Flexibility of our vision

Annual Report 2016

MAURITIAN EAGLE

An IBL Group company

OUR VISION

To be the preferred insurance specialist that goes beyond boundaries to create value.

OUR MISSION

We passionately provide comprehensive, customised and state of the art insurance solutions through innovation and operational excellence.

As part of its ongoing programme to help protect the environment, IBL Ltd subsidiaries have chosen to use Lenza Green paper for their Annual Reports.

Lenza Green paper is made from 100% recycled pulp, certified FSC (Forest Stewardship Council).

FSC is an international, non-governmental, non-profit making organisation created in 1993.

It encourages socially, ecologically and economically responsible forestry management initiatives.

Detailed Environmental Profile

Fibre source:	40 / 40
Fossil CO_2 emissions from manufacturing:	18 / 20
Waste to landfill:	10 / 10
Water pollution from bleaching:	10 / 10
Organic water pollution:	9 / 10
Environmental management systems:	10 / 10

“Vision is the art of seeing what is invisible to others.”

Jonathan Swift

Irish author, essayist, political pamphleteer and poet.
1667 - 1745

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DIRECTORS' PROFILE

Dipak CHUMMUN
Chairman and Non-Executive Director

Mr Chummun graduated in Computer Science from the University of Manchester and is a Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW). He started his professional career with PwC in London and subsequently held senior positions with Standard Chartered, Barclays, Emirates NBD and Deutsche Bank in London, Dubai, Singapore and Frankfurt. He was appointed Chief Finance Officer for the Ireland Blyth Limited Group on 1 January 2015 and subsequently Group Chief Finance Officer of IBL Ltd on 1 July 2016.
Directorships in other Listed Companies: Nil.

Derek WONG WAN PO, BSc, FCCA
Managing Director

Mr Wong was appointed Managing Director of Mauritian Eagle Insurance Company Limited on 1 July 2014. He holds a BSc in Computer Science and is a Fellow member of the Association of Chartered Certified Accountants and an Associate member of the Association of Corporate Treasurers. He joined the Corporate Office of Ireland Blyth Limited in 1998 as Head Office Accountant and has been the Group Finance Manager from 2007 to 2014.
Directorships in other Listed Companies: Nil.

Alain MALLIATE, FCII, ACIS
Executive Director

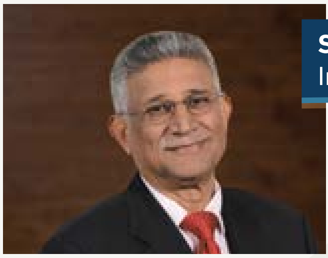
Mr Malliaté was appointed as Executive Director on 30 March 2004. He has been with the Company since August 1985 and since 1 July 2016, he drives our personal business portfolio as well as product development. He also oversees the Claims department and looks after the corporate affairs of the Company.
Directorships in other Listed Companies: Nil.

Yann DUCHESNE,
Non-Executive Director (Appointed 02 March 2016)

Mr Duchesne graduated from *Ecole Polytechnique, Ecole des Mines de Paris* and *Institut d'Etudes Politiques de Paris.* He has spent 12 years as Senior Partner at Private Equity firm Doughty Hanson in London. Prior to that, he has worked for 20 years at McKinsey where he was the Managing Partner for France – he has also extensively worked in the US, Japan and various European countries. He has wide experience in the Financial Institutions sector, Pharmaceuticals, Industrial sectors, and Luxury. He is also the author of a socio-economic book (France S.A.) and is a Knight in the French National order of the Légion d'Honneur. He was appointed Executive Director of Ireland Blyth Limited in February 2016. Yann Duchesne is CEO – Operations of IBL Ltd since 1 July 2016.
Directorships in other Listed Companies: 1

J.Gilbert ITHIER, LLB (Hons), Senior Counsel
Independent Non-Executive Director

Me Ithier was appointed as Independent Non-Executive Director on 15 November 2005. He has been practising as barrister before all the courts of Mauritius since 1979, specialising mostly in civil, commercial, company, insurance and property matters. He was appointed Senior Counsel on 15 June 2010.
Directorships in other Listed Companies: Nil.



Subhas Chandra LALLAH, Senior Counsel
Independent Non-Executive Director

Me Lallah was appointed as Independent Non-Executive Director on 29 March 2005. Former Chairman of the National Transport Corporation and Member of the Board of Governors of the Mauritius Broadcasting Corporation, he is the legal advisor of a number of companies and corporations. He is a member of the Honourable Society of Lincoln's Inn and was called to the Bar in 1971.
Directorships in other Listed Companies: Nil.

Pieter BEZUIDENHOUT, BSc, CA, CISA
Independent Non-Executive Director

Mr Bezuidenhout has been appointed as Independent Non-Executive Director on 21 August 2014. He worked as Audit Manager at Deloitte (SA), Financial Manager at Spar and CFO at Mutual & Federal for 10 years before joining Zurich Insurance Company South Africa Limited as CFO in 2009. He retired in May 2014 but continues in a number of non-executive roles.
Directorships in other Listed Companies: Nil.

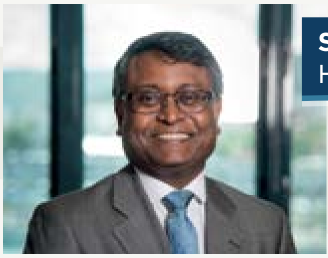
Robert IP MIN WAN, FCA
Independent Non-Executive Director

Mr Ip Min Wan was appointed as Independent Non-Executive Director on 13 June 2008. He is a Fellow of the Institute of Chartered Accountants in England & Wales. He was a Senior Manager of Deloitte in London where he has accumulated more than 8 years financial services audit and assurance experience.
Directorships in other Listed Companies: Nil.

Laurent DE LA HOGUE,
Non-Executive Director (Appointed 25 May 2016)

Mr De La Hogue holds a Master degree in Management and Finance from Ecole Supérieure de Gestion et Finance de Paris. He joined GML in 2001 as Treasurer and then held the position of Finance Executive – Corporate & Treasury. He has been nominated Head of Financial Services at IBL Ltd on 1 July 2016.
Directorships in other Listed Companies: Nil.

MANAGERS' PROFILE



Sandeeren COLANDAVALOO, LLM
Head of Distribution & Motor

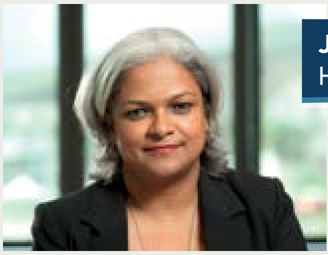
Joined in July 2016. Sandeeren has 20 years of experience in legal affairs and company litigation in the insurance industry in France, including Reunion Island. He is currently responsible for the Motor department and all aspects of Sales, Marketing and Broker relationships.

Pierre AH SOON, FCCA
Claims Manager

Joined in 2004. Formerly Finance Manager of Mauritian Eagle Insurance, Pierre is now responsible for managing the activities of the Claims department. He currently manages the day-to-day operations of claims which processes motor, fire and engineering claims. He is a Fellow member of the Association of Chartered Certified Accountants.

José ARSENIUS, CISA, CISM, CCISO
Senior Manager, IT Department

Joined in 1994. With more than 20 years' experience in the IT sector, José is the head of the IT Services Department. He is responsible for all corporate management & information systems such as Information Security, Quality, Business Continuity and IT Service. He is both a Chartered IT and a Certified Information Security Professional.



Joëlle GRENOUILLE, BSc
Human Resources Manager

Joined in 2011. With a vast experience in the Human Resource field, Joëlle is responsible for the entire internal and external HR requirements of Mauritian Eagle Insurance, Mauritian Eagle Leasing and IBL Corporate Units. Her responsibilities include recruitment, coaching, training, career development and counselling.

Winson CHAN CHIN WAH, ACII
Head of Corporate and Marine

Joined in 2004. With a vast experience in the general insurance industry, Winson is currently responsible for the Corporate portfolio of property and accident in addition to the Marine department. He is a Chartered Insurer and a member of the Insurance Institute of Mauritius.

Bruno CHAN SIP SIONG, BSc (Hons)
Manager, IT Department

Joined in 1995. Bruno has been working in the IT field for more than 20 years. He is responsible for the day-to-day operations of IT Services department and end-user support. His other areas of responsibility also include the maintenance of insurance application systems.

Vikash MUNGLA, BA (Hons)
Reinsurance and International Markets Manager

Joined in 2003. After having worked with a world leading reinsurer, Vikash leads the Reinsurance department, including the underwriting of Global insurance policies and is also responsible for international markets and international business development. His main area of expertise is Reinsurance Financial Analytics. He is an Affiliate of the Institute of Risk Management (UK).

Stéphanie PALLAMY, ACII
Motor Manager

Joined in 2005. Stéphanie has been working in the insurance industry for more than 15 years and is currently responsible for the operations of the Motor Department. She is a Chartered Insurer and a member of the Insurance Institute of Mauritius.

Poonam SEEWOOCHURN, FCCA, CIMA
Finance Manager

Joined in May 2016. Poonam is responsible for the management of the finance department of the Company. She has previous experience in the financial services industry, namely in a South African Investment Bank. She is a Fellow member of the Association of Chartered Certified Accountants.

Allen LEUNG YOON SIUNG, Cert CII
Underwriting Manager, Fire and Accident Department

Joined in April 2012. With more than 20 years of experience in the insurance industry, Allen is responsible for the underwriting of fire, accident, liability and engineering class of insurance. He is a council member of the Insurance Institute of Mauritius.

"Flexibility is the greatest strength"

Steven Redhead

British writer and motivational philosopher.
Founder of Life Coaching Systems.

NOTICE OF ANNUAL MEETING

Notice is hereby given that the forty-first Annual Meeting of the Shareholders of the Company will be held at the offices of the Company, 1st Floor, IBL House, Caudan, Port Louis on **Monday 12 December 2016 at 14.00 hours** to transact the following business:

Ordinary Resolutions

1. To adopt the minutes of proceedings of the annual meeting held on 9 December 2015.
2. To receive and adopt the Group's and Company's financial statements for the year ended 30 June 2016 and the Directors' and Auditors' reports thereon.
3. To appoint Mr Yann Duchesne as Director.
4. To appoint Mr Laurent De La Hogue as Director.
5. To re-elect as Directors to hold office until the next Annual Meeting by way of separate resolutions the following persons:
   - 5.1 Mr Dipak Chummun
   - 5.2 Mr Pieter Bezuidenhout
   - 5.3 Me Subhas Lallah
   - 5.4 Mr Robert Ip Min Wan
   - 5.5 Me J Gilbert Ithier
   - 5.6 Mr Alain Malliaté
   - 5.7 Mr Derek Wong Wan Po
6. To appoint the Auditors for the year ended 30 June 2017 and to authorise the Board of Directors to fix their remuneration.

By Order of the Board
IBL Corporate Services Ltd
Secretary
Port Louis, Mauritius

22 November 2016

A member entitled to attend and vote at the meeting may appoint any person, whether a member or not, to attend and vote in his stead. Proxy forms must be lodged at the registered office of the company not less than twenty-four hours before the meeting. A proxy form is included in the Annual Report and is also available at the Registered Office of the Company.

MANAGING DIRECTOR'S REPORT

Dear Stakeholder,

Overview

The financial year 2015/16 has been characterized by a challenging business environment and a highly volatile equity market. Internally, we made good strides in our objective to improve operational efficiency.

Review of activities

Insurance

Our premium income grew by 4% from Rs 1,117 million to Rs 1,166 million in the midst of a highly competitive environment with constant downward pressure on premium rates and persistent soft reinsurance market worldwide.

Since last year we have embarked on a strict review of underwriting procedures and we are pleased to see the benefits of such an exercise, comforting us that we are heading in the right direction. Claims ratio improved and this translated into a healthier underwriting results as a percentage to net premium of 6.1% (LY: 2.4%).

Our investment portfolio was exposed to headwinds arising from the volatility of the equity market prevailing during the year. An unrealized loss arose upon revaluation at year end and contributed largely to a movement of Rs 26.87 million recorded as other comprehensive loss. We also disposed of our 6% stake in the Stock Exchange of Mauritius.

The Company adjusted for a shortfall between the retirement gratuity obligation under the Employment Rights Act 2008 and the pension fund of the Company. The difference of Rs 3.71 million has been recognized with retrospective effect and comparatives have been restated accordingly.

The Competition Commission of Mauritius (CCM) has opened an investigation into the affairs of all members of the Association of Private Health Plans and Administrators (APHPA) for alleged collusive behaviour in the form of a 'Scale of costs' being practised for Health insurance products. As a member of APHPA, we are fully collaborating with CCM during the course of the investigation.

A 'Hit & Run' sub-fund under the Insurance Industry Compensation Fund has been set up by the Financial Services Commission to help victims of hit and run road traffic accidents. Contributions to the fund started on 1 January 2016.

Leasing

Our then subsidiary, Mauritian Eagle Leasing Company Limited made a rights issue in November 2015 to which Mauritian Eagle Insurance Company Limited did not subscribe. Consequently, our investment in the leasing business has been reduced from a controlling interest of 51% down to 13.6%. Upon deconsolidation, the results of this activity has been reported as a discontinued operation in the 'statement of profit or loss' and classified under financial assets in the 'statement of financial position'. A loss of Rs 66.79 million was reported on this transaction.

Associated companies

On 3 September 2015, we disposed of the remaining 30% stake in Metropolitan Life (Mauritius) Limited.

H Savy Insurance Company Limited, an entity incorporated in Seychelles and where we hold a 20% stake, performed well despite some significant claims. Our share of profit from this operation was Rs 8.2 million compared to Rs 9.2 million last year.

Operational efficiency

Our new core insurance software has been deployed across all departments since July 2016. Teething issues are expected and once resolved, we are looking at improved efficiency as well as a solid platform for expansion.

We have been admitted on the Stock Exchange of Mauritius Sustainability Index (SEMSI) since 1 July 2016. Launched in September 2015, the index tracks the price-performance of companies listed on the Official Market against a set of economic, environmental, social and governance criteria. At Mauritian Eagle Insurance Company Limited, we are deeply committed to act in a responsible manner to ensure sustainable and long term development. Our admission is a testament of this attitude towards doing business as well as enhancing our visibility on the capital market.

Social responsibility activities

Our activities are detailed in the Corporate Governance section on page 23.

Management team

Following the retirement of two senior members of our Management team, namely, Mr Mario Typhis and Mr Gilbert Petite during the year, the team was reorganized and strengthened. Mr Pierre Ah Soon was appointed Claims Manager and Mr Winson Chan, Head of Corporate and Marine. We also welcome on board Mrs Poonam Seewoochurn and Mr Sandeeren Colandavaloo as Finance Manager and Head of Distribution and Motor respectively.

On behalf of the Company, I would like to thank Messrs Typhis and Petite for their valued contribution and wish them well for their retirement.

Outlook & acknowledgement

The challenges of the insurance industry are wide ranging and in view of that, we need to constantly align our operational model to new trends. While we remain focused, we also look to embed flexibility in our approach with a view to turning challenges into opportunities.

We expect the current year to be as equally challenging as 2015/16. We have rolled out our strategic plan to increase our footprint and diversify from our traditional market. The restructured reinsurance programme under a new treaty leader should provide us with a good leverage to grow our portfolio in line with our strategies.

I would like to conclude by thanking all employees for their dedication and commitment during the year and together, we look forward to achieve better results in the coming years for all our stakeholders.

Derek Wong Wan Po

Managing Director

CHAIRMAN'S STATEMENT

Dear Shareholder,

Against a backdrop of modest economic growth in Mauritius, Mauritian Eagle Insurance Company Limited performed satisfactorily with an increase in gross premium by 4% to reach Rs 1,166 million. Earnings per share stood at Rs 4.59 (LY: Rs 0.76).

The results for the year included the impact of deconsolidating our then subsidiary company, Mauritian Eagle Leasing Company Limited, to reflect the reduction of our stake from a controlling interest of 51% to an investment of 13.6%. Exit from the Leasing business was an important step in our strategy to align our resources with our core expertise to gear up the Company for future opportunities within the insurance industry.

An interim dividend of Rs 1.10 (LY: Rs 1.10) was paid during the year. The Directors recommend that a final dividend of Rs 1.10 (LY: Nil) be paid to the shareholders.

We have had a few changes at Board level. Mr Gaetan Lan, non-executive director, resigned in February 2016 and I would like to put on record my appreciation of his contribution to the Company. I seize the opportunity to welcome Messrs Yann Duchesne and Laurent De La Hogue as non-executive directors during the second half of the financial year. At Management level, I am pleased to highlight that the succession plan was successfully deployed following the retirement of two senior members of the Management team.

Our Company has taken a stand to help improve road safety awareness, working closely with the Ministry of Public Infrastructure and Land Transport. We believe this is important as road indiscipline and a lack of safety consciousness and standards contribute to a disproportionately high rate of road accidents in Mauritius. This has affected the motor insurance industry across the board but more sadly, Mauritian roads take 120-150 lives on average every year which represents a fatality rate per number of vehicles between 5-7 times that of Western Europe.

As a development in the industry, the Insurance Act 2005 is expected to be amended by the Financial Services Commission for insurance companies to have a Risk Management Framework. We would be fully supportive of such an initiative which we believe would provide a framework to identify, evaluate, price, manage and mitigate risks. If implemented properly, clients and policy holders would be better protected and be the ultimate beneficiaries.

As a closing note, I am confident that Mauritian Eagle Insurance is well armed to grow successfully. The Company and its staff are equipped to deliver quality service to its customers and value to its shareholders.

On behalf of my fellow Board members, I would like to thank all our policy holders for their trust in the Company and thank you Shareholders for your continued support.

Dipak Chummun

Chairman

CORPORATE INFORMATION AND HISTORY

Mauritian Eagle Insurance Company Limited ("MEI") was incorporated in 1973 and admitted on the Official List of the Stock Exchange of Mauritius in 1993. MEI operates in both the domestic and commercial markets and is engaged in short term insurance business comprising Accident, Health, Engineering, Property, Motor and Transportation insurance.

MAJOR MILESTONES

- **1974** – MEI starts operation
- **1993** – MEI listed on the Stock Exchange of Mauritius (SEM)
- **1996** – MEI acquired a 15% stake in H.Savy Insurance Company Ltd
- **2001** – Establishment of a Leasing Company
- **2002** – Launching of MEI's corporate website. First branch office in Flacq
- **2003** – MEI obtained ISO 9000:2000 certification – QMS
- **2005** – MEI increased its stake to 20% in H.Savy Insurance Company Ltd
- **2007** – MEI awarded ISO 27001:2005 Certification - ISMS
- **2013** – Second branch office in Trianon
- **2015** – MEI reduced its shareholding to 13.6% in Mauritian Eagle Leasing Co Ltd
- **2016** – MEI admitted to SEMSI

CORPORATE GOVERNANCE STATEMENTS

Mauritian Eagle Insurance Company Limited is committed to effective corporate governance for the benefit of its shareholders, customers, employees and other stakeholders based on the principles of fairness, transparency and accountability. Structures, rules and processes are designed to provide for the proper organization and conduct of business within the Company and to define the powers and responsibilities of its corporate bodies and employees.

