



ANNUAL REPORT 2014

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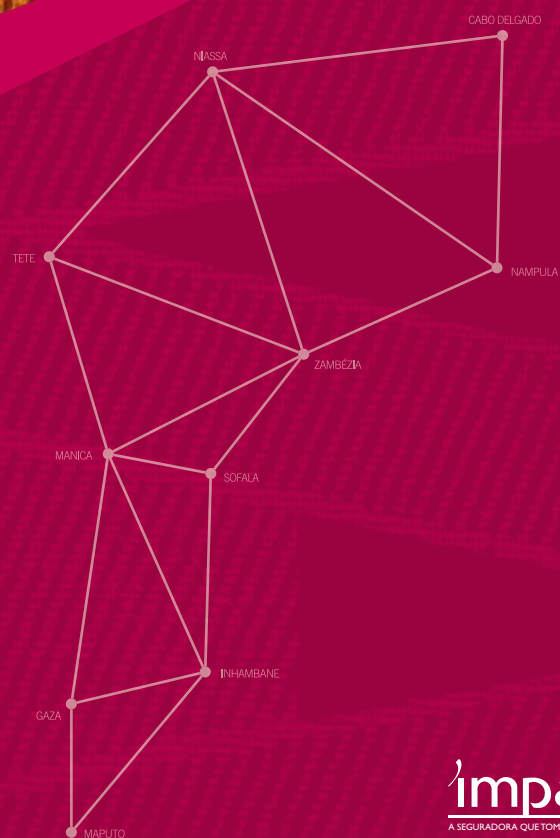
A SEGURADORA QUE TOMA CONTA

ANNUAL REPORT SEGURADORA INTERNACIONAL DE MOÇAMBIQUE 2014

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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**Mário Fernandes
da Graça Machungo**
Chairman of the
Board of Directors

CHAIRMAN'S STATEMENT

Throughout 2014, Seguradora Internacional de Moçambique faced new challenges to which it sought the best responses in a timely and flexible manner; taking into account the circumstances experienced during the year under review and a highly competitive market.

Despite the market problems that were encountered, Seguradora Internacional de Moçambique achieved its defined objectives, both in terms of revenue processed and net income, as well as other relevant economic and financial indicators for the company. The path followed to assure this accomplishment is naturally incorporated in a framework of great technical accuracy, while preserving what have always been the best practices, values and guiding principles of the company.

Seguradora Internacional de Moçambique continued to strengthen its equity structure and solvency margin, which makes it one of the companies with greatest financial solidity and a reference in the Mozambican insurance market.

The country's large scale development projects continue to be the main drivers of economic growth, of around 7.4% in 2014, which is accompanied, moreover, by a controlled inflation of about 2.3%.

In spite of the economic growth boosted by major projects, these do not yet generate a large increase in the technical margin of insurance companies, since the insurance contracts in the country are made under fronting arrangements, where local companies only have to issue the corresponding policies. The process conducted in this way will not bring, in the future, any added value to the creation of internal capacity to manage and retain within the country risks of this magnitude which, as we are aware, are of great technical complexity.

The Mozambican insurance market, which has gained a remarkable dynamism in recent years, with the establishment of new insurance companies and brokers in the country, last year; witnessed with great optimism a visible intervention of the supervisory authorities, which established and led the implementation of good governance practices in insurance companies.

It is essential that the continued growth of the country's economy also enables increasing the insurance penetration rate in GDP that is still at very low levels. For this to happen, it is crucial to place, in the country, the insurance of megaprojects and that national insurers position and prepare themselves technically and financially so that, together, they can retain the highest risk possible.

Seguradora Internacional de Moçambique, being aware of its leadership position in the market, has been preparing itself for the challenges ahead, due to the advent of large investments in the area of mineral resources, by training its staff, permanently improving its management and information system, obtaining underwriting capacity of large risks from international reinsurers, as well as by introducing new applications to improve its levels of efficiency and effectiveness.

Finally, my thanks are addressed to all the Employees for the dedication and commitment they have always demonstrated and that allowed us to achieve the company's objectives and results, to our business partners and Customers for the usual collaboration and preference demonstrated, and to the Shareholders for the support and confidence they have always placed in us.

I would like to express our recognition to the government entities and the supervisory board for their usual cooperation.



Mário Fernandes da Graça Machungo
Chairman of the Board of Directors



KEY INDICATORS



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KEY INDICATORS

Million MZN

	2014	2013	Var. % 14/13
INCOME STATEMENT			
Direct written premiums	1,753	1,771	-1.0%
Non-Life	1,384	1,385	-0.1%
Life	368	386	-4.5%
Technical margin	844	771	9.5%
Net income	464	399	16.2%
BALANCE SHEET			
Shareholders' equity	1,787	1,567	14.0%
Total assets	6,147	5,569	10.4%
Investments	5,600	5,179	8.1%
RATIOS			
EFFICIENCY			
1 – Ratio of Non-Life claims, net of reinsurance	30.4%	32.5%	-2.1 p.p.
2 – Ratio of Non-Life costs, net of reinsurance	26.9%	28.0%	-1.0 p.p.
3 – Combined ratio of Non-Life, net of reinsurance	57.3%	60.5%	-3.1 p.p.
4 – Life net operating costs/Life investments	0.4%	0.4%	0.0 p.p.
PROFITABILITY			
1 – Technical earnings/Premium revenue	48.1%	43.5%	4.6 p.p.
Non-Life	53.3%	48.3%	5.0 p.p.
Life	28.7%	26.4%	2.3 p.p.
2 – Return on average equity (ROE)	26.0%	25.5%	0.5 p.p.
SOLVENCY			
1 – Solvency ratio	412.8%	373.4%	39.4 p.p.
2 – Equity/Total assets	29.1%	28.1%	0.9 p.p.
3 – Coverage of the technical provisions	141.7%	144.6%	-2.8 p.p.
OTHER INDICATORS			
Market share	n.a.	n.a.	-
Number of Employees	146	147	-0.7%

SHAREHOLDER STRUCTURE

MZN

Shareholders	Number of shares	%	Paid-up share capital
BIM – Banco Internacional de Moçambique, S.A.	1,326,232	89.9140%	132,623,200
PT Participações, SGPS, S.A.	86,068	5.8351%	8,606,800
FDC – Fundação para o Desenvolvimento da Comunidade	30,716	2.0824%	3,071,600
TDM – Telecomunicações de Moçambique, S.A.	30,716	2.0824%	3,071,600
Remaining Shareholders	1,268	0.0860%	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

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REPORT OF THE BOARD OF DIRECTORS

With the completion of the financial year of 2014, 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 2014, which was audited by KPMG Auditores e Consultores, S.A.

ECONOMIC ENVIRONMENT

WORLD ECONOMY

The estimated global economic growth for 2014 should be 3.3%, according to projections of the International Monetary Fund (IMF), continuing what was registered in 2013. Despite this scenario, 2014 presented a growth of systemic risks associated with the widening of regional geopolitical tensions and low commodity prices.

The USA should have registered a real GDP growth of 2.4%. Economic growth takes place in a low and stable inflation scenario (2.0%) and a gradual normalization of the expansionary monetary and fiscal policy.

Emerging economies showed growth at two paces. China maintained a rapid pace of growth (7.4%), supported by increased public spending. On the other hand, Russia, due to regional conflicts, economic sanctions and decline of the rouble, and Brazil, due to the growing public debt and the decline of oil prices, showed a reasonable but substantially lower growth.

The Eurozone confirmed the prospects for renewed growth, with an estimate of 0.8%. However, recovery continues to be at two speeds, with the peripheral region maintaining residual growth, as well as fiscal and budgetary challenges.

Sub-Saharan Africa continued to have a high growth rate (4.8%), with private consumption and investment remaining as the growth drivers, showing focus on development.

Outlook for 2015 remains positive, with an expected global economic growth at 3.5%, benefiting from the reduction in oil prices and boosted by the strong recovery of the USA and China's growth continued high (6.8%).

ECONOMY OF MOZAMBIQUE

According to data from the National Institute of Statistics, GDP growth of the Mozambican economy in the first 9 months of 2014 stood at 7.4% in annual terms, in line with the review of IMF projections that indicate a potential growth of 7.5 %, maintaining the robustness of the last decade.

This good performance of the economy, supported by the increase in industry, construction, agriculture and financial services, as well as by the expansion of public and private consumption, maintained the GDP growth level above the average for Sub-Saharan Africa. Even so, growth forecasts were reviewed during 2014, down from 8.3%, due to the difficulties of incorporating revenue from coal exploration projects, which maintain export volumes relatively low due to logistics infrastructure constraints.

In the first 9 months of the year, the secondary sector was the largest contributor with a year-on-year growth of 10.8%, especially for the manufacturing industry, with a growth of around 15%. Primary sector grew by 6.6% and the services sector grew 8.3%.

Emphasis is also given to the growth of the financial sector (13.7%), which was what most stood out in terms of services.

The sector that continues to represent a greater weight in the Mozambican economy is the agricultural sector (23.5%), which has even increased its weight when compared to the same period of the previous year (22%).

For 2015, the prospects for economic growth remain high, with a potential decrease of the fuel bill, due to the decline of oil prices, although the depreciation of the metical against the dollar, recorded in late 2014, counterbalances the effect. Foreign investment is expected to remain strong along with the focus on the extractive industries.

INFLATION

The general price index had a positive development, with the year-on-year inflation rate declining to 1.93%, a value below the one recorded in the same period of 2013, which ended with 3.5%, and with the average inflation rate decreasing from 4.3% in January to 2.6% in December 2014. The relief of inflationary pressure occurred in particular in the category of clothing products, housing, water and electricity, as well as in the retraction of prices in terms of furniture, communications and leisure.

The favourable performance of inflation was mainly due to the maintenance of tariff prices, to an increase in local food production, replacing imports, and to the decline of commodity prices during 2014.

For 2015, the maintenance of a controlled inflation rate is expected, largely due to a decreased fuel import bill. Another relevant factor will be the evolution of the metical against the dollar and the rand. Exchange rate stability is very positively reflected on price performance, since the import of basic goods is still high.

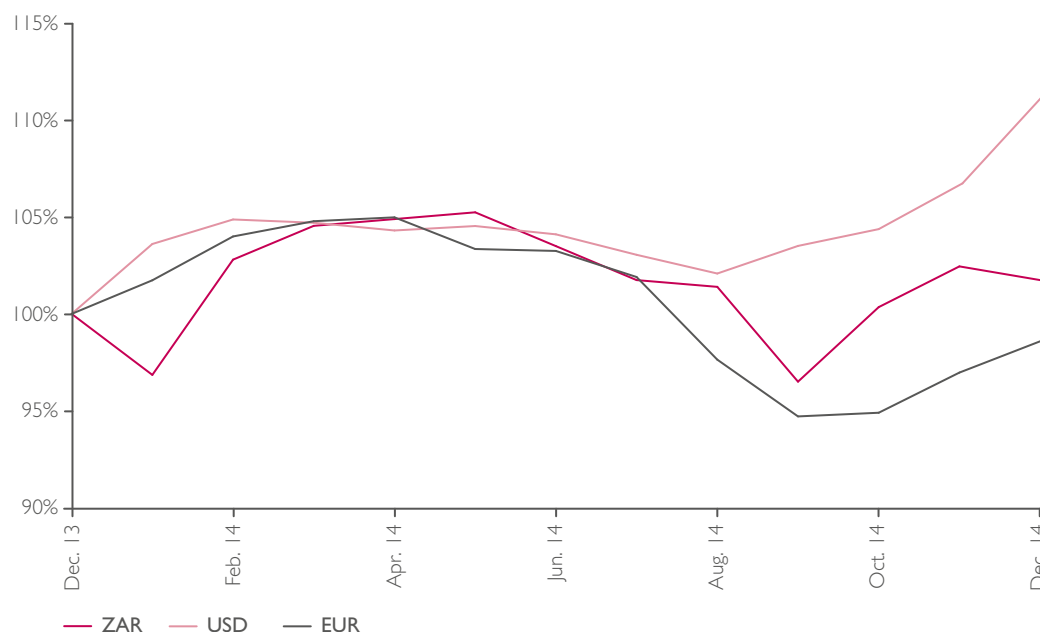
Macroeconomic indicators	2009	2010	2011	2012	2013	2014E
Real GDP (annual variation rate)	6.30%	7.20%	7.30%	7.50%	7.40%	7.00%
Inflation (average variation rate) ¹	3.4%	12.7%	8.4%	2.9%	4.2%	4.1%
Monetary mass (annual variation rate) ²	32.6%	29.3%	6.4%	18.3%	21.5%	21.5%
Current trade balance (% GDP) ³	-10.5%	-11.7	-24.3%	-36.5%	-37.7%	-39.4%
Budget balance (% GDP) ³	-5.4%	-4.3%	-5.3%	-4.2%	-2.8	-10.6%
End of period MZN/USD exchange rate	29.2	32.8	27.1	29.8	30.1	33.6
MZN/USD exchange rate % var.	22.5%	12.3%	-17.4%	10.0%	1.0%	11.6%
End of period MZN/ZAR exchange rate	3.96	5.03	3.40	3.50	2.90	2.90
MZN/ZAR exchange rate % var.	13.1%	27.0%	-32.4%	2.9%	-17.1%	-

Notes: E – estimates, except Exchange Rate (Mbim); 1) Inflation (INE); 2) Updated pursuant to IMF/Government Country Report 15/12 (2010-2014); 3) *Ibidem*, after donations.

EXCHANGE RATE EVOLUTION

2014 was marked by the relative stability of the metical in relation to the main international currencies during most of the year. In the beginning of the last quarter, particularly from November, market conditions changed dramatically and the metical devalued relative to the USD, ending the year with an 11.7% depreciation compared to that currency, compared to December 2013. In late 2014, the USD/MZN was at 33.60, the EUR/MZN at 40.84 and the ZAR/MZN at 2.90.

EVOLUTION OF THE MAIN CURRENCIES/MZN



OVERVIEW OF THE INSURANCE SECTOR IN MOZAMBIQUE

The high levels of economic and social development that the country has been registering, as well as the signs of recovery shown by the international insurance market are a favourable environment for the insurance market performance in Mozambique.

Based on the information disclosed by the Insurance Supervision Institute of Mozambique relative to 2013, latest available data, the Mozambican insurance market shows signs of significant growth and maturity and is increasingly competitive, due to the growth in the number of companies authorised to operate in the country, a result of the continued growth of the national economy, whose main driver are the major development projects that are being implemented in Mozambique.

In 2013, a total of 16 insurance companies, 5 pension fund management entities and a reinsurer were operating in the market. The insurance business in Mozambique also had 56 insurance brokers, 295 insurance agents and promoters, thus confirming the growing competitiveness and dynamism of the national economy and of the insurance market in particular.

While we witness the growth of the insurance business in the country, we can see the strengthening of the organisational structure of the supervisory authority and, consequently, of a more active presence, monitoring compliance with the legislation in force, through regular visits to insurers and mediators, allowing not only to assess the organisation level of the sector, but also to discipline its activity, factors we consider essential for a greater transparency in the functioning of the sector.

In 2013, as a result of the growth of national economy and the sector, the volume of direct insurance premiums reached 7,073 million meticaís, corresponding to a growth rate of 31.4% in relation to the previous year, with the Real and Life branches registering a growth of 32.9% and 22.7%, respectively.

With regard to market share, in terms of processed revenue, Seguradora Internacional de Moçambique holds about 23% in the Non-Life branch and 41% in the Life branch, keeping its hegemony and sharing market leadership.

DIRECT INSURANCE PREMIUMS – MOZAMBIQUE

Million MZN

Business branch	2013	2012	Var.% 13/12
Life	942	767	22.7%
Non-Life	6,131	4,615	32.9%
TOTAL	7,073	5,382	31.4%

Source: Insurance Supervision Institute of Mozambique (ISSM), December 2013.

The Non-Life business represented 86.7% of the total volume of direct insurance premiums of the market and the Life business the remaining 13.3%.

In the composition of the Non-Life business portfolio, we note once again that the Motor branch continues to account for a high proportion in relation to the other branches, representing 31.0% of the total premiums issued.

Indicators	2013	2012
% Insurance premiums in GDP	1.50%	1.32%
Premiums <i>per capita</i> (MZN)	289.9	227.1

Source: Insurance Supervision Institute of Mozambique (ISSM), December 2013.

The premium *per capita* grew from the previous 227.1 meticaïs to 289.9 meticaïs, for an estimated population of 24.4 million inhabitants, given that the insurance penetration rate increased slightly from 1.3% in 2012 to 1.5% in 2013.

The insurance market in 2013 showed a claims ratio of 36.2%, which compares favourably with the 47.7% rate recorded in 2012.

In 2013, the net income of the insurance sector stood at 738.7 million meticaïs against the previous 586.3 million meticaïs recorded in 2012. Seguradora Internacional de Moçambique contributed with 54.0% of the total net income of the sector; i.e., 399.2 million meticaïs.

The global return on equity (ROE) of the insurance sector stood at 15.4% and Seguradora Internacional de Moçambique achieved a return on equity of 25.5%.

At the end of the financial year of 2013, the Mozambican insurance market reported total investments of 17,608 million meticaïs, corresponding to a growth rate of 26.5% relative to the previous year:

The significant weight of Buildings in total investments was maintained, which stood at 26.0% in 2013, but with a reduction compared to the 31.5% in the previous period.

