2021 Annual Report

Address of Chairman to Shareholders

Dear Shareholder,

The Directors of Eagle Insurance Limited ('EIL') are pleased to present the Annual Report for the year ended 30 June 2021. 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 30 September 2021.

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 22 December 2021
Time: 09.00 hours
Venue: Eagle House, Wall Street
Ebene Cybercity, Mauritius

Looking forward to seeing you.

Sincerely,

Jean-Claude Béga
CHAIRMAN

Contents

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 its future. In this way, the Board assumes the responsibility to ensure that all legal and regulatory requirements are met in the prescribed delays.

We, the Directors of EIL, confirm that throughout the year ended 30 June 2021 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 30 September 2021 and signed on behalf of the Board by

Jean-Claude Béga
CHAIRMAN

Robert Ip Min Wan
DIRECTOR

EIL at a glance

Each step leads to success.

Financial Highlights

Group Turnover

18%
PROPERTY

15%
MOTOR

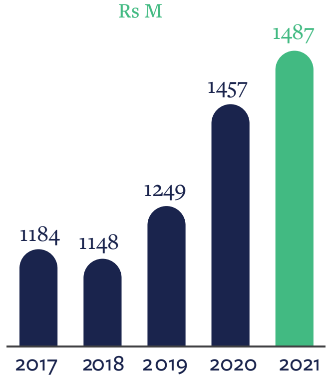
22%
ACCIDENT/LIABILITY/PI

3%
ENGINEERING

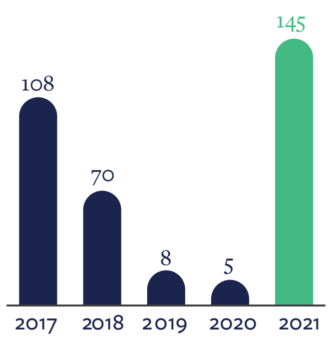
16%
TRANSPORTATION

26%
HEALTH

Group Turnover
Rs M



Group Profit before tax
Rs M



Group Reserves
Rs M

Non-Financial Highlights

Our Human Capital

For the year ended 30 June 2021, our Human Capital was as follows:

149
TOTAL HEAD COUNT

59.7%
MILLENNIALS

87
STAFF WORKING FROM HOME

96
WOMEN

53
MEN

4
INCREASE IN WORKFORCE

35.7
YEARS
AVERAGE AGE OF OUR STAFF

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; it is engaged in short-term insurance business comprising of Accident, Health, Engineering, Property, Motor and Transportation insurance.

After 27 years of being listed on the Official Market of the Stock Exchange of Mauritius (SEM), in July 2020, EIL requested for its withdrawal from SEM's official listing after the public shares of EIL fell below the prescribed limit of 25% as per SEM's Listing Rules. As at 30 June 2021, the shareholding profile of EIL was as follows IBL Ltd owns 60% of shares and the remaining 40% of shares are currently held by HWIC Asia Fund (39.12%) and the public (0.88%) respectively.

This report which forms part of the Annual Report of 2021 can be found on the website of the Company on https://www.eagle.mu/annual-reports

Head Office

Eagle Insurance Limited
Eagle House, Hyvec Business Park, 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

Bankers

The Mauritius Commercial Bank Limited
AfrAsia Bank Limited
ABSA Banking Corporation 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

T: +230 202 5000
9th Floor, MCB Centre,
Sir William Newton Street,
Port Louis

Company's Landmark Event

1974
Start of the 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 15 July 2020

Vision & Mission Statements

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

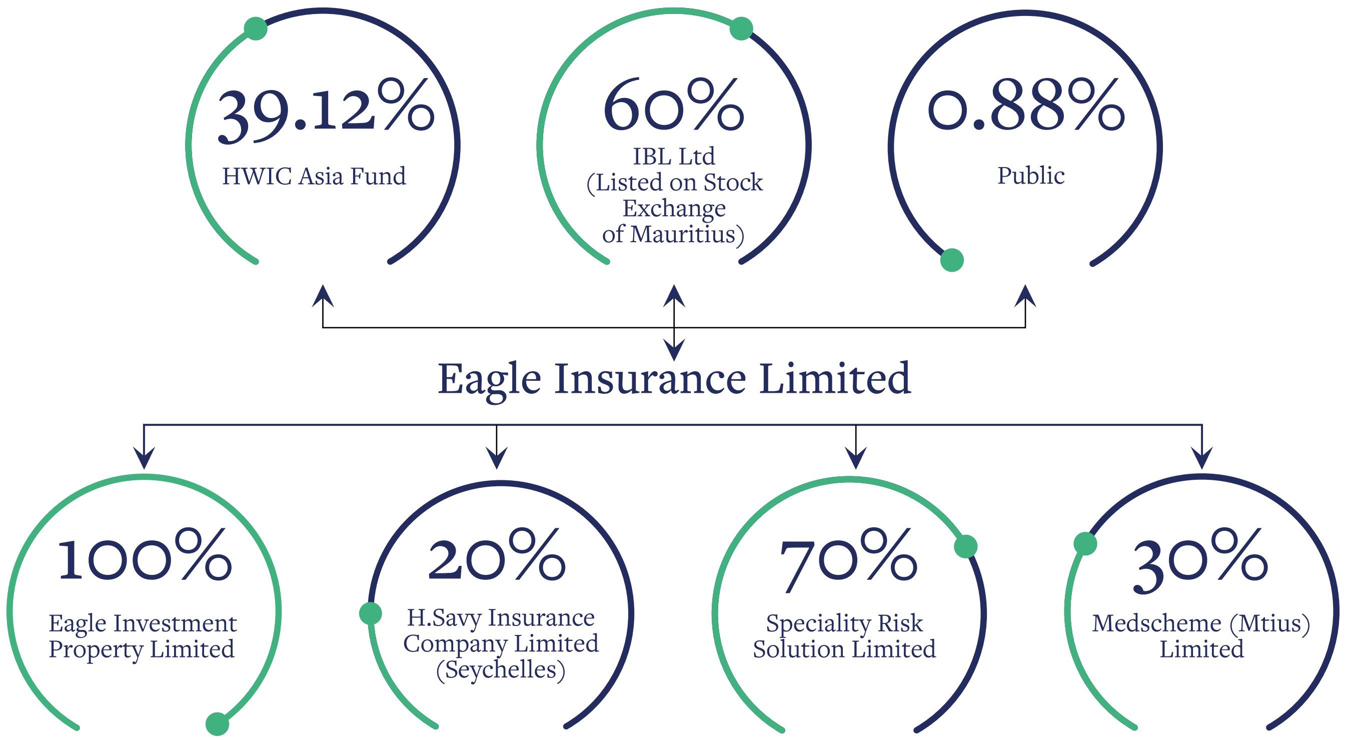
INTEGRITY

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

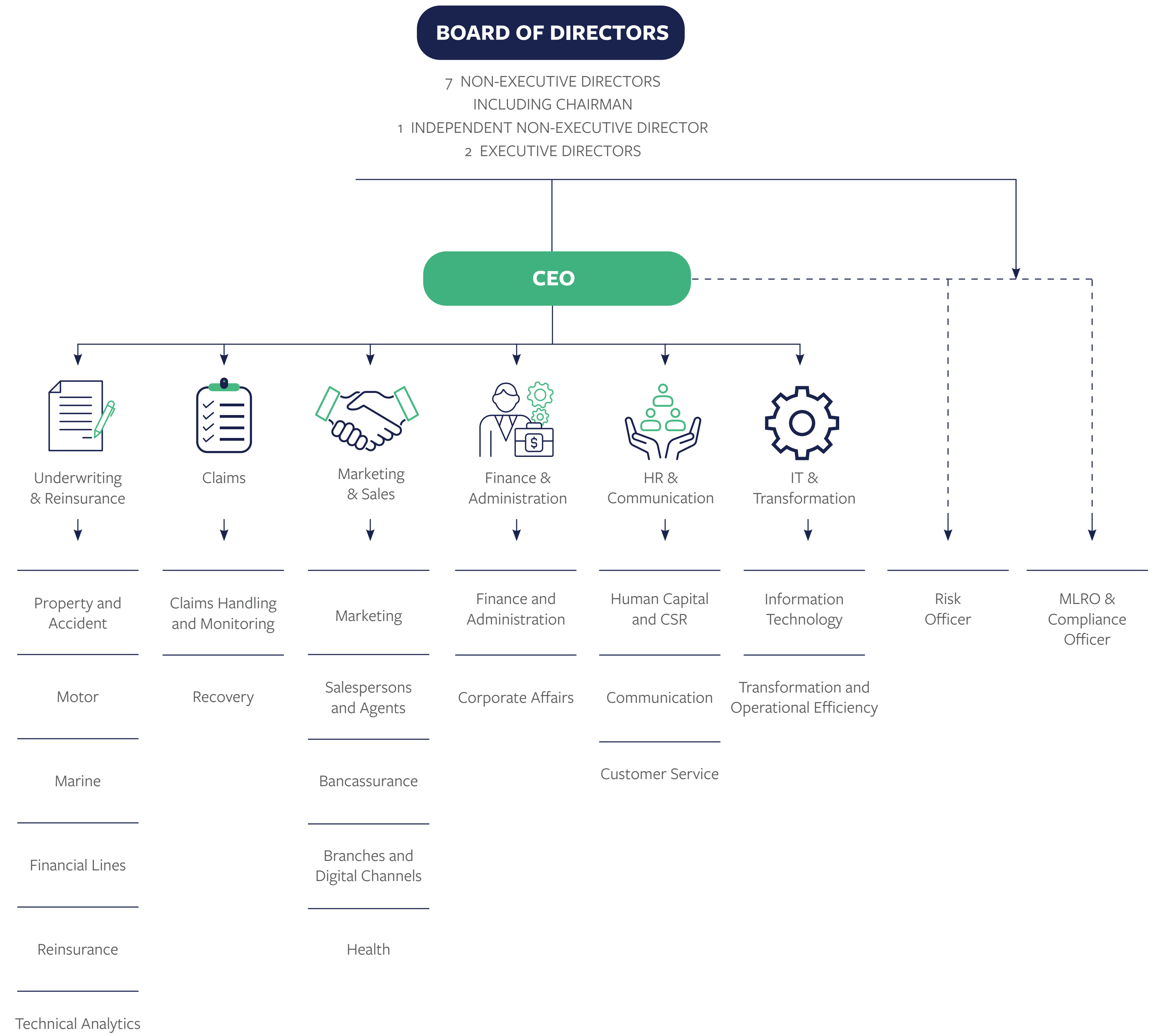
CREATIVITY

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

Group Structure



Organigram



The Board has 3 sub-committees, namely The Audit and Risk Committee, The Corporate Governance Committee and The Investment Committee. More details can be found on page 27 of the annual report.

Leadership

A solid structure leads to greater possibilities.

Chairman's Message

Jean-Claude Béga

CHAIRMAN

Dear Shareholder,

I am pleased to introduce our Annual Report 2021. As we all know, the pandemic continues to have an impact across the world, but we are also learning to live with it as restrictions ease and we adopt a "new normal" to our daily activities.

At Eagle Insurance, our primary objective is to deliver value to our customers, shareholders and all other stakeholders for the medium to long term. With the assistance of our local and regional partners, our expertise and knowledge of the market have enabled us to successfully ride through and mitigate the impact of the pandemic.

Strategy

We continue to navigate the economic and social uncertainty caused by the Covid-19 pandemic and its after-effects. Our focus remains the building of sustainable and profitable insurance business based on solid foundations. Our products and services are all about helping people to de-risk their lives and assets so that they can have the peace of mind to carry on fully with their normal daily activities..

Our forward thinking has helped us to review our business processes while navigating this crisis from a position of strength. We also continue to speed up our digital capabilities as well as ensuring that our team members have all the skills and resources they need in this digital transformation journey.

As a key player in the insurance industry, our zero-tolerance approach with regard to AML/CFT rules and regulations led us to a major compliance project during the year. Processes were reviewed and overhauled where required to develop comprehensive capabilities to detect, manage and report money laundering threats to Eagle Insurance. This enhanced due diligence also allowed us to strengthen our risk management framework and contribute to the repute of Mauritius as an International Financial Centre of choice.

People

Our people at Eagle Insurance have positively responded to the challenges of the pandemic. Their dedication and ability to work with agility and an innovative mindset represents a competitive advantage. While we continue to adapt to virtual working as well as to the broader issues of the pandemic, we also focus on the well-being of our team members with a series of staff engagement incentives. I would like to thank the management led by Derek Wong, and our team members, agents, partners and suppliers for all their hard work and dedication during these challenging and uncertain times.

Financial performance

Our results were significantly driven by the good performance of our investment portfolio which benefitted from the stock market rally during 2020/21. On the underwriting front, other than the Motor business, the operational results performed as expected amidst challenging economic conditions.

Group profit after tax improved from Rs 12 M to Rs 147 M, driving up Earnings per share (EPS) from Rs 1.56 to Rs 18.41. Net assets per share stood at Rs 138.66 compared to Rs 107.15 last year.

Future outlook

Our ability to generate shareholder returns is directly linked to our ability to create value for our clients as well as society as a whole. We are here to ensure people can make the most out of their life, by offering them financial protection during life's unforeseen challenges.

While we are focused on delivering stronger returns as we enter our new Financial Year, we have started to draw the outline of our next strategic plan. First, digital transformation being more important than ever; we are reviewing our Information Technology platform to optimise resources, reduce cost, improve processes and continue to build a culture of service excellence. Second, we are working towards enhancing our health and motor portfolio to service a wider market as we collaborate further with our regional partners. Last but not least, we remain attentive to capturing growth by tapping into regional opportunities to drive our business beyond our boundaries.

While the macroeconomic environment remains uncertain and we continue to live in the new normal, I remain confident about Eagle Insurance's prospects and look to the future with optimism.

I would like to thank all the Board members for the way they all professionally and diligently helped navigate Eagle Insurance during those unprecedented times. As we continue to pave the way together to execute our strategy, I believe that we are well positioned to deliver value to our stakeholders over the long term.

Jean-Claude Béga

CHAIRMAN

"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."

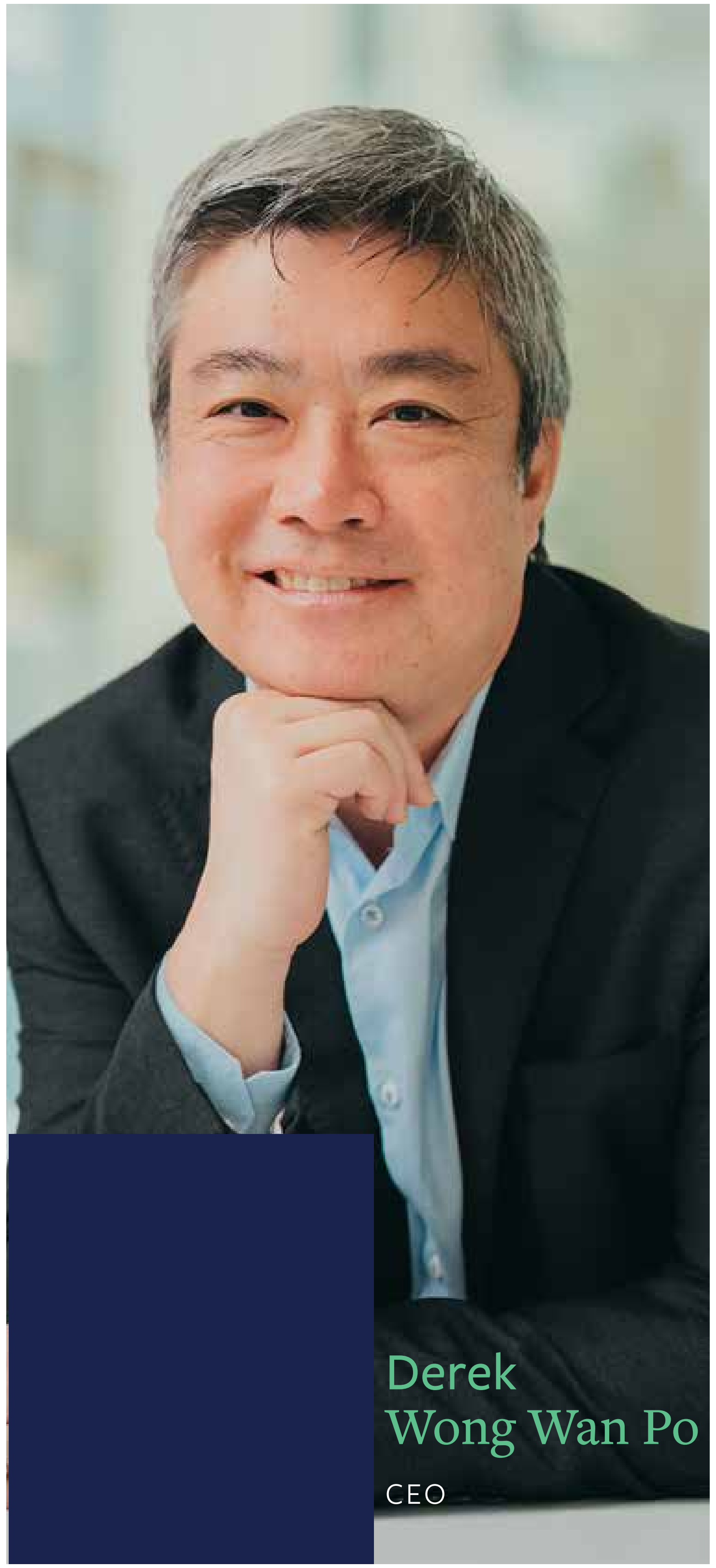
JOHN EDWARD O'NEILL
CEO | BRYTE INSURANCE

OUR PERFORMANCE
AT A GLANCE

Group Turnover

		2020
PROPERTY	18%	↓ 15%
MOTOR	15%	↑ 18%
ACCIDENT/LIABILITY/PI	22%	↓ 17%
ENGINEERING	3%	3%
TRANSPORTATION	16%	16%
HEALTH	26%	↑ 31%

CEO'S Message



Dear Valued Partner,

Like all businesses across the world, here at Eagle Insurance, we also faced new and unforeseen challenges caused by the pandemic during the past Financial Year, but our team spirit, resilience and boldness led us to satisfactory results and progress on all fronts.

As the daily routine of the society continues to undergo significant change, we recognise the critical need to fulfill our role as a change maker in the insurance and financial services sector in Mauritius and the region. We have to work towards bringing this renewed social infrastructure to help both our customers and employees navigate this new normal while contributing to the stability of the community and improving lives of all our stakeholders.

In the Financial Year 2020-2021, we focused on three areas of activity. First, we engaged ourselves in a revamp of our Anti Money Laundering and Countering Financing of Terrorism (AML/CFT) procedures that will contribute in the development of a sustainable business model. Second, we have successfully structured our 'work from home' initiative to maintain agility, customer service excellence while simultaneously reinforcing our staff engagement culture remotely. Third, we kept our forward-thinking mindset and embarked on an IT project to ensure we are equipped with the right resources in this era of digital transformation.

Building on compliance to power performance

As we deep-dive in this period of regulatory enhancement and face uncertainty for the future, the demand on compliance function continues to increase to ensure that we can react and also anticipate changes to improve our business model. At Eagle Insurance, we were tasked during the last Financial Year to engage in an insightful project that helped us reassess ourselves and find solutions for the long-term. As a leader in the insurance sector, we understood the importance not only in terms of good governance, but also in terms of enhancing our value proposition to our customers and to the community at large. Compliance communication is not a one-size fits all endeavour; it takes significant time to build the right process to reach the desired outcomes. First, a specific team was set up to lead the project. Second, customers were educated on the merits of being part of such a project that would help them as customers and Eagle Insurance as a role model regarding good governance, as well as Mauritius as a compliant jurisdiction of choice. Third, AML/CFT compliance enables us to build a sustainable business model, with an ultimate goal in selecting, building, and fostering the right partnership among the different stakeholders.

