GUARDRISK INSURANCE COMPANY LIMITED

Registration No. 1992/001639/06

ANNUAL FINANCIAL STATEMENTS

For the 15 months ended 30 June 2015

GUARDRISK
TAILORED RISK SOLUTIONS

A subsidiary of **MMI Holdings**

The reports and statements set out below comprise the annual financial statements presented to the member:

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These annual financial statements were prepared by Jackie Seddon CA (SA), under the supervision of the Financial Director, Lourens Botha CA (SA), ACMA.

CORPORATE GOVERNANCE

The directors of Guardrisk Insurance Company Limited ("Guardrisk") are committed to the highest standards of corporate governance. The board is committed to ensuring that the principles of corporate governance are practised and adhered to in both the local and international regions where Guardrisk operates.

The board supports the principles of transparency, ethical behaviour and honesty, in all the company's business dealings. The directors regularly review the company's policies and procedures to ensure that they remain relevant and appropriate.

The board

The board comprises individuals with a wide range of skills and experience from the insurance and financial services environment, collectively suitable to carry out all its responsibilities. The directors are responsible for ensuring that the operations of the business are known to them to enable them to fulfil their fiduciary duties. The chairman of the board is a non-executive director and the roles of chairman and managing director are separate.

The chairman and the managing director provide leadership and guidance to the board to encourage optimum input from the directors and proper deliberation of all matters requiring board approval.

The board meets on a quarterly basis or more frequently if circumstances require.

BOARD COMPOSITION

The board currently comprises two independent directors, three non-executive directors and four executive directors. The board is considered to be effective in size and composition.

Board committees

The board has established a number of committees that assist it in discharging its duties.

- Audit committee
- Investment committee
- Remuneration committee
- Risk committee

Although the board delegates certain functions to these committees, it retains ultimate responsibility for the activities. The committees are all empowered to obtain outside or other professional advice as the members consider necessary to carry out their duties.

The Audit Committee comprises three members, being two independent non-executive directors and one non-executive member. The chairman of the committee is an independent non-executive director. The audit committee meets on a quarterly basis or more frequently if circumstances require. The meetings are attended by the external and internal auditors and other invitees as considered appropriate by the committee.

The company has an independent internal audit function, outsourced jointly to KPMG and The Group Internal Audit, with a charter approved by the audit committee and the board. The board has assured itself that there is sufficient segregation between the external and internal audit functions to ensure that the independence of the two functions is not impaired. The internal audit function reports to the Audit Committee and has unrestricted access to the chairman of the Audit Committee and the non-executive chairman of the board.

The scope of the internal audit function is to review the reliability and integrity of financial and operating functions, the systems of internal control and risk management, the means of safeguarding assets, the efficient management of the company's resources and the effective conduct of its operations. Corrective actions are taken to address control deficiencies and other opportunities for improving the system as they are identified.

The board, operating through the Audit Committee, provides oversight of the financial reporting process. The company maintains a system of internal control over financial reporting and over safeguarding of assets against unauthorised acquisition, use or disposal, which is designed to provide reasonable assurance regarding the preparation of reliable financial statements, the safeguarding of the company's assets, compliance with laws and regulations and effective financial risk management within the company. The system includes a documented organisational structure and division of responsibility as well as established policies and procedures to foster a strong ethical climate, which is communicated throughout the company. There are inherent limitations in the effectiveness of any system of internal control including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only a reasonable assurance with respect to financial statement preparation and the safeguarding of assets.

Internal Audit is required to provide a written assessment, in terms of King III recommendations, on the internal financial controls to the Audit Committee. In order to provide a written assessment on the internal financial controls, suitable testing must yield sufficient audit evidence for internal audit to make an assessment on the existence and effectiveness of the internal financial controls. Management decided to apply the King III recommendation and perform an assessment to provide the required written assessment. Internal Audit reported that nothing came to their attention that would suggest that the internal financial controls at Guardrisk are not operating satisfactorily.

The company's Control Self-Assessment ("CSA") programme utilises automated control questionnaires that were formulated with the assistance of a leading accounting firm to further enhance the internal audit process which incorporates combined assurance. This effectively elevates the internal audit function from a periodic occurrence to every facet of the company's operations on a day-to-day basis. The chief risk officer reviews this process and reports back to management periodically. Independent quality assurance reviews of the effectiveness of the CSA process are conducted by internal audit, the results of which are reported to the Audit Committee.

The committee is responsible for reviewing the financial statements and accounting policies, the effectiveness of the management information and systems of internal control, compliance with statutory and regulatory requirements, interim and final audit reports, reviewing and approving the audit fees, the effectiveness of the internal audit function, external audit plans and findings on the internal audit and external audits.

The company has a Combined Assurance Forum operating within a Combined Assurance Framework to improve assurance coverage and quality through better coordination of assurance providers. The objective is to optimise and maximise the level of risk, governance and control oversight over the risk landscape.

The Investment Committee is chaired by an independent director and includes two additional executive directors. The committee carefully reviews all investments on the basis of total asset security and minimised credit and counterparty risk to the company. Industry specialists as well as the company's panel of investment managers are invited to the investment committee meetings. The committee evaluates and approves appropriate investment strategies for the company and provides direction and input to alternative investment options. The main focus of the committee is to manage the consolidated approach and strategy regarding investment risk management.

The **Remuneration Committee** is delegated to the parent company's Remuneration Committee. Executive directors and senior management's remuneration decisions are approved by a delegated authority of the Committee. Remuneration structures are based on independent market surveys and professional input from independent sources. The purpose of this committee is to ensure that executive directors and senior management are remunerated appropriately and to review the remuneration scales, including incentives and share schemes as well as conditions of employment. In addition, management ensures that the organisation is appropriately staffed in terms of skill levels and demographic representation and is able to meet the challenges of the future. The committee identifies and reviews the appointment of new directors and performance of all directors.

The Risk Committee comprises four members, a non-executive chairman, with risk management expertise, and three executive directors. The Committee is constituted to assist and support the Board with regard to its risk management responsibilities, together with the other board sub committees including the Audit, Investment and Remuneration Committees. The committee deals with specialised risks related to insurance business being conducted by the company. Individuals with specialised industry and product knowledge are invited to the committee and are also being co-opted on an ongoing basis. Furthermore, the committee is specifically responsible for the following: governance, enterprise wide risk, compliance, information technology, reinsurance market security and Treating Customers Fairly.

Board confirmation

The board is satisfied:

- that adequate accounting records have been kept and that there is reasonable assurance with respect to the maintenance of effective systems of internal control and risk management.
- that there is no reason to believe that the company will not continue as a going concern in the year ahead.
- that there is no reason to believe that there has been any material non-adherence to the company's ethical standards.

RISK ASSESSMENT, RETENTION AND MANAGEMENT

Approach to risk management

The company's risk management programme includes an evaluation of the integrity of its underwriting programmes and the management of investment risk. The structure is examined by professional advisors to new clients, regular internal audits and independent rating programmes. This is evidenced by the AA+ insurer financial strength rating awarded by International rating agency Fitch.

Prudent evaluation of risk retention

Management carefully evaluates all retention of risks for the cell owners and the company in terms of statistical and underwriting disciplines, as well as specific and limited board mandates for each insurance programme. In this way, the security of the cell insurance structures is maintained, which enables the company to provide comprehensive insurance solutions to meet clients' needs.

Enterprise-Wide Risk Management

The company subscribes to the highest standards of risk management in order to provide greater certainty to its clients, suppliers, shareholders and employees. Whilst taking measured risks is one of the cornerstones of the company's success, management recognises that understanding and managing risk effectively is fundamental to the company's future growth. In acknowledgement of the dynamic environment in which the company operates, the enterprise wide risk management programme includes the identification, analysis, registration and monitoring of all business risks, rating them in accordance with a consistent risk management framework, and constantly monitoring and improving the controls associated with the risks.

The board is ultimately responsible for the total process of risk management. Management is accountable to the board for designing, implementing and monitoring the process of risk management. The chief risk officer of the company is also an executive director.

Guardrisk's objective is to entrench risk management into the day to day business activities whereby each division:

- understands the risk events that may prevent it from achieving its objective;
- has identified the risk mitigating controls in place and has assessed their efficiency; and
- has formulated a plan wherever additional action is required.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

for the 15 months ended 30 June 2015

In accordance with South African Companies Act requirements, the directors are required to maintain adequate accounting records and are responsible for the content and integrity of the company annual financial statements of Guardrisk Insurance Company Limited and related financial information included in this report. It is our responsibility to ensure that the financial statements, for each financial period, fairly present the state of affairs of the company at the end of the financial period and the results of its operations and cash flows, in conformity with International Financial Reporting Standards ("IFRS").

The accounting policies supported by judgements, estimates and assumptions which comply with IFRS have been applied on a consistent and going concern basis.

The directors are ultimately responsible for the internal controls of the company. To enable the directors to meet these responsibilities, management designs and implements standards and systems of internal control to provide reasonable, but not absolute assurance as to the integrity and reliability of the financial statements in accordance with IFRS and to adequately safeguard, verify and maintain accountability for company assets. Systems and controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

Based on the information and explanations given by management and the internal auditors, the directors are of the opinion that the system of internal controls provides reasonable assurances that the financial records may be relied on for the preparation of the company annual financial statements in accordance with IFRS. Nothing has come to the attention of the directors to indicate that any breakdown in the functioning of the internal controls, resulting in a material loss to the company, has occurred during the period and up to the date of this report.

The financial statements have been audited by the independent auditors, PricewaterhouseCoopers Incorporated, who were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. The audit report of PricewaterhouseCoopers Inc is presented on pages 10 – 11.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the company annual financial statements.

DIRECTORS' APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The company financial statements prepared in accordance with IFRS which appear on pages 12 to 73 were approved by the board of directors on 31 August 2015 and are signed on its behalf by:

NAS KRUGER
Chairman

SH SCHOEMAN
Managing Director

AUDIT COMMITTEE REPORT

for the 15 months ended 30 June 2015

The Audit Committee has been constituted in accordance with applicable legislation and regulations, King III, the Companies Act and all other applicable standards. The Audit Committee comprises three members, being two independent non-executive directors and one non-executive member. The chairman of the committee is an independent non-executive director. The Audit Committee meets on a quarterly basis or more frequently if circumstances require. The meetings are attended by the external and internal auditors and invitees as considered appropriate by the committee's chairman. The Corporate Governance section contains more information on the function and activities of the committee.

External Audit
The Audit Committee considered the matters set out in Section 94(8) of the Companies Act and is satisfied with the independence and objectivity of the external auditors, as well as the fees paid for services rendered.

Internal Audit
The company has an independent internal audit function, outsourced jointly to KPMG and Group Internal Audit. The internal audit function reports to the Audit Committee and has unrestricted access to the chairman of the Audit Committee and the non-executive chairman of the board.

Internal financial controls
The internal financial controls review must yield sufficient audit evidence for internal audit to make an assessment on the existence and effectiveness of the internal financial controls.

The Audit Committee is satisfied that nothing came to its attention that would suggest that the internal financial controls are not operating satisfactorily.

Finance Function
The Audit Committee has satisfied itself that the Financial Director has the appropriate expertise and experience. The Audit Committee has satisfied itself, through discussion with internal and external auditors, of the expertise and experience of the company's financial function.

Annual Financial Statements
The Audit Committee has reviewed the annual financial statements of the company for the 15 months ended 30 June 2015. The Audit Committee considers that the company's financial statements comply, in all material aspects, with the requirements of the Companies Act and International Financial Reporting Standards.

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Chairman
Audit Committee
31 August 2015

CERTIFICATE BY THE COMPANY SECRETARY

for the 15 months ended 30 June 2015

In terms of section 88(2)(e) of the Companies Act of 2008, as amended, I certify that in respect of the period ended 30 June 2015, the company has lodged with the Companies and Intellectual Property Commission all returns that are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

M CHETTY
Company Secretary
31 August 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GUARDRISK INSURANCE COMPANY LIMITED

We have audited the financial statements of Guardrisk Insurance Company Limited set out on pages 20 to 73, which comprise the statement of financial position as at 30 June 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Guardrisk Insurance Company Limited as at 30 June 2015, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the financial statements for the 15 months ended 30 June 2015, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc
Director: Andrew G Taylor
Registered Auditor
Sunninghill
31 August 2015

The directors' present their report which forms part of the annual financial statements of Guardrisk Insurance Company Limited for the 15 months ended 30 June 2015.

Corporate Action and change in ultimate Holding Company

During the previous financial year the Alexander Forbes Group disposed of its shareholding in the Guardrisk Group of companies and the ultimate holding company for Guardrisk Insurance Company Limited changed to MMI Holdings Limited. The effective date of the transaction was 3 March 2014.

As a result of the change in shareholder, the company has changed its year-end to 30 June in order to align to the MMI Group reporting dates. The impact of this change is that all items in the statement of comprehensive income, statement of cash flows, statement of change in equity and the notes thereto represent income and expenses for a 15 month period, whereas the comparatives represent only 12 months. The impact of this change on the statement of financial position and relating notes is that the current period represents the assets and liabilities of the company as at 30 June 2015, whereas the comparatives represents the assets and liabilities at 31 March 2014.

Nature of business

The company transacts all classes of short-term insurance business, primarily as a cell captive and alternative risk transfer insurer, focusing on both the corporate and retail market. The company's subsidiaries are principally engaged in insurance and related insurance management activities.

The company primarily offers the following structured insurance and risk financing solutions:

Cell captive: A cell captive is a contractual arrangement entered into between the insurer and the cell owners whereby the risks and rewards associated with certain insurance activities accrue to the cell owners. Cell captives allow clients to purchase cell owner ordinary shares (or a "cell") in the registered insurance company which undertakes the professional insurance and financial management of the cell including underwriting, reinsurance, claims management, actuarial and statistical analyses, investment and accounting services. The relationship between the insurer and cell owner are governed by the cell owner shareholders' agreement.

There are currently two distinct types of cell captive arrangements being:

"First party" where the risks that are being insured relate to the cell owner's own operations or operations within the cell owner's group of companies.

"Third party" where the cell owner provides the opportunity to its own client base to purchase branded insurance products or the on selling of insurance products through contracted independent intermediaries. The insurer is the principal to the insurance contract, although the business is underwritten on behalf of the cell owner.

Contingency policy: A policy contract to provide entry-level insurance cover for first party risks. These policies provide for payment of a performance bonus to the insured based on claims and related expenses at the end of the policy period.

Review of the business

Both the level of business development and the overall financial position at the end of the period were satisfactory and the directors expect that the present level of insurance activity will continue for the foreseeable future.

The company's results and financial position are set out in the statement of comprehensive income on page 54 and the statement of financial position on page 53 respectively.

