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

ANNUAL REPORT 2018

CONTENTS

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 Product 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
Identity 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.

OUR OFFERINGS

LIFE ASSURANCE

- Investment & Savings
- Child Education
- Loan Portfolio Protection
- Family Protection Scheme
- Group Temporary Assurance
- Group Funeral Plan

PENSIONS

- Group Pension Administration
- Actuarial Services
- Investment Services
- Personal Pension Plans

ACTUARIAL SERVICES

- Pension Fund Valuations
- Advice on Pension Issues
- Product Pricing and Design
- Disclosures under IAS 19

GENERAL INSURANCE

- Motor
- Home
- Personal Accident
- Travel
- Medical
- Commercial Risks
- Engineering
- Special Risks

FINANCIAL SERVICES

- Fund Management
- Deposit Taking
- Leasing
- Collective Investment Scheme Management
- Trustee Services

LOANS

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

INSURANCE
PENSIONS
LOANS
LEASING
DEPOSITS

How to reach us?

Our Head office is at Port Louis (SICOM Building, Sir Celicourt Antelme Street, Port Louis) and we have a branch office at Ebene (SICOM Tower, Wall Street, Ebene).

We are presently operating 5 PostAssurance Hubs in Post Offices at Quatre Bornes, Curepipe, Trianon (Trianon Shopping Mall), Triolet and Goodlands. We shall soon start operating 2 new PostAssurance Hubs at Flacq (Super U Shopping Mall) and Rose Belle (Plaisance Shopping Mall).

The Rose Belle Hub has the possibility to service our customers after office hours and during week-ends. Such facility may be extended to other Hubs located in shopping malls.

Our products are also distributed by our salespersons, agents and our Bancassurance partners, namely SBM Bank (Mauritius) Ltd and MauBank Ltd, through their network of branch offices across Mauritius and DBM Financial Services Ltd. We are also present in Rodrigues in Port Mathurin Post Office. Our products are also available through insurance brokers.

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

Ernst & Young

CONSULTING ACTUARIES

QED Actuaries & Consultants (Pty) Ltd
QED Actuaries & Consultants (Mauritius)
Aon Hewitt

MAIN BANKERS

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

Group Highlights

TOTAL ASSETS
+4.25%
RS 19.7BN

TURNOVER
+11.9%
RS 2.80 BN

PROFIT BEFORE TAX
+3.64%
RS 537.2M

DIVIDEND PAID
+13.46%
RS 156.4 M

GROSS PREMIUM
Rs 2.15BN
+15.5%
Long term business

GROSS PREMIUM
Rs 778.4M
+2.56%
General Insurance business

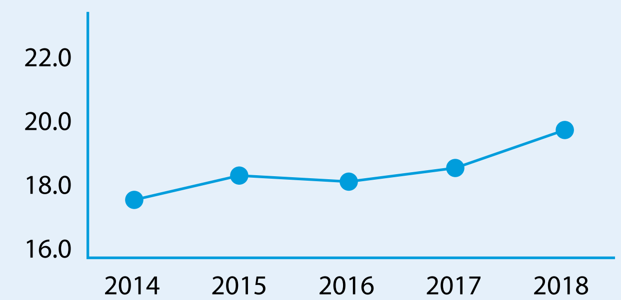
CSR
Rs 3M
Funded 15 Projects

STAFF
313

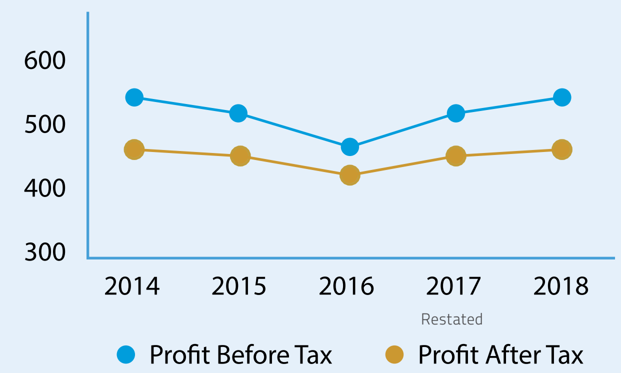
Key Financial Charts

GROUP

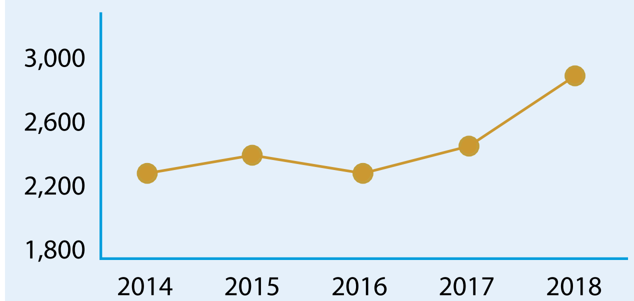
GROUP - TOTAL ASSETS (RS' BILLION)



GROUP - PROFIT (RS' M)

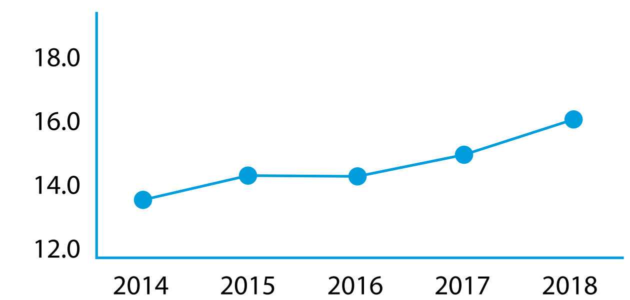


GROUP - TURNOVER (RS' M)

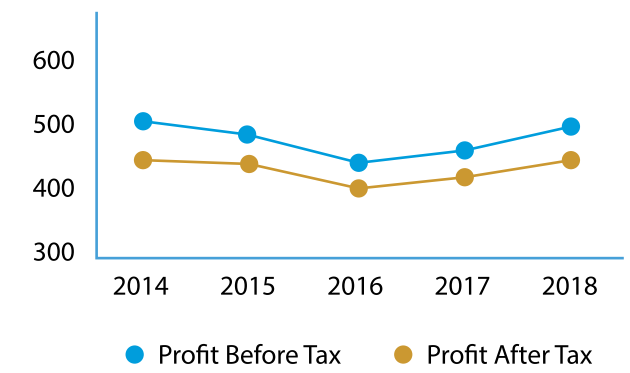


COMPANY

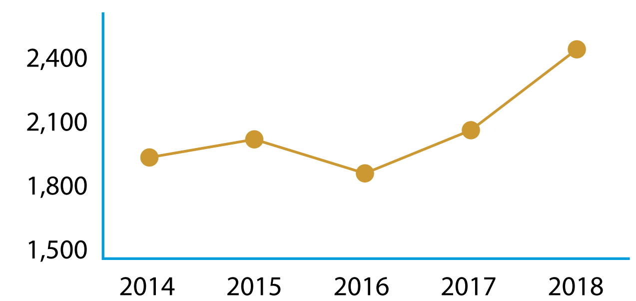
COMPANY - TOTAL ASSETS (RS' BILLION)



COMPANY - PROFIT (RS' M)



COMPANY - TURNOVER (RS' M)



Leadership

BOARD OF DIRECTORS

SALEMOHAMED Muhammad Yoosuf
(APPOINTED AS DIRECTOR AND CHAIRMAN ON 9 JULY 2018 AND 11 JULY 2018 RESPECTIVELY)

Mr Muhammad Yoosuf Salemohamed started his career in a chartered accountants firm where he obtained training in Accounting and Auditing. He joined a vertically integrated textile manufacturing company as accountant in 1975 and ended his career there as General Manager.

He has been associated in various textile activities since 1975 to date. He is a past president of the Mauritius Chamber of Commerce and Industry, past Chairman of the Mauritius College of the Air, past president of the MEFPA (now Business Mauritius Provident Association). He has also been a Director of the Development Bank of Mauritius Ltd, a member of the Petroleum Pricing Committee and an adviser to the Ministry of Commerce and Industry. He is presently the Chairman of Enterprise Mauritius, a Board member of Air Mauritius Limited and a Board member of the Islamic Cultural Centre Trust Fund Board.

BEEJAN Manickchand
(APPOINTED AS DIRECTOR AND CHAIRMAN ON 27 SEPTEMBER 2017 AND 28 SEPTEMBER 2017 RESPECTIVELY AND UP TO 30 JUNE 2018)

Mr Manickchand (Prem) Beejan has a long and successful career with work experience in government, state-owned enterprises and private sector companies. He sat in capacities ranging from Chairman, Executive Director and Independent Director on more than 40 boards of companies that are involved in a diverse range of activities including insurance, equity investment, portfolio and wealth management, fund management, casinos, housing, property development, sugar sector, IT sector, commerce and education.

Prem has more than 35 years of professional experience starting his career as Government Economist and successively moving up to the level of CEO in a large group with more than 1,000 employees. His areas of competence include project conception, development and implementation, designing innovative financial instruments, designing and implementing business processes and long range asset-liability matching with scenario planning.

Prem holds a B.A. Hons with Distinction in Economics from a Canadian University and an MSc in Financial Management from the University of London. His pastime includes complex modelling in EXCEL and trading at the stock market.

CHAPERON J M C Gilles
(APPOINTED ON 27 SEPTEMBER 2017)
ACTING GROUP CHIEF EXECUTIVE OFFICER

Mr J M C Gilles Chaperon is currently the Acting Group Chief Executive Officer, effective as from 1st October 2017 and the Money Laundering Reporting Officer (MLRO) of the Group. He 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 subsequently held the position of Chief Support Officer responsible for the Group's Corporate Marketing, Communication, CSR and Compliance functions. He was also overseeing the Group's Risk Management and IT functions. Gilles is an Associate of the Chartered Insurance Institute (ACII) and holds Chartered Insurer status.

ACHARUZ Anandsing
(APPOINTED ON 27 SEPTEMBER 2017)

Mr Acharuz is currently a Director (Economic & Finance) at the Ministry of Finance and Economic Development. His responsibilities include the preparation of the macro-fiscal framework, the budget estimates and the debt management strategy. He is also responsible for consolidating the public financial management system.

In view of his responsibilities, Mr Acharuz is actively working with regional and international organisations such as the Collaborative Africa Budget Reform Initiative and AFRITAC South, whereby he has been sharing his experience and knowledge in the fields of public financial management and budgeting.

Mr Acharuz has served on different boards of public bodies, including the State Trading Corporation Limited, the Civil Service Family Protection Scheme Board, the Mauritius Post & Co-operative Bank Ltd, the Government Lotteries, and the Mauritius Ex-Services Trust Fund Board.

Mr Acharuz holds an MSc in Financial Economics from the University of London.

BHOOJEDHUR-OBEEGADOO Karuna G (MRS)

Mrs Karuna Bhoojedhur-Obeegadoo was the Group Chief Executive Officer heading the SICOM Group of Companies until her retirement in September 2017. She joined SICOM in 1984 and was in charge of the Life, Pensions and Actuarial Departments of the Company. She was appointed Actuarial Adviser to the National Pensions Fund and member of its Investment Committee. Prior to joining SICOM, she worked with M&G Reinsurance Company in London (now Swiss Re).

Currently, she is a Director on the Board of companies within the SICOM Group and is also a member of the board of the MCB Group Ltd and of its Remuneration and Corporate Governance Committee. In the past, she has served as Director on the board of several companies, including State Bank of Mauritius Ltd, National Mutual Fund Ltd, First Republic Fund Ltd, Cyber Properties Investment Ltd, Mauritius Housing Company Ltd, National Housing Development Company Ltd, China Index Fund Ltd and China Actis Ltd. She was also a Founding Member of the National Committee on Corporate Governance and of the Board of Investment.

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. She is also a Fellow of the Mauritius Institute of Directors.

CONHYE Koosiram
(APPOINTED ON 9 JULY 2018)

Mr Koosiram Conhye is an Associate Member of the Chartered Institute of Secretaries and Administrators (ICSA), and holds a Diploma from the Chartered Institute of Marketing (CIM) and an MSc (Finance) from the University of Mauritius.

He joined the public service in February 1981 and has served in various Ministries and Departments at senior management level for more than two decades. He has also been the Administrative Secretary of the Export Processing Zones Development Authority (EPZDA) and Director (Corporate Affairs) at the Board of Investment.

He was assigned the duties of Permanent Secretary at the Ministry of Technology, Communication and Innovation on 15 March 2016 and subsequently appointed in a substantive capacity on 5 January 2017. He has also been assigned the duties of Secretary to the Public Service Commission and Disciplined Forces Service Commission from 15 September 2016 to 01 April 2018. He is presently the Permanent Secretary of the Ministry of Social Security, National Solidarity, and Environment and Sustainable Development (Social Security and National Solidarity Division).

He is also a part-time lecturer at the University of Mauritius and the University of Technology. His areas of interest are public-sector management, governance and public-sector finance.

He is currently a Director of the Board of Multi Carrier (Mauritius) and Mauritius Telecom Ltd.

DUSSOYE Chandrek
(UP TO 30 JUNE 2018)

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 the Association of Chartered Certified Accountants since 2005 and holds a BSc (Hons) in Business Management from the University of Mauritius.

DR JUGURNATH Rajun

Designated 'Man of the Year 2008' by "Le Defi Media Group", Dr Rajun Jugurnath is presently the CEO of 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, is the 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).

LI KWONG WING Kee Chong, G.O.S.K

Mr Kee Chong LI KWONG WING (K.C LI), Economist, is holder of a BSc (Econ) from the London School of Economics and LLM in International Tax Law. He started his professional career in 1974 as a Lecturer in Public Finance at the University of Mauritius. Afterwards, he held different prominent positions including Advisor to the Minister of Finance and Chairman of the Stock Exchange Commission. He launched the first Unit Trust and the first Property Fund in Mauritius in 1989. K.C.LI was also Board member of the State Trading Corporation, the National Remuneration Board, the National Economic and Social Council and the University of Mauritius. K.C.LI was an external lecturer for the University of Surrey School of Management (UK) and has published numerous reports and articles on cooperative banking, project management, development finance, structural adjustment and fiscal planning issues.

In 1992, Mr. LI started his own private consulting firm and served as Consultant to the United Nations Economic Commission for Africa (UNECA) and the UN Industrial Development Organization (UNIDO). In 1993, he founded the Mauritius International Trust Co. Ltd (MITCO), one of the first professional firms licensed to provide international tax and investment advisory services in Mauritius. He was also a Member of the Parliament of Mauritius (2010-2014) and sat on the Public Accounts Committee.
He sits on the Board of Directors of several emerging markets funds and Asia Hedge Funds, including Infrastructure and Real Estate Funds in Africa and Asia. He is also a Board Director of Afrexim Bank.

He is also founding member of the Council of China-Africa Interbank Association, a consortium grouping 18 of the largest banks in Africa and China.

Mr K.C LI was awarded the national honour of 'Grand Officer of the Star and Key' (G.O.S.K) of the Indian Ocean by the Republic of Mauritius in 2015 for distinguished services in the economic, social and political fields. He is currently the independent non-executive Chairman of SBM (State Bank of Mauritius) Group, the 2nd largest banking group in Mauritius and a public listed company.

MAUNTHROOA Ramprakash
(APPOINTED ON 27 SEPTEMBER 2017)

Mr Ramprakash Maunthrooa is a Fellow Member of the Institute of Chartered Secretaries and Administrators – UK (FCIS) and a Fellow Member of the Chartered Institute of Transport – UK (FCIT). He was Director General (CEO) of the Mauritius Ports Authority (MPA) up to October 1998. He has also served as Chairman of the MPA from October 2000 to November 2003.

Mr R Maunthrooa was also the Managing Director of the Board of Investment of Mauritius (now Economic Development Board) during the period 2010/2011.

Mr Maunthrooa works as Senior Adviser at the Prime Minister's Office (PMO) since January 2015 and also serves on the SBM Holdings Ltd and board of Air Mauritius Limited.

MOORUT Rishianandsingh
(APPOINTED ON 2 OCTOBER 2017)

Mr Moorut started his professional career in 2005 as Finance Manager for Post Office Limited UK. Afterwards he has held several positions during his career as Finance adviser for Santander Bank (formerly Abbey National) to project manager and senior consultant in UK. Mr Moorut returned to Mauritius in 2014 and currently serves as a Chief Operating Officer for a management company.

He is also a member of the Financial Services Fund and serves as director for the National Property Fund Limited and Central Depository and Settlement Company Limited.

RAMDEWAR Nandita (MRS)
DEPUTY GROUP CHIEF EXECUTIVE OFFICER

Mrs Ramdewar was appointed Deputy Group Chief Executive Officer of the SICOM Group in February 2018. She joined SICOM in 1992 after having worked in a leading audit firm and has since been heading several departments of the SICOM Group at senior managerial level as well as having acted as the Company Secretary for several years. She currently also serves as Executive Director on the Boards of SICOM Global Fund Limited and SICOM Management Limited.

She has in the past acted as the Chairperson of the Private Secondary Schools Authority and has been a Director of the Stock Exchange of Mauritius Ltd, Central Depository and Settlement Co. Ltd and SICOM Financial Services Ltd.

She 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, UK. She is a Fellow of the Mauritius Institute of Directors and is a member of the International Fiscal Association (Mauritius).

SONOO Jairaj, C.S.K
(APPOINTED ON 10 JULY 2018)

Mr Sonoo, C.S.K, holds a Masters in Business Administration (MBA) from University of Surrey, UK. He has extensive experience in banking both on the local and international level and spent nearly 38 years at SBM in various positions. He served as the Chief Executive Officer at SBM Bank (Mauritius) Ltd from September 2012 to August 2016 and Acting Group Chief Executive at SBM Holdings Ltd from November 2014 to September 2015. He occupied the post of Chief Executive Overseas Expansion of SBM Holdings Ltd from August 2016 to September 2017.

During his tenure of office at SBM Group, he was responsible for overseeing the development and execution of the Bank's international strategy through both organic growth and M&A. He also led the acquisition of a Kenyan bank which marked the milestone for the Group's entry into East Africa.

Mr Sonoo is currently the Chairman of The State Investment Corporation Limited and also holds directorship on various investee companies of the Corporation.

COMPANY SECRETARY

LEE SHING PO Theresa M (MRS)

Mrs Lee Shing Po was admitted as Attorney–at-Law in 1986. She joined the Company as Legal Officer in 2000 and is currently the Senior Executive Officer-Legal. Prior to joining the Company, she had her private practice and also worked in an international accounting and auditing firm and at the Attorney General's Office.

She is responsible for the overall operational and strategic functions of the Legal Department and deals with and advises the Group in all legal matters. Theresa is also Company Secretary to the State Insurance Company of Mauritius Ltd, SICOM General Insurance Ltd, SICOM Financial Services Ltd and SICOM Foundation.

Management

CHAPERON J M C Gilles
ACTING GROUP CHIEF EXECUTIVE OFFICER
THE PROFILE OF MR CHAPERON J M C GILLES IS FOUND ON PAGE 15.

RAMDEWAR Nandita (MRS)
DEPUTY GROUP CHIEF EXECUTIVE OFFICER
THE PROFILE OF MRS NANDITA RAMDEWAR IS FOUND ON PAGE 19.

GOPY Dev K
CHIEF INVESTMENT OFFICER

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

He is responsible for defining, implementing and monitoring the investment objectives and strategies of the different funds managed by the SICOM Group locally and overseas as well as of subsidiaries in the financial services sector. He is also responsible for the proper running of the operations of Leasing and Unit trusts businesses transacted by SICOM Financial Services Ltd and the operations of SICOM Global Fund Ltd and SICOM Management Ltd.

He currently serves as Executive Director on the board of SICOM Financial Services Ltd and is also a Director of the Stock Exchange of Mauritius Ltd and Cyber Properties Investments Ltd.

KOOMAR Bodun (Sailesh)
CHIEF OPERATING OFFICER

Mr Koomar is a Chartered Insurer and Fellow of the Chartered Insurance Institute (FCII) and holds a Masters in Business Administration (MBA) of the Surrey University. He joined the Company as Assistant Manager (Life) 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.

Sailesh is responsible for the overall strategic and administrative functions of the Individual Life, Personal Pensions and currently heads the Marketing department of the Group. He has also been in charge of the Loans business unit and been responsible for the proper planning and management of the Customer Relationship Management, Business Development, and Human Resources functions of the Group.

LEUNG LAM HING Suzanne H Y K (MRS)
CHIEF OPERATING OFFICER, SICOM GENERAL INSURANCE LTD

Mrs Leung Lam Hing is a Chartered Insurer and an Associate of the Chartered Insurance Institute UK (ACII). She joined SICOM in 1981 and has served the Company in various capacities in both the General and Life Insurance Departments and took over the responsibility of the General Insurance business as Manager in 2002.

Following the setting-up of SICOM General Insurance Ltd as a subsidiary of SICOM in 2010, Suzanne has the responsibility of defining the business strategies of the Company, the setting of its objectives and plans and their implementation. In her current position as Chief Operating Officer, she looks after the overall management of the Company including the proper running of its insurance operations. Suzanne currently serves as Executive Director on the board of SICOM General Insurance Ltd.

BAGUANT Chemanlall
SENIOR EXECUTIVE OFFICER – IT

Mr Baguant 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. He joined SICOM as Information Systems Officer in 1998 after five years of service in the IT sector.

He is currently the Senior Executive – IT responsible for proposing an IT Strategy that aligns with the corporate strategy and for the implementation and the monitoring of progress of the IT strategy and action plans. Cheman has the responsibility of the day to day management of the IT department. He manages the IT security risks of the Group and is responsible to research and identify new IT tools, solutions and applications that will enable the Group to keep abreast of technological developments.

CHEENEEBASH Lohit K L (Bobby)
SENIOR EXECUTIVE OFFICER - LIFE & BRANCH OPERATION

Mr Cheeneebash began his professional career in 1991 with the SICOM Group and has shouldered an array of responsibilities at various positions in the Life Department of SICOM. He has a rich experience in the Life Insurance and Pensions market, acquired over more than 25 years. Bobby has been mainly responsible for the administration of the Distribution function and is presently the Senior Executive Officer - Life & Branch Operation spearheading the Life Department, Branch Office operations as well as PostAssurance Hubs.

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

LEE SHING PO Theresa M (MRS)
SENIOR EXECUTIVE OFFICER - LEGAL & CORPORATE
THE PROFILE OF MRS LEE SING PO THERESA IS FOUND ON PAGE 20.

RUGHOO Rajkamal (Raj)
SENIOR EXECUTIVE OFFICER - GROUP PENSION BUSINESS

Mr Rughoo has served the Company since the last 30 years after joining in 1988. He is actually the Senior Executive Officer of the Group Pensions Department and is in charge of its overall operations, obligations and strategic functions. He has built up a vast experience in the field of group pension business and provides required technical support to stakeholders in defining and implementing schemes and strategic reviews.

Prior to joining the Group Pension Department he has served at various other levels in other Departments of the company, namely General Insurance, Actuarial, Loans, Administration and Customer Relations.

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

SEEROO Vasoodevsing J (Rajeev)
SENIOR EXECUTIVE OFFICER - ACTUARIAL & GROUP LIFE

Mr Seeroo joined SICOM in 1989 and has since worked at different levels in actuarial areas such as Pension Fund Valuations, Pension Consultancy, Life Fund Valuations, Product Pricing. He is presently the Senior Executive Officer in charge of the Actuarial Department & the administration of Group Life assurance business.

Rajeev is a Fellow of Institute and Faculty of Actuaries, UK.

APPADOO Pritty (MS)
AG SENIOR EXECUTIVE OFFICER – RISK & SUPPORT SERVICES

Ms Appadoo 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 cumulated several functions. She is currently the Risk Officer and Ag Senior Executive Officer (Risk & Support Services).

