EAGLE INSURANCE

ANNUAL REPORT 2020

RISING TO NEW HEIGHTS

ADDRESS OF CHAIRMAN TO SHAREHOLDERS

Dear Shareholder,

The Directors of Eagle Insurance Limited ('EIL') are proud to present the Annual Report for the year ended 30th June 2020. The present Annual Report seeks to provide an overview of the past year and an insight into major events of the coming year.

This Report was approved by the Board of Directors of EIL on 12th November 2020.

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

Date: Thursday 17th December 2020
Time: 13.00 hours
Venue: Eagle House, Wall Street
Ebene Cybercity, Mauritius

Looking forward to seeing you.

Sincerely,

Jean-Claude **Béga**
Chairman

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NOTICE OF ANNUAL MEETING OF THE COMPANY

Notice is hereby given that the forty-fifth Annual Meeting of the Shareholders of the Company will be held at the offices of the Company, Eagle House, Wall Street, Ebene Cybercity, Mauritius on **Thursday 17th December 2020 at 13.00 hours** to transact the following business:

ORDINARY RESOLUTIONS

1. To adopt the minutes of proceedings of the Annual Meeting held on 17th December 2019.
2. To consider the Annual Report from the year ended 30th June 2020.
3. To receive and adopt the Group's and Company's financial statements for the year ended 30th June 2020 and the Directors' and Auditors' reports thereon.
4. To appoint Mr. John Edward O'Neill as Director[1].
5. To appoint Ms. Cynthia Parrish as Director[2].
6. To re-elect as Directors to hold office until the next Annual Meeting by way of separate ordinary resolutions the following persons:

    6.1. Mr. Jean-Claude Béga
    6.2. Mr. JP Blignaut
    6.3. Mr. Winson Chan Chin Wah
    6.4. Mr. Dipak Chummun
    6.5. Mr. Robert Ip Min Wan
    6.6. Me. J. Gilbert Ithier
    6.7. Mr. Derek Wong Wan Po
    6.8. Mr. Laurent de la Hogue

7. To fix the remuneration of the Directors for the year to 30th June 2021 and to ratify the emoluments paid to the Directors for the year ended 30th June 2020.
8. To reappoint Messrs. Ernst & Young as auditors for the financial year ended 30th June 2021.
9. To ratify the remuneration paid to the auditors for the financial year ended 30th June 2020.

By Order of the Board

IBL Management Ltd
Secretary
Port Louis, Mauritius

12th November 2020

[1] See Page 29 for his profile
[2] See Page 26 for her profile

NOTICE OF ANNUAL MEETING OF THE COMPANY

1. A member entitled to attend and vote at the meeting may appoint any person, whether a member or not, to attend and vote in his stead. Proxy forms must be lodged at the registry of the Company not less than twenty-four hours before the meeting. A proxy form is also available at the Registered Office of the Company. A proxy need not be a member of the Company.
2. The instrument appointing a proxy or any general power of attorney shall be deposited at the Share Registry and Transfer Office of the Company, MCB Registry & Securities Limited, 9th Floor, MCB Centre, Sir William Newton Street, Port Louis, by Wednesday 16th December 2020 at 13.00 hours and in default, the instrument of proxy shall not be treated as valid.
3. For the purpose of this Annual Meeting, the Directors have resolved, in compliance with Section 120(3) of the Companies Act 2001, that the Shareholders who are entitled to receive notice of the meeting shall be those Shareholders whose names are registered in the share register of the Company as at 13th November 2020.
4. Shareholders will receive the Notice of Annual Meeting and the Proxy Form by post. Shareholders may obtain a copy of the Annual Report by choosing one of the following:

    a. Downloading the documents from EIL's website on https://www.eagle.mu/annual-reports
    b. Sending a request to the email address: iblcosec@iblgroup.com so that a copy be sent to their email address
    c. Making a written request to IBL Management Ltd, IBL House, Caudan Waterfront, Port Louis, for a printed copy (which shall be sent to them within 2 days from the request being received).

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

5. The Minutes of the Annual Meeting to be held on 17th December 2020 will be available for consultation and comments during office hours at the registered office of the Company, IBL House, Caudan Waterfront, Port Louis from 5th February to 19th February 2021.

PRINCIPLE 6: REPORTING WITH INTEGRITY

SCOPE OF REPORTING, GOVERNANCE FRAMEWORK AND STATEMENT OF COMPLIANCE

The present Annual Report for EIL covers the period 1st July 2019 to 30th June 2020. Any material events after the above-mentioned period and up to the Board approval of this report have also been included. The Company is qualified as a Public Interest Entity ('PIE') as defined by the Financial Reporting Act 2004 and has endeavoured to apply all the essence and spirit of the principles of the new Code of Corporate Governance 2016 (the 'Code').

STATEMENT OF COMPLIANCE

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

BOARD EVALUATION

The Board recognises that it is a recommendation of the Code to carry out a Board evaluation exercise every year. However, the Company has not yet carried out such an exercise and shall ensure that the same be done before June 2021.

We, the Directors of EIL, confirm that throughout the year ended 30th June 2020, to the best of the Board's knowledge, the organisation has complied with the Corporate Governance Code for Mauritius (2016). The organisation has applied all of the principles set out in the Code and explained how these principles have been applied.

JEAN-CLAUDE **BÉGA**
CHAIRMAN

ROBERT **IP MIN WAN**
DIRECTOR

STATEMENT OF DIRECTORS' RESPONSIBILITIES AND ACCOUNTABILITIES

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

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

Approved by the Board of Directors on 12th November 2020 and signed on behalf of the Board by

JEAN-CLAUDE **BÉGA**
CHAIRMAN

ROBERT **IP MIN WAN**
DIRECTOR

EIL AT A GLANCE

WE'RE READY TO
CHANGE THE GAME

FINANCIAL HIGHLIGHTS

GROUP TURNOVER

31% HEALTH

16% TRANSPORTATION

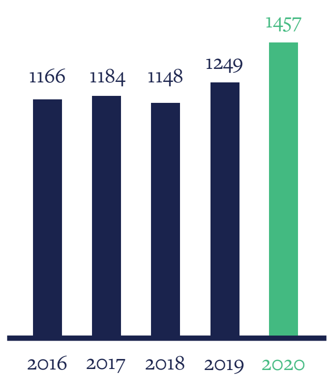
17% ACCIDENT/LIABILITY/PI

18% MOTOR

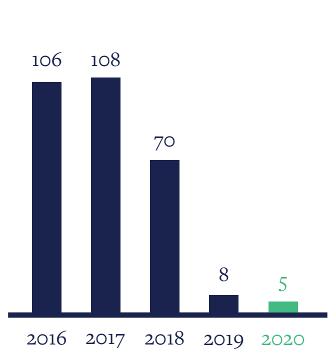
15% PROPERTY

3% ENGINEERING

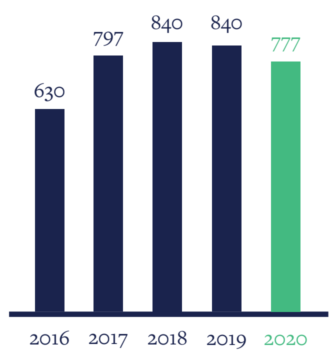
GROUP TURNOVER
Rs Million



GROUP PROFIT BEFORE TAX
Rs Million



GROUP RESERVES
Rs Million



NON-FINANCIAL HIGHLIGHTS

HUMAN CAPITAL

130 TOTAL HEAD COUNT

42 STAFF WORKING FROM HOME

65% MILLENNIALS

87 WOMEN

43 MEN

21 INCREASE IN WORKFORCE

34.5 YEARS AVERAGE AGE OF OUR STAFF

VISION & MISSION STATEMENTS

The Board of Directors of EIL recognises that the Company operates in a specific industry – the insurance business – and has outlined its vision and mission accordingly, as described below.

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."

VALUES

Being part of the IBL Group of companies, the Directors and the employees of Eagle Insurance adhere to the Values, Mission and Vision ('VMV') of IBL Ltd ('IBL'), which are as follows:

PEOPLE 1ST

Respect, Talent Development, Collaboration, Recognition and Empathy

PASSION

Positive Energy, Engagement, Driven and Inspired

EXCELLENCE

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

RESPONSIBILITY

Citizenship, Accountability, Sustainability and Humility

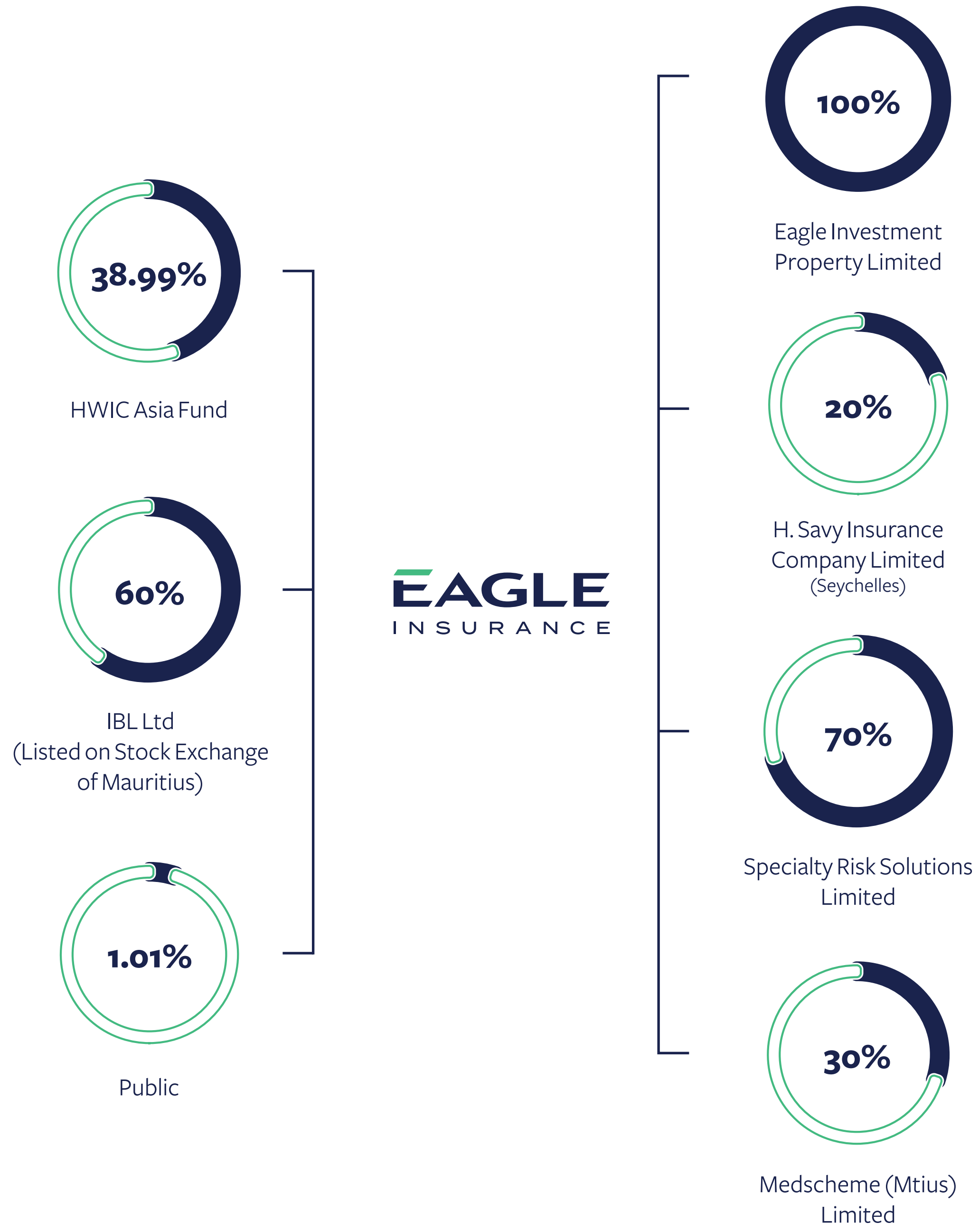
INTEGRITY

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

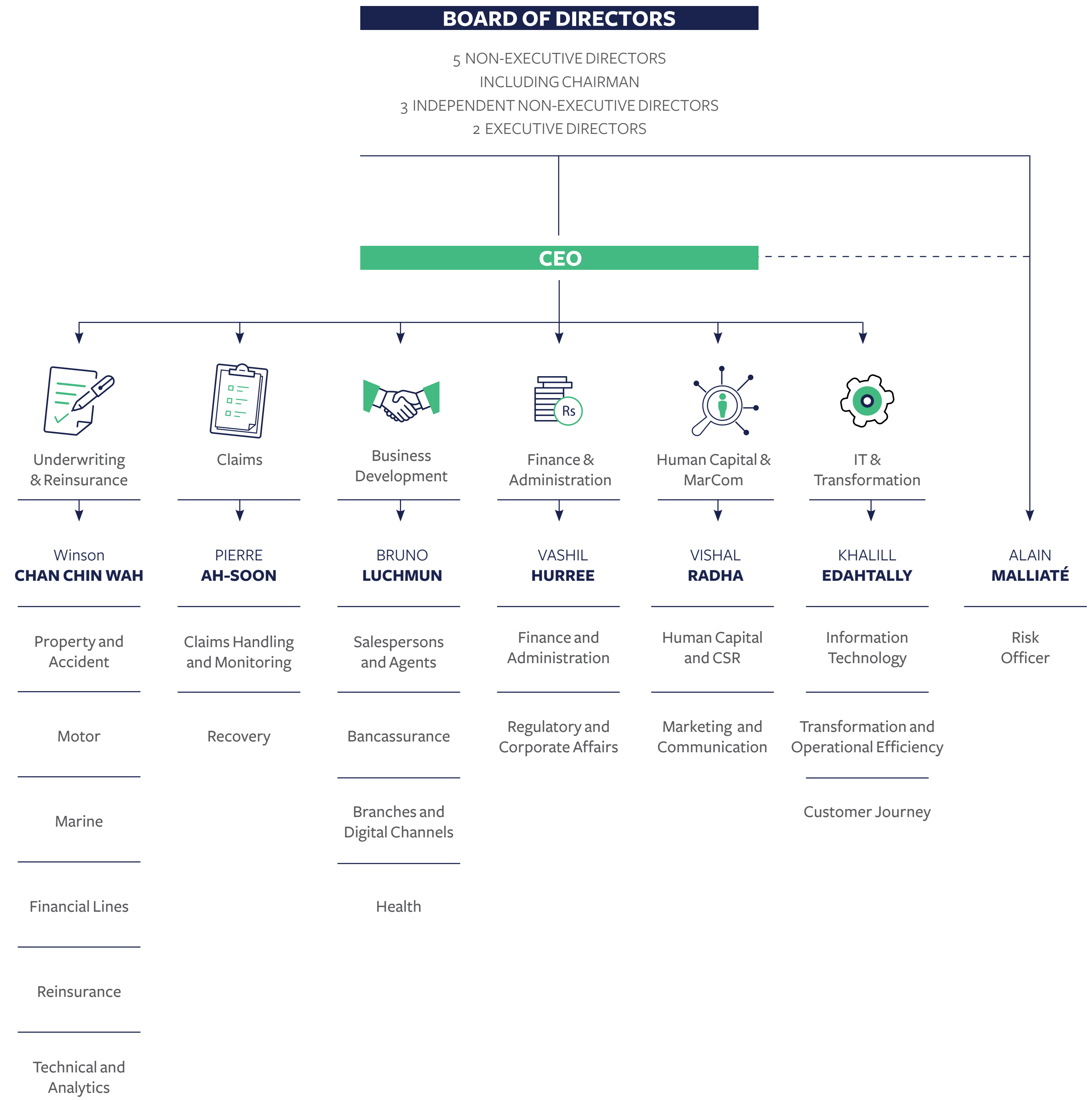
CREATIVITY

Innovation, "Think Outside the Box", Open-minded, Daringly Enterprising

GROUP STRUCTURE



ORGANISATION CHART



EAGLE INSURANCE LIMITED

INFORMATION AND HISTORY

Eagle Insurance Limited ('EIL') was incorporated in 1973 and operates since 1974 on both the individual and corporate markets; the Company is engaged in short-term insurance business comprising Accident, Health, Engineering, Property, Motor and Transportation insurance.

Listed on the Official Market of the Stock Exchange of Mauritius (SEM) since 1993, the shareholding profile of EIL as at 30th June 2020 was as follows: IBL Ltd owns 60% of shares and the remaining 40% of shares are currently held by HWIC Asia Fund (38.99%) and the public (1.01%) respectively.

HWIC Asia Fund, which previously had a participation of 15% of shares in EIL, has acquired an additional 23.99% of shares over the last year. Since the public shares of EIL is below the prescribed limit as per SEM's Listing Rules, EIL is no longer qualified to be a listed company. It has requested for its withdrawal from SEM's official listing and the delisting was effective as from 15th July 2020.

This report which forms part of the Annual Report of 2020 can be found on the website of the Company on https://www.eagle.mu/annual-reports

HEAD OFFICE
Eagle Insurance Limited
Eagle House,
15 A5 Wall Street,
Ebene Cybercity,
Mauritius
Tel: 460 9200
Website: www.eagle.mu

REGISTERED OFFICE
4th Floor, IBL House
Caudan Waterfront
Port Louis

AUDITORS
Ernst & Young
Chartered Accountants

ACTUARIES
QED Actuaries & Consultants (Pty) Ltd
Swan Life Ltd

BANKERS
The Mauritius Commercial Bank Limited
AfrAsia Bank Limited
ABSA Banking Corporation Limited
(formerly known as Barclays Bank Mauritius Limited)
The Hongkong & Shanghai Banking Corporation Limited

COMPANY SECRETARY
IBL Management Ltd
4th Floor, IBL House
Caudan Waterfront
Port Louis

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

MCB Registry & Securities Limited
Tel: +230 202 5000
9th Floor, MCB Centre,
Sir William Newton Street,
Port Louis, Mauritius

EIL'S LANDMARK EVENTS

1974 – Start of operations

1993 – Listing on the Stock Exchange of Mauritius (SEM)

1996 – Acquisition of a 15% stake in H. Savy Insurance Company Ltd

1998 – Relocation to new premises at Caudan

2001 – Establishment of a Leasing Company

2002
- Launch of its corporate website
- Opening of first branch in Flacq

2005 – Increase in stake in H. Savy Insurance Company Ltd to 20%

2013
- Opening of second branch in Trianon
- ICT Excellence Award 2013 for Website of the Year

2015 – Change in shareholding to 13% in Mauritian Eagle Leasing Co Ltd (MELCO)

2016 – Listing on Stock Exchange of Mauritius Sustainability Index (SEMSI)

2018 – Disposal of remaining 13% shares in MELCO

2019
- Celebration of 45th anniversary
- Rebranding - Change of name to Eagle Insurance Limited
- Relocation to new premises in Ebene

2020
- Acquisition of 30% shares in Medscheme (Mtius) Limited
- Delisting from the SEM since 15th July 2020

LEADERSHIP

DISTANCE HAS BROUGHT US CLOSER

CHAIRMAN'S MESSAGE

"We continue to execute our strategy in a disciplined way and accelerate towards our ambition to be a preferred insurance specialist that goes beyond boundaries to create value for all our stakeholders."

JEAN-CLAUDE **BÉGA**
CHAIRMAN

DEAR SHAREHOLDER,

I am pleased to introduce Eagle Insurance's 2020 Annual Report. The Company has recorded a performance reflective of the challenging and uncertain macro-economic conditions, continuing to deliver value for our customers, shareholders and wider stakeholders. In line with our vision to be the leader in short-term insurance, we have made a breakthrough impact to strengthen our brand as well as consolidate our offering, while remaining committed to being an employer of choice in the financial sector.

BUSINESS LANDSCAPE & STRATEGY

While navigating the economic and social uncertainty caused by the Covid-19 pandemic and its after-effects, we continue to be resilient from a financial and operating standpoint and to withstand this unprecedented challenge. Our aim at Eagle Insurance is about helping people de-risk their lives and assets and serve them in more ways, enabling them to face the future with optimism and resilience in the new normal – a reflection of our purpose-driven approach.

Following the redefinition of our brand positioning last year, we embarked on a strategic pathway with the objective to consolidate and strengthen our brand locally, onboard worldwide best practices on Risk Management and thereafter expand our footprint in the region to capture growth opportunities. During the year, HWIC Asia Fund, increased its stake in the Company from 15.00% to 38.99%. As a result, the percentage of shares of Eagle Insurance in public hands has fallen to 1.01% which is below the prescribed limit as per the Listing Rules of the Stock Exchange of Mauritius. Consequently, the company was delisted on 15th July 2020. As of 30th June 2020, Eagle Insurance is mainly supported by its anchor shareholders, IBL Limited (60.00%) and HWIC Asia Fund (38.99%).

With regard to our regional strategic growth, our connection to HWIC Asia Fund allows us to leverage their expertise and network, as well as enhance our value proposition by collaborating closely with their affiliate company, Bryte Insurance Company Limited. Recognised as one of the premier, proactive commercial risk specialists in Southern Africa, Bryte Insurance's support includes technical expertise in underwriting and claims as well as capacity in specialist product.

JOHN EDWARD **O'NEILL**
CEO OF BRYTE INSURANCE

"We have every confidence that Eagle Insurance will continue to rise to the challenges experienced during this extraordinary time in recent history and that they will continue to seize suitable opportunities supported by their ongoing focus on meaningful innovation, resilience, fortitude and people. We are proud to be their trusted partner and are fully committed to maintaining a productive partnership."

OUR PERFORMANCE AT A GLANCE

Rs 1,457M
GROSS PREMIUM
(2019: Rs 1,249M)

Rs 12M
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY
(2019: Rs 5M)

Rs 1.56
EARNINGS PER SHARE
(2019: Rs 0.65)

ROBUST STRATEGY

Strengthen our brand locally and regionally as well as onboard worldwide best practices on Risk Management with our strategic partner, HWIC Asia Fund/ Bryte Insurance

CUSTOMER FOCUS

Being client-centric by reinventing and differentiating the customer value proposition to meet evolving needs

SOLID PERFORMANCE

Enhance business performance through technology adoption, operational resilience and service channels

RETAIN TALENT

Attract and reward a diverse, engaged and loyal talent pool

PERFORMANCE, DIVIDEND AND FRAMEWORKS

Despite the socio-economic and financial consequences of the Covid-19 pandemic, Eagle Insurance delivered another year of satisfactory operating and financial performance, achieving a 17% growth in Insurance Premiums. With an improved Net Profit after Tax (NPAT) standing at MUR 12.5m from MUR 5.3m, we believe the Company's results for the year have been through disciplined execution of our strategy, despite the tough operating environment in those unprecedented times. Earnings Per Share (EPS) was MUR 1.56 compared to MUR 0.65 last year.

We continue to enhance our capabilities and maintain momentum for change by preparing for the new accounting standard, IFRS 17, whose implementation will be effective in 2023. Eagle Insurance is embarking on a series of executives' trainings on the new requirements to thereafter evaluate the implications on the Company's financial and operational systems. Moreover, to share insights and learn from the practical experience of fellow insurers who are ahead in the implementation process, we have joined the Fairfax (the ultimate holding company of HWIC Asia Fund) working group on IFRS 17.

BOARD CHANGES

A well-run company is built through effective decision-making and execution, along with robust governance as the foundation. Thanks to our current partnership with Bryte Insurance via HWIC Asia Fund, we have looked at our wider Board composition and I am pleased to welcome Messrs. Edwyn O'Neill and JP Blignaut, CEO and Chief Underwriting Officer respectively of Bryte Insurance, whose diverse set of experience and expertise, will successfully help all of us implement our strategy. I also thank Me. Subhas Lallah, Mr. Pieter Bezuidenhout and Mr. Alain Malliaté for their tenure, and welcome Independent Non-Executive Director Ms. Cynthia Parrish, and Executive Director Mr. Winson Chan, whose expertise will be key to the strategic helm of Eagle Insurance.

POSITIONED FOR GROWTH

Our business is centred around our purpose and our strategy, with a passionate and dedicated team working hard to meet our customers' needs. We continue to build the Eagle Insurance brand, work towards fostering an environment where we continually develop talent, innovate our processes, build flexible working schedules, and reward performance. With our strategic expansion and growth prospects ahead, we are embarking on a digital transformation journey with the aim of reinventing the customer and employee experience, diversifying our products, including expanding our healthcare offering and exploring innovation by extending coverage to new services.

FUTURE OUTLOOK

While we are steering through a new normal where the major economic, societal and environmental transitions present major challenges, I am confident about the Company's outlook whilst being aware of the ongoing uncertainty about the socio-economic and financial consequences of the Covid-19 pandemic. With our shareholders and strategic partners, we continue to execute our strategy in a disciplined way and accelerate towards our ambition to be the preferred insurance specialist that goes beyond boundaries to create value.

I wish to extend a thank you note to all our stakeholders for accompanying us on this journey, particularly our shareholders and my fellow members of the Board whose invaluable insights have enabled us to navigate through a challenging year and finding solutions together to adapt to new scenarios. On behalf of the Board, I would also like to extend my appreciation to the Management team and our team members for their unflinching commitment in taking the Eagle Insurance brand to new heights, as we pave the way to future growth opportunities ahead with optimism and resilience.

Jean-Claude **BÉGA**
CHAIRMAN

CEO'S MESSAGE

> Our resilience is fostered by our commitment to innovation, our forward-thinking vision and a culture of excellence.

DEREK **WONG WAN PO**
CEO

DEAR VALUED PARTNER,

This Financial Year has undoubtedly tested all assumptions. The optimised demand and supply chains have highlighted performance, resilience and sustainability, as well as making us aware of our global interdependence. While we have relentlessly strived to deliver for all our stakeholders, we have understood how, together, we can operate in an unprecedented crisis, as we brace the new normal with more challenges and preparedness.

THE MACROECONOMIC ENVIRONMENT

The world changed with the onset of the Covid-19 pandemic, causing disruption and market volatility in our business, but I remain optimistic that we will pull through this together. Despite the challenging business environment, we kept pace with economic, social, regulatory and technological changes. The financial year ended June 2020 has been marked by significant achievements and growth opportunities. Our strategic roadmap and focused execution, coupled with enhancements in our operations, have allowed us to deliver a satisfactory performance and to position ourselves for continued growth into the future. As we move through uncertain times, we must be ready for short-term adjustments with focus on disruptive ideas to transform competitive advantages into sustainable growth, safeguard of employment and value creation for all our stakeholders and the community at large.

EXPANDING OUR FOOTPRINT

After our rebranding last year, we executed our strategy to reinvent ourselves, and move towards our next chapter of growth. Guided by our strategic roadmap, our passionate team worked tirelessly to achieve these objectives despite facing the spillover effects of the pandemic. Following the announced acquisition of a significant additional stake in Eagle Insurance by HWIC Asia Fund, we are excited about reinforcing our value proposition by leveraging the deep knowledge of their affiliate, Bryte Insurance, based in the dynamic region of South Africa. Their vast network and experience give us an edge that is key to our growth as we embark on this journey of unlocking significant value for our stakeholders.

OUR FINANCIAL PERFORMANCE

Our financial performance for the Financial Year ending 2020 reflects our focus on the execution of our strategic roadmap. Gross Insurance Premiums grew by 17%, mainly driven by the growth of our health portfolio while for other classes of business, premiums were comparable to last year. The Company registered a year-on-year increase of 5% in Net Earned Premiums which stood at MUR 628M at the end of June 2020.

On the Motor side, although there was a significant drop in road accidents during the lockdown period, road safety remains a major issue.

An improvement was noted during the year in our motor portfolio, but nonetheless, it remains challenging; we are more than ever focused on turning around and improving our performance. The remaining business classes performed as expected.

In Seychelles, our associated company recorded stronger results this year. Our 20% share of profit increased from MUR 15M to MUR 25M, in 2020.

