SICOM
STATE INSURANCE
COMPANY OF MAURITIUS
A member of the SICOM Group

Annual report
2016

Contents

Timeline

1975s

- Set Up of State Insurance Corporation of Mauritius with around 10 staff
- Start of Actuarial & Pensions Business
- Underwriting of General Insurances (Fire, Marine & Non-Motor Insurances)
- Launch of Life Assurance Business

1980s

- Launch of Motor Insurance Business
- Start of Housing loan Credit Facilities
- Privatisation from State Insurance Corporation of Mauritius to SICOM Ltd
- Moved to SICOM Building in July 1989

1990s

- SICOM Ltd became known as State Insurance Company of Mauritius Ltd
- Incorporation of SICOM Financial Services Ltd, SICOM Global Fund Ltd & Sicom Management Services Ltd

2000s

- Creation of new SICOM Logo
- Launch of Unit Trust Funds
- Launch of 1st SICOM website
- Launch of Bancassurance Services
- Awarded ISO 9001 Certification
- Incorporation of SICOM Registry & Secretarial Services Ltd

2010s

- Incorporation of SICOM General Insurance Ltd
- Launch of 1st SICOM intranet
- Launch of PostAssurance Hubs
- Rebranding of SICOM Group
- Completion of SICOM Building 2
- Acquisition of SICOM Tower
- Launch of SICOM Foundation

Main Business Lines

Individual & Group Life Assurance

- Investment & Savings
- Child Education
- Loan Portfolio Protection
- Serious Illness Cover
- Family Protection Scheme
- Group Temporary Assurance & other tailor-made schemes
- Group Funeral Plan

General Insurance

- Motor: Private Car, Commercial Vehicles, Motorcycles
- Property: Home Insurance, Fire and Allied Perils, Business Interruption, All Risks & others
- Engineering: Contractors' All Risks, Contractor's Plant and Equipment, Electronic Equipment & others
- Marine: Marine Cargo, Marine Hull
- Liability: Public Liability, Employer's Liability, Professional Indemnity, Directors' and Officers' Liability
- Pecuniary: Money, Fidelity Guarantee
- Accident & Health: Group Personal Accident, Medical Insurance
- Special risks: Kidnap and Ransom, Sabotage and Terrorism & others
- Miscellaneous: Travel, Goods-in-transit

Pensions

- Administration, Actuarial and Investment Services to Pension Schemes
- Personal Pensions Plans

Financial Services

- Fund Management in a broad array of financial instruments
- Deposit Taking
- Leasing
- Unit Trust Management
- Management Services
- Trustee Services

Actuarial Services

- Actuarial Valuations
- Advice on investment strategy / funding policy / transfer values / winding up / distribution of surplus
- Product pricing and design
- Disclosures under IAS 19

Loans

- Housing
- Multipurpose
- Fixed Deposit Loan
- Personal
- Educational Loan
- Commercial Loan

Our Mission, Shared Values and Objectives

Core Values

Our Mission

Dedicated to providing the best in insurance and financial 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

Quality Policy

Service Excellence	We are committed to service excellence through providing a professional and timely service to our customers while maintaining value-adding relationship with all stakeholders.
Meeting Customer Expectations	Our ultimate goal is to meet customer expectations with a diligent and efficient service.
People Development	Our people are our most valuable asset and we shall: ▪ provide them with appropriate training in line with organisational needs and objectives, ▪ aim at achieving employee satisfaction and encouraging their participation in decision making processes, and ▪ promote safe, sound and motivating work environment.
Continual Improvement	We are committed towards developing and maintaining efficient and reliable processes. We undertake to continually improve / innovate our products and services.
Competitive Products and Services	We will design and deliver competitive products and services to suit the requirements of our customers as well as the market at large.
Compliance and Good Governance	We ensure compliance with relevant laws and regulations and are committed to good governance and effective practices.
Quality Objectives	This Quality Policy will serve as basis for defining SICOM's Quality Objectives and we will ensure that it is reviewed on a regular basis.

Insurance | Pensions | Loans | Leasing | Deposits

Board of Directors

NEMCHAND Somduth
(Chairman)
Appointed as Chairman on 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.

BALLUCK Awadhkoomarsing
Dip HRM
Appointed on 16 November 2015

Mr Awadhkoomarsing Balluck had a long career in the Public Service. He was the Registrar of Associations, which operates under the aegis of the Ministry of Labour, Industrial Relations and Employment. Prior to that, he was Inspector of Associations, Senior Inspector of Associations, Principal Inspector of Associations and Deputy Registrar of Associations at the same Ministry.

Mr Balluck has also served as Customs and Excise Officer at the Customs and Excise Department performing enforcement duties. He is involved in Trade Union, Socio Cultural and Co-operatives activities. Mr Balluck has been successively a Board Member, Vice-Chairman and Chairman of the Board of Directors of the Mauritius Civil Service Mutual Aid Association Ltd from 1995 to 2012. He has also occupied the Chairmanship of the Building Committee and has been throughout, a member of the Finance Committee of the Organisation.

Mr Balluck holds a Diploma in Human Resource Management from University of Mauritius.

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.

Dr JUGURNATH Rajun
FCCA, PhD, MBA
Appointed on 29 January 2016

Designated 'Man of the Year 2008' by "Le Defi Media Group", Dr Rajun Jugurnath is presently the CEO of the Sugar Insurance Fund Board. Prior to that, he was the Officer-in-Charge of the Public Sector Efficiency Bureau, Ministry of Financial Services, Good Governance and Institutional Reforms. In June 2002, Dr. Rajun Jugurnath was appointed Director of Audit, at the National Audit Office where he retired after a career extending over 40 years in the civil service.

Dr Jugurnath is a Fellow of ACCA, a holder of a PhD, an MBA, and a Certificate in Company Directorship from the Institute of Directors of New Zealand. In 1991, he was appointed Director of Management Audit Bureau, Ministry of Finance where he stayed in post, for 11 years.

Dr Jugurnath served as Council Member of ACCA in London, for six years, President of ACCA Mauritius for 3 consecutive years and represented Mauritius on the Executive Board of Eastern, Central and Southern African Federation of Accountants (ECSAFA). He is also a member of the American Management Association (AMA), and member of All India Management Association (AIMA).

PHOKEER Jugdish Dev
DPAM, B.COM, MBA
Appointed on 16 November 2015

Mr Jugdish Dev Phokeer is the Permanent Secretary of the Ministry of Financial Services, Good Governance & Institutional Reforms. Prior to that, he was the Permanent Secretary of the Ministry of Technology, Communication and Innovation, Ministry of Youth and Sports, Ministry of Public Infrastructure, Land and Transport, National Development Unit, Ministry of Arts and Culture, Ministry of Health and Quality of Life, Ministry of Industry, Small & Medium Enterprises and the Ministry of Commerce & Co-operatives Division.

Mr Phokeer has been Administrator at the Office of the President of the Republic and has also served different Ministries in various capacities. He has also served on different Boards and Committees either as Director or Chairperson.

Mr Phokeer holds a Diploma in Public Administration & Management, a B.Com (Hons) and an MBA.

RAMDEWAR Nandita (Mrs)
FCCA, MBA (Finance)

Mrs Nandita Ramdewar joined SICOM in 1992 after having worked in a leading audit firm and has served the SICOM Group in various capacities. She is currently the Chief Finance Officer and is in charge of the Finance, Facilities, Corporate and Legal Departments. She is a Director in some of the subsidiaries of the Group. She has also been a Director in several companies where SICOM is a shareholder.

Mrs Ramdewar is a Fellow of the Association of Chartered Certified Accountants and holds a Masters in Business Administration, with specialisation in Finance, from Manchester Business School. She is a Fellow of the Mauritius Institute of Directors.

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

LEE SHING PO Theresa M (Mrs)
Attorney at Law
Company Secretary

Management

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

The profile of Mrs K Bhoojedhur-Obeegadoo is found on page 10.

RAMDEWAR Nandita (Mrs)
FCCA, MBA (Finance)
Chief Finance Officer

The profile of Mrs Nandita Ramdewar is found on page 11.

CHAPERON J M C Gilles
ACII, Chartered Insurer
Chief Support Officer

Gilles Chaperon joined SICOM as a Technical Officer in 1981 and served in the Life and Pensions Department in various positions at management level before being promoted to Senior Manager (Legal and Compliance) in 2004. He is currently the Chief Support Officer (CSO) responsible for the Group's corporate marketing, Communication and CSR functions. As CSO, he is also responsible for the Compliance function and oversees the IT activities at the level of the Group. He is the Money Laundering Reporting Officer (MLRO) of the SICOM Group.

He has been a Director in a company where SICOM is a shareholder.

Gilles is an Associate of the Chartered Insurance Institute (ACII) and holds Chartered Insurer status.

BALGOBIN Vijay
AIA, FIAI
Chief Actuarial Officer

Vijay Balgobin joined the Actuarial department of SICOM in 1982 and has grown up with the organisation, occupying various positions in the organisation before being appointed Manager of the Actuarial Department in 2000. He was promoted to Senior Manager (Actuarial & Pensions) in December 2007.

He is currently the Chief Actuarial Officer and his responsibility is to oversee all the actuarial functions in respect of our Pensions, Life Assurance and General Insurance Portfolio and the application of actuarial skills in the overall financial management of the Company.

Vijay is an Associate of the Institute and Faculty of Actuaries (UK) and a Fellow of the Institute of Actuaries (India).

GOPY Dev K
DEA, MSG
Chief Investment Officer

Dev Gopy joined SICOM in 2001 as Investment Analyst. Prior to joining SICOM, he has worked at a local leading banking institution.

Presently, he is the Chief Investment Officer and has the responsibility of the investments of the group and subsidiaries of SICOM in the financial services sector. He is also a Director of the Stock Exchange of Mauritius Ltd, SICOM Financial Services Ltd and Cyber Properties Investments Ltd.

Dev is a qualified Stockbroker and holds a Diplôme d'Etude Approfondies in Finance and a Maîtrise in Financial Management from L'Institut D'Administration Des Entreprises of the University of Montpellier II, France.

KOOMAR Bodun (Sailesh)
FCII, MBA, Chartered Insurer
Chief Operating Officer

Sailesh Koomar joined the Company in 2002 with a 17 years background in Life and Pensions business acquired in a local composite insurance company where he was working at managerial level. He joined in as Assistant Manager (Life) and was promoted as Manager (Life) in 2004.

He is now the Chief Operating Officer of the Company heading the Individual Life, Personal Pension and Loan business units. He also looks at the Customer Relationship Management and Business Development strategies of the Group and currently oversees the Human Resources function of the Group.

Sailesh is a Chartered Insurer and Fellow of the Chartered Insurance Institute (UK) and holds a Masters in Business Administration of the Surrey University (UK).

LEUNG LAM HING Suzanne H Y K (Mrs)
ACII Chartered Insurer
Chief Operating Officer, SICOM General Insurance Ltd

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.

LEE SHING PO Theresa M (Mrs)
Attorney at Law
Senior Executive Officer - Legal & Corporate

Theresa Lee Shing Po joined SICOM in 2000, with experience gathered from working in a leading audit firm, at the Attorney General's Office and as Independent Practitioner.

She is presently the Senior Executive Officer - Legal & Corporate and heads the Legal Department. She acts as Company Secretary to the State Insurance Company of Mauritius Ltd, SICOM General Insurance Ltd and SICOM Financial Services Ltd. She also acts as Alternate Money Laundering Reporting Officer.

Theresa was admitted as Attorney-at-Law in 1986.

BAGUANT Chemanlall, BSc (Hons)
MBA, Dip (Act.Tech)
Senior Executive Officer - IT

Cheman Baguant joined SICOM as Information Systems Officer in 1998 after five years of service in the IT sector. In 2003, he was promoted as Manager (IT) and is currently the Senior Executive Officer – IT, in charge of the IT operations of the Group.

Cheman graduated in Computer and Information Systems with Honours from Victoria University of Manchester and holds a Masters in Business Administration (Finance). He was also awarded a Diploma in Actuarial Techniques.

Management

APPADOO APPANAH Pritty (Mrs)
FCCA, MBA
Manager & Internal Auditor

Pritty Appadoo Appanah joined the Company in January 2002. She worked previously for another leading insurance group and she also worked as external auditor in one of the leading audit firms. Over the years she also cumulated other functions. She is currently the Manager & Internal Auditor.

Pritty is a Fellow of the Association of Chartered Certified Accountants (UK) and holds a Masters in Business Administration from the University of Surrey (UK).

BALGOBIN Parmanand (Vinod)
ACII, Chartered Insurer
Manager – General Insurance

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) in 1987 and holds Chartered Insurer status.

CHEENEEBASH Lohit K L (Bobby)
ACII, MBA, Chartered Insurer
Manager – Life Assurance

Bobby Cheeneebash joined the Company in 1991 and has a rich experience in the Life Insurance and Pensions market, acquired over the last 24 years. He has worked at different levels in the Life Department of the Group and has been mainly responsible for the administration of the Distribution function and Product Development. He is presently the Manager - Life Assurance.

Bobby is an Associate of the Chartered Insurance Institute (UK) and a Chartered Insurer. He also holds a Masters in Business Administration.

RAMRUTTUN Heman K (Rajesh)
FCCA
Manager - Finance

Rajesh Ramruttun joined SICOM as Accountant in 2001. Prior to joining SICOM, he worked as Financial Controller at a local transport company. He has more than 22 years of experience in Accounting and Financial Management. He is currently the Manager (Finance).

Rajesh is a Fellow Member of the Association of Chartered Certified Accountants UK.

RUGHOO Rajkamal (Raj)
BA (Hons)
Manager - Pensions

Raj Rughoo joined SICOM in 1988 and has served in different capacities in various Departments. He is currently the Manager of the Group Pensions Department and has over 20 years' experience in the administration of pension funds.

Raj holds a B.A (Hons) degree in Mathematics.

SEEROO Vasoodevsing J (Rajeev)
AIA
Manager - Actuarial & Group Life

Rajeev Seeroo joined SICOM in 1989 and has since worked at different levels in the Actuarial Department with varied experience in Life insurance and Pensions fields. He is presently Manager in charge of the administration of the Actuarial & Group Life business.

Rajeev is an Associate of Institute of Actuaries, UK.

Corporate Information

Registered Office

State Insurance Company of Mauritius Ltd
SICOM Building
Sir Célicourt Antelme Street, Port Louis, Mauritius
Telephone: (230) 203 8400
Fax: (230) 208 7662
Email Address: email@sicom.intnet.mu
Website: www.sicomgroup.mu

Auditors

BDO & Co

Consulting Actuaries

QED Actuaries & Consultants (Pty) Ltd
Aon Hewitt

Main Bankers

SBM Bank (Mauritius) Ltd
The Mauritius Commercial Bank Ltd
Barclays Bank Mauritius Limited
The Hong Kong and Shanghai Banking Corporation Limited
SBI (Mauritius) Ltd
AfrAsia Bank Limited
MauBank Ltd
Bank One Limited

Customers

Directors' Report

The Board of Directors of the State Insurance Company of Mauritius Ltd (SICOM) is pleased to present the twenty-seventh Annual Report together with the audited financial statements of the Group and of the Company for the year ended 30 June 2016.

ECONOMIC REVIEW

According to the International Monetary Fund, global growth is expected to remain subdued at 3.1% in 2016, with marginally lower growth in advanced economies and a gradual pickup in growth in emerging and developing economies. Growth in advanced economies is estimated at 1.8% during 2016, somehow negatively impacted by the lower growth expected in the United States as a result of weaker than expected economic activities at the beginning of 2016. Emerging market and developing economies are expected to grow by 4.1% in 2016, probably supported by the better near-term outlook in China due to recent policy support. The outlook for the global economy remains subject to significant risk factors. The vote of United Kingdom (U.K.) to leave the European Union (EU) is expected to have considerable negative effects on the European economy and raises serious doubts over the future of both the EU itself and the currency union. Nonetheless, even if the direct economic effects of a Brexit on the rest of Europe are not huge, substantial increase in economic, political and institutional uncertainty and associated financial market volatility could considerably impact business and investor confidence in the short term. Moreover, protracted financial market turbulence and rising global risk aversion, volatility in commodity markets, any disruptive adjustment in China's economy, political divisions within advanced economies and geopolitical tensions continue to threaten global economic growth.

With heightened risk aversion and increasing concerns about the lack of policy space, the valuation of risky assets as well as oil prices dropped sharply in early 2016. However, market sentiment began to improve in mid-February as a result of actions of central banks, and the recovery in financial and oil markets continued through 23 June 2016, as markets assumed the U.K. would remain in the EU. The result of the U.K. referendum caught financial markets by surprise and in its immediate aftermath, equity prices declined worldwide. During the financial year ended 30 June 2016, the S&P 500 recorded a gain of 1.7%, while the MSCI World Index dropped by 4.8%, the MSCI Europe plummeted by 13.9% and the DAX, CAC 40 and Nikkei 225 were down by 11.6%, 11.5% and 23.0% respectively. The MSCI Emerging Markets fell by 14.2% while the MSCI China and MSCI India dropped by 25.3% and 8.0% respectively for the financial year ended 30 June 2016.

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 saving 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 saving 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.

CORPORATE OVERVIEW

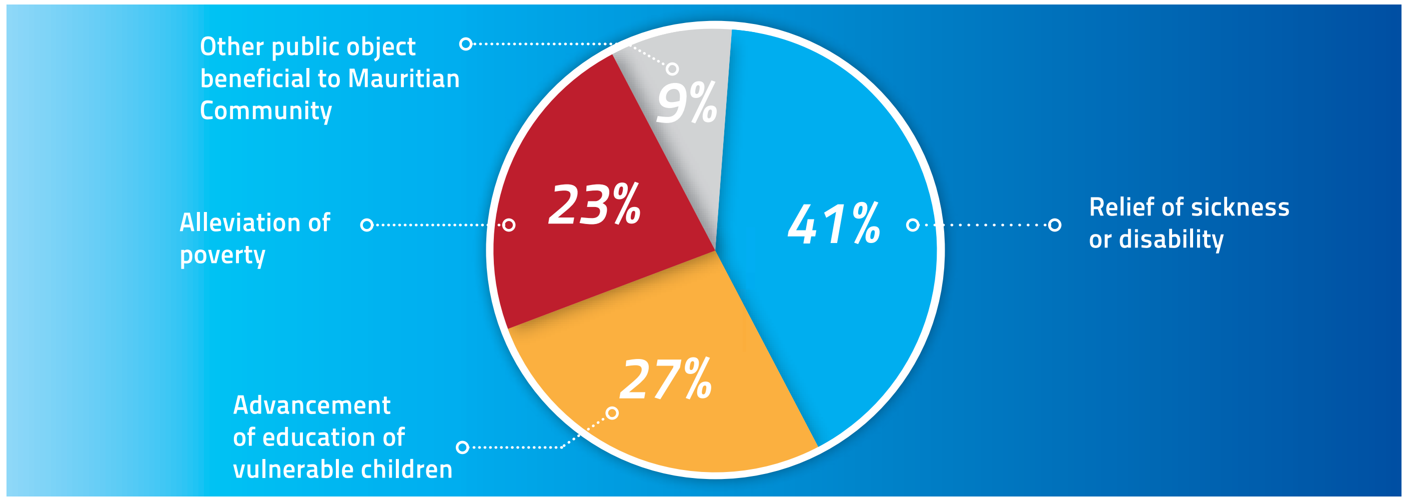
During the year under review, the SICOM Group has pursued its strategy of improving on customer service, whilst leveraging further on technology as well as consolidating its governance structures. An internal restructuring of the SICOM Group has been initiated so as place emphasis on activities generating higher income, profit and value addition and from a general risk management perspective. Hence, we have during the year considered important investment proposals, refurbishment works as well as marketing initiatives.

Given the relatively difficult market conditions, the Group also identified areas to be focused upon during this financial year, and which includes a re-engineering of its operations to be more nimble, segregation of the business lines across clearly distinct profit centres with increasing marketing and visibility of its products and services and a review of expenditure through increased outsourcing and better allocation of resources, where possible. We will also be setting up dedicated platforms to identify expansion and growth areas and will be further consolidating our existing resources, systems and processes.