Key figures have been highlighted below:	**30 June 2015 R' 000**	31 March 2014 R'000
Total assets	**9 237 287**	7 862 595
Gross premium written - insurance contracts	**7 333 542**	5 507 561
Funds received from first party cell owners	**1 788 243**	1 244 982
Investment return	**566 384**	365 746
Profit before taxation	**147 092**	104 931

Accounting for cell captive arrangements

In terms of IFRS 10 – *Consolidated financial statements* cell captive arrangements are governed by contractual arrangements which provide for the separation of funds and limitation on cross-subsidisation between cells. The fact that the legal enforceability of the ring-fenced nature of the assets and liabilities of each cell upon liquidation is not conclusive, the cell arrangements are not deemed separate entities in terms of IFRS 10. The application on the company's financial statements is that the economic results of insurance contracts underwritten in cell arrangements are now accounted for by Guardrisk Insurance Company Limited. Although the activities of the cells are now included in the financial statements of the insurer they still do not have an effect on the company's net profit after tax.

Dividends	**30 June 2015 R**	31 March 2014 R
Dividends to ordinary shareholder		
Declared and paid to ordinary shareholder	**-**	158 870 000
Dividends paid to cell owner ordinary shareholders		
Declared and paid to cell owner ordinary shareholders	**623 893 709**	599 173 794

Details of dividends paid to cell owner ordinary shareholders in the current period treated as reductions in liabilities at amortised cost (insurance shareholders)/ financial liabilities at amortised cost (investment shareholders)

	30 June 2015 R
Declared to "A" 187 ordinary shareholder on 01 April 2014	4 000 000
Declared to "A" 197 ordinary shareholder on 01 April 2014	732 000
Declared to "A" 247 ordinary shareholder on 01 April 2014	750 000
Declared to "A" 256 ordinary shareholder on 01 April 2014	48 000
Declared to "A" 026 ordinary shareholder on 07 April 2014	149 670
Declared to "A" 241 ordinary shareholder on 09 April 2014	350 000

	30 June 2015 R
Declared to "A" 267 ordinary shareholder on 11 April 2014	430 000
Declared to "A" 031 ordinary shareholder on 23 April 2014	10 000 000
Declared to "A" 076 ordinary shareholder on 23 April 2014	3 500 000
Declared to "A" 185 ordinary shareholder on 23 April 2014	1 500 000
Declared to "A" 092 ordinary shareholder on 01 May 2014	1 291 179
Declared to "A" 214 ordinary shareholder on 01 May 2014	34 782 687
Declared to "A" 222 ordinary shareholder on 06 May 2014	9 500 000
Declared to "A" 148 ordinary shareholder on 12 May 2014	8 400 000
Declared to "A" 215 ordinary shareholder on 12 May 2014	500 000
Declared to "A" 141 ordinary shareholder on 16 May 2014	1 450 000
Declared to "A" 176 ordinary shareholder on 19 May 2014	3 245 000
Declared to "A" 211 ordinary shareholder on 19 May 2014	700 000
Declared to "A" 049 ordinary shareholder on 21 May 2014	18 282 922
Declared to "A" 190 ordinary shareholder on 21 May 2014	700 000
Declared to "A" 227 ordinary shareholder on 27 May 2015	3 400 000
Declared to "A" 022 ordinary shareholder on 01 June 2014	624 717
Declared to "A" 066 ordinary shareholder on 01 June 2014	643 048
Declared to "A" 190 ordinary shareholder on 01 June 2014	800 000
Declared to "A" 204 ordinary shareholder on 01 June 2014	6 000 000
Declared to "A" 130 ordinary shareholder on 02 June 2014	1 800 000
Declared to "A" 187 ordinary shareholder on 06 June 2014	6 000 000
Declared to "A" 253 ordinary shareholder on 06 June 2014	500 000
Declared to "A" 219 ordinary shareholder on 09 June 2014	7 200 000
Declared to "A" 280 ordinary shareholder on 11 June 2014	490 000
Declared to "A" 020 ordinary shareholder on 12 June 2014	1 200 000
Declared to "A" 215 ordinary shareholder on 20 June 2014	2 747 998
Declared to "A" 237 ordinary shareholder on 25 June 2014	300 000
Declared to "A" 123 ordinary shareholder on 26 June 2014	2 515 651
Declared to "A" 256 ordinary shareholder on 07 July 2014	300 000
Declared to "A" 162 ordinary shareholder on 08 July 2014	7 000 000
Declared to "A" 180 ordinary shareholder on 21 July 2014	1 200 000
Declared to "A" 227 ordinary shareholder on 21 July 2014	3 080 000
Declared to "A" 113 ordinary shareholder on 01 August 2014	2 000 000
Declared to "A" 174 ordinary shareholder on 01 August 2014	49 487
Declared to "A" 191 ordinary shareholder on 01 August 2014	564 000
Declared to "A" 193 ordinary shareholder on 01 August 2014	55 000
Declared to "A" 230 ordinary shareholder on 01 August 2014	125 000
Declared to "A" 267 ordinary shareholder on 01 August 2014	580 000
Declared to "A" 020 ordinary shareholder on 13 August 2014	490 000

	30 June 2015 R
Declared to "A" 253 ordinary shareholder on 26 August 2014	400 000
Declared to "A" 141 ordinary shareholder on 28 August 2013	900 000
Declared to "A" 049 ordinary shareholder on 01 September 2014	32 000 000
Declared to "A" 160 ordinary shareholder on 01 September 2014	27 000 000
Declared to "A" 207 ordinary shareholder on 01 September 2014	11 741 669
Declared to "A" 250 ordinary shareholder on 01 September 2014	526 000
Declared to "A" 267 ordinary shareholder on 01 September 2014	400 000
Declared to "A" 130 ordinary shareholder on 02 September 2014	1 500 000
Declared to "A" 190 ordinary shareholder on 04 September 2014	470 000
Declared to "A" 199 ordinary shareholder on 10 September 2014	13 500 000
Declared to "A" 031 ordinary shareholder on 17 September 2014	7 000 000
Declared to "A" 076 ordinary shareholder on 17 September 2014	8 000 000
Declared to "A" 185 ordinary shareholder on 17 September 2014	2 000 000
Declared to "A" 227 ordinary shareholder on 23 September 2014	3 250 000
Declared to "A" 256 ordinary shareholder on 08 October 2014	280 000
Declared to "A" 277 ordinary shareholder on 14 October 2014	550 000
Declared to "A" 150 ordinary shareholder on 21 October 2014	1 200 000
Declared to "A" 192 ordinary shareholder on 23 October 2014	7 516 637
Declared to "A" 200 ordinary shareholder on 23 October 2014	19 000 000
Declared to "A" 222 ordinary shareholder on 23 October 2014	9 611 654
Declared to "A" 284 ordinary shareholder on 30 October 2014	250 000
Declared to "A" 060 ordinary shareholder on 01 November 2014	4 732 632
Declared to "A" 207 ordinary shareholder on 01 November 2014	2 565 393
Declared to "A" 234 ordinary shareholder on 01 November 2014	1 000 000
Declared to "A" 191 ordinary shareholder on 13 November 2014	690 000
Declared to "A" 187 ordinary shareholder on 20 November 2014	6 299 215
Declared to "A" 267 ordinary shareholder on 20 November 2014	450 000
Declared to "A" 227 ordinary shareholder on 24 November 2014	3 000 000
Declared to "A" 214 ordinary shareholder on 01 December 2014	12 379 495
Declared to "A" 231 ordinary shareholder on 02 December 2014	300 000
Declared to "A" 130 ordinary shareholder on 03 December 2014	1 800 000
Declared to "A" 219 ordinary shareholder on 03 December 2014	6 300 000
Declared to "A" 020 ordinary shareholder on 04 December 2014	1 140 000
Declared to "A" 175 ordinary shareholder on 04 December 2014	20 943
Declared to "A" 191 ordinary shareholder on 04 December 2014	1 400 000
Declared to "A" 230 ordinary shareholder on 08 December 2014	300 000
Declared to "A" 049 ordinary shareholder on 09 December 2014	24 000 000
Declared to "A" 193 ordinary shareholder on 09 December 2014	120 000

	30 June 2015 R
Declared to "A" 128 ordinary shareholder on 10 December 2014	5 000 000
Declared to "A" 256 ordinary shareholder on 01 January 2015	300 000
Declared to "A" 117 ordinary shareholder on 15 January 2015	450 000
Declared to "A" 192 ordinary shareholder on 19 January 2015	460 000
Declared to "A" 227 ordinary shareholder on 20 January 2015	3 100 000
Declared to "A" 267 ordinary shareholder on 20 January 2015	1300 000
Declared to "A" 141 ordinary shareholder on 21 January 2015	2 000 000
Declared to "A" 187 ordinary shareholder on 21 January 2015	2 000 000
Declared to "A" 160 ordinary shareholder on 23 January 2015	19 000 000
Declared to "A" 092 ordinary shareholder on 01 February 2015	1 100 000
Declared to "A" 211 ordinary shareholder on 01 February 2015	703 153
Declared to "A" 168 ordinary shareholder on 11 February 2015	1 000 000
Declared to "A" 252 ordinary shareholder on 11 February 2015	480 000
Declared to "A" 300 ordinary shareholder on 11 February 2015	230 000
Declared to "A" 154 ordinary shareholder on 16 February 2015	1 886 994
Declared to "A" 159 ordinary shareholder on 16 February 2015	1 502 311
Declared to "A" 205 ordinary shareholder on 16 February 2015	320 000
Declared to "A" 227 ordinary shareholder on 16 February 2015	1 500 000
Declared to "A" 241 ordinary shareholder on 20 February 2015	450 000
Declared to "A" 174 ordinary shareholder on 23 February 2015	1 000 000
Declared to "A" 236 ordinary shareholder on 25 February 2015	500 000
Declared to "A" 162 ordinary shareholder on 24 February 2015	420 000
Declared to "A" 162 ordinary shareholder on 28 February 2015	10 000 000
Declared to "A" 049 ordinary shareholder on 01 March 2015	25 900 000
Declared to "A" 280 ordinary shareholder on 02 March 2015	188 000
Declared to "A" 130 ordinary shareholder on 03 March 2015	900 000
Declared to "A" 214 ordinary shareholder on 16 March 2015	7 300 000
Declared to "A" 247 ordinary shareholder on 18 March 2015	1 400 000
Declared to "A" 162 ordinary shareholder on 18 March 2015	10 000 000
Declared to "A" 136 ordinary shareholder on 23 March 2015	14 000 000
Declared to "A" 020 ordinary shareholder on 26 March 2015	777 745
Declared to "A" 187 ordinary shareholder on 27 March 2015	6 200 000
Declared to "A" 284 ordinary shareholder on 27 March 2015	300 000
Declared to "A" 031 ordinary shareholder on 31 March 2015	7 500 000
Declared to "A" 076 ordinary shareholder on 31 March 2015	6 000 000
Declared to "A" 185 ordinary shareholder on 31 March 2015	2 500 000
Declared to "A" 231 ordinary shareholder on 01 April 2015	500 000
Declared to "A" 256 ordinary shareholder on 01 April 2015	400 000
Declared to "A" 150 ordinary shareholder on 08 April 2015	500 755

		30 June 2015 R
Declared to "A" 219 ordinary shareholder on	09 April 2015	3 300 000
Declared to "A" 191 ordinary shareholder on	13 April 2015	459 435
Declared to "A" 227 ordinary shareholder on	16 April 2015	3 500 000
Declared to "A" 267 ordinary shareholder on	17 April 2015	587 721
Declared to "A" 151 ordinary shareholder on	22 April 2015	1 580 000
Declared to "A" 162 ordinary shareholder on	22 April 2015	11 000 000
Declared to "A" 230 ordinary shareholder on	22 April 2015	235 000
Declared to "A" 199 ordinary shareholder on	24 April 2015	11 800 000
Declared to "A" 226 ordinary shareholder on	24 April 2015	265 000
Declared to "A" 261 ordinary shareholder on	01 May 2015	1 000 000
Declared to "A" 222 ordinary shareholder on	11 May 2015	10 526 222
Declared to "A" 266 ordinary shareholder on	11 May 2015	1 000 000
Declared to "A" 130 ordinary shareholder on	20 May 2015	1 450 000
Declared to "A" 245 ordinary shareholder on	22 May 2015	10 000 000
Declared to "A" 049 ordinary shareholder on	01 June 2015	24 000 000
Declared to "A" 162 ordinary shareholder on	01 June 2015	11 000 000
Declared to "A" 181 ordinary shareholder on	01 June 2015	370 000
Declared to "A" 187 ordinary shareholder on	01 June 2015	4 000 000
Declared to "A" 123 ordinary shareholder on	03 June 2015	2 829 310
Declared to "A" 300 ordinary shareholder on	04 June 2015	400 000
Declared to "A" 219 ordinary shareholder on	08 June 2015	3 700 000
Declared to "A" 162 ordinary shareholder on	23 June 2015	9 948 727
Declared to "A" 227 ordinary shareholder on	23 June 2015	3 000 000
Declared to "A" 267 ordinary shareholder on	23 June 2015	171 000
Declared to "A" 287 ordinary shareholder on	23 June 2015	500 000
Declared to "A" 225 ordinary shareholder on	25 June 2015	3 600 000
Declared to "A" 264 ordinary shareholder on	30 June 2015	1 032 339
Total dividends declared to cell owner shareholders		**623 893 709**

Share capital

The authorised and issued ordinary share capital remained unchanged during the period. Details of changes in the issued cell owner's ordinary share capital are provided in note 8 to the financial statements. Changes are due to new cells being opened or buy back of shares when cells are closed.

Subsidiaries
The following information relates to the company's financial interest in its foreign unlisted subsidiaries incorporated in Mauritius:

	Share capital	Proportion held		Book value of shares		Indebtedness (to)/from	
	30 June 2015	**30 June 2015**	31 March 2014	**30 June 2015**	31 March 2014	**30 June 2015**	31 March 2014
	$'000	**%**	%	**R'000**	R'000	**R'000**	R'000
Guardrisk Insurance Management Limited	15	**100**	100	**100**	100	**-**	-
Guardrisk International Limited PCC	1 000	**100**	100	**6 676**	6 676	**-**	-
Guardrisk Life International Limited	250	**100**	100	**-**	-	**-**	-
				6 776	6 776	**-**	-

The after tax profits of the subsidiaries for the period is R17 502 843 (March 2014: R13 392 800).

There were no acquisitions or disposals of subsidiaries during the period.

Subsequent events review
There have been no major events subsequent to the period-end.

Holding company
The company which is incorporated in South Africa is controlled by Guardrisk Group Proprietary Limited (also incorporated in South Africa) which owns 100% of the company's ordinary shares. Consolidated financial statements have not been prepared as the company is a wholly-owned subsidiary of Guardrisk Group Propriety Limited and the ultimate holding company prepares consolidated accounts under IFRS, which are publically available.

Directors and secretary
The directors of the company at the date of this report are:

Independent Directors

D Konar *

MH Zilimbola * #

Non-Executive Directors

NAS Kruger (Chairman)

EC de Waal

DJ Botes

Executive Directors

S H Schoeman (Managing Director) □ # ▪

L J Botha □ # ▪

M Z Sibanda □ ▪

R J Eales

□ *Audit Committee Attendee*

* *Audit Committee Member*

\# *Investment Committee Member*

▪ *Risk Committee Member*

Secretary

M Chetty (Company Secretary)

Registered office and postal address

Physical office:

102 Rivonia Road

Sandton

2196

Postal address:

P O Box 786015

Sandton

2146

Company secretary

Registered office:

MMI Holdings Limited

268 West Avenue

Centurion

0157

Postal address:

P O Box 7400

Centurion

0046

Public Officer

L J Botha CA (SA), ACMA

Auditors

PricewaterhouseCoopers Inc will continue in office in accordance with section 90(1) of the Companies Act.