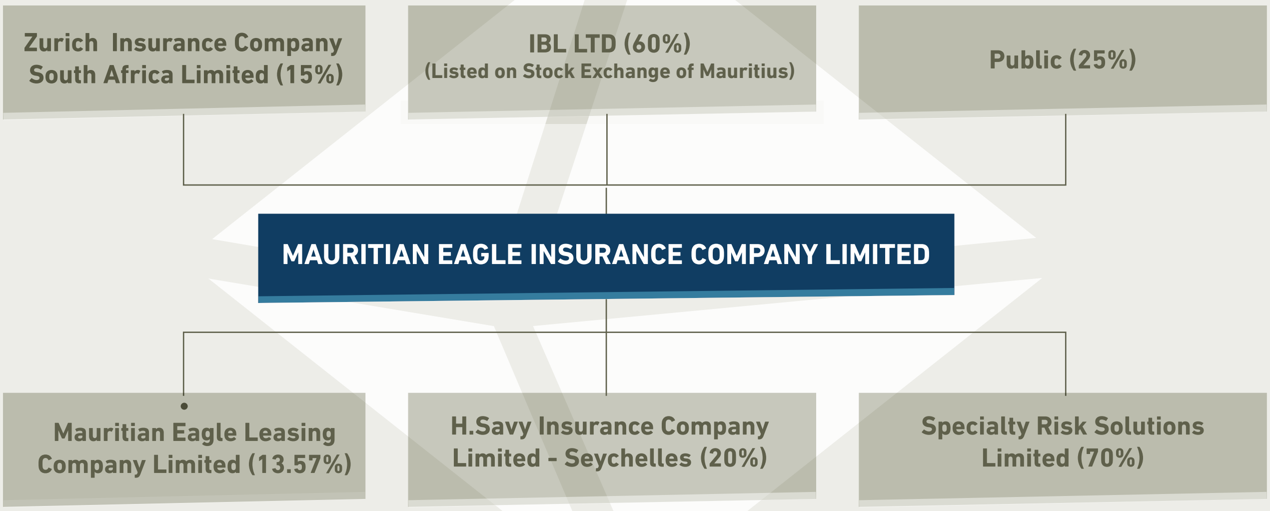
We strive to ensure that all the activities of the Group are conducted in such a way as to satisfy the characteristics of good Corporate Governance, namely:

- *Discipline* – behaviour that is universally recognised and accepted as correct and proper;
- *Transparency* – ease with which an outsider is able to make meaningful analysis of the Company's actions, its economic fundamentals and the non-financial aspects pertinent to the business;
- *Independence* – the extent to which mechanisms have been put in place to avoid or manage conflicts;
- *Accountability* – the existence of effective mechanisms to ensure accountability;
- *Responsibility* – the implementation of processes that allow for corrective actions and acting responsibly towards all stakeholders;
- *Fairness* – the existence of systems within the Company that allow balancing of competing interests; and
- *Social responsibility* – being aware of and responding to social issues and to place a high priority on ethical standards.

The Board of Directors recognises that the Report on Corporate Governance (the Code) is regarded as best practice and therefore uses its best endeavours to ensure compliance with the provisions set out in the Code.

The Group has established a corporate governance system involving the Board of Directors, Board Committees, Management, Internal and External Auditors, Industry Best Practices as well as established policies and procedures across all operations. This ensures that the business and affairs of the Group are managed according to the highest standards of corporate governance and in the best interest of all its stakeholders.

GROUP STRUCTURE



The Company has disposed of its 30% stake in Metropolitan Life (Mauritius) Limited on 3 September 2015 as well as 37.43% of its stake in Mauritian Eagle Leasing Company Limited on 26 November 2015.

BOARD OF DIRECTORS

The Board bears the responsibility of organising and directing the affairs of the Group in a manner that is in the best interest of shareholders and other stakeholders. It is primarily responsible for, amongst other things, the review and adoption of strategic plans, the overview of business performance, adoption of appropriate risk management systems and the establishment of proper internal control systems.

It is also responsible for continually reviewing the activities, practices and trends of the Group so that these are in conformity with legal and regulatory requirements. The Board retains full and effective control over MEI, delegating the day-to-day running and operational issues to the management.

Composition

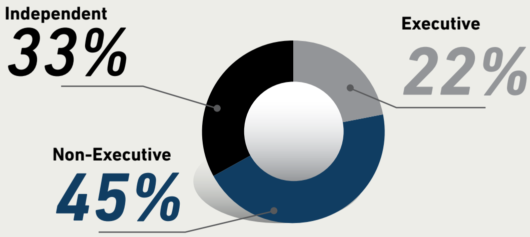
The Board, under the recommendation of the Corporate Governance Committee, is responsible for the appointment of directors who are selected on the basis of their integrity, skill, acumen and experience to make sound judgements relevant to the business of the Company. The Board includes 2 executive directors, 3 independent non-executive directors and 4 non-executive directors.

The Company complies with Section 30 (2) of the Insurance Act 2005 which states that an insurance Company's Board of Directors should be composed of no less than 7 natural persons of which 30% should be independent non-executive directors. The independent non-executive directors bring a wealth of experience and expertise to the Board and are free from any business or other relationships which would affect their eligibility to exercise independent judgement.

The Code of Corporate Governance provides for Directors to be elected or re-elected every year at the annual meeting of shareholders.

The composition of Board and the Directors' attendance at Board Meetings were as follows:

Name	Category	Board Meeting	Audit & Risk Committee	Corporate Governance Committee
No of meetings held between 1 July 2015 and 30 June 2016		5	4	2
BEZUIDENHOUT Pieter	Non-Executive Director	4		
CHUMMUN Dipak (Appointed Chairman on 25 September 2015)	Non-Executive Chairman	5		
DE LA HOGUE Laurent	Non-Executive Director			
DUCHESNE Yann (Appointed 2 March 2016)	Non-Executive Director	2		
IP MIN WAN Robert	Independent Non-Executive Director	5	4	
ITHIER Gilbert	Independent Non-Executive Director	5	4	2
LALLAH Subhas	Independent Non-Executive Director	5		2
LAN HUN KUEN Gaetan (Resigned 15 February 2016)	Non-Executive Director	2	2	2
MALLIATE Alain	Executive Director	5		2
WONG WAN PO Derek	Managing Director	5	4	2



COMMITTEES OF THE BOARD OF DIRECTORS

The Board fulfils its proper governance responsibilities through various Committees. Each Board Committee has formal written terms of reference in line with the Mauritian Code of Corporate Governance and international best practices that are reviewed on an annual basis. The Directors confirm that the committees have functioned in accordance with these terms of reference during the year under review.

One Committee deals with audit and risk matters while a second committee deals with corporate governance and nomination issues.

Audit and Risk Committee

The Audit and Risk Committee is appointed by the Board of MEI and is chaired by an independent non-executive director, and comprises at least two members, who both are non-executive directors.

Its principal function is to oversee the financial reporting process and IT governance. The activities of the Audit Committee include regular reviews and monitoring of the effectiveness of MEI's financial reporting and internal control policies and risk management systems, the effectiveness of the internal audit function, the independence of the external audit process and assessment of the external auditor's performance, the remuneration of external auditors, and to ensure compliance with laws and regulations relevant to financial reporting and with our internal code of business conduct. The Committee meets as frequently as it deems necessary prior to the Board's review of the annual financial statements and profit announcements.

The presence of internal and external auditors and management team was requested whenever necessary. The internal audit function is entrusted to Ernst & Young who has been given unrestricted access to the records, management and employees of the Group. The Board confirms that there have been no significant issues that have affected the proper functioning of the internal control systems during the year under review which could have impacted on the financial statements.

Risk Management

The Audit and Risk Committee is also responsible for reviewing the effectiveness of the risk strategy of MEI, for establishing and maintaining a strong risk control environment and for the monitoring of the risk management process. It ensures that appropriate structures, procedures and systems are in place to mitigate all risks. Risk assessment activities were carried out during the year under review and the risks discussed and identified. A Risk management process was implemented to minimize the impact of identified risks which have been categorised as follows:

- *Insurance Risk*

Insurance risk is the inherent uncertainty regarding the occurrence, amount or timing of insurance liabilities. Risks are mainly associated with the Company's underwriting, reinsurance and claims handling activities. The Company has developed its underwriting strategy so as to diversify the type of insurance risks accepted. Reinsurance purchases are reviewed to align the levels of protection being bought with developments in exposure and risk appetite of the Company. The Claims department monitors and validates the claims handling process with a view to optimising overall claim costs.

- *Operational Risk*

Operational risk is defined as risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It can have significant negative impact on the Company's financial position. These are fraud risks, reputation risks, material damage, business continuity risks and disaster recovery, change management and human resources risks. In line with the requirement of the ISO standard which requires the identification of an operational area which is accessible to all stakeholders in case the Company needs to rapidly operate after a disaster, a Business Continuity Management System is in place and operating effectively.

- *Credit Risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy on credit risk management to control level of exposure and mitigate the risk. The Company deals with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

- *Foreign Exchange Risk*

Most of the Company's financial assets and liabilities are in Mauritian Rupees. The Company has its foreign exchange policy which sets out measures to hedge against this risk.

- *Liquidity Risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or other financial assets. Ultimate responsibility for liquidity risk management rests with the Board of Directors, who monitors the Company's short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities.

- *Interest Rate Risk*

The Company's interest rate risk arises from a potential mismatch in the duration of deposits held at bank and borrowings. Deposits held at bank and borrowings issued at variable rates expose the Company to cash flow interest rate risk. Deposits held at bank and borrowings issued at fixed rates expose the Company to fair value interest rate risk. IBL Group's policy is to maintain its deposits held at bank and borrowings in variable rate instruments.

- *Technology Risk*

These are the risks that hardware and software are not operating as intended and the integrity and reliability of data and information are compromised, thereby impacting the business continuity process and exposing the Company to potential losses. Being ISO 27001-2005 Security Management System Certified, the Company has a risk management framework and business continuity management process in place to ensure that potential risks are monitored and any impact mitigated.

- *Regulatory and Environment Risk*

These include risks associated to a change in laws or legislation and industry attractiveness which can result in increased pressures and significantly affect the Company's ability to conduct business.

COMMITTEES OF THE BOARD OF DIRECTORS (continued)

Corporate Governance Committee

The Corporate Governance Committee is appointed by the Board, the majority of which is composed of non-executive directors.

The main functions of the Corporate Governance Committee is to provide guidance to the Board on aspects of corporate governance and for recommending the adoption of policies and best practices as appropriate for the Company. The Corporate Governance Committee also ensures that the reporting requirements on Corporate Governance are in accordance with the Code of Corporate Governance under the Financial Reporting Act 2004. The Committee meets at least twice a year and on an ad-hoc basis.

Remuneration Philosophy

The Board has entrusted the Corporate Governance Committee the responsibility for the nomination and remuneration of Directors and members of Board sub-committees by taking into consideration the market conditions, benchmarking in the industry and the Company's results.

The Committee reviews the Company's succession plan and communicates any areas of concern to the Board. The Company is presently not at risk in any senior executive position. The development of the plan is ongoing and gets formally reviewed annually.

The Company strongly believes that the achievements and merits of high performing employees should be recognised and rewarded. The Human Resources department is delegated the responsibility of determining managers' and employees' remuneration and benefits. This is reviewed annually after taking into consideration market conditions and practices as well as the performances and responsibilities of the employees.

The Company shares the risks of a defined benefit plan which is operated by its immediate holding company, IBL Ltd (IBL Group) and was closed to new members as from July 1999. Membership to a state pension plan and IBL Group's defined contribution plan are compulsory for all executive management and permanent staff.

Internal Control

The Directors have the overall responsibility for maintaining a sound and effective system of internal controls. The system of internal controls has been designed to provide the Directors with reasonable assurance that assets of the Company are safeguarded, that transactions are authorised and properly recorded, that material misstatements or losses are either prevented or detected within a reasonable time, and that the risks of failures in operational systems are being managed.

Dividend Policy

Dividends are declared and paid half yearly. Subject to internal cash flow requirements and the need for future capital investments, it is MEI's policy to declare dividends out of profits available for distribution in accordance with the Companies Act 2001 and International Financial Reporting Standards; the balance being transferred to reserves. For the year under review, a dividend of Rs 8,799,998 was paid (2015: Rs 19,199,995).

SHAREHOLDERS' CALENDAR

Release of first quarter results	**November 2016**
Payment of final dividend	**December 2016**
Annual meeting of shareholders	**December 2016**
Release of second quarter results and declaration of interim dividend	**February 2017**
Payment of interim dividend	**April 2017**
Release of third quarter results	**May 2017**
Release of financial year end results and declaration of final dividend	**September 2017**

OTHER STATUTORY DISCLOSURES

Directorship of other listed companies

Included in Directors' profile

Common Directors

The common directors of MEI are as follows:

	IBL	MEI	MEL
BEZUIDENHOUT Pieter		◆	
CHUMMUN Dipak		◆	◆
DE LA HOGUE Laurent		◆	
DUCHESNE Yann	◆	◆	◆
IP MIN WAN Robert		◆	
ITHIER Gilbert		◆	
LALLAH Subhas		◆	
MALLIATE Alain		◆	
WONG WAN PO Derek		◆	◆

Emoluments paid by MEI and related corporations to Directors of MEI are set out in the table below:

	The Group		The Company		Related Corporations	
	2016 Rs'000	2015 Rs'000	**2016** Rs'000	2015 Rs'000	**2016** Rs'000	2015 Rs'000
Executive	**10,194**	14,866	**10,194**	10,421	**-**	-
Non-Executive	**685**	1,390	**685**	655	**30,698**	34,843
	10,879	16,256	**10,879**	11,076	**30,698**	34,843

The Directors' remuneration is disclosed by category in view of the confidentiality and sensitivity of the information.

The Directors' remuneration has also been disclosed under note 34 for related party transactions.

Directors' Service Contracts

There are no service contracts between MEI and its Directors.

Directors' Share Interests

None of the Directors have a direct or indirect share in the equity of MEI.

Share Dealings

Members of the Board have been informed that they should not deal in MEI's shares during the 30 calendar days preceding publication of results, and prior to the declaration of dividends, or any major event affecting the Company that might influence its share price. Members have also been advised to declare to MEI all transactions conducted by them outside the periods mentioned.

Significant Contracts

No contracts of significance existed during the year under review between MEI and any director or controlling shareholder of MEI, either directly or indirectly.

Substantial Shareholding

The Directors have been advised that the following persons or entities (excluding Directors) held 5% or more of the nominal value of the share capital of MEI.

Shareholders holding more than 5% of the shares	Number of ordinary shares	%
IBL Ltd	4,800,000	60%
Zurich Insurance Company South Africa Limited	1,200,000	15%

Shareholding Profile

Ownership of ordinary share capital by size of shareholding as at 30 June 2016 was as follows:

Size of shareholding	Number of shareholders	Number of shares owned	% Holding
1 - 100 shares	187	7,563	0.09%
101 - 200 shares	46	7,626	0.10%
201 - 300 shares	43	12,743	0.16%
301 - 500 shares	27	11,280	0.14%
501 - 1000 shares	94	69,774	0.87%
Above 1000 shares	161	7,891,012	98.64%
	558	**7,999,998**	**100.0%**

N.B: The above number of shareholders is indicative, due to consolidation of multi portfolios for reporting purposes. The total number of active shareholders as at 30 June 2016 was 558.

Constitution

The constitution of MEI does not provide any ownership restriction or pre-emption rights. It is in conformity with the Companies Act 2001 and the Stock Exchange of Mauritius Listing Rules.

Meeting of shareholders

In conformity with Section 117 of the Companies Act, an Annual Meeting of the Shareholders was held on 9 December 2015 for the approval of the financial statements for the year ended 30 June 2015.

Share price information and performance

	Year ended 30 June 16	Year ended 30 June 15	Year ended 30 June 14	Year ended 30 June 13	Year ended 30 June 12
Market Price (Rs)	**83.75**	102.25	**109.00**	100.00	**70.00**
Earnings Per Share					
Continuing and discontinued operations (Rs)	**4.59**	0.76	**9.52**	14.66	**10.40**
Continuing operations (Rs)	**11.82**	9.10	**9.47**	14.66	**10.40**
Dividend Per Share (Rs)	**2.20**	1.10	**2.40**	3.50	**2.40**
Price Earnings Ratio (times)	**7.09**	11.24	**11.45**	6.82	**6.73**
Net Assets Value Per Share (Rs)	**88.84**	88.72	**89.71**	81.03	**67.03**
Dividend Yield (%)	**2.63**	1.08	**2.20**	3.50	**3.43**

Relationship with shareholders

The Board is committed to properly understand the information needs of all shareholders and other stakeholders of MEI. It ensures that lines of communication are kept open to communicate all matters affecting MEI to its shareholders.

Auditor's remuneration

	The Group		The Company	
		2015 Rs'000		2015 Rs'000
Audit fees for the year	**485**	493	**485**	283
Fees for other services provided by Deloitte	**-**	400	**-**	-
Ernst & Young	**211**	393	**211**	192

The fees paid to Ernst & Young and Deloitte respectively were for internal audit services and a review of internal control framework for our subsidiary.

Donations

	The Group		The Company	
		2015 Rs'000		2015 Rs'000
Charitable donations	**-**	10	**-**	10
Corporate social responsibility contribution	**1,199**	1,833	**1,199**	1,833
	1,199	1,843	**1,199**	1,843

The Company did not make any contribution to political parties during the year under review.

Related party transactions

Related party transactions are disclosed under note 34 of the financial statements.

Anti-Money Laundering

In line with the requirements of the Financial Intelligence and Anti-Money Laundering Act 2002 and the Regulations 2003, control procedures and internal policies are regularly reviewed and staff training is done at least twice yearly.

Code of Ethics

The Company is committed to a policy for fair, honest dealing and integrity in the conduct of its business. This commitment, which is actively endorsed by the Board, is based on a fundamental belief that business should be conducted honestly, fairly and legally. The Company expects all employees to share its commitment to high moral, ethical and legal standards with all its stakeholders.

Environment

As part of its ongoing programme to help protect the environment and within the context of the "Think Green" initiative, the IBL Group has set up an IBL Green Committee composed of representatives of different clusters, to promote the values of IBL Think Green Charter with an objective to:

- promote an environment culture by recognising environmental achievement as one of the main core values;
- create a sense of awareness among employees to be more proactive rather than reactive in all activities with regards to the environment;
- endeavour to comply with relevant environmental regulations and standards;
- adopt good practices by optimising all non-renewable resources and encouraging best waste management;
- evaluate the objectives fixed for energy saving and resources management and a continuous assessment of good practices adopted; and
- act responsibly towards the environment by committing to sustainable development of the Group for the benefit of the society, shareholders and other stakeholders.

The direct impact on climate change will be reduced with the Group's commitment to manage carbon reduction by focusing on the areas such as:

- controlling air conditioning;
- switching off of lights in areas where not required after office hours;
- installing passive infra-red lighting in certain common areas;
- monitoring the purchase and use of low energy consumption equipment and lights;
- encourage the personnel to dispose of their used batteries and other small electronic waste in special boxes;
- intensive use of emails to reduce the use of papers;
- turning off the computers when going out for lunch; and
- paperless office and recto/verso document printing if required.

Health and Safety Practices

Health and safety policies adopted have ensured satisfactory compliance with the appropriate legislation and ruling standards. No injuries at work were recorded. The Group adheres to the IBL Group's health and safety policies.