For the year under review, the Group has realised a pre-tax profit of Rs 467.1 million compared to a pre-tax profit of Rs 518.9 million last year while that of the Company for this year stands at Rs 432.5 million compared to a pre-tax profit of Rs 471.2 million last year. The main reasons behind the drop in profit this year are the overall difficult market conditions and historically low interest rates as well as scarce reinvestment opportunities in the local market. It is also worth noting that despite the competitive environment, the different Business Units and subsidiary companies have registered satisfactory performances. SICOM has pursued its strategy of review of general containment of costs at all levels as well as a close monitoring of the Key Performance Indicators at Group, Company and SBU levels. All efforts and resources will be deployed by Management and Staff to improve the Group's performance for next year.

Corporate Social Responsibility

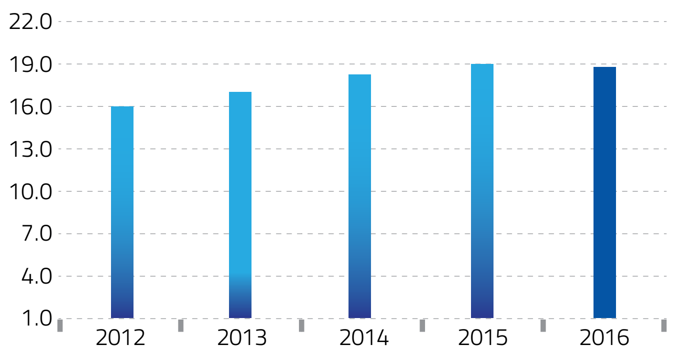
The total CSR funds of the Company which amounted to Rs 6.4 million for the year was transferred to SICOM Foundation, the dedicated Vehicle used to implement the CSR strategy of SICOM Group. During the year under review, SICOM Foundation funded its CSR program to the tune of some Rs 7.3 million. The 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. Our annual Charity Walk and Run event, SICOM Les Foulées de L'Espoir was marked by mobilsation of some 865 participants in favor of Breast Cancer Care, an NGO actively engaged in the fight against cancer.



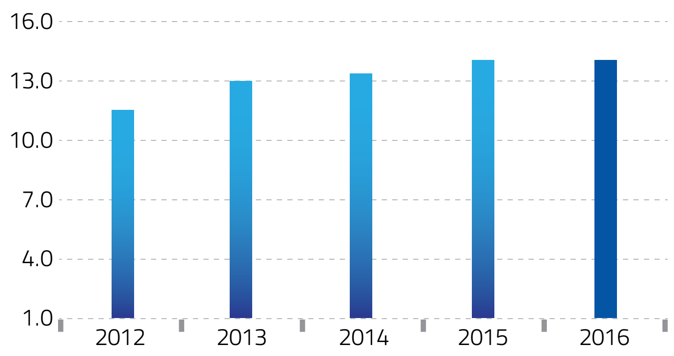
Directors' Report

KEY FINANCIAL CHARTS

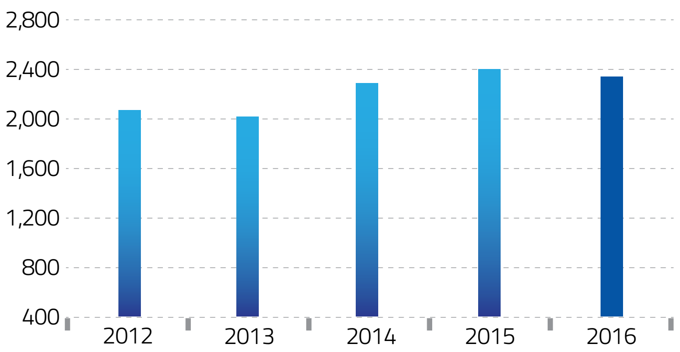
Group - Total Assets (Rs' billion)



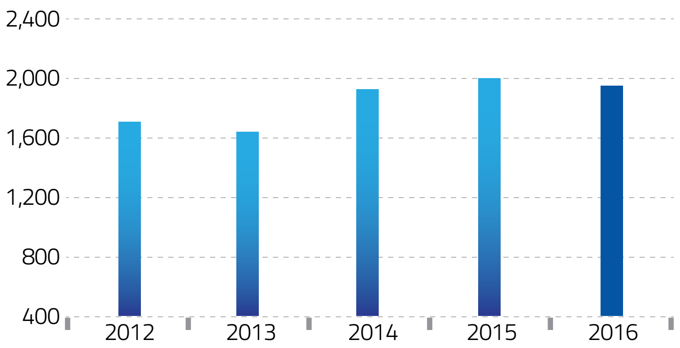
Company - Total Assets (Rs' billion)



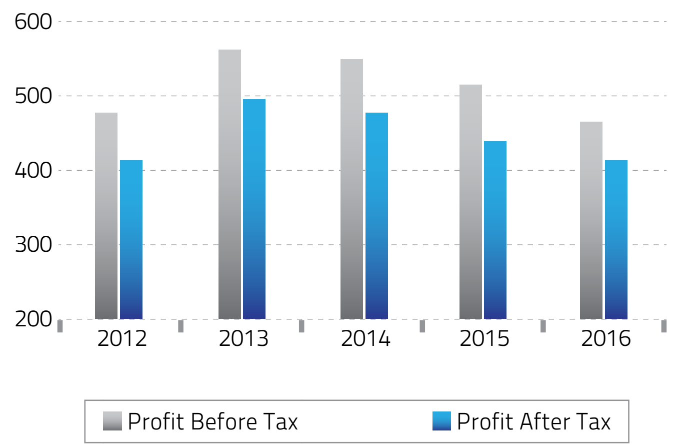
Group - Turnover (Rs' m)



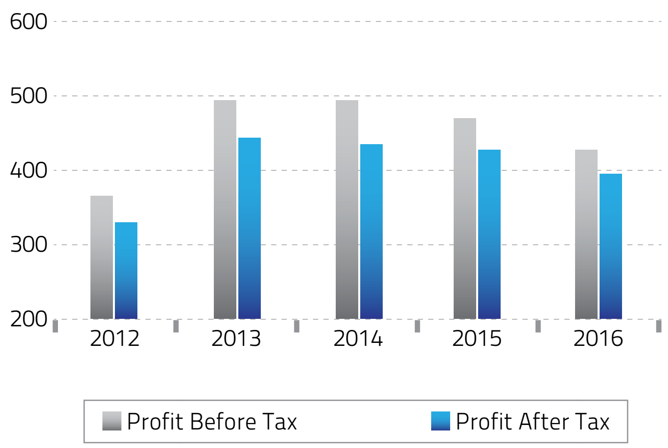
Company - Turnover (Rs' m)



Group - Profit (Rs' m)



Company - Profit (Rs' m)



REVIEW OF OPERATIONS

Long Term Business Operations

Despite the prevailing economic conditions characterized by a relatively low GDP growth and low rates of return, the strategy adopted by the Company a few years back to maximize on growth of regular premium policies has generated satisfactory results. Our long-term business operations, which consists of Group and Individual life businesses, ended with a Gross premium figure of Rs 1.8 billion as at June 2016 (Rs 1.8 billion - June 2015) for a total number of 65,908 individual life policies and 325 group life schemes with some 74,000 lives insured. Total regular gross life premium and personal pension contribution for the year ending 30 June 2016 registered an increase of 5.25%. The Group Life Premium, on the other hand, registered a growth of 2% as at 30 June 2016.

With a view to improve the distribution of our products, additional salesmen are being recruited and we are also reinforcing the direct sales team through recruitment of new sales staff. The number of in-house sales counters has been increased and additional opportunities of bancassurance agreements is being explored. We have also recently launched a new product, SICOM Smart Loan Cover with a view of capturing the competitive loan protection market and have also initiated a revamping of our personal pension plan as well as a review of existing policies in consultation with our sales force. New sales avenue is being explored through the development of an online platform.

Actuarial Business

The main line of actuarial services is towards Statutory Valuations and IAS 19 Disclosures in respect of pension funds managed by SICOM. Additional actuarial support has been required in respect of merger plans, winding up, early retirement schemes, and amendments to rules. Actuarial support has been ongoing for Life Assurance business for the Statutory Life Valuation and the ongoing operations dealing with product certification/profit-testing exercises. High level actuarial support was provided to General Insurance Reserving. Considerable actuarial input was provided in meetings with private organizations and statutory bodies to discuss pension solutions.

Group Pension Funds Portfolio

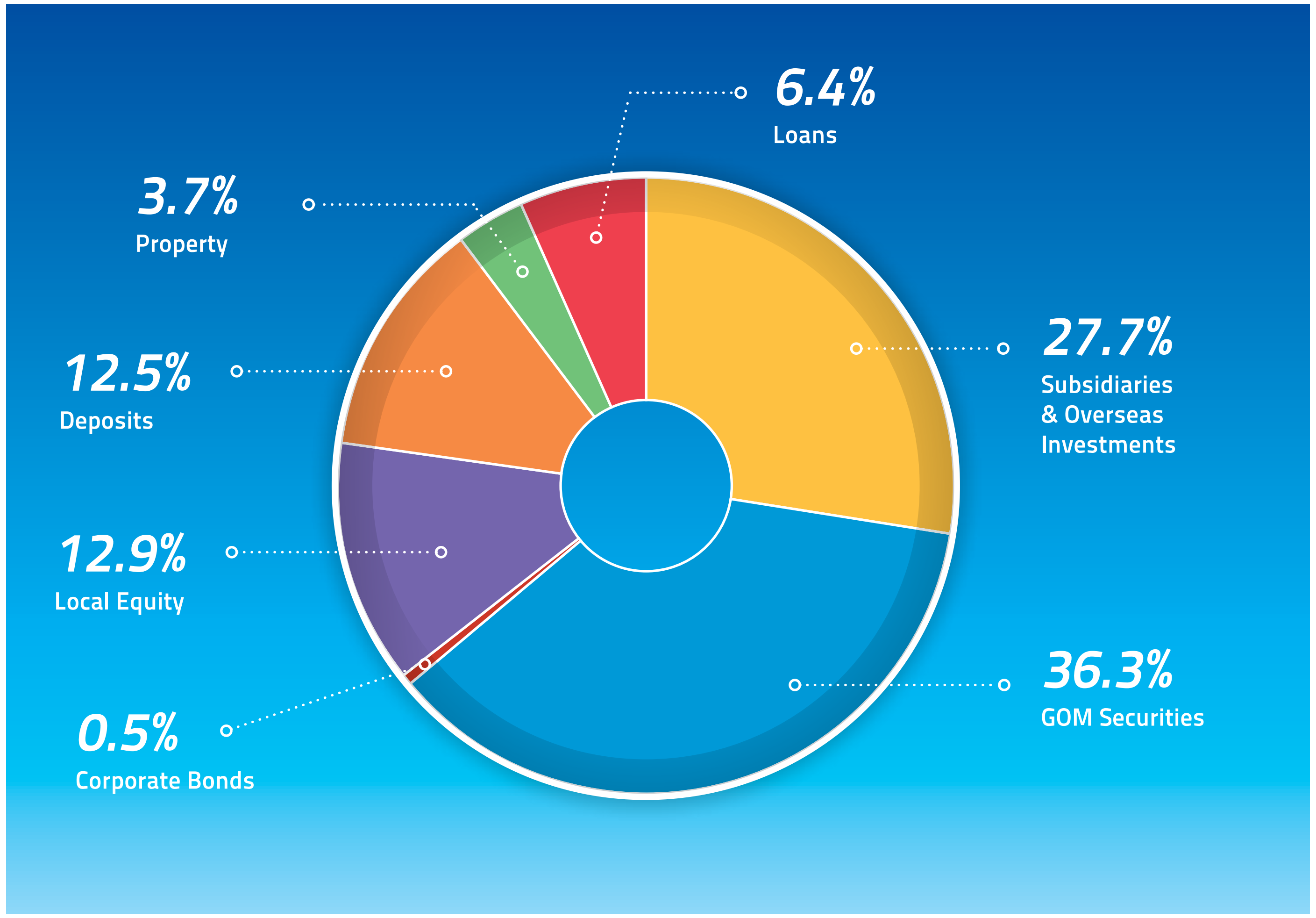
The implementation of the Private Pension Schemes Act and of the report of the Pay Research Bureau have been salient activities of the Department. Continued efforts have also been put in the implementation of a new administration and payroll business application which concerns over 8,500 pensioners in respect of both statutory and private schemes.

Investment

Despite the challenging economic backdrop and volatile market conditions, the Funds managed by the company posted generally satisfactory performances for the financial year under review. New investments made by SICOM stood at Rs 9.8 billion for the year under review, which were mainly in government securities, deposits, equity and loans, compared to Rs 10.2 billion for the year ended 30 June 2015.

Directors' Report

Group Investment Allocation



The global growth outlook remains weak and uneven. Downside risks to growth remain elevated against the backdrop of significant economic slack in advanced economies, sluggish investment, volatility in commodity markets and financial market turbulences. Global inflation is expected to remain low. The episodic extreme market volatility that has been experienced lately is likely to resurface in the coming months as significant market risks continue to loom in the form of above average valuations of U.S. equities, lower oil prices, potential volatility around the upcoming U.S. Presidential election, the timing of further U.S. Federal Reserve rate hikes and the fallout from Brexit. We shall continue to research for attractive investment opportunities and invest for the long-term in identified markets depending on market conditions.

Loans

For the period under review, our financial targets have been exceeded in terms of the total amount of loans approved and disbursed. In fact, we have achieved a total amount of loans approved of Rs 557.1 million as compared to Rs 360.5 million for the same period as for last year, representing an increase of Rs 196.6 million and our target set being exceeded by 42.9%. As regards the loans disbursed, the total amount reached Rs 523.7 million as compared to Rs 323.5 million for last year, representing an increase of Rs 200.2 million and our target set being exceeded by 36.0 %. These positive results achieved were mainly due to the one-off special housing loan offer launched in the context of the Company's 40th Anniversary celebrations and the continuous upgrading of facilities offered to our customers.

SUBSIDIARY COMPANIES

SICOM General Insurance Ltd

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.

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. 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 Profit before Tax for the 2015/2016 financial year amounted to Rs 61.8 million (last year Rs 87.1 million). The decrease is attributed mainly to an increase in management expenses and also a fall in investment return.

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 limited 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.

SICOM Financial Services Ltd

The total investment in finance lease increased by 15.3% to reach Rs 426.1 million for the financial year ended 30 June 2016. The total deposits mobilised by the company stood at Rs 2.8 billion as at 30 June 2016. Although the lease income of the company moved up by 12.0%, there was a fall in the income from fixed income instruments held by the company of 26.3%, which resulted from the current historically low interest rates, thus impacting the profit before tax of the company which stood at Rs 25.4 million for the financial year under review as compared to Rs 35.3 million last year.

Other Subsidiaries

The profit before tax of SICOM Management Ltd increased from USD 2.2 million last year to reach USD 2.4 million for the financial year ended 30 June 2016. SICOM Global Fund Ltd, a Collective Investment Scheme and Expert Fund, managed by SICOM Management Ltd saw its total assets increase from USD 214.7 million last year to reach USD 231.9 million as at 30 June 2016.

Human Resource Development

In order to maximize operational effectiveness in the fast-evolving and increasingly difficult and highly competitive business environment in which it is operating and as companies become ever more service oriented, the SICOM Group acknowledges that it increasingly and undeniably dependent on its human capital as a key differentiator in its pursuits. As part of its efforts to ensure organizational effectiveness and maximum return from its most important asset; the human resources of the group, training in key technical and development areas are being strategically and sustainably dispensed at all levels so as to enable effective embedding of required knowledge, competencies and skills. In the same line, emphasis is to be laid to the on-going learning culture which is continuously promoted across the Group whereby employees being the key players of the organisation are always encouraged to undertake studies in fields relevant to the line of business by providing relevant study schemes and related facilities.

The SICOM Group recognizes the importance and benefits of staff welfare for its employees and in line with maintaining and enhancing the synergy and promoting work-life balance within the Group, employees are provided with various benefits and facilities and staff welfare initiatives are organised on a regular basis.

Relief of sickness or disability | Advancement of education of vulnerable children | Alleviation of poverty | Other public object beneficial to Mauritian Community

CANCER le défi

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 ensures that all the principles of good governance are followed and applied.

2. MAJOR SHAREHOLDERS

As at 30 June 2016 the following Shareholders held more than 5% of the ordinary share capital of the Company:

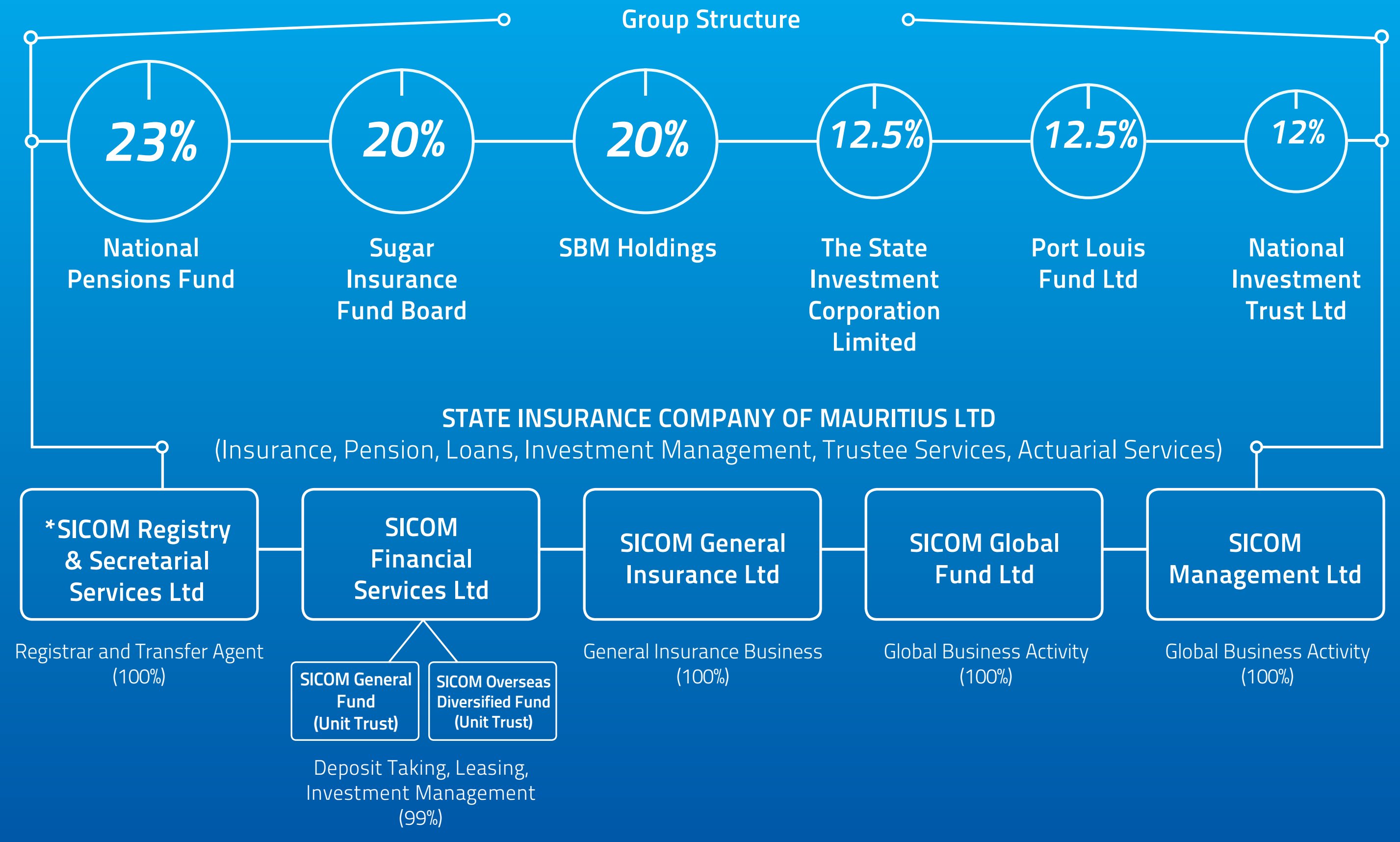
Shareholders	% Holding
National Pensions Fund	23.0
Sugar Insurance Fund Board	20.0
SBM Holdings Ltd	20.0
The State Investment Corporation Limited	12.5
Port Louis Fund Ltd	12.5
National Investment Trust Ltd	12.0

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. The current policy of dividend distribution is a minimum of 25% of the profit after tax of the Company. During the year under review, the Board paid a dividend of Rs 514.93 (2015: Rs 486.09) per share.