BASIS OF PREPARATION OF THE STATEMENTS

The financial statements, as set out below, have been prepared in accordance with International Financial Reporting Standards (IFRS), IFRS Interpretations Committee (IFRIC) interpretations issued and effective at the time of preparing these statements, the SAICA Financial Reporting Guides (as issued by the Accounting Practices Committee), Financial Pronouncements (as issued by the Financial Reporting Standards Committee) and the Companies Act, 71 of 2008. These statements have been prepared on the historical cost basis, except for the following items which are carried at fair value:

- financial assets designated at fair value through profit and loss.

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

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the company's accounting policies. There are areas of complexity involving a higher degree of judgement and areas where assumptions and estimates are significant to the financial statements. These judgements, assumptions and estimates are disclosed in detail in the notes to the annual financial statements and in a summary on pages 37 – 39.

As a result of a change in ultimate holding company during the prior financial year, the reporting date has changed from 31 March to 30 June in order to align to the reporting date of the ultimate holding company, MMI Holdings Limited. The impact of the change in reporting date is that the income and expenses reported in the statement of comprehensive income, statement of cash flows, statement of changes in equity and notes thereto for the current period are for a 15 month period, whereas for the comparative period the income and expenses reported are for a 12 month period. In addition, the assets and liabilities reported in the statement of financial position and the notes thereto for the current period represents the position at 30 June 2015, whereas the assets and liabilities reported for the comparative period represents the assets and liabilities as at 31 March 2014.

PUBLISHED STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE FOR JUNE 2015 FINANCIAL PERIOD

The following published standards are mandatory for the company's accounting period beginning on or after 1 April 2014 and have been implemented in accordance with the transitional provisions of these standards:

- IFRS 10, IFRS 12 and IAS 27 (amendments) - Investment entities
- IAS 19 (amendment) - Employee benefits
- IAS 32 (amendment) - Offsetting financial assets and financial liabilities
- IAS 36 (amendment) - Recoverable amount disclosures for non-financial assets
- IAS 39 (amendment) - Novation of derivatives and continuation of hedge accounting
- IFRIC 21 - Levies

Improvements project amendments

- IFRS 2 - Share-based payment (effective from annual periods beginning on or after 1 July 2014).
- IFRS 3 - Business combinations (effective from annual periods beginning on or after 1 July 2014).
- IFRS 8 - Operating segments (effective from annual periods beginning on or after 1 July 2014).
- IFRS 13 - Fair value measurement (effective from annual periods beginning on or after 1 July 2014).
- IAS 16 - Property, plant and equipment (effective from annual periods beginning on or after 1 July 2014).
- IAS 24 - Related party disclosures (effective from annual periods beginning on or after 1 July 2014).
- IAS 38 - Intangible assets (effective from annual periods beginning on or after 1 July 2014.
- IAS 40 - Investment property (effective from annual periods beginning on or after 1 July 2014).

These amendments had no financial impact on the company's earnings or net asset value.

STANDARDS, AMENDMENTS TO AND INTERPRETATIONS OF PUBLISHED STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN EARLY ADOPTED BY THE COMPANY

- IFRS 10 and IAS 28 (amendments) - Sale or contribution of assets between an investor and its associate or joint venture (effective from annual periods beginning on or after 1 January 2016).
- IFRS 10, IFRS 12 and IAS 28 - Investment entities (amendments) - Applying the consolidation exception (effective from annual periods beginning on or after 1 January 2016).
- IFRS 11 (amendments) - Joint arrangements (effective from annual periods beginning on or after 1 January 2016).
- IAS 1 (amendments) - Disclosure initiative (effective from annual periods beginning on or after 1 January 2016).
- IAS 16 and IAS 38 (amendments) - Clarification of acceptable methods of depreciation and amortisation (effective from annual periods beginning on or after 1 January 2016).
- IAS 27 (amendment) - Equity method in separate financial statements (effective from annual periods beginning on or after 1 January 2016).
- IFRS 15 - Revenue from contracts with customers (effective from annual periods beginning on or after 1 January 2017).
- IFRS 9 - Financial instruments (effective from annual periods beginning on or after 1 January 2018).

Initial high-level assessments indicate that IFRS 9 will result mainly in changes to the categories of financial assets presented in the statement of financial position, as well as causing fair value movements (relating to own credit risk) on financial liabilities designated as at fair value through income to be recorded in other comprehensive income. Management is currently assessing the impact of the above amendments in more detail.

Improvements project amendments

- IFRS 5 - Non-current assets held for sale and discontinued operations (effective from annual periods beginning on or after 1 July 2016).
- IFRS 7 - Financial instruments: disclosures (effective from annual periods beginning on or after 1 July 2016).
- IAS 19 - Employee benefits (effective from annual periods beginning on or after 1 July 2016).
- IAS 34 - Interim financial reporting (effective from annual periods beginning on or after 1 July 2016).

Management is currently assessing the impact of these improvements, but it is not expected to be significant.

STANDARDS, AMENDMENTS TO AND INTERPRETATIONS OF PUBLISHED STANDARDS THAT ARE NOT YET EFFECTIVE AND ARE NOT CURRENTLY RELEVANT TO THE COMPANY'S OPERATIONS

- IFRS 14 - Regulatory deferral accounts (effective from annual periods beginning on or after 1 January 2016).
- IAS 16 and IAS 41 (amendments) - Agriculture: bearer plants (effective from annual periods beginning on or after 1 January 2016).

ACCOUNTING FOR INSURANCE AND RISK FINANCING ARRANGEMENTS

The company offers the following structured insurance and risk financing solutions:

Cell captive: A cell captive is a contractual arrangement entered into between the insurer and the cell owner whereby the risks and rewards associated with certain insurance activities accrue to the cell owner. Cell captives allow clients to purchase cell owner ordinary shares (or a "cell") in the registered insurance company which undertakes the professional insurance and financial management of the cell including underwriting, reinsurance, claims management, actuarial and statistical analyses, investment and accounting services. The terms and conditions of the cell are governed by the cell owner shareholder's agreement.

There are currently two distinct types of cell captive arrangements being:

– *"First party"* cell arrangements where the risks that are being insured relate to the cell owner's own operations or operations within the cell owner's group of companies. First party cell arrangements met the definition of a financial instrument and is accounted for as such; and
– *"Third* party" cell arrangements where the cell owner provides the opportunity to its own client base to purchase branded insurance products or the on selling of insurance products through contracted independent intermediaries. For third party arrangements the cell owner's agreement meets the definition of a reinsurance contract and is accounted for as such.

All agreements for services provided in respect of third party arrangements are transacted between the company and the third party. All transactions with third parties and policyholders are recorded in the statement of comprehensive income, with the third party cell owner being a reinsurer. The impact of the application of this on the company's financial statements is that the results of the cell captive arrangements have no impact on the company's profit or loss.

Contingency: An insurance contract to provide entry-level insurance cover for first party risks. These policies provide for payment of a performance bonus to the insured based on claims experience and related expenses at the end of the policy period.

The company's statement of comprehensive income includes several income and expense items related to insurance business written through third party cell arrangements. In particular all transactions relating to third party cell arrangements are recorded. Also assets and liabilities from cell captive arrangements that are due from/to external parties are recognised in the statement of financial position.

Recognition and measurement
Below is a summary of the way in which these arrangements are recognised as financial instruments or insurance contracts in the financial statements:

Recognition and measurement	**Financial Instruments**	**Insurance Contracts**	
	1st party cell arrangements A	**3st party cell arrangements B**	**Other C**
1. Insurance premium revenue	Excluded	Included	Included
2. Insurance premium ceded to reinsurers	Excluded D	Included	Included
3. Commission and profit commission revenue	Excluded D	Included	Included
4. Contract management fee	Included	Excluded	Excluded
5. Fair value gains on assets at fair value through profit or loss	Included	Included	N/A
6. Investment income	Included	Included	Included
7. Insurance claims incurred	Excluded	Included	Included
8. Insurance claims recovered from reinsurers	Excluded	Included	Included
9. Acquisition expenses	Excluded D	Included	Included
10. Operating expenses	Excluded D	Included	Included
11. Other income	Excluded D	Included	Included
12. Fair value adjustment to financial liabilities held at fair value through profit or loss	Included	Included	N/A
13. Other assets	Included	Included	Included
14. Premium debtors	N/A	Included	Included
15. Other receivables	Included	Included	Included
16. Reinsurance receivables	Included	Included	Included
17. Reinsurance payables	Included	Included	Included
18. Insurance liabilities	Excluded	Included	Included
19. Other liabilities	Included	Included	Included

A. These contracts meet the definition of a financial instrument and not an insurance contract and are classified as financial liabilities at amortised cost, on the statement of financial position.
B. These contracts meet the definition of insurance contracts.
C. Other includes contingency policies, and policies where the company accepts insurance and reinsurance inwards risks directly.
D. Guardrisk acts as agent for these transactions.

FINANCIAL INSTRUMENTS

These contracts meet the definition of a financial instrument and not an insurance contract and are classified as financial liabilities at amortised cost, on the statement of financial position.

The shareholder's agreement and insurance policies are entered into with a single counterparty and therefore are assessed as a single contract which results in the contract being classified as financial instruments.

Fee income earned on these financial instruments is recognised as income in the statement of comprehensive income as the services are provided.

In the statement of financial position the contractual right to all cash flows due, both assets and liabilities, to third parties are recognised. Cash flows due to or from the cell owner are netted off against the company's financial liabilities at amortised cost.

INSURANCE CONTRACTS

The contracts issued by the company transfer insurance risk, financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk to the company, whereas investment contracts transfer financial risk. As a general guideline, the company defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur. Contracts that transfer financial risk with no significant insurance risk are accounted for as financial instruments e.g. first party cells. Financial guarantee contracts are classified as insurance contracts and accounted for in accordance with IFRS 4. Insurance policies are issued in third party cell captive structures or contingency policies or where the company accepts insurance and reinsurance inwards risks directly.

Insurance premium revenue

Premiums are recognised as revenue (earned premiums) proportionally over the period of risk. The portion of premium received on in-force contracts that relates to unexpired risks at the reporting date is reported as the unearned premium liability.

The company raises provisions for unearned premiums on a basis that reflects the underlying risk profile of its insurance contracts. An unearned premium provision is created at the commencement of each insurance contract and is then released as the risk under the contract expires.

The majority of the company's insurance contracts have an even risk profile and therefore the unearned premium provisions are released evenly over the period of insurance using a time proportionate basis. The provisions for unearned premiums are first determined on a gross level and thereafter the reinsurance impact is separately recognised. On the contingency policies, an unearned premium provision is created to cover all unconditional liabilities to policyholder's separately.

Premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums.

Insurance claims incurred

Claims and loss adjustment expenses are charged to the statement of comprehensive income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the reporting date even if they have not yet been reported to the company. The company does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the company and statistical analyses for the claims incurred but not reported, and an estimate of the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

Salvage and subrogation reimbursements

Some insurance contracts permit the company to sell (usually damaged) property acquired in settling a claim (i.e. salvage). The company may also have the right to pursue third parties for payment of some or all costs (i.e. subrogation). Estimates of salvage recoveries are included where applicable as an allowance in the measurement of the insurance liability for claims, and salvage property is recognised in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognised in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

Acquisition costs

Acquisition costs, which include commission and other related expenses, are recognised in the period in which they are incurred. Deferred acquisition costs represent the portion of direct acquisition costs (i.e. commission) which is deferred and amortised over the term of the contracts as the related services are rendered and revenue recognised.

Commission income

Commission income in respect of insurance ceded to reinsurers is recognised on the commencement date of the policy. The commission income is deferred and recognised as revenue over the term of the reinsurance contracts. The amount recognised as revenue is in line with the reinsurance premium expenses.

Profit commission negotiated with reinsurers is recognised on declaration by reinsurers or when it is likely to be realised and when it can be reliably measured.

Unexpired risk provision

A liability adequacy test is performed annually for the gross liability recognised for insurance contracts and an unexpired risk provision is recognised for any deficiencies arising when unearned premiums are insufficient to meet expected future claims and expenses after taking into account future investment return on the investments supporting the unearned premium provision. The expected claims are calculated having regard to events that have occurred prior to the reporting date.

Receivables related to insurance contracts

Receivables are recognised when due. These include amounts due from agents, brokers and insurance policy holders. Receivables are initially recognised at fair value and are subsequently measured to amortised cost. If there is objective evidence that the insurance receivable is impaired, the company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in profit or loss. The company gathers the objective evidence that an insurance receivable is impaired using the same process as described under impairment of financial assets policy.

Payables related to insurance contracts
These include amounts due to reinsurers in terms of reinsurance contracts held and are recognised at the inception date of the contract. These also include agents, brokers and insurance policy holders in respect of claims due. Payables are initially recognised at fair value less transaction costs and are subsequently measured at amortised cost.

Derivatives embedded in insurance contracts
The company does not separately measure embedded derivatives in an insurance contract if the embedded derivative itself qualifies for recognition as an insurance contract. Such an embedded derivative is measured as an insurance contract. All other embedded derivatives are separated and carried at fair value if they are not closely related to the host insurance contract and meet the definition of a derivative.

Reinsurance contracts held
Contracts entered into by the company with reinsurers under which the company is compensated for losses on one or more contracts issued by the company and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. These include the third party cell owner's reinsurance. Contracts that do not meet these classification requirements are classified as financial assets.

The benefits to which the company is entitled to under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised in the statement of comprehensive income when the risk incepts.

The portion of premium on in-force contracts that relates to unexpired risks at the reporting date is reported as the unearned premium assets, under reinsurers' share of insurance liabilities. Premiums are shown before deduction of commission receivable.

The company assesses its reinsurance assets for impairment at each reporting date. If there is objective evidence that the reinsurance asset is impaired, the company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the statement of comprehensive income. The company gathers the objective evidence that a reinsurance asset is impaired using the same process as described under impairment of financial assets policy.

FOREIGN CURRENCIES

Functional and presentation currency
Items included in the financial statements are measured using the currency that best reflects the primary economic environment in which the company operates (the functional currency). The financial statements are presented in South African rand, which is the company's functional and presentation currency.

Transactions and balances
Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the dates of the transactions, or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Translation differences on non-monetary financial assets and liabilities, measured at fair value through income, are recognised as part of their fair value gain or loss. Translation differences on non-monetary items classified as available-for-sale financial assets are included in the fair value reserve in other comprehensive income.

Translation differences on monetary items classified as available-for-sale are recognised in the statement of comprehensive income when incurred.

