SICOM

GENERAL INSURANCE

A member of the SICOM Group

Annual Report 2016

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Main Business Lines

Motor	▪ Private Car ▪ Commercial Vehicles ▪ Motorcycles
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Marine	▪ Marine Cargo ▪ Marine Hull
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Miscellaneous	▪ Travel ▪ Goods-in-transit
Special risks	▪ Kidnap and Ransom ▪ Sabotage and Terrorism ▪ Others

Our Mission, Shared Values & Objectives

CORE VALUES

OUR MISSION

Dedicated to providing the best in insurance services,
with focus on competitive quality products and excellent levels of customer care

OUR SHARED VALUES

Our Customers: The focus of all our actions
Our Employees: The source of our success
Our Products and Services: Competitive and first-class security
Commitment to innovation and teamwork
Assisting the development of the community

OUR OBJECTIVES

Provide excellent customer service
Maximise profits and returns to stakeholders
Highly effective staff and agents
Increase market share
Respond to new customer needs
Identify diversification opportunities

Corporate Information

BOARD OF DIRECTORS

NEMCHAND Somduth (Chairman as from 12 October 2015)

Mr Somduth Nemchand is currently Deputy Permanent Secretary at the Ministry of Financial Services, Good Governance and Institutional Reforms. Prior to that, he was posted at the Ministry of Energy and Public Utilities where his scope of services included advising the Minister in relation to parliamentary business, policy formulation, oversight of institutions under the aegis of the Ministry, financial management and human resource management.

Mr Nemchand has also been a board member of different statutory bodies. He has extensive experience in administration and finance. He formerly held important positions such as Administrative and Finance Manager and Acting Director General at the Independent Commission Against Corruption (ICAC).

Mr Nemchand is a holder of Brevet International D'Administration Publique from Ecole D'Administration (ENA), France.

BHOOJEDHUR-OBEEGADOO Karuna G (Mrs), BSc(Hons), FIA (Group Chief Executive Officer)

Mrs Karuna Bhoojedhur-Obeegadoo is currently the Group Chief Executive Officer heading the SICOM Group of Companies. She joined SICOM in 1984 and was in charge of the Life, Pensions and Actuarial Departments of the Company. Prior to joining SICOM, she worked with a major international reinsurance company in London.

She is a Director on the Board of subsidiaries of the Group. In the past, she has also been a Director in several companies where SICOM is a shareholder.

Mrs Bhoojedhur-Obeegadoo holds a BSc (Hons) in Actuarial Science from the London School of Economics and Political Science and is a Fellow of the Institute of Actuaries, UK.

DUSSOYE Chandrek, BSc (Hons), ACCA (Appointed on 23 October 2015)

Mr Chandrek (Nitin) Dussoye currently works as Investment Executive at the State Investment Corporation Limited where he is involved in portfolio and investment management. Mr Dussoye has been working in the financial sector since 2000 as Business and Financial Consultant and Financial Analyst. He also has extensive exposure to private equity financing.

Mr Dussoye is an Affiliate of Association of Chartered Certified Accountants since 2005 and holds a BSc (Hons) in Business Management from University of Mauritius.

ELISA Joe Benito

Mr Benito Elisa is currently Advisor at the Ministry of Financial Services, Good Governance & Institutional Reforms. He has been working at the State Bank of Mauritius and has in aggregate 11 years of banking experience. He holds a BSc in Banking and International Finance from the University of Technology, Mauritius and an MBA (with specialisation in financial services) from the University of Mauritius.

Mr Elisa is a Charter Member of the Lions Club of Beau-Bassin/Rose-Hill, acting as Treasurer for the year 2015/2016 and is a Member of the Lions Club International.

BOARD OF DIRECTORS (CONT'D)

LEUNG LAM HING Suzanne HYK (Mrs), ACII, Chartered Insurer

Mrs Suzanne Leung Lam Hing joined SICOM in 1981 and worked in the General Insurance Department. In 1996, she was appointed as Assistant Manager in the Life Department and held this post until 2002, when she was promoted as Manager (General Insurance). Following the setting up of SICOM General Insurance Ltd in July 2010, she continued with the responsibility of heading the General Insurance business of the SICOM Group.

Suzanne is presently the Chief Operating Officer as well as an Executive Director of SICOM General Insurance Ltd.

She is also currently the President of the Insurance Institute of Mauritius.

Suzanne is an Associate of the Chartered Insurance Institute, UK and holds Chartered Insurer status.

YIP WANG WING Youk Siane, DEA, Maitrise

Mr Patrick Y-S YIP WANG WING is currently Deputy Financial Secretary. Mr Yip has been working in the Ministry of Finance and Economic Development since 1986, where he has been closely associated with the formulation of fiscal and national development policies and preparation of the National Budget. Mr Yip is also on a number of public sector boards, including the Mauritius Revenue Authority.

He holds a Maitrise in Econométrie and a Diplôme d'Etudes Approfondies in Politique et Analyse Economique from the University of Dijon, France

Company Secretary

LEE SHING PO Theresa M (Mrs), Attorney at Law

MANAGEMENT

LEUNG LAM HING Suzanne H Y K (Mrs), ACII, Chartered Insurer

Chief Operating Officer

Profile of Mrs Suzanne Leung Lam Hing is given above.

BALGOBIN Parmanand (Vinod), ACII, Chartered Insurer

Manager - General insurance

Mr Vinod Balgobin joined SICOM in 1982. He has more than 30 years' experience in General Insurance having worked in all the various fields such as motor, non-motor commercial and industrial sectors, covering both underwriting and claims functions as well as reinsurance. He currently holds the post of Manager in SICOM General Insurance Ltd and is in charge of the General Insurance operations.

Vinod qualified as an Associate of the Chartered Insurance Institute (UK) and holds Chartered Insurer status.

Registered Office	**SICOM General Insurance Ltd** SICOM Building Sir Célicourt Antelme Street, Port Louis, Mauritius Telephone: (230) 203 8400 Fax: (230) 203 8502 Email Address: sicomgin@sicom.intnet.mu Website: www.sicomgroup.mu
Auditors	BDO & Co
Consulting Actuaries	QED Actuaries and Consultants (Pty) Ltd AON Hewitt
Main Bankers	SBM Bank (Mauritius) Ltd SBI (Mauritius) Ltd Barclays Bank Mauritius Limited MauBank Ltd AfrAsia Bank Ltd

Directors' Report

The Board of Directors of SICOM General Insurance Ltd (the "Company") is pleased to present the sixth Annual Report together with the audited financial statements of the Company for the year ended 30 June 2016.

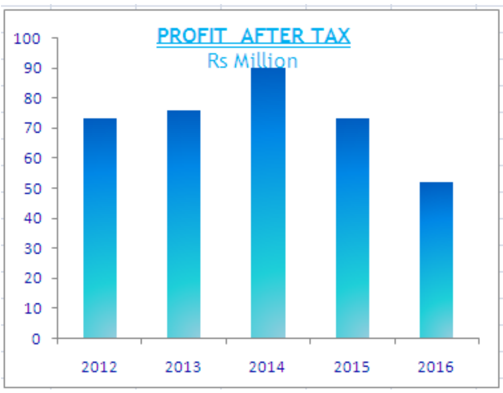
ECONOMIC REVIEW

According to Statistics Mauritius, the Mauritian economy grew by 3.5% in 2015, lower than the growth of 3.7% in 2014. While the construction sector continued to regress, the tourism, ICT and financial services sectors maintained their growth momentum. The investment rate in 2015 was lower at 17.5% while the savings rate picked up slightly to reach 10.4%. The headline inflation rate for the twelve months ended 30 June 2016 was 0.9%, compared to 1.7% for the corresponding period ended 30 June 2015. For the financial year ended 30 June 2016, the average weighted yield on Treasury Bills increased to reach 2.6% p.a. During the financial year, there was an appreciation of the USD, EUR and NZD compared to the MUR while the local currency appreciated against the GBP, AUD and the ZAR. The SEMDEX dropped by 11.5%, while the DEMEX fell by 6.2% during the financial year ended 30 June 2016.

In its June 2016 National Account Estimates, Statistics Mauritius has estimated the 2016 GDP forecast at 3.9%. The investment rate in 2016 is expected to increase to 17.9% while the savings rate is projected to reach 11.2%. As a percentage of GDP, private and public sector investments are expected to grow by 3.3% and 14.7% respectively in 2016. With the budgetary measures announced to boost growth, economic activities are expected to pick up during 2016.

FINANCIAL REVIEW

The Company has realised a pretax profit of Rs 61.8 million for this financial year compared to Rs 87.1 million last year. This decrease in profit is mainly attributable to an increase in management expenses and also a fall in the performance from investment. Investment and other income amounted to Rs 47.6 million this year compared to Rs 66.5 million last year, with the decrease mainly explained by fluctuation of foreign exchange and fall in interest rate. Net Profit after tax amounted to Rs 52.0 million compared to Rs 73.2 million last year.



The total assets of the Company excluding reinsurance assets reached an amount Rs 1.12 billion this year. The Board of Directors has declared and approved a dividend of 75% (2015: 75%) of Profit after tax to the Holding Company.

REVIEW OF OPERATIONS

Market conditions remained challenging with fierce competition among market players and continued premium rate reductions. The Company remained focused to maintain its sound underwriting discipline and adopted the necessary strategies to operate within this difficult market environment. On the claims side, a closer scrutiny of claims expenses was maintained with a view to keep operating margins at an acceptable level.

The total written premium for the period 01 July 2015 to 30 June 2016 amounted to Rs 732.4 million (Rs 746.4 million during the previous year) while net retained premium amounted to Rs 362.9 million being an increase of 11.8% over the previous year's figure of Rs 324.4 million. The underwriting profit for the period increased by 5.5% to reach an amount of Rs 165.0 million, compared to the amount of Rs 156.4 million achieved last year. The Motor class remains the most profitable class though it has recorded a higher loss ratio compared to last year, reflecting the increase in the number of claims intimated. The non-Motor classes have performed satisfactorily and in this respect, it may be noted that the prudential approach exercised in the acceptance and underwriting of the risks falling within the various lines of business has contributed to increased profitability.

During the financial year, a new Motor Comprehensive Insurance product was launched under the brand name of SICOM DriveSmart and is targeted towards the Individual client segment particularly. New features have been added under this product to enhance the scope of cover. In terms of services, a customer portal was launched to provide online services to existing clients to carry out transactions online such as the viewing of insurance accounts, renewal of insurance, payment of premium, notification of claim and subsequent tracking of claim status.

It is expected that market conditions during the financial year 2016/2017 will become even more difficult with the entry of new players and taking into consideration the forecasted growth on the economic front, it will be essential to be more innovative and to have in place solid strategies for the future. The strategy and action plan which has been mapped out for 2016/2017 is in course of implementation and will have as a major focal point, the enhancement of the customer experience with the Company.

