ANNUAL REPORT 2018

#Protect your lifetime investment with a company you can trust.

MAURITIAN EAGLE

An IBL Group company

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NOTICE OF ANNUAL MEETING OF THE COMPANY

Notice is hereby given that the forty-third 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 **Thursday, December 6, 2018 at 14.00 hours** to transact the following business:

ORDINARY RESOLUTIONS

1. To adopt the minutes of proceedings of the annual meeting held on December 12, 2017.

2. To consider the Annual Report from the year ended June 30, 2018.

3. To receive and adopt the Group's and Company's financial statements for the year ended June 30, 2018 and the Directors' and Auditors' reports thereon.

4. To re-elect as Directors to hold office until the next Annual Meeting by way of separate ordinary resolutions the following persons:

    4.1 Mr. Jean-Claude Béga
    4.2 Mr. Dipak Chummun
    4.3 Mr. Pieter Bezuidenhout
    4.4 Me. Subhas Lallah
    4.5 Mr. Robert Ip Min Wan
    4.6 Me. J Gilbert Ithier
    4.7 Mr. Alain Malliaté
    4.8 Mr. Derek Wong Wan Po
    4.9 Mr. Laurent de la Hogue

5. To fix the remuneration of the Directors for the year to June 30, 2019 and to ratify the emoluments paid to the Directors for the year ended June 30, 2018.

6. To appoint on the recommendation of the Board, Messrs. Ernst & Young as Auditors of the Company in replacement of Messrs. Deloitte and to authorise the Board to fix their remuneration.

7. To ratify the remuneration paid to the auditors for the financial year ended June 30, 2018.

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

September 27, 2018

NOTICE OF ANNUAL MEETING OF THE COMPANY

1. A proxy form is included in this Annual Report and is also available at the registered office of the Company.

2. The instrument appointing a proxy or any general power of attorney shall be deposited at the Share Registry and Transfer Office of the Company, MCB Registry & Securities Limited, 9th Floor, MCB Centre, Sir William Newton Street, Port Louis, by Wednesday, December 5, 2018 at 14.00 hours and in default, the instrument of proxy shall not be treated as valid.

3. The minutes of the Annual Meeting held on December 12, 2017 are available for consultation by the shareholders during office hours at the registered office of the Company, IBL House, Caudan Waterfront, Port Louis.

4. The minutes of the Annual Meeting to be held on December 6, 2018 will be available for consultation and comments during office hours at the registered office of the Company, IBL House, Caudan Waterfront, Port Louis from February 4 to February 18, 2019.

PRINCIPLE 6: REPORTING WITH INTEGRITY

SCOPE OF REPORTING, GOVERNANCE FRAMEWORK AND STATEMENT OF COMPLIANCE

The present Annual Report for MEI covers the period July 1, 2017 to June 30, 2018. Any material events after the above-mentioned date and up to the Board approval of this report have also been included. The Company is qualified as a Public Interest Entity ('PIE') as defined by the Financial Reporting Act 2004 and has endeavour to apply all the essence and spirit of the principles of the new Code of Corporate Governance 2016 (the 'Code').

The Board of Directors in assuming its responsibility for leading and controlling the Company considers good governance to be a major milestone for the success and prosperity of the Company as well as its future. In this way, the Board assumes the responsibility to ensure that all legal and regulatory requirements are met within the prescribed delays.

We, the Directors of MEI, confirm that throughout the year ended June 30, 2018 to the best of the Board's knowledge the organisation has complied with the Corporate Governance Code for Mauritius (2016). The organisation has applied all of the principles set out in the Code and explained how these principles have been applied.

STATEMENT OF DIRECTORS' RESPONSIBILITIES AND ACCOUNTABILITIES

The Directors acknowledge their responsibility for the preparation of financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company to comply with the Company's Act 2001 as well as International Financial Reporting Standards.

They are responsible for maintaining adequate accounting records and effective internal control systems. Hence, they are responsible for taking reasonable steps for the early detection and prevention of fraud and other irregularities. They are responsible for safeguarding the assets of the Company and maintaining an effective system of internal control and risk management.

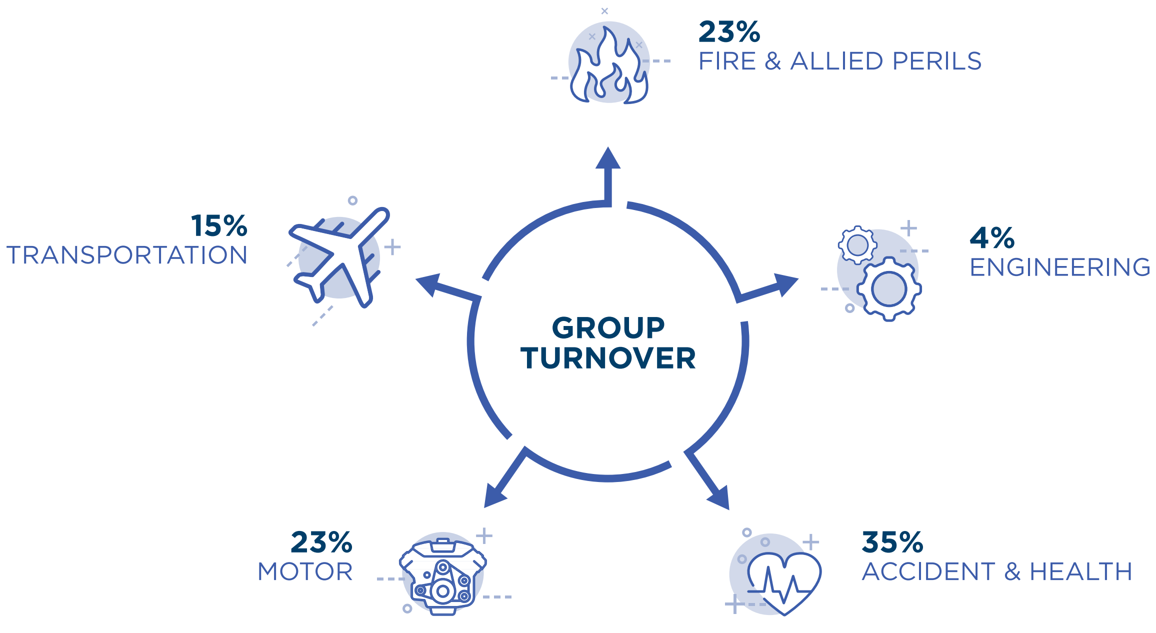
Approved by the Board of Directors on September 27, 2018 and signed on behalf of the Board by

Jean-Claude Béga
Chairman

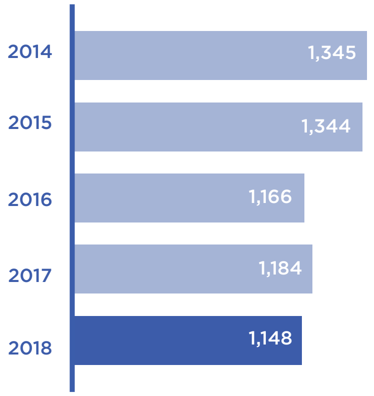
Robert Ip Min Wan
Director

COMPANY PROFILE

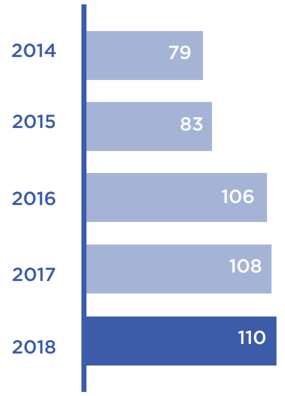
Financial HIGHLIGHTS



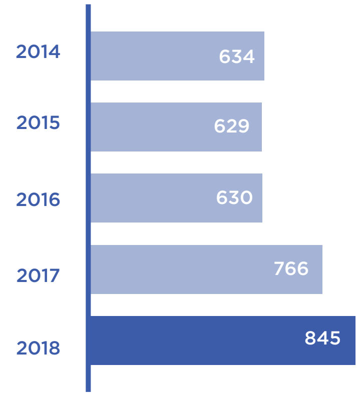
GROUP TURNOVER
Rs Million



GROUP PROFIT & LOSS BEFORE TAX
Rs Million



GROUP RESERVES
Rs Million



Non-Financial HIGHLIGHTS

HUMAN CAPITAL

111
TOTAL HEADCOUNT

70
WOMEN

30
NEW COMERS DURING THE YEAR

41
MEN

34.9 years
AVERAGE AGE OF OUR PEOPLE

7.88 years
AVERAGE LENGTH OF SERVICE OF OUR PEOPLE

MEI INFORMATION AND HISTORY

Mauritian Eagle Insurance Company Limited ("MEI") was incorporated in 1973 and was admitted on the Official Market of the Stock Exchange of Mauritius in 1993. MEI operates since 1974 in both the domestic and commercial markets and is engaged in short term insurance business comprising Accident, Health, Engineering, Property, Motor and Transportation insurance.

This report which forms part of the Annual Report of MEI 2018 can be found on the website of the Company on **www.mauritianeagle.com**.

HEAD OFFICE

1st Floor, IBL House
Caudan Waterfront
Port Louis
Tel: 203 2200
Website: www.mauritianeagle.com

REGISTERED OFFICE

IBL House,
Caudan Waterfront
Port Louis

AUDITORS

Deloitte
Chartered Accountants

ACTUARIES

QED Actuaries & Consultants (Pty) Ltd

BANKERS

The Mauritius Commercial Bank Limited
AfrAsia Bank Limited
Barclays Bank Mauritius Limited
The Hongkong and Shanghai Banking
Corporate Limited

COMPANY SECRETARY

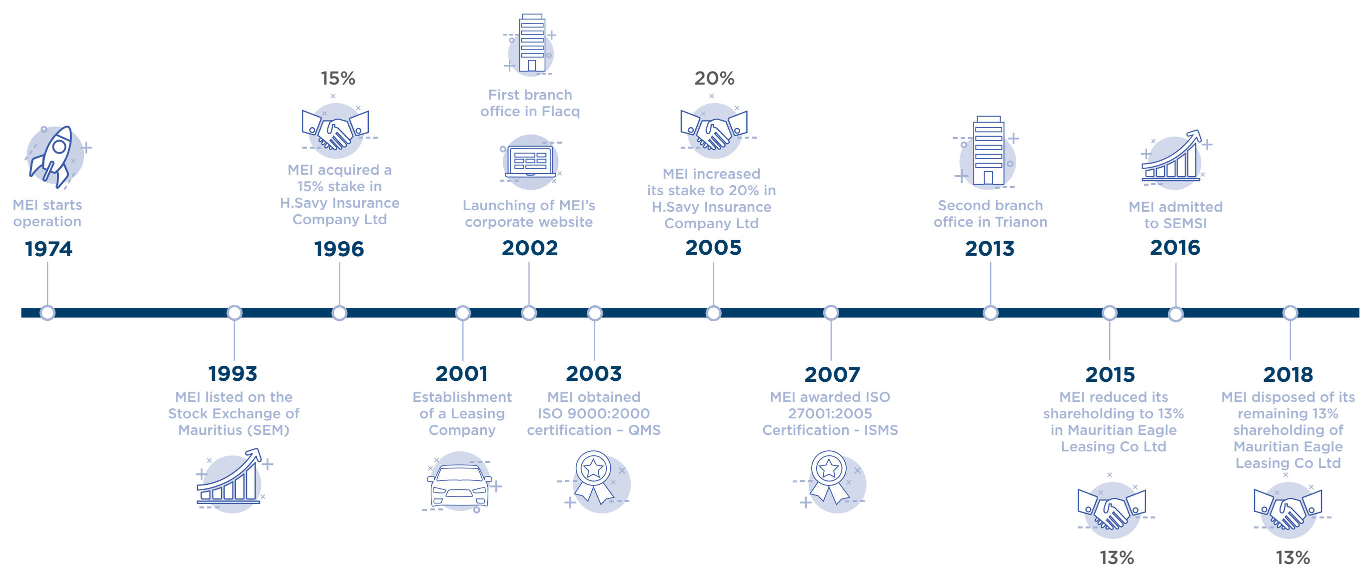
IBL Management ltd
4th Floor, IBL House,
Caudan Waterfront
Port Louis

SHARE REGISTRY AND TRANSFER OFFICE

As a shareholder, if you have any queries regarding your account, or wish to change your personal details or have any questions about lost share certificates, share transfers or dividends, please contact our Share Registry and Transfer Office:

MCB REGISTRY & SECURITIES LIMITED
Tel: +230 202 5000
9th Floor, MCB Centre,
Sir William Newton Street,
Port Louis,
Mauritius

COMPANY'S LANDMARK EVENTS



Mission & Vision
STATEMENTS

OUR VISION

"TO BE THE PREFERRED INSURANCE SPECIALIST THAT GOES BEYOND BOUNDARIES TO CREATE VALUES."

OUR MISSION

"WE PASSIONATELY PROVIDE COMPREHENSIVE, CUSTOMISED AND STATE OF THE ART INSURANCE SOLUTIONS THROUGH INNOVATION AND OPERATIONAL EXCELLENCE."

MAURITIAN EAGLE
An IBL Group company

The Board of Directors of MEI recognises that the Company operating in a specific area being the insurance industry has its own vision and mission as described above.

However, being part of the IBL group of companies, the Directors and the employees of MEI also adhere to the Values, Mission and Vision ('VMV') of IBL Ltd ('IBL').

The highlights of the Values, Mission and Vision of IBL are as follows:

People 1st
Respect, Talent Development, Collaboration, Recognition and Empathy

Passion
Positive Energy, Engagement, Driven and Inspired

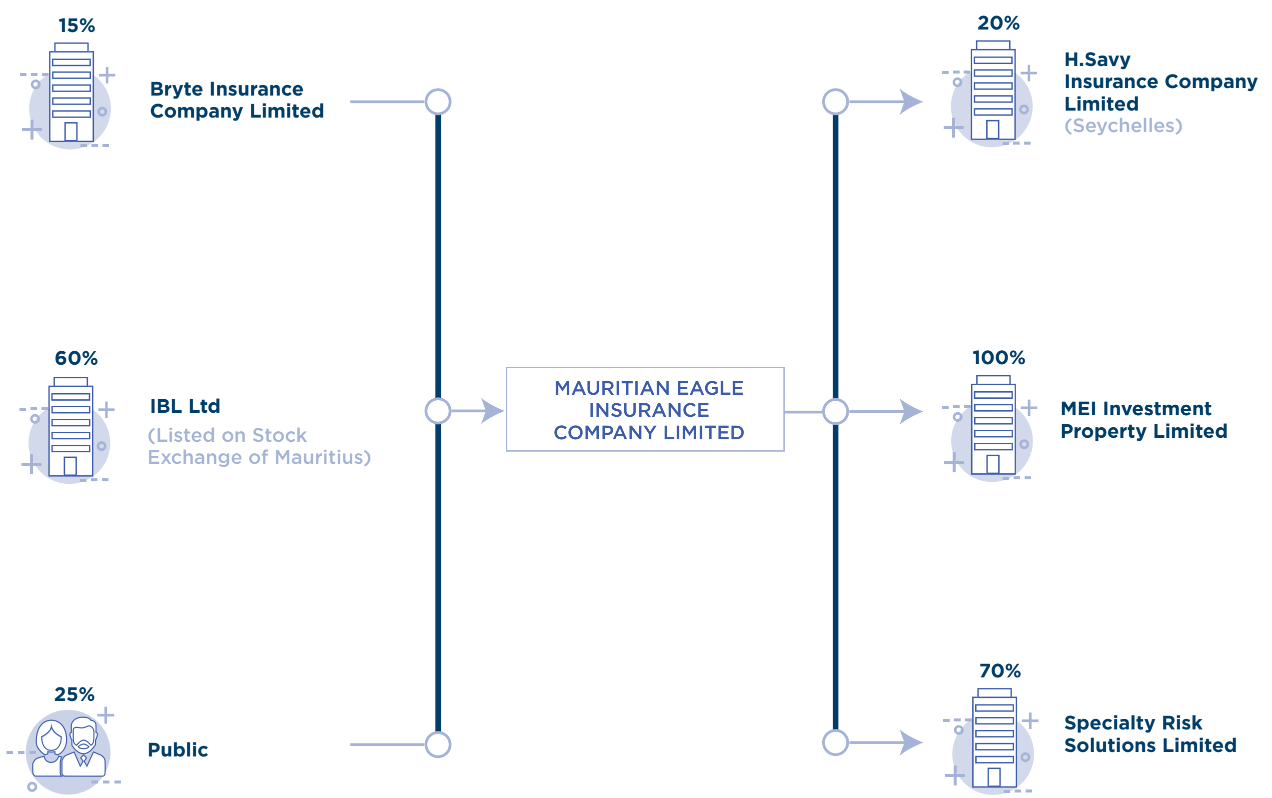
Excellence
"Above and Beyond", Customer Focus, Expertise and Continuous Improvement

Responsibility
Citizenship, Accountability, Sustainability and Humility

Integrity
Ethical, "Walk the Talk", Honest and Real, Loyal

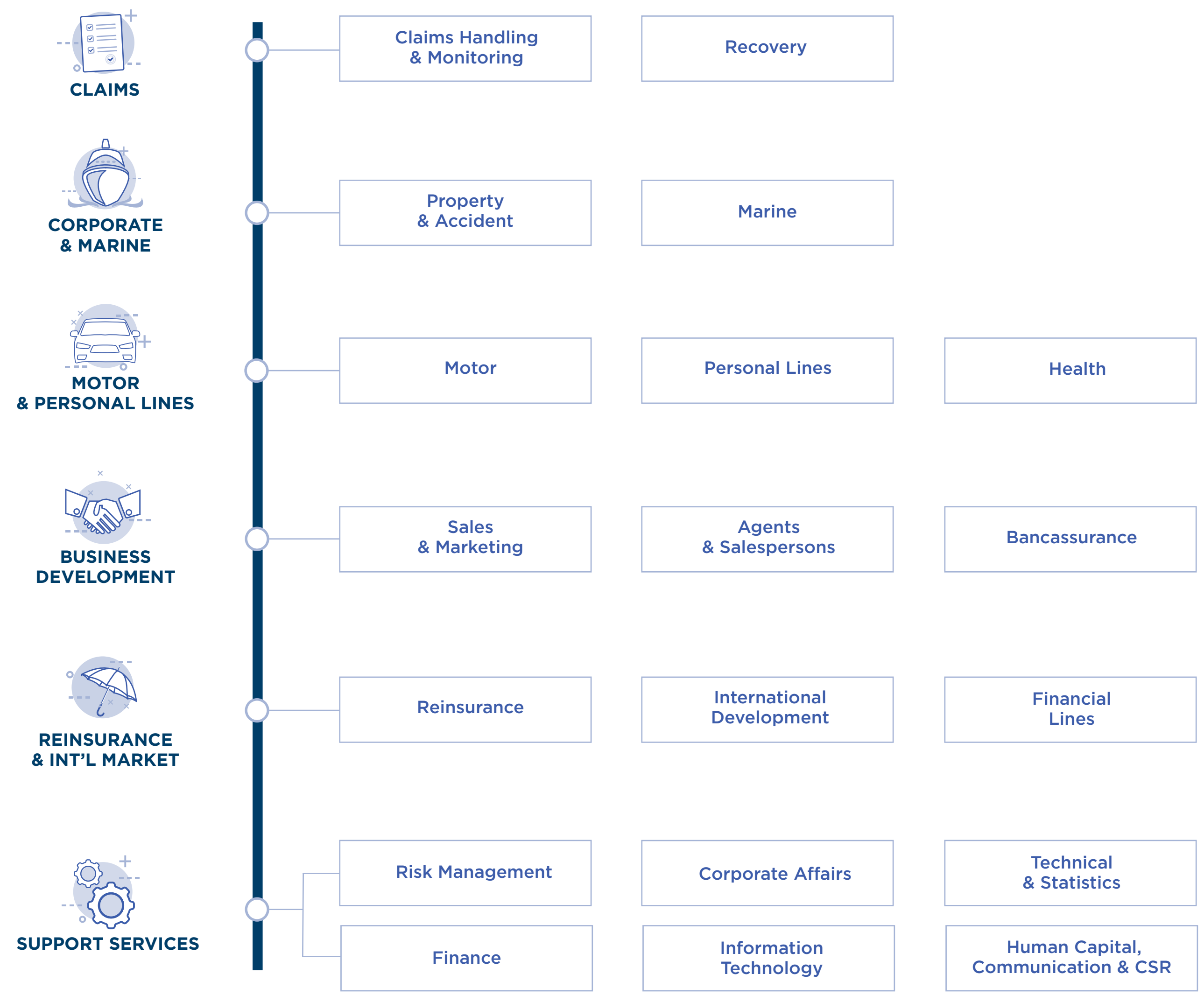
Creativity
Innovation, "Think outside the Box", Open-minded, Daringly Enterprising

GROUP STRUCTURE



COMPANY PROFILE

ORGANISATIONAL CHART




Mauritian Eagle Insurance
For wherever #life takes #you
Haha
Comment
Share

LEADERSHIP

CHAIRMAN'S **MESSAGE**

"We will retain our focus on enhancing our customer experience by improving our efficiency and processes."