As at 31 December 2013, insurers had constituted 9,372 million meticaïs of technical provisions net of reinsurance. The degree of coverage of provisions relative to the investments stood at 188.0%, a decrease of 25.4 percentage points relative to the coverage rate in the previous year:

KEY EVENTS IN 2014

In 2014, the premium income of Seguradora Internacional de Moçambique exceeded the targets budgeted for the period by 2.5%, corresponding to an amount of 1,753 million meticaís.

The achievement of the objectives set for 2014 had the contribution of, namely, the Motor Vehicle branch, with an increase of about 8%, which represents a 33.4% weight in the portfolio, the Workman's Compensation, which grew about 10%, as well as the Works and Assembly and Marine branches, with a high growth, thus counteracting the negative impact of Fire branch, that was well below the previous year due to the reduction of premium income in major projects, as was already expected.

Despite the unfavourable circumstances and as a result of the commitment and convergence of various areas of the company, the collection process of premiums continued to be successful, which reduced the average collection period to 32 days, against 33 in the previous year.

The net income of Seguradora Internacional de Moçambique was 464 million meticaís, a growth of 16% year-on-year, primarily justified by reducing the net loss ratio by 21.4% and the growth in revenues in Real branches, with a high technical margin, better profitability of the investments and tight control of administrative costs.

Seguradora Internacional de Moçambique continued to invest in finding complementary computer solutions, enabling greater efficiency and production of management information to improve both the management control and the follow-up of the evolution of the company's main drivers.

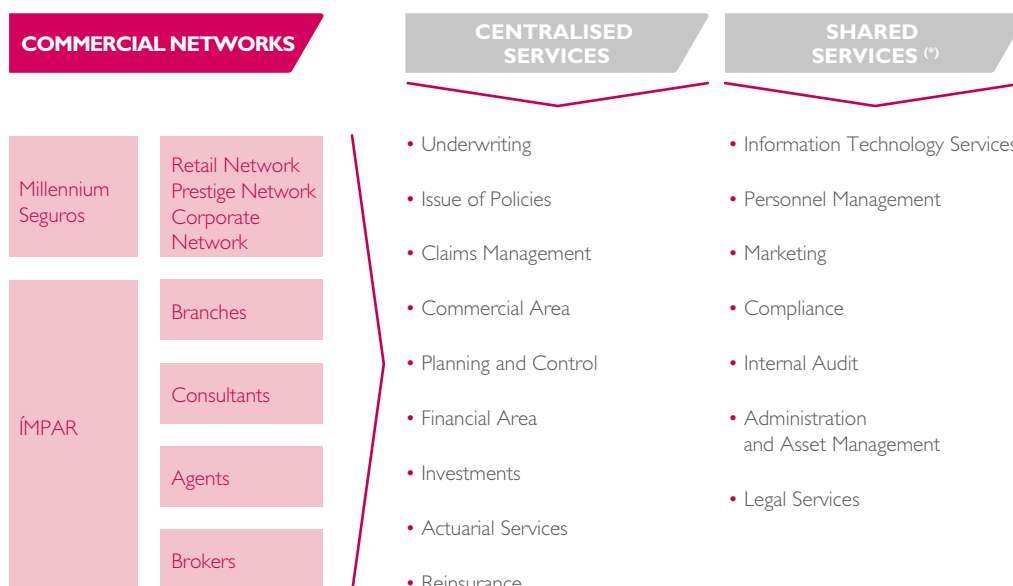
So as to improve the level of sales, commercial actions were carried out, including the launch of the travel insurance campaign in the Banking Channel Network, review of capital with automatic acceptance in Life insurance, consolidation of the Corporate Customer Management project and the creation of a regional assistance centre for Millennium bim branches in the North of the country.

We have strengthened our Social Responsibility policy, highlighting the active participation in the Road Safety Campaign in partnership with PRM. As usual, we were partners of Millennium bim in the "Mini Basketball Tournament", extending our intervention to the distribution of basketball hoops and balls in some national schools, thus helping to promote the practice of sport and a proper physical and intellectual development of our children and youth. Also in partnership with Millennium bim, we were present at the Azgo Festival and in the 9th edition of the Millennium bim Race.

So as to minimise the organisational and image risks that may result from a disruption in business activity and ensure the continuity of business operations during a crisis, Seguradora Internacional de Moçambique signed, on 20 October 2014, the Business Continuity Management Policy and Methodology, common to the Millennium Group's bank operations. The project, which has just started, will help create the business continuity management system at SIM, which will have the advice and direct participation of Millennium bim's UCN Team in a 3-level structure: strategic, tactical and operational.

In late 2014, we started the very demanding process of assigning the Company's Credit Rating. This assessment is being conducted by GCR – Global Credit Ratings, the internationally recognised and most prestigious Credit Rating assignment institution in Africa.

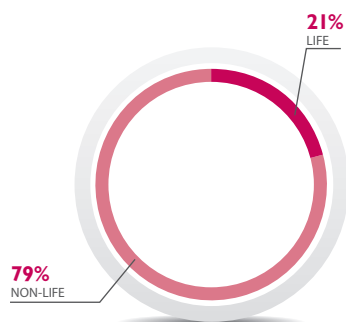
ORGANISATIONAL STRUCTURE



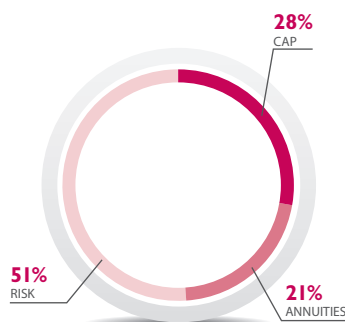
(*) With Millennium bim.

FINANCIAL REVIEW

PREMIUM PORTFOLIO STRUCTURE



BREAKDOWN OF THE LIFE INSURANCE PREMIUM PORTFOLIO



GROSS WRITTEN PREMIUMS

In 2014, gross written premiums reached a volume of 1,753 million meticaís, which compares with the 1,771 million meticaís from the previous year, exceeding by 2.5% the objectives budgeted for 2014.

Thousand MZN

Business	2014	2013	Var. % 14/13
Life	368,490	385,750	-4.5%
Non-Life	1,384,472	1,385,542	-0.1%
TOTAL	1,752,962	1,771,292	-1.0%

The Life business recorded a 4.5% decrease in premiums during 2014. This is justified by the impact of reducing the number of Employees who entered retirement.

Thousand MZN

Line of business	2014	2013	Var. % 14/13
Life Risk	189,108	184,578	2.5%
Life Capitalisation	102,195	53,418	91.3%
Life Annuities	77,187	147,754	-47.8%
TOTAL	368,490	385,750	-4.5%

In the Non-Life business, the volume of direct insurance premiums in 2014 amounted to 1,384 million meticaís and is in line with the revenue processed last year:

Despite the significant growth in the Workman's Compensation, Motor Vehicle, Works and Assembly and Marine branches, in the Fire branch we note a reduction in revenue due to lower business from megaprojects.

The Motor Vehicle branch, with the most significant growth of about 7.8%, represents 33.4% of the total revenue processed from the Real branches, thus confirming the importance of this line of business in the Insurer's insurance portfolio.

In the Marine branch, there is an abnormal growth rate of 1,551.6% which is justified by the entry of new businesses in 2014.

The Workman's Compensation branch presented a growth rate of 11.9% compared with the same period of 2013, due to the entry of new business and the increased amount of wages of the policies in the portfolio.

Thousand MZN

Lines of business	2014	2013	Var. % 14/13
Workman's Compensation	111,760	99,905	11.9%
Personal Accidents and Sickness	292,116	292,598	-0.2%
Fire and Natural Phenomena	376,753	431,756	-12.7%
Motor	462,825	429,420	7.8%
Marine	6,878	416	1,551.6%
Aviation	2,329	2,274	2.4%
Transportation	27,601	29,094	-5.1%
General Civil Liability	18,479	19,681	-6.1%
Miscellaneous	85,729	80,398	6.6%
TOTAL	1,384,472	1,385,542	-0.1%

Claims

The Non-Life business claims, understood as the ratio between the costs related to claims and the corresponding premiums, stood at 22.1%, a value slightly lower than the 22.4% recorded in 2013, as a result of the floods that occurred earlier that year. Positive emphasis on the favourable evolution of claims of the Fire, Motor Vehicle and Civil Liability branches.

Thousand MZN

Lines of business	2014	2013	Var. % 14/13
Workman's Compensation	22.3%	14.8%	7.5 p.p.
Personal Accidents and Sickness	25.9%	23.4%	2.5 p.p.
Fire and Natural Phenomena	4.9%	7.7%	-2.8 p.p.
Motor	36.1%	38.6%	-2.5 p.p.
Marine	2.6%	4.0%	-1.4 p.p.
Aviation	1.5%	0.1%	1.4 p.p.
Transportation	38.7%	8.2%	30.4 p.p.
General Civil Liability	-14.7%	112.6%	-127.3 p.p.
Miscellaneous	14.0%	5.1%	8.9 p.p.
TOTAL	22.1%	22.4%	-0.3 p.p.

ADMINISTRATIVE COSTS

Administrative costs were down by 0.4%, standing at 222.8 million meticaís, which corresponds to 12.7% of the gross premiums issued. This reduction is mainly due to the rigorous control of costs in the supplies and services headings and other administrative costs.

Thousand MZN

Administrative costs	2014	2013	Var. % 14/13
Staff costs	148,414	141,007	5.3%
External supplies and services	70,154	76,364	-8.1%
Other administrative costs	4,286	6,486	-33.9%
TOTAL	222,854	223,857	-0.4%

TECHNICAL ANALYSIS

In 2014, due to the combination of favourable development of net claims and return on investment, the technical result increased by 9.5%, standing at 844 million meticaís, which corresponds to 48.1% of gross premiums written.

The combined ratio stood at 57.3%, a reduction of 3.1 percentage points compared to the value in the previous year, resulting from the decrease in the ratio of claims net of reinsurance by 2.0 p.p. and the expenditure ratio in 1.0 p.p., reflecting a careful management of claims, together with a strict control policy of administrative costs.

NET INCOME

Net Income on 31 December 2014 came to 464 million meticaís, representing a growth of 16.2% relative to the same period of 2013. The reduction of net claims, the revenue growth in products with high technical margin and the judicious control of administrative costs, as mentioned above, contributed significantly to this performance.

SOLVENCY RATIO

As at 31 December 2014, Seguradora Internacional de Moçambique presented a solvency ratio of 412.8%, vastly superior to the minimum limit required by the supervisory body and indicative of the Insurer's financial solidity, thus reflecting a solid capital structure suited to the liabilities undertaken.

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

REINSURANCE

The year 2014 was characterised by a lower incidence of extreme weather events and earthquakes. This lack of serious disasters, combined with a season of light hurricanes in the North Atlantic, caused relatively low losses due to natural disasters in this period.

In 2014, natural disasters caused worldwide losses estimated at 110 billion dollars, of which 31 billion refer to insured losses, with about 7,700 human losses.

Based on the statistical data of the last ten years, it is estimated that natural disasters caused, on average, 97,056 deaths and global damages in the amount of 190 billion dollars annually.

According to Munich Re, one of the most prestigious reinsurance companies worldwide, the difference observed between the 2014 data compared with the average of the last ten years, is due to the unusual low impact of the hurricane season on the North Atlantic. Only eight severe storms were formed in this region, a level below the average of the last 63 years, corresponding to about 11 hurricanes per year.

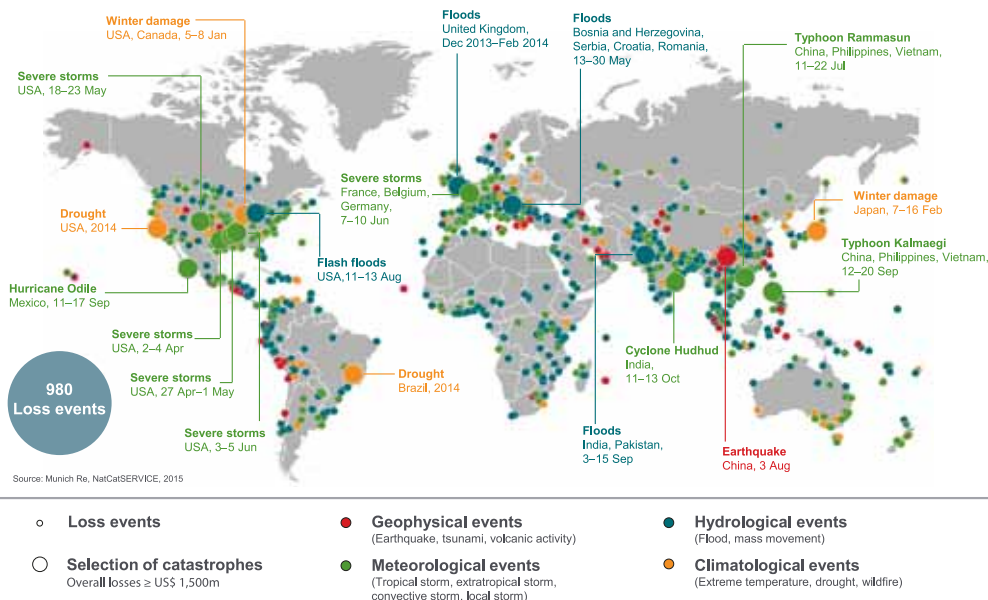
The most costly natural disaster in 2014, in terms of overall economic losses, was the Hudhud cyclone, which caused extensive damage and human losses in India and Nepal. This event caused damage estimated at 7 billion dollars and 124 confirmed deaths so far¹.

In terms of insured losses, the most costly natural disaster occurred during the Japanese winter, resulting from snowstorms, whose losses reached an amount of 3 billion dollars.

NatCatSERVICE

Loss events worldwide 2014 Geographical overview

Munich RE 



© 2015 Münchener Rückversicherungs-Gesellschaft, Geo Risks Research, NatCatSERVICE – As at January 2015

¹ Source: http://en.wikipedia.org/wiki/Cyclone_Hudhud

MOZAMBIQUE

In Mozambique, the rainy season 2013-2014 was characterised overall by the occurrence of normal rainfall in most of the country, with some extreme precipitation in certain points of the southern and central regions during February and March, which resulted in flooding and infrastructure destruction.

It is important to mention that the extreme precipitation events in Tete, Pemba and Beira were not detected in seasonal forecasting, as this is calculated using averages and global scale phenomena.

According to data released by government entities, in central and southern Mozambique, heavy rains destroyed 40 classrooms, some health units, 427 hectares of diverse cultures and several houses. The highest extreme registered in 24 hours, coincidentally the new historic maximum in the country, was in Tete station (186.9 mm), exceeding the previous maximum of 149.9 mm recorded in February 2001.

REINSURANCE UNDERWRITING POLICY

In 2014, we continued to receive external assistance in reinsurance contracting through an international broker, with broad experience and knowledge of the insurance and reinsurance business, so as 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 collaboration of the reinsurer Trust Re, one of the largest reinsurance companies in the Middle East 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-
Trust Re	A-
Hannover Reinsurance Company	A-
IRB – Brasil Resseguros S.A.	A-
ARIG	B++
ZEP-RE (PTA Reinsurance Company)	B+

ASSET MANAGEMENT

As at 31 December 2014, the investment portfolio of Seguradora Internacional de Moçambique reached 5,600 million meticaís, having grown by 8.1% in relation to the previous year. This increase is supported by the growth of real estate by 16%, treasury bonds by 10% and term deposits by 3%, due to the favourable business evolution, collection operations and careful management of financial flows.

About 34.8% of the investment portfolio comprises assets available for sale, with emphasis on long-term public debt instruments which represent about 79.4%, corresponding to a greater stability of the portfolio, a risk mitigation strategy and, in addition, the maintenance of a remuneration above the average interest rate of short-term debt instruments.

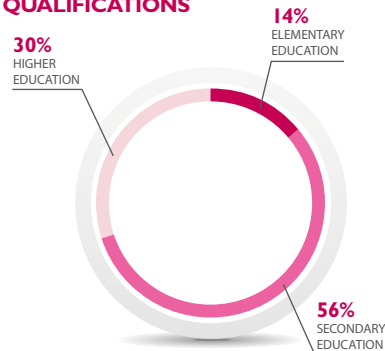
In 2014, due to market dynamics, characterised by low interest rates on deposits and relative increase in rates associated with public debt securities and taking into account the strategy and the negotiation of more attractive rates with financial institutions with whom we work, it was possible to obtain an average portfolio rate of return, not including capital gains due to revaluations by 6.8%, against the 6.1% of 2013.

