WE ARE MAURITIAN EAGLE INSURANCE

ANNUAL REPORT 2017

MAURITIAN EAGLE

An IBL Group company

THiNK Green

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

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

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

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

Detailed Environmental Profile

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

ADDRESS OF CHAIRMAN TO SHAREHOLDER

Dear Shareholder,

The Directors of the Mauritian Eagle Insurance Company Limited are proud to present the Annual Report for the year ended June 30, 2017 for the Mauritian Eagle Insurance Company Limited ('MEI'). The present Annual Report seeks to provide an overview of the past year and an insight on major events of the coming year.

The Corporate Governance Report and the Financial Statements to June 30, 2017 were approved by the Board of Directors of Mauritian Eagle Insurance Company Limited on September 18, 2017.

On behalf of the Board of Directors of the Mauritian Eagle Insurance Company Limited, we invite you to join us at the Annual Meeting of the Company which shall be held on:

Date: Tuesday, December 12, 2017
Time: 14.00 hours
Venue: 1st Floor, IBL House, Caudan Waterfront, Port Louis

Looking forward to seeing you.

Sincerely,

Jean-Claude Béga
Chairman

‘NU ZEFOR, NU MOTIVASION EK NU KOURAZ REFLEKTE NU VALER’

STEPHANIE HIPPOLYTE | ACCOUNTS OFFICER

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NOTICE OF ANNUAL MEETING OF THE COMPANY

Notice is hereby given that the forty-second Annual Meeting of the Shareholders of the Company will be held at the offices of the Company, 1st Floor, IBL House, Caudan Waterfront, Port Louis on **Tuesday, December 12, 2017 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, 2016.

2. To receive and adopt the Group's and Company's financial statements for the year ended June 30, 2017 and the Directors' and Auditors' reports thereon.

3. To appoint Mr. Jean-Claude Béga as Director.

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

5. To fix the remuneration of the Directors for the year to June 30, 2018 and to ratify the emoluments paid to the Directors for the year ended June 30, 2017.

6. To re-appoint Messrs Deloitte as Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration.

7. To ratify the remuneration paid to the Auditors for the financial year ended June 30, 2017.

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

September 18, 2017

NOTICE OF ANNUAL MEETING OF THE COMPANY

1. A member entitled to attend and vote at the meeting may appoint any person, whether a member or not, to attend and vote in his stead.

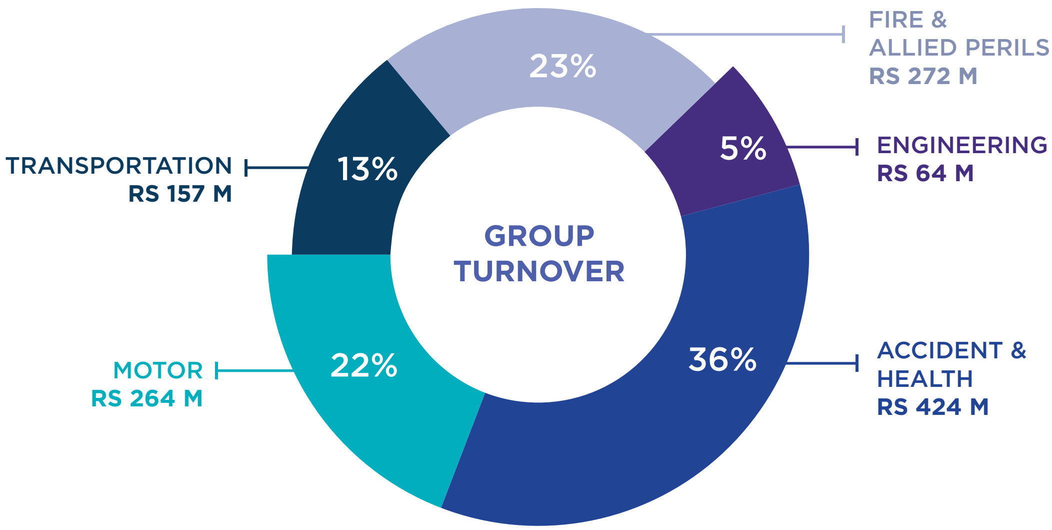
2. The instrument appointing a proxy or any general power of attorney shall be deposited at the Share Registry and Transfer Office of the Company, MCB Registry & Securities Limited, 9th Floor, MCB Centre, Sir William Newton Street, Port Louis, by Monday, December 11, 2017 at 14.00 hours and in default, the instrument of proxy shall not be treated as valid.

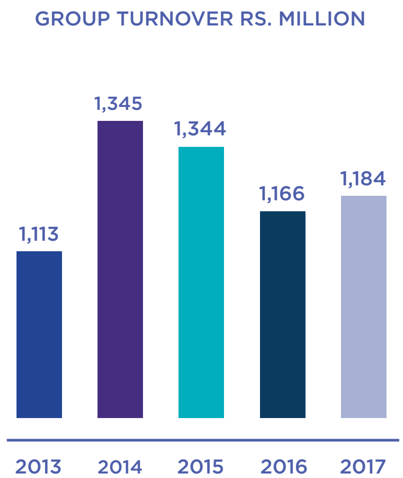
3. A proxy form is included in this Annual Report and is also available at the registered office of the Company.

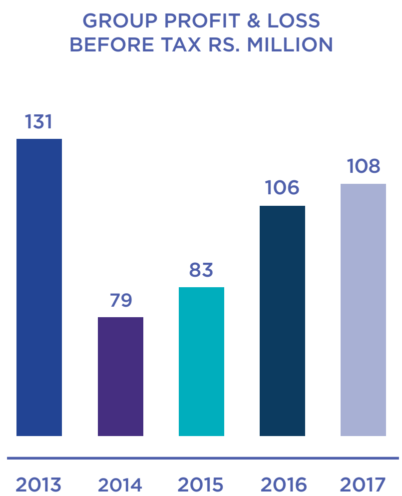
4. The minutes of the Annual Meeting held on December 12, 2016 are available for consultation by the shareholders during office hours at the registered office of the Company, IBL House, Caudan Waterfront, Port Louis.

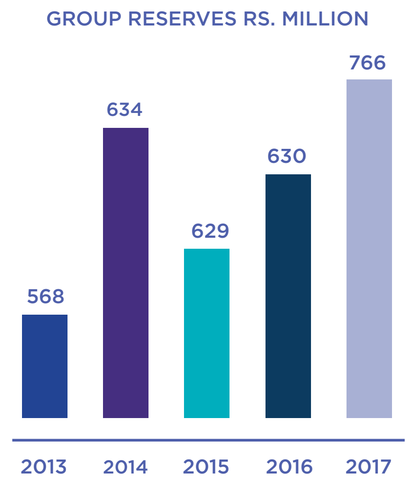
5. The minutes of the Annual Meeting to be held on December 12, 2017 will be available for consultation and comments during office hours at the registered office of the Company, IBL House, Caudan Waterfront, Port Louis from February 15 to February 28, 2018.

FINANCIAL HIGHLIGHTS









HUMAN CAPITAL

108

TOTAL HEADCOUNT
INCLUDING MANAGERS

+ 25

NEW COMERS
DURING THE YEAR

71
WOMEN

37
MEN

34.6 YRS

AVERAGE AGE
OF OUR STAFF

7.46 YRS

AVERAGE LENGTH OF
SERVICE OF OUR STAFF

‘PENSER POSITIF, TRAVAILLER DANS LA BONNE HUMEUR
ET DÉGAGER UNE BONNE ÉNERGIE AUTOUR DE SOI’

MARIE CLAUDE JATTOO | INSURANCE CLERK

INTRODUCTION

SCOPE OF REPORTING

The present Annual Report covers the period July 1, 2016 to June 30, 2017. Any material events after the above mentioned date and up to the date of Board approval of this report have also been included.

CORPORATE 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.

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
Hongkong & Shanghai Banking Corporation

COMPANY SECRETARY

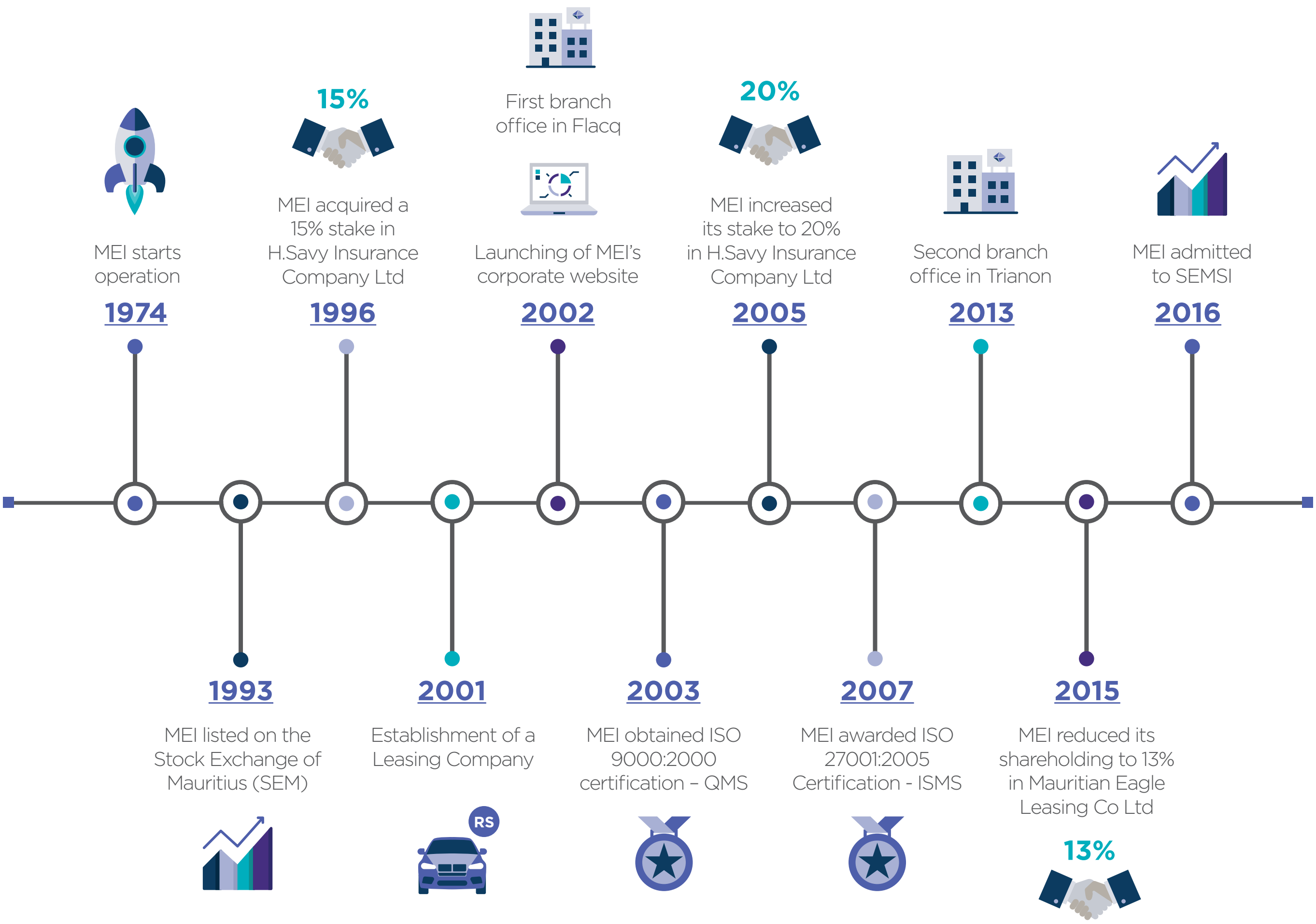
IBL Management ltd
4th Floor, IBL House,
Caudan Waterfront
Port Louis

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
T : 202 5000
9th Floor, MCB Centre,
Sir William Newton Street,
Port Louis

MAJOR MILESTONES



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.

ORGANISATIONAL CHART

CLAIMS	CLAIMS HANDLING & MONITORING	RECOVERY	
CORPORATE & MARINE	PROPERTY & ACCIDENT	MARINE	
MOTOR & PERSONAL BUSINESS	MOTOR	PROPERTY & ACCIDENT	HEALTH & TRAVEL
BUSINESS DEVELOPMENT	SALES & MARKETING	AGENTS & SALESPERSONS	BANCASSURANCE
REINSURANCE & INT'L MARKET	REINSURANCE	INTERNATIONAL DEVELOPMENT	FINANCIAL LINES
SUPPORT SERVICES	RISK MANAGEMENT	CORPORATE AFFAIRS	PROJECTS
	FINANCE	INFORMATION TECHNOLOGY	HUMAN CAPITAL & CSR

GROUP STRUCTURE

15% — **BRYTE INSURANCE COMPANY LIMITED**
(Formerly known as Zurich Insurance Company South Africa Limited)

60% — **IBL Ltd**
(Listed on Stock Exchange of Mauritius)

25% — **PUBLIC**

MAURITIAN EAGLE INSURANCE COMPANY LIMITED

20% — **H.SAVY INSURANCE COMPANY LIMITED**
(Seychelles)

70% — **SPECIALTY RISK SOLUTIONS LIMITED**

CHAIRMAN’S MESSAGE

‘DESPITE A HIGHLY COMPETITIVE ENVIRONMENT, I AM CONFIDENT THAT THE COMPANY HAS A CLEAR ROADMAP TOWARDS GROWTH AND PROFITABILITY.’