JEAN-CLAUDE BÉGA | CHAIRMAN

LEADERSHIP

DEAR MAURITIAN EAGLE INSURANCE STAKEHOLDER,

It is my pleasure to present our Company's second integrated report. Over the past year, and in line with the strategic plan announced in 2016, Mauritian Eagle Insurance Company Limited ('MEI') has laid the foundations of its future growth and ability to create sustainable value for its stakeholders.

OPERATING CONTEXT

Internationally, the insurance sector remains dynamic and challenging, with a persistent oversupply of reinsurance capacity. Technology continues to lower the barriers to entry for new players; alter the nature of risk; and disrupt existing business models, while also creating opportunities for innovation by improving the speed and efficiency of data processing and allowing us to offer online services for instance.

Worldwide, insurers are having to comply with a wave of regulatory and compliance changes. These include new supervisory regimes such as IFRS 17 and data protection rules including the European Union's General Data Protection Regulation (GDPR).

In Mauritius, the new Data Protection Act 2017, effective May 25, 2018, has replaced the Data Protection Act 2004 to align with GDPR rules on privacy and personal data. The insurance sector is also subject to the Mauritian Financial Services Commission's (FSC) new Insurance (Risk Management) Rules, which came into effect in 2016 and are intended to manage systemic risk within the Mauritian insurance sector. In the future, according to the FSC's new Insurance (Industry Compensation Fund) (Amendment) Regulations 2018, insurers will be expected to contribute to a national insolvency sub-fund, whose terms are still being finalised in consultation with its stakeholders.

The Mauritian insurance sector must therefore adapt to new accounting norms, redefine its data protection programmes and enhance its internal risk management procedures while contending with an intensely competitive market in which premium rates remain under pressure.

FINANCIAL PERFORMANCE 2017-18

Most of Mauritian Eagle Insurance's lines of business performed satisfactorily this year, despite several significant claims that affected profitability.

While our profit before tax is roughly comparable to last year's, the Company's gross premium was 3% lower than in 2016-17. This is due to lower performance in our medical line of business in the context of this year's extremely challenging and competitive market environment.

OUR PERFORMANCE **AT A GLANCE**

Rs 1,148M
GROSS PREMIUM
(2017: Rs 1,185M)

Rs 92M
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY
(2017: Rs 91M)

Rs 11.50
EARNINGS PER SHARE
(2017: Rs 11.43)

STRATEGY

MEI has continued to deliver on its five-year strategy to:

- Improve MEI's operational efficiency and invest in new technology;
- Invest in staff training and in the hire of key talent to offer exceptional customer service and to increase the Company's market share; and
- Explore opportunities for expansion in Mauritius and the wider region.

Given the level of competition in the Mauritian market, it is increasingly important that we innovate on our products and processes, and differentiate ourselves based on the quality of service that we provide. We are therefore seeking to place our customers at the heart of how we work and use technology to improve how we engage with them.

We are also about to embark upon a rebrand and a marketing strategy to build awareness of our retail insurance offer in particular. Using social media and traditional forms of advertising and public relations, we intend to educate potential clients about the importance of protecting the things they value most – whether it is their personal belongings, their vehicle or their family's health – by insuring them.

MEI is also planning a move to a new head office in Ébène, to give our Company space to grow while breaking down silos between our teams and encouraging them to work together.

RISK MANAGEMENT

MEI has a robust risk management framework, set out in more detail on **page 61** of this report.

Our Company is also in the process of:

- Complying with the Mauritian Financial Services Commission's new Insurance (Risk Management) Rules, which align with international best practice in risk management; and
- Redesigning its procedures to comply with the Mauritian Data Protection Act 2017 and safeguard its clients' privacy.

SUSTAINABILITY

MEI believes that placing sustainability at the heart of our decision-making will allow us to create value for our stakeholders in the future. We are committed to building our business while managing our environmental, social and governance-related risks and impact.

We are therefore embedding sustainability considerations into our business model, for instance by:

- Moving our services online and rethinking our internal procedures to improve efficiency and go paperless;
- Nurturing and investing in our talent to ensure we have the right skills and corporate culture to deliver long-term growth;
- Remaining abreast of and compliant with emerging regulatory and other regimes; and
- Working with Business Mauritius on national policy issues such as raising awareness of road safety to reduce vehicle-related accidents.

Please refer to the Corporate Governance section of this report for more information.

OUTLOOK

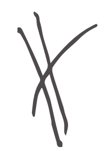
Over the coming year, and in line with our five-year strategy, MEI will continue to consolidate its Mauritian market share while remaining open to potential partnership opportunities in the wider region.

We will retain our focus on enhancing our customer experience by improving our efficiency and processes, rolling out digital tools and investing in the right talent while building a cohesive culture of performance. We will also build our brand and more aggressively market our retail and medical insurance products to potential clients.

ACKNOWLEDGEMENTS

I would like to thank my fellow Directors for their support and efforts in what continues to be a challenging context for the insurance sector. I would also like to recognise each of our team members for their work to improve our customer service and contribute to our corporate culture over the past year.

Finally, I would like to thank our shareholders and other stakeholders for their continued confidence in Mauritian Eagle Insurance.



Jean-Claude Béga
Chairman

CHIEF EXECUTIVE OFFICER'S **REPORT**

"We will continue to focus on enhancing our people's skills by actively identifying top talent, offering team members in-depth training and rewarding performance."

DEREK WONG WAN PO | CEO

DEAR STAKEHOLDER,

2017-18 was a challenging year of change and transformation for our Company. In the context of a highly competitive insurance sector in Mauritius, Mauritian Eagle Insurance Company Limited ('MEI') has chosen to set itself apart by making customer satisfaction its main priority. We believe that this strategy will allow us to deliver sustainable value to our stakeholders in the long term.

DELIVERING ON MEI'S STRATEGY

Over the past two years, and in line with the five-year strategy set out in 2016, MEI has systematically invested in its people and sought to create a single, unified corporate culture. We are convinced that only by working well as a team can we serve external clients effectively.

With the help of the Human Capital Manager appointed last year, we are working to improve how we recruit, develop and retain our staff:

- In April 2018, we ran a series of training workshops to improve customer satisfaction, attended by all staff.
- Our heads of insurance lines, team leaders and assistant managers are all undergoing training to improve their people management skills.
- We have initiated a series of internal groups and projects to reward and recognise employees, based on focus groups in which members of staff suggested ways to improve both our retention and morale.
- We are also moving to new offices in Ébène that will allow us to grow in size while providing a working environment that encourages our teams to work together.

Alongside this, MEI is investing heavily in technology, including in a Salesforce Customer Relationship Management (CRM) system, to improve the efficiency of internal procedures and serve clients faster and more effectively. We have designated a core team to help us implement our CRM and are currently deploying it department by department across our Company.

MEI is also rolling out a digital strategy across its operations. We are notably moving to online processes by sending clients electronic versions of their policies. In the future, we will provide e-statements of account and even handle claims electronically. Our aim is to go paperless as far as practically possible in order to reinforce our customer experience, increase the speed of our transactions and improve our sustainability.

RISK MANAGEMENT

As one of Mauritius' largest insurers, risk management remains a key priority for our Company. We have a tried and tested set of procedures in place to manage existing risks and monitor emerging challenges.

MEI also proactively seeks to align with relevant legislation, which this year included a risk appetite statement and local and international data protection regulation. Our next step is to prepare an Own Risk and Solvency Assessment (ORSA) in line with Mauritius' new Insurance (Risk Management) Rules. I invite you to read the Risk Management section of this report for additional information.

OPERATIONAL UPDATE

Overall, MEI put in a sound performance this year.

At all times, our business' focus is to deliver an underwriting surplus rather than capture market share to the detriment of our bottom line. This approach is embodied in MEI's prudent risk appetite and approach to risk management. Our ratio of underwriting results to net earned premium was 10% this year, slightly down from 12.5% in 2017, but higher than 2016's 6.9%.

MEI posted a satisfactory 'gross written premium' in its Property and Casualty insurance lines . The main challenge is to retain our market share in the face of consistent pressure on premiums. MEI is therefore differentiating itself via the quality of service it provides, particularly at underwriting level, and by focusing on the quality of its relationships with clients and intermediaries.

We are also adopting a new operating model within our medical insurance line. While our Company continues to work with Linkham Services as a provider, we have also launched CarePlus, an own-brand medical insurance product. We intend to market this new product ourselves and administer it in partnership with Medscheme, a leading claims handling and administration service provider in Mauritius. Our intention in launching this new product is to increase our footprint in the local market and deliver sustainable growth.

H Savy Insurance Company Ltd, our associate company based in Seychelles, has once again posted strong results this year. MEI's 20% share of profit was Rs 13.7M, up from Rs 10.2M in 2017.

Our income from interest on investments dipped slightly this year due to term deposits being renewed at slightly less favourable rates. This drop was compensated by satisfactory returns from our equity portfolio.

CHALLENGES

MEI's intention this year was to push for an increased share of the retail market in Mauritius. This has yet to happen due to challenges in setting up our retail team and a delay in the launch of our new health product.

Our motor insurance line has also had a challenging year, with the number and severity of claims continuing to increase.

To compensate for this, we are making efficiency improvements and streamlining our processes to reduce our operating costs and increase client satisfaction, with knock-on effects for our top line. Our CRM and data analysis capabilities will also allow us to detect and prevent potential cases of motor-related fraud.

However, for the motor market in particular, MEI recognises there is a need for deeper, cultural change in road safety awareness. We have therefore partnered with Business Mauritius on its Business Road Safety initiative (BUROS), which encourages businesses to run awareness-raising sessions for all staff, provide training to drivers and adopt an in-house Road Safety Protocol.

OUTLOOK

Despite these issues and the fiercely competitive context, we are confident that MEI is well positioned to deliver value going forward.

Our focus next year will be on creating greater awareness of our brand and in particular of our medical insurance and retail offers, thanks to a rebrand and a new digital-friendly marketing and communications strategy to be launched in 2018-19. We will also consolidate our corporate insurance offer in Mauritius. MEI believes that there is room to grow locally, and that health insurance in particular represents a sizeable growth opportunity.

Alongside this, we will continue to focus on enhancing our people's skills by actively identifying top talent, offering team members in-depth training and rewarding performance. MEI is also committed to enriching its corporate culture to improve our people's wellbeing and enhance our client service. Finally, our upcoming relocation to our new head office to Ébène will allow us to expand while keeping our teams together.

MEI's ultimate aim is to build up the strongest possible footprint to grow from. We remain attentive to potential opportunities for regional expansion or to appropriate partnerships in the sub-Saharan African region.

ACKNOWLEDGEMENTS

I would like to express my thanks to our customers for their ongoing and valued loyalty and trust. I also salute our customer service teams, management and executives as well as the members of our Board for their efforts this year, as we work to consolidate our gains and create a platform for MEI's future growth.

Derek Wong Wan Po
Chief Executive Officer

DIRECTORS' **PROFILE**

JEAN-CLAUDE BÉGA, FCCA

Chairman and Non-Executive Director

Jean-Claude, a Fellow of the Association of Chartered Certified Accountants, started his career in 1980 by spending 7 years as external auditor and then moved to a sugar group to perform various functions within accounting and finance. He then joined GML in 1997 and was the Chief Financial Officer of GML Management Ltée in June 2016. Following the amalgamation between Ireland Blyth Limited and GML Investissement Ltée on July 1, 2016, Jean Claude was nominated as Group Head of Financial Services and Business Development of IBL Ltd and he holds that position to-date. In this context, he has been nominated as Chairman of Mauritian Eagle Insurance Company Limited on May 10, 2017.

As part of his role to oversee the financial services cluster of IBL Ltd, he is also the Chairman of DTOS Ltd and of The Bee Equity Partners Ltd and Director of AfrAsia Bank Limited. His other directorships within IBL Ltd include being Chairman of Anahita Estates Limited and Director of Alteo Limited, Phoenix Beverages Limited & Lux Island Resorts Ltd. Outside of IBL Ltd, Jean Claude also serves as Chairman for Anglo African Investments Ltd.

Directorships in other Listed Companies: Alteo Limited, Phoenix Beverages Limited, Lux Island Resorts Ltd, The Bee Equity Partners Ltd (Non-Executive Chairman) and Phoenix Investment Company Limited.

DEREK WONG WAN PO, BSC, FCCA

Chief Executive Officer

Mr. Wong was appointed Managing Director of Mauritian Eagle Insurance Company Limited on July 1, 2014 and since July 1, 2017, he is serving as Chief Executive Officer. He holds a BSc in Computer Science and is a Fellow member of the Association of Chartered Certified Accountant and an Associate member of the Association of Corporate Treasurers. In March 2018, he was re-elected as President of the Insurers' Association of Mauritius for the year 2018. He joined the Corporate Office of Ireland Blyth Limited in 1998 as Head Office Accountant and has been successively Group Accountant from 2001 to 2006 and Group Finance Manager from 2007 to 2014.

Directorships in other Listed Companies: None.

LEADERSHIP

PIETER BEZUIDENHOUT, BSC, CA, CISA

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 South Africa Limited as CFO in 2009. He retired in May 2014 but continues in a number of non-executive roles.

DIPAK CHUMMUN

Non-Executive Director

Mr. Dipak 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. Mr. Chummun was appointed Group Chief Finance Officer and Executive Director for the Ireland Blyth Limited on January 1, 2015 and subsequently Group Chief Finance Officer of IBL Ltd on July 1, 2016.

Mr. Chummun is a director of a number of companies within the IBL Group including DTOS, SeaFood Hub, Bloomage Property Fund and Manser Saxon. He is a director of the Stock Exchange of Mauritius, the Economic Development Board, as well as the National Committee for Corporate Governance. He has also previously served as an International Advisory Board Member of the ICAEW in UK for three years.

DIRECTORS' **PROFILE**

LAURENT DE LA HOGUE
Non-Executive Director

Born in 1975, Laurent de la Hogue holds a Master degree in Management and Finance from the "Ecole Supérieure de Gestion et Finance" in Paris, France. He joined GML Management Ltée in 2001 as Treasurer for the setting up of the group central treasury management unit and then occupied the position of Finance Executive - Corporate & Treasury in 2011 where he was involved in the development of projects. He was appointed Head of Financial Services of IBL Ltd on July 1, 2016. Laurent de la Hogue is currently the Non-Executive Chairman of AfrAsia Capital Management Ltd, IBL Treasury Ltd and LCF Holdings Ltd. He also serves as Director of a number of organisations operating in the industrial, commercial, financial and investment sectors.

Directorships in other Listed Companies: The United Basalt Products Ltd and Lux Island Resorts Ltd.

He was appointed as Non-Executive Director on May 25, 2016.

ROBERT IP MIN WAN
Independent Non-Executive Director

Mr. Ip Min Wan was appointed as Independent Non-Executive Director on June 13, 2008. Robert is a Fellow of the Institute of Chartered Accountants in England & Wales. He graduated with a B.Com Hons from the University of Edinburgh in 1999. For the next eight years, he trained and worked with Deloitte (London) where he acquired, as senior manager, an extensive knowledge of financial services with a focus on banking. Since 2008, he has been managing his distribution business in Mauritius.

Directorship in listed companies: One (COVIFRA).

J. GILBERT ITHIER, LLB HONS, SENIOR COUNSEL
Independent Non-Executive Director

Me. Gilbert Ithier was appointed as Independent Non-Executive Director on November 15, 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 June 15, 2010.

SUBHAS CHANDRA LALLAH, SENIOR COUNSEL
Independent Non-Executive Director

Me. Subhas Chandra Lallah was appointed as Independent Non-Executive Director on March 29, 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 current Director with Deutsche Bank Mauritius Limited.

Me. Lallah is a member of the Honourable Society of Lincoln's Inn and was called to the Bar in 1971.

ALAIN MALLIATE, FCII, ACIS
Executive Director

Mr. Alain Malliaté joined the Company in August 1985 and was appointed as an Executive Director on March 30, 2004. He qualified as a Fellow of the Chartered Insurance Institute (UK) (FCII) in 1990, and as an Associate Member of the Chartered Institute of Secretaries and Administrators (ACIS) in 2000. Since March 1, 2017 he oversees the Risk Management Function and corporate affairs of the Company.

MANAGEMENT
TEAM

MANAGEMENT TEAM

1. SANDEEREN COLANDAVALOO, LLM
Head of Projects, Motor & Personal Lines

Joined in 2016. With more than 25 years of experience in legal affairs and company litigation in the insurance industry in France and Reunion Island, Sandeeren is currently responsible for the Motor Department, Project Management and Customer Service.

2. KERSLEY HONG LIN, FCCA
Finance Manager

Joined in 2018. With more than 10 years of experience in the Financial Sector, Kersley is responsible for the management of the Finance Department of the Company. Previously he was at IBL Corporate Finance and was responsible for the consolidation of IBL Group. He is a fellow member of the Association of Chartered Certified Accountants.

3. JOSÉ ARSENIUS, CISA, CISM, CRISC
Senior Manager, IT Department

Joined in 1994. With more than 20 years of experience in the IT sector, José is the head of the IT Services Department. He is responsible for all Corporate Management & Information Systems. He is both a Chartered IT and a Certified Information Security Professional.

4. ALLEN LEUNG YOON SIUNG, CERT CII
Underwriting Manager, Corporate Property and Accident Department

Joined in 2012. With more than 25 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 former council member of the Insurance Institute of Mauritius.

5. KIRAN ANCHARAZ, BA (HONS)
Business Development Manager

Joined in 2017. With more than 15 years of experience in the insurance industry, Kiran is currently responsible for the Business Development and all aspects of sales and broker relationship, as well as the Personal Lines Department.

6. ESHA D.K. BISSOONDOYAL, BSC (HONS), DIP CII
Assistant Manager – Non-Motor Claims

Joined in 2016. With more than 10 years of experience in reinsurance industry, Esha is jointly responsible for the daily operations of the Non-Motor Claims Department. She was a former council member of the Insurance Institute of Mauritius.

7. BRUNO CHAN SIP SIONG, BSC (HONS)
Manager, IT Department

Joined in 1995. With more than 20 years of experience in the IT field, Bruno 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.

8. ALAIN MALLIATE, FCII, ACIS
Executive Director

Mr. Malliaté joined the Company in August 1985 and was appointed as an Executive Director on March 30, 2004. He qualified as a Fellow of the Chartered Insurance Institute (UK) (FCII) in 1990, and as an Associate Member of the Chartered Institute of Secretaries and Administrators (ACIS) in 2000. Since March 1, 2017, he oversees the Risk Management Function and corporate affairs of the Company.

LEADERSHIP

9. VISHAL RADHA, PGDIP
Human Capital Manager

Joined in February 2017. With more than 15 years of experience in HR Management, Vishal is responsible for the entire HR requirements of Mauritian Eagle Insurance. His responsibilities include talent management, welfare and CSR, counselling and coaching, and performance management.

10. WINSON CHAN CHIN WAH, ACII
Head of Corporate and Marine

Joined in 2004. With more than 20 years of 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.

11. DEREK WONG WAN PO, BSC, FCCA
Chief Executive Officer

Mr. Wong was appointed Managing Director of Mauritian Eagle Insurance Company Limited on July 1, 2014 and since July 1, 2017 he is serving as Chief Executive Officer. He holds a BSc in Computer Science and is a Fellow member of the Association of Chartered Certified Accountant and an Associate member of the Association of Corporate Treasurers. In March 2018, he was re-elected as President of the Insurers' Association of Mauritius for the year 2018. He joined the Corporate Office of Ireland Blyth Limited in 1998 as Head Office Accountant and has been successively Group Accountant from 2001 to 2006 and Group Finance Manager from 2007 to 2014.

12. VIKASH MUNGLA, BA (HONS)
Reinsurance and International Markets Manager

Joined in 2003. With more than 20 years of experience in the reinsurance industry, Vikash is responsible for the management of the Reinsurance, Financial Lines and International Markets Departments. He also overlooks the Underwriting of multinational Programmes. He is the Head of Operations of our subsidiary, Specialty Risk Solutions Ltd and is an Affiliate of the Institute of Risk Management (UK).

13. PIERRE AH SOON, FCCA
Claims Manager

Joined in 2004. With more than 14 years of experience in the insurance industry. Formerly Finance Manager of MEI, 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, property and accident claims. He is a fellow member of the Association of Chartered Certified Accountants.

14. FRANÇOIS CERVEAUX
Assistant Manager – Motor Claims

Joined in 2018. With more than 15 years of experience in the insurance industry, Francois's key expertise is the management of the non-standard complex claims and is jointly responsible for managing the daily operation of the Motor Claims Department.

15. CAROLINE LI CHING YAN, BBA, ACII
Assistant Manager Corporate Property and Accident

Joined in 2016. With more than 10 years of experience in the insurance industry, Caroline is jointly responsible of the Corporate Department. She is a member of the Chartered Insurance Institute and of the Insurance Institute of Mauritius.

INTEGRATED REPORT

INTEGRATED **REPORT**

INTELLECTUAL SYSTEMS

MEI, in line with the IBL group's digital strategy, has embarked since last year onto a journey towards digital transformation. The integration of digital technologies into everyday life is a continual process that the organisation has adhered to with the main objectives; being the improvement of operational efficiency and the provision of functional innovations in the organisation's daily activities, which shall result in an increase of productivity and subsequently providing enhanced customer services.

