,803,483)	1,813,229	(30,179,739)	(3,035,419)	(7,754,978)	(174,960,391)
Marine	–	–	–	–	–	–
Aviation	–	–	–	–	–	–
Transport	(1,336,058)	1,061,789	(1,068,832)	1,007,672	–	(335,429)
Civil liability	(14,635,539)	13,523,880	(7,622,708)	7,499,830	–	(1,234,536)
Miscellaneous	(43,320,407)	2,279,695	41,363,216	(23,291,102)	–	(22,968,598)
General total	(583,957,446)	49,048,194	(11,380,292)	(16,710,404)	(14,217,460)	(577,217,409)

For the financial year of 2012, the Costs of Claims and Variations of the Technical Provisions of the Life and Non-Life business were broken down as follows:

MZN

	2012					
	Claims paid		Variation of the provision for claims		Costs of claims (imputed – see Note 17)	Total
	Gross values	Portion of the reinsurers	Gross values	Portion of the reinsurers		
Life	(266,882,676)	5,650,837	(5,424,193)	(249,694)	(889,492)	(267,795,218)
Annuities	(157,355,458)	–	(1,856,578)	–	(681,525)	(159,893,562)
Capitalisation	(87,370,556)	–	(117,887)	–	(93,631)	(87,582,074)
Life Risk	(22,156,662)	5,650,837	(3,449,728)	(249,694)	(114,336)	(20,319,582)
Non-Life	(221,294,415)	37,102,418	(58,875,640)	21,942,048	(6,835,040)	(227,960,629)
Occupational accidents	(9,178,112)	–	(3,917,086)	2,304,263	(936,307)	(11,727,243)
Personal accidents and sickness	(42,037,661)	–	(2,731,535)	–	(983,122)	(45,752,318)
Fire and other damages	(24,464,991)	22,880,611	678,337	729,387	(702,230)	(878,886)
Motor	(114,575,862)	–	(24,521,424)	1,145,091	(4,213,381)	(142,165,577)
Marine	(10,618,222)	10,377,256	22,667,182	(22,229,903)	–	196,313
Aviation	–	–	–	(5,761)	–	(5,761)
Transport	(358,203)	251,968	(250,622)	317,025	–	(39,832)
Civil liability	(2,157,550)	2,009,135	(309,428)	158,313	–	(299,530)
Miscellaneous	(17,903,813)	1,583,447	(50,491,064)	39,523,635	–	(27,287,795)
General total	**(488,177,091)**	**42,753,254**	**(64,299,833)**	**21,692,355**	**(7,724,532)**	**(495,755,847)**

NOTE 7 – OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE

The heading Other technical provisions, net of reinsurance, exclusively considers the variation of the provision for claim rate deviations. Also see Note 25 with respect to the amount recognised under the account of gains and losses by branch.

NOTE 8 – LIFE BUSINESS MATHEMATICAL PROVISIONS, NET OF REINSURANCE

The heading Life business mathematical provision, net of reinsurance, includes the variation of the Insurer's liabilities related to insurance contracts and investment contracts with profit sharing in the Life business. Also see Note 25 with respect to the amount recognised under the account of gains and losses by product.

NOTE 9 – PROFIT SHARING, NET OF REINSURANCE

The heading Profit sharing, net of reinsurance, refers to the increased liabilities of the Insurer relative to the estimated amounts attributable to insurance policyholders in insurance contracts and investment contracts with profit sharing of the Life business. Also see Note 25 with respect to the amount recognised under the account of gains and losses by product/branch.

NOTE 10 – NET OPERATING COSTS

Net operating costs are broken down as follows:

MZN

	2013	2012
Acquisition cost	**(174,964,938)**	(108,603,111)
Deferred acquisition costs (variation)	**17,959,396**	4,783,581
Administrative costs	**(152,644,198)**	(179,887,459)
Fees and sharing of reinsurance profit	**55,501,985**	46,295,491
Net operating costs	**(254,147,755)**	(237,411,498)

For the financial year of 2013, the Acquisition costs, deferred acquisition costs (variation), administrative costs, fees and sharing of reinsurance profit were broken down as follows:

MZN

NET OPERATING COSTS	2013					
	Acquisition cost		Deferred acquisition costs (variation)	Administrative costs		Fees and sharing of reinsurance profit
	Imputed costs (see Note 17)	Mediation fees		Imputed costs (see Note 17)	Mediation fees	
Life	(15,618,658)	(21,378,842)	–	(31,950,794)	(48,352)	8,209,008
Annuities	(11,200,572)	–	–	(22,912,798)	–	–
Capitalisation	(2,162,820)	–	–	(4,424,441)	–	–
Life Risk	(2,255,266)	(21,378,842)	–	(4,613,555)	(48,352)	8,209,008
Non-Life	(56,099,378)	(81,868,060)	17,959,396	(114,761,436)	(5,883,616)	47,292,977
Occupational accidents	(4,045,080)	(7,353,918)	34,916	(8,274,943)	(878,674)	–
Personal accidents and sickness	(11,847,034)	(16,665,645)	10,030,942	(24,235,253)	(41,277)	871,807
Fire and other damages	(17,481,418)	(19,498,829)	994,777	(35,761,406)	(722,623)	28,568,322
Motor	(17,386,819)	(30,948,867)	6,361,021	(35,567,887)	(3,522,026)	–
Marine	(16,861)	(20,445)	(16,603)	(34,492)	(2,968)	393,775
Aviation	(92,068)	(201,900)	232,923	(188,342)	(28,843)	271,977
Transport	(1,177,974)	(1,800,113)	(24,248)	(2,409,760)	(225,147)	6,449,485
Civil liability	(796,886)	(715,555)	(149,887)	(1,630,175)	(87,220)	381,389
Miscellaneous	(3,255,238)	(4,662,787)	495,555	(6,659,178)	(374,838)	10,356,222
Total	(71,718,037)	(103,246,901)	17,959,396	(146,712,230)	(5,931,968)	55,501,985
Total in the summary table	(174,964,938)		17,959,396	(152,644,198)		55,501,985

For the financial year of 2012, the Acquisition costs, deferred acquisition costs (variation), administrative costs, fees and sharing of reinsurance profit were broken down as follows:

MZN

NET OPERATING COSTS	2012					
	Acquisition cost		Deferred acquisition costs (variation)	Administrative costs		Fees and sharing of reinsurance profit
	Imputed costs (see Note 17)	Mediation fees		Imputed costs (see Note 17)	Mediation fees	
Life	(8,383,620)	(19,373,194)	–	(41,303,149)	–	12,751,892
Annuities	(6,102,156)	–	–	(30,063,177)	–	–
Capitalisation	(1,257,740)	–	–	(6,196,444)	–	–
Life Risk	(1,023,724)	(19,373,194)	–	(5,043,528)	–	12,751,892
Non-Life	(27,310,711)	(53,535,586)	4,783,580	(134,550,270)	(4,034,040)	33,543,599
Occupational accidents	(2,325,614)	(3,856,483)	464,176	(11,457,484)	(432,299)	–
Personal accidents and sickness	(3,613,360)	(6,119,819)	(3,365,610)	(17,801,755)	(51,013)	2,092,994
Fire and other damages	(7,915,372)	(12,672,050)	1,448,319	(38,996,256)	(500,130)	18,155,998
Motor	(10,424,519)	(25,734,153)	4,905,944	(51,357,940)	(2,525,375)	–
Marine	(63,234)	(412,514)	(56,614)	(311,533)	(58,931)	1,209,724
Aviation	(55,931)	(175,592)	26,512	(275,554)	(45,539)	237,505
Transport	(515,148)	(868,278)	78,483	(2,537,952)	(130,213)	3,893,270
Civil liability	(382,395)	(409,790)	235,713	(1,883,928)	(62,720)	533,671
Miscellaneous	(2,015,136)	(3,286,908)	1,046,657	(9,927,868)	(227,820)	7,420,438
Total	(35,694,331)	(72,908,780)	4,783,580	(175,853,419)	(4,034,040)	46,295,491
Total in the summary table	(108,603,111)		4,783,580	(179,887,459)		46,295,491

NOTE 11 – INCOME

Income by category of financial assets is analysed as follows:

MZN

	2013			2012		
	Allocated	**Not allocated**	**Total**	Allocated	Not allocated	Total
Income	**302,599,829**	**7,777,319**	**310,377,148**	370,288,246	22,495,874	392,784,120
Interest income from financial assets not stated at fair value through profit or loss	**221,538,074**	**7,777,319**	**229,315,394**	275,974,309	22,495,874	298,470,183
of assets available for sale	**202,832,902**	**6,535,590**	**209,368,493**	222,128,855	22,024,810	244,153,666
Bonds and other fixed yield securities						
Issued by public entities	**161,009,624**	**–**	**161,009,624**	105,749,322	–	105,749,322
Issued by other entities	**7,179,061**	**6,535,590**	**13,714,651**	25,348,175	22,024,810	47,372,985
Other investments	**34,644,218**	**–**	**34,644,218**	91,031,359	–	91,031,359
of loans granted and accounts receivable – Term deposits	**18,705,172**	**1,241,729**	**19,946,901**	53,845,453	471,063	54,316,517
Other	**81,061,755**	**–**	**81,061,755**	94,313,937	–	94,313,937
of buildings for own use (rents)	**79,087,750**	**–**	**79,087,750**	92,933,467	–	92,933,467
of financial assets available for sale – Shares	**1,974,005**	**–**	**1,974,005**	1,380,470	–	1,380,470

NOTE 12 – FINANCIAL COSTS

Financial costs are analysed as follows:

MZN

	2013	2012
Non-Life		
Smoothing of premiums paid through the effective interest rate method – fixed yield securities	**(4,683,468)**	(1,802,352)
Costs imputed to the investment function (see Note 17)	**(6,389,807)**	(709,536)
Total	**(11,073,274)**	(2,511,888)

NOTE 13 – CURRENCY CONVERSION DIFFERENCES

The values for 2013 presented in the heading of Currency conversion differences, under Gains and Losses, refer to currency conversion differences arising from:

Dr/(Cr)

EXCHANGE RATE FLUCTUATION	Non-Life	Life	Non--Technical	Total
Provisions for direct insurance claims	(1,784,093)	–	–	(1,784,093)
Provisions for assigned reinsurance claims	1,822,368	–	–	1,822,368
Provision for non-acquired direct insurance premiums	(564,241)	–	–	(564,241)
Provision for non-acquired assigned reinsurance premiums	754,291	–	–	754,291
Provisions for direct insurance claims	–	(12,942)	–	(12,942)
Provisions for assigned reinsurance claims	–	(940)	–	(940)
Direct insurance mathematical provisions	–	(3,229,453)	–	(3,229,453)
Assigned reinsurance mathematical provisions	–	(216)	–	(216)
Investments	1,686,950	2,982,904	–	4,669,853
Employee benefit liability actuarial gain	–	–	–	–
Receipts for collection	–	–	(191,692)	(191,692)
Claim refunds	–	–	–	–
Rebates payable	–	–	6,660	6,660
Collections in advance	–	–	(2,507)	(2,507)
Current accounts – reinsurers	–	–	1,930,999	1,930,999
Current accounts – mediators	–	–	(2,162,410)	(2,162,410)
Receivables and payables	–	–	(538,011)	(538,011)
Accruals and deferrals	–	–	43,886	43,886
Demand deposits	–	–	359,831	359,831
Taxes	–	–	–	–
Current accounts – co-insurance	–	–	(3,727)	(3,727)
Inventories	–	–	–	–
Total	1,915,276	(260,648)	(556,972)	1,097,656

Details of variations by branch:

MZN

NON-LIFE BUSINESS TECHNICAL PROVISIONS	2013			
	Provision for claims		Provision for non-acquired premiums	
	Direct insurance	Assigned reinsurance	Direct insurance	Assigned reinsurance
Non-Life				
Occupational accidents	–	6,410	–	–
Personal accidents and sickness	(27,145)	18,284	(3,777)	1,006
Fire and other damages	9,558	(198,063)	979,442	(842,042)
Motor	313,783	(19,007)	67,236	–
Marine	(16,600)	14,099	470	15,402
Aviation	(3,380)	3,211	(26,562)	13,314
Transport	(6,687)	(21,071)	(57,488)	107,733
Civil liability	94,636	(10,958)	(98,478)	37,809
Miscellaneous	(2,148,257)	2,029,463	(1,425,083)	1,421,070
Total	**(1,784,093)**	**1,822,368**	**(564,241)**	**754,291**

