MAURITIAN EAGLE

An IBL Group company

ANNUAL REPORT 2013

Our Vision

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

Our Mission

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

Company Details

Head office
1st Floor, IBL House, Caudan,
Port Louis, Mauritius.
Tel: (230) 203 2200 - Fax: (230) 203 2299
Email: caudan@mauritianeagle.com
Website: www.mauritianeagle.com

Auditors
Deloitte, Ebène, Mauritius

Consulting actuaries
Towers Watson SA (Proprietary) Limited, South Africa

Bankers
The Mauritius Commercial Bank Limited
The Hong Kong and Shanghai Banking Corporation
Barclays Bank Mauritius Limited
State Bank of Mauritius
Afrasia Bank Limited

Registrar and transfer office
MCB Registry and Securities Ltd,
Sir William Newton Street, Port Louis, Mauritius.

Registered office
IBL House, Caudan, Port Louis, Mauritius.

Secretary
IBL Corporate Services Ltd

CONTENTS

DIRECTORS' PROFILES

a Nicolas MAIGROT
Non-Executive Chairman

Mr Maigrot was appointed Non-Executive Chairman of Mauritian Eagle Insurance Company Limited on 18^{th} January 2011. Mr Maigrot holds a BSc in Management Sciences from the London School of Economics. Mr Maigrot is the Chief Executive Officer of Ireland Blyth Limited.

b André CHUNG SHUI, FCA
Managing Director

Mr Chung Shui is the Managing Director of Mauritian Eagle Insurance Company Limited since 1^{st} July 2011. André is a Fellow of the Institute of Chartered Accountants in England and Wales and a Graduate of the London School of Economics. Before joining the group, he was with the Happy World Group. Mr Chung Shui is a Director of the Stock Exchange of Mauritius Limited.

c Alain MALLIATE, FCII, ACIS
Executive Director

Mr Malliaté was appointed as Executive Director on 30^{th} March 2004. He has been with the Company since August 1985 and is in charge of the Fire and Accident and Claims Departments of MEI.

d Robert IP MIN WAN, FCA
Independent Non-Executive Director

Mr Ip Min Wan was appointed as Independent Non-Executive Director on 13^{th} June 2008. He was a Senior Audit Manager of Deloitte & Touche LLP in London before returning to Mauritius. He has a wide experience in the audit of the banking sector amongst others.

e Gilbert ITHIER, LLB. Hons
Independent Non-Executive Director

Me Ithier was appointed as Independent Non-Executive Director on 15^{th} November 2005. Me Ithier has been practicing as a barrister before all the courts of Mauritius since 1979, specialising mostly in civil, commercial, company, insurance and property matters.

f Subhas Chandra LALLAH, SC
Independent Non-Executive Director

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

g Gaetan LAN HUN KUEN, FCA
Non-Executive Director

Mr Lan was appointed as Non-Executive Director on 1^{st} January 2005 and before that he was the Chief Executive Officer of Mauritian Eagle Insurance Company Limited. Mr Lan is the Chairman of the Stock Exchange of Mauritius Ltd, Director of Central Depository & Settlement Co Ltd and Ireland Blyth Limited. He has been with the IBL Group since 1977 and is currently the Chief Finance Officer of the Group.

h John Edward O'NEILL, BCom(Hons),CA (SA)
Non-Executive Director

Mr O'Neill has been appointed on 27^{th} September 2012 and has over 16 years of extensive auditing experience within the financial services sector with specialised knowledge in retail and stock broking, treasury, corporate and investment banking and securities trading. Mr O'Neill is currently the Chief Executive Officer of Zurich Insurance Company South Africa Limited.

i Derek WONG WAN PO, BSc, FCCA
Non-Executive Director

Mr Wong was appointed as Non-Executive Director on 5^{th} February 2013 and holds a BSc in Computer Science. He is a fellow member of the Association of Chartered Certified Accountants and Associate member of the Association of Corporate Treasurers. He joined IBL in 1998 as Head Office Accountant and has been the Group Finance Manager since 2007.

DIRECTORS OF SUBSIDIARY

Yves MEYEPA
Executive Director
Mauritian Eagle Leasing Company Limited

Mr Meyepa worked for more than 20 years in the IBL Group before joining Mauritian Eagle Leasing Company Limited at its incorporation as Executive Manager. He was appointed Executive Director in September 2005. His areas of responsibility include the management of day-to-day activities and liaison with regulatory authorities.

Natasha WONG CHUNG KI, FCCA, MBA
Executive Director
Mauritian Eagle Leasing Company Limited

Appointed Executive Director in September 2005, after having held office in the audit department of Kemp Chatteris Deloitte and accounting department of DTOS Ltd. Mrs Wong Chung Ki's areas of responsibility include the establishment of policies and procedures and monitoring of the financial affairs of the Company.

MANAGERS' PROFILES

a Pierre AH SOON, ACCA
Finance Manager

Joined in 2004. Pierre's area of expertise is audit in which he has more than 5 years experience in an offshore company. He is currently responsible for the activities of the Finance department and is the Money Laundering Reporting Officer of the Company.

b 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.

c Joëlle GRENOUILLE, Bsc
Human Resources Manager

Joined in 2011. With a vast experience in the Human Resource field, Joëlle is responsible of the entire internal and external HR requirements of the Finance Sector. Her responsibilities include recruitment, coaching, training, career development and counselling. Joëlle is the co-ordinator of the CSR Program of the Financial Sector.

d Winson CHAN CHIN WAH, ACII
Marine Manager

Joined in 2004, with a vast experience in the general insurance industry, Winson is currently responsible for the operations of the Marine Department. He is a Chartered Insurer and a member of the Insurance Institute of Mauritius.

e Bruno CHAN SIP SIONG, Bsc (Hons)
IT Systems Manager

Joined in 1995. Has been working in the IT field for more than 15 years including 10 in the insurance industry. Bruno is responsible for the day-to-day operations of IT Services department and end-user support. His other areas of responsibility also include the maintenance of insurance application systems.

f Vikash MUNGLA, BA (Hons)
Reinsurance Manager

Joined in 2003 after more than 5 years with a world leading reinsurer, Vikash leads the Reinsurance department, including the underwriting of Global insurance policies. His main area of expertise is Reinsurance Analytics with specialisation in dynamic financial analysis and treaty structuring.

g Stéphanie PALLAMY, ACII
Motor Manager

Joined in 2005. Stéphanie has been working in the insurance industry for more than 10 years and is currently responsible for the operations of the Motor Department. She is a Chartered Insurer and a council member of the Insurance Institute of Mauritius.

h Gilbert PETITE
Senior Manager, Claims Department

Joined in 1999; With more than 35 years experience in the insurance industry, Gilbert is conversant with both English and French insurance procedures. He currently manages the day-to-day operations of claims department which processes motor, fire and engineering claims. He is an active member of the Insurance Institute of Mauritius.

i Mario TYPHIS, ACII
Senior Manager, Fire and Accident Department

Joined in 1987 as Reinsurance manager after more than 13 years in the reinsurance industry. His responsibilities subsequently moved to the underwriting and development of the Fire and Accident Department which embraces fire, accident, liability and engineering classes of insurance. Mario is a Chartered Insurer and a member of the Insurance Institute of Mauritius.

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

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

MANAGER OF SUBSIDIARY

Soobiraj KHAITOO, ACCA, MBA
Operations Manager
Mauritian Eagle Leasing Company Limited

Appointed Operations Manager in January 2009, after having held the post of accountant in different departments within IBL since year 2000. Soobiraj's responsibility include administration of the leasing department, client relationships and business development.

NOTICE OF ANNUAL MEETING

Notice is hereby given that the thirty-eighth Annual Meeting of the Shareholders of the Company will be held at the offices of the Company, 1st Floor, IBL House, Caudan, Port Louis on **Friday 06th December 2013 at 14.00 hours** to transact the following business :

Ordinary Resolutions

1. To adopt the minutes of proceedings of the annual meeting held on 07th December 2012.

2. To receive and adopt the Group's and Company's financial statements for the year ended 30th June 2013 and the Directors' and Auditors' reports thereon.

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

4. To appoint Mr Derek Wong Wan Po as Director

5. To re-elect as Directors to hold office until the next Annual Meeting by way of separate resolutions the following persons:
   - 5.1 Mr André Chung Shui
   - 5.2 Mr Robert Ip Min Wan
   - 5.3 Me J. Gilbert Ithier
   - 5.4 Me Subhas Lallah
   - 5.5 Mr Gaetan Lan Hun Kuen
   - 5.6 Mr Nicolas Maigrot
   - 5.7 Mr Alain Malliaté
   - 5.8 Mr John Edward O'Neill

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

15th November 2013

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

CHAIRMAN'S AND MANAGING DIRECTOR'S REPORT

Overall results

The Group posted a turnover of Rs1,437.8m (LY: Rs1,235.5m), representing an increase of 16.4% over the corresponding period. Profit before tax (PBT) increased significantly to reach Rs131.8m (LY: Rs98.2m), an increase of 34.2%.

Earnings per share stood at Rs14.66 (LY: Rs10.40) and Net Asset per share was Rs81.03 (LY: Rs66.54).

Short term insurance

Gross insurance premiums increased from Rs739.3m to Rs865.5m, representing a jump of 17.1%. Except for the Accident department, all ongoing departments posted growth and the Marine department generated the largest increase at 19.5%. The company started to underwrite Health insurance during the year, the gross premiums generated amounted to Rs43.2m.

Net claims recorded an increase to 57.7% of net earned premiums (LY: 54.3%), as a result of the floods in February and March 2013. The company was prompt in settling the claims of the clients who have suffered floods-related losses. Reinsurance costs rose to 51.4% of Gross premiums (LY: 46.8%). There were a few major accounts, which were underwritten during the year, on which higher reinsurance costs were incurred. Underwriting profits as a percentage of net earned premiums dropped to 12.6% (LY: 15.6%).

PBT amounted to Rs95.0m (LY: Rs92.9m), an increase of 2.3%.

Long term insurance

During the year, the company disposed of a majority stake in Mauritian Eagle Life Co Ltd, representing 70% of the issued share capital, to MMI Holdings of South Africa. The company has since been renamed Metropolitan Life (Mauritius) Ltd. The transaction resulted in an exceptional gain of Rs34.8m at Group level.

Associate in Seychelles

H Savy Insurance, an entity where MEI holds 20% of the issued share capital, performed satisfactorily during the year. We have consolidated Rs5.5m (LY: Rs6.0m) within the year's results. We received dividends amounting to Rs3.8m (LY: Rs1.1m) during the year.

Leasing

The department was in a marginal profit position with a PBT of Rs0.2m (LY: PBT of Rs0.4m) for the year. The leasing portfolio stood at Rs1.76bn (LY: Rs1.56bn) at the end of the year. Steady progress is being made in improving the risk profile of the company's leasing portfolio.

Dividends

An interim dividend of Rs1.10 (LY: Rs1.10) was paid during the year. The directors recommend that a final dividend of Rs2.40 (LY: Rs1.30) be paid to the shareholders.

Activities under CSR

The Group has been very active with many projects, a summary of these projects is included in the Corporate Governance Report on page 24.

Directors

Messrs John Edward O'Neill and Derek Wong Wan Po were appointed to the Board of Mauritian Eagle Insurance during the year. Upon his retirement from the IBL Group, Mr Simon Pierre Rey resigned from the Board. During the year our subsidiary, Mauritian Eagle Leasing, implemented the Guideline on Corporate Governance issued by the Bank of Mauritius. As a result, Messrs Subhas Lallah, Gilbert Ithier and Gaetan Lan Hun Kuen resigned from the Board. Two new directors, namely Messrs Raj Tapesar and Bernard Yen, were appointed during the year. We welcome all new directors and thanked those who have resigned from the Boards for their inputs over the years.

Appreciation

We would like to thank the management and the staff for their input towards the steady progress that the company is making. Lastly, we are grateful to our fellow directors for their advice and contribution towards the deliberations of the Board and the committees.

Nicolas Maigrot	**Andre Chung Shui**
CHAIRMAN	**MANAGING DIRECTOR**

CORPORATE GOVERNANCE REPORT

CORPORATE INFORMATION AND HISTORY

Mauritian Eagle Insurance Company Limited ("MEI") was incorporated in 1973 and admitted on the Official List of the Stock Exchange of Mauritius in 1993. MEI operates in both the domestic and commercial markets and is engaged in short term insurance business. Mauritian Eagle Leasing Company Limited ("MELCO"), a subsidiary of MEI, provides deposit taking services and leasing facilities, both finance and operating.

Major Milestones

2013	**Second branch office in Trianon**
2012	**MEI awarded ISO 20000 IT Service Management Certification**
2010	**Establishment of MEL as a separate entity**
2007	**MEI awarded ISO 27001:2005 Certification**
2005	**MEI increased its stake to 20% in H.Savy Insurance Company Limited**
2004	**MEI obtained QM 9004 Certification** **MEI participated in NQA Level 2** **MEI celebrated its 30 years**
2003	**MEI received Quality Commitment Award** **MEI obtained ISO 9001:2000 Certification**
2002	**Launching of Mauritian Eagle's corporate web site** **First branch office in Flacq**
2001	**Establishment of a leasing company under MELCO**
1998	**Moving into new premises at Caudan**
1996	**MEI acquired a 15% stake in H.Savy Insurance Company Limited**
1994	**MEI celebrated its 20 years**
1993	**MEI listed on the Stock Exchange of Mauritius**
1974	**MEI starts operation**

CORPORATE GOVERNANCE STATEMENTS

The Board, management and staff of the Group fully support and are committed to best practices of business integrity, transparency and professionalism.

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

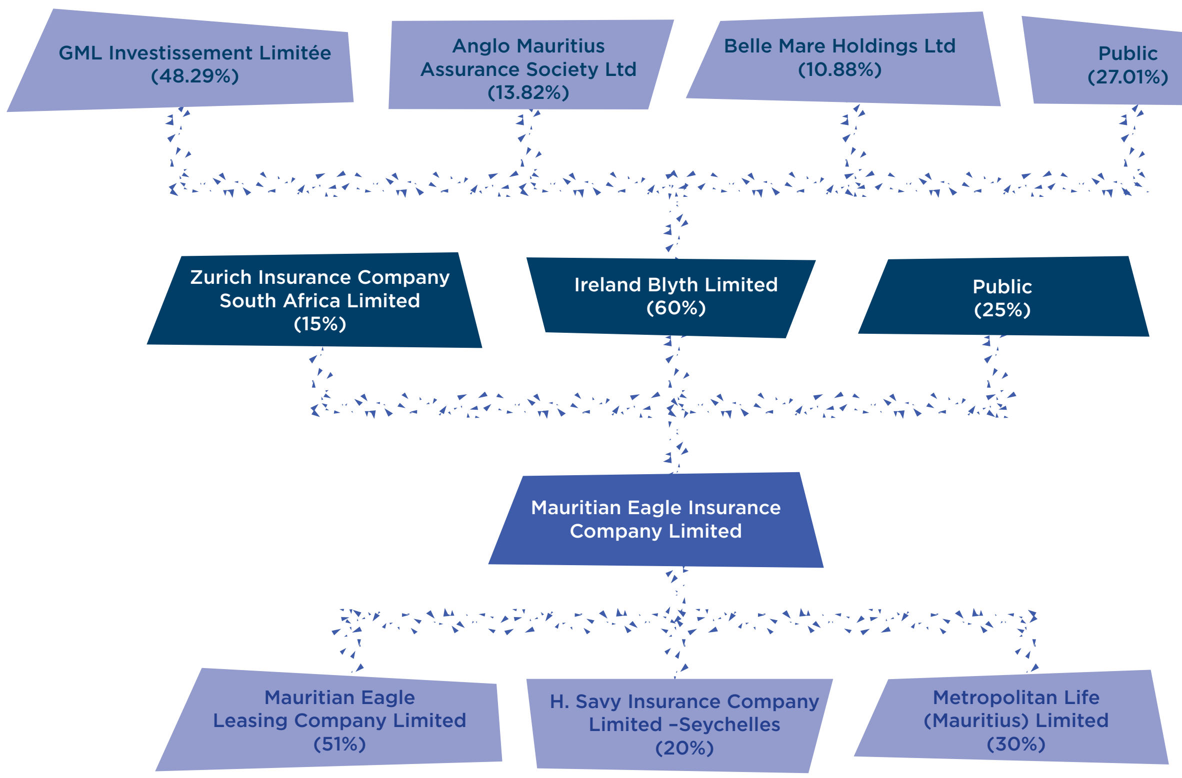
- Discipline – behaviour that is universally recognised and accepted as correct and proper;
- Transparency – ease with which an outsider is able to make meaningful analysis of the Company's actions, its economic fundamentals and the non-financial aspects pertinent to the business;
- Independence – the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

CORPORATE GOVERNANCE STATEMENTS (continued)

The Group is committed to high standards of corporate governance with the Board being accountable to the shareholders for good governance. The Board of Directors recognises that the Report on Corporate Governance (the Code) is regarded as best practice and therefore uses its best endeavours to ensure compliance with the provisions set out in the Code.