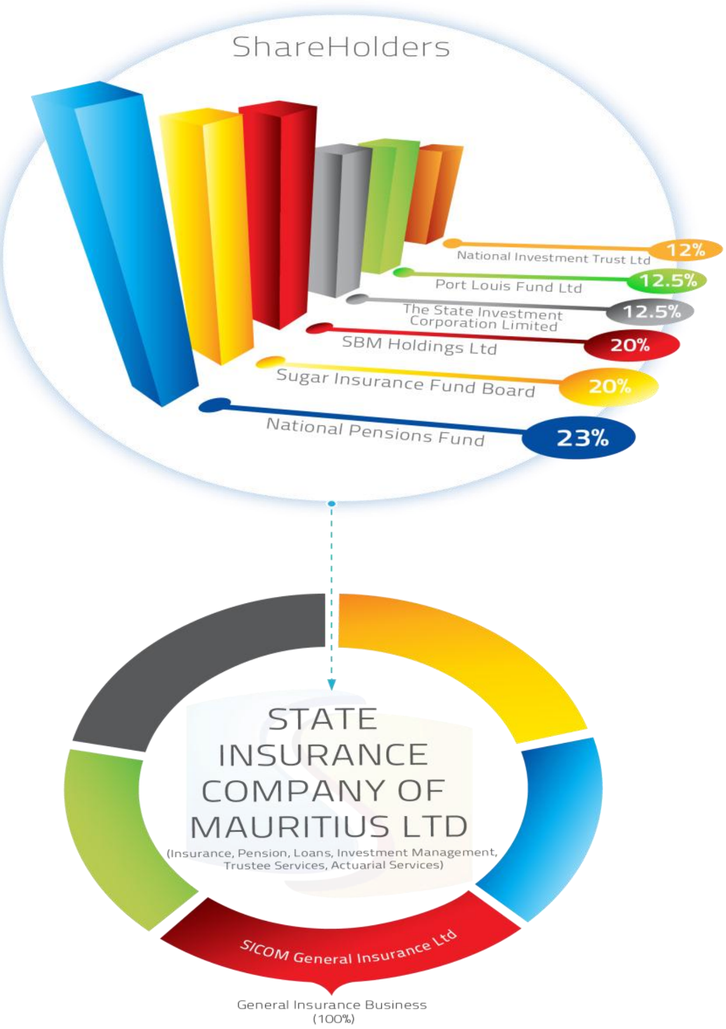
Corporate Governance Report

1. ADHERENCE TO GOOD GOVERNANCE

Corporate governance is the framework by which institutions are directed and controlled, that is, it takes into consideration relationships between a company and its different stakeholders. The objective of good corporate governance is to ensure the safety and soundness as well as to enhance the shareholder value of a company. The board of Directors ensure that all the principles of good governance are followed and applied.

2. HOLDING STRUCTURE AND COMMON DIRECTORS

The Company is wholly owned by State Insurance Company of Mauritius Ltd, which is both its holding and ultimate holding Company. The Holdings structure is set out below:



2. HOLDING STRUCTURE AND COMMON DIRECTORS (CONT'D)

Common Directors

Directors of the Company	State Insurance Company of Mauritius Ltd	Number of director-ship in listed company
Mr S Nemchand	✓	-
Mrs K G Bhoojedhur-Obeegadoo	✓	1
Mr C Dussoye	✓	1
Mr J B Elisa	✓	-
Mrs H Y K Leung Lam Hing	-	-
Mr Y S Yip Wang Wing	✓	-

3. DIVIDEND POLICY

The Company's objective is to provide value to its shareholders through an optimum return on equity. Dividends are proposed and paid after taking into consideration the profit after taxation, projects, technical provisions and appropriations to statutory and other reserves for ongoing operational activities. Dividends are only authorised and paid out if the Company shall, upon the distribution being made, satisfy the Solvency Test.

4. THE BOARD OF DIRECTORS

a) Composition

Directors' profile appears on pages 3 to 4.

The Non-Executive Directors come from diverse business backgrounds so as to ensure a blend of knowledge, skills, objectivity, integrity, experience and commitment to make sound judgements on various key issues relevant to the business of the Company independent of management.

All Directors receive timely information so that they are equipped to play fully their roles in Board meetings. They have access to the Company Secretary for any further information they require. Independent professional advice would be available to Directors in appropriate circumstances, at the Company's expense.

b) Role of the Board

The Board sets the Company's strategy and determines the Company's values and standards. It is accountable and responsible for the performance and affairs of the Company. Company Law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and of the profit of the Company for the period. In preparing those financial statements, the Directors are required to select suitable accounting policies and then apply them consistently, make judgements and estimates that are reasonable and prudent and prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

4. THE BOARD OF DIRECTORS (CONT'D)

The Board of Directors of SICOM General Insurance Ltd has the overall responsibility of ensuring that the Company complies with the standards of good corporate governance. The Board of Directors met three times during the year.

Directors' Attendance at Board Meetings

Directors	Classification	Board
Mr S Nemchand (Chairman as from 12 October 2015)	Non-Executive Director	3 of 3
Mr R P Nowbuth (up to 26 September 2015)	Non-Executive Director	1 of 3
Mrs K G Bhoojedhur-Obeegadoo	Executive Director	3 of 3
Mr R Aubeelack (up to 09 September 2015)	Non-Executive Director	-
Mr C Dussoye (as from 23 October 2015)	Non-Executive Director	1 of 3
Mr J B Elisa	Non-Executive Director	3 of 3
Mr G Gopee (up to 30 November 2015)	Non-Executive Director	1 of 3
Mrs H Y K Leung Lam Hing	Executive Director	3 of 3
Mr D Purryag (up to 16 October 2015)	Non-Executive Director	2 of 3
Mr Y S Yip Wang Wing	Non-Executive Director	2 of 3

One of the Executive Directors has a service contract with the Company without expiry date.

c) Election of Directors

The Directors of the Company are elected every year at the Annual Meeting of Shareholders.

d) Directors' Remuneration

The emoluments of Directors are disclosed on page 59. The Directors' fees and remuneration have not been disclosed on an individual basis due to the sensitive nature of the information.

e) Assessment of Directors

The Directors of the Board have been appointed in the light of their wide range of skills and competence acquired through several years of working experience and professional background. It is expected that the evaluation of the Board will be done before the year end.

f) Board Committees

As permitted by Section 1.3 of the Code, State Insurance Company of Mauritius Ltd, the controlling shareholder of SICOM General Insurance Ltd, has set up the following Committees, namely the Investment and Finance Committee, the Risk and Audit Committee and the Corporate Governance and Staff Committee. The Board Committees of State Insurance Company of Mauritius Ltd, function within clearly defined terms of reference and operating procedures. The Board Committees also take care of the affairs of the SICOM General Insurance Ltd. Details of the terms of reference of the Committees, composition and attendance have been disclosed in the Annual Report of State Insurance Company of Mauritius Ltd.

4. THE BOARD OF DIRECTORS (CONT'D)

g) Shareholder Diary

Financial Period 2015 - 2016

Financial year-end	: 30 June 2016
Audited Financial Statements for the year ended 30 June 16	: Within three months from end of June 2016
Statutory Returns to Financial Services Commission	: September 2016
Annual Meeting	: September 2016
Dividend payment	: October 2016

5. REMUNERATION POLICY

SICOM General Insurance Ltd recognises that all employees are vital to the success and continued success of the Company and hence are encouraged to identify with and to become involved with the financial performance of the Company and services to clients.

The Company's remuneration strategy is designed to reward competitively the achievement of long-term sustainable performance and attract and motivate the very best people who are committed to maintaining a long-term career with the Company and performing their role in the long-term interests of our shareholders.

To achieve this objective, the Company believes that effective governance of our remuneration practices is a key requirement. Governance of remuneration principles and oversight of its implementation ensures what is paid to our people is aligned to our business strategy and performance is judged not only on what is achieved over the short and long term but also importantly on how it is achieved, as the Company believes the latter contributes to the long-term sustainability of the business.

6. MANAGEMENT PROFILE

The profile of senior officers in the management team appears on page 4.

7. SHAREHOLDERS AGREEMENT AFFECTING THE GOVERNANCE OF THE COMPANY BY THE BOARD

There is currently no shareholders' agreement which affects the governance of the Company by the Board.

8. RELATED PARTY TRANSACTIONS

The related party transactions are disclosed in Note 28 to the Financial Statements.

9. SERVICE LEVEL AGREEMENT

There is a Service Level Agreement between State Insurance Company of Mauritius Ltd and SICOM General Insurance Ltd, whereby support services are provided by State Insurance Company of Mauritius Ltd.

10. INTERNAL AUDIT

The Internal Audit function has the overall responsibility of providing independent, objective assurance and consulting activity designed to add value and improve the Company's operations. The Internal Audit function is also one of the functions falling under the Service Level Agreement. Audit activities are carried out by the Group Internal Auditor.

The Internal Audit function derives its authority from the Board through the Risk and Audit Committee. The Internal Audit function is responsible for providing assurance to the Board regarding the implementation, operation and effectiveness of internal control and risk management.

The scope of work of the Internal Audit Function encompasses mainly the following functions which are namely to review the effectiveness and adequacy of internal control within the Company, to assess the systems / processes relating to all activities of the Company and make appropriate recommendations and monitor their implementation to the Risk and Audit Committee and Management pursuant to the findings in the course of review and assessment exercises.

The Group Internal Auditor has a direct reporting line to the Risk and Audit Committee and maintains an open communication channel with Management. She has unrestricted access to the records, management or employees of the Company.

The Internal Audit plan for the Company, which forms part of the Group's audit plan and is approved by the Risk and Audit Committee, is based on the principles of risk management to ensure that the scope of work is aligned with the degree of risks attributable to the areas audited. Internal audit review for the financial year ended 30 June 2016 was conducted on the Motor Claims Insurance business of the Company. No major weakness was noted in the review carried out.

11. QUALITY ASSURANCE

The Quality Management System in place in SICOM General Insurance Ltd is continually being improved, through its dedicated and motivated workforce, with main focus on our clients, our people and other stakeholders. Our motivated workforce and Management consistently work towards ensuring that the Quality Objectives of the Company are met with the prime objective of maximizing our shareholder's value.

12. RISK MANAGEMENT

(a) Enterprise Risk Management (ERM) Program

The Company's ERM framework encompasses all significant risks; that is, those risks with the potential to influence the achievement of the Company's objectives. The main focus of the ERM is the establishment and maintenance of an effective system of risk governance supported by a culture of risk management throughout the Company in order to prudently manage risks associated with growth and a rapidly changing business environment.

Key elements of the ERM program include:

- A strong risk culture where the Board and senior management set the tone and inculcate a corporate culture conducive to prudent risk management;
- A system for consistent identification, assessment, mitigation, monitoring, and reporting of key risks, current and emerging, assessment of their risk-reward profiles;
- A process for setting, implementing, and monitoring of acceptable and non-acceptable levels of risk;
- The communication of risk management policies and processes to all levels as appropriate, and methods to ensure commitment of all employees to the process;
- A risk escalation process for rapidly reporting urgent risk-related developments to key stakeholders;

12. RISK MANAGEMENT (CONT'D)

- A documented and robust system of internal controls, which closely aligns the control effort and resources to the nature, scale, and complexity of the underlying risks.

(b) Structures and processes for risk management

The risk management approach is primarily top down, with the Board, among other responsibilities, overseeing the risk governance system and setting the risk appetites and tolerances in line with the Company's business strategy, objectives, and plans. The Board has delegated its oversight responsibility to the Risk and Audit Committee.

Senior management is responsible for designing a sound risk governance system and implementing it effectively. Senior management works in close collaboration with the Risk Management function and the Risk and Audit Committee.

The Risk Management function is responsible for designing, implementing, and coordinating risk management activities, ensuring that the most appropriate tools and techniques are applied.

The Internal audit function assists the Board and Management with the monitoring of the risk management process.