Details of variations by branch:

MZN

LIFE BUSINESS TECHNICAL PROVISIONS	2013			
	Provision for claims		Provision for non-acquired premiums	
	Direct insurance	Assigned reinsurance	Direct insurance	Assigned reinsurance
Life				
Annuities	–	–	–	–
Capitalisation	(46,670)	–	(3,183,445)	–
Life risk	33,728	(940)	(46,008)	(216)
Total	**(12,942)**	**(940)**	**(3,229,453)**	**(216)**

The values for 2012 presented in the heading of Currency conversion differences, under Gains and Losses, refer to currency conversion differences arising from:

MZN

EXCHANGE RATE FLUCTUATION	Non-Life	Life	Non--Technical	Total
Provisions for direct insurance claims	(2,471,966)	–	–	(2,471,966)
Provisions for assigned reinsurance claims	1,614,281	–	–	1,614,281
Provision for non-acquired direct insurance premiums	(11,194,695)	–	–	(11,194,695)
Provision for non-acquired assigned reinsurance premiums	10,533,259	–	–	10,533,259
Provisions for direct insurance claims	–	(79,314)	–	(79,314)
Provisions for assigned reinsurance claims	–	266,965	–	266,965
Direct insurance mathematical provisions	–	(17,722,633)	–	(17,722,633)
Assigned reinsurance mathematical provisions	–	102,947	–	102,947
Investments	5,954,614	17,707,322	–	23,661,936
Employee benefit liability actuarial gain	–	–	–	–
Receipts for collection	–	–	12,148,614	12,148,614
Claim refunds	–	–	(889)	(889)
Rebates payable	–	–	(492,040)	(492,040)
Collections in advance	–	–	(741)	(741)
Current accounts – reinsurers	–	–	(9,421,007)	(9,421,007)
Current accounts – mediators	–	–	(1,347,909)	(1,347,909)
Receivables and payables	–	–	(2,318,135)	(2,318,135)
Accruals and deferrals	–	–	(527,735)	(527,735)
Demand deposits	–	–	(123,255)	(123,255)
Taxes	–	–	(1,618,404)	(1,618,404)
Current accounts – co-insurance	–	–	(25,614)	(25,614)
Inventories	–	–	80	80
Total	**4,435,493**	**275,287**	**(3,727,036)**	**983,744**

Details of variations by branch:

MZN

NON-LIFE BRANCH TECHNICAL PROVISIONS	2012			
	Provision for claims		Provision for non-acquired premiums	
	Direct insurance	Assigned reinsurance	Direct insurance	Assigned reinsurance
Non-Life				
Occupational accidents	–	293,019	–	–
Personal accidents and sickness	(160,771)	135,190	(33,402)	9,103
Fire and other damages	(546,897)	1,016,878	(4,982,913)	5,266,648
Motor	(179,478)	(189,268)	(1,286,226)	14,346
Marine	(694,053)	768,089	(39,728)	156,750
Aviation	(24,995)	23,745	(114,405)	54,946
Transport	(55,313)	(82,571)	(341,080)	738,479
Civil liability	(163,426)	124,067	(715,023)	488,063
Miscellaneous	(647,034)	(474,869)	(3,681,920)	3,804,925
Total	**(2,471,966)**	**1,614,281**	**(11,194,695)**	**10,533,259**

Details of variations by branch:

MZN

LIFE BRANCH TECHNICAL PROVISIONS	2012			
	Provision for claims		Mathematical provision	
	Direct insurance	Assigned reinsurance	Direct insurance	Assigned reinsurance
Life				
Annuities	–	–	–	–
Capitalisation	(11,814)	–	(17,382,184)	–
Life Risk	(67,500)	266,965	(340,449)	102,947
Total	(79,314)	266,965	(17,722,633)	102,947

The balances of monetary assets/liabilities denominated in foreign currency are revalued to meticais at the indicative average exchange rate of Banco de Moçambique at the end of each month. At the end of each financial year, the following exchange rates were recorded:

EXCHANGE RATE OF THE CURRENCY	31.12.2013	31.12.2012
USD	**30.08**	29.75
ZAR	**2.85**	3.50
EUR	**41.43**	39.23

NOTE 14 – NET GAINS OF NON-FINANCIAL ASSETS WHICH ARE NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATING UNITS

The value of 182,850 thousand meticais, recorded as at 31 December 2013, corresponds to the capital gain on the sale of a property allocated to Life with 100% profit sharing.

The value of 48.715 thousand meticais, recorded as at 31 December 2012, refers to the variation of the fair value of properties allocated to products with 100% profit sharing.

NOTE 15 – OTHER PROVISIONS (VARIATION)

The heading Other provisions (variation) refers to the variation of the adjustment of receipts for collection. Also see Note 26.

NOTE 16 – OTHER TECHNICAL AND NON-TECHNICAL INCOME/COSTS, NET OF REINSURANCE

The net amount of 575 thousand meticais recorded under the heading as at 31 December 2013 includes 691 thousand meticais relative to the disposal of tangible assets.

NOTE 17 – IMPUTABLE COSTS BY NATURE

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

MZN

	2013			2012		
	Technical account	**Non-technical account**	**Total**	Technical account	Non-technical account	Total
Costs of claims (see Note 6)	**14,217,460**	**–**	**14,217,460**	7,724,532	–	7,724,532
Acquisition costs (see Note 10)	**71,718,037**	**–**	**71,718,037**	35,694,331	–	35,694,331
Administrative costs (see Note 10)	**146,712,230**	**–**	**146,712,230**	175,853,419	–	175,853,419
Investment management costs (see Note 12)	**6,389,807**	**–**	**6,389,807**	709,536	–	709,536
Totais	**239,037,533**	**–**	**239,037,533**	219,981,818	–	219,981,818

The details of imputable costs by nature are presented as follows:

MZN

IMPUTABLE COSTS BY NATURE	2013	2012
Staff costs	**141,006,493**	133,160,845
Remuneration of the governing bodies	**11,064,391**	10,786,143
Staff remuneration	**118,239,591**	110,636,906
Charges on remunerations	**4,340,020**	4,072,686
Post-employment benefits	**3,832,211**	3,961,145
Other employees' long term benefits	**1,550,880**	–
Compulsory insurance	**932,406**	899,493
Social action costs	**371,117**	14,951
Other staff costs	**675,877**	2,789,520
External supplies and services	**76,363,950**	70,162,395
Specialised work	**24,009,581**	18,288,135
Advertising and promotion	**7,611,992**	10,807,044
Hire and rental charges	**10,453,744**	9,036,375
Insurance	**9,236,582**	8,599,399
Maintenance and repair	**7,026,653**	4,404,509
Costs related to independent work	**4,366,478**	3,770,267
Fuel	**3,452,024**	3,581,969
Communications	**2,348,429**	2,708,192
Security and surveillance	**2,192,469**	1,877,424
Travel and hotel	**649,052**	1,457,747
Other (of individual value below 1,210 thousand)	**5,016,944**	5,631,333
Taxes and rates	**1,339,205**	1,203,108
Amortisation/depreciation for the year	**15,180,729**	14,745,935
Intangible assets (see Note 24)	**6,014,594**	4,741,335
Tangible assets (see Note 23)	**9,166,135**	10,004,600
Other provisions	**–**	–
Interest paid	**–**	–
Fees	**5,147,160**	709,536
Total imputable costs by nature	**239,037,536**	**219,981,818**

During 2013, SIM had an average of 147 employees (2012: 146 employees), distributed over the professional categories shown in the table below:

AVERAGE NUMBER OF WORKERS BY PROFESSIONAL CATEGORY	2013	2012
Executive directors	**10**	10
Senior management	**16**	16
Middle management	**15**	15
Highly qualified professionals	**1**	1
Qualified professionals	**86**	85
Semi-qualified professionals	**14**	14
Other	**5**	5
Total	**147**	**146**

NOTE 18 – CASH AND CASH EQUIVALENTS AND DEMAND DEPOSITS

The description of the components of cash and cash equivalents and demand deposits, reconciling the amounts included in the cash flow statement with the corresponding sums reported in the balance sheet, is analysed as follows:

MZN

	2013	2012
Cash	–	–
Demand deposits	**31,335,537**	40,369,971
Term deposits with maturity of less than 90 days (considered equivalent to cash)	**1,725,136,244**	166,782,500
Total	**1,756,471,781**	207,152,471

NOTE 19 – INVESTMENTS IN AFFILIATES, ASSOCIATES AND JOINT VENTURES

The individual financial statements of the Insurer include the values of 210,700,000 meticais and 650,850 meticais, relative to the 20% and 22.84% stakes in Constellation and Beira Nave, respectively, which are stated at acquisition cost, subject to impairment tests.

Summarised financial information of the associates, including the aggregate values of assets, liabilities and net income:

MZN

2013									
Company address	Head office	Percentage of share capital held	Holding value	Parent company	Equity	Assets	Liabilities	Net income	Total income
Constellation	Maputo	20.00%	210,700,000	SOGEX, S.A.	1,177,488,945	1,516,616,027	339,127,073	2,523,108	–
Beira Nave	Beira	22.84%	650,850	Pescamar, Lda, Sociedade de Pesca de Mariscos	74,648,103	217,540,835	142,892,732	25,749,382	145,805,579
Total			211,350,850						

MZN

2012									
Company address	Head office	Percentage of share capital held	Holding value	Parent company	Equity	Assets	Liabilities	Net income	Total income
Constellation	Maputo	20.00%	210,700,000	SOGEX, S.A.	1,177,488,945	1,516,616,027	339,127,073	2,523,108	–
Beira Nave	Beira	22.84%	650,850	Pescamar, Lda, Sociedade de Pesca de Mariscos	74,648,103	217,540,835	142,892,732	25,749,382	145,805,579
Total			211,350,850						

NOTE 20 – FINANCIAL ASSETS AVAILABLE FOR SALE

This heading is broken down as follows:

MZN

2013	Nominal/ Acquisition value	Fair value reserve		Profit sharing to be attributed		Other transactions		Book value	Method of measurement
		Positive	Negative	Positive	Negative	Purchase	Sell		
Bonds and other fixed yield securities									
Issued by public entities	1,411,269,264	–	–	–	–	–	–	1,411,269,264	Nominal amount – equivalent to fair value – Level 1
Issued by other entities	175,000,000	–	–	–	–	–	–	175,000,000	
Shares	15,882,227	5,676,135	–	7,268,739	–	85,200	2,101,600	13,865,827	
Cervejas de Moçambique	1,945,131	5,676,135	–	7,268,739	–	85,200	2,101,600	12,873,605	Fair value – Mozambique S tock Exchange price – Level 1
BCI	992,222	–	–	–	–	–	–	992,222	Acquisition cost
Other investments	–	–	–	–	–	–	–	–	Nominal amount – equivalent to fair value – Level 1
Balance	**1,605,088,845**	**85,200**	**2,101,600**	**–**	**–**	**–**	**–**	**1,600,135,092**	

MZN

2012	Nominal/ Acquisition value	Fair value reserve		Profit sharing to be attributed		Other transactions		Book value	Method of measurement
		Positive	Negative	Positive	Negative	Purchase	Sell		
Bonds and other fixed yield securities									
Issued by public entities	11,423,630,522	–	–	–	–	–	–	1,423,630,522	Nominal amount – equivalent to fair value – Level 1
Issued by other entities	299,665,373	–	–	–	–	–	–	299,665,373	
Shares	2,937,353	5,676,135	–	7,268,739	–	–	–	15,882,227	
Cervejas de Moçambique	1,945,131	5,676,135	–	7,268,739	–	–	–	14,890,005	Fair value – Mozambique Stock Exchange price – Level 1
BCI	992,222	–	–	–	–	–	–	992,222	Acquisition cost
Other investments(*)	553,202,950	–	–	–	–	–	–	553,202,950	Nominal amount – equivalent to fair value – Level 1
Balance	**2,279,436,198**	**5,676,135**	**–**	**7,268,739**	**–**	**–**	**–**	**2,292,381,072**	

(*) Treasury bills with Millennium bim repurchase agreement.