JEAN-CLAUDE BÉGA | CHAIRMAN

Dear Shareholder,

It is my privilege to write to you as Chairman of the Board of Mauritian Eagle Insurance Company Limited ('MEI') following my appointment to the role on May 10, 2017. During the period under review, Mauritian Eagle Insurance made solid progress towards repositioning its business for the future, in line with the Company's strategy.

OPERATING CONTEXT

The 2016/17 financial year was characterised by international political uncertainty and the threat of disruptions to financial markets. The business environment for the insurance sector in particular was, and remains, volatile, uncertain, complex and ambiguous (VUCA). The international market continues to suffer from an oversupply of reinsurance capacity. This is driving premiums down and making profitability more challenging.

As discussed in last year's report, the 'Insurance (Risk Management) Rules 2016' issued by the Mauritian Financial Services Commission have now come into force. We strongly believe that this new risk-based framework will decrease any potential systemic risk within the Mauritian insurance sector and result in greater stability. It will also enhance Mauritius' international and regional reputation as a solid and credible financial services hub.

MAURITIAN EAGLE INSURANCE'S PERFORMANCE THIS YEAR

MEI's 2016/17 financial results are a testament to both the Company's resilience and the soundness of the strategic plan that we have begun to put into place this year.

While the Company's top line increased marginally from Rs 1.166 million in 2015/16 to Rs 1.185 million this financial year, profit attributable to owners of the Company grew significantly, from Rs 37 million to Rs 91 million. Earnings per share therefore rose from Rs 4.59 to Rs 11.43.

An interim dividend of Rs 1.10 (LY: Rs 1.10) was paid during the year. The Directors recommend that a final dividend of Rs 1.70 (LY: Rs 1.10) be paid to shareholders.

A STRATEGIC PLAN TO POSITION THE COMPANY FOR THE FUTURE

In November 2016, the Board of Directors of MEI approved a strategic plan for the next five years. The plan takes into consideration the challenges facing the Company, and the Mauritian insurance industry as a whole, in the current economic climate.

The main strands of this strategy are to:

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

We particularly welcome the emphasis on engaging with, valuing and investing in our people – also the main theme of our Annual Report this year. A strategy only comes to life when it is put into place every day by people who believe in it. For this reason, we are committed to building up our staff's competences and recruiting and retaining key talent. The Company's management has the full support of the Board in placing our people first and building a client-focused culture of excellence.

Despite a highly competitive environment, with premiums at an all-time low, we are confident that the Company has a clear roadmap towards growth and profitability that will enable it to seize new business opportunities.

SUSTAINABILITY AND INTEGRATED REPORTING

As a responsible employer and insurer, sustainability considerations shape each of MEI's business decisions. We believe that taking sustainability into account will create value for our business in the medium to long term and will drive us to innovate and improve how we work. This is why we continue to invest in our people and processes, but also to work with the relevant authorities to raise awareness of road safety in Mauritius and curb the island's high rate of road accidents.

For the first time this year, MEI's Annual Report has been prepared in line with the principles of Integrated Reporting set out by the International Integrated Reporting Council (IIRC).

This is also a reflection of our strategy and convictions. Our aim is to provide our shareholders and other stakeholders with a balanced, transparent and comprehensive report on our performance, strategy, risks, governance and prospects.

This process is a journey. It will take time to produce a fully integrated report for our business, and in particular to capture the non-financial data that our stakeholders require. Our aim is to provide a more integrated picture of our activities next year.

OUTLOOK FOR 2017/18

During the next financial year, MEI will continue to focus on increasing its market share, particularly in retail (by developing new retail products and improving its geographical coverage) and in health. We will also continue to improve efficiency and enhance internal processes, and to invest in training and recruiting key talent.

ACKNOWLEDGEMENTS

On a personal note, I would like to thank my fellow Directors for their warm welcome and valuable contributions to this year's excellent debates. I also extend my thanks and appreciation to the outgoing Chairman, Mr. Dipak Chummun, who provided the Board with astute and invaluable leadership during his two-year term. Dipak continues to serve on the Board as Non-Executive Director.

My thanks also to our CEO, Derek Wong Wan Po, to the executive and management team, and to all of our employees for their contributions and commitment this year.

Finally, I would like to thank you, our shareholders, for your continued support. I would also like to assure you that your Board of Directors and Executive Team will continue to work together to generate profitable and sustainable growth for your Company.

Jean-Claude Béga
Chairman

OUR PERFORMANCE AT A GLANCE

Rs 1,185M
(+19M)

GROSS PREMIUM

Rs 91M
(+54M)

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Rs 11.43
(+6.84)

EARNINGS PER SHARE

THE SEM SUSTAINABILITY INDEX

THE SEM SUSTAINABILITY INDEX (SEMSI)

The Mauritian Eagle Insurance Company Limited 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 together in the Corporate Governance section of the Annual Report on page 40.

ECONOMY

AUDIT AND CONTROL

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

COMPETITION

MEI is committed to a policy for fair, honest dealing and integrity in the conduct of 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 our Code of Conduct and Business Ethics Policy.

MARKETING AND BUSINESS DEVELOPMENT

MEI is currently planning on a 3 Year Long Term rebranding and marketing exercise. We have recruited 1 manager to head both the Marketing and Business Development departments. The Company have regular interaction with our direct customers to understand their requirements and ensure their satisfaction. In the past year, MEI has introduced new insurance products namely the Home Premier Policy for personal lines, and the Passive Terrorism, and Cyber Security Cover for the corporate Section. The Company is now in the process of implementing a customer related management system.

SUPPLIERS

At MEI regular meetings are held and interaction with reinsurers to seek the best service required for the operations. Regular meetings and surveys are held with the Brokers and direct customers too. The Code of Ethics and Business conduct has also been revised to regulate the procurement policies and practices of supplies and services to the highest ethical standards.

RISK MANAGEMENT

Risk management policies are in place to mitigate and/or eliminate the impact of internal and external risks. However, following the issuance of the Insurance (Risk Management) Rules 2016 by the Financial Services Commission (‘FSC’), a Risk Officer was appointed who has been tasked with the implementation of a Risk Management Framework in accordance with the requirements of the FSC. The Risk Management Framework will need to be approved by the Board and submitted to the FSC before September 2018.

STAKEHOLDER'S ENGAGEMENT

Stakeholders are groups having impact on or are impacted by MEI's business. We have identified our key stakeholders and outlined current topics. As sustainability is embedded into our operations, the Company will develop structured engagement with its stakeholders through regular dialogue, structured engagement and surveys. This will allow MEI 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 monitored closely.

KEY INDICATORS

The Company encourages employees to contribute to innovations that lead to more efficiency with regard to energy use and waste minimisation. For instance, double sided printing, and use of electronic end of year greeting cards are encouraged. The paper used within the office premises are labelled FSC MIX: Products manufactured with a combination of FSC-certified virgin fiber (from FSC certified forests), controlled sources and/or recycled wood or fiber. This paper produced low paper dust thus ensuring long printer life. The hp papers used are made of 100% eucalyptus pulp coming from trees of sustainable forests.

Instead of having individual printers to cater for 100+ employees, centralised printers have been introduced. Around 16 individual printers are active and 28 shared centralised printers. The Company uses the Lexmark patented toner cartridges for its heavy duty printers scanning and photocopy equipment. These cartridges, once used, have to be sent back to the supplier for remanufacturing/recycling. Lexmark helps minimize the environmental impacts of printing with eco-minded consumables and recycling options. All of Lexmark's manufacturing sites are certified to rigorous quality, environmental and safety standards recognized worldwide, including ISO 9001, ISO 14001, and OHSAS 18001. 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 lightings have been installed in certain common areas such as stairways and washroom.

PAPER CONSUMPTION

One of the other major impacts that the activities may have on the environment is paper consumption. All documents are currently being scanned and filed, with the view to reduce paper consumption. Our current project is to enable clients to access their information via internet/ web facilities, instead of printing statements to be sent to customers.

The consumption of this item for the 6 months of the year was Rs 337,000 compared to Rs 401,000 for the same period last year.

WASTE

The IBL Environment Charter serves as guideline in all environment related projects. The main types of waste generated are electronic waste and paper/cardboard. As regards obsolete equipment, same 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 washrooms with 2 selectable flush quantities, whilst male urinals are equipped with an automatic water release flush, controlling the amount of water used.

SOCIAL

LABOUR/MANAGEMENT RELATIONS

At MEI good management is encouraged as well as 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 7.08 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' technical studies are sponsored and time off is allowed for revisions and examination. Training needs are identified during appraisals and yearly training plan is formulated. Employees participate in Zumba and Tai Chi classes sessions organised at corporate level, whilst also indulging in welfare activities.

HUMAN RIGHTS

FREEDOM OF ASSOCIATION

Respect for human rights is an integral part of MEI's corporate culture and it establishes a foundation for managing business. The management 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 and applicable legislation.

DIVERSITY AND EQUAL OPPORTUNITY

MEI believes in integrity, openness and mutual respect. The Company is 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 service provider, discrimination in whatever form or harassment of anyone is not tolerated. Achieving success through equity, ethics and social justice regardless of gender, creed, ethnic origin or class is primary. During the year, no incidents of discrimination have been reported to our Human Capital department. The Company does not discriminate and provides the same equal pay and opportunities to both male and female employees, doing the same amount of work and having same work requirements.

IT SECTION

IT Security Policies are in force at MEI following the framework of ISO 27001. Though employees have access to Internet, respective firewalls and anti virus are in place both at MEI & IBL Ltd in order to prevent attacks from outside. Strict USB access policies are in place so as to again provide protection to unauthorised access to and from the network.

As regards to the 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).

CHIEF EXECUTIVE OFFICER'S REPORT

'OUR PEOPLE ARE OUR GREATEST ASSET. THEY EMBODY WHERE WE HAVE COME FROM, WHO WE ARE AND WHERE WE WANT TO GO AS A BUSINESS.'

DEREK WONG WAN PO | CEO

Dear Stakeholder,

It is my pleasure to report on a year of transition for Mauritian Eagle Insurance Company Limited ('MEI'), one characterised by robust operational results and the implementation of our new strategic plan.

POSITIONING OURSELVES FOR THE FUTURE

During the year under review, we began to implement the strategic plan announced in last year's annual report. The aim of this plan is to ensure that our customers benefit from the right level of protection while creating shareholder value within a carefully defined risk framework.

Customer centricity remains key. MEI aims to innovate by using digital technologies to improve our client interface and customer experience. Alongside this, we are reviewing our business processes to continue to improve their efficiency.

By continuing to implement our strategic plan with the support of the Board and of our executive team, I am confident that we are positioning MEI for sustainable future growth.

VALUING OUR PEOPLE

None of this would be possible without our people. They are the focus and the theme of our Report this year. MEI's operational restructure and our introduction of new risk management processes, technology and working methods in 2016/17 have required our staff to be particularly flexible and adaptable. We therefore wish to acknowledge how much our people contribute to the Company's success and sustainability.

Our people are MEI's greatest asset. They embody where we have come from, who we are and where we want to go as a business. We are aware that our people's skills and competences are the driving force behind our strategy and development. Our Human Capital department has a key role to play in identifying the right talent and deploying it in the right place at the right time.

We have therefore hired a Human Capital Manager to strengthen the team in its ongoing efforts to recruit, retain and engage with our staff.

We also believe that engaged staff do better work, and therefore drive higher returns. During the year under review, we conducted an Employee Satisfaction Survey in partnership with an external consultant. The aim was to align our HR practices with our strategic business objectives. We are now implementing a number of the recommendations arising from the survey in the aim of becoming an employer of choice in Mauritius.

REVIEW OF ACTIVITIES

> THIS YEAR, WE ACHIEVED OUR MAIN OBJECTIVE: TO IMPROVE PROFITABILITY THANKS TO INCREASED OPERATIONAL EFFICIENCY IN THE FACE OF FIERCE COMPETITION.

On an operational level, MEI has performed well this year. The Company has achieved its main objective, in line with its strategy: to improve profitability thanks to increased operational efficiency, and in the face of fierce competition. 2016/17 saw a modest increase in premium income, which rose to Rs 1.185 million from Rs 1.166 million last year. Overall, the Company's profit after tax improved from Rs 27.7 million to Rs 91.5 million.