EQUIPMENT

Measurement

Equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

All assets are depreciated using the straight-line method to allocate their costs, less their residual values, over their estimated useful lives, as follows:

Leasehold improvements	Shorter of useful life or period of lease
Furniture and fittings	5 years
Computer equipment	3 years
Motor vehicles	4 years

The residual values and useful lives of the assets are reviewed at each reporting date and adjusted if appropriate.

Gains and losses

Gains and losses on disposal of assets are determined by comparing proceeds with carrying amounts and are included in profit or loss in the year of disposal.

Impairment

Equipment is reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognised immediately for the amount by which the carrying amount of the asset exceeds its recoverable amount, the latter being the higher of the fair value less cost to sell of the asset and its value in use.

INTANGIBLE ASSETS

Computer software

Recognition and measurement

Acquired computer software

Acquired computer software licences are capitalised on the basis of the cost incurred to acquire and bring to use the specific software. These costs are amortised on the basis of an expected useful life of three to five years, which is assessed annually using the straight-line method.

Internally developed computer software
Costs directly associated with developing software for internal use are capitalised if the completion of the software development is technically feasible, the company has the intent and ability to complete the development and use the asset, the asset can be reliably measured and will generate future economic benefits. Directly associated costs include employee costs of the development team and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised over their useful lives of between three and five years, using the straight-line method.

Costs associated with research or maintaining computer software programmes are recognised as expenses as incurred.

Impairment
Computer software not ready to use is tested for impairment annually. Computer software in use is reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceed its recoverable amount, the latter being the higher of the fair value less cost to sell and the value in use.

Trademarks and licences
No value is attributed to internally developed trademarks and similar rights. Costs incurred on these items are recognised in profit or loss as incurred. Expenditure on the development and marketing of the Guardrisk brand is similarly recognised in profit or loss as incurred.

IMPAIRMENT OF NON-FINANCIAL ASSETS
Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment at each reporting date. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Such indicators include changes in technology, market, economic, legal and operating environments.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds it recoverable amount. The recoverable amount is measured using the higher of the fair value less costs to sell and the value-in-use. Value-in-use is the present value of projected cash flows covering the remaining useful life of the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. An impairment loss is recognised as a capital loss in profit or loss immediately unless the relevant asset is carried at a revalued amount, in which case the impairment charge is treated as a revaluation decrease.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. If the relevant asset is carried at a revalued amount, the reversal of the impairment loss is treated as a revaluation increase.

INVESTMENT IN SUBSIDIARIES

Subsidiaries are all entities (including structured entities) over which the company has control. The company controls an entity when the company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When control is lost, any remaining interest in the entity is remeasured to fair value and a gain or loss is recognised in profit or loss.

Measurement

Investments in subsidiaries are stated at cost less any impairment losses.

Impairment

The impairment of investment in subsidiary companies is assessed annually by considering the future expected cash flows or the fair value of the subsidiary.

FINANCIAL ASSETS

Recognition and measurement

The company classifies its financial assets into the following categories:

- financial assets at fair value through income, including derivative financial instruments
- loans and receivables including insurance related receivables
- held-to-maturity financial assets
- available-for-sale financial assets.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

At the reporting date, the company had receivables including insurance related receivables and financial assets at fair value through income.

- **Financial assets at fair value through income**

  This category has two sub-categories: financial assets held for trading and those designated at fair value through income at inception.

  A financial asset is classified as held for trading at inception if it is acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading, unless they are designated as hedges.

  Financial assets are designated at fair value through income at inception if they are:

  - held to match insurance and investment contract liabilities that are linked to the changes in fair value of these assets, thereby eliminating or significantly reducing an accounting mismatch that would otherwise arise from measuring assets and liabilities or recognising the gains and losses on them on different bases;
  - managed, with their performance being evaluated on a fair value basis, in accordance with portfolio mandates that specify the investment strategy; or
  - significant embedded derivatives that clearly require bifurcation.

  These assets are initially recognised at fair value and transaction costs directly attributable to acquiring them are expensed in the statement of comprehensive income in net realised and fair value gains. Subsequent fair value adjustments are recognised in the statement of comprehensive income.

- **Loans and receivables including insurance related receivables**
  Loans and receivables including insurance related receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified as held for trading and those designated at fair value through income or available-for-sale assets.

Recognition and measurement
A financial asset is recognised in the statement of financial position when, and only when, the company becomes a party to the contractual provisions of the instrument.

Purchases and sales of financial assets are recognised on trade date, being the date on which the company commits to purchase or sell the financial assets. Financial assets are initially recognised at fair value plus, in the case of a financial asset not at fair value through income, transaction costs that are directly attributable to the acquisition of the asset. Financial assets at fair value through income and available-for-sale assets are subsequently carried at fair value. Loans and receivables and held-to-maturity assets are recognised initially at fair value and subsequently carried at amortised cost, using the effective interest rate method less provision for impairment.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. Collective investments are valued at their repurchase price. For unlisted equity and debt securities, unquoted unit-linked investments and financial assets where the market is not active, the company establishes fair value using valuation techniques. These include discounted cash flow analysis and adjusted price earnings ratios. Unquoted securities are valued at the end of every reporting period, allowing for the credit risk of the counter party.

Impairment of financial assets
Loans and receivables
A provision for loans and receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the assets concerned. The amount of the provision is the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted at the original effective interest rate. The movement in the current year provision is recognised in the statement of comprehensive income.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

Derecognition of financial instruments
Financial assets are derecognised when the right to receive cash flows from the financial asset has expired or has been transferred, and the company has transferred substantially all risks and rewards of ownership. The company also derecognises a financial asset when the company retains the contractual rights of the assets but assumes a corresponding liability to transfer these contractual rights to another party and consequently transfers substantially all the risks and benefits associated with the asset.

Realised and unrealised gains and losses

Financial instruments at fair value through income

Realised and unrealised gains and losses arising from changes in the value of financial assets at fair value through income are included in the statement of comprehensive income in the period in which they arise. Interest and dividend income arising on financial assets are disclosed separately under fair value gains and losses on financial assets at fair value through profit or loss on the statement of comprehensive income.

Financial assets carried at amortised cost

The company assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Objective evidence that receivables are impaired include observable data that comes to the attention of the company about the following events:

- significant financial difficulty of the debtor;
- a breach of contract such as default or delinquency in payments; or
- it becomes probable that the debtor will enter bankruptcy or financial reorganisation.

The company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables carried at amortised cost, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial assets original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed and is recognised in the statement of comprehensive income.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried in the statement of financial position at cost, which approximates fair value. Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short term, highly liquid investments with original maturities of three months or less and are subject to an insignificant risk of change in value. Bank balances held to meet short-term cash commitments are included in funds on deposit and other money market instruments with a maturity of three months or less. Operating bank balances are included in bank and other cash balances.

FINANCIAL LIABILITIES

Recognition and measurement

The company classifies its financial liabilities into the following categories:

- financial liabilities at fair value through profit or loss
- financial liabilities at amortised cost.

The classification depends on the purpose for which the financial liabilities were acquired. Management determines the classification of its financial liabilities at initial recognition.

A financial liability is recognised in the statement of financial position when, and only when, the company becomes a party to the contractual provisions of the instrument.

Purchases and sales of financial liabilities are recognised on trade date, being the date on which the company commits to purchase or sell the financial liabilities.

The fair value of financial liabilities quoted in active markets is based on current market prices. Alternatively, where an active market does not exist, fair value is derived from cash flow models or other appropriate valuation models. These include the use of arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants, making maximum use of market input and relying as little as possible on entity-specific input.

Financial liabilities are derecognised when they are extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expired.

FINANCIAL LIABILITIES AT AMORTISED COST

Amounts due to cell owners

The amounts due to cell owners represent the cells' funds in respect of the insurance arrangements conducted in the cell structures. The premiums, claims payments and other expenses relating to contracts in first party cells have been excluded from the statement of comprehensive income and accounted for directly as part of the liability. These amounts meet the definition of a financial liability in terms of IAS 39. The premium and claims payments relating to contracts in third party cells have been included in the statement of comprehensive income but as the third party cell owner is the reinsurer the net result is accounted for as part of the liability.

The amounts due to cell owners is the consideration received for cell owner ordinary shares plus the accumulated funds in respect of business conducted in the cells plus the investment return allocated to the surplus funds in the cells, which is determined in accordance with the investment mandate with the cell.

Financial liabilities at amortised cost are recognised initially at fair value, net of transaction costs incurred. These financial liabilities are then subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the liability using the effective interest rate method.

Financial liabilities classified as financial liabilities at amortised cost comprise insurance and other payables and amounts due to reinsurers and cell owners.

ACCOUNTS PAYABLE

Accounts payable are initially carried at fair value and subsequently at amortised cost using the effective interest rate method which equates to historical cost.

OFFSETTING

Financial assets and liabilities are set off and the net balance reported in the statement of financial position where there is a legally enforceable right to set off, where it is the intention to settle on a net basis or to realise the asset and settle the liability simultaneously, where the maturity date for the financial asset and liability is the same, and where the financial asset and liability are denominated in the same currency.

PROVISIONS

Provisions are recognised when, as a result of past events, the company has a present legal or constructive obligation of uncertain timing or amount, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are measured as the present value of management's best estimate of the expenditure required to settle the obligation at the reporting date. The pre-tax discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as finance costs.

Onerous contracts

The company recognises a provision for an onerous contract, except on insurance contracts, when the expected benefits to be derived from a contract are lower than the unavoidable costs of meeting the obligations under the contract.

DEFERRED INCOME TAX

Measurement

Deferred income tax is provided for in full, at current tax rates and in terms of laws substantively enacted at the reporting date (and is expected to apply when realised or settled) in respect of temporary differences between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, using the liability method. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax assets, including tax on capital gains, are recognised for tax losses and unused tax credits and are carried forward only to the extent that realisation of the related future tax benefit is probable.

Offsetting

Deferred tax assets and liabilities are set off when the income tax relates to the same fiscal authority and where there is a legal right of offset at settlement in the same taxable entity.

CURRENT TAXATION

Measurement

Current tax is provided for at the amount expected to be paid, using the tax rates and in respect of laws that have been substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Offsetting

Current tax assets and liabilities are set off when a legally enforceable right exists and it is the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Dividend withholding tax (DWT)
DWT is levied on the shareholders (or beneficial owners) receiving the dividend, unless they are exempt in terms of the amended tax law. DWT is levied at 15% of the dividend received. The DWT is categorised as a withholding tax, as the tax is withheld and paid to tax authorities by the company paying the dividend or by a regulated intermediary and not by the beneficial owner of the dividend. Where a non-exempt company is a beneficial owner of the dividend, the DWT is recorded as an expense in the statement of comprehensive income when the dividend income is earned.

Securities transfer tax (STT)
Securities transfer tax is levied in respect of the cancellation or transfer of any shares issued by the company. Securities tax is levied at the rate of 0.25%.

INDIRECT TAX
Indirect taxes include various other taxes paid to central and local governments, including value added tax and regional service levies. Indirect taxes are disclosed as part of operating expenses in profit or loss.

SHARE CAPITAL
Share capital is classified as equity where the company has no obligation to deliver cash or other assets to shareholders.

Issue costs
Incremental external costs directly attributable to the issue of new shares are recognised in equity as a deduction, net of tax, from the proceeds.

Issued cell owner ordinary share capital is included in the financial liabilities at amortised cost or liabilities at amortised cost.

DIVIDEND PAID
Dividends paid to shareholders of the company are recognised on declaration date.

Dividends distributed to cell owner ordinary shareholders are included as a deduction from the financial liabilities at amortised cost or liabilities at amortised cost, in the period in which they are declared.

EMPLOYEE BENEFITS
Provident fund obligations
The company provides a defined contribution provident scheme. The scheme is funded through payments to trustee administered funds determined by periodic actuarial calculations.

A defined contribution scheme is a fund under which the company pays fixed contributions into a separate entity. Each member’s fund is directly linked to the contributions and the related investment returns. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The company’s contributions are charged to the statement of comprehensive income when incurred.

Bonus plans
The company pays performance bonuses or thirteenth cheques to employees. Performance bonuses are based on certain objectives that take into consideration the profit attributable to the company's shareholders after certain adjustments. The company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

The company recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments as well as the individuals own performance.

Cash-settled compensation plans
The company recognises the value of the services received (expense), and the liability to pay for those services, as the employees render service. The liability is measured, initially, and at each reporting date until settled, at the fair value appropriate to the scheme, taking into account the terms and conditions on which the rights were granted, and the extent to which the employees have rendered service to date, excluding the impact of any non-market-related vesting conditions. Non-market-related vesting conditions are included in the assumptions regarding the number of units expected to vest. These assumptions are revised at every reporting date. The impact of the revision of original estimates, if any, is recognised in the statement of comprehensive income, and a corresponding adjustment is made to the liability.

Compensation plans valued on the projected unit credit method
The company has certain MMI schemes in place whereby employees are rewarded based on something other than the shares and related share price of the holding company. In some instances the company recognises a liability that has been measured with reference to the applicable embedded value of a subsidiary company, and that will be used to settle the liability with the employees. The liability in these cases is measured using the projected unit credit method. Any change in the liability is charged to the statement of comprehensive income over the vesting period.

Leave pay liability
Short-term employee benefit obligations are measured on an undiscounted basis and are recognised in the statement of comprehensive income as the related service is provided. A liability is recognised for the amount that is expected to be paid in the form of annual leave entitlements if the company has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably. Employee entitlements to annual leave are recognised when they accrue to employees.

CONTINGENT LIABILITIES
Contingent liabilities are reflected when the company has a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company, or it is possible but not probable that an outflow of resources will be required to settle a present obligation, or the amount of the obligation cannot be measured with sufficient reliability.

OTHER INCOME

Revenue comprises, for business other than insurance contracts, the following:

- *Dividends* – Dividends from subsidiaries are recognised as revenue when declared by subsidiaries. Dividends from preference share investments are recognised on a time proportionate basis using the effective interest rate method.
- *Interest* – receivable is recognised as revenue on a time proportionate basis using the effective interest rate method on cash and cash equivalents.
- *Insurance contract management fees* include:
    - *Investment management fees* – are negotiated with each cell owner and are generally calculated as a percentage of investment income. These fees are recognised as services are provided.
    - *Management fees* **–** are negotiated with each cell owner and are generally calculated as a percentage of premiums received. Income is brought to account on the effective commencement or renewal dates of the policies. A portion of the income is deferred to cover the expected servicing costs, together with a reasonable profit thereon and is recognised as a liability. The deferred income is brought to account over the servicing period on a consistent basis reflecting the pattern of servicing activities.
    - *Consulting fees* – comprise negotiated fees for advisory services. Consulting fees are recognised when services are rendered.
    - *Other fees* – comprise fees charged to cover the cost of value added services.

OPERATING LEASES

Leases where substantially all the risks and rewards incidental to ownership have not been transferred to the company are classified as operating leases. Payments made are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. The company recognises any penalty payment to the lessor for early termination of an operating lease as an expense in the period in which the termination takes place.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

for the 15 months ended 30 June 2015

The critical accounting judgements made in applying the company's accounting policies relate to the estimation of the ultimate liability arising from claims made under insurance contracts, the valuation for unlisted and unquoted financial assets carried at fair value as well as deferred income.