Pension liabilities in respect of employees and pensioners of Eagle Insurance, previously recognised in the accounts of the parent holding, IBL Ltd, were transferred to the Company's balance sheet during the year ended 30th June 2020. As a result, additional liabilities of Rs29M were recognised at 1st July 2019, increasing to Rs48M at 30th June 2020. The charge on the profit for the year was Rs31M with a further Rs17M impact to the 'Other comprehensive loss' for the year.

Profit before tax dropped from Rs7.8M to Rs 4.7M this year. Other comprehensive income posted a loss of Rs 76M, mainly driven by the loss on revaluation of financial assets at fair value as a result of the drop in equity markets

Overall, the total comprehensive loss for the year was Rs 63M as compared to income of Rs 25M last year.

NEW AND BETTER WAYS TO SERVE CUSTOMERS

Our resilience is fostered by our commitment to innovation, our forward-thinking vision and a culture of excellence. With our aim to make insurance simpler for our clients, we have embarked on a digital transformation journey, by slimming down our processes. Covid-19 has provided the opportunity to fast track our initiatives to transform ourselves into a digital-oriented organisation, whereby we started rolling out Voice of the Customer processes, online onboarding of new and renewed policies as well as Claims Notifications. To accommodate future customer needs, we are also mapping customer journeys to create new customer-centric buying experiences. We believe in creating an environment that is open to and nurtures continuous change through developing relevant products and consolidating further our partnership with the Group's rewards programme, 'wiiv' – all being crucial success factors in highly volatile times like these.

INVESTING IN OUR PEOPLE

Our people are our most important asset and essential to our success. More than ever, in those testing times, we are focused on building a culture underpinned by three fundamentals: (1) Be an employer of choice that is rooted with passion and determination; (2) Attract the industry's top talents to fuel growth and performance and (3) Prepare our team for the future of work through technology especially while we navigate uncertain times. During quarantine, our colleagues have risen brilliantly to those challenges: we identified business-critical roles and implemented Business Continuity Process to work from home and serve our customers efficiently. We continue to keep our flexible workforce programmes, whereby 30% of employees are still working full-time from home with no impact on our systems or ability to deliver service, thus ensuring we also adhere to appropriate sanitary practices.

CEO'S MESSAGE

BRIDGING COMMUNITY RESILIENCE

As the leader in Marine Insurance we participated in the salvage operations of the MV Wakashio by promptly insuring one of the vessels that was chosen to remove and transport oil from the bulk carrier ship. With our unique technical expertise and support of our international partners, Eagle Insurance remains committed to ensuring shipping safety, maritime security as well as the preservation of our marine environment.

DELIVERING VALUE INTO THE FUTURE

As we move forward facing the uncertainty of the Covid-19 crisis, there is no doubt that, as businesses and individuals, we are all going to be impacted from a socio-economic perspective. Consumer sentiment and behaviour as well as spending will be reflected to the purchasing power along with a rise in unemployment rate. The Financial Year 2020-2021 will be undoubtedly challenging, but as we learn and adjust to the current context, Eagle Insurance is well-equipped to weather the pandemic effects and build a resilient approach through cost control, efficient processes, enhanced partnerships, among others, to fulfil its role as an insurer and a community player.

The past year has taught us that, together, we are capable of so much more. Our achievements are a testimony of the exceptional talent of our people. On behalf of the Board and my Management colleagues, I would like to extend my sincere thanks to our employees and partners for their unremitting dedication every single day. While we are still learning and adjusting to this new normal, Eagle Insurance will step up and respond to each new challenge it faces. At all times, our focus will be the same: being there for our customers and the community, as well as sustaining value for all our stakeholders. Indeed, there is a lot more work to do as we progress, but we confidently look to this year and beyond, with resilience, courage and positivity.

Derek **WONG WAN PO**
CHIEF EXECUTIVE OFFICER

STRATEGIC PARTNERSHIPS

- Strengthen our brand positioning in Mauritius
- Redefine our value proposition with a strong collaboration with HWIC Asia Fund / Bryte Insurance

DIGITAL TRANSFORMATION

- Digital engagement and customer experience
- Scale in distribution

PEOPLE – CENTRIC PLAN

- Retain top talents
- Anticipate the future of work: more dynamic, collaborative and focused on innovation

EMBARKING ON OUR GROWTH JOURNEY WITH RESILIENCE AND OPTIMISM

DIRECTORS' PROFILES

JEAN-CLAUDE **BÉGA**, FCCA
CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Jean-Claude Béga, a Fellow of the Association of Chartered Certified Accountants, started his career in 1980 by spending 7 years as external auditor and then moved to a sugar group to perform various functions within accounting and finance before joining GML in 1997. He has been nominated as Group Head of Financial Services and Business Development of IBL Ltd on 1st July 2016 following the amalgamation between Ireland Blyth Limited and GML Investissement Limitée. He currently heads IBL Group financial services and business development including M&A. In this context, he has been nominated as Chairman of Eagle Insurance Limited, DTOS Ltd and The Bee Equity Partners Ltd. He is also the Chairman of Lux Island Resorts Ltd and Director of IBL Ltd, Phoenix Beverages Limited and some other companies within the IBL Group

Directorships in Listed Companies: IBL Ltd, Phoenix Beverages Limited, Lux Island Resorts Ltd, BlueLife Limited and The Bee Equity Partners Ltd.

DEREK **WONG WAN PO**
BSC, FCCA
CHIEF EXECUTIVE OFFICER

Derek Wong was appointed Managing Director of Eagle Insurance Limited on 1st July 2014 and since 1st July 2017 he is serving as Chief Executive Officer. He holds a BSc in Computer Science and is a Fellow member of the Association of Chartered Certified Accountant and an Associate member of the Association of Corporate Treasurers. He joined the Corporate Office of Ireland Blyth Limited in 1998 as Head Office Accountant and has been successively Group Accountant from 2001 to 2006 and Group Finance Manager from 2007 to 2014.

Directorships in other Listed Companies:
None

CYNTHIA **PARRISH**
INDEPENDENT NON-EXECUTIVE DIRECTOR
APPOINTED ON 9TH MARCH 2020

Cynthia Parrish is the Managing Director of Musa Group Mauritius Limited, a private equity fund management company. She also serves as Chief Legal Counsel at Musa Group (Pty) Limited, an investment holding company, investment banking and fund management firm, based in Johannesburg, South Africa. Ms. Parrish has over 25 years of experience in the financial services industry, specializing in the investment banking, private equity and asset management sectors. She is a director at Levene Energy, Ltd, a Mauritius-based Oil & Gas Company, Eagle Insurance, a Mauritius-based insurance company, and New Faces New Voice, the Graca Machel Trust, a non-profit company, and a number of Musa Group related companies.

DIPAK **CHUMMUN**
NON-EXECUTIVE DIRECTOR

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

Mr. Chummun is a director of a number of listed, regulated and Public Interest Companies in Commerce, Industry and Financial Services. He is the Vice Chairman of the Stock Exchange of Mauritius and a director on the Economic Development Board. He has also previously served as an International Advisory Board Member of the ICAEW in the UK for three years.

LAURENT **DE LA HOGUE**
NON-EXECUTIVE DIRECTOR

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

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

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

DIRECTORS' PROFILES

ROBERT IP MIN WAN
INDEPENDENT NON-EXECUTIVE DIRECTOR

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

Directorship in listed companies:
One (COVIFRA).

J. GILBERT ITHIER, LLB HONS, SENIOR COUNSEL
INDEPENDENT NON-EXECUTIVE DIRECTOR

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

WINSON CHAN CHIN WAH
EXECUTIVE DIRECTOR

Winson Chan Chin Wah was appointed Executive Director on 17th December 2019. With more than 25 years of experience in the general insurance industry, Winson Chan Chin Wah is currently the Chief Underwriting Officer of Eagle Insurance and he is responsible for the Property, Casualty, Marine, Motor and Reinsurance Departments. He started his career with the Mauritius Union Assurance and joined Eagle Insurance in 2004 where he successively occupied the post of Underwriting Manager, Motor Manager, Marine Manager and Head of Corporate and Marine. He is a Chartered Insurer and a member of the Insurance Institute of Mauritius.

JP BLIGNAUT
NON-EXECUTIVE DIRECTOR

JP Blignaut graduated with a BCom (Hons) Cum Laude degree from the University of Stellenbosch and is a Fellow of the Faculty of Actuaries UK.

He is the Chief Underwriting Officer at Bryte Insurance Company which operates in South Africa and Botswana. Bryte is a P&C insurer with specific focus on commercial and corporate insurance and was acquired in December 2016 by Fairfax Financial Holdings from Zurich Insurance. He has more than 25 years' insurance experience across Africa, Europe and Asia. He joined Zurich South Africa in 2012 as part of the leadership team that delivered the business turnaround. Prior to joining Zurich Insurance, he was the Chief Actuary at RSA Insurance Group plc in its Asia & Middle East region where – apart from the statutory duties – he was responsible for establishing and building actuarial and pricing capabilities across eight countries. Mr. Blignaut started his career at Sanlam Financial Service Group where he worked most of the time in medical insurance and pension scheme consulting.

JOHN EDWARD O'NEILL
NON-EXECUTIVE DIRECTOR
(APPOINTED ON 17TH FEBRUARY 2020)

Serving at the helm as CEO of Bryte, John Edward O'Neill has been instrumental in the growth of the insurance business in Southern Africa, achieving various milestones since joining in 2012. Over the years, Mr. O'Neill initiated a range of operational efficiencies to enhance business resilience, augment relevant innovation and accelerate business growth – all while differentiating the Bryte business and embedding its partnership approach. Under his leadership, the emphasis on empowered and happy employees, customer service excellence at every touch point, and committed partnerships across the business value chain have remained non-negotiable. While people development is John Edward's greatest passion, secondary to this is his passion for financial services. He is a qualified Chartered Accountant who has extensive auditing experience across retail and stock broking, treasury, corporate and investment banking and securities trading. Combined with his in-depth short-term insurance expertise, his career spans almost three decades with half of this time spent in executive positions.

John Edward O'Neill also actively serves on the boards of Bryte Africa Group, Bryte Insurance and Bryte Life, Bryte Risk Services Botswana, Grobank Limited and the South African Insurance Association.

MANAGEMENT TEAM

MANAGEMENT TEAM

1 | ALAIN **MALLIATÉ**, FCII, ACIS

RISK OFFICER

Joined in 1985. With more than 42 years of experience in the insurance industry, Alain Malliaté currently oversees the Risk Management Function and Corporate Affairs of the Company. He was previously an Executive Director at Eagle Insurance and he retired in November 2019. He is a Fellow of the Chartered Insurance Institute (UK) (FCII) and an Associate Member of the Chartered Institute of Secretaries and Administrators (ACIS).

2 | ALLEN **LEUNG YOON SIUNG**, CERT CII

UNDERWRITING MANAGER – CORPORATE PROPERTY AND ACCIDENT DEPARTMENT

Joined in 2012. With more than 25 years of experience in the insurance industry, Allen Leung Yoon Siung is responsible for the Underwriting of Fire, Accident, Liability and Engineering classes of insurance. He is a former Council Member of the Insurance Institute of Mauritius.

3 | BRUNO **CHAN SIP SIONG**, BSC (HONS)

MANAGER – IT DEPARTMENT

Joined in 1995. With more than 20 years of experience in the IT field, Bruno Chan Sip Siong is responsible for the day-to-day operations of the IT Services Department and end-user support. His other areas of responsibility also include the maintenance of insurance application systems.

4 | BRUNO **LUCHMUN**, CERT CII

BUSINESS DEVELOPMENT MANAGER

Joined in 2019. With more than 25 years of experience in Underwriting, Sales and Claims within the insurance industry, Bruno Luchmun is currently responsible for the Business Development Department and all aspects of Sales and Broker relationship.

5 | DEREK **WONG WAN PO**, BSC, FCCA

CHIEF EXECUTIVE OFFICER

Refer to Directors' Profiles.

6 | DHARVISH **GHUMONDEE**, BSC (HONS)

MANAGER – TECHNICAL, ANALYTICS AND PERFORMANCE MANAGEMENT

Joined in 2020. With over 7 years of experience in the Actuarial and Finance fields, both in Mauritius and the UK, Dharvish Ghumondee currently manages the Technical, Analytics and Performance Management Department. He holds a BSc (Hons) Degree in Actuarial Science from Cass Business School (also known as City, University of London) and is a member of the Institute and Faculty of Actuaries (UK).

7 | JOSÉ **ARSENIUS**, FBCS CITP

SENIOR MANAGER – IT DEPARTMENT

Joined in 1994. With more than 30 years of experience in the IT sector, José Arsenius currently manages the IT Services Department. He is both a Chartered IT and a Certified Information Security Professional.

8 | KERSLEY **HONG LIN**, FCCA

FINANCE MANAGER

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

9 | KHALILL **EDAHTALLY**, MBA

HEAD OF TECHNOLOGY AND TRANSFORMATION

Joined in 2020. With more than 27 years of experience in the IT industry, Khalill Edahtally currently heads the Technology and Transformation Department. His current responsibilities include driving all digital transformation initiatives and managing all transverse projects, in addition to the day-to-day operations of the IT department. He holds a Master's in Administration d'Entreprise and is ITIL Certified, as well as Project Management PLC Certified.

10 | MICHAEL **CHOW-AH-HU**, BSC (HONS), MBA

ASSISTANT MANAGER – MOTOR

Joined in 2019. With more than 12 years of experience in the insurance industry, Michael Chow-Ah-Hu is currently responsible for the day-to-day operations of the Motor Department. He is a member of the Insurance Institute of Mauritius.

11 | MICHELE **ARMANCE**, ACII UK, AIISA

UNDERWRITING MANAGER – CORPORATE PROPERTY AND ACCIDENT DEPARTMENT

Joined in 2020. With more than 16 years of experience in the insurance and reinsurance industry combined, Michele Armance is jointly responsible for the Underwriting of Fire, Accident, Liability and Engineering classes of business. She is an Associate member of the Chartered Insurance Institute UK, Chartered Institute of South Africa and Insurance institute of Mauritius.

12 | MILA **TOOFANY**

HEALTH SPECIALIST

Joined in 2019. With more than 25 years of experience in the Insurance Industry, Mila Toofany has specialised in the Health insurance sector for the last 15 years. She is currently responsible for driving the development of Health products and coordinating with all stakeholders to ensure the smooth running of operations.

13 | NAJLAA **MOWLABOCCUS**, BSC (HONS), ACA

MANAGER – ACCOUNTING SYSTEMS AND INTERNAL CONTROLS

Joined in 2020. With over 11 years of local and international experience as a Finance professional, Najlaa Mowlaboccus is currently responsible for the proper functioning of the accounting systems and internal controls of the company. She holds a BSc in Accounting & Finance and is a member of the Institute of Chartered Accountants in England and Wales.

14 | PATRICE **LIM**, CERT CII

ASSISTANT MANAGER – MARINE

Joined in 2007. With over 13 years of experience in the insurance sector, Patrice Lim is currently in charge of the day-to-day operations of the Marine Department comprising Underwriting, Claims and Reinsurance. He is also a Council member and the Vice-Treasurer of the Insurance Institute of Mauritius.

15 | PIERRE **AH SOON**, FCCA

CLAIMS MANAGER

Joined in 2004. With more than 14 years of experience in the insurance industry, Pierre Ah Soon is currently responsible for steering the activities of the Claims Department. He manages the day-to-day operations of the Department which processes Motor, Property and Accident Claims. He is a Fellow member of the Association of Chartered Certified Accountants.

16 | VASHIL **HURREE**, BSC, FCCA

SENIOR FINANCE AND ADMINISTRATION MANAGER

MLRO

Joined in 2019. With more than 16 years of experience as a Finance professional, including 14 years within the insurance industry, Vashil Hurree manages the Finance and Administration Team. He also oversees the financial strategic planning and reporting process. Furthermore, since September 2020, he is the Money Laundering Reporting Officer (MLRO) of the Company and is responsible for evaluating internal suspicious transactions. Vashil Hurree holds a BSc in Accounting & Finance and is a Fellow member of the Association of Chartered Certified Accountants.

17 | VIKASH **MUNGLA**, BA (HONS)

REINSURANCE AND INTERNATIONAL MARKETS MANAGER

Joined in 2003. With more than 22 years of experience in the reinsurance industry both locally and internationally, Vikash Mungla currently oversees the Reinsurance, Financial Lines and International Markets Departments. He is also the Head of Operations of our subsidiary, Specialty Risk Solutions Ltd and is an Affiliate of the Institute of Risk Management (UK).

18 | VISHAL **RADHA**, MBA

HUMAN CAPITAL MANAGER

Joined in February 2017. With more than 15 years of experience in HR Management, Vishal Radha is responsible for the entire HR requirements of the company. His responsibilities include Talent Management, Welfare and CSR, Counselling and Coaching, and Performance Management. He also oversees the Marketing, Communication and the Customer Service Departments.

19 | WINSON **CHAN CHIN WAH**, ACII

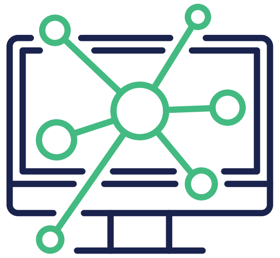
CHIEF UNDERWRITING OFFICER

Refer to Directors' Profiles.

STAYING **OPTIMISTIC** DURING A PANDEMIC

INTEGRATED REPORT

DIGITAL INITIATIVES



EVOLVING IN A RAPIDLY CHANGING DIGITAL ENVIRONMENT

EIL has consolidated its digital strategy by executing new IT and digital initiatives. Interaction with our customers through our website is now a daily reality, with over 5000 quotes self-serviced directly by our customers, over the past year. Furthermore, our brokers and agents are making great use of our online platform for e-policies, in addition to generating quotes for the following products: Motor, Health, Travel, Home Insurance and, for the last few months, Personal Accident and Boat Insurance. Online payment is also a reality through Juice and Internet Banking, with EIL being present on the merchant lists of local banks.

The pulse of our customer base is regularly taken through quick surveys. Results are shared with the team and actioned in view of continuously improving the customer experience. EIL is also well-embarked on the Uplifting Service Journey with more than 50 team members currently following the training. The impact on our Service Excellence should be clearly seen in the next few months.

In the limelight of the Covid-19 pandemic, the curfew period has been a trial period for the whole EIL population. Thanks to the rapid deployment of IT equipment, 90% of our staff have been able to work remotely. To ensure business continuity and uphold our level of service, we have put in place secure VPN connections and strong security policies; this has enabled the team members to collaborate with each other, as well as, access core applications and important files on the server, from home, without compromising on confidentiality. Our IT infrastructure has indeed proven to be very reliable and flexible.

Efficiency gain continues to be our main focus. Integration of our core systems coupled with an added layer of Business Intelligence (BI) reporting provides our team members with all the required tools to manage large volumes of data precisely and on demand. New reporting systems are also being developed to provide valuable business insights.

In terms of social media visibility, since last year, EIL has maintained a strong presence and increased its follower base on the main Social Media Channels, namely Facebook, LinkedIn and Instagram. During the curfew period, communication was instrumental for EIL and social media was widely used as the main communication tool to inform, educate and reassure clients.

SAFETY AND HEALTH

COMMITMENT TO A SAFE AND HEALTHY WORKPLACE

EIL remains committed to ensure the safety and health of both its team members and the public. The Company has registered zero occupational accidents during the year and it continues to put into place safety and health measures for the wellbeing of all stakeholders.

This year has been particularly marked by Covid-19 and the lockdown, where the Work from Home practice has been introduced to safeguard the wellbeing of all our team members. Proper safety and health protocols, such as temperature check, hand hygiene, wearing of masks and floor markings for physical distancing, have been strictly observed to welcome employees and clients back to our premises and branches.

EIL has set out the following objectives for this year:

- Align with the Group Safety and Health Policy;
- Review risk assessment as per COSO Enterprise Risk Management Framework;
- Create awareness among all team members on Fire Safety;
- Conduct wellness activities such as eye screening.

MAINTAINING AND PROMOTING EMPLOYEE HEALTH

The wellbeing of the most valuable asset of EIL, its people, is entrenched in its core values and that of IBL. As a result, the following initiatives have been implemented throughout the year in order to improve the work-life balance of our team members:

- Subsidised activities such as Football and Gym memberships;
- Employee Events:
  - Brunches & Happy Hours;
  - Themed Contests (e.g. Independence Day, Halloween, Christmas);
  - End of Year Party.

INVESTING IN OUR HUMAN CAPITAL

For the year ended 30^{th} June 2020, an amount of Rs 485,132 was invested in Employee Training Programmes, thereby cumulating 1,347 hours of training for the whole population of staff, bringing an average rate of 11.7 hours of training per staff for the year.

Even though EIL had to come up with cost cutting measures as a result of the impact of Covid-19, we have maintained our education sponsorship scheme for all our permanent employees. At EIL, we strongly believe in the potential of our team members and we will continue to pursue our investment in our people.

Effective reinvention of training and development requires a culture that supports continuous learning through incentives that motivate employees to take advantage of learning opportunities and help them to identify and develop new required skill sets. Moreover, with our revamped Reward and Recognition Programme, we have implemented a reward mechanism to encourage skill development and lifelong learning.

THE FUTURE OF EIL'S HUMAN CAPITAL

COVID-19: WHAT ARE OUR HR PRIORITIES?

Undoubtedly, 2020 is a year that will stand out in history. All industries, all levels of society, and almost all countries in the world, have been impacted by the Covid-19 pandemic. Now that we have to rethink the way we do things, our perceptions will have to change in many ways our approach to work and the future.

Thanks to the curfew period, we have the confirmation that digitalisation was not a trend but a necessity to ensure online collaboration and business continuity. EIL had no other choice than to accelerate the change to remote working conditions with the implementation of a Work from Home Policy.

Addressing career and professional issues for our people remains a core HR focus but it is not enough. Connecting to each individual's requirements in moments that matter, such as family needs, health and mental support, are just as important. Caring for the society at large is also a priority which is not only limited to the employees but also extended to our contractors, clients, suppliers, shareholders and the broader community.

CORPORATE GOVERNANCE

BUILDING A MORE **RESILIENT** BUSINESS

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE REPORT 2020

EIL is committed to effective corporate governance for the benefit of its shareholders, customers, employees and other stakeholders based on the principles of fairness, transparency and accountability. Structures, rules and processes are designed to provide for the proper organization and conduct of business within the Company and to define the powers and responsibilities of its corporate body and employees. The Company operates within a well-defined and continuously improving governance framework, recognising the need to adapt to changes in its environment. Consequently, the Board, together with the Management of the Company, is constantly working towards the setting up of the relevant structures and implementing new measures to succeed in the adoption of the provisions of the new Code of Corporate Governance for Mauritius (2016) (the 'Code'), which is based on an "apply and explain basis".

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

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

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

PRINCIPLE 1: GOVERNANCE STRUCTURE

BOARD OF DIRECTORS

EIL is headed by a one-tier unitary Board consisting of 10 Directors of whom 8 are residents in Mauritius and 2 residents in South Africa. The ethics of the Board of EIL is such that it has a balanced number of Directors from various backgrounds and having diverse skills, qualifications and resources for better effectiveness of the Board and by extension of the Company. Taking into account the recommendations of the Corporate Governance Report and recent changes into the law, the Corporate Governance Committee and the Board is considering future changes to the composition of the Board so that it includes new independent Directors on the Board. The Board has already started the procedures for change.

The Board bears responsibility for 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, the 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 in their business environment. The Board retains full and effective control over EIL, delegating the day-to-day running and operational issues to the Management.

The Board of Directors – Accountability Statement and Organisation Chart

The following principles shape the accountabilities and duties of members of the Board of Directors of EIL. The Board's predominant duty is to supervise the management of the Company's affairs and businesses. The Board is committed to establishing, maintaining and developing adapted governance processes involving the Board, Board Committees and Management. The Board Charter of the Company together with the Terms of Reference for the Board sub-committees, the position descriptions for the Board Chair and committee chairs, and this accountability statement for Directors, form the foundations of the Board's governance system. The Terms of Reference of the Audit and Risk Committee also included, amongst other things, important procedures such as whistle blowing and fraud detection. The Directors are expected to work with their fellow Directors to fulfil the mandates of the Board and its committees to ensure best efficiency. The organisation chart for EIL, setting out the Key Senior positions and reporting lines within the Company is set out on page 13 of the Annual Report.

Board Charter

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

The Board Charter is also available on the Company's website.

Code of Ethics and Business Conduct

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

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

The Directors, Management and employees are always expected to behave ethically and professionally as well as protect the reputation of the Company. The Company communicates its Code of Ethics and Conduct to all Directors, Management and employees. The Management intends to review the Code of Ethics and Business Conduct as and when needed but at least once every 5 years. The same principle applies to the Charters for the sub-committees.

COMPANY SECRETARY

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

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

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

PRINCIPLE 2: THE STRUCTURE OF THE BOARD AND ITS COMMITTEES

COMPOSITION

The Board of EIL is a unitary one-tier balanced Board composed of 2 Executive Directors, 3 Independent Non-executive Directors and 5 Non-executive Directors, including a woman. The Board is of opinion that the current membership of the Board of EIL is appropriate in terms of membership and skills. The 3 Independent Directors do not have any relationship with the Company. It also has enough diversity in terms of age, educational background and professional qualifications of the Directors for better decision-making. The roles of the Chairperson and of the Chief Executive Officer have been clearly defined and their respective roles and functions in leading the organization are distinct.

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

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

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

The composition of the Board and the Directors' attendance at Board Meetings as well as Board's sub-committees were as follows for meetings held for the period 1st July 2019 to 30th June 2020.

NAME OF DIRECTORS	CATEGORY	BOARD MEETING	AUDIT AND RISK COMMITTEE	CORPORATE GOVERNANCE COMMITTEE
BÉGA Jean-Claude	Chairman and Non-Executive Director	4 out of 4	-	2 out of 2
CYNTHIA Parrish *1	Independent Non-Executive Director	1 out of 1	-	-
BEZUIDENHOUT Pieter *2	Non-Executive Director	2 out of 2	-	-
BLIGNAUT JP *3	Non-Executive Director	2 out of 2		-
O'NEILL John Edward *4	Non-Executive Director	2 out of 2		
CHUMMUN Dipak	Non-Executive Director	2 out of 4	-	-
DE LA HOGUE Laurent	Non-Executive Director	3 out of 4	5 out of 5	-
IP MIN WAN Robert	Independent Non-Executive Director	4 out of 4	5 out of 5	-
ITHIER J. Gilbert	Independent Non-Executive Director	3 out of 4	5 out of 5	2 out of 2
LALLAH Subhas *5	Independent Non-Executive Director	2 out of 3	-	2 out of 2
MALLIATÉ Alain *6	Executive Director	2 out of 2	-	
WONG WAN PO Derek	Executive Director/Chief Executive Officer	4 out of 4	-	2 out of 2
WINSON Chan Chin Wah *7	Executive Director	4 out of 4	-	-

*1 – Appointed on 9th March 2020
*2 – Resigned on 14th November 2019
*3 – Appointed on 4th December 2019
*4 – Appointed on 17th February 2020
*5 – Resigned on 21st April 2020
*6 – Resigned on 14th November 2019
*7 – Appointed on 3rd December 2019

CORPORATE GOVERNANCE

JOB DESCRIPTIONS OF KEY SENIOR GOVERNANCE POSITIONS

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

COMMITTEE	COMPOSITION	MAIN RESPONSIBILITIES
Corporate Governance Committee including Nomination and Remuneration Committee	**4 Members** • Me. Subhas Lallah (Chairman) until his resignation then Ms. Parrish appointed as Chairperson • Me. J. Gilbert Ithier • Mr. Jean-Claude Béga • Mr. Derek Wong Wan Po	To advise and make recommendations to the Board on all aspects of Corporate Governance that should be followed by the Company, so that the Board remains effective while complying with sound corporate practices and principles. The Committee advises the Board on key appointments at Board and Top Management level and reviews the remuneration structure of the Senior Management.
Audit and Risk Committee	**3 Members** • Mr. Robert Ip Min Wan (Chairman) • Me. J. Gilbert Ithier • Mr. Laurent de la Hogue	To assist the Board in fulfilling its oversight responsibilities, to ensure that adequate checks and balances are in place, and risks are properly identified and managed. The Audit and Risk Committee's terms of reference include, inter alia: • Considering and reviewing the reliability and accuracy of financial information and appropriateness of accounting policies and disclosure practices; • Examining and reviewing the quarterly financial results, annual financial statements or any other documentation to be published in compliance with the Company's accounting standards; • Reviewing compliance with applicable laws and best corporate governance practices and regulatory requirements; • Reviewing the adequacy of accounting records and internal control systems; • Monitoring and supervising the functioning and performance of internal audit; • Direct interaction with the external auditors at least once a year without the presence of Senior Management; • Direct interaction with the Internal Audit Manager at least once a year, without the Management being present, to discuss their remit and any issues arising from the internal audits carried out; • Considering the independence of the external auditors and actuary, and making recommendations to the Board on the appointment or dismissal of the external auditors /actuary; • Discussing and agreeing on accounting principles with the external auditor and assess the effectiveness of the external audit process; and • Reviewing the effectiveness of the Risk Management process. To assist the Board in its duties in: • Evaluating the risks associated with all new projects on an ongoing basis, assessing the probability and impact of foreseeable events on the Company's situation; • Optimising the returns of the investment portfolio and engaging with the fund manager; • Investment risk is properly spread out taking into consideration the business environment.