(c) Internal Control System

The Internal Control system, which is embedded in all key operations, provides reasonable assurance that the Company's business objectives will be achieved within the risk tolerance levels defined by the Board.

The Risk Management function's core responsibility is ensuring that the Group has an effective best practice risk governance system, enabling the universal management of all key risks, current or emerging.

The Risk Management function monitors the risk management framework and the internal control framework in order to identify any material shortcomings and provide possible solutions.

(d) Management of key risks

Within the Company's ERM framework, the key risk elements are grouped into a few categories: Insurance, Market, Credit, Operational, and Reputation. Key risks within each category are identified and ranked on a Group-wide basis. These risks are managed holistically; that is, risk management reflects interdependencies between risks. The Company uses an overarching risk management strategy; as such, most risk management processes and controls cater for more than one risk.

- Insurance Risk: One of the main activities of the Company is the acceptance of risk under an insurance contract where in return for a consideration (the premium), a policyholder is compensated for pecuniary loss suffered as a result of a specified uncertain future event, or of a certain future event where the timing of the occurrence is uncertain. Risks are mainly associated with the Company's underwriting, reinsurance and claims handling activities. The identification and management of these risks are further discussed in note 3 to the financial statements.

- Market Risk: Market risk arises due to the potential for loss in connection with changes in market prices and variables. It encompasses interest rate risk, inflation risk, equity risk, and currency risk. The most material market risks are interest rate risk and equity risk. Because these risks, with the exception of equity risk, generally affect both assets and liabilities the general approach to managing market-related risks is to align assets and liabilities. For example, long term liabilities are backed by long term assets and asset and liability currencies are matched. Equities generally do not back liabilities. Additional details on the identification and management of these risks are given in note 4.4 to the financial statements.

12. RISK MANAGEMENT (CONT'D)

- Credit Risk: Credit risk is the potential for loss due to the deterioration of the credit standing, perceived or real, of the Company's obligors. The change in credit standing may or may not be associated with a credit ratings downgrade and does not have to result in a default. The Company's policy is to deal with quality obligors and to conduct due process before extending credit. Additional details on the identification and management of these risks are given in note 13 to the financial statements.

- Operational Risk: Operational risk is defined as risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risks are inherent in all business activities and have divergent forms. Key operational risks include:

    - Human Capital Risk: Risk of losses arising from acts inconsistent with employment, health and safety laws, personal injury claims, etc. An internal health and safety policy has been set up to ensure that these risks are minimized through control, follow-up and communication procedures. The Human Resources Department ensures compliance with employment laws and regulations.

    - Business Disruption Risk: External and internal events have the potential to disrupt business processes and thereby cause losses to the Company. The Company's business continuity management ensures the ongoing process through which the key requirements for continuity in the business operations are assessed for the identification of the underlying weaknesses and the implementation of appropriate strategies and recovery plans towards minimizing the impact of disruptive events on operations.

    - Compliance Risk: The risk that the procedures and controls needed to ensure compliance with applicable laws, rules, regulations and company-specific policies fail. This risk includes the potential to incorrectly interpret laws or regulations. The Compliance Department ensures that the Company meets its legal and regulatory obligations to promote and sustain a culture of compliance within the Company.

    - Technology risk: The risk of loss caused by piracy, theft, failure, collective breakdown or other disruption in technology, data or information. It includes hardware and software failures, system development and infrastructure issues. The Company's ERM framework being implemented fosters the systematic and consistent management of technology risks by setting up policies, standards, procedures and adapted contingency plans.

- Reputational risk: Reputational risk can arise from negative perception on the part of the Company's stakeholders that can adversely affect the Company's ability to maintain existing or establish new business relationships and continued access to sources of funding. Management encourages openness amongst employees and at all levels of management.

13. CORPORATE SOCIAL RESPONSIBILITY

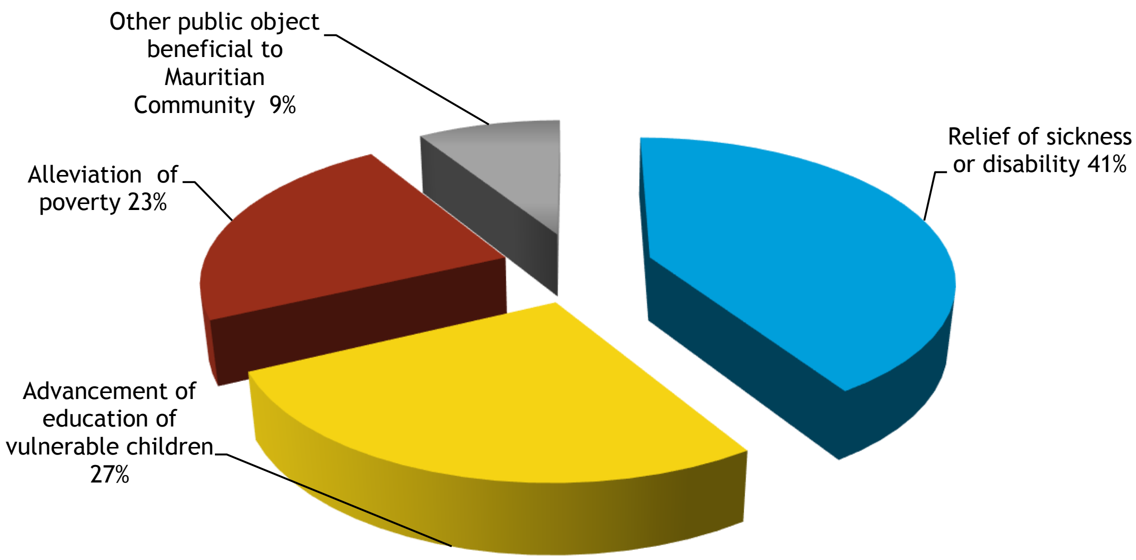
The total CSR funds of the Company which amounted to Rs 1,980,926 for the year was transferred to SICOM Foundation, the dedicated Vehicle used to implement the CSR strategy of SICOM Group.

During the year under review, SICOM Foundation funded its CSR program to the tune of some Rs 7.3m. This sum represents the CSR funds endowed in the Foundation by SICOM and its subsidiaries less administrative costs.

The program consisted of the financing of 23 projects in the areas of relief of sickness or disability, advancement of education of vulnerable children, alleviation of poverty and the promotion of any other public object beneficial to the Mauritian community. Within these areas, a large proportion of funds was devoted to promoting awareness on cancer risk, supporting persons with disabilities, fighting substance abuse, promoting education and welfare of vulnerable children, improving the conditions of and empowering vulnerable groups and finally providing financial assistance to flood victims.

13. CORPORATE SOCIAL RESPONSIBILITY (CONT'D)

Our annual Charity Walk and Run event, SICOM Les Foulées de L'Espoir was marked by mobilization of some 865 participants who contributed to raise an amount of Rs 186,000 in favor of Breast Cancer Care, an NGO actively engaged in the fight against cancer.



14. HEALTH AND SAFETY POLICY

Our policy is to provide and maintain safe and healthy working conditions, equipment and systems of work for all our employees, and to provide such information, training and supervision as they need for this purpose.

15. CODE OF CONDUCT

The Company is committed to ethical practices in the conduct of its business and the Company set out standards of business behaviour for its employees.

16. CONSTITUTION

The Company has not adopted any Constitution and is governed by the Companies Act 2001.

17. SHARE PRICE INFORMATION

As the Company is not listed, share price information is not available.

18. EMPLOYEE SHARE OPTION PLAN

The Company does not have any share option plan for its employees.

19. DIRECTORS' DEALING IN SHARES OF THE COMPANY

The Directors did not deal in the shares of the Company during the year and they do not hold any share in the Company.

20. DONATION

The company did not make any charitable and political donation during the year.

21. ENVIRONMENTAL POLICY

In line with SICOM objective to promote energy efficiency and to provide a comfortable and safe environment to its staff and customers, several initiatives have been undertaken. These include controlling the usage of different equipment like air conditioning systems, lighting and pumps. For instance, the set point for chilled water has been increased by 2°C during winter season to reduce energy consumption of chillers. Conventional light fittings have been replaced gradually by energy efficient LED fittings which deliver equivalent light intensity at reduced cost. Worn out insulation of air conditioning system have been replaced on one floor to ensure efficient transfer of cool air to the premises while reducing energy losses in chilled water pipes. Old air conditioners have been replaced by new air conditioners using refrigerants which have low ozone depletion potential and minimal impact on the global warming.

22. RECRUITMENT AND PROMOTION POLICY

The Company is committed to employ and retain professionals of high standing. Recruitment is effected through a thorough and professional selection process including job adverts, short listing, and interviews. The most suitable person is recruited while ensuring equal opportunities, competence and merit. Newcomers usually go through a preliminary briefing followed by an in-depth induction course.

23. NON-AUDIT SERVICES RENDERED BY EXTERNAL AUDITORS

	2016	2015
Services:	Rs'000	Rs'000
- Review of tax computation	47	45

Lee Shing Po Theresa M (Mrs)
Company Secretary
SICOM General Insurance Ltd
Port Louis

Date: 13 SEP 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors acknowledge their responsibilities for:

i. adequate accounting records and maintenance of effective internal control systems,

ii. the preparation of financial statements which fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for that period and which comply with International Financial Reporting Standards (IFRS), and

iii. the selection of appropriate accounting policies supported by reasonable and prudent judgements.

The External Auditors are responsible for reporting on whether the financial statements are fairly presented.

The Directors report that:

i. adequate accounting records and an effective system of internal controls and risk management have been maintained,

ii. appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently,

iii. the Code of Corporate Governance has been adhered to. Reasons have been provided where there has not been compliance,

iv. International Financial Reporting Standards have been adhered to.

Signed on behalf of the Board of Directors:

Chairman.................................... Director....................................

Date: 13 SEP 2016

SICOM
GENERAL INSURANCE
A member of the SICOM Group

ACKNOWLEDGEMENT

The Board of Directors would like to thank Mr R P Nowbuth, Mr R Aubeelack, Mr G Gopee and Mr D Purryag for their contributions to the affairs of the Board and would also like to welcome Mr C Dussoye who has been appointed as new member on the Board of SICOM General Insurance Ltd.

The Board of Directors expresses its deep appreciation of the support given to all the stakeholders of the Company by the Government of Mauritius, the Financial Services Commission, Reinsurers, Insurance and Reinsurance Brokers, Investment Managers, Bankers, Insurance Agents and Salesmen. The Board of Directors is also thankful to its customers and stakeholders for their loyalty and trust and would like to thank Management and staff for their dedicated effort and commitment to the Company.

For and on behalf of the Board of Directors

Chairman.................................... Director....................................

Date: 13 SEP 2016

SECRETARY'S CERTIFICATE

I certify to the best of my knowledge and belief that for the year ended 30 June 2016, the Company has filed with the Registrar of Companies, all such returns as are required of the Company under the Companies Act 2001.

....

Lee Shing Po Theresa M (Mrs)

Company Secretary

SICOM General Insurance Ltd

Port Louis

Date: 13 SEP 2016

STATEMENT OF COMPLIANCE

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

Name of PIE: SICOM General Insurance Ltd

Reporting Period: Year ended 30 June 2016

We, the Directors of SICOM General Insurance Ltd, confirm that to the best of our knowledge, the PIE has not complied with sections 2.8.2 and 2.10.3 of the Code of Corporate Governance. Reasons for non-compliance are given on page 10.