INSURANCE LIABILITIES

The company's estimate for reported and unreported losses is reviewed on termination and/or renewal of policies and at financial year-end and is updated, and adjustments resulting from this review are reflected in profit or loss. The process relies upon the basic assumption that past experiences, adjusted for the effect of current developments, are likely trends and is an appropriate basis for predicting future events. The company is therefore exposed to the risk that claims provisions will not be adequate to fund historic claims (run-off risk). To manage run-off risk the company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures and adopts sound reserving practices. The company's process for determining significant assumptions is outlined below.

Outstanding claims provisions

Insurance risks are unpredictable and the company recognises that it is difficult to forecast with absolute precision future claims payable under existing insurance contracts.

Outstanding notified claims

Each notified claim is assessed on a separate, case-by-case basis with due regard to the specific circumstances, information available from the insured and/or loss adjuster and past experience with similar claims. The company outsources its claims handling function to firms which employ staff experienced in claims handling and applies standardised policies and procedures around claims assessment. The ultimate cost of the reported claims may vary as a result of future developments or better information becoming available about the current circumstances. Case estimates are therefore reviewed monthly and updated if new information becomes available.

Incurred but not reported claims provision ("IBNR")

The company primarily manages insurance programs in cell structures. An extensive process was followed to collect claims data from the various administrators for the calculation of an IBNR provision. Where data was received, for the IBNR calculation, the Chain Ladder method was used. Where no (or insufficient) claims information could be obtained the IBNR provision was calculated in accordance with Board Notice 169 of 2011; using the factors specified in section 4.3 of that notice.

As the aforementioned Chain Ladder method uses historical claims development information, it assumes that the historical claims development patterns will occur again in the future. There are reasons why this may not be the case, which, insofar as they can be identified, have been allowed for by modifying the methods.

Such items include:

- changes in processes that affect the development /recording of claims paid and incurred;
- economic, legal, political and social trends;
- changes in mix of business; and
- random fluctuations, including the impact of large losses.

These methods are applied to determine the IBNR for all major insurance policies in operation.

The provision for notified claims and IBNR are initially estimated at gross level. A separate calculation is then carried out to determine the estimated reinsurance recoveries. The calculation of the reinsurance recoveries takes into account the nature of the reinsurance program.

FINANCIAL ASSETS

Fair values for unquoted equity instruments are estimated using applicable fair value models. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models.

Where discounted cash flow techniques are used estimated future cash flows are based on management's best estimates and the discount rate is the risk free rate adjusted for credit risk relating to the instrument, at the reporting date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the reporting date.

DEFERRED INCOME

Management fee income is earned by the company for providing an ongoing service to clients under insurance programmes. This income is brought to account on the effective commencement or renewal dates of the related insurance programmes. The company defers a portion of this income to cover the cost of managing the insurance programme, together with a reasonable profit margin thereon. The portion of income deferred varies depending on the nature of the insurance programme. Management makes assumptions in determining the amount of post-inception servicing required and these assumptions may vary between different insurance programmes. The assumptions are re-assessed at each reporting date based on actual post-inception experience and business conditions, and adjustments are made to the deferred income calculation, where necessary. The deferred income is brought into account over the insurance period on a consistent basis reflecting the pattern of the servicing activities.

ERRORS AND OMISSIONS IN THE ORDINARY COURSE OF BUSINESS

The company is exposed to various actual and potential claims, lawsuits and other proceedings relating to alleged errors and omissions or non-compliance with laws and regulations in the conduct of its ordinary course of business. The risk from these events is assessed and a best estimate provision is provided for those claims, lawsuits and other proceedings where it is thought to be probable that the company will be held liable. As with any business with similar operations to the company, the risk exists that significant adverse developments in past claims could result in material changes to provisions made in respect of prior years.

PROVISIONS

Provisions are, by definition, liabilities of uncertain timing or amount. In order to establish a provision, management makes assessments of the expected amount of any future cash outflows and the estimated timing thereof. Where the effect of discounting is material, provisions payable in more than one year are discounted using pre-tax discount rates that reflect the current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

TAXATION

The company is subject to income tax and has done calculations for which the ultimate tax determination may be uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax charges.

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Where the outcome of a transaction is different from the amounts that were initially recorded, such differences will impact the tax provisions in the period in which such determination is made

RECEIVABLES

Receivables represent amounts owed to the company for services rendered. These balances are assessed for impairment by management, taking all objective evidence into account. The company's policy for determining the carrying amount of receivables is described in the accounting policies.

INSURANCE RISK

The principal risk that the cell owner and ultimately the company faces under its insurance contracts is that the actual claims payments exceed the amount of the insurance liabilities. This could occur because the frequency or severity of claims is greater than estimated. Insurance events are random and the actual number and amounts of claims will vary from year to year from the estimate determined using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. As each of the cell owners operates independently from the other, the company's total insurance risk profile is well diversified.

The underwriting strategy is directed at a portfolio of underwritten risks that are well diversified in terms of risk, industry and geography.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the company has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the company to pursue third parties for payment of some or all costs (e.g. subrogation).

Cell captive arrangements

The cell owner shareholders' agreement protects the company from losses arising from business conducted in cells due to the recapitalisation clause. The company's exposure to risk on this business is limited to the credit risk of the cell owner if a cell owner does not recapitalise in terms of the cell owner shareholders' agreement, with respect to third party cell arrangements.

Contingency policy business

This business is usually written for a one year period with the policies covering a multiple risks. The risks underwritten are those of a corporate entity (i.e. first party business) and are generally either in respect of primary layers of the corporate's insurance programme or for risks, that are difficult to insure in a traditional insurance market. The corporate insured in a contingency policy is entitled to a share in the underwriting result if there is favourable claims experience.

Actuarial input is received to establish suitable policy and cover limits as well as attachment points for reinsurance where applicable. Reinsurance is generally structured above the layer provided by the contingency policy.

There is an aggregate excess of loss treaty in place for all contingency policies. This reinsurance treaty is arranged for a limit of R15 million each and every loss in excess of R1 million each and every loss up to R5 million in the annual aggregate.

Risk participation with cell owners
The company shares in the emerging underwriting experience of selected cell arrangements. The company carefully evaluates all retention of risks in terms of statistical and underwriting disciplines, as well as specific and limited board mandates for each selected cell participation.

Terms and conditions of insurance contracts
Insurance business is transacted across all eight categories of permissible authorisation classes as defined by the Short-Term Insurance Act, 53 of 1998. The terms and conditions of the company's insurance contracts are in accordance with its licence conditions as set out below.

Insurance is provided to corporate clients (through first-party cells and contingency policies) and to the general public (through third party cell owners). Insurance contracts are issued for monthly, annual and multi-year periods and include the following classes of risk:

Property – Provides policy benefits for an event relating to the use, ownership, loss of or damage to movable or immovable property and includes a reinsurance policy in respect of such policy.

Accident and Health – Provides policy benefits if a disability event, health event or death event occurs and includes a reinsurance policy of such a policy.

Motor – Provides policy benefits if an event, contemplated in the contract as a risk relating to the possession, use or ownership of a motor vehicle occurs and includes a reinsurance policy in respect of such policy.

Engineering – Provides policy benefits for risks relating to the possession, use or ownership of machinery or equipment other than a motor vehicle, in the carrying on of a business, the erection of buildings or other structures or the undertaking of other works or the installation of machinery or equipment and includes a reinsurance policy in respect of such a policy.

Transport - Provides policy benefits relating to the possession, use or ownership of a vessel, aircraft or other craft or for the conveyance of persons or goods by air, space, land or water, or to the storage, treatment or handling of goods so conveyed or to be so conveyed, occurs; and includes a reinsurance policy in respect of such a policy.

Guarantee – Provides policy benefits relating to the failure of a person to discharge an obligation occurs and includes a reinsurance policy in respect of such a policy.

Liability – Provides policy benefits relating to the incurring of a liability, otherwise than as part of a policy relating to a risk more specifically provided for elsewhere and includes a reinsurance policy in respect of such a policy. This type of contract typically includes inter alia public liability, product recall and malicious product tampering.

Miscellaneous – Provides policy benefits relating to any matter not otherwise provided for and includes a reinsurance policy in respect of such a policy. This type of contract typically includes inter alia legal expense insurance etc.

Multi-year risk insurance programs are insurance policies where maximum cover is provided at inception of the policy with premiums payable at inception and in future periods. The company's exposure to risk on this business is limited to the credit risk of the policyholder. The credit risk is substantially reinsured with a locally registered insurer.

General risk overview

The company has a Board Risk Committee. This committee considers both underwriting and counter party exposures in order to minimise risks of non-performance on portfolios as well as to clarify risk obligations with clients. The committee also reviews the appropriateness and viability of major product development initiatives to confirm regulatory, legal, tax and accounting standards.

For each cell or policy accepted by the company an actuarial analysis is undertaken to determine the company's major exposures to insurance risk. This analysis varies in extent and detail depending on the significance of the new cell facility. For significant down-side risk this analysis includes stochastic modelling of past claims and the projection, at different confidence levels, of future scenarios.

Each new risk is considered by the underwriting and actuarial teams and where necessary to adjust the theoretical premium to take into account competition, the underwriting cycle, reinsurance and capital requirements.

Reinsurance

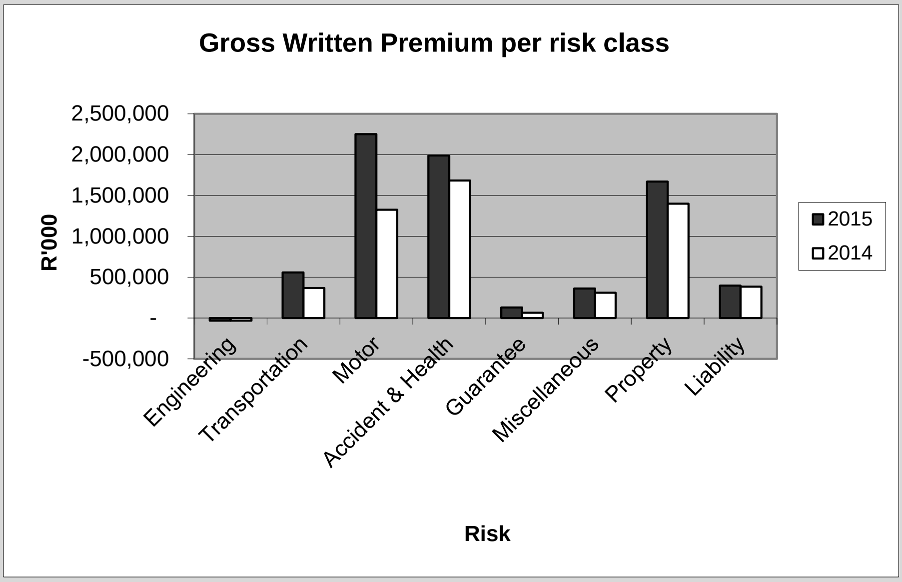
The key objective when placing reinsurance is access to capital and protection of the retained lines of both the company and the cell owners.

The reinsurers selected are in accordance with the company's reinsurance vetting procedures.

Other than sourcing capacity for both first and third party business, reinsurance is arranged to protect the net retention as agreed on both a proportional and non-proportional basis. The net retention of both the company and the cells will determine the non-proportional programmes whereas estimated premium income and loss ratios determine retention on proportional programmes. The non-proportional reinsurance arrangements include per risk excess-of-loss, stop-loss and catastrophe coverage. Proportional reinsurance arrangements include Quota share and Surplus treaties.

Concentrations of insurance risk

The company's risks are adequately spread across the major classes of insurance risk. The graph below shows the company's concentration of insurance risk by class of business.



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Sensitivity analysis
As a result of the nature of the business written by the company and the reinsurance programs in place, there is little sensitivity to deviations in assumptions.

Where the company takes underwriting risk, significant risk mitigators are put in place which results in a scenario where potential loss would be immaterial to the company. Risk mitigating factors includes but is not limited to strict selection criteria, reinsurance, reinsurer's selection and vetting of cell owners. Theoretically, the company is exposed to risk in the event of reinsurer's failure or failure of the cell owner to recapitalise its cell. However, in the history of the company, there have never been any incidents of cell owner's or reinsurer's failure.

FINANCIAL RISKS
The company has defined its financial assets and financial liabilities in the following classes:

Class of asset	Category of financial asset
Short term deposits	Financial assets at fair value through profit or loss
Preference shares – unlisted, unquoted	Financial assets at fair value through profit or loss
Preference shares – listed, quoted	Financial assets at fair value through profit or loss
Unit trusts	Financial assets at fair value through profit or loss
Unquoted equities	Financial assets at fair value through profit or loss
Fixed interest securities	Financial assets at fair value through profit or loss
Cash and cash equivalents	Cash and cash equivalents
Receivables including insurance receivables	Loans and receivables

Class of liability	Category of financial liability
Amounts due to cell owners – investment contracts	Financial liabilities at amortised cost
Insurance and other payables	Financial liabilities at amortised cost

The company is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. The most important components of this financial risk are credit risk, interest rate risk, liquidity risk, solvency risk and foreign currency risk.

Credit risk
The company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the company is exposed to credit risk are:
- cell owners' obligation to restore solvency of cells when required by the company;
- reinsurers' share of insurance liabilities;
- amounts due from reinsurers in respect of claims already paid;
- amounts due from insurance policyholders;
- amounts due from insurance intermediaries; and
- financial assets and cash and cash equivalents.

The relationship between the company and its cell owner shareholders is governed by the cell owner shareholders' agreement entered into between the company, its holding company and the cell owner. This agreement determines that the cell owner shareholder has the obligation to restore any capital deficit in its cell on receipt of such a demand from the company. The company can demand recapitalisation of a cell in the event of the solvency ratio of the cell falling below the ratio required by the regulator or if the shareholders' funds reflect a deficit. Claims of first and third party cells will be paid in terms of the policy. If the cell is in a deficit position after the claim, a request will be made to recapitalise the cell. However, in the case of first party cells, the claims are further limited to the policy limits.

This risk is managed by a detailed assessment of potential cell owners' creditworthiness based on the ability to meet the responsibility and obligations in terms of the shareholders agreement. Solvency of the cell is assessed monthly, to assess the risk of the solvency falling below the required level. Past requests that have been made to the cell owner's to recapitalise the cell has been used as a basis to test the ability of the cell shareholders to recapitalise the cell.

Cash equivalents and investments are placed with reputable financial institutions and are managed by multiple asset managers. The company has policies that limit the credit exposure to any one financial institution. The Investment Committee reviews all investments on the basis of total asset security and minimised credit risk to the company. Industry specialists as well as the company's panel of investment managers are invited to the quarterly Investment Committee meetings.

Accounts receivable for insurance contracts issued and recoveries due from reinsurers are presented net of any provisions for impairment. There are IGF guarantees in place where premiums are collected by intermediaries. Credit risk with respect to accounts receivable is limited, for those receivables relating to intermediaries with IGF guarantees.