COMMITTEES OF THE BOARD

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

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

Audit and Risk Committee

The membership of the Audit and Risk Committee as at 30th June 2020 were as follows:

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

The Committee met 5 times during the year under review. The Committee confirmed that they have discharged their responsibilities to the best of their capabilities for the year under review.

Corporate Governance Committee

The membership of the Corporate Governance Committee as at 30th June 2020 were as follows:

- Me. Subhas Chandra Lallah (Chairperson – until his resignation)
- Ms. Cynthia Parrish (Chairperson – as from her appointment)
- Me. J. Gilbert Ithier
- Mr. Jean Claude Bega
- Mr. Derek Wong Wan Po

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

PRINCIPLE 3: DIRECTOR APPOINTMENT PROCEDURE

DIRECTORS' APPOINTMENT PROCEDURE

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

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

Board Induction

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

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

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

Succession Planning

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

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

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

Training and Development

The Board encourages all its members to keep informed of latest updates within the insurance sector and in the professional field. In this context, Directors are informed and invited to attend relevant workshops or courses.

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

CORPORATE GOVERNANCE

PRINCIPLE 4: DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE

DIRECTORS' DUTIES

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

Interests Register, conflicts of interest and related party transactions policy

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

Information, information technology and information security governance

The Board is responsible for information governance within and the management of information technology and information security governance are delegated to the Group IT function. The budget for capital expenditure is approved by the Board and current capital expenditure is monitored with the approved budget.

Informational Security Policy

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

Code of Ethics and Business Conduct

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

Remuneration policy

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

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

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

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

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

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

The table detailing the fees paid to the Non-Executive Directors for attending Board and Committees during the year under review is found on page 68. To be noted that the Executive Directors, being Mr. Winson Chan Chin Wah and Mr. Derek Wong Wan Po receive no Directors' fees.

Remuneration and benefits paid to the Executive Directors for the year ended 30th June 2020 are set out on page 69 of the Annual Report.

PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL

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

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

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

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

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

INTERNAL CONTROLS

Internal controls regroup all of the policies and procedures that management uses to achieve the following goals.

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

RESPONSIBILITY

- Management Responsibility: Administrative management is responsible for maintaining an adequate system of internal control and for communicating the expectations and duties of staff as part of a control environment. They are also responsible for assuring that the other major areas of an internal control framework are addressed.
- Staff Responsibility: Staff and operating personnel are responsible for carrying out the internal control activities set forth by management.

FRAMEWORK FOR INTERNAL CONTROL

The framework of EIL's internal control system includes:

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

RISK MANAGEMENT PHILOSOPHY AND OBJECTIVES

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

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

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

CORPORATE GOVERNANCE

The framework:

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

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

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

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

The risk culture is also enhanced through:

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

KEY FRAMEWORK COMPONENTS

HOW WE SHARE OUR RISK MANAGEMENT RESPONSIBILITIES

WHO IS RESPONSIBLE FOR WHAT	
The Board	• Approves strategic objectives and validates our Risk Appetite • Reviews the Company's risks and mitigating measures • Reviews the Company's Risk Management and Internal Control Systems • Assesses these systems effectiveness through its Audit and Risk Committee
Senior Management	• Is responsible for the "tone at the top" • Oversees design and implementation of Risk Management and Internal Control Systems • Defines and allocates Risk Appetite • Makes decisions when substantial risk is at stake • Evaluates the adequacy of risk mitigation plans

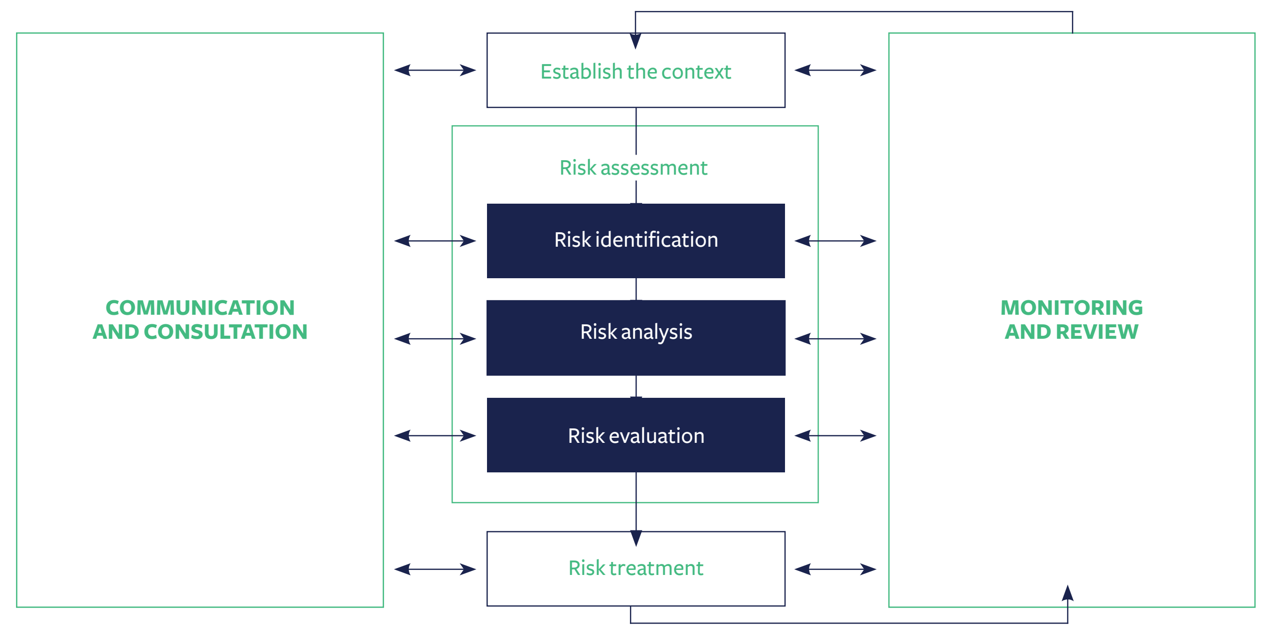
BOARD OF DIRECTORS AND BOARD COMMITTEES

AUDIT AND RISK COMMITTEE

BUSINESS MANAGEMENT	SUPPORT FUNCTIONS	INTERNAL AUDIT
First line of defence	**Second line of defence**	**Third line of defence**
• Conducts business in accordance with agreed strategy and related Risk Appetite and limits; • Maintains day-to-day internal controls; • Identifies, takes and manages risks in their areas of responsibility; • Reports and escalates risk limit breaches.	• Facilitates establishment of Risk Appetite Statements with input from Senior Management and the Board, and approval of the Board and set risk limits; • Develops Risk Management culture and awareness of internal controls; • Establishes discipline and acts as guardrails; • Defines internal control policies and provides guidance in their areas; • Provides independent risk oversight across all risk types, business units and locations.	• Provides independent assurance of the effectiveness of the Company's Risk Management and Internal Control frameworks and activities; • Performs independent testing and validation of business unit risk and control elements; • Performs independent testing and assesses whether the risk policies, risk procedures, and related controls are functioning as intended.

RISK MANAGEMENT PROCESS

The diagram below summarises the Risk Management Process.



CORPORATE GOVERNANCE

The main elements of the Risk Management process shown above, are as follows:

a. Communicate and consult
Communicate and consult with internal and external stakeholders as appropriate at each stage of the Risk Management process and concerning the process.

b. Establish the context
Establish the external, internal and Risk Management context in which the rest of the process will take place. Criteria against which risk will be evaluated should be established and the structure of the analysis defined.

c. Identify risks
Identify where, when, why and how events could prevent, degrade, delay or enhance the achievement of the objectives.

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

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

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

g. Monitor and review
Monitor the effectiveness of all steps of the Risk Management process. This is important for continuous improvement.

Risks and the effectiveness of treatment measures need to be monitored to ensure changing circumstances do not alter priorities.

OBJECTIVES FOR RISK MANAGEMENT

This Risk Management Framework (RMF) and Risk Management Strategy (RMS) aim to document the:

- Actual risks that have been identified by the Board as material;
- Methods adopted to minimise these risks; and
- Way these risks are monitored on an ongoing basis.

The RMF and RMS do not:

- Address every possible risk to EIL; or
- Necessarily set out the full detail of the procedures and processes adopted to manage the risk.

RISK MANAGEMENT CULTURE

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

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

EIL's risk culture is enforced through the Code of Ethics and Code of Conduct, ISO 27000, and the leadership framework, as well as through remuneration policies which look to recognise and reward behaviours that reflect the desired risk culture and have appropriate consequences for undesirable behaviour.

EIL's risk culture is also enhanced through:

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

RISK MANAGEMENT PROCESSES

EIL aims to conduct its business in compliance with all relevant laws, rules, regulations, industry standards and codes, internal policies and procedures, and having regard to accepted community and ethical standards. It also acts promptly to correct incidents of non-compliance no matter how identified, including determining whether a compliance failure is a breach that is reportable to a regulator.

As part of the RMF, internal controls have been implemented across EIL to ensure appropriate risk identification, assessment, control, management, monitoring and reporting. These controls support the proactive management of risk, including the regular maintenance of risk profiles which provide the Board and Management with clear oversight of risk.

In accordance with Financial Services Commission's ("FSC") Prudential Standards, regulated entities must submit a Risk Management declaration to FSC, signed by the Board annually, confirming the adequacy of the regulated entity's Risk Management systems. The Risk Management declarations are based on reports considered and reviews conducted by the Board Risk Committee during the year and on the representations, Management provides to the Board and Chief Executive Officer in regard to the adequacy of EIL's Risk Management systems.

Policies and procedures are being developed to ensure open communications with regulators occur in a timely manner including the referral of any material correspondence between EIL and regulators to the Board or relevant Board committee.

HOW WE PROVIDE INDEPENDENT ASSURANCE

Audit and Risk Committee

The membership of the Audit and Risk Committee as at 30th June 2020 were as follows:

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

The Committee met 5 times during the year under review. The Committee confirmed that it has discharged its responsibilities to the best of its capabilities for the year under review.

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

Significant issues discussed at the Audit and Risk committee

- Reliability of financial Information

With the objective to review and strengthen the internal processes at EIL with a focus on the Accounts department, a Steering Committee was set up comprising 3 members - Mr. Sattar Jackaria, Head of Financial Services at IBL, as Chairman; Messrs. Robert Ip Min Wan and Laurent de la Hogue.

The services of KPMG were secured for a special assignment to assess the reliability of financial information. This assignment was split in 3 phases:

- Phase 1: Define the action plan in relation to the reliability of financial data, covering the gaps in the control environment and procedures / tools being used by EIL as of November 2019;
- Phase 2: Assess adequacy of resources, organisation and skills related to the Finance team;
- Phase 3: Monitor action plan and report to the Steering Committee Phases 1 & 2 were completed by mid January 2020, and phase 3 started thereafter and was completed at end of June 2020.

The services of an accountant and an assistant accountant were additionally outsourced from BDO to strengthen our team.

The Steering Committee met for the first time on 21st January 2020 and on a monthly basis thereafter under the chairmanship of Mr. Sattar Jackaria to monitor the progress on the assignment.

Internal Audit

The Internal Audit function is entrusted to KPMG who have been given unrestricted access to the records, Management and employees of the Company. They have an independent line of communication with the Audit and Risk Committee. The Board confirms that there have been no significant issues that have affected the proper functioning of the internal control systems during the year under review which could have impacted on the financial statements.

External Audit

The External Audit function is entrusted to Ernst & Young (EY) who has been given unrestricted access to the records, Management and employees of the Company. The independent external auditor provides an independent opinion on the financial results of the Company. The Auditor has unrestricted access to documentation and communicates regularly with the Audit and Risk Committee. A tender exercise was launched by IBL Ltd ('IBL'), the holding company, in January 2018 for the rotation of auditors as required by the Financial Reporting Act 2004. Following the completion of this exercise, the services of EY have been selected and recommended to IBL's Board and the Company followed the choice of its holding company. At the last Annual Meeting of Shareholders and upon the recommendation of the Board, EY have been reappointed as external auditors.

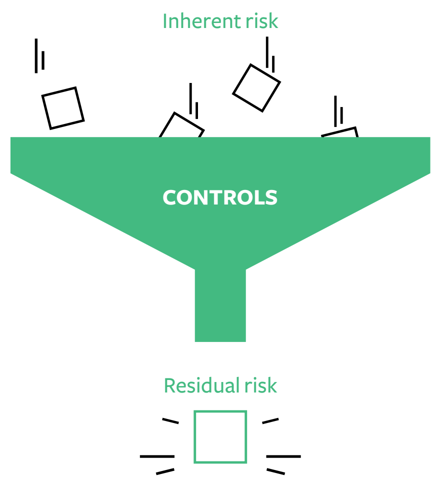
The automatic reappointment of EY as Auditors of the Company for the year ending 30th June 2021, in accordance with Section 200 of the Companies Act 2001 shall be considered at the Annual Meeting of Shareholders scheduled for 17th December 2020.

CORPORATE GOVERNANCE

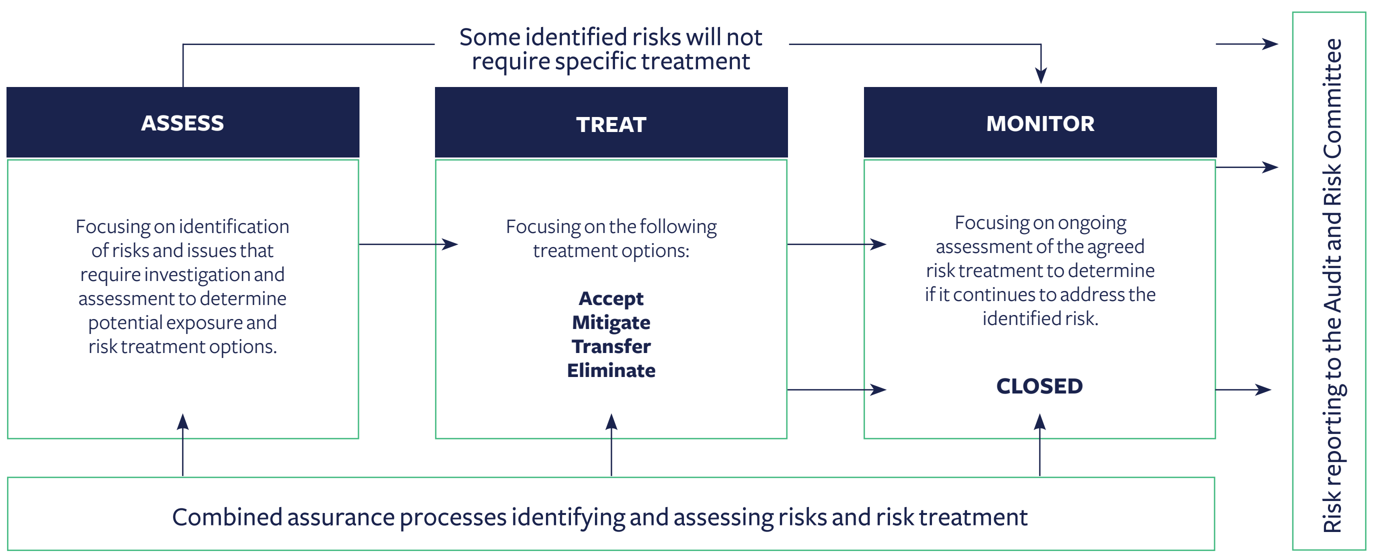
TYPES OF RISKS

There are two types of risks: inherent risk and residual risk. Risk that exists before an organization takes mitigation actions is inherent risk, and risk that remains after control measures are taken is residual risk. The objective of Risk Management is to maintain the residual risk level within Risk Appetite and tolerance set by the Board of EIL.

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



RISK MANAGEMENT FRAMEWORK



RISK MANAGEMENT FRAMEWORK ('RMF')

Introduction

EIL is engaged in short-term insurance business comprising Accident, Health, Engineering, Motor, Property and Transportation insurance. This diversity of activity creates an equally diverse and complex range of risks as well as a wealth of opportunities for EIL. Understanding and managing the risks associated with these activities and environments, and making the most of new opportunities, is challenging and critical to preserving EIL's reputation, resources and standing in the domestic and commercial markets.

EIL recognizes that Risk Management is an integral part of good governance and best management practice for an organization in the insurance industry.

The RMF affirms EIL's strategic commitment to building a Risk Management culture in which risks and opportunities are identified and managed effectively.

Environment

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

Managing risk is a key contributor to EIL's long-term success.

EIL's approach to operational Risk Management is governed by prudence, the nature of the regulatory environment, best practice and the competitive situation within which it operates.

The RMF as guided by EIL's Board ('the Board') comprises 10 members, i.e. 2 Executive Directors, 3 Independent Non-executive Directors and 5 Non-executive Directors.

The recognition that an effective system of Risk Management plays a critical role in the setting and achievement of EIL strategic objectives has led to the development of:

- A Risk Management Framework where the business owns its own risk decisions;
- An independent Risk Management function that advises and challenges the business in its risk taking; and
- A robust Risk Appetite that clearly sets out the nature and degree of risk the Board is willing to accept in pursuit of EIL's business objectives.

Scope

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

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

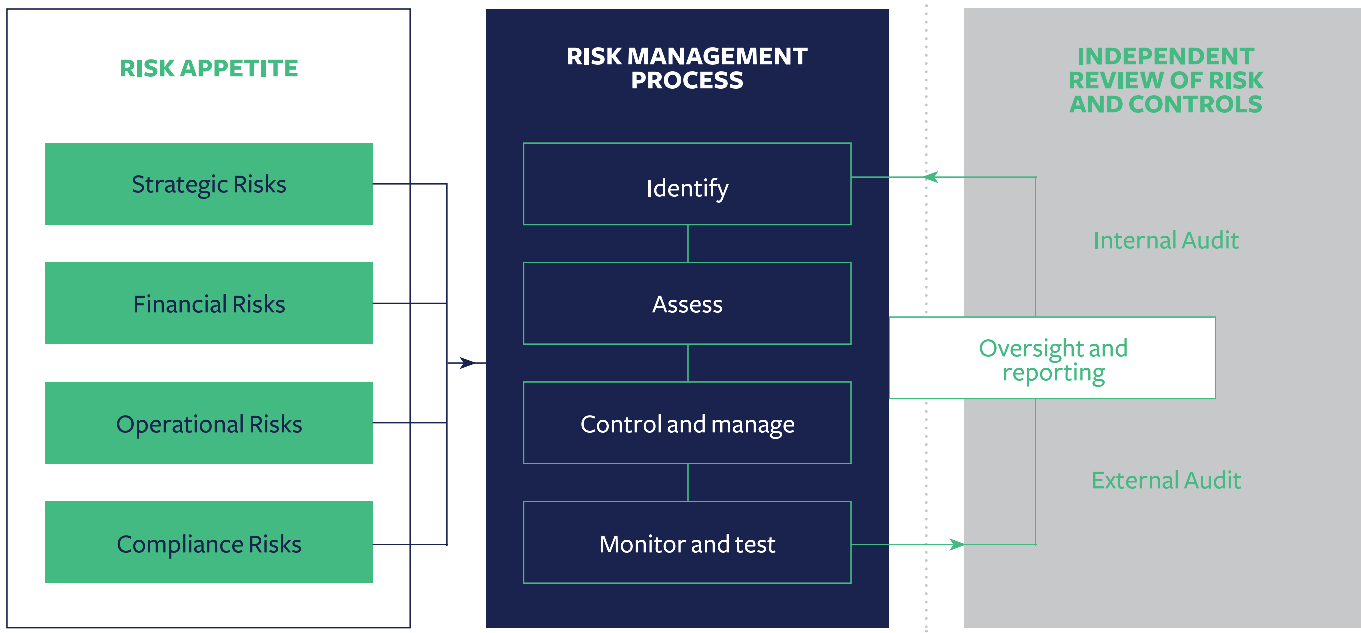
EIL and its Board of Directors consider that a full and consistent application of the Risk Management arrangements in place, would adequately address the risks inherent in the risk profile and strategy of EIL and acknowledge that a robust risk culture should remain a key focus area for continuous improvement.

The framework:

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

The RMF is regularly reviewed by the external and internal audit teams to satisfy the Board that it continues to be sound. Internal Audit independently tests and verifies the efficacy of risk standards and compliance, validates the overall risk framework, and provides assurance that it is functioning as designed. Internal Audit provides written reports to both Audit and the Risk Committees. The Board's Audit and Risk Committee conducts an annual review and endorses the framework for Board approval.

The RMF is summarised in the following diagram.



EIL's organisational design shapes how risk is managed and is based on three principles:

- Individuals are responsible for their actions and decisions;
- Structures and processes are simplified, to make it easier to manage risks;
- Each line of business has 'end-to-end' accountability for all aspects of the business, including those risks managed by service providers.

Lines of defence

The three lines of defence

Risk at EIL is assumed within a controlled framework that assigns clear lines of responsibility for risk. A 'three lines of defence' operating model of Risk Management accountability is in place with the clear expectation that all business areas, as the first line, are responsible for the management of their risks.

BOARD OF DIRECTORS

BOARD AUDIT AND RISK COMMITTEE

BUSINESS MANAGEMENT	SUPPORT FUNCTIONS	INTERNAL AUDIT
First line of defence	**Second line of defence**	**Third line of defence**
• Conducts business in accordance with agreed strategy and related Risk Appetite and limits; • Maintains day-to-day internal controls; • Identifies, takes and manages risks in their areas of responsibility; • Reports and escalates risk limit breaches.	• Facilitates establishment of Risk Appetite Statements with input from Senior Management and the Board, and approval of the board and set risk limits; • Develops Risk Management culture and awareness of internal controls; • Establishes discipline and acts as guardrails; • Defines internal control policies and provides guidance in their areas; • Provides independent risk oversight across all risk types, business units and locations.	• Provides independent assurance of the effectiveness of the Company's Risk Management and internal control frameworks and activities; • Performs independent testing and validation of business unit risk and control elements; • Performs independent testing and assesses whether the risk policies, risk procedures, and related controls are functioning as intended.

CORPORATE GOVERNANCE

Risk categorization and policy-setting

The risks EIL manages include strategic, counterparty, market, asset and liability, liquidity, insurance, operational and compliance risks.

Board and Management-approved policies, delegations, authorities and limits are influenced by EIL's Risk Appetite. Policies, procedures, limits and other controls are in place for EIL's legal entity or business unit level to manage these risks and align to the Board's Risk Appetite, as depicted in the table below.

	RISK DESCRIPTION	KEY POLICIES CONTROLS AND LIMITS	
STRATEGIC RISKS	The risk that our business model or strategy is not viable due to adverse changes in the business environment.	Strategic and risk planning	• Risk Appetite Statements • Risk Management Policy
FINANCIAL RISKS	**Counterparty risk** The risk that each party to a contract that counterparty will not meet its financial obligations in accordance with agreed terms.	**Policies** • Counterparty Risk Management • Related entities' transations and exposure	
	Market risk The risk of unfavourable changes in foreign exchange rates, interest rates, credit spreads and market volatilities.	• Large exposure and concentration • Investment • Foreign Exchange	
	Asset and liability risk The risk to earnings and capital from mismatches between assets and liabilities and from mismatches in term.	• Interest rate risk	
	Liquidity risk The risk that we may be unable to service the cash flow obligations to day or in the future.	• Liquidity Management	
	Insurance risk The risk of financial loss and the inability to meet liabilities due to sign, pricing, underwriting, concentration risk, reserving, claims management or reinsurance management.	• Insurance risk • Reinsurance programmes	
OPERATIONAL RISKS	The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes legal risk but excludes strategic and reputational risks.	• Business continuity • Delegation of authority • Financial crimes • IT acceptable use • Code of conduct	• ISO Certification • ISO Security 27001 • Claims Committee • Human Resources
COMPLIANCE RISKS	The risk of legal or regulatory sanctions, financial loss, or loss to reputation which EIL may suffer as a result of its failure to comply with all applicable regulations, codes of conduct and good practice standards.	• Code of conduct • Compliance • Conflicts of Interest • Disclosure • Fit and Proper	• Privacy • Sanctions • Securities trading • Whistle blower

RISK STRATEGY

Introduction

EIL has undertaken extensive research into the market and our business model is based on understanding customer needs, remaining disciplined and creating a sustainable business.

Our goal is to differentiate ourselves by focusing mainly on groups (corporates) developing customised solutions for our partner brokers and their respective clients. A key part of this strategy is developing our ability to integrate our processes with those of our partners to create an effective and efficient value chain for each programme.

Risk identification

On an annual basis, the Board of EIL and its Executives undertake a detailed analysis and assessment of the material risks in relation to EIL objectives and current and proposed activities. The results of this analysis are contained in Appendix 2 - Risk Register of the RMF, which sets out the material risks and provides a summary of the contributing factors and the controls in place to adequately manage and monitor these risks.

The risk register brings the following benefits:

a. Provides a consistent language and terminology for EIL to communicate about risk, outlining a comprehensive set of non-overlapping risks that EIL faces with clear definitions;
b. It helps define the mandate by clarifying what should be a risk concern versus what should be a strategy concern; and
c. It defines the structure around which the rest of the RMF can be defined, thus bringing consistency across the RMF.

The risk register also summarizes mechanisms in place to identify, analyse and evaluate the risks. It can be used to assess the relative priority of the risks and to take control actions to mitigate them.

The analysis and assessment cover the following categories of risk:

- Outsourcing
- Fraud
- Operational
- Financial Position and Liquidity
- Insurance
- Business Continuity and Disaster Recovery
- Legal and Regulatory
- Governance (including strategic and tactical)

RISKS FACING EIL

Source of risk

In order for a Risk Appetite Framework to be executable and effective, consideration must be given to specific sources of risk. Underpinning any Risk Appetite Statement and framework is the recognition that adverse outcomes are possible. Without proper identification of the sources of these outcomes, the risk framework may be ambiguous and of little practical value to EIL.

Categorisation of risk into discrete types allows practical procedures to be developed for the risks to be assessed, monitored and reported.