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

GROUP STRUCTURE



BOARD OF DIRECTORS

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

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

Composition

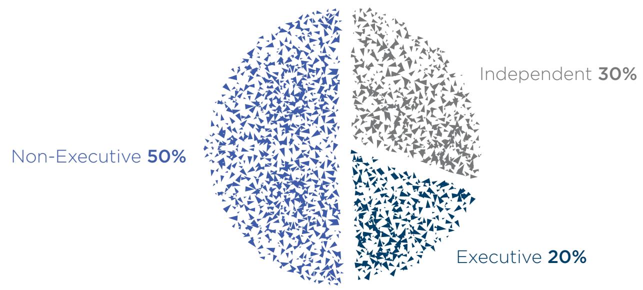
The Board, under the recommendation of the Nomination Committee, is responsible for the appointment of directors who are selected on the basis of their integrity, skill, acumen and experience to make sound judgements relevant to the business of the Company. The Board includes two executive directors,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

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

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

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

Directors		Board Meetings			
		26-Sep-12	9-Nov-12	5-Feb-13	7-May-13
Nicolas MAIGROT	Non-Executive Chairperson	◆	◆	◆	◆
André CHUNG SHUI	Managing Director	◆	◆	◆	◆
Alain MALLIATÉ	Executive Director	◆	◆	◆	◆
Robert IP MIN WAN	Independent Non-Executive Director	◆	◆	◆	◆
Gilbert ITHIER	Independent Non-Executive Director	◆	◆	◆	◆
Subhas LALLAH	Independent Non-Executive Director	◆	◆	apologies	◆
Gaetan LAN HUN KUEN	Non-Executive Director	◆	◆	◆	◆
Derek WONG WAN PO (Appointed on 5th February 2013)	Non-Executive Director			◆	apologies
Simon-Pierre REY (Retired on 21st December 2012)	Non-Executive Director	◆	apologies		
John Edward O'NEILL (Appointed on 27th September 2012)	Non-Executive Director		◆	◆	◆



Changes in directorship

- John Edward O'NEILL was appointed on 27th September 2012
- Simon Pierre REY resigned on 21st December 2012
- Derek WONG WAN PO was appointed on 5th February 2013

New directors have been informed of their duties and responsibilities by way of an induction course.

BOARD OF DIRECTORS (continued)

Mauritian Eagle Leasing Company Limited
The attendance at Board Meetings of Mauritian Eagle Leasing Company Limited for the year under review was as follows:

Directors		Board Meetings			
		26-Sep-12	9-Nov-12	5-Feb-13	7-May-13
Nicolas MAIGROT	Non-Executive Director	◆	◆	◆	◆
Yves MEYEPA	Executive Director	◆	◆	◆	◆
Natasha WONG CHUNG KI	Executive Director	◆	◆	◆	apologies
Robert IP MIN WAN	Independent Non-Executive Director	◆	◆	◆	◆
Gilbert ITHIER (Resigned on 8th May 2013)	Independent Non-Executive Director	◆	◆	◆	◆
Antoine DOMINGUE	Chairman	◆	◆	◆	◆
Subhas LALLAH (Resigned on 5th February 2013)	Independent Non-Executive Director	◆	◆		
Teeluckraj TAPESAR (Appointed on 8th April 2013)	Independent Non-Executive Director				◆
Bernard YEN (Appointed on 8th May 2013)	Independent Non-Executive Director				
Gaetan LAN HUN KUEN (Resigned on 8th May 2013)	Non-Executive Director	◆	◆	◆	◆
André CHUNG SHUI	Non-Executive Director	◆	◆	◆	◆
Simon-Pierre REY (Retired on 21st December 2012)	Non-Executive Director	◆	apologies		
Derek WONG WAN PO (Appointed on 5th February 2013)	Non-Executive Director			◆	apologies

COMMITTEES OF THE BOARD OF DIRECTORS

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

Two committees deal with audit, risk, corporate governance and nomination issues.

Audit and Risk Committee
The Audit and Risk Committee is appointed by the Board of MEI and is chaired by an independent non-executive director, and comprises of at least two members, who both are non-executive directors. For the year under review, the attendance to the Audit and Risk Committee for year under review was as follows:

Committee Members		Committee Meetings			
		21-Sep-12	5-Nov-12	4-Feb-13	6-May-13
Robert IP MIN WAN	Independent Non- Executive Chairman	◆	◆	◆	◆
Gaetan LAN HUN KUEN	Non-Executive Director	◆	◆	◆	◆
Simon-Pierre REY (Retired on 21st December 2012)	Non-Executive Director	◆	apologies		
Derek WONG WAN PO (Appointed on 5th February 2013)	Non-Executive Director				◆

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

The presence of internal and external auditors and management team was requested whenever necessary. The internal audit function is entrusted to Ernst & Young who 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 minimise the impact of identified risks which have been categorised as follows:

- *Insurance Risk*
  MEI's insurance activities are primarily concerned with the pricing, acceptance and management of risks from customers and also include reinsurance risks. The claims department closely monitors claims developments whilst treaty purchases are analysed to ensure that level of cover is aligned with the company's strategy and objectives.

- *Operational Risk*
  Operational risks can have significant negative impact on the company's financial position. These are fraud risks, reputation risks, material damage, business continuity risks and disaster recovery, change management and human resources risks. In line with the requirement of the ISO standard which requires the identification of an operational area which is accessible to all stakeholders in case the company needs to rapidly operate after a disaster, a Business Continuity Management System has been implemented and tested during the year under review.

- *Credit Risk*
  Credit risk is the risk of default by customers thereby causing loss to the company. The Group has its policies on credit risk management to control level of exposure and mitigate the risk. Management also monitors and reviews non-performing leases on an on-going basis so as to reduce the risk.

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

COMMITTEES OF THE BOARD OF DIRECTORS (continued)

- *Liquidity Risk*
  Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group aims at maintaining flexibility in funding by keeping committed credit lines available.

- *Interest Rate Risk*
  The Group's interest-rate risk arises from deposits held at bank and borrowings. Deposits held at bank and borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Deposits held at bank and borrowings issued at fixed rates expose the Group to fair value interest-rate risk. IBL Group's policy is to maintain its deposits held at bank and borrowings in variable rate instruments.

- *IT Risk*
  These are the risks that hardware and software used are exposing the Group to losses. MEI is certified ISO 27001-2005 Security Management System Certification since February 2007.

- *Regulatory and Environment Risk*
  These include regulatory risks and industry risks which can result in increased pressures and significantly affect the company's ability to conduct business.

Corporate Governance Committee
The Corporate Governance Committee is appointed by the Board and the majority of which is composed of non-executive directors. The attendance of Corporate Governance Committee for year under review was as follows:

Committee Members		Committee Meetings	
		21-Sep-12	4-Feb-13
Subhas LALLAH	Independent Non- Executive Chairman	◆	◆
Gaetan LAN HUN KUEN	Non-Executive Director	◆	◆
Simon-Pierre REY (Retired on 21st December 2012)	Non-Executive Director	◆	
André CHUNG SHUI	Managing Director	◆	◆
Alain MALLIATE	Executive Director	◆	◆
Derek WONG WAN PO (Appointed on 5th February 2013)	Non-Executive Director		

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

Remuneration Philosophy
The Board has entrusted the Corporate Governance Committee the responsibility for the nomination and remuneration of directors by taking into consideration the market conditions, benchmarking in the industry and the Group's results.

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

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

Dividend Policy
Dividends are declared and paid half yearly. Subject to internal cash flow requirements and the need for future capital investments, it is MEI's policy to declare dividends out of profits available for distribution in accordance with the Companies Act 2001 and International Financial Reporting Standards; the balance being transferred to reserves. For the year under review, a dividend of Rs19,199,995 was paid (2012: Rs17,599,994).

SHAREHOLDERS' CALENDAR

Release of first quarter results	November 2013
Payment of final dividend	December 2013
Annual meeting of shareholders	December 2013
Release of second quarter results and declaration of interim dividend	February 2014
Payment of interim dividend	April 2014
Release of third quarter results	May 2014
Release of financial year end results and declaration of final dividend	September 2014

OTHER STATUTORY DISCLOSURES

Directorship of other listed companies
Included in Directors' profile

Common Directors
The common directors of MEI and its subsidiary are as follows:

Directors	Mauritian Eagle Insurance Company Limited	Mauritian Eagle Leasing Company Limited
Nicolas MAIGROT	Chairman	Director
André CHUNG SHUI	Director	Director
Alain MALLIATE	Director	-
Robert IP MIN WAN	Director	Director
Gilbert ITHIER	Director	Director (Resigned on 8th May 2013)
Subhas LALLAH	Director	Director (Resigned on 5th February 2013)
Gaetan LAN HUN KUEN	Director	Director (Resigned on 8th May 2013)
Simon-Pierre REY	Director (Retired on 21st December 2012)	Director (Retired on 21st December 2012)
Derek WONG WAN PO	Director (Appointed on 5th February 2013)	Director (Appointed on 5th February 2013)
John Edward O'NEILL	Director (Appointed on 27th September 2012)	-
Yves MEYEPA	-	Director
Natasha WONG	-	Director
Antoine DOMINGUE	-	Chairman
Teeluckraj TAPESAR	-	Director (Appointed on 8th April 2013)
Bernard YEN	-	Director (Appointed on 8th May 2013)

OTHER STATUTORY DISCLOSURES (continued)

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

	The Group		The Company		Related Corporations	
Continuing operations	**2013 Rs'000**	2012 Rs'000	**2013 Rs'000**	2012 Rs'000	**2013 Rs'000**	2012 Rs'000
Full-Time	**12,863**	12,602	**8,431**	8,194	-	-
Part-Time	**1,445**	1,443	**445**	483	**46,851**	41,381
	14,308	14,045	**8,876**	8,677	**46,851**	41,381

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

The directors' remuneration has also been disclosed under note 37 for related party transactions.

Directors' Service Contracts
There are no service contracts between MEI and its directors.

Directors' Share Interests
None of the directors have a direct or indirect share in the equity of MEI or its subsidiary.

Share Dealings
Members of the Board have been informed that they should not deal in MEI's shares during one month immediately preceding publication of results, and prior to the declaration of dividends, or any major event affecting the company that might influence its share price. Members have also been advised to declare to MEI all transactions conducted by them outside the periods mentioned. With regards to the directors' dealings in the shares, the directors have followed the principles of the Model code for Securities Transactions by Directors of Listed Companies as detailed in Appendix 6 of the Mauritius Stock Exchange Listing Rules.

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

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

Shareholders holding more than 5% of the shares	Number of ordinary shares	%
Ireland Blyth Limited	4,800,000	60.00%
Zurich Insurance Company South Africa Limited	1,200,000	15.00%

Shareholding Profile
Ownership of ordinary share capital by size of shareholding as at 30th June 2013 was as follows:

Size of Shareholding	Number of Shareholders	Number of Shares Owned	% Holding
1 - 100 shares	173	7,182	0.09%
101 - 200 shares	49	8,252	0.10%
201 - 300 shares	47	13,943	0.17%
301 - 500 shares	28	11,839	0.15%
501 - 1000 shares	90	65,540	0.82%
Above 1000 shares	170	7,893,242	98.67%
	557	**7,999,998**	**100.00%**

N.B The above number of shareholders is indicative, due to consolidation of multi portfolios for reporting purposes. The total number of active shareholders as at 30th June 2013 was 594.

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 Mauritius Stock Exchange Listing Rules.

Meeting of shareholders
In conformity with Section 117 of the Companies Act 2001, a shareholders' resolution was passed on 7th December 2012 for the approval of the financial statements for the year ended 30th June 2012.

Share price information and performance

	Year ended 30-Jun-13	Year ended 30-Jun-12	Year ended 30-Jun-11	6 months ended 30-Jun-10	Year ended 31-Dec-09
Market Price (Rs)	**100.00**	70.00	80.00	62.00	65.00
Earnings Per Share (Rs)	**14.66**	10.40	7.34	3.33	4.30
Dividend per share (Rs)	**3.50**	2.40	2.10	1.00	1.83
Price Earnings ratio (times)	**6.82**	6.73	10.90	18.62	15.12
Net Assets value per share (Rs)	**81.03**	67.03	61.54	54.03	49.70
Dividend yield (%)	**3.50**	3.43	2.63	3.23	2.82

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.

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

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

Code of Ethics
The Group is committed to the highest standards of integrity and ethical conduct with all its stakeholders.

OTHER STATUTORY DISCLOSURES (continued)

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

- At the request of 'Autisme Maurice', a sensory room was set up for 31 autistic children in order to assist them to develop their senses;
- A journey at the seaside was organised for the 90 residents of Foyer Namaste, a non governmental organisation with the purpose of hosting and providing residential care for children and adults with intellectual disabilities;
- Tables were offered to 'Chagos Refugees Group' for the setting up of an educational room for children aged 7 to 18;
- A wheelchair was offered to a 6 year old student of Fondation Georges Charles, a school specialised in the education of children with intellectual disabilities;
- Quilts were provided to 35 children of the Muscular Dystrophy Association whose objective is to enhance the quality of life of muscular dystrophy sufferers by ensuring that patients have access to medical, educational and social care; and
- Tables and chairs were offered to 'Solidarite Mamans', an organisation assisting mothers in child care and providing education to needy children.

Promoting Human Resource Development
The Group endeavours to maintain a high standard of professionalism with continuous training. The employees regularly attend training and refresher courses and are also encouraged to pursue further studies by taking advantage of the employee study scheme which provides funding to employees wishing to obtain professional qualifications in insurance and accounting.

Carbon Reduction Reporting
As part of its ongoing programme to help protect the environment and within the context of the GML "Think Green" initiative, the IBL Group has set up a committee composed of representatives of different clusters, to promote the values of both IBL Environment and GML Think Green Charters. The Charter aims to:
- promote an environment culture by recognising environmental achievement as one of the main core values;
- create a sense of awareness among employees to be more proactive rather than reactive in all activities with regards to the environment;
- endeavour to comply with relevant environmental regulations and standards;
- adopt good practices by optimising all non-renewable resources and encouraging best waste management;
- evaluate the objectives fixed for energy saving and resources management and a continuous assessment of good practices adopted; and
- act responsibly towards the environment by committing to sustainable development of the Group for the benefit of the society, shareholders and other stakeholders.