Paperless environment, the first part of the digitalisation process, has already been in place for some time. Document imaging facility is replacing the paper-based environment in terms of paper consumption and storage space. The implementation of electronic policies into our business model is now a reality that provides customers and collaborates with a more rapid and economic way of getting their documents, thus increasing MEI's eco-friendly quotient.

MEI has since last year implemented a Customer Relationship Management system, which encompasses an automatic pricing mechanism for individual products, the generation and integration of electronic policies and an on-line web access to main stakeholders such as staff, brokers and agents.

MEI has this year implemented a workflow solution in the Motor Claims department in view of streamlining its activities and giving more visibility to everyone in the claims process in terms of delivery as well as KPI measurements. This workflow model has recently been implemented across all underwriting departments in view of a better follow-up of activities.

The digitalisation process is bringing along many visible effects in terms of cost efficiency (implementation of ePolicy in Motor department has decreased the use of paper by nearly 50% in 2018 as compared to 2017) as well as availability and accessibility of information, which is now present across the organisation's boundaries (taking in consideration the required security parameters).

Today, people have round-the-clock access to information and therefore the traditional way of doing business is constantly innovating. Digitalisation has brought up new trends such as Cloud, Internet of Things (IoT), Mobile Apps or Bring Your Own Device (BYOD) and MEI wants to join this bandwagon of transformation. Digital transformation, though is about customer and in that perspective, by start of next year a B2C customer portal will be available where MEI customers will have at their disposal a variety of features such as online quotes, online viewing of policies, and follow-up of claims process amongst others.

HEALTH AND SAFETY PRACTICES

Commitment to a Safe and Healthy Workplace

Occupational Safety and Health (OSH) of MEI employees, contractors and the communities who use its properties, is of utmost importance. This entails preventing work-related accidents and occupational illnesses, identifying and assessing potential hazards, maintaining comprehensive risk management and creating a healthy working environment. For the year 2017-2018, a strict follow-up on last year's Risk Assessment by the Health and Safety Manager of IBL Ltd was made. Measures have been put in place to remedy hazardous situations.

Moreover, for the purpose of improving the safety and health culture at MEI, every opportunity to raise our safety standards is taken seriously. We regularly inspect our locations, perform audits of record-keeping practices, review incident data and take corrective actions wherever required.

All new recruits are provided with a Safety and Health induction training to ensure compliance with the requirement of Occupation Safety and Health legislations.

Initiative for Year 2018/2019:

- Nomination of two First Aiders and two Fire Wardens; and
- Implementation of a Health and Safety Committee to promote the cooperation between MEI and its employees in mutually instigating, developing and implementing measures to ensure health and safety at the workplace.

Maintaining and Promoting Employees' Health

MEI aims to provide a safe working environment and it also contributes to the general well-being of its employees. As part of the Safety and Health Management measures of the IBL Group, the MEI staff have participated in several initiatives related to health awareness, which were conducted throughout the year and across the whole group. These are:

- Poster and Photography Competition on Safety & Health;
- Survey on Inclusion of People with Disabilities (PWD) across the IBL Group;
- IBL Foot Five Tournament in June 2018; and
- Employee Events – Happy Hour, Teambuilding and End of Year Party.

Moreover, to promote health and wellbeing among its staff, MEI makes it a must to have sports sessions organised on a weekly basis e.g. Foot Five and Cross Fit sessions.

CORPORATE SOCIAL RESPONSIBILITY

For the financial year ending June 30, 2018, MEI has contributed to the amount of Rs 1,151,808 to the central CSR institution of the IBL group namely, Fondation Joseph Lagesse.

In line with the Group's Corporate Social Responsibility policy, MEI organised an employee volunteer activity with the NGO, Association Amour et Espoir (AAE) to assist underprivileged children.

Created in September 2007, AAE is based in the region of Coteau Raffin. Its aim is to provide support to underprivileged children aged 4 to 16 years old. Most of the children come from families who either have a low income or are on welfare support.

MEI has been supporting the underprivileged children of Coteau Raffin since 2014 and different activities have been organised. The Company's main objective is to develop the social skills of these children.

With the help of 40 MEI employees, a fun day was organized at Cocotown in the Trianon complex, for around 100 children.

MAURITIAN EAGLE
An IBL Group company
28 April 2018

#Fun day at Cocotown organised by MEI employees

Anais Goolye and 48 Others   8 Comments   3 Shares

Like   Comment   Share

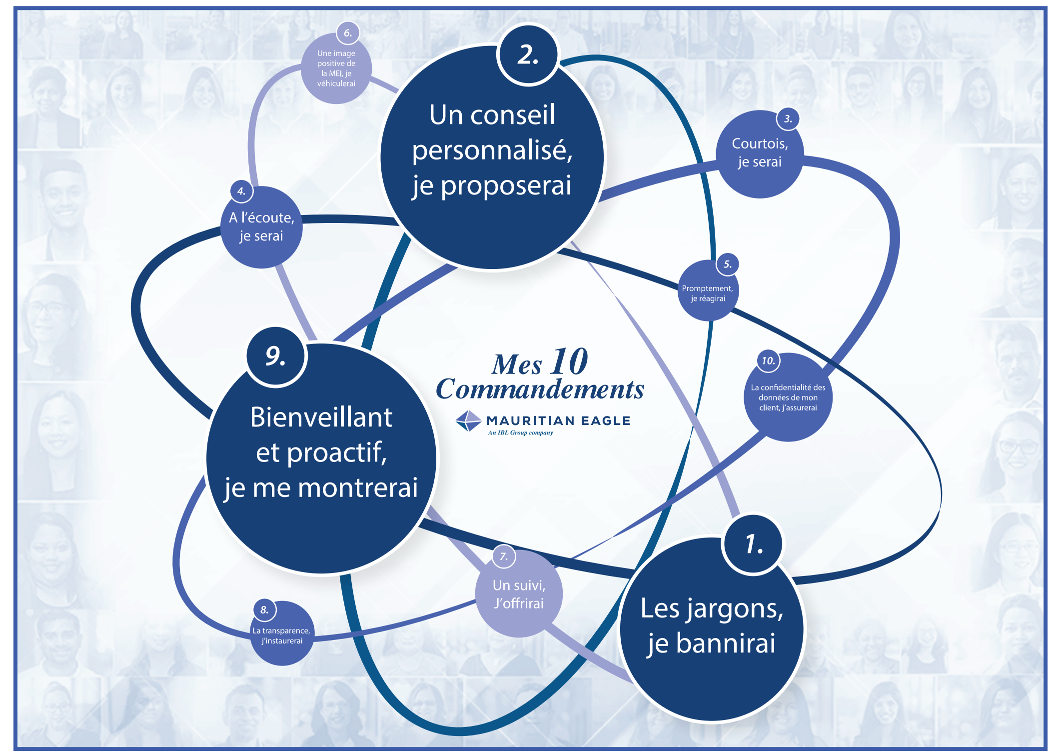
PROMOTING HUMAN CAPITAL DEVELOPMENT

Human Capital nowadays goes beyond the set boundaries of compensation, performance reviews and training. We look at the employee's entire work life cycle to ensure timely interventions that build a long-lasting and fruitful career. With this in mind, the Human Capital Department of MEI had 3 main priorities for the year 2017-18:

- Help MEI employees unlock their full potential – to develop, grow and achieve their objectives;
- Instill the right company culture so as to provide an excellent customer experience; and
- Make MEI the best place to work for passionate and innovative people who want to make a difference in the workplace.

For the year ended June 30, 2018, MEI invested Rs 1,392,570 in Employee Training Programs which cumulates to 1947 hours of training for the whole staff population. This brings us to an average of 17.5 hours of training per employee for the year.

With the help of a Customer Experience expert, a mindset shift has been inculcated to enhance the Customer Service experience. The whole staff population of MEI including the management, went through a full month of intensive training, in addition to two coaching sessions. Further to this training, we have developed and committed to a Customer Service Excellence Charter which has been named "Les 10 Commandements de MEI".



Furthermore, MEI has held several focus groups with its employees and managers with a view to develop a Reward and Recognition Programme which best reflects the below:

- Excellence in serving the client
- Long Service Award
- Education Sponsorship
- Team Initiative and Project Management

THE SEM SUSTAINABILITY INDEX (SEMSI)

MEI has a well-established corporate reputation as a responsible business demonstrating firm commitment to sustainability.

The report is aligned with the Stock Exchange of Mauritius Sustainability Index (SEMSI), which is based on the GRI G4 Sustainability guidelines and are aligned with International ESG and reliability sustainability issues, while also taking local imperatives into account. The four pillars of the SEMSI are: Corporate Governance, Economy, Environment and Social.

CORPORATE GOVERNANCE

The Corporate Governance section of the SEMSI is reported in the Corporate Governance Report section of the Annual Report 2018.

ECONOMY

Audit and Control

The Company employs professionally accredited people to handle economic and financial reporting matters.

COMPETITION

We are committed to a policy for fair, honest dealing and integrity in the conduct of our 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. This is embodied in the Company's Code of Ethics and Business Conduct Policy.

MARKETING AND BUSINESS DEVELOPMENT

We have regular interaction with our customers to understand their requirements and ensure their satisfaction. Our client base is a mixed of both direct clients and through intermediaries across all lines of business in which we operate. We are in the process of implementing a CRM module to further enhance our customer experience and engagement.

SUPPLIERS

We have regular meetings and interaction with our reinsurers and reinsurance brokers to seek the best service required for our operations. We view them as our business partners to assist us to provide state of the art and tailor made solutions to maintain our competitive edge.

RISK MANAGEMENT

Risk Management policies are in place to mitigate and/or eliminate the impact of internal/external risks. Following the issuance of the Insurance (Risk Management) Rules 2016 by the FSC, a Risk Officer was appointed and has been tasked with the implementation of a Risk Management Framework in accordance with the requirements of the regulator. The Risk Management Framework will be approved by the Board and submitted to the FSC before end of November 2018.

INTEGRATED REPORT

STAKEHOLDER'S ENGAGEMENT

Stakeholders are groups which have impact on or are impacted by our business. We have identified our key stakeholders and outlined current topics. As we further embed sustainability into our operations, we will develop structured engagement with our stakeholders through regular dialogue, structured engagement and surveys. This will allow us to have a better understanding of our impacts and the expectations of these diverse groups of stakeholders.

ENVIRONMENT

Energy

The Company has a policy for efficient use of energy. The consumption of water and electricity is being closely monitored.

KEY INDICATORS

The Company encourages employees to contribute to innovations that lead to more efficiency with regard to energy use and waste minimisation for example double sided printing and use of electronic end of year greeting cards. The papers used are made of 100% eucalyptus pulp coming from sustainable forests.

Centralised printers have been introduced. More than 16 individual printers are active and there are 28 shared centralised printers. The Company uses the patented toner cartridges for its heavy-duty printers and scanning and photocopy equipment, which once used, have to be sent back to the supplier for remanufacturing/recycling and this helps to minimize the environmental impacts of printing with eco-minded consumables and recycling options.

The Company in order to minimise its negative environmental impact has a policy of replacing old computers with computers using ePlusGreenPc's energy saving technology. Equipment and electronics are only powered up when needed. Passive infrared lighting has been installed in certain common areas such as stairways and toilets.

Paper Consumption

One of the other major impacts that our activities may have on the environment is our paper consumption. We make use of the latest available technologies in our endeavour to reduce to a minimum our paper consumption. Our objective is to head towards a 'paperless' environment wherever possible.

Waste

The main types of waste we generate are electronic waste and paper/cardboard. Obsolete equipment is handed over to recycling companies whilst used paper is collected and sent for recycling through 'Nature Verte'.

Water & Effluents Management

There is a new Building Management System installed for water consumption. Measures introduced by the Company to optimize its water usage is by equipping toilets with 2 selectable flush quantities, whilst male urinals are equipped with an automatic water release flush, controlling the amount of water used.

Labour/Management Relations
At MEI, we promote good management as well as good labour relations through constant social dialogue with a view to maintain industrial peace. Open door policy is applied so that grievances are settled to the satisfaction of all parties concerned.

Training and Development
Investment in training remains a priority for the Company. Ongoing training is organised to ensure continuous professional and skills development of our workforce to help respond to the new business needs. Training is becoming an integral part of one's working life in order to be well equipped to obtain job satisfaction and, at the same time, realising self-actualisation.

The average hours of training per employee is around 17.5 hours per year.

Employment Quality
The Company has a policy for the career development of its employees. The Company carries out employee engagement (or employee satisfaction) surveys on a regular basis. Priority is given to internal promotions before advertising vacant positions whilst current employees are sponsored and given time off for training and studies relevant to the objectives of the Company. Training needs are identified during appraisals and yearly training plan is formulated. Employees are also encourage to participate in activities like Zumba, Cross fit and Foot Five organised by the Company whilst also indulging in welfare activities.

HUMAN RIGHTS

FREEDOM OF ASSOCIATION

Respect for human rights is an integral part of our corporate culture and it establishes a foundation for managing our business. We respect the employees' right to join union without fear of reprisal, intimidation or harassment. The affiliation to a trade union is however subject to relevant legislation.

DIVERSITY AND EQUAL OPPORTUNITY

We believe in integrity, openness and mutual respect. We are committed to create an environment that is characterised by equal opportunities and inclusion, which are vital for sustaining the satisfaction of our employees and of our stakeholders who look upon us as a responsible provider of services. We do not tolerate discrimination in whatever form or harassment of anyone. We aim at achieving success through equity, ethics and social justice regardless of gender, creed, ethnic origin or class. During the year, no incidents of discrimination have been reported to our Human Capital Department. MEI does not discriminate and provides the same equal pay and opportunities to both male and female employees performing equivalent tasks.

IT SECTION

IT Security Policies are in force at MEI following the framework of ISO 27001. Though employees have access to internet, respective firewalls & anti-virus are in place in order to prevent attacks from outside.

As regards to our new implemented system, Agilis, necessary access policies both on the Network as well as the Application sides are also in place so as to properly give control access to specific functions required by the business owners.

MEI is currently reviewing its Security Policy in order to cater for the new generation of threats such as Social Media, Mobile Devices and Bring your own devices (BYOD).

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE **REPORT**

MEI 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 body and employees. The Company operates within a well-defined and continuously improving governance framework, recognising the need to adapt to changes in its environment. Consequently, the Board together with the Management of the Company is constantly working towards the setting up of the relevant structures and implementing new measures to succeed in the adoption of the provisions of the new Code of Corporate Governance for Mauritius (2016), (the 'Code') which is based on an "apply and explain basis".

At MEI, we strive to ensure that all the activities of the Company are conducted in such a way as to satisfy the characteristics and apply the essence of the eight principles of Corporate Governance, namely:

Principle 1	Governance Structure
Principle 2	The Structure of the Board and its Committees
Principle 3	Director Appointment Procedures
Principle 4	Directors Duties, Remuneration and Performance
Principle 5	Risk Governance and internal Control
Principle 6	Reporting with Integrity
Principle 7	Audit
Principle 8	Relations with Shareholders and other key Stakeholders

The Company 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.

PRINCIPLE 1: GOVERNANCE STRUCTURE

Board of Directors

MEI is headed by a one-tier unitary Board consisting of 9 Directors of whom 8 are residents in Mauritius and one resident in South Africa. The composition of the Board of MEI is such that it has a balanced number of Directors from various background and having diverse skills, qualifications and resources for better effectiveness of the Board and by extension of the Company.

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 Company so that these are in conformity with legal and regulatory requirements in their business environment. The Board retains full and effective control over MEI, delegating the day-to-day running and operational issues to the management.

The Board of Directors – Accountability Statement and Organisation Chart

The following principles shape the accountabilities and duties of members of the Board of Directors of MEI. The Board's predominant duty is to supervise the management of the Company's affairs and businesses. The Board is committed to establishing, maintaining and developing well developed and adapted governance processes involving the Board, Board Committees and management. The Board Charter of the Company together with the terms of reference for the Board sub-committees, the position descriptions for the Board Chair and committee chairs, and this accountability statement for Directors, form the foundations of the Board's governance system. The Directors are expected to work with their fellow directors to fulfil the mandates of the Board and its committees to ensure best efficiency. The organisation chart for MEI, setting out the reporting lines within the Company is on page 17 of the Annual Report.

Board Charter

The Board of Directors of MEI has adopted and approved a Board Charter for the Company. The Board Charter is a written policy document which has for aim to clearly define the respective roles, responsibilities and authorities of the Board of Directors (both individually and collectively) and management in setting the direction, the management and the control of the organisation. The Company's Code of Ethics broadly expresses the requirements for all employees to adhere to ethical standards. The Board intends to review and update the Board Charter as and when necessary but at least every 5 years.

The Board Charter is also available on the website.

Code of Ethics and Business Conduct

As per the requirements of the Code, the Board has also finalised and approved the organisation's Code of Ethics and Business Conduct, which broadly expresses the requirements for all employees to adhere to ethical standards.

The conduct of the Directors, management and employees of the Company will be governed by the Code of Ethics and Business Conduct which provides clear direction on conduct of business and general workplace behaviour. It includes guidance on health and safety, disclosure of conflict of interest, maintaining confidentiality and gift and business courtesies, amongst others.

The Directors, management and employees are always expected to behave ethically and professionally and protect the reputation of the Company. The Company communicates its Code of Ethics and Conduct to all Directors, management and employees. The Management intends to review the Code of Ethics and Business Conduct as and when needed but at least once every 5 years.

Company Secretary

The Company Secretary, namely IBL Management Ltd, comprises a team of experienced company secretaries providing support and services to the companies of the Group. As governance professionals, the company secretaries guide the Boards on corporate governance principles and on their statutory duties and responsibilities.

IBL Management Ltd ensures compliance with its Constitution as well as all relevant statutory and regulatory requirements, codes of conduct and rules established by the Board. The Company Secretary provides guidance to the Board as a whole and to Directors individually. The Company Secretary also advises the Board on matters of ethics and good governance and serves as a focal point of contact within the Company for shareholders. The Company Secretary is also the primary channel of communication between the Company and the regulatory authorities. The Company Secretary also maintains an updated Directors' Interest Register.

In its advisory role, the Company Secretary provides support and advice to companies of the Group on corporate transactions/projects.

CORPORATE GOVERNANCE

PRINCIPLE 2: THE STRUCTURE OF THE BOARD AND ITS COMMITTEES

Composition

The Board of MEI is a unitary one tier balanced Board composed of 2 executive Directors, 3 independent non-executive Directors and 4 non-executive Directors. The 3 independent Directors do not have any relationship with the Company. It also has enough diversity in terms of age, educational background and professional qualifications of the Directors for better decision-making. The roles of the Chairperson and of the Chief Executive Officer have been clearly defined and their respective roles and functions in leading the organization are distinct.

The Board, under the recommendation of the Corporate Governance Committee, is responsible for the appointment of directors who are selected based on their integrity, skill, acumen and experience to make sound judgements relevant to the business of the Company.

The Company also 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 Board meets quarterly and at any additional times as may be required. There is a provision in the Company's Constitution for decisions taken between meetings to be confirmed by way of Directors' written resolutions.

The composition of Board and the directors' attendance at Board Meetings as well as Board's sub-committees were as follows for meetings held for the period July 1, 2017 to June 30, 2018. The Board is of opinion that the current membership of the Board of MEI is appropriate in terms of membership and skills. The Board of Directors, however considered that improved diversity in terms of gender balance must be taken into account when reviewing board composition. The 3 independent Directors do not have any relationship with the Company.

Name of Directors	Category	Board Meeting 4	Audit and Risk Committee	Corporate Governance Committee
Béga Jean-Claude	Non-Executive Chairman	4 out of 4	-	-
Bezuidenhout Pieter	Non-Executive Director	3 out of 4	-	-
Chummun Dipak	Non-Executive Director	4 out of 4	-	-
De la Hogue Laurent	Non-Executive Director	4 out of 4	4 out of 4	-
Ip Min Wan Robert	Independent Non-Executive Director	4 out of 4	4 out of 4	-
Ithier Gilbert	Independent Non-Executive Director	4 out of 4	4 out of 4	1 out of 1
Lallah Subhas	Independent Non-Executive Director	4 out of 4	-	1 out of 1
Malliaté Alain	Executive Director	4 out of 4	-	1 out of 1
Wong Wan Po Derek	Executive Director	4 out of 4	-	1 out of 1

JOB DESCRIPTIONS OF KEY SENIOR GOVERNANCE POSITIONS

The Board of Directors assumes the responsibility to review and approve job descriptions of key senior governance positions.

Committee	Composition	Main Responsibilities
Corporate Governance Committee including Nomination and Remuneration Committee	**4 Members:** • Me. Subhas Lallah *(Chairman)* • Me. Gilbert Ithier • Mr. Jean-Claude Béga • Mr. Derek Wong	To advise and make recommendations to the Board on all aspects of Corporate Governance that should be followed by the Company, so that the Board remains effective while complying with sound corporate practices and principles. The Committee advises the Board on key appointments at Board and Top Management level and reviews the remuneration structure of the senior management.
Audit and Risk Committee	**3 Members:** • Mr. Robert Ip Min Wan *(Chairman)* • Me. Gilbert Ithier • Mr. Laurent de la Hogue	To assist the Board in fulfilling its oversight responsibilities, to ensure that adequate checks and balances are in place, and risks are properly identified and managed. The Audit Committee's terms of reference include inter alia: • Considering and reviewing the reliability and accuracy of financial information and appropriateness of accounting policies and disclosure practices; • Examining and reviewing the quarterly financial results, annual financial statements or any other documentation to be published in compliance with the Company's accounting standards; • Reviewing compliance with applicable laws and best corporate governance practices and regulatory requirements; • Reviewing the adequacy of accounting records and internal control systems; • Monitoring and supervising the functioning and performance of internal audit; • Direct interaction with the external auditors at least once a year without the presence of senior management; • Direct interaction with the Internal Audit Manager at least once a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out; • Considering the independence of the external auditors and actuary and making recommendations to the Board on the appointment or dismissal of the external auditors/actuary; • Reviewing the effectiveness of the risk management process.