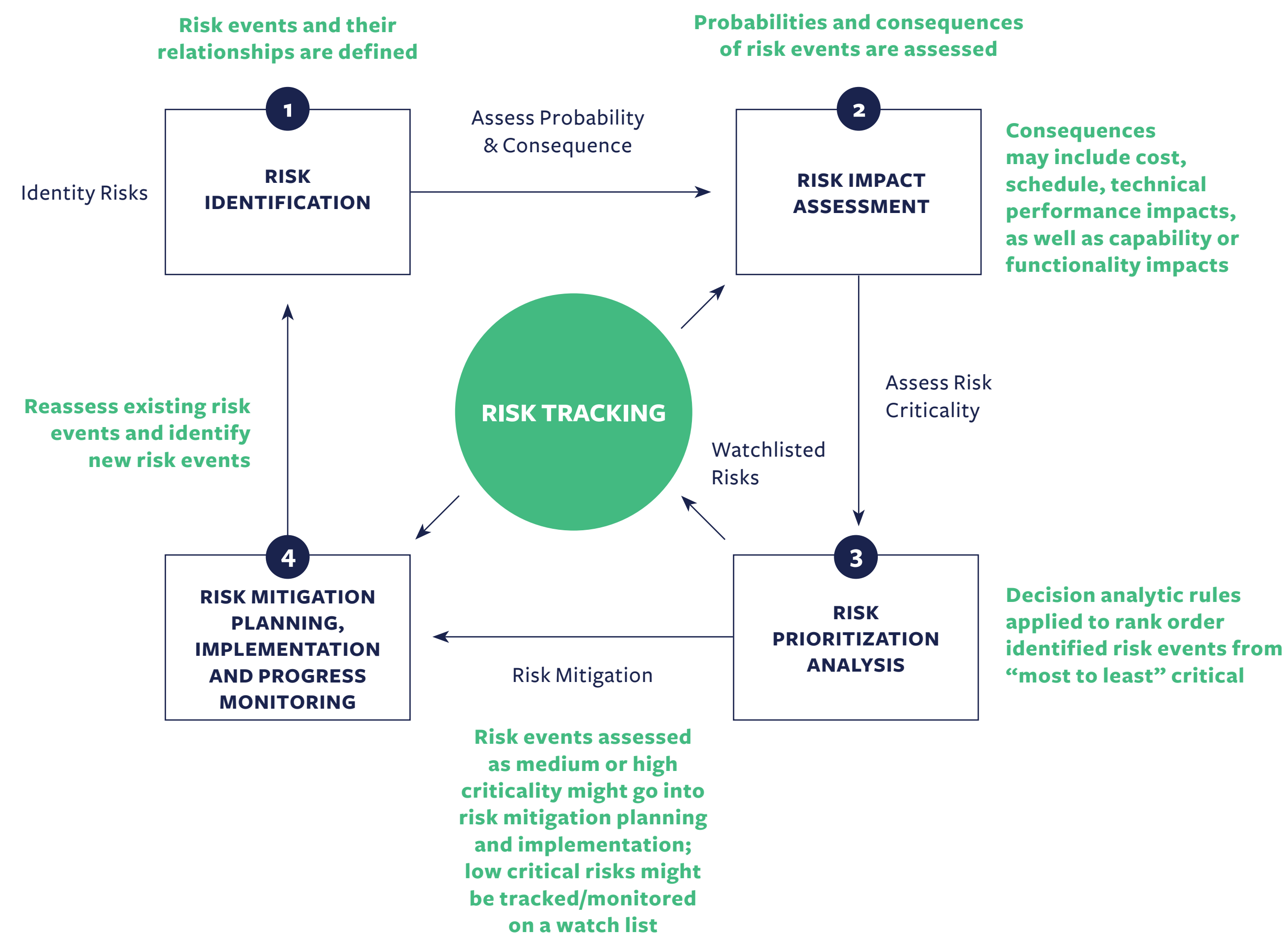
CORPORATE GOVERNANCE

The spectrum of risk facing EIL may generally be categorised into the following risk types:

RISK CATEGORIES		DESCRIPTION
Credit Risk	Credit risk is incurred whenever an insurance company is exposed to loss if counterparty fails to perform its contractual obligations including failure to perform them in a timely manner, upon a company's ability to meet its valid claims as they fall due. Credit risk can also arise from underlying causes that have an impact upon the creditworthiness of all counterparties of a particular description or geographical location.	• Business credit risk; • Consists primarily of risk related to non-receipt of reinsurance recoveries. Materiality depends strongly on the reinsurance arrangements (both past and current) and the creditworthiness and spread of reinsurance counterparties; • Invested asset credit risk — non-performance of invested assets; • Political risk (affecting credit worthiness of securities held by the insurer); • Political risk (affecting the whole economy following Global Pandemic).
Market Risk	Market risk is the risk that as a result of market movements a company may be exposed to fluctuations in the value of its assets, the amount of its liabilities, or the income from its assets. Sources of general market risk include movements in interest rates, equities, exchange rates and real estate prices.	• Interest rate risk - losses arising due to change in interest rates; • Equity and property risk losses arising due to drop in equity prices. Risks relating to inflation will typically be picked up within Insurance Risk to the extent that they impact insurance liabilities and; • Market Risk to the extent that they impact assets; • Currency risk — losses arising due to adverse movements in exchange rates; • Basis risk — arising because the yields on instruments of varying risk quality, liquidity and maturity don't move together; affecting the assets and liabilities of the company independently; • Reinvestment risk — risk that assets will be reinvested at a lower rate; • Concentration risk — that market risks are concentrated on few intermediaries; • Asset and Liability Management risk — that assets and liabilities are not matched; • Off balance sheet risk — losses arising from assets or liabilities not shown on the balance sheet e.g. payments required under futures agreements with zero value at the balance sheet date.
Operational Risk	The uncertainty arising from events caused by failures in people, process and technology as well as external dependencies	• Fraud and defalcation; • Sales practices; • People and skills attrition; • External disruption; • Inadequate employee training; • Computer security; • Processing errors; • Non-compliance; • Contractual risks; • Working from home risks: Changes in laws/regulations; (Employment Rights Act).
Insurance Risk	The uncertainty due to differences between the actual and expected amounts of claims and benefit payments and the cost of embedded options and guarantees related to insurance risks	• Underwriting process risk — related to selection and approval of risk to be covered Underwriting Risk - . Non Catastrophe: the possibility that future insurance exposures (both from business in force and future business) will be loss making. . Catastrophe Risk: natural or man-made events that produce insurance losses from many insureds at the same time; • Pricing risk — due to incorrect premium charged for a risk undertaken; • Claims risk — Actual claims are more than expected number of claims; • Economic environment risk — adverse effect on the company due to changes in socioeconomic conditions. Economic recession due to Global Pandemic; • Policyholder behaviour risk — unanticipated behaviours of the policyholders adversely affecting the company; • Solvency risk — inadequate provision in company accounts for policy liabilities.

RISK CATEGORIES	MAIN RESPONSIBILITIES
Strategic Risk	• All financial institutions by definition are subject to strategic risk.
Information Technology Risks	• Information security — hacking and cybercrime; • Business system failure — outage from system; • Costly use of resources ; • Technological innovations .

RISK APPETITE FRAMEWORK ('RAF')

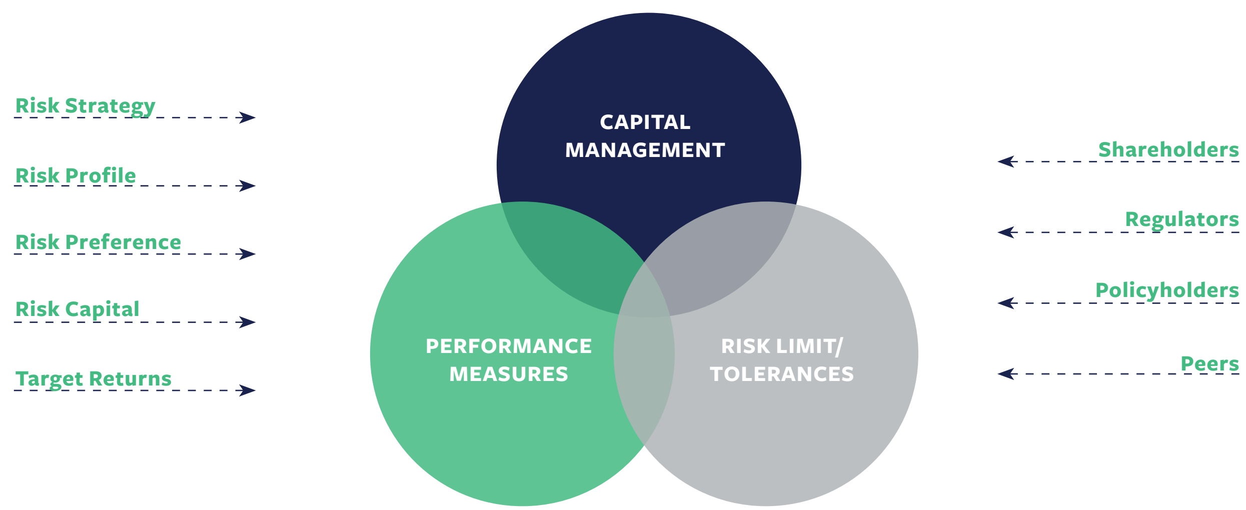


The guiding principles on which basis the framework was developed so that it is appropriate and effective are:

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

RISK APPETITE FRAMEWORK OVERVIEW

Risk Appetite Framework includes both Capital Management and appropriate performance measures to ensure risk limits set as part of the risk strategy can be monitored, reviewed and reported for continual improvements.



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

The RAF incorporates the following elements:

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

RISK APPETITE STATEMENT

Introduction

The Risk Appetite Statement (RAS) is the key document that articulates the Board's appetite for risk and which influences EIL's approach to taking on and managing risk.

Risk Appetite Statement Definition

"The articulation in written form of the aggregate level and types of risk that an institution is willing to accept, or to avoid, in order to achieve its business objectives. It includes qualitative statements as well as quantitative measures expressed relative to earnings, capital, risk measures, liquidity and other relevant measures as appropriate. It should also address more difficult to quantify risks such as reputation and money laundering as well as business ethics and conduct."

The Risk Appetite Statement articulates in writing the Board's willingness to accept risk in the pursuit of its strategic objectives.

EIL's risk strategy cannot sit in isolation separate from operations. Effective risk strategy implementation requires us to consider how our strategy can be translated to a target risk profile and how it can be measured. Implementation of the risk strategy is an iterative step process and has required asking some tough questions such as: What do we actually do and is that the right business for us and why?

The Board's strategic and business decisions need to be consistent with the Risk Appetite it has framed. Therefore the Risk Appetite Statement is directly linked to EIL's strategy.

Stakeholders

In setting the Risk Appetite Statement, the Board considers EIL's stakeholders and their expectations. The Risk Appetite Statement needs to be understood by all stakeholders and it must be readily cascaded down to all levels of EIL.

The key stakeholders other than the Board and their interests in the Risk Appetite Statement are shown below:

OUR KEY STAKEHOLDERS IN THE RISK APPETITE STATEMENT

STAKEHOLDER	INTERESTS
Shareholders	Solvency, earnings volatility, reputation and liquidity
Policyholders	Solvency, liquidity, quality of service, reputation
Debt holders	Solvency, debt, liquidity
Regulators	Solvency, compliance, security of policyholder obligations
Employees	Solvency, earnings volatility, growth, reputation

The Risk Appetite Statement should be reviewed annually, however, to ensure it remains appropriate, the following should also be reviewed:

- If Risk Tolerances are breached;
- If there are material shifts in EIL's business; or
- If there are material shifts in strategic opportunities, or material shifts in market conditions.

The Risk Appetite Statement should be reviewed in conjunction with any strategic review that is undertaken by EIL.

Overall Design of the Risk Appetite Statement

We have designed the Risk Appetite Statement as follows:

The RAS is implemented through a Risk Appetite Framework, which includes the common language, policies, processes, system, and tools used to establish, communicate, and monitor Risk Appetite. The Risk Appetite incorporates the following elements:

- Risk capacity (also known as risk-bearing capacity) represents the Company's overall ability to absorb potential losses. Risk capacity can be measured in terms of cash and cash equivalents to meet liquidity demands and in terms of capital and reserves to cover potential losses. We may define our risk capacity conservatively as the capital set aside to absorb potential losses under adverse scenarios. This may be the capital that would permit us, for instance, to pass regulatory stress tests. They represent the absolute maximum loss we, as a company, are able (not simply willing) to take on. Risk capacity should also consider an organization's skills, tools and performance track record in managing risks.

- Risk profile is a snapshot of an organization's risk portfolio at a specific point in time (past, present or future). It is crucial for the risk profile to align with the business model and strategy of the organization. The current risk profile of an organization is determined by all of the underlying risks embedded in its business activities, whereas the projected or target risk profile would also include business plan assumptions.

- Risk-adjusted return provides the business and economic rationale for determining how much risk an organization should be willing to accept. In fact, an organization should not be willing to accept any risk if it is not compensated appropriately. Conversely, if the market is providing higher expected return, then an organization should be willing to increase its Risk Appetite (while considering its risk capacity as discussed previously). Although every business takes risks, there is just one opportunity to be compensated for them — in the pricing of its products and services. In addition to pricing, organizations use a range of tools — Economic Value Added (EVA), Economic Capital (EC), and Risk-Adjusted Return on Capital (RAROC) — to measure risk-adjusted profitability, evaluate investment and acquisition opportunities, and allocate capital and other corporate resources.

- Risk Appetite represents the types and aggregate levels of risk an organization is willing to take on to actively pursue its strategic objectives. It should fall within the broader umbrella of risk capacity and, in the best possible scenario, will align closely with the organization's current risk profile. A high Risk Appetite will consume a greater portion of risk capacity, while a low Risk Appetite will consume a smaller portion, thus providing a greater buffer zone and reducing the vulnerability of the organization's capital and resources. A Company's risk profile should closely resemble its Risk Appetite. In reality, however, it is very challenging for companies to have a clear understanding of their enterprise risk profile, which may be masked by risk assessments created in organizational silos, poorly understood risk correlations, and inadequate analysis of earnings and value drivers.

- Risk tolerances are the quantitative thresholds that allocate the organization's Risk Appetite to specific risk types, business units, product and customer segments, and other levels. Certain risk tolerances are policy limits that should not be exceeded except under extraordinary circumstances (hard limits), while other risk tolerances are guideposts or trigger points for risk reviews and mitigation (soft limits). Whereas Risk Appetite is a strategic determination based on long-term objectives, risk tolerance can be seen as a tactical readiness to bear a specific risk within established parameters. Enterprise-wide strategic Risk Appetite is thus translated into specific tactical risk tolerances that constrain risk-acceptance activities at the business level. Risk tolerances are the parameters within which a company (or business unit or function) must operate in order to achieve its Risk Appetite. Once established, these parameters are communicated downward through the organization to give clear guidelines to executives and managers and also to provide feedback when they are exceeded.

Developing the Risk Appetite Statement

To develop the RAS we sought input from all of the risk owners by addressing the following questions:

- Business Strategy. What are the business strategies and objectives for our business unit ? What are the key assumptions underlying these strategies?
- Performance Metrics. What are the Key Performance Indicators (KPIs) that best quantify the achievement of these business or process objectives? What are the performance targets or triggers for these KPIs?
- Risk Assessment. What are the key risks that can drive variability in actual vs. expected performance?
- Risk Appetite. What is our Risk Appetite for each of these key risks? What are the Key Risk Indicators (KRIs) that quantify the exposure levels and/or potential loss of these risks? What are the risk limits or tolerances for these KRIs?

Integrating Strategy and Enterprise Risk Management (ERM)

1. Define business strategy and business objectives;
2. Establish KPIs and performance targets based on expected performance;
3. Identify risks that can drive variability in performance (risk assessments);
4. Establish KPIs and risk tolerances for critical risks;
5. Provide integrated monitoring — downside risk/expected performance with respect to 1-4.

The Board also identifies risk on an ongoing basis, including reporting of breaches from the executive and external service providers to the Audit and Risk Committee. If these reports result in changes having to be made to the RMF, any such changes go through the Board approval process.

THE STRATEGY TO MITIGATE THE MAIN RISKS

STRATEGIC RISK

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

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

INSURANCE RISK - UNDERWRITING

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

WHAT IS THE RISK ?	WHY DO WE HAVE IT?	HOW IS IT MANAGED?
Insurance cycle and pricing There is fierce competition in the Industry. At times, competitors may choose to underwrite risk at prices below the breakeven technical price. Prolonged periods when premium levels are low or when competition is intense are likely to have a negative impact on the Company's financial performance. Accepting risks below their technical price is to the industry. It can drive market rates down to a point where underwriting losses mount, insurers' capital is reduced, and some businesses fail. Customers may receive poor service and the industry could suffer negative publicity.	We operate in open, aggressively competitive markets in which barriers to entry for new players are low. Competitors may choose to differentiate themselves by undercutting their rivals. As a result, capacity levels in these markets rise and fall, causing prices to go up and down, creating volatile market cycles	We adapt our desire to write certain lines of business according to market conditions and the Company's overall Risk Appetite. We reject business unlikely to generate underwriting profits, or accept it on certain terms, and regularly monitor how pricing and exposures are developing, so we quickly identify and control any problems created by deteriorating market conditions.

INSURANCE RISK - UNDERWRITING

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

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

INSURANCE RISK - RESERVE

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

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

MARKET RISK - INVESTMENT

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

WHAT IS THE RISK ?	WHY DO WE HAVE IT?	HOW IS IT MANAGED?
Asset value		
Money received from our clients in premiums and the capital on our balance sheet is invested until it is needed to pay claims. These funds are inevitably exposed to investment risk.	The investment of EIL's assets generates an investment return. Our investment portfolio is exposed to a number of risks related to changes in interest rates and equity prices, among others.	Our objective is to maximise investment returns in the prevailing financial, economic and market conditions, without creating undue risk to the Company's capacity to underwrite. To reduce foreign exchange risk, these are usually maintained in the currency of the original premium for which they were set aside. The Company has outsourced its investment to fund managers who operate within clear guidelines as to the type and nature of shares in which they can invest.
Liquidity		
The risk that we are unable to meet cash requirements from available resources to pay liabilities to customers or other creditors when they fall due. The failure of our liquidity strategy could have a material adverse effect on the Company's financial condition and cash flows.	If a catastrophe occurs, we may be faced with large, unplanned cash demands, which could be exacerbated if we have to fund a large portion of claims pending recovery from our reinsurers.	Our primary source of inflow is insurance premiums while our outflows are largely expenses and payments to policyholders through claims. We run tests to estimate the impact of a major catastrophe on our cash position to identify potential issues. We also run scenario analysis that considers the impact on our liquidity, should a number of adverse events occur simultaneously, such as an economic downturn and declining investment returns combined with unusually high insurance losses. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities. Ultimate responsibility for Liquidity Risk Management rests with the Board of Directors, who monitors the Company's short, medium and long-term funding and Liquidity Management requirements.

CREDIT RISK

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

WHAT IS THE RISK ?	WHY DO WE HAVE IT?	HOW IS IT MANAGED?
Credit Risk reinsurance		
We buy reinsurance to protect us, but if our reinsurers are unable to meet their obligations to us, it would put a strain on our earnings and capital and could harm our financial condition and cash flow.	We cover clients against a range of catastrophes and protect ourselves through reinsurance. We face credit risk where we seek to recover sums from reinsurers.	We buy reinsurance only from companies that we believe to be strong. The Company has adopted a policy on Credit Risk Management to control level of exposure and mitigate the risk.

CORPORATE GOVERNANCE

CREDIT RISK

WHAT IS THE RISK ?	WHY DO WE HAVE IT?	HOW IS IT MANAGED?
Credit risk counterparties		
The risk that a counterparty will default on its contractual obligations resulting in financial loss for the Company.	We face credit risk from all our sources of business, customers, agents and brokers where we transfer money to and receive money from these counterparties.	The Company deals with credit worthy counterparties as a means of mitigating the risk of financial loss from defaults.

OPERATIONAL RISK

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

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

REGULATORY DEVELOPMENTS

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

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

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

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

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

PRINCIPLE 7: AUDIT

INTERNAL AUDIT

The Company does not have an in-house internal audit function. However, it outsources this function to KPMG who is not the External Auditor of the Company. The reports produced by the internal auditors are made available to the Chairman of the Audit and Risk Committee as well as its members. It is to be noted that members of the Audit and Risk Committee are of appropriate qualifications and caliber to analyse and process the reports made available to them. The Audit Committee normally has the delegated function from the main Board to review, follow up, take actions when applicable. The Audit Committee also reports to the Board all important issues arising from the reports and may, if necessary, send to Board members the internal audit reports. The full reports or part of the reports can be made available to the Management where it is justified that it may help the Management to improve or take necessary actions on issues raised in the Internal Auditors report. However, the Chairman of the Audit and Risk Committee may also request that the reports are not made available to the Management.

EXTERNAL AUDIT

The external audit function is conducted by Ernst & Young. The auditors are normally present at the Audit and Risk Committee when the final audited financial statements are presented to ensure that appropriate discussions are carried out on the financial statements' audit and key findings of the auditors. The Audit and Risk Committee has the flexibility, when found necessary, to meet with the external auditors outside the presence of the Management. It is common practice that the external auditors of the Company do not carry out non-audit services to ensure that they keep their independence while carrying out their main task of external auditors.

PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

SHAREHOLDING PROFILE

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

Below is the list of major shareholders (holding more than 5% of the shares) of the Company as at 30th June 2020:

IBL Ltd	60%
HWIC Asia Fund	38.99%
Public	1.01%

CORPORATE GOVERNANCE

BREAKDOWN OF SHARE OWNERSHIP AS AT 30th JUNE 2020

	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD	HOLDING
1 - 500 shares	145	13,688	0.1711%
501 - 1,000 shares	33	23,416	0.2927%
1,001 - 5000 shares	17	32,570	0.4071%
5,001 - 10,000 shares	2	11,502	0.1438%
10,001 - 50,000 shares	-	-	0.0000%
50,001 - 100,000 shares	-	-	0.0000%
100,001 - 250,000 shares	-	-	0.0000%
250,001 - 500,000 shares	-	-	0.0000%
>= 500001 shares	2	7,918,822	98.9853%
TOTAL	**199**	**7,999,998**	**100.0000%**

Note: The above number of shareholders is indicative, due to consolidation of multi-portfolios for reporting purposes. The total number of active ordinary shareholders as at 30th June 2020 was 199.

SHARE DEALINGS

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

SHARE PRICE INFORMATION AND PERFORMANCE

	YEAR ENDED 30th JUNE 20	YEAR ENDED 30th JUNE 19	YEAR ENDED 30th JUNE 18	YEAR ENDED 30th JUNE 17	YEAR ENDED 30th JUN 16
Market Price (Rs)	122.00	117.25	96	83.25	83.75
Earnings Per Share					
- Continuing and discontinued operations (Rs)	1.56	0.65	7.43	11.43	4.59
- Continuing operations (Rs)	1.56	0.65	7.43	11.43	11.82
Dividend per share (Rs)	NIL	3.00	2.80	2.20	1.10
Price Earnings ratio (times)	78.2	180.4	12.9	7.28	7.1
Net Assets value per share (Rs)	107.15	115.05	115.03	109.58	88.84
Dividend yield (%)	N/A	2.56	2.92	2.65	1.32

MEETING OF SHAREHOLDERS

In conformity with Section 117 of the Companies Act, an Annual Meeting of the Shareholders was held on 17th December 2019 for the approval of the financial statements for the year ended 30th June 2019.

RELATIONSHIP WITH SHAREHOLDERS

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

DIRECTORS' SERVICE CONTRACTS

There are no service contracts between EIL and its Directors.

DIRECTORS' SHARE INTERESTS

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

CONTRACTS OF SIGNIFICANCE

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

RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS

Related party transactions are disclosed in Note 30 of the Accounts.

CERTIFICATE FROM THE COMPANY SECRETARY

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

Doris **DARDANNE**

Per IBL Management Ltd
COMPANY SECRETARY

CORPORATE GOVERNANCE

OTHER STATUTORY DISCLOSURES (PURSUANT TO SECTION 221 OF THE COMPANIES ACT 2001) TO 30th JUNE 2020

DIRECTORS' PROFILES

Included in the individual Directors' profile on pages 26 to 29.

COMMON DIRECTORSHIP

DIRECTORS	EIL	IBL
BÉGA Jean-Claude	✓	✓
CYNTHIA Parrish *1	✓	-
BEZUIDENHOUT Pieter *2	✓	
BLIGNAUT JP *3	✓	-
O'NEILL John Edward *4	✓	-
CHUMMUN Dipak	✓	-
DE LA HOGUE Laurent	✓	-
IP MIN WAN Robert	✓	-
ITHIER J. Gilbert	✓	-
LALLAH Subhas *5	✓	-
MALLIATÉ Alain *6	✓	-
WONG WAN PO Derek	✓	
WINSON Chan Chin Wah*7	✓	-

*1 Appointed on 9th March 2020
*2 Resigned on 14th November 2019
*3 Appointed on 4th December 2019
*4 Appointed on 17th February 2020
*5 Resigned on 21st April 2020
*6 Resigned on 14th November 2019
*7 Appointed on 3rd December 2019

NON-EXECUTIVE DIRECTORS' FEES:

NAME OF DIRECTORS	CATEGORY	2020	2019
		Rs	Rs
BÉGA Jean-Claude *	Chairman and Non-Executive Director	**185,000**	185,000
CYNTHIA Parrish	Independent Non-Executive Director	-	-
BEZUIDENHOUT Pieter **	Non-Executive Director	**41,667**	100,000
BLIGNAUT JP **	Non-Executive Director	**58,333**	-
O'NEILL John Edward	Non-Executive Director	-	-
CHUMMUN Dipak *	Non-Executive Director	**135,000**	135,000
DE LA HOGUE Laurent *	Non-Executive Director	**150,000**	150,000
IP MIN WAN Robert	Independent Non-Executive Director	**225,000**	225,000
ITHIER J. Gilbert	Independent Non-Executive Director	**185,000**	185,000
LALLAH Subhas	Independent Non-Executive Director	**150,000**	150,000
		1,130,000	1,130,000

* Fees paid directly to IBL Ltd
** Fees paid directly to Bryte Insurance

CORPORATE GOVERNANCE

EXECUTIVE DIRECTORS' REMUNERATION:

NAME OF DIRECTORS	CATEGORY	2020	2019
		Rs	Rs
WONG WAN PO Derek	Executive Director/Chief Executive Officer	**8,553,014**	7,243,990
MALLIATÉ Alain	Executive Director	**1,681,965**	1,883,076
WINSON Chan Chin Wah	Executive Director	**1,574,812**	-
		11,809,791	9,127,066

The Director's Fees have been disclosed individually, in compliance with Section 221 of the Companies Act 2001.

The Directors' remuneration has also been disclosed under Note 30 for related party transactions.

CONSTITUTION

The Constitution of EIL does not provide any ownership restriction or pre-emption rights. It is in conformity with the Companies Act 2001.

DIVIDEND POLICY

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

AUDITORS' REMUNERATION

	THE GROUP AND THE COMPANY	
	2020	2019
	Rs'000	Rs'000
Audit fees for the year		
-Ernst & Young	**1,290**	1,618
Fees for other services provided by:		
-Deloitte	**-**	1,294
-Ernst & Young	**-**	-
-KPMG	**3,157**	374

DONATIONS

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Charitable donations	**10**	-	**10**	-
Political donations	**500**	-	**500**	-
Corporate social responsibility contribution	**257**	1,944	**250**	1,919
	767	1,944	**760**	1,919

CORPORATE GOVERNANCE

RELATED PARTY TRANSACTIONS

Related party transactions are disclosed under Note 30 of the financial statements.