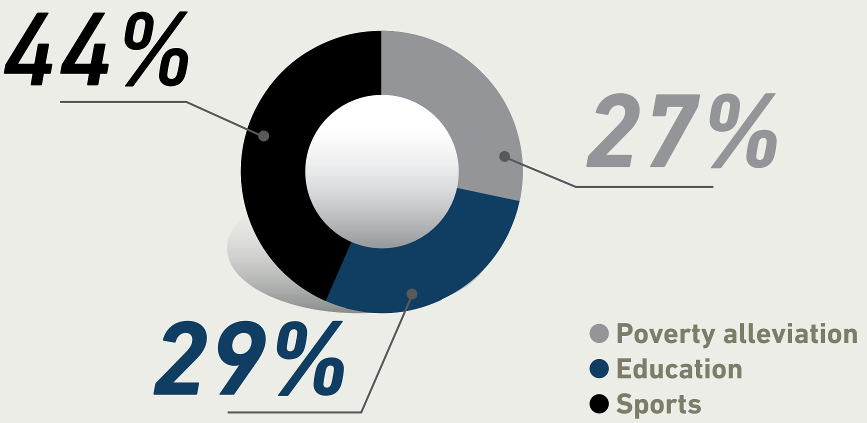
Social Responsibility

The Company has kept working towards the advancement and welfare of its employees and the socio-economic development of the island. In line with the Group's corporate social responsibility policy to help underprivileged children, numerous activities have been organised and staff have been encouraged to participate; these include amongst others:

- School materials, gifts for End of Year party, cupboard and filing cabinet were offered to "*Autisme Maurice*". The organisation founded in 2009 is open to children, youngsters, adults living with autism, professionals and all persons directly concerned with this syndrome.
- An outing was organised for 30 children of the Association "*La Pointe Tamarin Arts & Music Centre*", transport was provided from Tamarin to Grand Baie and lunch was organised at Nando's. The Association offers drawing and painting workshops for 200 children of the village.
- School materials and books for the school library were provided to St Julien RCA School.

MEI has sponsored the national awareness campaign for road safety during the year. The project was initiated by the Ministry of Public Infrastructure and Land Transport, with collaboration of Traffic Management & Road Safety Unit. Stickers bearing the slogan "*Mo Koné... mé mo pa azir! Bizin met enn frin.*" were distributed to all employees and the general public to raise awareness.

Distribution of funds



Promoting Human Resource Development

The Company believes in managing diversity and encouraging internal promotions and career development plans. For the year ended 30 June 2016, Rs 0.8 million were invested in employee growth training programmes, and departmental internal procedures are currently being revamped.

The Company recognises that its collaborators are essential to its healthy development and seeks to engage its teams in professional, training and welfare initiatives. To nourish the team cohesion the welfare committee has organised regular 'Happy Hours' around different themes such as sun downers, bingo night and karaoke. A team building day was organised around the theme '*Optimiser la Performance Collective*' on 7 May 2016.

Company Secretary

All Directors have access to the advice and services of the Company Secretary, namely IBL Corporate Services Ltd, who is responsible for providing guidance to Directors as to their duties, responsibilities and powers.

Director **Director**

23 September 2016

CERTIFICATE FROM THE COMPANY SECRETARY

In terms of Section 166(d) of the Mauritius Companies Act 2001, we certify that to the best of our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Mauritius Companies Act 2001.

IBL Corporate Services Ltd

COMPANY SECRETARY

23 September 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors acknowledge their responsibilities for:

a) Adequate accounting records and maintenance of effective internal control systems;

b) The preparation of financial statements which fairly present the state of affairs of the Company as at the end of the financial year, the financial performance and the cash flows for that period and which comply with International Financial Reporting Standards (IFRS);

c) The use of appropriate accounting policies supported by reasonable and prudent judgements and estimates.

DIRECTORS' STATEMENT OF COMPLIANCE

The Directors report that:

a) Adequate accounting records and an effective system of internal controls and risk management have been maintained;

b) Appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;

c) International Financial Reporting Standards have been adhered to. Any departure has been disclosed, explained and quantified;

d) The Code of Corporate Governance has been adhered to in all material aspects and reasons provided for non-compliance.

The external auditors are responsible for reporting on whether the financial statements are fairly presented.

On behalf of the Board

Director

Director

23 September 2016

STATEMENT OF COMPLIANCE

(Section 75(3) of the Financial Reporting Act)

Name of Public Interest Entity: **MAURITIAN EAGLE INSURANCE COMPANY LIMITED**

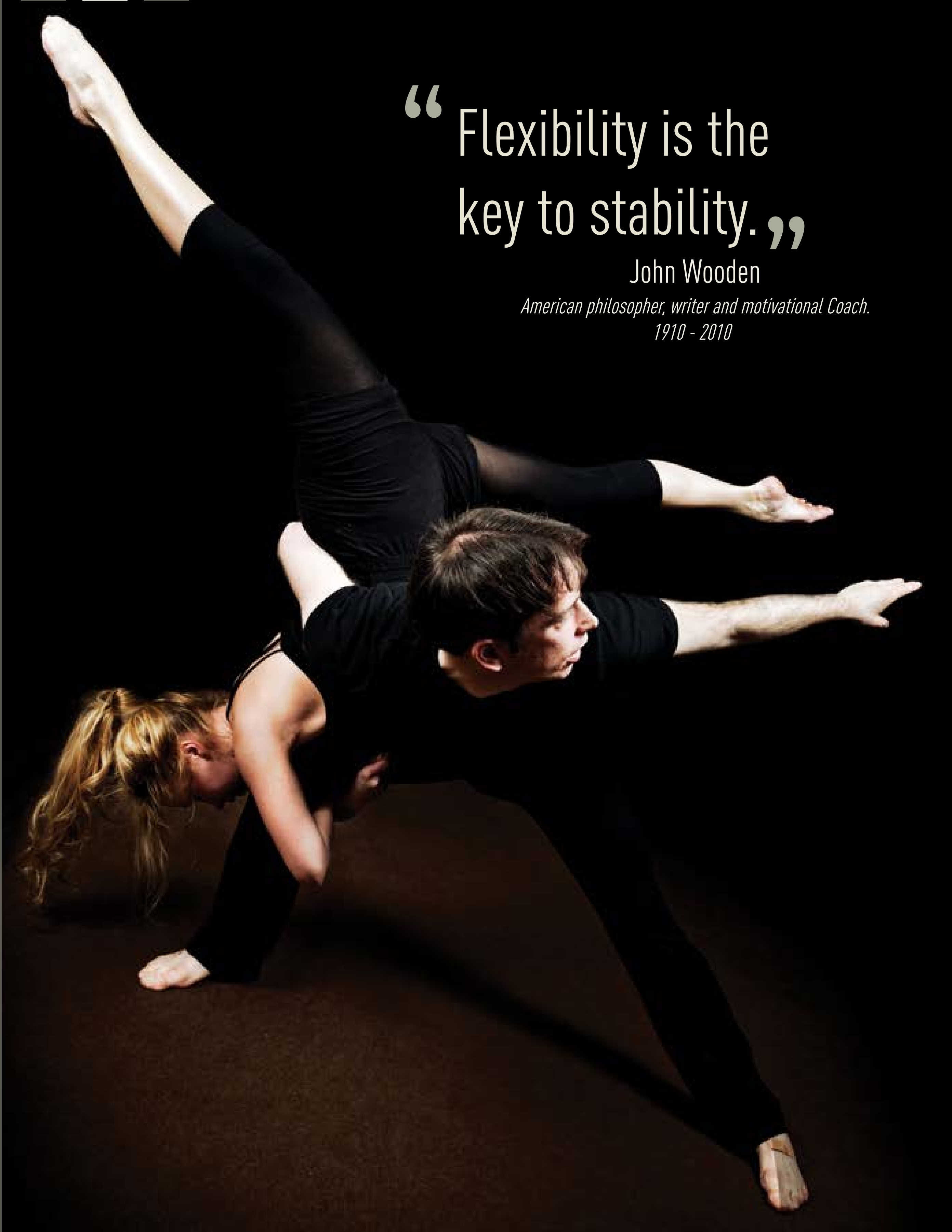
Reporting Period: **1 July 2015 to 30 June 2016**

We, the Directors of Mauritian Eagle Insurance Company Limited, confirm to the best of our knowledge that the PIE has complied with all of its obligations and requirements under the Code of Corporate Governance except for Section 2.8 (Remuneration of Directors). The reason for non-compliance being that the Directors' remuneration is disclosed by category in view of the confidentiality and sensitivity of the information.

Director

23 September 2016

Director



“Flexibility is the key to stability.”

John Wooden

American philosopher, writer and motivational Coach.
1910 - 2010

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MAURITIAN EAGLE INSURANCE COMPANY LIMITED

Deloitte.

This report is made solely to the company's shareholders, as a body, in accordance with section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Financial Statements

We have audited the financial statements of Mauritian Eagle Insurance Company Limited (''the Company'') and its subsidiary (collectively referred to as ''the Group'') on pages 28 to 93 which comprise the statements of financial position as at 30 June 2016 and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibilities for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001, Financial Reporting Act 2004 and the Insurance Act 2005. They are also responsible for such internal control as they 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 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 judgment, 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 on pages 28 to 93 give a true and fair view of the financial position of the Group and the Company as at 30 June 2016, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the requirements of the Mauritius Companies Act 2001 and Financial Reporting Act 2004.

Report on other legal requirements

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or interests in, the Company and its subsidiary other than in our capacities as auditor;
- we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the company as far as appears from our examination of those records.

The Financial Reporting Act 2004

The directors are responsible for preparing the Corporate Governance Report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance as disclosed in the annual report and on whether the disclosure is consistent with the requirements of the code.

In our opinion, the disclosure in the Corporate Governance Report is consistent with the requirements of the Code.

Insurance Act 2005

The financial statements have been prepared in the manner and meet the requirements of the Insurance Act 2005 and FSC Rules and Guidelines of the Financial Services Commission.

Deloitte

Deloitte
Chartered Accountants
23 September 2016

LLK Ah Hee, FCCA
Licensed by FRC

STATEMENTS OF FINANCIAL POSITION AT

30 JUNE 2016

		The Group			The Company		
	Notes	2016 Rs'000	Restated 2015 Rs'000	Restated 2014 Rs'000	2016 Rs'000	Restated 2015 Rs'000	Restated 2014 Rs'000
ASSETS							
Non-current assets							
Property, plant and equipment	5	**96,542**	511,579	695,403	**96,542**	104,679	110,590
Intangible assets	6	**19,243**	15,483	4,743	**18,250**	15,456	4,696
Investment in subsidiary	7	**-**	-	-	**1,000**	105,500	102,000
Investment in associates	8	**49,685**	47,107	59,864	**6,313**	6,313	13,813
Statutory and other deposits	9	**4,000**	2,000	6,000	**4,000**	2,000	6,000
Financial assets	10	**540,703**	554,595	504,627	**540,703**	554,595	504,627
Finance lease receivables	11	**-**	686,301	934,929	**-**	-	-
		710,173	1,817,065	2,205,566	**666,808**	788,543	741,726
Current assets							
Statutory and other deposits	9	**4,000**	6,000	2,000	**4,000**	6,000	2,000
Net finance lease receivables	11	**-**	408,990	469,027	**-**	-	-
Trade and other receivables	12	**409,062**	465,350	459,513	**409,052**	393,238	339,405
Amounts due from group companies	13	**113,006**	91,167	108,649	**113,006**	91,167	108,649
Claims recoverable from reinsurers	14	**370,322**	1,068,253	258,268	**370,322**	1,068,253	258,268
Current tax receivable	22(i)	**-**	1,254	-	**-**	1,254	-
Bank and cash balances	29	**257,134**	796,783	704,317	**257,134**	91,941	136,280
		1,153,524	2,837,797	2,001,774	**1,153,514**	1,651,853	844,602
Non-current assets classified as held-for-sale	8	**-**	21,239	-	**-**	7,500	-
Total assets		**1,863,697**	4,676,101	4,207,340	**1,820,322**	2,447,896	1,586,328
EQUITY AND LIABILITIES							
Capital and reserves							
Stated capital	15	**80,000**	80,000	80,000	**80,000**	80,000	80,000
Reserves		**630,759**	629,737	634,483	**587,387**	567,308	587,199
Equity attributable to owners of the company		**710,759**	709,737	714,483	**667,387**	647,308	667,199
Non-controlling interests	7(c)	**3**	108,948	99,183	**-**	-	-
Total equity		**710,762**	818,685	813,666	**667,387**	647,308	667,199
Other reserves	16	**-**	2,388	2,388	**-**	-	-
General insurance fund	17	**304,400**	263,234	269,509	**304,400**	263,234	269,509
Non-current liabilities							
Loans	18	**-**	88,168	73,945	**-**	-	-
Deposits from customers	19	**-**	884,583	1,040,028	**-**	-	-
Deferred tax liabilities	20	**6,996**	4,366	4,749	**6,996**	6,257	6,640
Retirement benefit obligations	30(e)	**5,078**	4,467	3,875	**5,078**	4,467	3,875
		12,074	981,584	1,122,597	**12,074**	10,724	10,515
Current liabilities							
Trade and other payables	21	**147,065**	295,010	199,392	**147,065**	161,633	126,424
Loans	18	**-**	41,152	32,192	**-**	-	-
Gross outstanding claims	14	**685,808**	1,364,997	509,768	**685,808**	1,364,997	509,768
Deposits from customers	19	**-**	909,051	1,254,915	**-**	-	-
Current tax liabilities	22(i)	**3,588**	-	2,913	**3,588**	-	2,913
		836,461	2,610,210	1,999,180	**836,461**	1,526,630	639,105
Total equity and liabilities		**1,863,697**	4,676,101	4,207,340	**1,820,322**	2,447,896	1,586,328

Approved by the Board of Directors and authorised for issue on 23 September 2016

DIRECTOR

DIRECTOR

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

30 JUNE 2016

	Notes	The Group 2016 Rs'000	The Group Restated 2015 Rs'000	The Company 2016 Rs'000	The Company Restated 2015 Rs'000
Continuing operations					
Revenue					
Gross insurance premiums		**1,166,441**	1,117,090	**1,166,441**	1,117,171
Reinsurance premiums ceded		**(643,465)**	(624,851)	**(643,465)**	(624,851)
Net Revenue		**522,976**	492,239	**522,976**	492,320
Investment income	23	**33,161**	29,857	**37,673**	34,029
Commission income		**81,585**	82,122	**81,585**	82,122
Other income	24	**67,210**	32,227	**67,210**	32,227
		704,932	636,445	**709,444**	640,698
Expenses					
Net claimed incurred	25	**(286,167)**	(334,624)	**(286,167)**	(334,624)
Commission payable		**(117,864)**	(107,250)	**(117,864)**	(107,250)
Administrative expenses	26	**(129,908)**	(126,657)	**(129,908)**	(126,657)
		(533,939)	(568,531)	**(533,939)**	(568,531)
Profit from operations		**170,993**	67,914	**175,505**	72,167
Release (to)/ from general insurance fund	17	**(41,166)**	6,275	**(41,166)**	6,275
		129,827	74,189	**134,339**	78,442
Impairment loss on investment in financial assets/ subsidiary	10 / 7	**(31,294)**	-	**(31,294)**	(73,000)
		98,533	74,189	**103,045**	5,442
Share of profit of associates	8	**8,198**	9,167	**-**	-
Profit before tax		**106,731**	83,356	**103,045**	5,442
Income tax expense	22(ii)	**(12,202)**	(10,555)	**(12,202)**	(10,555)
Profit/ (Loss) for the year from continuing operations		**94,529**	72,801	**90,843**	(5,113)
Discontinued operations					
Post tax loss from discontinued operations	38(a)	**(66,792)**	(130,469)	**(36,207)**	-
Profit/ (Loss) for the year		**27,737**	(57,668)	**54,636**	(5,113)
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Exchange difference arising from translation of associate operations		**(1,108)**	3,965	**-**	-
Net (loss)/gain arising on revaluation of available-for-sale financial assets during the year	10	**(20,688)**	15,180	**(20,688)**	15,180
Reclassification adjustments relating to available-for-sale financial assets disposed of during the year		**(5,069)**	(10,758)	**(5,069)**	(10,758)
Other comprehensive income for the year, net of tax		**(26,865)**	8,387	**(25,757)**	4,422
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR		**872**	(49,281)	**28,879**	(691)
Profit/ (Loss) attributable to:					
Owners of the company		**36,687**	6,067	**54,636**	(5,113)
Non-controlling interests		**(8,950)**	(63,735)	**-**	-
		27,737	(57,668)	**54,636**	(5,113)
Total comprehensive income attributable to:					
Owners of the company		**9,822**	14,454	**28,879**	(691)
Non-controlling interests		**(8,950)**	(63,735)	**-**	-
		872	(49,281)	**28,879**	(691)
EARNINGS PER SHARE					
From continuing and discontinuing operations	27	**4.59**	0.76		
From continuing operations		**11.82**	9.10		

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED

30 JUNE 2016

	Notes	Stated Capital	Property revaluation reserve	Investments revaluation reserve	Foreign currency translation reserve	Retained earnings	Attributable to owners of the company	Non-controlling interests	Total equity
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
THE GROUP									
Balance as at 1 July 2014									
- as previously reported		80,000	37,412	17,788	(4,128)	586,627	717,699	99,183	816,882
- prior year adjustment net of tax		-	-	-	-	(3,216)	(3,216)	-	(3,216)
- as restated		80,000	37,412	17,788	(4,128)	583,411	714,483	99,183	813,666
Dividends	28	-	-	-	-	(19,200)	(19,200)	-	(19,200)
Issue of ordinary share capital		-	-	-	-	-	-	73,500	73,500
Transfer to retained earnings	(a)	-	(1,054)	-	-	1,054	-	-	-
Profit for the year		-	-	-	-	6,067	6,067	(63,735)	(57,668)
Other comprehensive income for the year		-	-	4,422	3,965	-	8,387	-	8,387
Total comprehensive income for the year		-	-	4,422	3,965	6,067	14,454	(63,735)	(49,281)
Balance at 30 June 2015		80,000	36,358	22,210	(163)	571,332	709,737	108,948	818,685
Balance at 1 July 2015									
- as previously reported		**80,000**	**36,358**	**22,210**	**(163)**	**575,039**	**713,444**	**108,948**	**822,392**
- prior year adjustment net of tax		**-**	**-**	**-**	**-**	**(3,707)**	**(3,707)**	**-**	**(3,707)**
- as restated		**80,000**	**36,358**	**22,210**	**(163)**	**571,332**	**709,737**	**108,948**	**818,685**
Dividends	28	**-**	**-**	**-**	**-**	**(8,800)**	**(8,800)**	**-**	**(8,800)**
Transfer to retained earnings	(a)	**-**	**(1,054)**	**-**	**-**	**1,054**	**-**	**-**	**-**
Profit for the year		**-**	**-**	**-**	**-**	**36,687**	**36,687**	**(8,950)**	**27,737**
Other comprehensive income for the year		**-**	**-**	**(25,757)**	**(1,108)**	**-**	**(26,865)**	**-**	**(26,865)**
Total comprehensive income for the year		**-**	**-**	**(25,757)**	**(1,108)**	**36,687**	**9,822**	**(8,950)**	**872**
Non-controlling interest arising on business combinations		**-**	**-**	**-**	**-**	**-**	**-**	**3**	**3**
De-consolidation adjustment	(b)/37	**-**	**-**	**-**	**-**	**-**	**-**	**(99,998)**	**(99,998)**
Balance at 30 June 2016		**80,000**	**35,304**	**(3,547)**	**(1,271)**	**600,273**	**710,759**	**3**	**710,762**

Note (a): The difference in the depreciation based on revalued amount and the cost of the building, net of deferred tax, is transferred from property revaluation reserve to retained earnings.