Pursuant to IFRS 7, financial assets classified upon initial recognition as available for sale may be stated at fair value according to one of the following levels:

- Level 1 – Fair value determined directly with reference to an active official market.
- Level 2 – Fair value determined using valuation techniques based on observable prices in tradable current markets for the same financial instrument.
- Level 3 – Fair value determined using valuation techniques not based on observable prices in tradable current markets for the same financial instrument.

NOTE 21 – LOANS AND ACCOUNTS RECEIVABLE

This heading is broken down as follows:

MZN

	2013	2012
Term Deposits in MZN – Capital	**108,950,000**	421,498,918
Term Deposits in USD – Capital	**195,558,931**	209,857,448
Term Deposits in EUR – Capital	**37,390,914**	44,693,408
Term Deposits in ZAR – Capital	**5,215,500**	3,500,000
Total	**347,115,345**	679,549,774

The term deposits in MZN allocated to Life, all of which are at Banco Internacional de Moçambique, offer interest rates varying between 2.5% and 8.00% (2012: 2% and 4%) and have maturities between 13 and 364 days (2012: 98 and 365 days).

The term deposits in MZN allocated to Non-Life, at Banco Internacional de Moçambique, BCI and STANDARD BANK offer interest rates varying between 2.75% and 9% (2012: 2% and 10%), and have maturities between 13 and 365 days (2012: 7 and 365 days).

Regarding the term deposits in USD, EUR and ZAR, which are also all at Banco Internacional de Moçambique, said deposits offer interest rates varying between 0.06% and 2% (2012: 0.64% and 2%) for USD, between 0.29% and 2.09% (2012: 0.36% and 1.75%) for USD, between 4% and 5.00% (2012: 5%) for ZAR. Concerning maturities, the term deposits in USD have maturities between 15 and 365 days (2012: 33 and 365), in EUR have maturities between 23 and 365 days (2012: 365 days) and in ZAR have maturities between 31 and 365 days (2012: 365 days).

NOTE 22 – INCOME-GENERATING BUILDINGS

SIM only has income-generating buildings, which are recognised at fair value.

The movements which occurred in income-generating buildings during 2013 are as follows:

MZN

	Value as at 31.12.20112	Additions		Disposals and write-offs	Revaluation against profit or loss (see Note 14 and 25)	Value as at 31.12.2013
		Acquisitions	Improvements			
Income-generating buildings	1,425,856,325	–	–	130,550,000(*)	–	1,295,306,325

(*) Refers to properties allocated to products with 100% profit sharing.

During 2013, no revaluation of the income-generating buildings was undertaken given that the Insurer obtained the opinion of an independent specialist according to whom there was no significant variation in the adjacent indices.

The movements which occurred in income-generating buildings during 2012 are as follows:

MZN

	Value as at 31.12.2011	Additions		Disposals and write-offs	Revaluation against profit or loss	Value as at 31.12.2011
		Acquisitions	Improvements			
Income-generating buildings	1,377,141,725	–	–	–	48,714,600(*)	1,425,856,325

(*) Refers to properties allocated to products with 100% profit sharing.

The income derived from income-generating building rents are as follows:

MZN

	2013			2012		
	Life insurance	**Non-Life insurance**	**Closing balance**	Life insurance	Non-Life insurance	Closing balance
Property rents (see Note 11)	**79,087,750**	**–**	**79,087,750**	92,933,467	–	92,933,467

The direct operating costs of income-generating buildings are as follows:

MZN

	2013			2012		
	Life insurance	**Non-Life insurance**	**Closing balance**	Life insurance	Non-Life insurance	Closing balance
Repair, maintenance and other expenses	**234,758**	**–**	**234,758**	1,169,948	–	1,169,948

NOTE 23 – TANGIBLE ASSETS

The tangible assets of the Insurer are stated at cost minus the respective accumulated depreciation and impairment losses.

Their respective evolution was as follows:

	Balance as at 31.12.2012			Increases	Reductions	Depreciation		Balance as at 31.12.2013		
	Gross value	Depreciation	Net value	Acquisitions	Transfers & write-offs	Adjustments	Top-up	Gross value	Depreciation	Net value
Administrative equipment	5,765,297	2,632,476	3,132,821	92,900	50,744	(24,298)	523,417	5,807,453	3,131,596	2,675,858
Machines, appliances and tools	3,331,761	2,903,471	428,290	57,862	–	–	158,614	3,389,624	3,062,086	327,538
IT equipment	12,879,373	6,613,862	6,265,511	55,203	708,929	(486,516)	1,698,520	12,225,647	7,825,866	4,399,782
Interior premises	3,131,854	1,881,260	1,250,593	–	–	–	1,043,847	3,131,854	2,925,107	206,746
Transport material	30,537,448	19,429,820	11,107,629	7,466,708	3,070,435	(2,910,019)	4,961,819	34,933,721	21,481,620	13,452,101
Other tangible assets	6,810,181	3,237,579	3,572,602	93,618	–	–	779,918	6,903,800	4,017,497	2,886,303
Total other tangible assets	62,455,915	36,698,469	25,757,447	7,766,292	3,830,108	(3,420,833)	9,166,135	66,392,099	42,443,772	23,948,328
Inventories	1,419,513	–	1,419,513	385,080	–	–	–	1,804,594	–	1,804,594

	Balance as at 31.12.2011			Increases	Reductions	Depreciation		Balance as at 31.12.2012		
	Gross value	Depreciation	Net value	Acquisitions	Transfers & write-offs	Adjustments	Top-up	Gross value	Depreciation	Net value
Administrative equipment	5,433,571	2,172,573	3,260,999	436,158	104,432	(49,510)	509,414	5,765,297	2,632,476	3,132,821
Machines, appliances and tools	3,349,441	2,808,155	541,286	110,861	128,541	(65,169)	160,486	3,331,761	2,903,471	428,290
IT equipment	13,503,492	4,968,553	8,534,939	74,342	698,462	(378,193)	2,023,502	12,879,373	6,613,862	6,265,511
Interior premises	3,131,854	837,413	2,294,440	–	–	–	1,043,847	3,131,854	1,881,260	1,250,593
Transport material	27,598,794	15,318,976	12,279,818	4,764,805	1,826,150	(1,389,088)	5,499,932	30,537,448	19,429,820	11,107,629
Other tangible assets	6,290,865	2,596,125	3,694,740	698,596	179,280	(126,040)	767,494	6,810,181	3,237,579	3,572,602
Total other tangible assets	59,308,018	28,701,794	30,606,224	6,084,762	2,936,865	(2,007,999)	10,004,674	62,455,915	36,698,469	25,757,447
Inventories	1,598,369	–	1,598,369	–	178,855	–	–	1,419,513	–	1,419,513

NOTE 24 – INTANGIBLE ASSETS

The intangible assets of SIM are stated at cost minus the respective accumulated amortisation and impairment losses.

Their respective evolution was as follows:

MZN

	Balance as at 31.12.2012			Increases	Reductions		Amortisation		Balance as at 31.12.2013		
	Gross value	Amortisation	Net value	Acquisitions	Transfers & write-offs	Disposals	Adjust-ments	Top-up	Gross value	Amortisation	Net value
Computer applications	44,831,999	28,396,041	16,435,958	10,137,083	–	–	–	6,014,594	54,969,082	34,410,634	20,558,447
Total	44,831,999	28,396,041	16,435,958	10,137,083	–	–	–	6,014,594	54,969,082	34,410,634	20,558,447

MZN

	Balance as at 31.12.2011			Increases	Reductions		Amortisation		Balance as at 31.12.2012		
	Gross value	Amortisation	Net value	Acquisitions	Transfers & write-offs	Disposals	Adjust-ments	Top-up	Gross value	Amortisation	Net value
Computer applications	42,316,830	23,654,706	18,662,124	2,515,169	–	–	–	4,741,335	44,831,999	28,396,041	16,435,958
Total	42,316,830	23,654,706	18,662,124	2,515,169	–	–	–	4,741,335	44,831,999	28,396,041	16,435,958

NOTE 25 – TECHNICAL PROVISIONS, NET OF ASSIGNED REINSURANCE

This heading is broken down as follows:

MZN

TECHNICAL PROVISIONS, NET OF ASSIGNED REINSURANCE	2013			2012		
	Direct insurance and accepted reinsurance	**Assigned reinsurance**	**Net**	Direct insurance and accepted reinsurance	Assigned reinsurance	Net
Provision for non-acquired premiums	**497,797,454**	**44,714,898**	**453,082,556**	446,721,860	49,149,206	397,572,655
Life branch mathematical provision	**2,092,005,852**	**144,984**	**2,091,860,868**	1,990,630,944	145,732	1,990,485,212
Provision for claims	**412,102,503**	**66,532,013**	**345,570,490**	390,256,239	74,666,785	315,589,455
Of the Life business	**34,195,253**	**2,970,061**	**31,225,192**	28,433,177	1,347,620	27,085,557
Of Non-Life business	**377,907,250**	**63,561,952**	**314,345,298**	361,823,062	73,319,165	288,503,897
Provision for profit sharing	**691,429,458**	**–**	**691,429,458**	790,951,640	–	790,951,640
Provision for claim rate deviations	**771,568**	**–**	**771,568**	4,331,167	–	4,331,167
Provision for risks underway	**–**	**–**	**–**	–	–	–
Total	3,694,106,835	111,391,894	3,582,714,940	3,622,891,850	123,961,722	3,498,930,128

The provisions for non-acquired premiums are analysed as follows:

MZN

PROVISION FOR NON-ACQUIRED PREMIUMS	2013			2012		
	Direct insurance and accepted reinsurance	**Assigned reinsurance**	**Net**	Direct insurance and accepted reinsurance	Assigned reinsurance	Net
NON-LIFE						
Occupational accidents	**10,743,833**	**–**	**10,743,833**	10,152,993	–	10,152,993
Personal accidents and sickness	**265,192,701**	**198,010**	**264,994,691**	212,475,584	56,979	212,418,605
Fire and other damages	**23,685,362**	**13,248,341**	**10,437,020**	23,114,842	12,602,009	10,512,833
Motor	**153,787,337**	**1**	**153,787,337**	149,220,012	–	149,220,012
Marine	**74,008**	**135,956**	**(61,948)**	284,193	253,579	30,615
Aviation	**1,289,059**	**758,234**	**530,825**	1,506,072	749,940	756,133
Transport	**3,820,078**	**3,093,873**	**726,205**	3,656,512	2,974,951	681,561
Civil liability	**4,449,091**	**2,451,226**	**1,997,865**	5,533,502	3,396,117	2,137,385
Miscellaneous	**34,755,987**	**24,829,257**	**9,926,729**	40,778,150	29,115,631	11,662,519
Total	**497,797,454**	**44,714,898**	**453,082,556**	446,721,860	49,149,206	397,572,655

The mathematical provisions of the Life business are analysed as follows:

MZN

MATHEMATICAL PROVISION	2013			2012		
	Direct insurance and accepted reinsurance	**Assigned reinsurance**	**Net**	Direct insurance and accepted reinsurance	Assigned reinsurance	Net
LIFE						
Annuities	**1,020,775,654**	**–**	**1,020,775,654**	1,021,647,886	–	1,021,647,886
Capitalisation	**834,498,718**	**–**	**834,498,718**	766,062,986	–	766,062,986
Life Risk	**236,731,481**	**144,984**	**236,586,497**	202,920,072	145,732	202,774,339
Total	**2,092,005,852**	**144,984**	**2,091,860,868**	1,990,630,944	145,732	1,990,485,212

MZN

	Movement of the mathematical provision during 2013					
	Provision at the beginning of the year	Application of the provision for profit sharing	Adjustments	Variation of the year – see P&L Account	Exchange rate variation	Provision at the end of the year
LIFE						
Annuities	1,021,647,886	–	(17,180,451)	16,308,219	–	1,020,775,654
Capitalisation	766,062,986	72,709,055	–	(7,456,768)	3,183,445	834,498,718
Life Risk	202,920,072	–	–	33,765,401	46,008	236,731,481
Total	1,990,630,944	72,709,055	(17,180,451)	42,616,852	3,229,453	2,092,005,853