ANTI-MONEY LAUNDERING

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

INTEGRATED SUSTAINABILITY REPORTING

In view of a more complete reporting, this report gives a brief of the main undertakings of the year in various fields.

SHAREHOLDER CORNER

Communication with Shareholders

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

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

TIMETABLE OF IMPORTANT UPCOMING EVENTS

November 2020	Publication of last quarter financial statements
November 2020	Publication of first quarter financial statements
December 2020	Annual Meeting of Shareholders
February 2021	Publication of second quarter abridged financial statements
May 2021	Publication of third quarter abridged financial statements
December 2021	Annual Meeting of shareholders

- The Shareholders of the Company can make a request to the Company Secretary prior to the Annual Meeting to obtain a copy of the minutes of proceedings of the last Annual Meeting of the Company.
- The proxies must be received by the Company's Registry and Transfer office, MCB Registry & Securities Limited, 9th Floor, MCB Centre, Sir William Newton Street, Port Louis, not later than Wednesday 16th December 2020 at 13.00 hours.

FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF EAGLE INSURANCE LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

We have audited the financial statements of Eagle Insurance Limited (the "Company") and its subsidiaries (the "Group") set out on pages 78 to 142 under section B which comprise the consolidated and separate statements of financial position as at 30th June 2020, and the consolidated and separate statements of profit or loss and other comprehensive income, statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and Notes to the Financial Statements, including significant accounting policies.

Qualified Opinion-Group

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30th June 2020, and of the consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001, the Financial Reporting Act 2004 and the Insurance Act 2005.

Opinion – Company

In our opinion, the separate financial statements give a true and fair view of the separate financial position of the Company as at 30th June 2020, and of their separate financial performance and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001, the Financial Reporting Act 2004 and the Insurance Act 2005.

Basis for Opinions including the Basis for Qualified Opinion – Consolidated / Group

The Group holds an investment of 20% in H. Savy Insurance Company Ltd, a foreign company incorporated in Seychelles, and has historically reported it as an associate accounted for by the equity method, by virtue of its shareholding and having a representative on the board. It is carried at Rs 79.2 million on the consolidated statement of financial position as at 30th June 2020, and the Group's share of H. Savy Insurance Company Limited net income of Rs 25.4 million is included in the consolidated statement of profit or loss and other comprehensive income for the year then ended. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of the Group's investment in H. Savy Insurance Company Ltd as at 30th June 2020 and the Group's share of H. Savy Insurance Company Limited's net income for the year because we were denied access to review the working papers of the component auditor nor were we able to satisfy ourselves by alternative means through direct auditing of the associate due to the prevailing travel restrictions that prevented travel to Seychelles to perform alternative procedures. Adopting a remote mechanism allowing for the performance of audit procedures over the associate's accounting records would be prohibitively time consuming in the view of management given the statutory reporting deadline to the Regulator. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF EAGLE INSURANCE LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

Key Audit Matters	How the matters were addressed in our audit
Valuation of insurance contract liabilities (gross outstanding claims) short term insurance Rs 1.56bn (Notes 3.1 and 14) The valuation of general insurance loss reserves involves a high degree of subjectivity and complexity. Reserves for losses and loss adjustment expenses represent estimates of future payments of reported and unreported claims for losses and related expenses at a given date. The Group uses a range of actuarial methodologies to estimate these provisions. General insurance loss reserves require significant judgment relating to factors and assumptions such as inflation, claims development patterns and regulatory changes. Specifically, long-tail lines of business, which often have low frequency, high severity claims settlements, are generally more difficult to project and subject to greater uncertainties than short-tail, high frequency claims. Further, some catastrophic events can be more complex to model using actuarial methodologies, which increases the degree of judgment needed in estimating general insurance loss reserves. Given its complexity and significance the valuation of insurance contract liabilities-short term insurance has been considered as a Key Audit Matter.	We obtained an understanding, evaluated the design and tested the operating effectiveness of selected key controls over the claims estimation process including the Incurred but not Reported ("IBNR"). In particular, we tested the controls over the integrity of data and the assumptions setting and governance processes used by management related to the valuation of general insurance reserves. In relation to the particular matters set out above, our substantive testing procedures included the following: We reviewed the documentation around outstanding claims which are high in value and involving longer settlement periods and tested management best estimates of the settlement outcome. Where appropriate we obtained legal confirmation to corroborate management's assessment. We tested the completeness and accuracy of underlying claims data that are sent to the actuary in estimating general insurance loss reserves. This includes the testing of information sent to the actuary for the determination of IBNR; We evaluated the actuarial assumptions used by management based on the analysis of the experience to date, industry practice and the financial and regulatory requirements; We evaluated management's methodology and assumptions against actuarial practices and industry standards; and We evaluated whether the actuary has the relevant expertise and experience in this field.

Other Information

Management is responsible for the other information on pages 1 to 70 under section A document titled "Eagle Insurance Limited and its subsidiaries: Financial statements for the year ended 30th June 2020", which includes statutory disclosures on pages 1 to 37, risk management report on pages 45 to 66, secretary's certificate on page 67 and other statutory disclosures on pages 68 to 70. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF EAGLE INSURANCE LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

Other Information (Cont'd)

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above (other than the Corporate Governance Report) when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Corporate Governance

The Directors are responsible for preparing the Corporate Governance Report. Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance as disclosed in the annual report and assess the explanation given for non-compliance with any requirements of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the public interest entity has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

Responsibilities of the Directors for the consolidated and separate Financial Statements

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

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

Auditor's Responsibilities for the Audit of the consolidated and separate Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.

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

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

INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF EAGLE INSURANCE LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONT'D)

Auditor's Responsibilities for the Audit of the consolidated and separate Financial Statements (Cont'd)

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

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Companies Act 2001

We have no relationship with or interests in the Group and Company other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Group and Company as far as it appears from our examination of those records.

Insurance Act 2005

The consolidated and separate financial statements have been prepared in the manner and meet the requirements specified by the Financial Services Commission (FSC).

ERNST & YOUNG
Ebène, Mauritius

LI KUNE LAN POOKIM, F.C.A, F.C.C.A
Licensed by FRC

12th November 2020

STATEMENTS OF FINANCIAL POSITION

AT 30th JUNE 2020

	Notes	The Group 2020 Rs'000	The Group 2019 Restated* Rs'000	The Company 2020 Rs'000	The Company 2019 Restated* Rs'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	**148,323**	187,513	**147,937**	152,374
Intangible assets	5	**13,113**	16,597	**12,120**	15,604
Investment properties	6	**35,139**	-	**-**	-
Right of use asset	7(a)	**4,251**	-	**4,251**	-
Deferred tax assets	17	**29,328**	25,819	**29,528**	25,819
Investment in subsidiaries	8	**-**	-	**1,100**	1,100
Amounts due from group companies	13	**-**	-	**38,940**	39,607
Investment in associate	9	**92,780**	71,515	**21,313**	6,313
Statutory deposits	10	**8,000**	8,000	**8,000**	8,000
Financial investments	11	**503,180**	399,841	**503,180**	399,841
		834,114	709,285	**766,369**	648,658
Current assets					
Financial investments	11	**44,302**	219,581	**44,302**	219,581
Insurance and other receivables	12	**682,399**	631,687	**676,847**	625,843
Amounts due from group companies	13	**446**	406	**948**	951
Reinsurance assets - Gross outstanding claim	14	**916,482**	1,132,019	**916,482**	1,132,019
Reinsurance assets - General insurance fund	16	**194,669**	227,600	**194,669**	227,600
Current tax receivables	19(i)	**9,806**	1,763	**9,705**	1,763
Cash and cash equivalents	26	**605,364**	346,211	**604,416**	344,315
		2,453,468	2,559,267	**2,447,369**	2,552,072
Assets held-for-sale	32	**-**	121,483	**-**	121,483
		2,453,468	2,680,750	**2,447,369**	2,673,555
Total assets		**3,287,582**	3,390,035	**3,213,738**	3,322,213
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	15	**80,000**	80,000	**80,000**	80,000
Other reserves		**777,173**	840,399	**703,834**	774,160
Equity attributable to equity holders of the parent		**857,173**	920,399	**783,834**	854,160
Non-controlling interests		**340**	449	**-**	-
Total equity		**857,513**	920,848	**783,834**	854,160
Non-current liabilities					
Long term incentive scheme	36	**4,762**	3,236	**4,762**	3,236
Employee benefit and related liabilities	27(a)/(d)	**57,437**	13,630	**57,437**	13,630
Lease liabilities	7(b)	**3,351**	-	**3,351**	-
		65,550	16,866	**65,550**	16,866
Current liabilities					
Trade and other payables	18	**349,034**	193,655	**348,884**	192,614
Gross outstanding claims	14	**1,558,839**	1,748,831	**1,558,839**	1,748,831
General insurance fund	16	**455,381**	509,742	**455,381**	509,742
Current tax liabilities	19(i)	**15**	93	**-**	-
Lease liabilities	7(b)	**1,250**	-	**1,250**	-
		2,364,519	2,452,321	**2,364,354**	2,451,187
Total liabilities		**2,430,069**	2,469,187	**2,429,904**	2,468,053
Total equity and liabilities		**3,287,582**	3,390,035	**3,213,738**	3,322,213

Approved by the Board of Directors and authorised for issue on 12th November 2020 and approved on it behalf by:

Jean-Claude **BÉGA**
DIRECTOR

Robert **IP MIN WAN**
DIRECTOR

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30th JUNE 2020

	Notes	The Group 2020 Rs'000	The Group 2019 Restated* Rs'000	The Company 2020 Rs'000	The Company 2019 Restated* Rs'000
Continuing operations					
Revenue					
Gross insurance premiums		**1,456,916**	1,248,968	**1,456,916**	1,248,968
Reinsurance premiums ceded		**(850,080)**	(625,579)	**(850,080)**	(625,579)
		606,836	623,389	**606,836**	623,389
Release from general insurance fund - Gross	16	**54,361**	6,112	**54,361**	6,112
Release to general insurance fund - Reinsurance	16	**(32,931)**	(32,575)	**(32,931)**	(32,575)
Net earned premium		**628,266**	596,926	**628,266**	596,926
Investment income	20	**9,339**	11,940	**17,652**	19,057
Interest calculated using effective interest rate	21	**12,589**	15,205	**13,985**	15,205
Commission income		**98,075**	85,906	**97,676**	84,496
Other income	22	**56,208**	29,354	**52,956**	29,311
		804,477	739,331	**810,535**	744,995
Expenses					
Gross claims paid	14	**(990,580)**	(688,138)	**(990,580)**	(688,138)
Gross change in contract liabilities	14	**189,993**	(360,750)	**189,993**	(360,750)
Claims ceded to reinsurer	14	**607,997**	307,061	**607,997**	307,061
Change in contract liabilities ceded to reinsurers	14	**(215,537)**	231,548	**(215,537)**	231,548
Change in claims recovered from third party insurers		**(29,946)**	16,662	**(29,946)**	16,662
Recoveries from third party insurers		**63,516**	76,227	**63,516**	76,227
Net claims incurred		**(374,557)**	(417,390)	**(374,557)**	(417,390)
Commission expense		**(147,694)**	(134,804)	**(147,694)**	(134,804)
Administrative expenses	23	**(270,629)**	(194,107)	**(269,743)**	(193,276)
		(792,880)	(746,301)	**(791,994)**	(745,470)
Profit/(loss) from operations		**11,597**	(6,970)	**18,541**	(475)
Finance costs	7(b)	**(231)**	-	**(231)**	-
Amount recharged by holding company for defined benefit liabilities recognised on 1st July 2019	27(a)(ii)	**(30,681)**	-	**(30,681)**	-
Share of profit of associates	9	**24,011**	14,726	**-**	-
Profit/(loss) before tax		**4,696**	7,756	**(12,371)**	(475)
Income tax expense	19(ii)	**7,781**	(2,433)	**8,007**	(2,318)
Profit/(loss) for the year		**12,477**	5,323	**(4,364)**	(2,793)
Other comprehensive income					
Items that may not be reclassified subsequently to profit or loss					
Remeasurement of other post retirement benefits	27(d)(ii)	**5,528**	2,114	**5,528**	2,114
Remeasurement of retirement employee benefit liabilities recharge by holding company	27(a)	**(17,281)**	-	**(17,281)**	-
Deferred tax on remeasurement of employee benefit liabilities	17	**1,998**	(359)	**1,998**	(359)
Reversal of deferred tax on revaluation of property	17	**-**	12,212	**-**	12,212
Exchange difference arising from translation of associate operations	9	**(9,725)**	785	**-**	-
Net gain arising on revaluation of financial assets at fair value through other comprehensive income	11(a)	**(56,207)**	4,660	**(56,207)**	4,660
Other comprehensive income for the year, net of tax		**(75,687)**	19,412	**(65,962)**	18,627
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		**(63,210)**	24,735	**(70,326)**	15,834
Profit/(loss) attributable to:					
Equity holders of the parent		**12,460**	5,171	**(4,364)**	(2,793)
Non-controlling interests		**17**	152	**-**	-
		12,477	5,323	**(4,364)**	(2,793)
Total comprehensive (loss)/income attributable to:					
Equity holders of the parent		**(63,227)**	24,583	**(70,326)**	15,834
Non-controlling interests		**17**	152	**-**	-
		(63,210)	24,735	**(70,326)**	15,834
EARNINGS PER SHARE	24	**1.56**	0.65		

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30th JUNE 2020

	Notes	Stated Capital Rs'000	Property revaluation reserve *Restated Rs'000	Investments revaluation reserve Rs'000	Foreign currency translation reserve Rs'000	Actuarial reserve Rs'000	Retained earnings Rs'000	Attributable to equity holders of the parent Rs'000	Non-controlling interests Rs'000	Total equity *Restated Rs'000
THE GROUP										
At 1st July 2018		80,000	63,725	62,018	2,080	(9,514)	721,508	919,817	395	920,212
Dividends	25	-	-	-	-	-	(24,000)	(24,000)	-	(24,000)
Dividends paid to non-controlling interests		-		-	-	-	-	-	(98)	(98)
Profit for the year		-	-	-	-	-	5,171	5,171	152	5,323
Other comprehensive income for the year (Restated)		-	12,212	4,660	785	1,755	-	19,412	-	19,412
Total comprehensive income for the year		-	12,212	4,660	785	1,755	5,171	24,583	152	24,735
At 30th June 2019 (Restated)		80,000	75,937	66,678	2,865	(7,759)	702,679	920,400	449	920,849
At 1st July 2019 (Restated)		**80,000**	**75,937**	**66,678**	**2,865**	**(7,759)**	**702,679**	**920,400**	**449**	**920,849**
Dividends paid to non-controlling interests		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(126)**	**(126)**
Transfer on disposal of building	**(a)**	**-**	**(75,937)**	**-**	**-**	**-**	**75,937**	**-**	**-**	**-**
Profit for the year		**-**	**-**	**-**	**-**	**-**	**12,460**	**12,460**	**17**	**12,477**
Other comprehensive loss for the year		**-**	**-**	**(56,207)**	**(9,725)**	**(9,755)**	**-**	**(75,687)**	**-**	**(75,687)**
Total comprehensive loss for the year		**-**	**-**	**(56,207)**	**(9,725)**	**(9,755)**	**12,460**	**(63,227)**	**17**	**(63,210)**
At 30th June 2020		**80,000**	**-**	**10,471**	**(6,860)**	**(17,514)**	**791,076**	**857,173**	**340**	**857,513**

Note (a): The difference in the depreciation based on revalued amount and the cost of the building, net of deferred tax, is transferred from property revaluation reserve to retained earnings. The property was classified under held-for-sale in the prior year and was disposed in the current year.

**Refer to Note 41 for details on the restatement.*

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE YEAR ENDED 30th JUNE 2020

	Notes	Stated Capital Rs'000	Property revaluation reserve *Restated Rs'000	Investments revaluation reserve Rs'000	Actuarial reserve Rs'000	Retained earnings Rs'000	Total *Restated Rs'000
THE COMPANY							
At 1st July 2018		80,000	63,725	62,018	(9,514)	666,097	862,326
Dividends	25	-	-	-	-	(24,000)	(24,000)
Loss for the year		-	-	-	-	(2,793)	(2,793)
Other comprehensive income for the year (Restated)		-	12,212	4,660	1,755	-	18,628
Total comprehensive income for the year		-	12,212	4,660	1,755	(2,793)	15,835
At 30th June 2019 (Restated)		80,000	75,937	66,678	(7,759)	639,304	854,160
At 1st July 2019 (Restated)		**80,000**	**75,937**	**66,678**	**(7,759)**	**639,304**	**854,160**
Transfer on disposal of building	**(a)**	**-**	**(75,937)**	**-**	**-**	**75,937**	**-**
Loss for the year		**-**	**-**	**-**	**-**	**(4,364)**	**(4,364)**
Other comprehensive loss for the year		**-**	**-**	**(56,207)**	**(9,755)**	**-**	**(65,962)**
Total comprehensive loss for the year		**-**	**-**	**(56,207)**	**(9,755)**	**(4,364)**	**(70,326)**
At 30th June 2020		**80,000**	**-**	**10,471**	**(17,514)**	**710,877**	**783,834**

Note (a): The difference in the depreciation based on revalued amount and the cost of the building, net of deferred tax, is transferred from property revaluation reserve to retained earnings. The property was classified under held-for-sale in the prior year and was disposed in the current year.

**Refer to Note 41 for details on the restatement.*

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30th JUNE 2020

	Notes	The Group 2020 Rs'000	The Group 2019 Rs'000	The Company 2020 Rs'000	The Company 2019 Rs'000
Cash flows from operating activities					
Profit/(loss) before taxation		4,696	7,756	(12,371)	(475)
Adjustments for:					
Depreciation and amortisation	4/5/6/7	23,255	7,546	23,219	7,546
Profit on sale of property, plant and equipment	22	(6,517)	-	(6,517)	-
Profit on sale of financial investments	22	-	(2,621)	-	(2,621)
Expected credit losses on financial assets	11	12,456	32	12,456	32
Expected credit loss on subsidiary loan	13	-	-	114	-
Dividend income	25	(9,339)	(11,940)	(17,652)	(19,057)
Interest income	21	(15,381)	(15,205)	(13,985)	(15,205)
Interest expense on lease liabilities	7(b)	231	-	231	-
Gain on revaluation of financial investments	11(b)	(16,115)	(8,768)	(16,115)	(8,768)
Foreign exchange loss		2,286	-	2,376	-
Share of profits of associates	9	(24,011)	(14,726)	-	-
Provision for employee benefit obligations	27(d)(i)	32,053	1,498	32,053	1,498
Release from general insurance fund - Gross	16	(54,361)	(6,112)	(54,361)	(6,112)
Release to general insurance fund - Reinsurance	16	32,931	32,575	32,931	32,575
Operating loss before working capital changes		(17,816)	(9,965)	(17,621)	(10,587)
(Increase)/decrease in insurance and other receivables		(47,941)	73,301	(48,157)	78,288
Decrease/(increase) in reinsurance assets - Gross outstanding claims	14	215,537	(231,549)	215,537	(231,549)
(Decrease)/Increase in Gross outstanding claims	14	(189,993)	360,750	(189,993)	360,750
Increase in long term incentive scheme	36	1,526	1,371	1,526	1,371
Decrease in amounts due to group companies		-	(3,110)	-	(3,110)
Decrease in amounts due from group companies		(40)	-	556	-
Increase/(decrease) in trade and other payables		120,518	(128,382)	121,408	(113,257)
		99,607	72,381	100,877	92,493
Cash generated from operations		81,791	62,416	83,256	81,906
Interest received		13,773	12,626	12,377	12,626
Dividend received		9,339	19,057	17,652	19,057
Taxation paid	19(i)	(1,751)	(12,561)	(1,646)	(12,282)
Interest paid		(204)	-	(204)	-
Net cash generated from operating activities		102,948	81,538	111,435	101,307
Cash flows from investing activities					
Purchase of financial investments	11	(161,648)	(224,870)	(161,648)	(224,870)
Investment in associate	9(a)	(15,000)	-	(15,000)	-
Dividend received from associates	9(a)	8,020	-	-	-
Loan to subsidiary		-	-	-	(40,151)
Proceeds from sale of financial investments		210,660	278,095	210,660	278,095
Purchase of property, plant and equipment	4	(11,540)	(117,176)	(11,118)	(98,037)
Purchase of intangible assets	5	(3,159)	(4,766)	(3,159)	(4,766)
Proceeds from sale of property, plant and equipment		128,000	-	128,000	-
Net cash generated from/(used in) investing activities		155,333	(68,717)	147,735	(89,729)
Cash flows from financing activities					
Dividends paid to owners of the Company	25	-	(24,000)	-	(24,000)
Dividends paid to non-controlling interests		(126)	-	-	-
Repayment of principal portion- lease liabilities		(698)	-	(698)	-
Net cash used in financing activities		(824)	(24,000)	(698)	(24,000)
Increase/ (decrease) in cash and cash equivalents		257,457	(11,179)	258,472	(12,422)
Cash and cash equivalents at beginning of the year		346,211	354,478	344,315	353,825
Exchange gains on cash and cash equivalents		1,696	2,912	1,629	2,912
Cash and cash equivalents at end of the year	26	605,364	346,211	604,416	344,315

		2020 Rs'000	2019 Rs'000	2020 Rs'000	2019 Rs'000
Non-cash transactions					
Purchase of investment	35	29,900	773	29,900	773

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30th JUNE 2020

1. GENERAL INFORMATION

Eagle Insurance Limited (the "Company") was a listed limited liability company incorporated and domiciled in Mauritius. The Company's registered office is situated at Eagle House,15 Wall street Ebene, Cybercity. The Company, the subsidiary and the associates are collectively referred to as the "Group".

Refer to Note 39 Event after reporting date.

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

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

The activities of the subsidiary companies are disclosed in note 8(b).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the Group and the Company are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Statement of compliance

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

2.2 Basis of preparation

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

2.3 Basis of consolidation

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Basis of consolidation (Cont'd)

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

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

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

2.4 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended IFRS adopted in the year commencing 1st July 2019:

New or revised standards	Effective for accounting period beginning on or after
IFRS 16 Leases	1st January 2019
Amendments	
Prepayment Features with Negative Compensation - Amendments to IFRS 9	1st January 2019
Long-term Interests in Associates and Joint Ventures - Amendments to IAS 28	1st January 2019
IAS 12 - Income Taxes - Income tax consequences of payments on financial instruments classified as equity	1st January 2019
IAS 23 - Borrowing Costs - Borrowing costs eligible for capitalisation	1st January 2019
IAS 19 -Plan Amendment, Curtailment or Settlement	1st January 2019
IFRS 11 - Joint Arrangements - Previously held interests in joint operation	1st January 2019
IFRS 3 Business Combinations - Previously held interests in a joint operation	1st January 2019

With the exception of IFRS16 Leases, the adoption of the above amended standards did not have a material impact on the Company's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Changes in accounting policies and disclosures (Cont'd)

Where the adoption of the new and amended IFRSs have an impact on the financial statements of the Group, the effect of the changes is described below:

IFRS 16 Leases

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'). The adoption of this new Standard has resulted in the Company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as having a remaining lease term of less than 12 months from the date of initial application.

IFRS 16 is effective for annual periods beginning on or after 1st January 2019. Early application is permitted but not before an entity applies IFRS 15. A lessee can choose to apply the Standard using either a full or modified retrospective approach. The Company has elected to apply the modified retrospective approach where an amount equal to the lease liability adjusted by the amount of any prepaid lease payment relating to that lease is recognised in the statement of financial position on 1st January 2019.

(a) Classification and measurement

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

Nature of the effect of adoption of IFRS 16

The Company has lease contracts for its real estate properties. Before the adoption of IFRS 16, the Company classified its lease (as lessee) at the inception date as an operating lease. In an operating lease, the leased properties were not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Accruals respectively.

Under adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases where it is the lessee, except for short-term leases and leases of low-value assets.

The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The effect of adoption IFRS 16 as at 1st July 2019 (increase/(decrease)) is, as follows:

	2019 Total Rs'000
Assets	
Right-of-use assets	5,272
Property, plant and equipment	-
Prepayments	-
Total assets	5,272
Liabilities	
Lease liability	5,272
Deferred tax liabilities	-
Trade and other payables	-
Total liabilities	5,272
Total adjustment on equity: Retained earnings	-

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Changes in accounting policies and disclosures (Cont'd)

(a) Classification and measurement (Cont'd)

Leases previously accounted for as operating leases

The Company recognised right-of-use assets and lease liabilities for all leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for these leases were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics ;
- Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application ;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application ;
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease;

The lease liabilities as at 1st July 2019 can be reconciled to the operating lease commitments as of 30th June 2019 as follows;

	Rs'000
Operating lease commitments as at 30th June 2019	5,967
Weighted average incremental borrowing rate as at 1st July 2019	4.88%
Effect of Discounted operating lease commitments at 1st July 2019	(695)
Less:	
Commitments relating to short-term leases	-
Commitments relating to leases of low-value assets	-
Add:	
Adjustment as a result of a different treatment of termination option	
Lease liabilities as at 1st July 2019	**5,272**

The Company did not choose to apply the initial recognition exemption in IAS 12 and has therefore recognised deferred tax on the right-of-use asset.

2.5 Accounting Standards and Interpretations issued but not yet effective

The following standards, amendments to existing standards and interpretations were in issue but not yet effective. They are mandatory for accounting periods beginning on the specified dates, but the Group has not early adopted them. The Group intends to adopt these standards, amendments and interpretation when they become effective.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30th JUNE 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Accounting Standards and Interpretations issued but not yet effective (Cont'd)

New or revised standards	**Effective for accounting period beginning on or after**
The Conceptual Framework for Financial Reporting	1st January 2021
IFRS 17 Insurance Contracts	1st January 2023
Amendments	
Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7	1st January 2020
Covid-19-Related Rent Concessions – Amendment to IFRS 16	1st January 2020
IFRS 3 - Definition of a Business	1st January 2021
IAS 1 and IAS 8-Definition of Material	1st January 2021
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	1st January 2023
Reference to the Conceptual Framework – Amendments to IFRS 3	1st January 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	1st January 2022
Onerous contracts-Cost of fulfilling a contract-Amendments to IAS 37	1st January 2022

Where the adoption of the new and amended IFRSs have an impact on the financial statements of the Group, the effect of the changes is described below:

The Conceptual Framework for Financial Reporting

The IASB issued the Conceptual Framework in March 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards.

The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, which replaces IFRS 4 Insurance Contracts. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies for measurement purposes, IFRS 17 provides a comprehensive model (the general model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features that are substantially investment-related service contracts, and the premium allocation approach mainly for short - duration which typically applies to certain non-life insurance contracts.

The main features of the new accounting model for insurance contracts are, as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, Re-measured every reporting period (the fulfilment cash flows);
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts. The CSM represents the unearned profitability of the insurance contracts and is recognised in profit or loss over the service period (i.e., coverage period).
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice
- The recognition of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period
- Amounts that the policyholder will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in the income statement, but are recognised directly on the balance sheet
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Accounting Standards and Interpretations issued but not yet effective (Cont'd)

IFRS 17 Insurance Contracts (Cont'd)

IFRS 17 is effective for annual reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

The Group plans to adopt the new standard on the required effective date.

The Group expects that the new standard will result in an important change to the accounting policies for insurance contract liabilities of the Group and is likely to have a significant impact on profit and total equity together with presentation and disclosure.

Definition of a Business-Amendments to IFRS 3

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. The amendment is applied prospectively and the entity is not expecting an impact.

Definition of Material-Amendments to IAS 1 and IAS 8

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess
whether the information, either individually or in combination with other information, is material in the context of the financial statements.

Impact

Although the amendments to the definition of material is not expected to have a significant impact on an entity's financial statements, the introduction of the term 'obscuring information' in the definition could potentially impact how materiality judgements are made in practice, by elevating the importance of how information is communicated and organised in the financial statements.