4. ULTIMATE HOLDING COMPANY

Group Structure



*Note - On 16 May 2016, it was resolved to wind up the Company.

SICOM Financial Services Ltd manages SICOM General Fund and SICOM Overseas Diversified Fund.

5. THE BOARD OF DIRECTORS

(a) Composition

Directors' profile appears on pages 10 to 11.

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, independently 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 that 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. The Board of Directors of SICOM has the overall responsibility for ensuring that the Company complies with the standards of good corporate governance.

The Board of Directors met seventeen times during the year.

(c) Election of Directors

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

(d) Assessment of Directors

The Directors forming part of the Board, especially those who are members of the Board Committees, 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 and the assessment of the Directors will be done before the year end.

(e) Common Directors at June 30, 2016

	State Insurance Company of Mauritius Ltd	SICOM General Insurance Ltd	SICOM Financial Services Ltd	SICOM Management Limited	SICOM Global Fund Limited	Number of directorship in listed company
Mr S Nemchand	✓	✓	✓	✓	✓	-
Mrs K G Bhoojedhur-Obeegadoo	✓	✓	✓	✓	✓	1
Mr A Balluck	✓					-
Mr C Dussoye	✓	✓				1
Mr J B Elisa	✓	✓		✓	✓	-
Dr R Jugurnath	✓					-
Mr J D Phokeer	✓					-
Mrs N Ramdewar	✓			✓	✓	-
Mr Y S Yip Wang Wing	✓	✓	✓			-
Mrs H Y K Leung Lam Hing		✓				-
Mr B Boodhoo			✓			-
Mr D K Gopy			✓			-
Mr S Sakurdeep			✓			-

Corporate Governance Report

5. THE BOARD OF DIRECTORS (CONT'D)

(f) Directors' Remuneration

The emoluments of Directors are disclosed on page 99. The Directors' fees and remuneration have not been disclosed on an individual basis due to commercial sensitivity.

(g) Shareholder Diary

Financial Year 2015-2016

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

6. DIRECTORS' INTEREST IN SHARES

The Directors do not hold any share in the Company.

7. BOARD COMMITTEES

In compliance with the principles of good governance, the Board of Directors has set up the following Board Committees, namely:

- Risk and Audit Committee
- Investment and Finance Committee (renamed as from 7 December 2015)
- Corporate Governance and Staff Committee (renamed as from 7 December 2015)

Risk and Audit Committee

As at 30 June 2016, the Risk and Audit Committee consisted of Messrs Y S Yip Wang Wing (Chairman as from 25 January 2016), C Dussoye (as from 7 December 2015) and J B Elisa (as from 7 December 2015). It is to be noted that G Gopee, S Nemchand and D Purryag formed part of the Risk and Audit Committee until 13 November 2015, 7 December 2015 and 16 October 2015 respectively.

The Risk and Audit Committee operates under a formally approved Charter, which clearly spells out the roles and responsibilities of the Committee members. Its main tasks are to maintain and, where necessary, review the effectiveness of internal controls in the Group in the light of the findings of the external and internal auditors and review the financial statements. During the year, the Risk and Audit Committee met four times.

Investment and Finance Committee

As at 30 June 2016, the Investment and Finance Committee consisted of Mr Y S Yip Wang Wing (Chairman as from 18 January 2016), Mrs K G Bhoojedhur-Obeegadoo, Mr S Nemchand, and Mr J D Phokeer (as from 7 December 2015). It is to be noted that Mr R P Nowbuth formed part of the Investment and Finance Committee until 26 September 2015.

The Investment and Finance Committee of SICOM lays down and reviews on a regular basis the investment strategy of the different funds under our management, that is, the Committee has the objective of selecting investments and investment products to yield superior returns within a preset risk management structure. It also takes key investment decisions and ensures that investments are in all respect reasonable and proper. Moreover, the Committee monitors and reviews the performance of our different portfolios. During the year, the Investment and Finance Committee met four times.

Corporate Governance and Staff Committee

As at 30 June 2016, the Corporate Governance and Staff Committee consisted of Mr S Nemchand (member as from 7 December 2015 and Chairman as from 18 January 2016), Mrs K G Bhoojedhur-Obeegadoo, Mr A Balluck (as from 7 December 2015) and Mr J B Elisa. It is to be noted that Mr R P Nowbuth, Mr G Gopee and Mr Y S Yip Wang Wing formed part of the Corporate Governance and Staff Committee until 26 September 2015, 13 November 2015 and 7 December 2015 respectively.

The Corporate Governance and Staff Committee operates under an approved mandate, which includes the nomination of Directors, determination of the Company's general policy on Directors' fees, executive and senior management remuneration and consideration of other important corporate and staff related matters. The Committee also has the following responsibilities: namely the review and adoption and HR strategies, policies and procedures in line with local legislation and regulations and benchmarked to best practices, review of the recruitment, selection, confirmation and promotion process and approval of related staff cases, identification of new posts and setting of the profiles, review of the Performance Management System and Performance related reward system, consideration of staff welfare initiatives and consideration of any other staff-related issue. During the year the Corporate Governance and Staff Committee met five times.

Board and Committees Attendance

Board Composition	Classification	Board	Risk and Audit Committee	Investment and Finance Committee	Corporate Governance and Staff Committee
Number of Meetings held during the year		17	4	4	5
Directors:					
Mr S Nemchand (Chairman as from 12 October 2015)	Independent Director	16 of 17	1 of 4	3 of 4	3 of 5
Mr R P Nowbuth (up to 26 September 2015)	Independent Director	3 of 17	-	1 of 4	2 of 5
Mrs K G Bhoojedhur-Obeegadoo	Executive Director	17 of 17	-	4 of 4	5 of 5
Mr R Aubeelack (up to 9 September 2015)	Non-Executive Director	-	-	-	-
Mr A Balluck (as from 16 November 2015)	Independent Director	12 of 17	-	-	3 of 5
Mr C Dussoye (as from 23 October 2015)	Non-Executive Director	13 of 17	3 of 4	-	-
Mr J B Elisa	Independent Director	16 of 17	3 of 4	-	5 of 5
Mr G Gopee (up to 13 November 2015)	Independent Director	4 of 17	1 of 4	-	2 of 5
Dr R Jugurnath (as from 29 January 2016)	Non-Executive Director	5 of 17	-	-	-
Mr J D Phokeer (as from 16 November 2015)	Independent Director	12 of 17	-	2 of 4	-
Mr D Purryag (up to 16 October 2015)	Non-Executive Director	4 of 17	1 of 4	-	-
Mrs N Ramdewar	Executive Director	16 of 17	-	-	-
Mr Y S Yip Wang Wing	Independent Director	14 of 17	4 of 4	4 of 4	1 of 5

The Executive Directors have service contracts with the Company without expiry date.

Corporate Governance Report

8. REMUNERATION POLICY

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

The Group'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 Group and performing their role in the long-term interests of our shareholders.

To achieve this objective, the SICOM Group 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 Group believes the latter contributes to the long-term sustainability of the business. In line with same, the salary review exercise initiated during the last financial year was fully implemented during the year under review.

9. SENIOR MANAGEMENT PROFILE

The profiles of the Senior Management team appear on pages 12 to 14.

10. RELATED PARTY TRANSACTIONS

The related party transactions are disclosed in Note 38 to the Financial Statements.

11. CONSTITUTION

The Constitution of the Company is in conformity with the Companies Act 2001. The Constitution provides that no share in the capital of the Company shall be sold or transferred by any shareholder unless and until the rights of pre-emption have been exhausted.

12. SHAREHOLDERS' AGREEMENTS/THIRD PARTY MANAGEMENT AGREEMENTS

There were no such agreements during the year under review.

13. INTERNAL AUDIT

The Internal Audit function has the overall responsibility of providing independent and objective assurance designed to add value and improve the SICOM Group's operations. The scope of work of the Internal Audit function is to enable the Group accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of its risk management, control, information systems and governance processes.

The Internal Audit function reports to the Risk and Audit Committee and it 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. It is not responsible for the implementation of controls or the management and mitigation of risk.

The 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 Group. This reporting structure allows the Internal Auditor to remain independent and report all items of significance to the Risk and Audit Committee.

The scope of work of the Internal Audit function encompasses:-
- Assessing financial and operating information and the means used to initiate, authorize, record, process and report such information to validate the reliability and integrity of the process;
- Ascertaining the extent of compliance with good internal accounting controls; established policies and procedures; laws and regulations;
- Review the means to safeguard assets as well as the adequacy and effectiveness of applicable policies and practices;
- Appraise the economy and efficiency with which processes are executed and resources are employed;
- Review operations and programs to ascertain whether results are consistent with established objectives.
- Participating in special projects as directed by corporate management.

The Internal Audit plan, which 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. The Group's main lines of business are Individual and Group Life Assurance, General Insurance, Pensions, Financial Services, Actuarial Services and Loans. The Internal Audit plan for the financial year ended 30 June 2016 included reviews on the Pensions, Individual Life Assurance, Financial Services, General Insurance, Investments and Actuarial businesses to ensure comprehensive coverage of the Group's operational activities.

The Group's support activities such as Finance, Human Resources and General Administration have been also reviewed so as to obtain assurance on the effectiveness and efficiency of support being provided to the main operating activities in line with the Group's strategic objectives and competitiveness. The auditable areas are identified and selected according to high risks areas and on a rotational basis. No major weaknesses were noted in the reviews carried out.

Quality Assurance

The Quality Management System in place in SICOM 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 Group are met with the prime objective of maximizing our shareholder's value.

The Quality Policy of the Group is set out on page 7.

14. RISK MANAGEMENT

a) Enterprise Risk Management (ERM)

The Group's Enterprise Risk Management framework encompasses all significant risks; that is, those risks with the potential to influence the achievement of the Group'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 Group 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 of the Group 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;
- Regular risk-related training to ensure that employees have the necessary knowledge to perform risk management effectively and optimally; and,
- A documented and robust system of internal control, 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 Group's business strategy, objectives, and plans.

The Board is thus ultimately responsible for ensuring prudent risk management within the Group. The Board has delegated its oversight responsibility to the Risk and Audit Committee. All key elements of the risk governance system are subject to Board review and approval.

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 Group-wide risk management activities, ensuring that the most appropriate tools and techniques are applied. In addition, the Risk Management function continually reviews the risk governance system to ensure that it is robust and optimal for the Group.

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

14. RISK MANAGEMENT (CONT'D)

c) Internal Control System

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

Working in conjunction with management, the Risk Management function coordinates and oversees risk management activities, processes, and controls and their implementation across the Group. 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. In addition, the function continually reviews the most effective risk management tools, techniques, concepts, and approaches to make sure that the Group has a robust and effective risk governance system.

d) Management of key risks

Within the Group'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 Group 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 Group 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 Group'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. Additional details on the identification and management of these risks are given in note 4 to the financial statements.

- *Credit Risk:* Credit risk is the potential for loss due to the deterioration of the credit standing, perceived or real, of the Group'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 Group'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 4.2 and note 16 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 Group. The Group'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 Group meets its legal and regulatory obligations to promote and sustain a culture of compliance within the Group.

14. RISK MANAGEMENT (CONT'D)

d) Management of key risks (cont'd)

- *Operational Risk (cont'd)*

    - *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 Group's ERM framework 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 Group's stakeholders that can adversely affect the Group's ability to maintain existing or establish new business relationships and continued access to sources of funding. Management encourages openness amongst employees and all levels of management.

15. SOCIAL RESPONSIBILITY

The Company is fully conscious of its role as a social partner in the Community. During the year under review, the Company has actively participated in various activities, including safety, health, education and the environment and has sponsored several events.

16. 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.

17. CODE OF CONDUCT

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

18. SHARE PRICE INFORMATION

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

19. EMPLOYEE SHARE OPTION PLAN

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

20. DONATIONS

The donations of the Group and of the Company are listed under Statutory Disclosures. The Group and the Company did not make any 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. 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 Group 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.

Corporate Governance Report

23. NON-AUDIT SERVICE RENDERED BY EXTERNAL AUDITORS

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Review of tax computation	236	242	94	90
	236	242	94	90

Lee Shing Po Theresa M (Mrs)
Company Secretary
State Insurance Company of Mauritius Ltd

16 September 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),
(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

16 September 2016

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 A Balluck, Mr C Dussoye, Dr R Jugurnath and Mr J D Phookeer who have been appointed as new members on the Board.

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

For and on behalf of the Board of Directors

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
State Insurance Company of Mauritius Ltd

16 September 2016

Statement of Compliance

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

Name of PIE: State Insurance Company of Mauritius Ltd
Reporting period: Year Ended 30 June 2016

We, the Directors of State Insurance Company of Mauritius 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 pages 27 and 28 of the Corporate Governance Report respectively.

Chairman

Director

16 September 2016

Financial Statements

Independent Auditors' Report to the Members

This report is made solely to the members of State Insurance Company of Mauritius 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 State Insurance Company of Mauritius Ltd and its subsidiaries (Group) and the Company's separate financial statements on pages 38 to 97 which comprise the statements of financial position at 30 June 2016 and the statements of profit or loss, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory 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.

Opinion

In our opinion, the financial statements on pages 38 to 97give a true and fair view of the financial position of the Group and of the Company at 30 June 2016, and of their financial performance and their 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.

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.

Insurance Act 2005

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

BDO & Co
Chartered Accountants

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

Port Louis,
Mauritius.

16 September 2016

Statements of Financial Position

at 30 June 2016

	Notes	Group		Company	
		2016	2015	2016	2015
		Rs'000	Rs'000	Rs'000	Rs'000
NON-CURRENT ASSETS					
Property, plant and equipment	6	234,773	223,727	205,082	211,658
Intangible assets	7	40,239	23,900	26,033	11,074
Statutory deposits	8	13,943	6,001	6,001	6,001
Investments in subsidiaries	9	-	-	565,628	566,128
Other financial assets	10	9,302,927	7,651,946	8,711,692	7,421,697
Investment properties	11	1,370,364	1,270,000	1,381,500	1,270,000
Fixed deposits	12	1,688,106	2,307,542	548,328	764,766
Finance lease receivables	13	299,123	264,268	-	-
Mortgage and other loans	14	1,561,648	1,555,853	1,543,659	1,536,087
Deferred tax assets	15	36,272	42,749	-	-
		14,547,395	13,345,986	12,987,923	11,787,411
CURRENT ASSETS					
Statutory deposits	8	-	7,360	-	-
Other financial assets	10	107,560	399,925	89,596	321,711
Finance lease receivables	13	121,973	101,057	-	-
Mortgage and other loans	14	139,816	101,911	137,078	99,265
Trade and other receivables	16	881,835	818,015	507,074	523,682
Short-term deposits	17	1,921,386	2,480,961	261,722	726,410
Reinsurance assets	18	517,510	627,514	-	-
Bank and cash balances		379,445	892,091	234,617	723,274
		4,069,525	5,428,834	1,230,087	2,394,342
CURRENT LIABILITIES					
Borrowings	19	22,543	19,849	67,238	60,710
Trade and other payables	20	633,696	610,177	348,391	346,407
Current tax liabilities	21(a)	12,523	13,379	6,709	8,169
Bank overdraft		136,027	116,077	104,321	96,826
Deposits	22	1,062,094	889,549	-	-
		1,866,883	1,649,031	526,659	512,112
NET CURRENT ASSETS		2,202,642	3,779,803	703,428	1,882,230
		16,750,037	17,125,789	13,691,351	13,669,641
CAPITAL AND RESERVES					
Stated capital	23	70,000	70,000	70,000	70,000
Reserves	24	5,043,466	4,763,327	4,275,013	4,009,092
Equity attributable to equity holders of the parent		5,113,466	4,833,327	4,345,013	4,079,092
Non-controlling interests		4,719	4,705	-	-
TOTAL EQUITY		5,118,185	4,838,032	4,345,013	4,079,092
TECHNICAL PROVISIONS					
Long term insurance funds	25	8,778,217	8,953,734	8,778,217	8,953,734
Gross outstanding claims	18	390,542	538,078	-	-
Gross unearned premiums	18	373,535	351,470	-	-
		9,542,294	9,843,282	8,778,217	8,953,734
NON-CURRENT LIABILITIES					
Borrowings	19	56,463	57,670	351,266	397,167
Trade and other payables	20	43,103	76,369	-	-
Long term deposits	22	1,695,861	1,986,228	-	-
Deferred tax liabilities	15	57,426	43,455	26,457	6,448
Retirement benefit obligations	26	236,705	280,753	190,398	233,200
		2,089,558	2,444,475	568,121	636,815
		16,750,037	17,125,789	13,691,351	13,669,641

These financial statements have been approved for issue by the Board of Directors on 16 September 2016

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Nemchand S
Chairman

....

Bhoojedhur-Obeegadoo K G (Mrs)
Director

The notes on pages 44 to 97 form an integral part of these financial statements.
Auditors' report on page 37.

Statements of Profit or Loss

For the Year ended 30 June 2016

	Notes	Group		Company	
		2016	2015	2016	2015
		Rs'000	Rs'000	Rs'000	Rs'000
GROSS REVENUE - Short Term Business	27	1,462,129	1,451,944	630,963	627,955
Underwriting surplus	28	164,983	156,402	-	-
Investment and other income	29	673,989	693,405	674,694	694,385
Share of surplus transferred from Life Assurance Fund	30	17,923	19,504	17,923	19,504
		856,895	869,311	692,617	713,889
Administrative and other expenses	31	(385,931)	(347,715)	(223,591)	(203,837)
Results of operating activities		470,964	521,596	469,026	510,052
Finance costs	32	(3,917)	(2,718)	(36,491)	(38,797)
PROFIT BEFORE TAXATION		467,047	518,878	432,535	471,255
Taxation	21(b)	(54,731)	(63,358)	(38,785)	(42,146)
PROFIT FOR THE YEAR		412,316	455,520	393,750	429,109
Profit for the year attributable to:-					
Owners of the parent		412,100	455,217	393,750	429,109
Non-controlling interests		216	303	-	-
		412,316	455,520	393,750	429,109

The notes on pages 44 to 97 form an integral part of these financial statements.
Auditors' report on page 37.

Statements of Profit or Loss and Other Comprehensive Income

For the Year ended 30 June 2016

	Notes	Group 2016 Rs'000	Group 2015 Rs'000	Company 2016 Rs'000	Company 2015 Rs'000
Profit for the year		**412,316**	455,520	**393,750**	429,109
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		**4,028**	57,337	**-**	-
Transfer on disposal of available-for-sale investments and foreclosed properties		**(16,148)**	(5,666)	**(4,879)**	(3,509)
Net fair value (losses)/gains on available-for-sale investments and foreclosed properties		**(48,065)**	74,835	**(46,544)**	80,254
Items that will not be reclassified to profit or loss:					
Remeasurement of post employment benefit obligations	26	**66,987**	(49,769)	**61,561**	(42,417)
Income tax relating to components of other comprehensive income	15(b)	**(10,048)**	7,465	**(9,234)**	6,363
Other comprehensive income for the year, net of tax		**(3,246)**	84,202	**904**	40,691
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**409,070**	539,722	**394,654**	469,800
Total comprehensive income for the year attributable to:-					
Owners of the parent		**408,872**	539,384	**394,654**	469,800
Non-controlling interests		**198**	338	**-**	-
		409,070	539,722	**394,654**	469,800

The notes on pages 44 to 97 form an integral part of these financial statements.
Auditors' report on page 37.