Driving team engagement

The pandemic has disrupted not only the business model, but also the human experience fundamentals, causing changes on various levels –societal, cultural, and organisational. The change of environment, with around 59% of our employees on the 'work-from-home' mode has automatically brought a culture that has to be purpose-led, customer-centric and digitally-savvy. At Eagle Insurance, we kicked off our pilot project of 'Working from Home' (WFH) during the first lockdown in 2020 and structured it further this year to implement the WFH into a permanent exercise, coupled with various staff engagement incentives to ensure the physical, emotional, and social health and safety of our people. Keeping an open communication channel has always been a priority. We provided updates on the future of our business, our goals and strategies to cushion the effect of the pandemic. We fully believe in implementing well-being goals as well, with the aim to empower a culture where our people can take responsibility for their own health. This, in turn, helps to boost our employees' confidence and commitment, and ensure greater team spirit, agility and flexibility.

Our financial strength

Our financial performance for the Financial Year ending 2021 reflects the execution of our strategic roadmap in a challenging economic environment. Our underwriting results improved slightly over last year whereas our investment portfolio posted notable returns.

Gross Insurance Premiums grew by 2%, from Rs 1,457 M to Rs 1,487 M, mainly driven by the Property and Accident segments which compensated to a large extent the reduction in our motor segment.

The Covid-19 pandemic undoubtedly continued to affect the purchasing power of people particularly the low and middle-income households, causing them to drop or reduce the insurance covers. Lockdowns and social restrictions made activities for certain sectors difficult, whereby we noticed more requests coming from the hospitality sector looking for lower sum insureds and longer credit periods.

During the year, our relationship with Linkham Services for Health insurance ended, while we continue to strengthen our partnership with with Medscheme Mauritius Ltd, our trusted Third-Party Administrator (TPA).

On the Motor side, we reviewed both our underwriting and claims processes to improve not only operational results but to also ensure a seamless customer service. Our industry research showed that there were fewer vehicles purchased from 2019 to 2020 - a decrease of 24% for new private cars, and a drop of 19% for the overall motor vehicles sector. This class of business therefore remains challenging but we are confident that the hard work and the whole range of measures being put in place by the team will soon bear its fruit and that the performance will improve.

The remaining business classes performed as expected.

In Seychelles, our associated company, H Savy Insurance, recorded lower results, with last year characterized by exceptional gains arising from currency fluctuation. On the other hand, Medscheme Mauritius Ltd performed better than last year. Overall, our share of profit from associates decreased from Rs 24 M to Rs 8 M.

Equity stock markets rallied during the year both locally and internationally. Boosted by the depreciation of the Mauritian Rupee against a basket of main foreign currencies, our investment portfolio performed well and posted significant returns.

Group profit before tax stood at Rs 145 M compared to Rs 5 M last year.

Enhancing our digital capabilities

Our commitment to innovation drives us to constantly improve our business model as we continue to map customer journeys to better prepare for future customer needs. Our people, and their ability to work with agility, teamwork and innovation, are another important source of competitive advantage. During the past Financial Year, we kicked off an online training curriculum by R. Hoffman about 'Customer Excellence' for 50 employees. We plan to continue those trainings during the year. As we enter a crucial point, we will harness expertise and technologies to create value for our customers, which is why we are also reviewing our Information Technology systems to speed up our transformation process in the era of the new normal.

Looking ahead

As we steer through the uncertainty of the macroeconomic environment, we continue to listen to evolving consumer behaviour and respond to changing market dynamics. The pace at which our team at Eagle Insurance adapted to the operational challenges caused by the pandemic gives me confidence in our ability to persevere and harness these changes, and to continue to grow in Mauritius and beyond, addressing customer needs in the new normal.

We also welcomed the new initiative from Financial Services Commission and the Government regarding the National Insurance Claims Database. The implementation of the Bonus Malus System will ensure fair and reasonable practices to the citizens as well as facilitate motor insurance claim recoveries, all with the objective to create a dynamic and transparent insurance industry in Mauritius.

On behalf of my Management colleagues, I would like to extend my sincere thanks to all of our team members and partners for their unflinching dedication every day. While we continue to better equip ourselves to face the challenges and explore opportunities, we are confidently positioned to realise our ambitions and deliver value for our shareholders and customers.

Derek Wong Wan Po
CHIEF EXECUTIVE OFFICER

Directors’ Profiles

JEAN-CLAUDE BÉGA | FCCA

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Jean-Claude, a Fellow of the Association of Chartered Certified Accountants, started his career in 1980 by spending 7 years as external auditor and then moved to a sugar group to perform various functions within accounting and finance before joining GML in 1997. He has been nominated as Group Head of Financial Services and Business Development of IBL Ltd on 01 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 Chairman of Lux Island Resorts Ltd and BlueLife Limited, Executive Director of IBL Ltd and Non-Executive Director of Phoenix Beverages Limited and of 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 was appointed Managing Director of Eagle Insurance Limited on 01 July 2014 and since 01 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

WINSON CHAN CHIN WAH | ACII

EXECUTIVE DIRECTOR

APPOINTED ON 3 DECEMBER 2019

Winson was appointed as Executive Director on 17 December 2019. With more than 25 years of experience in the general insurance industry, Winson is currently the Chief Underwriting Officer of Eagle Insurance and 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 an ACII, Chartered Insurer and a member of the Insurance Institute of Mauritius.

JP BLIGNAUT

NON-EXECUTIVE DIRECTOR

APPOINTED ON 04 DECEMBER 2019

JP is the Chief Underwriting Officer at Bryte Insurance Company which operates in South Africa. 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.

JP has more than 25 years’ insurance experience across Africa, Europe and Asia. JP 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 & building actuarial and pricing capabilities across eight countries. JP started his career at Sanlam Financial Service group where he worked most of the time in medical insurance and pension scheme consulting.

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

DIPAK CHUMMUN | ACII

NON-EXECUTIVE DIRECTOR

APPOINTED AS DIRECTOR ON 20 FEBRUARY 2017

Dipak has spent over 25 years’ experience in the financial services industry. He has worked as a management consultant and in corporate and investment banking, finance and strategy. His roles have included regional and group head roles with Standard Chartered, Barclays, Emirates NBD and Deutsche Bank in London, Hongkong, Dubai, Singapore, and Frankfurt. He joined IBL as Group Chief Finance Officer in January 2015. He is or has been a director of several public interest entities, listed and regulated companies, including Alteo, DTOS, Eagle Insurance, Afrasia, Bloomage, Manser Saxon, Seafood Hub, Winners.

He is currently Chairman of the Board of the Stock Exchange of Mauritius and is a director of the Economic Development Board of Mauritius. Dipak has also been an International Advisory Board Member of the ICAEW, based in the UK.

Directors' Profiles

LAURENT DE LA HOGUE
NON-EXECUTIVE DIRECTOR
APPOINTED AS NON-EXECUTIVE DIRECTOR ON 25 MAY 2016

Laurent holds a Masters' degree in Management and Finance from the 'Ecole Supérieure de Gestion et Finance' of Paris, France. He completed a Risk Management Programme from INSEAD, Singapore and a General Management Programme from ESSEC Business School. He started his career with an international bank before joining GML Management Ltée in 2001 as Treasurer, where he was involved in the setting up of the group central treasury management and in the development of projects. He is the Head of Financial Services of IBL Ltd since July 2016. He serves as Director on a number of organisations operating in the industrial, commercial, financial (regulated entities) and investment sectors. He is currently the Non-Executive Chairman of Ekada Capital Ltd, IBL Treasury Ltd, LCF Holdings Ltd and LCF Securities Ltd.

Directorships in companies listed on the Stock Exchange of Mauritius: Lux Island Resorts Ltd and The United Basalt Products Ltd.

ROBERT IP MIN WAN
NON-EXECUTIVE DIRECTOR

Robert was appointed as Independent Non-Executive Director on 13 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, 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).

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

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

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

Serving at the helm as CEO of Bryte, John Edward has been instrumental in the growth of the insurance business in Southern Africa, achieving various milestones since joining in 2012. Over the years, John Edward 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 touchpoint, and committed partnerships across the business value chain have remained non-negotiables. While people development is John Edward's greatest passion, secondary to this is his passion for financial services. He is a qualified chartered accountant with extensive auditing experience

across retail and stockbroking, treasury, corporate and investment banking, and securities trading. Combined with his in-depth short-term insurance expertise, his career spans almost three decades, half of this time spent in executive positions.

John Edward also actively serves on the boards of Bryte Africa Group, Bryte Insurance, Bryte Risk Services Botswana, AFGRI Group Holdings, Access Bank South Africa and the South African Insurance Association.

CYNTHIA PARRISH
INDEPENDENT NON-EXECUTIVE DIRECTOR
APPOINTED AS DIRECTOR ON 09 MARCH 2020

Cynthia is an attorney and a director at Levene Energy, Ltd, a Mauritius-based Oil & Gas Company operating primarily in Nigeria and New Faces New Voices, the Graca Machel Trust, a non-profit company. She was formerly the Managing Director of Musa Group Mauritius Limited, a private equity fund management company, and the Chief Legal Counsel at Musa Group (Pty) Limited, an investment holding company, investment banking and fund management firm, based in Johannesburg, South Africa. Cynthia is a self-employed consultant with over 25 years of experience in the financial services industry, specializing in the investment banking, private equity and asset management sectors.

Management Team

ALAIN DE MALLIATE | FCII, ACIS
Risk Officer

Joined in 1985. With more than 42 years of experience in the Insurance industry, Alain currently oversees the company's Risk Management Function and Corporate Affairs. Alain 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).

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

Joined in 2012. With over 25 years of experience in the Insurance industry, Allen is responsible for the underwriting of the Fire, Accident, Liability and Engineering classes of insurance. He is a former Council Member of the Insurance Institute of Mauritius.

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

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

DEREK WONG WAN PO | BSC, FCCA
Chief Executive Officer

Refer to Director's Profile

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 currently manages the Technical, Analytics and Performance Management Department. In addition, he oversees the Health and Reinsurance (Treaty) departments as from the financial year 2021. Dharvish 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).

GIRISH SENTOHUL | CERT CII, BA (HONS) LAW & MANAGEMENT
Assistant Manager, Non-Motor Claims Department

Joined in 2015. With more than 14 years of experience in the insurance industry, Girish Sentohul is jointly responsible for the daily operation of the Non Motor Claims Department and is also a member of the Insurance Institute of Mauritius.

JOSÉ ARSENIUS | FBCS CITP
Senior Manager, IT Department

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

MICHAEL CHOW-AH-HU | BSC (HONS), MBA
Assistant Manager – Motor

Joined in 2019. With over 12 years of experience in the Insurance industry, Michael is currently responsible for the day-to-day operations of the Motor Department and the branch operations. He holds a BSc (Hons) degree in Business Administration and an MBA. He is also a member of the Insurance Institute of Mauritius.

Management Team

MILA TOOFANY
Health Specialist

Joined in 2019. With more than 25 years of experience in the Insurance Industry, Mila 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.

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 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.

PATRICE LIM KEE CHANG | PgD, CERT CII
Assistant Manager - Marine

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

PIERRE AH SOON | FCCA
Claims Manager

Joined in 2004. With more than 16 years of experience in the Insurance industry, Pierre 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.

RAYUSHI GAYA | LLM
Compliance Officer & Deputy MLRO

Joined in 2021. With more than 6 years of experience in risk management and compliance services, Rayushi is responsible for overseeing the company's Compliance Function and driving the regulatory demands. Her role is to ensure ongoing compliance with Anti-Money Laundering and Terrorist Financing laws and regulations. She holds an LLM in International Commercial Law from the UK.

TANYA ALLY | BBusCom, ACII
Assistant Manager - Reinsurance

Joined in 2019. With more than 9 years of experience in the Reinsurance industry, Tanya is responsible for the Facultative Reinsurance Business and the Fronting Portfolio. She was appointed Assistant Manager on 01 August 2021. She is an Associate Member of the Chartered Insurance Institute of UK and Insurance Institute of Mauritius.

VASHIL HURREE | BSC, FCCA
Senior Finance and Administration Manager

Joined in 2019. With more than 16 years of experience as a Finance professional, including 14 years within the insurance industry, Vashil manages the Finance and Administration teams. 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 suspicious internal transactions. Vashil holds a BSc in Accounting & Finance and is a Fellow member of the Association of Chartered Certified Accountants.

VISHAL RADHA | MBA
Human Capital Manager

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

WINSON CHAN CHIN WAH | ACCI
Chief Underwritting Officer

Refer to Director's Profile

Integrated report

It takes a team to build a bridge.

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. 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 as well as 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. Digital payment channels like MyT are also available and other channels like Absa Abby as well as online payment by credit/debit card are also being looked into.

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. A new batch of 50 team members has been earmarked for the coming year with a view of having all our team members trained for Service Excellence.

Following the success of our reliable IT infrastructure in facilitating remote work during the extended lockdown periods, EIL has turned to a more permanent digital work environment.

Our teams are able to remotely access every platform, work tool and resource they need, making the transition seamless. At present, nearly 60% of our staff are continuing to work from home while others have embraced hybrid working, splitting their time between in-person office work and working from home.

However, it is worth noting that working from home is not a "one size fits all" situation. To implement it on a long-term basis, significant ongoing measures are in place to find efficient strategies in managing workloads and supporting remote workers.

Going forward, EIL endeavours to keep exploring digital operating models while improving productivity and staff engagement levels.

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, EIL has maintained a strong presence and increased its follower base on the main Social Media Channels 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 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 also been particularly marked by the COVID-19 pandemic and another lockdown.

Proper safety and health protocols such as temperature checks, hand hygiene, wearing of masks and floor markings for physical distancing have been strictly maintained to welcome employees and clients back to our premises and branches.

Moreover, we have also carried out several awareness sessions regarding COVID-19 and Vaccination Awareness talk with Dr. Lam and Dr. Steciuk.

EIL has managed to achieve the objectives set for this year, namely:

- Align EIL's Policy to the IBL Group Safety and Health Policy;
- Review risk assessment as per COSO Enterprise Risk Management Framework;
- Create awareness among all team members on Fire Safety;

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 to improve the work-life balance of our team members:

- Subsidised activities such as Football and Gym membership;
- Eye Screening test for our employees in collaboration with i2i Optical
- Breast Cancer Awareness talk with the help of Dr. Ujodha
- Employee Events:

    i. Brunches & Happy Hours
    ii. Themed Contests (e.g. Independence Day, Halloween, Christmas)
    iii. End of Year Party.

Investigating in our Human Capital

For the year ended 30 June 2021, an amount of Rs 587,178 (LY: Rs 485,132) was invested in Employee Training Programs, thereby cumulating 1428 hours of training (LY: 1347) for the whole staff, bringing an average rate of 9.54 hours (LY: 11.7) of training per staff for the year.

At EIL, we strongly believe that adapting employees' skills and roles to the post-pandemic ways of working will be crucial in building an operating-model resilience. This year again we have been impacted by the pandemic COVID 19, but now is the time for companies to double down on their learning budgets and commit to reskilling. Developing this muscle will strengthen us for any future disruptions.

The practical 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 identify and develop new required skill sets. Moreover, we have implemented a reward mechanism to encourage skills development and lifelong learning at EIL with our revamped Reward and Recognition program.

The future of EIL'S Human Capital

The New Normal Era - Work From Home v/s Team Spirit

Employee motivation requires constant attention during the best of times. Nearly a year into the fast and furious adoption of large-scale remote work, the stakes are higher than ever before.

In many cases, the new work-from-home reality has had a clear positive impact. Employees everywhere have more time and flexibility to balance work responsibilities with family life and other leisure time activities.

With that said, the increase in remote work has not come without its drawbacks: notably, more employees suffering from feelings of detachment and loneliness. Isolation poses a threat not only to motivation levels but also to overall mental health.

Successful and motivated teams depend on a strong community spirit. With an increase in remote work, building a sense of shared community has never been more important.

We are doing our best to learn from each other and come up with our own innovative ideas, even when it feels like we are all making it up as we go along. We shall come up with several initiatives to cement the EIL Community spirit.

Corporate Governance

Be proper Be prosper.

Corporate Governance Report

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

It is also responsible for continually reviewing the activities, practices and trends of the Group so that these are in conformity with legal and regulatory requirements in the Insurance industry. 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 well structured and adapted governance processes involving the Board, Board Committees and Management. The Board Charter of the Company together with the Terms of Reference for the Board sub-committees, the position descriptions for the Board Chair and Committee Chairs, and this Accountability Statement for Directors, form the foundations of the Board's governance system. The 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, including the key senior positions and reporting lines within the Company, is set out on page 10 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 clearly defines 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 has adopted a revised Board Charter on 29 June 2021, and 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 is 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 conflicts of interest, maintaining confidentiality and disclosing gift and business courtesies, amongst others.

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

Composition

The Board of EIL is a unitary one-tier balanced Board composed of 2 executive Directors, 1 independent non-executive Director, and 7 non-executive Directors, one of whom is 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 independent director does not have any relationship with the Company. The Board of Directors also has enough diversity in terms of age, educational background and professional qualifications 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.

With the assistance of the Mauritius Institute of Directors, the Corporate Governance Committee has started its recruitment process for the appointment of new independent non-executive directors on the Board to replace Messrs Robert Ip Min Wan and Gilbert Ithier who have served as independent directors for more than 9 years.

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

The Board usually 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 the Board's sub-committees were as follows for meetings held for the period 01 July 2020 to 30 June 2021.

Name of Directors	Category	Board Meeting	Audit and Risk Committee	Corporate Governance Committee	Investment Committee
Béga Jean-Claude*	Non-Executive Chairman	2 out of 3	-	2 out of 2	-
Parrish Cynthia	Independent Non-Executive Director	2 out of 3	-	1 out of 3	3 out of 3
Blignaut JP*	Non Executive Director	3 out of 3	-	-	-
O'Neill John Edward**	Non Executive Director	3 out of 3	-	-	2 out of 3
Chummun Dipak*	Non Executive Director	3 out of 3	-	-	-
De la Hogue Laurent	Non Executive Director	3 out of 3	7 out of 7	-	-
Ip Min Wan Robert	Non Executive Director	3 out of 3	7 out of 7	-	3 out of 3
Ithier Gilbert	Non Executive Director	3 out of 3	6 out of 7	1 out of 2	-
Wong Wan Po Derek	Executive Director Chief Executive Officer	3 out of 3	-	-	-
Chan Chin Wah Winson	Executive Director	3 out of 3	-	-	-

*Appointed by IBL Ltd.
**Appointed by HWIC (Fairfax).

Corporate Governance Report (cont'd)

PRINCIPLE 2: THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)

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
Audit and Risk Committee	• Mr Robert Ip Min Wan (Chairperson) • Mr Laurent de la Hogue • Me. Gilbert Ither	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 management being present, to discuss their remit and any issues arising from the internal audits carried out; and • 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 assessing the effectiveness of the external audit process; • 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; and
Corporate Governance Committee	• Ms Cynthia Parrish (Chairperson) • Mr Jean Claude Béga • Me. Gilbert Ithier	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.
Investment Committee	• Ms Cynthia Parrish (Chairperson) • Mr Robert Ip Min Wan • Mr John Edward O'Neill	To advise and assist the Board of Directors on matters relating to the investment activities of the Company. The main duties of the Committee are to define, review and evaluate the investment strategy (including M&As) for recommendation to the Board. The Committee must perform all the functions as is necessary to fulfil its role as stated above and including, but not limited to, the following: a. Review and amend as and when required, the investment policy and strategy; b. Set structures and processes for carrying out its role; c. Select Investment Managers to manage a defined portfolio, on the basis of relevant competencies and compliance standards; d. Select and monitor the planned asset allocation; e. Make ongoing decisions relevant to the operational principles of the investment strategy; f. Supervise and ensure the proper implementation of the investment projects approved by the Board; g. Handle any other tasks which the Board may at any time delegate to the Committee; h. Optimising the returns of the investment portfolio and engaging with the fund manager; and i. Investment risk is properly spread out taking into consideration the business environment.