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)
MANAGER - GENERAL INSURANCE

Mr Balgobin is a Chartered Insurer and an Associate of the Chartered Insurance Institute UK (ACII). He joined SICOM in 1982. He has a wide experience of General Insurance business having worked in all the various insurance lines covering both motor and non-motor risks across individual and commercial sectors. He has a long practice of the underwriting and claims functions as well as reinsurance.

In his current post as Manager - General Insurance, he looks after the proper running of the operations of the various lines of insurance business and heads the Medical Insurance and the Reinsurance & Statistics Departments.

BUDALY Mohammad Fayaz
MANAGER – FACILITIES

Mr Budaly started his career in an engineering firm before joining the public service as a Registered Electrical Engineer. He was responsible for the good running of building services equipment and implementation of related projects for Government Buildings in Port Louis. He is holder of an MBA and a Diploma in Accounting and Finance from the ACCA. He joined SICOM in 2012 and is currently responsible for the Facilities Department.

He has contributed in the revamping of the department with focus on innovation and increased efficiency. He is well versed with procurement procedures and provides the related functional support across the organisation. He has played an active role in the development of the necessary framework to manage properties while generating returns through rental.

CHADIEN Moorganaden
MANAGER – SICOM FINANCIAL SERVICES LTD

Mr Chadien is a fellow of the Association of Chartered Certified Accountants and holds a Master in Business Administration from the University of Surrey. He joined the State Insurance Company of Mauritius Ltd in 1994, where he gathered experience in different departments before moving to SICOM Financial Services Ltd during its setting-up in 2000. He has over the years achieved a rich experience in deposit taking, leasing and unit trust administration.

Mr Chadien is presently the Manager of SICOM Financial Services Ltd and is responsible for the day to day operations of the Company.

PRAYAG Chandan (Ashwin)
MANAGER - INVESTMENT

Mr Prayag is a CFA Charterholder since 2007, having previously graduated from the University of Cape Town, South Africa, with the Bachelor of Business Science (Honours) and Master of Business Science (Finance) degrees. He joined SICOM in 2011 as Investment Analyst, pursuant to experience gained in the investment industry, and as an academic, both in Mauritius and South Africa, having worked for several financial institutions and taught at various universities and business schools.

He assists in the proper management of the Investment Department and is actively involved in defining, implementing and monitoring the investment objectives and strategies of the different Funds managed by the SICOM Group locally and overseas. He is currently a Director of the National Housing Development Company Ltd and Ebene Carpark Ltd. He has also been a volunteer with the CFA Institute for several years.

SEESAHA Keswaree (Sandhya) (MRS)
MANAGER – FINANCE

Mrs Seesaha has started her career as auditor in a leading audit firm and joined the SICOM Group in 2003. She has a solid background in accounting and she has over the years acquired a rich experience in the insurance industry. She is now leading the finance department as Finance Manager.

She is a Fellow member of the Association of Chartered Certified Accountants UK and holds a Master in Science in Finance, Accounting and Management (UK) and a Bachelor in Science in Accounting.

DIRECTORS' REPORT

The Board of Directors of the State Insurance Company of Mauritius Ltd (SICOM) is pleased to present the twenty-ninth Annual Report together with the audited financial statements of the Group and of the Company for the year ended 30 June 2018.

ECONOMIC REVIEW

According to the International Monetary Fund, global growth is projected to rise to 3.9% in 2018, supported by strong momentum, favourable market sentiment, accommodative financial conditions, expansionary fiscal policy in the United States and partial recovery of commodity prices, though the pace of the expansion has become less synchronized across countries and risks to the outlook are mounting. Economic activity in both advanced economies and emerging and developing economies is forecast to remain strong at 2.4% and 4.9% respectively in 2018. Within advanced economies, prompted by the substantial fiscal stimulus and the already-robust private demand and falling unemployment rate, higher growth rate is expected in the United States, while lower growth rates are expected in the euro area and Japan.

Among emerging market and developing economies, although financial conditions remain generally still supportive, growth is becoming more uneven, reflecting the combined influences of rising oil prices, higher yields in the United States, dollar appreciation, escalating trade tensions and domestic idiosyncratic factors.

In both advanced and emerging and developing economies, headline inflation has been lifted as a result of the increase in fuel prices. Overall, the balance of risks has shifted to the downside, both in the near term and medium term, as the possibility of more buoyant growth than forecast has faded given softer economic activities in the first quarter in several large economies and tighter financial conditions in some vulnerable economies.

While major markets were buoyant in the second half of 2017, bouts of volatility were witnessed over the first half of 2018 as macro uncertainty heightened and financial conditions tightened. During the financial year ended 30 June 2018, the S&P 500 and the MSCI World Index recorded a gain of 12.2% and 9.0% respectively. The MSCI Europe, CAC 40, FTSE 100 and Nikkei 225 were up by 2.4%, 4.0%, 4.4% and 11.3% respectively, while the DAX contracted by 0.2% during the same period. Similarly, the MSCI Emerging Markets, MSCI China and MSCI India rose by 5.8%, 19.0% and 5.0% respectively.

According to Statistics Mauritius, the domestic economy grew at a rate of 3.8% in 2017, same as in 2016. Growth in 2017 was supported by robust performances of all major sectors of the Mauritian economy, in particular financial and insurance activities, wholesale and retail trade, accommodation and food service activities and construction. Savings rate for 2017 is estimated to be around 10.6% of GDP, while the investment rate rose to 17.3%, supported by increased levels of private and public sector investments. The headline inflation rate was 4.3% for the twelve months ended 30 June 2018 compared to 2.4% for the corresponding period ended 30 June 2017. During the financial year ended 30 June 2018, there was an appreciation of the USD, GBP, EUR and YEN compared to the MUR while the local currency appreciated against the AUD, NZD and ZAR. The SEMDEX, SEM-10 and the DEMEX gained by 5.7%, 4.4% and 12.6% respectively over the financial year ended 30 June 2018.

In 2018, Statistics Mauritius expects real GDP growth of 3.9% on the basis of information gathered on key sectors of the economy and taking into account policy measures announced in the budget 2018/2019. In fact, higher growth rate is expected from sectors such as construction, wholesale & retail trade, information and communication, and public administration and defence. The investment rate in 2018 is expected to decrease slightly to 17.2% while the saving rate is projected to continue to slide to reach 10.4%. Private sector investment is expected to contract by 3.6% in 2018 compared to the 7.3% growth in 2017, while a rebound of 23.7% is anticipated in public sector investment after a contraction of 2.9% in 2017.

CORPORATE OVERVIEW AND STRATEGY

Strategy and Financial Overview

Our strategy plan 2016-2019 is based on four main pillars, namely:

- Focusing on Customers, growth and business development
- Consolidating the Group's organizational, governance and capital structures
- Enhancing operational excellence
- Improving employee motivation and engagement and further developing our human capital.

The Group will remain focused on the above four main strategic pillars despite uncertain market conditions and competition. Its aim is to grow its market share, deliver high quality customer value propositions and have an effective risk management system whilst maintaining best practices.

For the financial year under review, this strategic focus has impacted positively on the bottom line of the SICOM Group. The total assets of the Group has increased from Rs 18.88 billion as at 30 June 2017 to reach Rs 19.68 billion as at 30 June 2018 and the turnover of the Group has increased by 11.9% from Rs 2.50 billion in 2017 to reach Rs 2.80 billion in 2018.

The Group has posted a satisfactory growth in 2018 against a challenging backdrop of severe competition, low interest rates and volatile financial markets. In fact, the pre-tax profit has increased from Rs 518.4 million last year to Rs 537.2 million for the financial year ended 30 June 2018. The pre-tax profit of the Company for this year stands at Rs 495.7 million compared to Rs 464.0 million last year. SICOM continues to pursue its plan 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.

Customer Centricity, Technology and Innovation

Our customer remains the focus of our actions. We are going through a digital business transformation programme to enhance customer service and attain operational excellence. The following major projects are being deployed:

- Customer Portal has gone live in September 2018
- Enhancement of our website by October 2018
- On line quotations/sales applications by December 2018
- Opening of new post assurance hubs in Flacq in October 2018 and Rose-Belle by December 2018
- Customer Relationship Management application and upgrade of business applications during the financial year ending 30 June 2019

Online services that are already being provided to motor insurance customers will be further extended to other lines of business, namely Individual Life Assurance and Group Pensions businesses. Our customers will thus be able to obtain a range of information on their insurance or pensions by logging in from their personal computer or mobile devices. As part of the continuing efforts to improve operational efficiency, we are deploying a Document Management Solution (DMS) and a Decision Support Solution (DSS) across the Group.

Human Resource Engagement

Employee engagement is a driver of our competitiveness and we have invested in training and in the process of filling in key and other positions to adapt to our strategic needs. As a committed and engaged employer, all the HR initiatives of the SICOM Group are aimed at continuously enhancing the learning, training and empowerment of its people so as to enable them to achieve a greater shared value at all levels while also increasing the Group's competitive edge on the market. Given that human resource development is a main priority, training on both technical and non-technical sides are organised throughout the year.

As part of its policy to place greater emphasis on results and on the role, responsibility and contribution of each individual and business unit on achieving them, the Performance Management System (PMS) is being carefully fine-tuned by the selection of individual and group Key Performance Indicators (KPIs). A series of training sessions have been carried out for staff members and targeted working sessions with Heads of Departments to ensure its successful implementation.

Future Strategy

Well defined strategic objectives are the key for SICOM to realize its future potential. A more agile, innovative, risk-conscious and customer centric culture will be required to meet with the demands of stakeholders and challenges such as changes in customer behavior, rising competition and the new regulatory environment. SICOM has thus recently embarked in an exercise to seek expert guidance to address its strategy requirements. The first phase of this strategic exercise shall focus on Business Development, Sales and Distribution, which should consolidate SICOM's ambition as an innovative and value driven financial services provider.

LIFE INSURANCE

Gross Premium
Rs 2.15 bn

Individual Life Premium & Personal Pension Contribution
Up by 16.2%

Group Life Premium
Up by 12.3%

Survival and Maturity Benefits
Rs 1.22 bn

Bonus Paid
Rs 422.7 m

Death and Disability claims
Rs 122.7 m

Number of in force Individual Life policies
64,987

Number of Group Schemes
337

Overview

Global growth prospects continued to improve during 2017 and 2018. Even so, only moderate growth is expected this year. In the ongoing low interest rate environment, low government bond yields remain a significant headwind for life insurers.

The strategy and action plans put in place by the Company to adapt to these difficult market conditions have enabled us to reap encouraging results. The introduction of new policies accompanied by aggressive marketing campaigns and sales promotions have contributed considerably to boost up sales of our Life Policies.

On the customer perspective, simplifying the buying of a policy to faciltate on boarding of our customers coupled with continuously reviewing our processes to make the customer experience as delightful as posssible have helped us to remain competitive and cope with evolving customer preferences.

Our Individual life and personal pension as well as the Group Life lines of business have both showed satisfactory results for the year ended 30 June 2018.

Financial Performance

Our long-term business operations, which consist of Group and Individual life businesses, ended with a Gross premium figure of Rs 2.15 billion for the year ended 30 June 2018 (2017: Rs 1.86 billion) for a total number of 64,987 in-force individual life policies and 337 group life schemes with some 75,000 lives insured.

Total gross life premium and personal pension contribution for the year ended 30 June 2018 registered an increase of 16.2 %. The Group Life Premium, on the other hand, registered a growth of 12.3 % as at 30 June 2018.

Bonuses paid to our policyholders during the year stood at nearly Rs 422.7 million while survival and maturity benefits paid out during the year reached Rs 1.22 billion. The Company also paid out a total sum of Rs 122.7 million as death and disability claims.

What we plan to do?

In this fast-paced digital age, reaching out to the desires and needs of consumers is more important than ever and in this context no effort is spared to connect on line with our customers and enhance our service standards. The following initiatives are planned to meet these objectives:

- Continuous review of our product portfolio to suit the evolving needs of our customer
- Reinforcing our distribution capabilities to make our products and services more accessible
- Streamline further our processes to make our customer experience as pleasurable as possible
- Introduction of an online platform to facilitate digital access to our services and enable online sales

GENERAL INSURANCE

Gross Premium
Rs 778.4 m

Number of claims paid
27,700

Amount of claims paid
Rs 468.5 m

Pre-Tax Profit
Rs 39.4 m

Total assets (net of reinsurance assets)
Rs 1.07 bn

Overview

The business environment during the 2017/2018 financial year continued to be tough, characterised by persistently stiff competition leading to undercutting of premium rates on the one hand, and the trend in increased claims costs on the other hand. After the challenge of a bumpy July 2017 renewal season, the implementation of business strategies, namely the launching of new products, additional incentives to intermediaries, customer retention strategies, and marketing campaigns ensured that an increased Gross Premium of Rs 778.4 million was achieved for the financial year 2017/2018, as compared to Rs 758.9 million for the preceding financial year. As expected, the Motor and the Medical insurance lines of business were the major areas of growth.

Despite competition pressures, underwriting discipline was maintained in parallel with adherence to risk acceptance guidelines to maximise the quality of the portfolio of risks insured. Most business lines registered increased underwriting surplus, except for the insurances on property where the decreased underwriting surplus was attributable to fire and to cyclone claims.

In view of the challenges to operations, such as the undercutting of rates in a persistently fierce competitive business environment, low returns on investment, escalating administrative costs, technology disruptions on delivery channels, and compliance to new regulatory measures, it is imperative that a holistic view be taken about the way business is done and that there is heightened focus on efficiency. Thus, a Business Process Efficiency review exercise is under way while a new Performance Management system with major focus on indicators on customer service delivery is being rolled out. Various projects are also under way on the technology side touching on the provision of digital services such as the implementation of the SICOM customer portal which has recently been launched. On the human capital aspect, there will be a review of the organisation structure taking into consideration succession planning and the need to have in place proper structures to better manage business development.

Financial Performance

The underwriting surplus achieved for the financial year under review stood at Rs 162.1 million compared to Rs 156.3 million for the preceding financial year. The total assets of the Company excluding reinsurance assets reached an amount Rs 1.07 billion at 30 June 2018. Investment and other income realised stood at Rs 51.6 million compared to Rs 46.5 million last year. An amount of Rs 39.4 million was achieved as Pre-Tax Profit (2017: Rs 37.9 million) while the Net Profit after tax amounted to Rs 34.4 million (2017: Rs 30.7 million).

The Board of Directors has declared and approved a dividend of 75% (2017: 75%) of Profit after tax to the Holding Company.

What we plan to do?

- Launch of new products targeted towards specific markets
- Develop existing business partnerships and enter into new ones
- Digital services including enhancements to the General Insurance customer portal

SICOM FINANCIAL SERVICES LTD

Total Deposits from Customers
Rs 2.2 bn

Total Lease Portfolio
Rs 460.8 m

Pre-Tax Profit
Rs 23.5m

New Lease approved
Rs 189.3 m

New Deposits from Customers
Rs 172.6 m

Return of Unit Trust Funds
7.7% p.a

Number of Customers
Deposit 1,358
Leasing 1,097
Unit Trust 872

Dividend to SICOM
Rs 17.7m

Overview

Given the fierce competition in the market, it is essential to demarcate the Company by offering a better and more personalized customer service. For example, customers can now opt to bundle their motor insurance with their leasing facility. This enables the client to split the insurance premium over the term of the lease. A special package for Hybrid cars has also been introduced.

A new IT application for the leasing business went live on 01 April 2018. The new application has made the lease processing more efficient resulting in an improvement in the lead time between lease application and final disbursement.

Financial Performance

The total deposits of the Company stood at Rs 2.2 billion for the financial year ended 30 June 2018 as compared to Rs 2.5 billion last year in line with the Company's strategy to improve its interest margin by not mobilizing costly deposits.

Investments in finance lease increased from Rs 440.1 million for the financial year ended 30 June 2017 to reach Rs 460.8 million for the financial year ended 30 June 2018. The amount of leases approved amounted to Rs 189.3 million as compared to Rs 198.6 million last year.

Net interest income amounted to Rs 55.7 million for the financial year ended 30 June 2018, as compared to Rs 60.8 million last year given the general drop in interest rates on the market.

Profit before tax stood at Rs 23.5 million for the financial year under review which is in line with the budgeted profit for the year.

What we plan to do?

- Consolidation of the sales team
- Customer Portal for clients to have access to information on their products
- Online lease application and an SMS messaging service to advise customers on interest payments, maturity of deposits and arrears
- A new application for the deposit taking business and the management of unit trust
- A reward program for our suppliers and car dealers
- Sale of our leasing products through the various 'Post Assurance' Hubs around the island

SICOM GLOBAL FUND LTD AND SICOM MANAGEMENT LTD

Total Assets
USD 287.5 m
Rs 10.0 bn

Profit Before Tax
USD 3.1 m
Rs 123.6 m

Total Assets
USD 11.8 m
Rs 412.6 m

Profit Before Tax
USD 3.0 m
Rs 100.8 m

SICOM GLOBAL FUND LTD (SGFL)

The total assets of SGFL increased from USD 266.8 million as at 30 June 2017 to reach USD 287.5 million as at 30 June 2018. The Pre-tax profit of SGFL for the financial year ended 30 June 2018 was USD 3.1 million as compared to USD 0.8 million last year. The interest income for the financial year under review was USD 707,259 compared to USD 662,138 for the financial year ended 30 June 2017. The gain on disposal of investment for the financial year ended 30 June 2018 amounted to USD 5.1 million as compared to USD 2.5 million for the previous financial year. During the financial year under review, new overseas investments of USD 56.3 million were made by SGFL compared to USD 23.4 million for the financial year ended 30 June 2017.

SICOM MANAGEMENT LTD (SML)

The total assets of SML increased from USD 11.5 million as at 30 June 2017 to reach USD 11.8 million as at 30 June 2018. The Pre-tax profit of SML for the financial year ended 30 June 2018 was USD 3.0 million compared to USD 2.6 million for the financial year ended 30 June 2017. The interest income for the financial year under review was USD 228,376 compared to USD 179,262 for the prior financial year.

What we plan to do?

- Increase investments into those Funds which boast a sound performance track record and represent attractive underlying market fundamentals
- Trade ETFs in an attempt to take advantage of short-term market opportunities in a cost effective manner
- Take into account the current investment climate and certain perceived trends in global markets, to identify emerging investment themes
- Dynamic cash management

GROUP PENSIONS

Assets under administration

Rs 32.2 bn

Number of scheme Participants

Active members

52,386

Pensioners

9,568

Number of schemes

182

Retirement Benefits Paid

Pensions

Rs 1.8 bn

Gratuity

Rs 669.9 m

Death Gratuity paid

Rs 28.6 m

Overview

A continued demand for Defined Contribution Schemes from new corporate clients in the private sector have been observed throughout the year. The Defined Contribution Scheme for the public sector also has witnessed a rapid growth in size. Where existing Defined Benefit Schemes have been closed to new recruits for whom new Defined Contribution schemes have been set up, the ratio of active members to pensioners in these Defined Benefit schemes have consequently changed with the increasing number of retirements. The pension business landscape may further be called to change with the proposed introduction of a portable severance allowance scheme.

We have laid much emphasis on the service providing aspect of the group pension business and collaborated with stakeholders in view of the implementation of different projects.

We have consolidated our position in the market and are working towards the onboarding of new schemes to the SICOM Pooled Private Pension Fund.

With changes in pension provisions and new requirements, we have started reviewing our existing IT systems and have also embarked on the implementation of a mobile application for the benefits of scheme participants.

Financial Performance

The assets under administration stood at Rs 32.2 billion as at 30 June 2018 as compared to Rs 29.0 billion last year. The surplus of income over expenditure stood at Rs 3.3 billion for the financial year under review as compared to Rs 2.6 billion last year.

What we plan to do?

- Develop a new comprehensive payroll system
- Engage more often with sponsors and participants for sharing of information
- Acquire new corporate clients and increase our market share
- Implement a customer portal service to provide convenient online services to our clients
- Implement a document management system

INVESTMENT

Investment under Management

Rs 50.46 bn

New Investments

Rs 8.03 bn

Investment Income

Rs 2.10 bn

Investment Return

Up to 8% p.a

Overview

In its June 2018 National Account Estimates, Statistics Mauritius has estimated the 2018 GDP forecast at 3.9% on the basis of information gathered on key sectors of the economy and taking into account policy measures announced in the budget 2018/2019. The investment rate in 2018 is expected to decrease slightly to 17.2% while the saving rate is projected to continue to slide to reach 10.4%. Private sector investment is expected to contract by 3.6% in 2018, while a rebound of 23.7% is anticipated in public sector investment after the decline experienced in 2017.

The global GDP growth should remain strong over the rest of 2018, due to healthy growth in household consumption and business investment. Nonetheless, the pace of expansion in some economies appears to have peaked and growth has become less synchronized across countries. Inflation is likely to trend towards 2% in most advanced economies, but will do so at different rates. Monetary policy is shifting and financial conditions are tightening as U.S. rates rise. The balance of risks has shifted further to the downside, both in the short term and medium term. Those downside risks becoming more salient include the possibilities of escalating and sustained trade actions, and of tighter global financial conditions.

Depending on market conditions, we shall continue to research for attractive investment opportunities and invest for the long-term in identified markets.

Financial Performance

Despite the persistence of the low interest rate environment and the resurgence of market volatility, the different Funds managed by the Company posted reasonable performances for the financial year under review. The total investments under management increased from Rs 46.05 billion as at 30 June 2017 to reach Rs 50.46 billion as at 30 June 2018. Investment income of our different funds stood at Rs 2.10 billion for the financial year under review as compared to Rs 1.90 billion for the previous financial year. New investments made by SICOM stood at Rs 8.03 billion for the year ended 30 June 2018, which were mainly in government securities, corporate bonds, deposits, equities and loans. The gain on disposal of investments stood at Rs 59.5 million for the financial year under review, compared to Rs 18.0 million last year.

What we plan to do?

- A new investment management software will be implemented in 2018/2019
- New property projects are being considered
- Research and risk capabilities are being strengthened

OTHER BUSINESS LINES

Loans Portfolio
Rs 2.2 bn

Loans Approved
Rs 300.5 m

Loans disbursed
Rs 307.4 m

Loans

For the period under review, a total loan amount of Rs 300.5 million has been sanctioned as compared to Rs 325.4 million for the same period last year, whilst the total amount of loans disbursed reached Rs 307.4 million in comparison to Rs 311.7 million for last year.

Our portfolio under all our secured loans for individual clients stood at Rs 2.2 billion as at 30 June 2018.

What we plan to do?

- With a view to boost up our sales, our promotional offer under our Educational Loan has been extended beyond 30 June 2018 at the Variable interest rate of 5.75% p.a up to 30 September 2018
- We shall also review our current interest rates on all loan schemes with focus on our Multi-Purpose and secured personal loan

Actuarial fees
Rs 4.1 m

Actuarial Business

The main line of actuarial services is towards Statutory Valuations and IAS 19 Disclosures in respect of pension funds managed by SICOM. During the year under review, 120 such valuations have been carried out and the actuarial fees amounted to Rs 4.1 million (2017: Rs 2.4 million). In addition, actuarial consultancy services have been regularly provided on pension issues relating to mergers of organisations, early retirement schemes, winding up and benefits review. Technical support is ongoing regarding administration of Defined Contribution Pension schemes.

What we plan to do?

- Internal Capacity Building to prepare for new challenges (IFRS 17, ORSA)
- Enhancing the department's expertise on pension related work through peer review by External Actuary and utilising actuarial pensions software to improve and free up capacity

Corporate Governance


GOVERNANCE

Corporate Governance Report

The State Insurance Company of Mauritius Ltd (the 'Company') is a Public Interest Entity ('PIE') under the Financial Reporting Act 2004, and as such is required to comply with the National Code of Corporate Governance for Mauritius, 2016 (the 'Code').

The Corporate Governance Report describes how the Company has implemented the recommendations of the Code.