Statements of Changes in Equity

For the Year ended 30 June 2016

	Notes	Stated Capital Rs'000	Retained Earnings Rs'000	Properties Revaluation Reserve Rs'000	Investments Revaluation Reserve Rs'000	Actuarial Losses Rs'000	Other Reserve Rs'000	Translation Reserve Rs'000	Attributable to Equity Holders Of Parent Rs'000	Non-Controlling Interests Rs'000	Total Rs'000
GROUP											
Balance at 1 July 2015		70,000	4,498,121	123,394	236,708	(208,573)	41,378	72,299	4,833,327	4,705	4,838,032
Profit for the year		-	412,100	-	-	-	-	-	412,100	216	412,316
Other comprehensive income for the year		-	-	-	(64,184)	56,928	-	4,028	(3,228)	(18)	(3,246)
Total comprehensive income for the year		-	412,100	-	(64,184)	56,928	-	4,028	408,872	198	409,070
Transfer from/(to) reserve	24(f)	-	(3,242)	-	-	-	3,242	-	-	-	-
Dividend paid	35	-	(128,733)	-	-	-	-	-	(128,733)	(184)	(128,917)
Balance at 30 June 2016		**70,000**	**4,778,246**	**123,394**	**172,524**	**(151,645)**	**44,620**	**76,327**	**5,113,466**	**4,719**	**5,118,185**
Balance at 1 July 2014		70,000	4,169,024	123,394	167,574	(166,269)	36,781	14,962	4,415,466	4,625	4,420,091
Profit for the year		-	455,217	-	-	-	-	-	455,217	303	455,520
Other comprehensive income for the year		-	-	-	69,134	(42,304)	-	57,337	84,167	35	84,202
Total comprehensive income for the year		-	455,217	-	69,134	(42,304)	-	57,337	539,384	338	539,722
Transfer from/(to) reserve	24(f)	-	(4,597)	-	-	-	4,597	-	-	-	-
Dividend paid	35	-	(121,523)	-	-	-	-	-	(121,523)	(258)	(121,781)
Balance at 30 June 2015		**70,000**	**4,498,121**	**123,394**	**236,708**	**(208,573)**	**41,378**	**72,299**	**4,833,327**	**4,705**	**4,838,032**

The notes on pages 44 to 97 form an integral part of these financial statements.
Auditors' report on page 37.

Statements of Changes in Equity

For the Year ended 30 June 2016

	Notes	Stated Capital Rs'000	Retained Earnings Rs'000	Properties Revaluation Reserve Rs'000	Investments Revaluation Reserve Rs'000	Actuarial Losses Rs'000	Total Rs'000
COMPANY							
Balance at 1 July 2015		70,000	3,749,393	123,394	312,374	(176,069)	4,079,092
Profit for the year		-	393,750	-	-	-	393,750
Other comprehensive income for the year		-	-	-	(51,423)	52,327	904
Total comprehensive income for the year		-	393,750	-	(51,423)	52,327	394,654
Dividend paid	35	-	(128,733)	-	-	-	(128,733)
Balance at 30 June 2016		**70,000**	**4,014,410**	**123,394**	**260,951**	**(123,742)**	**4,345,013**
Balance at 1 July 2014		70,000	3,441,807	123,394	235,629	(140,015)	3,730,815
Profit for the year		-	429,109	-	-	-	429,109
Other comprehensive income for the year		-	-	-	76,745	(36,054)	40,691
Total comprehensive income for the year		-	429,109	-	76,745	(36,054)	469,800
Dividend paid	35	-	(121,523)	-	-	-	(121,523)
Balance at 30 June 2015		**70,000**	**3,749,393**	**123,394**	**312,374**	**(176,069)**	**4,079,092**

The notes on pages 44 to 97 form an integral part of these financial statements.
Auditors' report on page 37.

Statements of Cash Flows

For the Year ended 30 June 2016

	Group 2016 Rs'000	Group 2015 Rs'000	Company 2016 Rs'000	Company 2015 Rs'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash generated from operations (note 36)	173,805	359,293	271,599	618,838
Interest paid	(167,946)	(152,812)	(36,499)	(38,443)
Interest and dividend received	471,713	586,551	297,134	241,255
Income tax paid	(58,035)	(65,529)	(42,318)	(44,779)
Contribution paid	(17,542)	(16,663)	(12,991)	(12,652)
NET CASH GENERATED FROM OPERATING ACTIVITIES	401,995	710,840	476,925	764,219
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(20,878)	(12,456)	(8,671)	(6,461)
Tangible assets transferred to SFSL/SGIN	-	-	40	141
Purchase of intangible asset	(20,801)	(2,944)	(16,916)	(2,459)
Intangible assets transferred to SGIN	-	-	-	3,437
Proceeds from sale of property, plant and equipment	1,215	1,334	450	1,334
Movement in non current asset held for sale	(575)	1,747	-	-
Net investments	(1,688,302)	(926,550)	(1,320,121)	(672,641)
Net movement in investment property	(95,494)	(126,714)	(95,494)	(126,714)
Net movement in fixed deposits	619,437	511,659	216,438	154,875
Net loans	(43,700)	(30,901)	(45,385)	(27,974)
NET CASH USED IN INVESTING ACTIVITIES	(1,249,098)	(584,825)	(1,269,659)	(676,462)
CASH FLOWS FROM FINANCING ACTIVITIES				
Loan received	22,467	58,603	22,467	58,602
Loan repaid	(20,980)	(11,901)	(61,840)	(49,259)
Dividend paid	(128,733)	(121,523)	(128,733)	(121,523)
Deposit takings	(117,822)	(163,160)	-	-
NET CASH USED IN FINANCING ACTIVITIES	(245,068)	(237,981)	(168,106)	(112,180)
Net decrease in cash and cash equivalents	(1,092,171)	(111,966)	(960,840)	(24,423)
CASH AND CASH EQUIVALENTS AT 1 JULY	3,256,975	3,368,941	1,352,858	1,377,281
CASH AND CASH EQUIVALENTS AT 30 JUNE	2,164,804	3,256,975	392,018	1,352,858
CASH AND CASH EQUIVALENTS				
Bank and cash balances	379,445	892,091	234,617	723,274
Bank overdraft	(136,027)	(116,077)	(104,321)	(96,826)
Short term deposits	1,921,386	2,480,961	261,722	726,410
	2,164,804	3,256,975	392,018	1,352,858

The notes on pages 44 to 97 form an integral part of these financial statements.
Auditors' report on page 37.

Notes to the Financial Statements
For the Year ended 30 June 2016

1. GENERAL INFORMATION

State Insurance Company of Mauritius Ltd (the Company) is a public company incorporated in Mauritius. Its registered office is situated at Sir Célicourt Antelme Street, Port-Louis, Mauritius. The Company is mainly engaged in long term insurance business whilst its subsidiaries carry out general insurance business, depository, and investment and management activities.

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 State Insurance Company of Mauritius Ltd comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRSs).

The financial statements include the consolidated financial statements of the parent company and its subsidiary companies (Group) and the separate financial statements of the parent company (Company). 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:
(i) buildings are carried out at revalued amounts;
(ii) investments properties are stated at fair value;
(iii) available-for-sale financial assets and relevant financial assets and financial liabilities are stated at their fair value; and
(iv) held-to-maturity investments 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 1 January 2016 or later periods, but which the Group 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
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 Group 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 Investments in subsidiaries

▪ Separate financial statements
Investments in subsidiaries are carried at cost. The carrying amount is reduced if there is any impairment in the value of investments.

▪ Consolidated financial statements
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those return through its power over the entity.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of

Notes to the Financial Statements
For the Year ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Investments in subsidiaries (cont'd)

▪ Consolidated financial statements (cont'd)
disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

2.3 Property, plant and equipment

Buildings held for use in the production or supply of goods or services or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.

Any revaluation increase is recognised in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to the profit or loss to the extent of the decrease previously expensed.

A decrease in carrying amount arising on revaluation is charged to profit or loss to the extent that it exceeds the balance, if any, held in properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent disposal or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

With the exception of buildings, other assets 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 Group and the cost of the item can be measured reliably.

Depreciation is calculated to write off the cost or revalued amount of the assets on a straight line basis over their estimated useful lives as follows: -

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Property, plant and equipment (cont'd)

Building on leasehold land	- 1% - 16%
Improvement to building on leasehold land	- 10%
Furniture and fittings	- 10%
Office equipment	- 10%
Computer equipment	- 8% - 25%
Motor vehicles - owned	- 20%

For motor vehicles under operating lease, depreciation is calculated to write off the cost over the lease terms.

Assets costing less than Rs.5,000 are depreciated at 100% in the year of acquisition.

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.

2.4 Revenue recognition

Premium written on General Insurance Business is accounted for when the policies incept while premium on Life Business is accounted for on the accrual basis except for individual life where premium is recorded in the accounting period when the premium is received.

Provision for unearned premium has been made in respect of the General Insurance Business and Group Temporary Assurance Business and represent 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 and other income comprises of dividend, interest and rent receivable for the year. Dividend is accounted for when declared. Interest income is recognised using the effective interest method.

Rental income, management fees and commissions are accounted on an accrual basis.

2.5 Foreign currencies

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

(b In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in 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. Translation of non monetary items, such as equities classified as available-for-sale financial assets are included in the investments revaluation reserve in equity. For the purpose of presenting consolidated financial statements, the assets and liabilities of subsidiaries denominated in foreign currencies are translated into Mauritian rupees at closing rate of exchange. Income and expense items are translated at the average rates of exchange for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

2.6 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.

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 amounts of the Group'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.

Notes to the Financial Statements
For the Year ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Financial assets (cont'd)

Held-to-maturity investments
Debentures with fixed or determinable payments and fixed maturity dates that the Group 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.

Available-For-Sale financial assets

Quoted AFS Financial assets
Listed and quoted securities and units are classified as being AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income, and accumulated in the investment revaluation reserve until the security is disposed of or is determined to be impaired at which time the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. Impairment losses recognised in profit or loss for securities classified as available-for-sale are not subsequently reversed through profit or loss.

Unquoted available for sale investments
Unquoted available-for-sale investments for which reliable fair values cannot be obtained are stated at cost. Investments of the company in unquoted available-for-sale investments are generally in the form of ordinary shares. The fair value of these financial instruments cannot be measured reliably as there is no specific market for the exchange/sale of these instruments.

Other unquoted available-for-sale investments are generally in the form of redeemable preference shares. These are stated at fair value derived from the net asset value of SICOM Global Fund Limited. The net asset value is derived from the fair values of the underlying investments traded in the active market by SICOM Global Fund Limited.

Hypothetically, if the financial instruments would have to be disposed then a willing buyer would have to be found to purchase the financial instruments through an appropriate investment disposal mechanism.

Available-for-sale financial assets are included in non-current assets unless management intends to dispose of the investments within twelve months of the end of the reporting period.

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 Group 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. 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.

Trade receivables
Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group 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 recognized in the life assurance fund/profit or loss.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

2.7 Financial liabilities and equity instruments issued by the Group

(a) *Classification as debt or equity*
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

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

(c) *Financial liabilities*
Financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs. Subsequently they are measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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

(d) *Derecognition of financial liabilities*
The Group derecognise financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

2.8 Taxation

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

(a) Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in 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. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

(b) Deferred tax
Deferred taxation is provided in full 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 realized 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, retirement benefit assets/obligations, property revaluation reserve, fair value gain of investment property and subsidiary's accumulated tax losses.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, bank overdraft and short terms deposits. 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 overdrafts are shown in current liabilities in the statements of financial position.

2.10 Retirement benefit obligations

(i) Defined Contribution Plan
A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group 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.

(ii) 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 Group 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.

(iii) State plan and Defined Contribution Plan
Contributions to the National Pension Scheme and defined contribution pension plan are expensed to the profit or loss in the period in which they fall due.

2.11 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group 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 Impairment of financial assets

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

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

For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counter party; or
- Default or delinquency in interest or principal payments; or
- Becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and mortgage loans where the carrying amount is reduced through the use of an allowance account. When a trade receivable and mortgage loan is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

2.13 Leasing

The Group as lessee

Operating lease payments are recognised as an expense on a straight line basis over the lease term.

The Group as lessor

- Finance lease
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable.

The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

Finance lease income is allocated to the accounting period so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

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

2.14 Investment properties

Properties held to earn rentals and/or for capital appreciation and not occupied by the Group are stated at their fair value at the end of the reporting period, representing open-market value determined by external valuers. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise. No depreciation is charged on investment properties.

2.15 Foreclosed properties

Foreclosed properties represent seized assets acquired through auction at the Master's Bar as a result of default by clients. Foreclosed properties are accounted at their market value less any impairment. Any realised gains or losses of foreclosed properties are taken in profit or loss. No depreciation is charged on foreclosed properties.

2.16 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 5 to 19 years.

2.17 Insurance contracts

(i) 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 Group 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.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Some insurance contracts contain a Discretionary Participating Feature (DPF). This feature entitles the holder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses.

The Group considers that virtually all its short term and long term products are insurance contracts.
Insurance contracts issued by the Group are classified within the following main categories:

(a) Short term insurance contracts
Short term insurance contracts are in respect of 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.

(b) Long-term insurance contracts with fixed and guaranteed terms
These contracts insure events associated with human life (i.e. death or survival) over a long duration. A liability for contractual benefits that are expected to be incurred in future is recorded once the first premium under such a contract has been recognised. The liability is based on assumptions as to mortality, persistency, maintenance expenses and investment income that are established at each valuation date based on an analysis of recent experience modified by expectation of future trends. The best estimate assumptions are adjusted to include a margin for prudence.

(c) Long-term insurance contracts without fixed terms and with DPF
These contracts contain a DPF which entitles the contract holder in supplement to a guaranteed amount, a contractual right to receive additional profit or bonuses. The size of the profit or bonuses as well as the timing of the payments is however at the discretion of the Group. The Group has an obligation to eventually pay to contract holder up to 90% of the DPF eligible surplus (i.e., all interest and realised gains and losses arising from the assets backing these contracts). Any portion of the DPF eligible surplus that is not declared as a profit or bonus is retained as a liability under the Life Assurance Fund, until declared and credited to contract holders in future periods.

(d) Unit-linked insurance contracts
These contracts include an embedded derivative which links payments to contract holders to amounts invested in unitised funds. The liability in respect of unit linked contracts is equal to the sum of the current unit values and a reserve calculated as the present value of the expected future claims and expenses less the present value of expected future charges and release of unit reserves. The resultant liability is subject to a minimum of the current surrender value on a per policy basis. Assumptions as to future expenses, investment returns, mortality, morbidity, and persistency are best estimate in nature and are based on the results of recent analyses of the Group's operating experience.

(ii) Reinsurance contracts

Reinsurance contracts entered into by the Group are either of proportional or non-proportional type. Under a proportional treaty, the premiums and claims are apportioned between the Group 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 Group can retain a part of a risk within a fixed limit, and the reinsurer accepts part of the risk as a multiple of the Group's retention. Under the non-proportional type of reinsurance, the Group uses the Excess of Loss treaty whereby in consideration for a premium, the reinsurer agrees to pay claims in excess of a

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Insurance contracts (cont'd)

(ii) Reinsurance contracts (cont'd)

specified amount (the retention), up to a specified maximum amount.

The Group 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 trade and other receivables and amounts that are dependent on the expected claims and benefits arising under the related reinsurance contracts are classified under reinsurance assets. 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 the life assurance fund/profit or loss and are not subject to amortisation. Premiums ceded and claims reimbursed are presented on a gross basis in the life assurance fund/ profit or loss and the statement of financial position as appropriate.

Impairment of reinsurance assets
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 Group 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 Group will receive from the reinsurer. If reinsurance asset is impaired, the Group reduces the carrying amount accordingly and recognises that impairment loss in the profit or loss.

(iii) Claims expenses and outstanding claims provisions – short term insurance

Claims incurred
Claims incurred comprise claims and claims handling costs paid in the year and changes in the provision of outstanding claims including provision for claims incurred but not reported (IBNR) and related expenses together with any adjustments to claims of prior years. Claims handling costs include internal and external costs incurred in connection with the negotiation and settlement of claims. Internal costs include all direct external expenses of the claims department.

Outstanding claims provision
Outstanding claims provision represents the estimated ultimate cost of settling all claims arising from events which have occurred up to the end of the reporting period, including provision for claims incurred but not reported (IBNR). It includes related expenses and a deduction for the expected value of salvage and subrogation. The Group 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 Group 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.

However, given the uncertainty in establishing claims provision, it is likely that the outcome will prove to be different from the original liability established. Differences between the estimated cost and subsequent settlement of claims are recognized in profit or loss in the year in which they are settled or in which the provisions for claims outstanding are re-estimated.

Salvage and subrogation reimbursements
Salvage is the equitable right of the Group to the residual value of property for which it has paid a total loss. When the Group 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.

(iv) Liability adequacy test

Short-term insurance
At the end of the reporting period, a liability adequacy test is performed to ensure the adequacy of the contract liabilities. In performing the test, current best estimates of future contractual cash flows (including claims handling and administration expenses) and expected investment returns on assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss and a provision is established for losses arising from liability adequacy test (the unexpired risk provision).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Insurance contracts (cont'd)

(iv) Liability adequacy test (cont'd)

Long-term insurance

The Group's Actuary reviews the adequacy of insurance liabilities for long term contracts on an annual basis and ensures that provisions made by the Group are adequate. Any deficiency is recognised in the Life Assurance Fund.

2.18 Dividend distribution

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

2.19 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.

2.20 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 Group'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 Group 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 Group 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.

3.1.1 Insurance liabilities

(a) Short-term insurance

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, 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 Group's underwriting strategy attempts to ensure that the underwritten risks are well diversified in type, amount of risk and industry. The Group has underwriting limits by type of risks and by industry. Performance of individual insurance policies is reviewed by management and the Group reserves the right not to renew individual policies. It can impose deductibles and has the right to reject the payment of a fraudulent claim. Where relevant, the Group may pursue third parties for payment of some or all liabilities (subrogation). Claims development and provisioning levels are closely monitored.

The reinsurance arrangements of the Group include proportional, excess of loss and catastrophe coverage and as such, the maximum loss that the Group may suffer in any one year is predetermined.

(b) Long-term insurance

For long-term insurance contracts, where the insured event is death, the most significant factors that could impact on insurance claims are diseases like heart problems, diabetes, high blood pressures or changes in lifestyle, resulting in higher and earlier claims being submitted to the Group. For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity. The liabilities in terms of insurance contracts are based on recommendations of the Group's Actuary.

For contracts with fixed and guaranteed benefits and fixed future premiums, there are no mitigating items and conditions that reduce the insurance risk accepted.

For contracts with DPF, the participating nature of these contracts results in a significant portion of the insurance risk being shared with the insured party.

The Group manages these risks through its underwriting strategy and reinsurance arrangements. The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. For example, the Group balances death risk and survival risk across its portfolio. Medical selection

3. MANAGEMENT OF INSURANCE RISKS (CONT'D)

3.1.1 Insurance liabilities (cont'd)

(b) Long-term insurance (cont'd)

is also included in the Group's underwriting procedures with premiums varied to reflect the health condition and family medical history of the applicants.

The Group has defined retention limits on all lives insured and reinsures the excess of the insured benefit over its retention limit.

3.1.2 Concentration of insurance risk

(a) Short-term insurance

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

	Outstanding Claims			
	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 Group manages risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

(b) Long-term Insurance

The table below presents the concentration of insured benefits across bands of insured benefits per individual life assured.

	Total Benefits Insured			
Benefits assured per life assured as at 30 June 2016	Before Reinsurance		After Reinsurance (Retained)	
Rs'000	Rs'000	%	Rs'000	%
0 –100	704,581	4	704,581	6
100 – 200	2,355,973	14	2,336,296	19
200 – 300	2,250,565	13	2,188,817	18
300 – 400	1,479,076	8	1,396,884	11
400 +	10,683,415	61	5,651,435	46
TOTAL	17,473,610	100	12,278,013	100

3. MANAGEMENT OF INSURANCE RISKS (CONT'D)

3.1.2 Concentration of insurance risk (cont'd)

(b) Long-term Insurance (cont'd)

The following table for annuity insurance contracts illustrates the concentration of risk based on bands that group these contracts in relation to the amount payable per annum as if the annuity were in payment as at 30 June 2016. The Group does not hold any reinsurance contracts against the liabilities carried for these contracts.