Thousand MZN

Investment portfolio	2014	%	2013	%
Available for sale				
Short-term public debt	-	n.a.	-	n.a.
Long-term public debt	1,549,178	79.4%	1,411,269	77.91%
Fixed income	175,000	9.0%	175,000	9.66%
Equities	227,234	11.6%	225,217	12.43%
SUBTOTAL	1,951,412	100.0%	1,811,486	100.0%
Other				
Land and Buildings	1,507,455		1,295,306	
Term deposits	2,141,978		2,072,251	
SUBTOTAL	3,649,432		3,367,557	
TOTAL	5,600,844		5,179,043	

THE EMPLOYEES

EMPLOYEES BY ACADEMIC QUALIFICATIONS



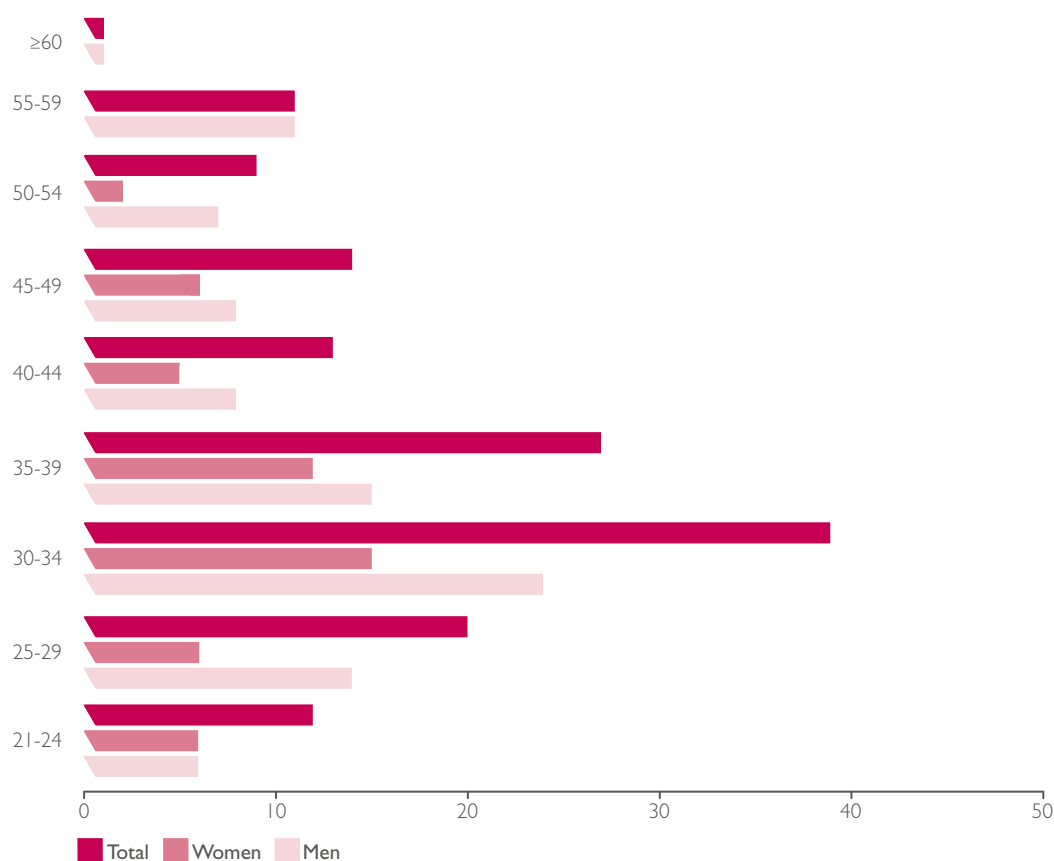
In 2014, Seguradora Internacional de Moçambique continued to focus on the monitoring of its Employees, seeking to optimise their personal and professional development and valorisation, while always demanding thoroughness in the work process.

Specific attention was given to the training of staff regarding the upgrade of their knowledge, particularly in very specialised areas, so as to prepare them for the demands of the market, both at an internal and external level.

The restructuring of various areas of the Insurer was promoted, in order to endow their operation with enhanced dynamics and decentralisation. In this process, the Technical Department was divided into two and a new area of Internal Control and Information Management was created.

Seguradora Internacional de Moçambique completed the financial year of 2014 with 146 Employees, with an average age of 37 years old, 64.4% of whom are men and 35.6% are women. All Employees are full-time workers, hence there are no situations of permanent Employees working part-time.

EMPLOYEES BY AGE AND GENDER



PROPOSED APPROPRIATION OF NET INCOME

The net income after tax of Seguradora Internacional de Moçambique, for the financial year ended on 31 December 2014, stood at 464,002,481.60 meticaïs.

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 de Moçambique proposes that the net income for 2014 should be applied as follows:

		Meticaïs
Dividends	60.0%	278,401,488.96
Free reserves	40.0%	185,600,992.64

As at 31 December 2014, 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 the entities which, through their involvement and encouragement, have supported Seguradora Internacional de Moçambique in the development of its activity:

- State entities, particularly the Ministry of Economy and Finance, as well as the Insurance Supervision Institute of Mozambique, for the special monitoring of the sector and the attention given to the different issues presented;
- Customers, for the preference they have been giving to the Insurer and the permanent encouraging towards the improvement of service quality;
- Reinsurers, Brokers and Agents, for the continuous support and trust with which they honour the Insurer, making a decisive contribution to the development of our business;
- Shareholders, for the support, confidence and interest they have always expressed;
- The Board of the General Meeting and the Board of Auditors, for the interest, availability and commitment that have always been present in the monitoring and control of the Insurer's activity;
- The Employees who, with professionalism, dedication, competence and perfectly identified with the Group's values and strategy, gave an important contribution to the results achieved.

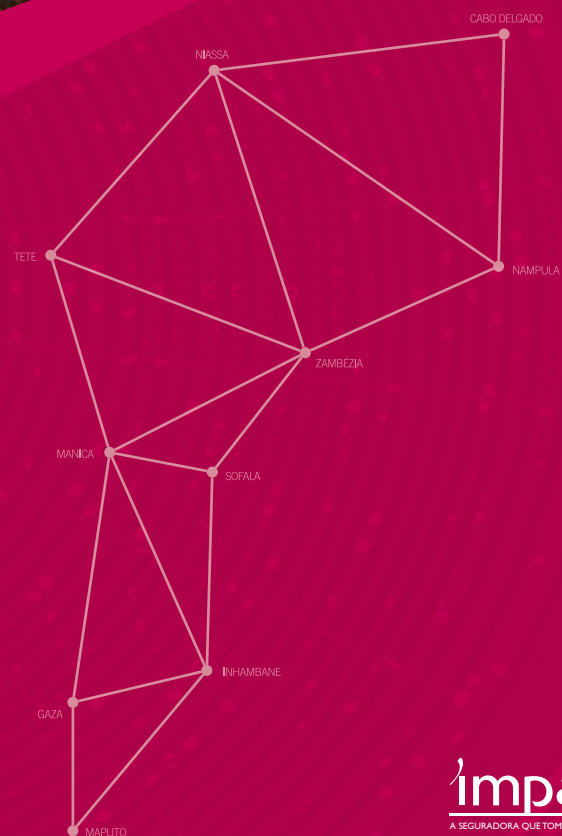
Maputo, 19 February 2015

The 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



FINANCIAL STATEMENTS



ANNUAL
REPORT
2014

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A SEGURADORA QUE TOMA CONTA

SEGURADORA INTERNACIONAL DE MOÇAMBIQUE, S.A.
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED ON 31 DECEMBER 2014

MZN

Notes	Profit and loss account	Financial year			Previous financial year	
		Technical account Life business	Technical account Non-Life business	Non-technical account		Total
2 g); 5	Acquired premiums, net of reinsurance	345,251,189	920,140,636	-	1,265,391,825	1,227,377,288
	Gross premiums issued	368,490,353	1,384,472,022	-	1,752,962,375	1,771,291,980
	Assigned reinsurance premiums	(23,239,164)	(402,205,951)	-	(425,445,115)	(470,263,662)
	Provision for non-acquired premiums (variation)	-	(57,770,298)	-	(57,770,298)	(68,456,892)
	Provision for non-acquired premiums, portion of the reinsurers (variation)	-	(4,355,137)	-	(4,355,137)	(5,194,137)
	Fees of insurance contracts and operations considered for accounting purposes as investment contracts or service provision contracts	-	-	-	-	-
6	Cost of claims, net of reinsurance	(165,964,649)	(302,061,955)	-	(468,026,604)	(577,217,409)
	Values paid	(152,757,860)	(271,159,079)	-	(423,916,939)	(549,126,712)
	Gross values	(157,022,932)	(318,122,853)	-	(475,145,785)	(598,174,906)
	Portion of the reinsurers	4,265,072	46,963,774	-	51,228,846	49,048,194
	Provision for claims (variation)	(13,206,789)	(30,902,876)	-	(44,109,665)	(28,090,696)
	Gross value	(13,125,213)	(9,318,703)	-	(22,443,916)	(11,380,292)
	Portion of the reinsurers	(81,576)	(21,584,173)	-	(21,665,749)	(16,710,404)
7	Other technical provisions, net of reinsurance	-	(962,207)	-	(962,207)	3,559,599
8	Life branch mathematical provisions, net of reinsurance	(152,024,023)	-	-	(152,024,023)	(42,617,384)
	Gross value	(151,984,703)	-	-	(151,984,703)	(42,616,852)
	Portion of the reinsurers	(39,320)	-	-	(39,320)	(533)
9	Profit sharing, net of reinsurance	(157,591,068)	(33,829,674)	-	(191,420,742)	(296,960,879)
2 g); 10	Net operating costs	(61,041,595)	(202,372,638)	-	(263,414,233)	(254,147,755)
	Acquisition cost	(39,247,330)	(120,948,374)	-	(160,195,704)	(174,964,938)
	Deferred acquisition costs (variation)	-	2,310,563	-	2,310,563	17,959,396
	Administrative costs	(33,147,836)	(131,145,785)	-	(164,293,621)	(152,644,198)
	Fees and sharing of reinsurance profit	11,353,571	47,410,958	-	58,764,529	55,501,985
2 c); 11	Income	196,740,331	170,473,647	10,248,395	377,462,373	310,377,148
	Interest on financial assets not stated at fair value through profit or loss	115,616,247	169,242,786	10,248,395	295,107,428	229,315,394
	Interest on financial liabilities not stated at fair value through profit or loss	-	-	-	-	-
	Other	81,124,084	1,230,861	-	82,354,945	81,061,755
12	Financial costs	(239,287)	(10,716,164)	-	(10,955,451)	(11,073,274)
	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	(239,287)	(10,716,164)	-	(10,955,451)	(11,073,274)

(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	-	-	-	-	-
13	Currency conversion differences	993,520	3,504,837	3,769,046	8,267,403	1,097,656
14	Net gains on sale of assets not classified as non-current assets held for sale and discontinued operating units	52,346,522	-	-	52,346,522	184,677,061
	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	-	-	-	-	-
15	Other provisions (variation)	333,128	2,350,288	-	2,683,416	(6,240,189)
16	Other income/costs	-	-	10,030,846	10,030,846	(575,833)
	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	58,804,067	546,526,770	24,048,287	629,379,124	538,256,030
2 i); 27	Income tax for the year – current tax	(15,451,448)	(143,606,228)	(6,318,966)	(165,376,642)	(122,309,222)
2 i); 27	Income tax for the year – deferred tax	-	-	-	-	(16,717,284)
31	Net income for the year	43,352,619	402,920,542	17,729,321	464,002,482	399,229,524

SEGURADORA INTERNACIONAL DE MOÇAMBIQUE, S.A.
COMPREHENSIVE INCOME STATEMENT
FOR THE YEAR ENDED ON 31 DECEMBER 2014

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
31	Net income for the year	43,352,619	402,920,542	17,729,321	464,002,482	38,929,555	355,371,671	4,928,298	399,229,524
	Other comprehensive income for the year	(5,332,000)	(5,875)	-	(5,337,875)	-	(1,242,401)	-	(1,242,401)
20, 31	Financial assets available for sale	-	(8,640)	-	(8,640)	-	(1,827,061)	-	(1,827,061)
29	Actuarial deviations	(5,332,000)	-	-	(5,332,000)	-	-	-	-
20, 31	Taxes	-	2,765	-	2,765	-	584,660	-	584,660
	TOTAL COMPREHENSIVE INCOME, NET OF TAX	38,020,619	402,914,667	17,729,321	458,664,607	38,929,555	354,129,269	4,928,298	397,987,123

SEGURADORA INTERNACIONAL DE MOÇAMBIQUE, S.A.
BALANCE SHEET
FOR THE YEAR ENDED ON 31 DECEMBER 2014

MZN

Notes	Assets	2014		2013	
		Gross assets	Amortisation/ depreciation	Net assets	Previous financial year net assets
2 a); 18	Cash and cash equivalents and demand deposits	1,975,069,815	-	1,975,069,815	1,756,471,781
19	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	-	-	-	-
2 b); 20	Financial assets available for sale	1,740,060,914	-	1,740,060,914	1,600,135,091
2 b); 21	Loans and accounts receivable	260,601,286	-	260,601,286	347,115,345
	Deposits with ceding undertakings	-	-	-	-
	Other deposits	260,601,248	-	260,601,248	347,115,321
	Loans granted	-	-	-	-
	Accounts receivable	-	-	-	-
	Other	38	-	38	24
	Investments held to maturity	-	-	-	-
2 d); 22	Buildings	1,507,454,762	753,157	1,506,701,605	1,295,306,325
	Buildings for own use	41,571,957	753,157	40,818,800	722,740
	Income-generating buildings	1,465,882,805	-	1,465,882,805	1,294,583,585
2 e); 23	Other tangible assets	72,850,649	46,755,043	26,095,606	23,948,328
23	Inventories	1,581,796	-	1,581,796	1,804,594
	Goodwill	-	-	-	-
2 f); 24	Other intangible assets	71,813,686	40,792,434	31,021,251	20,558,448
2 g); 25	Assigned reinsurance technical provisions	87,080,064	-	87,080,064	111,391,894
	Provision for non-acquired premiums	44,357,386	-	44,357,386	44,714,898
	Life branch mathematical provision	137,001	-	137,001	144,984
	Provision for claims	42,585,677	-	42,585,677	66,532,013
	Provision for profit sharing	-	-	-	-
	Other technical provisions	-	-	-	-
	Assets due to post-employment benefits and other long-term benefits	-	-	-	-
26	Other receivables due to insurance and other operations	285,406,282	26,311,929	259,094,353	154,417,924
	Accounts receivable due to direct insurance operations	251,018,269	26,311,929	224,706,340	128,063,934
	Accounts receivable due to other reinsurance operations	10,054,319	-	10,054,319	558,655
	Accounts receivable due to other operations	24,333,694	-	24,333,694	25,795,335
2 i); 27	Tax assets	2,506,836	-	2,506,836	2,506,836
	Current tax assets	-	-	-	-
	Deferred tax assets	2,506,836	-	2,506,836	2,506,836
28	Accruals and deferrals	46,216,805	-	46,216,805	43,988,317
	Interest receivable	44,752,888	-	44,752,888	42,355,550
	Other accruals and deferrals	1,463,917	-	1,463,917	1,632,767
	Other asset items	-	-	-	-
	Non-current assets held for sale and discontinued operating units	-	-	-	-
TOTAL ASSETS		6,261,993,744	114,612,563	6,147,381,181	5,568,995,733

SEGURADORA INTERNACIONAL DE MOÇAMBIQUE, S.A.
BALANCE SHEET
FOR THE YEAR ENDED ON 31 DECEMBER 2014

MZN

Liabilities and equity		December 2014	December 2013
		Financial year	Previous financial year
LIABILITIES			
2 g); 25	Technical provisions	4,038,844,042	3,694,106,835
	Provision for non-acquired premiums	557,972,888	497,797,454
	Life branch mathematical provision	2,265,898,651	2,092,005,852
	Provision for claims	436,912,923	412,102,503
	Life branch	47,354,268	34,195,253
	Workman's Compensation and Occupational Diseases	73,543,941	59,581,192
	Other branches	316,014,714	318,326,058
	Provision for profit sharing	776,325,806	691,429,458
	Provision for claim rate deviations	1,733,774	771,568
	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	-	-
2 h); 29	Post-employment and other long-term benefit liabilities	7,583,525	7,810,308
30	Other payables due to insurance and other operations	244,564,151	190,697,197
	Accounts payable due to direct insurance operations	54,986,164	45,701,797
	Accounts payable due to other reinsurance operations	154,256,012	101,284,754
	Accounts payable due to other operations	35,321,975	43,710,646
2 i); 27	Tax liabilities	28,395,771	62,781,037
	Current tax liabilities	9,582,814	43,965,315
	Deferred tax liabilities	18,812,957	18,815,722
28	Accruals and deferrals	41,407,445	45,734,559
2 j)	Other provisions	-	406,442
	Other liabilities	-	-
	Liabilities of a group for disposal classified as held for sale	-	-
	TOTAL LIABILITIES	4,360,794,934	4,001,536,378
EQUITY			
2 l); 31	Capital	147,500,000	147,500,000
	(Own shares)	-	-
	Other equity instruments	-	-
	Revaluation reserves	3,840,434	3,849,074
31	Due to readjustments in the fair value of financial assets	3,840,434	3,849,074
	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	-	-
31	Deferred tax reserve	-1,228,939	-1,231,704
31	Other reserves	1,160,583,150	1,006,223,341
31	Retained earnings	11,889,120	11,889,120
31	Net income for the year	464,002,482	399,229,524
	TOTAL EQUITY	1,786,586,247	1,567,459,355
	TOTAL LIABILITIES AND EQUITY	6,147,381,181	5,568,995,733