The direct impact on climate change will be reduced with the Group's commitment to manage carbon reduction by focusing on the areas such as:
- controlling air conditioning;
- switching off of lights in areas where not required after office hours;
- installing passive infra-red lighting in certain common areas;
- monitoring the purchase of low energy consumption equipments;
- intensive use of emails to reduce the use of papers;
- turning off the computers when going out for lunch; and
- paperless office and recto/verso document printing if required.

Auditor's Fees (Continuing operations)

	The Group		The Company	
Fees paid to Deloitte for:	**2013 Rs'000**	2012 Rs'000	**2013 Rs'000**	2012 Rs'000
Audit fees	**433**	388	**248**	230
Tax services	**10**	10	**-**	-
	443	398	**248**	230

Messrs Deloitte, who has accepted to continue in office, will be proposed for re-appointment at the Annual Meeting.

Donations (Continuing operations)

	The Group		The Company	
	2013 Rs'000	2012 Rs'000	**2013 Rs'000**	2012 Rs'000
Charitable donations	**55**	7	**55**	7
Corporate social responsibility contribution	**1,843**	855	**1,843**	855
	1,898	862	**1,898**	862

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

Related party transactions
Related party transactions are disclosed under note 37 of the financial statements.

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

CHAIRMAN

DIRECTOR

26th September 2013

STATEMENT OF COMPLIANCE

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

Name of Public Interest Entity: **MAURITIAN EAGLE INSURANCE COMPANY LIMITED**
Reporting Period: **1st July 2012 to 30th June 2013**

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

CHAIRMAN

DIRECTOR

26th September 2013

CERTIFICATE FROM THE COMPANY SECRETARY

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

IBL Corporate Services Ltd
COMPANY SECRETARY

26th September 2013

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors acknowledge their responsibilities to prepare the financial statements that fairly present the state of affairs of the Group and the Company as at the reporting date and the results of its operations and cashflows for that year in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

In preparing each of the Group and Company financial statements the Directors have:

- selected appropriate accounting policies that are compliant with International Financial Reporting Standards supported by reasonable and prudent judgements and estimates and then applied them consistently;
- adhere to applicable accounting standards or, if there has been any departure in the interest of fair presentation, this must not only be disclosed and explained but quantified; and
- prepared the financial statements on a going concern basis.

The Directors are responsible for:

- the maintenance of adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company.
- the set up of an effective system of internal controls and risk management; and
- safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The external auditors are responsible for independently reviewing and reporting on the Group's annual financial statements.

Signed on behalf of the Board of Directors

CHAIRMAN

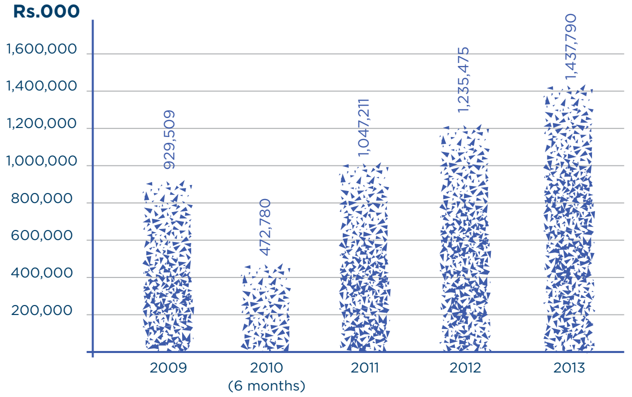
DIRECTOR

26th September 2013

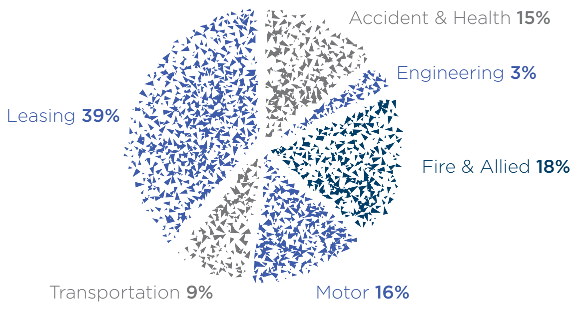
PREMIUM AND PROFITABILITY CHARTS

FOR THE YEAR ENDED 30 JUNE 2013

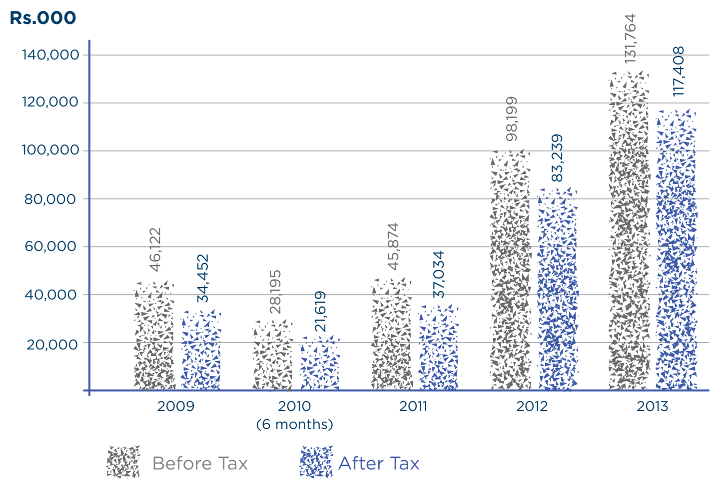
Group Turnover



Segment Revenue



Profitability before and after Tax



Management Expense ratio

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

Deloitte.

7th Floor, Raffles Tower
19 Cybercity
Ebène
Mauritius

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

Report on the Financial Statements

We have audited the financial statements of **Mauritian Eagle Insurance Company Limited and its subsidiary** on pages 30 to 90 which comprise the statements of financial position as at 30th June 2013 and the statements of profit and loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibilities for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004. 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.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements on pages 30 to 90 give a true and fair view of the financial position of **Mauritian Eagle Insurance Company Limited and its subsidiary** as at **30th June 2013**, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

Report on other legal requirements

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

- we have no relationship with, or interests in, the company and its subsidiary other than in our 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.

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 annual report is consistent with the requirements of the Code.

Insurance Act 2005

The financial statements have been prepared in the manner and meet the requirements specified by the Financial Services Commission.

Deloitte
Chartered Accountants

L. Yeung Sik Yuen, ACA
Licensed by FRC

26th September 2013

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	Notes	The Group 2013 Rs'000	The Group 2012 Rs'000	The Company 2013 Rs'000	The Company 2012 Rs'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	**658,780**	589,559	**82,957**	76,114
Intangible assets	6	**2,964**	11,028	**2,884**	2,476
Investment in subsidiaries	7	**-**	-	**102,000**	127,000
Investment in associates	8	**54,837**	25,961	**13,813**	6,313
Statutory and other deposits	9	**8,000**	2,500	**8,000**	2,500
Financial assets	10	**235,965**	492,350	**235,965**	178,738
Mortgage and other loans	11	**-**	105,165	**-**	-
Finance lease receivables	12	**1,059,413**	934,970	**-**	-
		2,019,959	2,161,533	**445,619**	393,141
Current assets					
Statutory and other deposits	9	**-**	6,500	**-**	6,500
Mortgage and other loans	11	**-**	17,108	**-**	-
Finance lease receivables	12	**383,553**	341,271	**-**	-
Trade and other receivables	13	**377,817**	280,105	**205,368**	146,356
Amounts due from group companies	14	**195,150**	272,953	**195,150**	195,150
Claims recoverable from reinsurers	15	**163,581**	66,195	**163,581**	66,195
Bank and cash balances	32	**523,289**	523,705	**319,497**	230,172
		1,643,390	1,507,837	**883,596**	644,373
Total assets		**3,663,349**	3,669,370	**1,329,215**	1,037,514
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	16	**80,000**	80,000	**80,000**	80,000
Reserves		**568,203**	452,350	**525,700**	424,032
Equity attributable to owners of the company		**648,203**	532,350	**605,700**	504,032
Non-controlling interests		**99,421**	99,305	**-**	-
Total equity		**747,624**	631,655	**605,700**	504,032
Other reserves	17	**2,388**	2,346	**-**	-
Insurance funds					
General insurance fund	18	**240,253**	217,784	**240,253**	217,784
Life insurance fund	19	**-**	597,511	**-**	-
		240,253	815,295	**240,253**	217,784
Non-current liabilities					
Loans	20	**29,397**	35,737	**-**	-
Deposits from customers	21	**833,739**	683,331	**-**	-
Deferred tax liabilities	22	**12,046**	11,980	**3,766**	3,657
		875,182	731,048	**3,766**	3,657
Current liabilities					
Trade and other payables	23	**169,041**	209,822	**113,538**	79,228
Loans	20	**15,684**	43,124	**-**	-
Gross outstanding claims	15	**362,031**	226,977	**362,031**	226,977
Deposits from customers	21	**1,247,219**	1,003,267	**-**	-
Current tax liabilities	24(i)	**3,927**	5,836	**3,927**	5,836
		1,797,902	1,489,026	**479,496**	312,041
Total equity and liabilities		**3,663,349**	3,669,370	**1,329,215**	1,037,514

Approved by the Board of Directors and authorised for issue on **26th September 2013**

CHAIRMAN

DIRECTOR

STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

	Notes	The Group 2013 Rs'000	The Group 2012 Rs'000	The Company 2013 Rs'000	The Company 2012 Rs'000
Continuing operations					
Gross insurance premiums		**865,506**	739,262	**865,530**	739,345
Gross lease rental income		**572,284**	496,213	**-**	-
		1,437,790	1,235,475	**865,530**	739,345
Reinsurance premiums ceded		**(444,513)**	(346,214)	**(444,513)**	(346,214)
Capital element of finance lease rental income		**(323,837)**	(261,325)	**-**	-
		(768,350)	(607,539)	**(444,513)**	(346,214)
Net Revenue		**669,440**	627,936	**421,017**	393,131
Investment income	25	**41,022**	36,459	**37,011**	30,712
Commission income		**68,627**	57,584	**64,766**	53,604
Other income	26	**12,311**	10,601	**8,581**	4,168
		791,400	732,580	**531,375**	481,615
Benefits and Expenses					
Net benefits and claims	27	**(229,987)**	(186,048)	**(229,987)**	(186,048)
Commission payable		**(84,613)**	(67,735)	**(84,613)**	(67,735)
Administrative expenses	28	**(231,423)**	(205,496)	**(99,267)**	(84,211)
		(546,023)	(459,279)	**(413,867)**	(337,994)
Profit from operations		**245,377**	273,301	**117,508**	143,621
Release to: General insurance fund	18	**(22,469)**	(50,696)	**(22,469)**	(50,696)
		222,908	222,605	**95,039**	92,925
Finance costs	29	**(131,434)**	(130,346)	**-**	-
		91,474	92,259	**95,039**	92,925
Share of profits of associate	8	**5,521**	5,940	**-**	-
Profit before disposal of subsidiary		**96,995**	98,199	**95,039**	92,925
Gain recognised on disposal of interest in former subsidiary	42	**34,769**	-	**32,200**	-
Profit before tax		**131,764**	98,199	**127,239**	92,925
Income tax expense	24(ii)	**(14,356)**	(14,960)	**(14,399)**	(14,601)
Profit after taxation		**117,408**	83,239	**112,840**	78,324
Transfer to statutory reserve fund	17	**(42)**	(12)	**-**	-
Profit for the year from continuing operations		**117,366**	83,227	**112,840**	78,324
Profit for the year from discontinuing operations	41	**-**	-	**-**	-
Profit for the year		**117,366**	83,227	**112,840**	78,324
Other comprehensive income					
Items that may not be reclassified subsequently to profit or loss					
Exchange difference arising from translation of associate operations		**5,855**	1,365	**-**	-
Items that may be reclassified subsequently to profit or loss					
Reclassification adjustments relating to former subsidiary disposed of in the year		**3,920**	-	**-**	-
Net gain/(loss) arising on revaluation of available-for-sale financial assets during the year	10	**8,427**	(19,137)	**8,427**	(1,274)
Reclassification adjustments relating to available-for-sale financial assets disposed of in the year		**(399)**	(12,918)	**(399)**	(5,286)
Other comprehensive income/(loss) for the year		**17,803**	(30,690)	**8,028**	(6,560)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**135,169**	52,537	**120,868**	71,764
Profit attributable to:					
Owners of the company		**117,250**	83,195	**112,840**	78,324
Non-controlling interests		**116**	32	**-**	-
		117,366	83,227	**112,840**	78,324
Total comprehensive income attributable to:					
Owners of the company		**135,053**	52,505	**120,868**	71,764
Non-controlling interests		**116**	32	**-**	-
		135,169	52,537	**120,868**	71,764
EARNINGS PER SHARE	30				
From continuing and discontinued operations	Rs	**14.66**	10.40		
From continuing operations	Rs	**14.66**	10.40		

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2013

	Note	Stated Capital	Property revaluation reserve	Investments revaluation reserve	Foreign currency translation reserve	Retained earnings	Attributable to owners of the company	Non controlling interests	Total equity
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
THE GROUP									
Balance as at 1 July 2011		80,000	19,754	36,409	(11,501)	372,783	497,445	99,273	596,718
Dividends	31	-	-	-	-	(17,600)	(17,600)	-	(17,600)
Transfer to retained earnings		-	(1,000)	-	-	1,000	-	-	-
Profit for the year		-	-	-	-	83,195	83,195	32	83,227
Other comprehensive income for the year		-	-	(32,055)	1,365	-	(30,690)	-	(30,690)
Total comprehensive income for the year		-	-	(32,055)	1,365	83,195	52,505	32	52,537
Balance as at 30 June 2012		80,000	18,754	4,354	(10,136)	439,378	532,350	99,305	631,655
Dividends	31	**-**	**-**	**-**	**-**	**(19,200)**	**(19,200)**	**-**	**(19,200)**
Transfer to retained earnings		**-**	**(501)**	**-**	**-**	**501**	**-**	**-**	**-**
Profit for the year		**-**	**-**	**-**	**-**	**117,250**	**117,250**	**116**	**117,366**
Other comprehensive income for the year		**-**	**-**	**11,948**	**5,855**	**-**	**17,803**	**-**	**17,803**
Total comprehensive income for the year		**-**	**-**	**11,948**	**5,855**	**117,250**	**135,053**	**116**	**135,169**
Balance as at 30 June 2013		**80,000**	**18,253**	**16,302**	**(4,281)**	**537,929**	**648,203**	**99,421**	**747,624**

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	Stated Capital	Property revaluation reserve	Investments revaluation reserve	Retained earnings	Total
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
THE COMPANY						
Balance as at 1 July 2011		80,000	19,754	14,834	335,280	449,868
Dividends	31	-	-	-	(17,600)	(17,600)
Transfer to retained earnings		-	(1,000)	-	1,000	-
Profit for the year		-	-	-	78,324	78,324
Other comprehensive income for the year		-	-	(6,560)	-	(6,560)
Total comprehensive income for the year		-	-	(6,560)	78,324	71,764
Balance as at 30 June 2012		80,000	18,754	8,274	397,004	504,032
Dividends	31	**-**	**-**	**-**	**(19,200)**	**(19,200)**
Transfer to retained earnings		**-**	**(501)**	**-**	**501**	**-**
Profit for the year		**-**	**-**	**-**	**112,840**	**112,840**
Other comprehensive income for the year		**-**	**-**	**8,028**	**-**	**8,028**
Total comprehensive income for the year		**-**	**-**	**8,028**	**112,840**	**120,868**
Balance as at 30 June 2013		**80,000**	**18,253**	**16,302**	**491,145**	**605,700**