Principle ONE – Governance Structure

All organisations should be headed by an effective Board. Responsibilities and accountabilities within the organisation should be clearly identified.

The Company is led by a unitary Board which is collectively responsible for its long-term success, reputation and governance.

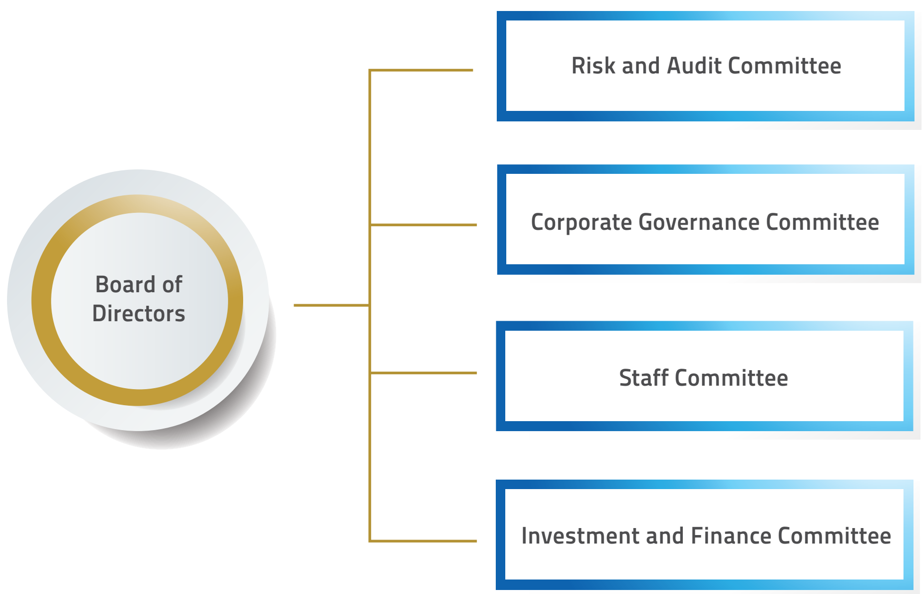
The Board assumes its responsibility for meeting all legal and regulatory requirements. The Board takes its fiduciary responsibilities with great care and diligence. The roles and responsibilities of the Board are set out in the Company's Board Charter.

The Board has approved the following key governance documents which are available on the Company's website:

- Board Charter;
- Board Committees Charters;
- Code of Ethics for Directors; and
- Code of Ethics for Employees.

The Company also has in place a Constitution which is in line with the Companies Act 2001.

Board Structure



The State Insurance Company of Mauritius Ltd has a Board of Directors which oversees the general business of the Company. The Board exercises leadership, enterprise, integrity and judgment in directing the Company. The delegation of authority to any Committee does not discharge the responsibility of the Board in respect of the actions and decisions of that Committee.

Key Governance Responsibilities and Accountabilities

The Board takes particular note of the following key governance positions which are critical to the Board performing against its strategy and achieving a high level of good governance. The Board has approved the following job descriptions for key governance positions at Group level:

1. **Chairperson of the Board**

   The roles of the Chairperson and the Group Chief Executive Officer ('Group CEO') are distinct. The Chairperson is primarily responsible for the activities of the Board and its Committees. He acts as the spokesman for the Board and is the principal contact for the Group CEO. The Group CEO and the Chairperson of the Board meet regularly. The Chairperson discusses and sets the agenda with the Group CEO and the Company Secretary, and facilitates the effective contribution of non-executive directors and encourages active participation during Board meetings. He ensures that Board members, upon appointment, participate in an induction programme and that the development needs of directors are identified and appropriate training is provided.

2. **Group CEO**

   The Group CEO is the head of the SICOM Group (the 'Group') and has the authority and responsibility to manage the overall operations and resources of the Group. He acts as the main point of contact between the Board and the Management. The other responsibilities of the Group CEO include among others: to develop and recommend to the Board a long-term vision and strategy for the Group as well as the annual business plans and budgets that support the Group's strategy; to execute and implement the strategy of the Board; to monitor the Group's performance and keep the Board appropriately informed; to foster a corporate culture that promotes ethical practices, rejects corrupt practices, offers equal opportunities, encourages individual integrity and meets social responsibility objectives and imperatives.

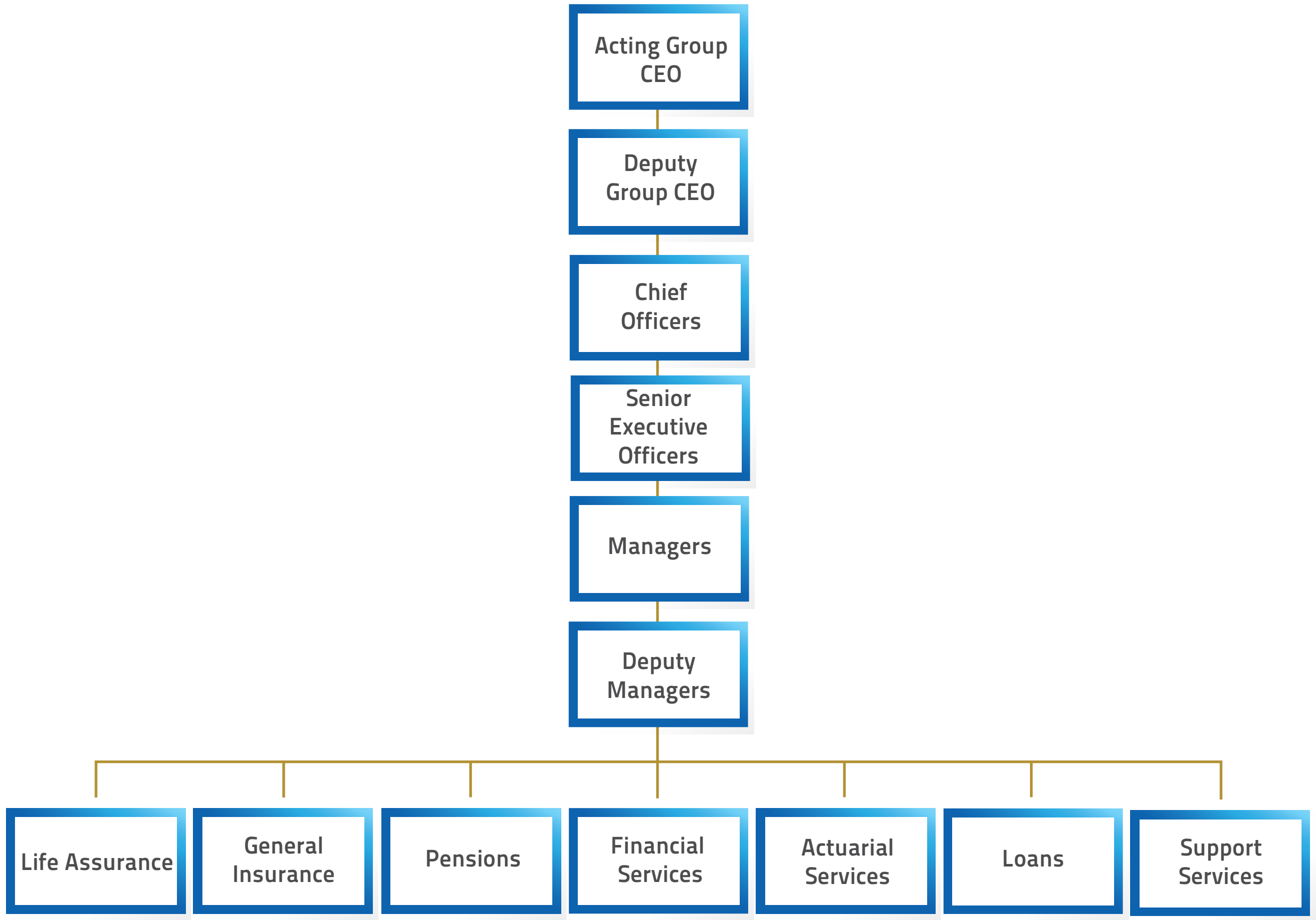
3. **Company Secretary**

   The Company Secretary is appointed by the Board in accordance with the Companies Act 2001. She assists and advises the Board. The main responsibilities of the Company Secretary include amongst others, to: prepare and circulate agendas of Board, Board Committees and Shareholders' meetings and any supporting papers; take minutes of meetings and circulate same to members; ensure that the procedure for the appointment of directors is properly carried out; and ensure that the Company complies with its Constitution and all relevant statutory and regulatory requirements and any procedures set by the Board.

Management team

A brief profile and responsibilities of the members forming part of the Management team is found on pages 21 to 28.

Organisational chart



Finally, it may be noted that the composition and terms of reference of the Board Sub-committees have recently been reviewed and the statement of accountabilities of the Sub-committees' Chairpersons and other key governance positions will be finalised in the course of the financial year 2018/2019. A Group Corporate Governance Policy will also be developed.

Principle TWO – The Structure of the Board and its Committees

The Board should contain independently minded directors. It should include an appropriate combination of executive directors, independent directors and non-independent non-executive directors to prevent one individual or a small group of individuals from dominating the Board's decision taking. The Board should be of a size and level of diversity commensurate with the sophistication and scale of the organisation. Appropriate Board Committees may be set up to assist the Board in the effective performance of its duties.

The directors' profile appears on pages 14 to 20.

The Company understands the importance of having a unitary Board which consists of an appropriate combination of executive, independent and non-executive directors with the right balance of skills, experience and diversity. 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 judgments on various key issues relevant to the business of the Company, independently of Management.

The Chairperson of the Board and the Chairperson of Board Committees are all carefully selected for their relevant knowledge and experience in these key governance roles. The Company complies with the statutory number of directors required.

As at 30 June 2018, out of the ten members of the Board, four were independent, four were non-executive and two were executive directors. The non-executive directors do not have involvement in the operations of the Company. None of the appointed independent directors were employed by the Company or its subsidiaries during the past three years. Some of the non-executive directors have been appointed to the Board as representative of the substantial shareholders of the Company. The appointed members of the Board are ordinarily resident in Mauritius.

The Company has a Board Charter which may be reviewed by the Board as and when required.

Gender Balance of the Board

The Code provides that all organisations should have directors from both genders as members of the Board i.e. at least one male and one female director. As at 30 June 2018, the Company's Board comprised of two female directors.

Other Directorships Held by Members of the Board

Mr J M C G Chaperon - SICOM Financial Services Ltd, SICOM General Insurance Ltd, SICOM Global Fund Ltd and SICOM Management Ltd

Mrs K G Bhoojedhur-Obeegadoo - SICOM Financial Services Ltd, SICOM General Insurance Ltd, SICOM Global Fund Ltd, SICOM Management Ltd and MCB Group Limited

Mr K C Li Kwong Wing, G.O.S.K – Afreximbank, Banques SBM Madagascar SA, Mauritius Technologies Holdings Ltd, SBM Africa Equity Fund Ltd, SBM Africa Holdings Ltd, SBM Bank (Kenya) Limited, SBM Bank (Seychelles) Limited, SBM Capital Management Limited, SBM eBusiness Ltd, SBM Factors Ltd, SBM Holdings Ltd, SBM (NBFC) Holdings Ltd and SBM 3S Ltd

Mr R Maunthrooa – SICOM Global Fund Ltd, SICOM Management Ltd, Airmate Ltd, Air Mauritius Ltd, Mauritius Helicopter Ltd, SBM (Bank) Holdings Ltd, SBM Holdings Ltd, SBM (NBFC) Holdings Ltd and SBM (NFC) Holdings Ltd

Mrs N Ramdewar – SICOM Global Fund Ltd and SICOM Management Ltd

Mr M Y Salemohamed – SICOM General Insurance Ltd, Air Mauritius Limited, Aurdally Bros & Co Ltd and Genuine Services Ltd

Mr J Sonoo, C.S.K – Compagnie Mauricienne D'Hippodromes Limitee, EREIT Management Ltd, Guibies Holdings Ltd, Guibies Properties Ltd, Lottotech Ltd, Mauritius Africa Fund Ltd, Mauritius Duty Free Paradise Co. Ltd, National Real Estate Ltd, Prime Real Estate Ltd, SIC Management Services Co. Ltd and The State Investment Corporation Limited

Mr K Conhye – Ascencia, Cyber Properties Investment Limited, Mauritius Telecom Ltd, MHC Ltd, Multi Carrier (Mauritius) Ltd and Omnicane

Mr R Moorut – Central Depository Services Limited, CFM Global Consulting (GBC 2), ETS Travel Ltd (GBC 1), Global Primex Ltd (GBC 1), GPN DATA Ltd (GBC1), Kosphe SA (GBC 1), Masons Distributors (GBC 1), Multinational Trade Limited (GBC 1), National Property Fund Ltd, SUENOS Vestidors Ltd (GBC 2) and Verivia PCC (GBC 1)

Attendance at Board Meetings and Committee Meetings

All directors are committed to attending Board meetings and Committee meetings on which they serve.

Below is a record of all Board and Committee meetings held during the financial year 2017/2018:

Board Composition	Classification	Board	RAC[1]	IFC[2]	As from 28 September 2017 CGC[3]	SC[4]
No of Meetings held		7	4	3	1	4
Directors' attendance during their period of directorship						
Mr M Beejan (Director: 27 September 2017 – 30 June 2018; Chairperson: 28 September 2017 - 30 June 2018)	Independent director	5 of 5	-	3 of 3	1 of 1	4 of 4
Late Mr S Nemchand (Chairperson up to 21 July 2017 and Director up to 02 August 2017)	Independent director	1 of 1	-	-	-	-
Mr A Acharuz (as from 27 September 2017)	Independent director	5 of 5	2 of 4	3 of 3	1 of 1	-
Mr A Balluck (up to 26 September 2017)	Independent director	2 of 2	-	-	-	-
Mrs K G Bhoojedhur-Obeegadoo	Non-executive director	7 of 7	-	-	-	-
Mr C Bhugun (up to 26 September 2017)	Independent director	2 of 2	-	-	-	-
Mr B Boyramboli (up to 07 May 2018)	Non-executive director	7 of 7	-	-	-	-
Mr J M C G Chaperon (as from 27 September 2017)	Executive director	5 of 5	-	3 of 3	1 of 1	4 of 4
Mr C Dussoye (up to 30 June 2018)	Non-executive director	7 of 7	4 of 4	-	-	-
Dr R Jugurnath	Non-executive director	5 of 7	4 of 4	-	-	-
Mr K C Li Kwong Wing, G.O.S.K	Non-executive director	3 of 7	-	1 of 3	-	-
Mr R Maunthrooa (as from 27 September 2017)	Independent director	5 of 5	-	2 of 3	-	4 of 4
Mr R Moorut (as from 02 October 2017)	Independent director	3 of 4	3 of 3	-	-	-
Mr J D Phokeer (up to 26 September 2017)	Independent director	2 of 2	-	-	-	-
Mrs N Ramdewar	Executive director	7 of 7	-	-	-	-
Mr Y S Yip Wang Wing, C.S.K (up to 04 July 2017)	Independent director	-	-	-	-	-

[1] Risk and Audit Committee
[2] Investment and Finance Committee
[3] Corporate Governance Committee
[4] Staff Committee

Board Committees

Board Committees have been established in order to assist the Board in its roles and responsibilities and to enhance its efficacy. The Board has established the following Committees to assist it in the discharge of its responsibilities:

- Risk and Audit Committee;
- Investment and Finance Committee;
- Corporate Governance and Staff Committee (as from 28 September 2017, the Committee was split into two separate committees, namely the Corporate Governance Committee and the Staff Committee); and
- Strategic Committee (an ad hoc Committee set up to look at proposals, finalise scope of works and selection of potential bidders and recommend the appointment of consultants for the purpose of strategic review of the Group).

Each Board Committee has its own charter, approved by the Board and reviewed as and when required.

1. **Risk and Audit Committee**

The Risk and Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities related to corporate accounting, financial reporting practices, quality and integrity of financial reports, compliance, internal controls, risk management and business ethics.

During the financial year 2017/2018, the Committee met four times.

Members as at 30 June 2018	Category
Dr R Jugurnath (Chairperson)	Non-executive director
Mr A Acharuz	Independent director
Mr C Dussoye	Non-executive director
Mr R Moorut	Independent director

It is to be noted that Mr A Acharuz was appointed Chairperson of the Committee on 20 August 2018 and Dr R Jugurnath formed part of the Committee up to 20 September 2018.

2. **Investment and Finance Committee**

The Investment and Finance Committee lays down and reviews on a regular basis the investment strategy of the different funds managed by the Company. The Committee has the objective of selecting investments to achieve a reasonable rate of return, while taking into consideration associated risks. It may also take investment decisions and ensures that investments are in all respect reasonable and proper. The Committee also monitors and reviews the performance of the different funds under management.

During the financial year 2017/2018, the Committee met three times.

Members as at 30 June 2018	Category
Mr M Beejan (Chairperson)	Independent director
Mr A Acharuz	Independent director
Mr J M C G Chaperon	Executive director
Mr K C Li Kwong Wing, G.O.S.K	Non-executive director
Mr R Maunthrooa	Independent director

3. **Corporate Governance Committee** (formed part of Corporate Governance and Staff Committee until 27 September 2017)

The primary function of the Committee is to advise the Board of Directors of the Company on all aspects of corporate governance and recommend best practices for the Group.

During the financial year 2017/2018, the Committee met once.

Members as at 30 June 2018	Category
Mr M Beejan (Chairperson)	Independent director
Mr A Acharuz	Independent director
Mr J M C G Chaperon	Executive director

4. **Staff Committee** (formed part of Corporate Governance and Staff Committee until 27 September 2017)
The primary function of the Staff Committee is to assist the Board of Directors of the Company in overseeing the establishment of appropriate human resource strategies and policies within the Group.

During the financial year 2017/2018, the Committee met four times.

Members as at 30 June 2018	Category
Mr M Beejan (Chairperson)	Independent director
Mr J M C G Chaperon	Executive director
Mr R Maunthrooa	Independent director

The criteria to determine the Board size and composition will be finalised during the financial year 2018/2019. A Group Non-Discrimination Policy will also be developed.

Principle THREE – Directors Appointment Procedures

There should be a formal, rigorous and transparent process for the appointment, election, induction and re-election of directors. The search for Board candidates should be conducted, and appointments made, on merit, against objective criteria (to include skills, knowledge, experience, and independence and with due regard for the benefits of diversity on the Board, including gender). The Board should ensure that a formal, rigorous and transparent procedure be in place for planning the succession of all key officeholders.

Upon his or her election, each director receives an induction pack which consists of the Company's corporate information, the Constitution of the Company, the Code, latest Annual Report, Board Charter, Charters of Sub-committees, Code of Ethics for Directors and statutory duties and responsibilities of directors.

Appointment

The appointment of new directors is on the basis of objective criteria, such as skills, knowledge, experience, independence and with due regard for the benefits of diversity on the Board, including gender and in the best interest of the Company. Each director is elected by a separate resolution at the Annual Meeting of Shareholders, for one year but may be eligible for re-election.

A recommendation to the Annual Meeting of Shareholders for a candidate for the Board shall state particulars including the candidate's age and his/her profession.

Before a director is appointed, members of the Corporate Governance Committee review the profile of the prospective director and make their recommendations to the Board. The Board agrees on each appointment. Once a prospective director has been selected, his/her appointment is put forward to the shareholders at the Annual Meeting or by way of resolution for appointment. The appointment of any director is subject to the approval of the Financial Services Commission.

It is to be noted that, in accordance with the Constitution of the Company, directors may appoint any person to be a director to fill a casual vacancy or as an addition to the existing directors. The total number of directors shall not at any time be less than seven as prescribed by the Insurance Act 2005 nor more than eleven as provided by the Constitution.

As part of its mandate, the Board carefully considers the needs of the organisation in appointing directors onto the Board. Factors considered include the following:

- Skills, knowledge and expertise of the candidate;
- Previous experience as a director;
- Balance required on the Board such as gender and age;
- Independence where required; and
- Conflicts of interest.

Once a prospective non-executive director is appointed, he/she is given a letter of appointment.

Training and Development

During the financial year 2017/2018, trainings on corporate governance, International Financial Reporting Standard ('IFRS') 17 Insurance Contracts and Own Risk Solvency Assessment ('ORSA') were delivered to directors.

The induction and orientation process together with a succession plan for directors and senior executives will be formalised during the financial year 2018/2019.

Principle FOUR – Directors Duties, Remuneration and Performance

Directors should be aware of their legal duties. Directors should observe and foster high ethical standards and a strong ethical culture in their organisation. Each director must be able to allocate sufficient time to discharge his or her duties effectively. Conflicts of interest should be disclosed and managed. The Board is responsible for the governance of the organisation's information strategy, information technology and information security. The Board, committees and individual directors should be supplied with information in a timely manner and in an appropriate form and quality in order to perform to required standards. The Board, committees and individual directors should have their performance evaluated and be held accountable to appropriate stakeholders. The Board should be transparent, fair and consistent in determining the remuneration policy for directors and senior executives.

Legal Duties

All of the directors on the Board including any alternate directors are aware of their fiduciary duties at the time of their appointment. As stated in Principle Three, upon appointment, new directors are given a copy of the Constitution and relevant extracts of the Companies Act 2001 and the Insurance Act 2005 regarding their statutory duties and responsibilities.

Code of Ethics

The Group's Code of Ethics for Directors and the Group's Code of Ethics for Employees were approved by the Board and published on the Group's website. Both directors and employees are made aware of the requirements of their respective Code.

Conflicts of Interest

As a PIE, the Company makes every effort to ensure that directors disclose any interest in writing to the Board. They should also disclose any related party transactions. An interest register is maintained by the Company Secretary and is updated as and when required. The register may also be available to the shareholders of the Company upon request to the Company Secretary.

It is also to be noted that at the end of each financial year, directors are requested to fill in a disclosure of interest form.

Information Technology and IT Security

Information Security Policy is a key component of the Group's overall information security management framework and reflects Management intents on information security commitments. The aim of this policy is to establish and maintain the security and confidentiality of information, information systems, applications and networks owned or held by the Group. In this respect, security solutions are being deployed to keep abreast of new security threats. The policy applies to all information, information systems, networks, applications, locations and users of the Group or suppliers under contract to it.

Assessment and Evaluation of Board Members

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. In view of the recent changes in the composition of the Board and the appointment of a new Chairperson on 11 July 2018, the evaluation of the Board and the assessment of the directors will be done during the financial year 2018/2019.

A Remuneration Policy and a Conflicts of Interest and Related Party Transactions Policy will also be developed in line with the Code during the financial year 2018/2019.

Principle FIVE- Risk Governance and Internal Control

The Board should be responsible for risk governance and should ensure that the organisation develops and executes a comprehensive and robust system of risk management. The Board should ensure the maintenance of a sound internal control system.

Risk Management

Enterprise Risk Management

The Board of Directors is responsible for the governance of risk and for determining the nature and extent of the principal risks the Company is willing to take in achieving its strategic objectives.

The objective of the Enterprise Risk Management ('ERM') Program is to support the Board of Directors' efforts to prudently run the Company by consistently and effectively identifying, assessing, managing, monitoring and reporting all material risks facing the Company. A fully integrated ERM framework enables an enhanced understanding of the Company's risk profile by providing a platform for analysing the interrelationship between risks.

Regulatory Requirements

The Insurance (Risk Management) Rules 2016 ('the Rules') issued by the Financial Services Commission require insurers registered under the Insurance Act 2005 to establish and at all times maintain a Risk Management Framework to effectively develop and implement strategies, policies, procedures and controls to manage their material risks. In doing so, insurers need to establish (and Board-approve) the following:

- Risk Appetite Statement;
- Risk Management Strategy;
- 3-year Business Plan and Financial Forecast;
- ORSA Framework;
- Liquidity Policy;
- Designated Risk Management Function (see Three Lines of Defence below); and,
- Defined responsibilities and reporting lines for the management of material risks.