Note (b): The de-consolidation adjustment is in respect of Mauritian Eagle Leasing Company Limited which has been disposed during the year.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED

30 JUNE 2016

	Notes	Stated Capital	Property revaluation reserve	Investments revaluation reserve	Retained earnings	Total
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
THE COMPANY						
Balance at 1 July 2014						
- as previously reported		80,000	37,412	17,788	535,215	670,415
- prior year adjustment net of tax		-	-	-	(3,216)	(3,216)
- as restated		80,000	37,412	17,788	531,999	667,199
Dividends	28	-	-	-	(19,200)	(19,200)
Transfer to retained earnings	(a)	-	(1,054)	-	1,054	-
Loss for the year		-	-	-	(5,113)	(5,113)
Other comprehensive income for the year		-	-	4,422	-	4,422
Total comprehensive income for the year		-	-	4,422	(5,113)	(691)
Balance at 30 June 2015		80,000	36,358	22,210	508,740	647,308
Balance at 1 July 2015						
- as previously reported		**80,000**	**36,358**	**22,210**	**512,447**	**651,015**
- prior year adjustment net of tax		**-**	**-**	**-**	**(3,707)**	**(3,707)**
- as restated		**80,000**	**36,358**	**22,210**	**508,740**	**647,308**
Dividends	28	**-**	**-**	**-**	**(8,800)**	**(8,800)**
Transfer to retained earnings	(a)	**-**	**(1,054)**	**-**	**1,054**	**-**
Profit for the year		**-**	**-**	**-**	**54,636**	**54,636**
Other comprehensive income for the year		**-**	**-**	**(25,757)**	**-**	**(25,757)**
Total comprehensive income for the year		**-**	**-**	**(25,757)**	**54,636**	**28,879**
Balance at 30 June 2016		**80,000**	**35,304**	**(3,547)**	**555,630**	**667,387**

Note (a): The difference in the depreciation based on revalued amount and the cost of the building, net of deferred tax, is transferred from property revaluation reserve to retained earnings.

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED

30 JUNE 2016

	Notes	The Group 2016 Rs'000	The Group 2015 Rs'000	The Company 2016 Rs'000	The Company 2015 Rs'000
Cash flows from operating activities					
Profit/(Loss) before taxation		**90,357**	(46,635)	**103,045**	5,442
Adjustments for:					
Depreciation and amortisation	5 / 6	**44,180**	101,911	**12,135**	11,170
Loss/(Profit) on sale of property, plant and equipment		**903**	13,546	**(93)**	(26)
Profit on sale of investments	24	**(61,595)**	(21,678)	**(61,595)**	(21,678)
Credit losses written off net of reversal of provision		**3,460**	113,307	**(1,504)**	1,808
Dividend income	23	**(11,680)**	(5,508)	**(16,192)**	(9,680)
Interest income		**(25,994)**	(33,237)	**(21,481)**	(24,349)
Interest expense		**32,682**	132,997	**-**	-
Impairment loss on investment in financial assets/ subsidiary	10 / 7	**31,294**	-	**31,294**	73,000
Share of profits of associates	8	**(8,198)**	(9,167)	**-**	-
Net general insurance fund	17	**41,166**	(6,275)	**41,166**	(6,275)
Operating profit before working capital changes		**136,575**	239,261	**86,775**	29,412
Increase in trade and other receivables		**(20,524)**	(27,072)	**(11,111)**	(52,673)
Net increase in claims outstanding		**18,742**	45,244	**18,742**	45,244
Increase in retirement benefit obligations		**611**	592	**611**	592
(Decrease)/Increase in trade and other payables		**396**	40,772	**(14,568)**	23,736
Decrease in deposits		**(343,218)**	(501,309)	**-**	-
(Decrease)/Increase in finance leases		**(1,643)**	219,561	**-**	-
		(345,636)	(222,212)	**(6,326)**	16,899
Cash (used in)/generated from operations		**(209,061)**	17,049	**80,449**	46,311
Taxation paid	22(i)	**(6,621)**	(15,105)	**(6,621)**	(15,105)
Interest paid		**(49,486)**	(89,624)	**-**	-
Net cash (used in)/generated from operating activities		**(265,168)**	(87,680)	**73,828**	31,206
Cash flows from investing activities					
(Decrease)/Increase in amounts due from group companies		**(1,129)**	6,888	**(994)**	6,888
Purchase of investments	10	**(119,667)**	(150,311)	**(119,667)**	(150,311)
Investment in subsidiary company	7(a)	**-**	-	**(1,000)**	(76,500)
Proceeds from sale of investments	10	**193,596**	137,916	**193,596**	137,916
Purchase of property, plant and equipment	5	**(19,048)**	(79,446)	**(1,308)**	(3,574)
Purchase of intangible assets	6	**(6,536)**	(12,460)	**(5,534)**	(12,445)
Proceeds on sale of associate	38	**21,300**	-	**21,300**	-
Deemed disposal of subsidiary, net of cash disposed		**(341,858)**	-	**-**	-
Proceeds from sale of property, plant and equipment		**4,112**	149,533	**143**	26
Interest received		**25,718**	30,269	**21,205**	21,381
Dividend received		**13,269**	9,680	**13,269**	9,680
Net cash (used in)/generated from investing activities		**(230,243)**	92,069	**121,010**	(66,939)
Cash flows from financing activities					
Proceeds from loans		**-**	64,669	**-**	-
Repayment of loan		**(14,596)**	(41,486)	**-**	-
Issue of shares by non-controlling interest		**3**	73,500	**-**	-
Dividends paid	28	**(8,800)**	(19,200)	**(8,800)**	(19,200)
Net cash (used in)/generated from financing activities		**(23,393)**	77,483	**(8,800)**	(19,200)
(Decrease)/Increase in cash and cash equivalents		**(518,804)**	81,872	**186,038**	(54,933)
Cash and cash equivalents at beginning of the year		**887,561**	805,689	**182,719**	237,652
Cash and cash equivalents at end of the year	29	**368,757**	887,561	**368,757**	182,719

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

30 JUNE 2016

1 GENERAL INFORMATION

Mauritian Eagle Insurance Company Limited (the "Company") is a listed limited liability company incorporated and domiciled in Mauritius. The Company's registered office is situated at IBL House, Caudan, Port Louis and operates at 1st Floor, IBL House, Caudan, Port Louis. The Company, the subsidiary and the associates are collectively referred to as the "Group".

The Company carries out short term insurance comprising general insurances and covers the following:-

- Accident and Health
- Engineering
- Fire and allied perils
- Motor
- Transportation

The activities of the subsidiary company are disclosed in note 7(b).

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

In the current year, there has been no new and revised IFRSs, issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to the Company's operations and effective for the accounting period beginning on or after 1 July 2015.

2.1 Standards and Interpretations in issue not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but effective on annual periods beginning on or after the respective dates as indicated:

IAS 1 Presentation of Financial Statements - Amendments resulting from the disclosure initiative (effective 1 January 2016)

IAS 7 Statement of Cash Flows - Amendments as result of the Disclosure initiative (effective 1 January 2017)

IAS 12 Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses (effective 1 January 2017)

IAS 16 Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation (effective 1 January 2016)

IAS 16 Property, Plant and Equipment - Amendments bringing bearer plants into the scope of IAS 16 (effective 1 January 2016)

IAS 19 Employee Benefits - Amendments resulting from September 2014 Annual Improvements to IFRSs (effective 1 January 2016)

IAS 27 Separate Financial Statements - Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements (effective 1 January 2016)

IAS 28 Investments in Associates and Joint Ventures - Amendments regarding the application of the consolidation exception (effective 1 January 2016)

IAS 38 Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation (effective 1 January 2016)

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (Continued)

2.1 Standards and Interpretations in issue not yet effective (continued)

IAS 39 Financial instruments: Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception (effective 1 January 2018)

IFRS 7 Financial Instruments: Disclosures - Deferral of mandatory effective date of IFRS 9 and amendments to transaction disclosures (effective 1 January 2018)

IFRS 7 Financial Instruments: Disclosures - Amendments resulting from September 2014 Annual Improvements to IFRSs (effective 1 January 2016)

IFRS 7 Financial Instruments: Disclosures - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9 (effective 1 January 2018)

IFRS 9 Financial Instruments - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition (effective 1 January 2018)

IFRS 10 Consolidated Financial Statements - Amendments regarding the application of the consolidation exception (effective 1 January 2016)

IFRS 12 Disclosure of Interests in Other Entities - Amendments regarding the application of the consolidation execption (effective 1 January 2016)

IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018)

IFRS 15 Revenue from Contracts with Customers – Clarifications to IFRS 15 (effective 1 January 2018)

IFRS 16 Leases - Original issue (effective 1 January 2019)

The Directors anticipate that these amendments will be applied in the financial statements for the annual periods beginning on the respective dates as indicated above. The Directors have not yet had an opportunity to consider the potential impact of the adoption of these amendments.

3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the Group and the Company are as follows:

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

3.2 Basis of preparation

The financial statements have been prepared under the historical cost convention except for freehold building and certain available-for-sale investments that are measured at revalued amounts or fair values, as explained in the accounting policies, and in accordance with IFRSs.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Basis of consolidation

The financial statements include the results of the Company and of its subsidiary. The results of the subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income from the date of acquisition or up to the date of disposal, as appropriate. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiary. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's shareholding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Non-controlling interests in the net assets of the subsidiary are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests of changes in equity since the date of the combination. Losses applicable to the minority in excess of the non-controlling interests' in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

When the Group loses control of a subsidiary, the profit or loss on disposal is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Property, plant and equipment

Property, plant and equipment are stated at cost or revalued amount less accumulated depreciation and any accumulated impairment losses. Revaluations on property are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at end of the reporting period.

Any revaluation increase arising on the revaluation of such property is recognised in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such property is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.5 Depreciation

Depreciation on revalued property is recognised in profit or loss and the surplus on the revalued property is transferred annually from property revaluation reserve to retained earnings. The amount transferred is computed on the difference between depreciation based on the revalued amount of the asset and depreciation based on the asset's original cost.

No depreciation is provided on furniture and equipment under renovation work-in-progress, until the project has been completed or intended for use. Depreciation on property, plant and equipment is recognised so as to write off the cost or revalued amount of the assets less their residual values over their useful lives, using the straight-line method as follows:

Building	2.5 %
Furniture and equipment	20 %
Computer equipment	33.33 %
Motor vehicles	6 years
Plant and machinery and motor vehicles under operating leases	depreciated over the lease terms

3.6 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Business combinations (Continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held-for-sale in accordance with IFRS 5 Non-current Assets Held-for-Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

30 JUNE 2016

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Business combinations (Continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3.7 Intangible asset and amortisation

(a) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses if any.

Goodwill is tested annually for impairment and is allocated to cash-generating units for the purpose of impairment testing.

On disposal of subsidiary, the attributable amount of goodwill is included in the determination of the gains and losses on disposal.

(b) Computer software

Computer software is stated at cost less accumulated amortisation. Amortisation of computer software is calculated to write off its cost on a straight line basis over its estimated useful life of 3 to 6 years.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3.8 Investment in subsidiary

In the Company's financial statements, investment in subsidiary was stated at cost. The carrying amount is reduced if there is any indication of impairment in value.

3.9 Investment in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decision of the investee but is not control or joint control over these policies.

Investments in associates are accounted for at cost in the Company's account and under the equity method in the Group accounts. The Group's share of the associates' profit or loss and other comprehensive income for the year is recognised in the statement of profit or loss and other comprehensive income and the Group's interest in the associates are carried in the statement of financial position at an amount that reflects its share of the net assets of the associates.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associates recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment on an annual basis as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the statement of profit or loss and other comprehensive income.

Where the Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Financial instruments

Financial assets and liabilities are recognised on the statement of financial position when the Group has become party to the contractual provisions of the financial instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in statement of profit or loss.

Financial assets

Financial assets are classified into the following specified categories: 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Under section 24 of the Insurance Act 2005, the Company is required to maintain a deposit pledged in favour of the Financial Services Commission and statutory obligations are excluded from financial assets or liabilities as per IAS 32.AG12.

<u>Held-to-maturity investments</u>

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Bonds and debentures are classified as held-to-maturity investments and are recorded at amortised cost using the effective interest method less any impairment, with interest recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial assets, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

<u>AFS financial assets</u>

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Listed shares held by the Group that are traded in an active market are classified as AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income and accumulated in equity in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is transferred to profit or loss for the year.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Financial instruments (Continued)

Financial assets (Continued)

AFS financial assets (Continued)

Available-for-sale investments which do not have a quoted market price and whose fair value cannot be reliably measured, are carried at cost, less any impairment loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash and other loans, amounts due from group companies, claims recoverable from reinsurers and finance lease receivables) are measured at amortised cost using the effective interest method, less any impairment. Trade receivables originated by the Group are stated at cost less provision for doubtful debts. An estimate of doubtful debts is made based on a review of all outstanding amounts at end of the reporting period. Debts are written off during the year in which they are identified. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 80 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period. For financial assets measured at amortised cost, 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, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

Financial liabilities are classified as 'other financial liabilities'.

Other financial liabilities (including trade and other payables, loans, deposits from customers and gross outstanding claims) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.11 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

3.12 Leases

Finance lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. The other leases are classified as operating lease.

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Operating lease

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

3.13 Impairment

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, and the carrying amount of the asset is reduced to its recoverable amount. Any impairment loss is charged to the statement of profit or loss.

3.14 Provision for unearned premiums

The provision for unearned premiums represents that part of the written premiums on short-term insurance contracts, gross of commission payable to intermediaries, that is estimated to be earned in subsequent periods. Unearned premiums are computed on 1/24th method. The change in the provision is recorded in the statement of profit or loss and other comprehensive income to recognise revenue over the period of the risk. The provision is derecognised when the contract expires, is discharged or cancelled.

3.15 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods but it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.15 Taxation (Continued)

(ii) Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiary and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle its current tax assets and liabilities on a net basis.

(iii) Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in the statement of profit or loss and other comprehensive income.

3.16 Retirement benefits obligations

Defined benefit pension plan

The Company contributes to a defined benefit pension plan operated by its holding Company, IBL Ltd. Contributions to the pension plan are charged to the statement of profit or loss and other comprehensive income in the period in which they fall due.

State plan and defined contribution pension plan

Contributions to the National Pension Scheme and defined contribution pension plan are expensed to the statement of profit or loss and other comprehensive income in the period in which they fall due.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.16 Retirement benefits obligations (Continued)

Gratuity on retirement

For employees who are not covered (or who are insufficiently covered by the above pension plans), the net present value of gratuity on retirement payable under the Employment Rights Act 2008 is calculated by Swan Life Limited and provided for. The obligations arising under this item are not funded.

3.17 Outstanding claims

Outstanding claims represent the estimated liability for claims reported plus losses incurred but not yet reported and the related loss adjustment expenses. Claims and loss adjustment expenses are charged to the statement of profit or loss and other 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 claim settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Company. The liability for losses and loss adjustment expenses is determined using "case basis" evaluations and statistical analysis, and represents an estimate of the ultimate net cost of all losses incurred but not paid at the end of the reporting period. Although considerable variability is inherent in such estimates, management believes that the liability for unpaid losses and loss adjustment expenses is adequate. These estimates are continually reviewed and adjusted as necessary, such adjustments are reflected in current operations.

3.18 Salvage and subrogation reimbursements

Some insurance contracts permit the Company to sell property acquired in settling a claim (i.e. Salvage). The Company may also have the right to sue third parties for payment of some or all the costs incurred (i.e Subrogation). Estimate of salvage recoveries are included as allowance in the measurement of the insurance liability for claims, and salvage property is recognised in other assets when the liability is settled.

3.19 Liability adequacy

At the end of each reporting period the Company performs a liability adequacy test on its insurance liabilities to ensure that the carrying value is adequate, using current estimates of future cash flows (including claims handling and related costs), taking into account the relevant investment return. If that assessment shows that the carrying amount of the liabilities is inadequate, any deficiency is recognised as an expense to the statement of profit or loss and other comprehensive income by recognising an additional liability for claims provisions or recognising a provision for unexpired risks. The unexpired risks provision is assessed in aggregate for future business classes which are managed together.

3.20 Provisions

A provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.21 Insurance contracts

Insurance contracts are those contracts that transfer significant insurance risk at the inception of the contract. Such contracts remain insurance contracts until all rights and obligations are extinguished or expired.

Insurance contracts issued by the Group are classified as short term insurance and reinsurance contracts. Short term insurance contracts are in respect of general insurance business.

3.22 Revenue recognition

General business

Gross premiums on general business excluding marine businesses are earned on a pro-rata basis over the term of the policy coverage. The movement on the provision for unearned premiums is transferred to the general insurance fund. Premiums are shown gross of commission.

Gross premiums on marine business are accounted for on an underwriting year basis and the net surplus is transferred to the general insurance fund to be released to the statement of profit or loss and other comprehensive income at the end of a period of three years.

Lease business

Gross earnings, which represent the income element of finance lease rentals and operating lease rentals receivable, are allocated to the relevant accounting periods covered by the leases using the actuarial method before tax.

Other revenues

Other revenues earned by the Group are recognised on the following bases:

Dividend income is recognised when the shareholder's right to receive payment is established.

Commission income from reinsurers is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Profit commission from reinsurers is recognised on an accrual basis.

Interest income on deposits is recognised on a time basis using effective interest method.

3.23 Reinsurance

The Group enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outwards reinsurance premiums are accounted for in the same period as the related premiums for the direct or inwards reinsurance business being reinsured.

Reinsurance liabilities comprise premiums payable for outwards reinsurance contracts and are recognised as an expense when due.

Reinsurance assets include balances due from reinsurance companies for paid and unpaid losses. Reinsurance assets are measured consistently with the amounts associated with the underlying insurance or investment contracts and in accordance with the terms of the reinsurance contract. Reinsurance is recorded as an asset unless a right of set-off exists, in which case the associated liabilities are reduced to take into account of reinsurance.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.23 Reinsurance (Continued)

Reinsurance assets are subject to impairment testing and the carrying amount is reduced to its recoverable amount. The impairment loss is recognised as an expense in the statement of profit or loss and other comprehensive income. The asset is impaired if objective evidence is available to suggest that it is probable that the Group will not be able to collect the amounts due from reinsurers.

Gains and losses on buying reinsurance are recognised in income at the date of purchase and are not amortised.

3.24 Benefits

Benefits are recorded as an expense when they are incurred. The liabilities for benefit are recalculated at each end of the reporting period using the assumptions established at the inception of the insurance contracts.

3.25 Borrowing costs

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.26 Cash and cash equivalents

Cash comprises cash at bank and in hand and demand deposits with the immediate holding company. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.27 Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Mauritian rupees, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated into the entity's functional currency at the rates of exchange prevailing at the end of each reporting period.

Exchange differences arising on the settlement and the retranslation of monetary items are recognised in the statement of profit or loss and other comprehensive income. For the purpose of presenting consolidated financial statements, the assets and liabilities of foreign operations are expressed in Mauritian rupees using exchange rates prevailing at the end of each reporting period. Their results for the period are translated into Mauritian rupees at average exchange rates for the period. The exchange differences arising from translation of the foreign operations are taken to the Group's translation reserve.

3.28 Related Parties

Parties are considered to be related if they have the ability, directly or indirectly, to control or exercise significant influence over the Group or the Company in making financial and operating decisions, or vice versa, or where the Group or the Company is subject to common significant influence. Related parties may be individuals or other entities.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.29 Expenses

Expenses are recognised on accruals basis in the statement of profit or loss and other comprehensive income.

3.30 Comparatives

Comparatives have been regrouped where necessary to align with the current year's presentation and disclosure.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING ESTIMATES

Estimates and judgements are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are considered to be relevant under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

4.1 Insurance contracts

The uncertainty inherent in the financial statements of the Group arises in respect of insurance liabilities, which include liabilities for unearned premiums and outstanding claims provision (including IBNR). In addition to the inherent uncertainty involved when estimating liabilities, there is also uncertainty as regards the eventual outcome of claims. As a result, the Group applies estimation techniques to determine the appropriate provisions.

<u>Short-term insurance</u>

(i) Claims provision

Outstanding claims provision is determined based upon knowledge of events, terms and conditions of relevant policies, on interpretation of circumstances as well as previous claims experience. Similar cases, historical claims payment trends, judicial decisions and economic conditions are also relevant and are taken into consideration.