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 2013

	Notes	The Group 2013 Rs'000	The Group 2012 Rs'000	The Company 2013 Rs'000	The Company 2012 Rs'000
Cash flows from operating activities					
Profit before taxation		**131,764**	98,199	**127,239**	92,925
Adjustments for:					
Depreciation and amortisation	5 and 6	**104,596**	99,013	**5,867**	6,451
Property, plant and equipment written off	5	**-**	982	**-**	-
Profit on sale of property, plant and equipment	26	**(27)**	(57)	**(27)**	(7)
Loss/(profit) on sale of investments	26	**732**	1,090	**(1,023)**	(1,120)
Profit on sale of subsidiary	42	**(34,769)**	-	**(32,200)**	-
Credit losses written off net of reversal of provision	12(a) and (e)	**13,000**	2,928	**-**	-
Dividend income	25	**(5,013)**	(7,608)	**(6,828)**	(4,419)
Interest income	25	**(55,746)**	(59,855)	**(30,183)**	(26,293)
Interest expense	29	**131,434**	128,111	**-**	-
Share of results of associate	8	**(5,521)**	(5,940)	**-**	-
Net life insurance fund	19	**20,312**	81,925	**-**	-
Net general insurance fund	18	**22,469**	50,696	**22,469**	50,696
Operating profit before working capital changes		**323,231**	389,484	**85,315**	118,233
(Increase)/decrease in trade and other receivables		**(106,030)**	(14,297)	**(55,491)**	4,513
(Increase)/decrease in mortgage and other loans		**(12,274)**	149	**-**	-
Increase in claims outstanding		**37,668**	25,733	**37,668**	25,733
(Decrease)/increase in trade and other payables		**(16,837)**	89,421	**34,310**	12,395
		(97,473)	101,006	**16,487**	42,641
Cash generated from operations		**225,758**	490,490	**101,801**	160,874
Taxation paid	24(i)	**(16,199)**	(11,336)	**(16,199)**	(11,336)
Interest paid		**(114,472)**	(121,716)	**-**	-
Net cash generated from operating activities		**95,087**	357,438	**85,602**	149,538
Cash flows from investing activities					
Increase in amount due from group companies	14	**(219)**	(18)	**444**	(387)
Purchase of investments	10	**(138,551)**	(262,163)	**(67,142)**	(84,156)
Proceeds from sale of subsidiary		**-**	-	**49,700**	-
Decrease in statutory and other deposits		**1,000**	7,000	**1,000**	7,000
Proceeds from sale of investments	10	**47,671**	134,493	**18,966**	45,299
Purchase of property, plant and equipment	5	**(195,214)**	(253,160)	**(11,520)**	(1,721)
Purchase of intangible assets	6	**(2,745)**	(1,849)	**(1,654)**	(632)
Proceeds from sale of property, plant and equipment		**15,576**	11,755	**83**	7
Net cash outflow on disposal of subsidiary	42	**(123,736)**	-	**-**	-
Interest received		**52,224**	53,757	**26,662**	23,234
Dividend received		**8,814**	8,710	**6,828**	4,419
Investment in finance lease	12(a)	**(590,606)**	(557,712)	**-**	-
Capital repayment of finance lease	12(a)	**410,881**	334,041	**-**	-
Deposit received from customers		**987,172**	613,721	**-**	-
Deposit refunded to customers		**(592,812)**	(310,624)	**-**	-
Net cash (used in)/generated from investing activities		**(120,545)**	(222,049)	**23,367**	(6,937)
Cash flows from financing activities					
Proceeds from loans	20	**10,786**	44,964	**-**	-
Repayment of loan	20	**(44,566)**	(11,179)	**-**	-
Dividends paid	31	**(19,200)**	(17,600)	**(19,200)**	(17,600)
Net cash (used in)/generated from financing activities		**(52,980)**	16,185	**(19,200)**	(17,600)
(Decrease)/increase in cash and cash equivalents		**(78,438)**	151,574	**89,769**	125,001
Cash and cash equivalents at beginning of the year		**794,196**	642,622	**422,197**	297,196
Cash and cash equivalents at end of the year	32	**715,758**	794,196	**511,966**	422,197

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

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 5th Floor, 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
- Engineering
- Fire and allied perils
- Health
- Motor
- Transportation

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

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

In the current year, the Group and the Company have 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 2012.

2.1 Standards and Interpretations applied with no effect on financial statements

The following new and revised standard and interpretation has been adopted in the current year and has affected the presentation in the financial statements.

IAS 1 Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented

The Group and the Company have applied the amendments to IAS 1 Presentation of Items of Other Comprehensive Income for the first time in the current year. The amendments introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments to IAS 1, the "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income" (and the "income statement" is renamed as the "statement of profit or loss").

The amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met.

2.2 Standards and Interpretations applied with no effect on financial statements

The following relevant new and revised IFRSs have been adopted in these financial statements. The application of these new and revised IFRSs 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 12 Income Taxes - Limited scope amendment (recovery of underlying assets)

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

2.3 Standards and Interpretations in issue not yet effective

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

IAS 1	Presentation of Financial Statements - Amendments resulting from Annual Improvements 2009-2011 Cycle (comparative information) (effective 1 January 2013)
IAS 16	Property, Plant and Equipment - Amendments resulting from Annual Improvements 2009-2011 Cycle (servicing equipment) (effective 1 January 2013)
IAS 19	Employee Benefits - Amended standard resulting from the post-employment benefits and termination benefits projects (effective 1 January 2013)
IAS 27	Separate Financial Statements - Original issue (effective 1 January 2013)
IAS 27	Separate Financial Statements - Amendments for investment entities (effective 1 January 2014)
IAS 28	Investments in Associates and Joint Ventures - Original issue (effective 1 January 2013)
IAS 32	Financial Instruments: Presentation - Amendments relating to the offsetting of assets and liabilities (effective 1 January 2014)
IAS 32	Financial Instruments: Presentation - Amendments resulting from Annual Improvements 2009-2011 Cycle (tax effect of equity distributions) (effective 1 January 2013)
IAS 36	Impairment of Assets - Amendments arising from Recoverable Amount Disclosures for Non-Financial Assets (effective 1 January 2014)
IAS 39	Financial Instruments: Recognition and Measurement - Amendments for novations of derivatives (effective 1 January 2014)
IFRS 7	Financial Instruments: Disclosures - Amendments related to the offsetting of assets and liabilities (effective 1 January 2013)
IFRS 7	Financial Instruments: Disclosures - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective 1 January 2015)
IFRS 9	Financial Instruments - Reissue to include requirements for the classification and measurement of financial liabilities and incorporate existing derecognition requirements (effective 1 January 2015)
IFRS 9	Financial Instruments - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective 1 January 2015)
IFRS 9	Financial Instruments - Original issue (Classification and measurement of financial assets) (effective 1 January 2015)
IFRS 10	Consolidated Financial Statements - Original issue (effective 1 January 2013)
IFRS 10	Consolidated Financial Statements - Amendments to transitional guidance (effective 1 January 2013)
IFRS 10	Consolidated Financial Statements - Amendments for investment entities (effective 1 January 2014)
IFRS 12	Disclosure of Interests in Other Entities - Original issue (effective 1 January 2013).
IFRS 12	Disclosure of Interests in Other Entities - Amendments to transitional guidance (effective 1 January 2013)
IFRS 12	Disclosure of Interests in Other Entities - Amendments for investment entities (effective 1 January 2014)
IFRS 13	Fair Value Measurement - Original issue (effective 1 January 2013)

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:

3.01 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and comply with the Mauritius Companies Act 2001.

3.02 Basis of preparation

The financial statements have been prepared under the historical cost convention except for land and buildings 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 International Financial Reporting Standards (IFRSs).

3.03 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.

Subsidiary is the entity over which the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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.

3.04 Property, plant and equipment

Property, plant and equipment are stated at cost or revalued amount less accumulated depreciation and any accumulated impairment losses. Revaluations 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 land and buildings 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 land and buildings 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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.04 Property, plant and equipment (Continued)

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.

3.05 Depreciation

No depreciation is provided on land. Depreciation on revalued buildings 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.

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

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

3.06 Intangible asset and amortisation

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.

3.07 Investment in subsidiary

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

3.08 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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.08 Investment in associates (continued)

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 associate.

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 a 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.

3.09 Financial instruments

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

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

Financial assets

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.09 Financial instruments (continued)

Financial assets (continued)

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 being 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.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in equity.

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

Loans and receivables

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

Impairment of financial assets

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.09 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.09 Financial instruments (continued)

Financial liabilities (continued)

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.

3.10 Equity instruments

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

3.11 Leases

Finance lease

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

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

Operating lease

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

3.12 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 for the year under review whereas the 1/8th method was applied for the year ended 30th June 2012. 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 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Life insurance fund

The surplus arising from the long-term business operation is transferred to the life insurance fund and represents the increase in the value of policy liabilities. Under the provisions of the Insurance Act 2005, the adequacy of the liabilities is determined annually by actuarial valuation by the end of each financial period.

3.15 Taxation

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

(i) Current tax

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

(ii) Deferred tax

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Taxation (continued)

(iii) Current and deferred tax for the year

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

3.16 Retirement benefits obligations

Defined benefit pension plan

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

State plan and defined contribution pension plan

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

3.17 Outstanding claims

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

3.18 Salvage and subrogation reimbursements

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

3.19 Liability adequacy

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

3.20 Provisions

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.21 Insurance contracts

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

Insurance contracts issued by the Group are classified as short term insurance, long term insurance and reinsurance contracts. Short term insurance contracts are in respect of general insurance business whereas long term insurance contracts refer to life insurance business.

3.22 Revenue recognition

General business

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

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

Life business

Insurance contracts with fixed and guaranteed terms

Gross premiums from life insurance business are recognised when they become payable from the policyholders and are shown gross of commission and other expenses.

Unit-linked insurance contracts

Insurance premiums are recognised directly as liabilities.

Lease business

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

Front end fee on finance lease is recognised when the fee is received.

Other revenues

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

Dividend income is recognised when the 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.

Consideration for annuities is recognised on a receipt basis.

Interest income on deposits is recognised on a time basis whereas those on mortgages and policy loans are recognised on a receipt basis.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.23 Reinsurance

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

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

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

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

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

3.24 Benefits

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

3.25 Borrowing costs

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

3.26 Cash and cash equivalents

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

3.27 Foreign currencies

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.28 Related Party

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

3.29 Comparatives

Comparatives have been restated or 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, outstanding claims provision (including IBNR) and Life Assurance Fund. In addition to the inherent uncertainty involved when estimating liabilities, there is also uncertainty as regard to 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.

Long-term insurance

The majority of insurance liabilities are calculated by projecting liability outgo and expected future premiums and discounting the cashflows to the valuation date based on the valuation interest rate. The following table splits the gross premium actuarial liability between discounted and undiscounted liabilities:

	2012 Rs'000
Discounted Liabilities	589,776
Undiscounted Liabilities	13,666
Net Actuarial Litability	603,442

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

4.1 Insurance contracts (continued)

Long-term insurance (continued)

(a) Undiscounted liabilities

The following classes of business are valued on a retrospective basis:

- Group Annuities
- Group Life
- Managed Funds

For this type of reserve calculation, the reserves are made up of:

- Unearned Premium Reserve (UPR);

The UPR is in respect of unearned premiums of each policy, based on the renewal date of the policy and the frequency of the premium payments.

For Managed Funds the Fund Value is held.

(b) Discounted Liabilities

The insurance liabilities for the balance of the business are established on a policy-by-policy basis. The basis of the projections is a "best estimate" assumption basis. Certain margins were incorporated to allow for risk and uncertainty. As at 30th June 2012, the margins were as follows:

Change in Assumption	
Investment return	10 % p.a reduction in investment
Inflation	10 %
Expenses	10 %
Risk experience	10 %

Estimates of future benefit payments under long-term insurance contracts are provided for, based on estimates made by the company's Actuary. Estimates are made as to the expected number of deaths for each of the years in which the company is exposed to risk. Estimates are based on standard industry mortality tables that reflect recent historical mortality experience, adjusted where appropriate, to reflect the country's and company's own experience.

For long-term insurance contracts with fixed and guaranteed terms and with Discretionary Participation Feature (DPF), estimates of future deaths, voluntary terminations, investment returns and administration expenses are made at each valuation date and form the assumptions used for calculating the liabilities. A margin for risk and uncertainty is added to these assumptions. Assumptions are reconsidered each year based on the most recent operating experience and estimate of future experience and are used to recalculate the liabilities.

Sensitivity analysis

The following table presents the sensitivity of the value of insurance liabilities disclosed, to movements in assumptions used in the estimation of insurance liabilities.

The table below indicates for the year ended 30th June 2012, the level of the respective variable that will trigger an adjustment and then indicates the liability adjustment required as a result of a further deterioration in the variable.

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

4.1 Insurance contracts (continued)

Sensitivity analysis (continued)

Variables	Liability Rs'000	Difference %
Actual reserve	603,442	-
Investment return less 1%(*)	619,259	1.03%
Mortality plus 10%	616,120	1.02%
Expenses plus 10%	615,290	1.02%
Withdrawals plus 10%	601,203	1.00%
Inflation plus 1%	610,487	1.01%

(*) without reducing the bonus rates

4.2 Credit impairment

(a) Specific provision for credit impairment

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

(b) Portfolio provision for credit impairment

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

4.3 Impairment of financial assets

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

4.4 Impairment of unquoted investments

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

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

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

5 PROPERTY, PLANT AND EQUIPMENT

	Land and building Rs'000	Plant and machinery Rs'000	Furniture and equipment Rs'000	Computer equipment Rs'000	Motor vehicles Rs'000	Total Rs'000
The Group						
Cost or valuation						
At 1 July 2011	72,360	384,846	21,040	16,148	129,208	623,602
Additions	-	137,177	2,750	2,914	110,319	253,160
Written off	-	-	-	-	(1,227)	(1,227)
Disposals	-	(17,868)	-	(32)	(29,629)	(47,529)
At 30 June 2012	72,360	504,155	23,790	19,030	208,671	828,006
Additions	-	42,452	1,396	2,951	140,638	187,437
Renovation works in progress	-	-	7,777	-	-	7,777
Written off	-	(1,695)	(1,018)	-	-	(2,713)
Derecognised on disposal of subsidiary	-	-	(8,131)	(3,315)	(50)	(11,496)
Disposals	-	(19,394)	(140)	(221)	(17,908)	(37,663)
At 30 June 2013	72,360	525,518	23,674	18,445	331,351	971,348
Accumulated depreciation						
At 1 July 2011	1,529	103,722	9,350	12,631	50,461	177,693
Charge for the year	1,529	63,503	3,356	2,152	26,290	96,830
Written off	-	-	-	-	(245)	(245)
Disposals	-	(15,084)	-	(32)	(20,715)	(35,831)
At 30 June 2012	3,058	152,141	12,706	14,751	55,791	238,447
Charge for the year	1,529	61,283	2,400	2,167	35,733	103,112
Written off	-	(1,695)	(1,018)	-	-	(2,713)
Derecognised on disposal of subsidiary	-	-	(2,342)	(1,810)	(12)	(4,164)
Disposals	-	(13,123)	(84)	(221)	(8,686)	(22,114)
At 30 June 2013	4,587	198,606	11,662	14,887	82,826	312,568
Net book value						
At 30 June 2013	67,773	326,912	12,012	3,558	248,525	658,780
At 30 June 2012	69,302	352,014	11,084	4,279	152,880	589,559

5 PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and building Rs'000	Furniture and equipment Rs'000	Computer equipment Rs'000	Motor vehicles Rs'000	Total Rs'000
The Company					
Cost or valuation					
At 1 July 2011	72,360	12,426	12,266	746	97,798
Additions	-	153	1,568	-	1,721
Disposals	-	-	(32)	-	(32)
At 30 June 2012	72,360	12,579	13,802	746	99,487
Additions	-	1,060	2,683	-	3,743
Renovation works in progress	-	7,777	-	-	7,777
Written off	-	(1,695)	(1,018)	-	(2,713)
Disposals	-	(140)	(221)	-	(361)
At 30 June 2013	72,360	19,581	15,246	746	107,933
Accumulated depreciation					
At 1 July 2011	1,529	6,124	10,597	552	18,802
Charge for the year	1,529	1,734	1,224	116	4,603
Disposals	-	-	(32)	-	(32)
At 30 June 2012	3,058	7,858	11,789	668	23,373
Charge for the year	1,529	1,586	1,483	23	4,621
Written off	-	(1,695)	(1,018)	-	(2,713)
Disposals	-	(84)	(221)	-	(305)
At 30 June 2013	4,587	7,665	12,033	691	24,976
Net book value					
At 30 June 2013	67,773	11,916	3,213	55	82,957
At 30 June 2012	69,302	4,721	2,013	78	76,114

(i) The value of land and building have been determined by the directors based on a valuation carried out by an independent valuer, Gexim Real Estate Ltd in June 2010 and taking into account their assessment of current market condition. The surplus of Rs23,240,000 arising on revaluation was credited to revaluation reserve.