The existing ERM Program ensures that all requirements of the Rules are being complied with.

Implementation Process

SICOM ERM Implementation

Risk Management Process

The Risk Management Process ('RMP') refers to the continuous cycle of identifying, assessing, monitoring, managing and reporting of risks, as applicable. The RMP is the cornerstone of any ERM framework and is formalised in the form of a risk register.

The risks were identified and classified in a consistent manner across the organisation with reference to the Company's Risk Taxonomy. The inherent risks that were identified were then assessed in terms of their probability of occurrence, their financial impact as well as their reputational impact. A corresponding rating was given for the residual risk along with a control description of how each risk identified is being mitigated, together with improvement plans. The monitoring frequency of risks differs and is stipulated in the risk registers.

Below is a high-level depiction of the ERM processes embedded within the day-to-day business operations of the Company to manage its risk exposure.

Risk Language and Taxonomy

A Common Risk Language and Risk Taxonomy is established which acts as a reference point to any ERM framework. The Common Risk Language ensures that a single source of all risk-related definitions are provided within the Company and seeks to embed a risk language that is consistent within the organisation. The risk language further aims to enable effective communication of risk related issues within the Company and facilitates the integration of various risk-related frameworks and policies that are developed as part of any regulatory requirements and global best practice. The Risk Taxonomy refers to the structured process followed by the Company in classifying risks and breaking them down into subcomponents. The Taxonomy includes the definition and categorisation of the material risk types and sub risk types to which the Company is exposed.

Risk Management Function

The Risk Management Function coordinates and oversees risk management activities, processes, and controls and their implementation across the Company. The function's core responsibility is ensuring that the Company has an effective best practice risk governance system, enabling the identification and management of all key risks, current or emerging. This requires the Risk Management Function to monitor 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 Company has a robust and effective risk governance system.

An Internal Risk Committee ('IRC') is in place which includes membership from all key business units and subsidiary companies. The IRC meets as frequently as necessary to review the management of current and emerging risks and provide guidance for areas of focus. The IRC is responsible to ensure that risk appetites and tolerances for key risks are properly managed and reported.

Three Lines of Defence

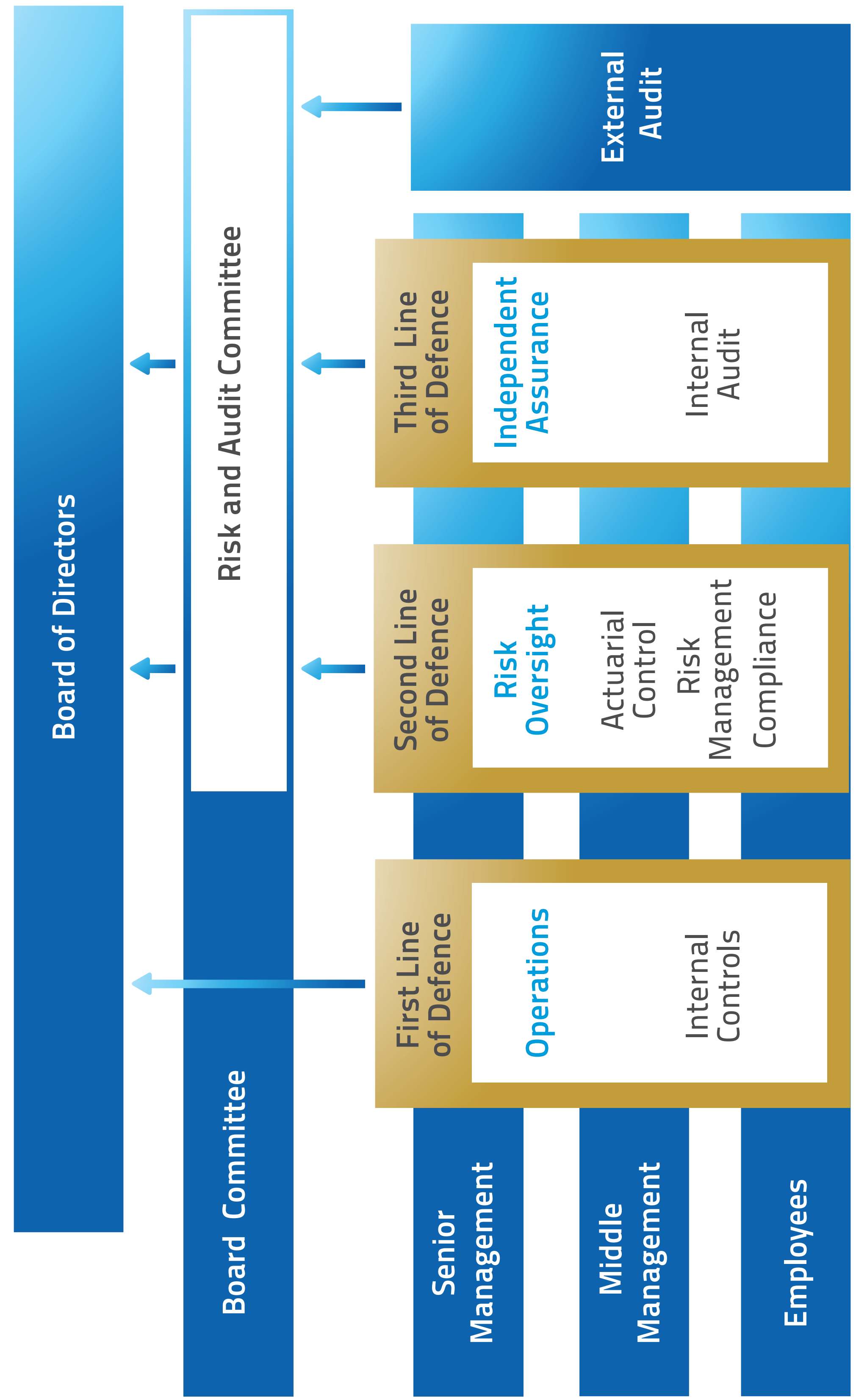
There are a variety of risk management models necessitated by the need to tailor the risk management approach to each organisation's risk profile and the Three Lines of Defence Model is adopted by the Company.

The Three Lines of Defence Model is one of the leading models implemented by many companies with best practice frameworks and recommended by many regulatory regimes. With the Three Lines of Defence Model, key functions and operations are grouped into three categories or lines of defence depending on their specific roles and responsibilities. For each line of defence, the corresponding functions' roles and responsibilities are defined such that they align with that particular line of defence.

Risk management relates to all activities undertaken by the Company. Consequently, all areas and employees have a risk management role to play in order to have an effective system of governance.

The model is depicted graphically on the next page.

Three Lines of Defence Model



First Line Of Defence: Operations

The First Line of Defence comprises of all functions that own and manage risks on a day to day basis. These functions are responsible for identifying, assessing and managing risks on an ongoing basis. They would also report on any risk-related issues or concerns.

Second Line Of Defence: Oversight

Oversight functions are necessary to avoid potential conflicts of interest and lack of impartiality. This line of defence is comprised of the Actuarial Control, Risk Management and Compliance functions, all of which oversee the management of risks by Operations but are not involved in the day to day operations of the Company.

The roles and responsibilities of the Second Line functions are to assist the Company to identify, assess, monitor, manage and report on its key risks in a timely manner by overseeing the ERM Program, and to ensure that the Company meets its legal and regulatory obligations and to promote and sustain a culture of compliance within the Company.

Third Line Of Defence: Independent Assurance

The Third Line of Defence, which has the highest level of independence achievable internally, is responsible for independently reviewing the effectiveness of the risk governance system. This line is comprised of the Internal Audit function. Internal Auditors provide comprehensive assurance based on utmost independence and objectivity.

Risk Culture

Risk culture is the backbone that holds the ERM framework together, embedding risk management in all business processes. The Company is committed to establishing a supportive risk culture which is underpinned by the following principles and practices:

- The risk culture is set from the top.
- Key decisions fully incorporate risk analysis. The Board and Management receive input from risk owners and risk experts.
- Proactive responses towards risk should be encouraged across the organisation.
- An 'open-door' environment is cultivated and information flows as freely as possible given confidentiality requirements.
- Organisational learning is actively encouraged making sure that the Company learns from experience inside and outside the Company.
- Management and risk owners have been provided with risk-related training. Ongoing training will be given to ensure all employees have the necessary knowledge to perform risk management effectively and optimally.

Management of Key Risks

Within the Group's ERM framework, the key risk elements are grouped into categories including Market and Investment, Insurance, Credit, Operational, and Strategic. 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.

KEY RISKS	MANAGEMENT STRATEGIES
MARKET & INVESTMENT RISK Market & Investment risk refers to the risk of financial loss arising from changes in market factors that affect the absolute or relative values of assets and liabilities.	▪ Monitoring of asset portfolio denominated in foreign currency ▪ Monitoring of standard deviation of returns ▪ Re-balancing of asset portfolio ▪ Review Investment Guidelines/ Policies ▪ Regular ALM exercise by Independent Consultant
CREDIT RISK The risk that the Company will not receive cash flows or assets to which it is entitled, in a timely manner, because a party with which it has bilateral contract defaults on one or more obligations.	▪ Monthly monitoring of Non-Performing Loans ▪ Review Loan approval criteria ▪ Monitoring of Reinsurers' Credit Ratings ▪ Monitoring of arrears ▪ Recovery procedures guideline

Management of Key Risks (continued)

KEY RISKS	MANAGEMENT STRATEGIES
INSURANCE RISK Insurance Risk refers to the risk arising from the inherent uncertainties as to the occurrence, amount and timing of insurance liabilities.	▪ Annual Actuarial Valuation exercise ▪ Annual Product review/ re-pricing ▪ Regular Mortality Investigation ▪ Regular Withdrawal/Lapse Investigation ▪ Reinsurance Arrangements in place ▪ Monitoring of loss ratio and performance of business lines ▪ Review reserving assumptions, models & methods ▪ Regular monitoring of concentration ratio ▪ Risk Acceptance Hierarchy ▪ Underwriting guidelines
OPERATIONAL RISK The risk of losses resulting from inadequate or failed internal processes, people, systems or from external events. Compliance Risk – non-compliance with internal processes, procedures and policies and with prescribed legislations, regulations, codes, and guidelines – is covered under Operational Risk.	▪ Regular evaluation of quality of service by suppliers/ service providers ▪ Review Maintenance Contracts ▪ Close monitoring of Legal & Regulatory environment ▪ Performance Management System ▪ Regular security assessment and penetration testing ▪ IT Security tools ▪ Continual Back up

Management of Key Risks (continued)

KEY RISKS	MANAGEMENT STRATEGIES
STRATEGIC RISK Strategic risk is the risk of a change in the value of the insurer due to the inability to implement appropriate business plans and strategies, make decisions, allocate resources, or adapt to changes in the business environment.	▪ Annual Actuarial Valuation ▪ Annual Solvency Assessment ▪ Monitoring of market trends ▪ Review distribution process ▪ Strategic planning process ▪ Review business strategy ▪ Annual Action Plan

Whistle-blowing procedures will be developed in line with the Code during the financial year 2018/2019.

Principle SIX- Reporting with Integrity

The Board should present a fair, balanced and understandable assessment of the organisation's financial, environmental, social and governance position, performance and outlook in its Annual Report and on its website.

The Annual Report is published in full on our Group website: www.sicomgroup.mu

Organisational Overview

The Company is one of the leading insurance and financial companies in Mauritius and has an established presence in its economic landscape. SICOM Group presently includes the State Insurance Company of Mauritius Ltd (SICOM), SICOM General Insurance Ltd (SGIN), SICOM Financial Services Ltd (SFSL), SICOM Global Fund Ltd and SICOM Management Ltd.

Over the years, SICOM Group has branched from General and Life Insurances, Individual and Group Pension Businesses, different Loan Schemes, Education Schemes and Medical Schemes, into other financial services. SICOM Group now also operates in Deposit-Taking, Unit Trust Management, Leasing, Trustee, Actuarial and Consultancy services and Global Business.

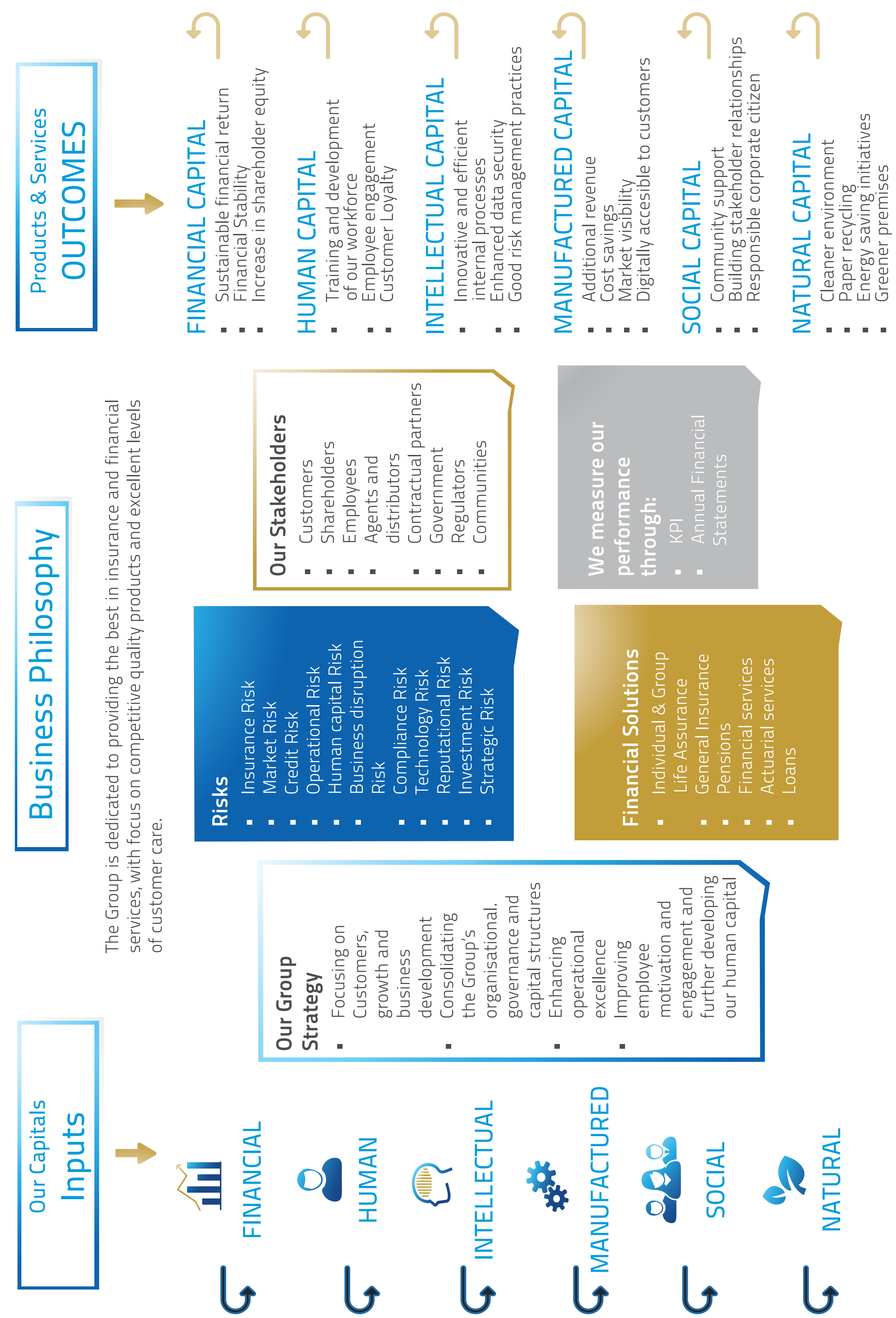
The Company's commitment to customers runs deep. It is believed that looking after our customers and strive to provide a professional and quality service while being friendly, helpful and considerate at all times. Our core values include customer care, first class products and services, teamwork, empowering our human capital for success, innovation and community support.

The Company's culture embraces customer-centricity, employee well-being and empowerment, operational excellence through innovation and work towards market success.

Our Business Model

The Company's operations rely on a number of resources and their interactivity. Our business model shows how the Group allocates, modifies and makes use of them before transforming them to create value for our stakeholders. These inputs are categorised into six capitals which are relevant to the Company's business namely financial, human, intellectual, manufactured, social and natural capitals. The Group's activities impact on the six capitals and its various stakeholders while facing key risk elements grouped into categories: Market and Investment, Insurance, Credit, Operational, and Strategic. The outcomes are measured through both financial and non-financial Key Performance Indicators (KPIs) of each department.

The business model below depicts our operations and how we deliver value to stakeholders and economic benefits to society.



Financial Capital

The Company supports its insurance business and invests in its strategy from internally generated funds. These are used to sustain income and financial returns of the Group, reinforce its financial stability and on a broader scale, contribute to growth of the financial services industry.

Human Capital

Human capital is an asset for the Company as the skills, knowledge and approach of its people are vital to the success of the business. Our agents are rewarded for their outstanding performance on an annual basis. Our frontline staffs are trained to better serve our clients and back-office employees are encouraged to become more tech-savvy. The Group has been committed to recruit high level professionals with appropriate knowledge, experience and qualifications since the past years in order to drive projects ahead for tangible actions. The outcome of managing our human capital is a rewarding employee trust and confidence in the Group and customer loyalty.

Intellectual Capital

The Company makes use of intellectual assets to ensure the best possible performance and operational efficiency. The Group continuously invests in technology solutions and IT tools to help manage documents, facilitate knowledge sharing, improve delivery of services to customers, and safeguard customer and corporate data. A risk management framework is also being developed in order to pool risks faced by the Group. These provide the Group with a competitive advantage that contribute to reinforce our brand and image.

Manufactured Capital

The Group makes use of manufactured capitals such as physical buildings and IT infrastructure to carry out its business activities. Apart from the Head Office building, the Company also owns SICOM Building 2 and SICOM Tower to generate revenue for the Group and value for shareholders. The Group also plans to invest in digital infrastructure for new distribution strategies which will underpin its visibility on the market and enable customers to connect with it online.

Social Capital

For the Company, relationships with the various stakeholders such as customers, shareholders, employees, agents and distributors, contractual partners, government, regulators and the community are of key importance. Through its activities, products and services, it builds relationships to further the business. The Company associates with Non-Governmental Organisations ('NGOs') on different projects relevant to its CSR objectives. Being critical to our success, we, therefore, maintain excellent relationship with our different partners in business and support vulnerable communities as a way of giving back to society.

Natural capital

The Company's use of natural capitals relies predominantly on electricity, water and paper. Given the nature of financial services, the Group's direct impact on the environment is relatively low. However, the Group is committed to demonstrate sound environmental practices such as recycling paper, starting energy audits, keeping the office environment clean and planting flowers and trees around our Head Office and parking area of SICOM Tower Ebene.

Environmental Report

The Company, through several initiatives, has maintained its action towards the improvement of the environment. Paper usage is being controlled through close monitoring and reporting. Maximum use is made of online bank transfer facilities to minimise the printing of cheques. Support departments make use of helpdesk systems to limit paper usage and scanners have been deployed to all departments. Used paper is being disposed of for paper recycling. Document Management Solution has been implemented to reduce consumption of stationery. Printers that can print in duplex mode (recto–verso) are procured to ensure less consumption of paper and storage space.

As part of the Company's contribution to promote energy efficiency, several measures have been undertaken. All the glazing in lift lobbies have been replaced to optimise use of natural daylight. Worn out insulation for air conditioning units have been replaced where required to reduce energy losses in chilled water pipes. Passive infra-red sensors and LEDs have been prescribed for renovation projects to enable energy saving and to reduce costs.

CORPORATE SOCIAL RESPONSIBILITY

Amount Funded
Rs3m

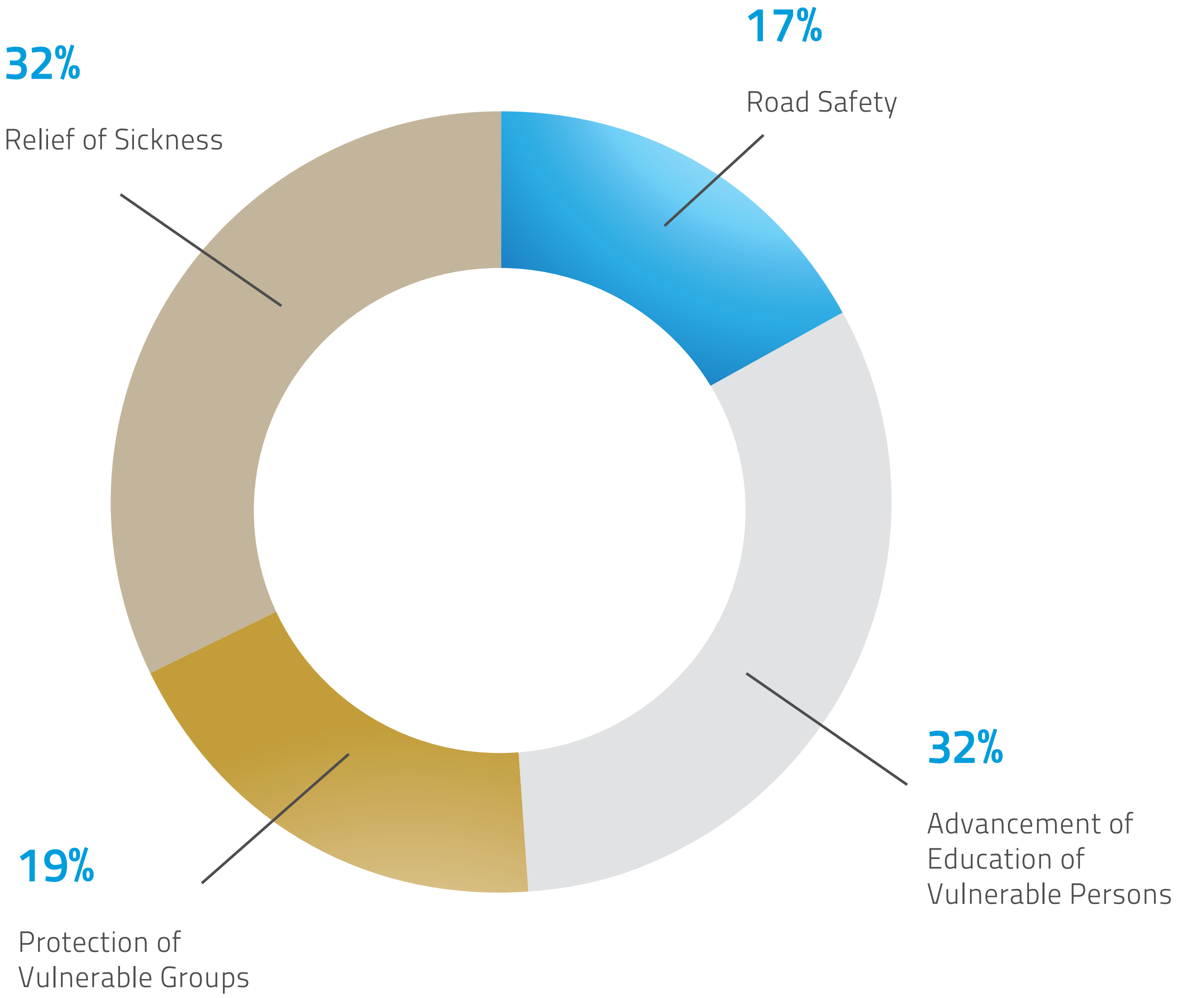
Number of Projects
15

SICOM Foundation

The Group pursues its commitment as a socially responsible entity through SICOM Foundation, the dedicated vehicle responsible for the efficient and effective implementation of the Group's CSR initiatives.