(ii) Sensitivity analysis

The Company adopted actuarial techniques to estimate the required levels of provisions, taking into account the characteristics of the business class and risks involved.

4.2 Credit impairment

(a) <u>Specific provision for credit impairment</u>

The calculation of specific provision for credit impairment requires management to estimate the recoverable amount of each impaired asset, which is the estimated future cash flows discounted at the original effective interest rate of the lease. Where cash flows for large credits include the realisable value of collateral securing the credit, the value of such collateral is based on the opinion of independent and qualified appraisers and/or management judgement.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING ESTIMATES (Continued)

4.2 Credit impairment (continued)

(b) Portfolio provision for credit impairment

The portfolio provision is estimated based upon historical patterns of losses in each component of the portfolio of leases as well as management estimate of the impact of current economic and other relevant conditions on the recoverability of the leases portfolio.

4.3 Impairment of financial assets

Determining whether financial assets are impaired requires an estimation of the future cash flows and assess where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated cash flows have been impacted. In making this estimation, the Directors evaluate among other factors, the duration and the extent of the decline in the carrying of the financial asset below its cost, the financial health and near business outlook for the investee company and dividend yield. Changes in assumptions about these factors could affect the cash flow estimates, the carrying amount of the financial assets and the accounting treatment of the change in the carrying amount.

4.4 Impairment of unquoted investments

Determining whether investments are impaired requires an estimation of the value in use of the investments. In considering the value in use, the Directors have taken into account management accounts and cash flow projections. The actual results could, however, differ from the estimates.

4.5 Useful lives and residual values of property, plant and equipment

Determining the carrying amounts of property, plant and equipment requires the estimation of the useful lives and residual values of these assets which carry a degree of uncertainty. The Directors have used historical information relating to the Group and the relevant industries in which the Group's entities operate in order to best determine the useful lives and residual values of property, plant and equipment.

5 PROPERTY, PLANT AND EQUIPMENT

	Freehold building	Plant and machinery	Furniture and equipment	Computer equipment	Motor vehicles	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
THE GROUP						
Cost or valuation						
At 1 July 2014	89,370	563,543	30,871	19,388	377,568	1,080,740
Additions	-	2,202	421	2,853	73,970	79,446
Written off	-	-	-	(1,726)	-	(1,726)
Disposals	-	(305,649)	(124)	(99)	(53,618)	(359,490)
At 30 June 2015	**89,370**	**260,096**	**31,168**	**20,416**	**397,920**	**798,970**
Additions	**-**	**1,911**	**72**	**1,309**	**15,756**	**19,048**
Disposals	**-**	**(7,921)**	**-**	**(31)**	**(7,775)**	**(15,727)**
Derecognised on disposal of subsidiary	**-**	**(254,086)**	**(4,383)**	**(3,583)**	**(405,263)**	**(667,315)**
At 30 June 2016	**89,370**	**-**	**26,857**	**18,111**	**638**	**134,976**
Accumulated depreciation						
At 1 July 2014	-	252,121	11,821	16,806	104,589	385,337
Charge for the year	2,517	35,730	5,234	2,027	54,683	100,191
Written off	-	-	-	(1,726)	-	(1,726)
Disposals	-	(170,701)	(124)	(99)	(25,487)	(196,411)
At 30 June 2015	**2,517**	**117,150**	**16,931**	**17,008**	**133,785**	**287,391**
Charge for the year	**2,517**	**11,586**	**4,903**	**1,935**	**20,491**	**41,432**
Disposals	**-**	**(5,488)**	**-**	**(31)**	**(5,193)**	**(10,712)**
Derecognised on disposal of subsidiary	**-**	**(123,248)**	**(4,128)**	**(3,324)**	**(148,977)**	**(279,677)**
At 30 June 2016	**5,034**	**-**	**17,706**	**15,588**	**106**	**38,434**
Net book value						
At 30 June 2016	**84,336**	**-**	**9,151**	**2,523**	**532**	**96,542**
At 30 June 2015	86,853	142,946	14,237	3,408	264,135	511,579

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

30 JUNE 2016

5 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Freehold building	Furniture and equipment	Computer equipment	Motor vehicles	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
THE COMPANY					
Cost or valuation					
At 1 July 2014	89,370	26,749	15,956	746	132,821
Additions	-	160	2,775	639	3,574
Written off	-	-	(1,726)	-	(1,726)
Disposals	-	(124)	(99)	(25)	(248)
At 30 June 2015	**89,370**	**26,785**	**16,906**	**1,360**	**134,421**
Additions	**-**	**72**	**1,236**	**-**	**1,308**
Disposals	**-**	**-**	**(31)**	**(722)**	**(753)**
At 30 June 2016	**89,370**	**26,857**	**18,111**	**638**	**134,976**
Accumulated depreciation					
At 1 July 2014	-	7,795	13,741	695	22,231
Charge for the year	2,517	5,158	1,800	10	9,485
Written off	-	-	(1,726)	-	(1,726)
Disposals	-	(124)	(99)	(25)	(248)
At 30 June 2015	**2,517**	**12,829**	**13,716**	**680**	**29,742**
Charge for the year	**2,517**	**4,877**	**1,903**	**98**	**9,395**
Disposals	**-**	**-**	**(31)**	**(672)**	**(703)**
At 30 June 2016	**5,034**	**17,706**	**15,588**	**106**	**38,434**
Net book value					
At 30 June 2016	**84,336**	**9,151**	**2,523**	**532**	**96,542**
At 30 June 2015	86,853	13,956	3,190	680	104,679

(i) The freehold building was revalued by the Directors at 30 June 2014 based on a valuation carried out by an independent valuer, Gexim Real Estate Limited, Chartered Valuation Surveyors whose valuation is in accordance with the RICS Valuation Standards. The fair value of the building has been assessed on the basis of its market value, being the estimated amount for which the property could be exchanged between knowledgeable willing parties in an arm's length transaction and taking into account the current market conditions and similar transactions undertaken by the Group in recent years. In arriving at the market value, the depreciated replacement cost approach has been used for the building which estimates the value by computing the current cost of replacing a property less any depreciation resulting from physical, functional and economic obsolescence factors. The revaluation surplus of Rs 23,127,961 for the Group and the Company were credited to other comprehensive income in revaluation reserve.

The Directors are of the opinion that the fair value of the freehold building approximates the carrying value at 30 June 2016.

5 PROPERTY, PLANT AND EQUIPMENT (Continued)

Details of the freehold building measured at fair value and information about the fair value hierarchy is as follows:

	2016	2015
	Rs'000	Rs'000
	Level 3	Level 3
Freehold building	**89,370**	89,370

Had the freehold building been measured on an historical cost basis, the carrying amount would have been Rs 25,986,620 (2015: Rs 26,762,340).

There has been no change to the valuation technique during the year.

(ii) The Group rented out the following plant and equipment under operating leases:-

	2016 Cost	2016 Accumulated depreciation	2016 Net book value	2015 Cost	2015 Accumulated depreciation	2015 Net book value
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Plant and machinery	-	-	-	266,553	123,604	142,949
Motor vehicles	-	-	-	395,363	132,537	262,826
	-	-	-	661,916	256,141	405,775

Rental income earned during the period was Rs 27,728,115 (2015: Rs 111,874,614). There were no expenses attributable directly to plant and equipment under operating leases.

The plant and equipment were expected to generate a yield ranging between 7.5% and 13% in 2015 on an ongoing basis. At 30 June 2015 and during the year, plant and equipment and motor vehicles held had committed lessees for the next 2 to 5 years.

At 30 June 2015, the Group has contracted with tenants for the following future minimum lease payments:

	2016 Plant and machinery	2016 Motor vehicles	2016 Total	2015 Plant and machinery	2015 Motor vehicles	2015 Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Within one year	-	-	-	37,187	55,861	93,048
In the second to the fifth years	-	-	-	57,677	128,175	185,852
After five years	-	-	-	-	173	173
	-	-	-	94,864	184,209	279,073

Operating lease contracts contain market review clauses. The lease terms varied between 5 and 6 years with an option for renewal.

(iii) None of the property, plant and equipment were pledged as at 30 June 2016 and 2015.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

30 JUNE 2016

6 INTANGIBLE ASSETS

	The Group				The Company		
	Goodwill Rs'000	Computer Software Rs'000	Work-in-progress Rs'000	Total Rs'000	Computer Software Rs'000	Work-in-progress Rs'000	Total Rs'000
Cost							
At 1 July 2014	-	28,790	-	28,790	24,589	-	24,589
Additions	-	245	12,215	12,460	230	12,215	12,445
At 30 June 2015	-	29,035	12,215	41,250	24,819	12,215	37,034
Transfer	-	12,215	(12,215)	-	12,215	(12,215)	-
Additions	993	5,543	-	6,536	5,534	-	5,534
Derecognised on disposal of subsidiary	-	(4,225)	-	(4,225)	-	-	-
At 30 June 2016	**993**	**42,568**	**-**	**43,561**	**42,568**	**-**	**42,568**
Accumulated amortisation							
At 1 July 2014	-	24,047	-	24,047	19,893	-	19,893
Charge for the year	-	1,720	-	1,720	1,685	-	1,685
At 30 June 2015	-	25,767	-	25,767	21,578	-	21,578
Charge for the year	-	2,748	-	2,748	2,740	-	2,740
Derecognised on disposal of subsidiary	-	(4,197)	-	(4,197)	-	-	-
At 30 June 2016	**-**	**24,318**	**-**	**24,318**	**24,318**	**-**	**24,318**
Net book value							
At 30 June 2016	**993**	**18,250**	**-**	**19,243**	**18,250**	**-**	**18,250**
At 30 June 2015	-	3,268	12,215	15,483	3,241	12,215	15,456

The estimated remaining useful life of computer softwares ranges from 1 to 3 years for 2016 and 2015.

Goodwill has been allocated to the general business segment for impairment testing purposes of cash generating units (CGU's). The Directors have reviewed the carrying amount of the goodwill allocated to the CGU and they are of the opinion that the goodwill is not impaired at reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

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7 INVESTMENT IN SUBSIDIARY

	The Company	
	2016	2015
	Rs'000	Rs'000
(a) Unquoted investment at cost, less impairment		
At 1 July	**105,500**	102,000
Additions (note (i))	**1,000**	76,500
Impairment loss (note (ii))	**-**	(73,000)
Loss on deemed disposal on investment in subsidiary (note (iii))	**(50,007)**	-
Transfer to financial assets (note 10)	**(55,493)**	-
At 30 June	**1,000**	105,500

Note (i): Investment of Rs 1,000,000 was made to Speciality Risk Solutions Limited during the year.

Note (ii): An impairment assessment was made at 30 June 2015 and carrying amount exceeded the value in use based on a discounted cash flow analysis. Consequently, an impairment loss of Rs 73,000,000 was recognised in the subsidiary.

Note (iii): Mauritian Eagle Leasing Company Limited (MELCO) made a rights issue in November 2015 to which Mauritian Eagle Insurance Company Limited (MEICO) did not subscribe. Consequently, MEICO's investment in the leasing business has been reduced from a controlling interest of 51% down to 13.57%. MELCO has been de-consolidated accordingly and has now been reported as a discontinued operation, with a representation to prior year comparatives. The remaining investment has been reclassified as a financial asset which is carried at cost less impairment (Note 10).

(b) Details of Group's subsidiary at end of reporting period

Name of subsidiary	Principal Activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			2016	2015
Mauritian Eagle Leasing Company Limited	Leasing and deposit taking	Mauritius	**-**	51%
Speciality Risk Solutions Ltd	Provision of anxilliary insurance services	Mauritius	**70%**	-

(c) Details of non-wholly owned subsidiary that has material non-controlling interest

Name of subsidiary	Proportion of ownership interest and voting power held by non-controlling interest		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
	30 June 2016	30 June 2015	31 October 2015 Rs'000	30 June 2015 Rs'000	**30 June 2016 Rs'000**	30 June 2015 Rs'000
Mauritian Eagle Leasing Company Limited	**N/A**	49%	(8,950)	(63,735)	**-**	108,948

7 INVESTMENT IN SUBSIDIARY (Continued)

(d) Summarised financial information in respect of the Group's subsidiary that had material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Mauritian Eagle Leasing Company Limited	2016 Rs'000	2015 Rs'000
Current assets	-	1,186,114
Non-current assets	-	1,093,228
Current liabilities	-	(1,083,750)
Non-current liabilities	-	(970,860)
Equity attributable to owners of the Company	-	224,732

	31 October 2015 Rs'000	30 June 2015 Rs'000
Revenue	58,890	240,261
Expenses	(77,156)	(370,332)
Loss for the period/ year	(18,266)	(130,071)
Other comprehensive income for the period/year	-	-
Total comprehensive loss for the period/year	(18,266)	(130,071)
Loss attributable to owners of the Company	(9,316)	(66,336)
Loss attributable to the non-controlling interests	(8,950)	(63,735)
Loss for the year	(18,266)	(130,071)
Total comprehensive loss attributable to owners of the Company	(9,316)	(66,336)
Total comprehensive loss attributable to the non-controlling interests	(8,950)	(63,735)
Total comprehensive loss for the period/year	(18,266)	(130,071)
Dividend paid to non-controlling interests	-	-
Net cash outflow from operating activities	(338,996)	(109,998)
Net cash (outflow)/inflow from investing activities	(351,253)	73,620
Net cash (outflow)/inflow from financing activities	(14,593)	173,183
Net (decrease)/increase in cash and cash equivalents	(704,842)	136,805

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

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8 INVESTMENT IN ASSOCIATES

(a) Unquoted investment

	The Group		The Company	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**47,107**	59,864	**6,313**	13,813
Share of post tax profit from continuing operations	**8,198**	9,167	**-**	-
Share of post tax (loss) from discontinuing operations	**-**	(478)	**-**	-
Dividend	**(4,512)**	(4,172)	**-**	-
Translation difference	**(1,108)**	3,965	**-**	-
Transfer to non-current assets classified as held-for-sale (note 39 (c))	**-**	(21,239)	**-**	(7,500)
At 30 June	**49,685**	47,107	**6,313**	6,313

(b) Details of the associates at end of reporting period

Name of associates	Year end	Principal Activity	Place of Incorporation and operation	Proportion of ownership interest and voting power held by The Group	
				2016	2015
H Savy Insurance Company Ltd	30 June	General and life insurance business	Seychelles	**20%**	20%
Metropolitan Life (Mauritius) Ltd	30 June	Life assurance and pension	Mauritius	**-**	30%

The above associate is accounted for using the equity method.

On 11 November 2014, the Board of Directors resolved to dispose the 30% stake in Metropolitan Life (Mauritius) Limited. For the purpose of applying the equity method of accounting, management accounts for the period ended 30 September 2014 has been used.

(c) Summarised financial information in respect of the associates is set out below:-

	H Savy Insurance Company Ltd		Metropolitan Life (Mauritius) Ltd	
	30 June 2016 Rs'000	30 June 2015 Rs'000	**30 June 2016 Rs'000**	30 September 2014 Rs'000
Current assets	**292,681**	286,955	**-**	364,068
Non-current assets	**204,289**	145,539	**-**	460,543
Current liabilities	**(89,421)**	(66,420)	**-**	(97,844)
Non-current liabilities	**(159,123)**	(130,539)	**-**	(655,970)
Equity attributable to owners of the Company	**248,426**	235,535	**-**	70,797

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8 INVESTMENT IN ASSOCIATES (Continued)

(c) Summarised financial information in respect of the associates is set out below (continued):-

	H Savy Insurance Company Ltd		Metropolitan Life (Mauritius) Ltd	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
Revenue	**472,698**	426,193	**-**	43,383
Profit from continuing operations	**40,992**	45,835	**-**	-
Loss from discontinued operations	**-**	-	**-**	(1,593)
Other comprehensive income for the year	**-**	-	**-**	-
Total comprehensive income for the year	**40,992**	45,835	**-**	(1,593)
Dividend received from associates	**4,512**	4,172	**-**	-

Reconciliation of summarised information to carrying amount of the interest in associate recognised in the consolidated financial statements.

	H Savy Insurance Company Ltd		Metropolitan Life (Mauritius) Ltd	
	30 June 2016	30 June 2015	**30 June 2016**	30 September 2014
	Rs'000	Rs'000	**Rs'000**	Rs'000
Net assets of the associate	**248,426**	235,535	**-**	70,797
Proportion of the ownership interest in the associate	**20%**	20%	**-**	30%
Carrying amount of the interest in the associate	**49,685**	47,107	**-**	21,239

9 STATUTORY DEPOSITS

	The Group and Company	
	2016	2015
	Rs'000	Rs'000
At 1 July & **30 June,**	**8,000**	8,000
Analysed as:		
Non-current	**4,000**	2,000
Current	**4,000**	6,000
	8,000	8,000

(i) The statutory deposits are pledged in favour of the Financial Services Commission.

(ii) The statutory and other deposits earn interest at rates varying from 3.64% to 4.75% per annum (2015: 3.90% to 5.00% per annum) with maturity dates varying from August 2016 to April 2020.

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10 FINANCIAL ASSETS

	The Group and Company							
	2016				2015			
	Available-for-sale securities		Held-to-maturity	Total	Available-for-sale securities		Held-to-maturity	Total
	At fair value Rs'000	At Cost Rs'000	Rs'000	Rs'000	At fair value Rs'000	At Cost Rs'000	Rs'000	Rs'000
At 1 July	**277,114**	**52,435**	**225,046**	**554,595**	202,450	102,435	199,742	504,627
Additions	**110,696**	**3,000**	**5,971**	**119,667**	136,480	-	25,304	161,784
Transfer from investment in subsidiary (note 7)	**-**	**55,493**	**-**	**55,493**	-	-	-	-
Disposals	**(61,488)**	**(5,000)**	**(70,582)**	**(137,070)**	(76,996)	(50,000)	-	(126,996)
Impairment loss on transferred investment	**-**	**(31,294)**	**-**	**(31,294)**	-	-	-	-
Change in fair value	**(20,688)**	**-**	**-**	**(20,688)**	15,180	-	-	15,180
At 30 June	**305,634**	**74,634**	**160,435**	**540,703**	277,114	52,435	225,046	554,595
Net proceeds on disposals	**59,502**	**66,409**	**67,685**	**193,596**	83,361	54,555	-	137,916
Quoted investments	**90,135**	**-**	**25,972**	**116,107**	53,468	-	50,000	103,468
Unquoted investments	**215,499**	**74,634**	**134,463**	**424,596**	223,646	52,435	175,046	451,127
	305,634	**74,634**	**160,435**	**540,703**	277,114	52,435	225,046	554,595

Held-to-maturity (HTM) investments are unquoted and are made up of debentures, bank bonds and structured notes bearing interest rate varying from 5.10% to 10.00% (2015: 6.00% to 10.00%) with maturity date varying from 2017 to 2024 respectively. The Directors have reviewed the carrying amount on HTM and are of the opinion there is no objective evidence of impairment.

Available-for-sale financial assets comprise of quoted and unquoted securities and units. The fair value of quoted and unquoted securities is based on the Stock Exchange prices and the net asset value based on brokers' statement at the close of business at the end of the reporting period respectively. An impairment assessment was made at 30 June 2016 on available-for-sale investments carried at cost and carrying amount exceeded the value in use based on a discounted cash flow analysis. Consequently, an impairment loss of Rs 31,294,100 was recognised in the financial assets.