If land and building had been stated on an historical cost basis, the carrying amount would have been Rs31,538,968 (2012: Rs32,075,785).

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

	2013			2012		
	Cost Rs'000	Accumulated depreciation Rs'000	Net book value Rs'000	Cost Rs'000	Accumulated depreciation Rs'000	Net Book value Rs'000
Plant and machinery	461,115	133,739	327,376	508,917	156,900	352,017
Motor vehicles	329,971	81,880	248,091	206,910	54,774	152,136
	791,086	215,619	575,467	715,827	211,674	504,153

5 PROPERTY, PLANT AND EQUIPMENT (continued)

Rental income earned during the year was Rs134,759,812 (2012: Rs103,558,340) and there were no expenses attributable directly to plant and equipment under operating leases. The plant and equipment are expected to generate a yield ranging between 8.00% and 14.00% (2012: between 8.00% and 14.00%) on an ongoing basis. The plant and equipment and motor vehicles held have committed tenants for the next 2 to 5 years.

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

	2013			2012		
	Plant and machinery Rs'000	**Motor vehicles Rs'000**	**Total Rs'000**	Plant and machinery Rs'000	Motor vehicles Rs'000	Total Rs'000
Within 1 year	**81,980**	**56,829**	**138,809**	80,896	36,404	117,300
In 2 to 5 years	**151,665**	**152,278**	**303,943**	200,793	87,351	288,144
After 5 years	**206**	**722**	**928**	-	150	150
	233,851	**209,829**	**443,680**	281,689	123,905	405,594

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

(iii) No assets were pledged as at 30th June 2013. For the year ended 30th June 2012, Mauritian Eagle Leasing Company Limited has pledged part of its plant and machinery with a net book value of Rs30m to secure loan facilities granted to it.

6 INTANGIBLE ASSETS

	The Group Rs'000	The Company Rs'000
Computer software		
Cost or valuation		
At 1 July 2011	30,413	19,085
Additions	1,849	632
At 30 June 2012	32,262	19,717
Additions	**2,745**	**1,654**
Derecognised on disposal of subsidiary	**(9,459)**	**-**
At 30 June 2013	**25,548**	**21,371**
Accumulated depreciation		
At 1 July 2011	19,051	15,393
Charge for the year	2,183	1,848
At 30 June 2012	**21,234**	**17,241**
Charge for the year	**1,484**	**1,246**
Derecognised on disposal of subsidiary	**(134)**	**-**
At 30 June 2013	**22,584**	**18,487**
Net book value		
At 30 June 2013	**2,964**	**2,884**
At 30 June 2012	11,028	2,476

At 30th June 2013, computer softwares have a remaining useful life of 1 to 5.5 years for both the Group and the Company (2012: 1 to 4.5 years for both the Group and the Company).

7 INVESTMENT IN SUBSIDIARIES

	The Company	
	2013 Rs'000	2012 Rs'000
(a) Unquoted investment at cost		
At 1 July	**127,000**	127,000
Transfer to investments in associates (Note 8)	**(7,500)**	-
Disposal (Note 42)	**(17,500)**	-
At 30 June	**102,000**	127,000

(b) Valuation

The directors consider that the cost of the investment approximate its market value.

(c) Details of subsidiary

	Class of shares held	Main Activity	Country of Incorporation	Mauritian Eagle Insurance % Holding 2013	Mauritian Eagle Insurance % Holding 2012
Mauritian Eagle Leasing Company Ltd	Ordinary	Leasing and deposit taking	Mauritius	**51%**	51%
Metropolitan Life (Mauritius) Ltd *(Previously known as Mauritian Eagle Life Company Ltd)*	Ordinary	Life assurance and pension	Mauritius	**-**	100%

8 INVESTMENT IN ASSOCIATES

	The Group 2013 Rs'000	The Group 2012 Rs'000	The Company 2013 Rs'000	The Company 2012 Rs'000
(a) Unquoted investment at cost				
At 1 July	**25,961**	19,758	**6,313**	6,313
Addition/Transfer from investment in subsidiaries (Note 7)	**21,300**	-	**7,500**	-
Share of profit net of tax	**5,521**	5,940	**-**	-
Dividend	**(3,800)**	(1,102)	**-**	-
Translation difference	**5,855**	1,365	**-**	-
At 30 June	**54,837**	25,961	**13,813**	6,313

(b) Details of associates

	Class of shares held	Main Activity	Country of Incorporation	Mauritian Eagle Insurance % Holding 2013	Mauritian Eagle Insurance % Holding 2012
H Savy Insurance Company Ltd	Ordinary	General and life insurance business	Seychelles	**20%**	20%
Metropolitan Life (Mauritius) Ltd	Ordinary	Life assurance and pension	Mauritius	**30%**	-

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

	2013 Rs'000	2012 Rs'000
Total assets	**1,081,597**	293,465
Total liabilities	**(842,912)**	(163,659)
Net assets	**238,685**	129,806
Group's share of associate's net assets	**54,837**	25,961
Revenue	**409,553**	254,232
Profit for the year	**27,605**	29,699
Group's share of associate's profit for the year	**5,521**	5,940

9 STATUTORY AND OTHER DEPOSITS

The Group and Company	2013 Total Rs'000	2012 Total Rs'000
At 1 July	**9,000**	9,000
Redemption	**(1,000)**	-
At 30 June	**8,000**	9,000
Analysed as:		
Non-current	**8,000**	2,500
Current	**-**	6,500
	8,000	9,000

The statutory deposits are pledged in favour of the Financial Services Commission and earn interest at rates varying from 4.55% to 6.50% per annum (2012: 4.55% to 6.55% per annum) with maturity dates varying from June 2015 to August 2016.

10 FINANCIAL ASSETS

The Group	2013 Available-for-sale securities At fair value Rs'000	2013 Available-for-sale securities At Cost Rs'000	2013 Held to maturity Rs'000	2013 Total Rs'000	2012 Total Rs'000
At 1 July	**312,677**	**3,673**	**176,000**	**492,350**	397,825
Additions	**72,883**	**-**	**65,668**	**138,551**	262,163
Disposals	**(48,925)**	**-**	**-**	**(48,925)**	(148,501)
Derecognised on disposal of subsidiary	**(232,744)**	**-**	**(129,001)**	**(361,745)**	-
Change in fair value	**11,905**	**-**	**3,829**	**15,734**	(19,137)
At 30 June	**115,796**	**3,673**	**116,496**	**235,965**	492,350
Net proceeds on disposals	**47,671**	**-**	**-**	**47,671**	134,493

The Company	2013 Available-for-sale securities At fair value Rs'000	2013 Available-for-sale securities At Cost Rs'000	2013 Held to maturity Rs'000	2013 Total Rs'000	2012 Total Rs'000
At 1 July	**92,065**	**3,673**	**83,000**	**178,738**	145,321
Additions	**34,864**	**-**	**32,278**	**67,142**	84,156
Disposals	**(18,342)**	**-**	**-**	**(18,342)**	(49,465)
Change in fair value	**7,209**	**-**	**1,218**	**8,427**	(1,274)
At 30 June	**115,796**	**3,673**	**116,496**	**235,965**	178,738
Net proceeds on disposals	**18,966**	**-**	**-**	**18,966**	45,299

Held to maturity investments is made up of debentures, bank bonds and structured notes bearing interest rate varying from 8.15% to 10.00% (2012: 8.40% to 10.00%) with maturity date varying from 2015 to 2018 respectively. The directors consider the cost of the unquoted investments to approximate their fair value.

10 FINANCIAL ASSETS (continued)

Available-for-sale financial assets comprise of quoted and unquoted securities and units. The fair value is based on the Stock Exchange and brokers' statement prices at the close of business at the end of the reporting period.

11 MORTGAGE AND OTHER LOANS

	The Group 2012 Rs'000
Non-current	
Repayable by instalments: after 1 and before 2 years	10,698
after 2 and before 5 years	20,389
after 5 years	74,078
	105,165
Current	
Repayable by instalments within 1 year	17,108
	122,273

The mortgage and other loans are secured on the respective assets and policy loans and bear interest at rates varying from 7.00% to 14.00% per annum for both the six months ended 31st December 2012 and year ended 30th June 2012.

	The Group 2012 Rs'000
Ageing of past due but not impaired:	
91-120 days	139
Over 121 days	15,180
	15,319

The directors are of the opinion that the mortgage and other loans over 121 days are fully recoverable and that no provision is required.

12 FINANCE LEASE RECEIVABLES

	The Group 2013 Rs'000	The Group 2012 Rs'000
(a) Movement during the year:		
At 1 July	**1,318,154**	1,094,483
Leases granted during the year	**590,606**	557,712
Capital Movement during the year	**(410,881)**	(334,041)
	1,497,879	1,318,154
Less allowance for credit losses	**(54,913)**	(41,913)
	1,442,966	1,276,241
Present value of the minimum lease payments	**1,497,880**	1,318,154
Analysed as:		
Non-current	**1,087,876**	970,547
Less allowance for credit losses	**(28,463)**	(35,577)
	1,059,413	934,970
Current	**410,003**	347,607
Less allowance for credit losses	**(26,450)**	(6,336)
	383,553	341,271
	1,442,966	1,276,241

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

The average lease term is 5 to 7 years and the effective interest rate on finance leases is approximately 8.75% (2012: 9.00%) and is fixed at the contract date for the entire lease term.

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

There is no individual client which accounts for more than 10% of the total portfolio of the subsidiary. The largest client currently accounts for 3% (2012: 5%) of the total lease portfolio.

No equipment has been transferred from finance to operating lease term during the year.

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

12 FINANCE LEASE RECEIVABLES (continued)

Ageing of past due debt but not impaired

	The Group	
	2013	2012
	Rs'000	Rs'000
90 days - 180 days	**30,226**	4,114
Over 180 days	**51,979**	35,910
	82,205	40,024

Included in the amount of Rs51,978,765 (2012: Rs35,910,048) is an amount of Rs2,676,386 (2012: Rs1,012,971) for which the subsidiary holds additional collateral. The collateral held is a personal guarantee on the assets of the customer.

Ageing of past due and impaired finance lease receivables

	The Group	
	2013	2012
	Rs'000	Rs'000
Over 180 days	**66,463**	42,691

Movement in the allowance of credit losses

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

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

	The Group	
	2013	2012
	Rs'000	Rs'000
Gross and net investment in finance leases:		
- within 1 year	**513,495**	440,825
- between 1 and 5 years	**1,202,898**	1,088,443
- over 5 years	**42,644**	22,796
	1,759,037	1,552,064
Less unearned finance income	**(261,158)**	(233,910)
	1,497,879	1,318,154

12 FINANCE LEASE RECEIVABLES (continued)

(c) Remaining term to maturity

	The Group	
	2013	2012
	Rs'000	Rs'000
Within 3 months	**14,247**	19,925
Over 3 to 6 months	**11,629**	19,388
Over 6 to 12 months	**42,921**	74,705
Over 1 to 5 years	**1,369,919**	1,110,155
Over 5 years	**59,163**	93,981
	1,497,879	1,318,154

(d) Credit concentration of risk by industry sectors

	The Group	
	2013	2012
	Rs'000	Rs'000
Agriculture and fishing	**331,230**	319,872
EPZ	**60,634**	62,506
Non-EPZ	**2,245**	560
Tourism	**200,520**	128,866
Transport	**143,416**	114,944
Construction	**344,761**	372,888
Financial and Business Services	**76,852**	62,021
Traders	**178,658**	132,883
Personal	**151,671**	120,108
Other	**7,892**	3,506
	1,497,879	1,318,154

The fair value of the finance lease receivables at 30th June 2013 is estimated at Rs1.5bn (2012: Rs1.3bn) based on discounted estimated future cash flows at market rate.

The fair value of the collaterals of the finance lease receivables at 30th June 2013 is estimated at Rs1.6bn (2012: Rs1.4bn), based on the assets depreciated value.

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

The guaranteed residual values of assets under finance leases at the end of the reporting year are estimated at Rs24.0m (2012: Rs22.4m).

(e) Provision for credit losses

	The Group	
	2013	**2012**
	Rs'000	**Rs'000**
At 1 July	**41,913**	38,985
Provision made during the year	**13,000**	15,986
Amount written off	**-**	(13,058)
At 30 June	**54,913**	41,913

12 FINANCE LEASE RECEIVABLES (continued)

(e) Provision for credit losses (continued)

Provision for credit losses by industry sector

	2013		2012	
	Ageing of impaired non-performing leases	Total Provision	Ageing of impaired non-performing leases	Total Provision
	Rs'000	Rs'000	Rs'000	Rs'000
The Group				
Agriculture and fishing	10,873	9,145	11,713	14,536
EPZ	-	628	-	700
Tourism	702	2,112	-	1,500
Transport	8,857	8,608	-	1,150
Construction	27,870	18,019	21,828	14,497
Financial and Business Services	-	769	2,737	3,944
Traders	14,879	13,124	3,219	1,982
Personal	3,282	2,429	3,194	3,564
Other	-	79	-	40
	66,463	54,913	42,691	41,913

(f) Credit facilities to related parties

	The Group	
	2013	2012
	Rs'000	Rs'000
Net investment in finance leases granted to related parties		
At 1 July	39,791	40,864
Lease granted during the year	34,897	5,512
Reclassification of balances	-	20,048
Capital repayments during the year	(21,031)	(26,633)
At 30 June	53,657	39,791

13 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2013	2012	2013	2012
	Rs'000	Rs'000	Rs'000	Rs'000
Trade receivables	191,095	127,103	191,095	127,103
Amounts due by ceding companies	5,470	11,184	5,470	9,291
Other receivables	181,252	141,818	8,803	9,962
	377,817	280,105	205,368	146,356

The average credit period on sales of insurance premiums of the Company is 80 days (2012: 63 days) and no interest is charged on the trade receivables from the date the debit note is issued.