2.6 Property, plant and equipment

Subsequent to the initial recognition at cost, land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of the revalued property does not differ materially from its carrying amount at the reporting date.

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

An annual transfer from the property revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets' original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Other plant and equipment are stated at cost or valuation less accumulated depreciation and any accumulated impairment losses.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30th JUNE 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Depreciation

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

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

Building	2.00%
Furniture and equipment	20.00%
Computer equipment	33.33%
Motor vehicles	16.67%

2.8 Intangible asset and amortisation

(a) Goodwill

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

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

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

(b) Computer software

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

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

2.9 Lessee

- Accounting policy applicable as from 1st July 2019

Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

- Policy applicable as from 1st July 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Lessee (Cont'd)

Company as a Lessee

The Company has applied IFRS 16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under IAS 17 and IFRIC
For any new contracts entered into on or after 1st July 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

Set out below are the new accounting policies of the Company upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Short-term leases and low value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned

2.10 Investment in subsidiary

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Investment in associates

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

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

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

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

2.12 Financial assets

Financial assets are recognised when an entity becomes a party to the contractual provisions of the instruments. Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets 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 at fair value through profit or loss are recognized immediately in the Statement of profit or loss.

Initial recognition and measurement

- Policy applicable as from 1st July 2019

Financial assets are classified at initial recognition as measured at amortised cost, fair value through profit or loss ("FVTPL"), and fair value through other comprehensive income ("OCI").

This classification depends on whether the financial asset is a debt or equity investment. The following table shows the classification of the different types of financial assets:

Classification	Type of financial assets included
Fair value through profit or loss	Quoted and unquoted securities
Fair value through other comprehensive income	Quoted and unquoted securities
Amortised cost	Deposits, corporate bonds, government bonds, treasury bills, and treasury notes, amount due from group companies.

Financial assets at amortised cost

The Group only measures debts investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

If either of the two criteria above is not met, the debt instrument is classified as 'fair value through profit or loss. The Group has not designated any debt investment measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch.

A gain or loss on a debt investment that is subsequently measured at amortized cost is recognised in profit or loss when the financial asset is derecognized or impaired and through the amortization process using the effective interest rate method. Interest revenue shall be calculated by using the effective interest method.

An entity shall directly reduce the gross carrying amount of a financial asset when the entity has not reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Financial assets (Cont'd)

Initial recognition and measurement (Cont'd)

Financial assets through other comprehensive income

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Impairment gains and losses and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

For all other equity investments not classified as fair value through profit or loss, the Group can make an irrevocable election at initial recognition to recognize changes in fair value through other comprehensive income rather than profit or loss.

Where the Group's management has elected to present unrealized and realised fair value gains and losses on equity investments in other comprehensive income, there is no subsequent recycling of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as long as they represent a return on investment.

Financial assets through profit or loss

The Group classifies financial assets as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit is taking. Held-for-trading assets and liabilities are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognised in profit or loss and presented as part of 'realised gains/losses- net' in the period in which they arise.

Interest and dividend income or expense is recorded in profit or loss according to the terms of the contract, or when the right to payment has been established.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement;
- The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

Financial assets carried at amortised cost

Overview of the ECL principles

From 1 January 2018, the Group has been recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, in this section all referred to as 'financial instrument'. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit loss expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Financial assets (Cont'd)

Overview of the ECL principles (Cont'd)

Both LTECLs and 12m ECLs are calculated on either an individual basis or a collective basis depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to perform an assessment at the end of each reporting period of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. This is further explained in Note 3.2.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLsare calculated on either an individual basis or a collective basis depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to perform an assessment at the end of each reporting period of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

The calculation of ECLs

The Group calculates ECLs based on a four probability-weighted scenario to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The mechanics of the ECL method are summarised below:

Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date.

These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For loans considered credit-impaired, the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Financial assets (Cont'd)

Overview of the ECL principles (Cont'd)

Forward looking information

In its ECL models, the Company relies on a broad range of forward-looking information as economic inputs, such as:

- GDP growth
- Unemployment rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

2.13 Financial liabilities

Financial liabilities are classified as 'other financial liabilities.

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

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

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss or loans and borrowings as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in case of loans and borrowings, directly attributable transaction costs.

The Group's financial liabilities include trade and other payables.

Subsequent measurement

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate "EIR" method. Gains and losses are recognised in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. Income and expenses will not be offset in the profit or loss unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 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.

2.15 Impairment of-financial non-financial assests

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.

2.16 Provision for unearned premiums

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

2.17 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Taxation (Cont'd)

(ii) Deferred tax (Cont'd)

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

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

(iii) Current and deferred tax for the year

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

2.18 Retirement benefits obligations

Policy applicable as from 1st July 2019

Defined benefit plan that share risks between entities under common control

The Company's holding company, IBL Ltd, operates a group defined benefit plan which is wholly funded and covers some current and former employees of the company. Effective 1st July 2019, the Company has entered into an agreement with its holding company to recharge pension costs and liabilities relating to current and former employees under the IBL group plan. The accounting for the transfer of liability on 1st July 2019 is recorded in the statement of profit or loss.

Subsequently, remeasurement comprising actuarial gains and losses, the effect of the changes on the return on plan assets is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in actuarial reserve and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expenses or income and remeasurement.

An actuarial valuation is carried out every year.

Gratuity on retirement/other post-retirement benefits

For employees who are not covered (or who are insufficiently covered by the above pension plans), the net present value of gratuity on retirement payable under the Workers' Rights Act 2019 is calculated by Swan Life Ltd and provided for. The obligations arising under this item are not funded.

Policy applicable up to 1st July 2019

Defined benefit pension plan

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

State plan and defined contribution pension plan

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

Gratuity on retirement

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 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 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.

2.20 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.

2.21 Liability adequacy

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

2.22 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.

2.23 General insurance fund

The general insurance fund represents the portion of premiums written on short-term insurance contracts relating to periods of insurance risks subsequent to the reporting date. Unearned premiums are computed on 1/24th method. The movement on the provision is taken to profit or loss. The provision is derecognized when the contract expires, is discharged or cancelled.

2.24 Revenue recognition

General business

Gross premiums on general business 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 based on the 1/24th method. Premiums are shown gross of commission.

Other revenues

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

- Dividend income is recognised when the shareholder's right to receive payment is established;
- Commission income from reinsurers is recognised on an accrual basis in accordance with the substance of the relevant agreement;
- Profit commission from reinsurers is recognised on an accrual basis;
- Interest income on deposits is recognised on a time basis using effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 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.

2.26 Borrowing costs

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

2.27 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.

2.28 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.

2.29 Related Parties

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

2.30 Expenses

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.31 Investment property

Properties held to earn rentals or capital appreciation or both and not occupied by the Group are classified as investment properties. Investment properties are measured at cost, including transaction costs, less depreciation and impairment. The carrying amount includes the cost of replacing part of an existing investment properties at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property.

Investment properties are derecognized when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers made to or from investment properties are only made when there is a change in use evidenced by the end of owner-occupation, commencement of an operating lease to another party or completion of construction or development. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under plant and equipment up to the date of the change in use.

The investment property is depreciated on a straight-line basis at the rate of 1.3% per annum.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT 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:

3.1 Insurance contracts

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

These estimates are described below.

The estimation of ultimate liability arising from the claims made under insurance contracts is one of the Group's most critical accounting estimates. There are sources of uncertainty that need to be considered in the estimate of the liability that the Group will eventually pay for such claims. Estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not reported ("IBNR") at the reporting date. The Group uses a range of actuarial methodologies to estimate these provisions. Liabilities for unpaid reported claims are estimated using the input of assessments for individual cases reported to the Group and management estimates based on past claims settlement trends for the claims incurred but not reported. General insurance loss reserves require significant judgment relating to factors and assumptions such as inflation, claims development patterns and regulatory changes.

Specifically, long-tail lines of business, which often have low frequency, high severity claims settlements, are generally more difficult to project and subject to greater uncertainties than short-tail, high frequency claims. Furthermore, not all catastrophic events can be modelled using actuarial methodologies, which increases the degree of judgment needed in estimating general insurance loss reserves. At each reporting date, prior year claims estimates are reassessed for adequacy and changes are made to the provision.

The Group adopts multiple techniques to estimate the required level of provisions, thereby setting a range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and risks involved. Refer to Note 14 Gross outstanding claims.

3.2 Provision for expected credit losses

As disclosed in the accounting policies, the ECL calculation requires the use of significant estimates to calculate the probability of default, the exposure at default and the loss given default. These require estimation of the likelihood of default over a certain time horizon, the estimate of exposure of future default dates and estimates of the loss arising in the case where a default occurs at a given time. In its ECL models, the Company relies on a broad range of information, such GDP growth and unemployment rates.

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

3.3 Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer to Note 38 Fair Value Measurements.

3.4 Useful lives, residual values and revaluation of property, plant and equipment

Determining the carrying amounts of property, plant and equipment requires the estimation of the useful lives and residual values of these assets which carry a degree of uncertainty. The directors have used historical information relating to the Group and the relevant industries in which the Group's entities operate in order to best determine the useful lives and residual values of property, plant and equipment. Refer to Note 4 Property, plant and equipment.

3.5 Revaluation of land and buildings

The buildings are measured at fair value based on periodic valuations by external independent valuers and as estimated by the directors and management based on reference to their knowledge on the current market evidence of transaction prices for similar properties. In arriving at the valuation, assumptions and economic estimates have to be made. The actual results could differ from their estimates and the directors and management consider they have used their best estimates to arrive at fair value of the properties. Refer to Note 4 Property, plant and equipment.

3.6 Recoverable amount on insurance and other receivables

In preparing those consolidated financial statements, the directors have made estimates of the recoverable amounts of insurance and other receivables and impaired those receivables where the carrying amounts exceeded recoverable amounts. The estimation of recoverable amounts involves an assessment of the financial condition of the debtors concerned and estimate of the timing and the extent of cash flows likely to be received by the Group. Refer to Note 12 Insurance and other receivables and Note 13, and 14.

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold building Rs'000	Furniture and equipment Rs'000	Computer equipment Rs'000	Motor vehicles Rs'000	Work-in-progress Rs'000	Total Rs'000
THE GROUP						
Cost or valuation						
At 1st July 2018	-	-	20,971	638	69,680	91,289
Additions	67,759	44,585	4,832	-	-	117,176
Disposal	-	-	-	-	-	-
Reclassification	69,680	-	-	-	(69,680)	-
At 30th June 2019	137,439	44,585	25,803	638	-	208,465
Additions		4,158	7,382	-	-	11,540
Reclassification to Investment properties	(35,139)	-	-	-	-	(35,139)
At 30th June 2020	**102,300**	**48,743**	**33,185**	**638**	**-**	**184,866**
Accumulated depreciation						
At 1st July 2018	-	-	18,716	302	-	19,018
Charge for the year	-	-	1,836	98	-	1,934
At 30th June 2019	-	-	20,552	400	-	20,952
Charge for the year	2,046	9,342	4,105	98	-	15,591
At 30th June 2020	**2,046**	**9,342**	**24,657**	**498**	**-**	**36,543**
Net book value						
At 30th June 2020	**100,254**	**39,401**	**8,528**	**140**	**-**	**148,323**
At 30th June 2019	137,439	44,585	5,251	238	-	187,513

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

Note relating to both the Group and the Company:

(i) None of the property, plant and equipment of the Group were pledged as at 30th June 2020 and 2019.

(ii) For the year under review, no external valuer was appointed to revalue the freehold building. The directors have kept the valuation at the acquisition cost as they believe the cost approximates its fair value for the year under review. The freehold building is classified under level 2 of the fair value hierarchy.

	Freehold building Rs'000	Furniture and equipment Rs'000	Computer equipment Rs'000	Motor vehicles Rs'000	Work-in-progress Rs'000	Total Rs'000
THE COMPANY						
Cost or valuation						
At 1st July 2018	-	-	20,971	638	53,680	75,289
Additions	48,620	44,585	4,832	-	-	98,037
Reclassification	53,680	-	-	-	(53,680)	-
At 30th June 2019	102,300	44,585	25,803	638	-	173,326
Additions		3,736	7,382	-	-	11,118
At 30th June 2020	**102,300**	**48,321**	**33,185**	**638**	**-**	**184,444**
Accumulated depreciation						
At 1st July 2018	-	-	18,716	302	-	19,018
Charge for the year	-	-	1,836	98	-	1,934
At 30th June 2019	-	-	20,552	400	-	20,952
Charge for the year	2,046	9,307	4,104	98	-	15,555
At 30th June 2020	**2,046**	**9,307**	**24,656**	**498**	**-**	**36,507**
Net book value						
At 30th June 2020	**100,254**	**39,014**	**8,529**	**140**	**-**	**147,937**
At 30th June 2019	102,300	44,585	5,251	238	-	152,374

5. INTANGIBLE ASSETS

	The Group Goodwill	The Group Computer Software	The Group Total	The Company Computer Software	The Company Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cost					
At 1st July 2018	993	49,571	50,564	49,571	49,571
Additions	-	4,766	4,766	4,766	4,766
At 30th June 2019	993	54,337	55,330	54,337	54,337
Additions	-	3,159	3,159	3,159	3,159
At 30th June 2020	**993**	**57,496**	**58,489**	**57,496**	**57,496**
Accumulated amortisation					
At 1st July 2018	-	33,121	33,121	33,121	33,121
Charge for the year	-	5,612	5,612	5,612	5,612
At 30th June 2019	-	38,733	38,733	38,733	38,733
Charge for the year	-	6,643	6,643	6,643	6,643
At 30th June 2020	**-**	**45,376**	**45,376**	**45,376**	**45,376**
Net book value					
At 30th June 2020	**993**	**12,120**	**13,113**	**12,120**	**12,120**
At 30th June 2019	993	15,604	16,597	15,604	15,604

The estimated remaining useful life of computer softwares ranges from 1 to 6 years for 2020 (2019: 1 to 6 years).

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

6. INVESTMENT PROPERTY

	The Group 2020
	Rs'000
Fair Value	
At 1st July 2019	-
Reclassified from plant and equipment	35,139
At 30th June 2020	**35,139**

Rental income generated from the investment property amounted to Rs. 3,043,224. Direct operating expenses amounted to Rs. 474,831. On the basis of the current economic environment, the directors are satisfied that the carrying value of the investment property reflects the fair value at the reporting date.

7. LEASES

(a) Right of use asset

	The Group and The Company 2020 Building Total
	Rs'000
At 1st July 2019	5,272
Depreciation	(1,021)
At 30th June 2020	**4,251**

The table below describes the nature of the Group's leasing activities by type of right-of-use asset on the statement of financial position:

	No. of ROU asset leased	Range of remaining term-years	No. of leases with extension options	No. of leases with termination options
Right-of-use asset				
Office building	2	4 - 4.8	2	2

7. LEASES (CONT'D)

(b) Lease liabilities

Set out below are the carrying amounts of the lease liabilities and the movements during the year:

	The Group and The Company 2020 Building Total
	Rs'000
At 1st July 2019	5,272
Accretion of interest	231
Payments	(902)
At 30th June 2020	**4,601**
Analysed as:	
Current	1,250
Non-current	3,351
	4,601

(c) Amounts recognised in the statement of profit or loss

The following are the amounts recognised in profit or loss:

	2019 Total
	Rs'000
Depreciation expense of right-of-use assets	1,021
Interest expense on lease liabilities	231
Total amount recognised in profit or loss	1,252

The total cash outflow for leases in 2020 was Rs 902,897 which includes principal of Rs 698,494 and interest of Rs 204,403.

8. INVESTMENT IN SUBSIDIARIES

(a) Unquoted investment at cost, less impairment

	The Company 2020	The Company 2019
	Rs'000	Rs'000
At 1st July and 30th June	1,100	1,100

(b) Details of subsidiaries at end of reporting period

Name of subsidiaries	Principal Activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by The Group 2020	2019
Speciality Risk Solutions Ltd	Provision of anxilliary insurance services	Mauritius	**70%**	70%
Eagle Investment Property Ltd	Rental of property	Mauritius	**100%**	100%

(c) There was no non-wholly owned subsidiary that have material non-controlling interest as at 30th June 2020 and 2019.

9. INVESTMENT IN ASSOCIATES

	The Group 2020	The Group 2019	The Company 2020	The Company 2019
	Rs'000	Rs'000	Rs'000	Rs'000
(a) Unquoted investment				
At 1st July	71,515	62,891	6,313	6,313
Additions	15,000	-	15,000	-
Share of post tax profit (net)	24,011	14,726	-	-
Dividend	(8,020)	(6,888)	-	-
Translation difference	(9,725)	785	-	-
At 30th June	92,780	71,515	21,313	6,313

9. INVESTMENT IN ASSOCIATES (CONT'D)

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

Name of associate	Year end	Principal Activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by The Group 2020	2019
H. Savy Insurance Company Ltd	30th June	General and life insurance business	Seychelles	**20%**	20%
Medscheme (Mtius) Ltd	30th June	Medical insurance and provident fund administrator	Mauritius	**30%**	-

The activities of the above associates are strategic to the Group's activities and are accounted for using the equity method.

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

	Medscheme (Mtius) Ltd 2020 Rs'000	H. Savy Insurance Company Ltd 2020 Rs'000	H. Savy Insurance Company Ltd 2019 Rs'000
Current assets	**82,356**	**639,547**	602,634
Non-current assets	**18,288**	**169,008**	116,860
Intangible assets - goodwill			
Current liabilities	**(63,115)**	**(183,848)**	(100,968)
Non-current liabilities	**(11,660)**	**(228,604)**	(260,953)
Equity attributable to owners of the Company	**25,869**	**396,103**	357,573

	2020 Rs'000	2020 Rs'000	2019 Rs'000
Revenue	**63,134**	**591,188**	516,195
(Loss)/ profit from continuing operations	**(4,804)**	**127,261**	73,632
Total comprehensive (loss)/ income for the year	**(4,804)**	**127,261**	73,632
Dividend received from associates	**-**	**8,020**	6,888

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

	Medscheme (Mtius) Ltd 2020 Rs'000	H. Savy Insurance Company Ltd 2020 Rs'000	H. Savy Insurance Company Ltd 2019 Rs'000
Net assets of the associate	**25,869**	**396,103**	357,573
Proportion of the ownership interest in the associate	**30%**	**20%**	20%
Carrying amount of the interest in the associates	**7,761**	**79,221**	71,515
Reconciliation:			
Goodwill on acquisition not recognised		**5,799**	-
Carrying amount of the interest in the associates		**85,020**	71,515

10. STATUTORY DEPOSITS

	The Group and The Company 2020 Rs'000	2019 Rs'000
At 1st July and 30th June,	**8,000**	8,000
Analysed as:		
Non-current	**8,000**	8,000

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

Deposit of Rs. 2m has been fully impaired and a provision of Rs. 2m has been made as provision for impairment in accruals.

The statutory and other deposits have earned interest varying from 2.68% to 2.5% per annum.

11. FINANCIAL INVESTMENTS

	The Group and The Company 2020 Rs'000	2019 Rs'000
At 1st July	**619,422**	683,927
Additions	**191,548**	186,492
Interest	**1,583**	2,989
Disposals	**(210,660)**	(266,095)
Change in fair value	**(40,091)**	12,551
Expected credit losses	**(12,456)**	(443)
Exchange difference	**(1,864)**	-
At 30th June	**547,482**	619,422
Analysed as:		
Non-current	**503,180**	399,841
Current	**44,302**	219,581
	547,482	619,422

The breakdown of fair value measurements is shown in Note 38.

Analysed as follows:

	The Group and The Company 2020 Rs'000	2019 Rs'000
Financial assets at fair value through other comprehensive income (Note 11(a))	**211,974**	238,367
Financial assets at fair value through profit or loss (Note 11(b))	**227,691**	220,072
Debt at amortised cost (Note 11(c))	**107,816**	160,983
	547,482	619,422
Quoted	**147,266**	149,824
Unquoted	**400,216**	469,598
	547,482	619,422

	The Group and The Company 2020 Rs'000	2019 Rs'000
Analysed as follows;		
At 1st July	**238,367**	215,574
Additions	**54,302**	26,463
Disposals	**(24,540)**	(8,322)
Change in fair value	**(56,207)**	4,660
Expected credit loss	**(17)**	(8)
Interest	**69**	-
At 30th June	**211,974**	238,367

11. FINANCIAL INVESTMENTS (CONT'D)

(a) Financial assets at fair value through other comprehensive income

	The Group and The Company 2020 Rs'000	2019 Rs'000
Equity instruments:		
Quoted equity securities	**101,904**	112,637
Unquoted equity securities	**88,401**	112,769
	190,305	225,406
Debt instruments:		
Quoted debt instruments (Refer to 11 (a)(i) below)		-
Unquoted debt instruments (Refer to 11 (a)(i) below)	**21,669**	12,961
	21,669	12,961
Total financial assets at fair value through other comprehensive income	**211,974**	238,367
Fair value movement		
Equity instrument	**(56,867)**	4,755
Debt instrument	**660**	(95)
	(56,207)	4,660

(i) Debt instruments at fair value through other comprehensive income

	The Group and The Company 2020 Rs'000	2019 Rs'000
Government debt securities	**21,686**	12,969
Corporate bonds	**-**	-
	21,686	12,969
Less: Allowance for credit loss	**(17)**	(8)
	21,669	12,961

The table below shows the credit quality and the maximum exposure to credit risk based on external credit rating for the instruments and year-end stage classification. The amounts presented are gross of impairment allowances. The Company uses external grading system and policies on whether ECL allowances are calculated on an individual or collective basis. The Company uses external rating agencies grading such as S&P and Moody's, ranging from BBB- to BB+ as indication for classification of the debt instruments into stages and to calculate the expected credit losses on those instruments.

External rating grade Performing	The Group and The Company 2020 Stage 1 Collective Rs'000	Stage 2 Collective Rs'000	Stage 3 Collective Rs'000	Total Rs'000
High grade	**21,686**	**-**	**-**	**21,686**
Standard grade	**-**	**-**	**-**	**-**
Past due but not impaired	**-**	**-**	**-**	**-**
Non-performing				
Individually impaired	**-**	**-**	**-**	**-**
Total	**21,686**	**-**	**-**	**21,686**

External rating grade Performing	The Group and The Company 2019 Stage 1 Collective Rs'000	Stage 2 Collective Rs'000	Stage 3 Collective Rs'000	Total Rs'000
High grade	12,969	-	-	12,969
Standard grade		-	-	-
Past due but not impaired	-	-	-	-
Non-performing				
Individually impaired	-	-	-	-
Total	12,969	-	-	12,969

11. FINANCIAL INVESTMENTS (CONT'D)

(a) Financial assets at fair value through other comprehensive income (cont'd)

(ii) Impairment losses on financial investments subject to impairment assessment

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

	The Group and The Company 2020 Stage 1 Collective Rs'000	Stage 2 Collective Rs'000	Stage 3 Collective Rs'000	Total Rs'000
Gross carrying amount as at 1st July	**5,248**	**-**	**-**	**5,248**
New asset purchased	**16,438**	**-**	**-**	**16,438**
Assets derecognised or matured (excluding write-offs)	**-**	**-**	**-**	**-**
Transfer to Stage 1	**-**	**-**	**-**	**-**
Transfer to Stage 2	**-**	**-**	**-**	**-**
Transfer to Stage 3	**-**	**-**	**-**	**-**
Amortisation adjustments	**-**	**-**	**-**	**-**
At 30th June,	**21,686**	**-**	**-**	**21,686**

	The Group and The Company 2020 Stage 1 Collective Rs'000	Stage 2 Collective Rs'000	Stage 3 Collective Rs'000	Total Rs'000
ECL allowance as at 1st July,	**(8)**	**-**	**-**	**(8)**
New assets purchased	**(13)**	**-**	**-**	**(13)**
Assets derecognised or matured (excluding write offs)	**-**	**-**	**-**	**-**
Impact of net- remeasurement of year end ECL	**4**		**-**	**4**
At 30th June,	**(17)**	**-**	**-**	**(17)**

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

	The Group and The Company 2019 Stage 1 Collective Rs'000	Stage 2 Collective Rs'000	Stage 3 Collective Rs'000	Total Rs'000
Gross carrying amount as at 1st July	12,969	-	-	12,969
New asset purchased	-	-	-	-
Assets derecognised or matured (excluding write-offs)	-	-	-	-
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Amortisation adjustments	-	-	-	-
At 30th June,	12,969	-	-	12,969

	The Group and The Company 2019 Stage 1 Collective Rs'000	Stage 2 Collective Rs'000	Stage 3 Collective Rs'000	Total Rs'000
ECL allowance as at 1st July,	-	-	-	-
New assets purchased	(8)	-	-	(8)
Assets derecognised or matured (excluding write offs)	-	-	-	-
Impact of net- remeasurement of year end ECL	-		-	-
At 30th June,	(8)	-	-	(8)

11. FINANCIAL INVESTMENTS (CONT'D)

(b) Financial assets at fair value through profit or loss

	The Group and The Company	
	2020	2019
	Rs'000	Rs'000
At 1st July	**220,072**	256,366
Additions	**72,939**	72,150
Disposals	**(81,435)**	(115,876)
Fair value adjustments	**16,115**	7,432
At 30th June	**227,691**	220,072
Analysed as follows:		
Local - Listed	**8,624**	6,876
Others	**219,067**	213,196
Total financial assets at fair value through profit or loss	**227,691**	220,072
Analysed as follows:		
Non-current	**227,691**	220,072
Current	**-**	-
	227,691	220,072
Quoted	**10,670**	10,485
Unquoted	**217,020**	209,587
	227,690	220,072

(c) Debt at amortised cost

	The Group and The Company	
	2020	2019
	Rs'000	Rs'000
At 1st July	**160,982**	211,987
Additions	**64,307**	87,593
Disposals	**(104,684)**	(141,916)
Expected credit losses	**(12,439)**	(435)
Exchange Losses	**(1,864)**	-
Interests	**1,514**	3,753
At 30th June	**107,816**	160,982

	The Group and The Company	
	2020	2019
	Rs'000	Rs'000
Government debt securities	**8,180**	8,950
Corporate bonds and fixed deposits	**112,075**	152,468
	120,255	161,418
Less: Allowances for credit loss	**(12,439)**	(435)
Total debt instruments at amortised costs	**107,816**	160,983
Analysed as follows:		
Quoted	**37,380**	26,840
Unquoted	**70,436**	134,143
	107,816	160,983

11. FINANCIAL INVESTMENTS (CONT'D)

(c) Debt at amortised cost (cont'd)

The table below shows the credit quality and the maximum exposure to credit risk based on external credit rating for the instruments and year-end stage classification. The amounts presented are gross of impairment allowances. The Company uses external grading system and policies on whether ECL allowances are calculated on an individual or collective basis. The Company uses external rating agencies grading such as S&P and Moody's, ranging from BBB- to BB+ as indication for classification of the debt instruments into stages and to calculate the expected credit losses on those instruments. The Company is using an external grading for its debt instruments.