In accordance with the Finance (Miscellaneous Provisions) Act 2017, 50% of the CSR Fund of SICOM Group has been remitted to the Mauritius Revenue Authority (MRA) and remaining 50%, plus donations received from the charity Walk and Run 'SICOM Les Foulées de L'Espoir', that is, a total amount of Rs 3.5 million, was endowed with SICOM Foundation. After deduction of administrative costs, a total amount of Rs 3 million was allocated to the financing of 15 projects, mostly NGO driven for initiatives in favour of the advancement of education of vulnerable persons, relief of sickness, protection of vulnerable groups and road safety.

The Foundation also supported Link to Life, an NGO engaged in the fight against cancer, for the free transport of vulnerable children suffering from cancer for their treatment at the hospital, through our annual charity Walk and Run 'SICOM Les Foulées de L'Espoir' which was held in October 2017.



Health and Safety Report

It is the policy of the Company to ensure a safe and healthful workplace for all its employees and clients. It is through the Safety and Health Committee meeting that employees voice out their opinions, ideas and find solutions to their complaints. All employees are encouraged to participate in safety and health program activities including the following: identifying and reporting hazards, risk assessments and fire drills.

Human Resource Development

As a dedicated and responsible employer, the SICOM Group advocates an employee-centered environment with focus on staff welfare and the work-life balance of its people. And in line with same, a series of staff initiatives such as awareness talk on health related issues, medical screening by 'Caravane de Santé', vaccination against flu, 3D movie projection for staff and their family, end of year party and celebration of 50th Independence anniversary have been carried out during the financial year 2017/2018.

122 Staff participated in health screenings

90+ Attendance to awareness talk on Asthma

58 Staff vaccinated

Voluntary Retirement Scheme

The SICOM Group has successfully implemented a Voluntary Retirement Scheme in October 2017 as part of a restructuring exercise to support its long term strategic objectives.

Code of Ethics

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

Donations

The Group and the Company did not make any political donation during the year.

The Company is pursuing its plan to enhance its integrated reporting framework in line with Principle Six of the Code.

Principle SEVEN- Audit

Organisations should consider having an effective and independent internal audit function that has the respect, confidence and co-operation of both the Board and the management. The Board should establish formal and transparent arrangements to appoint and maintain an appropriate relationship with the organisation's internal and external auditors.

Directors' Responsibilities

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

Any deviations on the above will be reported in the independent auditor's report attached to the financial statements.

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 to 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. 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.

The Internal Auditor has a direct reporting line to the Risk and Audit Committee and maintains an open communication channel with Management. He has unfettered 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 Internal Auditor's profile is available on the Group's website.

The scope of work of the Internal Audit function encompasses:

- Assessing financial and operating information and the means used to initiate, authorise, 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;
- Reviewing the means to safeguard assets as well as the adequacy and effectiveness of applicable policies and practices;
- Appraising the economy and efficiency with which processes are executed and resources are employed;
- Reviewing operations and programs to ascertain whether results are consistent with established objectives; and
- 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 2018 included reviews on the Individual Life Assurance, Pensions, Financial Services and General Insurance businesses to ensure comprehensive coverage of the Group's operational activities.

The Group's support activities such as Information Technology 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.

Subsequent to the findings of the reviews conducted, the Internal Audit function makes appropriate recommendations and monitors their implementation to the Risk and Audit Committee and Management.

External Audit

The Risk and Audit Committee and External Auditors

The roles and responsibilities of the Risk and Audit Committee members in the external audit process are to:

- Consider and make recommendations to the Board, to be put to shareholders for approval at the Annual Meeting of Shareholders, in relation to the appointment, re-appointment and removal of the Company's external auditor.
- Meet with the external auditor and financial management of the Company to review the scope of the proposed external audit for the current year.
- Review performance and remuneration of external auditors and their provision of non-audit services.
- Assess the external auditor's independence in providing non-audit services.
- Meet with the external auditor, as and when required and at least once a year, without Management being present to discuss the auditor's remit and any issues arising from the audit.
- Review the appropriateness of accounting standards and make appropriate estimates and judgments taking into account the views of external auditors.
- Examine and review the quality and integrity of the financial statements, including the Annual Report.

Appointment of External Auditors

The contract with the previous external auditors, BDO & Co, expired as at the reporting financial year ended 30 June 2017 and a tender exercise was launched for provision of Audit and Taxation services for SICOM Group. After evaluation of bids received and recommendation by the Risk and Audit Committee, the Board approved the appointment of Ernst & Young as the external auditors of the SICOM Group for the reporting periods 2018 to 2022.

Auditors' fees and fees for other services

	Group		Company	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Statutory Audit	2, 863	2, 117	1, 351	886
Review of Tax Computation	299	248	92	99

The report of Ernst & Young, external auditors, is annexed to the Financial Statements of the Company.

Quality Assurance

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

The Quality Policy of the Group is set out on page 5.

Principle EIGHT – Relations with Shareholders and other Key Stakeholders

The Board should be responsible for ensuring that an appropriate dialogue takes place among the organisation, its shareholders and other key stakeholders. The Board should respect the interests of its shareholders and other key stakeholders within the context of its fundamental purpose.

The Company operates as a public company under the Companies Act 2001 with state owned bodies/ organisation as major shareholders. It transacts long term insurance business and is ranked amongst one of the top life insurance companies in the island and is also amongst the leaders in managed pensions business in Mauritius.

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. Thus, we strive to maintain effective relationships with our various stakeholders.

1. **Shareholding structure**

As at 30 June 2018 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
State Investment Corporation Limited	12.5
Port Louis Fund Ltd	12.5
National Investment Trust Ltd	12.0

2. **Shareholders communication**

The Company holds an Annual Meeting of Shareholders and all the shareholders are required to express their vote on matters including the approval of accounts, approval of dividends and appointment/re-appointment of directors.

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 Company paid a dividend of Rs 625.47 (2016: Rs 551.25) per share.

Stakeholders

The Company's other key stakeholder groups are:

1. **Customers**

The Company places its customers at the centre of its activities. It provides increasingly adapted and simplified products to its customers and caters for all income groups. It continually reviews its processes, procedures and systems to improve the ease of doing business for its customers. The Company has in place different channels through which a customer may transact and obtain any required information, namely through its Post-Assurance Hubs, Ebene Branch, Life Assurance salespersons, on-line platform, email, the Company's website, by phone and directly at the Head Office.

By the strengthening of its distribution capabilities, the Company strives to empower its customers and foster financial inclusion, notably vis-à-vis the low-income customer groups and self-employed individuals.

The Company ensures that its staff members and intermediaries possess the necessary skills, experience and knowledge to better serve its customers with transparent advice and timely service delivery while abiding to all relevant legislation, rules, codes and guidelines.

2. **Financial Partners**

Communication with shareholders, financial institutions and the financial community in general is actively pursued and usually takes place through meetings and presentations. The Annual Report is posted on the Company's website.

3. **Employees**

The Company maintains a constant dialogue with its employees through departmental meetings, the Comité d'Entreprise which cuts across the entities of the Group and on a more frequent basis, through the Employee Hub which posts communiqués from Management and also serves as a platform for employees to express opinions and suggestions.

Some employee grades are syndicated. Management keeps an open communication channel with the Union. Employees are also regrouped under the SICOM staff club. The staff club has recently been revived and more activities are expected and these will supplement the staff welfare activities regularly organised by the Company.

Training needs of employees are regularly assessed and addressed. It is expected that the personal development needs of employees will be the subject of discussions during the new performance management system which is being implemented. More emphasis is being put on human resource development as a key contributor to ensuring organisational effectiveness.

Stakeholders (continued)

The Company's other key stakeholder groups are:

4. **Intermediaries**

The distribution of our products is done through multi channel including intermediaries which consist mainly of tied salespersons and agents.Banks through bancassurance arrangements and brokers also form part of the distribution function.The Company ensures that at all times all its intermediaries are fully equipped with the relevant logistics,skills and knowledge to market and distribute its products diligently to customers.

5. **Suppliers**

The Company engages with suppliers and service providers based on ethical commitments ensuring that value for money goods and services are rendered to the Company in an efficient way.

6. **Community**

By its nature, the insurance activity has an impact on local communities, residents and other users of buildings and on infrastructure and society as a whole. Further information can be found under Principle Six.

7. **Regulators**

We view our relationship with the regulators as critical to the success of our Company and the sustainability of our brand. We view this relationship as key partnerships to ensure that we uphold and maintain global best practices with full transparency.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors acknowledge their responsibilities for:

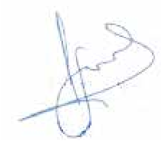
(i) adequate accounting records and maintenance of effective internal control systems,
(ii) the preparation of financial statements which fairly present the state of affairs of the Company as at the end of the financial year 2017/2018 and the results of its operations and cash flows for that period and which comply with International Financial Reporting Standards, and
(iii) the selection of appropriate accounting policies supported by reasonable and prudent judgments.

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 judgments and estimates have been used consistently,
(iii) to the best of the Board's knowledge, the Company has applied most of the recommendations of the Code and remedial measures will be taken, during the next financial year, to address the parts which have not been complied with during this financial year, and
(iv) International Financial Reporting Standards have been adhered to.

Signed on behalf of the Board of Directors:

Chairman  Director 

Date: 28 SEP 2018

Acknowledgement

The Board of Directors would like to thank its past members for their contributions to the affairs of the Board and would also like to welcome Mr M Y Salemohamed, Mr J M C G Chaperon, Mr A Acharuz, Mr K Conhye, Mr R Maunthrooa, Mr R Moorut, and Mr J Sonoo, C.S.K who have been appointed as new members on the Board.The Board of Directors would also like to thank the former Group CEO, Mrs K G Bhoojedhur-Obeegadoo for her invaluable contribution to the Group.

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 Salespersons and Stockbrokers. The Board of Directors is also thankful to its customers and stakeholders' 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 2018, 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

Date: 28 SEP 2018

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 2018

Throughout the year ended 30 June 2018, to the best of the Board's knowledge, the Company has not fully applied Principles One to Six of the Code.

The areas of non-application, which are included in the Corporate Governance Report, are as follows:

- Principle One – Statement of accountabilities of the Sub-committees' Chairpersons and other key governance positions, and Group Corporate Governance Policy
- Principle Two – Board size and composition, and Group Non-Discrimination Policy
- Principle Three – Directors' induction and orientation process, and succession plan for directors and senior executives
- Principle Four – Evaluation of Board and assessment of directors, Remuneration Policy and Conflicts of Interest and Related Party Transactions Policy
- Principle Five - Report on whistle-blowing rules and procedures
- Principle Six – Enhancement of the Integrated Reporting Framework

Chairman Director

Date: 28 SEP 2018

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of State Insurance Company of Mauritius Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 79 to 179 which comprise the statements of financial position as at 30 June 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and Company as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001, the Financial Reporting Act 2004 and the Insurance Act 2005.

Basis for Opinion

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

Other Information

The directors are responsible for the other information. The other information comprises the Annual Report and Secretary's Report as required by the Companies Act 2001, and the Corporate Governance Report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

Report on the Audit of the Financial Statements (continued)

Responsibilities of the Directors for the Financial Statements (continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF STATE INSURANCE COMPANY OF MAURITIUS LTD

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the Company to express an opinion on the Group and Company financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Use of our report

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

Report on Other Legal and Regulatory Requirements

Companies Act 2001

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

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

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

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 whether the disclosure is consistent with the requirement of the Code.

In our opinion, the disclosures in the Corporate Governance 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 (FSC).

ERNST & YOUNG
Ebène, Mauritius

PATRICK NG TSEUNG, A.C.A.
Licensed by FRC

Date: 28 SEP 2018

STATEMENTS OF FINANCIAL POSITION

At 30 June 2018

	Notes	GROUP 2018	GROUP 2017 (Restated)	GROUP 2016 (Restated)	COMPANY 2018	COMPANY 2017 (Restated)	COMPANY 2016 (Restated)
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
NON-CURRENT ASSETS							
Property, plant and equipment	6	317,630	319,236	234,773	290,049	234,514	205,082
Investment properties	7	1,367,700	1,349,814	1,370,364	1,380,100	1,415,000	1,381,500
Intangible assets	8	34,745	37,425	40,239	25,151	25,921	26,033
Statutory deposits	9	13,943	13,943	13,943	6,001	6,001	6,001
Investments in subsidiaries	10	-	-	-	565,628	565,628	565,628
Other financial assets	11	11,237,352	10,103,394	9,284,441	10,912,859	9,749,341	8,697,017
Fixed deposits	13	1,274,121	1,851,008	1,678,557	127,708	305,120	548,328
Loans and advances:							
Finance lease receivables	14(a)	331,360	308,176	299,123	-	-	-
Mortgage and other loans	14(b)	1,427,323	1,489,755	1,561,648	1,416,794	1,484,332	1,543,659
Deferred tax assets	15	14,628	8,000	36,272	-	-	-
		16,018,802	15,480,751	14,519,360	14,724,290	13,785,857	12,973,248
CURRENT ASSETS							
Other financial assets	11	474,429	211,651	107,560	327,297	137,497	89,596
Loans and advances:							
Finance lease receivables	14(a)	120,525	124,543	121,973	-	-	-
Mortgage and other loans	14(b)	93,193	167,048	139,816	89,808	153,293	137,078
Insurance and other receivables	16	563,744	543,701	629,324	452,832	426,630	507,074
Reinsurance assets	17(a)	537,639	422,640	517,510	-	-	-
Current tax assets	20(a)	74	648	-	-	-	-
Fixed deposits	13	1,488,438	1,477,610	2,175,202	193,118	274,542	261,722
Cash and cash equivalents		374,334	439,430	379,445	166,329	231,094	234,617
		3,652,376	3,387,271	4,070,830	1,229,384	1,223,056	1,230,087
Assets held for sale	12	13,627	14,675	14,675	13,627	14,675	14,675
		3,666,003	3,401,946	4,085,505	1,243,011	1,237,731	1,244,762
CURRENT LIABILITIES							
Borrowings	18	23,790	23,166	22,543	77,263	72,053	67,238
Trade and other payables	19	508,508	515,979	559,433	336,506	316,694	348,391
Current tax liabilities	20(a)	24,839	8,705	12,523	22,289	7,239	6,709
Deposits	21	524,419	830,165	1,137,660	-	-	-
Bank overdraft		93,433	108,854	136,027	93,433	102,824	104,321
		1,174,989	1,486,869	1,868,186	529,491	498,810	526,659
NET CURRENT ASSETS		2,491,014	1,915,077	2,217,319	713,520	738,921	718,103
		18,509,816	17,395,828	16,736,679	15,437,810	14,524,778	13,691,351
CAPITAL AND RESERVES							
Stated capital	22	70,000	70,000	70,000	70,000	70,000	70,000
Reserves	23	5,577,048	5,361,852	5,031,903	4,828,155	4,606,642	4,275,013
Equity attributable to equity holders of the parent		5,647,048	5,431,852	5,101,903	4,898,155	4,676,642	4,345,013
Non-controlling interests		4,657	4,674	4,602	-	-	-
TOTAL EQUITY		5,651,705	5,436,526	5,106,505	4,898,155	4,676,642	4,345,013
TECHNICAL PROVISIONS							
Life assurance funds	31	9,889,716	9,274,615	8,778,217	9,889,716	9,274,615	8,778,217
Insurance contract liabilities	17(a)	776,672	661,600	764,077	-	-	-
		10,666,388	9,936,215	9,542,294	9,889,716	9,274,615	8,778,217
NON-CURRENT LIABILITIES							
Borrowings	18	39,411	41,951	56,463	231,853	287,867	351,266
Deposits	21	1,644,418	1,633,420	1,737,286	-	-	-
Deferred tax liabilities	15	29,920	36,866	57,426	29,920	36,866	26,457
Employee benefit obligations	24	477,974	310,850	236,705	388,166	248,788	190,398
		2,191,723	2,023,087	2,087,880	649,939	573,521	568,121
		18,509,816	17,395,828	16,736,679	15,437,810	14,524,778	13,691,351

These financial statements have been approved for issue by the Board of Directors on 28 SEP 2018.

SALEMOHAMED M. Y
Chairman

ACHARUZ A.
Director

The notes on pages 88 to 179 form an integral part of these financial statements.
Auditors' report on pages 76 to 78.

STATEMENTS OF PROFIT OR LOSS FOR THE YEAR ENDED

At 30 June 2018

	Notes	GROUP					
		Shareholders' Fund 2018	**Life Fund 2018**	**Total 2018**	Shareholders' Fund 2017 (Restated)	Life Fund 2017 (Restated)	Total 2017 (Restated)
		Rs'000	**Rs'000**	**Rs'000**	Rs'000	Rs'000	Rs'000
Gross premiums	25	**778,389**	**2,145,062**	**2,923,451**	758,893	1,857,408	2,616,301
Premiums ceded to reinsurers		**(366,681)**	**(147,198)**	**(513,879)**	(376,910)	(90,251)	(467,161)
Net Premium	26	**411,708**	**1,997,864**	**2,409,572**	381,983	1,767,157	2,149,140
Fees and commission income	25&26	**49,159**	**23,333**	**72,492**	56,989	16,895	73,884
Investment and other income	27	**873,261**	**529,279**	**1,402,540**	877,528	530,241	1,407,769
Other operating income		**23,107**	**28,186**	**51,293**	22,902	2,169	25,071
Other revenue		**945,527**	**580,798**	**1,526,325**	957,419	549,305	1,506,724
Total revenue		**1,357,235**	**2,578,662**	**3,935,897**	1,339,402	2,316,462	3,655,864
Gross benefits and claims paid		**(358,089)**	**(1,875,588)**	**(2,233,677)**	(312,786)	(1,846,941)	(2,159,727)
Claim ceded to reinsurers		**83,115**	**113,620**	**196,735**	55,381	50,466	105,847
Gross change in contract liabilities		**(104,441)**	**-**	**(104,441)**	100,624	-	100,624
Change in contract liabilities ceded to reinsurers		**121,971**	**-**	**121,971**	(90,406)	-	(90,406)
Net benefits and claims		**(257,444)**	**(1,761,968)**	**(2,019,412)**	(247,187)	(1,796,475)	(2,043,662)
Finance costs	30	**(103,848)**	**-**	**(103,848)**	(138,872)	-	(138,872)
Commission and brokerage fees paid		**(41,305)**	**(67,539)**	**(108,844)**	(35,537)	(64,818)	(100,355)
Other operating and administrative expenses	29	**(453,219)**	**(242,278)**	**(695,497)**	(426,667)	(221,199)	(647,866)
Other expenses		**(598,372)**	**(309,817)**	**(908,189)**	(601,076)	(286,017)	(887,093)
Total Benefits, claims and other expenses		**(855,816)**	**(2,071,785)**	**(2,927,601)**	(848,263)	(2,082,492)	(2,930,755)
Surplus of Shareholders' Fund and Life Assurance Fund		**501,419**	**506,877**	**1,008,296**	491,139	233,970	725,109
Transfer from Life Assurance Fund	28, 31	**35,827**	**(35,827)**	**-**	27,250	(27,250)	-
PROFIT/SURPLUS BEFORE TAX OF SHAREHOLDERS' FUND AND LIFE ASSURANCE FUND		**537,246**	**471,050**	**1,008,296**	518,389	206,720	725,109
Taxation		**(69,411)**	**(13,646)**	**(83,057)**	(61,080)	(14,333)	(75,413)
PROFIT/SURPLUS AFTER TAX OF SHAREHOLDERS' FUND AND LIFE ASSURANCE FUND		**467,835**	**457,404**	**925,239**	457,309	192,387	649,696
Less profit attributable to Life Assurance Fund	31			**(457,404)**			(192,387)
				467,835			457,309
PROFIT ATTRIBUTABLE TO THE GROUP FOR THE YEAR							
Profit for the year attributable to:-							
Equity holders of the parent				**467,624**			457,049
Non-controlling interests				**211**			260
				467,835			457,309

The notes on pages 88 to 179 form an integral part of these financial statements.
Auditors' report on pages 76 to 78.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED

At 30 June 2018

	Notes	GROUP					
		Shareholders' Fund 2018	**Life Fund 2018**	**Total 2018**	Shareholders' Fund 2017 (Restated)	Life Fund 2017 (Restated)	Total 2017 (Restated)
		Rs'000	**Rs'000**	**Rs'000**	Rs'000	Rs'000	Rs'000
PROFIT/SURPLUS AFTER TAX OF SHAREHOLDERS' FUND AND LIFE ASSURANCE FUND		**467,835**	**457,404**	**925,239**	457,309	192,387	649,696
Other comprehensive income (OCI):							
OCI to be reclassified to profit or loss in subsequent periods:							
Exchange differences on translation of foreign operations		**4,515**	**(1,265)**	**3,250**	(25,476)	(15,876)	(41,352)
Release of fair value on disposal of available-for-sale investments		**(24,865)**	**(37,105)**	**(61,970)**	(25,279)	(56,743)	(82,022)
Net fair value gains on available-for-sale investments		**50,154**	**196,067**	**246,221**	95,440	376,630	472,070
Net OCI to be reclassified to profit or loss in subsequent periods	23(g)	**29,804**	**157,697**	**187,501**	44,685	304,011	348,696
OCI not to be reclassified to profit or loss in subsequent periods:							
Remeasurement of defined benefit obligations	23(g)	**(125,043)**	**-**	**(125,043)**	(53,522)	-	(53,522)
Gain on revaluation of buildings	23(g)	**(874)**	**-**	**(874)**	19,861	-	19,861
Net OCI not to be reclassified to profit or loss in subsequent periods		**(125,917)**	**-**	**(125,917)**	(33,661)	-	(33,661)
Other comprehensive income for the year, net of tax		**(96,113)**	**157,697**	**61,584**	11,024	304,011	315,035
TOTAL COMPREHENSIVE INCOME		**371,722**	**615,101**	**986,823**	468,333	496,398	964,731
Less comprehensive income attributable to Life Assurance Fund				**(615,101)**			(496,398)
COMPREHENSIVE INCOME ATTRIBUTABLE TO THE GROUP FOR THE YEAR				**371,722**			468,333
Total comprehensive income for the year attributable to:-							
Owners of the parent				**371,560**			468,062
Non-controlling interests				**162**			271
				371,722			468,333

The notes on pages 88 to 179 form an integral part of these financial statements.
Auditors' report on pages 76 to 78.