MZN

	Movement of the mathematical provision during 2012					
	Provision at the beginning of the year	Application of the provision for profit sharing	Adjustments	Variation of the year – see P&L Account	Exchange rate variation	Provision at the end of the year
LIFE						
Annuities	1,027,884,799	–	(5,760,737)	(476,175)	–	1,021,647,886
Capitalisation	718,343,926	45,392,529	–	(15,055,653)	17,382,184	766,062,986
Life Risk	196,363,377	–	–	6,216,246	340,449	202,920,072
Total	1,942,592,101	45,392,529	(5,760,737)	(9,315,582)	17,722,633	1,990,630,944

The provision for claims are analysed as follows:

MZN

PROVISION FOR CLAIMS	2013			2012		
	Direct insurance and accepted reinsurance	Assigned reinsurance	Net	Direct insurance and accepted reinsurance	Assigned reinsurance	Net
LIFE						
Annuities	2,143,165	–	2,143,165	3,687,084	–	3,687,084
Capitalisation	209,336	–	209,336	129,701	–	129,701
Life Risk	31,842,751	2,970,061	28,872,690	24,616,393	1,347,620	23,268,773
NON-LIFE						
Occupational accidents	59,635,444	6,709,963	52,925,480	54,962,627	8,792,800	46,169,827
Personal accidents and sickness	17,889,419	1,666,940	16,222,479	11,005,212	1,648,656	9,356,557
Fire and other damages	25,702,068	15,245,591	10,456,477	20,983,873	5,982,467	15,001,407
Motor	229,400,472	5,724,158	223,676,314	199,000,113	9,257,984	189,742,128
Marine	1,503,438	1,069,481	433,957	1,486,838	1,055,383	431,456
Aviation	308,131	286,964	21,168	304,751	283,752	20,999
Transport	5,308,670	4,322,754	985,915	4,233,151	3,336,153	896,998
Civil liability	8,629,436	7,846,021	783,415	1,101,364	362,615	738,750
Miscellaneous	29,530,172	20,690,079	8,840,093	68,745,131	42,599,356	26,145,775
Total	412,102,503	66,532,013	345,570,490	390,256,239	74,666,785	315,589,455

The provision for profit sharing is analysed as follows:

MZN

PROVISION FOR PROFIT SHARING	2013			2012		
	Direct insurance and accepted reinsurance	Assigned reinsurance	Net	Direct insurance and accepted reinsurance	Assigned reinsurance	Net
LIFE						
Provision attributable						
Annuities	436,658,680	–	436,658,680	466,822,680	–	466,822,680
Capitalisation	178,973,725	–	178,973,725	178,973,725	–	178,973,725
Provision attributed						
Annuities	10,441,989	–	10,441,989	41,885,569	–	41,885,569
Capitalisation	9,527,896	–	9,527,896	30,825,780	–	30,825,780
Life Risk	27,418,221	–	27,418,221	29,821,239	–	29,821,239
NON-LIFE						
Provision attributed						
Occupational accidents	1,148,389	–	1,148,389	1,156,520	–	1,156,520
Personal accidents and sickness	27,260,558	–	27,260,558	41,466,127	–	41,466,127
Total	691,429,458	–	691,429,458	790,951,640	–	790,951,640

MZN

	Movement of the provision for profit sharing during 2013						
	Provision at the beginning of the year	Distribution	Application in the mathematical provision	Pension premium clearing	Adjustments	Cost of profit sharing – see P&L Account	Provision at the end of the year
LIFE							
Provision attributable	645,796,405	(30,164,000)	–	–	–	–	615,632,405
Provision attributed	102,532,588	(253,847,548)	(72,709,055)	–	–	271,412,121	47,388,106
Subtotal	748,328,993	(254,190,308)	(72,709,055)	–	–	271,412,121	663,020,511
NON-LIFE							
Provision attributable	–	–	–	–	–	–	–
Provision attributed	42,622,647	(39,762,458)	–	–	–	25,548,758	28,408,947
Subtotal	42,622,647	(69,583,697)	–	–	–	25,548,758	28,408,947
Total	**790,951,640**	**(323,774,005)**	**(72,709,055)**	**–**	**–**	**296,960,879**	**691,429,458**

MZN

	Movement of the provision for profit sharing during 2012						
	Provision at the beginning of the year	Distribution	Application in the mathematical provision	Pension premium clearing	Adjustments	Cost of profit sharing – see P&L Account	Provision at the end of the year
LIFE							
Provision attributable	592,094,519	–	–	–	4,987,285	48,714,600	645,796,405
Provision attributed	68,201,157	(22,808,628)	(45,392,529)	(49,335,885)	(40,681)	151,909,154	102,532,588
Subtotal	660,295,676	(22,808,628)	(45,392,529)	(49,335,885)	4,946,604	200,623,754	748,328,993
NON-LIFE							
Provision attributable	–	–	–	–	–	–	–
Provision attributed	28,843,105	(28,843,105)	–	–	2,686,629	39,936,018	42,622,647
Subtotal	28,843,105	(28,843,105)	–	–	2,686,629	39,936,018	42,622,647
Total	**689,138,781**	**(51,651,733)**	**(45,392,529)**	**(49,335,885)**	**7,633,233**	**240,559,772**	**790,951,640**

The provision for claim rate deviations is analysed as follows:

MZN

PROVISION FOR CLAIM RATE DEVIATIONS	2013			2012		
	Direct insurance and accepted reinsurance	**Assigned reinsurance**	**Net**	Direct insurance and accepted reinsurance	Assigned reinsurance	Net
NON-LIFE						
Fire and other damages	**771,568**	**–**	**771,568**	4,331,167	–	4,331,167
Total	**771,568**	**–**	**771,568**	**4,331,167**	**–**	**4,331,167**

MZN

	Movement of the provision for claim rate deviations				
	Provision as at 31.12.2011	Variation of the 2012 financial year – see P&L Account	Provision as at 31.12.2013	Variation of the 2013 financial year – see P&L Account	Provision as at 31.12.2013
NON-LIFE					
Fire and other damages	3,692,825	638,342	4,331,167	(3,559,599)	771,568
Total	3,692,825	638,342	4,331,167	(3,559,599)	771,568

NOTE 26 – OTHER RECEIVABLES DUE TO INSURANCE AND OTHER OPERATIONS

This heading is broken down as follows:

MZN

	2013	2012
Accounts receivable due to direct insurance operations		
Insurance policyholders	**138,046,764**	93,553,760
Co-insurers	**15,276,296**	3,059,380
Insurance mediators	**3,736,219**	261,346
	157,059,279	96,874,486
Adjustment of premium receipts for collection	**(28,995,345)**	(22,755,156)
	128,063,934	74,119,330
Accounts receivable due to reinsurance operations		
Other reinsurers	**558,655**	1,006,442
Accounts receivable due to other operations		
Other receivables	**25,795,335**	18,566,552
Total	**154,417,924**	93,692,324

The breakdown of the adjustment account shows the following evolution:

MZN

	Balance as at 31.12.2011	Allocations	Uses	Balance as at 31.12.2012	Allocations	Uses	Balance as at 31.12.2013
Adjustment of premium receipts for collection	20,573,261	2,181,895	–	22,755,156	6,240,189	–	28,995,345
Total	20,573,261	2,181,895	–	22,755,156	6,240,189	–	28,995,345

NOTE 27 – CURRENT TAXES AND DEFERRED TAXES

The recognised deferred tax assets and liabilities may be analysed as follows:

MZN

	2013	2012
Income tax receivable		
Estimated income tax	–	(127,648,233)
Payments on account	–	74,627,109
Withholdings	–	76,963,517
Other taxes	–	–
Current tax assets	–	23,942,393
Seniority bonus	**2,506,836**	2,506,836
Deferred tax assets	**2,506,836**	2,506,836
Tax assets	**2,506,836**	**26,449,229**
Income tax payable		
Estimated income tax	**98,366,829**	–
Payments on account	**(40,548,000)**	–
Withholdings	**(28,902,016)**	–
Other taxes		
Stamp duty	**11,320,437**	5,323,240
Supervision rate	**1,930,246**	1,639,360
Other	**1,797,820**	2,091,500
Current tax liabilities	**43,965,315**	9,054,101
Unrealised investment gains (equity)	**1,231,703**	1,816,362
Fair value variation of properties allocated to portfolios without profit sharing (investment properties)	**5,594,880**	5,594,880
Unrealised/realised gains recognised under retained earnings at the transition date (investment properties and term deposits)	**11,989,139**	11,989,139
Deferred tax liabilities	**18,815,722**	19,400,382
Tax liabilities	**62,781,037**	**28,454,482**

The movement of deferred tax was recognised as follows:

MZN

	2013		2012	
	Recognised through profit or loss	**Recognised in the fair value reserve**	Recognised through profit or loss	Recognised in the fair value reserve
Unrealised investment gains (equity)	–	**(584,660)**	–	1,158,997
Fair value variation of properties allocated to portfolios without profit sharing (investment properties)	–	–	–	–
Deferred tax assets/(liabilities)	–	**(584,660)**	–	1,158,997

Income tax is analysed as follows:

MZN

	2013	2012
Current tax	**139,026,506**	141,503,581
Deferred tax	–	–
Total tax recognised through profit or loss	**139,026,506**	**141,503,581**

The effective tax rate expected by the Insurer for the year is approximately 26.04% (2012: 26.51%), lower than the theoretical nominal rate of 32%. This difference essentially arises from the impact of taxation withheld at source on income from securities listed for trading on the stock exchange (10%). The reconciliation of the tax rate is as follows:

MZN

	2013		2012	
	Tax	**Rate**	Tax	Rate
IRPC on pre-tax profit	**172,241,929**	**32%**	170,833,034	32%
Tax adjustments - value of tax:				
Impact of non-deductible costs	**3,562,600**		1,152,313	
Deduction of income from securities listed for trading on the stock exchange taxed at source	**(53,495,307)**		(44,337,114)	
Deduction of the fair value variation of properties allocated to portfolios without profit sharing (investment properties)	**–**		–	
IRPC on income from securities listed for trading on the stock exchange (taxed at source – already paid)	**16,717,284**	**10%**	13,855,348	10%
Deferred tax liability relative to the fair value variation of properties allocated to portfolios without profit sharing (investment properties)	**–**		–	
Income tax for the year	**139,026,506**	**26,04%**	141,503,581	26.51%

The self-settlement tax returns of the Insurer are subject to inspection and possible adjustment by the Tax Authorities for a period of five years. However, the Board of Directors of the Insurer is confident that there will not be any significant corrections to the income tax recorded in the financial statements.

NOTE 28 – ACCRUALS AND DEFERRALS

This heading is broken down as follows:

MZN

	2013	2012
Accruals and deferrals receivable		
Interest receivable	**42,355,551**	63,792,199
Other accruals and deferrals	**1,632,767**	1,082,485
	43,988,317	64,874,683
Accruals and deferrals payable		
Remunerations and charges payable	**7,943,449**	27,243,772
Other accruals and deferrals	**37,791,110**	12,428,573
	45,734,559	39,672,345

NOTE 29 – BENEFITS GRANTED TO EMPLOYEES

This heading is broken down as follows:

MZN

	2013	2012
Assets due to post-employment benefits and other long term benefits	**1,416**	–
Liabilities due to post-employment benefits and other long term benefits		
Post-employment benefits	**–**	–
Seniority bonus	**7,810**	7,491
	6,394	7,491

Post-employment benefits

SIM attributes its employees hired until 31 December 2011 a supplementary retirement pension for which it maintains capitalisation insurance, managed in-house by the actual Insurer, which covers the respective liabilities.

However, for employees recruited before 1 November 2002, the time of service of the employee is considered as of this date, excluding employees transferred from the former SIM – Seguradora Internacional de Moçambique, S.A., who benefit from the supplementary retirement pension from the date of their recruitment. This situation is due to the fact that the employees began to be entitled to this benefit as of 1 November 2002, after the review of the Insurer's Collective Contract.

The actuarial valuation of the liabilities related to supplementary retirement pensions is carried out annually, with the last one dated 31 December 2013.