Annuity payable per annum per life assured as at 30 June 2016	Total annuities payable per annum	
Rs'000	Rs'000	%
0 – 10	616	0.28
10 – 20	3,056	1.40
20 – 50	25,187	11.54
50 – 100	54,779	25.10
100 – 150	38,975	17.86
More than 150	95,650	43.82
Total	**218,263**	**100**

With regards to Group Assurances the Total Sum Assured is Rs 23,017,444,602 and the Sum Assured retained is Rs 12,895,641,596.

3.1.3 Sources of uncertainty

(a) Short – term insurance

Most claims on short term insurance contracts are payable on a claims-occurrence basis. Under claims occurrence basis, the Group 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 Group ensure that claims provisions are determined using the best information available of claims settlement patterns, court awards and forecast inflation. Estimation techniques also involve obtaining corroborative evidence from as wide a range of sources as possible and combining these to form the best overall estimates. However, given the uncertainty in determining claims provisions, it is likely that the final claim settlement will differ from the original liability estimate.

(b) Long- term insurance

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

The Group uses appropriate base tables of standard mortality according to the type of contract being written and statistical data are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future. When data is not sufficient to be statistically credible, the best estimate of future mortality is based on standard industry tables adjusted for the Group's experience.

The Group manages long term insurance risks through its underwriting strategy and reinsurance arrangements. Management ensures that risks underwritten are well diversified in terms of type of risk and the level of insured benefits. Medical selection is included in the Group's underwriting procedures, with premiums, varied to reflect the health condition and family medical history of the applicant. Insurance risk may also be affected by the contract holder's behaviour whereby he/she may decide to amend terms or terminate the contract or exercise a guaranteed annuity option.

The Group has a predetermined retention limit on any single life insured and the Group reinsures the excess of the insured benefit above the retention limit.

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 Group'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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
	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		2102	(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
Total Claims paid		**54,160**	**76,923**	**88,229**	**111,509**	**169,915**	**172,081**	**148,365**	**110,262**	**120,430**	**138,575**	**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**

4. FINANCIAL RISKS FACTORS

The Group 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 main risks to which the Group is exposed are as follows:

4.1 Foreign currency risk

The Group's financial instruments which are exposed to foreign currency risks consist mainly of deposits and overseas investment. Management monitors the Group's currency position on a regular basis. The carrying amounts of the Group's financial assets and liabilities at the reporting date are as follows:

	Group		Company	
	2016	2015	**2016**	2015
Financial assets	**Rs'000**	Rs'000	**Rs'000**	Rs'000
MUR	**13,663,491**	14,188,239	**9,202,014**	9,531,624
USD	**2,799,933**	2,538,503	**2,766,537**	2,527,187
GBP	**377,052**	400,079	**-**	-
EUR	**10,981**	11,467	**-**	-
	16,851,457	17,138,288	**11,968,551**	12,058,811

	Group		Company	
Financial liabilities	**2016**	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
MUR	**4,040,329**	4,293,997	**871,216**	901,110

Consequently the Group 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 group's assets which is denominated in currencies other than the Mauritian Rupee.

The following table details the sensitivity to a 5% and 10% increase/decrease of the Rupee against the USD, GBP and EUR.

	Group		Company	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
Increase/decrease of 5% in exchange rate				
Increase/decrease in net asset	**159,398**	147,502	**138,327**	126,359
Increase/decrease of 10% in exchange rate				
Increase/decrease in net asset	**318,797**	295,004	**276,654**	252,718

4.2 Credit risk

The Group provides secured advances to clients and there is credit risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group's policy is to deal with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Appraisals are systematically carried out for any application and we also have a credit committee which continuously monitors and controls the Group's exposure to credit risk.

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

When financial assets are impaired by credit losses, the Group records the impairment in a separate account rather than directly reducing the carrying amount of the assets.

Mortgage loans advanced by the Group are financial assets resulting from commitment of the borrower to repay the

4. FINANCIAL RISKS FACTORS (CONT'D)

4.2 Credit risk (cont'd)

amount borrowed on a specific date or dates, or on demand usually with interest. IAS 39 prescribes that an asset is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of event that occurred after the initial recognition of the asset and that loss event has impacted on the estimated future cash flows of the asset. In the recovery process, objective evidence of impairment is recognised at the stage of seizure and sale where the borrower is assumed to have significant financial difficulty to settle his debts.

Since there is objective evidence of impairment at the seizure and sale stages, 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 discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through an allowance account and the amount of the loss is recognised in profit or loss.

4.3 Interest rate risk

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

The interest rate profile was:

	Group		Company	
	2016	2015	**2016**	2015
Financial assets	**% p.a**	% p.a	**% p.a**	% p.a
Treasury Notes	**2.46 – 4.08**	4.26	**2.97 – 4.08**	-
Treasury Bills	**2.05 – 2.25**	-	**2.05 – 2.25**	-
Mauritius Government Securities	**8.00 – 10.25**	8.00 – 10.25	**8.00 – 10.25**	8.00 – 10.25
Government Bonds	**3.16 – 11.75**	4.35 -11.75	**3.16 - 11.75**	4.35 - 11.75
Mortgage & other loans	**2.00 – 14.00**	2.00 – 14.00	**2.00 - 14.00**	2.00 -14.00
Net Investment in finance leases	**6.75 – 12.50**	6.75 – 12.50	**-**	-
Term deposits (excluding foreign currency deposits)	**2.30 - 10.50**	0.60 – 10.50	**2.30 - 10.50**	0.60 – 10.50
Corporate Bond - Local				
MUR – Fixed	**6 - 7**	7	**6 - 7**	7
MUR - Floating	**(1.35-1.85) + Repo**	(1.35-1.85) + Repo	**(1.35-1.85) + Repo**	(1.35 -1.85) + Repo
Foreign currency term deposits				
USD	**0.75**	0.55 - 2.60	**-**	-
Foreign currency call deposits				
USD	**0.10**	0.10 – 0.20	**0.10**	-
EUR	**0.01**	0.03	**-**	-
Local Call deposits	**0.00 - 3.35**	0.00 - 3.65	**0.00 - 3.35**	0.00 - 3.65
Financial liabilities				
At amortised cost				
Deposit	**2.00 – 8.00**	2.00 – 9.25	**-**	-
Borrowings	**4.65 – 9.00**	4.65 – 9.00	**4.65 – 9.00**	4.65 – 9.00

4. FINANCIAL RISKS FACTORS (CONT'D)

4.3 Interest rate risk (cont'd)

The following table details the sensitivity to a 5% and 10% increase/decrease of the rate of interest of financial assets:

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Increase/decrease of 5% in interest rate				
Increase/decrease in net assets	2,132	2,290	1,606	1,657
Increase/decrease in income	2,132	2,290	1,606	1,657
Increase/decrease of 10% in interest rate				
Increase/decrease in net assets	4,264	4,580	3,213	3,314
Increase/decrease in income	4,264	4,580	3,213	3,314

The increase or decrease in the interest rate sensitivity is due to fluctuations in the interest rates of foreign currency and local currency call deposits and floating rate fixed deposits 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.

The following table details the Group's sensitivity to a 50 basis points and 100 basis points increase/decrease of the rate of interest on mortgage loans which are subject to floating rate of interest.

	Group & Company	Group & Company
	2016	2015
	Rs'000	Rs'000
Increase/decrease of 50 basis points		
Increase/decrease in net assets	4,755	4,700
Increase/decrease in income	4,755	4,700
Increase/decrease of 100 basis points		
Increase/decrease in net assets	9,509	9,399
Increase/decrease in income	9,509	9,399

4. FINANCIAL RISKS FACTORS (CONT'D)

4.4 Liquidity risk

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

The Group's liquidity position is monitored on a regular basis. The Group 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 trading liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity dates.

Group

At 30 June 2016	1 to 3 months	3 months to 1 year	1 to 5 years	>5 years	No maturity dates	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial liabilities						
Borrowings	4,029	18,514	56,463	-	-	79,006
Insurance liabilities	-	-	-	-	390,542	390,542
Other financial liabilities	395,387	1,383,471	1,738,964	-	52,959	3,570,781
Total liabilities	399,416	1,401,985	1,795,427	-	443,501	4,040,329

Company

At 30 June 2016	1 to 3 months	3 months to 1 year	1 to 5 years	>5 years	No maturity dates	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial liabilities						
Borrowings	14,830	52,408	281,288	69,978	-	418,504
Other financial liabilities	218,861	183,092	-	-	50,759	452,712
Total liabilities	233,691	235,500	281,288	69,978	50,759	871,216

Group

At 30 June 2015	1 to 3 months	3 months to 1 year	1 to 5 years	>5 years	No maturity dates	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial liabilities						
Borrowings	4,714	15,135	57,670	-	-	77,519
Insurance liabilities	-	-	-	-	538,078	538,078
Other financial liabilities	730,339	830,709	2,062,597	-	54,755	3,678,400
Total liabilities	753,053	845,844	2,120,267	-	592,833	4,293,997

Company

At 30 June 2015	1 to 3 months	3 months to 1 year	1 to 5 years	>5 years	No maturity dates	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial liabilities						
Borrowings	14,588	46,122	263,214	133,953	-	457,877
Other financial liabilities	388,654	968	-	-	53,611	443,233
Total liabilities	403,242	47,090	263,214	133,953	53,611	901,110

4. FINANCIAL RISKS FACTORS (CONT'D)

4.5 Market price risk

The Group and the Company have invested in securities quoted on the Stock Exchange of Mauritius and have also invested in overseas securities. All quoted securities present a risk of loss of capital. The Group's and the Company's quoted securities are susceptible to market price risk arising from uncertainties about future prices of the financial instruments. This risk is moderated, inter alia, through a careful selection of securities, investment diversification and by having investment limits.

The maximum risk resulting from securities investments is determined by the fair value of the financial instruments. The Group's and the Company's overall market positions are monitored on a regular basis.

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Bonds	57,645	55,102	31,669	29,841
Equities	3,919,755	3,903,556	4,129,123	4,096,152
Total	3,977,400	3,958,658	4,160,792	4,125,993

The following table details the Group's and the Company's sensitivity to a 5% and 10% increase/decrease in the prices of securities investments.

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Increase/decrease of 5% in prices of securities				
Increase/decrease in net assets/income	198,870	197,933	208,040	206,300
Increase/decrease of 10% in prices of securities				
Increase/decrease in net assets/income	397,740	395,866	416,080	412,599

4.6 Reinsurers' default

The Group 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.

4.7 Capital Risk Management

The Group manages its capital to ensure that entities in the group will be able to continue as a going concern and also comply with applicable laws and regulations.

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

Under the Insurance (General Insurance Business Solvency) Rules 2007, the minimum capital requirement for general business is the sum of capital required for 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. Under the Insurance (Long-Term Insurance Business Solvency) Rules 2007, the minimum capital requirement for long-term business is determined by the actuary, which is the higher of:

(a) a stress test requirement determined in accordance with guidelines issued by the Financial Services Commission to ensure that the company remains solvent; or

(b) the higher of:
- (i) an amount of Rs 25 million; or
- (ii) an amount representing 13 weeks' operating financial services, with operating expenses as defined and reported in the annual statutory return submitted to the Financial Services Commission.

Notes to the Financial Statements
For the Year ended 30 June 2016

4. FINANCIAL RISKS FACTORS (CONT'D)

4.7 Capital Risk Management (cont'd)

For the year ended 30 June 2016, the Group and Company have satisfied the minimum capital requirement.

The subsidiary (SICOM Financial Services Ltd) is required to maintain a minimum capital requirement under the Banking Act 2004. The capital structure of the subsidiary consists of issued share capital, reserves and retained earnings. The subsidiary has to comply with the Banking Act 2004 in respect of both its share capital and reserves.

4.8 Categories of financial instruments:

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Financial assets				
Held-to-maturity	8,166,075	8,778,603	4,710,476	5,044,031
Loans and receivables	3,827,494	3,708,954	2,734,319	2,824,228
Available-for-sale financial assets and foreclosed properties	4,340,378	4,023,217	4,523,756	4,190,552
Reinsurance assets	517,510	627,514	-	-
	16,851,457	17,138,288	11,968,551	12,058,811
Financial liabilities				
At amortised cost	3,649,787	3,755,919	871,216	901,110
Insurance contract liabilities	390,542	538,078	-	-
	4,040,329	4,293,997	871,216	901,110

4.9 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 or liability that are not based on observable market data (unobservable inputs).

	2016			
	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Group				
Available-for-sale financial assets and foreclosed properties	3,842,233	135,168	362,977	4,340,378
Company				
Available-for sale financial assets and foreclosed properties	1,288,337	2,872,456	362,963	4,523,756

	2015			
	Level 1	Level 2	Level 3	Total
Group	Rs'000	Rs'000	Rs'000	Rs'000
Available-for-sale financial assets and foreclosed properties	3,808,526	149,594	65,097	4,023,217
Company				
Available-for sale financial assets and foreclosed properties	1,479,075	2,646,380	65,097	4,190,552

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4. FINANCIAL RISKS FACTORS (CONT'D)

4.10 Reconciliation of level 3 fair value measurements of financial assets

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Unquoted equities				
At 1 July	65,097	63,155	65,097	63,155
Issues	300,666	750	300,652	750
Settlements	(3,235)	(2,700)	(3,235)	(2,700)
Fair value adjustments	449	3,892	449	3,892
At 30 June	362,977	65,097	362,963	65,097

The table above only includes financial assets.
There were no transfers between level 1 and 2.

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

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

5.2 Insurance contracts

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

(a) Short- term insurance

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.

(b) Long-term insurance

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

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

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

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

5.2 Insurance contracts (cont'd)

(b) Long-term insurance (cont'd)

Sensitivity analysis (cont'd)
The table below indicates the level of the respective variable that will trigger an adjustment and then indicates the liability adjustment required as a result of a further deterioration in the variable.

Life –GPV Sensitivities test

	Liability	Difference
Variables	Rs'000	%
Actual reserve	8,760,026	
Interest rate less 1%	9,272,158	5.8
Mortality plus 10%	8,835,832	0.9
Lapse plus 10%	8,715,291	-0.5
Expenses plus 10%	8,803,840	0.5
Inflation plus 1%	8,784,466	0.3

5.3 Held-to-maturity investments

The Group 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 Group evaluates its intention and ability to hold such investments to maturity.

If the Group 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 and not amortised cost.

5.4 Impairment of available-for-sale financial assets

The Group 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 Group 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.

5.5 Revaluation of property, plant and equipment and investment property

The Group carries certain of its investment properties at fair value, with changes in fair value being recognised in profit or loss. In addition, it measures building on leasehold land at revalued amount with changes in fair value being recognised in other comprehensive income. For the investment property, the valuer used the comparative and investment method of valuation.

The determined fair value of the investment property is most sensitive to the price per square metre. The key assumptions used to determine the fair value of the investment properties, are further explained in Note 11.

5.6 Pension benefits

The present value of the pension obligations depends 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 Group 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 Group considers the interest rates of high-quality corporate bonds that

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

5.6 Pension benefits (cont'd)

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 obligation. Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 26.

5.7 Deferred tax on investment properties

For the purpose of measuring deferred tax liabilities or deferred tax assets arising from investment properties, the directors reviewed the Group's investment property portfolio and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than sale. Therefore, in determining the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted. As a result, the Group has recognised deferred taxes on investment properties.

6. PROPERTY, PLANT AND EQUIPMENT

(a) Group	Freehold Building	Building on Leasehold Land	Improvement to Building on Leasehold Land	Furniture & Fittings	Office Equipment	Computer Equipment	Motor Vehicles	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST OR VALUATION								
At 1 July 2014	-	193,109	3,612	49,437	36,502	47,522	19,711	349,893
Additions	-	315	-	534	502	5,156	-	6,507
Addition: Rented under operating lease	-	-	-	-	-	-	5,949	5,949
Transfer to intangible assets (note 7)	-	-	-	-	-	(489)	-	(489)
Disposals/scrapped	-	-	-	-	-	(2,291)	(8,214)	(10,505)
At 30 June 2015	-	193,424	3,612	49,971	37,004	49,898	17,446	351,355
Additions	-	-	-	416	1,587	7,547	-	9,550
Addition: Rented under operating lease	-	-	-	-	-	-	11,328	11,328
Transfer from investment property (note 11)	10,500	-	-	-	-	-	-	10,500
Disposals/scrapped	-	-	-	-	-	(6,815)	(3,981)	(10,796)
At 30 June 2016	**10,500**	**193,424**	**3,612**	**50,387**	**38,591**	**50,630**	**24,793**	**371,937**
DEPRECIATION								
At 1 July 2014	-	12,468	992	41,154	30,377	22,131	7,870	114,992
Charge for the year								
Life fund	-	-	-	559	335	2,072	308	3,274
General fund	-	5,943	361	1,540	905	5,594	1,030	15,373
Rented under operating lease	-	-	-	-	-	-	1,138	1,138
Transfer to intangible assets (note 7)	-	-	-	-	-	(287)	-	(287)
Disposals/scrapped	-	-	-	-	-	(2,291)	(4,571)	(6,862)
At 30 June 2015	-	18,411	1,353	43,253	31,617	27,219	5,775	127,628
Charge for the year								
Life Fund	-	-	-	517	324	1,640	109	2,590
General Fund	105	5,786	361	1,068	924	5,176	374	13,794
Rented under operating lease	-	-	-	-	-	-	2,208	2,208
Disposals/scrapped	-	-	-	-	-	(6,815)	(2,241)	(9,056)
At 30 June 2016	**105**	**24,197**	**1,714**	**44,838**	**32,865**	**27,220**	**6,225**	**137,164**
CARRYING AMOUNT								
At 30 June 2016	**10,395**	**169,227**	**1,898**	**5,549**	**5,726**	**23,410**	**18,568**	**234,773**
At 30 June 2015	-	175,013	2,259	6,718	5,387	22,679	11,671	223,727

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

(b) Company	Building on Leasehold Land	Furniture & Fittings	Office Equipment	Computer Equipment	Motor Vehicles	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST OR VALUATION						
At 1 July 2014	193,109	48,978	36,130	42,168	11,723	332,108
Additions	315	502	488	5,156	-	6,461
Transfer to intangible assets (note 7)	-	-	-	(489)	-	(489)
Disposals/scrapped	-	-	-	(2,619)	(3,410)	(6,029)
At 30 June 2015	193,424	49,480	36,618	44,216	8,313	332,051
Additions	-	338	1,508	6,825	-	8,671
Disposals/scrapped	-	-	-	(6,860)	(1,310)	(8,170)
At 30 June 2016	**193,424**	**49,818**	**38,126**	**44,181**	**7,003**	**332,552**
DEPRECIATION						
At 1 July 2014	12,468	40,931	30,288	19,940	3,980	107,607
Charge for the year						
Life Fund	-	559	335	2,072	308	3,274
General Fund	5,943	1,479	884	4,455	1,030	13,791
Transfer to intangible assets (note 7)	-	-	-	(287)	-	(287)
Disposals/scrapped	-	-	-	(2,478)	(1,514)	(3,992)
At 30 June 2015	18,411	42,969	31,507	23,702	3,804	120,393
Charge for the year						
Life Fund	-	517	324	1,640	109	2,590
General Fund	5,786	1,002	898	4,057	374	12,117
Disposals/scrapped	-	-	-	(6,820)	(810)	(7,630)
At 30 June 2016	**24,197**	**44,488**	**32,729**	**22,579**	**3,477**	**127,470**
CARRYING AMOUNT						
At 30 June 2016	**169,227**	**5,330**	**5,397**	**21,602**	**3,526**	**205,082**
At 30 June 2015	175,013	6,511	5,111	20,514	4,509	211,658

(c) The Group's property, plant and equipment include motor vehicles under operating lease to third parties that are expected to generate a yield of 7.5% to 8.0% (30 June 2015: 7.5% - 8.9%) on an ongoing basis. The motor vehicles held have committed lessees for the next seven years. At the end of the reporting date, the Group has contracted with lessees the following future rentals:

	Motor Vehicles	
	2016	2015
	Rs'000	Rs'000
Within one year	3,806	1,264
In the second to the third year	8,924	4,200
Over five years	1,681	-
	14,411	5,464

Operating lease contracts contain market review clauses. The lease terms are for a period of seven years with an option for buy-back at the residual value at the end of the lease term.