The company has a Board Risk Committee. One of the responsibilities of this Committee is to evaluate, approve and monitor both insurance and reinsurance markets of the company, and to report back to the company with recommendations accordingly. Committee decisions are supported by both local and international professional rating agencies. This includes involvement of the Financial Services Board, Global Credit Rating Agency as well as legal opinion which is sought if required.

The company also has reinsurance vetting procedures in place. These have been presented to and approved by the company's board. These procedures include limiting individual cessions and accumulations per reinsurer in accordance with their credit rating.

The financial condition of the reinsurers in relation to their credit standing is evaluated each time they are rated by an external credit rating company. The company limits the level of reinsurance credit risk it accepts by placing limits on its exposures to a single counterparty. The exposure limits of each reinsurer vary depending on their credit rating.

The company's maximum exposure to credit risk for assets is as follows:

	30 June 2015	31 March 2014
	R'000	R'000
Short-term deposits	6 071 220	5 251 356
Preference shares – unlisted, unquoted	40 206	105 931
Preference shares – listed, quoted	33 906	36 219
Unit trusts	511 162	552 133
Fixed interest securities	9 645	23 404
Equities	500	500
Equity linked note	29 547	-
Cash and cash equivalents	399 206	182 509
Financial Assets	**7 095 392**	**6 152 052**
Reinsurers' share of insurance liabilities	1 266 740	968 969
Receivables including insurance receivables	699 284	583 627
Due from reinsurers	75 017	40 395
Deferred acquisition costs	61 078	100 201
Insurance assets	**2 102 119**	**1 693 192**
Total	**9 197 511**	**7 845 244**

Analysis of the credit quality of the company's financial assets exposed to credit risk
The ratings below are long term foreign credit ratings. However, the company invests only in local instruments. The company's investment strategy determines that investments with a local credit rating of AA-/F1 and above will be invested in.

30 June 2015 R '000	**AAA**	**AA+ to AA-**	**A+ to A-**	**BBB+**	**Not rated**	**Total**
Preference shares – unlisted, unquoted	-	-	25 112	-	15 094	40 206
Preference shares – listed, quoted	-	-	33 906	-	-	33 906
Unit trusts	-	71 262	286 645	-	153 255	511 162
Short term deposits	1 343 711	444 580	4 079 057	14 189	189 683	6 071 220
Cash and cash equivalents	9 464	-	389 742	-	-	399 206
Fixed interest securities	-	-	-	-	9 645	9 645
Equities	-	-	-	-	500	500
Equity linked note	-	-	29 547	-	-	29 547
Total	**1 353 175**	**515 842**	**4 844 009**	**14 189**	**368 177**	**7 095 392**

31 March 2014 R '000	A-	BBB+	BBB	Not rated	Total
Preference shares – unlisted, unquoted	-	105 931	-	-	105 931
Preference shares – listed, quoted	-	36 219	-	-	36 219
Unit trusts	-	69 891	366 396	115 846	552 133
Short term deposits	1 285 916	2 909 795	306 461	749 184	5 251 356
Cash and cash equivalents	-	171 987	4 470	6 052	182 509
Fixed interest securities	-	-	-	23 404	23 404
Equities	-	-	-	500	500
Total	**1 285 916**	**3 293 823**	**677 327**	**894 986**	**6 152 052**

None of the financial assets above are past due or impaired.

The assets analysed above are based on external credit ratings obtained from various reputable external rating agencies like Fitch and Standards and Poor. The rating scales are based on the following broad investment grade definitions:

AAA The financial instrument has an exceptional degree of creditworthiness and can easily meet its financial commitments.

AA The financial instrument is judged to be of high quality and is subject to very low credit risk and indicates quality issuers.

A The financial instrument is considered upper-medium grade and is subject to low credit risk although certain economic conditions can more readily affect the issuers' financial soundness adversely than those rated AA.

BBB The financial instrument is subject to moderate credit risk and indicates medium class issuers, which are currently satisfactory. In terms of the regulations assets have to be spread across a number of financial institutions and therefore BBB rated institutions are used. The financial intuitions in this category are Capitec Bank Limited and in the previous year the financial institutions in this category are Nedbank Group Limited, FirstRand Bank Limited, African Bank Investment Limited, Landbank, Standard Bank of South Africa Limited, Capitec Bank Limited and Investec Bank Limited.

Not rated These assets are invested with highly reputable institutions.

The exposure to reinsurers that have credit ratings, at the reporting date is in respect of reinsurers with credit ratings between A and BBB, in terms of the company's vetting procedures. The significant part of the remainder is with cell owners, where the risk of default will only materialise if a cell is insolvent and is unable to recapitalise.

Receivables mainly comprise of policyholder debtors. The creditworthiness of cell owners and policyholders is assessed upon inception of the cell and solvency is reviewed on a monthly basis. Receivables, with non-group companies, do not represent a concentration of credit risk as they are spread across a number of companies. As at period-end no provision for impairment of financial assets was considered necessary.

At period-end the age analysis of receivables that are past due but not impaired is as follows:

30 June 2015	0-30 days	30-60 days	60-90 days	90+ days	Total
	R'000	**R'000**	**R'000**	**R'000**	**R'000**
Receivables including insurance receivables	13 999	6 668	588	4 046	**25 301**

31 March 2014	0-30 days	30-60 days	60-90 days	90+ days	Total
	R'000	**R'000**	**R'000**	**R'000**	**R'000**
Receivables including insurance receivables	19 441	6 985	5 330	28 583	**60 339**

Interest rate risk
Fluctuations in interest rates will impact on the fair value of the money market instruments, the return received from the preference shares held as well as the company's investment fee which is based on the realised return of the instruments.

The majority of the financial assets are used to back financial liabilities and insurance liabilities. The impact of changes in interest rates is not significant for the company as any changes in interest rates will be charged to the financial liability.

The company earns fees based on assets under management and any change in interest rates that have an effect on these assets will have an effect on the company's fees.

The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rate. The impact of changes in interest rates on the company's fees and investment income is set out in the table below:

30 June 2015	Increase in base points	Sensitivity of profit after tax	Decrease in base points	Sensitivity of profit after tax
		R'000		**R'000**
Short-term deposits	100	4 480	100	(4 480)
Preference shares	100	26	100	(26)
Cash and cash equivalents	100	1 562	100	(1 562)

31 March 2014	Increase in base points	Sensitivity of profit after tax	Decrease in base points	Sensitivity of profit after tax
		R'000		**R'000**
Short-term deposits	100	3 438	100	(3 438)
Preference shares	100	20	100	(20)
Cash and cash equivalents	100	1 708	100	(1 708)

Assumptions used for the sensitivity analysis

Cash, Call Accounts and Preference Shares

These investments all have variable interest rates. The sensitivity analysis is based on the effect that a 100 basis points change will have on the interest/dividend income for the following financial year. The sensitivity is calculated as the effect on the after-tax profits of the company. The balances at the reporting date are used, except where there are major fluctuations at period-end which will distort the effect materially. In these cases the average balance for the period is used to give a more realistic effect of the sensitivity. The interest/dividends are then calculated and the after-tax effect is shown on the sensitivity analysis. For preference shares dividend rates at 66% (2014: 66%) of prime, was used.

Short term deposits

These investments all have fixed interest rates. The sensitivity analysis is based on the effect that a 100 basis points change will have on the interest income/fair value revaluation for the following financial year. The sensitivity is calculated as the effect on the after-tax profits of the company. The balances at the reporting date are used. For investments that have maturity dates within the first six months after period-end, the same calculations are used for bank, call and preference shares, since the matured investments will be subject to variable interest rates for most of the period. For investments that have maturity dates after the first six months after period-end, the effect on the fair value adjustments are determined by using the expected effect of interest rate changes on the instruments using yield curves of similar instruments. The after-tax effect is then shown in the sensitivity analysis.

Price risk

The portfolio of unit trusts which are carried on the statement of financial position at fair value, has exposure to price risk, being the potential loss in market value resulting from an adverse change in prices. The company's objective is to earn competitive relative returns by investing in a diverse portfolio of high quality, liquid securities. Portfolio characteristics are analysed regularly and price risk is managed by placing the company portfolio under the management of specialised and reputable asset managers. The company's sensitivity to movement in prices is not significant as the portfolio of unit trusts relate mainly to the cell owners. The gains/losses of cell owners have no impact on the company's profit. Furthermore, the company does not earn a fee on the value of the unit trusts that are allocated to the cells and the movement in prices have therefore no impact on net profit and equity.

Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due. The company is exposed to daily calls on its available cash resources mainly from claims arising from short-term insurance contracts. The company sets limits on the minimum proportion of maturing funds available to meet such calls as well as any unexpected increase in levels of demand.

Solvency risk

The key risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. This is measured on a monthly basis and, if required, additional capital is requested from the cell owners, in terms of the cell owner shareholders' agreement. The cell owner shareholders' agreement contains a recapitalisation clause which will be invoked, if required. In addition, reinsurance agreements are concluded to minimise the solvency risk.

Foreign currency risk

The company places reinsurance internationally and its exposures to foreign exchange risk arise primarily with respect to fluctuating exchange rates. The company's Mauritian insurance subsidiaries generally invest in assets denominated in the same currencies as their insurance liabilities, which mitigates the foreign currency exchange rate risk for these operations. As a result, foreign exchange risk arises from recognised assets and liabilities denominated in other currencies and net investments in foreign operations. Reinsurance assets and liabilities in foreign currency may fluctuate with changes in foreign exchange rates. Exposures are limited so the risk is not considered material R83 559 (March 2014: R54 204) at the reporting date. The company's subsidiaries are denominated in US Dollars and the exchange rate at the reporting date is 1$:12.17R.

FAIR VALUE HIERACHY

At 30 June 2015, investments classified as Level 1 comprise approximately 0.3% of financial assets measured at fair value through profit or loss. Fair value measurements classified as Level 1 include quoted unit trusts.

At 30 June 2015, investments classified as Level 2 comprise approximately 99.7% of financial assets measured at fair value through profit or loss. They include short term deposits and unlisted preference shares. As market quotes generally are not readily available for these investments, their fair value measures are determined using relevant information generated by market transactions involving comparable securities. These are often based on option pricing techniques whose variables include only data from observable markets and discounted cash flow model that effectively discounts prospective cash flows to present value using a market related discount rate, also taking into account the issuer-specific credit quality and liquidity. These valuation methodologies have been evaluated by the company and determined to be representative of exit values.

Observable inputs generally used to measure the fair value of unit trusts include the quoted repurchase price.

Refer to the accounting policies for further details regarding the determination of fair values of financial assets and financial liabilities.

The following table presents the company's assets and liabilities measured at fair value at 30 June 2015.

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Assets				
Financial assets at fair value through profit or loss				
- Short term deposits	19 625	6 051 595	-	6 071 220
- Preference shares – unlisted, unquoted	-	40 206	-	40 206
- Preference shares – listed, quoted		33 906	-	33 906
- Unit trusts	-	511 162	-	511 162
- Fixed interest securities	-	9 645	-	9 645
- Equities	-	-	500	500
- Equity linked note	-	29 547	-	29 547
Total assets	**19 625**	**6 676 061**	**500**	**6 696 186**

LIABILITIES TO CELL OWNERS

	30 June 2015 R'000
Liabilities at amortised cost– insurance shareholders	1 641 971
Financial liabilities at amortised cost – investment shareholders	2 467 339
Total liabilities	**4 109 310**

The following table presents the movements for the 15 months ended 30 June 2015.

	Liabilities insurance shareholders R'000	Financial liabilities investment shareholders R'000
Opening balance	**1 253 322**	**1 847 274**
Fair value adjustment to financial liabilities held at fair value through profit and loss	**155 260**	**155 606**
Taxation	**(342 813)**	**(4 874)**
Increase/decrease in premiums, claims and insurance expenses	**1 084 517**	**(143 494)**
Increase in cell owners' assets and liabilities	**(17 065)**	**476 691**
Net proceeds in share issues	**95 007**	**173 772**
Dividend distributions	**(586 257)**	**(37 636)**
Closing balance	**1 641 971**	**2 467 339**

The increase/decrease in cell owners' assets and liabilities is due to the movement in the cells' financial assets, outstanding claims, IBNR, UPR (net of reinsurance) caused by insurance and investment activities of the cells. The movement in payables and receivables is also included in cell owners' assets/liabilities.

CAPITAL MANAGEMENT

Any changes in assumptions would affect primarily the insurance liabilities and insurance assets. The net effect is not expected to be material. Furthermore, due to the short term nature of the liabilities, changes in assumptions will not have a significant effect on the financial liability.

OPERATIONAL RISK

Operational risk is the risk of loss due to factors such as inadequate systems, management failure, inadequate internal controls, fraud or human error. The company mitigates these risks through its culture and values, a comprehensive system of internal controls, internal audit and compliance functions and other measures such as back-up facilities, contingency planning and insurance.

The initiation of transactions and their administration is conducted on the basis of the segregation of duties, designed to ensure the correctness, completeness and validity of all transactions.

EXPENSE RISK

Expense risk is the risk of loss due to actual expense experience being worse than that assumed in premium rates and policy liabilities. Expenses are monitored monthly and managed through the company's budgeting process.

LEGAL RISK

Legal risk is the risk that the company will be exposed to contractual obligations that have not been provided for, particularly in respect of policyholder liabilities. The risk also arises from the uncertainty of the enforceability, through legal processes, of the obligations of the company's counter-parties.

For any material transaction entered into by the company, the legal resources of the company monitor the drafting of the contract documents to ensure that rights and obligations of all parties are clearly set out. The company seeks to minimise uncertainties, through continuous consultation with internal and external legal advisers, to understand the nature of risks and to ensure that transactions are appropriately structured and documented.

CAPITAL MANAGEMENT

The company recognises equity and reserves as capital. For statutory purposes the share capital consists of Guardrisk ordinary shares and cell owner ordinary shares. The cell owner ordinary shares are the cell owner's interest and included as part of financial liabilities at amortised cost or liabilities at amortised cost. Ordinary shares are reflected as equity. The company's objectives when managing capital are:

- to comply with capital requirements required for insurers as determined by the Short-Term Insurance Act, 53 of 1998 and
- to safeguard the company's ability to continue as a going concern so that it can provide returns for shareholders and benefits for other stakeholders.

The company submits quarterly and annual returns to the Financial Services Board in terms of the Short-Term Insurance Act, 53 of 1998. The returns submitted to the regulator showed that the company met the minimum capital requirements throughout the period. In accordance with the Act and with effect from 1 January 2012 Board Notice 169 of 2011 replaced Board Notice 27 of 2010. The company is now required to maintain solvency capital requirement (SCR). The return submitted to the regulator showed that the company maintained an adequate SCR at 30 June 2015.

When managing ordinary share capital, the company's objectives are to maintain a minimum level of capital without compromising the ability to operate effectively. This is achieved by using available cash balances to fund working capital requirements and returning capital to shareholders as and when excess cash is generated.