The number of participants covered by the benefit plan is distributed as follows:

NUMBER OF PARTICIPANTS	2013	2012
Assets	**120**	140
Retired and pensioners	**–**	–

The comparative analysis of the actuarial assumptions is analysed as follows:

	2013	2012
Discount rate	**7.50%**	7.00%
Wage growth rate	**5.75%**	5.85%
Expected yield rate of the fund	**7.50%**	7.00%
Mortality table:		
Men	**PF60/64**	PF60/64
Women	**PF60/64**	PF60/64
Actuarial method	**Projected Unit Credit**	Projected Unit Credit

The assets and liabilities recognised in the balance sheet are as follows:

Thousand MZN

	2013	2012
	Pension Plans	Pension Plans
Liabilities related to beneficiaries(*)	**(42,076)**	(37,628)
Fair value of the assets(**)	**43,492**	38,676
Net value	**1,416**	1,048

(*) Liabilities recognised in SIM's Balance Sheet under the heading Life business mathematical provisions.
(**) Assets recognised in SIM's Balance Sheet under the heading Assets available for sale and Cash and cash equivalents and demand deposits.

The increase of the liabilities is analysed as follows:

Thousand MZN

	2013	2012
Liabilities as at 1 January	**37,627**	30,661
Current service cost	**3,909**	3,961
Interest costs	**2,771**	3,907
Payments made (lump-sum)	**–**	(240)
Actuarial (gains)/losses of the liabilities	**(2,231)**	(662)
Liabilities as at 31 December	**42,076**	37,627

The values recognised as costs/income are as follows:

Thousand MZN

	2013	2012
Current service cost (see Note 18)	**3,909**	3,961
Interest costs	**2,771**	3,907
Expected yield of the fund	**(2,844)**	(3,907)

The variation of the assets which finance the liabilities is analysed as follows:

Thousand MZN

	2013	2012
Balance as at 1 January	**38,676**	30,661
Contributions of the Company	**3,909**	3,961
Payments made	**–**	(240)
Expected yield of the fund	**2,844**	3,907
Actuarial gains/(losses) of the assets	**(1,937)**	387
Balance as at 31 December	**43,492**	38,676

The actuarial gains and losses are analysed as follows:

Thousand MZN

	2013	2012
Actuarial (gains)/losses of the liabilities	**(2,231)**	(662)
Actuarial (gains)/losses of the assets	**1,937**	(387)

The evolution of the employee benefits and fair value of the assets is analysed as follows:

Thousand MZN

	2013	2012	2011	2010	2009
Liabilities related to benefits	**(42,076)**	(37,628)	(30,661)	(30,802)	(24,451)
Fair value of the assets	**43,492**	38,676	30,661	29,367	21,068
Net value	**1,416**	1,048	–	(1,434)	(3,383)

The assets are broken down as follows:

Thousand MZN

	2013	2012
Fixed yield securities – Treasury Bills	**40,000**	38,000
Demand Deposits	**3,492**	676
Total	**43,492**	38,676

Other long term benefits – seniority bonus

The seniority bonus is attributed to the Insurer's employees according to the years of service provided to the Insurer, whereby they are paid 1, 2 and 3 salaries upon reaching 15, 20 and 30 years of service, respectively. The present value of the seniority bonuses are accrued at the end of each year, with the provision recognised in the Balance Sheet moved against staff costs, which includes the cost of current services, the cost of interest and actuarial gains/losses.

Thousand MZN

	2013	2012
Seniority bonus	**7,810**	7,491

NOTE 30 – OTHER PAYABLES DUE TO INSURANCE AND OTHER OPERATIONS

This heading is broken down as follows:

MZN

	2013	2012
Accounts payable due to direct insurance operations		
Insurance policyholders	**12,956,237**	6,337,364
Co-insurers	**23,345,270**	18,377,534
Insurance mediators	**9,400,289**	1,733,269
	45,701,797	26,448,167
Accounts payable due to reinsurance operations		
Other reinsurers	**101,284,754**	12,476,440
	101,284,754	12,476,440
Accounts payable due to other operations		
Other payables	**51,520,954**	26,053,013
Other payables – Group companies (Millennium bim)	**(7,810,308)**	105,416
	43,710,646	26,158,429
Total	**190,697,197**	65,083,036

NOTA 31 – SHARE CAPITAL, RESERVES, OTHER RESERVES, RETAINED EARNINGS AND NET INCOME FOR THE YEAR

The Share Capital of SIM, as at 31 December 2013, of the value of 147,500,000 meticais, represented by 1,475,000 shares with a nominal value of 100 meticais each, is fully underwritten and paid-up.

MZN

	2013	2012
No. shares as at 1 January	**1,475,000**	1,475,000
No. shares as at 31 December	**1,475,000**	1,475,000

In 2013, the shareholder structure of Seguradora Internacional de Moçambique, S.A. was maintained.

MZN

	Number of shares	Percentage holding
BIM – Banco Internacional de Moçambique, S.A.	1,326,232	89.91%
PT Participações, SGPS, S.A.	86,068	5.84%
FDC – Fundação para o Desenvolvimento da Comunidade	30,716	2.08%
TDM – Telecomunicações de Moçambique	30,716	2.08%
Remaining shareholders	1,268	0.09%
Total	1,475,000	100.00%

The appropriation of the net income for 2012 was carried out as follows:

MZN

APPROPRIATION OF THE NET INCOME FOR THE YEAR	2012
Net income for the year	392,349,650
Appropriation:	
Legal reserve fund	47,500,000
Free reserves	109,439,860
Retained earnings	0
Dividends	235,409,790

Based on the distributed dividends, referred to above, and considering that SIM's share capital was, up to the date of the distribution of the net income, represented by 1,475,000 shares, this corresponds to total dividends per share of 159.60 meticais.

The table below presents the details of the dividends paid, in 2013, to each shareholder:

MZN

SHAREHOLDER	% share capital	Dividends
Millennium bim	89.91%	211,666,439
PT Participações, SGPS, S.A.	5.84%	13,736,441
FDC	2.08%	4,902,269
TDM	2.08%	4,902,269
Remaining shareholders	0.04%	202,373
Total	100.00%	235,409,790

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

Revaluation Reserves

Revaluation reserves through adjustments in the fair value of financial assets include the potential capital gains and losses of the portfolio of investments available for sale, net of impairment through profit or loss for the year and/or in previous years. Also see Note 20.

Deferred Tax Reserves

Deferred taxes, calculated on the temporary differences between the book values of the assets and liabilities and their tax base, are recognised through profit or loss, except when related to items that are not recognised directly under equity, in which case they is also stated against equity, under this heading. Deferred taxes recognised in equity arising from the revaluation of investments available for sale are subsequently recognised through profit or loss at the time when the gains or losses which led to them are recognised.

Other Reserves

Includes the Free Reserves, which arise from positive net income, and are neither necessary to endow the legal reserve nor cover retained losses and are not distributed to the Shareholders and, additionally, the Legal Reserve, which can only be used to cover accumulated losses or to increase the share capital. Under the terms of the Mozambican legislation in force, the legal reserve is composed of the following minimum percentages of the profit for each financial year:

(i) 20% until the value of this reserve represents half the minimum capital established under the terms of article 15 of the Legal System for Insurance;
(ii) 10% as of the time when the value referred to in the subparagraph above has been achieved, until this reserve represents a value equal to the share capital.

Details of the heading Other reserves:

MZN

	2013	2012
Legal reserve	**147,500,000**	100,000,000
Free reserve	**850,464,680**	741,024,820
Issue premium	**8,258,661**	8,258,661
Total	**1,006,223,341**	849,283,481

Net income for the year

Earnings per share stood at 271 meticais for 2013, compared with 266 meticais for 2012, having increased by 0.8%, due to the increase of net income for the year.

NOTE 32 – TRANSACTIONS BETWEEN RELATED PARTIES

The parent company of the Group to which the Insurer belongs is BIM – Banco Internacional de Moçambique, S.A, which holds 89.91% of the share capital of Seguradora Internacional de Moçambique, S.A. Banco Internacional de Moçambique is controlled by BCP – Banco Comercial Português, S.A., which holds 66.69% of its share capital.

The value of the remunerations of the Board of Directors is analysed as follows:

MZN

	2013	2012
Remunerations	**11,064,391**	10,786,143
Total	**11,064,391**	10,786,143

The transactions with related parties during 2013 are analysed as follows:

MZN

BALANCE SHEET	Millennium bim	Ocidental Seguros	Beira Nave	Constellation	Post--employment benefits – BIM/SIM	Total
Cash and cash equivalents and demand deposits	1,586,137,572	–	–	–	158,690,895	1,744,828,467
Investments in affiliates, associates and joint ventures	–	–	650,850	210,700,000	–	211,350,850
Financial assets available for sale	175,000,000	–	–	–	826,456,889	1,001,456,889
Other deposits	182,558,894	–	–	–	179,126,451	361,685,345
Income-generating buildings	–	–	–	–	1,242,350,585	1,242,350,585
Other receivables	4,791,280	–	–	16,000,000	–	20,791,280
Interest receivable	2,539,021	–	–	823,678	27,259,518	30,622,217
Total assets	1,951,026,767	–	650,850	227,523,678	2,433,884,338	4,613,085,633
Life branch mathematical provision	–	–	–	–	(1,784,765,359)	(1,784,765,359)
Provision for claims	(7,577,010)	–	–	–	(2,143,165)	(9,720,175)
Provision for profit sharing	(52,690,987)	–	–	–	(634,311,432)	(687,002,419)
Accounts payable due to direct insurance operations	(3,671,703)	–	–	–	–	(3,671,703)
Accounts payable due to other operations	–	(1,073,593)	–	–	–	(1,073,593)
Total liabilities	(63,939,700)	(1,073,593)	–	–	(2,421,219,956)	(2,486,233,249)
Dividends distributed	235,409,790	–	–	–	–	235,409,790

MZN

PROFIT AND LOSS ACCOUNT	Millennium bim	Ocidental Seguros	Beira Nave	Constellation	Post--employment benefits – BIM/SIM	Total
Acquired premiums, net of reinsurance	(141,942,792)	–	–	–	(193,562,704)	(335,505,496)
Cost of claims, net of reinsurance	96,148,068	–	–	–	251,001,888	347,149,956
Life branch mathematical provisions, net of reinsurance	–	–	–	–	938,361	938,361
Profit sharing, net of reinsurance	52,966,979	–	–	–	243,993,900	296,960,879
Net operating costs	43,504,472	1,698,920	–	–	–	45,203,391
Investment income	(166,217,661)	–	–	(636,954)	(138,075,887)	(304,930,502)
Net gains of non-financial assets which are not classified as non-current assets held for sale and discontinued operating units	–	–	–	–	(182,850,000)	(182,850,000)
Other income	–	–	(184,769)	–	–	(184,769)
Total income/costs	(115,540,934)	1,698,920	(184,769)	(636,954)	(18,554,442)	(133,218,180)

The transactions with related parties during 2012 are analysed as follows:

MZN

BALANCE SHEET	Millennium bim	Ocidental Seguros	Beira Nave	Constellation	Post--employment benefits - BIM/SIM	Total
Cash and cash equivalents and demand deposits	197,870,058	–	–	–	4,247,334	202,117,392
Investments in affiliates, associates and joint ventures	–	–	650,850	210,700,000	–	211,350,850
Financial assets available for sale	190,750,000	–	–	–	740,132,655	930,882,655
Other deposits	304,729,877	–	–	–	317,777,886	622,507,763
Income-generating buildings	–	–	–	–	1,372,900,585	1,372,900,585
Accounts receivable due to direct insurance operations	–	–	–	16,000,000	–	16,000,000
Interest receivable	2,539,021	–	–	–	27,259,518	29,798,539
Total assets	695,888,956	–	650,850	226,700,000	2,462,317,978	3,385,557,784
Life branch mathematical provision	–	–	–	–	(1,726,716,469)	(1,726,716,469)
Provision for claims	(20,907,185)	–	–	–	(3,687,084)	(24,594,269)
Provision for profit sharing	(69,583,697)	–	–	–	(718,507,753)	(788,091,451)
Accounts payable due to direct insurance operations	(3,549,467)	–	–	–	–	(3,549,467)
Accounts payable due to other operations	(105,416)	(133,557)	–	–	–	(238,972)
Total liabilities	(94,145,765)	(133,557)	–	–	(2,448,911,307)	(2,543,190,628)
Dividends distributed	207,250,701	–	–	–	–	207,250,701