STATEMENTS OF PROFIT OR LOSS FOR THE YEAR ENDED

At 30 June 2018

		COMPANY					
	Notes	Shareholders' Fund 2018	Life Fund 2018	Total 2018	Shareholders' Fund 2017	Life Fund 2017	Total 2017
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Gross premiums	25	-	2,145,062	2,145,062	-	1,857,408	1,857,408
Premiums ceded to reinsurers		-	(147,198)	(147,198)	-	(90,251)	(90,251)
Net Premium		-	1,997,864	1,997,864	-	1,767,157	1,767,157
Fees and commission income	25	-	23,333	23,333	-	16,895	16,895
Investment and other income	27	739,203	482,342	1,221,545	704,670	457,243	1,161,913
Other operating income		8,846	26,552	35,398	9,909	97	10,006
Other revenue		748,049	532,227	1,280,276	714,579	474,235	1,188,814
Total revenue		748,049	2,530,091	3,278,140	714,579	2,241,392	2,955,971
Gross benefits and claims paid		-	(1,875,588)	(1,875,588)	-	(1,844,068)	(1,844,068)
Claim ceded to reinsurers		-	113,620	113,620	-	50,467	50,467
Net benefits and claims		-	(1,761,968)	(1,761,968)	-	(1,793,601)	(1,793,601)
Finance costs	30	(27,117)	-	(27,117)	(32,257)	-	(32,257)
Commission and brokerage fees paid		-	(67,539)	(67,539)	-	(64,818)	(64,818)
Other operating and administrative expenses	29	(261,060)	(220,239)	(481,299)	(245,533)	(203,097)	(448,630)
Other expenses		(288,177)	(287,778)	(575,955)	(277,790)	(267,915)	(545,705)
Total Benefits, claims and other expenses		(288,177)	(2,049,746)	(2,337,923)	(277,790)	(2,061,516)	(2,339,306)
Surplus of Shareholders' Fund and Life Assurance Fund		459,872	480,345	940,217	436,789	179,876	616,665
Transfer from Life Assurance Fund	28.31	35,827	(35,827)	-	27,250	(27,250)	-
PROFIT/SURPLUS BEFORE TAX OF SHAREHOLDERS' FUND AND LIFE ASSURANCE FUND		495,699	444,518	940,217	464,039	152,626	616,665
Taxation		(59,034)	(13,646)	(72,680)	(47,060)	(14,333)	(61,393)
PROFIT/SURPLUS AFTER TAX OF SHAREHOLDERS' FUND AND LIFE ASSURANCE FUND		436,665	430,872	867,537	416,979	138,293	555,272
Less profit attributable to Life Assurance Fund	31			(430,872)			(138,293)
PROFIT ATTRIBUTABLE TO THE COMPANY FOR THE YEAR				436,665			416,979

The notes on pages 88 to 179 form an integral part of these financial statements.
Auditors' report on pages 76 to 78.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED

At 30 June 2018

		COMPANY					
	Notes	Shareholders' Fund 2018	Life Fund 2018	Total 2018	Shareholders' Fund 2017 (Restated)	Life Fund 2017 (Restated)	Total 2017 (Restated)
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
PROFIT/SURPLUS AFTER TAX OF SHAREHOLDERS' FUND AND LIFE ASSURANCE FUND		436,665	430,872	867,537	416,979	138,293	555,272
Other comprehensive income (OCI):							
OCI to be reclassified to profit or loss in subsequent periods:							
Release of fair value on disposal of available-for-sale investments		(7,332)	(18,806)	(26,138)	(478)	(4,854)	(5,332)
Net fair value gains on available-for-sale investments		53,763	203,035	256,798	76,147	362,959	439,106
Net OCI to be reclassified to profit or loss in subsequent periods	23(g)	46,431	184,229	230,660	75,669	358,105	433,774
OCI not to be reclassified to profit or loss in subsequent periods:							
Remeasurement of defined benefit obligations	23(g)	(104,342)	-	(104,342)	(41,870)	-	(41,870)
Gain on revaluation of buildings	23(g)	(874)	-	(874)	18,964	-	18,964
Net OCI not to be reclassified to profit or loss in subsequent periods		(105,216)	-	(105,216)	(22,906)	-	(22,906)
Other comprehensive income for the year, net of tax		(58,785)	184,229	125,444	52,763	358,105	410,868
TOTAL COMPREHENSIVE INCOME		377,880	615,101	992,981	469,742	496,398	966,140
Less comprehensive income attributable to Life Assurance Fund				(615,101)			(496,398)
COMPREHENSIVE INCOME ATTRIBUTABLE TO THE COMPANY FOR THE YEAR				377,880			469,742

The notes on pages 88 to 179 form an integral part of these financial statements.
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STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED

At 30 June 2018

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED

At 30 June 2018 (continued)

GROUP	Notes	Stated Capital	Retained Earnings	Properties Revaluation Reserve	Investments Revaluation Reserve	Actuarial Losses	Other Reserve	Translation Reserve	Attributable to Equity Holders Of Parent	Non-Controlling Interests	Total
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at 1 July 2017 (as previously stated)		70,000	5,087,507	143,255	238,940	(205,178)	46,777	50,851	5,432,152	4,674	5,436,826
Adjustment		-	-	-	(300)	-	-	-	(300)	-	(300)
Balance at 1 July 2017 (as restated)		70,000	5,087,507	143,255	238,640	(205,178)	46,777	50,851	5,431,852	4,674	5,436,526
Profit for the year		-	467,624	-	-	-	-	-	467,624	211	467,835
Other comprehensive income for the year		-	-	(874)	25,289	(124,991)	-	4,515	(96,061)	(49)	(96,110)
Total comprehensive income for the year		-	467,624	(874)	25,289	(124,991)	-	4,515	371,563	162	371,725
Transfer from/(to) reserve	23(f)	-	(3,159)	-	-	-	3,159	-	-	-	-
Dividend paid	33	-	(156,367)	-	-	-	-	-	(156,367)	(179)	(156,546)
Balance at 30 June 2018		70,000	5,395,605	142,381	263,929	(330,169)	49,936	55,366	5,647,048	4,657	5,651,705
Balance at 1 July 2016 (as previously stated)		70,000	4,778,246	123,394	172,524	(151,645)	44,620	76,327	5,113,466	4,719	5,118,185
Adjustment		-	(6,066)	-	(3,745)	-	(1,752)	-	(11,563)	(117)	(11,680)
Balance at 1 July 2016 (as restated)		70,000	4,772,180	123,394	168,779	(151,645)	42,868	76,327	5,101,903	4,602	5,106,505
Profit for the year (as restated)		-	457,049	-	-	-	-	-	457,049	260	457,309
Other comprehensive income for the year		-	-	19,861	70,161	(53,533)	-	(25,476)	11,013	11	11,024
Total comprehensive income for the year		-	457,049	19,861	70,161	(53,533)	-	(25,476)	468,062	271	468,333
Transfer from/(to) reserve	23(f)	-	(3,909)	-	-	-	3,909	-	-	-	-
Dividend paid	33	-	(137,813)	-	-	-	-	-	(137,813)	(199)	(138,012)
Balance at 30 June 2017 (as restated)		70,000	5,087,507	143,255	238,940	(205,178)	46,777	50,851	5,432,152	4,674	5,436,826

The notes on pages 88 to 179 form an integral part of these financial statements.
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STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED

At 30 June 2018

	Notes	Stated Capital	Retained Earnings	Properties Revaluation Reserve	Investments Revaluation Reserve	Actuarial Losses	Total
COMPANY		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at 1 July 2017 (as previously stated)		70,000	4,297,321	142,358	332,875	(165,612)	4,676,942
Adjustment		-	-	-	(300)	-	(300)
Balance at 1 July 2017 (as restated)		70,000	4,297,321	142,358	332,575	(165,612)	4,676,642
Profit for the year		-	436,665	-	-	-	436,665
Other comprehensive income for the year		-	-	(874)	46,431	(104,342)	(58,785)
Total comprehensive income for the year		-	436,665	(874)	46,431	(104,342)	377,880
Dividend paid	33	-	(156,367)	-	-	-	(156,367)
Balance at 30 June 2018		70,000	4,577,619	141,484	379,006	(269,954)	4,898,155
Balance at 1 July 2016 (as previously stated)		70,000	4,014,410	123,394	260,951	(123,742)	4,345,013
Adjustment		-	3,745	-	(3,745)	-	-
Balance at 1 July 2016 (as restated)		70,000	4,018,155	123,394	257,206	(123,742)	4,345,013
Profit for the year		-	416,979	-	-	-	416,979
Other comprehensive income for the year		-	-	18,964	75,669	(41,870)	52,763
Total comprehensive income for the year		-	416,979	18,964	75,669	(41,870)	469,742
Dividend paid	33	-	(137,813)	-	-	-	(137,813)
Balance at 30 June 2017 (as restated)		70,000	4,297,321	142,358	332,875	(165,612)	4,676,942

The notes on pages 88 to 179 form an integral part of these financial statements.
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STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED

At 30 June 2018

	GROUP 2018	GROUP 2017 (Restated)	COMPANY 2018	COMPANY 2017
CASH FLOWS FROM OPERATING ACTIVITIES	Rs'000	Rs'000	Rs'000	Rs'000
Cash generated from operations (note 34)	417,822	185,105	439,122	160,246
Interest and dividend received	648,438	564,283	587,953	497,106
Interest paid	(116,862)	(193,576)	(21,846)	(32,463)
Income tax paid	(40,305)	(58,924)	(42,892)	(40,565)
Contribution paid	(24,243)	(25,469)	(17,555)	(18,764)
NET CASH GENERATED FROM OPERATING ACTIVITIES	884,850	471,419	944,782	565,560
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of intangible assets	(6,491)	(4,817)	(5,238)	(4,606)
Purchase of property, plant and equipment	(30,241)	(26,758)	(28,096)	(22,437)
Proceed from disposal of property, plant and equipment	909	-	-	-
Purchase of other financial assets	(2,159,088)	(1,360,659)	(1,534,370)	(853,940)
Proceeds from disposal or maturity of other financial assets	1,021,469	921,739	429,062	199,611
Acquisition of foreclosed properties	(1,900)	-	(1,900)	-
Proceeds from disposal of foreclosed properties	2,570	-	2,570	-
Mortgage and other loans granted during the year	(268,657)	(153,662)	(263,921)	(150,953)
Mortgage and other loans repayment received during the year	403,368	230,712	393,368	224,992
Purchase in relation to investment properties	(1,440)	5,756	(1,440)	5,756
Addition to fixed deposits during the year	(1,769,552)	(2,211,105)	(45,764)	(46,244)
Fixed deposits matured during the year	2,335,611	2,736,246	262,744	276,632
Leases granted during the year	(179,171)	(163,304)	-	-
Leases repayments received during the year	158,419	149,334	-	-
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(494,194)	123,482	(792,985)	(371,189)
CASH FLOWS FROM FINANCING ACTIVITIES				
Borrowings taken during the year	21,249	9,461	21,249	9,615
Borrowings repaid during the year	(23,165)	(23,350)	(72,053)	(68,199)
Dividend paid	(156,546)	(138,012)	(156,367)	(137,813)
Deposits from customers - net	(281,869)	(355,842)	-	-
NET CASH USED IN FINANCING ACTIVITIES	(440,331)	(507,743)	(207,171)	(196,397)
Net (decrease)/increase in cash and cash equivalents	(49,675)	87,158	(55,374)	(2,026)
CASH AND CASH EQUIVALENTS AT 1 JULY	330,576	243,418	128,270	130,296
CASH AND CASH EQUIVALENTS AT 30 JUNE	280,901	330,576	72,896	128,270
CASH AND CASH EQUIVALENTS				
Bank and cash balances	374,334	439,430	166,329	231,094
Bank overdraft	(93,433)	(108,854)	(93,433)	(102,824)
	280,901	330,576	72,896	128,270

The notes on pages 88 to 179 form an integral part of these financial statements.
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
At 30 June 2018

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, 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 have been prepared under the historical cost convention, except that:

(i) buildings are measured at fair value;
(ii) investments properties are measured at fair value;
(iii) available-for-sale financial assets and
(iv) non-current assets held-for-sale are measured at the lower of carrying amount and fair value less cost to sell.

The financial statements are presented in Mauritian Rupees (Rs) and all values are rounded to the nearest thousand (Rs'000), except when otherwise indicated.

As required by IAS 1 Presentation of financial statements and IFRS 4 Insurance Contract, the Company has disclosed the results of the life fund on the face of the statement of profit or loss and other comprehensive income that will help the users of the financial statements to understand the amounts disclosed in the financial statements that arises from insurance contracts.

Statement of compliance

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

Basis of consolidation

The financial statements comprise the financial statements of the Company and its subsidiaries referred to as the "Group" as at 30 June 2018. The Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
At 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Basis of consolidation (continued)

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended IFRS adopted in the year commencing July 1, 2017:

	Effective for accounting period beginning on or after
<u>Amendments</u>	
IAS 7 Disclosure Initiative - Amendments to IAS 7	January 1, 2017
IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12	January 1, 2017
IFRS 12 Disclosure of Interests in Other Entities - Clarification of the scope of the disclosure requirements in IFRS 2	January 1, 2017

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

2.3 Accounting Standards and Interpretations issued but not yet effective

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

At 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Accounting Standards and Interpretations issued but not yet effective (continued)

Where the adoption of the standard or interpretation or improvement is deemed to have an impact on the financial statements or performance of the Group when applicable, its impact is described below:

	Effective for accounting period beginning on or after
New or revised standards	
IFRS 9 Financial Instruments	January 1, 2018
IFRS 15 Revenue from Contracts with Customers	January 1, 2018
IFRS 16 Leases	January 1, 2019
IFRS 17 Insurance Contracts	January 1, 2021
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	January 1, 2018
Amendments	
Transfers of Investment Property (Amendments to IAS 40)	January 1, 2018
Prepayment Features with Negative Compensation - Amendments to IFRS 9	January 1, 2019
IAS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment - by - investment choice	January 1, 2018
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	January 1, 2018
Clarifications to IFRS 15 'Revenue from Contracts with Customers'	January 1, 2018
Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)	January 1, 2018
IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters	January 1, 2018
IFRIC Interpretation 23 Uncertainty over Income Tax Treatments	January 1, 2019
IAS 12 – Income Taxes – Income tax consequences of payments on financial instruments classified as equity	January 1, 2019
IAS 23 – Borrowing Costs – Borrowing costs eligible for capitalisation	January 1, 2019
IFRS 11 – Joint Arrangements – Previously held interests in joint	January 1, 2019

IFRS 9 Financial Instruments – Classification and measurement of financial assets, Accounting for financial liabilities and derecognition

IFRS 9 Financial Instruments was issued in July 2014 and has an effective date of 1 January 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement, introducing new requirements for the classification and measurement of financial instruments, the recognition and measurement of credit impairment provisions, and providing for a simplified approach to hedge accounting.

The changes in measurement arising on initial application of IFRS 9 will be incorporated through an adjustment to the opening reserves and retained earnings position as at 01 July 2018. Although IFRS 9 will be retrospectively applied, the Company is only permitted to restate comparatives if, and only if, it is possible without the use of hindsight. The Company does not consider it possible to restate comparatives for impairment without the use of hindsight. The Company will apply the new rules from 01 July 2018, however, comparatives for previous years will not be restated.

(a) Classification and measurement of financial assets

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

IFRS 9 will require financial assets to be classified on the basis of two criteria:

1) The business model within which financial assets are managed; and
2) Their contractual cash flow characteristics (whether the cash flows represent 'solely payments of principal and interest').

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

At 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Accounting Standards and Interpretations issued but not yet effective (continued)

IFRS 9 Financial Instruments – Classification and measurement of financial assets, Accounting for financial liabilities and derecognition (continued)

(a) Classification and measurement of financial assets (continued)

Financial assets will be measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent solely payments of principal and interest.

Financial assets will be measured at fair value through other comprehensive income if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and their contractual cash flows represent solely payments of principal and interest.

Other financial assets are measured at fair value through profit and loss. There is an option to make an irrevocable election for non-traded equity investments to be measured at fair value through other comprehensive income, in which case dividends are recognised in profit or loss, but gains or losses are not reclassified to profit or loss upon derecognition and impairment is not recognised in profit or loss.

The accounting for financial liabilities is largely unchanged.

An assessment of potential changes to financial assets has been conducted, including an assessment of business models across various portfolios, and a review of contractual cash flow features for complex financial assets.

The initial application of the Company's new classification and measurement policies on July 1, 2018 is expected to result in material changes to the measurement of the Company's financial assets, specifically for all the debt instruments where the Company shall assess the impact of Expected Credit Loss (ECL) that was not required under IAS 39 and financial liabilities.

(b) Impairment

IFRS 9 introduces a revised impairment model which requires entities to recognise Expected Credit Losses ('ECL') based on unbiased forward-looking information. This replaces the existing IAS 39 incurred loss model which only recognises impairment if there is objective evidence that a loss is already incurred and would measure the loss based on the most probable outcome. The IFRS 9 impairment model will be applicable to all financial assets at amortised cost, lease receivables, debt financial assets at fair value through other comprehensive income, loan commitments and financial guarantee contracts. This presents a change from the scope of the IAS 39 impairment model which excludes loan commitments and financial guarantee contracts (these were covered by IAS 37: Provisions, Contingent Liabilities and Contingent Assets).

The measurement of expected credit loss will involve increased complexity and judgement including estimation of probabilities of default, loss given default, a range of unbiased future economic scenarios, estimation of expected lives, estimation of exposures at default and assessing increases in credit risk.

Exposures would be divided into 3 stages as follows:

Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
At 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Accounting Standards and Interpretations issued but not yet effective (continued)

IFRS 9 Financial Instruments – Classification and measurement of financial assets, Accounting for financial liabilities and derecognition (continued)

(b) Impairment (continued)

Debt instruments measured at fair value through OCI (FVOCI):

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon de-recognition of the assets.

Expected impact:

There will be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Company does not have any such liabilities. The de-recognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments, measured at FVOCI, lease receivables, loan commitments and certain financial guarantee contracts.

The revised impairment model is expected to have a material financial impact on the recognition of impairment losses going forward, as well as existing impairment provisions previously recognised in terms of the requirements of IAS 39. Impairment provisions are expected to increase from IAS 39 provisioning as a result of:

- The removal of the emergence period that was necessitated by the incurred loss model of IAS 39. All stage 1 assets will carry a 12 months expected credit loss provision. This differs from IAS 39 where unidentified impairments were typically measured with an emergence period of between 3 to 12 months.
- The provisioning for lifetime expected credit losses on stage 2 assets; where some of these assets would not have attracted a lifetime expected credit loss measurement per IAS 39.
- The implementation of a default definition for exposures that are more than 90 days past due, as well as for certain indicators that an exposure or obligor is unlikely to pay.
- The inclusion of forecasted macroeconomic scenarios into the expected credit losses of a portfolio.
- The inclusion of expected credit losses on items that typically would not have been impaired under IAS 39, such as loan commitments.

The Company's equity instruments that are currently classified as available-for-sale will satisfy the conditions for classification as at FVOCI and hence there will be no change to the measurement for these assets.

The other financial assets held by the Company include:

- Equity instruments currently classified as Available-for Sale for which a FVOCI election is available;
- Investment in mutual funds currently classified as Available-for-sale for which FVTPL is available; and
- Government bonds currently classified as held-to-maturity and deposits classified as loan receivables and measured at amortised cost which meet the conditions for classification at amortised cost under IFRS 9.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
At 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Accounting Standards and Interpretations issued but not yet effective (continued)

IFRS 9 Financial Instruments – Classification and measurement of financial assets, Accounting for financial liabilities and derecognition (continued)

(b) Impairment (continued)

Expected impact (continued)

Accordingly, the Company does not expect the new guidance to affect the classification and measurement of these financial assets. However, gains or losses realised on the sale of financial assets at FVOCI will no longer be transferred to profit or loss on sale, but instead reclassified below the line from the FVOCI reserve to retained earnings.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Company's disclosures about its financial instruments particularly in the year of the adoption of the new standard. The Company will apply the new rules from 01 July 2018, however, comparatives for previous years will not be restated.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recoqnised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

Given insurance contracts are scoped out of IFRS 15, it will not have any impact of the performance of the Company for fee and commission income relating to insurance contracts. For other income in respect of management fees and administration fees, the company will be assessing the impact of the application of IFRS 15 and intends to adopt when it becomes effective.

IFRS 17 Insurance Contracts

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
At 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Accounting Standards and Interpretations issued but not yet effective (continued)

IFRS 17 Insurance Contracts (continued)

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

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

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. Retrospective application is required. However, if full retrospective application for a company of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

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

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

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4

The amendments address concerns arising from implementing the new financial instruments Standard, IFRS 9, before implementing the new insurance contracts standard that the Board is developing to replace IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach.

Temporary exemption from IFRS 9

The optional temporary exemption from IFRS 9 is available to entities whose activities are predominantly connected with insurance. The temporary exemption permits such entities to continue to apply IAS 39 Financial Instruments: Recognition and Measurement while they defer the application of IFRS 9 until 1 January 2021 at the latest. Predominance must be initially assessed at the annual reporting date that immediately precedes 1 April 2016 and before IFRS 9 is implemented. Also the evaluation of predominance can only be reassessed in rare cases. Entities applying the temporary exemption will be required to make additional disclosures.

The overlay approach

The overlay approach is an option for entities that adopt IFRS 9 and issue insurance contracts, to adjust profit or loss for eligible financial assets; effectively resulting in IAS 39 accounting for those designated financial assets. The adjustment eliminates accounting volatility that may arise from applying IFRS 9 without the new insurance contracts standard. Under this approach, an entity is permitted to reclassify amounts between profit or loss and other comprehensive income (OCI) for designated financial assets.

An entity must present a separate line item for the amount of the overlay adjustment in profit or loss, as well as a separate line item for the corresponding adjustment in OCI.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
At 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Accounting Standards and Interpretations issued but not yet effective (continued)

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4 (continued)

The Company has made an assessment on its financial position at 30 June 2015 and concluded that the predominance criteria was not met and concluded that the Company does not qualify for deferral in application of IFRS 9.

IFRS 16 Leases

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. This new standard is not expected to have a material impact as the company is a lessor, however the Company expects an impact on the additional level of disclosures that will be required to be provided.

2.4 Investments in subsidiaries

Subsidiaries are all entities (over which the Company has control). The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
At 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, bank overdrafts and short term 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.

2.8 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.

2.9 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
At 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Leasing (continued)

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.

2.10 Assets held for sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense. Foreclosed properties represent seized assets acquired through auction at the Master's Bar as a result of default by client. Intention of management is to sell those assets once required conditions relating to the sale have been completed.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification. An exception to the one-year requirement is applied in the situation where at the date an entity commits itself to a plan to sell a non-current asset it reasonably expects that others (not a buyer) will impose conditions on the transfer of the asset that will extend the period required to complete the sale, and:

(i) Actions necessary to respond to those conditions cannot be initiated until after a firm purchase commitment is obtained, and

(ii) A firm purchase commitment is highly probable within one year.

The assets are not depreciated or amortised once classified as held for sale.

Assets classified as held for sale are presented separately as current items in the statement of financial position.

2.11 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
At 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Insurance contracts (continued)

(i) Insurance contracts – classification (continued)

(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.

2.12 Liability adequacy test

Short-term insurance

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

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.

2.13 Comparative figures

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

During the current year, the Company recorded interest receivable on fixed deposits and Mortgage and other loans within the respective account class since these are measured at amortised cost using the effective interest rate. Accordingly, last year's interest receivable has been reclassified from Insurance and other receivable to the respective fixed deposits and Mortgage and other loans account class. Interest receivable reclassified to Mortgage and other loans amounted to Rs 30.9m at both Group and Company level. Interest receivable reclassified to fixed deposits amounted to Rs 84.9m at Group level and Rs 56.6m at Company level.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
At 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Comparative figures (continued)

Deferred tax assets of Rs 39.8m relating to last year Group figure has been reclassified to deferred tax liabilities to reflect the net deferred tax position of each subsidiary within the Group.

Last year's Reinsurance assets of Rs 135.7m has been reclassified to Insurance contract liabilities at Group level in respect of amount recoverable from third parties.

Interest payable to depositors amounting to Rs 62.6m was reclassified from Trade and other payables to Deposits at Group level since the latter is measured at amortised cost using the effective interest rate.

The Company has also recorded its corporate social responsibility (CSR) expense as part of its Taxation expense during the year to be in line with CSR legislated by the Government of Mauritius. Accordingly, last year's CSR expense of Rs 6.7m at Group level and Rs 5.4m at Company level have been reclassified from other operating and administrative expenses to Taxation expense.

Investment and other income of last year at Company level included exchange gains and other income of Rs 2.1m and Rs 7.8m respectively. These have been reclassified to other operating income to be in line with the current year's presentation.

Last year's statements of cash flows presented fixed deposits of Rs 1.4bn for Group and Rs 2.2m for Company as part of cash and cash equivalents. These have been reclassified on the statements of cash flows within investing activities since they do not meet the definition of cash and cash equivalents.

3. MANAGEMENT OF FINANCIAL AND INSURANCE RISKS

The primary objective of the Company's Enterprise Risk Management Framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The Company has set up an Enterprise Risk Management Framework required under the Insurance (Risk Management) Rules 2016 made by the Financial Services Commission under section 130 of the Insurance Act and section 93 of the Financial Services Act 2007.