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, Rs4.7m (2012: Rs4.3m) is due by the Group holding company, Ireland Blyth Limited, the Group's largest customer and there are no other customers who represent more than 10% of the total balance of trade receivables.

	The Group and Company	
	2013	2012
	Rs'000	Rs'000
Ageing of past due but not impaired:		
91-120 days	25,319	11,145
Over 120 days	13,536	19,353
	38,855	30,498

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. No allowance for doubtful debts has been made for trade receivables over 120 days at end of year as management is of opinion that the amounts are considered to be recoverable for the Group.

14 AMOUNTS DUE FROM GROUP COMPANIES

	The Group		The Company	
	2013	2012	2013	2012
	Rs'000	Rs'000	Rs'000	Rs'000
Amount due from immediate holding company	2,681	2,462	2,681	1,712
Deposit with immediate holding company	192,469	270,491	192,469	192,025
Amount due from subsidiary	-	-	-	1,413
	195,150	272,953	195,150	195,150

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

(ii) The deposit with the immediate holding company is unsecured, bears interest at 5.60% per annum (2012: 5.60% to 7.00% per annum) and does not have fixed terms of repayment.

15 OUTSTANDING CLAIMS

The Group and the Company	2013 Gross Rs'000	2013 Reinsurance Rs'000	2013 Net Rs'000	2012 Gross Rs'000	2012 Reinsurance Rs'000	2012 Net Rs'000
Continuing operations						
Claims notified	**203,977**	**(66,195)**	**137,782**	186,691	(67,142)	119,549
Claims incurred but not reported	**23,000**	**-**	**23,000**	15,500	-	15,500
At 1 July	**226,977**	**(66,195)**	**160,782**	202,191	(67,142)	135,049
Increase in liabilities (Note 27)	**360,131**	**(130,144)**	**229,987**	220,133	(34,085)	186,048
Cash (paid)/received for claims settled in the year	**(225,077)**	**32,758**	**(192,319)**	(195,347)	35,032	(160,315)
At 30 June	**362,031**	**(163,581)**	**198,450**	226,977	(66,195)	160,782
Analysed as:						
Claims notified	**321,031**	**(163,581)**	**157,450**	203,977	(66,195)	137,782
Claims incurred but not reported	**41,000**	**-**	**41,000**	23,000	-	23,000
	362,031	**(163,581)**	**198,450**	226,977	(66,195)	160,782

16 STATED CAPITAL

	The Group and Company 2013 Rs'000	2012 Rs'000
Issued and fully paid		
7,999,998 ordinary shares of Rs10 each	**80,000**	80,000

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

17 OTHER RESERVES

	The Group 2013 Rs'000	2012 Rs'000
At 1 July	**2,346**	2,334
Transfer from statement of profit or loss and other comprehensive income	**42**	12
At 30 June	**2,388**	2,346

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

18 GENERAL INSURANCE FUND

	The Group and Company Gross Rs'000	Reinsurance Rs'000	Net Rs'000
At 1 July 2011	191,579	(24,491)	167,088
Increase in the year	49,058	1,638	50,696
At 30 June 2012	240,637	(22,853)	217,784
Increase in the year	32,832	(10,363)	22,469
At 30 June 2013	**273,469**	**(33,216)**	**240,253**

19 LIFE INSURANCE FUND

	The Company 2013 Rs'000	2012 Rs'000
At 1 July	**597,511**	515,586
Transfer from life income statement	**20,312**	81,925
Derecognised on disposal of subsidiary (Note 42)	**(617,823)**	-
At 30 June	**-**	597,511

20 LOANS

	The Group 2013 Rs'000	2012 Rs'000
Non-current		
Loans repayable after more than 1 year but less than 5 years	**29,397**	35,737
Current		
Loans repayable within 1 year	**15,684**	43,124
	45,081	78,861

The loans of Rs15.7m (2012: Rs13.1m) repayable within one year and Rs29.4m (2012: Rs35.7m) repayable after more than one year have been taken by Mauritian Eagle Leasing Company Limited under the Leasing Equipment Modernisation Scheme to finance small and medium enterprises, bearing interest at 5% per annum (2012: 5% per annum) and are repayable from 3 to 5 years.

For the year ended 30th June 2012, the bank loan of Rs30m bears interest rate of 5.25% and is renewable on a monthly basis.

21 DEPOSITS FROM CUSTOMERS

	The Group	
	2013	2012
	Rs'000	Rs'000
Time deposits with remaining term to maturity:		
Non-current		
After 1 and before 5 years	**831,239**	681,581
After 5 years	**2,500**	1,750
	833,739	683,331
Current		
Within 3 months	**481,473**	357,119
After 3 and before 6 months	**300,141**	286,004
After 6 and before 12 months	**465,605**	360,144
	1,247,219	1,003,267
	2,080,958	1,686,598

The time deposits bear interest at rates varying from 4.50% and 12.50% per annum (2012: 4.95% and 13.75% per annum).

22 DEFERRED TAX LIABILITIES

Deferred taxation is calculated on all temporary differences under the liability method at the rate of 15% (2012: 15%). The movement on deferred tax account is as follows:

	The Group		The Company	
	2013	2012	**2013**	2012
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**11,980**	11,581	**3,657**	3,617
Transfer to retained earnings	**(88)**	(88)	**(88)**	(88)
Charge for the year	**154**	487	**197**	128
At 30 June	**12,046**	11,980	**3,766**	3,657
The deferred tax balances comprise of the following:				
Revaluation of properties	**3,222**	3,310	**3,222**	3,310
Accelerated capital allowances	**8,824**	8,670	**544**	347

23 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2013	2012	**2013**	2012
	Rs'000	Rs'000	**Rs'000**	Rs'000
Amounts due to reinsurers	**79,179**	67,454	**79,178**	56,994
Other payables	**89,862**	142,368	**34,360**	22,234
	169,041	209,822	**113,538**	79,228

(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.

24 TAXATION

Income tax is calculated at the rate of 15% (2012: 15%) on the profit for the year as adjusted for income tax purposes for both the company and its subsidiaries.

(i) Current tax liabilities

	The Group		The Company	
	2013	2012	**2013**	2012
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**5,836**	2,611	**5,836**	2,611
Charge for the year	**14,290**	13,819	**14,290**	13,819
Under provision in previous year	**-**	742	**-**	742
Amount paid during the year	**(16,199)**	(11,336)	**(16,199)**	(11,336)
At 30 June	**3,927**	5,836	**3,927**	5,836

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

	The Group		The Company	
	2013	2012	**2013**	2012
	Rs'000	Rs'000	**Rs'000**	Rs'000
Continuing activities				
Current tax liabilities	**14,290**	13,819	**14,290**	13,819
Under provision in previous year	**-**	742	**-**	742
Deferred tax movement (Note 22)	**66**	399	**109**	40
	14,356	14,960	**14,399**	14,601

(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	
	2013	2012	**2013**	2012
	Rs'000	Rs'000	**Rs'000**	Rs'000
Continuing activities				
Profit before taxation	**131,764**	98,199	**127,239**	92,925
Tax calculated at 15%	**19,765**	14,730	**19,086**	13,939
Tax effect of:				
Income not subject to tax	**(5,998)**	(1,732)	**(5,354)**	(625)
Under provision in previous year	**-**	742	**-**	742
Expenses not deductible for tax purposes	**589**	1,220	**667**	545
	14,356	14,960	**14,399**	14,601

25 INVESTMENT INCOME

	The Group		The Company	
	2013	2012	2013	2012
	Rs'000	Rs'000	Rs'000	Rs'000
Continuing operations				
Interest income				
Bank deposits	732	1,213	732	1,213
Loans and receivables	22,069	25,079	22,069	19,902
Held-to-maturity investments	15,194	6,850	7,382	5,178
	37,995	33,142	30,183	26,293
Investment income				
Dividend from available for sale investments	3,027	3,317	3,027	3,317
Dividend from associate	-	-	3,801	1,102
	3,027	3,317	6,828	4,419
Total	41,022	36,459	37,011	30,712

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

	The Group		The Company	
	2013	2012	2013	2012
	Rs'000	Rs'000	Rs'000	Rs'000
Continuing operations				
Available-for-sale financial assets	3,027	3,317	3,027	3,317
Loans and receivables (including cash and bank balances)	22,801	26,292	22,801	21,115
Associate	-	-	3,801	1,102
Held to maturity investments	15,194	6,850	7,382	5,178
	41,022	36,459	37,011	30,712

26 OTHER INCOME

	The Group		The Company	
	2013	2012	2013	2012
	Rs'000	Rs'000	Rs'000	Rs'000
Continuing operations				
Profit on disposal of property, plant and equipment	27	57	27	7
Profit on disposal of financial assets	1,022	1,120	1,022	1,120
Net foreign exchange gains	1,205	430	1,205	430
Administration fees	3,078	-	3,078	-
Others	6,979	8,994	3,249	2,611
	12,311	10,601	8,581	4,168

27 BENEFITS AND CLAIMS

The Group and the Company

	2013			2012		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Continuing operations						
Net claims incurred (Note 15)	360,131	(130,144)	229,987	220,133	(34,085)	186,048

28 ADMINISTRATIVE EXPENSES

	The Group		The Company	
	2013	2012	2013	2012
	Rs'000	Rs'000	Rs'000	Rs'000
Continuing operations				
Administrative expenses include:				
Staff costs	55,156	48,092	42,481	35,836
Depreciation and amortisation	103,260	96,676	5,867	6,451
Property, plant and equipment written off	-	982	-	-
Net impairment loss on finance lease receivables	13,000	2,928	-	-
Donations	55	7	55	7
Corporate social responsibility contribution	1,842	1,212	1,842	1,212

29 FINANCE COSTS

	The Group	
	2013	2012
	Rs'000	Rs'000
Continuing operations		
Interest on deposits from customers	124,363	128,043
Interest on loans	7,071	2,303
	131,434	130,346

30 EARNINGS PER SHARE

Earnings per share is based on profit after taxation and non-controlling interest of Rs117,249,204 (2012: Rs83,195,330) for the Group and on 7,999,998 shares in issue for the year ended 30th June 2013.

31 DIVIDENDS

	The Group and the Company	
	2013	2012
	Rs'000	Rs'000
Final dividend in respect of the previous year Rs1.30 (2011: Rs1.10) per share	10,400	8,800
Interim dividend in respect of the current year Rs1.10 (2012: Rs1.10) per share	8,800	8,800
	19,200	17,600

The final dividend of Rs1.30 per share amounting to Rs7,999,998 in respect of the previous period was declared by the directors on 26th September 2012 and paid.

The interim dividend of Rs1.10 per share amounting to Rs7,999,998 in respect of the current year was declared by the directors on 5th February 2013 and paid.

32 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2013	2012	**2013**	2012
	Rs'000	Rs'000	**Rs'000**	Rs'000
Cash in hand	**4**	3	**4**	3
Balances with banks	**523,285**	523,702	**319,493**	230,169
	523,289	523,705	**319,497**	230,172
Deposit with immediate holding company (Note 14)	**192,469**	270,491	**192,469**	192,025
	715,758	794,196	**511,966**	422,197

Included in balances with banks of the Group are short term deposit which bears fixed interest rates ranging from 4.25% to 4.65% per annum (2012: 4.75% to 5.75% per annum). The maturity dates of the short-term deposits range from July 2013 to February 2014.

33 RETIREMENT BENEFIT OBLIGATIONS

(a) Defined benefit plan

The Group shares risks of a defined benefit plan which is operated by its immediate holding company, Ireland Blyth Limited. However, the holding company has a stated policy for charging the net defined benefit cost to the company or any shortfall in the contribution. The figures disclosed below relate to the immediate holding company, Ireland Blyth Limited and its subsidiaries (IBL Group).

The amounts recognised in statement of financial position of Ireland Blyth Limited:

	2013	2012
	Rs'000	Rs'000
Present value of defined benefit obligation	**(1,187,696)**	(866,756)
Fair value of plan assets	**596,021**	560,446
Deficit	**(591,675)**	(306,310)
Unrecognised actuarial gain	**419,479**	186,539
Net liability in statement of financial position	**(172,196)**	(119,771)

Movements in the present value of the defined benefit obligations in the current year were as follows:

	2013	2012
	Rs'000	Rs'000
At 1 July	**(866,756)**	(810,149)
On acquisition of subsidiary	**(97,822)**	
Current service cost	**(17,583)**	(17,486)
Interest cost	**(83,931)**	(73,134)
Past service cost	**-**	(11,403)
Actuarial gains/(losses)	**(194,783)**	3,554
Benefits paid	**73,179**	41,862
At 30 June	**(1,187,696)**	(866,756)

33 RETIREMENT BENEFIT OBLIGATIONS (continued)

(a) Defined benefit plan (continued)

Movements in the present value of the plan assets in the current year were as follows:

	2013	2012
	Rs'000	Rs'000
At 1 July	**560,446**	599,880
On acquisition of subsidiary	**29,282**	-
Expected return on plan assets	**54,245**	65,487
Contributions from the employer	**39,209**	28,618
Scheme expenses	**(848)**	(719)
Cost of insuring risk benefits	**(4,825)**	(4,092)
Actuarial gains/(losses)	**(8,309)**	(86,866)
Benefits paid	**(73,179)**	(41,862)
At 30 June	**596,021**	560,446

The major categories of plan assets, and the expected rate of return at the end of the reporting period for each category, is as follows:

	Fair value of plan assets	
	2013	2012
	Rs'000	Rs'000
Local equities	**242,486**	229,782
Overseas equities	**198,884**	184,947
Fixed interest	**152,769**	145,717
Properties	**1,882**	-
Total market value of assets	**596,021**	560,446
Present value of plan liability	**(1,187,696)**	(866,756)
Deficit	**(591,675)**	(306,310)
Unrecognised actuarial gain	419,479	186,539
Net liability for retirement obligation	(172,196)	(119,771)

The overall expected rate of return is a weighted average of the expected returns of the various categories of plan assets held. The directors' assessment of the expected returns is based on historical return trends and analysts' predictions of the market for the asset in the next twelve months.

The assets of the plan are invested in funds managed by Confident Asset Management (CAM) and IPRO. The asset value managed by each fund manager reflects the actual performance of the underlying assets.

The breakdown of the assets above correspond to the actual allocation of the monies managed by both CAM and IPRO.

In terms of the individual expected returns, the expected return on equities has been based on an equity risk premium above a risk free rate. The risk free rate has been measured in accordance to the yields on government bonds at the measurement date.

The fixed interest portfolio includes government bonds, debentures, mortgages and cash. The expected return for this asset class has been based on yields of government bonds at the measurement date.

33 RETIREMENT BENEFIT OBLIGATIONS (continued)

(a) Defined benefit plan (Continued)

The history of experience adjustments is as follows:

	2013 Rs'000	2012 Rs'000	2011 Rs'000	2010 Rs'000	2009 Rs'000
Present value of defined benefit obligation	**(1,187,696)**	(866,756)	(810,149)	(746,521)	(708,012)
Fair value of plan assets	**596,021**	560,446	599,880	549,798	558,703
Deficit	**(591,675)**	(306,310)	(210,269)	(196,723)	(149,309)
Experience gains/(losses) on plan liabilities	**(194,783)**	3,554	(44,222)	(18,329)	(41,928)
Experience gains/(losses) on plan assets	**(8,309)**	(86,866)	40,829	(25,369)	50,330

Expected contribution

Ireland Blyth Limited, is expected to contribute Rs32.5m (2012: Rs32.5m) to the defined benefit plans during the next financial year.