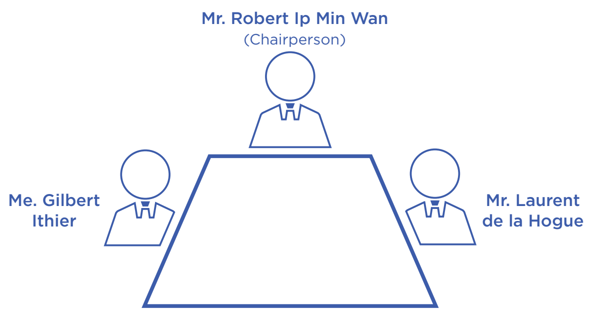
COMMITTEES OF THE BOARD

The Board has two committees namely an Audit Committee and a Corporate Governance Committee as described above. These Committees have been set up to assist the Board in accomplishing their duties through a rigorous evaluation of specific duties.

The Committees may have recourse to independent external professional advisors at the expense of the Company, if deemed necessary to help them to perform their duties. The Chairpersons of the committees are invited to make regular reports to the Board of Directors during Board Meetings.

Audit and Risk Committee

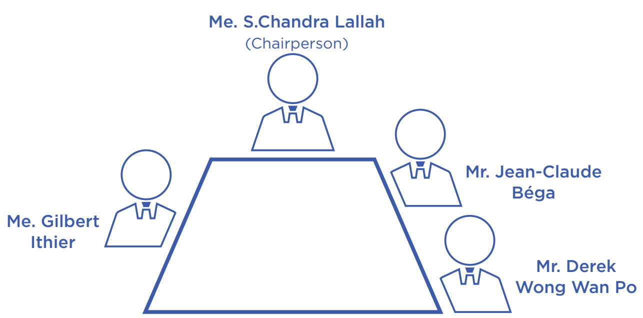
The membership of the Audit Committee as at June 30, 2018 were as follows:



The Committee met four times during the year under review. The Committee confirmed that they have discharged its responsibilities to the best of their capabilities for the year under review.

Corporate Governance Committee

The membership of the Corporate Governance Committee as at June 30, 2018 were as follows:



The Committee met once during the year under review. The Committee confirmed that they have discharged its responsibilities to the best of their capabilities for the year under review.

PRINCIPLE 3: DIRECTOR APPOINTMENT PROCEDURE

Directors' Appointment Procedure

The Board acknowledges responsibility for the appointment of Directors and ensures that a formal and transparent procedure is followed and adhered to for the choice and appointment of new Directors.

In accordance with the Company's Constitution, the Board may fill vacancies or appoint new Directors on the Board at any point in time during the year. The said appointment will then be voted at the subsequent Annual Meeting of Shareholders. This flexibility of the Board is however limited by the maximum number of Directors as fixed by the Constitution of the Company.

Board Induction

The Board of Directors has the responsibility to ensure that all newly appointed Directors to the Board receive proper induction to the Company and the Board practices. The Board normally delegates this responsibility to the Company Secretary. The Company Secretary in turn prepares an induction pack for newly appointed Directors. The induction pack normally contains the following documents:

- The Company's Constitution and newly adopted Board Charter;
- Salient features of the Listing Rules and Securities Act;
- Extract of Companies Act 2001 listing the duties and responsibilities of Directors;
- Latest Annual Report of the Company;
- Calendar of meetings for the year;
- Statutory information about the Company;
- A presentation from management if applicable.

The newly appointed Director may also request a meeting with the Chief Executive Officer or any other executives of the Company where and when necessary.

Succession Planning

The Board assumes full responsibility for succession planning. The Nomination & Remuneration Committee oversees and reviews succession plans from time to time which is then recommended to the Board.

The Committee reviews the succession requirements for the Board and carry out the due diligence process to determine the suitability of every person who is being considered for being appointed or reappointed as a Director of the Board based on his educational qualification, experience and track record.

Succession plan for the Senior Management Team is based on recommendations from the CEO. The Committee reviews any vacancy or probable vacancy in the position of Senior Management Team which may arise on account of retirement, resignation or death. The Board shall evaluate the suitability of any such person based on factors such as experience, age, health and leadership skills, and recommend his or her candidature to the Board.

Training and Development

The Board encourages all its members to keep updated about latest updates within the insurance sector and in the professional field. In this context, Directors are informed and invited to relevant workshop or courses. In May 2018, Directors were invited to attend and participate in a workshop on Own Risk and Solvency Assessment, (ORSA).

The Directors of the Board being all professionals do engage in continuous professional development programs on an individual basis.

PRINCIPLE 4: DIRECTOR DUTIES, SENIOR EXECUTIVE REMUNERATION AND PERFORMANCE

Directors' Duties

The Directors of the Board of MEI are aware of their legal duties and responsibilities. Upon appointment, the Director receive an induction pack as described under principle 3, which contains the list of their duties.

Interests Register, Conflicts of Interest and Related Party Transactions Policy

The Directors' Code of Conduct contains provisions to prevent insider dealing as well as any potential conflict of interest. An Interest Register, which is updated on an annual basis, is maintained by the Company Secretary. Any disclosure of interest as required under the Mauritius Companies Act 2001 is recorded in the Interest Register, which is available for inspection during normal office hours upon written request made to the Company Secretary.

Information, Information Technology and Information Security Governance

The Board is responsible for information governance within MEI and the management of information technology and information security governance are delegated to the Group IT function.

Information Security Policy

The purpose of the MEI's policy is to establish a management forum that manages the implementation of information security within the organisation, to maintain the security of MEI's information processing facilities and information assets. It applies to all employees, contractors, and consultants of MEI. It encompasses several topics such as: Management commitment to information security, Information security coordination, Allocation of information security responsibilities, Authorization process for information processing facilities and Security requirements in third party agreements.

Code of Ethics and Business Conduct

A Code of Ethics and Business Conduct has been drafted, reviewed and adopted by the Board in September 2017. The Board of MEI has recommended that this Code be adhered to by all the employees of the Company.

Remuneration Policy

The remuneration philosophy of MEI is based on transparency, merit and performance.

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 with 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.

Directors' fees consist of a fixed fee. Any changes to Directors' remuneration are submitted for recommendation by the Corporate Governance Committee. This Committee ensures that the appropriate fees be given to the Board Members as well as to the Committee Members. This is approved by shareholders of the Company at the annual meeting.

The table detailing the fees paid to the Non-Executive Directors for attending Board and Committees during the year under review is found on page 72 of the Annual Report. To be noted that the Executive Directors, being Mr. Alain Malliaté and Mr. Derek Wong Wan Po receive no directors' fees.

Board Evaluation

The Board recognises that it is a recommendation of the Code to carry out a Board evaluation exercise every year. However, the Company has not yet carried out such an exercise and shall ensure that same be done at an appropriate later stage.

PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL

The Board and management recognize that an effective system of risk management plays a critical role in the setting and achievement of strategic objectives, where risk is defined as any threat to the achievement of these objectives.

Managing risk is a key contributor to MEI long-term success. The approach to operational risk management is governed by prudence, the nature of the regulatory environment, best practice and the competitive situation within which MEI operates.

MEI is committed to continuously improve operational efficiency to increase shareholder value and to find innovative ways of delivering our services, without compromising quality or increasing risks beyond a level that we are willing to accept, and thus, effective risk management is a central part of the financial and operational management of the Company.

As part of this framework, we use a set of principles that describe the risk management culture we wish to sustain:

- Balancing risk and return: risk is taken in support of the requirements of our stakeholders, in line with our strategy and within our risk appetite;
- Responsibility: it is the responsibility of all employees to ensure that risk taking is disciplined and focused. We take account of our social responsibilities and our commitments to customers in taking risk to produce a return;
- Accountability: risk is taken only within agreed authorities and where there is appropriate infrastructure and resource. All risk taking must be transparent, controlled and reported;
- Anticipation: we seek to anticipate future risks and ensure awareness of all known risks; and
- Competitive advantage: we seek to achieve competitive advantage through efficient and effective risk management and control.

Internal Controls

Internal control is all of the policies and procedures management uses to achieve the following goals.

- Safeguard MEI's assets - well-designed internal controls protect assets from accidental loss or loss from fraud;
- Ensure the reliability and integrity of financial information - Internal controls ensure that management has accurate, timely and complete information, including accounting records, in order to plan, monitor and report business operations;
- Ensure compliance - Internal controls help to ensure MEI is in compliance with the laws and regulations affecting the operations of our business;
- Promote efficient and effective operations - Internal controls provide an environment in which managers and staff can maximize the efficiency and effectiveness of their operations; and
- Accomplishment of goals and objectives - Internal controls system provide a mechanism for management to monitor the achievement of operational goals and objectives.

Responsibility

Management Responsibility: Administrative management is responsible for maintaining an adequate system of internal control and for communicating the expectations and duties of staff as part of a control environment. They are also responsible for assuring that the other major areas of an internal control framework are addressed.

Staff Responsibility: Staff and operating personnel are responsible for carrying out the internal control activities set forth by management.

Framework for Internal Control

The framework of MEI's internal control system includes:

- **Control Environment**: A sound control environment is created by management through communication, attitude and example. This includes a focus on integrity, a commitment to investigating discrepancies, diligence in designing systems and assigning responsibilities.
- **Risk Assessment**: This involves identifying the areas in which the greatest threat or risk of inaccuracies or loss exist. To be most efficient, the greatest risks receive the greatest amount of effort and level of control.
- **Monitoring and Reviewing**: The system of internal control is periodically reviewed by management. By performing a periodic assessment, management assures that internal control activities have not become obsolete or lost due to turnover or other factors.
- **Information and Communication**: The availability of information and a clear and evident plan for communicating responsibilities and expectations is paramount to a good internal control system.
- **Control Activities**: These are the activities that occur within an internal control system. These are mainly, authorization, documentation, reconciliation, security and separation of duties.

RISK MANAGEMENT PHILOSOPHY AND OBJECTIVES

MEI places particular emphasis on the effective monitoring and management of its undertaken risks with a view of maintaining stability, financial soundness and continuity of operations, as well as achieving its strategic goals as set out in its business and restructuring plans, fully aligned with the budget, capital and liquidity planning and policy.

In this context, MEI has put in place a risk management framework which constitutes MEI's fundamental attitude towards risk management. A risk management framework aims to foster sound corporate governance principles and risk culture, clear strategy and adequate policies, procedures and methodologies. This framework is supported by infrastructure and resources, in compliance with the regulatory framework and supervisory requirements.

CORPORATE GOVERNANCE

MEI and its Board of Directors consider that a full and consistent application of the risk management arrangements in place, would adequately address the risks inherent in the risk profile and strategy of the Company and acknowledge that a robust risk culture should remain a key focus area for continuous improvement.
The framework:

- Links risk appetite to strategic business and capital plans;
- Supports a risk-aware culture;
- Sets out accountabilities and governance arrangements for the management of risk within the 'three lines of defence' model;
- Enhances business risk-based decision-making.

The Board recognises that an effective risk management framework requires the existence of a positive risk culture within the business, with clear ownership and accountability for risk. As a leading provider of financial services in Mauritius, it is essential that MEI employees understand their accountabilities and expected standards of conduct.

From its formation, the overarching objective of the Risk function has been to focus on promoting a positive risk culture and building the necessary risk infrastructure commensurate with MEI's size and market position.

MEI's risk culture is enforced through the Code of Conduct, and the leadership framework, as well as through remuneration policies which look to recognise and reward behaviours that reflect the desired risk culture and have appropriate consequences for undesirable behaviour.

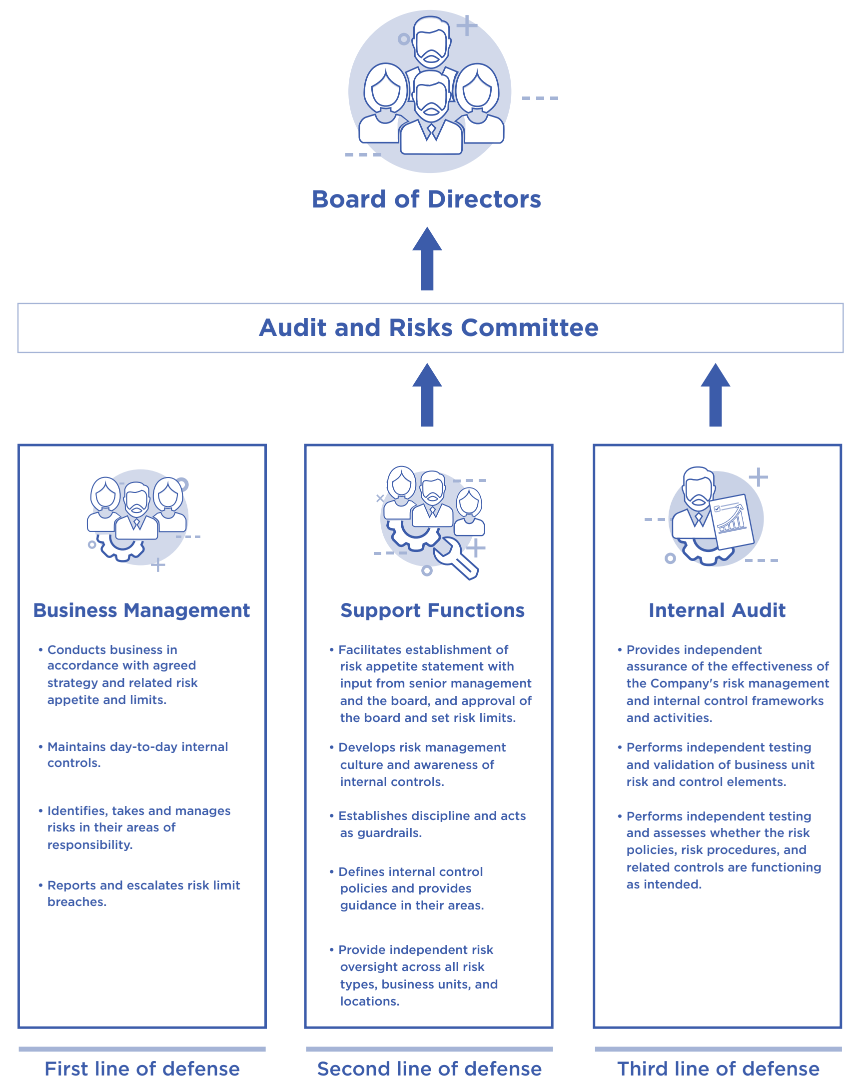
The risk culture is also enhanced through:

- Clarity of roles and accountability;
- Transparent and open dialogue in an environment where people feel safe to raise issues or concerns;
- Ensuring alignment with the desired risk culture when engaging with our people, including recruitment, induction, training, reward and recognition; and
- Regularly checking on the health of the risk culture through feedback mechanisms, such as customer surveys, performance appraisals and one on one talks.

KEY FRAMEWORK COMPONENTS

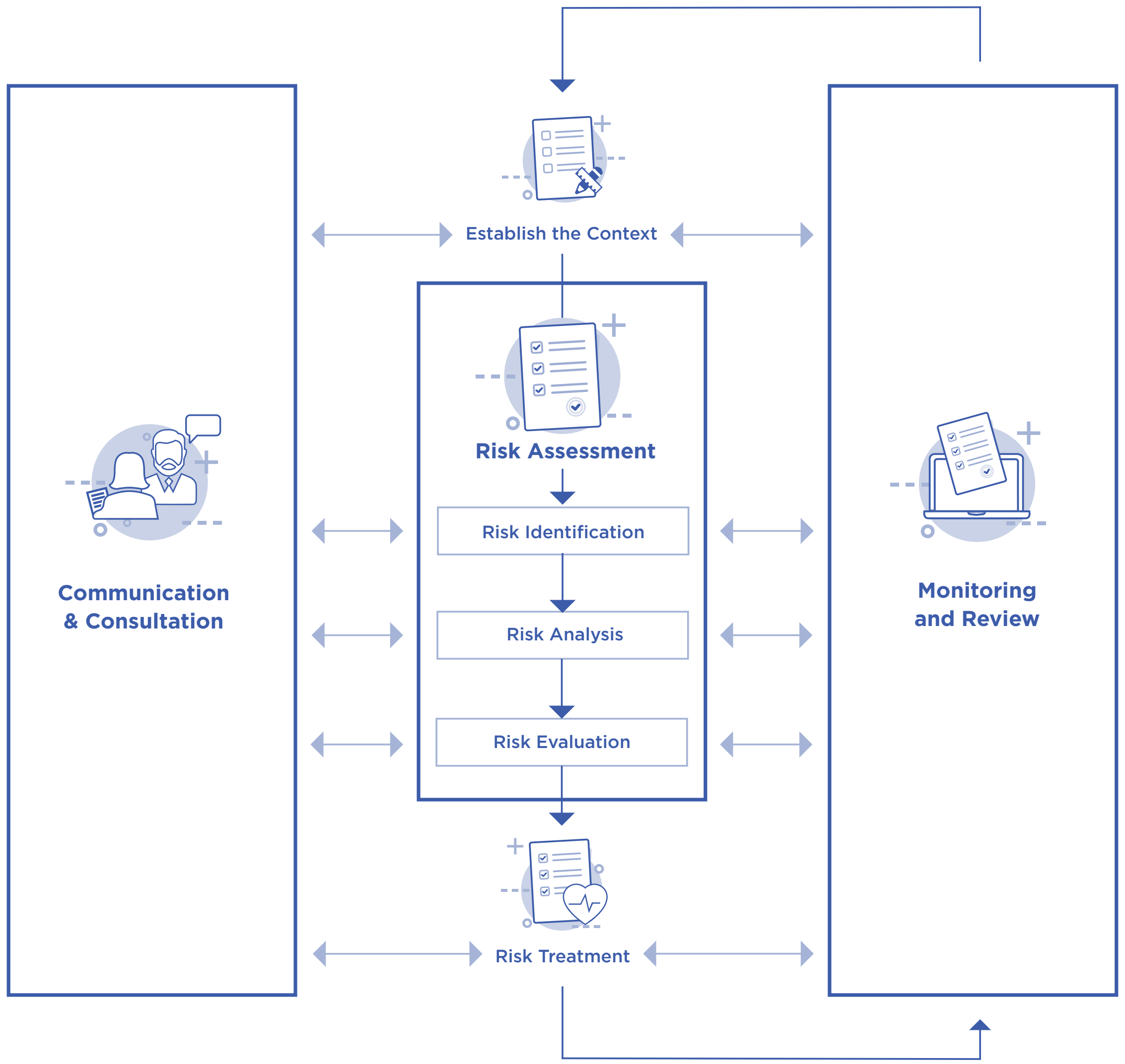
HOW WE SHARE OUR RISK MANAGEMENT RESPONSIBILITIES

Who is responsible for what	
The Board	• Approves strategic objectives and validates our risk appetite • Reviews the Company's risks and mitigating measures • Reviews the Company's risk management and internal control systems • Assesses these systems effectiveness through its Audit Committee
Senior Management	• Is responsible for the "tone at the top" • Oversees design and implementation of Risk Management and Internal Control Systems • Defines and allocate risk appetite • Makes decisions when substantial risk is at stake • Evaluates the adequacy of risk mitigation plans



RISK MANAGEMENT PROCESS

The diagram below summarises the risk management process.



The main elements of the risk management process shown above, are as follows :

- **Communicate and Consult**
  Communicate and consult with internal and external stakeholders as appropriate at each stage of the risk management process and concerning the process as a whole.

- **Establish the Context**
  Establish the external, internal and risk management context in which the rest of the process will take place. Criteria against which risk will be evaluated should be established and the structure of the analysis defined.

- **Identify Risks**
  Identify where, when, why and how events could prevent, degrade, delay or enhance the achievement of the objectives.

- **Analyse Risks**
  Identify and evaluate existing controls. Determine consequences and likelihood and hence the level of risk. This analysis considers the range of potential consequences and how these could occur.

- **Evaluate Risks**
  Compare estimated levels of risk against the pre-established criteria and consider the balance between potential benefits and adverse outcomes. This enables decisions to be made about the extent and nature of treatments required and about priorities.

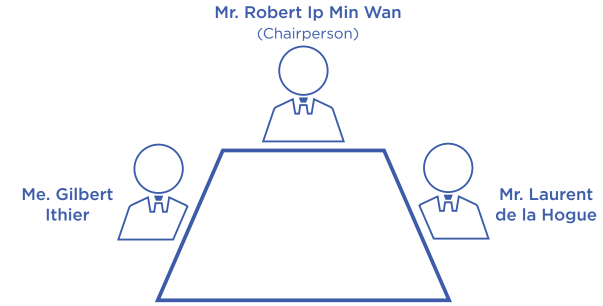
- **Treat Risks**
  Develop and implement specific cost-effective strategies and action plans for increasing potential benefits and reducing potential costs.