SEGURADORA INTERNACIONAL DE MOÇAMBIQUE, S.A.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED ON 31 DECEMBER 2014

MZN

Annex notes	Statement of changes in equity	Share capital	Treasury shares	Other equity instruments		Revaluation reserves		Deferred tax reserve
				Supplementary capital contributions	Other	Due to readjustments in the fair value of financial assets		
	Balance sheet as at 31 December 2012	147,500,000	-	-	-	5,676,135	(1,816,364)	
	Correction of errors (IAS 8)							
	Changes to accounting policies (IAS 8)							
	Changes on opening balance	147,500,000	-	-	-	5,676,135	(1,816,364)	
31	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	
20, 31	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)	-	-	-	-	-	-	
31	Distribution of reserves							
	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 sheet as at 31 December 2013	147,500,000	-	-	-	3,849,074	(1,231,704)	
	Correction of errors (IAS 8)							
	Changes to accounting policies (IAS 8)							
	Changes on opening balance	147,500,000	-	-	-	3,849,074	(1,231,704)	
31	Increased reserves via appropriation of profit (1)							
	Net income for the period (2)							
	Other comprehensive income for the period (3)	-	-	-	-	(8,640)	2,765	
20, 31	Net gains from adjustments in the fair value of financial assets available for sale					(8,640)	2,765	
	Other gains/losses recognised directly in equity							
	Total comprehensive income for the period (4) = (2) + (3)	-	-	-	-	(8,640)	2,765	
	Operations with shareholders (5)	-	-	-	-	-	-	
31	Distribution of reserves							
	Distribution of profit/loss							
	Transfers between equity headings not included under lines (6)							
	Total changes in equity (1) + (4) + (5) + (6)	-	-	-	-	(8,640)	2,765	
	Balance sheet as at 31 December 2014	147,500,000	-	-	-	3,840,434	(1,228,939)	

(Continues)

(Continuation)

MZN

Annex 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 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)								-
	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
31	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)	-	-	-	-	-	-		(1,242,401)
20,31	Net gains from adjustments in the fair value of financial assets available for sale								(1,242,401)
	Other gains/losses recognised directly in equity								-
	Total comprehensive income for the period (4) = (2) + (3)	-	-	-	-	- 399,229,524			397,987,123
	Operations with shareholders (5)	-	-	-	-	- (235,409,790)			(235,409,790)
	Distribution of reserves						-		-
31	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 sheet as at 31 December 2013	147,500,000	-	8,258,661	850,464,680	11,889,120	399,229,524		1,567,459,355
	Correction of errors (IAS 8)								-
	Changes to accounting policies (IAS 8)								-
	Changes on opening balance	147,500,000	-	8,258,661	850,464,680	11,889,120	399,229,524		- 1,567,459,355
31	Increased reserves via appropriation of profit (1)				159,691,810		(159,691,810)		-
	Net income for the period (2)						464,002,482		464,002,482
	Other comprehensive income for the period (3)	-	-	- (5,332,000)		-	-		(5,337,875)
20,31	Net gains from adjustments in the fair value of financial assets available for sale								(5,875)
	Other gains/losses recognised directly in equity				(5,332,000)				(5,332,000)
	Total comprehensive income for the period (4) = (2) + (3)	-	-	- (5,332,000)		- 464,002,482			458,664,607
	Operations with shareholders (5)	-	-	-	-	- (239,537,714)			(239,537,714)
	Distribution of reserves						-		-
31	Distribution of profit/loss						(239,537,714)		(239,537,714)
	Transfers between equity headings not included under lines (6)								
	Total changes in equity (1) + (4) + (5) + (6)	-	-	- 154,359,810		- 64,772,958			219,126,893
	Balance sheet as at 31 December 2014	147,500,000	-	8,258,661	1,004,824,490	11,889,120	464,002,482		1,786,586,248

SEGURADORA INTERNACIONAL DE MOÇAMBIQUE, S.A.

**CASH FLOW STATEMENT
FOR THE YEAR ENDED ON 31 DECEMBER 2014**

MZN

Cash Flow Statement	Financial year 2014	Financial year 2013
CASH FLOWS ARISING FROM OPERATING ACTIVITIES		
Net income for the year	464,002,482	399,229,524
Amortisation/depreciation	15,467,145	15,180,729
Variation of the provision for claims		
direct insurance and reinsurance accepted	24,810,421	21,846,264
assigned reinsurance	23,946,336	8,134,772
Variation of other technical provisions		
direct insurance and reinsurance accepted	319,926,787	49,368,721
assigned reinsurance	365,495	4,435,056
Variation of the provision for receipts for collection	-2,683,416	6,240,189
Variation of the provision for other risks and costs	-56,442	-
(Increase)/decrease of receivables		
due to direct insurance and reinsurance accepted operations	-93,958,990	-60,184,793
due to reinsurance operations	-9,495,664	447,787
due to other operations	1,461,640	-7,228,782
Increase/(decrease) of payables		
due to direct insurance and reinsurance accepted operations	9,284,368	19,253,629
due to assigned reinsurance operations	52,971,259	88,808,313
State and other public entities	-34,385,266	58,268,948
Miscellaneous payables	-8,388,671	17,552,218
Variations in other asset accounts	-2,228,487	20,886,366
Variations in other liability accounts	-4,553,897	6,381,321
Interest and similar income	-393,133,560	-516,477,243
Effect on foreign exchange differences	-2,944,992	-359,831
Unrealised gains of investment properties	-52,346,522	-
TOTAL	308,060,026	131,783,187
CASH FLOWS ARISING FROM INVESTING ACTIVITIES		
Acquisition of investments (including constitution of term deposits)	-5,778,545,736	-1,483,047,676
Repayments/disposals of investments (including repayment of term deposits)	5,560,430,935	2,637,059,890
Acquisition of tangible and intangible assets	-27,888,029	-17,903,375
Interest and similar income	393,133,560	516,477,243
TOTAL	147,130,730	1,652,586,081
CASH FLOWS ARISING FROM FINANCING ACTIVITIES		
Dividends distributed	-239,537,714	-235,409,790
TOTAL	-239,537,714	-235,409,790
Net change in cash and cash equivalents	215,653,042	1,548,959,479
Effect on foreign exchange differences	2,944,992	359,831
Cash and cash equivalents at the beginning of the period	1,756,471,781	207,152,471
Cash and cash equivalents at the end of the period	1,975,069,815	1,756,471,781

SEGURADORA INTERNACIONAL DE MOÇAMBIQUE, S.A. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2014

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 changed 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 Rua dos Desportistas n.º 873-879, 5.ºA.

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 222/2010, 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 at that date 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 metical, 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 impact 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.

MAIN ACCOUNTING POLICIES ADOPTED

The main accounting policies used in the preparation of the financial statements are described below 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) FINANCIAL ASSETS AND LIABILITIES

(i) Recognition

The Insurer initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date they are originated. All other financial instruments (including regular purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Insurer becomes part of the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification

Financial assets

The Insurer classifies its financial assets in the following categories:

- Loans and accounts receivable;
- Held to maturity;
- Available for sale; and
- At fair value through profit or loss and in this category:
 - held for trading; or
 - designated at fair value through profit or loss.

Financial liabilities

The Insurer classifies its financial liabilities that are not financial guarantees and loan commitments, as measured at amortised cost or fair value through profit or loss.

(iii) Derecognition

Financial assets

The Insurer derecognises a financial asset when the contractual rights to the asset's cash flow expire, or transfers the rights to receive the contractual cash flow in a transaction in which substantially all risks and benefits of the financial asset ownership are transferred or when the Insurer neither transfers nor retains substantially all risks and benefits of ownership and does not retain control of the financial asset.

On the derecognition of a financial asset, the difference between the book value of the asset (or the book value allocated to the part of the derecognised asset) and the sum of:

(i) the consideration received (including any new asset obtained minus any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss. Any interest derived from transferred financial assets that qualify for derecognition and are created or retained by the Insurer are recognised as a separate asset or liability.

The Insurer operates in transferring the assets recognised in the financial position statement, but retains all or substantially all risks and benefits of the transferred assets or a part of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities borrowing and lending business and repurchase transactions.

When assets are sold to third parties, with a simultaneous swap rate of return on the transferred assets, the transaction will be accounted for as a financing transaction, warranted as a sale and repurchase transaction, because the Insurer retains all or substantially all risks and benefits for the ownership of such assets.

In transactions where the Insurer does not retain or transfer substantially all risks and benefits of ownership of the financial asset and it retains control over the asset, the Insurer continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Insurer continues to have the obligation to manage the transferred financial asset in exchange for fees. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the maintenance agreement if the maintenance fee is more than adequate (asset) or is less than adequate (liability) for performing the maintenance.

Financial liabilities

The Insurer derecognises a financial liability when its contractual obligations are met, cancelled or when they expire.

(iv) Offset

Financial assets and liabilities are offset and the net amount presented in the financial position statement when, and only when, the Insurer has the legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Revenue and expenses are presented on a net basis only when permitted by IFRS, or for gains and losses arising from a group of similar transactions as in the Insurer's commercial activity.

(v) Measurement of amortised cost

The "amortised cost" of a financial asset or liability is the value at which a financial asset or liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the recognised initial amount and the maturity amount, minus any impairment loss.

(vi) Measurement of fair value

"Fair value" is the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the time of initial measurement or, in its absence, in the most advantageous active market to which the Insurer has access on that date. The fair value of a liability reflects its default risk.

When available, the Insurer measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is considered active when the transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, the Insurer uses valuation techniques that maximise the use of observable relevant data and minimise the use of unobservable data. The chosen valuation technique incorporates all factors that market participants take into account when determining the price of a transaction.

The best evidence of fair value of a financial instrument on initial recognition is normally the transaction price – i.e., the fair value of the consideration given or received. If the Insurer determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to take into account the difference between the fair value on initial recognition and the transaction price. Later, this difference is recognised in profit or loss on an appropriate basis over the instrument's life, but at the latest when the valuation is fully supported by observable market data or when the transaction is closed.

If an asset or liability measured at fair value has a purchase price and a selling price, then the Insurer measures assets and long positions at an offer price, and liabilities and short positions at a selling price.

The portfolios of financial assets and liabilities that are exposed to market risk and credit risk, which are managed by the Insurer on the basis of the net exposure to markets or the credit risk is measured based on the price that would be received to sell a long net position (or paid to transfer a short net position) for a particular risk exposure. These portfolio-level adjustments are allocated to the individual assets and liabilities based on risk adjustment for each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which payment of the amount could be required.

The Insurer recognises transfers between levels of fair value hierarchy as of the end of the reporting period in which the change occurs.

(vii) 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);
- 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 book 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 balance sheet, 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.

C) 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.

D) 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 Insurer 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 valuers 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.

E) TANGIBLE 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:

	Years of useful life
Office equipment	6 to 10
Machines, appliances and tools	6 to 8
Computer 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. The Insurer establishes 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 is 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.

F) 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 of the year when they are incurred.

G) 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 costs

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
- by the provision, based on statistical data, of costs related to claims for the year, in to meet liabilities related to claims declared after the year end (IBNR).

The mathematical reserve of the Workman's Compensation 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 Mozambique (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) 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.

H) 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.

I) 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.

J) 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.

L) 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.

M) 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 fair value of the asset lease or, if lower, the present value of minimum payments. 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.

N) 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.

O) 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.

P) FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are converted at the exchange rate in force on the transaction date. Monetary assets and liabilities denominated in foreign currency are converted at the exchange rate in force on the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year adjusted for effective interest and payments during the year and the amortised cost in foreign currency translated at the rate in force at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the foreign exchange rate at the date that the fair value was determined. Non-monetary items that are measured on the basis of historical cost in a foreign currency are translated using the foreign exchange rate at the date of the transaction.

Foreign exchange differences arising on translation are recognised in the profit and loss.

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 Directors 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 below, in order to allow for a better understanding of how their application affects the reported results reported by 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 below 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 valuers, 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 actuary 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 actuary 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 Workman's Compensation, 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 2014:

MZN

	Life	Non-Life	Total
Acquired premiums, direct insurance	368,490,353	1,326,701,724	1,695,192,077
Cost of claims, direct insurance	(170,148,146)	(327,441,557)	(497,589,703)
Other technical costs	(309,575,771)	(34,791,881)	(344,367,652)
Technical margin, direct insurance	(111,233,564)	964,468,287	853,234,723
Assigned reinsurance earnings	(7,678,742)	(333,770,529)	(341,449,271)
Net technical margin	(118,912,306)	630,697,757	511,785,452
Operating costs	(72,395,166)	(249,783,596)	(322,178,762)
Operating earnings	(191,307,472)	380,914,161	189,606,690
Investment earnings	196,501,043	166,117,754	362,618,797
Other	65,780,575	5,855,125	71,635,699
Technical earnings	70,974,146	552,887,040	623,861,186

Reporting by Life business segments – technical earnings, as at 31 December 2014:

MZN

	Life			Total
	Annuities	Capitalisation	Life Risk	
Acquired premiums, direct insurance	77,186,524	102,195,384	189,108,445	368,490,353
Cost of claims, direct insurance	(103,860,582)	(31,036,169)	(35,251,395)	(170,148,146)
Other technical costs	(120,664,113)	(131,176,533)	(57,735,125)	(309,575,771)
Technical margin, direct insurance	(147,338,171)	(60,017,318)	96,121,925	(111,233,563)
Assigned reinsurance earnings	-	-	(7,678,742)	(7,678,742)
Net technical margin	(147,338,171)	(60,017,318)	88,443,184	(118,912,306)
Operating costs	(15,846,622)	(24,390,650)	(32,157,894)	(72,395,166)
Operating earnings	(163,184,794)	(84,407,968)	56,285,289	(191,307,472)
Investment earnings	106,528,108	62,615,744	27,357,191	196,501,043
Other	53,011,369	514,188	12,255,018	65,780,575
Technical earnings	(3,645,317)	(21,278,036)	95,897,498	70,974,146

Reporting by Non-Life business segments – technical earnings, as at 31 December 2014:

MZN

	Non-Life						Total
	Workman's Compensation	Personal Accidents and Sickness	Fire and Natural Phenomena	Motor	Miscellaneous	Other branches	
Acquired premiums, direct insurance	110,428,431	233,591,024	374,995,586	465,923,420	88,069,321	53,693,943	1,326,701,724
Cost of claims, direct insurance	(27,987,984)	(78,843,437)	(20,331,580)	(179,987,762)	(12,510,395)	(7,780,398)	(327,441,557)
Other technical costs	(881,859)	(32,947,815)	(962,207)	-	-	-	(34,791,881)
Technical margin, direct insurance	81,558,588	121,799,771	353,701,799	285,935,658	75,558,926	45,913,545	964,468,287
Assigned reinsurance earnings	8,334,797	(5,889,548)	(274,042,351)	(3,612,572)	(39,297,495)	(19,263,360)	(333,770,529)
Net technical margin	89,893,385	115,910,223	79,659,448	282,323,085	36,261,431	26,650,185	630,697,757
Operating costs	(21,617,007)	(48,078,656)	(63,332,712)	(90,849,766)	(15,516,673)	(10,388,781)	(249,783,596)
Operating earnings	68,276,378	67,831,568	16,326,735	191,473,319	20,744,758	16,261,404	380,914,161
Investment earnings	13,450,861	62,378,967	7,528,507	69,058,663	9,521,519	4,179,237	166,117,754
Other	1,561,181	948,476	(606,442)	3,409,877	158,564	383,468	5,855,125
Technical earnings	83,288,420	131,159,011	23,248,801	263,941,859	30,424,841	20,824,108	552,887,040

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)	(386,382,676)	(387,618,556)
Net technical margin	(217,360,820)	587,004,022	369,643,201
Operating costs	(68,996,646)	(240,653,094)	(309,649,741)
Operating earnings	(286,357,467)	346,350,927	59,993,461
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	501,494,207	561,532,035

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

MZN

	Life			Total
	Annuities	Capitalisation	Life Risk	
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 business segments – technical earnings, as at 31 December 2013:

MZN

	Non-Life						Total
	Workman's Compensation	Personal Accidents and Sickness	Fire and Natural Phenomena	Motor	Miscellaneous	Other branches	
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)	(5,000,890)	(386,382,676)
Net technical margin	82,326,916	112,855,468	74,160,495	257,557,055	36,814,863	23,289,224	587,004,022
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	13,902,661	346,350,927
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	24,471,661	501,494,207

Reporting by business segments – Balance Sheet, as at 31 December 2014:

MZN

Balance sheet	Life insurance	Non-Life branch insurance	Total 2014
Cash and cash equivalents and demand deposits	1,492,900,563	482,169,252	1,975,069,815
Investments in affiliates, associates and joint ventures	159,754,253	51,596,597	211,350,850
Assets available for sale	1,315,263,845	424,797,069	1,740,060,915
Loans and accounts receivable	196,981,293	63,619,993	260,601,286
Buildings	1,465,882,805	40,818,800	1,506,701,605
Other tangible and intangible assets and inventories	44,368,687	14,329,967	58,698,654
Reinsurance technical provision	2,847,556	84,232,508	87,080,063
Other receivables and tax assets	197,737,093	63,864,097	261,601,189
Accruals and deferrals	34,934,003	11,282,802	46,216,805
Total assets	4,910,670,097	1,236,711,085	6,147,381,182
Technical provisions	3,052,850,334	985,993,708	4,038,844,042
Other financial liabilities	-	-	-
Post-employment and other long-term benefit liabilities	5,732,177	1,851,349	7,583,525
Other payables and tax liabilities	206,322,844	66,637,078	272,959,922
Accruals and deferrals	31,298,741	10,108,704	41,407,445
Other provisions	-	-	-
Total liabilities	3,296,204,096	1,064,590,839	4,360,794,935

Reporting by Life business segments – Balance Sheet, as at 31 December 2014:

MZN

Balance sheet	Life			Total 2014
	Annuities	Capitalisation	Life Risk	
Cash and cash equivalents and demand deposits	748,164,138	578,625,114	166,111,311	1,492,900,563
Investments in affiliates, associates and joint ventures	80,060,525	61,918,272	17,775,456	159,754,253
Assets available for sale	659,141,851	509,775,876	146,346,118	1,315,263,845
Loans and accounts receivable	98,716,782	76,346,896	21,917,616	196,981,293
Buildings	1,044,334,900	369,314,905	52,233,000	1,465,882,805
Other tangible and intangible assets and inventories	22,235,279	17,196,615	4,936,793	44,368,687
Reinsurance technical provision	-	-	2,847,556	2,847,556
Other receivables and tax assets	99,095,549	76,639,832	22,001,712	197,737,093
Accruals and deferrals	17,507,106	13,539,878	3,887,019	34,934,003
Total assets	2,769,256,130	1,703,357,387	438,056,581	4,910,670,097
Technical provisions	1,529,929,852	1,183,237,462	339,683,020	3,052,850,334
Other financial liabilities	-	-	-	-
Post-employment and other long-term benefit liabilities	2,872,669	2,221,703	637,805	5,732,177
Other payables and tax liabilities	103,398,282	79,967,536	22,957,027	206,322,844
Accruals and deferrals	15,685,301	12,130,907	3,482,533	31,298,741
Other provisions	-	-	-	-
Total liabilities	1,651,886,104	1,277,557,607	366,760,385	3,296,204,096

Reporting by Non-Life business segments – Balance Sheet, as at 31 December 2014:

MZN

Balance sheet	Non-Life						Total 2014
	Workman's Compensation	Personal Accidents and Sickness	Fire and Natural Phenomena	Motor	Miscellaneous	Other branches	
Cash and cash equivalents and demand deposits	42,771,448	177,330,093	23,175,065	199,019,467	27,617,299	12,255,880	482,169,252
Investments in affiliates, associates and joint ventures	4,576,943	18,975,970	2,479,948	21,296,935	2,955,308	1,311,493	51,596,597
Assets available for sale	37,682,174	156,230,004	20,417,518	175,338,610	24,331,182	10,797,582	424,797,069
Loans and accounts receivable	5,643,494	23,397,882	3,057,842	26,259,694	3,643,974	1,617,106	63,619,993
Buildings	3,620,885	15,012,159	1,961,922	16,848,308	2,337,986	1,037,541	40,818,800
Other tangible and intangible assets and inventories	1,271,158	5,270,213	688,758	5,914,816	820,780	364,242	14,329,967
Reinsurance technical provision	4,193,684	2,107,216	29,559,447	5,459,420	23,053,410	19,859,331	84,232,508
Other receivables and tax assets	5,665,147	23,487,657	3,069,575	26,360,450	3,657,956	1,623,311	63,864,097
Accruals and deferrals	1,000,856	4,149,540	542,299	4,657,073	646,247	286,789	11,282,802
Total assets	106,425,789	425,960,734	84,952,372	481,154,772	89,064,142	49,153,276	1,236,711,085
Technical provisions	87,463,849	362,624,443	47,390,968	406,977,303	56,474,947	25,062,198	985,993,708
Other financial liabilities	-	-	-	-	-	-	-
Post-employment and other long-term benefit liabilities	164,226	680,881	88,984	764,160	106,040	47,058	1,851,349
Other payables and tax liabilities	5,911,128	24,507,492	3,202,856	27,505,022	3,816,784	1,693,795	66,637,078
Accruals and deferrals	896,706	3,717,735	485,866	4,172,454	578,998	256,945	10,108,704
Other provisions	-	-	-	-	-	-	-
Total liabilities	94,435,909	391,530,551	51,168,674	439,418,939	60,976,770	27,059,996	1,064,590,839

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

MZN

Balance sheet	Life insurance	Non-Life branch insurance	Total 2013
Cash and cash equivalents and demand deposits	1,326,217,480	430,254,300	1,756,471,781
Investments in affiliates, associates and 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	1,294,583,585	722,740	1,295,306,325
Other tangible and intangible assets and inventories	34,967,227	11,344,142	46,311,369
Reinsurance technical provision	3,115,045	108,276,850	111,391,894
Other receivables and 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	4,440,425,875	1,128,569,858	5,568,995,733
Technical provisions	2,789,221,616	904,885,219	3,694,106,835
Other financial liabilities	-	-	-
Post-employment and other long-term benefit liabilities	5,897,144	1,913,164	7,810,308
Other payables and 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 business segments – Balance Sheet, as at 31 December 2013:

MZN

Balance sheet	Life			
	Annuities	Capitalisation	Life Risk	Total 2013
Cash and cash equivalents and demand deposits	698,964,016	486,515,144	140,738,320	1,326,217,480
Investments in affiliates, associates and 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	873,035,680	369,314,905	52,233,000	1,294,583,585
Other tangible and intangible assets and inventories	18,428,978	12,827,523	3,710,725	34,967,227
Reinsurance technical provision	-	-	3,115,045	3,115,045
Other receivables and 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	2,529,365,271	1,522,206,057	388,854,547	4,440,425,875
Technical provisions	1,470,019,489	1,023,209,675	295,992,452	2,789,221,616
Other financial liabilities	-	-	-	-
Post-employment and other long-term benefit liabilities	3,108,006	2,163,333	625,805	5,897,144
Other payables and 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 business segments – Balance Sheet, as at 31 December 2013:

MZN

Balance sheet	Non-Life						Total 2013
	Workman's Compensation	Personal Accidents and Sickness	Fire and Natural Phenomena	Motor	Miscellaneous	Other branches	
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 and 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	57,130	247,874	40,062	306,056	20,273	51,346	722,740
Other tangible and intangible assets and inventories	896,710	3,890,628	628,821	4,803,855	318,202	805,927	11,344,142
Reinsurance technical provision	6,709,963	1,864,949	28,493,932	5,724,158	45,519,337	19,964,510	108,276,850
Other receivables and 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	87,360,167	351,788,295	85,050,137	437,783,203	74,138,422	92,449,634	1,128,569,858
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 and other long-term benefit liabilities	151,228	656,146	106,049	810,159	53,664	135,918	1,913,164
Other payables and 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

ALLOCATION OF THE INVESTMENTS AND OTHER ASSETS

Allocation of the investments and other assets, as at 31 December 2014:

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 2014
Cash and cash equivalents and demand deposits	8,940,497	200,904,079	1,673,081,359	92,143,880	1,975,069,815
Investments in affiliates, associates and joint ventures	-	-	-	211,350,850	211,350,850
Assets available for sale	48,470,459	1,089,191,468	477,898,988	124,500,000	1,740,060,915
Loans and accounts receivable	8,931,583	200,703,777	50,965,926	-	260,601,286
Buildings	62,454,417	1,403,428,388	-	40,818,800	1,506,701,605
Other tangible and intangible assets and inventories	-	-	-	58,698,654	58,698,654
Reinsurance technical provision	-	-	84,232,508	2,847,556	87,080,063
Other receivables and tax assets	-	-	-	261,601,189	261,601,189
Accruals and deferrals	1,208,790	27,163,014	-	17,845,001	46,216,805
Total	130,005,746	2,921,390,726	2,286,178,781	809,805,930	6,147,381,182

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 2013
Cash and cash equivalents and demand deposits	7,187,983	161,522,923	1,557,636,244	30,124,631	1,756,471,781
Investments in affiliates, associates and 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	8,336,278	187,326,532	151,452,535	-	347,115,345
Buildings	55,156,158	1,239,427,428	-	722,740	1,295,306,325
Other tangible and intangible assets and inventories	-	-	-	46,311,369	46,311,369
Reinsurance technical provision	-	-	-	111,391,894	111,391,894
Other receivables and tax assets	-	-	-	156,924,760	156,924,760
Accruals and deferrals	1,256,560	28,236,470	-	14,495,287	43,988,317
Total	118,083,639	2,653,486,147	2,101,604,418	695,821,531	5,568,995,733

NOTE 5 – ACQUIRED PREMIUMS, NET OF REINSURANCE

The acquired premiums net of reinsurance are analysed as follows:

MZN

	2014	2013
Gross premiums issued (of direct insurance and accepted reinsurance)	1,752,962,375	1,771,291,980
Assigned reinsurance premiums	(425,445,115)	(470,263,662)
Net reinsurance premiums	1,327,517,260	1,301,028,318
Variation of non-acquired premiums (of direct insurance and accepted reinsurance)	(57,770,298)	(68,456,892)
Variation of non-acquired premiums of assigned reinsurance	(4,355,137)	(5,194,137)
Net variation of non-acquired premiums	(62,125,435)	(73,651,030)
Acquired premiums, net of reinsurance	1,265,391,826	1,227,377,288

The breakdown of the headings is analysed as follows:

MZN

	2014			2013		
	Direct insurance and accepted reinsurance	Assigned reinsurance	Net	Direct insurance and accepted reinsurance	Assigned reinsurance	Net
Gross premiums issued	1,752,962,375	(425,445,115)	1,327,517,260	1,771,291,980	(470,263,662)	1,301,028,318
Life	368,490,353	(23,239,164)	345,251,189	385,749,605	(19,389,793)	366,359,812
Annuities	77,186,524	-	77,186,524	147,754,269	-	147,754,269
Capitalisation	102,195,384	-	102,195,384	53,417,335	-	53,417,335
Life Risk	189,108,445	(23,239,164)	165,869,282	184,578,002	(19,389,793)	165,188,208
Non-Life	1,384,472,022	(402,205,951)	982,266,071	1,385,542,375	(450,873,868)	934,668,506
Workman's Compensation	111,760,246	(2,467,504)	109,292,742	99,905,379	(732,595)	99,172,784
Personal Accidents and Sickness	273,342,643	(7,824,171)	265,518,473	275,292,345	(5,939,040)	269,353,305
Fire and Other Damage	376,753,125	(318,161,223)	58,591,902	431,756,042	(374,263,925)	57,492,117
Motor	481,598,963	(3,612,572)	477,986,391	446,725,319	(3,232,723)	443,492,596
Marine	6,877,504	(5,142,155)	1,735,349	41,6424	(357,451)	58,974
Aviation	2,329,603	(1,140,870)	1,188,733	2,273,902	(1,108,823)	1,165,079
Transportation	27,601,409	(19,665,762)	7,935,647	29,093,611	(20,700,254)	8,393,357
Civil Liability	18,479,107	(8,722,430)	9,756,676	19,681,493	(12,313,072)	7,368,422
Miscellaneous	85,729,422	(35,469,264)	50,260,159	80,397,859	(32,225,986)	48,171,874
Variation of the provision for non-acquired premiums	(57,770,298)	(4,355,137)	(62,125,435)	(68,456,892)	(5,194,137)	(73,651,030)
Life	-	-	-	-	-	-
Non-Life	(57,770,298)	(4,355,137)	(62,125,435)	(68,456,892)	(5,194,137)	(73,651,030)
Workman's Compensation	(1,331,815)	-	(1,331,815)	(625,756)	-	(625,756)
Personal Accidents and Sickness	(39,751,620)	25,613	(39,726,007)	(62,744,626)	140,253	(62,604,372)
Fire and Other Damage	(1,757,539)	(689,411)	(2,446,950)	(2,546,643)	1,468,793	(1,077,850)
Motor	(15,675,543)	-	(15,675,543)	(10,975,150)	-	(10,975,150)
Marine	(994,592)	700,794	(293,798)	226,282	(133,085)	93,197
Aviation	(5,465)	(12,720)	(18,184)	8,842	(4,367)	4,475
Transportation	103,409	(279,668)	(176,259)	(81,008)	10,481	(70,528)
Civil Liability	(697,032)	147,955	(549,077)	1,333,705	(984,115)	349,590
Miscellaneous	2,339,899	(4,247,700)	(1,907,801)	6,947,462	(5,692,097)	1,255,365
Acquired premiums	1,695,192,077	(429,800,252)	1,265,391,826	1,702,835,087	(475,457,799)	1,227,377,288
Life	368,490,353	(23,239,164)	345,251,189	385,749,605	(19,389,793)	366,359,812
Non-Life	1,326,701,724	(406,561,088)	920,140,636	1,317,085,482	(456,068,006)	861,017,476
Workman's Compensation	110,428,431	(2,467,504)	107,960,927	99,279,623	(732,595)	98,547,028
Personal Accidents and Sickness	233,591,024	(7,798,558)	225,792,466	212,547,719	(5,798,787)	206,748,932
Fire and Other Damage	374,995,586	(318,850,634)	56,144,952	429,209,399	(372,795,132)	56,414,267
Motor	465,923,420	(3,612,572)	462,310,847	435,750,170	(3,232,723)	432,517,446
Marine	5,882,912	(4,441,361)	1,441,551	642,706	(490,536)	152,170
Aviation	2,324,138	(1,153,589)	1,170,549	2,282,744	(1,113,190)	1,169,554
Transportation	27,704,818	(19,945,430)	7,759,388	29,012,603	(20,689,774)	8,322,829
Civil Liability	17,782,075	(8,574,475)	9,207,600	21,015,198	(13,297,187)	7,718,011
Miscellaneous	88,069,321	(39,716,964)	48,352,357	87,345,321	(37,918,082)	49,427,239

NOTE 6 – COST OF CLAIMS, NET OF REINSURANCE

This heading is broken down as follows:

MZN

	2014	2013
Claims paid		
Gross values	(449,571,457)	(583,957,446)
Portion of the reinsurers	51,228,846	49,048,194
Variation of the provision for claims		
Gross values	(22,443,916)	(11,380,292)
Portion of the reinsurers	(21,665,748)	(16,710,404)
Total before imputed costs	(442,452,276)	(562,999,949)
Costs of claims (imputed) – see Note 17	(25,574,329)	(14,217,460)
Cost of claims, net of reinsurance	(468,026,605)	(577,217,409)

For the financial year of 2014, the Costs of Claims and Variations of the Technical Provisions of the Life and Non-Life Businesses were broken down as follows:

MZN

	2014					
	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	(154,078,010)	4,265,072	(13,125,213)	(81,576)	(2,944,923)	(165,964,649)
Annuities	(102,489,992)	-	(50,099)	-	(1,320,490)	(103,860,582)
Capitalisation	(29,930,241)	-	225,322	-	(1,331,250)	(31,036,169)
Life Risk	(21,657,777)	4,265,072	(13,300,436)	(81,576)	(293,182)	(31,067,898)
Non-Life	(295,493,447)	46,963,774	(9,318,703)	(21,584,173)	(22,629,406)	(302,061,956)
Workman's Compensation	(10,063,364)	12,873,486	(14,824,701)	(2,071,185)	(3,099,919)	(17,185,683)
Personal Accidents and Sickness	(70,953,976)	28,166	(4,634,547)	4,855	(3,254,915)	(78,810,416)
Fire and Other Damage	(25,653,372)	15,211,512	7,646,731	544,366	(2,324,939)	(4,575,703)
Motor	(159,478,500)	-	(6,559,628)	-	(13,949,634)	(179,987,762)
Marine	-	-	-	-	-	-
Aviation	-	-	-	-	-	-
Transportation	(9,812,645)	9,351,622	(806,139)	859,929	-	(407,234)
Civil Liability	(1,035,689)	288,540	3,874,075	(2,663,001)	-	463,925
Miscellaneous	(18,495,900)	9,210,448	5,985,506	(18,259,136)	-	(21,559,082)
General total	(449,571,457)	51,228,846	(22,443,916)	(21,665,748)	(25,574,329)	(468,026,605)

For the financial year of 2013, the Costs of Claims and Variations of the Technical Provisions of the Life and Non-Life Businesses 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)
Workman's Compensation	(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 Damage	(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	-	-	-	-	-	-
Transportation	(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)

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 business.

NOTE 8 – LIFE BRANCH 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/business.