All lines of business did well, either maintaining or growing their market share, with the exception of our Health segment. This segment did not perform as well as expected due to one of our partners withdrawing from the market midway through the year.

MEI continues to push for increased market share for retail products in particular. We launched a new motor product under the 'Me' brand name at the end of 2016/17, in partnership with a local loyalty card scheme. We expect additional product lines to be added to this brand in time. A Customer Service department has also been set up to provide support to "Me" client, and we anticipate that this service will eventually be extended to all of MEI's direct clients.

At the outset of 2016/17, we also set out to deliver (and improve) an underwriting surplus for the benefit of all stakeholders. We are pleased to report that our ratio of underwriting results to net earned premium increased to 11.5% this year (2015/16: 6.1%, 2014/15: 2.4%). This was due to a sustained and disciplined approach to underwriting, enhanced operational efficiency and to the optimisation of reinsurance costs via our restructured reinsurance programme.

Our freehold building was revalued on June 30, 2017, in line with our accounting standards. The revaluation surplus of Rs 30.2 million net of deferred taxation was transferred to our reserves.

On the investment side, our portfolio gained traction in the second half of 2016/17 as equity markets recovered and posted improved returns. We realised a gain of Rs 32.5 million this year, offsetting the Rs 20.7 million unrealised loss on revaluation that we reported in 2015/16. The details are set out under "Other comprehensive income" in the financial section of this report.

Our associated company incorporated in Seychelles, H.Savy Insurance Company Ltd, likewise posted commendable results for the year. Our share of profits increased from Rs 8.2 million to Rs 10.2 million.

OUTLOOK FOR FY 2017/18

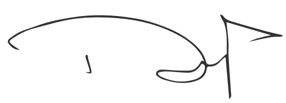
The insurance market in Mauritius is expected to see moderate growth during the 2017/18 financial year. It will, however, remain highly competitive.

Against this backdrop, and in line with our aim to be both a responsible insurer and employer, MEI will continue to drive operational efficiencies, invest in people and focus on customer service. We also remain on the lookout for new opportunities arising from the disruptive influence of digital technology in our industry. We have now hired a new Business Development Manager to help us in this endeavour.

Following the coming into force of the Insurance (Risk Management) Rules 2016, we have asked Mr. Alain Malliate, one of our Executive Directors, to take on the newly-created role of Risk Officer for MEI. Alain's first task will be to assess our risk management framework, issue a risk appetite statement and implement any changes required to bring us in line with Mauritius' new regulatory standards. This is a process that MEI takes extremely seriously, and which I am confident is in safe hands.

ACKNOWLEDGEMENTS

In closing, I would like to express my gratitude to our stakeholders for their continued support. I am particularly grateful to MEI's employees for their ongoing, constant efforts to both make our Company a better place to work and to improve our client service. This is particularly true in the context of the challenging market conditions of the moment, and of the strategic and operational changes currently taking place at MEI.



Derek Wong Wan Po
CEO

‘KAN LEXPERYANS KOZE, TRAVAY MARSE’

LINDSAY JOSON | OFFICE ATTENDANT

CORPORATE GOVERNANCE REPORT

GOVERNANCE FRAMEWORK AND COMPLIANCE STRUCTURE

STATEMENT OF COMPLIANCE

Mauritian Eagle Insurance Company Limited ('MEI') is a Public Interest Entity ('PIE'), as defined by section 75(3) of the Financial Reporting Act 2004.

We, being the Directors of MEI, confirm to the best of our knowledge that the PIE has complied with all its obligations and requirements under the Code of Corporate Governance 2003 except for section 2.8 (Remuneration of Directors). This non-compliance being that the Directors' remuneration is disclosed by category in view of the confidentiality and sensitive nature of the information.

Jean-Claude Béga
Chairman

Derek Wong Wan Po
Director

DIRECTOR'S PROFILE

1. Jean-Claude Béga, **2.** Derek Wong Wan Po, **3.** Pieter Bezuidenhout, **4.** Dipak Chummun

5. Laurent De La Hogue, **6.** Robert Ip Min Wan, **7.** J.Gilbert Ithier, **8.** Subhas Chandra Lallah, **9.** Alain Malliate

1. JEAN-CLAUDE BÉGA
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 recently been nominated as Chairman of Mauritian Eagle Insurance Company Limited.

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.

2. 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 Accountants and an Associate member of the Association of Corporate Treasurers. In March 2017, he was elected President of the Insurers' Association of Mauritius for the year 2017.

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

3. PIETER BEZUIDENHOUT, BSc, CA, CISA
Non-Executive Director

Mr. Bezuidenhout has been appointed as Non-Executive Director on August 21, 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.

Directorships in other Listed Companies: None

4. DIPAK CHUMMUN
Non-Executive Director

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 also a director of the Stock Exchange of Mauritius, the Mauritius Renewable Energy Agency and a former International Advisory Board Member of the ICAEW in UK.

Directorships in other Listed Companies: None

5. 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 Chairman of IBL Treasury Ltd, AfrAsia Capital Management Ltd, LCF Securities Ltd and The Concreate Agency Ltd. He also serves as Director of a number of organisations operating in the industrial, commercial, financial and investment sectors.

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

Directorship in other Listed Companies: The United Basalt Products Ltd, LUX Island Resorts Ltd.

6. 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 was a Senior Manager of Deloitte in London where he has accumulated more than 8 years financial services audit and assurance experience.

Directorships in other Listed Companies: None.

7. J.GILBERT ITHIER, LLB HONS, SENIOR COUNSEL

Independent Non-Executive Director

Me 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.

Directorships in other Listed Companies: None.

8. SUBHAS CHANDRA LALLAH, SENIOR COUNSEL

Independent Non-Executive Director

Me 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 member of the Honourable Society of Lincoln’s Inn and was called to the Bar in 1971.

Directorships in other Listed Companies: None.

9. 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 is in charge of the Risk Management Function and corporate affairs of the Company.

Directorships in other Listed Companies: None.

1. Kiran Ancharaz, **2.** Sandeeren Colandavaloo, **3.** Pierre Ah Soon, **4.** Vikash Mungla, **5.** Poonam Seewoochurn,
6. Winson Chan Chin Wah, **7.** Derek Wong Wan Po

8. Stéphanie Pallamy, **9.** José Arsenius, **10.** Alain Malliate, **11.** Allen Leung Yoon Siung, **12.** Vishal Radha, **13.** Bruno Chan Sip Siong

SENIOR MANAGERS' PROFILE

PIERRE AH SOON, FCCA
Claims Manager

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

KIRAN ANCHARAZ, BA (Hons)
Business Development Manager

Joined in June 2017. With more than 16 years' experience in the insurance industry, Kiran is currently responsible for all the aspects of business development as well as marketing and broker relationship.

JOSÉ ARSENIUS, CISA, CISM
Senior Manager, IT Department

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

WINSON CHAN CHIN WAH, ACII
Head of Corporate and Marine

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

BRUNO CHAN SIP SIONG, BSC (Hons)
Manager, IT Department

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

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

Joined in July 2016. Sandeeren has 26 years of experience in legal affairs and company litigation in the insurance industry in France, including Reunion Island. He is currently responsible for the Motor department, Project Management, Personal lines, and Customer service.

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

Joined in April 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.

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

Joined in 2003. After having worked with a world leading reinsurer, Vikash heads the Reinsurance and International Markets department, including the underwriting of Global Insurance Programmes and is also responsible for International Business Development. He is the Head of Operations of our subsidiary, Specialty Risk Solutions Ltd. His main area of expertise is Financial Analytics. He is an Affiliate of the Institute of Risk Management (UK).

STÉPHANIE PALLAMY, ACII
Manager, Motor & Personal Lines

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

VISHAL RADHA, PgDIP
Human Capital Manager

Joined in February 2017. Vishal has more than 15 years of experience in Human Resources Management. He 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.

POONAM SEEWOOCHURN, FCCA, CIMA
Finance Manager

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

CORPORATE GOVERNANCE REPORT

Mauritian Eagle Insurance Company Limited ('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 are working towards the setting up of the relevant structures and implement new measures to succeed in adopting by end of reporting year 2018, the provisions of the new Code of Corporate Governance for Mauritius (2016), which is based on an "apply and explain basis".

Meanwhile, MEI which is a Public Interest Entity ('PIE') applies the Code of Corporate Governance for Mauritius 2003 (the 'Code') which is based on a "comply or explain basis" and presents its Corporate Governance Report 2017 in this section.

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

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

The 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 Company are managed according to the highest standards of corporate governance and in the best interest of all its stakeholders.

BOARD OF DIRECTORS

The Board bears the responsibility of organising and directing the affairs of the Company 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.

BOARD CHARTER

The Board of Directors of MEI has recently 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.

CODE OF ETHICS AND BUSINESS CONDUCT

As per the requirements of the new Code of Corporate Governance of Mauritius 2016, the Board has also recently approved a Code of Ethics and 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 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 expected to behave ethically and professionally at all times and protect the reputation of the Company. The Company communicates its Code of Ethics and Conduct to all Directors, management and employees.

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, 8 of whom are resident in Mauritius and 1 of them living abroad. The Board is of opinion that the current membership of the Board of MEI is appropriate in terms of membership and skills. The 3 independent Directors do not have any relationship with the Company. It also has sufficient 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 on the basis of their integrity, skill, acumen and experience to make sound judgements relevant to the business of the Company.

The Group 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 Code of Corporate Governance provides for directors to be elected or re-elected every year at the annual meeting of shareholders, and MEI so abides.

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, 2016 to June 30, 2017.

Name of Directors	Category	Board Meeting 4	Audit and Risk Committee	Corporate Governance Committee
Béga Jean-Claude *(Appointed as Director on 08/02/2017 and Chairman on 10/05/2017)*	Non-Executive Chairman	1 out of 1	-	-
Chummun Dipak	Non-Executive Director	4 out of 4	-	-
De la Hogue Laurent	Non-Executive Director	4 out of 4	4 out of 4	-
Duchesne Yann *(resigned on 12 January 2017)*	Non-Executive Director	0 out of 2	-	-
Bezuidenhout Pieter	Non-Executive Director	3 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	2 out of 2
Lallah Subhas	Independent Non-Executive Director	4 out of 4	-	2 out of 2
Malliate Alain	Executive Director	4 out of 4	-	2 out of 2
Wong Wan Po Derek	Executive Director	4 out of 4	-	2 out of 2

COMMITTEES OF THE BOARD

The Board has two sub-committees namely the Audit & Risk Committee and the Corporate Governance Committee. These Committees have been set up in order to assist the Board as a whole in accomplishing their duties through a rigorous evaluation of specific duties.

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

CORPORATE GOVERNANCE COMMITTEE

The membership of the Corporate Governance Committee as at June 30, 2017 were as follows:

- Me Subhas Chandra Lallah (Chairperson)
- Me Gilbert Ithier
- Mr. Alain Malliaté
- Mr. Derek Wong Wan Po

The Committee met two 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.

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

REMUNERATION PHILOSOPHY

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

The Committee reviews the Company's succession plan and communicates any areas of concern to the board. An appropriate succession plan is in place as far as Senior Executive positions are concerned. 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 Capital department is delegated the responsibility of determining managers' and employees' remuneration and benefits. This is reviewed annually after taking into consideration market conditions and practices as well as the performances and responsibilities of the employees.

The Company shares the risks of a defined benefit plan which is operated by IBL Pension Fund Ltd. Membership to the defined benefit plan was closed to new members since July 1999. Membership to a state pension plan and IBL Group's defined contribution plan are compulsory for all executive management and permanent staff.

AUDIT AND RISK COMMITTEE

The membership of the Audit and Risk Committee as at June 30, 2017 were as follows:

- Mr. Robert Ip Min Wan (Chairperson)
- Mr. Laurent de la Hogue
- Me Gilbert Ithier

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.

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

RISK MANAGEMENT

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

• INSURANCE RISK

Insurance risk is the inherent uncertainty regarding the occurrence, amount or timing of insurance liabilities. Risks are mainly associated with the Company's underwriting, reinsurance and claims handling activities. The Company has developed its underwriting strategy so as to diversify the type of insurance risks accepted. The Company monitors the evolution of these risks closely and generally seek to manage the exposure to them through individual risk selection, monitoring risk accumulation, purchase of reinsurance and use of available data in estimating potential catastrophic risks. Reinsurance purchases are reviewed to align the levels of protection being bought with developments in exposure and risk appetite of the Company. The Claims department monitors and validates the claims handling process with a view to optimising overall claim costs.