11 NET FINANCE LEASE RECEIVABLES

(a) Movement during the year:

	The Group	
	2016	2015
	Rs'000	Rs'000
At 1 July	**1,213,875**	1,403,956
Leases granted during the year	**117,323**	216,584
Capital movement during the year	**(113,950)**	(406,665)
	1,217,248	1,213,875
Less allowance for credit losses	**(120,314)**	(118,584)
	1,096,934	1,095,291
Derecognised on disposal of subsidiary (note 37)	**(1,096,934)**	-
At 30 June	**-**	1,095,291
Present value of the minimum lease payments	**-**	1,213,875
Analysed as:		
Non-current	**-**	754,504
Less allowance for credit losses	**-**	(68,203)
	-	686,301
Current	**-**	459,371
Less allowance for credit losses	**-**	(50,381)
	-	408,990
	-	1,095,291

All finance lease receivables are secured over the assets leased and in some cases additional guarantees are taken from the clients for the facility availed.

The average lease term is 5 to 7 years and the effective interest rate on finance leases was approximately 8.23% in 2015 and is fixed at the contract date for the entire lease term.

Before granting lease to clients, the subsidiary uses a credit scoring system to assess the potential client's credit quality and profile. Upon satisfactory scoring and submission of all necessary documents, the lease is granted.

There is no individual client which accounts for more than 10% of the total portfolio of the subsidiary. The largest client currently accounts for 4% of the total lease portfolio in 2015.

The maximum exposure to credit risk of finance lease receivables for the current and prior periods is the carrying amount net of allowance for credit losses.

11 FINANCE LEASE RECEIVABLES (Continued)

Ageing of past due debt but not impaired

	The Group	
	2016	2015
	Rs'000	Rs'000
90 days – 180 days	-	15,824
Over 180 days	-	3,342
	-	19,166

Ageing of impaired past due debt

	The Group	
	2016	2015
	Rs'000	Rs'000
Over 180 days	-	322,761

Movement in the allowance of credit losses

In determining the recoverability of a debt, the Company considers each client on a case by case basis, taking into account any change in the credit quality of the client from the date credit was initially granted up to the recording date. The concentration of credit risk is limited due to the customer base being large and unrelated. Management is of the opinion that there is no further credit provision required in excess of the allowance for credit losses.

(b) Net investment in finance lease before allowance for credit losses

	The Group	
	2016	2015
	Rs'000	Rs'000
Gross and net investment in finance leases:		
- within 1 year	-	551,515
- between 1 and 5 years	-	827,803
- over 5 years	-	21,182
	-	1,400,500
Less unearned finance income	-	(186,625)
	-	1,213,875

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11 FINANCE LEASE RECEIVABLES (Continued)

(c) Remaining term to maturity

	The Group	
	2016	2015
	Rs'000	Rs'000
Within 3 months	-	21,185
Over 3 to 6 months	-	21,311
Over 6 to 12 months	-	45,233
Over 1 to 5 years	-	1,079,195
Over 5 years	-	46,951
	-	1,213,875

(d) Credit concentration of risk by industry sectors

	The Group	
	2016	2015
	Rs'000	Rs'000
Agriculture and fishing	-	44,357
EPZ	-	32,830
Tourism	-	194,510
Transport	-	97,046
Construction	-	396,663
Financial and Business Services	-	109,928
Traders	-	170,370
Personal	-	165,689
Other	-	2,482
	-	1,213,875

The fair value of the finance lease receivables at 30 June 2016 was nil (2015: Rs 1,185 million) based on discounted estimated future cash flows at market rate.

The fair value of the collaterals of the finance lease receivables at 30 June 2016 was nil (2015: Rs 1,272 million), based on the assets depreciated value.

The lessee had the option to purchase the asset at the end of the lease period.

The unguaranteed residual values of assets under finance leases at the end of the reporting year were nil (2015: Rs 25 million).

11 FINANCE LEASE RECEIVABLES (Continued)

(e) Allowance for credit losses

	The Group					
	2016			2015		
	Specific provision Rs'000	Portfolio provision Rs'000	Total provision Rs'000	Specific provision Rs'000	Portfolio provision Rs'000	Total provision Rs'000
At 1 July	**109,538**	**9,046**	**118,584**	54,082	15,000	69,082
Provision made during the year	**1,730**	**-**	**1,730**	55,456	-	55,456
Amount written off	**-**	**-**	**-**	-	(5,954)	(5,954)
Derecognised on disposal of subsidiary	**(111,268)**	**(9,046)**	**(120,314)**	-	-	-
At 30 June	**-**	**-**	**-**	109,538	9,046	118,584

(f) Provision for credit losses by industry sector

	The Group			
	2016		2015	
	Total Provision Rs'000	Ageing of impaired non-performing leases Rs'000	Total Provision Rs'000	Ageing of impaired non-performing leases Rs'000
Agriculture and fishing	**-**	**-**	440	1,015
EPZ	**-**	**-**	4,269	7,232
Tourism	**-**	**-**	4,926	2,605
Transport	**-**	**-**	14,771	39,529
Construction	**-**	**-**	69,505	205,567
Financial and Business Services	**-**	**-**	3,375	3,850
Traders	**-**	**-**	16,478	54,611
Personal	**-**	**-**	3,888	6,937
Other	**-**	**-**	933	1,415
	-	**-**	118,584	322,761

(g) Credit facilities to related parties

	The Group	
	2016 Rs'000	2015 Rs'000
Net investment in finance leases granted to related parties		
At 1 July	**61,550**	73,770
Lease granted during the year	**10,772**	22,916
Reclassification of balances	**(1,325)**	(3,490)
Capital repayments during the year	**(23,520)**	(31,646)
Derecognised on disposal of subsidiary	**(47,477)**	-
At 30 June	**-**	61,550

12 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
Trade receivables	**263,899**	264,067	**263,899**	264,067
Amounts due from reinsurance companies	**59,213**	49,088	**59,213**	49,088
Salvage and recoveries from third party insurers	**73,137**	71,384	**73,137**	71,384
Other receivables	**12,813**	80,811	**12,803**	8,699
	409,062	465,350	**409,052**	393,238

The average collection period on sales of insurance premiums of the Company is 84 days (2015: 86 days) and the average credit period on sales of insurance premiums is 90 days (2015: 90 days). No interest is charged on the trade receivables from the date the debit note is issued.

The amounts due from reinsurance companies are recoverable on a period ranging on a monthly to a quarterly basis. The amount due by third party insurers are recoverable following final settlement of claims negotiations.

Before accepting any new customer, the Company's credit control department assesses the potential customer's credit quality and define terms and credit limits for the customer. Of the trade receivables balance at the end of the year, Rs 9.8 million (2015: Rs 7.3 million) is due by the holding company, Ireland Blyth Limited, the Company's largest customer and there are no customers who represent more than 10% of the total balance of trade receivables.

	The Group and Company	
	2016	2015
	Rs'000	Rs'000
Ageing of past due but not impaired:		
91-120 days	**6,673**	6,633
Over 120 days	**124,958**	122,627
	131,631	129,260

Movement in the allowance for doubtful debt

	The Group		The Company	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**29,427**	5,224	**7,032**	5,224
Impairment losses recognised on receivables	**2,326**	25,349	**596**	2,954
Receivables written off as uncollectible	**(2,106)**	(89)	**(2,106)**	(89)
Receivables recovered during the year	**6**	(1,057)	**6**	(1,057)
Derecognised on disposal of subsidiary	**(24,125)**	-	**-**	-
At 30 June	**5,528**	29,427	**5,528**	7,032

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk relating to trade receivable is limited due to the customer base being large and unrelated. The impairment losses recognised on specific trade receivables is the difference between the carrying amount and the present value of expected proceeds. The Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

12 TRADE AND OTHER RECEIVABLES (Continued)

Age of impaired receivables

	The Group		The Company	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
Over 120 days	**5,528**	29,427	**5,528**	7,032

13 AMOUNTS DUE FROM GROUP COMPANIES

	The Group and Company	
	2016	2015
	Rs'000	Rs'000
Amount due from immediate holding company	**1,383**	389
Deposit with immediate holding company (Note 29)	**111,623**	90,778
	113,006	91,167

(i) The amount due from the immediate holding company is unsecured, interest free and does not have fixed terms of repayment.

(ii) Some deposits with the immediate holding company are unsecured, bear fixed interest rate of 6.00% per annum (2015: 6.00%) and are repayable within one year. Other deposits are unsecured, bear fixed interest rate of 5.10% (2015: 5.10%) and do not have fixed repayment terms.

14 GROSS OUTSTANDING CLAIMS

The Group and Company	2016			2015		
	Gross	**Reinsurance**	**Net**	Gross	Reinsurance	Net
	Rs'000	**Rs'000**	**Rs'000**	Rs'000	Rs'000	Rs'000
Claims notified	**1,312,397**	**(1,068,253)**	**244,144**	459,168	(258,268)	200,900
Claims incurred but not reported	**52,600**	**-**	**52,600**	50,600	-	50,600
At 1 July	**1,364,997**	**(1,068,253)**	**296,744**	509,768	(258,268)	251,500
Increase/(Decrease) in liabilities	**(155,801)**	**452,453**	**296,652**	1,317,546	(950,869)	366,677
Cash (paid)/received for claims settled in the year	**(523,388)**	**245,478**	**(277,910)**	(462,317)	140,884	(321,433)
At 30 June	**685,808**	**(370,322)**	**315,486**	1,364,997	(1,068,253)	296,744
Analysed as:						
Claims notified	**625,282**	**(370,322)**	**254,960**	1,312,397	(1,068,253)	244,144
Claims incurred but not reported	**60,526**	**-**	**60,526**	52,600	-	52,600
	685,808	**(370,322)**	**315,486**	1,364,997	(1,068,253)	296,744

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15 STATED CAPITAL

	The Group and Company	
	2016	2015
	Rs'000	Rs'000
Issued and fully paid		
7,999,998 ordinary shares of Rs10 each	**80,000**	80,000

The issued and fully paid shares carry one vote per share and a right to dividend.

16 OTHER RESERVES

	The Group	
	2016	2015
	Rs'000	Rs'000
At 1 July **& 30 June,**	**-**	2,388

In compliance with Section 21 of the Banking Act 2004, a reserve account representing a minimum of 15% of profit after tax for the year in respect of Mauritian Eagle Leasing Company Limited had been maintained.

17 GENERAL INSURANCE FUND

	The Group and Company		
	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000
At 1 July 2014	304,804	(35,295)	269,509
Decrease in the year	(6,127)	(148)	(6,275)
At 30 June 2015	**298,677**	**(35,443)**	**263,234**
Increase in the year	**49,425**	**(8,259)**	**41,166**
At 30 June 2016	**348,102**	**(43,702)**	**304,400**

18 LOANS

	The Group	
	2016	2015
	Rs'000	Rs'000
Non-current		
Loans repayable after more than 1 year but less than 5 years	**-**	88,168
Current		
Loans repayable within 1 year	**-**	41,152
	-	129,320

18 LOANS (Continued)

The loans have been taken under the Leasing Equipment Modernisation Scheme (LEMS) from the State Investment Corporation to finance small and medium enterprises. The tenure was as per the term of the lease contract which ranges from 3 to 6 years and beared interest at 4.25% for loans in Mauritian Rupee, 0.75% for loans in Euro and 0.90% for loans in United States Dollar per annum throughout their duration.

19 DEPOSITS FROM CUSTOMERS

	The Group	
	2016 Rs'000	2015 Rs'000
Time deposits with remaining term to maturity:		
Non-current		
After 1 and before 5 years	-	882,083
After 5 years	-	2,500
	-	884,583
Current		
Within 3 months	-	451,376
After 3 and before 6 months	-	223,608
After 6 and before 12 months	-	234,067
	-	909,051
	-	1,793,634

The time deposits beared interest at rates varying from 3.2% to 9.0% per annum in 2015.

20 DEFERRED TAX LIABILITIES

Deferred taxation is calculated on all temporary differences under the liability method at the rate of 17% (2015: 17%). The movement on deferred tax account is as follows:

	The Group		The Company	
	2016 Rs'000	2015 Rs'000	**2016 Rs'000**	2015 Rs'000
At 1 July				
- as previously reported	**5,126**	5,408	**7,017**	7,299
- prior year adjustment	**(760)**	(659)	**(760)**	(659)
- as restated	**4,366**	4,749	**6,257**	6,640
Recognised in equity	**(186)**	(187)	**(186)**	(187)
Recognised in profit or loss	**925**	(196)	**925**	(196)
Derecognised on disposal of subsidiary	**1,891**	-	**-**	-
At 30 June	**6,996**	4,366	**6,996**	6,257

20 DEFERRED TAX LIABILITIES (Continued)

The Group	Opening balance (Restated)	Recognised in profit or loss	Recognised in equity	Derecognised on disposal of subsidiary	Closing balance
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2016					
Revaluation of property	**6,416**	**-**	**(186)**	**-**	**6,230**
Tax losses	**(10,171)**	**-**	**-**	**10,171**	**-**
Retirement benefit obligations	**(760)**	**(103)**	**-**	**-**	**(863)**
Accelerated capital allowances	**8,881**	**1,028**	**-**	**(8,280)**	**1,629**
Net deferred tax (assets)/liabilities	**4,366**	**925**	**(186)**	**1,891**	**6,996**
2015					
Revaluation of property	6,603	-	(187)	-	6,416
Tax losses	(10,171)	-	-	-	(10,171)
Retirement benefit obligations	(659)	(101)	-	-	(760)
Accelerated capital allowances	8,976	(95)	-	-	8,881
Net deferred tax (assets)/liabilities	4,749	(196)	(187)	-	4,366

The Company	Opening balance (Restated)	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	Closing balance
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2016					
Revaluation of property	**6,416**	**-**	**-**	**(186)**	**6,230**
Retirement benefit obligations	**(760)**	**(103)**	**-**	**-**	**(863)**
Accelerated capital allowances	**601**	**1,028**	**-**	**-**	**1,629**
Net deferred tax (assets)/liabilities	**6,257**	**925**	**-**	**(186)**	**6,996**
2015					
Revaluation of property	6,603	-	-	(187)	6,416
Retirement benefit obligations	(659)	(101)	-	-	(760)
Accelerated capital allowances	696	(95)	-	-	601
Net deferred tax (assets)/liabilities	6,640	(196)	-	(187)	6,257

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21 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
Amounts due to reinsurers	**96,279**	124,451	**96,279**	124,451
Interest payable on deposits	**-**	94,544	**-**	-
Other payables	**50,786**	76,015	**50,786**	37,182
	147,065	295,010	**147,065**	161,633

(i) The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

(ii) The carrying amounts of trade and other payables approximate their fair values.

(iii) No interest is charged on trade and other payables.

22 TAXATION

Income tax is calculated at the rate of 17% (2015:17%) on the profit for the year as adjusted for income tax purposes.

(i) Current tax liabilities

	The Group		The Company	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**(1,254)**	2,913	**(1,254)**	2,913
Charge for the year	**11,529**	10,887	**11,529**	10,887
Under provision in previous year	**(66)**	51	**(66)**	51
Amount paid during the year	**(6,621)**	(15,105)	**(6,621)**	(15,105)
At 30 June	**3,588**	(1,254)	**3,588**	(1,254)
Analysed as follows:				
Current tax liabilities	**(3,588)**	-	**(3,588)**	-
Current tax receivables	**-**	1,254	**-**	1,254
	(3,588)	1,254	**(3,588)**	1,254

(ii) Charge to statements of profit or loss and other comprehensive income

	The Group		The Company	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current tax charge	**11,529**	10,887	**11,529**	10,887
Under provision in previous year	**(66)**	51	**(66)**	51
Deferred tax movement (Note 20)	**739**	(383)	**739**	(383)
	12,202	10,555	**12,202**	10,555

22 TAXATION (Continued)

(iii) Tax reconciliation

The tax on the Group's and the Company's profit before tax differs from the theoretical amount that arises using the basic tax rate of the Group and the Company as follows:

	The Group		The Company	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit before taxation	**106,731**	83,356	**103,045**	5,442
Tax calculated at 17%	**18,144**	14,171	**17,518**	925
Tax effect of:				
Income not subject to tax	**(13,849)**	(18,061)	**(13,849)**	(4,392)
Under provision of current tax in previous year	**(66)**	51	**(66)**	51
Movement in deferred tax	**739**	40	**739**	(383)
Corporate social responsibility	**1,199**	1,833	**1,199**	1,833
Expenses not deductible for tax purposes	**6,035**	12,521	**6,661**	12,521
	12,202	10,555	**12,202**	10,555

23 INVESTMENT INCOME

	The Group		The Company	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
Interest income				
Bank deposits	**558**	522	**558**	522
Loans and receivables	**9,604**	13,646	**9,604**	13,646
Held-to-maturity investments	**11,319**	10,181	**11,319**	10,181
	21,481	24,349	**21,481**	24,349
Investment income				
Dividend from available-for-sale investments	**11,680**	5,508	**11,680**	5,508
Dividend from associate	**-**	-	**4,512**	4,172
	11,680	5,508	**16,192**	9,680
Total	**33,161**	29,857	**37,673**	34,029

Investment revenue earned on financial assets, analysed by category of asset, is as follows:

	The Group		The Company	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
Available-for-sale financial assets	**11,680**	5,508	**11,680**	5,508
Loans and receivables (including cash and bank balances)	**10,162**	14,168	**10,162**	14,168
Associate	**-**	-	**4,512**	4,172
Held-to-maturity investments	**11,319**	10,181	**11,319**	10,181
	33,161	29,857	**37,673**	34,029

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24 OTHER INCOME

	The Group		The Company	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit on disposal of property, plant and equipment	**93**	26	**93**	26
Profit on disposal of financial assets	**61,595**	21,678	**61,595**	21,678
Net foreign exchange gains	**-**	3,500	**-**	3,500
Administration fees	**132**	1,328	**132**	1,328
Others	**5,390**	5,695	**5,390**	5,695
	67,210	32,227	**67,210**	32,227

25 NET CLAIMS INCURRED

	The Group and the Company					
	2016			**2015**		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Net claims incurred	**(166,286)**	**452,453**	**286,167**	1,285,493	(950,869)	334,624

26 ADMINISTRATIVE EXPENSES

	The Group		The Company	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
Administrative expenses include:				
Staff costs	**64,967**	65,177	**64,967**	65,177
Depreciation and amortisation	**12,135**	11,170	**12,135**	11,170
Net impairment loss on trade and other receivables	**596**	1,808	**596**	1,808
Donations	**-**	10	**-**	10
Net foreign exchange losses	**2,978**	-	**2,978**	-

27 EARNINGS PER SHARE

Earnings per share is based on profit after taxation attributable to owners of the Company of Rs 36,687,000 (2015: Rs 6,067,000) for the Group and on 7,999,998 shares in issue for the year ended 30 June 2016. Refer to note 41 for the impact of prior year adjustment on earnings per share.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

30 JUNE 2016

28 DIVIDENDS

	The Group and Company	
	2016	2015
	Rs'000	Rs'000
Final dividend in respect of the year 30 June 2014 of Rs 1.30 per share	**-**	10,400
Interim dividend in respect of the current year Rs 1.10 (2015: Rs 1.10) per share	**8,800**	8,800
	8,800	19,200

The interim dividend of Rs 1.10 per share amounting to Rs 8,799,998 in respect of the year ended 30 June 2016 was declared by the Directors on 5 February 2016 and paid.

29 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
Cash in hand	**4**	7	**4**	7
Balances with banks	**257,130**	796,776	**257,130**	91,934
Bank and cash balances	**257,134**	796,783	**257,134**	91,941
Deposit with immediate holding company (Note 13)	**111,623**	90,778	**111,623**	90,778
Cash and cash equivalents	**368,757**	887,561	**368,757**	182,719

30 RETIREMENT BENEFIT OBLIGATIONS

(a) Defined benefit plan that shares risks between entities under common control

IBL Limited operates a Group defined benefit plan for some of its employees within IBL and its subsidiaries (the group) and the plan is wholly funded. The benefits are based on final emoluments and the plan provides for a pension at retirement and a benefit on death or disablement in service before retirement.