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

(d) The building on leasehold land was revalued in June 2012 by Mr G Saddul BSc, FRICS, Chartered Valuer, at Rs.190 million and the freehold building was revalued in June 2015 by Mr N Jeetun MSc, MRICS, PMAPI, MMIS, Chartered Valuation Surveyor. The surplus on revaluation has been credited to revaluation reserve and adjusted for deferred taxation. Had the building been accounted at historical cost less accumulated depreciation, the carrying amount would have been Rs.73.3 million (June 2015 - Rs.76.3 million).

Details of the Group's buildings measured at fair value and information about the fair value hierarchy as at 30 June 2016 are as follows:

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Level 3				
Building on leasehold land	169,227	175,013	169,227	175,013
Freehold building	10,395	-	-	-
	179,622	175,013	169,227	175,013

The fair value of building on leasehold land was derived using the potential rental income approach with allowances made for voids, management and associated costs. The most significant input into this valuation approach is the yield observed for commercial and rental property. A yield of 8.5% was used to determine the fair value of the building on leasehold land.

The fair value of freehold building was derived using the comparative and investment method of valuation. The Comparative method is based on comparison of prices paid for similar properties within close vicinity of the site and adjusted to reflect the characteristics of the subject property, at the relevant date. The most significant input into this valuation approach is the market value of similar sites within close vicinity of the subject property. The fair value of the building was determined using the price of Rs 46,000 per square metre.

Significant increases/(decreases) in the yield would result in a significantly higher/(lower) fair value.
The revalued amount of buildings using significant unobservable inputs are as follows:

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Opening balance	175,013	180,641	175,013	180,641
Addition during the year	-	315	-	315
Transfer from investment property	10,500	-	-	-
Depreciation charge for the year	(5,891)	(5,943)	(5,786)	(5,943)
Closing balance	179,622	175,013	169,227	175,013

7. INTANGIBLE ASSETS - COMPUTER SOFTWARE

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At 1 July	62,563	59,372	30,704	42,603
Additions	20,801	2,944	16,916	2,459
Disposals/scrapped	(4,623)	(242)	(3,884)	(14,847)
Transfer from property, plant and equipment (note 6)	-	489	-	489
At 30 June	78,741	62,563	43,736	30,704

7. INTANGIBLE ASSETS - COMPUTER SOFTWARE (CONT'D)

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
AMORTISATION				
At 1 July	38,663	32,323	19,630	28,088
Charge for the year				
Life Fund	666	1,007	666	1,007
General Fund	3,796	5,288	1,291	1,658
Disposals/scrapped	(4,623)	(242)	(3,884)	(11,410)
Transfer from property, plant and equipment (note 6)	-	287	-	287
At 30 June	38,502	38,663	17,703	19,630
CARRYING AMOUNT	40,239	23,900	26,033	11,074

8. STATUTORY DEPOSITS

In compliance with the Insurance Act 2005, non-current statutory deposits represent investments in Mauritius Government Securities and earn interest at 7.0% - 7.8% (2015: 7.8%) per annum and have maturity dates varying between 2022-2029. In 2015, current statutory deposits represented investments in Mauritius Government Securities and earned interest at 7.5% per annum.

9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2016	2015
(a) Unquoted investment at cost	Rs'000	Rs'000
Investment	224,003	224,503
Subordinated loan (note (c))	341,625	341,625
At 30 June	565,628	566,128

(b) Details of investments:

Name of subsidiaries	Principal activity	Classes of Shares	Country of incorporation & operation	% Holding 2016	% Holding 2015
SICOM Financial Services Ltd	Depository, investment business and leasing activities	Ordinary	Mauritius	99	99
SICOM Management Limited	Investment and management	Ordinary	Mauritius	100	100
SICOM Global Fund Limited	Investment in overseas securities	Management	Mauritius	100	100
SICOM Registry & Secretarial Services Ltd (Note 1)	Registrar and transfer agent	Ordinary	Mauritius	-	100
SICOM General Insurance Ltd	General insurance business	Ordinary	Mauritius	100	100

Note 1: On 16 May 2016, it was resolved to wind up Sicom Registry and Secretarial Services Ltd.

(c) Subordinated loan

Pursuant to the Insurance Act 2005 which provides that an insurance company cannot transact both Long Term and General Insurance Businesses, SICOM has incorporated a new Company, SICOM General Insurance Ltd, to transact General Insurance Business only as from 1st July 2010.

All the assets and liabilities of the General Insurance Business were transferred to the new company on 1st July 2010 and the accumulated reserves were converted into share capital and the remaining as subordinated loan which is unsecured, interest free with a maturity period of over five years.

10. OTHER FINANCIAL ASSETS

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Non-current				
(a) Investment in securities	9,288,252	7,634,779	8,697,017	7,404,530
(b) Foreclosed properties	14,675	17,167	14,675	17,167
	9,302,927	7,651,946	8,711,692	7,421,697
Current				
Investment in securities	107,560	399,925	89,596	321,711
	9,410,487	8,051,871	8,801,288	7,743,408

Analysed as follows:

(i) GROUP

Non-current	Loans and receivables	Held-to-maturity	Available-for-sale	Total
(a) Investment in securities	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July 2015	-	3,628,729	4,006,050	7,634,779
Additions	453,012	952,507	729,039	2,134,558
Disposals	-	-	(158,655)	(158,655)
Transfer to current assets	-	(86,402)	-	(86,402)
Transfer to statutory deposits	-	(7,942)	-	(7,942)
Transfer to Loan and receivables	38,554	(38,554)	-	-
Interest/gain receivable adjustment	5,880	16,765	-	22,645
Decrease in fair value:				
- Long term insurance funds	-	-	(202,651)	(202,651)
- Shareholders' fund	-	-	(48,080)	(48,080)
At 30 June 2016	497,446	4,465,103	4,325,703	9,288,252
At 1 July 2014	-	3,414,703	3,102,467	6,517,170
Additions	-	595,660	715,389	1,311,049
Disposals	-	-	(60,492)	(60,492)
Transfer to current assets	-	(373,719)	-	(373,719)
Interest/gain receivable adjustment	-	(7,915)	-	(7,915)
Increase in fair value:				
- Long term insurance funds	-	-	177,902	177,902
- Shareholders' fund	-	-	70,784	70,784
At 30 June 2015	-	3,628,729	4,006,050	7,634,779

(b) Foreclosed properties	2016	2015
	Rs'000	Rs'000
At 1 July	17,167	13,325
Additions	294	750
Disposals	(3,235)	(800)
Increase/(decrease) in fair value:		
- Long term insurance funds	434	(159)
- Shareholders' fund	15	4,051
At 30 June	14,675	17,167

Foreclosed properties are stated at fair value less any impairment.

The fair value of the foreclosed properties has been arrived on the basis of valuations carried out during the year by Mr G Saddul, BSc, FRICS, Chartered Valuer and by Mr N Jeetun MSc, MRICS, PMAPI, MMIS, Chartered Valuation Surveyor, on the open market value basis.

10. OTHER FINANCIAL ASSETS (CONT'D)

(i) GROUP

Current Investment in securities	Loans and receivables Rs'000	Held-to-maturity Rs'000	Total Rs'000
At 1 July 2015	-	399,925	399,925
Addition	380,804	-	380,804
Disposals	(364,762)	(374,235)	(738,997)
Transfer from non-current assets	-	86,402	86,402
Interest/gain receivable adjustment	38	(20,612)	(20,574)
At 30 June 2016	16,080	91,480	107,560
At 1 July 2014	-	345,917	345,917
Disposals	-	(332,472)	(332,472)
Transfer from non-current assets	-	373,719	373,719
Interest/gain receivable adjustment	-	12,761	12,761
At 30 June 2015	-	399,925	399,925

(ii) COMPANY

Non-current (a) Investment in securities	Loans and receivables Rs'000	Held-to-maturity Rs'000	Available-for-sale Rs'000	Total Rs'000
At 1 July 2015	-	3,231,145	4,173,385	7,404,530
Additions	356,891	649,414	623,962	1,630,267
Disposals/maturities	-	-	(24,842)	(24,842)
Transfer to current assets	-	(68,683)	-	(68,683)
Interest/gain receivable adjustment	4,135	15,034	-	19,169
Decrease in fair value:				
- Long term insurance funds	-	-	(216,865)	(216,865)
- Shareholders' fund	-	-	(46,559)	(46,559)
At 30 June 2016	361,026	3,826,910	4,509,081	8,697,017
At 1 July 2014	-	3,007,598	3,390,507	6,398,105
Additions	-	528,520	505,937	1,034,457
Disposals/maturities	-	-	(26,754)	(26,754)
Transfer to current assets	-	(296,003)	-	(296,003)
Interest/gain receivable adjustment	-	(8,970)	-	(8,970)
Increase in fair value:				
- Long term insurance funds	-	-	227,492	227,492
- Shareholders' fund	-	-	76,203	76,203
At 30 June 2015	-	3,231,145	4,173,385	7,404,530

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10. OTHER FINANCIAL ASSETS (CONT'D)

(b) Foreclosed properties	2016 Rs'000	2015 Rs'000
At 1 July	17,167	13,325
Additions	294	750
Disposals	(3,235)	(800)
Increase/(decrease) in fair value:		
- Long term insurance funds	434	(159)
- Shareholders' fund	15	4,051
At 30 June	14,675	17,167

Current

Investment in securities	Loans and receivables Rs'000	Held-to-maturity Rs'000	Total Rs'000
At 1 July 2015	-	321,711	321,711
Additions	380,804	-	380,804
Disposals/maturity	(364,762)	(296,003)	(660,765)
Transfer from non-current assets	-	68,683	68,683
Interest/gain receivable adjustment	38	(20,875)	(20,837)
At 30 June 2016	16,080	73,516	89,596
At 1 July 2014	-	342,218	342,218
Disposals/maturity	-	(328,995)	(328,995)
Transfer from non-current assets	-	296,003	296,003
Interest/gain receivable adjustment	-	12,485	12,485
At 30 June 2015	-	321,711	321,711

Group and Company

Loans and receivables comprise of Treasury Notes & Bills with interest rates ranging from 2.05% - 4.08% per annum for the Group and Company and maturity dates varying between 2016 -2020.

Held-to-maturity investments comprise of Mauritius Government Securities, Government of Mauritius Bonds and Corporate Bonds with interest rates ranging from 3.16% - 11.75% for the Group and the Company (2015: 4.26% - 11.75% for the Group and the Company) per annum and maturity dates varying between 2016 - 2031 (2015: 2015-2030).

Available-for-sale securities for Company comprise of listed and quoted equity securities of Rs 1,256,666,000 (2015: Rs 1,449,772,000), listed debt securities of Rs 31,670,000 (2015: 29,303,000) and unquoted securities of Rs 3,220,744,000 (2015: Rs 2,694,310,000). Available-for-sale securities for Group comprise of listed and quoted securities of Rs 3,784,584,000 (2015: Rs 3,753,962,000), listed debt securities of Rs 57,646,000 (2015: Rs 54,565,000) and unquoted securities Rs 483,490,000 (2015: Rs 197,523,000).

The fair value of quoted securities is based on the Stock Exchange and brokers' statement prices at close of business at 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.

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

11. INVESTMENT PROPERTIES

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July	1,270,000	1,101,000	1,270,000	1,101,000
Additions	95,494	126,714	95,494	126,714
Transfer to property, plant & equipment	(10,500)	-	-	-
Fair value gain (note 29)	15,370	42,286	16,006	42,286
At 30 June	1,370,364	1,270,000	1,381,500	1,270,000

The investment properties have generated rental income of Rs.59,824,458 for the year (2015: Rs.10,128,690). The direct operating expenses incurred during the year amounted to Rs.11,528,979 (2015: Rs.6,864,639).

Details of the Group's land and buildings measured at fair value and information about the fair value hierarchy are as follows:

	Group		Company	
	2016	2015	2016	2015
Level 3	Rs'000	Rs'000	Rs'000	Rs'000
Land	43,000	43,000	43,000	43,000
Buildings	1,327,364	1,227,000	1,338,500	1,227,000
	1,370,364	1,270,000	1,381,500	1,270,000

The fair value of land and buildings has been arrived on the basis of valuations carried during the year by Mr N Jeetun MSc, MRICS, PMAPI, MMIS, Chartered Valuation Surveyor, using the comparative and investment method of valuation. The Comparative method is based on comparison of prices paid for similar properties within close vicinity of the site and adjusted to reflect the characteristics of the subject property, at the relevant date. The most significant input into this valuation approach is the market value of similar sites within close vicinity of the subject property.

The fair value of the buildings was determined using prices in the range of Rs 49,000 per square metre to Rs 63,000 per square metre (2015: Rs 48,000 - Rs 56,000); and price of Rs 79,000 per square metre for land (2015: Rs 79,000).

12. FIXED DEPOSITS

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Maturing				
- in the second year	325,500	920,089	215,500	191,172
- in the third year	540,846	327,000	149,000	215,500
- in the fourth year	265,717	344,500	-	149,000
- in the fifth year	306,703	265,717	57,358	-
- after five years	45,955	103,313	22,000	79,358
	1,484,721	1,960,619	443,858	635,030
Interest due	203,385	346,923	104,470	129,736
	1,688,106	2,307,542	548,328	764,766

The deposits earn interest at rates varying between 4.05% - 10.50% (2015: 4.35% - 10.50%) for the Group and Company per annum.

13. FINANCE LEASE RECEIVABLES

The Group enters into finance lease arrangements for inter-alia motor vehicles and equipment for an average term of 3 to 7 years. Finance leases are secured by the assets under lease.

	Group	
	2016	2015
Net investment in finance leases	Rs'000	Rs'000
Analysed as:-		
- Non-current finance lease receivables	299,123	264,268
- Current finance lease receivables	121,973	101,057
	421,096	365,325

	Group	
	2016	2015
(a) Gross and net investment in finance leases	Rs'000	Rs'000
- within one year	155,169	126,446
- in the second to fifth years inclusive	323,098	288,089
- more than five years	25,637	21,666
	503,904	436,201
Unearned finance income	(77,786)	(66,689)
	426,118	369,512
Provision for credit losses	(5,022)	(4,187)
	421,096	365,325

(b) Movement during the year:-	Group	
	2016	2015
	Rs'000	Rs'000
At 1 July	369,512	333,844
Leases granted during the year	173,117	132,226
Capital repayment during the year	(116,511)	(96,558)
At 30 June	426,118	369,512

Before granting lease to clients, the Group has an appraisal process to assess the potential client's credit quality and reliability. Upon satisfactory appraisal and submission of all necessary documents, the lease is granted.

(c) Remaining term to maturity	Group	
	2016	2015
	Rs'000	Rs'000
Within 3 months	39,038	30,401
Over 3 to 12 months	84,389	71,814
Over 1 to 5 years	278,617	246,938
More than 5 years	24,074	20,359
	426,118	369,512

The Group considers that the carrying amounts of the finance lease approximate their fair value.

13. FINANCE LEASE RECEIVABLES (CONT'D)

(d) Credit concentration of risk by industry sectors

Total credit facilities extended by the Group classified by industry sectors:

	Group	
	2016	2015
	Rs'000	Rs'000
Agriculture and Fishing	249	462
Manufacturing	6,194	6,938
Transport	39,246	35,976
Construction	12,037	12,308
Personal	310,886	268,170
Financial and business services	10,801	9,579
Global Business Licence Holders	4,321	4,083
Education	2,868	2,862
Tourism	511	614
Information, Communication and Technology	5,362	4,771
Others	33,643	23,749
	426,118	369,512

(e) Provision for credit losses

	Group	
	2016	2015
	Rs'000	Rs'000
At 1 July	4,187	3,650
Movement during the year	63	32
Portfolio provision (note (i))	4,250	3,682
Specific provision - Capital (note (ii))	772	505
At 30 June	5,022	4,187

(i) The above portfolio provision is estimated at 1% of the total outstanding lease amount net of specific provision as at 30 June 2016.

(ii) The specific provision is made in respect of non-performing leases.

(f) Interest rate profile

The interest rate inherent in the finance leases is fixed at the contract date for the entire lease term. The average effective interest rate contracted is 7.93% (2015: 8.11%) per annum with interest ranging from 6.75% to 12.5% (2015: 6.75% to 12.5%) per annum. Unguaranteed residual values of assets leased under finance leases at end of reporting date are estimated at Rs.9,884,183 (2015: Rs.7,449,236).

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14. MORTGAGE AND OTHER LOANS

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Housing, Commercial & Multipurpose	1,417,596	1,361,261	1,417,596	1,361,261
Provision for impairment losses	(4,793)	(3,805)	(4,793)	(3,805)
	1,412,803	1,357,456	1,412,803	1,357,456
Organisations	84,184	85,621	74,184	75,621
Others	204,477	214,687	193,750	202,275
	1,701,464	1,657,764	1,680,737	1,635,352
Analysed as:-				
Non-current	1,561,648	1,555,853	1,543,659	1,536,087
Current	139,816	101,911	137,078	99,265
	1,701,464	1,657,764	1,680,737	1,635,352

Reconciliation of changes in the impairment account resulting from credit losses during the year is as follows:-

	Group and Company	
	2016	2015
	Rs'000	Rs'000
At 1 July	6,657	9,775
Movement during the year	1,467	(3,118)
At 30 June	8,124	6,657
Analysed as:-		
Capital	4,793	3,805
Interest (Note 16)	3,331	2,852
	8,124	6,657

The following table provides information regarding the carrying value of mortgage and other loans that have been impaired and the ageing of mortgage and other loans that are past due but not impaired.

	Neither past due nor impaired	Past due but not impaired			Impaired	Carrying amount at year end
		1m -3m	3m - 1yr	>1Yr		
Group	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
30 June 2016						
Housing, Commercial & Multipurpose	1,390,559	4,673	7,065	15,299	(4,793)	1,412,803
Organisations	84,184	-	-	-	-	84,184
Others	184,212	11,359	3,639	5,267	-	204,477
	1,658,955	16,032	10,704	20,566	(4,793)	1,701,464
30 June 2015						
Housing, Commercial & Multipurpose	1,331,337	4,759	7,527	17,638	(3,805)	1,357,456
Organisations	85,621	-	-	-	-	85,621
Others	203,598	2,525	3,238	5,326	-	214,687
	1,620,556	7,284	10,765	22,964	(3,805)	1,657,764

14. MORTGAGE AND OTHER LOANS (CONT'D)

	Neither past due nor impaired	Past due but not impaired 1m -3m	3m - 1yr	>1Yr	Impaired	Carrying amount at year end
Company	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
30 June 2016						
Housing, Commercial & Multipurpose	1,390,559	4,673	7,065	15,299	(4,793)	1,412,803
Organisations	74,184	-	-	-	-	74,184
Others	173,485	11,359	3,639	5,267	-	193,750
	1,638,228	16,032	10,704	20,566	(4,793)	1,680,737
30 June 2015						
Housing, Commercial & Multipurpose	1,331,337	4,759	7,527	17,638	(3,805)	1,357,456
Organisations	75,621	-	-	-	-	75,621
Others	191,186	2,525	3,238	5,326	-	202,275
	1,598,144	7,284	10,765	22,964	(3,805)	1,635,352

The loans are secured and bear interest at rates varying between 2% - 14% (2015: 2% - 14%) per annum and have repayment terms varying between one year to thirty years.

The above loans also include unsecured loans of Rs. 77,000,000 for the Group (2015: Rs.77,000,000) and Rs. 67,000,000 for the Company (2015: Rs.67,000,000) which bear interest rates of 10% per annum.

Undrawn commitments in respect of mortgage loans for the year under review amounts to Rs. 50 million (2015: Rs.61.2 million).