- **Monitor and Review**
  Monitor the effectiveness of all steps of the risk management process. This is important for continuous improvement. Risks and the effectiveness of treatment measures need to be monitored to ensure changing circumstances do not alter priorities.

HOW WE PROVIDE INDEPENDENT ASSURANCE

Audit and Risk Committee

The membership of the Audit and Risk Committee as at June 30, 2018 were as follows:



The Committee met four times during the year under review. The Committee confirmed that they have discharged its responsibilities to the best of its capabilities for the year under review.

Its principal function is to oversee the financial reporting process and IT governance. The activities of the Audit and Risk 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 auditors' performance, the remuneration of external auditors, and to ensure compliance with laws and regulations relevant to financial reporting and with the 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.

Internal Audit

The Internal Audit function is entrusted to Ernst & Young who have been given unrestricted access to the records, management and employees of the Company. They have an independent line of communication with the Audit & Risk Committee 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.

External Audit

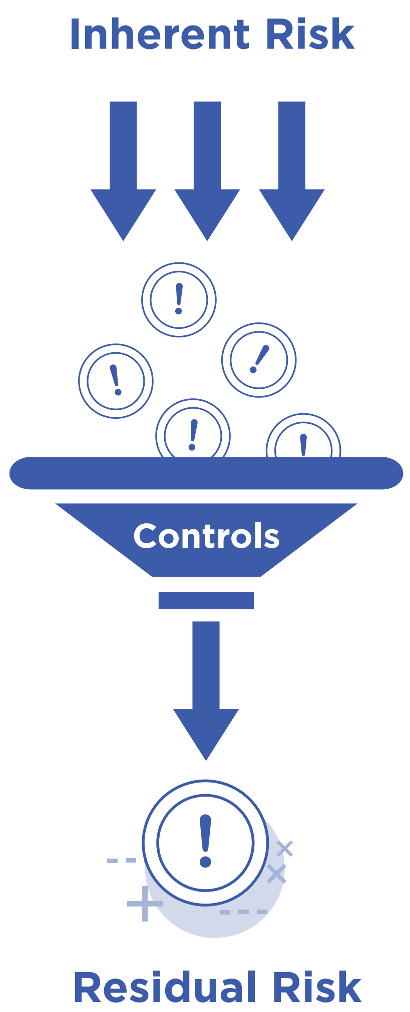
The External Audit function is entrusted to Deloitte who have been given unrestricted access to the records, management and employees of the Company. The independent external auditor provides an independent opinion on the financial results of the Company. The Auditor has unrestricted access to documentation and communicates regularly with the Risk and Audit Committee.

TYPES OF RISKS

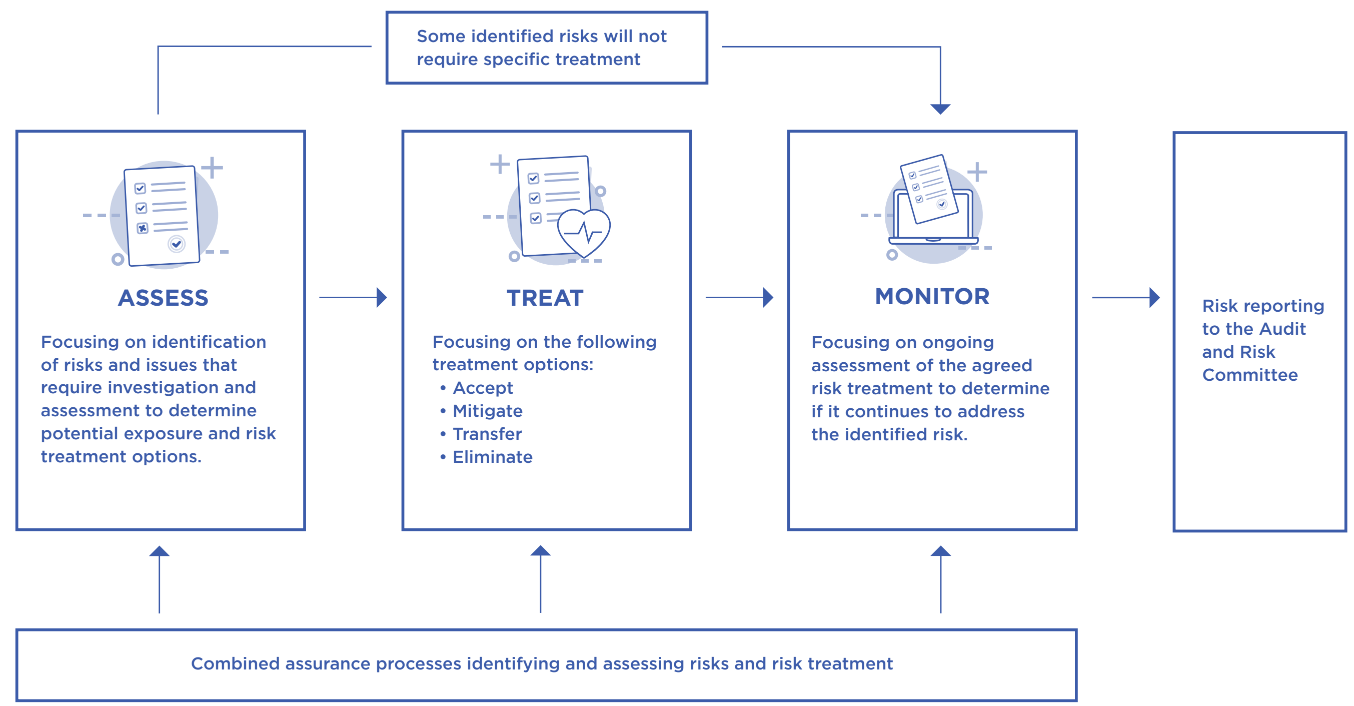
There are two types of risk: **inherent risk and residual risk**. Risk that exists before an organization takes mitigation actions is inherent risk, and risk that remains after control measures are taken is residual risk.

The objective of risk management is to maintain the residual risk level within risk appetite and tolerance set by the board of MEI.

Ideally, the probability and impact of risk (and the resulting priority also) need to be based on the actual risk/loss events of MEI. In such cases, MEI can observe the risk probability and impact from its historical risk data, thereby directly arriving at risk priority. However, many of the estimates of risks will always be based on "expert judgment" since some of the risk types will occur very rarely to allow the development of a meaningful historical database with any level of statistical significance.



RISK MANAGEMENT FRAMEWORK



RISK APPETITE FRAMEWORK (RAF)

The guiding principles on which basis the framework was developed so that it is appropriate and effective are:

- Risk appetite was built on an understanding of MEI's risk capacity and strategic direction;
- Risk appetite is integrated with the development of MEI's strategy and business plans;
- Risk appetite must be able to be communicated easily and effectively to all layers of MEI and externally;
- Risk appetite is integrated with the risk culture of MEI;
- Risk appetite explicitly defines the boundaries for risk taking in pursuit of strategy at institutional, individual business and risk type levels;
- The RAF is an integral part of the Risk Management Framework;
- Risk appetite considers all material risks both in normal and stressed conditions.

RISK APPETITE FRAMEWORK (CONT'D)

The RAF describes the overall approach, including policies, processes, controls and systems through which risk appetite is established, communicated, and monitored.

The RAF incorporates the following elements:

- A Risk Appetite Statement;
- Tolerances and/or limits on the activities of MEI designed to ensure that it operates within the Risk Appetite approved by the Board;
- A process for ensuring that the tolerances and limits are set at an appropriate level given the appetite for risk set out in the Risk Appetite Statement;
- A reporting structure against the limits and tolerance;
- An outline of the roles and responsibilities of those overseeing the implementation and monitoring of the RAF;
- A method of cascading the limits and tolerances, where appropriate, down to business units while ensuring that they remain appropriate in aggregate, and
- A governance framework to ensure the ongoing integrity of the framework.

CORPORATE GOVERNANCE

PRINCIPAL RISKS

Strategic Risk

The risk associated with implementation of strategic decisions and objectives, including uncertainties and opportunities in the internal and external environments.

What is the risk?	Why do we have it?	How is it managed?
Strategy evolution and execution		
Our continuing success depends on how well we understand our clients, markets and the various external factors affecting our business. Having the wrong strategy or badly executing the right strategy could have widespread repercussions on our Company's profitability, capital, market share, growth and reputation.	Setting the right course, particularly in such a hazardous industry as insurance, is essential for our long-term success. New risks could arise which may transform the industry.	A key pillar of the Company's strategy is to balance underwriting high-margin, volatile, complex risks by also selling stable, local retail products. The business plan is aligned to the Company's risk appetite set by the Board, to ensure individual and aggregate exposure remains within set parameters. Stress testing and scenario analysis help identify unanticipated dependencies and correlations between risks which could impact the Company's strategy.

Insurance Risk - Underwriting

The risk related to our core business of providing insurance products and services to clients, and to the management of our net exposure to losses.

What is the risk?	Why do we have it?	How is it managed?
Insurance cycle and pricing		
There is fierce competition in the Industry. At times, competitors may choose to underwrite risk at prices below the breakeven technical price. Prolonged periods when premium levels are low or when competition is intense are likely to have a negative impact on the Company's financial performance. Furthermore, customers may receive poor service and the industry could suffer negative publicity.	We operate in open, aggressively competitive markets in which barriers to entry for new players are low. Competitors may choose to differentiate themselves by undercutting their rivals. As a result, capacity levels in these markets rise and fall, causing prices to go up and down, creating volatile market cycles.	We adapt our desire to write certain lines of business according to market conditions and the Company's overall risk appetite. We reject business unlikely to generate underwriting profits, or accept it on certain terms, and regularly monitor how pricing and exposures are developing, so we quickly identify and control any problems created by deteriorating market conditions.

Insurance Risk - Underwriting (Cont'd)

What is the risk?	Why do we have it?	How is it managed?
Catastrophic and systemic Insurance Losses		
We insure corporate and individual clients for damage caused by a range of catastrophes, both natural (e.g Cyclone and Flood) and man made (i.e Fire, Riots) which can cause heavy underwriting losses with material impacts on the Company's earnings and financial condition.	Underwriting large, volatile and complex risks can be potentially costly, but can also earn good margins over the medium to long term.	With the support of our Reinsurers, we underwrite catastrophe risk in a carefully managed controlled manner. MEI's strategy of creating and maintaining a well-diversified portfolio, helps limit its catastrophe exposure. We have a clearly defined appetite for underwriting risk, which dictates the Company's business plan, and we closely monitor the Company's risk exposure to maximise the expected risk return profile of our whole portfolio. We buy reinsurance to mitigate the effect of catastrophes and reduce our risk.
Inadequate reinsurance		
If our reinsurance protection is proven to be inadequate or inappropriate, it could significantly affect the Company's financial condition. The Company might not be able to purchase the right level of reinsurance due to market conditions. This could result in reduced protection against losses, which could affect our financial condition and cash flows.	We buy reinsurance protection to manage catastrophe risk and reduce the volatility that major losses could have on our financial position. The scope and type of protection we buy may change depending on the extent and competitiveness of cover available in the market.	We have a clear outwards reinsurance strategy, and a reinsurance programme to minimise gaps in coverage across the business and to get the right deal.

CORPORATE GOVERNANCE

Insurance Risk - Reserve

The risk of managing the volatility of claim provision reserves set aside to pay for existing and future claims.

What is the risk?	Why do we have it?	How is it managed?
Reserve risk		
We make financial provisions for unpaid claims, defence costs and related expenses to cover our ultimate liability both from reported claims and from incurred but not reported (IBNR) claims. There is the possibility that we do not put enough money aside for our exposures which could affect the Company's earnings, capital and future.	When underwriting risks, we estimate the likelihood of them occurring and their cost. Our actual claims experience could exceed our loss reserves, or we may need to increase levels of loss reserves.	The provisions we make to pay claims reflect our own experience and the industry's view of similar business, historical trends in reserving patterns; loss payments and pending levels of unpaid claims, as well as awards and potential change in historic rates arising from market or economic conditions. Our provision estimates are reviewed quarterly, and are subject to rigorous review by an independent actuary to reduce the risk that actual claims may exceed the amount we have set aside.

Market Risk - Investment

The risk of financial loss or adverse movements in the value of MEI's assets resulting from adverse movements in market prices and our exposure from trading.

What is the risk?	Why do we have it?	How is it managed?
Asset value		
Money received from our clients in premiums and the capital on our balance sheet is invested until it is needed to pay claims. These funds are inevitably exposed to investment risk.	Our investment portfolio is exposed to a number of risks related to changes in interest rates and equity prices among others.	Our objective is to maximise investment returns in the prevailing financial, economic and market conditions, without creating undue risk to the Company's capacity to underwrite The Company has outsourced its investment management to fund managers who operate within clear guidelines as to the type and nature of shares in which they can invest.

Market Risk - Investment (Cont'd)

What is the risk?	Why do we have it?	How is it managed?
Liquidity		
The risk we are unable to meet cash requirements from available resources to pay liabilities to customers or other creditors when they fall due. The failure of our liquidity strategy could have a material adverse effect on the Company's financial condition and cash flows.	In the event of a catastrophe, we may be faced with large and unplanned cash demands, which could be exacerbated if we have to fund a large portion of claims pending recovery from our reinsurers.	Our primary source of inflows is insurance premiums while our outflows are largely expenses and payments to policyholders through claims. We run tests to estimate the impact of a major catastrophe on our cash position to identify potential issues. We also run scenario analysis that considers the impact on our liquidity should a number of adverse events occur simultaneously, such as an economic downturn and declining investment returns combined with unusually high insurance losses. The Company manages liquidity risk by maintaining adequate reserves and banking facilities. 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.

Credit Risk

The risk of loss or adverse financial impact due to counterparty default or failure to meet obligations with agreed terms.

What is the risk?	Why do we have it?	How is it managed?
Credit risk reinsurance		
We buy reinsurance to protect us, but if our reinsurers are unable to meet their obligations to us, it would put a strain on our earnings and capital, and could harm our financial condition and cash flows.	We cover clients against a range of catastrophes and protect ourselves through reinsurance. We face credit risk where we seek to recover sums from reinsurers.	We buy reinsurance only from companies that we believe to be strong. The Company has adopted a policy on credit risk management to control level of exposure and mitigate the risk.

Credit Risk (Cont'd)

What is the risk?	Why do we have it?	How is it managed?
Credit risk counterparties		
The risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.	We face credit risk from all our sources of business, customers, agents and brokers where we transfer money to and receive money from these counterparties.	The Company deals with credit worthy counterparties as a means of mitigating the risk of financial loss from defaults.

Operational Risk

The risk from exposures involving people, processes, systems and external events resulting from running a uniquely diversified insurance business.

What is the risk?	Why do we have it?	How is it managed?
Information security		
Information security (including cyber security) Information security risk relates to not protecting information which could compromise the confidentiality, availability or integrity of our data.	We operate in a world where the volume of sensitive data and the number of connected devices and applications have increased exponentially. Also, cyber-attacks are increasingly frequent and sophisticated.	We have an information security policy and cyber security risk strategy. We have dedicated IT security resources which provide advice on information security design and standards.
Cyber security risk is the threat from globally connected networks such as the internet. It differs from the exposure posed by underwriting cyber risks, which is considered an insurance risk. Information security risk can result in loss of profit and can have legal, regulatory and reputational consequences.	Our business depends on the integrity and timeliness of the information and data we maintain, own and use.	
Information technology and systems failure		
The risk from major IT systems or service failure which can significantly impact our business.	Our information technology and systems are critical to conducting business and providing continuity of service to our clients, including supporting underwriting and claims processes.	We have dedicated IT resources which support the Company's technology needs and oversee our critical systems and applications. The Company has a business continuity management process in place to ensure that potential risks are monitored and any impact mitigated.

REGULATORY DEVELOPMENTS

The Insurance (Risk Management) Rules 2016 were published by the Financial Services Commission (FSC) and became effective on July 1, 2017.

The Rules require the Insurer to submit all documentation relating to its Risk Management Framework (RMF) not later than 3 months after the company's financial year end.

As per the above Rules, the RMF needs to be approved by the Board and includes :

- A Risk Appetite Statement;
- A Risk Management Strategy;
- A 3-year Business Plan;
- Own Risk Solvency Assessment (ORSA);
- Liquidity Policy;
- A Designated Risk Management Function;
- Description of the Responsibilities, roles and reporting lines within the Insurer for the management of material risks.

At MEI, we have put all resources and procedures in place to ensure we abide by the Rules.

PRINCIPLE 7: AUDIT

Internal Audit

The Company does not have an in-house internal audit function. However, it outsources this function to Ernst & Young (E&Y), who is not the External Auditor of the Company. The reports produced by the internal auditors are made available to the Chairman of the Audit and Risk Committee as well as its members. It is to be noted that members of the Audit and Risk Committee are of appropriate qualifications and calibre to analyse and process the reports made available to them. The Audit Committee normally has the delegated function from the main Board to review, follow up, take actions when applicable.

The Audit Committee also reports to the Board all important issues arising from the reports and may, if necessary send to Board members the internal audit reports. The full reports or part of the reports can be made available to Management where it is justified that it may help Management to improve or take necessary actions on issues raised in the Internal Auditors report. However, the Chairman of the Audit and Risk Committee may also request that the reports are not made available to the Management.

External Audit

The external audit function is conducted by Deloitte. The auditors are normally present at the Audit and Risk Committee when the final audited financial statements are presented to ensure that appropriate discussions are carried out on the financial statements' audit and key findings of the auditors. The Audit and Risk Committee has the flexibility when found necessary to meet with the external auditors outside the presence of Management. It is common practice that the external auditors of the Company do not carry out non-audit services to ensure that they keep their independence while carrying out their main task of external auditors. Following regulation regarding the rotation of auditors, The Board has decided to rotate its auditors as from the year ending June 30, 2019.

PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

Shareholding Profile

The stated capital of the Company is made up of 7,999,998 ordinary shares.

Below is the list of major shareholders (holding more than 5% of the shares) of the Company:

- IBL Limited: 60%
- Bryte Insurance Company Limited: 15%
- Public: 25%

BREAKDOWN OF SHARE OWNERSHIP AS AT 30 JUNE 2018

Size of shareholding	No. of shareholders	No. of shares	% holding
1 – 100 shares	186	7,345	0.0918
101 – 200 shares	45	7,132	0.0892
201 – 300 shares	39	11,556	0.1445
301 – 500 shares	27	11,186	0.1398
501 – 1,000 shares	92	68,488	0.8561
Above 1,000 shares	156	7,894,291	98.6787
Total	**545**	**7,999,998**	**100.0000**

Note: The above number of shareholders is indicative, due to consolidation of multi-portfolios for reporting purposes. The total number of active ordinary shareholders as at June 30, 2018 was 563.

SHARE DEALINGS

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

SHARE PRICE INFORMATION AND PERFORMANCE

	Year ended June 30, 2018	Year ended June 30, 2017	Year ended June 30, 2016	Year ended June 30, 2015	Year ended June 30, 2014
Market Price (Rs)	96.00	83.25	83.75	102.25	109.00
Earnings Per Share					
- Continuing and discontinued operations (Rs)	11.50	11.43	4.59	0.76	9.52
- Continuing operations (Rs)	11.50	11.43	11.82	9.10	9.47
Dividend per share (Rs)	3.00	2.80	2.20	1.10	2.40
Price Earnings ratio (times)	8.35	7.28	7.09	11.24	11.45
Net Assets value per share (Rs)	115.56	105.78	88.84	88.72	89.71
Dividend yield (%)	2.92	3.36	2.63	1.08	2.20

MEETING OF SHAREHOLDERS

In conformity with Section 117 of the Companies Act, an Annual Meeting of the Shareholders was held on December 12, 2017 for the approval of the financial statements for the year ended June 30, 2017.

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.

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.

CONTRACTS OF SIGNIFICANCE

There was no contract of significance subsisting during the year to which the Company, was a party and in which a Director was materially interested, either directly or indirectly.

RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS

Related party transactions are disclosed in **note 29** of the Accounts.

CORPORATE GOVERNANCE

CERTIFICATE FROM THE COMPANY SECRETARY

We, as Company Secretary, in accordance with section 166(d) of the Companies Act 2001, certify that, to the best of our knowledge, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Mauritian Companies Act 2001.

Doris Dardanne
Per IBL Management Ltd
Company Secretary

OTHER STATUTORY DISCLOSURES TO 30 JUNE 2018

(Pursuant to Section 221 of the Companies Act 2001)

Director's profile

Included in the individual Directors' profile on page 28.

COMMON DIRECTORS

Directors	MEI	MELCO	IBL
Béga Jean-Claude	✓	-	-
Bezuidenhout Pieter	✓	-	-
Chummun Dipak	✓	✓	-
De la Hogue Laurent	✓	✓	-
Ip Min Wan Robert	✓	-	-
Ithier Gilbert	✓	-	-
Lallah Subhas	✓	-	-
Malliaté 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	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Executive	**12,927**	10,749	**12,927**	10,749
Non-Executive	**1,130**	575	**1,130**	575
	14,057	11,324	**14,057**	11,324

The directors' remuneration is disclosed by category in view of the confidentiality and sensible nature of the information.

The directors' remuneration has also been disclosed under **note 29** for related party transactions.

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.