Chairman.................................... Director....................................

Date: 13 SEP 2016

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10, Frère Félix de Valois Street
Port Louis, Mauritius
P.O. Box 799

SICOM GENERAL INSURANCE LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

This report is made solely to the members of SICOM General Insurance Ltd (the "Company"), 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 auditors' 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 the Financial Statements

We have audited the financial statements of SICOM General Insurance Ltd on pages 20 to 58 which comprise the statement of financial position at 30 June 2016 and the statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

SICOM GENERAL INSURANCE LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Report on the Financial Statements (Continued)

Opinion

In our opinion, the financial statements on pages 20 to 58 give a true and fair view of the financial position of the Company at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

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

We have obtained all 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 financial statements have been prepared in the manner and meet the requirements specified by the Financial Services Commission, except that the Company does not comply with the requirement of Section 30(2) of the Insurance Act 2005 which requires that the board of directors be composed of not less than 7 natural persons.

Financial Reporting Act 2004

The Directors are responsible for preparing the Corporate Governance Report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance as disclosed in the annual report and on whether the disclosures are consistent with the requirements of the Code.

In our opinion, the disclosures in the annual report are consistent with the requirements of the Code.

BDO & Co

BDO & Co
Chartered Accountants

Port Louis,
Mauritius.

Per Georges Chung Ming Kan F.C.C.A
Licensed by FRC

13 SEP 2016

SICOM GENERAL INSURANCE LTD

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016

	Notes	2016	2015
		Rs'000	Rs'000
NON-CURRENT ASSETS			
Property, plant and equipment	6	**1,634**	1,349
Intangible assets	7	**6,575**	3,823
Statutory deposits	8	**7,942**	-
Other financial assets	9	**472,213**	361,046
Fixed deposits	10	**126,146**	215,895
Loans	11	**16,265**	17,642
Deferred tax assets	12	**5,826**	6,313
		636,601	606,068
CURRENT ASSETS			
Statutory deposits	8	**-**	7,360
Other financial assets	9	**17,964**	23,337
Loans	11	**2,283**	2,234
Trade and other receivables	13	**304,815**	246,601
Short-term deposits	14	**85,708**	163,713
Reinsurance assets	15	**517,510**	627,514
Cash and cash equivalents		**77,019**	77,659
		1,005,299	1,148,418
CURRENT LIABILITIES			
Trade and other payables	16	**211,129**	209,712
Dividend	17	**38,990**	54,863
Current tax liabilities	18(a)	**3,902**	2,931
Bank overdraft		**31,706**	19,250
		285,727	286,756
NET CURRENT ASSETS		**719,572**	861,662
		1,356,173	1,467,730
CAPITAL AND RESERVES			
Stated capital	19	**25,000**	25,000
Reserves	20	**180,607**	166,635
Subordinated loan	21	**341,625**	341,625
TOTAL EQUITY		**547,232**	533,260
TECHNICAL PROVISIONS			
Gross outstanding claims	15	**390,542**	538,078
Gross unearned premiums	15	**373,535**	351,470
		764,077	889,548
NON-CURRENT LIABILITIES			
Retirement benefit obligations	22	**44,864**	44,922
		1,356,173	1,467,730

These financial statements have been approved for issue by the Board of Directors on 13 SEP 2016

Nemchand S
Chairman

Bhoojedhur-Obeegadoo K G (Mrs)
Director

The notes on pages 25 to 58 form an integral part of these financial statements.
Auditors' report on pages 19 and 19(a).

SICOM GENERAL INSURANCE LTD

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016	2015
		Rs'000	Rs'000
Gross insurance premiums		**732,368**	746,387
Premium ceded to reinsurers		**(359,756)**	(405,775)
Movement in unearned premium	15(c)	**(9,751)**	(16,166)
Net earned premiums		**362,861**	324,446
Gross claims paid	15(b)	**468,454**	346,215
Claims settled from reinsurers	15(b)	**(226,896)**	(145,929)
Movement in outstanding claims	15(b)	**(25,218)**	(14,153)
Net claims incurred		**216,340**	186,133
Commissions receivable from reinsurers		**54,060**	48,153
Commissions paid to agents and brokerage fees		**(35,598)**	(30,064)
		18,462	18,089
Underwriting surplus		**164,983**	156,402
Investment and other income	23	**47,598**	66,494
		212,581	222,896
Administrative and other expenses	24	**(150,797)**	(135,751)
PROFIT BEFORE TAXATION		**61,784**	87,145
Taxation	18(b)	**(9,798)**	(13,993)
PROFIT FOR THE YEAR		**51,986**	73,152

The notes on pages 25 to 58 form an integral part of these financial statements.
Auditors' report on pages 19 and 19(a).

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016	2015
		Rs'000	Rs'000
Profit for the year		**51,986**	73,152
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of post employment benefit obligations	22(a)(iii)	**4,058**	(8,367)
Income tax relating to components of other comprehensive income	12(b)	**(609)**	1,255
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale investments	9	**(2,473)**	837
Other comprehensive income for the year, net of tax		**976**	(6,275)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**52,962**	66,877

The notes on pages 25 to 58 form an integral part of these financial statements.
Auditors' report on pages 19 and 19(a).

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Stated Capital	Retained Earnings	Actuarial Losses	Investment Revaluation Reserve	Subordinated Loan	Total
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at 01 July 2015		25,000	195,962	(30,564)	1,237	341,625	533,260
Profit for the year		-	51,986	-	-	-	51,986
Other comprehensive income		-	-	3,449	(2,473)	-	976
Total comprehensive income for the year		-	51,986	3,449	(2,473)	-	52,962
Dividend	17	-	(38,990)	-	-	-	(38,990)
Balance at 30 June 2016		**25,000**	**208,958**	**(27,115)**	**(1,236)**	**341,625**	**547,232**
Balance at 01 July 2014		25,000	177,673	(23,452)	400	341,625	521,246
Profit for the year		-	73,152	-	-	-	73,152
Other comprehensive income		-	-	(7,112)	837	-	(6,275)
Total comprehensive income for the year		-	73,152	(7,112)	837	-	66,877
Dividend	17	-	(54,863)	-	-	-	(54,863)
Balance at 30 June 2015		**25,000**	**195,962**	**(30,564)**	**1,237**	**341,625**	**533,260**

The notes on pages 25 to 58 form an integral part of these financial statements.
Auditors’ report on pages 19 and 19(a).

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016	2015
		Rs'000	Rs'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**61,784**	87,145
Adjustments for:			
Depreciation on property, plant and equipment	6	**554**	574
Amortisation of intangible assets	7	**1,133**	2,258
Retirement benefit obligations		**8,135**	7,258
Investment income		**(46,923)**	(53,144)
Operating cash flows before working capital changes		**24,683**	44,091
Increase in trade and other receivables		**(48,362)**	(60,996)
Decrease/(increase) in reinsurance assets		**110,004**	(106,412)
Increase/(decrease) in trade and other payables		**1,417**	(4,594)
(Decrease)/increase in insurance liabilities		**(125,471)**	108,425
Cash used in operations		**(37,729)**	(19,486)
Interest received		**47,455**	53,052
Income tax paid	18(a)	**(8,949)**	(13,611)
Contribution paid on retirement benefit obligations	22(a)(iii)	**(4,135)**	(3,625)
Net cash (used in)/generated from operating activities		**(3,358)**	16,330
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	**(839)**	(159)
Purchase of intangible assets	7	**(3,885)**	(3,923)
Net investment		**(28,156)**	(24,547)
Net cash used in investing activities		**(32,880)**	(28,629)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		**(54,863)**	(67,213)
Net cash used in financing activities		**(54,863)**	(67,213)
Net decrease in cash and cash equivalents		**(91,101)**	(79,512)
CASH AND CASH EQUIVALENTS AT 1 JULY		**222,122**	301,634
CASH AND CASH EQUIVALENTS AT 30 JUNE		**131,021**	222,122

CASH AND CASH EQUIVALENTS

		2016	2015
Bank and cash balances		**77,019**	77,659
Bank overdraft		**(31,706)**	(19,250)
Short term deposits		**85,708**	163,713
		131,021	222,122

The notes on pages 25 to 58 form an integral part of these financial statements.
Auditors' report on pages 19 and 19(a).

1. GENERAL INFORMATION

SICOM General Insurance Ltd is a Public Limited Company, incorporated in the Republic of Mauritius on 22 April 2010. Its registered office is situated at Sir Celicourt Antelme Street, Port Louis, Mauritius. The principal activity of the Company is to transact General Insurance Business.

The Company has started trading as a separate company as from 01 July 2010, when the transfer of assets and liabilities has been finalised.

These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of Shareholders of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of SICOM General Insurance Ltd comply with the companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements are presented in Mauritian Rupees and all values are rounded to the nearest thousand (Rs'000), except when otherwise indicated.

The financial statements are prepared under the historical cost convention, except that:-
(a) available for sale financial assets and relevant financial assets and liabilities are stated at their fair values; and
(b) held-to-maturity investments, loans and receivables and relevant financial assets and financial liabilities are carried at amortised cost.

Standards, Amendments to published Standards and Interpretations effective in the reporting period

There are no standards, amendments to published standards and interpretations effective for the first time in the reporting period.

Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2016 or later periods, but which the Company has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

IFRS 9 Financial Instruments
IFRS 14 Regulatory Deferral Accounts
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
IFRS 15 Revenue from Contract with Customers

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Standards, Amendments to published Standards and Interpretations issued but not yet effective (cont'd)

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)
Equity Method in Separate Financial Statements (Amendments to IAS 27)
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
Annual Improvements to IFRSs 2012-2014 Cycle
Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)
Disclosure Initiative (Amendments to IAS 1)
IFRS 16 Leases
Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)
Amendments to IAS 7 Statement of Cash Flows
Clarifications to IFRS 15 Revenue from Contracts with Customers
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

Where relevant, the Company is still evaluating the effect of these Standards, amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

2.2 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation is calculated to write off the cost of the assets on a straight line basis over their estimated useful lives at the following rates: -

Furniture and fittings	10%
Office equipment	10%
Computer equipment	20%
Assets costing below Rs.5,000	100%

The assets residual values, useful lives and depreciation method are reviewed and adjusted prospectively if appropriate at the end of each reporting period. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

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 sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Revenue recognition

Premium written is accounted for policies incepting in the financial year. Provision for unearned premium has been made and represents the proportion of premium written in the year, which relate to the unexpired terms of policies in force at the reporting date, calculated on the basis of the 365th method.

Investment income comprises of dividend and interest for the year. Dividend income is accounted when the right for payment is established. Interest income is recognised on an accruals basis, by reference to the principal outstanding and at the effective interest rate applicable.

2.4 Foreign currencies

In preparing the financial statements of the Company, 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 such currencies are retranslated at the rates prevailing at that date. Profits and losses arising on exchange are included in the profit or loss for the year.

2.5 Financial assets

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

Classification of Financial assets

Financial assets are classified into the following specified categories: "held-to-maturity" investments, "available-for-sale" (AFS) financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition, except where stated separately, the carrying amount of the Company's financial assets approximate their fair values.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money or services directly to a debtor with no intention of trading the receivable. They are recognised initially at fair value plus any directly attributable transaction costs. Subsequently to initial recognition, loans and receivables are measured at amortised costs using the effective interest method, less any impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Financial assets (cont'd)

Classification of Financial assets (cont'd)

Loans and receivables (cont'd)
They are included in current assets when maturity is within twelve months after the end of the reporting period or non-current assets for maturities greater than twelve months.