PRINCIPLE 2: THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)

Committees of the Board

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

The Committees may have recourse to independent external professional advisors at the expense of the Company, if deemed necessary to help them to perform their duties. The Chairpersons of the 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 30 June 2021 was as follows:

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

The Committee met seven 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 30 June 2021 was as follows:

- Ms Cynthia Parrish (Chairperson)
- Mr Jean Claude Bega
- Me. Gilbert Ithier

The Committee met twice during the year under review.

Investment Committee

The membership of the Investment Committee as at 30 June 2021 was as follows:

- Ms Cynthia Parrish (Chairperson)
- Mr Robert Ip Min Wan
- Mr John Edward O'Neill

The Committee met three times during the year under review.

PRINCIPLE 3: DIRECTOR APPOINTMENT PROCEDURE

Directors' appointment procedure

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

In accordance with the Company's Constitution, the Board may fill vacancies or appoint new Directors on the Board at any point in time during the year. After the approval of the Company's Board of Directors and the Financial Services Commission, the said appointments will then be ratified 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;
- The Code of Ethics and Business Pack; and
- A presentation from Management, if applicable.

The newly appointed Director/s 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 Corporate Governance Committee oversees and reviews succession plans from time to time for the CEO 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.

The succession plan for the Senior Management Team is based on recommendations from the CEO. The Committee reviews any vacancy or probable vacancy in the position of Senior Management Team which may arise 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 about the 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 programs on an individual basis.

Corporate Governance Report (cont'd)

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 receives 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, authorisation 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.

Board Evaluation

Under the leadership of the Chairperson of the Corporate Governance Committee, the Company Secretary has conducted a board self-evaluation exercise in August 2021. The Board is currently working on the findings.

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 69. 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 30 June 2021 are set out on page 70 of the annual report.

PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL

The Board and management recognise 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 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 quality or increasing risks beyond a level that we are willing to accept, and thus, effective risk management is a central part of the financial and operational management of the Company.

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

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

Internal Controls

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

- Safeguard 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 maximise the efficiency and effectiveness of their operations.
- Accomplishment of goals and objectives - Internal controls system provide a mechanism for management to monitor the achievement of operational goals and objectives.

Responsibility

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

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

Framework for Internal Control

The framework of 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. These are mainly, authorization, documentation, reconciliation, security and separation of duties.
- **Combined Assurance** - EIL's combined assurance model is aligned to the roles and responsibilities as articulated in the three lines of defence risk governance model. There is regular communication between business unit management, heads of control functions as well as independent assurance providers, including internal and external audit. Combined assurance provides the board with comfort that the enterprise risk management and risk governance model are operating efficiently and effectively to manage risk within EIL.

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 that 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.

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, and the leadership framework, as well as through remuneration policies that look to recognise and reward behaviours that reflect the desired risk culture and have appropriate consequences for undesirable behaviour.

Corporate Governance Report (cont'd)

PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

Risk Management Philosophy and Objectives (cont'd)

The risk culture is also enhanced through:

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

Key Framework Components

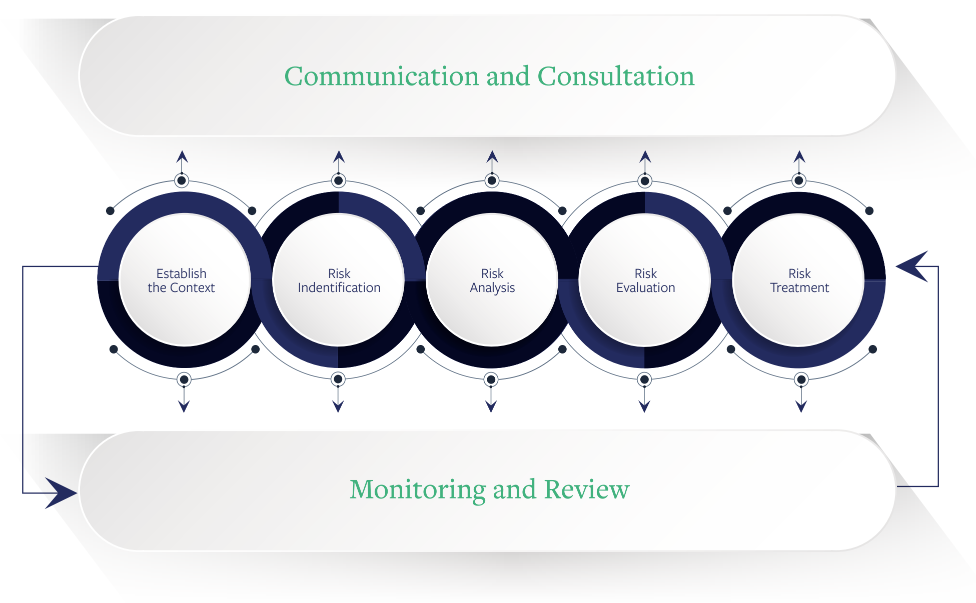
How we share our risk management responsibilities

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

Business Management	Risk Management and Compliance	Internal Audit
1st line	2nd line	3rd line
Business management is responsible for the processes, systems, products and people of the organization and the management of the risks arising from them. • Business management is responsible for taking risks (e.g., developing a product, underwriting an account or settling a claim). • Business management is also responsible to manage the risks its business activities create (e.g., procedures and controls to contain the probability or severity of an undesirable outcome to within the organization's risk tolerance). • The CEO of the entity is the ultimate risk owner that is responsible for the taking and managing of risk within the legal entity - even if certain services to the entity are outsourced or provided through a shared service. The entity's board provides oversight of entity management.	Risk and Compliance is responsible to support the first line of defense with: Risk Management provides: • A framework and tools to help the first line identify, evaluate, control and report on risks. • Specialized advice to help the first line understand risks and develop controls. • Independent challenge, observation and analysis of first line risk decisions and controls. • Provides advice and challenge through the Enterprise Risk Management framework. • Conducts independent analysis of certain risks. • Highlights and escalates risks potentially exceeding the agreed risk tolerance. • Control design and operation monitoring. • Provides assurance to key stakeholders (e.g., Board Risk committees, regulators and rating agencies). Compliance provides assistance to risk owners with regard to specific regulatory risks through: • Policies and risk evaluations. • Process and control analysis and advice. • Training and awareness.	Audit provides an independent evaluation of the effectiveness of the design and operation of: • The risk management framework. • The controls in place to manage risk within the organization's risk tolerance.

Risk Management Process

The diagram below summarises the Risk Management Process.



Corporate Governance Report (cont'd)

PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

Risk Management Process (cont'd)

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 Management and the Board as material;
- methods adopted to minimise/mitigate 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 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; and
- 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 Audit and 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 the regulators to the Board or relevant Board committee.

PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

How we provide independent assurance

Audit and Risk Committee

The membership of the Audit and Risk Committee as at 30 June 2021 were as follows:

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

The Committee met 7 times during the year under review. The Committee confirmed that they have discharged its responsibilities to the best of its capabilities for the year under review.

Its principal function is to oversee the financial reporting process and IT governance. The activities of the Audit and Risk Committee include regular reviews and monitoring of the effectiveness of 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.

Internal Audit

The Internal Audit function is outsourced 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 & 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.

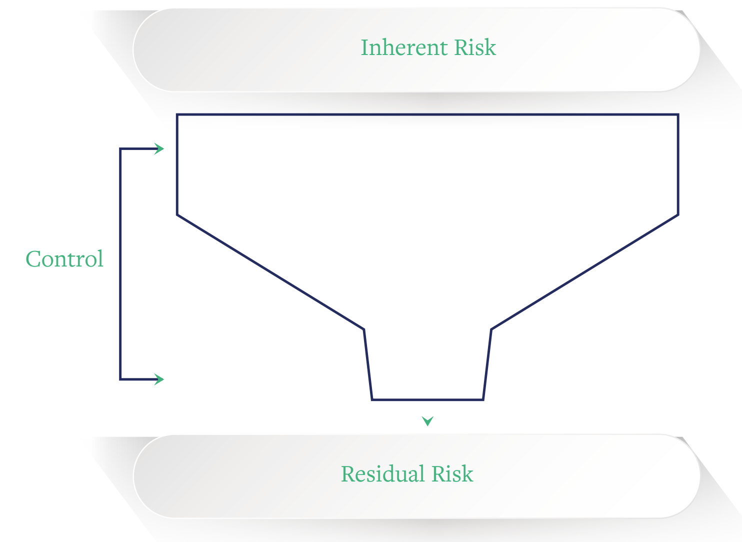
External Audit

Ernst & Young (EY) have been appointed as the External Auditors. They have unrestricted access to the records, management and employees of the Company. The independent external auditor provides an independent opinion on the financial results of the Company. The Auditor has unrestricted access to documentation and communicates regularly with the Risk and Audit Committee. 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 re-appointed as external auditors.

TYPES OF RISKS

There are two types of risk: inherent risk and residual risk. Risk that exists before an organization takes mitigation actions is inherent risk, and risk that remains after control measures are taken is residual risk. The objective of risk management is to maintain the residual risk level within risk appetite and tolerance set by the Board of 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 judgment" since some of the risk types will occur very rarely to allow the development of a meaningful historical database with any level of statistical or ethical significance.



Corporate Governance Report (cont'd)

PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

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 recognises 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 recognise 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, 1 Independent Non-Executive Directors and 7 Non-Executive Directors.

PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

Risk Management Framework ("RMF") (Continued)

Environment (Continued)

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. The 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:

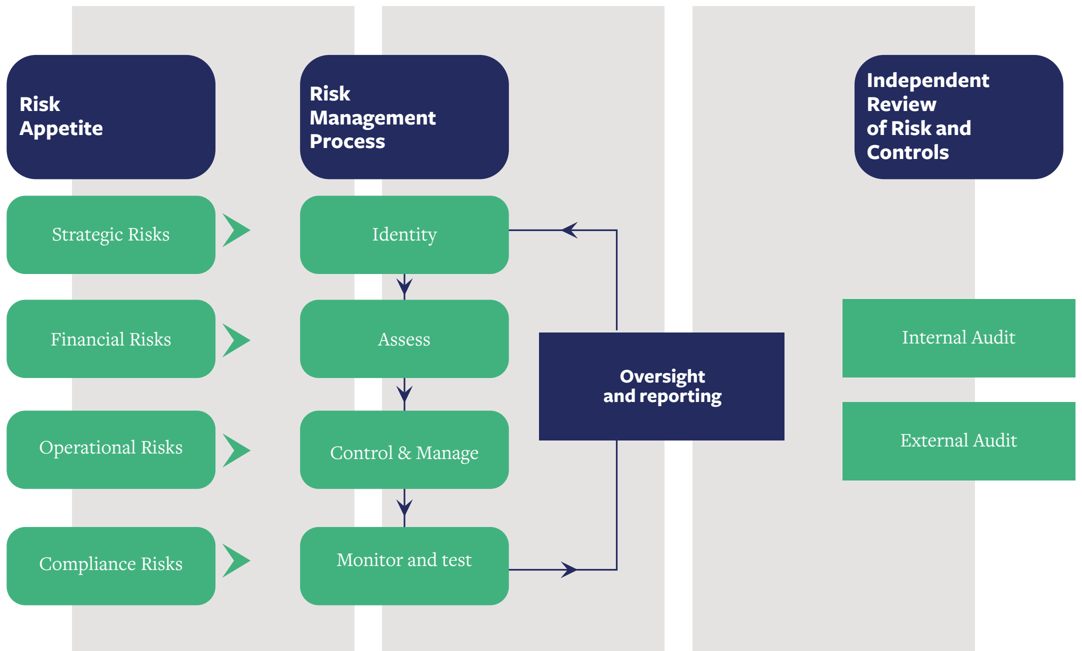
- links risk appetite to strategic business and capital plans;
- supports a risk-aware culture;
- sets out accountabilities and governance arrangements for the management of risk within the 'three lines of defence' model; and
- enhances business risk-based decision-making.

The RMF is regularly reviewed by the external and internal audit teams to provide assurance the Board that it continues to be adequate and relevant. 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 Risk Committee conducts an annual review and endorses the framework for Board approval.

The RMF is summarised in the following diagram.

Corporate Governance Report (cont'd)

PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)



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.

PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

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; and • 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; and • 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; and • Performs independent testing and assesses whether the risk policies, risk procedures, and related controls are functioning as intended.

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.

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 program.

Corporate Governance Report (cont'd)

PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

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 Eagle Insurance Limited "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 summarises 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; and
- Governance (including strategic and tactical).

Emerging Risks

At EIL employees , mostly Underwriters discuss a certain observation, formulate a concern or raise a question to which other colleagues can react.

The emerging risk process encompasses the following steps: risk identification, risk assessment, risk implementation (split into risk dialogue, risk mitigation measures and business opportunities), as well as risk monitoring and control.

To deepen the understanding of a particular risk, interactions with external stakeholders are most important. Discussions with clients, political authorities, partners, reinsurers and non-governmental bodies are essential.

Some examples of Emerging Risks

4.7.1 The Return of Inflation—The Effect on Insurance Business

Inflation affects insurers in various ways: it influences investment returns, asset valuations and, particularly, future, longer-term insurance liabilities. For insurance liabilities, medical and social cost escalation are of particular importance.

The impact is strongest with Property and Casualty insurers, as inflation directly increases claims costs of long-tail legacy business.

- Inflation will add to pressure on insurers' profitability, already under stress from competition and regulatory requirements.
- While insurers can protect themselves through a number of measures against the potential effects of inflation (e.g., diversifying assets into commodities or real estate, premium increases to manage claims costs, contract clauses), circumstances warrant careful management and may not always be permissive to such measures.

Some examples of Emerging Risks (cont'd)

4.7.2 Reduced Market Access

National protectionism is growing significantly—recently also in mature markets. Free trade, open markets and financial globalization are increasingly under pressure, while governments are favoring local markets and national champions. This affects operations of multinational (re)insurers, which find risk diversification, fungibility of capital and growth plans undercut.

4.7.3 Cloud Risk Accumulation

Tech vulnerability-the more widespread use of information technology (IT) server solutions based on cloud and cloud-of-clouds services-comes with a variety of risks: cyberattacks, technical failures, prolonged outages, data inaccessibility and significant accumulation risks (due to a small number of providers). This may affect insurers' operations, but more important, it will affect operations of insured parties. Given the volumes of data involved, service interruption poses potentially significant and catastrophic risks.

4.7.4 Underestimated Infectious Diseases

Risk factors of infectious diseases, triggered by changes in land use or agricultural practices, changes in human demographics and society, international travel and trade, poor population health, medical procedures, pathogen evolution or climate change, are altering and interacting with one another more. This development facilitates an outbreak and proliferation of infectious diseases. For insurers, life and health pricing becomes more challenging. A major epidemic or pandemic also would affect financial markets and property and casualty insurers.

4.7.5 Growing Water Stress

Farming, industrial use and household consumption exacerbate water shortages in a growing number of regions. Severe water shortages also have an adverse impact on food production and can undercut oil and gas production from hydrofracking. The insurance consequences can range from increased loss burden in agricultural and energy lines of business to a surge in property and casualty losses caused by wildfires. In extreme cases, water shortages also can destabilize the political and social fabric, leading to more civil unrest, war and migration.

4.7.6 Dangerous games: Risks of e-sports.

E-sports - basically hardcore video gaming - sees the number of fans and amateur players increasing steadily. The biggest e-sports markets are the U.S. and China with major tournaments attracting both online and live audiences in the hundreds of thousands. Another feature of the sport is the growing numbers of gamers suffering injuries. Health insurers may have to deal with injuries and mental disorders among younger people involved with the sport.

- Companies sponsoring e-sports events may face reputational risk issues if e-sports are increasingly perceived as socially harmful leading to addiction or mental problems among young people.
- Health insurers may be faced with a growing number of smaller injuries and mental disorders among younger people resulting in long-term adverse effects. Other impacts on health can be through either sleep deprivation or abnormal sleep behavior patterns resulting in various diseases.

4.7.7 Driverless Cars

Experts vary as to when the changeover to self-driving cars will occur. A transport scholar at the University of Minnesota believes that by 2030 every car on the road will be driverless. Forward-collision warning systems have been available since 2000.

Liability: As cars become increasingly automated the onus might be on the manufacturer to prove it was not responsible for what happened in the event of a crash. The liability issue may evolve so that lawsuit concerns do not drive manufacturers and their suppliers out of business.

Repair costs: While the number of accidents is expected to drop significantly as more crash avoidance features are incorporated into vehicles, the cost of replacing damaged parts is likely to increase because of the complexity of the components. It is not yet clear whether the reduction in the frequency of crashes will lead to a reduction in the cost of crashes overall.

Corporate Governance Report (cont'd)

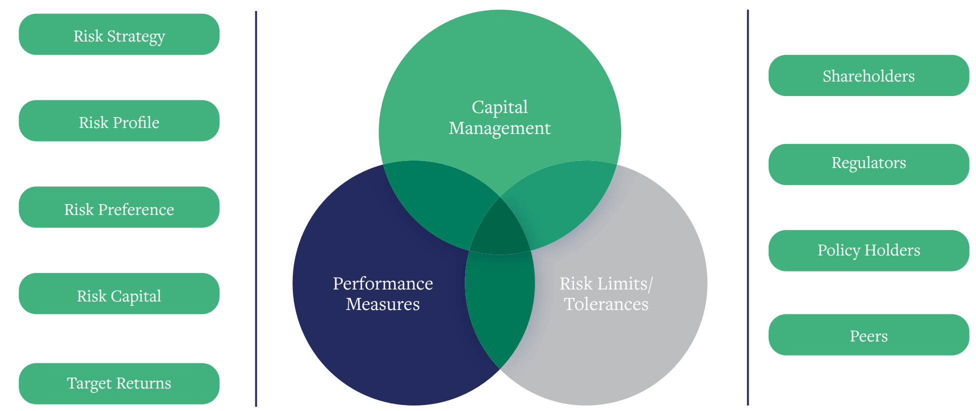
PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

Risk	Sub Category	Description	Management Actions
Strategic Risk	Poor Economic Growth	A weakening economic and fiscal position and a deteriorating political economy.The problem for Mauritius and other emerging economies is the size of their debt loads, relative to gross domestic product, which are approaching levels projected for developed economies. The difference being that developed economies will find it relatively easier to live with increased levels of public debt even with low economic growth almost certain to exceed very low interest rates. For Mauritius this will, however, not be the case.	Management performs scenario analyses and stress testing to understand implications, management actions required to respond to this risk and opportunities to aid customers through this. The ORSA process consolidates the various outputs and provides an analysis of the risk capital required to be held in respect of the Group's risks, both currently and over the business planning horizon. The risk and capital assessments in the ORSA take account of EIL's risk profile, approved risk appetite and business strategy.
Market Risk		Changes in the commercial environment including competitive lanscape, customer behaviour.	Market risk is managed continuously at product and portfolio level and further monitored by Management meetings providing oversight. There is also significant focus across the Group on managing expense levels.
Insurance and Operational Risks	Operational process and financial control risks	Weaknesses in controls arising from manual systems, complexity, fraud and working from home.	Lessons learned from the pandemic are used to build stronger organisational resilience, by reviewing current business continuity management plans and strategies. Management is also putting plans in place to ensure that staff can continue to work from home thus having no service interruption.
Insurance	Catastrophic Claims	Catastrophic Climate claims.	A climate risk scenario is used in stress tests by EIL. Catastrophe Reinsurance is in place.
Credit and Liquidity Risks		The risk of increase in Debtors following the pandemic (No liquidity following confinement). Decrease in cash flow following non payment of premiums as a result of no trading during confinement.	Credit risk relates to the failure of a corporate, the failure of government or a government-related institution. Lockdown measures imposed as a result of COVID-19 placed cash flow pressure on various companies. This increases the risk of credit defaults and requests for credit indulgences. EIL manages this risk by having a strict credit policy in place.
Investment Risks		The risk that investment in blue chips will fall below normal expected return due to Pandemic and extraneous causes.	EIL diversifies its investment portfolio across different sectors and types of assets so as to reduce its exposure to volatility in a particular sector or type of investment.
		The risk that returns on funds to be reinvested will fall below anticipated levels and in particular subsequent to pandemic.	There is an Investment Committee in place and guidelines are issued to the fund administrator. Also, any excess liquidity is assessed on a weekly basis, and invested in short term deposits.
Outsourcing Risk		Decrease in Sales due to extended confinement period following Pandemic.	The switch to remote work and virtual interactions may result in unexpected efficiencies - both in time and resources - that help to improve proactive customer outreach and create a whole new sales and customer experience.
Compliance Risk		Failure to monitor compliance (AML) with legislative and policy requirements from our service providers.	Training of Staff, and feedback given to our service providers.

PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

Risk Appetite Framework overview

Risk Appetit Framework include 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 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; and
- Risk appetite considers all material risks both in normal and stressed conditions.

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.

Corporate Governance Report (cont'd)

PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

Risk Appetite Statement Definition (Cont'd)

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 approved Risk Appetite. Therefore the Risk Appetite Statement is directly linked to EIL's strategy.

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.

PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

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 catastrophe exposure. We have a clearly defined appetite for underwriting risk, which dictates the Company's business plan, and we closely monitor the Company's risk exposure to maximise the expected risk return profile of our whole portfolio. We buy reinsurance to mitigate the effect of catastrophes and reduce our risk.
Inadequate Reinsurance		
If our reinsurance protection is proven to be inadequate or inappropriate, it could significantly affect the Company's financial condition. The Company might not be able to purchase the right level of reinsurance due to market conditions. This could result in reduced protection against losses, which could affect our financial condition and cash flows.	We buy reinsurance protection to manage catastrophe risk and reduce the volatility that major losses could have on our financial position. The scope and type of protection we buy may change depending on the extent and competitiveness of cover available in the market.	We have a clear outwards reinsurance strategy, and a reinsurance programme to minimise gaps in coverage across the business and to get the right deal.

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.

Corporate Governance Report (cont'd)

PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

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 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 inflows is insurance premiums while our outflows are largely expenses and payments to policyholders through claims. We run tests to estimate the impact of a major catastrophe on our cash position to identify potential issues. We also run scenario analysis that considers the impact on our liquidity should a number of adverse events occur simultaneously, such as an economic downturn and declining investment returns combined with unusually high insurance losses. The Company manages liquidity risk by maintaining adequate reserves, 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 flows.	We cover clients against a range of catastrophes and protect ourselves through reinsurance. We face credit risk where we seek to recover sums from reinsurers.	We buy reinsurance only from companies that we believe to be strong. The Company has adopted a policy on credit risk management to control level of exposure and mitigate the risk.
Credit Risk counterparties		
The risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.	We face credit risk from all our sources of business, customers, agents and brokers where we transfer money to and receive money from these counterparties.	The Company deals with credit worthy counterparties as a means of mitigating the risk of financial loss from defaults.

Operational Risk

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

What is the Risk?	Why do we have it?	How is it managed?
Information Security		
Information security (including cyber security) Information security risk relates to not protecting information which could compromise the confidentiality, availability or integrity of our data. 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, cyber-attacks 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 that 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.

Corporate Governance Report (cont'd)

PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

Regulatory Developments

The Insurance (Risk Management) Rules 2016 were published by the Financial Services Commission (FSC) and became effective on 01 July 2017.

The Rules were amended in October 2020 and require the Insurer to submit all documentation relating to its Risk Management Framework (RMF) not later than 6 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; and
- 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 6: REPORTING WITH INTEGRITY

SCOPE OF REPORTING, GOVERNANCE FRAMEWORK AND STATEMENT OF COMPLIANCE

The present Annual Report for EIL covers the period 01 July 2020 to 30 June 2021. Any material events after the above-mentioned date and up to the Board approval of this report have also been included. The Company is qualified as a Public Interest Entity ('PIE') as defined by the Financial Reporting Act 2004, and has endeavoured to apply all the essence and spirit of the principles of the new Code of Corporate Governance 2016 (the 'Code').

PRINCIPLE 7: AUDIT

Internal Audit

Internal audit reports are made available to the Chairman of the Audit and Risk Committee as well as its members. Members of the Audit and Risk Committee are of appropriate qualifications and calibre to analyse and process the reports made available to them. The Audit and Risk Committee has the delegated responsibility from the Board to review, follow up, and take actions, when applicable, on all reports. The Audit and Risk 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 are made available to Management where it is justified that it may help Management to improve or take necessary actions on issues raised in the Internal Auditors report.

External Audit

The external audit function is performed by Ernst & Young. The auditors are 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 authority to meet with the external auditors without Management being present. 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 30 June 2021:

IBL Ltd	60%
HWIC Asia Fund	39.12%
Public	0.88%

Breakdown of share ownership as at 30 June 2021

	Number of Shareholders	Number of Shares held	Holding
1 - 500 shares	142	12,248	0.1531%
501 - 1,000 shares	30	21,016	0.2627%
1,001 - 5,000 shares	16	31,490	0.3936%
5,001 - 10,000 shares	1	6,000	0.0750%
10,001 - 500,000 shares	-	-	0.0000%
>= 500,001 shares	2	7,929,244	99.1156%
Total	**191**	**7,999,998**	**100.0000%**

Note: The above number of shareholders is indicative, due to the consolidation of multi-portfolios for reporting purposes. The total number of active ordinary shareholders as at 30 June 2021 was 191.

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 the 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.

Meeting of shareholders

In conformity with Section 117 of the Companies Act, an Annual Meeting of the Shareholders was held on 17 December 2020 for the approval of the financial statements for the year ended 30 June 2020.

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.

Corporate Governance Report (cont'd)

PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

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 Report (cont'd)

OTHER STATUTORY DISCLOSURES (Pursuant to Section 221 of the Companies Act 2001) to 30 June 2021

Directors Profile

Included in the individual Directors' profile on page 11.

Common Directorship

Directors	EIL	IBL
Béga **Jean-Claude**	✓	✓
Parrish **Cynthia**	✓	-
Blignaut **JP**	✓	-
Chummun **Dipak**	✓	-
De la Hogue **Laurent**	✓	-
Ip Min Wan **Robert**	✓	-
Ithier **Gilbert**	✓	-
O'Neill **John Edward**	✓	-
Chan Chin Wah **Winson**	✓	-
Wong Wan Po **Derek**	✓	-

Non-Executive Directors' Fees:

Name of Directors	Category	2021	2020
		Rs	Rs
Béga **Jean-Claude***	Chairman and Non-Executive Director	**185,000**	185,000
Parrish **Cynthia**	Independent Non-Executive Director	**200,000**	-
Bezuidenhout **Peter**	Non-Executive Director		41,667
Blignaut **JP****	Non-Executive Director	**100,000**	58,333
O'Neill **John Edward****	Non-Executive Director	**135,000**	-
Chummun **Dipak***	Non-Executive Director	**100,000**	135,000
De la Hogue **Laurent***	Non-Executive Director	**150,000**	150,000
Ip Min Wan **Robert**	Non-Executive Director	**210,000**	225,000
Ithier **J. Gilbert**	Non-Executive Director	**185,000**	185,000
Lallah **Subhas**	Independent Non-Executive Director		150,000
		1,265,000	1,088,333

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

OTHER STATUTORY DISCLOSURES (Pursuant to Section 221 of the Companies Act 2001) to 30 June 2021 (cont'd)

Executive Directors' Remuneration:

Name of Directors	Category	2021	2020
		Rs	Rs
Wong Wan Po **Derek**	Executive Director/Chief Executive Officer	**6,524,232**	8,553,014
Malliaté **Alain**	Executive Director		1,681,965
Chan Chin Wah **Winson**	Executive Director	**3,064,934**	1,574,812
		9,589,166	11,809,791

The Directors' fees and remuneration 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.

Auditor's remuneration

	The Group and The Company	
	2021	**2020**
	Rs'000	**Rs'000**
Audit fees for the year		
-Ernst & Young	**1,826**	1,290
Fees for other services provided by:		
-Deloitte	**-**	-
-Ernst & Young	**-**	-
-KPMG	**2,288**	3,157

Donations

	The Group		The Company	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Charitable Donations	**-**	10	**-**	10
Political Donations	**-**	500	**-**	500
Corporate Social Responsibility Contribution	**1**	257	**1**	250
	1	767	**1**	760

Related party transactions

Related party transactions are disclosed under note 29 of the financial statements.

Anti-Money Laundering

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

Integrated Sustainability Reporting

In view of a more complete reporting, the following 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

October 2021	Publication of last quarter financial statements
November 2021	Publication of first quarter financial statements
December 2021	Annual Meeting of Shareholders
February 2022	Publication of second quarter abridged financial statements
May 2022	Publication of third quarter abridged financial statements
December 2022	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 Tuesday 21 December 2021 at 09.00 hours.

Financial Statements

Independent Auditors' Report
To the Members of Eagle Insurance Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of Eagle Insurance Limited (the "Company") and its subsidiaries (the "Group") set out on pages 69 to 156 which comprise the consolidated and separate statements of financial position as at 30 June 2021, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Group and Company as at 30 June 2021, and of its consolidated and separate financial performance and consolidated 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 Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code") and other independence requirements applicable to performing audits of financial statements of the Group and Company and in Mauritius. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits of the Group and Company and in Mauritius. 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.

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 the audit
1. Valuation of insurance contract liabilities (gross outstanding claims) Rs 1.46bn (Notes 3.1 and 14) The valuation of insurance contract liabilities 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 utilised and the assumptions setting and governance processes used by management related to the valuation of insurance contract liabilities. 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. • We reviewed the adequacy of the disclosures made in the financial statements

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

The Directors are responsible for the other information. The other information comprises the information included in the document titled "Eagle Insurance Limited and its subsidiaries: Financial statements for the year ended 30 June 2021", which includes, statutory disclosures from pages 1 to 31, the secretary's certificate on page 59 and other statutory disclosures on pages 60 to 62, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated or the 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 do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information (other than the Corporate Governance Report) identified above 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 on the other information obtained prior to the date of this auditor's report, 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 Report

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 ("the Code") disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the Group 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 the 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 intend to liquidate the Group and 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 and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group 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.
- 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 to express an opinion on the consolidated and separate 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.

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 auditor 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 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

ERNST & YOUNG
EBÈNE, MAURITIUS

Date: 30 September 2021

Li Kune Lan Pookim

LI KUNE LAN POOKIM
F.C.A, F.C.C.A.
LICENSED BY FRC

Statements of Financial Position

at 30 June 2021

		The Group		The Company	
		2021	2020	**2021**	2020
	Notes	**Rs'000**	Rs'000	**Rs'000**	Rs'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	**144,841**	148,323	**144,539**	147,937
Intangible assets	5	**7,122**	13,113	**6,128**	12,120
Investment properties	6	**68,200**	35,139	**16,400**	-
Right of use asset	7(a)	**3,154**	4,251	**3,154**	4,251
Deferred tax assets	17	**23,797**	29,328	**27,155**	29,528
Investment in subsidiaries	8	**-**	-	**1,100**	1,100
Amounts due from group companies	13	**-**	-	**38,085**	38,940
Investment in associate	9	**103,221**	92,780	**21,313**	21,313
Statutory deposits	10	**8,000**	8,000	**8,000**	8,000
Financial investments	11	**843,136**	503,180	**843,136**	503,180
		1,201,471	834,114	**1,109,010**	766,369
Current assets					
Financial investments	11	**72,112**	44,302	**72,112**	44,302
Insurance and other receivables	12	**421,841**	682,399	**421,208**	676,847
Amounts due from group companies	13	**-**	446	**639**	948
Reinsurance assets - Gross outstanding claim	14	**838,134**	916,482	**838,134**	916,482
Reinsurance assets - General insurance fund	16	**266,451**	194,669	**266,451**	194,669
Current tax receivables	19(i)	**133**	9,806	**-**	9,705
Cash and cash equivalents	25	**565,129**	605,364	**558,101**	604,416
		2,163,800	2,453,468	**2,156,645**	2,447,369
Total assets		**3,365,270**	3,287,582	**3,265,655**	3,213,738

Statements of Financial Position (Cont'd)

at 30 June 2021

	Notes	The Group 2021 Rs'000	The Group 2020 Rs'000	The Company 2021 Rs'000	The Company 2020 Rs'000
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	15	**80,000**	80,000	**80,000**	80,000
Other reserves		**1,029,312**	777,173	**930,566**	703,834
Equity attributable to equity holders of the parent		**1,109,312**	857,173	**1,010,566**	783,834
Non-controlling interests		**394**	340	**-**	-
Total equity		**1,109,706**	857,513	**1,010,566**	783,834
Non-current liabilities					
Long term incentive scheme	34	**4,803**	4,762	**4,803**	4,762
Employee benefit and related liabilities	26(a)/(d)	**33,664**	57,437	**33,664**	57,437
Lease liabilities	7(b)	**2,433**	3,351	**2,433**	3,351
		40,900	65,550	**40,900**	65,550
Current liabilities					
Trade and other payables	18	**278,597**	349,034	**278,198**	348,884
Gross outstanding claims	14	**1,456,836**	1,558,839	**1,456,836**	1,558,839
General insurance fund	16	**477,988**	455,381	**477,988**	455,381
Current tax liabilities	19(i)	**252**	15	**177**	-
Lease liabilities	7(b)	**990**	1,250	**990**	1,250
		2,214,663	2,364,519	**2,214,189**	2,364,354
Total liabilities		**2,255,563**	2,430,069	**2,255,089**	2,429,904
Total equity and liabilities		**3,365,270**	3,287,582	**3,265,655**	3,213,738

Approved by the Board of Directors and authorised for issue on: 30 September 2021
and approved on its behalf by:

Jean-Claude Béga
CHAIRMAN

Robert Ip Min Wan
DIRECTOR

Statements of Profit or Loss & Other Comprehensive Income

For the year ended 30 June 2021

	Notes	The Group 2021 Rs'000	The Group 2020 Restated Rs'000	The Company 2021 Rs'000	The Company 2020 Restated Rs'000
Continuing operations					
Revenue					
Gross insurance premiums		**1,486,833**	1,456,916	**1,486,833**	1,456,916
Reinsurance premiums ceded		**(966,958)**	(850,080)	**(966,958)**	(850,080)
		519,875	606,836	**519,875**	606,836
Release from general insurance fund - Gross	16	**(22,607)**	54,361	**(22,607)**	54,361
Release to general insurance fund - Reinsurance	16	**71,782**	(32,931)	**71,782**	(32,931)
Net earned premium		**569,050**	628,266	**569,050**	628,266
Investment income	20	**11,228**	9,339	**21,305**	17,652
Interest calculated using effective interest rate	21	**13,516**	12,589	**14,891**	13,985
Commission income		**116,672**	98,075	**116,672**	97,676
Other income	22	**159,274**	56,208	**138,841**	52,956
		869,740	804,477	**860,759**	810,535
Expenses					
Gross claims paid	14	**(806,716)**	(990,580)	**(806,716)**	(990,580)
Gross change in contract liabilities	14	**102,003**	189,993	**102,003**	189,993
Claims ceded to reinsurer	14	**392,424**	607,997	**392,424**	607,997
Change in contract liabilities ceded to reinsurers	14	**(78,348)**	(215,537)	**(78,348)**	(215,537)
Change in claims recovered from third party insurers		**(25,936)**	(29,946)	**(25,936)**	(29,946)
Recoveries from third party insurers		**56,407**	63,516	**56,407**	63,516
Net claims incurred		**(360,166)**	(374,557)	**(360,166)**	(374,557)
Commission expense		**(145,387)**	(147,694)	**(145,387)**	(147,694)
Administrative expenses	23	**(226,663)**	(270,629)	**(226,068)**	(269,743)
		(732,216)	(792,880)	**(731,621)**	(791,994)
Profit from operations		**137,524**	11,597	**129,138**	18,541
Finance costs	7(b)	**(185)**	(231)	**(185)**	(231)
Amount recharged by holding company for defined benefit liabilities recognised on 01 July 2019	26(a)(ii)	**-**	(30,681)	**-**	(30,681)
Share of profit of associates	9	**7,810**	24,011	**-**	-
Profit/(loss) before tax		**145,149**	4,696	**128,953**	(12,371)
Income tax expense	19(ii)	**2,263**	7,781	**5,505**	8,007
Profit/(loss) for the year		**147,412**	12,477	**134,458**	(4,364)

Statements of Profit or Loss & Other Comprehensive Income (Cont'd)

For the year ended 30 June 2021

	Notes	The Group 2021 Rs'000	The Group 2020 Restated Rs'000	The Company 2021 Rs'000	The Company 2020 Restated Rs'000
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Exchange difference arising from translation of associate operations	9	**14,108**	(9,725)	**-**	-
Net (loss)/gain on debt instruments at fair value through other comprehensive income	11(a)	**(34)**	660	**(34)**	660
Items that may not be reclassified subsequently to profit or loss					
Remeasurement of other post retirement benefits	26(d)(ii)	**2,636**	5,528	**2,636**	5,528
Remeasurement of retirement employee benefit liabilities recharge by holding company	26(a)	**18,690**	(17,281)	**18,690**	(17,281)
Deferred tax on remeasurement of employee benefit liabilities	17	**(3,625)**	1,998	**(3,625)**	1,998
Share of other comprehensive loss of associate	9	**(1,541)**	-	**-**	-
Revaluation of property		**26,051**	-	**26,051**	-
Deferred tax on revaluation of property	17	**(4,429)**	-	**(4,429)**	-
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income	11(a)	**52,985**	(56,867)	**52,985**	(56,867)
Other comprehensive income/(loss) for the year, net of tax		**104,841**	(75,687)	**92,274**	(65,962)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**252,253**	(63,210)	**226,732**	(70,326)
Profit/(loss) attributable to:					
Equity holders of the parent		**147,298**	12,460	**134,458**	(4,364)
Non-controlling interests		**114**	17	**-**	-
		147,412	12,477	**134,458**	(4,364)
Total comprehensive income/(loss) attributable to:					
Equity holders of the parent		**252,139**	(63,227)	**226,732**	(70,326)
Non-controlling interests		**114**	17	**-**	-
		252,253	(63,210)	**226,732**	(70,326)
EARNINGS PER SHARE	24	**18.41**	1.56		

Statements of Changes in Equity

For the year ended 30 June 2021

	Notes	Stated Capital Rs'000	Property revaluation reserve 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 the parent Rs'000	Non-controlling interests Rs'000	Total equity Rs'000
THE GROUP										
At 01 July 2019		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 30 June 2020		80,000	-	10,471	(6,860)	(17,514)	791,076	857,173	340	857,513
At 01 July 2020		**80,000**	**-**	**10,471**	**(6,860)**	**(17,514)**	**791,076**	**857,173**	**340**	**857,513**
Dividends paid to non-controlling interests		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(60)**	**(60)**
Profit for the year		**-**	**-**	**-**	**-**	**-**	**147,298**	**147,298**	**114**	**147,412**
Other comprehensive income for the year		**-**	**21,622**	**52,951**	**14,108**	**16,160**	**-**	**104,841**	**-**	**104,841**
Total comprehensive income for the year		**-**	**21,622**	**52,951**	**14,108**	**16,160**	**147,298**	**252,139**	**114**	**252,253**
At 30 June 2021		**80,000**	**21,622**	**63,422**	**7,248**	**(1,354)**	**938,374**	**1,109,312**	**394**	**1,109,706**

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

Statements of Changes in Equity (Cont'd)

For the year ended 30 June 2021

	Notes	Stated Capital Rs'000	Property revaluation reserve Rs'000	Investments revaluation reserve Rs'000	Actuarial reserve Rs'000	Retained earnings Rs'000	Total Rs'000
THE COMPANY							
At 01 July 2019		**80,000**	**75,937**	**66,678**	**(7,759)**	**639,304**	**854,160**
Transfer on disposal of building	(a)	-	(75,937)	-	-	75,937	-
Profit 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 30 June 2020		**80,000**	**-**	**10,471**	**(17,514)**	**710,877**	**783,834**
At 01 July 2020		**80,000**	**-**	**10,471**	**(17,514)**	**710,877**	**783,834**
Profit for the year		-	-	-	-	134,458	134,458
Other comprehensive income for the year		-	21,622	52,951	17,701	-	92,274
Total comprehensive income for the year		-	21,622	52,951	17,701	134,458	226,732
At 30 June 2021		**80,000**	**21,622**	**63,422**	**187**	**845,335**	**1,010,566**