DIVIDEND POLICY

Dividends are normally declared and paid twice yearly. The declaration of dividends is subject to the profitability of the Company, to its cash flow and to its capital expenditure requirements.

AUDITOR'S REMUNERATION

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Audit fees for the year	**759**	556	**759**	556
Fees for other services provided by Deloitte	**-**	-	**-**	-
Ernst & Young	**730**	211	**730**	211

The fees paid to Ernst & Young were for internal audit services.

DONATIONS

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Charitable donations	**-**	-	**-**	-
Corporate social responsibility contribution	**2,309**	1,877	**2,304**	1,877
	2,309	1,877	**2,304**	1,877

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 29** 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 annually.

INTEGRATED SUSTAINABILITY REPORTING

In view of a more complete reporting, the following give a brief of the main undertakings of the year in various fields.

ENVIRONMENT

For the environment section, please refer to the SEMSI section on page 43.

SHAREHOLDERS' CORNER

Communication with Shareholders

The Board of Directors of MEI acknowledges that clear and transparent communication with all its Shareholders is of utmost importance. The Board of the Company reports as and when needed through announcements as well as disclosures in the Annual Report and enhanced at the Annual Meeting of its Shareholders, which all Board Members and Shareholders, are encouraged to attend.

The Annual Meeting of the Company is a focal opportunity to discuss matters with the Board of Directors related to the Company's performance. The Chief Executive Officer, who also serves as Director to the Board is present at the Annual Meeting to answer any questions. The Auditors of the Company are also present at the Annual Meeting of the Shareholders.

Timetable of important upcoming events

November 2018	Publication of first quarter financial statements
December 2018	Payment of dividends
December 2018	Annual meeting of shareholders
February 2019	Publication of second quarter abridged financial statements
April 2019	Payment of dividends
May 2019	Publication of third quarter abridged financial statements
December 2019	Annual meeting of shareholders

The Shareholders of the Company can make a request to the Company Secretary prior to the Annual Meeting to obtain a copy of the minutes of proceedings of the last Annual Meeting of the Company.

The proxies must be received by the Company's Registry and Transfer office, MCB Registry & Securities Limited, 9^{th} Floor, MCB Centre, Sir William Newton Street, Port Louis, not later than Wednesday December 5, 2018 at 14.00 hours.

CORPORATE GOVERNANCE

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

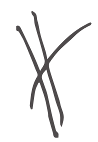
DIRECTORS' STATEMENT OF COMPLIANCE

The Directors report that:

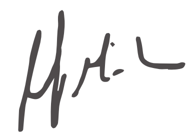
(a) Adequate accounting records and an effective system of internal controls and risk management have been maintained;
(b) Appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
(c) International Financial Reporting Standards have been adhered to. Any departure has been disclosed, explained and quantified; and
(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



Jean-Claude Béga
Chairman



Robert Ip Min Wan
Director

STATEMENT OF COMPLIANCE

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

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

Reporting Period: **July 1, 2017 to June 30, 2018**

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.

Jean-Claude Béga
Chairman

Robert Ip Min Wan
Director

FINANCIAL STATEMENTS

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

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OPINION
We have audited the consolidated and separate financial statements of Mauritian Eagle Insurance Company Limited (the "Company") and its subsidiary (the "Group") set out on pages 84 to 136, which comprise the consolidated and separate statements of financial position as at June 30, 2018, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and the Company as at June 30, 2018, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

BASIS FOR OPINION
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements of the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key audit matter	How our audit addressed the key audit matter
Valuation of insurance contract liabilities and reinsurance assets	
The estimation of insurance contract liabilities and reinsurance assets involves a significant degree of judgement and accordingly has been considered to be a key audit matter. The liabilities are based on a best-estimate of the ultimate cost of all claims incurred but not settled at a given date, whether reported or not, together with the related claims handling costs. A range of methods may be used to determine these provisions. Underlying these methods are a number of explicit assumptions relating to the expected settlement amount and settlement patterns of claims. Reinsurance assets are recognised when the related gross insurance liabilities is recognised according to the terms of the relevant reinsurance contracts and their recoverability is subject to the probability of default and probable losses in the event of default by respective reinsurance counterparties. Refer to note 13.	We assessed management's calculation of insurance liabilities and reinsurance assets by performing the following procedures: • We performed an evaluation and testing of key controls around the claims handling and reserve setting processes of the Company along with the recognition and release of reinsurance assets. We examined evidence of the operation of controls over the valuation of individual claims reserves, such as large loss review controls and the documentation to support the claims. • We checked a sample of claims reserves and the respective share of reinsurance assets, through comparing the estimated amount of the reserve to appropriate documentation, such as report from loss adjusters. • We reviewed management's reconciliation of the underlying company data recorded in the policy administration systems with the data used in the actuarial reserving calculations. • We tied the insurance contract liabilities and reinsurance assets as recommended by the Company's actuary to the liabilities and assets in the financial statements. • We assessed the experience and competency of the Company's actuary to perform the year end valuation. • We involved actuarial specialist team members, to apply industry knowledge and experience and we compared the methodology, models and assumptions used against recognised actuarial practices. • We obtained the reinsurance treaty summary for the year and verified the details in the summary to the respective agreement. We noted that the actuarial assumptions applied were in line with the industry and based on the above procedures, we concluded that the valuation of insurance contract liabilities and reinsurance assets are adequate.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- We have no relationship with, or interest in, the Company and its subsidiary other than in our capacity 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.

INSURANCE ACT 2005
The consolidated and separate financial statements have been prepared in the manner and meet the requirements specified in the FSC Rules and Guidelines of the Financial Services Commission.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF MAURITIAN EAGLE INSURANCE COMPANY LIMITED

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

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the Address of Chairman to Shareholder, the SEM Sustainability Index (SEMSI), the Statement of Director's Responsibilities and Accountabilities, the MEI Information and History, the Company's Landmark Events, the Directors Profile, the Managers Profile, the Certificate from the Company Secretary and the Other Statutory Disclosures but does not include the consolidated and separate financial statements, the Corporate Governance report and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements and on the Corporate Governance report does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001, the Financial Reporting Act 2004 and the Insurance Act 2005 and they are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's and the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current year and are therefore the key audit matters.

We describe those matters in our auditor's report unless laws or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

Deloitte
Chartered Accountants

LLK Ah Hee, FCCA
Licensed by FRC

September 27, 2018

STATEMENTS OF FINANCIAL POSITION
AT 30 JUNE 2018

	Notes	THE GROUP 2018 Rs'000	THE GROUP 2017 Rs'000	THE COMPANY 2018 Rs'000	THE COMPANY 2017 Rs'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	**72,271**	125,804	**56,271**	125,804
Intangible assets	6	**17,443**	18,606	**16,450**	17,613
Investment in subsidiary	7	**-**	-	**1,100**	1,000
Investment in associate	8	**62,891**	56,218	**6,313**	6,313
Statutory and other deposits	9	**8,000**	8,000	**8,000**	8,000
Financial assets	10	**466,811**	585,864	**466,811**	585,864
		627,416	794,492	**554,945**	744,594
Current assets					
Financial assets	10	**143,727**	40,000	**143,727**	40,000
Trade and other receivables	11	**785,682**	532,149	**784,825**	531,890
Amounts due from group companies	12	**223,765**	145,741	**223,765**	145,741
Claims recoverable from reinsurers	13	**756,827**	316,482	**756,827**	316,482
Bank and cash balances	25	**130,713**	278,789	**130,060**	278,738
		2,040,714	1,313,161	**2,039,204**	1,312,851
Held-for-sale	31	**145,682**	-	**145,682**	-
		2,186,396	1,313,161	**2,184,886**	1,312,851
Total assets		**2,813,812**	2,107,653	**2,739,831**	2,057,455
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	14	**80,000**	80,000	**80,000**	80,000
Reserves		**844,509**	766,264	**787,017**	716,182
Equity attributable to owners of the company		**924,509**	846,264	**867,017**	796,182
Non-controlling interests		**395**	79	**-**	-
Total equity		**924,904**	846,343	**867,017**	796,182
General insurance fund	15	**322,541**	361,179	**322,541**	361,179
Non-current liabilities					
Deferred tax liabilities	16	**11,075**	12,699	**11,075**	12,699
Long Term Incentive scheme	36	**1,865**	-	**1,865**	-
Retirement benefit obligations	26(e)	**14,246**	7,070	**14,246**	7,070
		27,186	19,769	**27,186**	19,769
Current liabilities					
Trade and other payables	17	**353,006**	176,969	**337,101**	176,969
Amounts due to group companies	33	**3,110**	-	**3,110**	-
Gross outstanding claims	13	**1,180,914**	693,805	**1,180,914**	693,805
Current tax liabilities	18(i)	**2,151**	9,588	**1,962**	9,541
		1,539,181	880,362	**1,523,087**	880,315
Total equity and liabilities		**2,813,812**	2,107,653	**2,739,831**	2,057,445

Approved by the Board of Directors and authorised for issue on September 27, 2018.

Jean-Claude Béga
Chairman

Robert Ip Min Wan
Director

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	THE GROUP 2018 Rs'000	THE GROUP 2017 Rs'000	THE COMPANY 2018 Rs'000	THE COMPANY 2017 Rs'000
Continuing operations					
Revenue					
Gross insurance premiums		**1,148,201**	1,184,717	**1,148,201**	1,184,417
Reinsurance premiums ceded		**(597,128)**	(599,042)	**(597,128)**	(599,042)
Net revenue		**551,073**	585,675	**551,073**	585,375
Investment income	19	**27,261**	35,212	**34,233**	42,302
Commission income		**84,821**	77,867	**83,587**	77,867
Other income	20	**9,540**	1,886	**9,524**	1,886
		672,695	700,640	**678,417**	707,430
Expenses					
Net claims incurred	21	**(328,088)**	(269,855)	**(328,088)**	(269,855)
Commission payable		**(143,284)**	(131,867)	**(143,284)**	(131,867)
Administrative expenses	22	**(144,117)**	(144,213)	**(144,112)**	(144,213)
		(615,489)	(545,935)	**(615,484)**	(545,935)
Profit from operations		**57,206**	154,705	**62,933**	161,495
Release from/(to) general insurance fund	15	**38,638**	(56,779)	**38,638**	(56,779)
		95,844	97,926	**101,571**	104,716
Impairment loss on investment in financial assets	10	**-**	-	**-**	-
		95,844	97,926	**101,571**	104,716
Share of profit of associates	8	**13,696**	10,221	**-**	-
Profit before tax		**109,540**	108,147	**101,571**	104,716
Income tax expense	18(ii)	**(17,241)**	(16,654)	**(17,049)**	(16,607)
Profit for the year		**92,299**	91,493	**84,522**	88,109
Other comprehensive income					
Items that may not be reclassified subsequently to profit or loss					
Remeasurement of retirement benefit obligations		**(8,560)**	(2,902)	**(8,560)**	(2,902)
Deferred tax on remeasurement of retirement benefit obligations	26(e)	**1,455**	493	**1,455**	493
Gain on revaluation of freehold building		**-**	36,431	**-**	36,431
Deferred tax arising on revaluation of freehold building		**-**	(6,194)	**-**	(6,194)
Items that may be reclassified subsequently to profit or loss					
Exchange difference arising from translation of associate operations		**(51)**	3,402	**-**	-
Net gain/(loss) arising on revaluation of available-for-sale financial assets during the year	10	**19,820**	32,496	**19,820**	32,496
Reclassification adjustments relating to available-for-sale financial assets disposed of during the year		**(4,002)**	(2,038)	**(4,002)**	(2,038)
Other comprehensive income for the year, net of tax		**8,662**	61,688	**8,713**	58,286
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**100,961**	153,181	**93,235**	146,395
Profit/(Loss) attributable to:					
Owners of the company		**91,983**	91,417	**84,522**	88,109
Non-controlling interests		**316**	76	**-**	-
		92,299	91,493	**84,522**	88,109
Total comprehensive income/(loss) attributable to:					
Owners of the company		**100,645**	153,105	**93,235**	146,395
Non-controlling interests		**316**	76	**-**	-
		100,961	153,181	**93,235**	146,395
EARNINGS PER SHARE	23	**11.50**	11.43		

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

THE GROUP	Notes	Stated Capital	Property revaluation reserve	Investments revaluation reserve	Foreign currency translation reserve	Actuarial loss 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	Rs'000
Balance at 1 July 2016		80,000	35,304	(3,547)	(1,271)	-	600,273	710,759	3	710,762
Dividends	24	-	-	-	-	-	(17,600)	(17,600)	-	(17,600)
Transfer to retained earnings	(a)	-	(1,029)	-	-	-	1,029	-	-	-
Profit for the year		-	-	-	-	-	91,417	91,417	76	91,493
Other comprehensive income for the year		-	30,237	30,458	3,402	(2,409)	-	61,688	-	61,688
Total comprehensive income for the year		-	30,237	30,458	3,402	(2,409)	91,417	153,105	76	153,181
Balance at 30 June 2017		80,000	64,512	26,911	2,131	(2,409)	675,119	846,264	79	846,343
Balance at 1 July 2017		**80,000**	**64,512**	**26,911**	**2,131**	**(2,409)**	**675,119**	**846,264**	**79**	**846,343**
Dividends	24	-	-	-	-	-	**(22,400)**	**(22,400)**	-	**(22,400)**
Transfer to retained earnings	(a)	-	**(787)**	-	-	-	**787**	-	-	-
Profit for the year		-	-	-	-	-	**91,983**	**91,983**	**316**	**92,299**
Other comprehensive income for the year		-	-	**15,818**	**(51)**	**(7,105)**	-	**8,662**	-	**8,662**
Total comprehensive income for the year		-	-	**15,818**	**(51)**	**(7,105)**	**91,983**	**100,645**	**316**	**100,961**
Balance at 30 June 2018		**80,000**	**63,725**	**42,729**	**2,080**	**(9,514)**	**745,489**	**924,509**	**395**	**924,904**

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 CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	Stated Capital	Property revaluation reserve	Investments revaluation reserve	Actuarial loss reserve	Retained earnings	Total
THE COMPANY		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at 1 July 2016		80,000	35,304	(3,547)	-	555,630	667,387
Dividends	24	-	-	-	-	(17,600)	(17,600)
Transfer to retained earnings	(a)	-	(1,029)	-	-	1,029	-
Profit for the year		-	-	-	-	88,109	88,109
Other comprehensive income for the year		-	30,237	30,458	(2,409)	-	58,286
Total comprehensive income for the year		-	30,237	30,458	(2,409)	88,109	146,395
Balance at 30 June 2017		80,000	64,512	26,911	(2,409)	627,168	796,182
Balance at 1 July 2017		**80,000**	**64,512**	**26,911**	**(2,409)**	**627,168**	**796,182**
Dividends	24	**-**	**-**	**-**	**-**	**(22,400)**	**(22,400)**
Transfer to retained earnings	(a)	**-**	**(787)**	**-**	**-**	**787**	**-**
Profit for the year		**-**	**-**	**-**	**-**	**84,522**	**84,522**
Other comprehensive income for the year		**-**	**-**	**15,818**	**(7,105)**	**-**	**8,713**
Total comprehensive income for the year		**-**	**-**	**15,818**	**(7,105)**	**84,522**	**93,235**
Balance at 30 June 2018		**80,000**	**63,725**	**42,729**	**(9,514)**	**690,077**	**867,017**

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 2018

	Notes	THE GROUP 2018 Rs'000	THE GROUP 2017 Rs'000	THE COMPANY 2018 Rs'000	THE COMPANY 2017 Rs'000
Cash flows from operating activities					
Profit before taxation		**109,540**	108,147	**101,571**	104,716
Adjustments for:					
Depreciation and amortisation	5/6	**8,033**	12,626	**8,033**	12,626
Property, plant and equipment written off	5	**-**	13	**-**	13
Intangible assets written off	6	**-**	31	**-**	31
Loss/(Profit) on sale of property, plant and equipment		**(7)**	-	**(7)**	-
Profit on sale of investments	20	**(6,251)**	(310)	**(6,251)**	(310)
Credit losses written off net of reversal of provision		**-**	-	**-**	-
Dividend income	19	**(4,928)**	(7,138)	**(11,900)**	(14,228)
Interest income	19	**(22,333)**	(28,074)	**(22,333)**	(28,074)
Impairment loss on investment in financial assets	10	**-**	2,892	**-**	2,892
Share of profits of associates	8	**(13,696)**	(10,221)	**-**	-
Net general insurance fund	15	**(38,638)**	56,779	**(38,638)**	56,779
Operating profit before working capital changes		**31,720**	134,745	**30,475**	134,445
Increase in trade and other receivables		**(248,101)**	(116,929)	**(247,503)**	(116,680)
Net increase in claims outstanding		**46,764**	61,837	**46,764**	61,837
Increase in Long Term Incentive scheme		**1,865**	-	**1,865**	-
(Decrease)/Increase in provision for retirement benefit obligations		**(1,384)**	(910)	**(1,384)**	(910)
Increase/(Decrease) in trade and other payables		**118,157**	29,904	**118,202**	29,904
		(82,699)	(26,098)	**(82,056)**	(25,849)
Cash generated from/(used in) operations		**(50,979)**	108,647	**(51,581)**	108,596
Taxation paid	18(i)	**(24,796)**	(10,651)	**(24,796)**	(10,651)
Interest paid		**-**	-	**-**	-
Net cash generated from/(used in) operating activities		**(75,775)**	97,996	**(76,377)**	97,945
Cash flows from investing activities					
Increase in amounts due from group companies		**53,828**	(49,335)	**53,828**	(49,335)
Purchase of financial assets	10	**(60,691)**	(99,024)	**(60,691)**	(99,024)
Investment in subsidiary company	7(a)	**-**	-	**-**	-
Proceeds from sale of financial assets	10	**73,886**	41,739	**73,886**	41,739
Purchase of property, plant and equipment	5	**(13,579)**	(1,241)	**(13,579)**	(1,241)
Purchase of intangible assets	6	**(3,411)**	(3,623)	**(3,411)**	(3,623)
Proceeds from sale of property, plant and equipment		**7**	-	**7**	-
Interest received		**16,965**	21,915	**16,965**	21,915
Dividend received		**11,836**	14,228	**11,836**	14,228
Net cash (used in)/from investing activities		**78,841**	(75,341)	**78,841**	(75,341)
Cash flows from financing activities					
Dividends paid	24	**(22,400)**	(17,600)	**(22,400)**	(17,600)
Net cash used in financing activities		**(22,400)**	(17,600)	**(22,400)**	(17,600)
Increase/(decrease) in cash and cash equivalents		**(19,334)**	5,055	**(19,936)**	5,004
Cash and cash equivalents at beginning of the year		**373,812**	368,757	**373,761**	368,757
Cash and cash equivalents at end of the year	25	**354,478**	373,812	**353,825**	373,761

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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 of 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, the Group has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on July 1, 2017.

2.1 Revised IFRSs applied with no material effect on the financial statements

The following relevant revised Standards have been applied in these financial statements. Their application has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

IAS 7	Statement of Cash Flows - Amendments as a result of the Disclosure initiative (effective January 1, 2017)
IAS 12	Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses
IFRS 12	Disclosure of Interests in Other Entities – Amendments from Annual Improvements 2014-2016 Cycle (clarifying scope)

2.2 Relevant new and revised IFRSs in issue but not yet effective

IAS 12	Income Taxes - Amendments resulting from Annual Improvements 2015-2017 Cycle (income tax comsequences of dividends) (effective January 1, 2019)
IAS 19	Employee Benefits - Amendments regarding plan amendments, curtailments or settlements (effective January 1, 2019)
IAS 23	Borrowing Costs - Amendments resulting from Annual Improvements 2015-2017 Cycle (borrowing costs eligible for capitalisation) (effective January 1, 2019)
IAS 28	Investments in Associates and Joint Ventures – Amendments resulting from the Annual Improvements 2014-2016 Cycle (clarifying certain fair value measurements) (effective January 1, 2018)
IAS 28	Investments in Associates and Joint Ventures – Amendments regarding long-term interests in associates or joint ventures (effective January 1, 2019)
IAS 39	Financial Instruments: Recognition and Joint Ventures - 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 January 1, 2018)
IAS 40	Investment Property - Amendments to clarify transfers or property to, or from, investments property (effective January 1, 2018)
IFRS 1	First-time Adoption of International Financial Reporting Standards - Amendments resulting from Annual Improvements 2014–2016 Cycle (removing short-term exemptions) - Annual periods beginning on or after January 1, 2018
IFRS 2	Share-based Payment - Amendments to clarify the classification and measurement of share-based payment transactions (effective January 1, 2018)
IFRS 3	Business Combinations - Amendments resulting from Annual Improvement 2015-2017 cycle (remeasurement of previously held interest) (effective January 1, 2019)
IFRS 4	Insurance Contracts - Amendments regarding interaction of IFRS 4 and IFRS 9 (effective January 1, 2018)
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 January 1, 2018)
IFRS 7	Financial Instruments: Disclosures - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective January 1, 2018)

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONT'D)

2.2 Relevant new and revised IFRSs in issue but not yet effective (Cont'd)

IFRS 9	Financial Instruments - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition (effective January 1, 2018)
IFRS 9	Financial Instruments - Amendments regarding the Interaction of IFRS 4 and IFRS 9 (effective January 1, 2018)
IFRS 9	Financial Instruments - Amendments regarding prepayment feature with negative compensation and modifications of financial liabilities (effective January 1, 2019)
IFRS 10	Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (deferred indefinitely)
IFRS 11	Joint Arrangements - Amendments resulting from Annual Improvements 2015-2017 Cycle (remeasurements of previously held interest) (effective January 1, 2019)
IFRS 15	Revenue from Contracts with Customers - Original issue (effective January 1, 2018)
IFRS 15	Revenue from Contracts with Customers - Clarifications to IFRS 15 (effective January 1, 2018)
IFRS 16	Leases - Original issue (effective January 1, 2019)
IFRS 17	Insurance Contracts - Original issue (effective January 1, 2021)
IFRIC 22	Foreign Currency Transactions and Advance Consideration issued (effective January 1, 2018)
IFRIC 23	Uncertainty over Income Tax Treatments issued (effective January 1, 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.