NOTE 10 – NET OPERATING COSTS

Net operating costs are broken down as follows:

MZN

	2014	2013
Acquisition costs	(160,195,705)	(174,964,938)
Deferred acquisition costs (variation)	2,310,563	17,959,396
Administrative costs	(164,293,621)	(152,644,198)
Fees and sharing of reinsurance profit	58,764,528	55,501,985
Net operating costs	(263,414,234)	(254,147,755)

For the financial year of 2014, the acquisition costs, deferred acquisition costs (variation), administrative costs, fees and sharing of reinsurance profit were broken down as follows:

MZN

Net operating costs	2014					
	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	(10,633,510)	(28,613,820)	-	(33,122,111)	(25,725)	11,353,571
Annuities	(3,851,053)	-	-	(11,995,569)	-	-
Capitalisation	(5,927,426)	-	-	(18,463,223)	-	-
Life Risk	(855,031)	(28,613,820)	-	(2,663,319)	(25,725)	11,353,571
Non-Life	(39,951,649)	(80,996,725)	2,310,563	(124,444,606)	(6,701,179)	47,410,958
Workman's Compensation	(3,225,061)	(7,356,826)	(46,197)	(10,045,678)	(943,245)	-
Personal Accidents and Sickness	(8,429,591)	(15,154,773)	1,824,400	(26,257,168)	(61,524)	1,875,989
Fire and Other Damage	(10,871,949)	(18,009,753)	289,607	(33,864,819)	(875,799)	29,052,405
Motor	(13,355,726)	(32,332,207)	295,421	(41,601,488)	(3,855,767)	-
Marine	(198,464)	(761,160)	193,316	(618,191)	(119,190)	644,101
Aviation	(67,225)	(328,446)	(3,423)	(209,399)	(48,531)	201,595
Transportation	(796,493)	(1,982,191)	19,931	(2,480,979)	(264,661)	5,752,296
Civil Liability	(533,251)	(555,353)	95,710	(1,661,012)	(69,770)	416,415
Miscellaneous	(2,473,890)	(4,516,017)	(358,202)	(7,705,872)	(462,692)	9,468,156
Total	(50,585,160)	(109,610,545)	2,310,563	(157,566,717)	(6,726,904)	58,764,528
Total in the summary table	(160,195,705)		2,310,563	(164,293,621)		58,764,528

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
Workman's Compensation	(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 Damage	(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
Transportation	(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

NOTE 11 – INCOME

Income by category of financial assets is analysed as follows:

MZN

	2014			2013		
	Allocated	Not allocated	Total	Allocated	Not allocated	Total
Income	367,213,978	10,248,395	377,462,373	302,599,829	7,777,319	310,377,148
Interest income from financial assets not stated at fair value through profit or loss	284,859,033	10,248,395	295,107,428	221,538,074	7,777,319	229,315,394
of assets available for sale	253,717,403	8,831,719	262,549,122	202,832,902	6,535,590	209,368,493
Bonds and other fixed income securities						
Issued by Government and public entities	215,875,462	-	215,875,462	165,693,092	-	165,693,092
Issued by other entities	3,582,344	8,831,719	12,414,062	2,495,593	6,535,590	9,031,183
Other investments	34,259,597	-	34,259,597	34,644,218	-	34,644,218
of loans granted and accounts receivable – Term deposits	31,141,630	1,416,676	32,558,306	18,705,172	1,241,729	19,946,901
Other	82,354,945	-	82,354,945	81,061,755	-	81,061,755
of buildings for own use (rents)	80,535,204	-	80,535,204	79,087,750	-	79,087,750
of financial assets available for sale – Shares	1,819,741	-	1,819,741	1,974,005	-	1,974,005

NOTE 12 – FINANCIAL COSTS

Financial costs are analysed as follows:

MZN

	2014	2013
Non-Life		
Smoothing of premiums paid through the effective interest rate method – fixed yield securities	(6,360,270)	(4,683,468)
Costs imputed to the investment function (see Note 17)	(4,595,181)	(6,389,807)
Total	(10,955,451)	(11,073,274)

NOTE 13 – CURRENCY CONVERSION DIFFERENCES

The values for 2014 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	(1,406,489)	-	-	(1,406,489)
Provisions for assigned reinsurance claims	1,178,432	-	-	1,178,432
Provision for non-acquired direct insurance premiums	(5,151,365)	-	-	(5,151,365)
Provision for non-acquired assigned reinsurance premiums	4,132,019	-	-	4,132,019
Provisions for direct insurance claims	-	(15,985)	-	(15,985)
Provisions for assigned reinsurance claims	-	225,290	-	225,290
Direct insurance mathematical provisions	-	(18,923,676)	-	(18,923,676)
Assigned reinsurance mathematical provisions	-	31,337	-	31,337
Investments	4,752,239	19,676,554	-	24,428,794
Employee benefit liability actuarial gain	-	-	-	-
Receipts for collection	-	-	10,811,276	10,811,276
Claim refunds	-	-	-	-
Rebates payable	-	-	(367,063)	(367,063)
Collections in advance	-	-	68,268	68,268
Current accounts – reinsurers	-	-	(8,626,539)	(8,626,539)
Current accounts – mediators	-	-	(578,370)	(578,370)
Receivables and payables	-	-	557,658	557,658
Accruals and deferrals	-	-	(862,965)	(862,965)
Demand deposits	-	-	2,944,992	2,944,992
Taxes	-	-	-	-
Current accounts – co-insurance	-	-	(178,209)	(178,209)
Inventories	-	-	-	-
Total	3,504,836	993,519	3,769,046	8,267,402

Details of variations by branch:

MZN

Non-Life business technical provisions	2014			
	Provision for claims		Provision for non-acquired premiums	
	Direct insurance	Assigned reinsurance	Direct insurance	Assigned reinsurance
Non-Life				
Workman's Compensation	-	(445,094)	-	-
Personal Accidents and Sickness	(74,842)	194,962	(32,981)	25,253
Fire and Other Damage	(400,310)	2,836,244	(2,027,572)	2,714,439
Motor	(1,089,893)	(298,091)	(1,173,395)	-
Marine	(177,567)	150,388	(29,331)	32,372
Aviation	(36,058)	34,255	(183,094)	103,102
Transportation	(64,140)	(100,718)	(415,920)	335,918
Civil Liability	(113,063)	(19,990)	(502,974)	353,203
Miscellaneous	549,383	(1,173,523)	(786,098)	567,732
Total	(1,406,490)	1,178,433	(5,151,366)	4,132,020

Details of variations by branch:

MZN

Life business technical provisions	2014			
	Provision for claims		Mathematical provision	
	Direct insurance	Assigned reinsurance	Direct insurance	Assigned reinsurance
Life				
Annuities	-	-	(249,573)	-
Capitalisation	(15,985)	-	(18,618,692)	-
Life Risk	-	225,290	(55,412)	31,338
Total	(15,985)	225,290	(18,923,677)	31,338

The values for 2013 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	(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	-	-	-	0.00
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				
Workman's Compensation	-	6,410	-	-
Personal Accidents and Sickness	(27,145)	18,284	(3,777)	1,006
Fire and Other Damage	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
Transportation	(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		Mathematical provision	
	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 balances of monetary assets/liabilities denominated in foreign currency are revalued to meticaïs 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	31.12.2014	31.12.2013
USD	33.6	30.08
ZAR	2.9	2.85
EUR	40.84	41.43

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 52,347 thousand meticaïs, recorded as at 31 December 2014, refers to the variation of the fair value of properties allocated to products with 100% profit sharing.

The value of 182,850 thousand meticaïs, recorded as at 31 December 2013, corresponds to the capital gain on the sale of a property allocated to Life 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 10,031 thousand meticaís, recorded under the heading as at 31 December 2014, includes 5,939 thousand meticaís related to the reversal of provisions made in previous years.

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

	2014			2013		
	Technical account	Non-technical account	Total	Technical account	Non-technical account	Total
Costs of claims (see Note 6)	25,574,329	-	25,574,329	14,217,460	-	14,217,460
Acquisition costs (see Note 10)	50,585,160	-	50,585,160	71,718,037	-	71,718,037
Administrative costs (see Note 10)	157,566,717	-	157,566,717	146,712,230	-	146,712,230
Investment management costs (see Note 12)	4,595,181	-	4,595,181	6,389,807	-	6,389,807
Total	238,321,386	-	238,321,386	239,037,533	-	239,037,533

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

MZN

Imputable costs by nature	2014	2013
Staff costs	148,413,810	141,006,493
Remuneration of the governing bodies	14,856,996	11,064,391
Staff remuneration	121,958,157	118,239,591
Charges on remunerations	4,785,288	4,340,020
Post-employment benefits	3,672,000	3,832,211
Other employees' long-term benefits	-	1,550,880
Compulsory insurance	994,317	932,406
Social action costs	308,240	371,117
Other staff costs	1,838,812	675,877
External supplies and services	70,154,000	76,363,950
Specialised work	20,680,291	24,009,581
Advertising and promotion	3,630,652	7,611,992
Hire and rental charges	9,686,323	10,453,744
Insurance	9,381,855	9,236,582
Maintenance and repair	5,848,448	7,026,653
Costs related to independent work	4,812,666	4,366,478
Fuel	3,821,650	3,452,024
Communications	2,593,538	2,348,429
Security and surveillance	2,245,337	2,192,469
Travel and hotel	1,655,691	649,052
Other	5,797,548	5,016,944
Taxes and rates	829,575	1,339,205
Amortisation/depreciation for the year	15,467,145	15,180,729
Intangible assets (see Note 24)	6,381,800	6,014,594
Tangible assets (see Note 23)	9,085,345	9,166,135
Other provisions	-	-
Interest paid	-	-
Specialised commissions	3,456,858	5,147,160
Total imputable costs by nature	238,321,387	239,037,536

During 2014, Seguradora Internacional de Moçambique had an average of 146 Employees (2013: 147 Employees), distributed over the professional categories shown in the table below.

Average number of workers by professional category	2014	2013
Executive directors	10	10
Senior management	16	16
Middle management	15	15
Highly qualified professionals	1	1
Qualified professionals	85	86
Semi-qualified professionals	14	14
Other	5	5
Total	146	147

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

	2014	2013
Cash	-	-
Repayable on demand	93,693,456	31,335,537
Term deposits with maturity of less than 90 days (considered equivalent to cash)	1,881,376,359	1,725,136,244
Total	1,975,069,815	1,756,471,781

NOTE 19 – INVESTMENTS IN AFFILIATES, ASSOCIATES AND JOINT VENTURES

The individual financial statements of Seguradora Internacional de Moçambique include the values of 210,700,000 meticals and 650,850 meticals, 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 equity held	Value effective	Parent company	Equity	Assets	Subordinated	Net income	Total income
Constellation	Maputo	20.00%	210,700,000	SOGEX, S.A.	1,401,667,050	1,669,325,727	267,658,677	-4,704,980	-
Beira Nave	Beira	22.84%	650,850	Pescamar, Lda, Sociedade de Pesca de Mariscos	79,565,465	239,853,259	160,287,813	2,849,640	106,817,545
Total	-	-	211,350,850	-	-	-	-	-	-

MZN

2012									
Company address	Head office	Percentage equity held	Value effective	Parent company	Equity	Assets	Subordinated	Net income	Total income
Constellation	Maputo	20.00%	210,700,000	SOGEX, S.A.	1,251,042,456	1,421,626,413	170,583,957	-2,181,872	-
Beira Nave	Beira	22.84%	650,850	Pescamar, Lda, Sociedade de Pesca de Mariscos	76,941,191	211,382,201	134,441,010	2,293,088	164,274,151
Total	-	-	211,350,850	-	-	-	-	-	-

NOTE 20 – FINANCIAL ASSETS AVAILABLE FOR SALE

This heading is broken down as follows:

MZN

2014	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 income securities									
Issued by Government and public entities	1,549,177,551	-	-	-	-	-	-	1,549,177,551	Nominal amount – equivalent to fair value – Level I
Issued by other entities	175,000,000	-	-	-	-	-	-	175,000,000	
Equities	13,865,827	2,498,165	1,683,204.8	-	-	1,202,576	-	15,883,363	
Cervejas de Moçambique	12,873,605	2,498,165	1,683,205			1,202,576	-	14,891,141	Fair value – Mozambique Stock Exchange price – Level I
BCI	992,222	-	-	-	-	-	-	992,222	Acquisition cost
Other investments	-	-	-	-	-	-	-	-	Nominal amount – equivalent to fair value – Level I
Balance	1,738,043,378	2,498,165	1,683,205	-	-	1,202,576	-	1,740,060,914	

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 income securities									
Issued by Government and public entities	1,411,269,264	-	-	-	-	-	-	1,411,269,264	Nominal amount – equivalent to fair value – Level I
Issued by other entities	175,000,000	-	-	-	-	-	-	175,000,000	
Equities	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 Stock Exchange price – Level I
BCI	992,222	-	-	-	-	-	-	992,222	Acquisition cost
Other investments	-	-	-	-	-	-	-	-	Nominal amount – equivalent to fair value – Level I
Balance	1,605,088,845	85,200	2,101,600	-	-	-	-	1,600,135,092	

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:

	2014	2013
Term deposits in MZN – Capital	2,500,026	108,950,000
Term deposits in USD – Capital	220,357,615	195,558,931
Term deposits in EUR – Capital	29,417,745	37,390,914
Term deposits in ZAR – Capital	8,325,900	5,215,500
Total	260,601,286	347,115,345

The term deposits in MZN allocated to Life business, all of which are at Banco Internacional de Moçambique, offer interest rates of 8.5% (2013: between 2.5% and 8%) and have maturities between 17 and 39 days (2013: 13 and 364 days).

The term deposits in MZN allocated to Non-Life business, also at Banco Internacional de Moçambique, offer interest rates of 8.5% (2013: 2.8% and 9.0%) and have maturities between 12 and 365 days (2013: 13 and 365 days).

Regarding the term deposits in USD, EUR and ZAR, which are all at Banco Internacional de Moçambique and Banco Comercial e de Investimento, said deposits offer interest rates varying between 0.2% and 2% (2013: 0.1% and 2.0%) for USD, between 0.2% and 0.6% (2013: 0.3% and 2.1%) for EUR and between 2.2% and 6.8% (2013: 4.0% and 5.0%) for ZAR. Concerning maturities, the term deposits in USD have maturities between 15 and 365 days (2013: 15 and 365), in EUR have maturities between 15 and 365 days (2013: 23 and 365 days) and in ZAR have maturities between 31 and 365 days (2013: 31 and 365 days).

NOTE 22 – BUILDINGS

Seguradora Internacional de Moçambique has income-generating buildings and buildings for own use, which are recognised at fair value.

During 2014, in order to determine the fair value of the income-generating properties, the Insurer used a suitable entity specialised in the valuation of property, CPU Intervalor.

Note that, in addition to the revaluation against profit or loss, the Insurer made acquisitions and property improvements.

The movements which occurred in buildings during 2014 are as follows:

		Additions		Reductions			
	Value as at 31.12.2013	Acquisitions	Improvements	Amortisations	Disposals and write-offs	Revaluation against profit or loss	Value as at 31.12.2014
Buildings	1,295,306,325	88,030,357	71,771,558	753,157	-	52,346,522	1,506,701,605
Income-generating	1,294,583,585	47,181,140	71,771,558	-	-	52,346,522*	1,465,882,805
For own use	722,740	40,849,217	-	753,157	-	-	40,818,800

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

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

		Additions		Reductions			
	Value as at 31.12.2012	Acquisitions	Improvements	Amortisations	Disposals and write-offs	Revaluation against profit or loss	Value as at 31.12.2013
Buildings	1,425,856,325	-	-	-	130,550,000	-	1,295,306,325
Income-generating	1,425,133,585	-	-	-	130,550,000	-	1,294,583,585
For own use	722,740	-	-	-	-	-	722,740

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

MZN

	2014			2013		
	Life	Non-Life	Closing balance	Life	Non-Life	Closing balance
Property rents (see Note 11)	80,535,204	-	80,535,204	79,087,750	-	79,087,750

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

MZN

	2014			2013		
	Life	Non-Life	Closing balance	Life	Non-Life	Closing balance
Repair, maintenance and other expenses	240,043	-	240,043	234,758	-	234,758

NOTE 23 – TANGIBLE ASSETS

The tangible assets of Seguradora Internacional de Moçambique are stated at cost minus the respective accumulated depreciation and impairment losses.

Their respective evolution was as follows:

MZN

	Balance as at 31.12.2013			Increases	Reductions	Depreciation		Balance as at 31.12.2014		
	Gross value	Depreciation	Net book value	Acquisitions	Transfers & write-offs	Adjustments	Top-up	Gross value	Depreciation	Net book value
Office equipment	5,807,453	3,131,596	2,675,858	107,197	242,524	-	-	5,672,127	3,131,596	2,540,531
Machines, appliances and tools	3,389,624	3,062,086	327,538	14,566	127,864	-	-	3,276,326	3,062,086	214,241
Computer equipment	12,225,647	7,825,866	4,399,782	246,463	268,504	-	-	12,203,606	7,825,866	4,377,740
Interior installations	3,131,854	2,925,107	206,746	-	-	-	-	3,131,853	2,925,107	206,746
Transport material	34,933,721	21,481,620	13,452,101	7,391,788	3,896,954	-	-	38,428,555	21,481,620	16,946,935
Other tangible assets	6,903,800	4,017,497	2,886,303	3,283,411	49,029	-	-	10,138,182	4,017,497	6,120,685
Total other tangible assets	66,392,099	42,443,772	23,948,328	11,043,425	4,584,875	-	-	72,850,649	42,443,772	30,406,878
Inventories	1,804,594	-	1,804,594	-	222,798	-	-	1,581,796	-	1,581,796

MZN

	Balance as at 31.12.2012			Increases	Reductions	Depreciation		Balance as at 31.12.2013		
	Gross value	Depreciation	Net book value	Acquisitions	Transfers & write-offs	Gross value	Depreciation	Gross value	Depreciation	Net book value
Office 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
Computer 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 installations	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

NOTE 24 – INTANGIBLE ASSETS

The intangible assets of Seguradora Internacional de Moçambique are stated at cost minus the respective accumulated amortisation and impairment losses.