MZN

PROFIT AND LOSS ACCOUNT	Millennium bim	Ocidental Seguros	Beira Nave	Constellation	Post--employment benefits – BIM/SIM	Total
Acquired premiums, net of reinsurance	(99,771,000)	–	–	–	(185,878,826)	(285,649,826)
Cost of claims, net of reinsurance	24,702,446	–	–	–	244,216,094	268,918,540
Life branch mathematical provisions, net of reinsurance	–	–	–	–	(890,165)	(890,165)
Profit sharing, net of reinsurance	69,583,697	–	–	–	170,802,515	240,386,212
Net operating costs	31,869,781	2,281,202	–	–	–	34,150,983
Investment income	(80,824,919)	–	–	(186,724)	(179,677,578)	(260,689,221)
Net gains of non-financial assets which are not classified as non-current assets held for sale and discontinued operating units	–	–	–	–	(48,714,600)	(48,714,600)
Other income	–	–	(72,146)	–	–	(72,146)
Total income/costs	**(54,439,995)**	**2,281,202**	**(72,146)**	**(186,724)**	**(142,560)**	**(52,560,223)**

NOTE 33 – BUSINESS RISK MANAGEMENT

Sound risk management is one of the key pillars underlying a strategy of profitable and sustainable growth, and therefore an important competence at Seguradora Internacional de Moçambique, S.A. As part of its governance, the Insurer has adopted a risk management organisational structure, based on the structure enforced at the Millennium bim Group. Its primary objective is the development and implementation of a risk management structure that enables ensuring and achieving an appropriate balance between risk and return, so as to secure and preserve the trust and confidence of the customers, shareholders, regulators and other stakeholders. The risk management structure is inherent at all levels within the Insurer.

The main risks are the following:

SPECIFIC INSURANCE RISK	Investment risk	Operating risk
Specific risk of the Non-Life branches	Credit risk	Event risk
Specific risk of the Life branch	Market risk	Business risk
	Liquidity risk	
	Exchange rate risk	

1) SPECIFIC INSURANCE RISK

Due to the particular nature of insurance activity, part of the subscription risk is transferred from the insured party to the insurer. While for the insured party this risk may be random and therefore unpredictable, one of the main duties of the Insurer is to aggregate these individual risks into portfolios where the costs of claims and their potential variations may be analysed and modelled. The Insurers defines premiums, reserves and capital requirements (solvency) based on the perception of the average cost of claims and how this figure may vary. The analysis, monitoring and estimation of these costs are essential activities in the management of insurance risk. The uncertainty inherent to future expenditure and to the redemption/annulment rates are also part of insurance risk, in view of their potential impact on claims and provisioning requirements.

Specific insurance risk covers all risks inherent to the insurance business, with the exception of those which are covered under investment risk or operating risk.

Non-Life insurance is subject to insurance risk through the uncertainty relative to claims. In particular for health insurance, the uncertainty of costs is also related to variations in medical costs. Invalidity rates may also be included in the risk of longevity when the products are for life, such as occupational accident pensions and some health policies.

The table below presents the sensitivity analysis of the fair value of the capital to alterations of financial and non-financial factors. The fair value of the capital is defined is as the difference between the fair value of the assets and liabilities.

MZN

SENSITIVITY ANALYSIS	Impact on pre-tax profit 31.12.2013	Impact on pre-tax profit 31.12.2012
Operating costs -10%	25,414,776	23,741,150
Cost of claims +5%	(28,860,870)	(24,787,792)

Insurance risk management

The Insurer manages the specific risk of insurance through a combination of policies regarding subscription (underwriting), pricing, provisioning and reinsurance.

The Actuarial department is responsible for the assessment and management of specific insurance risk in the context of the policies and guidelines defined at the level of the Millennium bim Group. The Department regularly analyses and approves the adjustment of the premiums and technical provisions. It should also be noted that the management of specific risk is carried out together with other risks, including ensuring the adequacy of assets to liabilities. Hence, other departments, such as Reinsurance and Investments are also involved in the process.

Subscription policies

Subscription policies are part of the overall risk management policies. These policies are defined and reviewed in coordination with the Actuarial Department, taking account the historical data on recorded losses. A large and varied number of performance indicators and statistical analyses are used for this purpose, in order to improve the subscription rules, improve the experience in terms of losses and/or ensure the adequate adjustment of prices.

Pricing

The Insurer aims to define premiums which enable suitable profit after coverage of the costs of claims (and other costs) and the cost of the capital. The prices are tested using appropriate techniques and performance indicators for the portfolio.

The factors that are taken into consideration in the definition of the prices of insurance contracts vary according to the type of product and benefits offered, but in general, include the following:

- The estimated costs of claims and other benefits payable to the insured parties and their timings;
- The level of uncertainty associated to the costs;
- Other costs associated to the marketing of each product, such as distribution, marketing, policy management and claim management costs;
- Capital market conditions and inflation;
- Yield objectives;
- Insurance market conditions, namely the price of similar products offered by the competition.

Provisioning

The adequacy of the liabilities is reviewed annually, whereby any changes considered necessary are immediately recognised and recorded. The liabilities adequacy test is defined in order to provide assurance to the Insurer's management that there are sufficient assets or provisions to meet the recorded liabilities.

Reinsurance

When appropriate, the Insurer concludes reinsurance treaties so as to limit its exposure to risk. Reinsurance may be undertaken on an individual policy basis (optional reinsurance), namely when the coverage level required by the insured party exceeds the internal subscription limits, or based on the portfolio (reinsurance through treaty), where the individual exposures of the insured parties are within the internal limits, but where there is an unacceptable risk of accumulation of claims, namely due to climate-related phenomena (natural disasters). The events noted above are directly related to atmospheric conditions as well as actual human activity. The selection of the reinsurers is mainly based on criteria related to the price and management of the credit risk of the counterpart.

The principal objective of reinsurance is the mitigation of the impact of major earthquakes/seismic activity, storms or floods, large individual claims where the limits of the indemnities are high and the impact of multiple claims triggered by a single event.

The maximum exposure to risk by event after reinsurance and deductive items is summarised as follows:

USD

BRANCH	Capacity of the Treaty
Fire	20,400,000
Engineering	16,400,000
Fire (Natural disasters)	5,000,000
Engineering (Natural disasters)	5,000,000
Theft	275,000
Cash in the safe	275,000
Cash in transit	400,000
Transport	1,500,000
Marine hull	400,000
Civil liability	1,000,000
Motor – Civil liability	1,500,000
Motor – Own damage	400,000
Personal accidents	500,000
Occupational accidents	500,000

The risk of claims in the Non-Life branch refers to the uncertainty of effective losses arising from the Non-Life branches. The necessary time to know and pay the claims is an important factor to take into account in the constitution of provisions. Short term claims, such as those arising from motor/material damage insurance and multirisk insurance, are generally communicated and paid within a brief period of time. The settlement of long term claims, such as those relative to bodily injury, may take years to be closed. These claims, due to the nature of the losses, imply that it is more difficult to obtain information about the event and the necessary medical treatment tends to be lengthier. Furthermore, the analysis of long term losses is more difficult, and implies more detailed work, where the estimates of future payments are more subject to uncertainty.

In general, the Insurer constitutes provisions for claims by product, coverage and year of the event, and constitutes a provision for claims that have already occurred but have not yet been communicated.

The combined ratio is represented by the sum of the ratio of expenses. The ratio of expenses results from the division of the general expenses imputable to the branch (administrative costs, amortisation, depreciation, fees and remuneration of the network, etc.) by the acquired premiums. The claim ratio results from the division of the costs of claims by the acquired premiums.

The combined ratio is as follows:

	Claim ratio		Expense ratio		Combined ratio	
	2013	2012	**2013**	2012	**2013**	2012
Non-Life	**34%**	30%	**24%**	24%	**58%**	54%
Occupational accidents	**15%**	13%	**21%**	20%	**36%**	33%
Personal accidents and sickness	**30%**	27%	**23%**	17%	**53%**	45%
Fire and other damages	**25%**	2%	**78%**	89%	**103%**	90%
Motor	**41%**	36%	**20%**	21%	**61%**	57%
Miscellaneous	**46%**	57%	**16%**	15%	**55%**	71%
Other	**9%**	1%	**11%**	18%	**20%**	19%

Longevity and mortality risks

Longevity risk occurs when an unexpected decrease in the mortality rates leads to increases of claims that are higher than those expected in products such as life-long annuities. Longevity risk is managed through the pricing, the subscription policy and a regular review of the mortality tables used to define premiums and constitute provisions. When the conclusion is reached that longevity is above that assumed in the mortality tables, supplementary provisions are created and the premiums are adjusted accordingly.

Mortality risk covers the uncertainty of effective losses arising from the insured people living longer than that expected, and is most relevant, for example, in renewable annual temporary insurance. In view of the continuous increase in the life expectancy of the insured population, the mortality risk in terms of the present portfolio is not significant at this stage. However, mortality risk may become significant in the event of epidemic diseases or in the event of a large number of deaths following a sequence of disasters, such as industrial accidents or terrorist attacks. Mortality risk is mitigated not only through the subscription policy and regular review of the mortality tables, but also through reinsurance treaties to protect the withholding.

The main actuarial assumptions used in the calculation of the value of the mathematical reserves for occupational accidents are as follows:

MORTALITY TABLE	Redeemable pensions	Non-redeemable pensions
Men	RF	RF
Women/widow	Portuguese 1930/31	Portuguese 1930/31
Orphans	Swiss 1901/1910	Swiss 1901/1910
Discount rate	3.25%	3.25%
Management costs	2.00%	2.00%

Invalidity risk

Invalidity risk covers the uncertainty of effective losses due to the occurrence of invalidity rates higher than those expected, and may be more relevant, for example, in portfolios of health, personal accidents, occupational accidents and Life Risk insurance.

The incidence of this risk, as well as the recovery rates are influenced by various factors such as the economic environment, government intervention, medical progresses, in addition to the criteria used in the assessment of invalidity. This risk is managed through a regular review of the historical pattern of claims and expected future trends, as well as through the adjustment of prices, provisions and subscription policies, whenever justified. Seguradora Internacional de Moçambique also mitigates invalidity risk through the adoption of medical questionnaires that are appropriate and adjusted, and suitable reinsurance coverage.