Held-to-maturity investments
Debentures with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are carried at amortised cost using the effective interest method less any impairment.

Trade and other receivables
Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as Trade receivables. Trade receivables are measured at amortised cost using the effective interest method, less any impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognised in profit or loss.

Available-for-sale financial assets
Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the end of the reporting period.

Recognition and measurement
Purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Available-for-sale financial assets are initially measured at fair value plus transaction costs.

Available-for-sale financial assets are subsequently carried at their fair values.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

Unrealised gains and losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised in other comprehensive income.

When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in profit or loss as gains and losses on financial assets.

The fair value of quoted investments are based on current bid prices.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Financial assets (cont'd)

Impairment of financial assets

Financial assets classified as available-for-sale

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial asset is impaired. In case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in profit or loss.

If the fair value of a previously recognised impaired debt security classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed and the reversal recognised in profit or loss.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

Financial assets measured at amortised cost

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and, the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determine under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2.6 Stated capital

Ordinary shares are classified as equity.

2.7 Trade and other payables

Trade and other payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Taxation

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

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 because it excludes items of income or expense that are taxable or deductible in other years but it further excludes items that are never taxable or deductible.

Deferred tax

Deferred taxation is provided on the comprehensive basis using the liability method. Deferred tax liabilities are recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted at the end of the reporting date and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is possible that taxable profit will be available against which the deductible temporary differences can be utilised. The principal temporary difference arises from depreciation on property, plant and equipment and retirement benefit obligations.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, short terms deposits and bank overdraft. Cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value. Bank overdraft is shown in current liabilities in the statement of financial position.

2.10 Retirement benefit obligations

Defined Contribution plan

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Payments to defined contribution plans are recognised as an expense when employees have rendered service that entitle them to the contributions.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Retirement benefit obligations (cont'd)

Defined Benefit plan

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), is recognised immediately in other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income shall not be reclassified to profit or loss in subsequent period.

The Company determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset), taking into account any changes in the net defined liability/(asset) during the period as a result of contributions and benefit payments. Net interest expense/(income) is recognised in profit or loss.

Service costs comprising current service cost, past service cost, as well as gains and losses on curtailments and settlements are recognised immediately in profit or loss.

State plan and Defined Contribution Plan

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

2.11 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the end of the reporting period. Provisions are reviewed at end of reporting period and adjusted to reflect the current best estimate.

2.12 Intangible assets – Computer Software

Computer software that is not considered to form an integral part of any hardware equipment is recorded as intangible assets. The software is capitalised at cost and amortised over its estimated useful lives of 2 - 8 years.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Intangible assets – Computer Software (cont'd)

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.

2.13 Insurance contracts

Insurance contracts – classification

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

Insurance risk is transferred when the Company agrees to compensate a policyholder if a specified uncertain event adversely affects the policyholder. The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect. Contracts not considered to be insurance contracts under IFRS are classified as investment contracts. The Company does not issue any investment contracts.

Insurance contracts issued by the Company are short term insurance contracts and are classified under the following classes of business: motor, accident & health, engineering, liability, property, transportation, guarantee and miscellaneous. These contracts provide compensation following damage to or loss of property, goods, equipment, losses and expenses incurred, sickness and loss of earnings resulting from the occurrence of the events insured against.

Reinsurance contracts

Reinsurance contracts entered into by the Company are either of proportional or non-proportional type. Under a proportional treaty, the premiums and claims are apportioned between the Company and the reinsurer in agreed proportions. Proportional reinsurance may be either in the form of a quota share whereby the proportion of each risk reinsured is fixed, or in the form of surplus whereby the Company can retain a part of a risk within a fixed limit, and the reinsurer accepts part of the risk as a multiple of the Company’s retention.

Under the non-proportional type of reinsurance, the Company uses the Excess of Loss treaty whereby in consideration for a premium, the reinsurer agrees to pay claims in excess of a specified amount (the retention), up to a specified maximum amount.

The Company reinsures either on a treaty basis, with all risks falling within the treaty terms, conditions and limits being reinsured automatically, or on a facultative basis.

Under facultative reinsurance, risks are offered to the reinsurer on an individual basis and can be accepted or rejected by the reinsurer.

Short-term balances due from reinsurers are classified within accounts receivable and amounts that are dependent on the expected claims and benefits arising under the related reinsurance contracts are classified under reinsurance assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Insurance contracts (cont'd)

Reinsurance contracts (cont'd)

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provisions or settled claims associated with the reinsured policies and in accordance with the relevant reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due. Any gains and losses on buying reinsurance contracts are recognised immediately in profit or loss and are not subject to amortisation.

Reinsurance assets are reviewed for impairment. A reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that the Company may not receive all amounts due to it under the terms of the contract and the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer. If reinsurance asset is impaired, the Company reduces the carrying amount accordingly and recognises that impairment loss in the profit or loss.

Cl*aims expenses and outstanding claims provisions*

Claims expenses are charged to profit or loss as incurred based on the estimated liability for compensation owed to policy holders or third parties.

Outstanding claims provision represents the estimated ultimate cost of settling all claims admitted or intimated but not yet settled at the end of the reporting period, and provisions for claims incurred but not reported (IBNR). The outstanding claims includes related expenses. The Company does not discount its liabilities for unpaid claims.

Significant delays can be expected in the notification and settlement of certain claims, especially in respect of Liability class of business, the ultimate cost of which cannot therefore be known with certainty at the end of the reporting period. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposure and that the provision is determined using best estimates of claims development patterns, forecast inflation and settlement of claims. Outstanding claims provisions are not discounted and include an allowance for expected future recoveries. Recoveries include non-insurance assets that have been acquired by exercising rights to sell, salvage or subrogate under the terms of the insurance contracts.

Salvage and subrogation reimbursements

Salvage is the equitable right of the Company to the residual value of property for which it has paid a total loss. When the Company compensates an insured due to a loss caused by a third party, it is subrogated to the right of the insured to be compensated by that third party.

Estimates of salvage and subrogation are taken into consideration while calculating provisions for outstanding claims. The salvage property and subrogation reimbursements are recognised in other assets when the liabilities are settled. Allowance for salvage is the amount that can reasonably be recovered from the disposal of property whereas the subrogation allowance is the assessment of the amount that can be recovered from the action against the liable third party.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Liability adequacy test

At the end of each reporting period, the Company reviews its unexpired risk and carries out a liability adequacy test for any overall excess of expected claims over unearned premiums using the current best estimates of future cash flows under its contracts after taking into account the investment returns expected to arise on assets backing such liabilities. Any deficiency is immediately recognised in profit or loss and a provision is established in the statement of financial position (the unexpired risk provision).

2.15 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are declared.

2.16 Related parties

Parties are considered to be related if one party has control, joint control or exercises significant influence over the other party or is a member of the key management personnel of the other party.

2.17 Comparative figures

Comparative figures have been regrouped or restated, where necessary, to conform to the current year’s presentation.

3. MANAGEMENT OF INSURANCE RISKS

The Company’s activities expose it to a variety of insurance risks. A description of the significant risk factors is given below together with the risk management policies applicable.

3.1 Insurance risk

Insurance risk is transferred when an insurer agrees to compensate a policyholder if a specified uncertain future event (other than a change in a financial variable) adversely affects the policyholder. By the very nature of an insurance contract, the risk is random and therefore unpredictable.

The main risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This may occur if the frequency or severity of claims and benefits are greater than estimated.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. 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 Company has developed its insurance underwriting strategy so as 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, accumulation of risk and type of industry covered.

3. MANAGEMENT OF INSURANCE RISKS (CONT'D)

3.1 Insurance risk (cont'd)

3.1.1 *Frequency and severity of claims*

The frequency and severity of claims can be affected by several factors. The most significant claims result from accident, liability claims awarded by the Court, cyclone, flooding, fire and allied perils and their consequences. Inflation is also a significant factor due to the long period typically required to settle some claims.

The Company's underwriting strategy attempts to ensure that the underwritten risks are well diversified in type, amount of risk and industry. The Company has in place underwriting criteria to ensure that risk accepted are as per acceptance guidelines. Management reviews performance of individual insurance policies and the Company reserves the right to review terms and conditions at renewal or not to renew an insurance.

Reinsurance arrangements under treaties and facultative basis mitigate the severity of claims as risk retained is predetermined.

The Company can impose deductibles and has the right to reject the payment of a fraudulent claim.

Where relevant, the Company may pursue third parties for payment of some or all liabilities (subrogation). Claims development and provisioning levels are closely monitored.

3.1.2 *Concentration of insurance risk*

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

	2016		2015	
Class of Business	**Gross**	**Net**	Gross	Net
	Rs'000	**Rs'000**	Rs'000	Rs'000
Motor	**228,491**	**56,710**	241,613	84,760
Property	**25,791**	**60**	100,551	3,266
Transport	**19,132**	**50**	78,234	503
Engineering	**6,502**	**936**	9,360	1,282
Accident & Health	**43,437**	**13,069**	34,788	8,876
Liability	**55,941**	**5,272**	61,279	4,593
Miscellaneous	**3,843**	**940**	7,357	1,484
Incurred but not Reported (IBNR)	**7,405**	**7,405**	4,896	4,896
	390,542	**84,442**	538,078	109,660

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

3. MANAGEMENT OF INSURANCE RISKS (CONT'D)

3.1 Insurance risk (cont'd)

3.1.3 *Sources of uncertainty*

Most claims on short term insurance contracts are payable on a claims-occurrence basis. Under claims occurrence basis, the Company is liable for insured events that occur during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims may be settled over a long period of time and a significant element of the claims provision relates to incurred but not reported claims (IBNR).

The estimated costs of claims include direct expenses to be incurred in settling claims, net of subrogation and salvage recoveries. The Company ensures that claims provisions are determined using the best information available of claims settlement patterns, court awards and forecast inflation. However, given the uncertainty in determining claims provisions, it is likely that the final claim settlement will differ from the original liability estimate.

The Company has ensured that liabilities as stated in the statement of financial position are adequate.

3. MANAGEMENT OF INSURANCE RISKS (CONT'D)

3.1 Insurance risk (cont'd)

3.1.4 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.