Solvency Capital Requirement

In accordance with the Short-Term Insurance Act, 53 of 1998 Act and with effect from 1 January 2012, Board Notice 169 of 2011 replaced Board Notice 27 of 2010. As a consequence a solvency capital reserve is required to be held and has been established in accordance with the Act and the requirements of board notice 169 of 2011.

The solvency capital reserve coverage, for statutory purposes, is 1.62 times at 30 June 2015 (March 2014: 1.33 times).

STATEMENT OF FINANCIAL POSITION

at 30 June 2015

	Notes	30 June 2015 R'000	31 March 2014 R'000
ASSETS			
Property and equipment	1.1	**14 311**	857
Intangible assets	1.2	**18 689**	9 718
Investment in subsidiaries	2	**6 776**	6 776
Financial assets at fair value through profit or loss	3	**6 696 186**	5 969 543
Reinsurers' share of insurance liabilities	4	**1 266 740**	968 969
Receivables including insurance receivables	5	**699 284**	583 627
Due from reinsurers		**75 017**	40 395
Deferred acquisition costs		**61 078**	100 201
Cash and cash equivalents	6	**399 206**	182 509
Total assets		**9 237 287**	7 862 595
EQUITY AND LIABILITIES			
Interest of ordinary shareholder		**287 311**	190 094
Share capital	7	**114 414**	114 414
Retained earnings and reserves		**172 897**	75 680
LIABILITIES			
Liabilities at amortised cost – insurance shareholders	8	**1 641 971**	1 253 322
Financial liabilities at amortised cost – investment shareholders	8	**2 467 339**	1 847 274
Insurance liabilities	4	**4 239 984**	3 955 585
Deferred tax liability	11	**20 804**	24 737
Insurance and other payables	9	**175 982**	126 861
Employee benefit payables	10	**34 881**	17 388
Due to reinsurers		**243 513**	315 377
Deferred income		**98 063**	101 751
Taxation payable		**27 439**	30 206
Total equity and liabilities		**9 237 287**	7 862 595

STATEMENT OF COMPREHENSIVE INCOME

for the 15 months ended 30 June 2015

	Notes	**30 June 2015 R'000**	31 March 2014 R'000
Insurance premium revenue	12	**7 140 906**	5 248 592
Insurance premium ceded to reinsurers	12	**(3 653 521)**	(2 437 806)
Net insurance premium revenue	12	**3 487 385**	2 810 786
Commission and profit commission revenue		**401 159**	298 144
Insurance contract management fees		**145 248**	69 401
Fair value gains on financial assets at fair value through profit or loss	13.1	**552 844**	355 258
Investment income	13.2	**13 540**	10 488
Total Income		**4 600 176**	3 544 077
Insurance claims incurred	14	**2 513 084**	1 756 971
Insurance claims recovered from reinsurers	14	**(1 913 236)**	(1 290 403)
Net insurance claims	14	**599 848**	466 568
Expenses for the acquisition of insurance contracts	15	**912 394**	706 932
Operating expenses	16	**2 625 568**	2 074 067
Finance charges		**4 408**	-
Adjustment to liabilities – insurance shareholders		**155 260**	90 969
Adjustment to financial liabilities – investment shareholders		**155 606**	100 610
Expenses		**4 453 084**	3 439 146
Profit before taxation		**147 092**	104 931
Taxation	17	**(49 875)**	(28 168)
Profit for the period		**97 217**	76 763
Other comprehensive income for the period		**-**	-
Total comprehensive income for the period		**97 217**	76 763

STATEMENT OF CHANGES IN EQUITY

for the 15 months ended 30 June 2015

	Share capital R'000	Retained earnings and reserves R'000	Total R'000
Balance at 31 March 2013	114 414	157 787	272 201
Total comprehensive income for the year	-	76 763	76 763
Dividends paid	-	(158 870)	(158 870)
Balance at 31 March 2014	**114 414**	**75 680**	**190 094**
Total comprehensive income for the period	**-**	**97 217**	**97 217**
Balance at 30 June 2015	**114 414**	**172 897**	**287 311**

STATEMENT OF CASH FLOWS

for the 15 months ended 30 June 2015

	Notes	30 June 2015 R'000	31 March 2014 R'000
Cash flows from operating activities			
Cash generated/ (utilised) by operations	18	**108 803**	(89 592)
Interest received	13	**534 221**	330 233
Dividends received	13	**8 475**	22 730
Taxation paid	19	**(404 262)**	(285 890)
Dividend paid	20	**-**	(158 870)
Net cash inflow/ (outflow) from operating activities		**247 237**	(181 389)
Cash flows from investing activities			
Purchases of equipment and intangible assets		**(30 540)**	(7 167)
Net cash outflow from investing activities		**(30 540)**	(7 167)
Cash flows from financing activities		**-**	-
Net increase/ (decrease) in cash and cash equivalents		**216 697**	(188 556)
Cash and cash equivalents at beginning of period		**182 509**	371 065
Cash and cash equivalents at end of period	6	**399 206**	182 509

1.1 Property and Equipment

	Leasehold improvements R'000	Computer equipment R'000	Furniture and fittings and Motor vehicles R'000	Total R'000
2015				
Cost	**7 266**	**1 601**	**9 314**	**18 181**
Accumulated depreciation and impairment	**(853)**	**(1 265)**	**(1 752)**	**(3 870)**
Net carrying value	**6 413**	**336**	**7 562**	**14 311**
Cost				
Cost at 1 April	**-**	**1 569**	**810**	**2 379**
Additions to enhance existing operations	**7 266**	**115**	**8 504**	**15 885**
Disposals	**-**	**(83)**	**-**	**(83)**
Cost at 30 June	**7 266**	**1 601**	**9 314**	**18 181**
Depreciation and impairment				
Depreciation at 1 April	**-**	**898**	**624**	**1 522**
Charge for the period	**853**	**391**	**1 128**	**2 372**
Depreciation on disposals	**-**	**(24)**	**-**	**(24)**
Depreciation at 30 June	**853**	**1 265**	**1 752**	**3 870**
2014				
Cost	-	1 569	810	2 379
Accumulated depreciation and impairment	-	(898)	(624)	(1 522)
Net carrying value	-	671	186	857
Cost				
Cost at 1 April	-	1 107	589	1 696
Additions to enhance existing operations	-	462	221	683
Cost at 31 March	-	1 569	810	2 379
Depreciation and impairment				
Depreciation at 1 April	-	679	562	1 241
Charge for the year	-	219	62	281
Depreciation at 31 March	-	898	624	1 522

		30 June 2015 R'000	31 March 2014 R'000
1.2	**Intangible assets**		
	Purchased and developed computer software		
	Cost	**37 942**	23 287
	Accumulated amortisation and impairment	**(19 253)**	(13 569)
	Net carrying value	**18 689**	9 718
	Cost		
	Cost at 1 April	**23 287**	16 803
	Movement during period		
	Additions	**14 655**	6 484
	Cost at 30 June/31 March	**37 942**	23 287
	Accumulated amortisation and impairment		
	Amortisation at 1 April	**13 569**	11 354
	Movement during period		
	Amortisation during period	**5 684**	2 215
	Amortisation at 30 June/31 March	**19 253**	13 569
	There have been no impairment indicators in the current period relating to these assets.		
2.	**Investment in subsidiaries**		
	Shares at cost	**6 776**	6 776
	Subsidiaries comprise:		
	Guardrisk Insurance Management Limited	**100**	100
	Guardrisk International Limited PCC	**6 676**	6 676
		6 776	6 776

All of the subsidiary companies are incorporated and operate in Mauritius, are unlisted and are wholly owned subsidiaries.

	30 June 2015 R'000	31 March 2014 R'000
3. Financial assets at fair value through profit or loss		
– Designated as such upon initial recognition	**6 696 186**	5 969 543

Financial assets at fair value through profit or loss consists of:		
– Short-term deposits	**6 071 220**	5 251 356
– Preference shares – unquoted	**40 206**	105 931
– Preference shares – quoted	**33 906**	36 219
– Unit trusts	**511 162**	552 133
– Fixed interest securities	**9 645**	23 404
– Equities	**500**	500
– Equity linked note	**29 547**	-
	6 696 186	5 969 543

Current	**4 107 642**	4 010 549
Non-current	**2 588 544**	1 958 994
Total	**6 696 186**	5 969 543

The average maturity of short term deposits is less than one year (March 2014: less than one year).
The effective interest rate for the period was 6.68% p.a. (March 2014: 5.96% p.a.) on short-term deposits.
The effective dividend return for the period was 5.55% p.a. (March 2014: 5.00% p.a.) on preference shares.

The average maturity of the unquoted preference shares is 10 months (March 2014: 2 months).
The unquoted preference shares are valued at cost plus accrued dividends which approximate fair value.
The fixed interest securities earn interest at the prime overdraft rate and have no fixed maturity date.

4. Insurance liabilities and reinsurers' share of insurance liabilities

	30 June 2015			31 March 2014		
	Gross R'000	**Reinsurance R'000**	**Net R'000**	Gross R'000	Reinsurance R'000	Net R'000
Unearned premium	**3 029 288**	**416 227**	**2 613 061**	2 836 652	416 210	2 420 442
Outstanding claims	**1 210 696**	**850 513**	**360 183**	1 118 933	552 759	566 174
	4 239 984	**1 266 740**	**2 973 244**	3 955 585	968 969	2 986 616

Movement in insurance liabilities and reinsurers' share of insurance liabilities

	30 June 2015			31 March 2014		
	Gross R'000	Reinsurance R'000	Net R'000	Gross R'000	Reinsurance R'000	Net R'000
Movement in insurance liability and reinsurers' share of insurance liabilities						
Outstanding claims						
Claims reported	755 659	405 733	349 926	927 644	447 148	480 496
IBNR	363 274	147 026	216 248	279 009	77 625	201 384
Balance at beginning of period	1 118 933	552 759	566 174	1 206 653	524 773	681 880
Increase/(decrease) during the period	91 763	297 754	(205 991)	(87 720)	27 986	(115 706)
Claims reported	845 797	719 113	126 684	755 659	405 733	349 926
IBNR	364 899	131 400	233 499	363 274	147 026	216 248
Balance at end of period	1 210 696	850 513	360 183	1 118 933	552 759	566 174
Unearned premium						
Unearned premium – 'A'-typical risks	1 665 083	-	1 665 083	1 553 481	-	1 553 481
Unearned premium – other	1 171 569	416 210	755 359	1 024 202	401 473	622 729
Balance at beginning of period	2 836 652	416 210	2 420 442	2 577 683	401 473	2 176 210
Premium income received	2 643 470	813 900	1 829 570	2 290 249	261 757	2 028 492
Recognition of premium income	(2 450 834)	(813 883)	(1 636 951)	(2 031 280)	(247 020)	(1 784 260)
Net increase in liability	192 636	17	192 619	258 969	14 737	244 232
Unearned premium – 'A'-typical risks	1 645 331	-	1 645 331	1 665 083	-	1 665 083
Unearned premium – other	1 383 957	416 227	967 730	1 171 569	416 210	755 359
Balance at end of period	3 029 288	416 227	2 613 061	2 836 652	416 210	2 420 442

The above assets and liabilities are current.

		30 June 2015 R'000	31 March 2014 R'000
5.	**Receivables including insurance receivables**		
	Due by intermediaries and policyholders	**462 989**	493 396
	Claims floats at intermediaries	**64 215**	28 771
	Loan to shareholder and fellow subsidiary	**50 316**	52 562
	Other receivables	**121 764**	8 898
		699 284	583 627

Receivables are measured at amortised cost and the carrying amounts of these receivables approximate their fair value. The receivables balances are all current.

The loan to the shareholder is unsecured, has no fixed terms of repayment and bears no interest. The loan to the fellow subsidiary is unsecured and bears interest at an average rate of 6.62% p.a. (March 2014: 5.96% p.a.) and has no fixed terms of repayment.

		30 June 2015 R'000	31 March 2014 R'000
6.	**Cash and cash equivalents**		
	Cash and cash equivalents comprise bank and cash balances	**399 206**	182 509

7. Share capital

Authorised
7 520 250 ordinary shares of no par value split into:
- Guardrisk Ordinary Shares
- Cell Owner Ordinary shares A1 – A500

Issued
No par value shares
5 926 478 (2014: 5 926 478)Guardrisk ordinary shares of no par value

	30 June 2015 R'000	31 March 2014 R'000
Opening balance and closing balance	**114 414**	114 414

The unissued ordinary shares have been placed under the control of the directors of the company until the forthcoming annual general meeting of shareholders.

	30 June 2015 R'000	31 March 2014 R'000

8. Insurance shareholders and investment shareholders

– Designated as such upon initial recognition – Insurance Shareholders	**1 641 971**	1 253 322
– Designated as such upon initial recognition – Investment Shareholders	**2 467 339**	1 847 274

This represents funds due to cell owners in terms of Cell Owners' shareholders' agreements. The company is exposed to daily calls on its available cash resources and therefore have adequate cash flow resources to cover liabilities.

The balance consists of underwriting profits/losses, investment income and retained earnings attributable to the cell. The contractual amount that the company will pay at maturity of the liability approximates its carrying amount.

The Cell Owners' ordinary shares give the Cell Owner shareholder the right to participate in the profits and losses of the cell and to receive dividends based on the profitability of the cell.

The Cell Owner ordinary shares are issued by the company to the Cell Owner shareholder, which provides risk capital and creates a facility to conduct insurance business in a cell.

The rights and obligations of the Cell Owner ordinary shareholder are set out in the Cell Owner shareholders agreement. In terms of the Cell Owner shareholders' agreement a Cell Owner shareholder has to give twelve months written notice to terminate the agreement. It is the company's practice to settle amounts due to cell owners on termination even if the notice period is less than twelve months. The Cell Owner ordinary shares are issued for an indefinite period and have no fixed redemption date but can be cancelled at the option of the cell Owner shareholder or the company and therefore no maturity analysis is required as these amounts are effectively payable on demand.

	30 June 2015 R'000	31 March 2014 R'000

8. Insurance shareholders and investment shareholders (continued)

Included in financial liabilities are cell owner ordinary shares:

Authorised

7 520 250 (2014: 7 520 250) ordinary shares of no par value split into:

- Guardrisk Ordinary Shares
- Cell Owner Ordinary shares A1 – A500

Issued

2 941 (2014: 3 184) cell owner ordinary shares of no par value

Cell owner ordinary no par value share capital	30 June 2015 R'000	31 March 2014 R'000
Opening balance	**302 029**	240 714
Issued during the period	**273 583**	69 265
Bought back during the period	**(4 803)**	(7 950)
Closing balance	**570 809**	302 029

9. Insurance and other payables

	30 June 2015 R'000	31 March 2014 R'000
Due to policyholders	**78 426**	39 330
Other payables	**84 714**	77 999
Due to intermediaries	**12 842**	9 532
	175 982	126 861

The above balances are current.

10. Employee benefit payables

	30 June 2015 R'000	31 March 2014 R'000
Opening balance	**17 388**	14 686
Utilised during the period	**(33 374)**	(13 727)
Created during the period	**50 867**	16 429
Closing balance	**34 881**	17 388

The above balance is current.