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

Statements of Cash Flows

For the year ended 30 June 2021

	Notes	The Group 2021 Rs'000	The Group 2020 Restated Rs'000	The Company 2021 Rs'000	The Company 2020 Restated Rs'000
Cash flows from operating activities					
Profit/(loss) before taxation		**145,149**	4,696	**128,953**	(12,371)
Adjustments for:					
Depreciation and amortisation	4/5/6/7	**24,013**	23,255	**23,930**	23,219
Profit on sale of property, plant and equipment	22	**(12)**	(6,517)	**(12)**	(6,517)
Covid relief- IFRS 16	7(c)	**(106)**	-	**(106)**	-
Profit on sale of financial investments	22	**-**	-	**-**	-
Expected credit losses on financial assets	11	**(730)**	12,456	**(730)**	12,456
Expected credit loss on subsidary loan	13	**-**	-	**103**	114
Dividend income	20	**(11,228)**	(9,339)	**(21,305)**	(17,652)
Interest income	21	**(13,516)**	(15,381)	**(14,891)**	(13,985)
Interest expense on lease liabilities	7(b)	**185**	231	**185**	231
Gain on revaluation of financial investments	11(b)	**(67,405)**	(16,115)	**(67,405)**	(16,115)
Foreign exchange (gain)/loss		**(18,718)**	2,286	**(18,809)**	2,376
Share of profits of associates	9	**(7,810)**	(24,011)	**-**	-
Provision for employee benefit obligations	26	**(2,448)**	32,053	**(2,448)**	32,053
Release from general insurance fund - Gross	16	**22,607**	(54,361)	**22,607**	(54,361)
Release from general insurance fund - Reinsurance	16	**(71,782)**	32,931	**(71,782)**	32,931
Gain on revaluation of investment properties	22	**(18,754)**	-	**(2,093)**	-
Operating (loss) before working capital changes		**(20,555)**	(17,816)	**(23,803)**	(17,621)
Decrease/(increase) in insurance and other receivables		**277,219**	(47,941)	**269,708**	(48,157)
Decrease in reinsurance assets - Gross outstanding claims	14	**78,348**	215,537	**78,348**	215,537
Decrease in Gross outstanding claims	14	**(104,309)**	(189,993)	**(104,309)**	(189,993)
Increase in long term incentive scheme	34	**41**	1,526	**41**	1,526
(Decrease)/increase in trade and other payables		**(121,132)**	120,518	**(121,381)**	121,408
		130,167	99,647	**122,407**	100,321

Statements of Cash Flows (Cont'd)

For the year ended 30 June 2021

		The Group		The Company	
		2021	2020 Restated	**2021**	2020 Restated
	Notes	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Cash generated from operations		**109,612**	81,831	**98,604**	82,700
Interest received		**12,394**	13,773	**13,769**	12,377
Dividend received		**8,628**	9,339	**18,705**	17,652
Taxation paid	19(i)	**(185)**	(1,751)	**-**	(1,646)
Taxation refund	19(i)	**9,835**	-	**9,705**	-
Interest paid		**(199)**	(204)	**(199)**	(204)
Net cash generated from operating activities		**140,086**	102,988	**140,584**	110,879
Cash flows from investing activities					
Decrease/(increase) in amounts due from group companies		**446**	(40)	**1,061**	556
Purchase of financial investments	11	**(369,176)**	(161,648)	**(369,176)**	(161,648)
Investment in associate	9(a)	**-**	(15,000)	**-**	(15,000)
Dividend received from associates	9(a)	**7,336**	8,020	**-**	-
Proceeds from sale of financial investments	11	**173,787**	210,660	**173,787**	210,660
Purchase of property, plant and equipment	4	**(1,033)**	(11,540)	**(1,033)**	(11,118)
Purchase of intangible assets	5	**(768)**	(3,159)	**(768)**	(3,159)
Proceeds from sale of property, plant and equipment		**12**	128,000	**12**	128,000
Net cash (used in)/generated from investing activities		**(189,396)**	155,293	**(196,117)**	148,291
Cash flows from financing activities					
Dividends paid to non-controlling interests		**(60)**	(126)	**-**	-
Repayment of principal portion- lease liabilities	7	**(956)**	(698)	**(956)**	(698)
Net cash used in financing activities		**(1,016)**	(824)	**(956)**	(698)
(Decrease)/increase in cash and cash equivalents		**(50,326)**	257,457	**(56,489)**	258,472
Cash and cash equivalents at beginning of the year		**605,364**	346,211	**604,416**	344,315
Exchange gains on cash and cash equivalents		**10,091**	1,696	**10,174**	1,629
Cash and cash equivalents at end of the year	25	**565,129**	605,364	**558,101**	604,416
Non-cash transactions					
Purchase of investment	33	**42,326**	29,900	**42,326**	29,900

Notes to the Financial Statements

For the year ended 30 June 2021

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".

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

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

The activities of the subsidiary 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 (CONTINUED)

2.3 Basis of consolidation (Continued)

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

New and amended standards and interpretations

The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 01 July 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes for accounting standards and interpretations relevant to the Company's operations are disclosed below. Although these new standards and amendments applied for the first time during the financial year, they did not have a material impact on the financial statements of the Company.

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amendments to IFRS as from 01 July 2020:

Standards and Amendments	Effective for accounting period beginning on or after
Definition of a Business (Amendments to IRFS 3)	01 January 2020
Definition of Material (Amendments to IAS 1 and IAS 8)	01 January 2020
Conceptual Framework for Financial Reporting	01 January 2020
Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7	01 January 2020
Covid-19-Related Rent Concessions – Amendment to IFRS 16	01 June 2020
IFRS 3 Business Combinations - Previously held interests in a joint operation	01 January 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Changes in accounting policies and disclosures (Continued)

New and amended standards and interpretations (Continued)

The adoption of the above amended standards did not have a material impact on the Company's financial statements.

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.

New or revised standards	Effective for accounting period beginning on or after
Interest Rate Benchmark Reform - Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	01 January 2021
Covid-19-Related Rent Concessions beyond 30 June 2021 - Amendment to IFRS 16	01 April 2021
IAS 41 Agriculture - Taxation in fair value measurements	01 January 2022
IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities	01 January 2022
IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter	01 January 2022
Onerous Contracts – Costs of Fulfilling a Contract - Amendments to IAS 37	01 January 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	01 January 2022
Reference to the Conceptual Framework - Amendments to IFRS 3	01 January 2022
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	01 January 2023
Definition of Accounting Estimates - Amendments to IAS 8	01 January 2023
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	01 January 2023
IFRS 17 Insurance Contracts	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	01 January 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS and IAS 28	Postponed indefinitely

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.

Notes to the Financial Statements (Cont'd)

For the year ended 30 June 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Accounting Standards and Interpretations issued but not yet effective (Continued)

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; and
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

IFRS 17 is effective for annual reporting periods beginning on or after 01 January 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. The Group is currently assessing the impact of IFRS 17 on its financial statements.

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.

Notes to the Financial Statements (Cont'd)

For the year ended 30 June 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Accounting Standards and Interpretations issued but not yet effective (Continued)

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.

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.

Notes to the Financial Statements (Cont'd)
For the year ended 30 June 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Depreciation (Continued)

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 Leases

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.

Notes to the Financial Statements (Cont'd)
For the year ended 30 June 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Leases (Continued)

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.

2.11 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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. The Group elected to classify irrevocably its listed and non-listed equity investments under this category.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (Continued)

Initial recognition and measurement (Continued)

Financial assets through other comprehensive income (Continued)

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).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (Continued)

Overview of the ECL principles (Continued)

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 12mECLs 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 Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The Group's debt instruments at fair value through OCI comprise of quoted bonds that are graded in the top investment category (Very Good and Good) by Moody's and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (Continued)

Overview of the ECL principles (Continued)

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%.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial liabilities (Continued)

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.

2.14 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 non-financial assets

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. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Impairment of non-financial assets (Continued)

Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase. Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

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.

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.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Taxation (Continued)

(ii) Deferred tax (Continued)

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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 Employee benefit and related liabilities

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 01 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 01 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.

Notes to the Financial Statements (Cont'd)
For the year ended 30 June 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 $1/24^{th}$ method. The movement on the provision is taken to profit or loss. The provision is derecognized when the contract expires, is discharged or cancelled.

Notes to the Financial Statements (Cont'd)
For the year ended 30 June 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2.25 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.

Notes to the Financial Statements (Cont'd)
For the year ended 30 June 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2.31 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.

Notes to the Financial Statements (Cont'd)
For the year ended 30 June 2021

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING ESTIMATES

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

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

Estimates

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.

3.3 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.

Notes to the Financial Statements (Cont'd)
For the year ended 30 June 2021

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING ESTIMATES

Estimates (Continued)

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 buildings and investment properties

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.

3.7 Employee benefits liabilities

The cost of defined benefit pension plans and other post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. The directors believe that the future salary increase is appropriate in the current situation, in particular with the economic uncertainty of the Covid-19 pandemic. Also, the actuarial specialists believe that the bonds issued on the primary market and the secondary market is appropriate to determine the discount rates for the Group's defined benefits pension plan.

3.8 Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Judgements

3.9 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.

Notes to the Financial Statements (Cont'd)
For the year ended 30 June 2021

3 **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING ESTIMATES (Continued)**

Judgements (Continued)

3.9 Fair value of financial instruments (Continued)

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.

3.10 Leases Determining the lease term of contracts with renewal and termination options

Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset). The Group included the renewal period as part of the lease term with shorter non-cancellable period (12 months). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases with longer non-cancellable periods are not included as part of the lease term as these are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

3.11 Going concern

The Group and the Company have net current liabilities of Rs 50.9 M and Rs 57.5 M respectively and this may indicate that the Group and Company may not be able to meet their short term liquidity requirements. However, there is a portfolio of financial investments held at FVTPL to the tune of Rs 314 M classified under Non-current assets in the Statement of Financial Position which can be readily disposed of, to meet the immediate and near term funding requirements should there be a shortfall.

Notes to the Financial Statements (Cont'd)
For the year ended 30 June 2021

4 **PROPERTY, PLANT AND EQUIPMENT**

	Freehold building Rs'000	Furniture and equipment Rs'000	Computer equipment Rs'000	Motor vehicles Rs'000	Total Rs'000
THE GROUP					
Cost or valuation					
At 01 July 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 30 June 2020	102,300	48,743	33,185	638	184,866
Additions	-	72	961	-	1,033
Revaluations adjustments	22,550	-	-	-	22,550
Disposal	-	-	(12)	-	(12)
Reclassification to Investment properties	(14,749)	-	-	-	(14,749)
At 30 June 2021	**110,100**	**48,815**	**34,134**	**638**	**193,687**
Accumulated depreciation					
At 01 July 2019	-	-	20,552	400	20,952
Charge for the year	2,046	9,342	4,105	98	15,591
At 30 June 2021	2,046	9,342	24,657	498	36,543
Charge for the year	1,898	9,757	4,506	98	16,259
Reclassification to Investment properties	(442)	-	-	-	(442)
Revaluations adjustments	(3,502)	-	-	-	(3,502)
Disposal	-	-	(12)	-	(12)
At 30 June 2021	**-**	**19,099**	**29,151**	**596**	**48,846**
Net book value					
At 30 June 2021	**110,100**	**29,716**	**4,983**	**42**	**144,841**
At 30 June 2020	100,254	39,401	8,528	140	148,323

Note relating to both the Group and the Company:

(i) None of the property, plant and equipment of the Group were pledged as at 30 June 2021 and 2020.

(ii) For the year under review, external valuer Elevante Property Services Ltd was appointed to revalue the freehold building at 30 June 2021. The income capitalisation approach has been approved by the Directors. The freehold building is classified under level 3 of the fair value hierarchy.

The book values were adjusted to the revalued amount at 30 June 2021 and the revaluation surplus net of deferred tax were recorded under the property revaluation reserve.

The Company's policy is to revalue its property every 3 years unless there is evidence that the fair value of the asset differ materially from the carrying amount.

Notes to the Financial Statements (Cont'd)

For the year ended 30 June 2021

4 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Freehold building	Furniture and equipment	Computer equipment	Motor vehicles	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
THE COMPANY					
Cost or valuation					
At 01 July 2019	102,300	44,585	25,803	638	173,326
Additions	-	3,736	7,382	-	11,118
At 30 June 2020	102,300	48,321	33,185	638	184,444
Additions	-	72	961	-	1,033
Revaluations adjustments	22,550	-	-	-	22,550
Disposal	-	-	(12)	-	(12)
Reclassification to Investment properties* (Note 6)	(14,749)	-	-	-	(14,749)
At 30 June 2021	**110,100**	**48,393**	**34,134**	**638**	**193,265**
Accumulated depreciation					
At 01 July 2020	2,046	9,307	24,656	498	36,507
Revaluations adjustments	(3,502)	-	-	-	(3,502)
Charge for the year	1,898	9,672	4,507	98	16,175
Reclassification to Investment properties (Note 6)	(442)	-	-	-	(442)
Disposal	-	-	(12)	-	(12)
At 30 June 2021	**-**	**18,979**	**29,151**	**596**	**48,726**
Net book value					
At 30 June 2021	**110,100**	**29,413**	**4,983**	**42**	**144,539**
At 30 June 2020	100,254	39,014	8,529	140	147,937

*During the year, there has been a change in use in part of the freehold building which has been reclassified to investment properties.

If freehold building had been stated at historical cost, the amounts would be as follows:

	The Group and the Company	
	2021	2020
	Rs'000	Rs'000
Cost	**87,551**	102,300
Accumulated depreciation	**(3,502)**	(4,092)
Net book values	**84,049**	98,208

Notes to the Financial Statements (Cont'd)

For the year ended 30 June 2021

5 INTANGIBLE ASSETS

	The Group			The Company	
	Goodwill	Computer Software	Total	Computer Software	Total
Cost	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 01 July 2019	993	54,337	55,330	54,337	54,337
Additions	-	3,159	3,159	3,159	3,159
At 30 June 2020	993	57,496	58,489	57,496	57,496
Additions	-	768	768	768	768
At 30 June 2021	**993**	**58,264**	**59,257**	**58,264**	**58,264**
Accumulated amortisation					
At 01 July 2019	-	38,733	38,733	38,733	38,733
Charge for the year	-	6,643	6,643	6,643	6,643
At 30 June 2020	-	45,376	45,376	45,376	45,376
Charge for the year	-	6,759	6,759	6,759	6,759
At 30 June 2021	**-**	**52,135**	**52,135**	**52,135**	**52,135**
Net book value					
At 30 June 2021	**993**	**6,128**	**7,121**	**6,128**	**6,128**
At 30 June 2020	993	12,120	13,113	12,120	12,120

The estimated remaining useful life of computer softwares ranges from 1 to 6 years for 2021 (2020: 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.

Notes to the Financial Statements (Cont'd)

For the year ended 30 June 2021

6 INVESTMENT PROPERTY

(i) Fair Value

	The Group		The Company
	2021	2020	2021
	Rs'000	Rs'000	Rs'000
At 01 July	**35,139**	-	**-**
Reclassified from plant and equipment*	**14,307**	35,139	**14,307**
Gain on revaluation of investment properties (Note 22)	**18,754**	-	**2,093**
At 30 June	**68,200**	35,139	**16,400**

(ii) Maturity Analysis of the rental payments

	2021	2020	2021
	Rs'000	Rs'000	Rs'000
Within 1 year	**4,687**	3,176	**1,511**
Between 1 to 5 years	**12,035**	9,528	**5,683**
Total undiscounted value of the rental payments	**16,722**	12,704	**7,194**

Group as lessor

The Group has entered into operating leases on its investment property consisting freehold builing. The leases have terms of five years. The leases include a clause to enable upward revision of the rental charge on an annual basis.

Rental income generated from the investment property amounted to Rs 3,806,221 (2020: Rs 3,043,224). Direct operating expenses amounted to Rs 564,260 (2020: Rs 474,831). For the year under review, external valuer Elevante Property Services Ltd was appointed to revalue the freehold building. The Directors has agreed to use the income capitalisation approach as the valuation technique. The surplus on revaluation Rs 19,154,113 has been recognised in profit or loss. The fair value measurement is classified under level 3 of the fair value hierarchy.

Notes to the Financial Statements (Cont'd)

For the year ended 30 June 2021

*During the year, there has been a change in use in part of the freehold building which is now used to generate rental income. As a result, there has been a reclassification from property, plant and equipment to investment properties.

7 LEASES

(a) Right of use asset

	The Group and The Company	
	2021	2020
	Building	Building
	Total	Total
	Rs'000	Rs'000
At 01 July	**4,251**	5,272
Covid relief	**(102)**	-
Depreciation	**(995)**	(1,021)
At 30 June 2021	**3,154**	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:

Right-of-use asset	No. of ROU asset leased	Range of remaining term-years	No. of leases with extension options	No. of leases with termination options
Office building	2	3-3.8	2	2

(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	
	2021	2020
	Building	Building
	Total	Total
	Rs'000	Rs'000
At 01 July	**4,601**	5,272
Accretion of interest	**185**	231
Covid relief	**(208)**	-
Payments	**(1,154)**	(902)
At 30 June 2021	**3,423**	4,601
Analysed as:		
Current	**990**	1,250
Non-current	**2,433**	3,351
	3,423	4,601

Notes to the Financial Statements (Cont'd)
For the year ended 30 June 2021

7 LEASES (CONT'D)

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

The following are the amounts recognised in profit or loss:

	2021	2020
	Total	Total
	Rs'000	Rs'000
Depreciation expense of right-of-use assets	**995**	1,021
Covid relief	**106**	-
Interest expense on lease liabilities	**185**	231
Total amount recognised in profit or loss	**1,286**	1,252

The total cash outflow for leases in 2021 was Rs 1,154,454 which includes principal of Rs 955,768 and interest of Rs 198,686.

(d) Lease maturity analysis of the lease liabilities

	The Group and The Company	
	2021	2020
	Total	Total
	Rs'000	Rs'000
Contractual undiscounted cash flows		
Within 1 year	**980**	1,233
Between 1 to 5 years	**2,712**	3,584
Total undiscounted lease liabilities at 31 December	**3,692**	4,817

The effective interest rates at the end of reporting date were 4.79% - 4.98%.

8 INVESTMENT IN SUBSIDIARIES

	The Company	
	2021	2020
	Rs'000	Rs'000
(a) Unquoted investment at cost, less impairment At 01 July and 30 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 2021	2020
Speciality Risk Solutions Ltd*	Provision of anxilliary insurance services	Mauritius	**70%**	70%
Eagle Investment Property Ltd	Rental of property	Mauritius	**100%**	100%

*Proportion of ownership of non-controlling interest is 30%

(c) There was no non-wholly owned subsidiary that have material non-controlling interest as at 30 June 2021 and 2020.