The Enterprise Risk Management Framework includes the following components:

a) A Risk Appetite Statement;
b) A Risk Management Strategy;
c) A three-year rolling business plan;
d) An Own Risk Solvency Assessment (ORSA) Framework;
e) The liquidity policy;
f) A designated risk management function; and
g) Description of the responsibilities, roles and reporting lines within the insurer for the management of material risks.

A detailed description of the Enterprise Risk Management Framework is disclosed hereunder and in the Annual Report.

The Company has established a risk management function with clear terms of reference from the board of directors and the Risk and Audit Committee. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the board of directors in line with the Three Lines of Defence Model. Lastly, an Enterprise Risk Management Framework and Policy which sets out the risk profiles for the Company, risk management, control and business conduct standards for the Company's operations has been put in place.

The board of directors approves the Company's risk management policies and meets as and when required to approve any commercial, regulatory and organisational requirements of such policies. These policies define the Company's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the corporate goals, and specify reporting requirements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
At 30 June 2018

3. MANAGEMENT OF FINANCIAL AND INSURANCE RISKS (CONTINUED)

Capital management

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

The Group has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- To maintain the required level of stability of the Group thereby providing a degree of security to policyholders
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets
- To align the profile of assets and liabilities taking account of risks inherent in the business
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders
- To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debts. No changes were made in the objectives, policies or processes during the year ended 30 June 2018 and 2017.

The operations of the Group are also subject to regulatory requirements within the jurisdictions in which it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g., capital adequacy) to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

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.

In reporting financial strength, capital and solvency are measured using the rules prescribed by the Financial Services Commission (FSC). These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written.

The Group's capital management policy for its insurance is to hold sufficient capital to cover the statutory requirements based on the FSC directives, including any additional amounts required by the regulator.

For the year ended 30 June 2018 and 30 June 2017, the Group and Company have satisfied the minimum capital requirements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
At 30 June 2018

3. MANAGEMENT OF FINANCIAL AND INSURANCE RISKS (CONTINUED)

Capital management (continued)

The capital structure of the subsidiary (SICOM Financial Services Ltd) consists of stated capital, reserves and retained earnings. The subsidiary has to comply with the Banking Act 2004 in respect of both its stated capital and reserves. As at 30 June 2018 and 30 June 2017, the legislative requirement has been met for both stated capital and reserves. The subsidiary manages its capital with an aim to maximise return to its shareholders.

Approach to capital management

The Group seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and policyholders.

The Group's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Group in the light of changes in economic conditions and risk characteristics. An important aspect of the Group's overall capital management process is the setting of target risk adjusted rates of return, which are aligned to performance objectives and ensure that the Group is focused on the creation of value for shareholders.

4. 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. Also, the Group makes use of reinsurance arrangements to reduce exposure to risk.

The Group purchases reinsurance as part of its risk mitigation programme, Reinsurance ceded is placed on both a treaty and facultative basis. Amount recoverable from reinsurers are in accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligation to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

A key risk for the Group is that the proceeds from its assets will not be sufficient to fund the obligations arising from its insurance. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

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.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs (i.e., subrogation).

4. INSURANCE RISK (CONTINUED)

(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, cyclone, flooding, fire and allied perils and their consequences. Inflation is also a significant factor due to the long period typically required to settle some claims.

The Group's underwriting strategy attempts to ensure that the underwritten risks are well diversified in type, amount of risk and industry. The Group has in place underwriting criteria to ensure that the risk accepted are as per acceptance guidelines. Where relevant, the Group may pursue third parties for payment of some or all liabilities (subrogation). Claims development and provisioning levels are closely monitored.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
At 30 June 2018

4. INSURANCE RISK (CONTINUED)
4.1.1 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.

THE GROUP

2018

Class of Business	No of claims	Gross	Reinsurance of liabilities	Net
		Rs'000	Rs'000	Rs'000
Motor	5,240	43,175	39,879	3,296
Property	109	40,056	41,033	(977)
Transport	5	147,288	147,263	25
Engineering	35	6,578	5,511	1,067
Accident & Health	21,339	54,454	39,463	14,991
Liability	787	56,540	59,812	(3,272)
Miscellaneous	193	5,539	4,704	835
Incurred but not Reported (IBNR)	-	40,729	-	40,729
	27,708	394,359	337,665	56,694

4. INSURANCE RISK (CONTINUED)
4.1.1 Concentration of insurance risk (continued)

(a) Short-term insurance (continued)

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

2017

Class of Business	No of claims	Gross	Reinsurance of liabilities	Net
		Rs'000	Rs'000	Rs'000
Motor	5,025	88,435	61,028	27,407
Property	98	28,659	29,885	(1,226)
Transport	11	27,814	27,854	(40)
Engineering	55	5,981	5,086	895
Accident & Health	18,266	53,453	38,215	15,237
Liability	633	51,808	48,460	3,348
Miscellaneous	141	6,153	5,166	987
Incurred but not Reported (IBNR)	-	27,616	-	27,616
	24,229	289,919	215,694	74,224

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. Management have assessed that the sum assured is an appropriate measure of concentration of insurance risk as the Company is exposed to an obligation representing the sum assured should an insured event occurs.

THE GROUP AND COMPANY

Benefits assured per life assured as at 30 June 2018	Total Benefits Insured			
	Before Reinsurance		After Reinsurance (Retained)	
Rs'000	Rs'000	%	Rs'000	%
0-100	661,159	3	661,159	4.9
100-200	2,181,469	11	2,181,469	16.3
200-300	2,194,957	11	2,194,957	16.4
300-400	1,485,467	8	1,480,508	11.1
400+	12,941,509	67	6,871,984	51.3
TOTAL	19,464,561	100	13,390,077	100

4. INSURANCE RISK (CONTINUED)
4.1.1 Concentration of insurance risk (continued)

(b) Long-term Insurance (continued)

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

Benefits assured per life assured as at 30 June 2017	Total Benefits Insured			
	Before Reinsurance		After Reinsurance (Retained)	
Rs'000	Rs'000	%	Rs'000	%
0-100	688,750	4	688,750	5
100-200	2,270,899	12	2,270,899	17
200-300	2,219,014	12	2,219,014	17
300-400	1,475,417	8	1,468,995	11
400+	11,592,674	64	6,470,386	50
TOTAL	18,246,754	100	13,118,044	100

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 2018. 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 2018	Total annuities payable per annum	
Rs'000	Rs'000	%
0-10	660	0.25
10-20	3,173	1.19
20-50	27,921	10.48
50-100	63,084	23.67
100-150	44,540	16,71
More than 150	127,100	47.70
TOTAL	266,478	100

Annuity payable per annum per life assured as at 30 June 2017	Total annuities payable per annum	
Rs'000	Rs'000	%
0-10	6 41	0.28
10-20	3,156	1.36
20-50	26,797	11.58
50-100	58,258	25.17
100-150	42,149	18.21
More than 150	100,468	43.40
TOTAL	231,469	100.00

With regards to Group Assurances the Total Sum Assured is Rs 21,407,047,713 (2017: Rs 23,608,771,523) and the Sum Assured retained is Rs 11,848,588,093 (2017: Rs 13,390,104,189).

4. INSURANCE RISK (CONTINUED)

4.1.2 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. However, given the uncertainty in determining claims provision, it is likely that the final claim settlement will differ from the original liability estimate.

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

2018	Change in assumptions	Impact on gross liabilities	Impact on reinsurance share of liabilities	Impact on profit before tax	Impact on equity
		Rs'000	Rs'000	Rs'000	Rs'000
Average claim cost	10%	35,363	33,767	1,597	1,325

2017	Change in assumptions	Impact on gross liabilities	Impact on reinsurance share of liabilities	Impact on profit before tax	Impact on equity
		Rs'000	Rs'000	Rs'000	Rs'000
Average claim cost	10%	26,230	21,569	4,661	3,868

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
At 30 June 2018

4. INSURANCE RISK (CONTINUED)

4.1.2 Sources of uncertainty (continued)

(b) Long-term insurance (continued)

Sensitivity analysis

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

The table below indicated the level of the respective variables that will trigger an adjustment and then indicates the liability adjustment required as a result of a further deterioration of the variable.

Life –GPV Sensitivities test

	2018		2017	
	Liability	Difference	Liability	Difference
Variables	Rs'000	%	Rs'000	%
Actual reserve	9,456,894	-	9,207,116	-
Interest rate less 1%	10,100,543	6.8	9,796,617	6.4
Mortality plus 10%	9,532,830	0.8	9,298,508	1.0
Lapse plus 10%	9,421,935	-0.4	9,182,185	-0.3
Expenses plus 10%	9,509,094	0.6	9,255,843	0.5
Inflation plus 1%	9,488,451	0.3	9,235,489	0.3

4.1.3 Reinsurance strategy

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

4.1.4 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.

4. INSURANCE RISK (CONTINUED)

4.1.4 Claims development table (continued)

Financial Year of Loss

	prior 2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	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	-	72,845	90,666	145,249	133,442	120,076	90,867	114,745	126,789	122,660	159,841	183,423	199,785	232,567	1,792,955
One year later	-	12,143	18,801	26,912	31,722	14,906	10,135	6,090	3,600	7,033	18,112	23,856	22,624	-	195,934
Two years later	-	(138)	(787)	(2,143)	584	211	3,095	535	2,962	(1,626)	(1,835)	(3,976)	-	-	(3,118)
Three years later	-	360	872	(1,658)	2,287	5,832	439	(2,076)	5,224	1,511	(628)	-	-	-	12,163
Four years later	-	1,168	765	(1,379)	(1,164)	4,809	3,327	1,136	5,828	(656)	-	-	-	-	13,834
Five years later	-	845	1,457	615	2,598	169	2,399	574	1,036	-	-	-	-	-	9,693
Six years later	-	292	(187)	1,573	441	2,362	56	1,807	-	-	-	-	-	-	6,344
Seven years later	-	487	641	549	2,171	(161)	834	-	-	-	-	-	-	-	4,521
Eight years later	-	420	(642)	197	261	(2,769)	-	-	-	-	-	-	-	-	(2,533)
Nine years later	-	-	(77)	(1,158)	3,266	-	-	-	-	-	-	-	-	-	2,031
Ten years later	-	(193)	434	623		-	-	-	-	-	-	-	-	-	864
Eleven years later	-	-	13	-	-	-	-	-	-	-	-	-	-	-	13
Twelve years later	-	251	-	-	-	-	-	-	-	-	-	-	-	-	251
Current claims paid to date	-	88,480	111,956	169,380	175,608	145,435	111,152	122,811	145,439	128,922	175,490	203,303	222,409	232,567	2,032,952
IBNR	-			117	-	(602)	(797)	(244)	(2,103)	(2,880)	(3,560)	877	8,482	41,439	40,729
Outstanding reported	(3,262)	1,544	(1,098)	(92)	908	2,626	3,385	5,469	(17,802)	14,105	9,712	1,853	(9,776)	8,384	15,965
Net liability	(3,262)	1,544	(1,098)	25	908	2,024	2,588	5,225	(19,905)	11,225	6,161	2,730	(1,294)	49,823	56,694

5. 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 most important components of this financial risk are market risk (including foreign exchange risk, interest rate risk, equity price risk), credit risk, liquidity risk.

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

5.1 Market risk

Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Group primarily faces due to the nature of its investments and liabilities are interest rate risk and equity price risk.

The Group manages these positions within an asset liability management framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance contracts.

The principal technique of the Group's assets and liabilities management is to match assets to liabilities arising from insurance and investment contracts by reference to the type of benefits payable to policyholders. For each distinct category of liabilities, a separate portfolio of assets is maintained.

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:

Other financial assets, Fixed Deposits & Cash Deposits (Short-term & Long Term)

	GROUP		COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
USD	3,610,686	3,323,370	3,363,273	3,083,738
GBP	192,929	181,952	-	-
EUR	533	351	-	-
MUR	11,045,530	10,075,997	8,363,815	7,613,856
	14,849,678	13,581,760	11,727,088	10,697,594

Short-term and long-term financial liabilities including payables, loans and borrowings

	GROUP		COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
USD	3,813	3,372	-	-
GBP	-	-	-	-
EUR	620,337	707,285	-	-
MUR	-	-	506,530	491,571
	624,150	710,657	506,530	491,571

5. FINANCIAL RISKS FACTORS (CONTINUED)
5.1 Market risk (continued)

Foreign currency risk (continued)

Net Exposure

	GROUP		COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
USD	3,606,873	3,319,998	3,363,273	3,083,738
GBP	192,929	181,952	-	-
EUR	(619,804)	(706,934)	-	-
MUR	11,045,530	10,075,997	7,857,285	7,122,285
	14,225,528	12,871,013	11,220,558	10,206,023

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% increase or decrease of the USD, GBP and EUR against the Rupee.

Other financial assets, Fixed Deposits & Cash Deposits (short-term & long-term)

GROUP

		2018		2017	
	Changes in variables	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
		Rs'000	Rs'000	Rs'000	Rs'000
USD	+5%	180,343	180,343	165,999	165,999
	-5%	(180,343)	(180,343)	(165,999)	(165,999)
GBP	+5%	9,646	9,646	9,097	9,097
	-5%	(9,646)	(9,646)	(9,097)	(9,097)
EUR	+5%	30,990	30,990	35,346	35,346
	-5%	(30,990)	(30,990)	(35,346)	(35,346)

COMPANY

		2018		2017	
	Changes in variables	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
		Rs'000	Rs'000	Rs'000	Rs'000
USD	+5%	168,164	168,164	154,187	154,187
	-5%	(168,164)	(168,164)	(154,187)	(154,187)

5. FINANCIAL RISKS FACTORS (CONTINUED)
5.1 Market risk (continued)

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	
	2018	2017	2018	2017
	% p.a	% p.a	% p.a	% p.a
Financial assets				
Treasury Notes	2.55 - 4.25	2.46 - 4.25	2.55 - 4.25	2.90 - 4.25
Treasury Bills	3.42 - 3.70	2.48 - 2.50	3.62 - 3.70	2.48 - 2.50
Mauritius Government Securities	8.75 - 9.00	8.00 - 9.00	8.75 - 9.00	8.00 - 9.00
Government Bonds	3.21 - 11.75	3.12 - 11.75	3.21 - 11.75	3.12 - 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	6.50 - 12.50	6.75 - 12.50	-	-
Term deposits (excluding foreign currency deposits)	3.50 - 10.50	2.50 - 10.50	3.50 - 10.50	2.50 - 10.50
Corporate Bond – Local				
MUR – Fixed	3.45 - 6.50	6.00 - 6.50	3.45 - 6.50	6.00 - 6.50
MUR – Floating	(0.75 - 1.85) + Repo	(1.30 - 1.85) + Repo	(0.75 - 1.85) + Repo	(1.30 - 1.85) + Repo
Foreign currency term deposits				
USD	1.75 - 3.25	1.70 - 2.15	-	-
Foreign currency call deposits				
USD	0.00 - 0.10	0.00 - 0.10	0.10	0.10
GBP	0.10	0.10	-	-
EUR	0.01	0.01	-	-
Local Call deposits	0.00 - 1.9	0.30 - 2.40	0.00 - 1.9	0.30 - 2.40
Financial liabilities				
At amortised cost				
Deposit	1.50 - 6.50	2.00 - 6.50	-	-
Borrowings	4.00 - 9.00	4.00 - 9.00	4.00 - 9.00	4.00 - 9.00

5. FINANCIAL RISKS FACTORS (CONTINUED)
5.1 Market risk (continued)

Interest rate risk (continued)

The analysis that follows is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity.

GROUP

	2018		2017	
Changes in interest rate	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
	Rs'000	Rs'000	Rs'000	Rs'000
+ 50 basis points	2,829	2,829	2,329	2,369
- 50 basis points	(2,829)	(2,829)	(2,329)	(2,369)

COMPANY

	2018		2017	
Changes in interest rate	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
	Rs'000	Rs'000	Rs'000	Rs'000
+ 50 basis points	1,960	1,960	1,362	1,362
- 50 basis points	(1,960)	(1,960)	(1,362)	(1,362)

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 2018 as compared to 30 June 2017.

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 increase/decrease of the rate of interest on mortgage loans which are subject to floating rate of interest.

GROUP AND COMPANY

	2018		2017	
Changes in interest rate	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
	Rs'000	Rs'000	Rs'000	Rs'000
+ 50 basis points	4,888	4,888	4,786	4,786
- 50 basis points	(4,888)	(4,888)	(4,786)	(4,786)

Price risk

The Group has invested in securities quoted on the Stock Exchange of Mauritius and has also invested in overseas securities. All quoted securities present a risk of loss of capital. The Group'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.

5. FINANCIAL RISKS FACTORS (CONTINUED)
5.1 Market risk (continued)

Price risk (continued)

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

	GROUP		COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Bonds	290,198	90,126	237,055	64,381
Equities	4,558,932	4,201,414	5,006,178	4,688,206
Total	4,849,130	4,291,540	5,243,233	4,752,587

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

	GROUP		COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Increase/decrease of 5% in prices of securities				
Increase/decrease in other comprehensive income and equity	242,376	214,577	262,162	237,629

5.2 Credit risk

Credit risks is a risk that a counterparty will be unable to pay an amount in full when due. The Group's credit risk is primarily attributable to its reinsurance assets, mortgage and other loans, finance lease receivables, insurance and other receivables, fixed deposits, cash and short term deposits and investment in debt securities. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by management based on prior experience and the current economic environment.

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 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.

5. FINANCIAL RISKS FACTORS (CONTINUED)
5.2 Credit risk (continued)

Financial asssets	GROUP		COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Held to maturity	5,700,565	4,979,963	5,009,590	4,303,277
Available for sale *	5,197,688	4,639,177	5,593,402	5,100,876
Loans and Receivables	813,528	695,905	637,164	482,685
Fixed deposits	2,762,559	3,328,618	320,826	579,662
Statutory Deposits	13,943	13,943	6,001	6,001
Finance Lease receivables	451,885	432,719	-	-
Mortgage and other Loans	1,520,516	1,656,803	1,506,602	1,637,625
Insurance and other receivables**	563,744	605,837	452,832	426,630
Reinsurance assets	537,639	422,640	-	-
Cash and bank balance	374,334	439,430	166,329	231,094
	17,936,401	17,215,035	13,692,746	12,767,850

The fair value of the collateral of loans that are past due but not impaired has been disclosed in Note 14(b) of the Financial Statements.

* Excludes equity instruments
** Excludes sundry deposits and deferred expenses

5.3 Liquidity risk

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

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 on liquidity gap below illustrates how the Company is managing the liquidity risk.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

GROUP

At 30 June 2018

	1 to 3 months	3 months to 1 year	1 to 5 years	>5 years	On demand	Total
Financial liabilities	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Borrowings	4,029	19,761	46,804	-	-	70,594
Insurance liabilities	-	-	-	-	394,359	394,359
Life assurance fund	-	726,240	3,642,796	5,512,680	-	9,889,716
Other financial liabilities	334,762	538,283	1,644,418	-	159,809	2,677,272
Total liabilities	338,791	1,284,284	1,691,222	5,512,680	554,168	13,031,941

5. FINANCIAL RISKS FACTORS (CONTINUED)
5.3 Liquidity risk (continued)

COMPANY

At 30 June 2018

	1 to 3 months	3 months to 1 year	1 to 5 years	>5 years	On demand	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial liabilities						
Borrowings	16,951	60,312	327,776	-	-	405,039
Trade and other payables	114,042	162,695	-	-	59,095	335,832
Life assurance fund	-	726,240	3,642,796	5,512,680	-	9,889,716
Other financial liabilities	93,433	-	-	-	-	93,433
Total liabilities	224,426	949,247	3,970,572	5,512,680	59,095	10,724,020

GROUP

At 30 June 2017

	1 to 3 months	3 months to 1 year	1 to 5 years	>5 years	On demand	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial liabilities						
Borrowings	4,029	19,137	50,534	-	-	73,700
Insurance Liabilities	-	-	-	-	425,640	425,640
Life assurance fund	-	289,491	3,984,648	5,000,476	-	9,274,615
Other financial liabilities	427,160	969,395	1,633,158	-	59,890	3,089,603
Total liabilities	431,189	1,278,023	5,668,140	5,000,476	485,530	12,863,558

COMPANY

At 30 June 2017

	1 to 3 months	3 months to 1 year	1 to 5 years	>5 years	On demand	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial liabilities						
Borrowings	15,843	56,210	523,532	-	-	595,585
Life assurance fund	-	289,491	3,984,648	5,000,476	-	9,274,615
Other financial liabilities	214,397	147,799	-	-	57,323	419,519
Total liabilities	230,240	493,500	4,508,180	5,000,476	57,323	10,289,719

5. FINANCIAL RISKS FACTORS (CONTINUED)

5.4 Fair value measurements recognised in the statement of financial position

The carrying amounts of available for sale financial assets, investment properties, statutory deposits, receivables, bank deposits, cash at bank and in hand, insurance contract liabilities, amount payable to reinsurers, trade and other payables approximate their fair values either because they are measured at fair value or because of the short term nature. Financial assets and liabilities, which are accounted for at amortised cost, are carried at values which may differ materially from their fair values. These are other financial assets and loans receivables that are carried at amortised cost less impairment and whose fair values have been calculated and compared with the carrying amount.

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).

The following table presents the Group's financial assets measured at fair values on a recurring basis. The fair value disclosure for investment properties and property, plant and equipment are disclosed in note 7 and note 6 respectively. This note provides information and how the Group determines fair value of various assets and liabilities.

GROUP

	2018			
	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Available-for-sale financial assets	4,452,159	483,228	-	4,935,387

COMPANY

	2018			
	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Available-for sale financial assets	1,708,994	3,462,239	-	5,171,233

GROUP

	2017			
	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Available-for-sale financial assets	4,245,179	31,096	-	4,276,275

COMPANY

	2017			
	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Available-for sale financial assets	4,752,588	114,997	-	4,867,585

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
At 30 June 2018

5. FINANCIAL RISKS FACTORS (CONTINUED)

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

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. All financial assets measured on a fair value basis have been classified as level 1 or level 2 in the fair value hierarchy.

Fair Value of the Company's assets that are not measured at fair value on a recurring basis (but fair value disclosures are required).

GROUP

	Fair value hierarchy - 2018 & 2017	Valuation approach	Observable input	Carrying amount		Fair Value	
				2018	2017	2018	2017
Loans and receivables:				Rs'000	Rs'000	Rs'000	Rs'000
Mortgage Loans and other loans	Level 2	DCF	Floating market rate	1,520,515	1,656,803	3,100,832	3,378,768
Other financial assets:							
Government and other bonds	Level 2	YTM	Government bond yields	6,514,585	4,785,962	7,030,760	5,165,172
Fixed deposits				2,762,645	3,266,625	2,840,242	3,355,259
Financial assets at amortised cost				10,797,745	9,709,390	12,971,834	11,899,199

COMPANY

	Fair value hierarchy - 2018 & 2017	Valuation approach	Observable input	Carrying amount		Fair Value	
				2018	2017	2018	2017
Loans and receivables:				Rs'000	Rs'000	Rs'000	Rs'000
Mortgage Loans and other loans	Level 2	DCF	Floating market rate	1,506,062	1,637,625	3,100,832	3,378,768
Other financial assets:							
Government and other bonds	Level 2	YTM	Government bond yields	5,646,753	4,785,962	6,094,167	5,165,172
Fixed deposits				320,826	579,662	342,816	584,232
Financial assets at amortised cost				7,473,641	7,003,249	9,537,815	9,128,172

6. PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Property and equipment are stated at cost (except for buildings) less accumulated depreciation and any cumulative impairment loss. Buildings are stated at revalued amounts less accumulated depreciation and any impairment loss.