The principal actuarial assumptions used for accounting purposes were:

	2013	2012
Discount rate	**7.50%**	9.50%
Expected return on plan assets	**7.50%**	9.50%
Future long term salary increases	**6.00%**	8.00%
Post retirement mortality tables	**a(90)**	a(90)
Retirement age	**60 years**	60 years

Retirement benefit obligations have been based on the report dated 6th September 2013 submitted by The Anglo Mauritius Assurance Society Ltd.

(b) Contribution to Ireland Blyth Limited's defined benefit pension plan

	The Group		The Company	
	2013 Rs'000	2012 Rs'000	2013 Rs'000	2012 Rs'000
Continuing operations				
Contributions expensed	**2,103**	2,317	**1,810**	2,035

(c) State pension plan

National Pension Scheme contributions expensed	**907**	802	**769**	666

(d) Contribution to defined contribution pension plan

Contributions expensed	**2,741**	2,306	**1,752**	1,333

34 FINANCIAL INSTRUMENTS

Capital Risk Management

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

The capital structure of the Group consists of net debt (borrowings as disclosed in note 20, and offset by cash and bank balances) and equity attributable to owners of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as detailed in notes 16 and 17).

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 30th June 2013, the Group has satisfied the minimum capital requirements under Insurance (General Insurance Business Solvency) Rules 2007.

Mauritian Eagle Leasing Company Limited is required to maintain a minimum capital requirement under the Banking Act 2004 and the capital structure consists of issued share capital, reserves and retained earnings. For the year ended 30th June 2013, the subsidiary has complied with the regulatory requirement in respect of both its share capital and reserves.

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 assets, financial liability and equity instrument are disclosed in note 3 to the financial statements.

Categories of financial instruments

	The Group		The Company	
	2013 Rs'000	2012 Rs'000	2013 Rs'000	2012 Rs'000
Financial assets				
Held-to-maturity investments	**116,496**	176,000	**116,496**	83,000
Loans and receivables	**2,175,621**	2,006,416	**563,009**	406,546
Bank and cash balances	**523,289**	523,705	**319,497**	230,172
Available-for-sale financial assets	**119,469**	316,350	**119,469**	95,738
	2,934,875	3,022,471	**1,118,471**	815,456
Financial liabilities				
At amortised cost	**2,657,111**	2,202,258	**475,569**	306,205

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.

34 FINANCIAL INSTRUMENTS (continued)

Financial risk management (continued)

Market Risk

The Group's activities are not significantly exposed to the financial risks of changes in foreign currency exchange rates and interest rates and no derivative financial instruments have been contracted for the financial year ended 30th June 2013.

Foreign currency risk management

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

The Group

	Financial assets 2013 Rs'000	**Financial liabilities 2013 Rs'000**	Financial assets 2012 Rs'000	Financial liabilities 2012 Rs'000
Mauritian Rupees	**2,772,797**	**2,657,111**	2,730,013	2,202,258
United States Dollars	**63,373**	**-**	125,883	-
Euro	**27,927**	**-**	59,705	-
British Pounds	**106**	**-**	383	-
Seychelles Rupees	**2,396**	**-**	99	-
Australian Dollars	**68,276**	**-**	106,388	-
	2,934,875	**2,657,111**	3,022,471	2,202,258

The Company

	Financial assets 2013 Rs'000	**Financial liabilities 2013 Rs'000**	Financial assets 2012 Rs'000	Financial liabilities 2012 Rs'000
Mauritian Rupees	**983,890**	**475,569**	720,962	306,205
United States Dollars	**63,373**	**-**	57,492	-
Euro	**430**	**-**	505	-
British Pounds	**106**	**-**	360	-
Seychelles Rupees	**2,396**	**-**	99	-
Australian Dollars	**68,276**	**-**	36,038	-
	1,118,471	**475,569**	815,456	306,205

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 30th June 2013, 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 Rs2,170,286 (2012: Rs3,156,414) and Rs795,436 (2012: Rs1,523,942) respectively higher/lower mainly resulting from translation of 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 leasing subsidiary is exposed to interest rate risk which may result in a loss occurring from adverse movement in interest rates and/or mismatches in the maturity time frame of its interest bearing assets and liabilities. The risk is managed by maintaining an appropriate mix between the interest rate charged on leases and interest rate it has to pay on its obligations.

34 FINANCIAL INSTRUMENTS (continued)

Financial risk management (continued)

Interest rate risk management (Continued)

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 statement of financial position was outstanding for the whole year, except for loans where the normal repayment terms were considered. A 50 basis point increase when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group and the subsidiary's profit for the year ended 30th June 2013 would decrease/increase by Rs51,472 (2012: Rs112,500). This is mainly attributable to the subsidiary's exposure to interest rates on its variable rate borrowings and deposits.

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

30 June 2013	**Interest Bearing - Term to maturity**						
	Within 3 Months Rs'000	**3 to 6 months Rs'000**	**6 to 12 months Rs'000**	**1 to 5 years Rs'000**	**Over 5 years Rs'000**	**Non Interest bearing Rs'000**	**Total Rs'000**
Assets							
Deposits with banks	**83,100**	**111,708**	**-**	**-**	**-**	**22,628**	**217,436**
Net investment in finance leases after allowance for credit losses	**16,845**	**12,991**	**45,753**	**1,586,472**	**42,064**	**-**	**1,704,125**
Other assets	**-**	**-**	**-**	**-**	**-**	**171,422**	**171,422**
Total assets	**99,945**	**124,699**	**45,753**	**1,586,472**	**42,064**	**194,050**	**2,092,983**
Liabilities							
Deposits	**482,456**	**310,161**	**473,502**	**851,575**	**2,544**	**-**	**2,120,238**
Borrowings	**-**	**-**	**1,216**	**43,866**	**-**	**-**	**45,082**
Other liabilities	**-**	**-**	**-**	**-**	**-**	**28,839**	**28,839**
Total liabilities	**482,456**	**310,161**	**474,718**	**895,441**	**2,544**	**28,839**	**2,194,159**

30 June 2012	Interest Bearing - Term to maturity						
	Within 3 Months Rs'000	3 to 6 months Rs'000	6 to 12 months Rs'000	1 to 5 years Rs'000	Over 5 years Rs'000	Non Interest bearing Rs'000	Total Rs'000
Assets							
Deposits with banks	53,902	80,389	-	-	-	74,314	208,605
Net investment in finance leases after allowance for credit losses	22,143	21,664	91,243	1,272,214	102,886	-	1,510,150
Other assets	-	-	-	-	-	116,058	116,058
Total assets	76,045	102,053	91,243	1,272,214	102,886	190,372	1,834,813
Liabilities							
Deposits	361,209	290,013	365,632	715,432	1,783	-	1,734,069
Borrowings	30,000	375	-	48,486	-	-	78,861
Other liabilities	-	-	-	-	-	80,021	80,021
Total liabilities	391,209	290,388	365,632	763,918	1,783	80,021	1,892,951

34 FINANCIAL INSTRUMENTS (continued)

Financial risk management (continued)

Interest rate risk management (Continued)

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

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

Financial assets	The Group		The Company	
	Floating interest rate		Floating interest rate	
	2013	2012	**2013**	2012
	%	%	**%**	%
Mauritian Rupee	**4.25 - 13.50**	4.55 - 13.50	**4.25 - 10.00**	4.55 - 10.00
United States Dollar	**3.00**	4.00	**3.00**	4.00
Euro	**6.00**	6.00	**-**	-

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

Financial liabilities	The Group			
	Floating interest rate		Fixed interest rate	
	2013	2012	**2013**	2012
	%	%	**%**	%
Mauritian Rupee	**-**	-	**4.50 - 12.50**	4.95 - 13.75

Financial liabilities are made up of deposits from customers and loans.

Fair value of financial assets and liabilities

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

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 relates 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 fosters a good business relationship with its clients so as to encourage renewal of maturing deposits instead of cash outs. It also has 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 makes cash flow projection for the next month in line with its expected funding and investment requirement and other operations. Liquidity ratios are monitored and reported to the Bank of Mauritius on a weekly basis.

34 FINANCIAL INSTRUMENTS (continued)

Financial risk management (continued)

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	0-3 months Rs'000	3 months to 1 year Rs'000	1 - 2 years Rs'000	2 - 5 years Rs'000	5+ years Rs'000	Total Rs'000
30 June 2013						
Non-interest bearing	**38,113**	**449,499**	**-**	**4,179**	**-**	**491,791**
Fixed interest rate instruments	**486,375**	**819,988**	**496,769**	**358,417**	**3,771**	**2,165,320**
	524,488	**1,269,487**	**496,769**	**362,596**	**3,771**	**2,657,111**
30 June 2012						
Non-interest bearing	47,200	364,876	-	4,146	-	416,222
Variable interest rate instruments	-	22,545	-	-	-	22,545
Fixed interest rate instruments	391,209	657,360	241,570	471,569	1,783	1,763,491
	438,409	1,044,781	241,570	475,715	1,783	2,202,258

The Company	0-3 months Rs'000	3 months to 1 year Rs'000	Total Rs'000
30 June 2013			
Non-interest bearing	**34,360**	**441,209**	**475,569**
30 June 2012			
Non-interest bearing	22,234	283,971	306,205

Credit risk management

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

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

The Group structures the levels of its credit risk it accepts by placing limits on its exposure to a single counterparty or Groups of counterparty and to industry segments. Such risks are subject to annual or more frequent review. Reinsurance is used to manage credit risk. This does not, however, discharge the company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the company remains liable for the payment to the policyholder. The credit worthiness of reinsurers is considered on an annual basis by reviewing their credit rates provided by rating agencies prior to finalisation of any reinsurance contract. Although the insurance premiums due from related companies represent 22% (2012: 19%) 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.

34 FINANCIAL INSTRUMENTS (continued)

Financial risk management (continued)

Credit risk management (continued)

The subsidiary monitors the payment of these clients on a regular basis. To mitigate credit risk the subsidiary regularly requests update on the financial position of these clients. The lease portfolio consists of a large number of customers, spread across several business sectors and geographical areas.. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience. The six most significant concentration cases of the company relate to corporate clients of the agriculture and construction business sectors. The most significant customer accounts for 5% (2012: 5%) of total finance lease receivable, while the remaining five account for 3% to 4% (2012: 3% to 4%) of total finance lease portfolio. The Conduct Review Committee meets on a quarterly basis and reviews the exposures of significant clients.

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

Fair value measurements recognised in the statement of financial position

The Group and the Company classify fair value measurements of its financial assets and financial liabilities at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- 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 Group's financial assets (by class) measured at fair value at 30th June:

	Available-for-sale financial assets			
	The Group		The Company	
	2013	2012	**2013**	2012
	Rs'000	Rs'000	**Rs'000**	Rs'000
Level 1	**115,796**	**312,677**	**115,796**	92,065

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.

34 FINANCIAL INSTRUMENTS (continued)

Financial risk management (continued)

Fair value measurements recognised in the statement of financial position (Continued)

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 30th June 2013 would have been unaffected as the equity investments are classified as available-for-sale and no investments were disposed of or impaired; and
- other equity reserve for the Group and Company would decrease/increase by Rs11,579,563 (2012: Rs31,267,665) for the Group and Rs11,579,563 (2012: Rs9,206,500) respectively as a result of the changes in fair value of available-for-sale shares.

The Group's sensitivity to equity prices has not changed significantly from the prior year.

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.

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

35 MANAGEMENT OF INSURANCE RISKS (continued)

Casualty Insurance (continue)

Frequency and severity of claims (continued)

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

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

Property insurance

Frequency and severity of claims

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

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

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 group remains primarily liable to the policy holder as the direct insurer of all risks reinsured. The Group evaluates the financial condition of its reinsurers to minimise 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.

35 MANAGEMENT OF INSURANCE RISKS (continued)

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.

	2013		2012	
Class of business	**Gross Rs'000**	**Net Rs'000**	Gross Rs'000	Net Rs'000
Accident	**43,002**	**17,276**	41,817	16,894
Engineering	**41,088**	**7,388**	12,663	3,608
Fire	**72,630**	**16,956**	26,256	16,597
Liability	**53,311**	**37,687**	41,857	35,621
Motor	**102,906**	**76,573**	81,384	65,062
Health	**8,094**	**1,570**	-	-
IBNR	**41,000**	**41,000**	23,000	23,000
	362,031	**198,450**	226,977	160,782

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

Life insurance business

Frequency and Severity of Claims

For contracts where death is the assured risk, the most significant factors that could increase the overall frequency of claims are epidemics such as AIDS, or widespread changes of lifestyle, such as eating, smoking and exercising habits, resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity. At present, these risks do not vary significantly in relation to the location of risk insured by the Group. However, undue concentration by amounts could have an impact on the severity of benefit payment on a portfolio basis.

The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of types of risk and the level of insured benefits. For example, the Group balances death risk and survival risk across its portfolio. Medical selection is also included in underwriting procedures with premiums varied to reflect the health condition and family medical history of the applicants. The Group has a retention limit on any single life assured and reinsures the excess under reinsurance arrangements.

Insurance risk for life insurance contracts is also affected by the contract holder's right to pay reduced or no future premiums, to terminate the contract completely, or to exercise a guaranteed annuity option. As a result, the amount of insurance risk is also subject to contract holder behaviour. On the assumption that contract holders will make decisions rationally, it is likely that contract holders whose health has aggravated significantly will be less inclined to terminate contracts insuring death benefits than those contract holders remaining in good health. This results in an increasing trend of expected mortality, as the portfolio of insurance contracts reduces due to voluntary terminations.

35 MANAGEMENT OF INSURANCE RISKS (continued)

Life insurance business (continued)

The table below presents the concentration of insured benefits across bands of insured benefits per individual life assured as at 30th June 2012.

Before reinsurance

Sum assured From Rs	Sum assured To Rs	Cumulative Total Rs m	%	Cum %	No of cases	%	Cum %
0	100,000	208.4	1.6	1.6	2,720	12.5	12.5
100,001	200,000	737.0	5.6	7.2	4,491	20.6	33.1
200,001	300,000	1,019.1	7.8	15.0	4,075	18.7	51.8
300,001	400,000	765.9	5.8	20.8	2,145	9.8	61.6
400,001	1,000,000	3,537.5	26.9	47.7	5,689	26.1	87.7
1,000,001	2,000,000	2,358.1	17.9	65.6	1705	7.8	95.5
2,000,001	10,000,000	3,441.8	26.2	91.8	909	4.2	99.7
Above 10,000,001		1,073.0	8.2	100.0	59	0.3	100.0
		13,140.8			21,793		

After reinsurance

Sum assured From Rs	Sum assured To Rs	Cumulative Total Rs m	%	Cum %	No of cases	%	Cum %
0	100,000	208.4	4.2	4.2	2,720	12.5	12.5
100,001	200,000	737.0	14.7	18.9	4,491	20.6	33.1
200,001	300,000	4,080.0	81.1	100.0	14,582	66.9	100.0
		5,025.4			21,793		

The following table for annuity insurance contracts illustrates the concentration of risk based on bands that group these contracts in relation to the amount payable per annum as if the annuity were in payment as at 30th June 2012. The company does not hold any reinsurance contracts against the liabilities carried for these contracts.

Annuity payable per annum per life insured as at 30th June 2012	Total annuities payable per annum Rs	%
0 - 10,000	**285,522**	**5.5**
10,001 - 20,000	**550,336**	**10.6**
20,001 - 50,000	**751,638**	**14.4**
50,001 - 100,000	**1,058,050**	**20.3**
Above Rs100,000	**2,558,643**	**49.2**
	5,204,189	**100.0**

35 MANAGEMENT OF INSURANCE RISKS (continued)

Sources of uncertainty in the estimation of future benefit payments

Casualty insurance

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

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

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

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

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

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

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

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 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.