	The Group and The Company			
	2020			
External rating grade Performing	**Stage 1 Collective**	**Stage 2 Collective**	**Stage 3 Collective**	**Total**
	Rs'000	Rs'000	Rs'000	Rs'000
High grade	**8,180**	-	-	**8,180**
Standard grade	**112,075**	-	-	**112,075**
Past due but not impaired	-	-	-	-
Non-performing				
Individually impaired	-	-	-	-
Total	**120,255**	-	-	**120,255**

	The Group and The Company			
	2019			
External rating grade Performing	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Total
	Rs'000	Rs'000	Rs'000	Rs'000
High grade	-	-	-	-
Standard grade	8,950	-	-	8,950
Past due but not impaired	152,033	-	-	152,033
Non-performing				
Individually impaired	-	-	-	-
Total	160,983	-	-	160,983

Impairment losses on financial investments subject to impairment assessment

Debt instrument measured at amortised cost

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

	The Group and The Company			
	2020			
	Stage 1 Collective	**Stage 2 Collective**	**Stage 3 Collective**	**Total**
	Rs'000	Rs'000	Rs'000	Rs'000
Gross carrying amount as at 1st July,	**161,418**	-	-	**161,418**
New asset purchased	**64,307**	-	-	**64,307**
Assets derecognised or matured (excluding write-offs)	**(104,684)**	-	-	**(104,684)**
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Amortisation adjustments	**(786)**	-	-	**(786)**
At 30th June,	**120,255**	-	-	**120,255**

11. FINANCIAL INVESTMENTS (CONT'D)

(c) Debt at amortised cost (Cont'd)

Impairment losses on financial investments subject to impairment assessment (Cont'd)

	The Group and The Company			
	2019			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross carrying amount as at 1st July,	211,987	-	-	211,987
New asset purchased	87,593	-	-	87,593
Assets derecognised or matured (excluding write-offs)	(141,916)	-	-	(141,916)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Amortisation adjustments	3,754	-	-	3,754
At 30th June,	161,418	-	-	161,418

	The Group and The Company			
	2020			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Total
	Rs'000	Rs'000	Rs'000	Rs'000
ECL allowance as at 1st July,	**(435)**	**-**	**-**	**(435)**
New assets purchased	**(136)**	**-**	**-**	**(136)**
Assets derecognised or matured (excluding write offs)	**(12,161)**	**-**	**-**	**(12,161)**
Impact of net- remeasurement of year end ECL	**293**	**-**	**-**	**293**
At 30th June,	**(12,439)**	**-**	**-**	**(12,439)**

	The Group and The Company			
	2019			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Total
	Rs'000	Rs'000	Rs'000	Rs'000
ECL allowance as at 1st July,	(410)	-	-	(410)
New assets purchased	(156)	-	-	(156)
Assets derecognised or matured (excluding write offs)	255	-	-	255
Impact of net- remeasurement of year end ECL	(124)	-	-	(124)
At 30th June,	(435)	-	-	(435)

There were no transfers between stages during the year as there was no observed deterioration in credit risks on any of the instruments in the portfolio.

12. INSURANCE AND OTHER RECEIVABLES

	The Group		The Company	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Premium receivables	**298,352**	365,670	**299,638**	359,826
Amounts due from reinsurers	**214,909**	106,736	**214,909**	106,736
Recoverables from third party insurers	**101,967**	123,597	**101,967**	123,597
Other receivables	**67,171**	35,684	**60,333**	35,684
	682,399	631,687	**676,847**	625,843

The average collection period on sales of insurance premiums of the Company is 75 days (2019: 119 days) and the average credit period on sales of insurance premiums is 90 days (2019: 90 days). No interest is charged on the trade receivables from the date the debit note is issued. Credit terms allowed to insurance brokers range between 90 days and 365 days.

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

Before accepting any new customer, the Company's credit control department assesses the potential customer's credit quality and defines terms and credit limits for the customer.Of the trade receivables balance at the end of the year, Rs.22.3m (2019:Rs.38.6m) is due by the ultimate holding company, IBL Ltd the Company's largest customer and there are no customers who represent more than 10% of the total balance of the trade receivables.

Other receivables include the current account with Medscheme amounting to Rs. 54.6m. The amount is receivable within one year and does not carry interest.

	The Group and The Company	
	2020	2019
Ageing of past due but not impaired:	**Rs'000**	Rs'000
30-90 days	**45,478**	45,850
91-180 days	**57,846**	51,676
181-270 days	**75,854**	39,397
Over 270 days	**69,663**	42,707
	248,841	179,630

Movement in the allowance for doubtful debt

	The Group and The Company	
	2020	2019
	Rs'000	Rs'000
At 1st July	**47,854**	32,545
Provision for impairment losses recognised on receivables	**25,830**	25,066
Receivables written off as uncollectible	**-**	(9,757)
At 30th June	**73,684**	47,854

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

Other receivables comprise mainly deposits and prepayments.

12. INSURANCE AND OTHER RECEIVABLES (CONT'D)

Other receivables comprise mainly deposits and prepayments.

Age of impaired receivables

	The Group		The Company	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Carrying amount-Over 1 year	73,684	47,854	73,684	47,854

13. AMOUNTS DUE FROM GROUP COMPANIES

	The Group		The Company	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Loan to subsidiary company (i)	-	-	39,442	40,152
Amount due from ultimate holding company	446	406	446	406
	446	406	39,888	40,558

I. During the year the Company has received first instalment for the loan to its subsidiary Eagle Investment Property Limited amounting to Rs1,991,320, principal amount Rs595,502 and interest Rs1,395,818. The loan bears a fixed interest rate of 3.5% for a period of 35 years. The balance includes an expected credit loss of Rs. 113,922 (2019: Nil).
II. The amount due from the ultimate holding company was unsecured and does not have fixed terms of repayment. The rate of interest varied between 3.19% to 3.38% for 2019 and 2020.

The deposit is granted for the purpose of meeting working capital requirements.

	The Group		The Company	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Current	446	406	948	951
Non-current	-	-	38,940	39,607
	446	406	39,888	40,558

14. GROSS OUTSTANDING CLAIMS

The Group and The Company	2020			2019		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Claims notified	1,504,816	(981,849)	522,967	1,182,694	(778,480)	404,214
Claims incurred but not reported	244,016	(150,170)	93,846	205,387	(121,991)	83,396
At 1st July	1,748,832	(1,132,019)	616,813	1,388,081	(900,471)	487,610
Claims incurred	800,587	(392,460)	408,127	1,048,889	(538,609)	510,280
Cash (paid)/received for claims settled in the year	(990,580)	607,997	(382,583)	(688,139)	307,061	(381,078)
At 30th June	1,558,839	(916,482)	642,357	1,748,831	(1,132,019)	616,812
Analysed as:						
Claims notified	1,327,430	(781,448)	545,982	1,504,815	(981,849)	522,966
Claims incurred but not reported	231,409	(135,034)	96,375	244,016	(150,170)	93,846
	1,558,839	(916,482)	642,357	1,748,831	(1,132,019)	616,812
Movement during the year recognised in profit and loss	189,993	(215,537)	(25,544)	360,750	(231,548)	129,202

15. STATED CAPITAL

	The Group and The Company	
	2020	2019
	Rs'000	Rs'000
Issued and fully paid 7,999,998 ordinary shares of Rs10 each	80,000	80,000

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

16. GENERAL INSURANCE FUND

	The Group and The Company		
	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000
At 1st July 2018	515,854	(260,175)	255,679
Decrease during the year	(6,112)	32,575	26,463
At 30th June 2019	509,742	(227,600)	282,142
(Decrease)/increase during the year	(54,361)	32,931	(21,430)
At 30th June 2020	455,381	(194,669)	260,712

(a) The general insurance fund will be released over a period of 12 months after the reporting date.

17. DEFERRED TAX ASSETS

Deferred taxation is calculated on all temporary differences under the liability method at the rate of 17% (2019: 17%). The movement on deferred tax account is as follows:

	The Group		The Company	
	2020	2019 *Restated	2020	2019 *Restated
	Rs'000	Rs'000	Rs'000	Rs'000
At 1st July	(25,819)	(8,505)	(25,819)	(8,505)
Recognised in other comprehensive income	(1,998)	(11,853)	(1,998)	(11,853)
Recognised in equity		-		-
Recognised in profit or loss (Note 19 (iii))	(1,511)	(5,461)	(1,711)	(5,461)
At 30th June	(29,328)	(25,819)	(29,528)	(25,819)

The Group

	At 1st July	Recognised in profit or loss	Recognised in other comprehensive income	At 30th June
	Rs'000	Rs'000	Rs'000	Rs'000
2020				
Retirement benefit obligations	(2,763)	(5,450)	(1,998)	(10,211)
Provision on recoverable from third party	(17,928)	(1,855)	-	(19,783)
Provision for bad debts	(8,021)	(3,959)	-	(11,980)
Right of use asset	-	723	-	723
Lease liability	-	(782)	-	(782)
Accelerated capital allowances	2,893	2,037	-	4,930
Tax losses	-	7,775		7,775
Net deferred tax liabilities/(assets)	(25,819)	(1,511)	(1,998)	(29,328)

The Company

	At 1st July	Recognised in profit or loss	Recognised in other comprehensive income	At 30th June
	Rs'000	Rs'000	Rs'000	Rs'000
2020				
Retirement benefit obligations	(2,763)	(5,450)	(1,998)	(10,211)
Provision on recoverable from third party	(17,928)	(1,855)	-	(19,783)
Provision for bad debts	(8,021)	(3,959)	-	(11,980)
Right of use asset	-	723	-	723
Lease liability	-	(782)	-	(782)
Accelerated capital allowances	2,893	1,730	-	4,623
Tax losses	-	7,882		7,882
Net deferred tax liabilities/(assets)	(25,819)	(1,711)	(1,998)	(29,528)

The Group and The Company (Restated)

	At 1st July	Recognised in profit or loss	Recognised in other comprehensive income	At 30th June
	Rs'000	Rs'000	Rs'000	Rs'000
2019				
Revaluation of property	12,212		(12,212)	-
Retirement benefit obligations	(2,707)	(416)	359	(2,763)
Provision on recoverable from third party	(14,051)	(3,877)	-	(17,928)
Provision for bad debts	(5,058)	(2,963)	-	(8,021)
Accelerated capital allowances	1,098	1,795	-	2,893
Net deferred tax liabilities/(assets)	(8,505)	(5,461)	(11,853)	(25,819)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30th JUNE 2020

18. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Amounts due to reinsurers	236,922	52,850	236,922	52,850
Payable to garages and other suppliers	31,257	16,687	31,257	16,887
Commission payables	5,906	14,337	5,906	14,337
Capital expenditure accrued	-	27,037	-	27,037
Other payables	74,949	82,744	74,799	81,503
	349,034	193,655	348,884	192,614

(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.
(iv) Other payables includes Rs. 29.9m of investment that have been purchased at year end but cash disbursed on 2nd July 2020 (2019: Nil) and a balance payable to Medscheme amounting to Rs. 17m (2019: Rs. 13m) in respect to IBL Catastrophe cover.

19. TAXATION

Income tax is calculated at the rate of 17% (2019:17%) on the profit for the year as adjusted for income tax purposes.

(i) Current tax (receivable) / liabilities

	The Group		The Company	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
At 1st July	(1,670)	4,848	(1,763)	4,659
Charge for the year	15	4,442	-	6,298
Over provision in previous year	(6,285)	(344)	(6,296)	(438)
Corporate social responsibility	-	1,945	-	
Tax deductible at source	(100)	-	-	-
Amount paid during the year	(1,751)	(12,561)	(1,646)	(12,282)
At 30th June	(9,791)	(1,670)	(9,705)	(1,763)
Made up of:				
Current tax receivables	(9,806)	(1,763)	(9,705)	(1,763)
Current tax liabilities	15	93	-	-
	(9,791)	(1,670)	(9,705)	(1,763)

19. TAXATION (CONT'D)

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

	The Group		The Company	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Current tax charge	15	6,387	-	6,297
Over provision in previous year	(6,285)	(438)	(6,296)	(438)
Corporate social responsibility	-	1,945	-	1,919
Deferred tax movement (Note 17)	(1,511)	(5,461)	(1,711)	(5,461)
	(7,781)	2,433	(8,007)	2,318

(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	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Profit/(loss) before taxation	4,696	7,756	12,371	(475)
Tax calculated at 17%	798	1,319	(2,103)	(81)
Tax effect of:				
Income not subject to tax	(3,477)	(1,368)	(809)	(1,368)
Over provision of current tax in previous year	(6,285)	(438)	(6,296)	(438)
(Over)/under provision of deferred tax in previous year	2,345	-	2,345	-
Corporate social responsibility	-	1,945	-	1,919
Expenses not deductible for tax purposes	(1,162)	975	(1,144)	2,285
	(7,781)	2,433	(8,007)	2,318

(iv) At 30th June 2020, the Group and the Company had tax losses amounting to Rs.37,712,018 and Rs. 37,077,885 which are available for set off against future taxable profits for the next 5 years.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30th JUNE 2020

20. INVESTMENT INCOME

	The Group		The Company	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Dividend from financial assets	9,339	11,940	9,339	11,940
Dividend from subsidiary	-	-	294	229
Dividend from associate	-	-	8,019	6,888
	9,339	11,940	17,652	19,057

21. FINANCE INCOME

	The Group		The Company	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Interest calculated using effective interest rate				
Bank deposits	2,866	4,985	2,866	4,985
Financial assets	9,723	10,220	11,119	10,220
	12,589	15,205	13,985	15,205

22. OTHER INCOME

	The Group		The Company	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Profit on disposal of property, plant and equipment	6,517	-	6,517	-
Profit on disposal of financial assets	-	2,621	-	2,621
Gain on revaluation of financial assets	3,822	2,166	3,822	2,166
Foreign exchange gains	35,966	16,537	35,872	16,537
Payables written back	-	2,576	-	2,577
Others	9,903	5,453	6,745	5,409
	56,208	29,354	52,956	29,311

23. ADMINISTRATIVE EXPENSES

	The Group		The Company	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Administrative expenses include:				
Staff costs	90,069	75,246	90,069	75,246
Depreciation and amortisation	23,254	7,546	23,219	7,546
Net provision for impairment losses recognised on receivables (Note 12)	23,290	25,066	23,290	25,066
Donations	647	1	647	1
Legal and professional fee	47,273	29,676	47,273	29,676
Foreign exchange losses	18,596	13,514	18,595	13,514
Expected credit losses on financial investment	12,456	443	12,456	443
Others	55,044	42,615	54,194	41,784
	270,629	194,107	269,743	193,276

24. EARNINGS PER SHARE

Earnings per share is based on profit after taxation attributable to owners of the Company of Rs. 12.5m (2019: Rs.5,171,000) for the Group and on 7,999,998 shares in issue for the year ended 30th June 2020.

25. DIVIDENDS

	2020 Rs'000	2019 Rs'000
Final dividend in respect of the year 30th June 2020 of NIL (2019: Rs 1.90) per share	-	15,200
Interim dividend in respect of the year 30th June 2020 of NIL (2019: Rs 1.10) per share	-	8,800
	-	24,000

26. CASH AND CASH EQUIVALENTS

	The Group 2020 Rs'000	The Group 2019 Rs'000	The Company 2020 Rs'000	The Company 2019 Rs'000
Cash in hand	11	11	3	11
Balances with banks	605,353	331,175	604,413	329,279
Bank and cash balances	605,364	331,186	604,416	329,290
Short-term deposits	-	15,025	-	15,025
Cash and cash equivalents	605,364	346,211	604,416	344,315

27. EMPLOYEE BENEFIT AND RELATED LIABILITIES

	The Group and The Company 2020 Rs'000	2019 Rs'000
Made up of;		
- Defined benefit plan that shares risks between entities under common Control (see (a) below)	47,962	-
- Other post retirement benefits (see (d))	9,475	13,630
	57,437	13,630

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

The Company's parent company, IBL Ltd, operates a group defined benefit plan which covers some current and former employees of the Company and the plan is wholly funded. The benefits are based on final salary and the plan provides for a pension at retirement and a benefit on death or disablement in service before retirement.

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

The assets of the funded plan are held independently and administered by Swan Life Ltd. Pension Consultants and Administrators Ltd is responsible for the management of this fund.

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

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

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

27. EMPLOYEE BENEFIT AND RELATED LIABILITIES (CONT'D)

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

As at 30th June 2019, there was no contractual agreement or stated policy between the Parent and the Company for recharging the defined benefit cost to the Company. IBL Ltd and the Company have entered into an agreement effective 1st July 2019 for IBL Ltd to recharge pension costs and liabilities relating to current and former employees of the Company under the group plan, effective 1st July 2019. The Company has reflected this additional cost of assuming the accrued pension liabilities at 1st July 2019 and the movement in this liability during the year in its results for the year and its obligations towards its Parent as at 30th June 2020. The impact of recognising the defined benefit liabilities on 1st July 2019 was Rs 28,945,000 and at 30th June 2020 was Rs 47,962,000.

	The Group and The Company 2020 Rs'000
Amount payable to the holding company	47,962
Analysed as follows:	
Recharge through Profit and loss:	
Amount payable to the holding company for defined benefit liabilities recognised on 1st July 2019	28,945
Service and interest costs for the year net of employer contribution	1,736
Recharge through Other Comprehensive Income:	
Actuarial loss from changes in financial assumptions	17,281

(i) The recharge of the defined benefit liabilities are analysed in the actuarial report as follows:

	The Group and The Company 2020 Rs'000
Present value of funded obligation	84,686
Fair value of plan assets	(36,724)
Liability recognised in the statements of financial position	47,962

(ii) Movement in liabilities recognised in the statements of financial position

	The Group and The Company 2020 Rs'000
Amount payable to the holding company for defined benefit liabilities recognised on 1st July 2019	28,945
Amount recognised in profit or loss	2,519
Employer contributions	(783)
Amount recognised in profit or loss on 30th June 2020	30,681
Amount recognised in other comprehensive income	17,281
Amount payable to the holding company for defined benefit liabilities recognised on 30th June 2020	47,962

27. EMPLOYEE BENEFIT AND RELATED LIABILITIES (CONT'D)

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

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

	The Group and The Company 2020 Rs'000
Current service cost	993
Scheme expenses	124
Cost of insuring risk benefits	137
Service cost	1,254
Net interest cost	1,265
Components of amount recognised in profit or loss	2,519

(iv) The net amounts recognised in the statement of profit or loss and other comprehensive income

	The Group and The Company 2020 Rs'000
Return on plan assets (excluding amounts included in net interest expense)	4,341
Actuarial loss arising from experience adjustments	432
Actuarial loss arising from changes in financial assumptions	12,508
Actuarial loss recognised in OCI	17,281

(v) Movement in the present value of underlying defined benefit obligation

	The Group and The Company 2020 Rs'000
Present value of on 1st July 2019	68,312
Current service cost	993
Interest cost	3,477
Actuarial losses	12,757
Benefits paid	(853)
Present value of on 30th June 2020	84,686

27. EMPLOYEE BENEFIT AND RELATED LIABILITIES (CONT'D)

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

(v) Movement in the present value of underlying defined benefit obligation (Cont'd)

	The Group and The Company 2020 Rs'000
Fair value on 1st July 2019	39,367
Interest income	2,212
Employer's contribution	783
Scheme expenses	(124)
Cost of insuring risk benefits	(137)
Employees' contribution	-
Actuarial losses	(4,524)
Benefits paid	(853)
Fair value on 30th June 2020	36,724

The fair value of the underlying plan assets at the end of the reporting period for each category are as follows:

	The Group and The Company 2020 Rs'000
Cash and cash equivalents	5,215
Equity investments categorised by industry type:	
- Local	9,328
- Foreign	9,144
Fixed interest instruments	12,743
Properties	294
Total market value of assets	36,724

The principal actuarial assumptions used for accounting purposes are:

	The Group and The Company 2020 Rs'000	2019 Rs'000
Discount rate	2.8%	6%
Future long term salary increase	1%	4%
Future pension increase	0%	1%
Average retirement age (ARA)	60-65 years	60 years

Future cash flows:

The funding policy is to pay contributions to the holding company. The Company expects to make a contribution of Rs 5,726,033 during the year ending 30th June 2021. The average duration of the defined benefit obligation at 30th June 2020 was between 7 and 23 years.

Sensitivity analysis on defined benefit obligations at end of the reporting date:

The sensitivity analysis below has been carried out by recalculating the present value of obligation at the year end after increasing or decreasing the actuarial assumptions below while leaving all other assumptions unchanged. The sensitivity analysis presented may not be representative of the actual change in the defined benefit liability as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	The Group and The Company 2020 Rs'000	2019 Rs'000
Increase in defined benefit obligation due to 1% decrease in discount rate	5,104	-
Decrease in defined benefit obligation due to 1% increase in discount rate	(4,114)	-
Increase in defined benefit obligation due to 1% increase in salary	1,722	-
Decrease in defined benefit obligation due to 1% decrease in salary	(1,623)	-

27. EMPLOYEE BENEFIT AND RELATED LIABILITIES (CONT'D)

(b) Contribution to defined contribution pension plan

	The Group and The Company	
	2020	2019
	Rs'000	Rs'000
Contribution expensed	4,306	2,845

(c) State pension plan

	The Group and The Company	
	2020	2019
	Rs'000	Rs'000
National Pension Scheme contributions expensed	1,947	1,010

(d) Other post retirement benefits

Other post retirement benefits consist of retirement gratuity obligation payable under the Workers' Rights Act 2019.

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

	The Group and The Company	
	2020	2019
	Rs'000	Rs'000
At 1st July	13,630	14,246
Total expense recognised to profit or loss	1,373	1,647
Actuarial gains recognised in other comprehensive income	(5,528)	(2,114)
Contributions paid	-	(149)
At 30th June	9,475	13,630

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

	The Group and The Company	
	2020	2019
	Rs'000	Rs'000
At 1st July	13,630	14,246
Current service cost	514	754
Interest cost	859	893
Actuarial gains	(5,528)	(2,114)
Benefits paid	-	(149)
At 30th June	9,475	13,630

27. EMPLOYEE BENEFIT AND RELATED LIABILITIES (CONT'D)

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

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

	The Group and The Company	
	2020	2019
	Rs'000	Rs'000
Current service cost	514	754
Interest cost	859	893
Components of defined benefit costs recognised in profit or loss	1,373	1,647
Remeasurement of retirement benefit obligations:		
Actuarial gains recognised during the year	(5,528)	(2,114)
Components of defined benefit costs recognised in other comprehensive income	(5,528)	(2,114)
Analysis of amount recognised in other comprehensive income:		
Experience losses on liabilities	(5,080)	(2,114)
Change in assumptions underlying the present value of the scheme	(448)	-
	(5,528)	(2,114)

(iv) Movement in actuarial gains recognised

	The Group and The Company	
	2020	2019
	Rs'000	Rs'000
At 1st July	(9,348)	(11,462)
Actuarial gains recognised during the year	5,528	2,114
At 30th June	(3,820)	(9,348)

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

	The Group and The Company	
	2020	2019
	%	%
Discount rate	3.6	6.3
Future long-term salary increase	1.0	4.0

The weighted average duration of the liabilities is 13 years at the end of the reporting period (2019: 13 years)

(vi) Sensitivity analysis

	The Group and The Company	
	2020	2019
	Rs'000	Rs'000
Increase in defined benefit obligation due to 1% decrease in discount rate	1,890	2,524
Decrease in defined benefit obligation due to 1% increase in discount rate	(1,596)	(2,155)
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	1,932	2,512
Decrease in defined benefit obligation due to 1% decrease in future long-term salary assumption	(1,640)	(2,145)

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

28. FINANCIAL INSTRUMENTS

(a) Capital risk management

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

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

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

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

For the year ended 30th June 2020, the Group has satisfied the minimum capital requirements under Insurance (General Insurance Business Solvency) Rules 2007.

Significant accounting policies

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

Categories of financial instruments	**The Group**		**The Company**	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Financial assets				
Financial investments at fair value through other comprehensive income	**211,974**	238,367	**211,974**	238,367
Financial investments at fair value through profit and loss	**227,691**	220,072	**227,691**	220,072
Financial assets other than amortised cost	**439,665**	458,439	**439,665**	458,439
Financial investments at amortised cost	**107,816**	160,982	**107,816**	160,982
Statutory deposits	**8,000**	8,000	**8,000**	8,000
Insurance and other receivables (i)	**679,580**	628,468	**674,027**	622,624
Reinsurance assets	**1,111,151**	1,359,619	**1,111,151**	1,359,619
Amounts due from group companies	**446**	406	**39,888**	40,558
Cash and cash equivalents	**605,364**	346,211	**604,416**	344,315
At amortised cost	**2,512,357**	2,503,686	**2,545,298**	2,536,098
Total financial assets	**2,952,022**	2,962,125	**2,984,963**	2,994,537
Financial liabilities				
Trade and other payables	**349,034**	193,655	**348,880**	192,614
Gross outstanding claims	**1,558,839**	1,748,831	**1,558,839**	1,748,831
At amortised cost	**1,907,873**	1,942,486	**1,907,719**	1,941,445

(i) Insurance and other receivables exclude prepayments for the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30th JUNE 2020

28. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management

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

Market risk

The Group's activities are not significantly exposed to the financial risks of changes in foreign currency exchange rates and interest rates and no derivative financial instruments have been contracted for the financial year ended 30th June 2020.

Foreign currency risk management

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

The Group	**Financial assets 2020**	**Financial liabilities 2020**	Financial assets 2019	Financial liabilities 2019
	Rs'000	**Rs'000**	Rs'000	Rs'000
Mauritian Rupees	**2,456,021**	**1,907,873**	2,470,332	1,942,486
United States Dollars	**408,381**	**-**	327,434	-
Euro	**60,667**	**-**	137,184	-
British Pounds	**-**	**-**	4,177	-
Seychelles Rupees	**29,767**	**-**	20,584	-
Australian Dollars	**-**	**-**	2,414	-
	2,954,836	**1,907,873**	2,962,125	1,942,486

The Company	**Financial assets 2020**	**Financial liabilities 2020**	Financial assets 2019	Financial liabilities 2019
	Rs'000	**Rs'000**	Rs'000	Rs'000
Mauritian Rupees	**2,488,964**	**1,907,719**	2,502,744	1,941,445
United States Dollars	**408,381**	**-**	327,434	-
Euro	**60,667**	**-**	137,184	-
British Pounds	**-**	**-**	4,177	-
Seychelles Rupees	**29,767**	**-**	20,584	-
Australian Dollars	**-**	**-**	2,414	-
	2,987,779	**1,907,719**	2,994,537	1,941,445

The Group has equity securities and bank deposits in foreign currencies and any fluctuation of the Mauritian rupee against those foreign currencies will affect the value of the deposits. At 30th June 2020, if the rupee had weakened/strengthened by 5% against the foreign currencies with all other variables held constant, the Group's and the Company's profit for the year would have been Rs. 24,940,834 (2019: Rs.16,856,601) and Rs. 24,940,800 (2019: Rs.16,856,601) respectively higher/ lower mainly resulting from translation of equity securities and bank deposits.

Interest rate risk management

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

The sensitivity analysis has been determined based on the exposure to interest rates for financial liabilities. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the date of statement of financial position was outstanding for the whole year, except for loans where the normal repayment terms were considered. A 50 basis point is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. At 30th June 2020, the Group did not have any variable rate deposits (2019: NIL).

28. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

Liquidity Risk Management

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

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

Liquidity and interest risk tables

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

The Group	**3 months to 1 year Rs'000**	**Total Rs'000**
30th June 2020		
Trade and other payables	349,034	349,034
Gross outstanding claims	1,558,839	1,558,839
Lease liabilities	1,466	1,466
	1,909,339	1,909,339
30th June 2019		
Trade and other payables	193,654	193,654
Gross outstanding claims	1,748,831	1,748,831
	1,942,485	1,942,485

The Company	**3 months to 1 year Rs'000**	**Total Rs'000**
30th June 2020		
Trade and other payables	348,884	348,884
Gross outstanding claims	1,558,839	1,558,839
Lease liabilities	1,466	1,466
	1,909,189	1,909,189
30th June 2019		
Trade and other payables	192,614	192,614
Gross outstanding claims	1,748,831	1,748,831
	1,941,445	1,941,445

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

	The Group and The Company Floating interest rate	
	2020 %	2019 %
Mauritian Rupee	2 - 8	2 - 8
United States Dollar	3.75	3.75
Australian Dollar	0.00	0.00

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

28. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

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 insurance receivables, reinsurance assets and investment in debt instruments. 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 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 Group's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder. The credit worthiness of reinsurers is considered on an annual basis by reviewing their credit rates provided by rating agencies prior to finalisation of any reinsurance contract. Although the insurance premiums due from related companies represented 38% of the trade receivable, the concentration of credit risk is limited due to the fact that it is composed of several companies and departments within the Group.