3.3 Basis of consolidation

The financial statements include the results of the Company and of its subsidiaries. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Basis of consolidation (Cont'd)

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.

3.4 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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	2.50%
Furniture and equipment	20.00%
Computer equipment	33.33%
Motor vehicles	16.67%

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Business combinations (Cont'd)

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.

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 (CONT'D)

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.

Held-to-maturity investments

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.

AFS financial assets

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Financial instruments (Cont'd)

Financial assets (Cont'd)

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 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Financial instruments (Cont'd)

Financial assets (Cont'd)

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.

3.11 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 the Group are recognised at the proceeds received, net of direct issue costs.

3.12 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.

3.13 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.

3.14 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.

(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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ii) Deferred tax (Cont'd)
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.

3.15 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.

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 Ltd and provided for. The obligations arising under this item are not funded.

3.16 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 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.

3.18 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.

3.19 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.

3.20 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.

3.21 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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.22 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.

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.

3.23 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.

3.24 Borrowing costs

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

3.25 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.

3.26 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.27 Related Parties

Parties are considered to be related if they have the ability, directly or indirectly, to control or exercise significant influence over the 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..

3.28 Expenses

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

3.29 Comparatives

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

3.30 Non current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recohnition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

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.

Short- term insurance

(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. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING ESTIMATES (CONT'D)

4.2 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.

4.3 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.

4.4 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

THE GROUP	Freehold building	Furniture and equipment	Computer equipment	Motor vehicles	Work-in-progress	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cost or valuation						
At 1 July 2016	89,370	26,857	18,111	638	-	134,976
Additions	-	45	1,196	-	-	1,241
Written off	-	(12)	(1)	-	-	(13)
Revaluation adjustment	28,880	-	-	-	-	28,880
At 30 June 2017	**118,250**	**26,890**	**19,306**	**638**	**-**	**165,084**
Additions	**-**	**5**	**1,724**	**-**	**69,680**	**71,409**
Disposal	**-**	**-**	**(59)**	**-**	**-**	**(59)**
Reclassification to Held-for-sale	**(118,250)**	**(26,895)**	**-**	**-**	**-**	**(145,145)**
At 30 June 2018	**-**	**-**	**20,971**	**638**	**69,680**	**91,289**
Accumulated depreciation						
At 1 July 2016	5,034	17,706	15,588	106	-	38,434
Charge for the year	2,517	4,099	1,683	98	-	8,397
Revaluation adjustment	(7,551)	-	-	-	-	(7,551)
At 30 June 2017	**-**	**21,805**	**17,271**	**204**	**-**	**39,280**
Charge for the year	**833**	**1,024**	**1,504**	**98**	**-**	**3,459**
Disposal	**-**	**-**	**(59)**	**-**	**-**	**(59)**
Reclassification to Held-for-sale	**(833)**	**(22,829)**	**-**	**-**	**-**	**(23,662)**
At 30 June 2018	**-**	**-**	**18,716**	**302**	**-**	**19,018**
Net book value						
At 30 June 2018	**-**	**-**	**2,255**	**336**	**69,680**	**72,271**
At 30 June 2017	118,250	5,085	2,035	434	-	125,804

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

THE COMPANY	Freehold building	Furniture and equipment	Computer equipment	Motor vehicles	Work-in-progress	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cost or valuation						
At 1 July 2016	89,370	26,857	18,111	638	**-**	134,976
Additions	-	45	1,196	-	**-**	1,241
Written off	-	(12)	(1)	-	**-**	(13)
Revaluation adjustment	28,880	-	-	-	**-**	28,880
At 30 June 2017	**118,250**	**26,890**	**19,306**	**638**	**-**	**165,084**
Additions	**-**	**5**	**1,724**	**-**	**53,680**	**55,409**
Disposal	**-**	**-**	**(59)**	**-**	**-**	**(59)**
Reclassification to Held-for-sale	**(118,250)**	**(26,895)**	**-**	**-**	**-**	**(145,145)**
At 30 June 2018	**-**	**-**	**20,971**	**638**	**53,680**	**75,289**
Accumulated depreciation						
At 1 July 2016	5,034	17,706	15,588	106	**-**	38,434
Charge for the year	2,517	4,099	1,683	98	**-**	8,397
Revaluation adjustment	(7,551)	-	-	-	**-**	(7,551)
At 30 June 2017	**-**	**21,805**	**17,271**	**204**	**-**	**39,280**
Charge for the year	**833**	**1,024**	**1,504**	**98**	**-**	**3,459**
Disposal	**-**	**-**	**(59)**	**-**	**-**	**(59)**
Reclassification to Held-for-sale	**(833)**	**(22,829)**	**-**	**-**	**-**	**(23,662)**
At 30 June 2018	**-**	**-**	**18,716**	**302**	**-**	**19,018**
Net book value						
At 30 June 2018	**-**	**-**	**2,255**	**336**	**53,680**	**56,271**
At 30 June 2017	**118,250**	**5,085**	**2,035**	**434**	**-**	**125,804**

(i) The freehold building was revalued by the directors at June 30, 2017 based on a valuation carried out by an independent valuer, Gexim Real Estate Ltd, 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 36,431,000 for the Group and the Company were credited to other comprehensive income in revaluation reserve.

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

	2017
	Rs'000 Level 3
Freehold building	118,250

Had the freehold building been measured on a historical cost basis at June 30, 2017, the carrying amount would have been Rs 25,210,900.
The freehold building had been transferred to assets held for sale (note 31).

(ii) Work-in-progress relates to the construction of building at Ebene.

(ii) None of the property, plant and equipment were pledged as at June 30, 2018 and 2017.

6. INTANGIBLE ASSETS

	THE GROUP			THE COMPANY	
	Goodwill	Computer Software	Total	Computer Software	Total
Cost	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July 2016	993	42,568	43,561	42,568	42,568
Additions	-	3,623	3,623	3,623	3,623
Written off	-	(31)	(31)	(31)	(31)
At 30 June 2017	**993**	**46,160**	**47,153**	**46,160**	**46,160**
Additions	**-**	**3,411**	**3,411**	**3,411**	**3,411**
At 30 June 2018	**993**	**49,571**	**50,564**	**49,571**	**49,571**
Accumulated amortisation					
At 1 July 2016	-	24,318	24,318	24,318	24,318
Charge for the year	-	4,229	4,229	4,229	4,229
At 30 June 2017	**-**	**28,547**	**28,547**	**28,547**	**28,547**
Charge for the year	**-**	**4,574**	**4,574**	**4,574**	**4,574**
At 30 June 2018	**-**	**33,121**	**33,121**	**33,121**	**33,121**
Net book value					
At 30 June 2018	**993**	**16,450**	**17,443**	**16,450**	**16,450**
At 30 June 2017	993	17,613	18,606	17,613	17,613

The estimated remaining useful life of computer softwares ranges from 1 to 6 years for 2018 (2017: 1 to 6 years).

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.

7. INVESTMENT IN SUBSIDIARY

	THE COMPANY	
	2018	2017
	Rs'000	Rs'000
(a) Unquoted investment at cost, less impairment		
At 1 July	**1,000**	1,000
Additions (note (i))	**100**	-
At 30 June	**1,100**	1,000

Note (i): Investment of Rs 100,000 was made to MEI Investment Property Ltd during the year ended June 30, 2018.

(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	
			2018	2017
Speciality Risk Solutions Ltd	Provision of anxilliary insurance services	Mauritius	**70%**	70%
MEI Investment Property Ltd	Rental of property	Mauritius	**100%**	-

(c) There was no non-wholly owned subsidiary that have material non-controlling interest as at June 30, 2018 and 2017.

8. INVESTMENT IN ASSOCIATE

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
(a) Unquoted investment				
At 1 July	**56,218**	49,685	**6,313**	6,313
Share of post tax profit	**13,696**	10,221	**-**	-
Dividend	**(6,972)**	(7,090)	**-**	-
Translation difference	**(51)**	3,402	**-**	-
At 30 June	**62,891**	56,218	**6,313**	6,313

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

Name of associate	Year End	Principal Activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by The Group	
				2018	2017
H Savy Insurance Company Ltd	30 June	General and life insurance business	Seychelles	**20%**	20%

The above associate is accounted for using the equity method.

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

	H Savy Insurance Company Ltd	
	30 June 2018	30 June 2017
	Rs'000	Rs'000
Current assets	**556,753**	298,833
Non-current assets	**111,435**	208,393
Current liabilities	**(113,723)**	(66,919)
Non-current liabilities	**(240,008)**	(159,215)
Equity attributable to owners of the Company	**314,457**	281,092

8. INVESTMENT IN ASSOCIATE (CONT'D)

(c) Summarised financial information in respect of the associate is set out below (Cont'd)

	2018	2017
	Rs'000	Rs'000
Revenue	**451,737**	446,098
Profit from continuing operations	**68,481**	51,104
Loss from discontinued operations	**-**	-
Other comprehensive income for the year	**-**	-
Total comprehensive income for the year	**68,481**	51,104
Dividend received from associates	**6,972**	7,090

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

	H Savy Insurance Company Ltd	
	2018	2017
	Rs'000	Rs'000
Net assets of the associate	**314,457**	281,092
Proportion of the ownership interest in the associate	**20%**	20%
Carrying amount of the interest in the associate	**62,891**	56,218

9. STATUTORY DEPOSITS

	THE GROUP AND COMPANY	
	2018	2017
	Rs'000	Rs'000
At 1 July & June 30,	**8,000**	8,000
Analysed as:		
Non-current	**8,000**	8,000
Current	**-**	-
	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 2.68% to 3.5% per annum (2017: 3.19% to 3.5% per annum) with maturity dates varying from 2019 to 2020.

10. FINANCIAL ASSETS

THE GROUP AND THE COMPANY

	2018				2017			
	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	**333,954**	**74,634**	**217,276**	**625,864**	305,634	74,634	160,435	540,703
Additions	**55,533**	**-**	**11,186**	**66,719**	42,024	-	57,000	99,024
Disposals	**(37,666)**	**-**	**(40,000)**	**(77,666)**	(43,308)	-	(159)	(43,467)
Reclassification to Held-for-Sale	**-**	**(24,199)**	**-**	**(24,199)**	-	-	-	-
Impairment losses	**-**	**-**	**-**	**-**	(2,892)	-	-	(2,892)
Change in fair value	**19,823**	**-**	**(3)**	**19,820**	32,496	-	-	32,496
At 30 June	**371,644**	**50,435**	**188,459**	**610,538**	333,954	74,634	217,276	625,864
Net proceeds on disposals	**39,914**	**-**	**40,000**	**79,914**	41,600	-	139	41,739
Quoted investments	**126,721**	**-**	**26,473**	**153,194**	118,094	-	25,972	144,066
Unquoted investments	**244,923**	**50,435**	**161,986**	**457,344**	215,860	74,634	191,304	481,798
	371,644	**50,435**	**188,459**	**610,538**	333,954	74,634	217,276	625,864
Analysed as follows:								
Current assets	**56,287**	**-**	**87,440**	**143,727**	-	-	40,000	40,000
Non-current assets	**315,357**	**50,435**	**101,019**	**466,811**	333,954	74,634	177,276	585,864
	371,644	**50,435**	**188,459**	**610,538**	333,954	74,634	217,276	625,864

(i) Held to maturity (HTM) investments are unquoted and are made up of debentures, bank bonds and structured notes bearing interest rate varying from 4.6% to 8% (2017: 5.35% to 8.50%). The non-current HTM has maturity date varying from 2020 to 2024 respectively. The directors have reviewed the carrying amount on HTM and are of the opinion there is no objective evidence of impairment.

(ii) 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.

11. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Trade receivables	**496,624**	347,884	**495,768**	347,884
Amounts due from reinsurance companies	**108,260**	36,591	**108,260**	36,591
Recoveries from third party insurers	**166,467**	137,692	**166,467**	137,692
Other receivables	**14,331**	9,982	**14,330**	9,723
	785,682	532,149	**784,825**	531,890

The average collection period on sales of insurance premiums of the Company is 134 days (2017: 107 days) and the average credit period on sales of insurance premiums is 90 days (2017: 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 32.3m (2017: Rs 30.9m) is due by the ultimate holding company, IBL Ltd, 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	
	2018	2017
	Rs'000	Rs'000
Ageing of past due but not impaired:		
91-120 days	**63,665**	10,940
Over 120 days	**262,482**	140,930
	326,147	151,870

11. TRADE AND OTHER RECEIVABLES (CONT'D)

Movement in the allowance for doubtful debt

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**4,146**	5,528	**4,146**	5,528
Impairment losses recognised on receivables	**1,212**	976	**1,212**	976
Receivables written off as uncollectible	**(1,052)**	(2,358)	**(1,052)**	(2,358)
Receivables recovered during the year	**(21)**	-	**(21)**	-
At 30 June	**4,285**	4,146	**4,285**	4,146

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.

Age of impaired receivables

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Over 120 days	**4,285**	4,146	**4,285**	4,146

12. AMOUNTS DUE FROM GROUP COMPANIES

	THE GROUP AND COMPANY	
	2018	2017
	Rs'000	Rs'000
Amount due from ultimate holding company	**-**	50,718
Deposit with ultimate holding company (Note 25)	**223,765**	95,023
	223,765	145,741

(i) The amount due from the ultimate holding company is unsecured and does not have fixed terms of repayment. The rate of interest varies between 3.19% to 3.38% for 2017.

(ii) Some deposits with the ultimate holding company are unsecured, bear fixed interest rate of 5.75% per annum (2017: 5.75%) and are repayable within one year. Other deposits are unsecured, bear fixed interest rate of 4.35% (2017: 4.35%) and do not have fixed repayment terms.

13. GROSS OUTSTANDING CLAIMS

	2018			2017		
THE GROUP AND THE COMPANY	**Gross**	**Reinsurance**	**Net**	Gross	Reinsurance	Net
	Rs'000	**Rs'000**	**Rs'000**	Rs'000	Rs'000	Rs'000
Claims notified	**621,279**	**(316,482)**	**304,797**	625,282	(370,322)	254,960
Claims incurred but not reported	**72,526**	**-**	**72,526**	60,526	-	60,526
At 1 July	**693,805**	**(316,482)**	**377,323**	685,808	(370,322)	315,486
Increase/(decrease) in liabilities	**921,332**	**(566,322)**	**355,010**	500,841	(169,114)	331,727
Cash (paid)/received for claims settled in the year	**(434,223)**	**125,977**	**(308,246)**	(492,844)	222,954	(269,890)
At 30 June	**1,180,914**	**(756,827)**	**424,087**	693,805	(316,482)	377,323
Analysed as:						
Claims notified	**1,106,788**	**(756,827)**	**349,961**	621,279	(316,482)	304,797
Claims incurred but not reported	**74,126**	**-**	**74,126**	72,526	-	72,526
	1,180,914	**(756,827)**	**424,087**	693,805	(316,482)	377,323

14. STATED CAPITAL

	THE GROUP AND COMPANY	
	2018	2017
	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.

15. GENERAL INSURANCE FUND

	THE GROUP AND COMPANY		
	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000
At 1 July 2016	348,102	(43,702)	304,400
Increase/(decrease) during the year	76,005	(19,226)	56,779
At 30 June 2017	**424,107**	**(62,928)**	**361,179**
Increase/(decrease) during the year	**(42,042)**	**3,404**	**(38,638)**
At 30 June 2018	**382,065**	**(59,524)**	**322,541**

16. DEFERRED TAX LIABILITIES

Deferred taxation is calculated on all temporary differences under the liability method at the rate of 17% (2017: 17%).
The movement on deferred tax account is as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**12,699**	6,996	**12,699**	6,996
Recognised in other comprehensive income	**(1,455)**	5,700	**(1,455)**	5,700
Recognised in equity	**-**	(211)	**-**	(211)
Recognised in profit or loss	**(169)**	214	**(169)**	214
At 30 June	**11,075**	12,699	**11,075**	12,699

THE GROUP	Opening balance	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
2018					
Revaluation of property	**12,212**	**-**	**-**		**12,212**
Retirement benefit obligations	**(1,201)**	**(212)**	**(1,455)**	**-**	**(2,868)**
Accelerated capital allowances	**1,688**	**43**	**-**	**-**	**1,731**
Net deferred tax liabilities/(assets)	**12,699**	**(169)**	**(1,455)**	**-**	**11,075**
2017					
Revaluation of property	6,230	-	6,193	(211)	12,212
Retirement benefit obligations	(863)	155	(493)	-	(1,201)
Accelerated capital allowances	1,629	59	-	-	1,688
Net deferred tax liabilities/(assets)	6,996	214	5,700	(211)	12,699

16. DEFERRED TAX LIABILITIES (CONT'D)

THE COMPANY	Opening balance	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
2018					
Revaluation of property	**12,212**	**-**	**-**		**12,212**
Retirement benefit obligations	**(1,201)**	**(212)**	**(1,455)**	**-**	**(2,868)**
Accelerated capital allowances	**1,688**	**43**	**-**	**-**	**1,731**
Net deferred tax liabilities/(assets)	**12,699**	**(169)**	**(1,455)**	**-**	**11,075**
2017					
Revaluation of property	6,230	-	6,193	(211)	12,212
Retirement benefit obligations	(863)	155	(493)	-	(1,201)
Accelerated capital allowances	1,629	59	-	-	1,688
Net deferred tax liabilities/(assets)	6,996	214	5,700	(211)	12,699

17. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Amounts due to reinsurers	**171,878**	112,072	**171,878**	112,072
Other payables	**181,128**	64,897	**165,223**	64,897
	353,006	176,969	**337,101**	176,969

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

18. TAXATION

Income tax is calculated at the rate of 17% (2017:17%) on the profit for the year as adjusted for income tax purposes.

(i) Current tax liabilities

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**9,588**	3,588	**9,541**	3,588
Charge for the year	**14,819**	17,042	**14,632**	16,995
Under provision in previous year	**282**	(391)	**282**	(391)
Amount paid during the year	**(22,538)**	(10,651)	**(22,493)**	(10,651)
At 30 June	**2,151**	9,588	**1,962**	9,541

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

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current tax charge	**14,819**	17,042	**14,632**	16,995
Under provision in previous year	**282**	(391)	**282**	(391)
Corporate social responsibility	**2,309**	-	**2,304**	-
Deferred tax movement (Note 16)	**(169)**	3	**(169)**	3
	17,241	16,654	**17,049**	16,607

(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	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit before taxation	**109,540**	108,147	**101,571**	104,716
Tax calculated at 17%	**18,622**	18,385	**17,267**	17,802
Tax effect of:				
Income not subject to tax	**(3,095)**	(3,434)	**(3,095)**	(3,434)
Under provision of current tax in previous year	**282**	(391)	**282**	(391)
Movement in deferred tax	**(169)**	3	**(169)**	3
Corporate social responsibility	**2,309**	-	**2,304**	-
Corporate social responsibility - Tax Rate Differential	**(1,959)**	1,325	**(1,959)**	1,325
Expenses not deductible for tax purposes	**1,251**	766	**2,419**	1,302
	17,241	16,654	**17,049**	16,607

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19. INVESTMENT INCOME

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Interest income				
Bank deposits	**535**	847	**535**	847
Loans and receivables	**11,146**	13,907	**11,146**	13,907
Held-to-maturity investments	**10,652**	13,320	**10,652**	13,320
	22,333	28,074	**22,333**	28,074
Investment income				
Dividend from available for sale investments	**4,928**	7,138	**4,928**	7,138
Dividend from associate	**-**	-	**6,972**	7,090
	4,928	7,138	**11,900**	14,228
Total	**27,261**	35,212	**34,233**	42,302

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

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Available-for-sale financial assets	**4,928**	7,138	**4,928**	7,138
Loans and receivables (including cash and bank balances)	**11,681**	14,754	**11,681**	14,754
Associate	**-**	-	**6,972**	7,090
Held to maturity investments	**10,652**	13,320	**10,652**	13,320
	27,261	35,212	**34,233**	42,302

20. OTHER INCOME

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit on disposal of property, plant and equipment	**7**	-	**7**	-
Profit on disposal of financial assets	**6,251**	310	**6,251**	310
Administration fees	**-**	30	**-**	30
Others	**3,282**	1,546	**3,266**	1,546
	9,540	1,886	**9,524**	1,886

21. NET CLAIMS INCURRED

	THE GROUP AND COMPANY					
	2018			2017		
	Gross Rs'000	**Reinsurance Rs'000**	**Net Rs'000**	Gross Rs'000	Reinsurance Rs'000	Net Rs'000
Net claims incurred	**894,410**	**(566,322)**	**328,088**	438,969	(169,114)	269,855

22. ADMINISTRATIVE EXPENSES

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Administrative expenses include:				
Staff costs	**79,433**	68,268	**79,433**	68,268
Depreciation and amortisation	**8,033**	12,626	**8,033**	12,626
Net impairment loss on trade receivables	**1,212**	976	**1,212**	976
Donations	**-**	52	**-**	52
Net foreign exchange losses	**1,989**	4,295	**1,989**	4,295

23. EARNINGS PER SHARE

Earnings per share is based on profit after taxation attributable to owners of the Company of Rs 91,983,000 (2017: Rs.91,417,000) for the Group and on 7,999,998 shares in issue for the year ended 30 June 2018.