• OPERATIONAL RISK

Operational risk is defined as risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It can have significant negative impact on the Company's financial position. These are fraud risks, reputation risks, material damage, business continuity risks, disaster recovery, change management and human resources risks. An analysis of the major causes of internal and external losses is carried out to provide comprehensive and timely information to senior management and to share with all departments so they can implement measures aimed at avoiding or reducing future losses. In line with the requirement of the ISO standard which requires the identification of an operational area which is accessible to all stakeholders in case the Company needs to rapidly operate after a disaster, a Business Continuity Management System is in place and operates effectively.

• CREDIT RISK

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

• FOREIGN EXCHANGE RISK

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

• LIQUIDITY RISK

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

• INTEREST RATE RISK

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

• TECHNOLOGY RISK

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

• REGULATORY AND ENVIRONMENT RISK

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

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 MEI strategic objectives, where risk is defined as any threat to the achievement of these objectives.

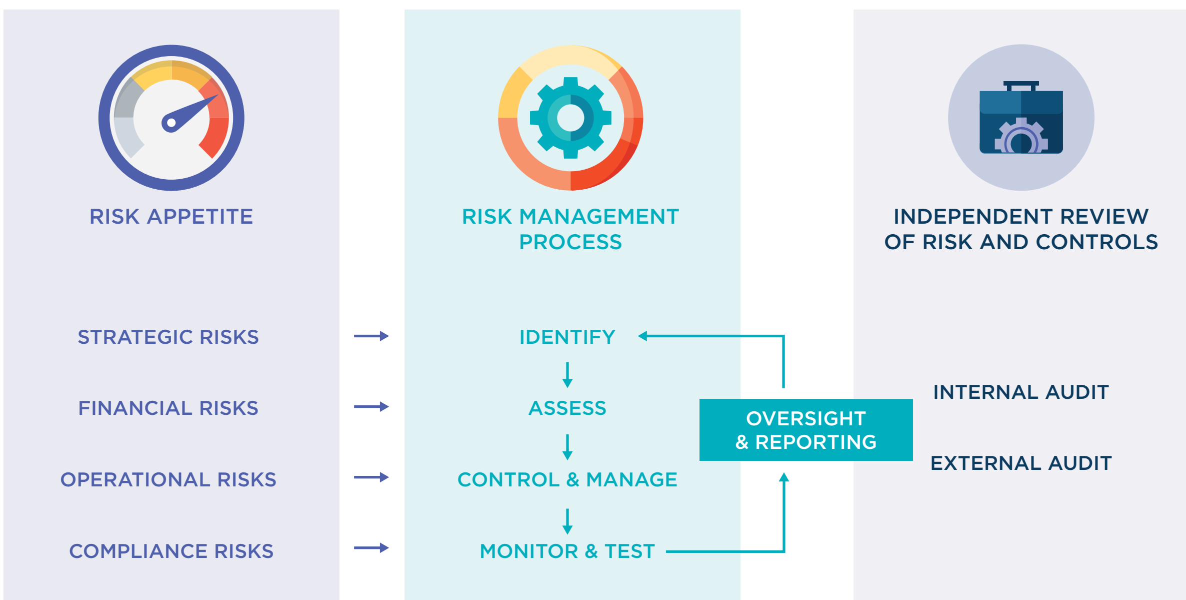
Managing risk is a key contributor to MEI long-term success. The approach to operational risk management is governed by prudence, the nature of the regulatory environment, best practice and the competitive market within which it operates.

MEI is committed to continuously improve its operational efficiency in order to increase shareholder value and to find innovative ways of delivering our services, without compromising quality or increasing risks beyond an acceptable level, and thus, effective risk management is a central part of the financial and operational management of the Company.

As part of this framework, MEI uses a set of principles that describe the risk management culture the Company wishes 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.
- Competitive advantage: we seek to achieve competitive advantage through efficient and effective risk management and control.

The risk management process is summarised in the following diagram.



COMPANY SECRETARY

The Company Secretary of the Company, namely 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.

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

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

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 so as 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.

The Board of Directors confirms that it endeavours to implement corporate governance best practices.

Approved by the Board of Directors on September 18, 2017 and signed on behalf of the Board by

Jean-Claude Béga **Chairman**	Robert Ip Min Wan **Director**

OTHER STATUTORY DISCLOSURES

(PURSUANT TO SECTION 221 OF THE COMPANIES ACT 2001)

DIRECTORSHIP OF OTHER LISTED COMPANIES

Included in the individual Directors' profile on page 32.

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	√	-	-
Malliate Alain	√	-	-
Wong Wan Po Derek	√	√	-

* Mr. Yann Duchesne resigned as Director of MEI on 12/01/2017
* Mr. Béga was appointed as Director of MEI on 08/02/2017 and as Chairman on 10/05/2017

DIRECTORS' 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 the board sub-committees by taking into consideration the market conditions, benchmarking in the industry and the Company's results.

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

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Executive	**10,749**	10,194	**10,749**	10,194
Non-Executive	**575**	685	**575**	685
	11,324	10,879	**11,324**	10,879

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.

CHANGES IN DIRECTORSHIP

Mr. Yann Duchesne resigned as Director on January 12, 2017.

Mr. Jean-Claude Béga was appointed as Director on February 8, 2017 and was elected as Chairman of the Company since May 10, 2017.

DIRECTORS' SERVICE CONTRACTS

There are no service contracts between MEI and its Directors.

DIRECTORS' SHARE INTERESTS

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

SHARE DEALINGS

Members of the Board have been informed that they should not deal in the shares of MEI 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.

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.

SUBSTANTIAL SHAREHOLDING

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

SHAREHOLDERS HOLDING MORE THAN 5% OF THE SHARES	Number of ordinary shares	%
IBL Ltd	4,800,000	60%
Bryte Insurance Company Ltd	1,200,000	15%

SHAREHOLDING PROFILE

Ownership of ordinary share capital by size of shareholding as at June 30, 2017 was as follows:

Size of shareholding	Number of shareholders	Number of shares held	% Holding
1-100 shares	185	7,383	0.0923
101-200 shares	47	7,826	0.0978
201-300 shares	41	12,106	0.1513
301-500 shares	28	11,786	0.1473
501-1000 shares	95	70,381	0.8798
Above 1000 shares	157	7,890,516	98.6315
Total	**553**	**7,999,998**	**100**

N.B The above number of shareholders is indicative, due to consolidation of multi portfolios for reporting purposes. The total number of shareholders as at June 30, 2017 was 553.

CONSTITUTION

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

MEETING OF SHAREHOLDERS

In conformity with Section 117 of the Companies Act, an Annual Meeting of the Shareholders was held on December 12, 2016 for the approval of the financial statements for the year ended June 30, 2016.

DIVIDEND POLICY

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

	Year ended 30 June 17	Year ended 30 June 16	Year ended 30 June 15	Year ended 30 June 14	Year ended 30 June 13
Market Price (Rs)	83.25	83.75	102.25	109.00	100.00
Earnings Per Share					
Continuing and discontinued operations (Rs)	11.43	4.59	0.76	9.52	14.66
Continuing operations (Rs)	11.43	11.82	9.10	9.47	14.66
Dividend per share (Rs)	2.80	2.20	1.10	2.40	3.50
Price Earnings ratio (times)	7.28	7.09	11.24	11.45	6.82
Net Assets value per share (Rs)	105.78	88.84	88.72	89.71	81.03
Dividend yield (%)	3.36	2.63	1.08	2.20	3.50

RELATIONSHIP WITH SHAREHOLDERS

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

AUDITOR'S REMUNERATION

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Audit fees for the year	**556**	485	**556**	485
Fees for other services provided by Deloitte	**-**	-	**-**	-
Ernst & Young	**211**	211	**211**	211

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

DONATIONS

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Corporate social responsibility contribution	**1,877**	1,199	**1,877**	1,199
	1,877	1,199	**1,877**	1,199

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 at least twice a year.

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.

HEALTH AND SAFETY PRACTICES

COMMITMENT TO SAFE AND HEALTHY WORKPLACE

Occupational Safety and Health (OSH) of MEI employees, contractors and the people 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 designing a healthy working environment. For the year 2016-2017, Risk Assessment at the MEI premises was conducted by the Health and Safety Manager of IBL Ltd. Measures have been put in place to remedy hazardous situations where needs be.

Moreover, in line with improving our 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 2017/2018:

- Risk Assessment on the MEI premises freshly completed
- Nomination of two First Aiders and two Fire Wardens
- Health and Safety committee to be implemented shortly

MAINTAINING AND PROMOTING EMPLOYEE HEALTH

MEI aims to provide a work environment that is safe and contributes to the general well-being of its employees. As part of our safety and health management measures of IBL group, MEI staff attended several initiatives related to health awareness which was conducted during the year and across the Group. These are:

- Free Breast Cancer Screening with Breast Cancer Care
- Free Eye Screening with Mathieu Optician
- Talks on Happiness Works by Mr Vincent Piat Kelly.
- Awareness Talks on Depression by Dr Motay (Psychiatrist)

Moreover, to promote health and wellbeing across the Company, regular sports sessions are organised e.g Foot Five and Zumba.

CORPORATE SOCIAL RESPONSIBILITY

Business can often be the biggest contributor to community development that is providing jobs and prosperity to communities. However, making a difference to the communities in which we operate through voluntary partnerships with charities and not-for-profit organisations is an integral part of MEI social responsibility strategy. For the year ending June 30, 2017, MEI has contributed an amount of Rs 1,325,183 to Fondation Joseph Lagesse, an organisation of the IBL Ltd group.

The 3 main focus areas of Fondation Joseph Lagesse for the last year have been:

- Community development
- Health
- Education

PROMOTING HUMAN RESOURCE DEVELOPMENT

The Company believes that developing its human capital is key to remain competitive on the market. For the year ended 30 June 2017, an amount of Rs 645,000 were invested in employee training programmes thereby cumulating 765 hours of training for the whole population of staff, bringing an average rate of 7.08 hours of training per staff per year.

In addition to training, a competency framework has been developed whereby contributing to the objective of the Management team in identifying talents and developing a career path for them. At MEI, we endeavour to identify and groom talents internally. In this context, employees were given the opportunity to fill different roles across departments or were promoted to senior roles.

STAFF WELFARE

The Company recognises that its collaborators are essential to its healthy development and seeks to engage its team's welfare initiatives. To nourish the team cohesion, the welfare committee has organised 'Happy Hours' on every quarter around activities like bowling, indoor games and karaoke. We also encourage the practice of regular sports activities. A group of around 30 staff (male and female) are playing Foot Five every Tuesday since March 2017.

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 2017	PUBLICATION OF FIRST QUARTER ABRIDGED FINANCIAL STATEMENTS
DECEMBER 2017	PAYMENT OF DIVIDENDS
DECEMBER 2017	ANNUAL MEETING OF SHAREHOLDERS
FEBRUARY 2018	PUBLICATION OF SECOND QUARTER ABRIDGED FINANCIAL STATEMENTS
APRIL 2018	PAYMENT OF DIVIDENDS
MAY 2018	PUBLICATION OF THIRD QUARTER ABRIDGED FINANCIAL STATEMENTS
SEPTEMBER 2018	PUBLICATION OF AUDITED ABRIDGED FINANCIAL STATEMENTS

The Shareholders of the Company can make a request to the Company Secretary prior to the Annual Meeting to consult 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, 9th Floor, MCB Centre, Sir William Newton Street, Port Louis, not later than Monday December 11, 2017 at 14.00 hours.

'A MAN IS KNOWN BY THE COMPANY IN WHICH HE WORKS'

RAMSING GUTTY | BRANCH SUPERVISOR

‘KEEP CALM AND LET HR HANDLE IT’

KARINA ALCINDOR | HR OFFICER

‘NO MATTER HOW MUCH OBSTACLES, NEVER GIVE UP ON YOUR DREAMS’

LAUREEN YAN
REINSURANCE OFFICER

RAJ NAGADOO
INSURANCE OFFICER

‘POUR MOI TOUT REPOSE SUR LA PATIENCE ET LA VOLONTÉ’

ALISONNE JEAN BAPTISTE
INSURANCE CLERK

‘EVERYTHING WILL BE POSSIBLE,
IF YOU BELIEVE IN YOURSELF’

CAROLINE LI | ASSISTANT MANAGER
CORPORATE PROPERTY & ACCIDENT

‘ÊTRE FLEXIBLE ET TOUJOURS PRÊTE À AIDER
ET À COLLABORER AVEC LES AUTRES’

YAJNA CAUSSY | INSURANCE OFFICER

‘GREAT RESULTS CAN BE ACHIEVED WITH SMALL FORCES AND SIMPLE MINDS’

PATRICE LIM | TEAM LEADER - MARINE

‘C’EST EN PERSÉVÉRANT QUE L’ON PEUT Y ARRIVER’

JOELLE LAMARQUE | TEAM LEADER - MOTOR CLAIMS

‘POUR MOI LE CLIENT EST ROI’

JEAN CLAUDE FELIX | SUPERINTENDENT

AMIIRAH BENGAH | INSURANCE OFFICER

‘CHAQUE JOUR EST AGRÉABLE, CAR J’AIME CE QUE JE FAIS’

SHAMINI GAYA
MARKETING COORDINATOR

TOUJOURS VISER
L'EXCELLENCE DANS
CE QUE L'ON ENTREPREND

MELISSA CHONG
INSURANCE OFFICER

EMANUEL GOINDEN
INSURANCE CLERK

‘BE CONFIDENT AND GO FOR NEW CHALLENGES’

HAJRAH SUFRAZ | TECHNICAL ASSISTANT

FINANCIAL STATEMENTS REPORT

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 2 to 43, which comprise the consolidated and separate statements of financial position as at 30 June 2017, 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 30 June 2017, 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.