Notes to the Financial Statements (Cont'd)
For the year ended 30 June 2021

9 INVESTMENT IN ASSOCIATES

	The Group		The Company	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
(a) Unquoted investment				
At 01 July	**92,780**	71,515	**21,313**	6,313
Additions	**-**	15,000	**-**	15,000
Share of post tax profit (net)	**7,810**	24,011	**-**	-
Share of other comprehensive loss	**(1,541)**	-	**-**	-
Dividend*	**(9,936)**	(8,020)	**-**	-
Translation difference	**14,109**	(9,725)	**-**	-
At 30 June	**103,221**	92,780	**21,313**	21,313

*Dividend includes dividend receivable of Rs 2.6 M (2020: Nil)

(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 2021	2020
H Savy Insurance Company Ltd	30 June	General and life insurance business	Seychelles	**20%**	20%
Medscheme (Mtius) Ltd	30 June	Medical insurance and provident fund administrator	Mauritius	**30%**	30%

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

9 INVESTMENT IN ASSOCIATES (Cont'd)

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

	Medsheme (Mtius) Ltd		H Savy Insurance Company Ltd	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Current assets	**40,940**	82,356	**522,322**	639,547
Non-current assets	**11,104**	18,288	**450,794**	169,008
Current liabilities	**(10,178)**	(63,115)	**(184,172)**	(183,848)
Non-current liabilities	**(12,141)**	(11,660)	**(346,590)**	(228,604)
Equity attributable to owners of the Company	**29,725**	25,869	**442,354**	396,103
	2021	**2020**	**2021**	**2020**
	Rs'000	Rs'000	**Rs'000**	Rs'000
Revenue	**67,776**	63,134	**575,040**	591,188
Profit/(loss) from operations	**4,822**	(4,804)	**25,387**	127,261
Other comprehensive income for the year arising on remeasurement of employee benefit liabilities	**-**	-	**-**	-
Total comprehensive income/loss for the year	**4,822**	(4,804)	**25,387**	127,261
Dividend from associates	**-**	-	**9,936**	8,020

The final version of the audited financial statements of Medscheme (Mtius) Ltd showed a total comprehensive loss of Rs 5.1 M. The corresponding share of the Group, amounting to Rs 1.5 M has been recorded in the Group financial statements in the current year.

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

	Medsheme (Mtius) Ltd		H Savy Insurance Company Ltd	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Net assets of the associate	**29,725**	25,869	**442,354**	396,103
Proportion of the ownership interest in the associate	**30%**	30%	**20%**	20%
Carrying amount of the interest in the associates	**8,918**	7,761	**88,471**	79,221
Reconciliation:				
Goodwill on acquisition not recognised	**5,833**	5,799		
Carrying amount of the interest in the associates	**14,751**	13,560		

10 STATUTORY DEPOSITS

	The Group and the Company	
	2021	2020
	Rs'000	Rs'000
At 01 July and 30 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.

In the prior year, deposit of Rs 2 M has been fully impaired. An additional deposit of Rs 2 M was taken to maintain the balance required to comply with the statutory requirement.

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	
	2021	2020
	Rs'000	Rs'000
At 01 July	**547,482**	619,422
Additions	**411,502**	191,548
Interest	**1,123**	1,583
Disposals	**(173,787)**	(210,660)
Change in fair value	**120,356**	(40,091)
Expected credit losses	**730**	(12,456)
Exchange difference	**7,841**	(1,864)
At 30 June	**915,248**	547,482
Analysed as:		
Non-current	**843,136**	503,180
Current	**72,112**	44,302
	915,248	547,482

The breakdown of fair value measurements is shown in Note 37.

Analysed as follows:

	The Group and the Company	
	2021	2020
	Rs'000	Rs'000
Financial assets at fair value through other comprehensive income (Note 11(a))	**244,017**	211,974
Financial assets at fair value through profit or loss (Note 11(b))	**314,524**	227,691
Debt at amortised cost (Note 11(c))	**356,707**	107,816
	915,248	547,482
Quoted	**172,632**	147,266
Unquoted	**742,616**	400,216
	915,248	547,482

11 FINANCIAL INVESTMENTS (Cont'd)

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

	The Group and the Company	
	2021	2020
	Rs'000	Rs'000
Analysed as follows;		
At 01 July	**211,974**	238,367
Additions	**21,563**	54,302
Disposals	**(42,485)**	(24,540)
Change in fair value	**52,951**	(56,207)
Expected credit loss	**14**	(17)
Interest	**-**	69
At 30 June	**244,017**	211,974

11 FINANCIAL INVESTMENTS (Cont'd)

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

	The Group and the Company	
	2021	2020
	Rs'000	Rs'000
Equity instruments:		
Quoted equity securities	**107,332**	101,904
Unquoted equity securities	**126,468**	88,401
	233,800	190,305
Debt instruments:		
Unquoted debt instruments (Refer to 11 (a)(i) below)	**10,217**	21,669
	10,217	21,669
Total financial assets at fair value through other comprehensive income	**244,017**	211,974
Fair value movement		
Equity instrument	**52,985**	(56,867)
Debt instrument	**(34)**	660
	52,951	(56,207)

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

	The Group and the Company	
	2021	2020
	Rs'000	Rs'000
Government debt securities	**10,220**	21,686
Less: Allowance for credit loss	**(3)**	(17)
	10,217	21,669

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 Group and The Company			
	2021			
External rating grade Performing	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Total
High grade	10,220	-	-	10,220
Standard grade	-	-	-	-
Past due but not impaired	-	-	-	-
Non-performing				
Individually impaired	-	-	-	-
Total	10,220	-	-	10,220

11 **FINANCIAL INVESTMENTS (Cont'd)**

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

(i) **Debt instruments at fair value through other comprehensive income (Cont'd)**

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

Notes to the Financial Statements (Cont'd)
For the year ended 30 June 2021

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			
	2021			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Total
Gross carrying amount as at 01 July	**21,686**	**-**	**-**	**21,686**
New asset purchased	**7,006**	**-**	**-**	**7,006**
Assets derecognised or matured (excluding write-offs)	**(18,438)**	**-**	**-**	**(18,438)**
Transfer to Stage 1	**-**	**-**	**-**	**-**
Transfer to Stage 2	**-**	**-**	**-**	**-**
Transfer to Stage 3	**-**	**-**	**-**	**-**
Amortisation adjustments	**(34)**	**-**	**-**	**(34)**
At 30 June,	**10,220**	**-**	**-**	**10,220**

	The Group and The Company			
	2021			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Total
ECL allowance as at 01 July,	**(17)**	**-**	**-**	**(17)**
New assets purchased	**(1)**	**-**	**-**	**(1)**
Assets derecognised or matured (excluding write offs)	**-**	**-**	**-**	**-**
Impact of net- remeasurement of year end ECL	**15**	**-**	**-**	**15**
At 30 June,	**(3)**	**-**	**-**	**(3)**

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
Gross carrying amount as at 01 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 30 June,	21,686	-	-	21,686

Notes to the Financial Statements (Cont'd)
For the year ended 30 June 2021

11 FINANCIAL INVESTMENTS (Cont'd)

	The Group and The Company			
	2020			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Total
ECL allowance as at 01 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 30 June,	(17)	-	-	(17)

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

	The Group and the Company	
	2021	2020
	Rs'000	Rs'000
At 01 July	**227,691**	220,072
Additions	**111,253**	72,939
Disposals	**(91,825)**	(81,435)
Fair value adjustments	**67,405**	16,115
At 30 June	**314,524**	227,691

	2021	2020
Analysed as follows:	Rs'000	Rs'000
Local - Listed	**9,171**	8,624
Others	**305,353**	219,067
Total financial assets at fair value through profit or loss	**314,524**	227,691
Analysed as follows:		
Non-current	**314,524**	227,691
	314,524	227,691
Quoted	**9,171**	10,670
Unquoted	**305,353**	217,021
	314,524	227,691

Notes to the Financial Statements (Cont'd)
For the year ended 30 June 2021

11 FINANCIAL INVESTMENTS (Cont'd)

(c) Debt at amortised cost

	The Group and the Company	
	2021	2020
	Rs'000	Rs'000
At 01 July	**107,816**	160,982
Additions	**278,686**	64,307
Disposals	**(39,476)**	(104,684)
Expected credit losses	**716**	(12,439)
Exchange Losses	**7,841**	(1,864)
Interests	**1,123**	1,514
At 30 June	**356,707**	107,816

	The Group and the Company	
	2021	2020
	Rs'000	Rs'000
Government debt securities	**8,180**	8,180
Corporate bonds and fixed deposits	**360,249**	112,075
	368,429	120,255
Less: Allowances for credit loss	**(11,722)**	(12,439)
Total debt instruments at amortised costs	**356,707**	107,816
Analysed as follows:		
Quoted	**68,163**	37,379
Unquoted	**288,544**	70,436
	356,707	107,816

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			
	2021			
External rating grade Performing	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Total
High grade	**8,180**	**-**	**-**	**8,180**
Standard grade	**360,249**	**-**	**-**	**360,249**
Past due but not impaired	**-**	**-**	**-**	**-**
Non-performing				
Individually impaired	**-**	**-**	**-**	**-**
Total	**368,429**	**-**	**-**	**368,429**

	The Group and The Company			
	2020			
External rating grade Performing	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Total
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

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			
	2021			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Total
Gross carrying amount as at 01 July,	**120,255**	**-**	**-**	**120,255**
New asset purchased	**278,686**	**-**	**-**	**278,686**
Assets derecognised or matured (excluding write-offs)	**(39,476)**	**-**	**-**	**(39,476)**
Transfer to Stage 1	**-**	**-**	**-**	**-**
Transfer to Stage 2	**-**	**-**	**-**	**-**
Transfer to Stage 3	**-**	**-**	**-**	**-**
Amortisation adjustments	**8,965**	**-**	**-**	**8,965**
At 30 June,	**368,430**	**-**	**-**	**368,430**

Notes to the Financial Statements (Cont'd)
For the year ended 30 June 2021

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			
	2020			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Total
Gross carrying amount as at 01 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 30 June,	120,255	-	-	120,255

	The Group and The Company			
	2021			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Total
ECL allowance as at 01 July,	**(12,439)**	**-**	**-**	**(12,439)**
New assets purchased	**(753)**	**-**	**-**	**(753)**
Assets derecognised or matured (excluding write offs)	**2,205**	**-**	**-**	**2,205**
Impact of net- remeasurement of year end ECL	**(735)**	**-**	**-**	**(735)**
At 30 June,	**(11,722)**	**-**	**-**	**(11,722)**

	The Group and The Company			
	2020			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Total
ECL allowance as at 01 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 30 June,	(12,439)	-	-	(12,439)

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.

Notes to the Financial Statements (Cont'd)
For the year ended 30 June 2021

12 INSURANCE AND OTHER RECEIVABLES

	The Group		The Company	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Premium receivables	**258,378**	298,352	**258,378**	299,638
Amounts due from reinsurers	**49,039**	214,909	**49,039**	214,909
Recoverables from third party insurers	**72,220**	101,967	**72,220**	101,967
Other receivables	**42,204**	67,171	**41,571**	60,333
	421,841	682,399	**421,208**	676,847

The average collection period on sales of insurance premiums of the Company is 63 days (2020: 75 days) and the average credit period on sales of insurance premiums is 90 days (2020: 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 5.3 M (2020: Rs 22.3 M) 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 31.2 M (2020: Rs 54.6 M). The amount is receivable within one year and does not carry interest. No ECL has been recorded against the balance as it is immaterial.

	The Group and The Company	
	2021	2020
Ageing of past due but not impaired:	Rs'000	Rs'000
30-90 days	**38,181**	45,478
91-180 days	**69,964**	57,846
181-270 days	**34,388**	75,854
Over 270 days	**69,507**	69,663
	212,040	248,841

Movement in the allowance for doubtful debt on premium receivable

	The Group and the Company	
	2021	2020
	Rs'000	Rs'000
At 01 July	**73,684**	47,854
Provision for impairment losses recognised on premium receivables (Note 23)	**422**	25,830
At 30 June	**74,106**	73,684

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.

Notes to the Financial Statements (Cont'd)
For the year ended 30 June 2021

12 INSURANCE AND OTHER RECEIVABLES (CONT'D)

Age of impaired receivables

	The Group		The Company	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Carrying amount-Over 1 year	**74,106**	73,684	**74,106**	73,684

13 AMOUNTS DUE FROM GROUP COMPANIES

	The Group		The Company	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Loan to subsidiary company (i)	**-**	-	**38,724**	39,442
Amount due from ultimate holding company	**-**	446	**-**	446
	-	446	**38,724**	39,888

(i) During the year the Company has received instalments for the loan from its subsidiary Eagle Investment Property Limited amounting to Rs 1,991,320 (2020:Rs 1,991,320), principal amount Rs 616,682 (2020: Rs 595,502) and interest Rs 1,374,638 (2020:Rs 1,395,818). 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 212,181 (2020: Rs 113,922).

(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 2020.

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

	The Group		The Company	
Analysed as:	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Current	**-**	446	**639**	948
Non-current	**-**	-	**38,085**	38,940
	-	446	**38,724**	39,888

Notes to the Financial Statements (Cont'd)
For the year ended 30 June 2021

14 GROSS OUTSTANDING CLAIMS

The Group and the Company	2021 Gross	2021 Reinsurance	2021 Net	2020 Gross	2020 Reinsurance	2020 Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Claims notified	**1,327,430**	**(781,448)**	**545,982**	1,504,816	(981,849)	522,967
Claims incurred but not reported	**231,409**	**(135,034)**	**96,375**	244,016	(150,170)	93,846
At 01 July	**1,558,839**	**(916,482)**	**642,357**	1,748,832	(1,132,019)	616,813
Claims incurred	**704,713**	**(314,076)**	**390,637**	800,587	(392,460)	408,127
Cash (paid)/received for claims settled in the year	**(806,716)**	**392,424**	**(414,292)**	(990,580)	607,997	(382,583)
At 30 June	**1,456,836**	**(838,134)**	**618,702**	1,558,839	(916,482)	642,356
Analysed as:						
Claims notified	**1,315,428**	**(774,944)**	**540,484**	1,327,430	(781,448)	545,981
Claims incurred but not reported	**141,408**	**(63,190)**	**78,218**	231,409	(135,034)	96,375
	1,456,836	**(838,134)**	**618,702**	1,558,839	(916,482)	642,356
Movement during the year recognised in profit and loss	**102,003**	**(78,348)**	**23,655**	189,993	(215,537)	(25,544)

15 STATED CAPITAL

	The Group and the Company 2021	The Group and the Company 2020
	Rs'000	Rs'000
Authorised, issued and fully paid		
7,999,998 ordinary shares of Rs 10 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	The Group and The Company Reinsurance	The Group and The Company Net
	Rs'000	Rs'000	Rs'000
At 01 July 2019	509,742	(227,600)	282,142
Decrease during the year	(54,361)	32,931	(21,430)
At 30 June 2020	455,381	(194,669)	260,712
(Decrease)/increase during the year	22,607	(71,782)	(49,175)
At 30 June 2021	**477,988**	**(266,451)**	**211,537**

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

Notes to the Financial Statements (Cont'd)
For the year ended 30 June 2021

17 DEFERRED TAX ASSETS

Deferred taxation is calculated on all temporary differences under the liability method at the rate of 17% (2020: 17%). The movement on deferred tax account is as follows:

	The Group 2021	The Group 2020	The Company 2021	The Company 2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 01 July	**(29,328)**	(25,819)	**(29,528)**	(25,819)
Recognised in other comprehensive income	**8,054**	(1,998)	**8,054**	(1,998)
Recognised in profit or loss (Note 19 (iii))	**(2,523)**	(1,511)	**(5,681)**	(1,711)
At 30 June	**(23,797)**	(29,328)	**(27,155)**	(29,528)

The Group

2021	At 01 July	Recognised in profit or loss	Recognised in other comprehensive income	At 30 June
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Revaluation of property	**-**	**3,186**	**4,429**	**7,615**
Retirement benefit obligations	**(10,211)**	**416**	**3,625**	**(6,170)**
Provision on recoverable from third party	**(19,783)**	**3,021**	**-**	**(16,761)**
Provision for bad debts	**(11,980)**	**(618)**	**-**	**(12,598)**
Right of use asset	**723**	**(186)**	**-**	**537**
Lease liability	**(782)**	**200**	**-**	**(582)**
Accelerated capital allowances	**4,930**	**(691)**	**-**	**4,240**
Tax losses	**7,775**	**(7,852)**	**-**	**(77)**
Net deferred tax liabilities/(assets)	**(29,328)**	**(2,523)**	**8,054**	**(23,797)**

2020	At 01 July	Recognised in profit or loss	Recognised in other comprehensive income	At 30 June
	Rs'000	Rs'000	Rs'000	Rs'000
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)

Notes to the Financial Statements (Cont'd)

For the year ended 30 June 2021

17 DEFERRED TAX ASSETS (Cont'd)

The Company	At 01 July	Recognised in profit or loss	Recognised in other comprehensive income	At 30 June
2021	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Revaluation of property	**-**	**354**	**4,429**	**4,783**
Retirement benefit obligations	**(10,211)**	**416**	**3,625**	**(6,170)**
Provision on recoverable from third party	**(19,783)**	**3,021**	**-**	**(16,761)**
Provision for bad debts	**(11,980)**	**(618)**	**-**	**(12,598)**
Right of use asset	**723**	**(186)**	**-**	**537**
Lease liability	**(782)**	**200**	**-**	**(582)**
Accelerated capital allowances	**4,623**	**(986)**	**-**	**3,637**
Tax losses	**7,882**	**(7,882)**	**-**	**-**
Net deferred tax liabilities/(assets)	**(29,528)**	**(5,681)**	**8,054**	**(27,155)**

The Company	At 01 July	Recognised in profit or loss	Recognised in other comprehensive income	At 30 June
2020	Rs'000	Rs'000	Rs'000	Rs'000
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)

Notes to the Financial Statements (Cont'd)

For the year ended 30 June 2021

18 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	Rs'000	Rs'000	**Rs'000**	Rs'000
Amounts due to reinsurers	**177,185**	236,922	**177,185**	236,922
Payable to garages and other suppliers	**7,857**	31,257	**7,857**	31,257
Commission payables	**5,494**	5,906	**5,494**	5,906
Other payables	**88,061**	74,949	**87,662**	74,799
	278,597	349,034	**278,198**	348,884

(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 42.3 M of investment that have been purchased at year end but cash disbursed in July 2021 (2020: Rs 29.9 M) and a balance payable to Medscheme amounting to Rs 11.7 M (2020: Rs 17 M) in respect to Medscheme Careplus current account. In addition, other payables includes a provision balance of Rs 21 M (2020:Rs 13 M)

Notes to the Financial Statements (Cont'd)
For the year ended 30 June 2021

19 TAXATION

Income tax is calculated at the rate of 17% (2020:17%) on the profit for the year as adjusted for income tax purposes.

(i) Current tax (receivable)/liabilities

	The Group		The Company	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
At 01 July	**(9,791)**	(1,670)	**(9,705)**	(1,763)
Charge for the year	**252**	15	**173**	-
Over provision in previous year	**4**	(6,285)	**-**	(6,296)
Corporate social responsibility	**4**	-	**4**	-
Tax deductible at source	**(165)**	(100)	**-**	-
Refund received during the year	**9,835**	-	**9,705**	-
Amount paid during the year	**(20)**	(1,751)	**-**	(1,646)
At 30 June	**120**	(9,791)	**177**	(9,705)
Made up of:				
Current tax receivables	**(133)**	(9,806)	**-**	(9,705)
Current tax liabilities	**252**	15	**177**	-
	119	(9,791)	**177**	(9,705)

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

	The Group		The Company	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Current tax charge	**252**	15	**173**	-
Over provision in previous year	**4**	(6,285)	**-**	(6,296)
Corporate social responsibility	**4**	-	**4**	-
Deferred tax movement (Note 17)	**(2,523)**	(1,511)	**(5,681)**	(1,711)
	(2,263)	(7,781)	**(5,505)**	(8,007)

19 TAXATION

(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	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Profit/(loss) before taxation	**145,149**	4,696	**128,953**	(12,371)
Tax calculated at 17%	**24,675**	798	**21,922**	(2,103)
Tax effect of:				
Income not subject to tax	**(153)**	(3,477)	**(153)**	(809)
Over provision of current tax in previous year	**4**	(6,285)	**-**	(6,296)
(Over)/under provision of deferred tax in previous year	**(16,414)**	2,345	**(16,481)**	2,345
Adjustments in respect of current income tax of previous year	**3,181**	-	**3,181**	-
Expenses not deductible for tax purposes	**(13,557)**	(1,162)	**(13,974)**	(1,144)
	(2,263)	(7,781)	**(5,505)**	(8,007)

(iv) At 30 June 2021, the Group had tax losses amounting to Rs 451,188 which are available for set off against future taxable profits for the next 5 years. At 30 June 2021, the Company has fully utilised its tax losses.