15. 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.

	Group 2016	Group 2015	Company 2016	Company 2015
	Rs'000	Rs'000	Rs'000	Rs'000
Deferred tax assets	36,272	42,749	-	-
Deferred tax liabilities	(57,426)	(43,455)	(26,457)	(6,448)
Net deferred tax liabilities	(21,154)	(706)	(26,457)	(6,448)

At the end of the reporting period, the Group had unused tax losses of Rs. 9,272,358 (2015: Rs.308,494) available for offset against future profit. No deferred tax asset has been recognised in respect of such losses due to unpredictability of future profit streams (2015: nil). The tax losses expire on a rolling basis over 5 years.

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15. DEFERRED TAXATION (CONT'D)

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

	Group 2016	Group 2015	Company 2016	Company 2015
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July	(706)	3,688	(6,448)	(229)
Charged to profit or loss (note 21(b)(i))	(10,400)	(11,859)	(10,775)	(12,582)
(Credited)/charged to other comprehensive income	(10,048)	7,465	(9,234)	6,363
	(21,154)	(706)	(26,457)	(6,448)

(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:

Group

(i) Deferred tax assets

	Impairment of assets	Retirement benefit obligations	Total
	Rs'000	Rs'000	Rs'000
At 1 July 2014	550	31,645	32,195
Credited to profit or loss	85	3,004	3,089
Credited to other comprehensive income	-	7,465	7,465
At 30 June 2015	635	42,114	42,749
Credited to profit or loss	131	3,440	3,571
Charged to other comprehensive income	-	(10,048)	(10,048)
At 30 June 2016	766	35,506	36,272

(ii) Deferred tax liabilities

	Accelerated tax depreciation	Revaluation of building	Investment property	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July 2014	7,681	3,210	17,616	28,507
(Credited)/charged to profit or loss	(258)	-	15,206	14,948
At 30 June 2015	7,423	3,210	32,822	43,455
Charged to profit or loss	1,987	-	11,984	13,971
At 30 June 2016	9,410	3,210	44,806	57,426

Company

	2016	2015
	Rs'000	Rs'000
Deferred tax assets	28,561	34,980
Deferred tax liabilities	(55,018)	(41,428)
Net deferred tax liabilities	(26,457)	(6,448)

15. DEFERRED TAXATION (CONT'D)

Company
(i) Deferred tax assets

	Retirement benefit obligations Rs'000
At 1 July 2014	26,201
Credited to profit or loss	2,416
Credited to other comprehensive income	6,363
At 30 June 2015	34,980
Credited to profit or loss	2,815
Charged to other comprehensive income	(9,234)
At 30 June 2016	**28,561**

(ii) Deferred tax liabilities

	Accelerated tax depreciation Rs'000	Revaluation of building Rs'000	Investment property Rs'000	Total Rs'000
At 1 July 2014	5,604	3,210	17,616	26,430
(Credited)/charged to profit or loss	(208)	-	15,206	14,998
At 30 June 2015	5,396	3,210	32,822	41,428
Charged to profit or loss	1,604	-	11,986	13,590
At 30 June 2016	**7,000**	**3,210**	**44,808**	**55,018**

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Premium	197,337	186,903	-	-
Provision for impairment losses	(316)	(390)	-	-
	197,021	186,513	-	-
Other premium	2,900	8,854	2,917	8,944
Amounts due from reinsurers	175,780	143,107	111,954	111,913
Other receivables and prepayments	509,465	482,393	395,534	405,677
Provision for impairment losses (Note 14)	(3,331)	(2,852)	(3,331)	(2,852)
	506,134	479,541	392,203	402,825
	881,835	818,015	507,074	523,682

As of June 30, 2016, premiums of Rs.316,000 (2015: Rs.390,000) were impaired for the Group. The amount of the provision was Rs.316,000 as of June 30, 2016 (2015: Rs.390,000). The individually impaired receivables mainly relate to policyholders who are in unexpectedly difficult economic situations.

16. TRADE AND OTHER RECEIVABLES (CONT'D)

The ageing analysis of these premiums is as follows:

	Group	
	2016	2015
	Rs'000	Rs'000
Over 1 year	316	390

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

	Group	
	2016	2015
	Rs'000	Rs'000
Balance at beginning	390	317
Movement during the year	(74)	73
Balance at end	316	390

Analysis of the age of premiums that are past due but not impaired

	Group	
	2016	2015
	Rs'000	Rs'000
>2 months < 3 months	9,087	5,958
> 3 months < 6 months	28,142	12,890
> 6 months < 1 year	9,941	3,726
> 1 year	3,120	312
	50,290	22,886

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 Group as premium due for more than one year. No interest is charged on the premium.

Premiums disclosed above include amounts (see above for aged analysis) that are past due at the reporting date for which the Group 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.

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

In determining the recoverability of a premium, the Group considers any change in the credit quality of the trade receivable 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.

Amount due from reinsurers include impaired assets of Rs 5,086,000 (2015: Rs 5,086,000). 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.

The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

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

16. TRADE AND OTHER RECEIVABLES (CONT'D)

	Group		Company	
	2016	2015	2016	2015
Other premium	Rs'000	Rs'000	Rs'000	Rs'000
<1 year	2,661	8,829	2,678	8,919
>1 year	239	25	239	25
	2,900	8,854	2,917	8,944

17. SHORT-TERM DEPOSITS

Short-term deposits comprise of fixed deposits and overseas call deposits with banks with interest rates ranging from 0.01% - 8.25% (2015: 0.03% - 10.50%) per annum. The fixed deposits have maturity dates varying from 2016-2017. The foreign currency deposits are held in a basket of major currencies traded.

18. INSURANCE LIABILITIES AND REINSURANCE ASSETS

	Group	
	2016	2015
(a) Short term insurance	Rs'000	Rs'000
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

(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 1 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 (note 28)	(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)

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

(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 1 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

19. BORROWINGS

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
4.65% - 9.00% (2015: 4.65% - 9.00%) unsecured loan				
Repayable by instalments				
- within one year	22,543	19,849	22,543	19,849
- in the second year	21,242	18,049	21,242	18,049
- in the third year	17,617	16,749	17,617	16,749
- in the fourth year	14,241	13,124	14,241	13,124
- in the fifth year	3,363	9,748	3,363	9,748
Total	79,006	77,519	79,006	77,519
9.00% (2015: 9.00%) unsecured loan (Subsidiary)				
Repayable by instalments				
- within one year	-	-	44,695	40,861
- in the second year	-	-	48,887	44,695
- in the third year	-	-	53,473	48,887
- in the fourth year	-	-	58,489	53,473
- in the fifth year	-	-	63,976	58,489
- after five years	-	-	69,978	133,953
Total	-	-	339,498	380,358
Analysed as follows:				
Current	22,543	19,849	67,238	60,710
Non-current	56,463	57,670	351,266	397,167
	79,006	77,519	418,504	457,877

The carrying amounts of the Group's and the Company's borrowings are denominated in Mauritian rupee and are not materially different from the fair value.

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Interest payable on deposits	119,667	133,180	-	-
Amount due to reinsurers	307,575	315,210	180,624	174,226
Other payables and accruals	249,557	238,156	167,767	172,181
	676,799	686,546	348,391	346,407
Analysed as follows:				
Current	633,696	610,177	348,391	346,407
Non-current	43,103	76,369	-	-
	676,799	686,546	348,391	346,407

The above amounts are interest free and unsecured. The carrying amounts of accounts of trade and other payables approximate their fair value.

21. 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.

	Group		Company	
	2016	2015	2016	2015
(a) Statements of financial position	Rs'000	Rs'000	Rs'000	Rs'000
Current tax liabilities				
- General Fund	11,815	16,065	6,001	10,855
- Life Fund	2,921	2,302	2,921	2,302
- Insured Pension Fund	(1,062)	(2,836)	(1,062)	(2,836)
- Personal Pension Plan	(1,150)	(2,156)	(1,150)	(2,156)
- Medisave	(1)	4	(1)	4
	12,523	13,379	6,709	8,169

(b) Statements of profit or loss	Group		Company	
	2016	2015	2016	2015
(i) General Fund	Rs'000	Rs'000	Rs'000	Rs'000
- Current tax expense	44,012	51,629	28,104	29,564
- Under/(over) provision in respect of previous year	319	(130)	(94)	-
	44,331	51,499	28,010	29,564
- Deferred tax charge (note 15(b))	10,400	11,859	10,775	12,582
	54,731	63,358	38,785	42,146
(ii) Life Fund				
- Current tax expense	19,846	22,667	19,846	22,667
- (Over)/under provision in respect of previous year	(100)	4	(100)	4
	19,746	22,671	19,746	22,671
(iii) Insured Pension Fund				
- Current tax expense	(874)	242	(874)	242
- Under provision in respect of previous year	8	-	8	-
	(866)	242	(866)	242

21. TAXATION (CONT'D)

(iv) Personal Pension Plan	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
- Current tax expense	(4,167)	(2,156)	(4,167)	(2,156)
- Over provision in respect of previous year	(1,867)	-	(1,867)	-
	(6,034)	(2,156)	(6,034)	(2,156)
(v) Medisave				
- Current tax expense	2	4	2	4
Total Long Term Insurance Funds (note 33)	12,848	20,760	12,848	20,760

	Group		Company	
	2016	2015	2016	2015
Tax expense	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July	13,379	6,649	8,169	2,624
Tax charge for the year	57,179	72,259	40,858	50,324
Tax paid during the year	(58,035)	(65,529)	(42,318)	(44,779)
At 30 June	12,523	13,379	6,709	8,169

(c) Tax Reconciliation	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Profit before taxation	467,047	518,878	432,535	471,255
Applicable Tax Rate(%)	15.00	15.00	15.00	15.00
Tax effect of:				
- Exempt income and other relief	(6.53)	(6.81)	(6.70)	(7.44)
- Expenses not deductible for tax purposes	0.33	0.03	0.22	0.24
- Expenses entitled to 200% deduction	(0.02)	(0.02)	(0.03)	(0.02)
- Investment tax credit	-	(1.65)	-	-
- Assets not eligible for capital allowances	0.10	0.11	0.11	0.12
- Under/(over) provision in previous year	0.07	(0.03)	(0.02)	-
- Under provision in deferred tax	0.11	-	0.12	-
- Life Fund's tax liability	4.12	4.21	4.45	4.63
- Insured Pension Fund	(0.19)	0.05	(0.20)	0.05
- Personal Pension Plan	(1.29)	(0.42)	(1.40)	(0.46)
- Support costs to SGIN Ltd	(0.16)	-	(0.18)	-
- Revaluation investment property	2.57	2.93	2.77	3.23
- Capital allowance on investment property	(2.05)	(1.82)	(2.22)	(2.01)
- Foreign tax credit	(2.00)	0.17	-	-
- Exchange difference	4.41	4.39	-	-
- Reversal of Deferred Tax	-	0.07	-	-
Effective Tax Rate	14.47	16.21	11.92	13.34

22. DEPOSITS

	Group	
	2016	2015
	Rs'000	Rs'000
Time deposits with remaining terms to maturity:		
- Within one year	1,062,094	889,549
- In the second to fifth years inclusive	1,695,861	1,986,228
	2,757,955	2,875,777

The deposits bear interest ranging from 2.00% to 8.00% (2015 : 2.00% to 9.25%) per annum.

23. STATED CAPITAL

	Group and Company	
	2016	2015
	Rs'000	Rs'000
Share capital	25,000	25,000
Share premium	45,000	45,000
	70,000	70,000

The share capital comprises of: - 250,000 ordinary shares of Rs 100 each	Number of shares	Share capital	Share premium
	000	Rs'000	Rs'000
Balance at 30 June 2015 and 30 June 2016	250	25,000	45,000

The total authorised number of ordinary share is 300,000 (2015: 300,000) with a par value of Rs.100 each. All issued shares are fully paid. The Company has one class of ordinary share capital of Rs.100 each which carries a right to vote and a right to dividend.

24. RESERVES

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Retained earnings	4,778,246	4,498,121	4,014,410	3,749,393
Properties revaluation reserve	123,394	123,394	123,394	123,394
Investments revaluation reserve	172,524	236,708	260,951	312,374
Actuarial losses	(151,645)	(208,573)	(123,742)	(176,069)
Translation reserve	76,327	72,299	-	-
Other reserve	44,620	41,378	-	-
	5,043,466	4,763,327	4,275,013	4,009,092

(a) Retained earnings

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Balance at 1 July	4,498,121	4,169,024	3,749,393	3,441,807
Profit attributable to equity holders of the parent	412,100	455,217	393,750	429,109
Payments of dividends	(128,733)	(121,523)	(128,733)	(121,523)
Transfer to other reserve	(3,242)	(4,597)	-	-
Balance at 30 June	4,778,246	4,498,121	4,014,410	3,749,393

RESERVES (CONT'D)

(b) Properties revaluation reserve

	Group and Company	
	2016	2015
	Rs'000	Rs'000
Balance at 1 July and 30 June	123,394	123,394

The properties revaluation reserve arises on the revaluation of building (Note 6).

(c) Investments revaluation reserve

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Balance at 1 July	236,708	167,574	312,374	235,629
Net (losses)/gains arising on revaluation of available-for-sale financial assets and foreclosed properties	(48,036)	74,800	(46,544)	80,254
Transfer on disposal of available-for-sale financial assets and foreclosed properties	(16,148)	(5,666)	(4,879)	(3,509)
Balance at 30 June	172,524	236,708	260,951	312,374

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

(d) Actuarial losses

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Balance at 1 July	(208,573)	(166,269)	(176,069)	(140,015)
Other comprehensive income, net of tax	56,928	(42,304)	52,327	(36,054)
Balance at 30 June	(151,645)	(208,573)	(123,742)	(176,069)

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

(e) Translation reserve

	Group	
	2016	2015
	Rs'000	Rs'000
Balance at 1 July	72,299	14,962
Movement during the year	4,028	57,337
Balance at 30 June	76,327	72,299

Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies (USD) to the Group's presentation currency (MUR) are recognised directly in other comprehensive income and accumulated in the foreign translation reserve.

(f) Other reserve

Other reserve consists of a transfer from the net profit after tax of SICOM Financial Services Ltd as per Section 21 of the Banking Act 2004.

25. LONG TERM INSURANCE FUNDS

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Long Term Insurance Funds (Note 33)	8,778,217	8,953,734	8,778,217	8,953,734

26. RETIREMENT BENEFIT OBLIGATIONS

	Group		Company	
	2016	2015	2016	2015
(a) Defined Benefit Plan	Rs'000	Rs'000	Rs'000	Rs'000
Amount recognised in the statements of financial position as non-current liabilities:				
- Pension benefits (note 26(b)(ii))	236,705	280,753	190,398	233,200
Amount charged to profit or loss:				
- Pension benefits (note 26(b)(vi))	40,481	36,688	31,750	28,761
Amount (credited)/charged to other comprehensive income:				
- Pension benefits (note 26(b)(vii))	(66,987)	49,769	(61,561)	42,417

(b) Pension

(i) The Group 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 payable for life. The level of benefits provided depends on members' length of service and their salary in the final year leading up to retirement.

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

The most recent actuarial valuations of plan assets and the present value of 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, were measured using the Projected Unit Credit Method.

(ii) Amounts recognised in the statements of financial position

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Present value of funded obligations	710,202	738,836	541,538	571,329
Fair value of plan assets	(473,497)	(458,083)	(351,140)	(338,129)
Liabilities in the statements of financial position	236,705	280,753	190,398	233,200

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

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July	280,753	210,959	233,200	174,674
Profit or loss charge	40,481	36,688	31,750	28,761
Other comprehensive income (credit)/charge	(66,987)	49,769	(61,561)	42,417
Contributions paid	(17,542)	(16,663)	(12,991)	(12,652)
At 30 June	236,705	280,753	190,398	233,200

Notes to the Financial Statements
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26. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(b) Pension benefits (cont'd)

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

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July	738,836	624,097	571,329	484,429
Current service cost	21,792	20,855	16,150	15,591
Interest expense	51,434	49,611	39,823	38,330
Employee contributions	10,452	9,888	8,047	7,824
Liability experience gain	(18,903)	(8,534)	(13,895)	(4,005)
Liability gain due to change in in demographic assumptions	(26,288)	-	(30,129)	-
Liability (gain)/loss due to change in financial assumption	(58,849)	50,974	(44,850)	39,972
Benefits paid	(8,272)	(8,055)	(4,937)	(10,812)
At 30 June	710,202	738,836	541,538	571,329

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

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,	458,083	413,138	338,129	309,755
interest income	32,745	33,778	24,223	25,160
Employer contributions	17,542	16,663	12,991	12,652
Employee contributions	10,452	9,888	8,047	7,824
Benefits paid	(8,272)	(8,055)	(4,937)	(10,812)
Return on plan assets excluding interest income	(37,053)	(7,329)	(27,313)	(6,450)
At 30 June	473,497	458,083	351,140	338,129

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

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Current service cost	21,792	20,855	16,150	15,591
Net interest on net defined benefit liabilities	18,689	15,833	15,600	13,170
	40,481	36,688	31,750	28,761
Allocation of support costs				
Life Assurance Fund	10,122	9,570	10,122	9,570
SICOM General Insurance Ltd	10,776	8,361	2,641	1,103
Shareholders Fund (note 31(a))	19,583	18,757	18,987	18,088
	40,481	36,688	31,750	28,761
Actual return in plan assets	(4,308)	26,449	(3,090)	18,710

26. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Return on plan assets below interest income	37,053	7,329	27,313	6,450
Liability experience loss gain	(18,903)	(8,534)	(13,895)	(4,005)
Liability gain due to change in demographic assumptions	(26,288)	-	(30,129)	-
Liability (gain)/loss due to change in financial assumptions	(58,849)	50,974	(44,850)	39,972
	(66,987)	49,769	(61,561)	42,417

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

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Equity - local quoted	66,290	82,455	49,160	60,863
Equity - local unquoted	4,735	4,581	3,511	3,381
Debt - local unquoted	194,134	146,587	143,967	108,201
Investment funds	104,169	96,197	77,251	71,007
Property	4,735	4,581	3,511	3,381
Cash and others	99,434	123,682	73,740	91,296
	473,497	458,083	351,140	338,129

(ix) Principal actuarial assumptions at end of period:

	Group		Company	
	2016	2015	2016	2015
	%	%	%	%
Discount rate	7.0	7.0	7.0	7.0
Future salary increases	5.0	5.0	5.0	5.0
Future pension increases	3.0	4.0	3.0	4.0

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

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
At 30 June 2016				
Discount rate (1% movement)				
Increase	149,052	166,422	112,209	125,752
Decrease	116,357	128,568	87,749	97,368

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 values of the defined benefit obligation has been calculated using the projected unit credit method.

26. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

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 Group 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) Expected contribution to post employment benefit plan for the year ending 30 June 2017 are Rs 36.9 million for the Group and Rs 28.6 million for the Company.

(xiv) The weighted average duration of the defined benefit obligation vary between 19 - 27 years at the end of the reporting period.