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 Certificate from the Company's Secretary and the statements of Directors' Responsibilities and of Compliance which we obtained prior to the date of this auditor's report and other report that will be included in the annual report which are expected to be available to us after that date. The other information 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.

When we read the other report which shall be made available to us after the date of this auditor's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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.

- 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

Deloitte
Chartered Accountants

LLK Ah Hee, FCCA
Licensed by FRC

STATEMENTS OF FINANCIAL POSITION
AT 30 JUNE 2017

	Notes	THE GROUP 2017 Rs'000	THE GROUP 2016 Rs'000	THE COMPANY 2017 Rs'000	THE COMPANY 2016 Rs'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	**125,804**	96,542	**125,804**	96,542
Intangible assets	6	**18,606**	19,243	**17,613**	18,250
Investment in subsidiary	7	**-**	-	**1,000**	1,000
Investment in associate	8	**56,218**	49,685	**6,313**	6,313
Statutory and other deposits	9	**8,000**	4,000	**8,000**	4,000
Financial assets	10	**585,864**	540,703	**585,864**	540,703
		794,492	710,173	**744,594**	666,808
Current assets					
Statutory and other deposits	9	**-**	4,000	**-**	4,000
Financial assets	10	**40,000**	-	**40,000**	-
Trade and other receivables	11	**532,149**	409,062	**531,890**	409,052
Amounts due from group companies	12	**145,741**	113,006	**145,741**	113,006
Claims recoverable from reinsurers	13	**316,482**	370,322	**316,482**	370,322
Bank and cash balances	25	**278,789**	257,134	**278,738**	257,134
		1,313,161	1,153,524	**1,312,851**	1,153,514
Total assets		**2,107,653**	1,863,697	**2,057,445**	1,820,322
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	14	**80,000**	80,000	**80,000**	80,000
Reserves		**766,264**	630,759	**716,182**	587,387
Equity attributable to owners of the company		**846,264**	710,759	**796,182**	667,387
Non-controlling interests		**79**	3	**-**	-
Total equity		**846,343**	710,762	**796,182**	667,387
General insurance fund	15	**361,179**	304,400	**361,179**	304,400
Non-current liabilities					
Deferred tax liabilities	16	**12,699**	6,996	**12,699**	6,996
Retirement benefit obligations	26(e)	**7,070**	5,078	**7,070**	5,078
		19,769	12,074	**19,769**	12,074
Current liabilities					
Trade and other payables	17	**176,969**	147,065	**176,969**	147,065
Gross outstanding claims	13	**693,805**	685,808	**693,805**	685,808
Current tax liabilities	18(i)	**9,588**	3,588	**9,541**	3,588
		880,362	836,461	**880,315**	836,461
Total equity and liabilities		**2,107,653**	1,863,697	**2,057,445**	1,820,322

Approved by the Board of Directors and authorised for issue on 18 September 2017

Jean-Claude Béga
Chairman

Robert Ip Min Wan
Director

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	THE GROUP 2017 Rs'000	THE GROUP 2016 Rs'000	THE COMPANY 2017 Rs'000	THE COMPANY 2016 Rs'000
Continuing operations					
Revenue					
Gross insurance premiums		**1,184,717**	1,166,441	**1,184,417**	1,166,441
Reinsurance premiums ceded		**(599,042)**	(643,465)	**(599,042)**	(643,465)
Net Revenue		**585,675**	522,976	**585,375**	522,976
Investment income	19	**35,212**	33,161	**42,302**	37,673
Commission income		**77,867**	81,585	**77,867**	81,585
Other income	20	**1,886**	67,210	**1,886**	67,210
		700,640	704,932	**707,430**	709,444
Expenses					
Net claims incurred	21	**(269,855)**	(286,167)	**(269,855)**	(286,167)
Commission payable		**(131,867)**	(117,864)	**(131,867)**	(117,864)
Administrative expenses	22	**(144,213)**	(129,908)	**(144,213)**	(129,908)
		(545,935)	(533,939)	**(545,935)**	(533,939)
Profit from operations		**154,705**	170,993	**161,495**	175,505
Release to general insurance fund	15	**(56,779)**	(41,166)	**(56,779)**	(41,166)
		97,926	129,827	**104,716**	134,339
Impairment loss on investment in financial assets/ subsidiary	10/7	**-**	(31,294)	**-**	(31,294)
		97,926	98,533	**104,716**	103,045
Share of profit of associates	8	**10,221**	8,198	**-**	-
Profit before tax		**108,147**	106,731	**104,716**	103,045
Income tax expense	18(ii)	**(16,654)**	(12,202)	**(16,607)**	(12,202)
Profit for the year from continuing operations		**91,493**	94,529	**88,109**	90,843
Discontinued operations					
Post tax loss from discontinued operations	32(a)	**-**	(66,792)	**-**	(36,207)
Profit for the year		**91,493**	27,737	**88,109**	54,636
Other comprehensive income					
Items that may not be reclassified subsequently to profit or loss					
Remeasurement of retirement benefit obligations		**(2,902)**	-	**(2,902)**	-
Deferred tax on remeasurement of retirement benefit obligations		**493**	-	**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		**3,402**	(1,108)	**-**	-
Net gain/(loss) arising on revaluation of available-for-sale financial assets during the year	10	**32,496**	(20,688)	**32,496**	(20,688)
Reclassification adjustments relating to available-for-sale financial assets disposed of during the year		**(2,038)**	(5,069)	**(2,038)**	(5,069)
Other comprehensive income for the year, net of tax		**61,688**	(26,865)	**58,286**	(25,757)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**153,181**	872	**146,395**	28,879
Profit/(Loss) attributable to:					
Owners of the company		**91,417**	36,687	**88,109**	54,636
Non-controlling interests		**76**	(8,950)	**-**	-
		91,493	27,737	**88,109**	54,636
Total comprehensive income/(loss) attributable to:					
Owners of the company		**153,105**	9,822	**146,395**	28,879
Non-controlling interests		**76**	(8,950)	**-**	-
		153,181	872	**146,395**	28,879
EARNINGS PER SHARE	23				
From continuing and discontinuing operations		**11.43**	4.59		
From continuing operations		**11.43**	11.82		

THE GROUP	Notes	Stated Capital Rs'000	Property revaluation reserve Rs'000	Investments revaluation reserve Rs'000	Foreign currency translation reserve Rs'000	Actuarial loss reserve Rs'000	Retained earnings Rs'000	Attributable to owners of the company Rs'000	Non-controlling interests Rs'000	Total equity Rs'000
Balance at 1 july 2015		80,000	36,358	22,210	(163)	-	571,332	709,737	108,948	818,685
Dividends	24	-	-	-	-	-	(8,800)	(8,800)	-	(8,800)
Transfer to retained earnings	(a)	-	(1,054)	-	-	-	1,054	-	-	-
Profit for the year		-	-	-	-	-	36,687	36,687	(8,950)	27,737
Other comprehensive income for the year		-	-	(25,757)	(1,108)	-	-	(26,865)	-	(26,865)
Total comprehensive income for the year		-	-	(25,757)	(1,108)	-	36,687	9,822	(8,950)	872
Non-controlling interest arising on business combinations		-	-	-	-	-	-	-	3	3
De-consolidation adjustment	(b)/31	-	-	-	-	-	-	-	(99,998)	(99,998)
Balance at 30 June 2016		80,000	35,304	(3,547)	(1,271)	-	600,273	710,759	3	710,762
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**

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

Note (b): The de-consolidation adjustment is in respect of Mauritian Eagle Leasing Company Limited which was disposed during the year ended 30 June 2016.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

THE COMPANY	Notes	Stated Capital Rs'000	Property revaluation reserve Rs'000	Investments revaluation reserve Rs'000	Actuarial loss reserve Rs'000	Retained earnings Rs'000	Total Rs'000
Balance at 1 July 2015		80,000	36,358	22,210	-	508,740	647,308
Dividends	24	-	-	-	-	(8,800)	(8,800)
Transfer to retained earnings	(a)	-	(1,054)	-	-	1,054	-
Profit for the year		-	-	-	-	54,636	54,636
Other comprehensive income for the year		-	-	(25,757)	-	-	(25,757)
Total comprehensive income for the year		-	-	(25,757)	-	54,636	28,879
Balance at 30 June 2016		80,000	35,304	(3,547)	-	555,630	667,387
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**

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 2017

	Notes	THE GROUP 2017 Rs'000	THE GROUP 2016 Rs'000	THE COMPANY 2017 Rs'000	THE COMPANY 2016 Rs'000
Cash flows from operating activities					
Profit before taxation		**108,147**	90,357	**104,716**	103,045
Adjustments for:					
Depreciation and amortisation	5/6	**12,626**	44,180	**12,626**	12,135
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		**-**	903	**-**	(93)
Profit on sale of investments	20	**(310)**	(61,595)	**(310)**	(61,595)
Credit losses written off net of reversal of provision		**-**	3,460	**-**	(1,504)
Dividend income	19	**(7,138)**	(11,680)	**(14,228)**	(16,192)
Interest income		**(28,074)**	(25,994)	**(28,074)**	(21,481)
Interest expense		**-**	32,682	**-**	-
Impairment loss on investment in financial assets/ subsidiary	10	**2,892**	31,294	**2,892**	31,294
Share of profits of associates	8	**(10,221)**	(8,198)	**-**	-
Net general insurance fund	15	**56,779**	41,166	**56,779**	41,166
Operating profit before working capital changes		**134,745**	136,575	**134,445**	86,775
Increase in trade and other receivables		**(116,929)**	(20,524)	**(116,680)**	(11,111)
Net increase in claims outstanding		**61,837**	18,742	**61,837**	18,742
(Decrease)/Increase in provision for retirement benefit obligations		**(910)**	611	**(910)**	611
Increase/(Decrease) in trade and other payables		**29,904**	396	**29,904**	(14,568)
Decrease in deposits		**-**	(343,218)	**-**	-
Decrease in finance leases		**-**	(1,643)	**-**	-
		(26,098)	(345,636)	**(25,849)**	(6,326)
Cash generated from/(used in) operations		**108,647**	(209,061)	**108,596**	80,449
Taxation paid	18(i)	**(10,651)**	(6,621)	**(10,651)**	(6,621)
Interest paid		**-**	(49,486)	**-**	-
Net cash generated from/(used in) operating activities		**97,996**	(265,168)	**97,945**	73,828
Cash flows from investing activities					
Increase in amounts due from group companies		**(49,335)**	(1,129)	**(49,335)**	(994)
Purchase of investments	10	**(99,024)**	(119,667)	**(99,024)**	(119,667)
Investment in subsidiary company	7(a)	**-**	-	**-**	(1,000)
Proceeds from sale of investments	10	**41,739**	193,596	**41,739**	193,596
Purchase of property, plant and equipment	5	**(1,241)**	(19,048)	**(1,241)**	(1,308)
Purchase of intangible assets	6	**(3,623)**	(6,536)	**(3,623)**	(5,534)
Proceeds on sale of associate	32	**-**	21,300	**-**	21,300
Deemed disposal of subsidiary, net of cash disposed		**-**	(341,858)	**-**	-
Proceeds from sale of property, plant and equipment		**-**	4,112	**-**	143
Interest received		**21,915**	25,718	**21,915**	21,205
Dividend received		**14,228**	13,269	**14,228**	13,269
Net cash (used in)/from investing activities		**(75,341)**	(230,243)	**(75,341)**	121,010
Cash flows from financing activities					
Repayment of loan		**-**	(14,596)	**-**	-
Issue of shares by non-controlling interest		**-**	3	**-**	-
Dividends paid	24	**(17,600)**	(8,800)	**(17,600)**	(8,800)
Net cash used in financing activities		**(17,600)**	(23,393)	**(17,600)**	(8,800)
Increase/(Decrease) in cash and cash equivalents		**5,055**	(518,804)	**5,004**	186,038
Cash and cash equivalents at beginning of the year		**368,757**	887,561	**368,757**	182,719
Cash and cash equivalents at end of the year	25	**373,812**	368,757	**373,761**	368,757

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 1 July 2016.