The credit control department assesses the credit worthiness of brokers, agents and of contract holders based on details of recent payment history, past history and by taking into account their financial position. The Group is exposed to potential default by its reinsurers for their share of insurance liabilities and refunds in respect of claims already paid. Management monitors the financial strength of its reinsurers and the Group has policies in place to ensure that risks are ceded to highly rated and credit worthy reinsurers only. The credit worthiness of reinsurers is considered on an annual basis for its reinsurance treaty panel and on a case to case basis for facultative reinsurance placement by carrying out assessment via rating agencies and/or other available market reports prior to finalisation of any reinsurance contracts. The Group also has exposure to credit risk on its debt securities, more specifically on the corporate bonds. The investment committee recommends investment in entities with which the Group had good experience in the past years and with good standing. The financial position and performance of the issuers are assessed in detail prior to approval for investment by the Group.

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

Refer to note 11(a)(i)(c) for information on the credit quality of the financial investments.

Other price risks

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

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

If equity prices had been 10% higher/lower:

- profit for the year ended 30th June 2020 would have been unaffected as the equity investments are classified as financial asset at fair value through other comprehensive income; and
- other equity reserve for the Group would increase/decrease by Rs. 43,993,471 (2019: Rs.44,559,260) as a result of the changes in fair value of financial investment at fair value through other comprehensive income.

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.

29. MANAGEMENT OF INSURANCE RISKS

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

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

Casualty Insurance

Frequency and severity of claims

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

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

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

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

Property insurance

Frequency and severity of claims

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

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

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

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

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

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

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

29. MANAGEMENT OF INSURANCE RISKS (CONT'D)

Concentration of insurance risk

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

Class of business	2020				2019			
		Gross	Reinsurance	Net		Gross	Reinsurance	Net
	No. of claims	Rs'000	Rs'000	Rs'000	No. of claims	Rs'000	Rs'000	Rs'000
Accident	968	128,829	(73,237)	55,592	1,969	138,540	(101,046)	37,494
Engineering	260	82,091	(69,801)	12,290	479	77,839	(66,838)	11,001
Fire	360	453,391	(406,048)	47,343	728	657,545	(606,574)	50,971
Liability	2,126	187,473	(112,230)	75,243	3,063	149,020	(91,645)	57,376
Motor	3,054	320,748	(25,829)	294,919	9,458	340,987	(23,414)	317,572
Health	790	36,070	(28,295)	7,775	1,218	8,934	(5,268)	3,665
Marine	219	118,828	(66,009)	52,819	174	131,951	(87,064)	44,886
IBNR	-	231,409	(135,033)	96,376	-	244,015	(150,169)	93,846
	7,777	1,558,839	(916,482)	642,357	17,089	1,748,831	(1,132,018)	616,811

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

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.

29. MANAGEMENT OF INSURANCE RISKS (CONT'D)

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

Property insurance

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

Claims development table

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

2020

	2015	2016	2017	2018	2019	2020	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At end of							
Accident year	1,301,956	608,754	428,699	841,151	840,449	**825,515**	4,846,524
1 year later	225,565	89,706	163,750	59,271	51,996	**-**	590,288
2 years later	11,543	25,761	(32,106)	24,714	-	**-**	29,912
3 years later	(20,553)	(31,859)	(17,328)	-	-	**-**	(69,740)
4 years later	(3,070)	(6,673)	-	-	-	**-**	(9,743)
5 years later	(3,277)	-	-	-	-	**-**	(3,277)
Current estimate of cumulative claims	1,512,164	685,689	543,015	925,136	892,445	**825,515**	5,383,964
Accident year	314,807	349,390	317,902	308,880	308,367	**508,812**	2,108,158
1 year later	1,109,791	206,400	128,796	179,049	415,540	**-**	2,039,576
2 years later	9,943	20,571	16,075	51,861	-	**-**	98,450
3 years later	1,862	2,838	5,199	-	-	**-**	9,899
4 years later	4,126	1,964	-	-	-	**-**	6,090
5 years later	1,825	-	-	-	-	**-**	1,825
Cumulative payment to date	1,442,354	581,163	467,972	539,790	723,907	**508,812**	4,263,998
	69,810	104,526	75,043	385,346	168,538	**316,703**	1,119,966
Liabilities in respect of prior years*							207,464
IBNR							231,409
Total gross liabilities							1,558,839

** This represents the cumulative liabilities prior to 2015*

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30th JUNE 2020

29. MANAGEMENT OF INSURANCE RISKS (CONT'D)

Claims development table (Cont'd)

2019

	2014	2015	2016	2017	2018	2019	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At end of							
Accident year	314,292	1,301,956	608,754	428,699	841,151	840,449	4,335,301
1 year later	46,341	225,565	89,706	163,750	59,271	-	584,633
2 years later	10,833	11,543	25,761	(32,106)	-	-	16,031
3 years later	7,129	(20,553)	(31,859)	-	-	-	(45,283)
4 years later	6,311	(3,070)	-	-	-	-	3,241
5 years later	156	-	-	-	-	-	156
Current estimate of cumulative claims	385,062	1,515,441	692,362	560,343	900,422	840,449	4,894,079
Accident year	209,974	314,807	349,390	317,902	308,880	308,367	1,809,320
1 year later	103,279	1,109,791	206,400	128,796	179,049	-	1,727,315
2 years later	18,157	9,943	20,571	16,075	-	-	64,746
3 years later	685	1,862	2,838	-	-	-	5,385
4 years later	4,258	4,126	-	-	-	-	8,384
5 years later	1,348	-	-	-	-	-	1,348
Cumulative payment to date	337,701	1,440,529	579,199	462,773	487,929	308,367	3,616,498
	47,361	74,912	113,163	97,570	412,493	532,082	1,277,581
Liabilities in respect of prior years*							227,235
IBNR							244,015
Total gross liabilities							1,748,831

** This represents the cumulative liabilities prior to 2014*

30. RELATED PARTY DISCLOSURES

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

Outstanding balances

	The Group		The Company	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
(i) Receivable from related parties:-				
Ultimate holding company	22,312	38,576	22,312	38,576
Associate	85,473	44,917	85,473	44,917
Associates of ultimate holding company	11,468	82,420	11,468	82,420
Subsidiaries of ultimate holding company	13,804	7,557	13,804	7,557
Directors and related parties	-	233	-	233
	133,057	173,703	133,057	173,703

These amounts are included in insurance and other receivables, refer to note 12.

	The Group		The Company	
	2020	2019	2020	2019
(ii) Payable to related parties:				
Ultimate holding company	233	719	233	719
Associate	16,915	18,644	16,915	18,644
Fellow subsidiaries	-	10	-	10
Subsidiaries of ultimate holding company	130	-	130	-
	17,278	19,373	17,278	19,373

These amounts are included in trade and other payables, refer to note 18.

	The Group		The Company	
	2020	2019	2020	2019
(iii) Interest receivable from				
Ultimate holding company	-	1,054	-	1,054
Subsidiary of ultimate holding company	-	-	1,374	-
Associate of ultimate holding company	-	975	-	975
	-	2,029	1,374	2,029

These amounts are included in amounts due from group companies, refer to note 13.

	The Group		The Company	
	2020	2019	2020	2019
(iv) Investment in:				
Ultimate holding company (Note 9)	-	8,347	-	8,347
Subsidiary of ultimate holding company (Note 8)	1,100	1,100	1,100	1,100
Associate of ultimate holding company (Note 9(a))	21,313	6,313	21,313	6,313
	22,413	15,761	22,413	15,761

The outstanding balances are unsecured and interest free. Deposits bear interest rate as disclosed in note 28 under interest rate risk management.

Transactions

	The Group		The Company	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
(i) Sales of services to:-*				
Ultimate holding company	32,133	47,149	32,133	47,149
Associates	253,108	110,610	253,108	110,610
Associates of ultimate holding company	42,286	1,734	42,286	1,734
Subsidiaries of ultimate holding company	84,696	82,342	84,696	82,342
Directors and related parties	-	92	-	92
	412,223	241,926	412,223	241,926

* sales of services relates to gross premium.

	The Group		The Company	
	2020	2019	2020	2019
(ii) Sales of property plant and equipment :				
Ultimate holding company	-	-	121,483	-

30. RELATED PARTY DISCLOSURES (CONT'D)

Transactions (Cont'd)

	The Group		The Company	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
(iii) Purchases of goods and services from:-				
Ultimate holding company	29,721	10,738	29,721	10,738
Subsidiaries of ultimate holding company	25,110	16,946	25,110	16,946
	54,831	27,685	54,831	27,685
(iv) Interest income from:-				
Ultimate holding company	5,673	4,817	5,673	4,817
Associate of ultimate holding company	1,396	3,498	1,396	3,498
Subsidiaries of ultimate holding company	50	-	50	-
	7,119	8,315	7,119	8,315
(v) Dividend income from associate (Note 9 (a))	(8,020)	6,888	(8,020)	6,888

Compensation of key management personnel

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

	The Group 2020	The Group 2019	The Company 2020	The Company 2019
Short-term benefits	11,289	9,844	11,289	9,844
Post-employment benefits	628	431	628	431
	11,917	10,275	11,917	10,275
Contribution to IBL Ltd's defined benefit pension plan				
Contribution expensed	1,051	2,245	1,051	2,245
Contribution to defined contribution pension plan				
Contribution expensed	4,306	2,845	4,306	2,845

31. HOLDING COMPANY AND ULTIMATE HOLDING COMPANY

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

32. HELD FOR SALE

	The Group		The Company	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Held for sale is made up of:				
Building and furniture	-	121,483	-	121,483

33. CAPITAL COMMITMENTS

	The Company	
	2020	2019
Capital Commitments contracted for but not accrued:	Rs'000	Rs'000
Buildings, Furniture & Fittings and Computer software	3,500	5,000

34. CONTINGENT LIABILITY

Following the investigation by the Competition Commission of Mauritius ("CCM") into the affairs of all members of the Association of Private Health Plans and Administrators ("APHPA") relative to the alleged collusive behaviour, they have now submitted their findings in a preliminary report dated 15th May 2020.

They have based their findings on two grounds namely: Agreements between members of the APHPA on a common scale of cost in so far as it concerns gynecological procedures, and agreement between certain members of APHPA on referrals of cases for overseas treatment. Our objections to these points have been submitted to APHPA counsel. In the findings of their preliminary report, the CCM has also mentioned what would be the level of fines.

A reply was sent to the CCM through APHPA's legal counsel on 26th June 2020 requesting details on the basis of calculation for the pro rated amount applicable to Eagle Insurance, as we are agreeable to the principle of fines but not to the quantum.

We are now awaiting a reply from the CCM.

35. NON-CASH FLOW TRANSACTIONS

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

	The Group		The Company	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Acquisition of property, plant and equipment				
- Non-cash	-	-	-	-
- Cash	11,540	117,176	11,118	117,176
	11,540	117,176	11,118	117,176
Acquisition of financial investments				
- Non-cash	29,900	773	29,900	773
- Cash	161,648	185,719	161,648	185,719
	191,548	186,492	191,548	186,492
Proceeds from sales of financial investments				
- Non-cash	71	5,645	71	5,645
- Cash	210,589	260,450	210,589	260,450
	210,660	266,095	210,660	266,095

36. LONG TERM INCENTIVE SCHEME

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

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

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

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

At 30th June 2020, the provision for the LTI amounted to Rs 4,761,745 (2019: Rs 3,235,551). The following table illustrates the number and weighted average exercise price (WAEP) of the scheme:

	2020	2020	2019	2019
	NUMBER	WAEP	NUMBER	WAEP
Outstanding at 30th June	27,012	56.5	27,012	56.5

No shares were granted, forfeited, exercised or expired during the period. The average remaining contractual life for the share award scheme at 30th June 2020 was 4 years (2019: 5 years).

37. SEGMENTAL REPORTING - GROUP

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. The Group's reportable segments under IFRS 8 are:

a) Casualty - includes motor, liability, personal accident and health
b) Property - includes property, engineering and marine

(i) Operating segment

2020	Casualty Rs'000	Casualty Rs'000	Total Rs'000
Gross Premium	957,135	499,781	1,456,916
Net earned premium	469,550	158,716	628,266
Underwriting results	146,912	57,178	204,090
Investment income			21,928
Other income			56,208
Management expenses			(278,055)
Depreciation & Amortisation			(23,255)
Finance cost			(231)
Share of profit of associate			24,011
Profit before taxation			4,696
Income tax expense			7,781
Profit for the year			12,477

	Casualty Rs'000	Property Rs'000	Others Rs'000	Total Rs'000
Segment assets	1,290,252	436,127	1,561,203	3,287,582
Segment liabilities	(1,710,221)	(578,084)	(142,104)	(2,430,409)
Shareholders' interests				857,173
Capital expenditure	4,529	1,531	5,480	11,540
Depreciation and Amortisation	9,127	3,085	11,043	23,255

Note: Underwriting results is obtained as follows: net earned premium plus or (minus) net commission income/(expense) less net claims incurred.

37. SEGMENTAL REPORTING - GROUP (CONT'D)

2019	Casualty Rs'000	Property Rs'000	Total Rs'000
Gross Premium	763,667	485,301	1,248,968
Net earned premium	408,056	188,870	596,926
Underwriting results	8,205	122,433	130,638
Investment income			27,145
Other income			29,354
Management expenses			(186,561)
Depreciation & Amortisation			(7,546)
Share of associate			14,726
Profit before taxation			7,756
Income tax expense			(2,433)
Profit for the year			5,323

	Casualty Rs'000	Property Rs'000	Others Rs'000	Total Rs'000
Segment assets	1,336,855	618,767	1,434,632	3,390,254
Segment liabilities	(1,601,287)	(741,160)	(127,188)	(2,469,635)
Shareholders' interests				920,619
Capital expenditure	46,205	21,386	49,585	117,176
Depreciation and Amortisation	2,976	1,377	3,193	7,546

Note: Underwriting results is obtained as follows: net earned premium plus or (minus) net commission income/(expense) less net claims incurred.

38. FAIR VALUE MEASUREMENTS

This note provides information on how the Group and the Company determine the fair values of various assets and liabilities.

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

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

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

38. FAIR VALUE MEASUREMENTS (CONT'D)

(a) Fair value measurements recognised on a recurring basis in the statement of financial position

THE GROUP AND COMPANY	Carrying amount 2020 Rs'000	Fair Value 2020 Rs'000
Debt instruments at amortised cost:		
Deposits and corporate bonds	99,642	99,642
Government loan stocks	8,173	8,173
	107,816	107,816

THE GROUP AND THE COMPANY	Carrying amount 2019 Rs'000	Fair Value 2019 Rs'000
Debt instruments at amortised cost:		
Deposits and corporate bonds	83,796	83,796
Government loan stocks	77,187	77,187
	160,983	160,983

THE GROUP AND THE COMPANY	Fair value hierarchy as at 30th June 2020			
	Level 1	Level 2	Level 3	Total
Debt instruments at amortised cost:				
Deposits and corporate bonds	37,379	62,263	-	99,642
Government loan stocks	-	8,173	-	8,173

THE GROUP AND THE COMPANY	Fair value hierarchy as at 30th June 2019			
	Level 1	Level 2	Level 3	Total
Debt instruments at amortised cost:				
Deposits and corporate bonds	40,246	43,550	-	83,796
Government loan stocks	77,187	-	-	77,187

(b) Reconciliation of Level 3 fair value measurements

The following table shows a reconciliation of the opening balance and closing recorded amount of Level 3 financial assets which are recorded at fair value:

	THE GROUP AND THE COMPANY	
	Financial assets at fair value through other comprehensive income 2020 Rs'000	Financial assets at fair value through other comprehensive income 2019 Rs'000
At 1st July	112,700	99,625
Total (losses)/gains in other comprehensive income	(31,383)	13,074
At 30th June	81,317	112,700

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30th JUNE 2020

38. FAIR VALUE MEASUREMENTS (CONT'D)

This note provides information on how the Group and Company determine fair value of various assets and liabilities.

(a) Fair Value of the Group and Company assets and liabilities that are measured at fair value on a recurring basis:

Some of the Group and Company's assets and liabilities are measured at fair value at the end of each reporting period. The following table gives the information about how the fair value of these assets and liabilities are determined (in particular the valuation technique(s)and the inputs used).

THE GROUP

Assets /Liabilities

	Fair value as at		Fair Value Hierarchy		Valuation technique(s) and key input(s)		Significant unobservable input (s)		Relationship of unobservable inputs to fair value	
	2020 Rs '000	2019 Rs '000	2020	2019	2020	2019	2020	2019	2020	2019
Investment Property:										
Building	35,139	-	Level 2	N/A	Price of recent transaction	N/A	N/A	N/A	N/A	N/A
Property and equipment:										
Building	100,254	137,439	Level 2	Level 2	Price of recent transaction	N/A	N/A	N/A	N/A	N/A

(i) The following table shows the valuation techniques used in the determination of fair values with in Level 3 of the hierarchy as well as the key unobservable inputs used in the valuation model.

Type	Fair value as at 2020 Rs '000	Fair value as at 2019 Rs '000	Fair Value Hierarchy 2020	Fair Value Hierarchy 2019	Valuation approach	Key unobservable input(s)	Range of unobservable inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
Foreign equity bank	79,754	111,450	Level 3	Level 3	Price to book ratio	Discount due to lack of marketability	0% - 40%	A 5% increase/ decrease in discount factor will lead to a de-crease/increase of Rs15.85M (2019: Rs7.04M) in fair value.
Commerce and others	1,563	1,250	Level 3	Level 3	Dividend yield	Discount due to lack of marketability	10% - 20%	A 5% increase/ decrease in discount factor will lead to a de-crease/increase of Rs0.016M (2019: Rs0.07M) in fair value.

38. FAIR VALUE MEASUREMENTS (CONT'D)

THE GROUP AND THE COMPANY

	Fair value as at		Fair Value Hierarchy		Valuation approach		Key unobservable input(s)		Relationship of unobservable inputs to fair value	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	Rs '000	Rs '000								
Financial assets at fair value through other comprehensive income:										
Quoted securities:										
Banks and Insurance	**37,239**	47,295	**Level 1**	Level 1	**Active market price**	Active market price	**N/A**	N/A	**N/A**	N/A
Commerce	**10,525**	10,527	**Level 1**	Level 1	**Active market price**	Active market price	**N/A**	N/A	**N/A**	N/A
Investments	**18,288**	25,917	**Level 1**	Level 1	**Active market price**	Active market price	**N/A**	N/A	**N/A**	N/A
Leisure and Hotels	**6,057**	13,837	**Level 1**	Level 1	**Active market price**	Active market price	**N/A**	N/A	**N/A**	N/A
Sugar	**692**	1,004	**Level 1**	Level 1	**Active market price**	Active market price	**N/A**	N/A	**N/A**	N/A
Others	**29,101**	14,241	**Level 1**	Level 1	**Active market price**	Active market price	**N/A**	N/A	**N/A**	N/A
Unquoted securities:										
Leisure and Hotels	**71**	1,250	**Level 1**	Level 1	**Active market price**	Active market price	**N/A**	N/A	**N/A**	N/A
Others	**28,684**	-	**Level 2**	Level 2	**Active market price**	Active market price	**N/A**	N/A	**N/A**	N/A
Debt instruments:										
Quoted bond	**-**	-	**Level 1**	Level 1	**Active market price**	Active market price	**N/A**	N/A	**N/A**	N/A
Unquoted bond	**-**	11,596	**Level 1**	Level 1	**Active market price**	Active market price	**N/A**	N/A	**N/A**	N/A
Unquoted	**81,317**	112,700	**Level 3**	Level 3	**Price to book and Dividend yield**	Price to book and Dividend yield	**Price to book and Dividend yield**	N/A	**Price to book and Dividend yield**	N/A
Financial assets at fair value through profit or loss:										
Local corporate debt	**-**	331	**Level 2**	Level 2	**Active market price**		**N/A**	N/A	**N/A**	N/A
Open-Ended Mutual Funds:										
Foreign	**2,632**	2,813	**Level 2**	Level 2	**Active market price**	Active market price	**N/A**	N/A	**N/A**	N/A
Foreign equities	**4,734**	-	**Level 1**	Level 1	**Active market price**	Active market price	**N/A**	N/A	**N/A**	N/A
Foreign equities	**214,389**	147,085	**Level 2**	Level 2	**Active market price**	Active market price	**N/A**	N/A	**N/A**	N/A
Leisure and Hotels	**5,936**	6,545	**Level 2**	Level 2	**Active market price**	Active market price	**N/A**	N/A	**N/A**	N/A
Commerce and others	**-**	63,297	**Level 2**	Level 2	**Active market price**	Active market price	**N/A**	N/A	**N/A**	N/A

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30th JUNE 2020

39. EVENT AFTER THE REPORTING DATE

On 15th July 2020, the Company has been delisted from the Stock Market of Mauritius.

40. COVID-19 OUTBREAK

In the light of the Covid-19 outbreak, management has made the following assessment on the statement of financial position and statement of profit or loss of the Group and the Company. These are described below:

Gross Written Premium

The Company's sales were significantly affected by the Covid-19. The segments mostly affected with regards to financial year ending 30th June 2020 are:

-Property (Actual Rs224M, compared to Last Year Rs256M)

Net Claims Incurred

The national lockdown in Mauritius, going from total confinement as from 20th March 2020 until partial lockdown on 15th May 2020, along with the measures implemented during the year, significantly contributed to a reduction in the number of claims particularly in the Motor segment where the Net Claims Incurred dropped to Rs187M compared to Last Year Rs278M.

Financial investments

The advent of Covid-19 and the measures to contain the spread resulted in significant negative impact on the global economy and investor risk aversion. While the quarter ending 31st March 2020 closed with sharp declines in our investment portfolio, the latter partially recovered in the quarter ending 30th June 2020. The pandemic resulted in huge drop in the market price of financial assets held. For the year ending 30th June 2020, a loss of Rs56M was reported compared to a gain of Rs5M last year on financial assets held as FVTOCI.

Recoverability of Premium Debtors

Operational disruption experienced by customers may result in delays in the processing and settlement of transactions. Management is conscious that in addition to delays in settlement, some premium debtors may not be recovered, as several corporates and individual clients may, in the current economic context, face difficulty to meet their financial obligations. As a means to limit credit risk, management is taking measures to further restrict credit eligibility criteria and credit terms.

Going Concern and Solvency

Despite the noted impacts of Covid-19, management has assessed the Company as being able to continue as a going concern for at least, but not limited to, 12 months from the reporting date.

Solvency Margin of Eagle Insurance Limited stood at 172% at 30th June 2020, compared to 187% at 30th June 2019.

Business as a whole

From a business perspective, management takes note of below changes/potential opportunities or threats:

Drop in Sales

Mauritius currently faces a serious economic downturn, particularly in the tourism, travel,hospitality, leisure sectors. This downturn may unfortunately further broaden to other sectors as well.

Reduced economic activities curtail the need for insurance. For instance, the drop in sales of motor vehicles directly impact motor insurance premiums. On a different note, corporate clients being more liquidity concerned and prudent on spending, tend to shop around for lowest quotes for their insurance needs.

On the individual business side, increased unemployment in the country and the increased risk of layoff will lead to a drop in insurance sales. A drop in Gross Written Premiums, to the tune of 8%, is anticipated for the financial year ending 30th June 2021.

Demand for New Insurance Products

With teleworking, the demand for Cyber insurance has increased amidst an already hardening market for financial lines and niche products together with contraction in capacity.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 30th JUNE 2020

40. COVID-19 OUTBREAK (CONT'D)

Hardening of Reinsurance Rates

With insured losses and investment volatility from the Covid-19 pandemic having already eroded much of the reinsurance industry's earnings buffers for 2020, there may potentially be a hardening of rates for the Catastrophe exposure. Nevertheless some reinsurance companies have shown a higher appetite for natural catastrophe risk, particularly those that have also been more exposed to the effects of the pandemic. Another major factor that may drive the future of Property rates post Covid-19 will be the outcome of various legal cases worldwide on whether business interruption claims are payable or not.

Reinsurers are also tightening their risk appetite. We have seen it in financial lines, whereby reinsurers are less willing to write start-ups or some reinsurers have stopped writing in certain markets. The rates on line for risk-based and catastrophe excess of loss reinsurance treaties have remained stable whilst treaty capacity is still available on the market. On the property side, the response has been varied but we have not seen a drastic change in prices during the last renewal.

Motor Claims

The number of motor claims reported dropped by 70% during the lockdown as compared to same period last year. However, going forward, an increase in cost of spare parts is expected due to the rapid depreciation of MUR against major foreign currencies over the past few months. The Company is also expecting an increase in the number of days required for courtesy (replacement) vehicles due to the unavailability of spare parts as production slowed down worldwide.

Non-Motor Claims

Management is liaising with reinsurers to have their interpretations of the policy wordings in relation to claims linked to Covid-19. Management has only theoretical interpretations but no official stand but would be guided by precedent case law which is currently being debated at court in several jurisdictions.

The Covid-19 situation is dynamic and conditions changes on a regular basis. Management will continue to monitor the situation and consider that it is not possible to predict any outcome relating to the above factors.

41. PRIOR YEAR ADJUSTMENT

The Company has restated its financial statements in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The total impact of the restatements is summarised below,

The deferred tax liability arising on the property revaluation reserve was not reversed in the previous financial year following a change in intention to dispose of the property. The impact of the adjustment is as follows:

	Prior year adjustment	Cumulative impact as at 1st July 2019
	Rs'000	Rs'000
Increase/(decrease)		
Statement of financial position:		
Deferred tax assets	12,212	12,212
Property revaluation reserve	(12,212)	(12,212)
Other comprehensive income		
Reversal of deferred tax on revaluation of property	12,212	

The above adjustment did not have an impact on the earnings per share.

PROXY FORM

I/We, ________________ of ________________, being a member of EAGLE INSURANCE 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 **17th December 2020** and at any adjournment thereof.

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

		For	Against	Abstain
1.	To adopt the minutes of proceedings of the Annual Meeting held on 17th December 2019.			
2.	To consider the Annual Report from the year ended 30th June 2020.			
3.	To receive and adopt the Group's and Company's financial statements for the year ended 30th June 2020 and the Directors' and Auditors' reports thereon.			
4.	To appoint Mr. John Edward O'Neill as Director.			
5.	To appoint Ms. Cynthia Parrish as Director.			
6.	To re-elect as Directors to hold office until the next Annual Meeting by way of separate ordinary resolutions the following persons: 6.1. Mr. Jean-Claude Béga 6.2. Mr. JP Blignaut 6.3. Mr. Winson Chan Chin Wah 6.4. Mr. Dipak Chummun 6.5. Mr. Robert Ip Min Wan 6.6. Me. J. Gilbert Ithier 6.7. Mr. Derek Wong Wan Po 6.8. Mr. Laurent de la Hogue			
7.	To fix the remuneration of the Directors for the year to 30th June 2021 and to ratify the emoluments paid to the Directors for the year ended 30th June 2020.			
8.	To reappoint Messrs. Ernst & Young as auditors of the Company for the financial year ended 30th June 2021.			
9.	To ratify the remuneration paid to the auditors for the financial year ended 30th June 2020.			

Signed this ________ day of ________ 2020 Signature/s ____________

NOTES:

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

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

The instrument appointing a proxy or any general power of attorney shall be deposited at the Share Registry and Transfer Office, MCB Registry & Securities Limited, 9th Floor, MCB Centre, Sir William Newton Street, Port Louis, **not less than twenty-four hours** before the time for the holding of the meeting or else the instrument of proxy shall not be treated as valid.