Though the risks are shared between the entities, there is no contractual agreement or stated policy for charging the defined benefit cost to the individual entities and IBL is the legal sponsoring employer of the plan.

As from 1 July 1999, the defined benefit plan has been closed to new entrants and all new entrants joined a defined contribution plan.

The assets of the funded plan are held independently and administered by Swan Life Limited.

The pension plan typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the liabilities of the plan are calculated using a discount rate. Should the returns on the assets of the plan be lower than the discount rate, a deficit will arise.
Interest risk	If the Bond interest rate decreases, the liabilities would be calculated using a lower discount rate, and would therefore increase.
Longevity risk	The liabilities disclosed are based on the mortality tables A 67/70 and PA(92). Should the experience of the pension plans be less favourable than the standard mortality tables, the liabilities will increase.
Salary risk	If salary increases are higher than assumed in our basis, the liabilities would increase giving rise to actuarial losses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

30 JUNE 2016

30 RETIREMENT BENEFIT OBLIGATIONS (Continued)

(a) Defined benefit plan (Continued)

The disclosures of the plan can be obtained in the financial statements of IBL Ltd which are publicly available.

(b) Contribution to defined benefit pension plan

	The Group		The Company	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
Contribution expensed	**1,409**	1,529	**1,389**	1,466

(c) Contribution to defined contribution pension plan

	The Group		The Company	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
Contribution expensed	**2,231**	3,060	**2,096**	2,347

(d) State pension plan

	The Group		The Company	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
National Pension Scheme contributions expensed	**1,100**	1,155	**1,046**	1,001

(e) Other post retirement benefits

	The Group		The Company	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July,				
- as previously reported	**-**	-	**-**	-
- prior year adjustment	**4,467**	3,875	**4,467**	3,875
- as restated	**4,467**	3,875	**4,467**	3,875
Charged to profit or loss	**611**	592	**611**	592
At 30 June,	**5,078**	4,467	**5,078**	4,467

The Company has adjusted for a shortfall between the retirement gratuity obligation under the Employment Rights Act 2008 and Company's pension fund.

31 FINANCIAL INSTRUMENTS

(a) Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern and also comply with applicable laws and regulations while maximising the return to stakeholders through optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings as disclosed in note 18, and offset by cash and bank balances) and equity attributable to owners of the Group (comprising stated capital, reserves, retained earnings and non-controlling interests as detailed in notes 15 and 16).

The Group is required to maintain a minimum capital requirement under the Insurance Act 2005 and rules made by the Financial Services Commission.

Under the Insurance (General Insurance Business Solvency) Rules 2007, the minimum capital requirement for general business is the sum of capital required for statement of financial position assets as per rule 6, capital required for investment above concentration limit as per rule 7, capital required for policy liabilities as per rule 8, capital required for catastrophes as per rule 9 and capital required for reinsurance ceded under rule 10.

For the year ended 30 June 2016, the Group has satisfied the minimum capital requirements under Insurance (General Insurance Business Solvency) Rules 2007.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

Categories of financial instruments

	The Group		The Company	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
Financial assets				
Held-to-maturity investments	**160,435**	225,046	**160,435**	225,046
Loans and receivables	**891,112**	2,654,705	**891,112**	1,552,374
Bank and cash balances	**257,134**	796,783	**257,134**	91,941
Available-for-sale financial assets	**380,268**	329,549	**380,268**	329,549
	1,688,949	4,006,083	**1,688,949**	2,198,910
Financial liabilities				
At amortised cost	**832,873**	3,575,654	**832,873**	1,526,630

(b) Financial risk management

The Group monitors and manages the financial risks relating to their operations through internal control procedures and written policies approved by their respective Board. These risks include credit risk, currency risk, liquidity risk, interest rate risk and market risk.

31 FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management (Continued)

Market Risk

The Group's activities are not significantly exposed to the financial risks of changes in foreign currency exchange rates and interest rates and no derivative financial instruments have been contracted for the financial year ended 30 June 2016.

Foreign currency risk management

The Group undertakes transactions that are mostly denominated in Mauritian Rupees, hence, minimizing the exposures to exchange rate risk. The currency profile of the financial assets and liabilities is summarised as follows:

The Group	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	2016	**2016**	2015	2015
	Rs'000	**Rs'000**	Rs'000	Rs'000
Mauritian Rupees	**1,326,507**	**821,445**	3,628,842	3,551,991
United States Dollars	**257,604**	**7,866**	266,938	13,753
Euro	**63,846**	**3,562**	75,594	9,910
British Pounds	**25,478**	**-**	610	-
Seychelles Rupees	**7,803**	**-**	3,290	-
Australian Dollars	**7,711**	**-**	30,809	-
	1,688,949	**832,873**	4,006,083	3,575,654

The Company	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	2016	**2016**	2015	2015
	Rs'000	**Rs'000**	Rs'000	Rs'000
Mauritian Rupees	**1,326,507**	**821,445**	1,865,500	1,515,204
United States Dollars	**257,604**	**7,866**	255,067	7,866
Euro	**63,846**	**3,562**	43,634	3,560
British Pounds	**25,478**	**-**	610	-
Seychelles Rupees	**7,803**	**-**	3,290	-
Australian Dollars	**7,711**	**-**	30,809	-
	1,688,949	**832,873**	2,198,910	1,526,630

The Group has mainly equity securities and bank deposits in foreign currencies and any fluctuation of the Mauritian rupee against those foreign currencies will affect the value of the deposits. At 30 June 2016, if the rupee had weakened/strengthened by 5% against the foreign currencies with all other variables held constant, the Group's and the Company's profit for the year would have been Rs 17,550,796 (2015: Rs 17,679,000) and Rs 17,550,796 (2015: Rs 16,099,115) respectively higher/lower mainly resulting from translation of equity securities and bank deposits.

31 FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management (Continued)

Interest rate risk management

Under short-term insurance contracts, liabilities are not directly sensitive to the level of market interest rates. Fluctuations in interest rates however impact on returns on financial instruments but is closely monitored by the investment committee through a well diversified portfolio of fixed income securities and equity investments.

The sensitivity analysis has been determined based on the exposure to interest rates for financial liabilities. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the date of statement of financial position was outstanding for the whole year, except for loans where the normal repayment terms were considered. A 50 basis point is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. At 30 June 2016, the Group did not have any variable rate deposits (2015: nil).

The tables below analyse the interest rate risk exposure of the leasing subsidiary in terms of the remaining period to the next roll over or to the original maturity if not on a roll over basis.

There has been a loss on the deemed disposal of Mauritian Eagle Leasing Company Limited amounting to Rs 49 million (note 37) in year ended 30 June 2016.

30 June 2015	Interest Bearing - Term to maturity						
	Within 3 months Rs'000	3 to 6 months Rs'000	6 to 12 months Rs'000	1 to 5 years Rs'000	Over 5 years Rs'000	Non Interest bearing Rs'000	Total Rs'000
Assets							
Deposits with banks	110,000	50,000	215,000	-	-	329,842	704,842
Gross investment in finance leases after allowance for credit losses	23,024	22,121	48,246	1,245,948	61,161	-	1,400,500
Other assets	-	-	-	-	-	72,210	72,210
Total assets	133,024	72,121	263,246	1,245,948	61,161	402,052	2,177,552
Liabilities							
Deposits from customers	445,263	223,608	238,381	883,882	2,500	-	1,793,634
Borrowings	10,928	10,881	19,343	88,168	-	-	129,320
Other liabilities	-	-	-	-	-	30,962	30,962
Total liabilities	456,191	234,489	257,724	972,050	2,500	30,962	1,953,916

31 FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management (Continued)

Interest rate risk management (Continued)

In the above table, the subsidiary's net investment in finance leases is analysed in terms of the remaining period to maturity. The interest rates included in the lease agreements are fixed at the start of the lease.

The interest rate profile of the financial assets and financial liabilities is as follows:

Financial assets

	The Group Floating interest rate		The Company Floating interest rate	
	2016 %	2015 %	**2016 %**	2015 %
Mauritian Rupees	**5.10 - 10.00**	3.50 - 14.50	**5.10 - 10.00**	4.05 - 10.00
United States Dollars	**7.89**	2.90	**7.89**	-
Australian Dollars	**4.25 - 6.00**	4.25 - 6.00	**4.25 - 6.00**	4.25 - 6.00
Euro	**-**	2.75 - 7.00	**-**	-

The above comprise mainly deposits with banks and finance lease receivables.

Financial liabilities

	The Group			
	Floating interest rate		Floating interest rate	
	2016 %	2015 %	**2016 %**	2015 %
Mauritian Rupee	**-**	-	**-**	3.20 - 9.00

Fair value of financial assets and liabilities that are not measured at fair value but their disclosures are required

Some of the Group's financial assets and liabilities are not measured at fair value at the end of each reporting period. The following table provides information on the valuation technique(s) in determining the fair values of these financial assets and financial liabilities. Except as detailed below, the Directors consider that the carrying amounts of other financial assets and financial liabilities recognised at cost in the consolidated financial statements approximate their fair values.

The Group	Fair Value Hierarchy	Valuation Techniques	2016 Carrying Amount Rs'000	2016 Fair Value Rs'000	2015 Carrying Amount Rs'000	2015 Fair Value Rs'000
Financial assets						
Finance lease receivable	Level 3	Discounted cash flow	**-**	**-**	1,095,291	1,185,297
Financial liabilities						
Deposits from customers	Level 3	Discounted cash flow	**-**	**-**	1,793,634	1,852,006

31 FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management (Continued)

Liquidity Risk Management

The Group is exposed to daily calls on its available cash resources mainly from claims arising from short term insurance contracts. The Group sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of borrowing facilities that should be in place to cover maturities, claims and surrenders and unexpected levels of demand.

The liquidity risk management of the Group rests with Finance department, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The liquidity risk of the leasing business related to the unavailability of adequate funds for the provision of its finance lease service and meeting requirements of its depositors. In order to prevent such risk the Company monitors its liquidity position on a daily basis and maintains sufficient reserves. The Company fostered a good business relationship with its clients so as to encourage renewal of maturing deposits instead of cash outs. It also had its liquidity policy approved by its Board of Directors and the liquidity committee meets on a monthly basis to discuss and analyse the monthly transactions. The liquidity committee made cash flow projection for the next month in line with its expected funding and investment requirement and other operations. Liquidity ratios were monitored and reported to the Bank of Mauritius on a weekly basis.

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	The Group	
	3 months to 1 year	Total
	Rs'000	Rs'000
30 June 2016		
Non-interest bearing	**832,873**	**832,873**
Fixed interest rate instruments	**-**	**-**
	832,873	**832,873**
30 June 2015		
Non-interest bearing	3,575,654	3,575,654
Fixed interest rate instruments	-	-
	3,575,654	3,575,654

31 FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management (Continued)

Liquidity Risk Management (Continued)

	The Company	
	3 months to 1 year Rs'000	Total Rs'000
30 June 2016		
Non-interest bearing	**832,873**	**832,873**
30 June 2015		
Non-interest bearing	**1,526,630**	**1,526,630**

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with credit worthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group's credit risk is primarily attributable to its trade receivables and finance lease receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Company's management based on prior experience.

The Group structures the levels of its credit risk it accepts by placing limits on its exposure to a single counterparty or groups of counterparty and to industry segments. Such risks are subject to annual or more frequent review. Reinsurance is used to manage credit risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The credit worthiness of reinsurers is considered on an annual basis by reviewing their credit rates provided by rating agencies prior to finalisation of any reinsurance contract. Although the insurance premiums due from related companies represented 18% of the trade receivable, the concentration of credit risk is limited due to the fact that it is composed of several companies and departments within the Group.

The subsidiary monitors the payment of these clients on a regular basis. To mitigate credit risk the subsidiary regularly requests update on the financial position of these clients. The lease portfolio consists of a large number of customers, spread across several business sectors and geographical areas. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience. The six most significant concentration cases of the Company relate to corporate clients of the Construction, Financial and Business Services, Tourism and Traders business sectors. The most significant customer accounts for 2015 was 3.7% of total finance lease receivable, while the remaining five account for 2015 was 2.92% to 3.34% of total finance lease portfolio. The Conduct Review Committee meets on a quarterly basis and reviews the exposures of significant clients.

The carrying amount of financial assets recorded in the financial statements which is net of impairment losses, represents the Company's maximum exposure to credit risk without taking into account of the value of any security.

31 FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management (Continued)

Fair value measurements recognised on a recurring basis in the statements of financial position

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability of market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for mesurement and/or disclosure purposes in these consolidated financial assets is determined on such a basis, except for leasing transactions that are within the scope of IAS 17 and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table analyses within the fair value hierarchy of the financial assets (by class) measured at fair value at 30 June:

		Available-for-sale financial assets The Group and Company	
		2016	2015
	Valuation technique	**Rs'000**	Rs'000
Level 1	Quoted price in an active market	**90,136**	53,468
Level 2	Net asset value	**215,498**	223,646
		305,634	277,114

Other price risks

The Group is exposed to equity price risks arising from equity investments. Equity price risk is mitigated by having a well-diversified portfolio of equity and unit investments in various industries and countries. Moreover certain units investments are capital-guaranteed.

The sensitivity analysis below have been determined based on the exposure to equity price risks at the reporting date.

If equity prices had been 10% higher/lower:

- profit for the year ended 30 June 2016 would have been unaffected as the equity investments are classified as available-for-sale; and
- other equity reserve for the Group would increase/decrease by Rs 30,563,400 (2015: Rs 27,711,400) as a result of the changes in fair value of available-for-sale shares.

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

32 MANAGEMENT OF INSURANCE RISKS

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

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be (Law of large numbers). In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

Casualty Insurance

Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The most significant are the increasing level of awards for the damage suffered as a result of motor injury claims. The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. As part of our permeating and systematic risk management, our Company continually identifies and analyses the risks. Underwriting guidelines and limits clearly regulate responsibility and accountability for the whole process of acquiring and concluding insurance contracts. Compliance with the above are regularly checked. Following developments in the local and global market, appropriate measures are taken, translated without delay in corresponding underwriting guidelines if required.

Underwriting limits are thus in place to enforce appropriate risk selection criteria. For example the Group has the right to impose deductibles and it has the right to reject the payment of a fraudulent claim, as well as inviting renewals on different terms. Insurance contracts also entitle the Group to sue third parties for payment of incurred costs (i.e. subrogation).

The reinsurance arrangements are mostly excess of loss reinsurance layers in respect of casualty.

Property insurance

Frequency and severity of claims

For property insurance contracts, climatic changes give rise to more frequent and severe extreme weather events (for example, cyclones, Tsunami, etc.) and their consequences (for example, cyclone claims).

For certain contracts, the Group has also limited the number of claims that can be paid in any policy year or introduced a maximum amount payable for claims in any policy year.

32 MANAGEMENT OF INSURANCE RISKS (Continued)

Property insurance (Continued)

Frequency and severity of claims (Continued)

The Group has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. These contracts are underwritten by reference to the commercial replacement value of the properties and contents insured, and claims payment limits are always included to cap the amount payable on occurrence of the insured event. Cost of rebuilding properties, of replacement or indemnity for contents and time taken to restart operations for business interruption are the key factors that influence the level of claims under these policies. The greatest likelihood of significant losses on these contracts arises from cyclone or flood damage. The availability and cost of reinsurance are subject to prevailing market conditions, both in terms of price and availability capacity. Although the reinsurers are liable to the extent of the reinsurance ceded, the Company remains primarily liable to the policy holder as the direct insurer of all risks reinsured. The Company evaluates the financial condition of its reinsurers to minimize its exposures to losses from reinsurer insolvencies.

To the Group's knowledge, none of its reinsurers is experiencing financial difficulties. Markets have tightened their underwriting of proportional treaty programme, which have impacted on the Mauritian Insurance sector where companies were more used to traditional reinsurance and had to increase their net retention.

Catastrophe protection treaties are a must to insurance companies based in Mauritius due to our constant exposure towards tropical cyclones.

The Group has reinsurance cover for such damage to accommodate our increased exposure.

Property insurance contracts are subdivided into four risk groups: fire, business interruption, cyclone damage and other perils. The insurance risk arising from these contracts is not concentrated in any of the territories in which the Group operates, and there is a balance between commercial and personal properties in the overall portfolio of insured buildings.

Concentration of insurance risk (Short-term insurance)

The following table discloses the concentration of outstanding claims by class of business, gross and net of reinsurance.

Class of business	2016		2015	
	Gross Rs'000	**Net Rs'000**	Gross Rs'000	Net Rs'000
Accident	**106,786**	**21,171**	123,334	22,507
Engineering	**53,427**	**5,660**	57,217	6,519
Fire	**162,940**	**20,650**	877,024	11,210
Liability	**106,843**	**40,523**	73,729	49,466
Motor	**191,445**	**165,210**	174,637	152,347
Health	**3,841**	**1,746**	6,456	2,095
IBNR	**60,526**	**60,526**	52,600	52,600
	685,808	**315,486**	1,364,997	296,744

The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

32 MANAGEMENT OF INSURANCE RISKS (Continued)

Sources of uncertainty in the estimation of future benefit payments

Casualty insurance

Claims on casualty contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contracts term. As a result, liability claims are settled over a long period of time and a larger element of the claims provision relates to incurred but not reported claims (IBNR). There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered by employees (for employer's liabilities covers) or members of the public (for public liability covers). Such awards are lump-sum payments that are calculated as the present value of the lost earnings and rehabilitation expenses that the injured party will incur as a result of incident.

The estimated cost of claims includes direct expenses incurred in settling claims, net of the expected subrogation value and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposure. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprises a provision for IBNR, a provision for reported claims not yet paid and a provision for unexpired risks at the end of the reporting period. The amount of casualty claims is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort. Casualty contracts are also subject to the emergence of new types of latent claims, but no allowance is included for this at the end of the reporting period.

In calculating the estimated cost of unpaid claims (both reported and not), the Group estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between ultimate cost of insurance claims and insurance premiums earned in a particular financial year in relation to such claims) and an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes.

The initial loss-ratio estimate is an important assumption in the estimation technique and is based on previous years' experience, adjusted for factors such as premium rate changes, anticipated market experience and historical claims inflation. The initial estimate of the loss ratios used for the current year (before reinsurance) are analysed by territory and type of risk where the insured operates for current and prior year premium earned.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where information about the claim event is available. IBNR claims may not be apparent to the insurer until many years after the event that gave rise to the claims has happened. For casualty contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities.

In estimating the liability for the cost of reported claims not yet paid, the Group considered any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

Where possible, the Group adopts multiple techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

32 MANAGEMENT OF INSURANCE RISKS (Continued)

Sources of uncertainty in the estimation of future benefit payments (Continued)

Property insurance

Property claims are analysed separately for cyclone and non-cyclone claims. The development of large losses/catastrophes is analysed separately. Non-cyclone claims can be estimated with greater reliability, and the Group's estimation processes reflect all the factors that influence the amount and timing of cash flows from these contracts. The shorter settlement period for these claims allow the Group to achieve a higher degree of certainty about the estimated cost of claims, and relatively little (Incurred but not Reported) IBNR is held at year-end.

Claims development table

The development of insurance liabilities provides a measure of the Company's ability to estimate the ultimate value of claims. The table below illustrates how the estimates of total claims outstanding for each year have changed at successive year-ends and reconciles the cumulative claims to the amount appearing in the statements of financial position.