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 1	Presentation of Financial Statements - Amendments resulting from the disclosure initiative
IAS 16	Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation
IAS 16	Property, Plant and Equipment - Amendments bringing bearer plants into the scope of IAS 16
IAS 19	Employee Benefits - Amendments resulting from September 2014 Annual Improvements to IFRSs
IAS 27	Separate Financial Statements - Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements
IAS 28	Investments in Associates and Joint Ventures – Amendments regarding the application of the consolidation exception
IAS 28	Investments in Associates and Joint Ventures – Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture
IAS 38	Intangible Assets – Amendments regarding the clarification of acceptable methods of depreciation and amortisation
IFRS 7	Financial Instruments: Disclosures - Amendments resulting from September 2014 Annual Improvement to IFRSs
IFRS 10	Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture
IFRS 10	Consolidated Financial Statements - Amendments regarding the application of the consolidated exception
IFRS 12	Disclosure of Interests in Other Entities – Amendments regarding the application of the consolidation exception

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

IAS 7	Statement of Cash Flows - Amendments as a result of the Disclosure initiative (effective 1 January 2017)
IAS 12	Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses (effective 1 January 2017)
IAS 28	Investments in Associates and Joint Ventures – Amendments resulting from the Annual Improvements 2014-2016 Cycle (clarifying certain fair value measurements) (effective 1 January 2018)
IAS 39	Financial Instruments: Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception (effective 1 January 2018)
IFRS 4	Insurance contracts – Amendments regarding the interaction of IFRS 4 and IFRS 9 (effective 1 January 2018)
IFRS 7	Financial Instruments: Disclosures - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective 1 January 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 1 January 2018)
IFRS 9	Financial Instruments - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition (effective 1 January 2018)
IFRS 12	Disclosure of Interests in Other Entities – Amendments resulting from the Annual Improvements 2014-2016 Cycle (clarifying scope) (effective 1 January 2017)
IFRS 16	Leases – Original Issue (effective 1 January 2019)
IFRS 17	Insurance Contracts – Original Issue (effective 1 January 2021)

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

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

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

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

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	2.5%
Furniture and equipment	20%
Computer equipment	33.33%
Motor vehicles	6 Years

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.

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.

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	Plant and machinery	Furniture and equipment	Computer equipment	Motor vehicles	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cost or valuation						
At 1 July 2015	89,370	260,096	31,168	20,416	397,920	798,970
Additions	-	1,911	72	1,309	15,756	19,048
Written off	-	(7,921)	-	(31)	(7,775)	(15,727)
Disposals	-	(254,086)	(4,383)	(3,583)	(405,263)	(667,315)
At 30 June 2016	**89,370**	**-**	**26,857**	**18,111**	**638**	**134,976**
Additions	**-**	**-**	**45**	**1,196**	**-**	**1,241**
Written off	**-**	**-**	**(12)**	**(1)**	**-**	**(13)**
Revaluation surplus	**28,880**	**-**	**-**	**-**	**-**	**28,880**
At 30 June 2017	**118,250**	**-**	**26,890**	**19,306**	**638**	**165,084**
Accumulated depreciation						
At 1 July 2015	2,517	117,150	16,931	17,008	133,785	287,391
Charge for the year	2,517	11,586	4,903	1,935	20,491	41,432
Written off	-	(5,488)	-	(31)	(5,193)	(10,712)
Disposals	-	(123,248)	(4,128)	(3,324)	(148,977)	(279,677)
At 30 June 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**
Net book value						
At 30 June 2017	**118,250**	**-**	**5,085**	**2,035**	**434**	**125,804**
At 30 June 2016	84,336	-	9,151	2,523	532	96,542

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

THE COMPANY	Plant and machinery	Furniture and equipment	Computer equipment	Motor vehicles	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cost or valuation					
At 1 July 2015	89,370	26,785	16,906	1,360	134,421
Additions	-	72	1,236	-	1,308
Disposals	-	-	(31)	(722)	(753)
At 30 June 2016	**89,370**	**26,857**	**18,111**	**638**	**134,976**
Additions	**-**	**45**	**1,196**	**-**	**1,241**
Written off	**-**	**(12)**	**(1)**	**-**	**(13)**
Revaluation surplus	**28,880**	**-**	**-**	**-**	**28,880**
At 30 June 2017	**118,250**	**26,890**	**19,306**	**638**	**165,084**
Accumulated depreciation					
At 1 July 2015	2,517	12,829	13,716	680	29,742
Charge for the year	2,517	4,877	1,903	98	9,395
Disposals	-	-	(31)	(672)	(703)
At 30 June 2016	**5,034**	**17,706**	**15,588**	**106**	**38,434**
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**
Net book value					
At 30 June 2017	**118,250**	**5,085**	**2,035**	**434**	**125,804**
At 30 June 2016	**84,336**	**9,151**	**2,523**	**532**	**96,542**

(i) The freehold building was revalued by the directors at 30 June 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	2016
	Rs'000	Rs'000
	Level 3	Level 3
Freehold building	**118,250**	89,370

Had the freehold building been measured on a historical cost basis, the carrying amount would have been Rs.25,210,900 (2016: Rs.25,986,620).

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

(ii) None of the property, plant and equipment were pledged as at 30 June 2017 and 2016.

6. INTANGIBLE ASSETS

	THE GROUP				THE COMPANY		
	Goodwill	Computer Software	Work-in-progress	Total	Computer Software	Work-in-progress	Total
Cost	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July 2015	-	29,035	12,215	41,250	24,819	12,215	37,034
Transfer	-	12,215	(12,215)	-	12,215	(12,215)	-
Additions	993	5,543	-	6,536	5,534	-	5,534
Derecognised on disposal of subsidiary	-	(4,225)	-	(4,225)	-	-	-
At 30 June 2016	**993**	**42,568**	**-**	**43,561**	**42,568**	**-**	**42,568**
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**
Accumulated amortisation							
At 1 July 2015	-	25,767	-	25,767	21,578	-	21,578
Charge for the year	-	2,748	-	2,748	2,740	-	2,740
Derecognised on disposal of subsidiary	-	(4,197)	-	(4,197)	-	-	-
At 30 June 2016	**-**	**24,318**	**-**	**24,318**	**24,318**	**-**	**24,318**
Charge for the year	**-**	**4,229**	**-**	**4,229**	**4,229**	**-**	**4,229**
At 30 June 2017	**-**	**28,547**	**-**	**28,547**	**28,547**	**-**	**28,547**
Net book value							
At 30 June 2017	**993**	**17,613**	**-**	**18,606**	**17,613**	**-**	**17,613**
At 30 June 2016	993	18,250	-	19,243	18,250	-	18,250

The estimated remaining useful life of computer softwares ranges from 1 to 6 years for 2017 (2016: 1 to 3 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	
	2017	2016
	Rs'000	Rs'000
(a) Unquoted investment at cost, less impairment		
At 1 July	**1,000**	105,500
Additions (note (i))	**-**	1,000
Loss on deemed disposal on investment in subsidiary (note (ii))	**-**	(50,007)
Transfer to financial assets (note 10)	**-**	(55,493)
At 30 June	**1,000**	1,000

Note (i): Investment of Rs 1,000,000 was made to Speciality Risk Solutions Ltd during the year ended 30 June 2016.

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

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

Name of subsidiary	Principal Activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by The Group	
			2017	2016
Speciality Risk Solutions Ltd	Provision of anxilliary insurance services	Mauritius	**70%**	70%

(c) There was no non-wholly owned subsidiary that have material non-controlling interest as at 30 June 2017 and 2016.

8. INVESTMENT IN ASSOCIATE

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
(a) Unquoted investment				
At 1 July	**49,685**	47,107	**6,313**	6,313
Share of post tax profit	**10,221**	8,198	**-**	-
Dividend	**(7,090)**	(4,512)	**-**	-
Translation difference	**3,402**	(1,108)	**-**	-
At 30 June	**56,218**	49,685	**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	
				2017	2016
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 2017	30 June 2016
	Rs'000	Rs'000
Current assets	**298,833**	292,681
Non-current assets	**208,393**	204,289
Current liabilities	**(66,919)**	(89,421)
Non-current liabilities	**(159,215)**	(159,123)
Equity attributable to owners of the Company	**281,092**	248,426

8. INVESTMENT IN ASSOCIATE (CONT'D)

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

	2017	2016
	Rs'000	Rs'000
Revenue	446,098	472,698
Profit from continuing operations	51,104	40,992
Loss from discontinued operations	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year	51,104	40,992
Dividend received from associates	7,090	4,512

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	
	2017	2016
	Rs'000	Rs'000
Net assets of the associate	281,092	248,426
Proportion of the ownership interest in the associate	20%	20%
Carrying amount of the interest in the associate	56,218	49,685

9. STATUTORY DEPOSITS

	THE GROUP AND COMPANY	
	2017	2016
	Rs'000	Rs'000
At 1 July & June 30,	8,000	8,000
Analysed as:		
Non-current	8,000	4,000
Current	-	4,000
	8,000	8,000

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

(ii) The statutory and other deposits earn interest at rates varying from 3.19% to 3.5% per annum (2016: 3.64% to 4.75% per annum) with maturity dates varying from 2019 to 2020.

10. FINANCIAL ASSETS

	THE GROUP AND THE COMPANY							
	2017				2016			
	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	**305,634**	**74,634**	**160,435**	**540,703**	277,114	52,435	225,046	554,595
Additions	**42,024**	**-**	**57,000**	**99,024**	110,696	3,000	5,971	119,667
Transfer from investment in subsidiary (note 7)	**-**	**-**	**-**	**-**	-	55,493	-	55,493
Disposals	**(43,308)**	**-**	**(159)**	**(43,467)**	(61,488)	(5,000)	(70,582)	(137,070)
Impairment loss on transferred investment (note (iii))	**-**	**-**	**-**	**-**	-	(31,294)	-	(31,294)
Impairment losses (note (iv))	**(2,892)**	**-**	**-**	**(2,892)**	-	-	-	-
Change in fair value	**32,496**	**-**	**-**	**32,496**	(20,688)	-	-	(20,688)
At 30 June	**333,954**	**74,634**	**217,276**	**625,864**	305,634	74,634	160,435	540,703
Net proceeds on disposals	**41,600**	**-**	**139**	**41,739**	59,502	66,409	67,685	193,596
Quoted investments	**118,094**	**-**	**25,972**	**144,066**	90,135	-	25,972	116,107
Unquoted investments	**215,860**	**74,634**	**191,304**	**481,798**	215,499	74,634	134,463	424,596
	333,954	**74,634**	**217,276**	**625,864**	305,634	74,634	160,435	540,703
Analysed as follows:								
Current assets	**-**	**-**	**40,000**	**40,000**	-	-	-	-
Non-current assets	**333,954**	**74,634**	**177,276**	**585,864**	305,634	74,634	160,435	540,703
	333,954	**74,634**	**217,276**	**625,864**	305,634	74,634	160,435	540,703

(i) Held to maturity (HTM) investments are unquoted and are made up of debentures, bank bonds and structured notes bearing interest rate varying from 5.35% to 8.50% (2016: 5.10% to 10.00%). The non-current HTM has maturity date varying from 2019 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.

(iii) An impairment assessment was made at 30 June 2016 on available-for-sale investments carried at cost and carrying amount exceeded the value in use based on a discounted cash flow analysis. Consequently, an impairment loss of Rs 31,294,100 was recognised in the financial assets.

(iv) At 30 June 2017, there is an objective evidence that a financial asset was impaired by Rs 2,892,000 to reflect the recoverable amount.

11. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Trade receivables	**347,884**	263,899	**347,884**	263,899
Amounts due from reinsurance companies	**36,591**	59,213	**36,591**	59,213
Recoveries from third party insurers	**137,692**	73,137	**137,692**	73,137
Other receivables	**9,982**	12,813	**9,723**	12,803
	532,149	409,062	**531,890**	409,052

The average collection period on sales of insurance premiums of the Company is 107 days (2016: 84 days) and the average credit period on sales of insurance premiums is 90 days (2016: 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.30.9m (2016: Rs.9.8m) 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	
	2017	2016
	Rs'000	Rs'000
Ageing of past due but not impaired:		
91-120 days	**10,940**	6,673
Over 120 days	**140,930**	124,958
	151,870	131,631

11. TRADE AND OTHER RECEIVABLES (CONT'D)

Movement in the allowance for doubtful debt

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**5,528**	29,427	**5,528**	7,032
Impairment losses recognised on receivables	**976**	2,326	**976**	596
Receivables written off as uncollectible	**(2,358)**	(2,106)	**(2,358)**	(2,106)
Receivables recovered during the year	**-**	6	**-**	6
Derecognised on disposal of subsidiary	**-**	(24,125)	**-**	-
At 30 June	**4,146**	5,528	**4,146**	5,528

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	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Over 120 days	**4,146**	5,528	**4,146**	5,528

12. AMOUNTS DUE FROM GROUP COMPANIES

	THE GROUP AND COMPANY	
	2017	2016
	Rs'000	Rs'000
Amount due from ultimate holding company	**50,718**	1,383
Deposit with ultimate holding company (Note 25)	**95,023**	111,623
	145,741	113,006

(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% (2016: 3.38% to 3.75%).