24. DIVIDENDS

	THE GROUP AND COMPANY	
	2018	2017
	Rs'000	Rs'000
Final dividend in respect of the year June 30, 2017 of Rs 1.70 (2016: Rs 1.10) per share	**13,600**	8,800
Interim dividend in respect of the year June 30, 2018 of Rs 1.10 (2017: Rs 1.10) per share	**8,800**	8,800
	22,400	17,600

The interim dividend of Rs 1.10 per share amounting to Rs 8,799,998 in respect of the year ended June 30, 2018 was declared by the directors on February 6, 2018 and paid.

25. CASH AND CASH EQUIVALENTS

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Cash in hand	**4**	4	**4**	4
Balances with banks	**130,709**	278,785	**130,056**	278,734
Bank and cash balances	**130,713**	278,789	**130,060**	278,738
Deposit with ultimate holding company (Note 12)	**223,765**	95,023	**223,765**	95,023
Cash and cash equivalents	**354,478**	373,812	**353,825**	373,761

26. 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 July 1, 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 Ltd.

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.

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

26. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(b) Contribution to defined benefit pension plan

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Contribution expensed	**2,467**	2,045	**2,467**	2,045

(c) Contribution to defined contribution pension plan

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Contribution expensed	**3,188**	3,115	**3,188**	3,115

(d) State pension plan

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
National Pension Scheme contributions expensed	**1,101**	979	**1,101**	979

(e) Other post retirement benefits

Other post retirement benefits consist of retirement gratuity obligation payable under the Employment Rights Act 2008.

(i) Movement in the liability recognised in the statement of financial position:

	THE GROUP AND COMPANY	
	2018	2017
	Rs'000	Rs'000
At 1 July	**7,070**	5,078
Total expense recognised to profit or loss	**1,246**	771
Total expense recognised in other comprehensive income	**8,560**	2,902
Contributions paid	**(2,630)**	(1,681)
At 30 June	**14,246**	7,070

26. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(e) Other post retirement benefits (Cont'd)

(ii) The movement in the defined benefit obligation over the year is as follows:

	THE GROUP AND COMPANY	
	2018	2017
	Rs'000	Rs'000
At 1 July	**7,070**	5,078
Current service cost	**899**	466
Interest cost	**347**	305
Acturial losses	**8,560**	2,902
Benefits paid	**(2,630)**	(1,681)
At 30 June	**14,246**	7,070

(iii) The amounts recognised in the statement of profit or loss and other comprehensive income are as follows:

	THE GROUP AND COMPANY	
	2018	2017
	Rs'000	Rs'000
Current service cost	**899**	466
Interest cost	**347**	305
Components of defined benefit costs recognised in profit or loss	**1,246**	771
Remeasurement of retirement benefit obligations:		
Actuarial losses recognised during the year	**8,560**	2,902
Components of defined benefit costs recognised in other comprehensive income	**8,560**	2,902
Analysis of amount recognised in other comprehensive income:		
Experience losses on liabilities	**9,572**	1,013
Change in assumptions underlying the present value of the scheme	**(1,012)**	1,889
	8,560	2,902

26. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(e) Other post retirement benefits (Cont'd)

(iv) Movement in actuarial gains/(losses) recognised

	THE GROUP AND COMPANY	
	2018	2017
	Rs'000	Rs'000
At 1 July	**(2,901)**	-
Actuarial losses recognised during the year	**(8,560)**	(2,901)
At 30 June	**(11,461)**	(2,901)

(v) The principal actuarial assumptions used for accounting purposes were:

	THE GROUP AND COMPANY	
	2018	2017
	%	%
Discount rate	**6.3**	6.00
Future long-term salary increase	**4.00**	4.00

The weighted average duration of the liabilities is 13 years as at June 30, 2018.

(vi) Sensitivity analysis

	THE GROUP AND COMPANY
	2018
	Rs'000
Increase in defined benefit obligation due to 1% increase in discount rate	**2,644**
Decrease in defined benefit obligation due to 1% increase in discount rate	**2,241**
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	**2,584**
Decrease in defined benefit obligation due to 1% increase in future long-term salary assumption	**2,211**

The sensitivity analysis above have been determined based on sensibly possible changes of the discount rate or salary increase rate occurring at the end of the reporting period if all other assumptions remained unchanged.

27. 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 cash and bank balances and equity attributable to owners of the the Group (comprising stated capital, reserves, retained earnings and non-controlling interests as detailed in statement of changes in equity).

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 June 30, 2018, the Group has satisfied the minimum capital requirements under Insurance (General Insurance Business Solvency) Rules 2007.

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27. FINANCIAL INSTRUMENTS (CONT'D)

(a) Capital risk management (Cont'd)

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	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Financial assets				
Held-to-maturity investments	**188,459**	217,276	**188,459**	217,276
Loans and receivables	**1,764,483**	994,372	**1,763,626**	994,113
Held for sale	**145,682**	-	**145,682**	-
Bank and cash balances	**130,713**	278,789	**130,060**	278,738
Available-for-sale financial assets	**422,079**	408,588	**422,079**	408,588
	2,651,416	1,899,025	**2,649,906**	1,898,715
Financial liabilities				
At amortised cost	**1,538,895**	870,774	**1,522,990**	870,774

(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.

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 June 30, 2018.

27. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

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 2018 Rs'000	Financial liabilities 2018 Rs'000	Financial assets 2017 Rs'000	Financial liabilities 2017 Rs'000
Mauritian Rupees	**2,287,400**	**1,538,895**	1,543,520	870,774
United States Dollars	**235,484**	**-**	254,287	-
Euro	**98,312**	**-**	80,326	-
British Pounds	**4,290**	**-**	723	-
Seychelles Rupees	**17,469**	**-**	11,415	-
Australian Dollars	**8,461**	**-**	8,754	-
	2,651,416	**1,538,895**	1,899,025	870,774

THE COMPANY	Financial assets 2018 Rs'000	Financial liabilities 2018 Rs'000	Financial assets 2017 Rs'000	Financial liabilities 2017 Rs'000
Mauritian Rupees	**2,287,399**	**1,522,990**	1,543,520	870,774
United States Dollars	**233,975**	**-**	253,976	-
Euro	**98,312**	**-**	80,326	-
British Pounds	**4,290**	**-**	723	-
Seychelles Rupees	**17,469**	**-**	11,415	-
Australian Dollars	**8,461**	**-**	8,754	-
	2,649,906	**1,522,990**	1,898,715	870,774

The Group has 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 June 30, 2018, 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 18,201,000 (2017: Rs 17,775,000) and Rs 18,125,000 (2017: Rs 17,760,000) respectively higher/lower mainly resulting from translation of equity securities and bank deposits.

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 June 30, 2018, the Group did not have any variable rate deposits (2017: nil).

27. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

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.

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 Rs'000	Total Rs'000
30 June 2018		
Non-interest bearing	**1,538,895**	1,538,895
Fixed interest rate instruments	**-**	-
	1,538,895	1,538,895
30 June 2017		
Non-interest bearing	**870,774**	870,774
Fixed interest rate instruments	**-**	-
	870,774	870,774

THE COMPANY	3 months to 1 year Rs'000	Total Rs'000
30 June 2018		
Non-interest bearing	**1,522,990**	1,522,990
30 June 2017		
Non-interest bearing	**870,774**	870,774

27. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

Liquidity risk management (Cont'd)

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

	THE GROUP AND COMPANY Floating Interest Rate	
	2018	2017
	%	%
Mauritian Rupee	**2 - 8**	3.19 - 8.50
United States Dollar	**3.75**	7.89
Australian Dollar	**0.00**	6.00

The above comprise mainly investments, deposits with financial institutions and deposits with ultimate holding company.

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. 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 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.

27. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

Credit risk management (Cont'd)

Fair value measurements recognised on a recurring basis in the statement 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 if 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 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 June 30:

		THE GROUP AND COMPANY Available-for-sale financial assets	
	Valuation technique	**2018**	2017
		Rs'000	Rs'000
Level 1	Quoted price in an active market	**126,721**	118,094
Level 2	Net asset value	**244,923**	215,860
		371,644	333,954

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 June 30, 2018 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 37,164,000 (2017: Rs 33,395,000) 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.

28. 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 its permeating and systematic risk management, the Group 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.

28. MANAGEMENT OF INSURANCE RISKS (CONT'D)

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.

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 its 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	Gross 2018 Rs'000	Net 2018 Rs'000	Gross 2017 Rs'000	Net 2017 Rs'000
Accident	**120,484**	**27,763**	112,400	22,687
Engineering	**136,586**	**10,036**	54,771	5,754
Fire	**443,617**	**29,504**	95,552	25,065
Liability	**155,321**	**52,450**	132,212	45,868
Motor	**245,163**	**226,220**	222,867	203,065
Health	**5,617**	**3,988**	3,477	2,358
IBNR	**74,126**	**74,126**	72,526	72,526
	1,180,914	**424,087**	693,805	377,323

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

28. MANAGEMENT OF INSURANCE RISKS (CONT'D)

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.

28. MANAGEMENT OF INSURANCE RISKS (CONT'D)

Sources of uncertainty in the estimation of future benefit payments (Cont'd)

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 statement of financial position.

	2013	2014	2015	2016	2017	2018	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At end of							
Accident year	277,718	255,103	1,198,501	550,535	372,070	759,224	3,413,151
1 year later	65,688	34,594	222,770	36,240	129,949	-	489,241
2 years later	31,139	10,658	(7,329)	20,172	-	-	54,640
3 years later	3,872	(889)	(8,919)	-	-	-	(5,936)
4 years later	1,301	1,032	-	-	-	-	2,333
5 years later	(2,333)	-	-	-	-	-	(2,333)
Current estimate of cumulative claims	377,385	300,498	1,405,023	606,947	502,019	759,224	3,951,096
Accident year	148,764	183,483	265,796	304,765	266,050	254,070	1,422,928
1 year later	89,039	69,075	1,077,230	167,405	95,286		1,498,035
2 years later	60,053	8,102	(3,480)	11,137			75,812
3 years later	13,018	(3,930)	(5,075)				4,013
4 years later	5,604	(1,282)					4,322
5 years later	(1,796)						(1,796)
Cumulative payment to date	314,682	255,448	1,334,471	483,307	361,336	254,070	3,003,314
	62,703	45,050	70,552	123,640	140,683	505,154	947,782
Liabilities in respect of prior years							159,006
IBNR							74,126
Total gross liabilities							1,180,914

28. MANAGEMENT OF INSURANCE RISKS (CONT'D)

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 June 30, 2018 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			
	2018	2017	**2018**	2017
	10% Increase	10% Increase	**10% Decrease**	10% Decrease
	Rs'000	Rs'000	**Rs'000**	Rs'000
Incurred Development factors in the latest accident year	**3,930**	**3,587**	(5,601)	(4,385)
Prior loss ratios in the latest accident year	**2,427**	**2,355**	(2,427)	(2,355)

29. RELATED PARTY TRANSACTIONS

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

Outstanding balances

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
(i) Receivable from related parties:-				
Ultimate holding company	**14,534**	81,695	**14,534**	81,695
Associate	**5,397**	694	**5,397**	694
Associates of ultimate holding company	**35,135**	39,770	**35,135**	39,770
Subsidiaries of ultimate holding company	**29,103**	17,701	**29,103**	17,701
Directors and related parties	**-**	-	**-**	-
	84,169	139,860	**84,169**	139,860

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
(ii) Payable to related parties:-				
Ultimate holding company	**3,334**	6	**3,334**	6
Fellow subsidiaries	**43**	120	**43**	120
Subsidiaries of ultimate holding company	**-**	1	**-**	1
	3,377	127	**3,377**	127

29. RELATED PARTY TRANSACTIONS (CONT'D)

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
(iii) Deposits with:-				
Ultimate holding company	**223,765**	95,023	**223,765**	95,023
Subsidiary of ultimate holding company	**50,000**	50,000	**50,000**	50,000
Associate of ultimate holding company	**30,000**	30,000	**30,000**	30,000
	303,765	175,023	**303,765**	175,023

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
(iv) Interest receivable from				
Ultimate holding company	**2,673**	1,534	**2,673**	1,534
Subsidiary of ultimate holding company	**293**	16	**293**	16
Associate of ultimate holding company	**473**	334	**473**	334
	3,439	1,884	**3,439**	1,884

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
(v) Investment in:-				
Ultimate holding company	**6,566**	5,283	**6,566**	5,283
Subsidiary of ultimate holding company	**24,199**	24,199	**24,199**	24,199
Associate of ultimate holding company	**46,277**	86,277	**46,277**	86,277
	77,042	115,759	**77,042**	115,759

The outstanding balances are unsecured and interest free. Deposits bear interest rate as disclosed in note 27 under interest rate risk management.

29. RELATED PARTY TRANSACTIONS (CONT'D)

Transactions

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
(i) Sales of services to:				
Ultimate holding company	**89,191**	77,054	**89,191**	77,054
Subsidiary	**-**	-	**-**	-
Associates	**5,480**	2,865	**5,480**	2,865
Fellow subsidiaries	**18,199**	13,071	**18,199**	13,071
Associates of ultimate holding company	**69,060**	51,934	**69,060**	51,934
Subsidiaries of ultimate holding company	**34,951**	59,849	**34,951**	59,849
	216,881	204,773	**216,881**	204,773
(ii) Purchases of goods and services from:-				
Ultimate holding company	**4,211**	5,659	**4,211**	5,659
Subsidiaries of ultimate holding company	**6,285**	7,787	**6,285**	7,787
Related parties	**-**	-	**-**	-
	10,496	13,446	**10,496**	13,446
(iii) Interest income from:-				
Ultimate holding company	**8,331**	11,288	**8,331**	11,288
Associate of ultimate holding company	**6,050**	8,642	**6,050**	8,642
Subsidiaries of ultimate holding company	**2,418**	440	**2,418**	440
	16,799	20,370	**16,799**	20,370
(iv) Dividend income from associate	**6,972**	7,090	**6,972**	7,090
(v) Interest paid to directors and related parties	**-**	-	**-**	-
(vi) Corporate social responsibility contribution paid to fellow subsidiary	**-**	-	**-**	-
(vii) Finance lease income from fellow subsidiaries	**-**	-	**-**	-
(viii) Operating lease income from fellow subsidiaries	**-**	-	**-**	-
(ix) Finance lease granted to related parties	**-**	-	**-**	-
(x) Repayment from related parties	**-**	-	**-**	-
(xi) Purchase of goods and services from related parties	**-**	-	**-**	-

29. RELATED PARTY TRANSACTIONS (CONT'D)

Compensation of key management personnel

	THE GROUP AND COMPANY			
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
The remuneration of directors and other members of key management during the year were as follows:				
Short-term benefits	**14,057**	11,324	**14,057**	11,324
Post-employment benefits	**700**	600	**700**	600
	14,757	11,924	**14,757**	11,924
Contribution to Ireland Blyth Limited's defined benefit pension plan				
Contribution expensed	**2,467**	2,904	**2,467**	2,904
Contribution to defined contribution pension plan				
Contributions expensed	**3,188**	2,256	**3,188**	2,256

30. HOLDING COMPANY AND ULTIMATE HOLDING COMPANY

The directors regard IBL Ltd, which is incorporated and domiciled in Mauritius, as the company's holding and ultimate holding company .

31. HELD FOR SALE

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Held for sale is made up of:				
Building and furniture (Note i)	**121,483**	-	**121,483**	-
Investment in Mauritian Eagle Leasing Company Limited (Note ii)	**24,199**	-	**24,199**	-
	145,682	-	**145,682**	-

(i) Following a board meeting held on September 18, 2017, the Board approved the disposal of the freehold building situated at 1st floor, IBL House, Caudan and its related furniture, fixtures and equipment. A buyer has already been identified. No impairment loss was recognised on reclassification of the assets as held for sale as the directors of the Group and the Company expect that the fair value less costs to sell is higher than the carrying amount as at reporting period.

(ii) A Share Purchase Agreement has been signed by the company and the potential buyer on June 8, 2018 for the disposal of its 13.574% investment in Mauritian Eagle Leasing Company Limited. The investment has been reclassified as held for sale. The directors expect that the fair value less costs to sell is higher than the carrying amount, therefore no impairment loss was recognised on reclassification as held for sale.

32. CAPITAL COMMITMENTS

	THE COMPANY	
	2018	2017
	Rs'000	Rs'000
Capital Commitments contracted for but not accrued:		
Buildings, Furniture & Fittings and Computer software	**101,380**	2,000

33. AMOUNTS DUE TO GROUP COMPANIES

	THE GROUP AND COMPANY	
	2018	2017
	Rs'000	Rs'000
Amount due to ultimate holding company	**3,110**	-

The amount due to ultimate holding company is unsecured and does not have fixed terms of repayment.
The rate of interest varies between 2% to 3.38% (2017: Nil)

34. 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.

35. NON-CASH FLOW TRANSACTIONS

During the year, the Group and the Company entered into the following non-cash flow transactions which are not reflected in the statement of cash flows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Acquisition of investment in subsidiary	**-**	-	**100**	-
Acquisition of property, plant and equipment				
- Non cash	**57,830**	-	**41,830**	-
- Cash	**13,579**	-	**13,579**	-
	71,409	-	**55,409**	-
Acquisition of financial assets				
- Non cash	**6,028**	-	**6,028**	-
- Cash	**60,691**	99,024	**60,691**	99,024
	66,719	99,024	**66,719**	99,024
Proceeds from sales of financial assets				
- Non cash	**6,028**	-	**6,028**	-
- Cash	**73,886**	41,739	**73,886**	41,739
	79,914	41,739	**79,914**	41,739

36. LONG TERM INCENTIVE SCHEME

IBL Ltd has implemented a Long Term Incentive scheme (LTI) as from July 1, 2017 which provides an opportunity for executives of IBL Ltd and certain subsidiaries to participate in the creation of value with the IBL Group.

The LTI is a Phantom Share Award Scheme and allocations to eligible executives may be made once a year on July 1.

The LTI payment shall be made to participants who remain employees in Good Standing of IBL or relevant subsidiaries on the exercise date, and based on IBL shares vested and the Exercise Price.

The vesting periods for payments to be made under the scheme are based on a percentage of phantom shares allocated and start at end of third year from the allocation date up to the fifth year.

At June 30, 2018, the provision for the LTI amounted to Rs 1,864,591.

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 **December 6, 2018** and at any adjournment thereof.

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

		For	Against	Abstain
1.	To adopt the minutes of proceedings of the special meeting held on December 12, 2017.			
2.	To consider the Annual Report from the year ended June 30, 2018.			
3.	To receive and adopt the Group's and Company's financial statements for the year ended June 30, 2018 and the Directors' and Auditors' reports thereon.			
4.	To re-elect as Directors to hold office until the next Annual Meeting by way of separate resolutions the following persons:			
	4.1 Mr. Jean-Claude Béga			
	4.2 Mr. Dipak Chummun			
	4.3 Mr. Pieter Bezuidenhout			
	4.4 Me. Subhas Lallah			
	4.5 Mr. Robert Ip Min Wan			
	4.6 Me. J Gilbert Ithier			
	4.7 Mr. Alain Malliaté			
	4.8 Mr. Derek Wong Wan Po			
	4.9 Mr. Laurent de la Hogue			
5.	To fix the remuneration of the Directors for the year to June 30, 2019 and to ratify the emoluments paid to the Directors for the year ended June 30, 2018.			
6.	To appoint on the recommendation of the Board, Messrs. Ernst & Young as Auditors of the Company in replacement of Messrs. Deloitte and to authorise the Board to fix their remuneration.			
7.	To ratify the remuneration paid to the auditors for the financial year ended June 30, 2018.			

Signed this .... day of 2018

....

Signature/s

NOTES

1. A proxy form is included in this Annual Report and is also available at the registered office of the Company.

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/ her discretion as to how he/she votes.

3. The instrument appointing a proxy or any general power of attorney shall be deposited at the Share Registry and Transfer Office of the Company, MCB Registry & Securities Limited, 9th Floor, MCB Centre, Sir William Newton Street, Port Louis, by Wednesday, December 5, 2018 at 14.00 hours and in default, the instrument of proxy shall not be treated as valid.

4. The minutes of the Annual Meeting held on December 12, 2017 are available for consultation by the shareholders during office hours at the registered office of the Company, IBL House, Caudan Waterfront, Port Louis.

5. The minutes of the Annual Meeting to be held on December 6, 2018 will be available for consultation and comments during office hours at the registered office of the Company, IBL House, Caudan Waterfront, Port Louis from February 4 to February 18, 2019.

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