20 INVESTMENT INCOME

	The Group		The Company	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Dividend from financial assets	**11,228**	9,339	**11,228**	9,339
Dividend from subsidiary	**-**	-	**141**	294
Dividend from associate	**-**	-	**9,936**	8,019
	11,228	9,339	**21,305**	17,652

Notes to the Financial Statements (Cont'd)
For the year ended 30 June 2021

21 FINANCE INCOME

	The Group		The Company	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Interest calculated using effective interest rate				
Bank deposits	**1,392**	2,866	**1,392**	2,866
Financial assets	**12,124**	9,723	**13,499**	11,119
	13,516	12,589	**14,891**	13,985

22 OTHER INCOME

	The Group		The Company	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Profit on disposal of property, plant and equipment	**12**	6,517	**12**	6,517
Gain on revaluation of financial assets	**67,405**	3,822	**67,405**	3,822
Gain on revaluation of investment property (Note 6)	**18,754**	-	**2,093**	-
Foreign exchange gains	**53,877**	35,966	**53,786**	35,872
Expected credit losses on financial investment	**730**	-	**730**	-
Others	**18,496**	9,903	**14,815**	6,745
	159,274	56,208	**138,841**	52,956

23 ADMINISTRATIVE EXPENSES

	The Group		The Company	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Administrative expenses include:				
Staff costs	**88,280**	90,069	**88,280**	90,069
Depreciation and amortisation	**24,015**	23,254	**23,930**	23,219
Net provision for impairment losses recognised on receivables (Note 12)	**422**	23,290	**422**	23,290
Bad debt written off	**4,882**	-	**4,882**	-
Donations	**-**	647	**-**	647
Legal and professional fee	**34,122**	47,273	**33,830**	47,273
Foreign exchange losses	**32,908**	18,596	**32,817**	18,595
Expected credit losses on financial investment	**-**	12,456	**-**	12,456
Others	**42,034**	55,044	**41,906**	54,194
	226,663	270,629	**226,068**	269,743

Notes to the Financial Statements (Cont'd)
For the year ended 30 June 2021

24 EARNINGS PER SHARE

Earnings per share is based on profit after taxation attributable to owners of the Company of Rs 147,298,000 (2020: Rs 12,460,000) for the Group and on 7,999,998 shares in issue for the year ended 30 June 2021.

25 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Cash in hand	**3**	11	**3**	3
Balances with banks	**565,127**	605,353	**558,098**	604,413
Bank and cash balances	**565,129**	605,364	**558,101**	604,416
Cash and cash equivalents	**565,129**	605,364	**558,101**	604,416

Notes to the Financial Statements (Cont'd)
For the year ended 30 June 2021

26 EMPLOYEE BENEFIT AND RELATED LIABILITIES

	The Group and The Company	
	2021	**2020**
Made up of;	**Rs'000**	Rs'000
- Defined benefit plan that shares risks between entities under common Control (see (a) below)	**25,888**	47,962
- Other post retirement benefits (see (d))	**7,776**	9,475
	33,664	57,437

(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 01 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.

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	If the Bond interest rate decreases, the liabilities would be calculated using a lower discount rate, and would therefore increase.
Salary risk	If salary increases are higher than assumed in our basis, the liabilities would increase giving rise to actuarial losses.

	The Group and The Company	
	2021	**2020**
	Rs'000	Rs'000
Amount payable to the holding company	**25,888**	47,962
Analysed as follows:		
Recharge through Profit and loss:		
Amount payable to the holding company for defined benefit liabilities recognised as at 01 July	**47,962**	28,945
Service and interest costs for the year net of employer contribution	**2,342**	1,736
Contribution and direct benefit paid	**(5,726)**	-
Recharge through Other Comprehensive Income:		
Actuarial (gain)/loss from changes in financial assumptions	**(18,690)**	17,281

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

	2021	2020
Present value of funded obligation	**69,708**	84,686
Fair value of plan assets	**(43,820)**	(36,724)
Liability recognised in the statements of financial position	**25,888**	47,962

Notes to the Financial Statements (Cont'd)
For the year ended 30 June 2021

26 EMPLOYEE BENEFIT AND RELATED LIABILITIES (Cont'd)

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

	The Group and The Company	
	2021	**2020**
	Rs'000	Rs'000
(ii) Movement in liabilities recognised in the statements of financial position		
Amount payable to the holding company for defined benefit liabilities recognised as at 01 July	**47,962**	28,945
Amount recognised in profit or loss	**2,342**	2,519
Employer contributions	**(5,726)**	(783)
Amount recognised in profit or loss as at 30 June	**44,578**	30,681
Amount recognised in other comprehensive income	**(18,690)**	17,281
Amount payable to the holding company for defined benefit liabilities recognised as at 30 June	**25,888**	47,962
(iii) The amounts recognised in the statement of profit or loss		
Current service cost	**1,010**	993
Scheme expenses	**(14)**	124
Cost of insuring risk benefits	**82**	137
Service cost	**1,078**	1,254
Net interest cost	**1,264**	1,265
Components of amount recognised in profit or loss	**2,342**	2,519
(iv) The net amounts recognised in the statement of other comprehensive income		
Return on plan assets (excluding amounts included in net interest expense)	**(4,175)**	4,341
Actuarial (gain)/loss arising from experience adjustments	**(4,075)**	432
Actuarial (gain)/loss arising from changes in financial assumptions	**(10,440)**	12,508
Actuarial (gain)/loss recognised in OCI	**(18,690)**	17,281

	The Group and The Company	
	2021	**2020**
(v) Movement in the present value of underlying defined benefit obligation	**Rs'000**	Rs'000
Present value of as at 01 July	**84,686**	68,312
Current service cost	**1,010**	993
Interest cost	**2,319**	3,477
Actuarial (gain)/losses	**(14,515)**	12,757
Benefits paid	**(3,791)**	(853)
Present value of as at 30 June	**69,708**	84,686

26 EMPLOYEE BENEFIT AND RELATED LIABILITIES (Cont'd)

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

Movement in the fair value of underlying plan assets

	The Group and The Company	
	2021	2020
	Rs'000	Rs'000
Fair value as at 01 July	**36,724**	39,367
Interest income	**1,054**	2,212
Employer's contribution	**5,726**	783
Scheme expenses	**14**	(124)
Cost of insuring risk benefits	**(82)**	(137)
Actuarial gain/(losses)	**4,175**	(4,524)
Benefits paid	**(3,791)**	(853)
Fair value as at 30 June	**43,820**	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	
	2021	2020
	Rs'000	Rs'000
Cash and cash equivalents	**9,005**	5,215
Equity investments categorised by industry type:		
- Local	**9,921**	9,328
- Foreign	**12,936**	9,144
Fixed interest instruments	**11,959**	12,743
Properties	**-**	294
Total market value of assets	**43,820**	36,724

The principal actuarial assumptions used for accounting purposes are:-

	The Group and The Company	
	2021	2020
Discount rate	**4.2%**	2.8%
Future long term salary increase	**2%**	1%
Future pension increase	**0%**	0%
Average retirement age (ARA)	**60 years**	60-65 years

Notes to the Financial Statements (Cont'd)
For the year ended 30 June 2021

26 EMPLOYEE BENEFIT AND RELATED LIABILITIES (Cont'd)

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

Future cash flows:

The funding policy is to pay contributions to the holding company. The expected contribution at IBL Group level is Rs 143 M for the year ending 30 June 2022. The average duration of the defined benefit obligation at 30 June 2021 is 9 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	
	2021	2020
	Rs'000	Rs'000
Increase in defined benefit obligation due to 1% decrease in discount rate	**10,167**	5,104
Decrease in defined benefit obligation due to 1% increase in discount rate	**(8,426)**	(4,114)
Increase in defined benefit obligation due to 1% increase in salary	**1,674**	1,722
Decrease in defined benefit obligation due to 1% decrease in salary	**(1,591)**	(1,623)

(b) Contribution to defined contribution pension plan

	The Group and The Company	
	2021	2020
	Rs'000	Rs'000
Contribution expensed	**5,636**	4,306

(c) State pension plan

	The Group and The Company	
	2021	2020
	Rs'000	Rs'000
National Pension Scheme/CSG contributions expensed	**1,226**	1,947

Notes to the Financial Statements (Cont'd)

For the year ended 30 June 2021

26 EMPLOYEE BENEFIT AND RELATED LIABILITIES (Cont'd)

(d) Other post retirement benefits

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

The latter provides for a lump sum on withdrawal, at retirement or death, whichever occurs earlier, based on final salary and years of service.

Prior to the implementation of the Portable Retirement Gratuity Fund (PRGF), these benefits are unfunded as at 31 December 2019. Moreover, employees who resign as from 2020, are eligible for a portable gratuity benefit based on service with the employer as from 01 January 2020 and remuneration at exit (same benefit formula as for retirement/death gratuity).

As from 01 July 1999, the defined benefit plan has been closed to new entrants and all new entrants joined a defined contribution plan.

The Company is exposed to the following actuarial risks:

Investment risk	Lower returns on IBLPF's asset will reduce the expected DC pension which in turn will reduce the allowable gratuity offset. The net result will be an increase in the residual liability.
Interest rate risk	This is the risk that bond yields reduce, leading to an increase in the provision required to be set aside for the benefits.
Salary/Remuneration increase	The risk is that actual salary increases are higher than assumed, thereby leading to a shortfall in benefit provisions already set aside.
Mortality risk	Higher than expected death will expose the company to having to effect payouts that were not expected from its cash flow.
Longevity risk	Employees living longer than expected will expose the employer to the risk that more employees make it to retirement to claim their benefits while the provisions assume that fewer employees will live till retirement
Withdrawal risk	Lower than expected withdrawal will have the same impact as longevity risk.
Liquidity risk	This risk arises if the employer's actual net cash flows are not sufficient to pay for the gratuity benefit when it becomes due.

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

	The Group and The Company	
	2021	2020
	Rs'000	Rs'000
At 01 July	**9,476**	13,630
Total expense recognised to profit or loss	**936**	1,373
Actuarial gains recognised in other comprehensive income	**(2,636)**	(5,528)
At 30 June	**7,776**	9,475

Notes to the Financial Statements (Cont'd)

For the year ended 30 June 2021

26 EMPLOYEE BENEFIT AND RELATED LIABILITIES (Cont'd)

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

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

	The Group and The Company	
	2021	2020
	Rs'000	Rs'000
At 01 July	**9,476**	13,630
Current service cost	**651**	514
Interest cost	**284**	859
Actuarial gains	**(2,636)**	(5,528)
At 30 June	**7,776**	9,475

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

	The Group and The Company	
	2021	2020
	Rs'000	Rs'000
Current service cost	**651**	514
Interest cost	**284**	859
Components of defined benefit costs recognised in profit or loss	**936**	1,373
Remeasurement of retirement benefit obligations:		
Actuarial gains recognised during the year	**(2,636)**	(5,528)
Components of defined benefit costs recognised in other comprehensive income	**(2,636)**	(5,528)
Analysis of amount recognised in other comprehensive income:		
Experience losses on liabilities	**(1,577)**	(5,080)
Change in assumptions underlying the present value of the scheme	**(1,059)**	(448)
	(2,636)	(5,528)

(iv) Movement in actuarial gains recognised

	The Group and The Company	
	2021	2020
	Rs'000	Rs'000
At 01 July	**(3,820)**	(9,348)
Actuarial gains recognised during the year	**2,636**	5,528
At 30 June	**(1,184)**	(3,820)

26 EMPLOYEE BENEFIT AND RELATED LIABILITIES (Cont'd)

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

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

	The Group and The Company	
	2021	**2020**
	%	%
Discount rate	**4.9**	3.6
Future long-term salary increase	**2.0**	1.0

The weighted average duration of the liabilities is 13 years at the end of the reporting period (2020: 13 years).

The Group is expected to contribute Rs 0.06 M to the PRGF for the year ending 30 June 2022.

(vi) Sensitivity analysis

	The Group and The Company	
	2021	**2020**
	Rs'000	Rs'000
Increase in defined benefit obligation due to 1% decrease in discount rate	**2,153**	1,890
Decrease in defined benefit obligation due to 1% increase in discount rate	**(1,818)**	(1,596)
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	**2,171**	1,932
Decrease in defined benefit obligation due to 1% decrease in future long-term salary assumption	**(1,857)**	(1,640)

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

27 FINANCIAL INSTRUMENTS

(a) Capital risk management

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

The capital structure of the Group consists of cash and bank balances and equity attributable to owners of the 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 30 June 2021, 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 notes 2 and 3 to the financial statements.

Categories of financial instruments	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	Rs'000	Rs'000	**Rs'000**	Rs'000
Financial assets				
Financial investments at fair value through other comprehensive income	**244,017**	211,974	**244,017**	211,974
Financial investments at fair value through profit and loss	**314,524**	227,691	**314,524**	227,691
Financial assets other than amortised cost	**558,541**	439,665	**558,541**	439,665
Financial investments at amortised cost	**356,707**	107,816	**356,707**	107,816
Statutory deposits	**8,000**	8,000	**8,000**	8,000
Premium receivables	**258,378**	298,352	**258,378**	299,638
Amounts due from reinsurers	**49,039**	214,909	**49,039**	214,909
Recoverables from third party insurers	**72,220**	101,967	**72,220**	101,967
Other receivables (i)	**39,154**	64,352	**38,522**	57,514
Reinsurance assets	**1,104,585**	1,111,151	**1,104,585**	1,111,151
Amounts due from group companies	**-**	446	**38,724**	39,888
Cash and cash equivalents	**565,129**	605,364	**558,101**	604,416
At amortised cost	**2,453,212**	2,512,357	**2,484,276**	2,545,298
Total financial assets	**3,011,753**	2,952,022	**3,042,817**	2,984,963
Financial liabilities				
Trade and other payables	**278,597**	349,034	**278,198**	348,880
Lease liabilities	**3,423**	4,817	**3,423**	4,817
Gross outstanding claims (ii)	**1,315,428**	1,327,430	**1,315,428**	1,327,430
At amortised cost	**1,597,448**	1,681,281	**1,597,049**	1,681,127

(i) Other receivables exclude prepayments for the Group and The Company.

(ii) Gross outstanding claims exclude claims incurred but not reported for the Group and The Company (See note 39).

27 FINANCIAL INSTRUMENTS

(b) Financial risk management

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

Market risk

The Group's activities are not significantly exposed to the financial risks of changes in foreign currency exchange rates and interest rates and no derivative financial instruments have been contracted for the financial year ended 30 June 2021 (2020: nil).

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 2021 Rs'000	Financial liabilities 2021 Rs'000	Financial assets 2020 Rs'000	Financial liabilities 2020 Rs'000
Mauritian Rupees	**2,281,256**	**1,597,448**	2,453,205	1,681,281
United States Dollars	**600,645**	**-**	408,381	-
Euro	**98,340**	**-**	60,667	-
British Pounds	**12,059**	**-**	-	-
Seychelles Rupees	**19,453**	**-**	29,769	-
	3,011,753	**1,597,448**	2,952,022	1,681,281

The Company

	Financial assets 2021 Rs'000	Financial liabilities 2021 Rs'000	Financial assets 2020 Rs'000	Financial liabilities 2020 Rs'000
Mauritian Rupees	**2,313,741**	**1,597,049**	2,486,148	1,681,127
United States Dollars	**599,242**	**-**	408,381	-
Euro	**98,340**	**-**	60,667	-
British Pounds	**12,059**	**-**	-	-
Seychelles Rupees	**19,435**	**-**	29,767	-
Australian Dollars	**-**	**-**	-	-
	3,042,817	**1,597,049**	2,984,963	1,681,127

Notes to the Financial Statements (Cont'd)
For the year ended 30 June 2021

27 FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management (Cont'd)

Foreign currency risk management (Cont'd)

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 30 June 2021, 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 36,523,950 (2020: Rs 24,940,834) respectively higher/lower mainly resulting from translation of equity securities and bank deposits.

2021		Change in rate	Effect on profit before tax Rs'000
United States Dollars	+/-	5%	**30,032**
Euro	+/-	5%	**4,917**
British Pounds	+/-	5%	**603**
Seychelles rupees	+/-	5%	**973**
			36,525

2020		Change in rate	Effect on profit before tax Rs'000
United States Dollars	+/-	5%	**20,419**
Euro	+/-	5%	**3,033**
British Pounds	+/-	5%	**-**
Seychelles rupees	+/-	5%	**1,488**
			24,941

Interest rate risk management

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

The sensitivity analysis has been determined based on the exposure to interest rates for financial liabilities. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the date of statement of financial position was outstanding for the whole year, except for loans where the normal repayment terms were considered. A 50 basis point is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. At 30 June 2021, the Group did not have any variable rate deposits (2020: nil).

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.

27 FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management (Cont'd)

Liquidity Risk Management (Cont'd)

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	Between 1 and 5 years	Total
	Rs'000	Rs'000	Rs'000
30 June 2021			
Trade and other payables	**278,597**	**-**	**278,597**
Gross outstanding claims	**1,315,428**	**-**	**1,315,428**
Lease liabilities	**990**	**2,433**	**3,423**
	1,595,015	**2,433**	**1,597,448**
30 June 2020			
Trade and other payables	349,034	-	349,034
Gross outstanding claims	1,327,430	-	1,327,430
Lease liabilities	1,466	3,351	4,817
	1,677,930	3,351	1,681,281

The Company	3 months to 1 year	Between 1 and 5 years	Total
	Rs'000	Rs'000	Rs'000
30 June 2021			
Trade and other payables	**278,198**	**-**	**278,198**
Gross outstanding claims	**1,315,428**	**-**	**1,315,428**
Lease liabilities	**990**	**2,433**	**3,423**
	1,594,616	**2,433**	**1,597,049**
30 June 2020			
Trade and other payables	348,884	-	348,884
Gross outstanding claims	1,327,430	-	1,327,430
Lease liabilities	1,466	3,351	4,817
	1,677,780	3,351	1,681,131

27 FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management (Cont'd)

Liquidity Risk Management (Cont'd)

Liquidity and interest risk tables (Cont'd)

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

	The Group and Company Floating interest rate	
	2021	2020
	%	%
Mauritian Rupee	**1.4 - 7.75**	2 - 8
United States Dollar	**1 - 3.6**	3.75
Euro	**0.65 - 7**	0.00

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

Credit risk management

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

The Group's credit risk is primarily attributable to its 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 45% 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), (ii) and 11(c) for information on the credit quality of the financial investments.

27 FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management (Cont'd)

Other price risks

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

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

If equity prices had been 10% higher/lower:

- profit for the year ended 30 June 2021 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 12,316,259 (2020: Rs 43,993,471) 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.

28 MANAGEMENT OF INSURANCE RISKS

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

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

Casualty Insurance

Frequency and severity of claims

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

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

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

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

Notes to the Financial Statements (Cont'd)
For the year ended 30 June 2021

28 MANAGEMENT OF INSURANCE RISKS (Cont'd)

Property insurance

Frequency and severity of claims

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

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

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

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

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

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

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

Concentration of insurance risk

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

Class of business	2021				2020			
		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	**2,872**	**96,243**	**(34,291)**	**61,952**	2,519	128,829	(73,237)	55,592
Engineering	**748**	**108,445**	**(94,102)**	**14,343**	626	82,091	(69,801)	12,290
Fire	**1,209**	**418,113**	**(372,885)**	**45,228**	999	453,391	(406,048)	47,343
Liability	**5,450**	**233,980**	**(149,985)**	**83,995**	4,357	187,473	(112,230)	75,243
Motor	**7,262**	**310,769**	**(25,942)**	**284,827**	9,058	320,748	(25,829)	294,919
Health	**2,018**	**31,376**	**(23,714)**	**7,662**	2,772	36,070	(28,295)	7,775
Transportation	**165**	**116,502**	**(74,025)**	**42,477**	228	118,828	(66,009)	52,819
IBNR	**-**	**141,408**	**(63,190)**	**78,218**	-	231,409	(135,033)	96,376
	19,724	**1,456,836**	**(838,134)**	**618,702**	20,559	1,558,839	(916,482)	642,357

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

**Note: The number of claims for 2020 has been restated. Refer to note 39.*

Notes to the Financial Statements (Cont'd)
For the year ended 30 June 2021

28 MANAGEMENT OF INSURANCE RISKS (Cont'd)

Sources of uncertainty in the estimation of future benefit payments

Casualty insurance

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

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

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

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

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

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

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

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.