(ii) Some deposits with the ultimate holding company are unsecured, bear fixed interest rate of 5.75% per annum (2016: 6.00%) and are repayable within one year. Other deposits are unsecured, bear fixed interest rate of 4.35% (2016: 5.10%) and do not have fixed repayment terms.

13. GROSS OUTSTANDING CLAIMS

THE GROUP AND THE COMPANY	2017			2016		
	Gross	**Reinsurance**	**Net**	Gross	Reinsurance	Net
	Rs'000	**Rs'000**	**Rs'000**	Rs'000	Rs'000	Rs'000
Claims notified	**625,282**	**(370,322)**	**254,960**	1,312,397	(1,068,253)	244,144
Claims incurred but not reported	**60,526**	**-**	**60,526**	52,600	-	52,600
At 1 July	**685,808**	**(370,322)**	**315,486**	1,364,997	(1,068,253)	296,744
Increase/(Decrease) in liabilities	**500,841**	**(169,114)**	**331,727**	(155,801)	452,453	296,652
Cash (paid)/received for claims settled in the year	**(492,844)**	**222,954**	**(269,890)**	(523,388)	245,478	(277,910)
At 30 June	**693,805**	**(316,482)**	**377,323**	685,808	(370,322)	315,486
Analysed as:						
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
	693,805	**(316,482)**	**377,323**	685,808	(370,322)	315,486

14. STATED CAPITAL

	THE GROUP AND COMPANY	
	2017	2016
	Rs'000	Rs'000
Issued and fully paid		
7,999,998 ordinary shares of Rs10 each	**80,000**	80,000

15. GENERAL INSURANCE FUND

THE GROUP AND THE COMPANY	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000
At 1 July 2015	298,677	(35,443)	263,234
Increase in the year	49,425	(8,259)	41,166
At 30 June 2016	**348,102**	**(43,702)**	**304,400**
Increase in the year	**76,005**	**(19,226)**	**56,779**
At 30 June 2017	**424,107**	**(62,928)**	**361,179**

16. DEFERRED TAX LIABILITIES

Deferred taxation is calculated on all temporary differences under the liability method at the rate of 17% (2016: 17%).
The movement on deferred tax account is as follows:

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**6,996**	4,366	**6,996**	6,257
Recognised in other comprehensive income	**5,700**	-	**5,700**	-
Recognised in equity	**(211)**	(186)	**(211)**	(186)
Recognised in profit or loss	**214**	925	**214**	925
Derecognised on disposal of subsidiary	**-**	1,891	**-**	-
At 30 June	**12,699**	6,996	**12,699**	6,996

THE GROUP	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	Derecognised on disposal of subsidiary	Closing balance
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
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**
2016						
Revaluation of property	6,416	-	-	(186)	-	6,230
Tax losses	(10,171)	-	-	-	10,171	-
Retirement benefit obligations	(760)	(103)	-	-	-	(863)
Accelerated capital allowances	8,881	1,028	-	-	(8,280)	1,629
Net deferred tax liabilities/(assets)	4,366	925	-	(186)	1,891	6,996

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
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**
2016					
Revaluation of property	6,416	-	-	(186)	6,230
Retirement benefit obligations	(760)	(103)	-	-	(863)
Accelerated capital allowances	601	1,028	-	-	1,629
Net deferred tax liabilities/(assets)	6,257	925	-	(186)	6,996

17. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Amounts due to reinsurers	**112,072**	96,279	**112,072**	96,279
Other payables	**64,897**	50,786	**64,897**	50,786
	176,969	147,065	**176,969**	147,065

(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% (2016:17%) on the profit for the year as adjusted for income tax purposes.

(i) Current tax liabilities

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**3,588**	(1,254)	**3,588**	(1,254)
Charge for the year	**17,042**	11,529	**16,995**	11,529
Under provision in previous year	**(391)**	(66)	**(391)**	(66)
Amount paid during the year	**(10,651)**	(6,621)	**(10,651)**	(6,621)
At 30 June	**9,588**	3,588	**9,541**	3,588

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

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current tax charge	**17,042**	11,529	**16,995**	11,529
Under provision in previous year	**(391)**	(66)	**(391)**	(66)
Deferred tax movement (Note 20)	**3**	739	**3**	739
	16,654	12,202	**16,607**	12,202

(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	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit before taxation	**108,147**	106,731	**104,716**	103,045
Tax calculated at 17%	**18,385**	18,144	**17,802**	17,518
Tax effect of:				
Income not subject to tax	**(3,434)**	(13,849)	**(3,434)**	(13,849)
Under provision of current tax in previous year	**(391)**	(66)	**(391)**	(66)
Movement in deferred tax	**3**	739	**3**	739
Corporate social responsibility	**1,325**	1,199	**1,325**	1,199
Expenses not deductible for tax purposes	**766**	6,035	**1,302**	6,661
	16,654	12,202	**16,607**	12,202

19. INVESTMENT INCOME

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Interest income				
Bank deposits	**847**	558	**847**	558
Loans and receivables	**13,907**	9,604	**13,907**	9,604
Held-to-maturity investments	**13,320**	11,319	**13,320**	11,319
	28,074	21,481	**28,074**	21,481
Investment income				
Dividend from available for sale investments	**7,138**	11,680	**7,138**	11,680
Dividend from associate	**-**	-	**7,090**	4,512
	7,138	11,680	**14,228**	16,192
Total	**35,212**	33,161	**42,302**	37,673

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

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Available-for-sale financial assets	**7,138**	11,680	**7,138**	11,680
Loans and receivables (including cash and bank balances)	**14,754**	10,162	**14,754**	10,162
Associate	**-**	-	**7,090**	4,512
Held to maturity investments	**13,320**	11,319	**13,320**	11,319
	35,212	33,161	**42,302**	37,673

20. OTHER INCOME

	THE GROUP AND COMPANY	
	2017	2016
	Rs'000	Rs'000
Profit on disposal of property, plant and equipment	**-**	93
Profit on disposal of financial assets	**310**	61,595
Administration fees	**30**	132
Others	**1,546**	5,390
	1,886	67,210

21. NET CLAIMS INCURRED

THE GROUP AND THE COMPANY	2017			2016		
	Gross Rs'000	**Reinsurance Rs'000**	**Net Rs'000**	Gross Rs'000	Reinsurance Rs'000	Net Rs'000
Net claims incurred	**438,969**	**(169,114)**	**269,855**	(166,286)	452,453	286,167

22. ADMINISTRATIVE EXPENSES

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	**2017 Rs'000**	2016 Rs'000
Administrative expenses include:				
Staff costs	**68,268**	64,967	**68,268**	64,967
Depreciation and amortisation	**12,626**	12,135	**12,626**	12,135
Net impairment loss on trade receivables	**976**	596	**976**	596
Donations	**52**	-	**52**	-
Net foreign exchange losses	**4,295**	2,978	**4,295**	2,978

23. EARNINGS PER SHARE

Earnings per share is based on profit after taxation attributable to owners of the Company of Rs 91,417,000 (2016: Rs 36,687,000) for the Group and on 7,999,998 shares in issue for the year ended 30 June 2017.

24. DIVIDENDS

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

The interim dividend of Rs 1.10 per share amounting to Rs 8,799,998 in respect of the year ended 30 June 2017 was declared by the directors on 7th February 2017 and paid.

25. CASH AND CASH EQUIVALENTS

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Cash in hand	**4**	4	**4**	4
Balances with banks	**278,785**	257,130	**278,734**	257,130
Bank and cash balances	**278,789**	257,134	**278,738**	257,134
Deposit with immediate holding company (Note 12)	**95,023**	111,623	**95,023**	111,623
Cash and cash equivalents	**373,812**	368,757	**373,761**	368,757

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

The assets of the funded plan are held independently and administered by Swan Life 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	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Contribution expensed	**2,904**	1,409	**2,904**	1,389

(c) Contribution to defined contribution pension plan

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Contribution expensed	**2,256**	2,231	**2,256**	2,096

(d) State pension plan

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
National Pension Scheme contributions expensed	**979**	1,100	**979**	1,046

(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	
	2017	2016
	Rs'000	Rs'000
At 1 July,	**5,078**	4,467
Total expense recognised to profit or loss	**771**	611
Total expense recognised in other comprehensive income	**2,902**	-
Contributions paid	**(1,681)**	-
At 30 June,	**7,070**	5,078

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	
	2017	2016
	Rs'000	Rs'000
At 1 July,	**5,078**	4,467
Current service cost	**466**	301
Interest cost	**305**	310
Acturial losses	**2,902**	-
Benefits paid	**(1,681)**	-
At 30 June,	**7,070**	5,078

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

	THE GROUP AND COMPANY	
	2017	2016
	Rs'000	Rs'000
Current service cost	**466**	301
Interest cost	**305**	310
Components of defined benefit costs recognised in profit or loss	**771**	611
Remeasurement of retirement benefit obligations:		
Actuarial losses recognised during the year	**2,902**	-
Components of defined benefit costs recognised in other comprehensive income	**2,902**	-
Analysis of amount recognised in other comprehensive income:		
Experience losses on liabilities	**1,013**	-
Change in assumptions underlying the present value of the scheme	**1,889**	-
	2,902	-

26. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

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

	THE GROUP AND COMPANY	
	2017	2016
	%	%
Discount rate	**6.00**	6.50
Future long-term salary increase	**4.00**	4.00

The weighted average duration of the liabilities is 8 years as at 30 June 2017.

(v) Sensitivity analysis

	THE GROUP AND COMPANY
	2017
	Rs'000
Decrease in defined benefit obligation due to 1% increase in discount rate	**1,193**
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	**1,315**

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 note 15).

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

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

For the year ended 30 June 2017, the Group has satisfied the minimum capital requirements under Insurance (General Insurance Business Solvency) Rules 2007.

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	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Financial assets				
Held-to-maturity investments	**217,276**	160,435	**217,276**	160,435
Loans and receivables	**994,372**	891,112	**994,113**	891,112
Bank and cash balances	**278,789**	257,134	**278,738**	257,134
Available-for-sale financial assets	**408,588**	380,268	**408,588**	380,268
	1,899,025	1,688,949	**1,898,715**	1,688,949
Financial liabilities				
At amortised cost	**870,774**	832,873	**870,774**	832,873

(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 30 June 2017.

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 2017	Financial liabilities 2017	Financial assets 2016	Financial liabilities 2016
	Rs'000	Rs'000	Rs'000	Rs'000
Mauritian Rupees	1,543,520	870,774	1,326,507	821,445
United States Dollars	254,287	-	257,604	7,866
Euro	80,326	-	63,846	3,562
British Pounds	723	-	25,478	-
Seychelles Rupees	11,415	-	7,803	-
Australian Dollars	8,754	-	7,711	-
	1,899,025	870,774	1,688,949	832,873

THE COMPANY	Financial assets 2017	Financial liabilities 2017	Financial assets 2016	Financial liabilities 2016
	Rs'000	Rs'000	Rs'000	Rs'000
Mauritian Rupees	1,543,520	870,774	1,326,507	821,445
United States Dollars	253,976	-	257,604	7,866
Euro	80,326	-	63,846	3,562
British Pounds	723	-	25,478	-
Seychelles Rupees	11,415	-	7,803	-
Australian Dollars	8,754	-	7,711	-
	1,898,715	870,774	1,688,949	832,873

The Group has mainly equity securities and bank deposits in foreign currencies and any fluctuation of the Mauritian rupee against those foreign currencies will affect the value of the deposits. At 30 June 2017, if the rupee had weakened/strengthened by 5% against the foreign currencies with all other variables held constant, the Group's and the Company's profit for the year would have been Rs 17,775,000 (2016: Rs 17,551,000) and Rs 17,760,000 (2016: Rs 17,551,000) 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 30 June 2017, the Group did not have any variable rate deposits (2016: 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.

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

Liquidity and interest risk tables

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

THE GROUP	3 months to 1 year	Total
	Rs'000	Rs'000
30 June 2017		
Non-interest bearing	870,774	870,774
Fixed interest rate instruments	-	-
	870,774	870,774
30 June 2016		
Non-interest bearing	832,873	832,873
Fixed interest rate instruments	-	-
	832,873	832,873

THE COMPANY	3 months to 1 year	Total
	Rs'000	Rs'000
30 June 2017		
Non-interest bearing	870,774	870,774
30 June 2016		
Non-interest bearing	832,873	832,873

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	
	2017	2016
	%	%
Mauritian Rupee	**3.19 - 8.50**	5.10 - 10.00
United States Dollar	**7.89**	7.89
Australian Dollar	**6.00**	4.25 - 6.00

The above comprise mainly investments and deposits with financial institutions.