Their respective evolution was as follows:

MZN

	Balance as at 31.12.2013			Acquisitions	Increases	
	Gross value	Amortisations	Net book value		Transfers & write-offs	Disposals
Computer applications	54,969,082	34,410,634	20,558,447	16,844,604	-	-
Total	54,969,082	34,410,634	20,558,447	16,844,604	-	-

MZN

	Amortisations		Balance as at 31.12.2014		
	Adjustments	Top up	Gross value	Amortisations	Net book value
Computer applications	-	6,381,800	71,813,685	40,792,434	31,021,251
Total	-	6,381,800	71,813,685	40,792,434	31,021,251

MZN

	Balance as at 31.12.2012			Acquisitions	Increases	
	Gross value	Amortisations	Net book value		Transfers & write-offs	Disposals
Computer applications	44,831,998	28,396,041	16,435,959	10,137,083	-	-
Total	44,831,998	28,396,041	16,435,959	10,137,083	-	-

MZN

	Amortisations		Balance as at 31.12.2013		
	Adjustments	Top up	Gross value	Amortisations	Net book value
Computer applications	-	6,014,594	54,969,082	34,410,634	20,558,447
Total	-	6,014,594	54,969,082	34,410,634	20,558,447

NOTE 25 – TECHNICAL PROVISIONS, NET OF ASSIGNED REINSURANCE

This heading is broken down as follows:

MZN

Technical provisions, net of assigned reinsurance	2014			2013		
	Direct insurance and accepted reinsurance	Assigned reinsurance	Net	Direct insurance and accepted reinsurance	Assigned reinsurance	Net
Provision for non-acquired premiums	557,972,888	44,357,386	513,615,502	497,797,454	44,714,898	453,082,556
Life branch mathematical provision	2,265,898,651	137,001	2,265,761,650	2,092,005,852	144,984	2,091,860,868
Provision for claims	436,912,923	42,585,677	394,327,246	412,102,503	66,532,013	345,570,490
Of the Life branch	47,354,268	2,710,555	44,643,713	34,195,253	2,970,061	31,225,192
Of Non-Life branches	389,558,655	39,875,122	349,683,533	377,907,250	63,561,952	314,345,298
Provision for profit sharing	776,325,806	-	776,325,806	691,429,458	-	691,429,458
Provision for claim rate deviations	1,733,774	-	1,733,774	771,568	-	771,568
Provision for risks underway	-	-	-	-	-	-
Total	4,038,844,042	87,080,063	3,951,763,978	3,694,106,835	111,391,894	3,582,714,940

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

MZN

Provision for non-acquired premiums	2014			2013		
	Direct insurance and accepted reinsurance	Assigned reinsurance	Net	Direct insurance and accepted reinsurance	Assigned reinsurance	Net
Non-Life						
Workman's Compensation	12,121,845	-	12,121,845	10,743,833	-	10,743,833
Personal Accidents and Sickness	303,149,470	240,459	302,909,010	265,192,701	198,010	264,994,691
Fire and Other Damage	27,069,058	15,185,280	11,883,778	23,685,362	13,248,341	10,437,020
Motor	170,163,222	1	170,163,221	153,787,337	1	153,787,337
Marine	892,860	872,472	20,388	74,008	135,956	(61,948)
Aviation	1,444,425	846,717	597,707	1,289,059	758,234	530,825
Transportation	4,109,048	3,142,603	966,446	3,820,078	3,093,873	726,205
Civil Liability	5,543,296	2,949,123	2,594,173	4,449,091	2,451,226	1,997,865
Miscellaneous	33,479,664	21,120,730	12,358,934	34,755,987	24,829,257	9,926,729
Total	557,972,888	44,357,386	513,615,502	497,797,454	44,714,898	453,082,556

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

MZN

Mathematical provision	2014			2013		
	Direct insurance and accepted reinsurance	Assigned reinsurance	Net	Direct insurance and accepted reinsurance	Assigned reinsurance	Net
Life						
Annuities	1,018,254,228	-	1,018,254,228	1,020,775,654	-	1,020,775,654
Capitalisation	972,823,151	-	972,823,151	834,498,718	-	834,498,718
Life Risk	274,821,272	137,001	274,684,271	236,731,481	144,984	236,586,497
Total	2,265,898,651	137,001	2,265,761,650	2,092,005,852	144,984	2,091,860,868

MZN

Movement of the mathematical provision during 2014						
	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	1,020,775,654	10,441,989	(16,985,467)	14,463,950	-	1,028,696,126
Capitalisation	834,498,718	9,527,896	-	99,928,965	18,425,674	962,381,253
Life Risk	236,731,481	-	-	37,591,788	498,003	274,821,272
Total	2,092,005,853	19,969,885	(16,985,467)	151,984,703	18,923,677	2,265,898,651

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

The provision for claims are analysed as follows:

MZN

Provision for claims	2014			2013		
	Direct insurance and accepted reinsurance	Assigned reinsurance	Net	Direct insurance and accepted reinsurance	Assigned reinsurance	Net
Life						
Annuities	2,193,264	-	2,193,264	2,143,165	-	2,143,165
Capitalisation	-	-	-	209,336	-	209,336
Life Risk	45,161,003	2,710,555	42,450,449	31,842,751	2,970,061	28,872,690
Non-Life						
Workman's Compensation	74,460,145	4,193,684	70,266,461	59,635,444	6,709,963	52,925,480
Personal Accidents and Sickness	23,628,442	1,866,756	21,761,686	17,889,419	1,666,940	16,222,479
Fire and Other Damage	18,588,136	14,374,167	4,213,970	25,702,068	15,245,591	10,456,477
Motor	236,814,081	5,459,419	231,354,662	229,400,472	5,724,158	223,676,314
Marine	1,690,680	1,680,838	9,842	1,503,438	1,069,481	433,957
Aviation	344,189	326,980	17,210	308,131	286,964	21,168
Transportation	6,169,274	5,081,585	1,087,690	5,308,670	4,322,754	985,915
Civil Liability	4,868,425	4,959,014	(90,589)	8,629,436	7,846,021	783,415
Miscellaneous	22,995,283	1,932,680	21,062,603	29,530,172	20,690,079	8,840,093
Total	436,912,923	42,585,677	394,327,246	412,102,503	66,532,013	345,570,490

The provision for profit sharing is analysed as follows:

MZN

Provision for profit sharing	2014			2013		
	Direct insurance and accepted reinsurance	Assigned reinsurance	Net	Direct insurance and accepted reinsurance	Assigned reinsurance	Net
Life						
Provision attributable						
Annuities	489,005,202	-	489,005,202	436,658,680	-	436,658,680
Capitalisation	178,973,725	-	178,973,725	178,973,725	-	178,973,725
Provision attributed						
Annuities	20,477,158	-	20,477,158	10,441,989	-	10,441,989
Capitalisation	31,440,586	-	31,440,586	9,527,896	-	9,527,896
Life Risk	19,700,745	-	19,700,745	27,418,221	-	27,418,221
Non-Life						
Provision attributed						
Workman's Compensation	881,859	-	881,859	1,148,389	-	1,148,389
Personal Accidents and Sickness	35,846,531	-	35,846,531	27,260,558	-	27,260,558
Total	776,325,806	-	776,325,806	691,429,458	-	691,429,458

MZN

	Movement of the provision for profit sharing during 2014						
	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	615,632,405	-	-	-	-	52,346,522	667,978,927
Provision attributed	47,388,106	(61,044,278)	(19,969,885)	-	-	105,244,546	71,618,489
Subtotal	663,020,511	(61,044,278)	(19,969,885)	-	-	157,591,068	739,597,416
Non-Life							
Provision attributable	-	-	-	-	-	-	-
Provision attributed	28,408,947	(25,510,231)	-	-	-	33,829,674	36,728,390
Subtotal	28,408,947	(25,510,231)	-	-	-	33,829,674	36,728,390
Total	691,429,458	(86,554,509)	(19,969,885)	-	-	191,420,742	776,325,806

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	(284,011,548)	(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	(39,762,458)	-	-	-	25,548,758	28,408,947
Total	790,951,640	(323,774,006)	(72,709,055)	-	-	296,960,879	691,429,458

The provision for claim rate deviations is analysed as follows:

MZN

Provision for claim rate deviations	2014			2013		
	Direct insurance and accepted reinsurance	Assigned reinsurance	Net	Direct insurance and accepted reinsurance	Assigned reinsurance	Net
Non-Life						
Fire and Other Damage	1,733,774	-	1,733,774	771,568	-	771,568
Total	1,733,774	-	1,733,774	771,568	-	771,568

MZN

Movement of the provision for claim rate deviations					
	Provision as at 31.12.2012	Variation of 2012 – see P&L Account	Provision as at 31.12.2013	Variation of 2013 – see P&L Account	Provision as at 31.12.2014
Non-Life					
Fire and Other Damage	4,331,167	-3,559,599	771,568	962,207	1,733,774
Total	4,331,167	-3,559,599	771,568	962,207	1,733,774

NOTE 26 – OTHER RECEIVABLES DUE TO INSURANCE AND OTHER OPERATIONS

MZN

	2014	2013
Accounts receivable due to direct insurance operations		
Insurance policyholders	244,745,677	138,046,764
Co-insurers	2,148,706	15,276,296
Insurance mediators	4,123,886	3,736,219
	251,018,269	157,059,279
Adjustment of premium receipts for collection	(26,311,929)	(28,995,345)
	224,706,341	128,063,934
Accounts receivable due to reinsurance operations		
Other reinsurers	10,054,319	558,655
Accounts receivable due to other operations		
Other debtors	24,333,694	25,795,335
Total	259,094,354	154,417,924

The breakdown of the adjustment account shows the following evolution:

MZN

	Balance as at 31.12.2012	Charges	Uses	Balance as at 31.12.2013	Charges	Uses	Balance as at 31.12.2014
Adjustment of premium receipts for collection	22,755,156	6,240,189	-	28,995,345	-	2,683,416	26,311,929
Total	22,755,156	6,240,189	-	28,995,345	-	2,683,416	26,311,929

NOTE 27 – CURRENT TAXES AND DEFERRED TAXES

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

MZN

	2014	2013
Income tax receivable		
Estimated income tax	-	-
Payments on account	-	-
Withholdings	-	-
Other taxes	-	-
Current tax assets	-	-
Seniority bonus	2,506,836	2,506,836
Deferred tax assets	2,506,836	2,506,836
Tax assets	2,506,836	2,506,836
Income tax payable		
Estimated income tax	83,003,859	98,366,829
Payments on account	(74,727,000)	(40,548,000)
Withholdings	(21,296,581)	(28,902,016)
Other taxes		
Stamp duty	14,710,920	11,320,437
Supervision rate	3,953,280	1,930,246
Other	3,938,336	1,797,820
Current income tax liabilities	9,582,814	43,965,315
Unrealised investment gains (equity)	1,228,937	1,231,703
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 income tax liabilities	18,812,957	18,815,722
Tax liabilities	28,395,771	62,781,037

The movement of deferred tax was recognised as follows:

MZN

	2014		2013	
	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)	-	(2,765)	-	(584,660)
Fair value variation of properties allocated to portfolios without profit sharing (investment properties)	-	-	-	-
Deferred tax assets/(liabilities)	-	(2,765)	-	(584,660)

Income tax is analysed as follows:

MZN

	2014	2013
Current tax	165,376,642	139,026,506
Deferred tax	-	-
Total tax recognised through profit or loss	165,376,642	139,026,506

The effective tax rate expected by Seguradora Internacional de Moçambique for the year is approximately 26.28% (2013: 26.04%), 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

	2014		2013	
	Tax	Yield	Tax	Yield
IRPC on pre-tax profit	201,401,319	32%	172,241,929	32%
Tax adjustments – value of tax:				
Impact of non-deductible costs	(711,289)	-	3,562,600	-
Deduction of income from securities listed for trading on the stock exchange taxed at source	(93,743,778)	-	(53,495,307)	-
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)	58,430,390	10%	16,717,284	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	165,376,642	26.28%	139,026,506	26.04%

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 Seguradora Internacional de Moçambique 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:

	2014	2013
Accruals and deferrals receivable		
Interest receivable	44,752,888	42,355,551
Other accruals and deferrals	1,463,917	1,632,767
	46,216,805	43,988,317
Accruals and deferrals payable		
Remunerations and charges payable	4,842,813	7,943,449
Other accruals and deferrals	36,564,632	37,791,110
	41,407,445	45,734,559

MZN

NOTE 29 – BENEFITS GRANTED TO EMPLOYEES

This heading is broken down as follows:

	2014	2013
Assets due to post-employment benefits and other long-term benefits	284	1,416
Post-employment and other long-term benefit liabilities		
Post-employment benefits	-	-
Seniority bonus	7,584	7,810
	7,300	6,394

Thousand MZN

Post-employment benefits

Seguradora Internacional de Moçambique attributes its Employees hired until 31 December 2011 a supplementary retirement pension for which it maintains capitalisation insurance, managed in-house by the actual company, 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 Collective Contract of Seguradora Internacional de Moçambique.

The actuarial valuation of the liabilities related to supplementary retirement pensions is carried out annually, with the last one dated 31 December 2014.

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

Number of participants	2014	2013
Assets	114	120
Retired and pensioners	-	-

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

	2014	2013
Discount rate	7.50%	7.50%
Increase in future compensation levels	6.00%	5.75%
Expected yield rate of the fund	7.50%	7.50%
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

	2014	2013
	Pension Plans	Pension Plans
Liabilities related to beneficiaries*	(52,650)	(42,076)
Fair value of the assets**	52,934	43,492
Net book value	284	1,416

* Liabilities recognised in SIM's Balance Sheet under the heading "Life branch mathematical provisions".

** Assets recognised in the Balance Sheet of Seguradora Internacional de Moçambique 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

	2014	2013
Liabilities as at 1 January	42,076	37,627
Current service cost	3,784	3,909
Interest costs	3,250	2,771
Payments made (lump-sum)	(1,322)	-
Actuarial (gains)/losses of the liabilities	4,862	(2,231)
Liabilities as at 31 December	52,650	42,076

The values recognised as costs/income are as follows:

Thousand MZN

	2014	2013
Current service cost (see Note 18)	3,784	3,909
Interest costs	3,250	2,771
Expected yield of the fund	(3,362)	(2,844)

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

Thousand MZN

	2014	2013
Balance on 1 January	43,492	38,676
Contributions of the Company	7,588	3,909
Benefits paid	(1,322)	-
Expected yield of the fund	3,362	2,844
Actuarial gains/(losses) of the assets	(186)	(1,937)
Balance on 31 December	52,934	43,492

The actuarial gains and losses are analysed as follows:

Thousand MZN

	2014	2013
Actuarial (gains)/losses of the liabilities	4,862	(2,231)
Actuarial (gains)/losses of the assets	186	1,937

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

Thousand MZN

	2014	2013	2012	2011	2010
Liabilities related to benefits	(52,650)	(42,076)	(37,628)	(30,661)	(30,802)
Fair value of the assets	52,934	43,492	38,676	30,661	29,367
Net book value	284	1,416	1,048	-	(1,434)

The assets are broken down as follows:

Thousand MZN

	2014	2013
Fixed income securities	49,000	40,000
Demand deposits	3,934	3,492
Total	52,934	43,492

Other long-term benefits – seniority bonus

The seniority bonus is attributed to the Employees of Seguradora Internacional de Moçambique according to the years of service provided, 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

	2014	2013
Seniority bonus	7,584	7,810

NOTE 30 – OTHER PAYABLES DUE TO INSURANCE AND OTHER OPERATIONS

This heading is broken down as follows:

Thousand MZN

	2014	2013
Accounts payable due to direct insurance operations		
Insurance policyholders	18,710,327	12,956,237
Co-insurers	28,669,512	23,345,270
Insurance mediators	7,606,325	9,400,289
	54,986,164	45,701,797
Accounts payable due to reinsurance operations		
Other reinsurers	154,256,012	101,284,754
	154,256,012	101,284,754
Accounts payable due to other operations		
Other creditors	42,905,500	51,520,954
Other payables – Group companies (BIM)	-7,583,525	-7,810,308
	35,321,975	43,710,646
Total	244,564,152	190,697,197

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

The share capital of Seguradora Internacional de Moçambique, as at 31 December 2014, of the value of 147,500,000 meticaís, represented by 1,475,000 shares with a nominal value of 100 meticaís each, is fully underwritten and paid-up.

	2014	2013
Nr. shares as at 1 January	1,475,000	1,475,000
Nr. shares as at 31 December	1,475,000	1,475,000

In 2014, the shareholder structure of Seguradora Internacional de Moçambique, S.A. was maintained.

	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 2013 was carried out as follows:

MZN

Appropriation of the net income for the year	2013
Net income for the year	399,229,524
Appropriation:	
Legal Reserve Fund	-
Free Reserves	159,691,810
Retained Earnings	-
Dividends	239,537,714

Based on the distributed dividends, referred to above, and considering that the share capital of Seguradora Internacional de Moçambique 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 188.75 meticaís.

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

MZN

Shareholder	% Share capital	Dividends
Millennium bim	89.91%	215,368,359
PT Participações, SGPS, S.A.	5.84%	13,989,003
FDC	2.08%	4,982,384
TDM	2.08%	4,982,384
Remaining Shareholders	0.04%	215,584
Total	100.00%	239,537,714

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 are 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

	2014	2013
Legal reserve	147,500,000	147,500,000
Free reserve	1,004,824,490	850,464,680
Issue premium	8,258,661	8,258,661
Total	1,160,583,150	1,006,223,341

Net income for the year

Earnings per share stood at 315 meticaís for 2014, compared with 271 meticaís for 2013, having increased by 16.2%, due to the increase of net income for the year.