Financial year of Loss

	prior	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
	2004														
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At end of loss year		40,624	62,324	72,845	90,666	145,249	133,442	120,076	90,867	114,745	126,789	122,660	159,841	183,423	1,463,551
One year later		7,151	13,358	12,143	18,801	26,912	31,722	14,906	10,135	6,090	3,600	7,033	18,112		169,963
Two years later		2,102	(287)	(138)	(787)	(2,143)	584	211	3,095	535	2,962	(1,626)			4,508
Three years later		293	124	360	872	(1,658)	2,287	5,832	439	(2,076)	5,224				11,697
Four years later		(196)	(417)	1,168	765	(1,379)	(1,164)	4,809	3,327	1,136					8,049
Five years later		407	102	845	1,457	615	2,598	169	2,399						8,592
Six years later		1,987	86	292	(187)	1,573	441	2,362							6,554
Seven years later		1,722	-	487	641	549	2,171								5,570
Eight years later		(130)	439	420	(642)	197									284
Nine years later		179	121	-	(77)										223
Ten years later		(40)	512	(193)											279
Eleven years later		-	561												561
Twelve Years later		61	-												61
Current claims paid to date		**54,159**	**76,924**	**88,228**	**111,509**	**169,916**	**172,081**	**148,367**	**110,261**	**120,429**	**138,574**	**128,067**	**177,953**	**183,423**	**1,679,892**
IBNR				(360)	(44)	4,606	(1,280)	(356)	(656)	(442)	4,916	(3,822)	1,712	3,131	7,405
Outstanding Reported	(2,170)	(350)	1,808	1,643	258	(3,049)	1,334	1,429	11,070	14,548	(4,564)	18,277	13,643	23,160	77,037
Net liability	**(2,170)**	**(350)**	**1,808**	**1,283**	**214**	**1,557**	**54**	**1,073**	**10,414**	**14,106**	**352**	**14,455**	**15,355**	**26,291**	**84,442**

3. MANAGEMENT OF INSURANCE RISKS (CONT'D)

3.1 Insurance risk (cont'd)

3.1.5 *Reinsurance strategy*

Reinsurance purchases are reviewed annually to verify that the levels of protection being bought reflect any developments in exposure and risk appetite of the Company. The Company is exposed to risks of default by reinsurers in respect of their share of reinsurance liabilities and there may be disputes in contract wordings, especially on facultative reinsurance placements. To minimise the reinsurance credit exposure, reinsurance is placed with top-rated and/or credit-worthy Reinsurers who meet the Company's counterparty security requirements and the Company regularly monitors its exposure.

4. FINANCIAL RISK

The Company is exposed to financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that proceeds from financial assets are not sufficient to fund the obligations arising from insurance contracts. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect on the Company's financial performance. The main risks to which the Company is exposed are as follows:

4.1 Foreign currency risk

The Company's financial assets, which are exposed to foreign currency risks, consist mainly of deposits and trade receivables. Management monitors the Company's currency position on a regular basis. The carrying amount of the Company's foreign currency denominated financial assets at the reporting date is as follows:

Concentration of assets under:	**2016**	2015
	Rs'000	Rs'000
Financial assets		
MUR	**1,509,288**	1,668,205
USD	**116,154**	73,354
GBP	**66**	678
EUR	**1,158**	507
AUD	**861**	-
	1,627,527	1,742,744

Financial liabilities	**2016**	2015
	Rs'000	Rs'000
MUR	**672,367**	821,903

4. FINANCIAL RISK (CONT'D)

4.1 Foreign currency risk (cont'd)

Consequently the Company is exposed to risks that the exchange rate relative to these currencies may change in a manner, which has an effect on the reported value of that portion of the Company's net assets which is denominated in currencies other than the Mauritian Rupee. The following table details the Company's sensitivity to a 5% and 10% increase/decrease of the Rupee against the USD, GBP, EUR and AUD.

	2016	2015
	Rs'000	Rs'000
Increase/decrease of 5% in rate of exchange		
Increase/decrease in net assets	**5,912**	3,727
Increase/decrease of 10% in rate of exchange		
Increase/decrease in net assets	**11,824**	7,454

4.2 Interest rate risk

The Company is exposed to interest rate fluctuations on the international and domestic markets. The Company monitors closely interest rate trends and related impact on investment income for performance evaluation and better management.

The interest rate profile of the Company was as follows:	**2016**	2015
	%	%
Government Bonds	**4.30 - 9.25**	6.00 - 9.25
Treasury Notes	**2.46 - 4.08**	n/a
MDLS	**n/a**	8.75
Corporate Bonds - Floating	**Repo + 1.35**	Repo + 1.35
Corporate Bonds - Fixed	**6.00**	n/a
Fixed Deposits - Local:		
Non-current	**7.00**	7.00 - 8.10
Current	**7.50 - 8.10**	5.00 - 8.00
Fixed Deposits Foreign - USD	**0.75**	n/a
Floating Deposits - Local:		
Non-current	**Savings + (3.00 - 3.20)**	Savings + (3.00 - 3.20)
Current	**n/a**	Savings + 0.75
Foreign Currency Call Deposits:		
USD	**0.10**	0.10 - 0.20
EUR	**0.01**	0.03
Local Call Deposits:		
MUR	**0.00 - 3.35**	0.00 - 3.65

4. FINANCIAL RISK (CONT'D)

4.2 Interest rate risk (cont'd)

	2016	2015
	%	%
Increase/decrease of 5% in interest rate		
Increase/decrease in net assets	**506**	556
Increase/decrease in income	**506**	556
Increase/decrease of 10% in interest rate		
Increase/decrease in net assets	**1,012**	1,112
Increase/decrease in income	**1,012**	1,112

The increase or decrease in the interest rate sensitivity is due to fluctuations in the interest rates of local and foreign currency call deposits and local floating deposits and corporate bonds at 30 June 2016 as compared to 30 June 2015.

The interest rate sensitivity analysis excludes:-
Government securities, foreign currency term deposits and local currency fixed deposits which have fixed interest rates and thus will not be affected by fluctuations in the level of interest rates.

4.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial assets.

The Company is exposed to daily payments of benefits to clients and to repayment of financial liabilities.

The Company's liquidity position is monitored on a regular basis. The Company manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching profiles of financial assets.

The table below summarises the Company's trading liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity dates.

	1 to 3 months	**3 months to 1 year**	**Repayable on demand**	**Total**
At 30 June 2016	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Financial liabilities				
Insurance liabilities	-	-	390,542	390,542
Other financial	71,551	210,274	-	281,825
Total liabilities	**71,551**	**210,274**	**390,542**	**672,367**

	1 to 3 months	**3 months to 1 year**	**Repayable on demand**	**Total**
At 30 June 2015	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Financial liabilities				
Insurance liabilities	-	-	538,078	538,078
Other financial	49,984	233,841	-	283,825
Total liabilities	**49,984**	**233,841**	**538,078**	**821,903**

4. FINANCIAL RISK (CONT'D)

4.4 Market price risk

The Company has invested in securities quoted on the Stock Exchange of Mauritius. The following table details the Company's sensitivity to a 5% and 10% increase/decrease in the prices of the quoted shares.

	2016	2015
	Rs'000	Rs'000
Bonds	25,976	25,261
Equities	36,325	36,099
	62,301	61,360
Increase/decrease of 5% in the prices of securities:		
Increase/decrease in net assets	3,115	3,068
Increase/decrease of 10% in the prices of securities:		
Increase/decrease in net assets	6,230	6,136

4.5 Reinsurers' default

The Company is exposed to the possibility of 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.

4.6 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern and also comply with applicable laws and regulations. The Company is required to maintain a minimum capital requirement under the Insurance Act 2005 and rules made by the Financial Services Commission.

Under the Insurance Act (General Insurance Business Solvency) Rules 2007, the minimum capital requirement for General Business is the sum of capital required for the statement of financial position 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 2016, the Company has satisfied the minimum capital requirement.

4.7 Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

- 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 that are not based on observable market data (unobservable inputs).

4. FINANCIAL RISK (CONT'D)

4.7 Fair value measurements recognised in the statement of financial position (cont'd)

Available-for-sale financial assets	2016 Level 1	2016 Level 2	2016 Level 3	2016 Total
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Quoted Equities	**36,325**	**-**	**-**	**36,325**
Unquoted Equities	**-**	**-**	**14**	**14**
Quoted Bonds	**25,976**	**-**	**-**	**25,976**
Total	**62,301**	**-**	**14**	**62,315**

Available-for-sale financial assets	2015 Level 1	2015 Level 2	2015 Level 3	2015 Total
	Rs'000	Rs'000	Rs'000	Rs'000
Quoted Equities	36,099	-	-	36,099
Quoted Bonds	25,261	-	-	25,261
Total	61,360	-	-	61,360

The table below shows the changes in level 3 instruments:	**2016**	2015
	Rs'000	Rs'000
Additions	14	-
At 30 June	14	-

5. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS IN APPLYING ACCOUNTING ESTIMATES

Estimates, judgments and assumptions are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5.1 Critical accounting estimates and assumptions

The Company 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.

5.2 Insurance contracts

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

Claims provision

Outstanding claims provision is determined based upon knowledge of events, terms and conditions of relevant policies, on interpretation of circumstances as well as previous claims experience. Similar cases, historical claims payment trends, judicial decisions and economic conditions are also relevant and are taken into consideration.

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

5.2 Insurance contracts (cont'd)

Sensitivity analysis

The Company adopted actuarial techniques to estimate the required levels of provisions, taking into account the characteristics of the business class and risks involved.

5.3 Reinsurance

The Company is exposed to disputes on, and defects in, contract wordings and the possibility of default of its Reinsurers. The Company monitors the financial strength of their Reinsurers. Allowance will be made in the financial statements for non-recoverability in case of Reinsurer's default.

5.4 Held-to-maturity investments

The Company applies International Accounting Standard (IAS) 39 - "Recognition and Measurement" on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Company evaluates its intention and ability to hold such investments to maturity.

If the Company fails to keep these investments to maturity other than for specific circumstances explained in IAS 39, it will be required to reclassify the whole class as available-for-sale. The investments would therefore be measured at fair value not amortised cost.

5.5 Impairment of available-for-sale financial assets

The Company follows the guidance of IAS 39 on determining when an investment is other-than-temporarily impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee.

5.6 Pension benefits

The present value of the pension obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 22.

6. PROPERTY, PLANT AND EQUIPMENT

	Furniture & Fittings	Office Equipment	Computer Equipment	Total
(a) **COST**	Rs'000	Rs'000	Rs'000	Rs'000
At 01 July 2014	362	170	2,408	2,940
Additions	4	14	141	159
At 30 June 2015	366	184	2,549	3,099
Additions	78	79	682	839
Scrapped	-	-	(15)	(15)
At 30 June 2016	**444**	**263**	**3,216**	**3,923**
DEPRECIATION				
At 01 July 2014	180	53	943	1,176
Charge for the year	29	21	524	574
At 30 June 2015	209	74	1,467	1,750
Charge for the year	33	26	495	554
Scrapped	-	-	(15)	(15)
At 30 June 2016	**242**	**100**	**1,947**	**2,289**
NET BOOK VALUE				
At 30 June 2016	**202**	**163**	**1,269**	**1,634**
At 30 June 2015	157	110	1,082	1,349

(b) Depreciation charge of Rs 554,000 (2015: Rs 574,000) has been included in administrative and other expenses.

7. INTANGIBLE ASSETS

	Computer Software	
	2016	2015
	Rs'000	Rs'000
(a) **COST**		
At 01 July	**7,286**	3,363
Additions	**3,885**	3,923
Scrapped	**(739)**	-
At 30 June	**10,432**	7,286
AMORTISATION		
At 01 July	**3,463**	1,205
Charge for the year	**1,133**	2,258
Scrapped	**(739)**	-
At 30 June	**3,857**	3,463
NET BOOK VALUE		
At June 30	**6,575**	3,823

(b) Amortisation charge of Rs 1,133,000 (2015: Rs 2,258,000) has been included in administrative and other expenses.

8. STATUTORY DEPOSITS

In compliance with the Insurance Act 2005, statutory deposits represent investments in Mauritius Government Securities earning interest at the rate of 7.00% (2015: 7.50%) per annum and maturing on 16 November 2022 (2015: 22 May 2016).