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 26% 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 of market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for mesurement and/or disclosure purposes in these consolidated financial assets is determined on such a basis, except for leasing transactions that are within the scope of IAS 17 and measurements that have some similarities to fair value but are not fair value, such value in use in IAS 36.

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

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

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

		THE GROUP AND COMPANY Available-for-sale financial assets	
	Valuation technique	**2017**	2016
		%	%
Level 1	Quoted price in an active market	**118,094**	90,135
Level 2	Net asset value	**215,860**	215,499
		333,954	305,634

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

If equity prices had been 10% higher/lower:

- profit for the year ended 30 June 2017 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 33,395,000 (2016: Rs 30,563,400) as a result of the changes in fair value of available-for-sale shares.

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

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 our permeating and systematic risk management, our Company continually identifies and analyses the risks. Underwriting guidelines and limits clearly regulate responsibility and accountability for the whole process of acquiring and concluding insurance contracts. Compliance with the above are regularly checked. Following developments in the local and global market, appropriate measures are taken, translated without delay in corresponding underwriting guidelines if required.

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

Underwriting limits are thus in place to enforce appropriate risk selection criteria. 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 our increased exposure.

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

Concentration of insurance risk (Short-term insurance)

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

Class of business	**Gross 2017 Rs'000**	**Net 2017 Rs'000**	Gross 2016 Rs'000	Net 2016 Rs'000
Accident	**112,400**	**22,687**	106,786	21,171
Engineering	**54,771**	**5,754**	53,427	5,660
Fire	**95,552**	**25,065**	162,940	20,650
Liability	**132,212**	**45,868**	106,843	40,523
Motor	**222,867**	**203,065**	191,445	165,210
Health	**3,477**	**2,358**	3,841	1,746
IBNR	**72,526**	**72,526**	60,526	60,526
	693,805	**377,323**	685,808	315,486

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.

	2012	2013	2014	2015	2016	2017	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At end of							
Accident year	182,442	268,136	235,698	357,938	417,029	367,750	1,828,993
1 year later	12,528	32,996	20,501	23,252	241,846	-	331,123
2 years later	7,296	32,819	10,449	20,328	-	-	70,892
3 years later	(7,580)	5,826	15,899	-	-	-	14,145
4 years later	(3,861)	9,592	-	-	-	-	5,731
5 years later	880	-	-	-	-	-	880
Current estimate of cumulative claims	191,705	349,369	282,547	401,518	658,875	367,750	2,251,764
Accident year	130,752	148,764	183,483	262,888	300,856	266,050	1,292,793
1 year later	28,656	89,039	59,313	70,506	167,405		414,919
2 years later	11,788	39,680	7,180	(3,480)			55,168
3 years later	1,197	13,266	(3,930)				10,533
4 years later	3,937	5,604					9,541
5 years later	817						817
Current estimate of cumulative claims	177,147	296,353	246,046	329,914	468,261	266,050	1,783,771
	14,558	53,016	36,501	71,604	190,614	101,700	467,993
Liabilities in respect of prior years							153,286
IBNR							72,526
Total gross liabilities							693,805

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 30 June 2017, 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			
	2017	2016	**2017**	2016
	10% Increase	10% Increase	**10% Decrease**	10% Decrease
	Rs'000	Rs'000	**Rs'000**	Rs'000
Incurred development factor	**3,587**	**959**	(4,385)	(872)
Initial expected loss ratio in last accident year	**2,355**	**9,207**	(2,355)	(3,236)

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	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
(i) Receivable from related parties:-				
Ultimate holding company	**81,695**	11,184	**81,695**	11,184
Associate	**694**	1,628	**694**	1,628
Associates of ultimate holding company	**39,770**	38,540	**39,770**	38,540
Subsidiaries of ultimate holding company	**17,701**	13,333	**17,701**	13,333
Directors and related parties	**-**	142	**-**	142
	139,860	64,827	**139,860**	64,827

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
(ii) Payable to related parties:-				
Ultimate holding company	**6**	-	**6**	-
Fellow subsidiaries	**120**	-	**120**	-
Subsidiaries of ultimate holding company	**1**	-	**1**	-
	127	-	**127**	-

29. RELATED PARTY TRANSACTIONS (CONT'D)

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
(iii) Deposits with:-				
Ultimate holding company	**95,023**	111,623	**95,023**	111,623
Subsidiary of ultimate holding company	**50,000**	-	**50,000**	-
Associate of ultimate holding company	**30,000**	30,000	**30,000**	30,000
	175,023	141,623	**175,023**	141,623

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
(iv) Interest receivable from				
Ultimate holding company	**1,534**	3,683	**1,534**	3,683
Subsidiary of ultimate holding company	**16**	-	**16**	-
Associate of ultimate holding company	**334**	1,107	**334**	1,107
	1,884	4,790	**1,884**	4,790

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
(v) Investment in:-				
Ultimate holding company	**5,283**	-	**5,283**	-
Subsidiary of ultimate holding company	**24,199**	24,199	**24,199**	24,199
Associate of ultimate holding company	**86,277**	86,277	**86,277**	86,277
	115,759	110,476	**115,759**	110,476

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	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
(i) Sales of services to:-				
Ultimate holding company	**77,054**	83,751	**77,054**	83,751
Subsidiary	**-**	-	**-**	63
Associates	**2,865**	4,257	**2,865**	4,257
Fellow subsidiaries	**13,071**	14,496	**13,071**	14,496
Associates of ultimate holding company	**51,934**	77,823	**51,934**	77,823
Subsidiaries of ultimate holding company	**59,849**	41,001	**59,849**	41,001
	204,773	221,328	**204,773**	221,391
(ii) Purchases of goods and services from:-				
Ultimate holding company	**5,659**	9,955	**5,659**	6,352
Subsidiaries of ultimate holding company	**7,787**	7,527	**7,787**	7,527
Related parties	**-**	578	**-**	578
	13,446	18,060	**13,446**	14,457
(iii) Interest income from:-				
Ultimate holding company	**11,288**	5,876	**11,288**	5,876
Associate of ultimate holding company	**8,642**	9,350	**8,642**	9,350
Subsidiaries of ultimate holding company	**440**	-	**440**	-
	20,370	15,226	**20,370**	15,226
(iv) Dividend income from associate	**7,090**	4,512	**7,090**	4,512
(v) Interest paid to directors and related parties	**-**	1,252	**-**	-
(vi) Corporate social responsibility contribution paid to fellow subsidiary	**-**	1,199	**-**	1,199
(vii) Finance lease income from fellow subsidiaries	**-**	5,402	**-**	-
(viii) Operating lease income from fellow subsidiaries	**-**	36,174	**-**	-
(ix) Finance lease granted to related parties	**-**	5,512	**-**	-
(x) Repayment from related parties	**-**	26,633	**-**	-
(xi) Purchase of goods and services from related parties	**-**	2,327	**-**	-

29. RELATED PARTY TRANSACTIONS (CONT'D)

Compensation of key management personnel

	THE GROUP AND COMPANY			
	2017	2016	**2017**	2016
	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	**11,324**	10,879	**11,324**	10,879
Post-employment benefits	**600**	505	**600**	505
	11,924	11,384	**11,924**	11,384
Contribution to Ireland Blyth Limited's defined benefit pension plan				
Contribution expensed	**2,904**	1,409	**2,904**	1,389
Contribution to defined contribution pension plan				
Contributions expensed	**2,256**	2,231	**2,256**	2,096

30. HOLDING COMPANY AND ULTIMATE HOLDING COMPANY

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

31. DEEMED DISPOSAL OF INVESTMENT IN SUBSIDIARY

Loss on deemed disposal of investment in subsidiary

Mauritian Eagle Leasing Company Ltd (MELCO) made a rights issue in November 2015 to which Mauritian Eagle Insurance Company Ltd did not subscribe. Consequently, Mauritian Eagle Insurance's investment in the leasing business has been reduced from a controlling interest of 51% down to 13.57%. MELCO has been de-consolidated accordingly and has been reported as a discontinued operation. The details of the assets and liabilities disposed and the deemed disposal are as follows:

	2016
	Rs'000
Property, plant and equipment	387,638
Intangible assets	28
Finance lease receivables	1,096,934
Trade and other receivables	76,551
Amount due from group companies	135
Bank and cash balances	341,858
Statutory reserve fund	(2,388)
Loans	(114,724)
Deposits from clients	(1,450,416)
Trade and other payables	(131,538)
Net asset of subsidiary	204,078
Less non-controlling interest	(99,998)
Fair value of investment before deemed disposal	104,080
Fair value of investment after deemed disposal	55,493
Loss on deemed disposal following rights issue of shares not taken up by the Group	**48,587**
Cash and cash equivalents in subsidiary deemed disposed	(341,858)
Deemed disposal of subsidiary, net of cash disposed	**(341,858)**

32. DISCONTINUED OPERATIONS

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
(a) Analysis of the result of discontinued operations is as follows:				
Loss on deemed disposal of investment in subsidiary (note (b))	-	(66,853)	-	(50,007)
Gain on disposal of associate (note (c))	-	61	-	13,800
	-	(66,792)	-	(36,207)

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
(b) Loss on deemed disposal of investment in subsidiary				
Revenue	-	58,890	-	-
Expenses	-	(75,264)	-	-
Loss before tax	-	(16,374)	-	-
Income tax expense: Deferred tax	-	(1,892)	-	-
Loss after tax	-	(18,266)	-	-
Loss on deemed disposal	-	(48,587)	-	(50,007)
Loss for the year from discontinued operations	-	(66,853)	-	(50,007)

(c) Disposal of associate

On 11 November 2014, the Board of directors resolved to dispose the 30% stake in Metropolitan Life (Mauritius) Ltd. For the purpose of applying the equity method of accounting, management accounts for the period ended 30 September 2014 was used. The disposal consideration were as follows:

	2016	
	THE GROUP	THE COMPANY
	Rs'000	Rs'000
Metropolitan Life (Mauritius) Ltd		
Consideration received	21,300	21,300
Non-current asset classified as held for sale	21,239	7,500
Gain on disposal of associate	61	13,800

33. CAPITAL COMMITMENTS

	THE COMPANY	
	2017	2016
	Rs'000	Rs'000
Capital Commitments contracted for but not accrued:		
Computer software	**2,000**	13,346

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. BUSINESS COMBINATION

Acquisition of subsidiary

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

	2016
(b) Consideration transferred	Rs'000
Cash	1,000
(c) The recognised amounts of identifiable assets acquired at the date of acquisition are as follows:	
Other receivables	10
Total identifiable net assets	10
(d) Goodwill arising on acquisition:	
Purchase consideration	1,000
Less fair value of identifiable net assets acquired	(7)
Goodwill	993

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

(e) Net cash outflow on acquisition of subsidiary	
Consideration paid in cash	1,000

NOTES

NOTES

PROXY FORM

I/We, ... of ...., being a member

of MAURITIAN EAGLE INSURANCE COMPANY LIMITED do hereby appoint ....

of ...., or in his absence ....

of ...., as my/our proxy, to vote for me/us and on my/our

behalf at the **Annual Meeting** to be held on **12 December 2017** 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 12 December 2016.			
2.	To receive and adopt the Group's and Company's financial statements for the year ended 30 June 2017 and the Directors' and Auditors' reports thereon.			
3.	To appoint Mr. Jean-Claude Béga as Director.			
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. Dipak Chummun			
	4.2 Mr. Pieter Bezuidenhout			
	4.3 Me Subhas Lallah			
	4.4 Mr. Robert Ip Min Wan			
	4.5 Me J Gilbert Ithier			
	4.6 Mr. Alain Malliaté			
	4.7 Mr. Derek Wong Wan Po			
	4.8 Mr. Laurent de la Hogue			
5.	To fix the remuneration of the Directors for the year to June 30, 2018 and to ratify the emoluments paid to the Directors for the year ended June 30, 2017.			
6.	To re-appoint Messrs Deloitte as Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration.			
7.	To ratify the remuneration paid to the auditors for the financial year ended June 30, 2017.			

Signed this .... day of 2017

....

Signature/s

NOTES

1. A member entitled to attend and vote at the meeting may appoint any person, whether a member or not, to attend and vote in his stead.

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 Monday, December 11, 2017 at 14.00 hours and in default, the instrument of proxy shall not be treated as valid.

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

4. 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.

5. The minutes of the Annual Meeting held on December 12, 2016 are available for consultation by the shareholders during office hours at the registered office of the Company, IBL House, Caudan Waterfront, Port Louis.

6. The minutes of the Annual Meeting to be held on December 12, 2017 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 15 to February 28, 2018.

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