	2011	2012	2013	2014	2015	2016	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At end of							
Accident year	165,368	186,675	278,912	242,295	359,823	549,069	1,782,142
1 year later	3,043	12,528	32,996	20,501	97,980	-	167,048
2 years later	11,674	7,296	32,819	28,195	-	-	79,984
3 years later	1,456	(7,580)	13,869	-	-	-	7,745
4 years later	519	(3,007)	-	-	-	-	(2,488)
5 years later	(1,597)	-	-	-	-	-	(1,597)
Current estimate of cumulative claims	180,463	195,912	358,596	290,991	457,803	549,069	2,032,834
Accident year	105,625	130,752	148,764	183,483	262,888	304,765	1,136,277
1 year later	33,152	28,656	89,039	59,313	117,577	-	327,737
2 years later	4,829	11,788	39,680	8,102	-	-	64,399
3 years later	2,310	1,197	13,018	-	-	-	16,525
4 years later	819	3,937	-	-	-	-	4,756
5 years later	9,141	-	-	-	-	-	9,141
Cumulative payment to date	155,875	176,330	290,501	250,898	380,465	304,765	1,558,834
	24,588	19,582	68,095	40,093	77,338	244,304	474,000
Liabilities in respect of prior years							151,282
IBNR							60,526
Total gross liabilities							685,808

32 MANAGEMENT OF INSURANCE RISKS (Continued)

Sources of uncertainty in the estimation of future benefit payments (Continued)

Sensitivity analysis

The Group adopted actuarial techniques to estimate the required levels of provisions, taking into account the characteristics of the business class and risks involved. At 30 June 2016, the changes in the following actuarial assumptions, with all other variables held constant, by 10% would impact the Group's profit as follows:

	Impact on profit			
	10% Increase Rs'000 2016	10% Increase Rs'000 2015	**10% Decrease Rs'000 2016**	10% Decrease Rs'000 2015
Incurred development factor	**959**	4,087	**(872)**	(5,608)
Initial expected loss ratio in last accident year	**9,207**	2,566	**(3,236)**	(2,566)

33 OPERATING SEGMENTS

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

Products and services from which reportable segments derive their revenues

General insurance

General insurance includes accident, engineering, fire and allied perils, health, motor and transportation.

Leasing

Leasing consisted of finance and operating leases.

Segment revenues and results

Revenue reported under segment revenues and results represents revenue generated from external customers. Inter-segment sales during the year was Rs 80,204 in 2015.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of finance costs, share of profits of associates and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

33 OPERATING SEGMENTS (Continued)

Segment revenues and results (Continued)

The Group	2016		
	Insurance Rs'000	Leasing Rs'000	The Group Rs'000
Gross revenue	**1,166,441**	**-**	**1,166,441**
Profit from operations	**170,993**	**-**	**170,993**
Release to general insurance fund			**(41,166)**
			129,827
Impairment loss on investment in financial assets			**(31,294)**
			98,533
Share of results of associate			**8,198**
Profit before taxation			**106,731**
Taxation			**(12,202)**
Profit after taxation from continuing operations			**94,529**
Loss from discontinued operations			**(66,792)**
Profit for the year			**27,737**

The Group	2015		
	Insurance Rs'000	Leasing Rs'000	Group Rs'000
Gross revenue	1,117,090	-	1,117,090
Profit from operations	67,914	-	67,914
Release to general insurance fund			6,275
			74,189
Finance costs			-
			74,189
Share of results of associate			9,167
Profit before taxation			83,356
Taxation			(10,555)
Profit after taxation from continuing operations			72,801
Loss from discontinued operations			(130,469)
Loss for the year			(57,668)

Segment assets and liabilities

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than investment in associate and held-for-sale financial asset.
- all liabilities are allocated to reportable segments other than current tax liabilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

30 JUNE 2016

33 OPERATING SEGMENTS (Continued)

Segment revenues and results (Continued)

	2016		
	General Rs'000	**Leasing Rs'000**	**The Group Rs'000**
Segment assets	**1,814,012**	**-**	**1,814,012**
Investment in associate			**49,685**
Non-current assets classified as held-for-sale			**-**
Consolidated total assets			**1,863,697**
Segment liabilities	**844,947**	**-**	**844,947**

	2015		
	General Rs'000	Leasing Rs'000	Group Rs'000
Segment assets	2,328,413	2,279,342	4,607,755
Investment in associate			47,107
Non-current assets classified as held-for-sale			21,239
Consolidated total assets			4,676,101
Segment liabilities	1,537,184	2,054,610	3,591,794

Other segment information

The above businesses are conducted solely in Mauritius.

Other Information:-

The Group	Depreciation and amortisation		Additions to non-current assets	
	2016 Rs'000	2015 Rs'000	**2016 Rs'000**	2015 Rs'000
General	**44,180**	11,170	**25,584**	16,019
Leasing	**-**	90,741	**-**	75,887
	44,180	101,911	**25,584**	91,906

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

30 JUNE 2016

33 OPERATING SEGMENTS (Continued)

Revenue from major products and services

The Group's revenue from its major products and services of continuing operations were as follows:

	The Group	
	2016	2015
	Rs'000	Rs'000
Accident & Health	**420,331**	340,169
Engineering	**56,828**	64,400
Fire and allied perils	**262,446**	264,678
Motor	**264,714**	292,566
Transportation	**162,122**	155,277
	1,166,441	1,117,090

Information about major customers

Included in revenues arising from general insurance of Rs 1,166.4 million (2015: Rs 1,117.1 million) are revenues of Rs 83.7 million (2015: Rs 69.7 million) which arose from sales to the Group's largest customer, IBL Ltd.

34 RELATED PARTY TRANSACTIONS

The Group is making the following disclosures in respect of related party transactions and balances.

Outstanding balances

	The Group		The Company	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
(i) Receivable from related parties:-				
Immediate holding company	**11,184**	7,686	**11,184**	7,686
Associate	**1,628**	2,302	**1,628**	2,302
Subsidiary	**-**	-	**-**	170
Fellow subsidiaries	**980**	36,989	**980**	1,084
Associates of immediate holding company	**20,257**	7,982	**20,257**	7,982
Subsidiaries of ultimate holding company	**12,353**	30,455	**12,353**	11,654
Associates of ultimate holding company	**18,283**	17,718	**18,283**	17,718
Directors and related parties	**142**	6,987	**142**	142
	64,827	110,119	**64,827**	48,738

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

30 JUNE 2016

34 RELATED PARTY TRANSACTIONS (Continued)

Outstanding balances (Continued)

	The Group		The Company	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
(ii) Deposits with:-				
Immediate holding company	**111,623**	90,778	**111,623**	90,778
Associates of ultimate holding company	**30,000**	60,000	**30,000**	60,000
	141,623	150,778	**141,623**	150,778
(iii) Deposits from:-				
Associates	**-**	11,215	**-**	-
Fellow subsidiaries	**-**	4,500	**-**	-
Subsidiaries of ultimate holding company	**-**	110,000	**-**	-
Directors and related parties	**-**	3,864	**-**	-
	-	129,579	**-**	-
(iv) Interest receivable from:-				
Immediate holding company	**3,683**	3,275	**3,683**	3,275
Associates of ultimate holding company	**1,107**	902	**1,107**	902
	4,790	4,177	**4,790**	4,177
(v) Investment in:-				
Associate of ultimate holding company	**86,277**	86,277	**86,277**	86,277

The outstanding balances are unsecured and interest free. Deposits bear interest rate as disclosed in note 31 under interest rate risk management.

Transactions

	The Group		The Company	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
(i) Sales of services to:-				
Immediate holding company	**83,751**	69,734	**83,751**	69,734
Subsidiary	**-**	-	**63**	585
Associates	**4,257**	7,881	**4,257**	7,881
Fellow subsidiaries	**14,496**	11,518	**14,496**	11,518
Associates of holding company	**47,772**	12,344	**47,772**	12,344
Subsidiaries of ultimate holding company	**41,001**	49,138	**41,001**	49,138
Associates of ultimate holding company	**30,051**	31,253	**30,051**	31,253
	221,328	181,868	**221,391**	182,453
(ii) Purchases of goods and services from:-				
Immediate holding company	**9,955**	11,621	**6,352**	8,018
Fellow subsidiaries	**7,378**	8,134	**7,378**	8,134
Subsidiaries of ultimate holding company	**149**	121	**149**	121
Related parties	**578**	578	**578**	-
	18,060	20,454	**14,457**	16,273

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

30 JUNE 2016

34 RELATED PARTY TRANSACTIONS (Continued)

Transactions (Continued)

	The Group		The Company	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
(iii) Interest income from:-				
Immediate holding company	**5,876**	3,547	**5,876**	3,547
Subsidiaries of ultimate holding company	**9,350**	10,828	**9,350**	10,828
	15,226	14,375	**15,226**	14,375
(iv) Dividend income from:-				
Associate	**4,512**	-	**4,512**	4,172
Associates of ultimate holding company	**-**	-	**-**	-
	4,512	-	**4,512**	4,172
(v) Interest paid to directors and related parties	**1,252**	393	**-**	-
(vi) Corporate social responsibility contribution paid to fellow subsidiary	**1,199**	1,833	**1,199**	1,833
(vii) Finance lease income from fellow subsidiaries	**5,402**	3,943	**-**	-
(viii) Operating lease income from fellow subsidiaries	**36,174**	12,550	**-**	-
(ix) Finance lease granted to related parties	**5,512**	22,916	**-**	-
(x) Repayment from related parties	**26,633**	31,646	**-**	-
(xi) Purchase of goods and services from related parties	**2,327**	-	**-**	-

Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	The Group		The Company	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
Short-term benefits	**10,879**	16,256	**10,879**	11,076
Post-employment benefits	**505**	874	**505**	608
	11,384	17,130	**11,384**	11,684
Contribution to IBL Limited's defined benefit pension plan				
Contribution expensed	**1,409**	1,529	**1,389**	1,466
Contribution to defined contribution pension plan				
Contribution expensed	**2,231**	3,060	**2,096**	2,347

35 HOLDING COMPANY AND ULTIMATE HOLDING COMPANY

On 1 July, 2016, GML Limited and Ireland Blyth Limited merged to become IBL Ltd. The two companies united to share their knowledge and skills in different field so as to enhance synergy and efficiency across the Group. The Directors regard IBL Ltd as the Company's ultimate holding company which is incorporated and domiciled in Mauritius.

36 COMMITMENTS FOR FUTURE LEASES

The Group has no commitments for future leases in 2016 (2015: Rs 17 million).

37 DEEMED DISPOSAL OF INVESTMENT IN SUBSIDIARY

Loss on deemed disposal of investment in subsidiary

Mauritian Eagle Leasing Company Limited (MELCO) made a rights issue in November 2015 to which Mauritian Eagle Insurance Company Limited did not subscribe. Consequently, Mauritian Eagle Insurance's investment in the leasing business has been reduced from a controlling interest of 51% down to 13.57%. MELCO has been de-consolidated accordingly and has now been reported as a discontinued operation. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current year. The details of the assets and liabilities disposed and the deemed disposal are as follows:

	Rs'000
Property, plant and equipment	387,638
Intangible assets	28
Finance lease receivables	1,096,934
Trade and other receivables	76,551
Amount due from group companies	135
Bank and cash balances	341,858
Statutory reserve fund	(2,388)
Loans	(114,724)
Deposits from clients	(1,450,416)
Trade and other payables	(131,538)
Net asset of subsidiary	204,078
Less non-controlling interest	(99,998)
Fair value of investment before deemed disposal	104,080
Fair value of investment after deemed disposal	55,493
Loss on deemed disposal following rights issue of shares not taken up by the Group	**48,587**
Cash and cash equivalents in subsidiary deemed disposed	(341,858)
Deemed disposal of subsidiary, net of cash disposed	**(341,858)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

30 JUNE 2016

38 DISCONTINUED OPERATIONS

(a) Analysis of the result of discontinued operations is as follows:

	The Group		The Company	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
Loss on deemed disposal of investment in subsidiary (note (b))	**(66,853)**	(129,991)	**(50,007)**	-
Share of results of associate (note 8(a))	**-**	(478)	**-**	-
Gain on disposal of associate (note (c))	**61**	-	**13,800**	-
	(66,792)	(130,469)	**(36,207)**	-

(b) Loss on deemed disposal of investment in subsidiary

	The Group		The Company	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
Revenue	**58,890**	240,261	**-**	-
Expenses	**(75,264)**	(370,252)	**-**	-
Profit before tax	**(16,374)**	(129,991)	**-**	-
Income tax expense: Deferred tax	**(1,892)**	-	**-**	-
Loss after tax	**(18,266)**	(129,991)	**-**	-
Loss on deemed disposal	**(48,587)**	-	**(50,007)**	-
Loss for the year from discontinued operations	**(66,853)**	(129,991)	**(50,007)**	-

(c) Disposal of associate

On 11 November 2014, the Board of Directors resolved to dispose the 30% stake in Metropolitan Life (Mauritius) Limited. For the purpose of applying the equity method of accounting, management accounts for the period ended 30 September 2014 has been used. The details of the assets and liabilities disposed are disclosed in note 8 (c) and the disposal consideration are as follows:

Metropolitan Life (Mauritius) Ltd	2016	
	The Group	**The Company**
	Rs'000	**Rs'000**
Consideration received	**21,300**	**21,300**
Non-current assets classified as held-for-sale	**21,239**	**7,500**
Gain on disposal of associate	**61**	**13,800**

39 CAPITAL COMMITMENTS

Capital Commitments contracted for but not accrued:

	The Company	
	2016	2015
	Rs'000	Rs'000
Computer software	**13,346**	11,918

40 CONTINGENT LIABILITY

The Competition Commission of Mauritius ("CCM") has opened an investigation into the affairs of all members of the Association of Private Health Plans and Administrators ("APHPA") for alleged collusive behaviour. MEICO as a member of APHPA, received a notice in this regard. After consultation with APHPA, the Company will have a joint defence against CCM. The Directors believe that it is too early to assess such investigation and the impact, thereon.

41 PRIOR YEAR ADJUSTMENT

The Company adjusted for a shortfall between the retirement gratuity obligations under the Employment Rights Act 2008 and the Company's pension fund. This difference has now been recognised with retrospective effect and comparative figures have been restated accordingly.

The retirement benefit obligations at the reporting date are as follows:

	The Group and Company	
	2016	2015
	Rs'000	Rs'000
Balance at 1 July	**4,467**	3,875
Service cost	**301**	280
Interest cost	**310**	312
Balance at 30 June	**5,078**	4,467

The impact on the statements of profit or loss and other total comprehensive income for the year for the prior year adjustment in respect of the defined contribution residual liability is as follows:

	2015	
	The Group and Company	
	Rs'000	Rs'000
Impact on profit for the year		
Increase in administrative expenses	(592)	(592)
Decrease in income tax expenses	101	101
Decrease in profit for the year	(491)	(491)
Decrease in profit and total comprehensive income for the year attributable to:		
Owners of the Company	(491)	(491)

Impact on earnings per share

The prior year adjustment affected only the Group's results from continuing operations. To the extent that those changes have had an impact on results reported for 2016 and 2015, they have had an impact on the amounts reported for earnings per share.

41 PRIOR YEAR ADJUSTMENT (CONTINUED)

The following table summarises that effect on earnings per share.

	THE GROUP					
	Decrease in profit for the year attributable to the owners of the Company		Decrease in earnings per share from continuing and discontinuing operations		Decrease in earnings per share from continuing operations	
	2016	2015	**2016**	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Prior year adjustment relating to:						
Retirement benefit obligations, net of tax	**(508)**	(491)	**(0.06)**	(0.06)	**(0.06)**	(0.06)

Impact on assets, liabilities and equity on 1 July 2014:

	THE GROUP			THE COMPANY		
	As at 1 July 2014 as previously reported	Adjustments	As at 1 July 2014 (as restated)	As at 1 July 2014 as previously reported	Adjustments	As at 1 July 2014 (as restated)
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Deferred tax liabilities	5,408	(659)	4,749	7,299	(659)	6,640
Retirement benefit obligations	-	3,875	3,875	-	3,875	3,875
Effect on total equity and liabilities	5,408	3,216	8,624	7,299	3,216	10,515
Total effect on retained earnings and equity	5,408	3,216	8,624	7,299	3,216	10,515

Impact on assets, liabilities and equity on 1 July 2015:

	THE GROUP			THE COMPANY		
	As at 1 July 2015 as previously reported	Adjustments	As at 1 July 2015 (as restated)	As at 1 July 2015 as previously reported	Adjustments	As at 1 July 2015 (as restated)
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Deferred tax liabilities	5,126	(760)	4,366	7,017	(760)	6,257
Retirement benefit obligations	-	4,467	4,467	-	4,467	4,467
Effect on total equity and liabilities	5,126	3,707	8,833	7,017	3,707	10,72 4
Total effect on retained earnings and equity	5,126	3,707	8,833	7,017	3,707	10,724

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

30 JUNE 2016

42 BUSINESS COMBINATION

Acquisition of subsidiary

(a) On 22 March 2016, Mauritian Eagle Insurance Company Limited acquired 70% of the share capital of Speciality Risk Solutions Limited for Rs 1 million. The principal activities of Speciality Risk Solutions Limited consist of provision of anxilliary insurance services.

(b) Consideration transferred

	Rs'000
Cash	1,000

(c) The recognised amounts of identifiable assets acquired at the date of acquisition are as follows:

	Rs'000
Other receivables	10
Total identifiable net assets	10

(d) Goodwill arising on acquisition:

	Rs'000
Purchase consideration	1,000
Less fair value of identifiable net assets acquired	(7)
Goodwill	993

The goodwill arising from the acquisition is mainly attributable to the access to a specialised partner which is the global leader in its field and the potential profitability to be reaped from this service in the long term.

(e) Net cash outflow on acquisition of subsidiary

	Rs'000
Consideration paid in cash	1,000

NOTES

PROXY FORM

I/We, ____ of ____, being a member of MAURITIAN EAGLE INSURANCE COMPANY LIMITED do hereby appoint ____ of ____, or in his absence ____ _______________________ of ____, as my/our proxy, to vote for me/us and on my/our behalf at the **Annual Meeting** to be held on **12 December 2016** and at any adjournment thereof.

I/We desire my/our vote(s) to be cast on the Ordinary Resolution as follows:

	(please vote with a tick)	For	Against	Abstain
1.	To adopt the minutes of proceedings of the special meeting held on 9 December 2015.			
2.	To receive and adopt the Group's and Company's financial statements for the year ended 30 June 2016 and the Directors' and Auditors' reports thereon.			
3.	To appoint Mr Yann Duchesne as Director.			
4.	To appoint Mr Laurent De La Hogue as Director.			
5.	To re-elect as Directors to hold office until the next Annual Meeting by way of separate resolutions the following persons:			
	5.1 Mr Dipak Chummun			
	5.2 Mr Pieter Bezuidenhout			
	5.3 Me Subhas Lallah			
	5.4 Mr Robert Ip Min Wan			
	5.5 Me J Gilbert Ithier			
	5.6 Mr Alain Malliaté			
	5.7 Mr Derek Wong Wan Po			
6.	To appoint the Auditors for the year ended 30 June 2017 and to authorise the Board of Directors to fix their remuneration.			

Signed this _____________ day of ___________________ 2016

____

Signature/s

NOTES

1. A member of the Company entitled to attend and vote at this meeting may appoint a proxy of his own choice (whether a member or not) to attend and vote on his behalf.

2. Please mark in the appropriate box how you wish to vote. If no specific direction as to voting is given, the proxy will exercise his discretion as to how he votes.

3. This form of proxy, duly signed, to be effective must reach the Company Secretary at the registered office of the Company, IBL House, Caudan, Port Louis, at least twenty-four hours before the day of the Meeting.

Annual Report 2016

MAURITIAN EAGLE
An IBL Group company

Flexibility of our vision

MAURITIAN EAGLE
An IBL Group company

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