35 MANAGEMENT OF INSURANCE RISKS (continued)

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

Life insurance

Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in contract holder behaviour.

The Group uses appropriate base tables of standard mortality according to the type of contract being written and the territory in which the insured person resides. An investigation into the actual experience of the Group over the last three years is carried out, and statistical methods are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future.

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.

	2008	2009	2010	2011	2012	2013	Total
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
At end of							
Accident year	160,452	184,197	78,331	171,292	196,063	293,710	1,084,045
1 year later	1,490	6,503	9,008	15,734	22,519	-	55,254
2 years later	(1,810)	1,386	132	15,945	-	-	15,653
3 years later	2,936	728	3,282	-	-	-	6,946
4 years later	285	(1,833)	-	-	-	-	(1,548)
5 years later	4,321	-	-	-	-	-	4,321
Current estimate of cumulative claims	167,674	190,981	90,753	202,971	218,582	293,710	1,164,671
Accident year	102,439	144,187	51,999	113,090	142,160	166,516	720,391
1 year later	18,897	21,213	24,903	45,843	38,648	-	149,504
2 years later	4,895	9,357	1,275	9,100	-	-	24,627
3 years later	4,922	(2,803)	2,790	-	-	-	4,909
4 years later	2,647	1,972	-	-	-	-	4,619
5 years later	(329)	-	-	-	-	-	(329)
Cumulative payment to date	133,471	173,926	80,967	168,033	180,808	166,516	903,721
	34,203	17,055	9,786	34,938	37,774	127,194	260,950
Liability in respect of prior years							60,081
IBNR							41,000
Total gross liabilities							362,031

36 OPERATING SEGMENTS

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

Products and services from which reportable segments derive their revenues

General insurance

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

Leasing

Leasing consists of finance and operating leases.

Segment revenues and results

Revenue reported under segment revenues and results represents revenue generated from external customers. Inter-segment sales during the year was Rs23,580 (2012: Rs261,068).

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

The long-term operation was discontinued in the current year. The segment information reported under segment revenues and results does not include any amounts for the discontinued operation, which are described in more detail in note 41.

The Group	2013		
	General Rs'000	Leasing Rs'000	Group Rs'000
Gross revenue	865,506	572,284	1,437,790
Profit from operations	113,707	131,670	245,377
Release to insurance funds			(22,469)
			222,908
Finance costs			(131,434)
			91,474
Share of results of associate			5,521
Profit before exceptional item			96,995
Exceptional item			34,769
Profit before taxation			131,764
Taxation			(14,356)
Profit after taxation			117,408

36 OPERATING SEGMENTS (continued)

Segment revenues and results (continued)

The Group	2012 General Rs'000	2012 Leasing Rs'000	2012 Group Rs'000
Gross revenue	739,085	496,213	1,235,298
Profit from operations	142,520	130,781	273,301
Transfer from insurance funds			(50,696)
			222,605
Finance costs			(130,346)
			92,259
Share of results of associate			5,940
Profit before taxation			98,199
Taxation			(14,960)
Profit after taxation			83,239

Segment assets and liabilities

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

- all assets are allocated to reportable segments other than investments in associate.
- all liabilities are allocated to reportable segments other than current tax liabilities.

	2013 General Rs'000	2013 Life Rs'000	2013 Leasing Rs'000	2013 Group Rs'000
Segment assets	**1,213,347**	**-**	**2,395,165**	**3,608,512**
Investment in associate				**54,837**
Consolidated total assets				**3,663,349**
Segment liabilities	**479,280**	**-**	**2,189,877**	**2,669,157**

	2012 General Rs'000	2012 Life Rs'000	2012 Leasing Rs'000	2012 Group Rs'000
Segment assets	902,551	634,575	2,106,283	3,643,409
Investment in associate				25,961
Consolidated total assets				3,669,370
Segment liabilities	309,861	31,999	1,872,378	2,214,238

36 OPERATING SEGMENTS (continued)

Other segment information

The above businesses are conducted solely in Mauritius.

Other Information:-

	Depreciation and amortisation		Additions to non-current assets	
	2013	2012	**2013**	2012
	Rs.000	Rs.000	**Rs.000**	Rs.000
General	**5,867**	6,451	**13,174**	2,353
Leasing	**97,394**	90,225	**183,411**	247,763
Life	**1,335**	2,337	**1,374**	4,893
	104,596	99,013	**197,959**	255,009

Revenue from major products and services

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

	The Group	
	2013	2012
	Rs'000	Rs'000
Accident	**170,272**	181,457
Engineering	**36,388**	34,857
Fire and allied perils	**253,766**	215,031
Motor	**234,518**	201,353
Transportation	**127,336**	106,564
Health	**43,226**	-
Leasing	**572,284**	496,213
	1,437,790	1,235,475

Information about major customers

Included in revenues arising from general insurance of Rs865.5m (2012: Rs739.3m) are revenues of Rs74.4m (2012: Rs71.2m) which arose from sales to the Group's largest customer, Ireland Blyth Limited.

37 RELATED PARTY TRANSACTIONS

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

Outstanding balances

	The Group		The Company	
	2013 Rs'000	2012 Rs'000	**2013 Rs'000**	2012 Rs'000
(i) Receivable from related parties:-				
Immediate holding company	**7,385**	6,787	**7,385**	6,037
Associate	**1,219**	849	**1,219**	849
Subsidiary	**-**	-	**55**	1,651
Fellow subsidiaries	**55,618**	41,585	**6,430**	4,573
Associates of immediate holding company	**6,142**	8,610	**6,142**	8,610
Subsidiaries of ultimate holding company	**5,080**	1,525	**5,080**	1,525
Associates of ultimate holding company	**14,825**	3,710	**14,825**	3,711
Directors and related parties	**4,611**	2,934	**142**	155
	94,880	66,000	**41,278**	27,111
(ii) Payable to related parties:-				
Immediate holding company	**2,326**	20	**2,326**	20
Fellow subsidiaries	**486**	19	**486**	19
Subsidiaries of ultimate holding company	**5**	3	**5**	3
	2,817	42	**2,817**	42
(iii) Deposits with:-				
Immediate holding company	**192,469**	270,491	**192,469**	192,025
(iv) Deposits from:-				
Associates	**26,098**	-	**-**	-
Fellow subsidiaries	**4,500**	4,500	**-**	-
Subsidiaries of ultimate holding company	**262,590**	223,500	**-**	-
Directors and related parties	**30,371**	15,100	**-**	-
	323,559	243,100	**-**	-
(v) Interest receivable from:-				
Immediate holding company	**968**	1,376	**968**	1,002
Associates of ultimate holding company	**1,452**	1,666	**1,452**	935
	2,420	3,042	**2,420**	1,937

The outstanding balances are unsecured and interest free. Deposits bear interest rate as disclosed in note 34 under interest rate risk management.

37 RELATED PARTY TRANSACTIONS (continued)

Transactions

	The Group		The Company	
	2013 Rs'000	2012 Rs'000	**2013 Rs'000**	2012 Rs'000
(i) Sales of services to:-				
Immediate holding company	**74,418**	71,175	**74,418**	71,175
Subsidiary	**-**	-	**449**	553
Associates	**13,036**	11,988	**13,036**	11,988
Fellow subsidiaries	**16,995**	14,629	**16,995**	14,629
Associates of holding company	**21,932**	18,614	**21,932**	18,614
Subsidiaries of ultimate holding company	**36,542**	36,890	**36,542**	36,890
Associates of ultimate holding company	**28,286**	14,072	**28,286**	14,072
	191,209	167,368	**191,658**	167,921
(ii) Purchases of goods and services from:-				
Immediate holding company	**14,995**	12,819	**9,152**	6,896
Fellow subsidiaries	**7,852**	2,563	**7,852**	2,564
Subsidiaries of ultimate holding company	**162**	72	**162**	72
Related parties	**2,661**	2,556	**-**	-
	25,670	18,010	**17,166**	9,532
(iii) Interest income from:-				
Immediate holding company	**21,099**	19,629	**21,099**	19,629
Subsidiaries of ultimate holding company	**5,119**	4,165	**5,119**	4,165
	26,218	23,794	**26,218**	23,794
(iv) Dividend income from :-				
Associate	**-**	-	**3,801**	1,102
Associates of ultimate holding company	**101**	122	**101**	122
	101	122	**3,902**	1,224
(v) Interest paid to directors and related parties	**1,053**	1,252	**-**	-
(vi) Corporate social responsibility contribution paid to fellow subsidiary	**1,842**	1,212	**1,842**	1,212
(vii) Finance lease income from fellow subsidiaries	**5,662**	5,402	**-**	-

37 RELATED PARTY TRANSACTIONS (continued)

Transactions (continued)

	The Group		The Company	
	2013	2012	**2013**	2012
	Rs'000	Rs'000	**Rs'000**	Rs'000
(viii) Operating lease income from fellow subsidiaries	**30,597**	35,461	**-**	-
(ix) Finance lease granted to related parties	**34,897**	5,512	**-**	-
(x) Repayment from related parties	**21,031**	26,632	**-**	-
(xi) Purchase of plant and equipment from a fellow subsidiary	**-**	56,905	**-**	-

Compensation of key management personnel

Continuing operations
The remuneration of directors and other members of key management during the year was as follows:

	The Group		The Company	
	2013	2012	**2013**	2012
	Rs'000	Rs'000	**Rs'000**	Rs'000
Short-term benefits	**12,954**	13,785	**8,876**	8,677
Post-employment benefits	**1,006**	894	**652**	634
	13,960	14,679	**9,528**	9,311

Contribution to defined benefit pension plan

Contribution expensed	**2,103**	2,317	**1,810**	2,035

38 ULTIMATE HOLDING COMPANY

The directors regard Ireland Blyth Limited and GML Investissement Limitée as the company's immediate holding company and ultimate holding company, both incorporated and domiciled in Mauritius.

39 COMMITMENTS FOR FUTURE LEASES

At 30th June 2013, the Group had commitments amounting to Rs150m (2012: Rs200m) in respect of future leases.

40 EVENT AFTER THE REPORTING DATE

The directors have declared on 26th September 2013 a final dividend of Rs2.40 (2012: Rs1.30) per share. The payment of this dividend will not have any tax consequences for the company.

41 DISCONTINUED OPERATION

Disposal of subsidiary

The Company entered into a sale agreement to dispose of 70% stake in Metropolitan Life (Mauritius) Ltd which carried out the long-term business operations. The proceeds of sale substantially exceeded the carrying amount of the related net assets and, accordingly, no impairment losses were recognised. The disposal of the long-term operation is consistent with the Group's long-term policy to focus its activities in the short-term and leasing businesses. The disposal was completed on 1st January 2013, on which date control of the long-term business operation passed to the acquirer. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed below.

Statement of profit and loss and other comprehensive income of the Long-term business

	6 months ended 31-Dec-12 Rs'000	Year ended 30-Jun-12 Rs'000
Gross insurance premiums	**91,569**	184,796
Reinsurance premiums ceded	**(29,449)**	(29,578)
Net premiums	**62,120**	155,218
Investment income	**15,936**	33,240
Commission income	**1,153**	-
Other income	**7,869**	26,496
	87,078	214,954
Benefits and expenses		
Net benefits and claims	**(34,071)**	(72,156)
Commission paid	**(10,859)**	(19,679)
Administrative expenses	**(21,836)**	(41,194)
	(66,766)	(133,029)
Surplus from operations	**20,312**	81,925
Less transfer to Life insurance fund (Note 19)	**(20,312)**	(81,925)
	-	-

Cash flows from discontinued operation	**6 months ended 31-Dec-12 Rs'000**	Year ended 30-Jun-12 Rs'000
Net cash (used in)/generated from operating activities	**(43,100)**	55,597
Net cash used in investing activities	**(5,101)**	(65,358)
Net cash outflows	**(48,201)**	(9,761)

42 GAIN RECOGNISED ON DISPOSAL OF INTEREST IN FORMER SUBSIDIARY

Gain on disposal of long-term business subsidiary

	The Group 2013 Rs'000	The Company 2013 Rs'000
Consideration received	71,000	49,700
Less Net assets disposed of	(36,231)	-
Cost of investment	-	(17,500)
Gain on disposal	34,769	32,200

Analysis of asset and liabilities over which control was lost

	The Group 2013 Rs'000
Assets	
Property, plant and equipment	7,332
Intangible assets	9,325
Financial assets	361,745
Mortgage and other loans	134,548
Trade and other receivables	9,946
Deposit with fellow subsidiary	26,895
Amounts due from group companies	74,852
Claims recoverable from reinsurers	1,892
Bank and cash balances	72,523
	699,058
Liabilities	
Life insurance fund	(617,823)
Investment revaluation reserve	(3,264)
Trade and other payables	(37,396)
Amount due to holding company	(4,344)
Net assets disposed of	36,231

43 CAPITAL COMMITMENTS

Capital Commitments contracted for but not accrued:

The Group and the Company	2013 Rs'000
Renovation and work-in-progress	11,967

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PROXY FORM

MAURITIAN EAGLE
An IBL Group company

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 **06th December 2013** and at any adjournment thereof.

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

	(please vote with a tick)	For	Against	Abstain
1	To adopt the minutes of proceedings of the annual meeting held on 7th December 2012.	☐	☐	☐
2	To receive and adopt the Group's and Company's financial statements for the year ended 30th June 2013 and the Directors' and Auditors' reports thereon.	☐	☐	☐
3	To re-appoint Messrs Deloitte as Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration.	☐	☐	☐
4	To appoint Mr Derek Wong Wan Po as Director	☐	☐	☐
5	To re-elect as Directors to hold office until the next Annual Meeting by way of separate resolutions the following persons	☐	☐	☐
	5.1 Mr André Chung Shui	☐	☐	☐
	5.2 Mr Robert Ip Min Wan	☐	☐	☐
	5.3 Me J. Gilbert Ithier	☐	☐	☐
	5.4 Me Subhas Lallah	☐	☐	☐
	5.5 Mr Gaetan Lan Hun Kuen	☐	☐	☐
	5.6 Mr Nicolas Maigrot	☐	☐	☐
	5.7 Mr Alain Malliaté	☐	☐	☐
	5.8 Mr John Edward O'Neill	☐	☐	☐

Signed this _____________ day of ___________________ 2013

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Signature/s

NOTES:

1. *A member of the Company entitled to attend and vote at this meeting may appoint a proxy of his own choice (whether a member or not) to attend and vote on his behalf.*
2. *Please mark in the appropriate box how you wish to vote. If no specific direction as to voting is given, the proxy will exercise his discretion as to how he votes.*
3. *This form of proxy, duly signed, to be effective must reach the Company Secretary at the registered office of the Company, IBL House, Caudan, Port Louis, at least twenty-four hours before the day of the Meeting.*

MAURITIAN EAGLE

An IBL Group company

Head Office
1st Floor, IBL House, Caudan, Port Louis, Mauritius.
Tel: (230) 203 2200 - Fax: (230) 203 2299
Email: caudan@mauritianeagle.com

Flacq Branch
Unit 22, La Source Commercial Centre,
Centre de Flacq, Mauritius.
Tel: (230) 413 0041 / 413 2827 - Fax: (230) 413 0048
Email: flacq@mauritianeagle.com

Trianon Branch
Unit MS12, New Mall, Trianon Shopping Park
Tel: 467 8484 / 467 7729 - Fax: 467 8468
Email: trianon@mauritianeagle.com

www.mauritianeagle.com