NOTE 32 – TRANSACTIONS BETWEEN RELATED PARTIES

The parent company of the Group to which Seguradora Internacional de Moçambique 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

	2014	2013
Remunerations	14,856,996	11,064,391
Total	14,856,996	11,064,391

The transactions with related parties during 2014 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	1,578,515,364	-	-	-	239,739,400	1,818,254,764
Investments in affiliates, associates and joint ventures	-	-	650,850	210,700,000	-	211,350,850
Financial assets available for sale	175,000,000	-	-	-	669,396,227	844,396,227
Other deposits	83,618,566	-	-	-	176,982,694	260,601,260
Income-generating buildings	-	-	-	-	1,413,649,805	1,413,649,805
Other debtors	(266,382)	-	-	18,300,000	-	18,033,618
Interest receivable	7,857,373	-	-	1,505,518	25,795,925	35,158,815
Total assets	1,844,724,921	-	650,850	230,505,518	2,525,564,050	4,601,445,339
Life branch mathematical provision	-	-	-	-	(1,907,963,146)	(1,907,963,146)
Provision for claims	7,202,827	-	-	-	(2,193,264)	5,009,562
Provision for profit sharing	(54,333,070)	-	-	-	(718,653,750)	(772,986,820)
Accounts payable due to direct insurance operations	(4,788,505)	-	-	-	-	(4,788,505)
Accounts payable due to other operations	-	(390,736)	-	-	-	(390,736)
Total liabilities	(51,918,749)	(390,736)	-	-	(2,628,810,161)	(2,681,119,646)
Dividends distributed	239,537,714	-	-	-	-	239,537,714

MZN

Profit and loss account	Millennium bim	Ocidental Seguros	Beira Nave	Constellation	Post-employment benefits – BIM/SIM	Total
Acquired premiums, net of reinsurance	(90,022,919)	-	-	-	(167,752,120)	(257,775,040)
Cost of claims, net of reinsurance	33,563,220	-	-	-	128,522,432	162,085,652
Life branch mathematical provisions, net of reinsurance	-	-	-	-	121,504,135	121,504,135
Profit sharing, net of reinsurance	53,530,420	-	-	-	137,890,323	191,420,742
Net operating costs	49,025,860	1,935,112	-	-	-	50,960,972
Investment income	(204,492,130)	-	-	(850,677)	(169,363,898)	(374,706,705)
Net gains of non-financial assets which are not classified as non-current assets held for sale and discontinued operating units	-	-	-	-	-	-
Other income	-	-	(249,879)	-	-	(249,879)
Total income/costs	(158,395,550)	1,935,112	(249,879)	(850,677)	50,800,872	(106,760,122)

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
Accounts receivable due to direct insurance operations	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)

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, it 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 business	Credit risk	Event risk
Specific risk of the Life business	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 an 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 define 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 workman's compensation 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 as the difference between the fair value of the assets and liabilities.

MZN

Sensitivity analysis	Impact on pre-tax profit 31.12.2014	Impact on pre-tax profit 31.12.2013
Operating costs -10%	26,341,423	25,414,776
Cost of claims +5%	(23,401,330)	(28,860,870)

Insurance risk management

Seguradora Internacional de Moçambique 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

Seguradora Internacional de Moçambique 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:

US dollars

Line of business	Capacity of the treaty
Fire	24,400,000
Works and Assembly	16,400,000
Electronic Equipment	6,200,000
Machinery Breakdown	6,200,000
Theft	275,000
Cash in the Safe	400,000
Cash in Transit	400,000
Transport	1,500,000
Marine Hull	400,000
General Civil Liability	3,000,000
Motor – Civil Liability	250,000
Motor – Own Damage	400,000
Personal Accidents	1,000,000
Workman's Compensation	1,000,000

The risk of claims in the Non-Life business 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, Seguradora Internacional de Moçambique 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	
	2014	2013	2014	2013	2014	2013
Non-Life	33%	34%	22%	24%	54%	58%
Workman's Compensation	17%	15%	20%	21%	37%	36%
Personal Accidents and Sickness	35%	30%	20%	23%	55%	53%
Fire and Other Damage	-	25%	56%	78%	55%	103%
Motor	40%	41%	20%	20%	59%	61%
Miscellaneous	46%	46%	12%	16%	58%	55%
Other	3%	9%	16%	11%	19%	20%

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 less 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 Workman's Compensation are as follows:

Mortality table	Redeemable pensions	Non-redeemable pensions
Men	RF	RF
Women/widows	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, Workman's Compensation 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

2014	Provision for claims as at 31.12.2013 (1)	Costs of claims/ values paid during the year (2)	Provision for claims as at 31.12.2014 (3)	Readjustment (3)+(2)-(1)
Workman's Compensation	(59,635,444)	10,064,166	(53,256,671)	3,685,394
Personal Accidents and Sickness	(17,889,419)	10,719,598	(7,543,275)	373,455
Fire and Other Damage	(25,702,068)	18,827,735	(10,290,095)	3,415,763
Motor	(229,400,472)	68,035,577	(145,750,497)	(15,614,398)
Marine	(1,503,438)	-	(1,690,680)	187,241
Aviation	(308,131)	-	(344,189)	36,058
Transportation	(5,308,670)	7,823,688	(2,907,513)	5,422,532
Civil Liability	(8,629,436)	363,005	(782,964)	(7,483,467)
Miscellaneous	(29,530,172)	9,519,958	(7,590,724)	(12,419,490)
Total Non-Life business	(377,907,250)	125,353,729	(230,156,609)	(22,396,912)

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)
Workman's Compensation	(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 Damage	(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
Transportation	(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 business	(361,823,062)	112,230,684	(233,721,727)	(15,870,651)

The additional information by business line is as follows:

MZN

2014	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)
Workman's Compensation	(10,063,364)	(3,099,919)	(14,824,701)	(27,987,984)
Personal Accidents and Sickness	(70,953,976)	(3,254,915)	(4,634,547)	(78,843,437)
Fire and Other Damage	(25,653,372)	(2,324,939)	7,646,731	(20,331,580)
Motor	(159,478,500)	(13,949,634)	(6,559,628)	(179,987,762)
Marine	-	-	-	-
Aviation	-	-	-	-
Transportation	(9,812,645)	-	(806,139)	(10,618,785)
Civil Liability	(1,035,689)	-	3,874,075	2,838,386
Miscellaneous	(18,495,900)	-	5,985,506	(12,510,395)
Total Non-Life business	(295,493,447)	(22,629,406)	(9,318,703)	(327,441,557)

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)
Workman's Compensation	(10,141,189)	(1,723,328)	(4,672,816)	(16,537,333)
Personal Accidents and Sickness	(64,308,096)	(1,809,495)	(4,247,312)	(70,364,903)
Fire and Other Damage	(28,428,612)	(1,292,496)	(4,727,752)	(34,448,860)
Motor	(135,803,483)	(7,754,978)	(30,179,739)	(173,738,200)
Marine	-	-	-	-
Aviation	-	-	-	-
Transportation	(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 business	(297,973,384)	(12,580,297)	(11,155,943)	(321,709,624)

The additional information by business line is as follows:

MZN

2014	Gross premiums issued	Gross acquired premiums	Gross cost of claims	Gross operating costs	Reinsurance balance
Workman's Compensation	111,760,246	110,428,431	(27,987,984)	(21,617,007)	(7,889,703)
Personal Accidents and Sickness	273,342,643	233,591,024	(78,843,437)	(48,078,656)	5,669,333
Fire and Other Damage	376,753,125	374,995,586	(20,331,580)	(63,332,712)	268,491,669
Motor	481,598,963	465,923,420	(179,987,762)	(90,849,766)	3,910,663
Marine	6,877,504	5,882,912	-	(1,503,688)	3,614,500
Aviation	2,329,603	2,324,138	-	(657,023)	814,637
Transportation	27,601,409	27,704,818	(10,618,785)	(5,504,393)	3,746,384
Civil Liability	18,479,107	17,782,075	2,838,386	(2,723,677)	10,199,309
Miscellaneous	85,729,422	88,069,321	(12,510,395)	(15,516,673)	39,903,286
Total Non-Life business	1,384,472,022	1,326,701,724	(327,441,557)	(249,783,596)	328,460,077

MZN

2013	Gross premiums issued	Gross acquired premiums	Gross cost of claims	Gross operating costs	Reinsurance balance
Workman's Compensation	99,905,379	99,279,623	(16,537,333)	(20,517,700)	(739,427)
Personal Accidents and Sickness	275,292,345	212,547,719	(70,364,903)	(42,758,267)	4,907,690
Fire and Other Damage	431,756,042	429,209,399	(34,448,860)	(72,469,499)	325,199,747
Motor	446,725,319	435,750,170	(173,738,200)	(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
Transportation	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 business	1,385,542,374	1,317,085,483	(321,709,624)	(240,653,094)	383,806,016

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 Seguradora Internacional de Moçambique, 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.

Seguradora Internacional de Moçambique 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

	2014		2013	
	Value	%	Value	%
Investments in affiliates and associates	211,350,850	4%	211,350,850	4%
Financial assets available for sale	1,740,060,914,70	30%	1,600,135,092	30%
Bonds and other fixed income securities	1,724,177,551,38	30%	1,586,269,265	30%
Of public debt	1,549,177,550,99	27%	1,411,269,264	27%
Issued by other entities	175,000,000,39	3%	175,000,000	3%
Variable yield securities – Shares	15,883,363,32	-	13,865,827	-
Loans and accounts receivable	260,601,286	5%	347,115,345	7%
Term deposits	260,601,286		347,115,345	
Cash and cash equivalents and demand deposits				
Demand deposits and term deposits with maturity less than 90 days	1,975,069,815	34%	1,756,471,781	33%
Buildings	1,506,701,605	26%	1,295,306,325	25%
Income-generating buildings	1,465,882,805		1,294,583,585	
Buildings for own use	40,818,800		722,740	
Interest receivable	44,752,888	1%	42,355,551	1%
Total	5,738,537,359	100%	5,252,012,203	100%

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

MZN

	2014		2013	
	Value	%	Value	%
Bonds and other fixed income securities	1,724,177,551	30%	1,586,269,265	30%
Variable yield securities – Shares	227,234,213	4%	225,216,677	4%
Term deposits and demand deposits	2,235,671,101	39%	2,103,587,126	40%
Real estate properties	1,506,701,605	26%	1,294,583,585	25%
Interest receivable	44,752,888	1%	42,355,551	1%
Total	5,738,537,359	100%	5,252,012,203	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 Seguradora Internacional de Moçambique may be broken down by type of sector:

MZN

	2014		2013	
	Value	%	Value	%
Public debt	1,549,177,551	90%	1,411,269,264	89%
Financial institutions	175,000,000	10%	175,000,000	11%
Communications	-	-	-	-
Total	1,724,177,551	100%	1,586,269,265	100%

The shares held by Seguradora Internacional de Moçambique may be broken down by type of sector:

MZN

	2014		2013	
	Value	%	Value	%
Real estate	210,700,000	93%	210,700,000	94%
Consumables	14,891,141	7%	12,873,605	6%
Investment	992,222	-	992,222	-
Naval	650,850	-	650,850	-
Total	227,234,213	100%	225,216,677	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		2014		2013	
		Value	%	Value	%
i)	Public debt	1,549,177,551	90%	1,411,269,264	89%
ii)	National corporate bonds	175,000,000	10%	175,000,000	11%
iii)	Foreign corporate bonds	-	-	-	-
	Total	1,724,177,551	100%	1,586,269,265	100%

MZN

Notes		2014		2013	
		Value	%	Value	%
iii)	Deposits from credit institutions				
	Term deposits	260,601,285,91	12%	347,115,345	17%
iii)	Demand deposits and term deposits with maturity less than 90 days	1,975,069,814,80	88%	1,756,471,781	83%
	Total	2,235,671,101	100%	2,103,587,126	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 7.5% 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.
- 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.
- BIM – Banco Internacional de Moçambique in the capacity of issuer of the bonds: without rating.
- iii) Of the total deposits in credit institutions, approximately 99.99% are kept under custody at Banco Internacional de Moçambique. The remaining amount is kept under custody at Banco Comercial e de Investimentos. 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 2014 and 2013, the forecast cash flows (not discounted) of the financial instruments, according to their respective contractual maturity, present the following details:

MZN

2014	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)	10,351,358	13,977,377	817,342,745	927,258,959	-	-	1,768,930,439
Variable yield securities – Shares	-	-	-	-	-	227,234,213	227,234,213
Term and demand deposits (includes accrued interest)	894,243,000	1,207,490,974	40,243,671	-	-	-	2,141,977,645
Income-generating buildings	-	-	-	-	-	1,506,701,605	1,506,701,605
Total	904,594,358	1,221,468,351	857,586,416	927,258,959	-	1,733,935,819	5,644,843,902

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	32,142,000	325,543,310	-	-	-	2,072,251,554
Income-generating buildings	-	-	-	-	-	1,295,306,325	1,295,306,325
Total	1,714,566,244	32,142,000	357,061,682	1,597,106,478	-	1,520,523,003	5,221,399,406

d) Exchange rate risk

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

The balance sheet of Seguradora Internacional de Moçambique shows the following exchange rate exposure:

MZN

	2014	2013
Assets in foreign currency	530,922,753	490,102,960
Liabilities in foreign currency	(463,704,840)	(414,507,230)
Net balance in foreign currency	67,217,913	75,595,729

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 non-existence 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, Seguradora Internacional de Moçambique 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

Seguradora Internacional de Moçambique 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

	2014	2013	2014/2013
Share	147,500,000	147,500,000	-
Reserves	1,164,423,584	1,010,072,415	15.3%
Retained earnings	11,889,120	11,889,120	
Net income for the year net of dividends	185,600,993	159,691,810	16.2%
Deductible items	(31,021,251)	(20,558,448)	50.9%
Disposable solvency margin	1,478,392,445	1,308,594,897	13.0%
Required Non-Life solvency margin	242,983,957	244,278,371	-0.5%
Required Life solvency margin	115,167,936	106,207,831	8.4%
Solvency margin surplus/(deficit)	1,120,240,552	958,108,695	16.9%
Coverage	412.8%	373.4%	39.4%

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 meticals (32% - 10% = 22%). The amount referred to above will be recognised in the accounts of Seguradora Internacional de Moçambique as soon as authorisation for such is received from the Mozambican Tax Authority.

INDEPENDENT AUDITORS' REPORT



ANNUAL
REPORT
2014

impar
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Independent Auditors' Report

To SIM - Seguradora Internacional de Moçambique, S.A. shareholders
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 2014, 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 25 to 96.

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 2014, 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.

[Illegible Signature]

KPMG

19 February 2015
 Maputo

OPINION OF THE BOARD OF AUDITORS



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Seguradora Internacional de Moçambique, S.A.

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 exercised 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 2014.

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 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", by 9.5%, which increased from 771 million Meticaïs in 2013 to 844 million Meticaïs in 2014, derived from the combined net change of the following indicators:*
 - *The reduction recorded in the total volume of direct insurance and accepted reinsurance premiums, which reached a total of 1,753 million Meticaïs in 2014, compared to a total of 1,771 million Meticaïs in 2013, corresponding to a decline of 1%;*
 - *The assigned reinsurance premiums paid decreased from 470.3 million Meticaïs in 2013 to 425.4 million Meticaïs in 2014, representing a reduction of 9.5%;*
 - *The costs related to claims of direct insurance and accepted reinsurance, net of the income from assigned reinsurance claims, which also fell from 563 million Meticaïs in 2013 to 442 million Meticaïs in 2014 (21% reduction);*
 - *The technical provisions for direct insurance and accepted reinsurance and the technical provisions for assigned reinsurance showed, in the profit and loss account for 2014, a net cost of 233 million Meticaïs, compared to 98 million Meticaïs recorded under these headings in 2013 (138% increase);*

Seguradora Internacional de Moçambique, S.A.

- The heading "Profit Participation" of some policies (in particular those relative to "Life Annuity", "Life - Capitalisation", "Life Risk", "Sickness", "Personal Accidents" and "Work Accidents"), as a whole, reflected an increase of costs for the Insurer by the end of the year, having shifted from 297 million Meticaïs in 2013 to 191 million Meticaïs in 2014 (35.5% decline);
- The account of costs related to direct insurance and accepted reinsurance "Fees", net of the income from assigned reinsurance "Fees", which showed an increase of net costs from 6.4 million Meticaïs in 2013 to 8.6 million Meticaïs in 2014, corresponding to growth of 33.9%;
- The provisions for premiums under collection reached a cost corresponding to approximately 2.6 million Meticaïs in 2014, compared to 6.2 million Meticaïs for 2013 in this account of the Income Statement (143% reduction);
- The heading of "Remunerations of the network" and "Management fees" showed a growth of costs, having increased from 47.2 million Meticaïs in 2013 to 48.9 million Meticaïs in 2014 (further 3.6%);
- The financial earnings of the investments allocated to the technical reserves for direct insurance and reinsurance shifted from 487.3 million Meticaïs in 2013 to 437.6 million Meticaïs in 2014, corresponding to a negative net change of 10.2%, as a result of the reduction of the portfolio of investments allocated to these reserves.
- It should also be noted that administrative costs fell from 223.8 million Meticaïs in 2013 to 222.8 million Meticaïs in 2014, representing a decrease of 0.4%. Staff costs declined by 5.3%.
- The combined effect of the improvement in the Technical Margin and minor growth of operating costs led to a positive net income of 464 million Meticaïs in 2014, corresponding to growth of 16.2%, compared with the positive net income of 399 million Meticaïs in 2013.

The Board of Auditors also appraised the Management Report and Accounts for 2014, 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 2014, 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 464,002.0 thousand Meticaïs;

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Seguradora Internacional de Moçambique, S.A.

- That the **Cash Flow Statement** shows that the cash flows of the operating, investment and financing activities increased from 1,756,471.8 thousand Meticals at the beginning of the year to 1,975,069.8 thousand Meticals at the end of the year;
- That the **Statement of Changes in Equity** reflects that total Equity reached the value of 1,786,586 thousand Meticals by the end of the year; and
- That the **Comprehensive Income Statement** presents a comprehensive income of 397,987.1 thousand Meticals.

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 agrees with the adopted valuation criteria, reflecting, in our opinion, the true financial situation of the Company as at 31 December 2014, as well as the result of the activity and cash flows during the financial year of 2014;
- 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 2014;
 - Express a vote of praise of the performance of the Management and employees of Seguradora Internacional de Moçambique, S.A. during the financial year of 2014."


Maputo, 20 February 2015

The Board of Auditors


António de Almeida – Chairman


Daniel Filipe Gabriel Tembe – Member


Eulália Mário Madime – Member


Maria Iolanda Wane – Alternate Member

Annual Report 2014
SIM – Seguradora Internacional de Moçambique, S.A.

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Maputo/Moçambique

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with the unique registry number 10735

July 2015

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