Development of the Provision for Claims relative to claims occurred in Financial Years and their Readjustment (Corrections):

MZN

2013	Provision for claims as at 31/12/2012 (1)	Costs of claims(*) values paid during the year (2)	Provision for claims(*) as at 31/12/2013 (3)	Readjustment (3)+(2)-(1)
Occupational accidents	(54,962,627)	10,141,189	(50,853,741)	6,032,303
Personal accidents and sickness	(11,005,212)	5,566,750	(9,861,563)	4,423,101
Fire and other damages	(20,983,873)	13,930,571	(4,196,344)	(2,856,958)
Motor	(199,000,113)	43,809,392	(136,937,535)	(18,253,185)
Marine	(1,486,838)	–	(1,503,438)	16,600
Aviation	(304,751)	–	(308,131)	3,380
Transport	(4,233,151)	99,942	(4,136,617)	3,407
Civil liability	(1,101,364)	13,529,348	(6,837,871)	19,265,855
Miscellaneous	(68,745,131)	25,153,491	(19,086,486)	(24,505,154)
Total Non-Life branches	(361,823,062)	112,230,684	(233,721,727)	(15,870,651)

MZN

2012	Provision for claims as at 31/12/2011 (1)	Costs of claims(*) values paid during the year (2)	Provision for claims(*) as at 31/12/2012 (3)	Readjustment (3)+(2)-(1)
Occupational accidents	(51,238,521)	9,181,639	(43,231,468)	1,174,585
Personal accidents and sickness	(8,137,680)	2,636,983	(7,072,111)	1,571,414
Fire and other damages	(21,131,315)	20,995,127	(3,271,738)	3,135,550
Motor	(174,445,354)	42,954,894	(130,217,516)	(1,272,945)
Marine	(23,459,959)	10,618,222	(1,631,990)	(11,209,746)
Aviation	(279,756)	–	(304,751)	24,995
Transport	(3,927,217)	197,977	(3,738,953)	9,712
Civil liability	(627,636)	40,157	(547,611)	(39,868)
Miscellaneous	(17,607,033)	1,936,287	(14,761,694)	(909,052)
Total Non-Life branches	(300,854,471)	88,561,285	(204,777,831)	(7,515,355)

The additional information by business line is as follows:

MZN

2013	Values paid – instalments (1)	Values paid – imputed claims management costs (2)	Variation of the provision for claims (3)	Costs of claims (4)=(1)+(2)+(3)
Occupational accidents	(10,141,189)	1,723,328	(4,672,816)	(13,090,677)
Personal accidents and sickness	(64,308,096)	1,809,495	(4,247,312)	(66,745,913)
Fire and other damages	(28,428,612)	1,292,496	(4,727,752)	(31,863,867)
Motor	(135,803,483)	7,754,978	(30,179,739)	(158,228,244)
Marine	–	–	–	–
Aviation	–	–	–	–
Transport	(1,336,058)	–	(1,068,832)	(2,404,890)
Civil liability	(14,635,539)	–	(7,622,708)	(22,258,247)
Miscellaneous	(43,320,407)	–	41,363,216	(1,957,191)
Total Non-Life branches	(297,973,385)	12,580,298	(11,155,943)	(296,549,030)

MZN

2012	Values paid – instalments (1)	Values paid – imputed claims management costs (2)	Variation of the provision for claims (3)	Costs of claims (4)=(1)+(2)+(3)
Occupational accidents	(9,178,112)	936,307	(3,917,086)	(12,158,892)
Personal accidents and sickness	(42,037,661)	983,122	(2,731,535)	(44,230,171)
Fire and other damages	(24,464,991)	702,230	678,337	(24,178,219)
Motor	(114,575,862)	4,213,381	(24,521,424)	(135,120,304)
Marine	(10,618,222)	–	22,667,182	10,660,855
Aviation	–	–	–	(49,989)
Transport	(358,203)	–	(250,622)	(719,451)
Civil liability	(2,157,550)	–	(309,428)	(2,793,830)
Miscellaneous	(17,903,813)	–	(50,491,064)	(69,688,946)
Total Non-Life branches	(221,294,415)	6,835,040	(58,875,640)	(278,278,946)

The additional information by business line is as follows:

MZN

2013	Gross premiums issued	Gross premiums acquired	Gross cost of claims	Gross operating costs	Reinsurance balance
Occupational accidents	99,905,379	99,279,623	(14,814,006)	(20,517,700)	(739,427)
Personal accidents and sickness	275,292,345	212,547,719	(68,555,408)	(42,758,267)	4,907,690
Fire and other damages	431,756,042	429,209,399	(33,156,364)	(72,469,499)	325,199,747
Motor	446,725,319	435,750,170	(165,983,222)	(81,064,579)	4,473,921
Marine	416,424	642,706	–	(91,368)	67,261
Aviation	2,273,902	2,282,744	–	(278,231)	824,687
Transport	29,093,611	29,012,603	(2,404,890)	(5,637,242)	12,084,166
Civil liability	19,681,493	21,015,198	(22,258,247)	(3,379,722)	(8,134,763)
Miscellaneous	80,397,859	87,345,321	(1,957,191)	(14,456,486)	45,122,734
Total Non-Life branches	1,385,542,375	1,317,085,482	(309,129,328)	(240,653,094)	383,806,017

MZN

2012	Gross premiums issued	Gross premiums acquired	Gross cost of claims	Gross operating costs	Reinsurance balance
Occupational accidents	90,890,785	88,557,084	(13,095,198)	(17,607,705)	(1,820,456)
Personal accidents and sickness	141,219,090	171,608,890	(44,769,196)	(31,348,409)	1,856,537
Fire and other damages	309,352,407	310,382,819	(23,786,654)	(58,635,490)	216,632,493
Motor	407,416,093	400,628,800	(139,097,286)	(84,739,191)	2,809,345
Marine	2,471,354	3,576,477	12,048,960	(902,826)	12,811,502
Aviation	2,185,935	2,166,528	–	(526,104)	887,154
Transport	20,133,255	20,029,533	(608,825)	(3,973,107)	10,734,144
Civil liability	14,944,963	16,588,832	(2,466,978)	(2,503,121)	7,410,521
Miscellaneous	78,756,529	78,257,495	(68,394,877)	(14,411,074)	(21,653,805)
Total Non-Life branches	1,067,370,412	1,091,796,458	(280,170,055)	(214,647,027)	229,667,434

Solvency Requirements

The solvency margin is calculated in accordance with Decree number 30/2011 of 11 August, and is determined based on the statutory financial statements.

Seguradora Internacional de Moçambique, S.A. ensures the monthly monitoring of the solvency level, for which it has defined a minimum objective of 200% of the legal requirement.

Note 34 indicates the solvency levels of Seguradora Internacional de Moçambique.

2) INVESTMENT RISK

Investment risk is composed of three types of risk: Credit, Market and Liquidity.

a) Credit Risk

Credit risk is defined as the risk arising from the incapacity of an issuer to comply, fully or partially, with the contracted terms.

In the context of the Insurer, this risk is essentially relevant in its financial investment portfolios, through our exposure to bonds, in which we have invested for the benefit of both our policyholders and our shareholders. This risk is managed through the implementation of a credit policy which contains a series of principles, rules, guidelines and procedures for the effect of identification, measurement and reporting.

The Insurer is also exposed to credit risk through the reinsurance treaties, although relative to these, the Insurer ensures that all reinsurance arrangements are placed in highly credit-worthy institutions.

The table below indicates the values of the investment portfolio divided by category and type of asset.

MZN

	2013		2012	
	Value	%	Value	%
Investments in affiliates and associates	211,350,850	4%	211,350,850	4%
Financial assets available for sale	1,600,135,092	30%	2,292,381,072	47%
Bonds and other fixed yield securities	1,586,269,265	30%	2,276,498,845	47%
Of public debt	1,411,269,264	27%	1,976,833,471	41%
Issued by other entities	175,000,000	3%	299,665,373	6%
Variable yield securities – Shares	13,865,827	0%	15,882,227	0%
Loans and accounts receivable	347,115,345	7%	679,549,774	14%
Term deposits	347,115,345		679,549,774	
Cash and cash equivalents and demand deposits				
Demand deposits and term deposits with maturity less than 90 days	1,756,471,781	33%	207,152,471	4%
Income-generating buildings	1,295,306,325	25%	1,425,856,325	29%
Interest receivable	42,355,551	1%	63,792,199	1%
Total	5,252,734,943	100%	4,880,082,691	100%

The table below indicates the values of the investment portfolio divided by type of asset.

MZN

	2013		2012	
	Value	%	Value	%
Bonds and other fixed yield securities	1,586,269,265	30%	2,276,498,845	47%
Variable yield securities – Shares	225,216,677	4%	227,233,077	5%
Term deposits and demand deposits	2,103,587,126	40%	886,702,245	18%
Real estate properties	1,295,306,325	25%	1,425,856,325	29%
Interest receivable	42,355,551	1%	63,792,199	1%
Total	5,252,734,943	100%	4,880,082,691	100%

One of the objectives of the Insurer's investment policy is the mitigation of the underlying credit risk through diversification of the portfolio, by sector, market and country.

The bonds held by the Insurer may be broken down by type of sector:

MZN

	2013		2012	
	Value	%	Value	%
Public debt	1,411,269,264	89%	1,976,833,471	87%
Financial institutions	175,000,000	11%	276,250,000	12%
Communications	–	–	23,415,373	1%
Total	1,586,269,265	100%	2,276,498,845	100%

The shares held by the Insurer may be broken down by type of sector:

MZN

	2013		2012	
	Value	**%**	Value	%
Real estate	**210,700,000**	**94%**	210,700,000	93%
Consumables	**12,873,605**	**6%**	14,890,005	7%
Financial	**992,222**	**–**	992,222	–
Naval	**650,850**	**–**	650,850	–
Total	**225,216,677**	**100%**	227,233,077	100%

The table below shows the credit-worthiness (rating) of the issuers of all the bonds and deposits at credit institutions (based on external ratings):

MZN

NOTES		2013		2012	
		Value	**%**	Value	%
i)	Public debt	**1,411,269,264**	**89%**	1,976,833,471	87%
ii)	National corporate bonds	**175,000,000**	**11%**	299,665,373	13%
ii)	Foreign corporate bonds	**–**	**–**	–	–
	Total	**1,586,269,265**	**100%**	2,276,498,845	100%

MZN

NOTES		2013		2012	
		Value	**%**	Value	%
	Deposits from credit institutions				
iii)	Term deposits	**325,543,345.39**	**15%**	679,549,774	77%
iii)	Demand deposits and term deposits with maturity less than 90 days	**1,778,043,780.66**	**85%**	207,152,471	23%
	Total	**2,103,587,126**	**100%**	886,702,245	100%

Notes:

i. Public debt – sovereign debt and according to recent studies of the IMF, Mozambique, in spite of its structural constraints, has presented, over the last 15 years, a political and economic stability that enables sustained growth of the economy at levels of 7% per year and follows a trend of diversification of its growth base. Mozambique has reformed its taxation system and continues to expand its tax base. As a result, the country continues to be referenced as stable in the short, medium and long term, having thus been attributed a B+ rating by the credit rating agencies Standard & Poor's and Fitch Ratings, on 29/11/2013.

ii. Mozambique does not have a liquid and structured capital market. Transactions are made based on private placement via financial intermediaries which coincide with the actual financial institutions, therefore, we do not have brokers, and events are disclosed formally on the Stock Exchange.

Banco Internacional de Moçambique in the capacity of issuer of the bonds: Without rating

iii. Of the total deposits in credit institutions, approximately 96% are kept under custody at Banco Internacional de Moçambique. The remaining amount is kept under custody at Standard Bank and BCI, with 0.2% and 3.8%, respectively. These entities do not have a rating.

b) Market Risk

The investment department is responsible for ensuring the mitigation of market risk through the following actions:

- Analysis of the impact of the increase or disposal of the portfolio of short, medium and long term financial assets.
- Definition of product diversification strategies which lead to solutions of added value.
- Quarterly monitoring and revaluation of the assets comprising the Insurer's portfolios, through the mark-to-market methodology.
- Monitoring and ensuring compliance with the legislation and regulations of the supervisory entity.

The analyses which underlie decision-taking in this area are: Cash flow gap analysis; Interest rate sensitivity analysis; Duration; Earnings at risk and Value at risk.

c) Liquidity Risk

As at 31 December 2013 and 2012, the forecast cash flows (not discounted) of the financial instruments, according to their respective contractual maturity, present the following details:

MZN

2013	Maturity					Without maturity	Total
	<1 month	1-3 months	3-12 months	1-5 years	> 5 years		
Bonds and other fixed yield securities (includes accrued interest)	–	–	31,518,372	1,597,106,478	–	–	1,628,624,850
Variable yield securities – Shares						225,216,677	225,216,677
Term and demand deposits (includes accrued interest)	1,714,566,244	10,570,000	347,115,310	–	–	–	2,072,251,554
Income-generating buildings						1,295,306,325	1,295,306,325
Total	1,714,566,244	10,570,000	378,633,682	1,597,106,478	–	1,520,523,003	5,221,399,406

MZN

2012	Maturity					Without maturity	Total
	<1 month	1-3 months	3-12 months	1-5 years	> 5 years		
Bonds and other fixed yield securities (includes accrued interest)	–	–	765,397,033	1,572,128,642	–	–	2,337,525,674
Variable yield securities – Shares						227,233,077	227,233,077
Term and demand deposits (includes accrued interest)	34,005,589	132,954,908	682,137,146	–	–	40,369,971	889,467,615
Income-generating buildings						1,425,856,325	1,425,856,325
Total	34,005,589	132,954,908	1,447,534,179	1,572,128,642	–	1,693,459,373	4,880,082,691

d) Exchange Rate Risk

Exchange rate risk arises from possible changes in the exchange rate of the reference currency of the Insurer, that is the Metical.