Notes to the Financial Statements (Cont'd)
For the year ended 30 June 2021

28 MANAGEMENT OF INSURANCE RISKS (Cont'd)

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

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.

2021	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**Total**
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At end of							
Accident year	608,754	428,699	841,151	840,449	825,515	742,886	4,287,454
1 year later	89,706	163,750	59,271	51,996	47,362	-	412,085
2 years later	25,761	(32,106)	24,714	(71)	-	-	18,298
3 years later	(31,859)	(17,328)	(11,478)	-	-	-	(60,665)
4 years later	(6,673)	2,144	-	-	-	-	(4,529)
5 years later	34,354	-	-	-	-	-	34,354
Current estimate of cumulative claims	720,043	545,159	913,658	892,374	872,877	742,886	4,686,997
Accident year	349,390	317,902	308,880	308,367	508,812	472,863	2,266,214
1 year later	206,400	128,796	179,049	415,540	211,620	-	1,141,405
2 years later	20,571	16,075	51,861	29,820	-	-	118,327
3 years later	2,838	5,199	4,456	-	-	-	12,493
4 years later	1,964	3,370	-	-	-	-	5,334
5 years later	59,192	-	-	-	-	-	59,192
Cumulative payment to date	640,355	471,342	544,246	753,727	720,432	472,863	3,602,965
	79,688	73,817	369,412	138,647	152,445	270,023	1,084,032
Liabilities in respect of prior years*							231,396
IBNR							141,408
Total gross liabilities							1,456,836

Notes to the Financial Statements (Cont'd)

For the year ended 30 June 2021

28 MANAGEMENT OF INSURANCE RISKS (Cont'd)

Claims development table (Cont'd)

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

Notes to the Financial Statements (Cont'd)

For the year ended 30 June 2021

** This represents the cumulative liabilities prior to 2015*

29 RELATED PARTY DISCLOSURES

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

Outstanding balances

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	Rs'000	Rs'000	**Rs'000**	Rs'000
(i) Receivable from related parties:				
Ultimate holding company	**5,322**	22,312	**5,322**	22,312
Associate	**51,383**	85,473	**51,383**	85,473
Associates of ultimate holding company	**126,443**	11,468	**126,443**	11,468
Subsidiaries of ultimate holding company	**287**	13,804	**287**	13,804
	183,435	133,057	**183,435**	133,057

These amounts are included in insurance and other receivables, refer to note 12.

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	Rs'000	Rs'000	**Rs'000**	Rs'000
(ii) Payable to related parties:				
Ultimate holding company	**-**	233	**-**	233
Associate	**-**	16,915	**-**	16,915
Subsidiaries of ultimate holding company	**-**	130	**-**	130
	-	17,278	**-**	17,278

These amounts are included in trade and other payables, refer to note 18.

(iii) Interest receivable from				
Subsidiary of ultimate holding company	**-**	-	**1,374**	1,374
	-	-	**1,374**	1,374

These amounts are included in amounts due from group companies, refer to note 13.

(iv) Investment in:				
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**	21,313	**21,313**	21,313
	22,413	22,413	**22,413**	22,413

The outstanding balances are unsecured and interest free. Deposits bear interest rate as disclosed in note 28 under interest rate risk management.

Notes to the Financial Statements (Cont'd)
For the year ended 30 June 2021

29 RELATED PARTY DISCLOSURES

Transactions

	The Group		The Company	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
(i) Sales of services to:*				
Ultimate holding company	**185**	32,133	**185**	32,133
Associates	**344,928**	253,108	**344,928**	253,108
Associates of ultimate holding company	**522,515**	42,286	**522,515**	42,286
Subsidiaries of ultimate holding company	**748**	84,696	**748**	84,696
	868,376	412,223	**868,376**	412,223

**sales of services relates to gross premium.*

	The Group		The Company	
	2021	2020	2021	2020
(ii) Sales of property, plant and equipment:				
Ultimate holding company	**-**	-	**-**	121,483
(iii) Purchases of goods and services from:				
Ultimate holding company	**3,719**	29,721	**3,719**	29,721
Subsidiaries of ultimate holding company	**2,236**	25,110	**2,236**	25,110
	5,955	54,831	**5,955**	54,831

Notes to the Financial Statements (Cont'd)
For the year ended 30 June 2021

29 RELATED PARTY DISCLOSURES (Cont'd)

Transactions (Cont'd)

	The Group		The Company	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
(iv) Interest and rental income from:				
Ultimate holding company	**6,827**	5,673	**6,827**	5,673
Associate of ultimate holding company	**-**	1,396	**-**	1,396
Subsidiaries of ultimate holding company	**3,806**	3,093	**2,005**	50
	10,633	7,119	**8,832**	7,119
(v) Dividend income from associate (Note 9 (a))	**9,936**	8,020	**9,936**	8,020

Compensation of key management personnel

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

	The Group		The Company	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Short-term benefits	**9,018**	11,289	**9,018**	11,289
Post-employment benefits	**571**	628	**571**	628
	9,589	11,917	**9,589**	11,917
Contribution to IBL Ltd's defined benefit pension plan				
Contribution expensed	**736**	1,051	**736**	1,051
Contribution to defined contribution pension plan				
Contribution expensed (Note 26 (b))	**5,636**	4,306	**5,636**	4,306

30 HOLDING COMPANY AND ULTIMATE HOLDING COMPANY

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

31 CAPITAL COMMITMENTS

	The Company	
	2021	2020
	Rs'000	Rs'000
Capital Commitments contracted for but not accrued:		
Buildings, Furniture & Fittings and Computer software	**42,100**	3,500

32 CONTINGENT LIABILITIES

At 30 June 2021, the Group and Company did not have any material contingent liabilities.

33 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	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Acquisition of property, plant and equipment				
- Cash	**1,033**	11,540	**1,033**	11,118
	1,033	11,540	**1,033**	11,118
Acquisition of financial investments				
- Non-cash	**42,326**	29,900	**42,326**	29,900
- Cash	**369,176**	161,648	**369,176**	161,648
	411,502	191,548	**411,502**	191,548
Proceeds from sales of financial investments				
- Non-cash	**-**	71	**-**	71
- Cash	**173,787**	210,589	**173,787**	210,589
	173,787	210,660	**173,787**	210,660

34 LONG TERM INCENTIVE SCHEME

IBL Ltd, the holding company, has implemented a Long Term Incentive scheme (LTI) as from 01 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 01 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 30 June 2021, the provision for the LTI amounted to Rs 4,802,710 (2020: Rs 4,761,745). The following table illustrates the number and weighted average exercise price (WAEP) of the scheme:

	2021	2021	2020	2020
	NUMBER	WAEP	NUMBER	WAEP
Outstanding at 30 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 30 June 2021 was years (2020: 4 years).

Notes to the Financial Statements (Cont'd)
For the year ended 30 June 2021

35 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

2021	Casualty	Property	Total
	Rs'000	Rs'000	Rs'000
Gross Premium	**932,637**	**554,196**	**1,486,833**
Net earned premium	**394,978**	**174,072**	**569,050**
Underwriting results	**64,415**	**115,754**	**180,169**

Note: Underwriting results is obtained as follows: net earned premium plus or (minus) net commission income/(expense) less net claims incurred.

	Rs'000
Investment income	**24,744**
Other income	**159,274**
Management expenses	**(202,650)**
Depreciation & Amortisation	**(24,013)**
Finance cost	**(185)**
Share of profit of associate	**7,810**
Profit before taxation	**145,149**
Income tax expense	**2,263**
Profit for the year	**147,412**

	Casualty	Property	Others*	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Segment assets	**1,030,200**	**454,022**	**1,881,048**	**3,365,270**
Segment liabilities	**(1,475,214)**	**(650,146)**	**(130,598)**	**(2,255,958)**
Shareholders' interests				**1,109,312**
Capital expenditure	**316**	**139**	**577**	**1,032**
Depreciation and Amortisation	**7,351**	**3,240**	**13,423**	**24,013**

*Note: Others relate to assets and liabilities that are not directly attributable to the insurance business.

35 SEGMENTAL REPORTING - GROUP

(i) Operating segment (Cont'd)

2020	Casualty	Property	Total
	Rs'000	Rs'000	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

Note: Underwriting results is obtained as follows: net earned premium plus or (minus) net commission income/(expense) less net claims incurred.

	Rs'000
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	Property	Others*	Total
	Rs'000	Rs'000	Rs'000	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

Notes to the Financial Statements (Cont'd)
For the year ended 30 June 2021

36 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).

(a) Fair value measurements recognised on a recurring basis in the statement of financial position

THE GROUP AND COMPANY	Carrying amount	Fair Value
	2021	2021
	Rs'000	Rs'000
Debt instruments at amortised cost:		
Deposits and corporate bonds	**348,529**	**348,529**
Government loan stocks	**8,178**	**8,178**
	356,707	**356,707**

36 FAIR VALUE MEASUREMENTS (Cont'd)

(a) Fair value measurements recognised on a recurring basis in the statement of financial position (Cont'd)

THE GROUP AND COMPANY

	Carrying amount	Fair Value
	2020	2020
	Rs'000	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

	Fair value hierarchy as at 30 June 2021			
	Level 1	Level 2	Level 3	Total
Debt instruments at amortised cost:				
Deposits and corporate bonds	**68,163**	**28,829**	**251,537**	**348,529**
Government loan stocks	**-**	**8,178**	**-**	**8,178**

THE GROUP AND THE COMPANY

	Fair value hierarchy as at 30 June 2020			
	Level 1	Level 2	Level 3	Total
Debt instruments at amortised cost:				
Deposits and corporate bonds	47,386	28,362	23,895	99,642
Government loan stocks	-	8,173	-	8,173

(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			
	Debt instruments at amortised cost	Debt instruments at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through other comprehensive income
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
At 01 July	**23,895**	77,053	**81,317**	112,700
Additions	**250,944**	39,239	**3,774**	-
Disposal	**(30,781)**	(78,396)	**-**	-
Exchange gains/loss	**7,372**	(1,979)	**-**	-
Interest	**1,041**	175	**-**	-
Expected credit loss	**(934)**	(2,197)	**-**	-
Impairment	**-**	(10,000)	**-**	-
Total gains/(losses) in other comprehensive income	**-**	-	**35,585**	(31,383)
At 30 June	**251,537**	23,895	**120,675**	81,317

36 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 non- recurring basis:

The revaluation of building is non-recurring fair value measure as it occurs every 3 years

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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	Rs '000	Rs '000								
Investment Property:										
Building	**68,200**	35,139	**Level 3**	Level 2	**Discounted cash flows**	Price of recent transaction	**Yield 8.5% Discount rate 11.5%**	N/A	**N/A**	N/A
Property and equipment:										
Building	**110,100**	100,254	**Level 3**	Level 2	**Discounted cash flows**	Price of recent transaction	**Yield 8.5% Discount rate 11.5%**	N/A	**N/A**	N/A

Sensitivity analysis:

	Yield		Discounting rate	
	Decrease by 5%	Increase by 5%	Decrease by 5%	Increase by 5%
Investment Property	**2,900**	**(2,600)**	**1,300**	**(1,300)**
Property and Equipment	**4,900**	**(4,300)**	**2,100**	**(1,900)**

36 **FAIR VALUE MEASUREMENTS (Cont'd)**

THE COMPANY

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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	Rs '000	Rs '000								
Investment Property:										
Building	**16,400**	-	**Level 3**	Level 2	**Discounted cash flows**	Price of recent transaction	**Yield 8.5% Discount rate 11.5%**	N/A	**N/A**	N/A
Property and equipment:										
Building	**110,100**	100,254	**Level 3**	Level 2	**Discounted cash flows**	Price of recent transaction	**Yield 8.5% Discount rate 11.5%**	N/A	**N/A**	N/A

Sensitivity analysis:

	Yield		Discounting rate	
	Decrease by 5%	Increase by 5%	Decrease by 5%	Increase by 5%
Investment Property	**700**	**(600)**	**300**	**(300)**
Property and Equipment	**4,900**	**(4,300)**	**2,100**	**(1,900)**

Notes to the Financial Statements (Cont'd)
For the year ended 30 June 2021

36 **FAIR VALUE MEASUREMENTS (Cont'd)**

(b) Fair Value of the Group and Company assets and liabilities that are measured at fair value on a recurring basis:

(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		Fair Value Hierarchy		Valuation approach	Key unobservable input(s)	Range of unobservable inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
	2021	2020	2021	2020				
	Rs '000	Rs '000						
Foreign equity bank	**114,927**	79,754	**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 decrease/increase of Rs 5.75 M (2020: Rs 3.99 M) in fair value.
Commerce and others	**5,748**	1,563	**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 decrease/increase of Rs 0.287 M (2020: Rs 0.078 M) in fair value.
Bank deposits	**51,790**	23,895	**Level 3**	Level 3	Hold to Maturity	N/A	N/A	N/A
Deposits with ultimate holding company	**199,747**	-	**Level 3**	Level 3	Hold to Maturity	N/A	N/A	N/A

36 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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	Rs '000	Rs '000								
Financial assets at fair value through other comprehensive income:										
Quoted securities:										
Banks and Insurance	**40,370**	37,239		**Level 1**		**Active market price**		N/A		N/A
Commerce	**10,372**	10,525		**Level 1**		**Active market price**		N/A		N/A
Investments	**21,169**	18,288		**Level 1**		**Active market price**		N/A		N/A
Leisure and Hotels	**9,570**	6,057		**Level 1**		**Active market price**		N/A		N/A
Sugar	**1,522**	692		**Level 1**		**Active market price**		N/A		N/A
Others	**24,330**	29,101		**Level 1**		**Active market price**		N/A		N/A
Unquoted securities:										
Leisure and Hotels	**71**	71		**Level 1**		**Active market price**		N/A		N/A
Others	**15,939**	28,684		**Level 2**		**Active market price**		N/A		N/A
Banks and Insurance	**114,927**	79,754		**Level 3**	**Price to book**	**Price to book**	Price to book		Price to book	
Commerce	**5,748**	1,563		**Level 3**	**Dividend yield**	**Dividend yield**	Dividend yield		Dividend yield	
Debt instruments:										
Quoted bond	-	-		**Level 1**		**Active market price**		N/A		N/A
Financial assets at fair value through profit or loss:										
Local corporate debt	-	-		**Level 2**		**Active market price**		N/A		N/A
Open-Ended Mutual Funds:										
Foreign	2,876	2,632		**Level 2**		**Active market price**		N/A		N/A
Foreign equities	4,061	4,734		**Level 1**		**Active market price**		N/A		N/A
Foreign equities	302,477	214,389		**Level 2**		**Active market price**		N/A		N/A
Leisure and Hotels	5,110	5,936		**Level 2**		**Active market price**		N/A		N/A
Commerce and others	-	-		**Level 2**		**Active market price**		N/A		N/A

37 EVENT AFTER THE REPORTING DATE

There have been no material events since the end of the reporting period which would require disclosure or adjustment to the financial statements for the year ended 30 June 2021.

38 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

Despite resilience in most lines of business for the financial year ending 30 June 2021 compared to the previous year, Motor segment sales continued to drop, going from Rs 261 M last year to Rs 228 M this year. Fleet business dropped mainly due to negative impact of Covid-19 on contract car rental businesses while Non-Fleet business suffered due to significant drop in new vehicles.

Net Claims Incurred

Net Claims Incurred, namely in Motor segment, remained relatively low at Rs 188 M for the current financial year compared to last year Rs 187 M, following the new lockdown in 2021.

Financial investments

While the sudden Covid-19 outbreak in 2020 had driven market prices of financial assets significantly down last year, prices bounced back during the year ending 30 June 2021, resulting in a revaluation gain of Rs 67 M on financial assets held as FVTPL and Rs 62 M on financial assets held as FVTOCI.

Recoverability of Premium Debtors

Management remains conscious that operational disruption remains a risk faced by customers which may result in delays in the settlement of their premiums. In addition, some premium debtors may not be recovered, as 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 maintaining measures to 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 a comfortable 228% at 30 June 2021, compared to 172% at 30 June 2020.

Business as a whole

From a business perspective, management takes note of below changes / potential opportunities or threats:

Potential increase in Sales

With the announced re-opening of the borders, lowering of restrictions and the vaccination campaign, we look forward to benefit from the reprise of the economy. Indeed, we are at an early stage and we need to be prudent as the future is still uncertain and the reprise will take some time before we get back where we were pre Covid-19.

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.

38 Covid-19 OUTBREAK (Cont'd)

Hardening of Reinsurance Rates

The hardening of rates for the Catastrophe exposure remains a potential risk. Nevertheless some reinsurance companies have shown a higher appetite for natural catastrophe risk, particularly those that have not 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. On the Marine side also we have seen a contraction in capacity especially in the Lloyds market thus keeping a pressure on the premium.

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 remained low following the repeated lockdown in 2021. 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. With the Work From Home Policy, self isolation protocol and the Metro Express connection extended from Rose Hill to Quatre Bornes, we would expect a relief in the number of motor claims.

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. We have just started to receive claim bills and will monitor same closely.

The Covid-19 situation remains uncertain. Management will continue to closely monitor the evolution of the crisis and take appropriate actions be it to address potential threats or seize opportunities that arise.

Notes to the Financial Statements (Cont'd)
For the year ended 30 June 2021

39 COMPARATIVE FIGURES

Certain figures have been reclassified or adjustment where needed to conform with the curret year's presentation. Details of these are as follows:

(a) Other Comprehensive Income

The comparative has been restated to reclassify the following items from items that may not subsequently be classified to profit or loss to items that may be reclassified to profit or loss as required by IAS 1. The net impact of total other comprehensive income is nil.

	The Group	The Company
	2020	2020
	Rs'000	Rs'000
Before restatement:		
Items that may not be reclassified subsequently to profit or loss		
Exchange difference arising from translation of associate operations.	(9,725)	-
Net loss on debt instruments at fair value through other comprehensive income.	660	660
After restatement:		
Items that may be reclassified subsequently to profit or loss.		
Exchange difference arising from translation of associate operations.	(9,725)	-
Net loss on debt instruments at fair value through other comprehensive income.	660	660

(b) Statement of cash flows

The movement in amount due from group companies has been reclassified from cash flow from operating activities to cash flow from investing activities. The net impact on the statement of cash flows is nil.

	The Group	The Company
	2020	2020
	Rs'000	Rs'000
Before restatement:		
Cash flow used in/generated from operating activities.	-	71
(Increase)/decrease in amounts due from group companies.	(40)	556
After restatement:		
(Increase)/decrease in amounts due from group companies.	(40)	556

(c) Concentration of insurance risks

The number of claims disclosed for the comparative period under concentration of insurance risks has been restated due to a mathematical error. The number of claims was incorrectly reported as 17,089 and has been amended to 20,559.

Notes to the Financial Statements (Cont'd)

For the year ended 30 June 2021

39 COMPARATIVE FIGURES

(d) Note 27-Financial instruments

The disclosure for categories of financial instruments has been restated to exclude the IBNR provision amounting to Rs 231.4 M given that it is not considered a financial liability.

	The Group and the Company
	2020
Financial liabilities	Rs'000
Gross outstanding claims before restatement	1,558,839
Less IBNR	(231,409)
Gross outstanding claims	1,327,430

The above has no impact on the statement of financial position. It only affects note 27 where the disclosure is shown.

(e) Note 27 (b) Foreign currency risk

	The Group	The Company
The disclosure for financial assets has been restated as follows:	2020	2020
	Rs'000	Rs'000
Before restatement:		
Financial assets	2,954,836	2,897,779
After restatement:		
Financial assets	2,952,022	2,984,963

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