9. OTHER FINANCIAL ASSETS

	2016	2015
	Rs'000	Rs'000
<u>Non-current</u>		
Investment in securities	**472,213**	361,046
<u>Current</u>		
Investment in securities	**17,964**	23,337
	490,177	384,383

Other financial assets for 2016 are analysed as follows:

<u>Non-current</u> **Investment in securities**	Held-to-maturity	Available-for-sale	Total
	Rs'000	Rs'000	Rs'000
At 01 July 2015	299,686	61,360	361,046
Additions	134,003	3,428	137,431
Transfer to current assets	(17,719)	-	(17,719)
Transfer to statutory deposits	(7,942)	-	(7,942)
Interest/gain receivable adjustment	1,870	-	1,870
Decrease in fair value	-	(2,473)	(2,473)
At 30 June 2016	**409,898**	**62,315**	**472,213**

<u>Current</u> **Investment in securities**	Held-to-maturity
	Rs'000
At 01 July 2015	23,337
Maturities	(23,355)
Transfer from non-current assets	17,719
Interest/gain receivable adjustment	263
At 30 June 2016	**17,964**

Other financial assets for 2015 are analysed as follows:

<u>Non-current</u> **Investment in securities**	Held-to-maturity	Available-for-sale	Total
	Rs'000	Rs'000	Rs'000
At 01 July 2014	254,846	40,002	294,848
Additions	67,140	20,521	87,661
Transfer to current assets	(23,354)	-	(23,354)
Interest/gain receivable adjustment	1,054	-	1,054
Increase in fair value	-	837	837
At 30 June 2015	**299,686**	**61,360**	**361,046**

9. OTHER FINANCIAL ASSETS (CONT'D)

Current

Investment in securities	Held-to-maturity
	Rs'000
At 01 July 2014	3,699
Maturities	(3,477)
Transfer from non-current assets	23,354
Interest/gain receivable adjustment	(239)
At 30 June 2015	**23,337**

(a) Held-to-maturity investments comprise of Mauritius Government Securities with interest rates ranging from 2.46% - 9.25% (2015: 6.00% - 9.25%) per annum and maturity dates varying between 2016 to 2031.

(b) Available-for-sale financial assets include the following:

	2016	2015
	Rs'000	Rs'000
At fair value:		
Equity securities (listed)	**36,325**	36,099
Equity securities (unquoted)	**14**	-
Debt securities (listed)	**25,976**	25,261
	62,315	61,360

The fair value of equity and debt securities are based on the Stock Exchange of Mauritius (SEM) prices at the close of business at the end of the reporting date. Unquoted available-for-sale securities for which reliable fair values cannot be obtained have been stated at cost and it is of the opinion that these investments have not been impaired.

(c) Held-to-maturity investments and available–for-sale securities are denominated in MUR.

(d) The maximum exposure to credit risk at the reporting date is the fair value of securities classified as available-for-sale.

(e) None of the financial assets are either past due or impaired.

10. FIXED DEPOSITS

Held-to-maturity financial assets	**2016**	2015
	Rs'000	Rs'000
Maturing:		
- in the second year	**-**	69,000
- in the third year	**123,500**	-
- in the fourth year	**-**	123,500
Interest receivable	**2,646**	23,395
	126,146	215,895

(a) The deposits earn interest at rates varying between 5.85% - 7.00% (2015: 6.15% - 8.10%) per annum.

(b) The fixed deposits are denominated in MUR.

(c) None of the deposits are either past due or impaired.

11. LOANS

	2016	2015
	Rs'000	Rs'000
Non-current		
Subordinated debt	**10,000**	10,000
Other loans	**6,265**	7,642
	16,265	17,642
Current		
Other loans	**2,283**	2,234

Subordinated unsecured loan bear fixed interest rate at 10% per annum and the capital is repayable in full at maturity date of 13 July 2017. Other loans bear interest at 2% to 4% (2015: 2% to 4%) per annum and repayment terms of seven years.

12. DEFERRED TAXATION

Deferred income taxes are calculated on all temporary differences under the liability method at the rate of 15% (2015: 15%).

(a) There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred income tax assets and liabilities when the deferred income taxes relate to the same fiscal authority on the same entity. The following amounts are shown in the statements of financial position.

	2016	2015
	Rs'000	Rs'000
Deferred tax assets	**6,730**	6,738
Deferred tax liabilities	**(904)**	(425)
	5,826	6,313

(b) The movement on the deferred income tax account is as follows:

	2016	2015
	Rs'000	Rs'000
At 01 July	**6,313**	4,528
Credited to profit or loss (note 18(b))	**122**	530
(Charged)/credited to other comprehensive income	**(609)**	1,255
At 30 June	**5,826**	6,313

(c) The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same fiscal authority on the same entity, is as follows:

Deferred tax liabilities	Accelerated tax depreciation
	Rs'000
At 01 July 2014	409
Charged to profit or loss	16
At 30 June 2015	**425**
Charged to profit or loss	479
At 30 June 2016	**904**

12. DEFERRED TAXATION (CONT'D)

Deferred tax assets	Retirement benefit obligations
	Rs'000
At 01 July 2014	4,937
Credited to profit or loss	546
Credited to other comprehensive income	1,255
At 30 June 2015	**6,738**
Credited to profit or loss	601
Charged to other comprehensive income	(609)
At 30 June 2016	**6,730**

13. TRADE AND OTHER RECEIVABLES

	2016	2015
	Rs'000	Rs'000
Premium	**197,436**	186,903
Provision for impairment losses	**(316)**	(390)
	197,120	186,513
Amount due from reinsurers	**63,827**	31,194
Other receivables and prepayments	**43,868**	28,894
	304,815	246,601

The carrying amount of trade and other receivables approximate their fair value.

Reconciliation of changes in the impairment account resulting from unpaid premium during the year is as follows:

	2016	2015
	Rs'000	Rs'000
At 01 July	**390**	317
Movement during the year	**(74)**	73
At 30 June	**316**	390

As at 30 June 2016, premiums of Rs 316,000 (2015: Rs 390,000) were impaired. The amount of the provision was Rs 316,000 as at 30 June 2016 (2015: Rs 390,000).

The individually impaired premiums mainly relate to policyholders who are in unexpectedly difficult economic situations.

The credit period on premium receivable is determined with regards to the status of clients and amount of premium involved monthly.

Allowance for doubtful debts is normally determined by the Company as premium due for more than one year. No interest is charged on the premium.

Before accepting any new customer, the technical department assesses the credit quality of the customer and defines the terms and credit limits accordingly.

13. TRADE AND OTHER RECEIVABLES (CONT'D)

Premium disclosed above includes amounts (see below for aged analysis) that are past due at the reporting date for which the Company has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Analysis of the age of premiums that are past due but not impaired:	**2016**	2015
	Rs'000	Rs'000
> 2months < 3 months	**9,087**	5,958
> 3months < 6 months	**28,142**	12,890
> 6 months < 1 year	**9,941**	3,726
> 1 year	**3,120**	312
	50,290	22,886

In determining the recoverability of a premium, the Company considers any change in the credit quality of the premium from the date the credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, it is believed that there is no further credit provision required in excess of the allowance for doubtful debts.

The carrying amounts of trade and other receivables are denominated in the following currencies:

	2016	2015
	Rs'000	Rs'000
MUR	**203,284**	190,809
USD	**99,649**	54,823
GBP	**-**	678
EURO	**1,021**	291
AUD	**861**	-
	304,815	246,601

Amount due from reinsurers include impaired assets of Rs 5,085,730 (2015: Rs 5,085,730). The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

14. SHORT-TERM DEPOSITS

Short-term deposits comprise of fixed deposits in Mauritian rupee and foreign currency with banks earning interest rates ranging from 0.01% - 8.10% (2015: 0.03% - 8.00%) per annum. The fixed deposits have maturity dates within one year from the end of the reporting date.

The foreign currency deposits are held in a basket of major currencies traded.

15. INSURANCE LIABILITIES AND REINSURANCE ASSETS

(a) Short term insurance

	2016	2015
	Rs'000	Rs'000
Gross		
Claims reported	**383,137**	533,182
Claims incurred but not reported (IBNR)	**7,405**	4,896
Outstanding claims	**390,542**	538,078
Unearned premiums	**373,535**	351,470
Total gross insurance liabilities	**764,077**	889,548
Recoverable from reinsurers		
Claims reported	**306,100**	428,418
Unearned premiums	**211,410**	199,096
Total reinsurers' share of insurance liabilities	**517,510**	627,514
Net		
Claims reported	**77,037**	104,764
Claims incurred but not reported (IBNR)	**7,405**	4,896
	84,442	109,660
Unearned premiums	**162,125**	152,374
Total net insurance liabilities	**246,567**	262,034

15. INSURANCE LIABILITIES AND REINSURANCE ASSETS (CONT'D)

(b) The movement in insurance liabilities and reinsurance assets is as follows:

	2016			2015		
	Gross	**Reinsurance**	**Net**	Gross	Reinsurance	Net
	Rs'000	**Rs'000**	**Rs'000**	Rs'000	Rs'000	Rs'000
At 01 July						
Notified claims	538,078	(428,418)	109,660	497,114	(373,301)	123,813
Increase/(decrease) in liabilities	313,513	(104,578)	208,935	382,283	(201,046)	181,237
Cash paid for claims settled in the year (page 19)	(468,454)	226,896	(241,558)	(346,215)	145,929	(200,286)
	383,137	(306,100)	77,037	533,182	(428,418)	104,764
Claims incurred but not reported (IBNR)	7,405	-	7,405	4,896	-	4,896
At 30 June	390,542	(306,100)	84,442	538,078	(428,418)	109,660
Movement in claims outstanding and IBNR			**(25,218)**			(14,153)

(c) The movement in unearned premiums is as follows:

	2016			2015		
	Gross	**Reinsurance**	**Net**	Gross	Reinsurance	Net
	Rs'000	**Rs'000**	**Rs'000**	Rs'000	Rs'000	Rs'000
At 01 July	351,470	(199,096)	152,374	284,009	(147,801)	136,208
Increase/(decrease) during the year	22,065	(12,314)	9,751	67,461	(51,295)	16,166
At 30 June	**373,535**	**(211,410)**	**162,125**	351,470	(199,096)	152,374

16. TRADE AND OTHER PAYABLES

	2016	2015
	Rs'000	Rs'000
Amount due to reinsurers	126,951	140,984
Other payables and accruals	80,203	65,676
Amount due to holding company	3,975	3,052
	211,129	209,712

The above amounts payable are interest free, unsecured and repayable on demand. The carrying amount of trade and other payables approximates their fair value.

17. DIVIDEND

A dividend of 75% (2015: 75%) on profit after tax, amounting to Rs 38,989,545 (Rs 155.96 per share) in respect of current year was declared (2015: Rs 54,863,097 representing Rs 219.45 per share).

18. TAXATION

Income tax

Income tax is calculated at the rate of 15% (2015: 15%) on the profit for the year as adjusted for income tax purposes.