(c) Defined Contribution Plan

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
National pension scheme contributions charges for employees on a contractual basis	69	115	18	65
Contributions to defined contribution plan administered by State Insurance Company of Mauritius Ltd	1,142	1,355	696	918

27. GROSS REVENUE

	Group		Company	
	2016	2015	2016	2015
Short Term Business	Rs'000	Rs'000	Rs'000	Rs'000
Gross insurance premiums	732,368	746,387	-	-
Less: Unearned premium	(22,065)	(67,461)	-	-
	710,303	678,926	-	-
Net commission income	18,462	18,089	-	-
Management fees (Note 29)	385,027	400,593	328,338	355,089
Investment income	348,337	354,336	302,625	272,866
	1,462,129	1,451,944	630,963	627,955
Long Term Business				
Gross insurance premiums/contributions	1,776,233	1,846,157	1,776,233	1,846,157
Gross commission income	27,535	18,548	27,535	18,548
Investment income	460,538	481,340	456,679	474,478
	2,264,306	2,346,045	2,260,447	2,339,183
Total Gross Revenue	3,726,435	3,797,989	2,891,410	2,967,138

28. GENERAL BUSINESS REVENUE ACCOUNT

	Group	
	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 (note 18(c))	(9,751)	(16,166)
Net earned premiums	362,861	324,446
Gross claims paid (note 18(b))	468,454	346,215
Claims settled from reinsurers (note 18(b))	(226,896)	(145,929)
Movement in outstanding claims (note 18(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

29. INVESTMENT AND OTHER INCOME

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Management fees	385,027	400,593	328,338	355,089
Gain on revaluation of investment properties (note 11)	15,370	42,286	16,006	42,286
Gain on sale of investments	14,299	13,721	6,166	7,050
Investment income	197,829	172,338	302,625	272,866
Mortgage and other loans	26,425	27,138	24,968	25,711
Loans and receivables	6,793	17	3,373	-
Held-to-maturity	78,678	70,403	37,328	35,514
Available-for-sale	15,760	13,524	13,266	11,549
Deposits	157,687	228,180	11,914	25,232
Interest payable to depositors	(150,508)	(181,998)	-	-
Rental income	62,994	15,074	71,959	23,133
Dividend from subsidiaries	-	-	139,817	151,727
Exchange gain	4,842	12,642	8,823	3,365
Other income	56,622	51,825	12,736	13,729
	673,989	693,405	674,694	694,385

30. SHARE OF SURPLUS TRANSFERRED FROM LIFE ASSURANCE FUND

Following an actuarial valuation of the Life Assurance Fund carried out by QED Actuaries & Consultants (Pty) Ltd as at 30 June 2016, a surplus of Rs.17,923,000 (2015: Rs.19,504,000) has been transferred to the Shareholders Fund during the year.

Notes to the Financial Statements
For the Year ended 30 June 2016

31. ADMINISTRATIVE AND OTHER EXPENSES

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Employee benefit expense (note(a) below)	268,454	235,296	160,824	143,600
Depreciation	16,002	16,511	12,117	13,791
Loss on disposal of property, plant and equipment	771	562	50	562
Amortisation	3,243	5,288	738	1,658
	20,016	22,361	12,905	16,011
Others	97,461	90,058	49,862	44,226
	385,931	347,715	223,591	203,837

(a) Employee benefit expense

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Wages and salaries, including termination benefits	236,035	206,114	140,751	124,497
Social security costs	1,135	1,091	607	582
Pension cost – defined benefit plan (note 26(b)(vi))	30,359	27,118	18,987	18,088
Pension cost – defined contribution plan	925	973	479	433
	268,454	235,296	160,824	143,600

32. FINANCE COSTS

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Interest payable on loans from subsidiary	-	-	32,574	36,079
Interest payable on other loans	3,917	2,718	3,917	2,718
	3,917	2,718	36,491	38,797

33. LIFE ASSURANCE FUND

GROUP		Non-Linked 2016 Rs'000	Linked 2016 Rs'000	Total 2016 Rs'000	Non-Linked 2015 Rs'000	Linked 2015 Rs'000	Total 2015 Rs'000
INCOME							
Gross premium		1,690,196	86,037	1,776,233	1,749,582	96,575	1,846,157
Less: Reinsurances		(124,724)	(2,162)	(126,886)	(110,939)	(2,528)	(113,467)
Net premium		1,565,472	83,875	1,649,347	1,638,643	94,047	1,732,690
Commission receivable for reinsurance		27,535	-	27,535	18,548	-	18,548
Investment and other income		419,587	44,616	464,203	444,411	43,873	488,284
Gain on sale of investments		32,134	648	32,782	13,475	-	13,475
		2,044,728	129,139	2,173,867	2,115,077	137,920	2,252,997
EXPENDITURE							
Bonus		490,365	-	490,365	489,533	68	489,601
Commission payable to agents and brokers		71,612	4,157	75,769	74,570	5,487	80,057
Cash and withdrawal benefits		27,714	2,881	30,595	14,546	1,928	16,474
Family income benefits		248	-	248	207	-	207
Maturity claims		711,422	8,065	719,487	775,927	5,761	781,688
Medical expenses		2,105	-	2,105	2,130	-	2,130
Provision for loan losses		2,406	-	2,406	115	4	119
Surrenders		42,745	14,595	57,340	38,780	15,421	54,201
Survival benefits		421,419	-	421,419	420,597	-	420,597
Other costs		11,074	13,267	24,341	9,802	2,346	12,148
Gross death and disablement claims		73,386	12,982	86,368	111,938	5,648	117,586
Claims recovered from reinsurers		(30,654)	528	(30,126)	(40,969)	(5,189)	(46,158)
Net claims		42,732	13,510	56,242	70,969	459	71,428
Management and other expenses		195,907	6,620	202,527	191,566	12,202	203,768
		2,019,749	63,095	2,082,844	2,088,742	43,676	2,132,418
SURPLUS BEFORE TAXATION		24,979	66,044	91,023	26,335	94,244	120,579
TAXATION	Note 21	(10,868)	(1,980)	(12,848)	(17,001)	(3,759)	(20,760)
SURPLUS AFTER TAXATION		14,111	64,064	78,175	9,334	90,485	99,819
FUND AT 1 JULY		8,167,280	786,454	8,953,734	7,960,549	688,834	8,649,383
(DECREASE)/INCREASE IN FAIR VALUE OF AVAILABLE-FOR-SALE SECURITIES		(196,454)	(5,763)	(202,217)	174,666	3,077	177,743
TRANSFER ON DISPOSAL OF AVAILABLE-FOR-SALE SECURITIES		(38,789)	(690)	(39,479)	(11,202)	-	(11,202)
TRANSLATION RESERVE		4,365	1,562	5,927	53,437	4,058	57,495
SHARE OF SURPLUS TO SHAREHOLDERS		(17,923)	-	(17,923)	(19,504)	-	(19,504)
FUND AT 30 JUNE		7,932,590	845,627	8,778,217	8,167,280	786,454	8,953,734

Linked long term insurance business is the business of effecting and carrying out contracts of insurance under which the benefits are wholly or partly to be determined by reference to the value of, or the income from, property of any description, or by reference to fluctuations in, or in an index of, the value of property of any description.

Non linked business is the business of undertaking liability under contracts upon human life or contracts to pay annuities on human life and also includes permanent health insurance business.

33. LIFE ASSURANCE FUND (CONT'D)

COMPANY		Non-Linked 2016 Rs'000	Linked 2016 Rs'000	Total 2016 Rs'000	Non-Linked 2015 Rs'000	Linked 2015 Rs'000	Total 2015 Rs'000
INCOME							
Gross premium		1,690,196	86,037	1,776,233	1,749,582	96,575	1,846,157
Less: Reinsurances		(124,724)	(2,162)	(126,886)	(110,939)	(2,528)	(113,467)
Net premium		1,565,472	83,875	1,649,347	1,638,643	94,047	1,732,690
Commission		27,535	-	27,535	18,548	-	18,548
Investment and other income		412,720	44,371	457,091	434,674	43,801	478,475
Gain on sale of investments		7,567	335	7,902	7,730	-	7,730
		2,013,294	128,581	2,141,875	2,099,595	137,848	2,237,443
EXPENDITURE							
Bonus		490,365	-	490,365	489,533	68	489,601
Commission		71,612	4,157	75,769	74,570	5,487	80,057
Cash and withdrawal benefits		27,714	2,881	30,595	14,546	1,928	16,474
Family income benefits		248	-	248	207	-	207
Maturity claims		711,422	8,065	719,487	775,927	5,761	781,688
Medical expenses		2,105	-	2,105	2,130	-	2,130
Provision for loan losses		2,406	-	2,406	115	4	119
Surrenders		42,745	14,595	57,340	38,780	15,421	54,201
Survival Benefits		421,419	-	421,419	420,597	-	420,597
Other costs		11,074	13,267	24,341	9,802	2,346	12,148
Gross death and disablement claims		73,386	12,982	86,368	111,938	5,648	117,586
Claims recovered from reinsurers		(30,654)	528	(30,126)	(40,969)	(5,189)	(46,158)
Net claims		42,732	13,510	56,242	70,969	459	71,428
Management and other expenses		177,011	6,038	183,049	174,410	11,851	186,261
		2,000,853	62,513	2,063,366	2,071,586	43,325	2,114,911
SURPLUS BEFORE TAXATION		12,441	66,068	78,509	28,009	94,523	122,532
TAXATION	Note 21	(10,868)	(1,980)	(12,848)	(17,001)	(3,759)	(20,760)
SURPLUS AFTER TAXATION		1,573	64,088	65,661	11,008	90,764	101,772
FUND AT 1 JULY		8,167,280	786,454	8,953,734	7,960,549	688,834	8,649,383
(DECREASE)/INCREASE IN FAIR VALUE OF AVAILABLE-FOR-SALE SECURITIES		(211,713)	(4,718)	(216,431)	220,477	6,856	227,333
TRANSFER ON DISPOSAL OF AVAILABLE-FOR-SALE SECURITIES		(6,627)	(197)	(6,824)	(5,250)	-	(5,250)
SHARE OF SURPLUS TO SHAREHOLDERS		(17,923)	-	(17,923)	(19,504)	-	(19,504)
FUND AT 30 JUNE		7,932,590	845,627	8,778,217	8,167,280	786,454	8,953,734

Linked long term insurance business is the business of effecting and carrying out contracts of insurance under which the benefits are wholly or partly to be determined of by reference to the value of, or the income from, property of any description, or by reference to fluctuations in, or in an index of, the value of property of any description.

Non linked business is the business of undertaking liability under contracts upon human life or contracts to pay annuities on human life and also includes permanent health insurance business.

33. LIFE ASSURANCE FUND (CONT'D)

The assets of the Life Assurance Fund are analysed as follows:	2016	2015
	Rs'000	Rs'000
NON-CURRENT ASSETS		
Statutory deposits	6,001	6,001
Other financial assets	6,819,512	6,212,656
Fixed deposits	531,088	685,578
Mortgage and other loans	1,099,453	1,073,338
	8,456,054	7,977,573
CURRENT ASSETS		
Other financial assets	76,583	192,113
Mortgage and other loans	114,119	75,701
Trade and other receivables	253,578	253,107
Short-term deposits	167,550	418,371
Current tax assets	-	2,686
Bank and cash balances	124,278	440,184
	736,108	1,382,162
CURRENT LIABILITIES		
Trade and other payables	324,293	309,175
Current tax liabilities	708	-
Bank overdraft	88,944	96,826
	413,945	406,001
NET CURRENT ASSETS	322,163	976,161
	8,778,217	8,953,734
TECHNICAL PROVISIONS		
Long term insurance funds	8,778,217	8,953,734

34. MANAGED FUNDS

The Group & Company accounts exclude the net assets of the Managed Pension Fund amounting to Rs.26.3 billion (June 2015- Rs.26.2 billion) and Managed Medical amounting to Rs.1.0 million (June 2015 - Rs.1.7 million) as these assets backing these funds do not belong to the Group and the Company.

35. DIVIDEND PAID

	Group and Company	
	2016	2015
	Rs'000	Rs'000
Final ordinary dividend	128,733	121,523

The Board of Directors of the Company has, by resolution dated 07 September 2015, recommended and authorised payment of a dividend of Rs.514.93 per share (2015: Rs.486.09 per share).

Notes to the Financial Statements
For the Year ended 30 June 2016

36. NOTES TO THE STATEMENT OF CASH FLOWS

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	467,047	518,878	432,535	471,255
Adjustments for:				
Exchange differences	9,954	114,829	-	-
Depreciation on property, plant and equipment	18,592	19,785	14,707	17,065
Amortisation of intangible assets	4,462	6,295	1,957	2,665
Surplus on revaluation of investment property	(15,370)	(42,286)	(16,006)	(42,286)
Retirement benefit expenses	40,481	36,688	31,750	28,761
Loss on disposal of property, plant and equipment	771	562	50	562
Profit on disposal of investment in securities				
- General Fund	(14,299)	(13,721)	(6,166)	(7,050)
- Life Assurance Fund	(32,782)	(13,475)	(7,902)	(7,730)
Loss on disposal of foreclosed property	463	5	463	5
Provision for credit losses	881	567	-	-
Investment income	(348,337)	(354,336)	(302,625)	(272,866)
Interest payable	154,425	184,716	36,491	38,797
Net surplus				
- Long term insurance funds	73,100	101,075	60,586	103,028
OPERATING CASH FLOWS BEFORE WORKING CAPITAL CHANGES	359,388	559,582	245,840	332,206
Increase/(decrease) in trade and other receivables	(32,747)	(92,027)	23,766	209,753
Increase/(decrease) in reinsurance assets	110,004	(106,412)	-	-
(Decrease)/increase in trade and other payables	(137,369)	(110,275)	1,993	76,879
(Decrease)/increase in insurance liabilities	(125,471)	108,425	-	-
CASH GENERATED FROM OPERATIONS	173,805	359,293	271,599	618,838

37. COMMITMENTS

(a) Capital Commitments

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

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Property, plant and equipment	309	2,581	145	706
Future finance leases	32,843	20,667	-	-
Investment properties	-	106,090	-	106,090
	33,152	129,338	145	106,796

37. COMMITMENTS (CONT'D)

(b) Operating lease commitments

	Group and Company	
	2016	2015
	Rs'000	Rs'000
Minimum lease payments under operating lease recognised as an expense in the year	1,613	1,613

At reporting date, the Group and Company have outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group and Company	
	2016	2015
	Rs'000	Rs'000
- Within 1 year	713	1,613
- In the second to fifth years inclusive	3,178	3,044
- After 5 years	18,269	19,116
	22,160	23,773

Operating lease payments represent rentals payable by the Group and the Company for its leasehold land. The leases have varying terms and escalation clauses.

The operating lease contracts contain market renewal clauses in the event that the Group exercises its option to renew. The Group does not have an option to purchase the leased assets at the expiry of the lease period.

38. RELATED PARTY TRANSACTIONS

	Group		Company	
(a) Transactions with related parties	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
(i) Shareholders				
(a) Sales of services	6,202	11,002	2,553	7,086
(b) Deposits renewed/taken	232,989	1,680,200	232,989	1,680,200
(c) Matured securities	359,679	1,601,221	359,679	1,601,221
(d) Interest/dividend receivable	20,083	42,397	18,624	39,525
(ii) Subsidiary				
(a) Loans refunded to fellow subsidiary	-	-	40,861	37,357
(b) Interest paid	-	-	32,574	36,078
(c) Sales of services	-	-	64,761	58,373
(d) Dividend receivable from Subsidiaries	-	-	139,817	151,727
(e) Receivables from SICOM Unit trusts	6,314	5,455	2,143	1,572
(f) Premium payable to fellow subsidiary	-	-	7,733	3,209
(iii) Key management personnel (including directors)				
(a) Loans disbursed	1,200	13,496	1,200	12,731
(b) Loans refunded	7,191	17,310	6,292	16,155
(c) Interest receivable	1,570	1,754	1,498	1,650
(d) Premium receivable	4,694	15,853	4,575	13,777
(e) Compensation:				
-Salaries and other short term benefits	89,353	92,914	74,398	75,783
-Post-employment benefits	13,198	11,932	11,500	10,417

Notes to the Financial Statements
For the Year ended 30 June 2016

38. RELATED PARTY TRANSACTIONS (CONT'D)

(a) Transactions with related parties (cont'd)

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
(iv) Enterprise that has a number of management/ directors in common				
- Sales of services	1,327	1,491	1,327	1,491

(b) Outstanding balances with related parties

	Group		Company	
	2016	2015	2016	2015
(i) Shareholders	Rs'000	Rs'000	Rs'000	Rs'000
(a) Deposits	-	125,000	-	125,000
(b) Bank balances	(67,278)	31,598	(62,264)	(26,975)
(c) Equity and bonds	451,932	619,270	426,150	594,009
(d) Interest/dividend due	1,061	7,164	616	6,700
(e) Premium due	406	2,040	284	478

Bank balances are in respect of current and call deposits earning no interest. In 2015, the deposits were for a duration of 1 month and with rate of interest ranging between 0.60% and 0.70% per annum.

	Group		Company	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
(ii) Subsidiary				
(a) Loans from fellow subsidiary	-	-	339,497	380,358
(b) Subordinated loan to fellow subsidiary	-	-	341,625	341,625
(c) Amount due from fellow subsidiaries	-	-	4,511	3,500
(d) Dividend due from fellow subsidiaries	-	-	139,816	151,727
(e) Equity in SICOM Unit trusts	91,790	94,579	63,089	64,180
(f) Amount due from Unit Trusts	388	602	-	-

The unsecured loans bear interest at rates in the range of 9% with monthly capital repayments.

	Group		Company	
	2016	2015	2016	2015
(iii) Key management personnel (including Directors)	Rs'000	Rs'000	Rs'000	Rs'000
(a) Loans	33,724	40,896	31,781	38,053
(b) Premium due	63	42	34	34

The housing loans granted to key management personnel (including Directors) are secured by way of a fixed charge or a mortgage on an immovable property with rate of interest ranging from fixed rate of 2% to the variable rate of 6.75%.

	Group		Company	
(iv) Enterprise that has a number of management/ directors in common				
Sales of services	1,327	1,491	1,327	1,491

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 long term insurance business and pensions whilst its subsidiaries carry out general insurance, depository, investment and management activities.

Directors
The Directors of State Insurance Company of Mauritius Ltd and its subsidiaries as at 30th June 2016 are as follows:

State Insurance Company of Mauritius Ltd

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 9 September 2015)
Balluck A (appointed on 16 November 2015)
Dussoye C (appointed on 23 October 2015)
Elisa J B
Gopee G (up to 13 November 2015)
Jugurnath R (Dr) (appointed on 29 January 2016)
Phokeer J D (appointed on 16 November 2015)
Purryag D (up 16 October 2015)
Ramdewar N (Mrs)
Yip Wang Wing Y S

SICOM Financial Services Ltd

Sakurdeep S (appointed as Director on 31 March 2016 and as Chairman on 27 June 2016)
Bhoojedhur-Obeegadoo K G (Mrs)
Boodhoo B (appointed on 5 May 2016)
Gopy D K
Nemchand S
Nowbuth R P (up to 15 July 2015)
Yip Wang Wing Y S

SICOM General Insurance Ltd

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 9 September 2015)
Dussoye C (appointed on 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

SICOM Management Limited

Nemchand S (Chairman as from 01 March 2016)
Nowbuth R P (up to 26 September 2015)
Bhoojedhur-Obeegadoo K G (Mrs)
Elisa J B (appointed on 1 March 2016)
Gopee G (up to 30 November 2015)
Ramdewar N (Mrs)

SICOM Global Fund Limited

Nemchand S (Chairman as from 01 March 2016)
Nowbuth R P (up to 26 September 2015)
Bhoojedhur-Obeegadoo K G (Mrs)
Elisa J B (appointed on 1 March 2016)
Gopee G (up to 30 November 2015)
Ramdewar N (Mrs)

Statutory Disclosures
For the Year ended 30 June 2016

Directors' Service Contracts

The Executive Directors of State Insurance Company of Mauritius Ltd have a service contract with the Company without expiry date.

One of the Executive Directors of SICOM General Insurance Company Ltd has a service contract with the subsidiary Company without expiry date.

Directors' Emoluments

During the year, the Executive Directors and Non-Executive Directors of the Company received emoluments amounting to Rs 18,635,000 (2015: Rs 17,639,000) and Rs 3,831,000 (2015: Rs 3,654,000) respectively. The Executive Directors and Non-Executive Directors of the subsidiaries received emoluments amounting to Rs 6,076,000 (2015: Rs 7,309,000) and Rs 2,416,000 (2015: Rs 3,648,000) respectively.

Audit Fees

The fees payable to the auditors for audit and other services were:

	The Company		Subsidiaries	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Audit fees payable to:				
- BDO & Co	857	828	1,179	1,196
Fees payable for other services:				
- BDO & Co	94	90	142	152

	The Company		Subsidiaries	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Donations	-	-	-	-

For and on behalf of the Board of Directors

Chairman

Director

16 September 2016

State Insurance Company of Mauritius Ltd
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