The Insurer's balance sheet shows the following exchange rate exposure:

	2013	2012
Assets in foreign currency	**490,102,960**	431,718,201
Liabilities in foreign currency	**(414,507,230)**	(379,920,601)
Net balance in foreign currency	**75,595,729**	51,797,600

3) OPERATING RISK

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

Event risk includes the risk of losses arises from the nonexistence or failure of internal processes, people and systems or due to external events. This definition of event risk includes legal and compliance risk, but excludes strategic and reputation risk.

Business risk is the risk of "being in the business" and includes the risk of losses due to changes in the structural and/or competitive environment. The nature of this risk is essentially external, although, even so, it may be mitigated by good management practices.

Concerning operating risk, the Insurer has defined, amongst others, policies/procedures on matters of business continuity, IT security, procurement, money laundering, internal control and combat of fraud.

NOTE 34 – COVERAGE OF THE CORRECTED SOLVENCY MARGIN

The Insurer is subject to the solvency requirements defined by Decree number 30/2011, issued by the Council of Ministers. The solvency requirements are determined in accordance with the financial statements, which are prepared pursuant to the rules of the Insurance Supervision Institute of Mozambique.

MZN

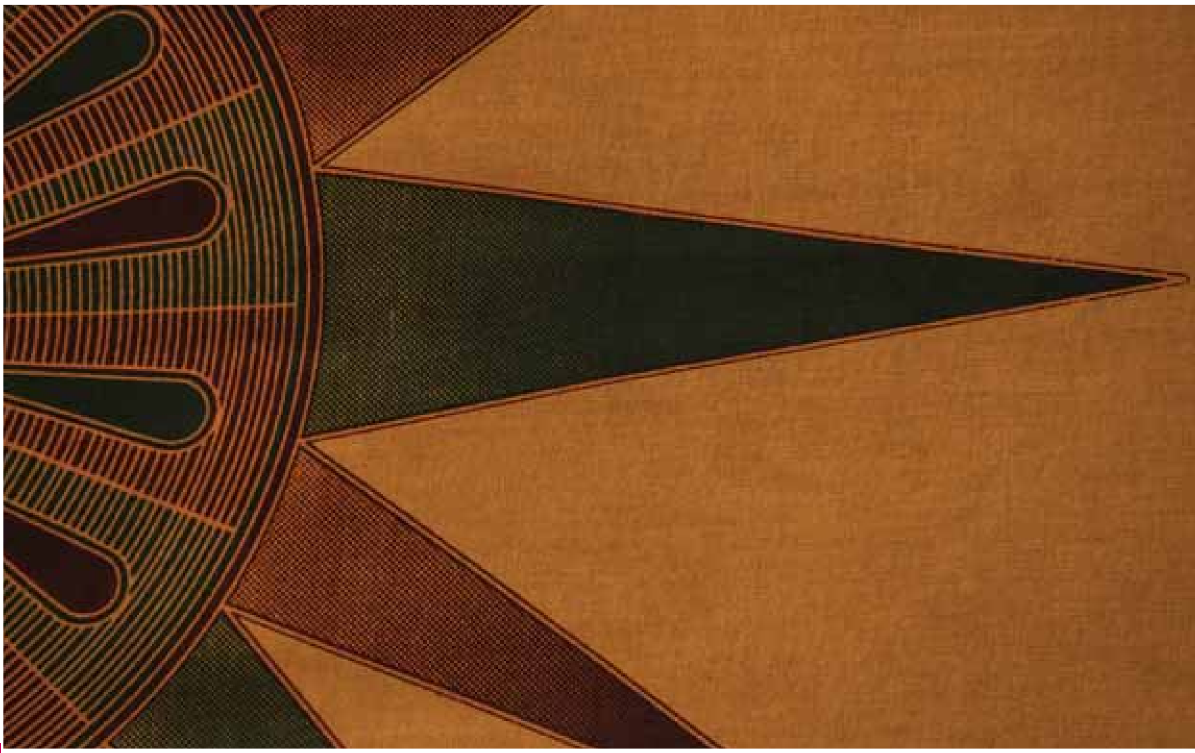
	2013	2012	2013/2012
Capital	**147,500,000**	147,500,000	–
Reserves	**1,010,072,415**	854,959,615	18.1%
Retained earnings	**11,889,120**	11,889,120	
Net income for the year net of dividends	**159,691,810**	156,939,860	1.8%
Deductible items	**(20,558,448)**	(16,435,958)	25.1%
Disposable solvency margin	**1,308,594,897**	1,154,852,638	13.3%
Required Non-Life solvency margin	**244,278,371**	160,133,708	52.5%
Required Life solvency margin	**106,207,831**	134,427,896	-21.0%
Solvency margin surplus/(deficit)	**958,108,695**	860,291,034	11.4%
Coverage	**373.4%**	392.1%	-18.7%

NOTE 35 – CONTINGENT ASSETS AND LIABILITIES

Based on article 62 of the Corporate Income Tax Code, the Management believes that the income received from financial instruments listed on the Stock Exchange of Mozambique are subject to taxation at source at a rate of 10%, hence a request was addressed to the Mozambican Tax Authority, at the end of the month of December 2011, for the reimbursement of the excess tax paid relative to the financial years of 2008, 2009 and 2010, of the value of 53,265 thousand meticais (32% - 10% = 22%). The amount referred to above will be recognised in SIM's accounts as soon as authorisation for such is received from the Mozambican Tax Authority.

NOTE 36 – EVENTS AFTER THE REPORTING DATE NOT DESCRIBED IN PREVIOUS POINTS

Pursuant to the provisions in IAS 10, up to the authorisation date for the issue of these financial statements, no subsequent events had been identified which imply adjustments or additional disclosures.



INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Seguradora Internacional de Moçambique, S.A.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of SIM – Seguradora Internacional de Moçambique, S.A., which include the balance sheet as at 31 December 2013, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the financial year ended on that date, as well as the notes to the financial statements that include a summary of the significant accounting policies and other explanatory notes, on pages 30 to 104.

Responsibility of the Board of Directors in relation to the financial statements

The Board of Directors is responsible for the appropriate preparation and presentation of these financial statements, in accordance with the standards issued by the Insurance Supervision Institute of Mozambique and the internal control system that the Board of Directors considers necessary to permit the elaboration of financial statements that are free of materially relevant distortions, whether due to fraud or error.

Responsibility of the auditors

It is our responsibility to issue an opinion on these financial statements based on our audit. Our audit was conducted in accordance with the International Audit Standards. Such standards require that we comply with relevant ethical standards and plan and perform the audit so as to obtain reasonable assurance that the financial statements are free of materially relevant distortions.

An audit includes the application of procedures that allow us to obtain audit evidence on the amounts and disclosures presented in the financial statements. The selected procedures depend on our judgement, including the assessment of the risks of material distortion of the financial statements, due to either fraud or error. In making these risk assessments, we consider the relevant internal controls for the appropriate preparation and presentation of the financial statements by the entity, in order to permit the design of audit procedures that are suitable, under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control systems. An audit also includes the assessment of the adequacy of the accounting principles adopted and the reasonableness of the accounting estimates made by the Board of Directors, as well as an assessment of the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present, in a true and appropriate form, the financial position of SIM – Seguradora Internacional de Moçambique, S.A. as at 31 December 2013, and the financial performance and cash flow for the financial year ended on that date, in conformity with the standards issued by the Insurance Supervision Institute of Mozambique.

KPMG

Maputo, 21 February 2014

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OPINION OF THE BOARD OF AUDITORS

OPINION OF THE BOARD OF AUDITORS

Pursuant to the legal and statutory provisions, the Board of Auditors submits to the Shareholders the report on the supervisory action undertaken at Seguradora Internacional de Moçambique, S.A., as well as its opinion on the Balance Sheet, Income Statement, Cash Flow Statement, Statement of Changes in Equity, the corresponding Notes and the Report of the Board of Directors relative to the financial year ended on 31 December 2013.

In compliance with its duties, the Board of Auditors has held meetings throughout the year with the frequency required by law and has supervised the activity of the Insurer, essentially through the appraisal of the Monthly Financial Statements and respective Management information, through participation in the meetings of the Board of Directors and the contact maintained with the members of the Board of Directors and Senior Management, and through the information collected by the management information systems of the Insurer, seeking to assess the development of the activity.

The Board of Auditors has appraised the Technical Accounts with particular care and considers that the following should be highlighted:

- The growth of the "Technical Margin before the imputation of administrative costs", of about 5%, influenced mainly by the combined variation of the following indicators:
  - The 27% increase recorded in the total volume of direct insurance and accepted reinsurance premiums;
  - The assigned reinsurance premiums paid grew 34.9% relative to 2012;
  - The costs related to direct insurance and accepted reinsurance claims, net of income related to assigned reinsurance claims, increased from 488.7 million meticais in 2012 to 563.0 million Meticais in 2013;
  - The technical provisions for direct insurance and accepted reinsurance and the technical provisions for assigned reinsurance show, in the profit and loss account for 2013, a net cost of 97.8 million Meticais, compared with a net cost recorded under these headings in 2012, of 3.0 million Meticais;
  - The heading "Participation in Profit" of some policies showed an increase in costs of 23.4%;
  - The account of costs related to direct insurance and accepted reinsurance "Fees", net of income from assigned reinsurance "Fees", shows an increase of 54.4%;
  - The provisions for premiums under collection reached in 2013 the cost of approximately 6.2 million Meticais, compared with 2.2 million meticais in 2012;
  - The heading of "Remunerations of the network and management fees" shows an increase in costs of 35.0%;
  - The financial earnings of the investments allocated to the technical reserves for direct insurance and reinsurance increased by 10.5%.

- It should also be highlighted that staff costs grew 9.1% and the share of administrative costs relative to staff decreased by 65.0% in 2012 to 63.0% in 2013.

- The combined effect of the improvement in the Technical Margin and modest growth of operating costs led to a positive net income of 399.2 million Meticais in 2013, corresponding to an increase of 1.8% relative to 2012.

The Board of Auditors also appraised the Management Report and Accounts for 2013, as well as the Financial Statements audited by the External Auditor and its Opinion, which indicate:

- That the **Balance Sheet** of Seguradora Internacional de Moçambique, S.A., as at 31 December 2013, correctly reflects its financial situation;

- That the **Income Statement** reflects the result of the activity of Seguradora Internacional de Moçambique, S.A. for the year, corresponding to a profit of 399,230.0 thousand Meticais;

- That the **Cash Flow Statement** shows that the cash flows of the operating, investment and financing activities increased from 207,152.4 thousand Meticais at the beginning of the year to 1,756,471 thousand Meticais at the end of the year;

- That the **Statement of Changes in Equity** demonstrates that total Equity reached the value of 1,567,459.4 thousand Meticais by the end of the year; and

- That the **Comprehensive Income Statement** presents a comprehensive income of 394,812.5 thousand Meticais.

As a result of the verification carried out and information obtained, the Board of Auditors:

- Is of the opinion that the Balance Sheet, Income Statement, Cash Flow Statement and Statement of Changes in Equity comply with the statutory provisions and agree with the adopted valuation criteria, reflecting, in their opinion, the true financial situation of the company as at 31 December 2013, as well as the result of the activity and cash flows during the financial year of 2013;

- It is our opinion that the General Meeting should:
  - Approve the Management Report of the Board of Directors and the Financial Statements of Seguradora Internacional de Moçambique, S.A. relative to the financial year ended on 31 December 2013;
  - Express a vote of praise for the performance of the Board of Directors and employees of Seguradora Internacional de Moçambique, S.A. during the financial year of 2013.

Maputo, 21 February 2014

The Board of Auditors

António de Almeida – Chairman

Daniel Filipe Gabriel Tembe – Member

Eulália Mário Madime – Member

Maria Iolanda Wane – Alternate Member

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SIM – Seguradora Internacional de Moçambique, S.A.

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Head Office:
Avenida 25 de Setembro, no. 1800
Maputo/Moçambique

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MZN 147,500,000

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with the unique registry number 10735

July 2014

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Annual Report 2013