(a) **Statement of financial position**

	2016	2015
	Rs'000	Rs'000
At 01 July	2,931	2,019
Income tax charge for the year	9,586	14,523
Under provision in previous year	334	-
Tax paid during the year	(8,949)	(13,611)
At 30 June	3,902	2,931

(b) **Statement of profit or loss**

	2016	2015
	Rs'000	Rs'000
Current tax expense	9,586	14,523
Under provision in previous year	334	-
Deferred tax (note 12(b))	(122)	(530)
	9,798	13,993

(c) **Tax reconciliation**

	2016	2015
	Rs'000	Rs'000
Profit before taxation	61,784	87,145
Tax calculated at 15% (2015: 15%)	9,268	13,072
Income not subject to tax	(838)	(208)
Expenses not deductible for tax purposes	1,156	1,659
Under provision in previous year	334	-
Deferred tax	(122)	(530)
Tax charge	9,798	13,993

19. STATED CAPITAL

	2016	2015
	Rs'000	Rs'000
Issued and fully paid		
250,000 ordinary shares at No par value each	**25,000**	25,000

Pursuant to section 8 "Restriction on Composite Insurance Business" of the Insurance Act 2005, the Shareholders of State Insurance Company of Mauritius Ltd, by a resolution dated 13th of April 2010, resolved to incorporate a wholly-owned subsidiary company, SICOM General Insurance Ltd, to transact Short Term Business only. The Company has one class of ordinary no par value shares, which carries a right to vote and a right to dividend.

20. RESERVES

	2016	2015
	Rs'000	Rs'000
Retained earnings (note 20(a))	**208,958**	195,962
Investments revaluation reserve (note 20(b))	**(1,236)**	1,237
Actuarial losses (note 20(c))	**(27,115)**	(30,564)
	180,607	166,635

(a) Retained earnings

	2016	2015
	Rs'000	Rs'000
At 01 July	**195,962**	177,673
Profit for the year	**51,986**	73,152
Dividends (note 17)	**(38,990)**	(54,863)
At 30 June	**208,958**	195,962

(b) Investment revaluation reserve

	2016	2015
	Rs'000	Rs'000
At 01 July	**1,237**	400
Change in fair value of available-for-sale financial assets (note 9)	**(2,473)**	837
At 30 June	**(1,236)**	1,237

The investment revaluation reserve represents accumulated gains and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of.

(c) Actuarial losses

	2016	2015
	Rs'000	Rs'000
At 01 July	**(30,564)**	(23,452)
Remeasurement of post employment benefit obligations	**4,058**	(8,367)
Income tax relating to components of other comprehensive income	**(609)**	1,255
At 30 June	**(27,115)**	(30,564)

The actuarial losses reserve represents the cumulative remeasurement of defined benefit obligation recognised.

21. SUBORDINATED LOAN

The loan from shareholder is unsecured, interest free with no fixed repayment terms and will not be recalled in the foreseeable future. The loan is considered as quasi-equity.

22. RETIREMENT BENEFIT OBLIGATIONS

(a) Defined benefit plan

(i) The Company operates a defined benefit pension. The plan is a final salary plan, which provides benefits to members in the form of a guaranteed level of pension for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

The assets of the fund are held independently and administered by the State Insurance Company of Mauritius Ltd.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligations were carried out at 30 June 2016 by Aon Hewitt Ltd (Actuarial Valuer). The present value of the defined benefit obligations, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

(ii) The amounts recognised in the statement of financial position are as follows:

	2016	2015
	Rs'000	Rs'000
Present value of funded obligations	**158,193**	156,304
Fair value of plan assets	**(113,329)**	(111,382)
Liability recognised in the statement of financial position	**44,864**	44,922

(iii) The movements in the statement of financial position are as follows:

	2016	2015
	Rs'000	Rs'000
At 01 July	**44,922**	32,922
Profit or loss charge	**8,135**	7,258
Other comprehensive income charge	**(4,058)**	8,367
Contributions paid	**(4,135)**	(3,625)
At 30 June	**44,864**	44,922

(iv) The movement in the defined benefit obligations over the year is as follows:

	2016	2015
	Rs'000	Rs'000
At 01 July	**156,304**	130,162
Current service cost	**5,206**	4,838
Employee contributions	**2,128**	1,803
Interest expense	**10,832**	10,522
Benefits paid	**(3,179)**	2,789
Liability experience gain	**(4,805)**	(4,105)
Liability loss due to change in demographic assumptions	**4,905**	-
Liability (gain)/loss due to change in financial assumption	**(13,198)**	10,295
At 30 June	**158,193**	156,304

22. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined benefit plan (cont'd)

(v) The movement in the fair value of plan assets of the year is as follows:

	2016	2015
	Rs'000	Rs'000
At 01 July	111,382	97,240
Interest income	7,903	8,102
Employer contributions	4,135	3,625
Employee contributions	2,128	1,803
Benefits paid	(3,179)	2,789
Return on plan assets excluding interest income	(9,040)	(2,177)
At 30 June	113,329	111,382

(vi) The amounts recognised in profit or loss are as follows:

	2016	2015
	Rs'000	Rs'000
Current service cost	5,206	4,838
Net interest on net defined benefit liabilities	2,929	2,420
Total included in "employee benefit expense" (note 24(a))	8,135	7,258
Actual return on plan assets	(1,137)	5,925

(vii) The amounts recognised in other comprehensive income are as follows:

	2016	2015
	Rs'000	Rs'000
Return on plan assets below interest income	9,040	2,177
Liability experience gain	(4,805)	(4,105)
Liability loss due to change in demographic assumptions	4,905	-
Liability (gain)/loss due to change in financial assumptions	(13,198)	10,295
	(4,058)	8,367

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

	2016	2015
	Rs'000	Rs'000
Equity - local quoted	15,866	20,048
Equity - local unquoted	1,133	1,114
Debt - local unquoted	46,465	35,642
Investment funds	24,932	23,390
Property local	1,133	1,114
Cash and other	23,800	30,074
Total	113,329	111,382

(ix) Principal actuarial assumptions at end of period:

	2016	2015
	%	%
Discount rate	7.00	7.00
Future long term salary increases	5.00	5.00
Future pension increases	3.00	4.00

22. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined benefit plan (cont'd)

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

	2016		2015	
	Increase	**Decrease**	Increase	Decrease
	Rs'000	**Rs'000**	Rs'000	Rs'000
Discount rate (1% movement)	**33,648**	**26,232**	37,140	28,599

An increase/decrease of 1% in other principal actuarial assumptions would not have a material impact on defined benefit obligations at the end of the reporting period.

The sensitivity above has been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The present value of the defined benefit obligation has been calculated using the projected unit credit method.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

(xi) The defined benefit pension plan exposes the Company to actuarial risks such as longevity risk, currency risk, interest rate risk and market (investment) risk.

(xii) The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

(xiii) The Company expects to pay Rs.7,759,000 in contributions to its post-employment benefit plans for the year ending 30 June 2017.

(xiv) The weighted average duration of the defined benefit obligation is 19 years at the end of the reporting period.

(b) Defined contribution plan

	2016	2015
	Rs'000	Rs'000
Contribution for the year	**276**	316

23. INVESTMENT AND OTHER INCOME

	2016	2015
	Rs'000	Rs'000
Loans and receivables	**1,363**	1,380
Held-to-maturity	**26,927**	21,817
Deposits	**17,193**	29,072
Dividend income	**1,440**	875
Exchange (loss)/gain	**(4,003)**	9,295
Other income	**4,678**	4,055
	47,598	66,494

24. ADMINISTRATIVE AND OTHER EXPENSES

	2016	2015
	Rs'000	Rs'000
Employee benefit expense (note 24(a))	75,383	62,172
Support service cost (note 24(b))	38,426	33,208
Depreciation (note 6)	554	574
Amortisation (note 7)	1,133	2,258
Others	35,301	37,539
	150,797	135,751

(a) **Employee benefit expense**

	2016	2015
	Rs'000	Rs'000
Wages and salaries, including termination benefits	66,573	54,219
Social security costs	399	379
Pension cost – defined benefit plan (note 22(a))	8,135	7,258
Pension cost – defined contribution plan (note 22(b)	276	316
	75,383	62,172

(b) **Support service cost**

As regards to services required by SICOM General Insurance Ltd in respect of Information Technology, Finance and Investment, Legal and Compliance, Actuarial and General Administration, these are provided by State Insurance Company of Mauritius Ltd and the cost involved are allocated to SICOM General Insurance Ltd.

25. MANAGED FUND

The Company accounts exclude the net assets of the Managed Medical amounting to Rs 962,396 (2015: Rs 1,708,355) as the assets backing this fund do not belong to the Company.

26. CAPITAL COMMITMENTS

Capital expenditure contracted for at reporting date, but not yet incurred is as follows:

	2016	2015
	Rs'000	Rs'000
Property, plant and equipment	164	1,875

27. HOLDING COMPANY

The Directors regard the State Insurance Company of Mauritius Ltd, a Company incorporated in Mauritius, as the Holding Company.

28. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

		2016	2015
		Rs'000	Rs'000
(i)	**Shareholder**		
	▪ Pension contribution payable	**4,411**	3,941
	▪ Rent payable	**7,310**	6,268
	▪ Other contributions payable	**878**	830
	▪ Management fees payable	**7,734**	8,255
	▪ Support charges payable	**38,426**	33,208
	▪ Dividend payable	**38,990**	54,863
	▪ Premium receivable	**7,733**	3,029
(ii)	**Key management personnel (including directors) of the Company**		
	▪ Premium receivable	**214**	236
	▪ Loans	**1,337**	1,935
	▪ Salaries and other short term benefits	**10,509**	11,219
	▪ Post-employment benefits	**1,698**	1,746
(iii)	**Key management personnel (including directors) of the Parent**		
	▪ Premium receivable	**806**	607
	▪ Loans	**1,337**	1,935

(b) Outstanding balances with related parties

		2016	2015
		Rs'000	Rs'000
(i)	Rent due to shareholder	**522**	522
	Due from shareholder	**269**	-
	Management fees due to shareholder	**704**	721
	Capital expenditure & other expenses due to shareholder	**32**	38
	Support charges, CSR & Pension due to shareholders	**3,453**	2,530
	Dividend	**38,990**	54,863
	Premium	**-**	202
(iii)	**Key management personnel (including directors) of the Parent**		
	Premium	**4**	52
	Loans	**960**	1,337

SICOM
GENERAL INSURANCE
A member of the SICOM Group

STATUTORY DISCLOSURES FOR THE YEAR ENDED 30 JUNE 2016

(Pursuant to Section 221 of the Companies Act 2001)

Principal Activities
The Company is mainly engaged in General Insurance business.

Directors
The Directors of SICOM General Insurance Ltd as at 30 June 2016 are as follows:

- Nemchand S (Chairman as from 12 October 2015)
- Nowbuth R P (up to 26 September 2015)
- Bhoojedhur-Obeegadoo K G (Mrs)
- Aubeelack R (up to 09 September 2015)
- Dussoye C (as from 23 October 2015)
- Elisa J B
- Gopee G (up to 30 November 2015)
- Leung Lam Hing H Y K (Mrs)
- Purryag D (up to 16 October 2015)
- Yip Wang Wing Y S

Directors' Service Contracts
One of the Executive Directors has a service contract with the Company without expiry date.

Directors' Emoluments

The remuneration and benefits of Directors are set out in the table below:

	2016 Rs'000	2015 Rs'000
Executive Directors	**6,076**	6,621
Non-Executive Directors	**1,265**	1,581

Donation
The Company did not make any donation during the year.

Audit fees
The fees paid to the auditors, for audit and other services were:

	2016 Rs'000	2015 Rs'000
Audit fees paid to:		
- BDO & Co	**380**	362
Fees Paid for other services provided by:		
-BDO & Co	**47**	45

For and on behalf of the Board of Directors

Chairman .... Director ....

Date: 13 SEP 2016