MMI Long-term Incentive Plan (MMI LTIP)

Certain key senior staff members were identified as vital to the future success of the group, and its ability to compete in an ever-changing environment. The purpose of the MMI LTIP is to incentivise and retain these key senior staff members. The MMI LTIP comprises two separate long-term incentives, the first being an award of performance units, and the second being a grant of retention units.

The performance units have performance criteria based on minimum hurdles related to the return on embedded value of the group. The units will therefore vest after a period of three years, and the group's performance will be averaged over the same period to determine whether the criteria have been met.

The retention units have no imposed performance criteria and therefore vest on award date subject to the employee maintaining satisfactory performance during the period between the award date and the settlement date. When the retention units and performance units have vested on the vesting date, they represent the right to receive a cash sum on the settlement date equal to the fair market price of an MMI share (average of 20 trading days before the settlement date).

	MMI LTIP	
	Retention Units '000	**Performance Units '000**
Units in force at 1 April 2014	-	-
Units granted during the period	1 318	183
Units transferred from/(to) other group companies	24	5
Units cancelled/lapsed during the period	(55)	(4)
Units in force at 30 June 2015	**1 287**	**184**

Units outstanding (by expiry date) for the MMI LTIP are as follows:

	MMI LTIP	
	Retention Units '000	**Performance units '000**
Financial period 2015/2016	13	3
Financial period 2016/2017	773	3
Financial period 2017/2018	501	178
Total outstanding shares	**1 287**	**184**

Valuation assumptions relating to outstanding units at 30 June:

	MMI LTIP	
	Retention units	Performance units
Award date	5-Mar-14	
Vesting date	5-Mar-17	
Outstanding units (thousands)	761	
Valuation assumptions include:		
Outstanding tranche period in years	1.68	
Take-up rate on units outstanding	88%	
Current vesting rate	100%	
Adjusted share price, adjusted for future dividends and past special distributions	30.15	
Award date	01-Nov-12	01-Nov-12
Vesting date	01-Nov-15	01-Nov-15
Outstanding units (thousands)	14	3
Valuation assumptions include:		
Outstanding tranche period in years	0.34	0.34
Take-up rate on units outstanding	94%	94%
Current vesting rate	100%	100%
Adjusted share price, adjusted for future dividends and past special distributions	30.15	30.15
Award date	15-Oct-13	15-Oct-13
Vesting date	15-Oct-16	15-Oct-16
Outstanding units (thousands)	12	3
Valuation assumptions include:		
Outstanding tranche period in years	1.30	1.30
Take-up rate on units outstanding	88%	88%
Current vesting rate	100%	100%
Adjusted share price, adjusted for future dividends and past special distributions	30.15	30.15
Award date	01-Oct-14	01-Oct-14
Vesting date	01-Oct-17	01-Oct-17
Outstanding units (thousands)	501	178
Valuation assumptions include:		
Outstanding tranche period in years	2.26	2.26
Take-up rate on units outstanding	82%	82%
Current vesting rate	100%	100%
Adjusted share price, adjusted for future dividends and past special distributions	30.15	30.15

Guardrisk Embedded Value Scheme
Certain key senior staff members were identified as vital to the future success of the company, and its ability to grow the embedded value of the company in an ever-changing environment. The purpose of the Guardrisk Embedded Value scheme is to incentivise and retain these key senior staff members.

The incentive has performance criteria based on minimum hurdles related to the return on embedded value of the Guardrisk Group. The benefits will vest over a period of 5 years in three tranches starting after year three based on meeting the performance criteria. When vesting occurs it will be paid in cash to participants.

	30 June 2015 R'000
Opening Balance	-
Movement during the period	6 034
Closing Balance	**6 034**

	30 June 2015 R'000	31 March 2014 R'000
11. Deferred tax liability		
Balance at beginning of period	**24 737**	17 086
Movement during period		
Deferred income	**1 032**	(3 323)
Provisions	**(4 898)**	(803)
Insurance liabilities	**-**	(1 212)
Lease liability	**(31)**	-
Deferred acquisition costs	**4 777**	(9 640)
Unrealised foreign exchange gains/losses	**1 254**	-
Unrealised gains on investments	**3 027**	3 816
Capital loss on preference shares/unit trust disposed	**123**	(1 671)
IBNR Reserve	**(9 217)**	20 484
Balance at end of period	**20 804**	24 737
Deferred tax comprises		
Deferred income *	**(27 458)**	(28 490)
Provisions	**(9 767)**	(4 869)
Lease liability	**(31)**	-
Deferred acquisition costs *	**29 846**	25 069
Unrealised foreign exchange gains/losses *	**1 254**	-
Unrealised gains on investments *	**17 241**	14 214
Capital loss on preference shares/unit trust disposed*	**(1 548)**	(1 671)
IBNR Reserve*	**11 267**	20 484
Net deferred tax liability	**20 804**	24 737

* These include amounts relating to cells.

		30 June 2015 R'000	31 March 2014 R'000
12.	**Net insurance premium revenue**		
	Premiums written	**7 333 542**	5 507 561
	- Change in unearned premium provision	**(192 636)**	(258 969)
	Premium revenue arising from insurance contracts issued	**7 140 906**	5 248 592
	Reinsurance premiums payable	**(3 649 804)**	(2 458 184)
	- Change in unearned premium provision	**(3 717)**	20 378
	Insurance premium ceded to reinsurers	**(3 653 521)**	(2 437 806)
	Net insurance premium revenue	**3 487 385**	2 810 786
13.	**Fair value gains and interest**		
13.1	**Fair value gains on financial assets at fair value through profit or loss**		
	- Designated as such upon initial recognition		
	Fair value gains	**18 742**	21 747
	Realised gains /(losses) on sale of investments	**4 946**	(8 964)
	Interest income	**520 681**	319 745
	Dividend income	**8 475**	22 730
		552 844	355 258
13.2	**Investment income**		
	Interest income on cash and cash equivalents	**13 540**	10 488
		13 540	10 488
14.	**Insurance claims incurred**		
	Insurance claims settled during the period	**2 421 322**	1 840 147
	Increase/(decrease) in provision for outstanding claims	**91 762**	(83 176)
	Insurance claims incurred	**2 513 084**	1 756 971
	Insurance claims recovered from reinsurers	**1 735 296**	1 211 889
	Increase in provision for recoveries on outstanding claims	**177 940**	78 514
	Insurance claims recovered from reinsurers	**1 913 236**	1 290 403
	Net insurance claims incurred	**599 848**	466 568
15.	**Expenses for the acquisition of insurance contracts**		
	Commission paid	**918 759**	706 458
	Change in deferred acquisition costs	**(6 365)**	474
		912 394	706 932

	30 June 2015 R'000	31 March 2014 R'000
16. Operating expenses		
Operating expenses by nature are as follows:		
Auditor's remuneration- audit fee	**3 407**	1 532
- Fees for audit	**2 436**	1 417
- Fees for other services	**971**	115
Depreciation	**2 372**	281
Amortisation of computer software	**5 684**	2 215
Operating lease expenses – buildings	**7 922**	6 446
Staff costs	**120 285**	65 481
Salary, wages and other benefits	**112 045**	59 362
Provident fund contribution	**8 240**	6 119
Consulting fees	**44 956**	39 730
Asset manager fees	**10 254**	7 108
Other professional fees	**5 532**	5 307
Performance bonuses – "A" typical risks	**1 564 962**	1 344 558
Administration fees	**812 066**	539 096
Software maintenance and other computer costs	**20 168**	13 910
Administration expenses	**-**	3 321
Insurance	**596**	2 005
Corporate charges	**5 029**	6 633
Other	**22 335**	36 444
Total operating expenses	**2 625 568**	2 074 067

	30 June 2015 R'000	31 March 2014 R'000
17. Taxation		
Current tax	**401 482**	296 413
Deferred tax	**(3 933)**	7 651
Securities transfer tax	**13**	24
Cell owners share of taxation	**(347 687)**	(275 920)
	49 875	28 168
Reconciliation of rate of tax:	**%**	**%**
Normal tax rate	**28.00**	28.00
Decrease in rate of tax due to:		
Exempt income - dividends	**(0.20)**	(3.87)
Increase in rate of tax due to:		
Disallowed items	**0.07**	0.18
Foreign tax	**5.96**	-
Other	**0.08**	2.52
Effective rate	**33.91**	26.83
18. Cash generated by operations		
Profit before taxation	**147 092**	104 931
Adjustments for:		
Cash items:		
Investment income (note 13.1 and 13.2)	**(542 696)**	(352 963)
Non cash items:		
Movement in unearned premium reserves (note 4)	**192 619**	244 232
Movement in outstanding claims (note 4)	**(205 991)**	(115 706)
Depreciation (note 16)	**2 372**	281
Amortisation (note 16)	**5 684**	2 215
Loss on sale of equipment	**59**	-
Fair value gains on financial assets (note 13.1)	**(18 742)**	(21 747)
Realised (gains) / losses on sale of investments (note 13.1)	**(4 946)**	8 964
Deferred income	**(3 688)**	11 867
Adjustment to liabilities – insurance shareholders	**155 260**	90 969
Adjustment to financial liabilities – investment shareholders	**155 606**	100 610

	30 June 2015 R'000	31 March 2014 R'000
Changes in operating assets and liabilities:		
Receivables including insurance receivables, deferred acquisition costs and due from reinsurers	**(111 156)**	(36 980)
Insurance and other payables, employee benefit provisions and due to reinsurers	**(5 250)**	53 133
Funds received from cell owners	**1 669 429**	1 172 623
Dividends paid to cell owners	**(623 894)**	(599 174)
Purchase of investments	**(12 716 449)**	(9 451 912)
Proceeds on maturity of investments	**12 013 494**	8 699 065
Cash generated/ (utilised) by operations	**108 803**	(89 592)

19. Taxation paid

Taxation payable at beginning of the period	**30 206**	19 659
Current taxation	**401 495**	296 437
Taxation payable at end of the period	**(27 439)**	(30 206)
Tax paid	**404 262**	285 890

20. Dividends paid

Dividends paid	**-**	158 870
	-	158 870

21. Commitments

Capital commitments

There are no capital commitments in the current period.

22. Lease commitments

The minimum future lease payments payable under non-cancellable operating leases on property:

Less than 1 year	1 022	-
Between 1 and 5 years	3 322	-
	4 344	-

23. Related party transactions and balances

Key management personnel are defined as the board of directors and also comprise certain members of the executive committee of the company. Certain directors and executive committee members of the company are employed by fellow subsidiaries and are remunerated by those subsidiaries for services provided including the services provided to this company. The remuneration of those directors and executive committee members are disclosed in the relevant subsidiary financial statements.

	30 June 2015 R'000	31 March 2014 R'000
Key management personnel remuneration		
	R'000	R'000
Salaries	**15 071**	15 392
Post employment benefits	**2 348**	1 888
Performance bonus	**13 097**	8 287
Other	**221**	-
	30 737	25 567

The above employee benefits include an accrual made in respect of the bonuses to be approved by the remuneration committee for the period ended 30 June 2015. A further note of the directors' and prescribed officer's remuneration is provided in Annexure A on page 73.

Certain levels of management participate in the MMI Long-term Incentive Plan as well as Guardrisk Embedded Value Scheme, the details of which are in note 10.

Directors and their immediate family may use the products and services of the MMI Group. In all cases these products provided on an arm's length basis and standard fees apply.

Related party transactions

The company is controlled by Guardrisk Group Proprietary Limited (incorporated in South Africa) which owns 100% of the company's ordinary shares. The ultimate parent company is MMI Holdings Limited.. All related parties to the company are disclosed in the ultimate parent company's Annual Financial Statements. There are certain related party transactions between Guardrisk Insurance Company Limited and the companies listed below. Transactions with related parties consist of amounts paid/received in respect of operating expenses, asset management fees, management fees and commission. All transactions between related parties are market-related.

	30 June 2015 R'000	31 March 2014 R'000
Transactions during the period		
Management fees and expenses received from / (paid) to group companies		
MMI Group Limited	**(3 553)**	-
Eris Property Group Proprietary Limited	**(6 830)**	-
Hello Doctor Proprietary Limited	**(1 896)**	
Alexander Forbes Group and Technology Services Proprietary Limited	**-**	(15 376)
Euroguard Insurance Company PCC Limited	**2 961**	372
Guardrisk Alternative Risk Transfer, A Division of Alexander Forbes Insurance Company Namibia Limited	**-**	384
Investment Solutions Limited	**-**	(992)
Guardrisk International Limited PCC	**1 556**	542
Alexander Forbes Financial Services Proprietary Limited	**-**	(1 935)
Alexander Forbes Health Proprietary Limited	**-**	(92)
Guardrisk Allied Products and Services Proprietary Limited	**(3 228)**	(11 501)
Commissions and administration fees paid to group companies		
Guardrisk Allied Products and Services Proprietary Limited	**(47 454)**	(47 739)
Alexander Forbes Health Proprietary Limited	**-**	(7 005)
Interest received from group company		
Guardrisk Premium Finance Proprietary Limited	**4 135**	3 226
Balances at period-end		
Euroguard Insurance Company PCC Limited	**1 439**	-
Guardrisk Allied Products and Services Proprietary Limited	**630**	(2 702)
Guardrisk Life Limited	**1 246**	387
Guardrisk Group Proprietary Limited	**-**	2 302
Guardrisk Premium Finance Proprietary Limited	**50 724**	50 261
MMI Group Limited	**(8 316)**	-
Hello Doctor Proprietary Limited	**(732)**	-
A fellow subsidiary, Guardrisk Allied Products and Services Proprietary Limited has an interest in a third party cell in the company. The balance, which is included in financial liabilities of insurance shareholders, at the end of the period was:	**61 012**	47 648
Assets under management by Momentum Collective Investments Limited	**92 474**	36 136

GUARDRISK
TAILORED RISK SOLUTIONS
A subsidiary of MMI Holdings

30 June 2015 R'000	31 March 2014 R'000

24. Comparatives

As a result of the change in shareholder, the company has changed its year-end to 30 June in order to align to the MMI Group reporting dates. The impact of this change is that all items in the statement of comprehensive income, statement of cash flows, statement of changes in equity and the notes thereto represent income and expenses for a 15 month period, whereas the comparatives represent only 12 months. The impact of this change on the statement of financial position and relating notes is that the current period represents the assets and liabilities of the company as at 30 June 2015, whereas the comparatives represents the assets and liabilities at 31 March 2014.

25. Reclassification

The company's March 2014 results have been restated for the following reclassification:

- Reinsurance on insurance claims of R633 million, previously included in insurance premium ceded to reinsurers, was reallocated to insurance claims recovered from reinsurers. This was done to ensure compliance with the group's accounting policy.

  The restatement had no impact on the prior year reported earnings or on the net asset value or net cash flow.

NOTE ON DIRECTORS' EMOLUMENTS

for the 15 months ended 30 June 2015

Annexure A containing the detailed audited directors' remuneration disclosure per director as required under section 30 of the Companies Act has been treated as confidential information and has been removed from the distribution copies of the Annual Financial Statements. It is available on request from the company secretary at the following number 012 684 4255.