It is the Group's policy to revalue its buildings at least every five years by independent valuers. Any revaluation surplus is credited to the property revaluation reserve, net of tax. Any revaluation decrease is first charged directly against the property revaluation reserve held in respect of the respective asset, and then to the Statement of profit or loss.

Work in progress is carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other tangible fixed assets, commences when the assets are ready for their intended use.

Depreciation is calculated to write off the cost or revalued amounts of tangible fixed assets over their estimated useful lives on a straight-line basis.

Depreciation is calculated from the month the asset is capitalised.

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: -

Building on leasehold	- 1% - 18%
Improvement to building on leasehold land	- 10%
Furniture and fittings	- 10%
Office equipment	- 10%
Computer equipment	- 8% - 25%
Motor vehicles - owned	- 20%

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset. These are included within Other operating income in the Statement of profit or loss.

Each year, the difference, net of the impact of deferred tax, between the depreciation based on the revalued carrying amount of the asset (the depreciation charged to the Statement of profit or loss) and the depreciation based on the asset's original cost is transferred from the property revaluation reserve to retained earnings.

Impairment of non-financial assets

The carrying amounts of assets are assessed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated, being the higher of the asset's net selling price and its value in use, to determine the extent of the impairment loss, if any, and the carrying amount of the asset is reduced to its recoverable amount. The impairment loss is recognised as an expense immediately, unless the asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Significant accounting estimates and judgements

Revaluation of building on leasehold land and investment properties

The Group measures its building on leasehold land at revalued amounts with changes in fair value being recognised in other comprehensive Income. For investment properties, the changes in fair value is being recognized in profit or loss. The Group engaged an independent professional valuer to determine the fair value. These estimates have been based on recent transaction prices for similar properties. The actual amount of the building on lesehold land and investment properties could therefore differ significantly from the estimates in the future.

The determined fair values of the building on leasehold land and investment properties are most sensitive to the price per square metre. The key assumptions used to determine the fair value of the building and investment properties, are further explained in Note 7.

Useful lives and residual values of property and equipment

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

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) GROUP	Freehold Building	Building on Leasehold Land	Improvement to Building on Leasehold Land	Furniture & Fittings	Office Equipment	Computer Equipment	Motor Vehicles	Total
COST OR VALUATION	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July 2016	10,500	193,424	3,612	50,387	38,591	50,630	24,793	371,937
Additions	-	10,971	-	2,955	824	8,781	-	23,531
Addition: Rented under operating lease	-	-	-	-	-	-	3,227	3,227
Transfer from investment properties (Note 7)	-	54,000	-	-	-	-	-	54,000
Revaluation surplus	686	(3,343)	-	-	-	-	-	(2,657)
Disposals/scrapped	-	(3,052)	-	-	-	(5,329)	-	(8,381)
At 30 June 2017	11,186	252,000	3,612	53,342	39,415	54,082	28,020	441,657
At 1 July 2017	11,186	252,000	3,612	53,342	39,415	54,082	28,020	441,657
Additions	-	17,588	-	243	3,097	7,202	2,111	30,241
Disposals/scrapped	-	-	-	-	-	(9,028)	(2,130)	(11,158)
At 30 June 2018	**11,186**	**269,588**	**3,612**	**53,585**	**42,512**	**52,256**	**28,001**	**460,740**
DEPRECIATION								
At 1 July 2016	105	24,197	1,714	44,838	32,865	27,220	6,225	137,164
Charge for the year								
Life Fund	-	-	-	697	348	1,868	216	3,129
Shareholders' Fund	105	4,509	361	1,452	974	5,424	726	13,551
Rented under operating lease	-	-	-	-	-	-	2,822	2,822
Revaluation surplus	(210)	(25,654)	-	-	-	-	-	(25,864)
Disposals/scrapped	-	(3,052)	-	-	-	(5,329)	-	(8,381)
At 30 June 2017	-	-	2,075	46,987	34,187	29,183	9,989	122,421
At 1 July 2017	-	-	2,075	46,987	34,187	29,183	9,989	122,421
Charge for the year								
Life Fund	-	-	-	510	306	2,511	177	3,504
Shareholders' Fund	112	14,812	361	1,109	799	6,615	511	24,319
Rented under operating lease	-	-	-	-	-	-	2,799	2,799
Disposals/scrapped	-	-	-	-	-	(9,028)	(905)	(9,933)
At 30 June 2018	**112**	**14,812**	**2,436**	**48,606**	**35,292**	**29,281**	**12,571**	**143,110**
CARRYING AMOUNT								
At 30 June 2018	**11,074**	**254,776**	**1,176**	**4,979**	**7,220**	**22,975**	**15,430**	**317,630**
At 30 June 2017	11,186	252,000	1,537	6,355	5,228	24,899	18,031	319,236

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) COMPANY

COST OR VALUATION	Building on Leasehold Land Rs'000	Furniture & Fittings Rs'000	Office Equipment Rs'000	Computer Equipment Rs'000	Motor Vehicles Rs'000	Total Rs'000
At 1 July 2016	193,424	49,818	38,126	44,181	7,003	332,552
Additions	10,971	2,298	808	8,360	-	22,437
Revaluation surplus	(3,343)	-	-	-	-	(3,343)
Disposals/scrapped	(3,052)	-	-	(5,001)	-	(8,053)
At 30 June 2017	198,000	52,116	38,934	47,540	7,003	343,593
At 1 July 2017	198,000	52,116	38,934	47,540	7,003	343,593
Additions	17,588	211	3,085	5,101	2,111	28,096
Transfer from investment properties (Note 7)	54,000	-	-	-	-	54,000
Scrapped	-	-	-	(8,858)	-	(8,858)
At 30 June 2018	**269,588**	**52,327**	**42,019**	**43,783**	**9,114**	**416,831**
DEPRECIATION						
At 1 July 2016	24,197	44,488	32,729	22,579	3,477	127,470
Charge for the year						
Life Fund	-	697	348	1,868	216	3,129
Shareholders' Fund	4,509	1,336	943	4,673	726	12,187
Disposals/scrapped	(3,052)	-	-	(5,001)	-	(8,053)
Revaluation surplus	(25,654)	-	-	-	-	(25,654)
At 30 June 2017	-	46,521	34,020	24,119	4,419	109,079
At 1 July 2017	-	46,521	34,020	24,119	4,419	109,079
Charge for the year						
Life Fund	-	510	306	2,511	177	3,504
Shareholders' Fund	14,812	973	773	5,988	511	23,057
Disposals/scrapped	-	-	-	(8,858)	-	(8,858)
At 30 June 2018	**14,812**	**48,004**	**35,099**	**23,760**	**5,107**	**126,782**
CARRYING AMOUNT						
At 30 June 2018	**254,776**	**4,323**	**6,920**	**20,023**	**4,007**	**290,049**
At 30 June 2017	198,000	5,595	4,914	23,421	2,584	234,514

Out of the depreciation charge of Rs'000 23,057 (2017: Rs'000 12,187) on the Shareholders' Fund for the year, an amount of Rs'000 4,090 (2017: Rs'000 3,425) has been recharged as support cost to SICOM General Insurance Ltd.

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(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 2017: 7.5% - 8.0%) on an ongoing basis. The motor vehicles held have committed lessees up to the next five years. At the end of the reporting date, the Group has contracted with lessees the following future rentals:

	Operating lease Motor Vehicles	
	2018	2017
	Rs'000	Rs'000
Within one year	**4,762**	4,931
In the second to the fifth year	**10,137**	9,242
Over five years	**-**	142
	14,899	14,315

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

(d) The building on leasehold land and freehold building were last revalued in June 2017 by Mr N Jeetun MSc, MRICS, PMAPI, MMIS, Chartered Valuation Surveyors. The surplus on revaluation has been credited to property revaluation reserve and adjusted for deferred taxation. During the year the Directors have made an assessment of the value of this property and have estimated that there were no significant movement in fair value and this assessment was based on transactions that occured in the vicinity of the subject property and on the movements in the property market for office properties as a whole.

Had the building been accounted at historical cost less accumulated depreciation, the carrying amount would have been Rs 95,000,000 (June 2017 - Rs 81,100,000).

Details of the Group's buildings measured at fair value and information about the fair value hierarchy as at 30 June 2018 are as follows:

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
	Level 3	Level 3	**Level 3**	Level 3
Building on leasehold land	**254,776**	252,000	**254,776**	198,000
Freehold building	**11,074**	11,186	**-**	-
	265,850	263,186	**254,776**	198,000

Buildings amounting to Rs 265.8 million (2017: Rs 263.2 million) for the Group and Rs 254.8 million (2017: Rs 198.0 million) for the Company are classified as level 3 in the fair value hierarchy. The movement for the building on leasehold land and Freehold building is given in the Property, plant and equipment note for the Group and Company.

The fair value of the building on leasehold land and freehold building were 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 range of Rs 40,000 per square metre to Rs 70,000 per square metre.

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Description of the valuation technique used and key inputs to the valaution of office properties:

GROUP

	Valuation technique	Significant unobservable inputs	2018 & 2017 Rs'000	Relationship of unobservable inputs to fair value 2018	2017
Office properties	Comparative and investment method	Estimate sales price per square metre	**Rs 40 - Rs 70**	**An increase/ decrease of 5% in the unobservable input would lead to an increase/ decrease in FV of Rs'000 13,431**	An increase/ decrease of 5% in the unobservable input would lead to an increase/ decrease in FV of Rs'000 13,159

COMPANY

	Valuation technique	Significant unobservable inputs	2018 & 2017 Rs'000	Relationship of unobservable inputs to fair value 2018	2017
Office properties	Comparative and investment method	Estimate sales price per square metre	**Rs 40 - Rs 70**	**An increase/ decrease of 5% in the unobservable input would lead to an increase/ decrease in FV of Rs'000 10,066**	An increase/ decrease of 5% in the unobservable input would lead to an increase/ decrease in FV of Rs'000 9,900

7. INVESTMENT PROPERTIES

Accounting policy

Properties held to earn rentals or capital appreciation or both and not occupied by the Group are classified as investment properties. Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment properties at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss. Fair values are determined based on the valuation performed by an accredited external, independent valuer.

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

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

7. INVESTMENT PROPERTIES (CONTINUED)

Significant accounting estimates and judgements

Revaluation of building on leasehold land and investment properties

Refer to note (6)

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.

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**1,349,814**	1,370,364	**1,415,000**	1,381,500
Additions	**4,847**	18,420	**4,847**	18,420
Disposal	**(3,407)**	(24,176)	**(3,407)**	(24,176)
Transfer to property, plant and equipment (note 6)	**-**	(54,000)	**(54,000)**	-
Fair value gain (note 27)	**16,446**	39,206	**17,660**	39,256
At 30 June	**1,367,700**	1,349,814	**1,380,100**	1,415,000

The investment properties have generated rental income of Rs 82,665,147 for the year (2017: Rs 80,383,173). The direct operating expenses incurred during the year amounted to Rs 13,391,876 (2017: Rs 12,040,327).

There is no restriction on realisability of investment properties or the remittance of income and proceeds of sale.

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

	GROUP		COMPANY	
	2018	2017	**2018**	2017
Level 3	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Land	**47,000**	45,000	**47,000**	45,000
Buildings	**1,320,700**	1,304,814	**1,333,100**	1,370,000
	1,367,700	1,349,814	**1,380,100**	1,415,000

7. INVESTMENT PROPERTIES (CONTINUED)

During the current financial year, the Company has fully occupied the ground and first floor of SICOM Tower and consequently this part of the building was treated as owner occupied building and was transferred from investment properties to property, plant and equipment.

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 50,000 per square metre to Rs 66,000 per square metre (2017: Rs 49,000 - Rs 65,000); and price of Rs 86,000 per square metre for land (2017: Rs 82,000).

Description of the valuation technique used and key inputs to the valuation of office properties:

GROUP AND COMPANY

	Valuation technique	Significant unobservable inputs			Relationship of unobservable inputs to fair value	
			2018	2017	2018	2017
			Rs'000	Rs'000		
Office properties	Comparative and investment method	Estimate sales price per square metre	Rs 50 - Rs 66	Rs 49 - Rs 65	An increase/decrease of 5% in the unobservable input would lead to an increase/decrease in FV of Rs'000 66,035	An increase/decrease of 5% in the unobservable input would lead to an increase/decrease in FV of Rs'000 99,463
Land	Comparative and investment method	Estimate sales price per square metre	Rs 86	Rs 82	An increase/decrease of 5% in the unobservable input would lead to an increase/decrease in FV of Rs'000 2,350	An increase/decrease of 5% in the unobservable input would lead to an increase/decrease in FV of Rs'000 2,250

The Group has determined that the highest and best use of the property used for office space is its current use.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
At 30 June 2018

8. INTANGIBLE ASSETS - COMPUTER SOFTWARE

Accounting Policy

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognized.

Computer software

Computer software is initially recorded at cost and amortized using the straight-line method over the estimated useful life of 5 to 19 years.

	GROUP		COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At 1 July	81,012	78,741	45,796	43,736
Additions	6,491	4,817	5,238	4,606
Scrapped	(680)	(2,546)	(680)	(2,546)
At 30 June	86,823	81,012	50,354	45,796
AMORTISATION				
At 1 July	43,587	38,502	19,875	17,703
Charge for the year				
Life Fund	1,774	1,233	1,774	1,233
Shareholders' Fund	7,397	6,398	4,234	3,485
Disposals/scrapped	(680)	(2,546)	(680)	(2,546)
At 30 June	52,078	43,587	25,203	19,875
CARRYING AMOUNT	34,745	37,425	25,151	25,921

Out of the depreciation charge of Rs'000 4,234 (2017: Rs'000 3,485) on the Shareholders' Fund for the year, an amount of Rs'000 1,328 (2017: Rs'000 743) has been recharged as support cost to SICOM General Insurance Ltd.

9. 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% (2017: 7.0% - 7.8%) per annum and have maturity dates varying between 2022 - 2029.

10. INVESTMENTS IN SUBSIDIARIES

Accounting policy

Financial statements of the Company

Investment in subsidiary companies are carried at cost which is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquirer. Acquisition-related costs are generally recognised in profit or loss as incurred. The carrying amount is reduced to recognise any impairment in the value of individual investments. The impairment loss is taken to Statement of profit or loss.

Consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Business combinations are accounted for using the purchase method of accounting.

Significant accounting estimates and judgements

Impairment of investment in subsidiaries

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset.

The recoverable amount of a CGU is determined based on the value in use calculations. These calculations use cash flow projections based on financial budgets approved by management. Cash flows are extrapolated using the estimated growth rates. Management does not expect that the growth rate to exceed the long term average growth rate in which the CGU operates. Management believe that any reasonably possible change in key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit. Management have reviewed the carrying amount of the investment in subsidiaries at the end of the reporting period.

(a) Unquoted investment at cost	COMPANY	
	2018	2017
	Rs'000	Rs'000
Investment	224,003	224,003
Subordinated loan (note (c))	341,625	341,625
At 30 June	565,628	565,628

The management have made their annual assessment for impairment on the Company's investment in subsidiaries and based on their assessment have determined that there were no indication of impairment. The investment in subsidiaries were stated at their carrying amount.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
At 30 June 2018

10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Significant accounting estimates and judgements (continued)

Impairment of investment in subsidiaries (continued)

(b) The financial statements of the following subsidiaries have been included in the consolidated financial statements. The subsidiaries have the same reporting date as the holding company and operate on the local market.

Details of investments:

Name of subsidiaries	Principal activity	Classes of Shares	Country of incorporation & operation	% Holding	% Holding
				2018	2017
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 General Insurance Ltd	General insurance business	Ordinary	Mauritius	100	100

(c) Subordinated loan

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

All the assets and liabilities of the General Insurance Business were transferred to the new company on 1 July 2010. The accumulated reserves were converted into share capital and the remaining as subordinated loan which is unsecured and interest free. The lender subordinates its right to receive any payment prior to settlement in full of all claims of the borrower's policyholders in respect of insurance policies and prior payment or provision for payment in full of claims of all present and future creditors of the borrower.

11. OTHER FINANCIAL ASSETS

Accounting Policy

Financial assets are recognised when an entity becomes a party to the contractual provisions of the instruments.

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

Financial assets are classified into the following specified categories: financial assets at fair-value-through-profit-or-loss ("FVTPL"), loans-and- receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate.

Loans and advances to customers are classified under loan and receivables and are measured at amortised cost, less allowance for credit impairment. Allowance for credit impairment consists of specific and portfolio allowances.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has positive intention and ability to hold until maturity. After initial measurement, Held-to-maturity investments are carried at amortised cost using the effective interest method less any impairment. The EIR amortisation is included in investment income in he statement of profit ot loss. gains and losses are recognised in the statement of profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

Available-for-sale (AFS) investments

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

The fair values of the AFS investment securities are subsequently remeasured based on quoted market prices in active markets or estimated using the dividend growth model, discounted cash flows or net assets value. Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates are recognised in the Statement of profit or loss. Other changes in the carrying amount of AFS investment securities are recognised in Other comprehensive income and accumulated under the heading of Net unrealised investment fair value reserve.

When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the Net unrealised investment fair value reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's and / or the Company's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
At 30 June 2018

11. OTHER FINANCIAL ASSETS (CONTINUED)

Accounting Policy (continued)

Available-for-sale (AFS) investments (continued)

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.

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.

Derecognition of financial assets

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

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

Impairment of financial assets

Financial assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the loss is recorded in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. The impairment assessment is performed at each reporting date.

Available-for-sale investments

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

When an AFS financial asset is considered to be impaired, its carrying amount is reduced by the impairment loss for loans and advances to customers where the carrying amount is reduced through the use of an allowance account.

For AFS financial assets the cumulative gains or losses previously recognised in Other comprehensive income are reclassified to the Statement of profit or loss. In respect of AFS equity investments, any increase in fair value subsequent to an impairment loss is recognised in Other comprehensive income and accumulated under the Net unrealised investment fair value reserve.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

11. OTHER FINANCIAL ASSETS (CONTINUED)

	GROUP		COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Non-current				
Investment in securities				
Loans and receivables	418,359	495,328	389,127	351,176
Held-to-maturity	5,621,305	4,968,889	4,930,330	4,297,289
Available-for-sale	5,197,688	4,639,177	5,593,402	5,100,876
	11,237,352	10,103,394	10,912,859	9,749,341
Current				
Investment in securities				
Loans and receivables	395,169	200,577	248,037	131,509
Held-to-maturity	79,260	11,074	79,260	5,988
	474,429	211,651	327,297	137,497
Total other financial assets	11,711,781	10,315,045	11,240,156	9,886,838

Analysed as follows:

(i) GROUP

(a) Investment in Securities	Loans and receivables	Held-to-Maturity	Available-for-sale	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July 2017	695,905	4,979,963	4,639,177	10,315,045
Additions	567,650	716,998	874,440	2,159,088
Disposals	(449,441)	(9,879)	(562,150)	(1,021,470)
Interest/gain receivable adjustment	(586)	13,483	-	12,897
Increase in fair value:				
- Life Fund	-	-	196,067	196,067
- Shareholders' Fund	-	-	50,154	50,154
At 30 June 2018	813,528	5,700,565	5,197,688	11,711,781
At 1 July 2016 (As restated)	513,526	4,552,772	4,325,703	9,392,001
Additions	270,578	708,598	381,483	1,360,659
Disposals	(89,874)	(291,786)	(540,079)	(921,739)
Interest/gain receivable adjustment	1,675	10,379	-	12,054
Increase in fair value:				
- Life Fund	-	-	376,630	376,630
- Shareholders' fund	-	-	95,440	95,440
At 30 June 2017	695,905	4,979,963	4,639,177	10,315,045

11. OTHER FINANCIAL ASSETS (CONTINUED)

(ii) COMPANY

(a) Investment in securities	Loans and receivables	Held-to-maturity	Available-for-sale	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July 2017	482,685	4,303,277	5,100,876	9,886,838
Additions	516,209	697,834	320,327	1,534,370
Disposals/maturities	(364,600)	(6,000)	(84,599)	(455,199)
Interest/gain receivable adjustment	2,870	14,479	-	17,349
Increase in fair value:				-
- Life Fund	-	-	203,035	203,035
- Shareholders' fund	-	-	53,763	53,763
At 30 June 2018	637,164	5,009,590	5,593,402	11,240,156
At 1 July 2016	377,106	3,900,426	4,509,081	8,786,613
Additions	194,358	491,223	168,359	853,940
Disposals/maturities	(89,874)	(94,067)	(15,670)	(199,611)
Interest/gain receivable adjustment	1,095	5,695	-	6,790
Increase in fair value:				
- Life Fund	-	-	362,959	362,959
- Shareholders' fund	-	-	76,147	76,147
At 30 June 2017	482,685	4,303,277	5,100,876	9,886,838

GROUP AND COMPANY

Loans and receivables comprise of Treasury Notes & Bills with interest rates ranging from 2.55% - 4.25% (2017: 2.46% - 4.25%) per annum for the Group and Company.

Held-to-maturity investments comprise of Mauritius Government Securities, Government of Mauritius Bonds and Corporate Bonds with interest rates ranging from 2.9% - 11.75% for the Group and the Company (2017: 3.12% - 11.75% for the Group and the Company) per annum.

Available-for-sale securities for Company comprise of listed and quoted equity securities of Rs 1,543,940,000 (2017: Rs 1,489,627,000), listed debt securities of Rs 237,055,000 (2017: 64,382,000) and unquoted investment funds securities of Rs 3,812,407,000 (2017: Rs 3,546,867,000). Available-for-sale securities for Group comprise of listed and quoted securities of Rs 4,452,153,000 (2017: Rs 4,054,656,000), listed debt securities of Rs 262,307,000 (2017: Rs 90,126,000) and unquoted investment funds securities Rs 483,228,000 (2017: Rs 494,395,000).

The fair value of quoted securities is based on the Stock Exchange and brokers' statement prices at close of business at reporting date. Unquoted investment funds securities are fair valued using the NAV per share at close of business at the reporting date. Unquoted available-for-sale securities, for which reliable fair values cannot be obtained, have been stated at cost and it is of the opinion that these investments have not been impaired.

12. ASSETS HELD FOR SALE

Foreclosed properties

	GROUP & COMPANY	
	2018	Restated 2017
	Rs'000	Rs'000
At 1 July	14,675	14,675
Additions	1,900	-
Disposals	(2,948)	-
At 30 June	13,627	14,675

Foreclosed properties are stated at the lower of their carrying amount and fair value less cost to sell. The foreclosed properties represent seized assets acquired through auction at the Master's Bar as a result of default by clients. The Company has firm commitment to sell those assets once the required conditions relating to the sale have been completed. Refer to note 37(b).

13. FIXED DEPOSITS

Accounting policy

Fixed deposits are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Fixed deposits are classified as loans and receivables and are measured at amortised cost using the effective interest rate. Interest income is recognised by applying the effective interest rate.

Refer to note 11 for accounting policies on impairment of financial assets carried at amortised cost.

	GROUP		COMPANY	
	2018	2017 (Restated)	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Fixed deposits maturing				
- in the first year	1,373,575	1,385,825	149,919	217,900
- in the second year	265,717	540,846	-	149,000
- in the third year	312,703	265,717	63,358	-
- in the fourth year	533,000	312,703	22,000	63,358
- in the fifth year	12,955	533,000	-	22,000
- after five years	-	12,955	-	-
	2,497,950	3,051,046	235,277	452,258
Interest due on balances with maturity < 1 year	114,863	91,785	43,199	56,642
Interest due on balances with maturity > 1 year	149,746	185,787	42,350	70,762
	2,762,559	3,328,618	320,826	579,662
Fixed deposits with maturity < 1 year	1,488,438	1,477,610	193,118	274,542
Fixed deposits with maturity > 1 year	1,274,121	1,851,008	127,708	305,120
	2,762,559	3,328,618	320,826	579,662

The deposits earn interest at rates varying between 3.30% - 10.50% (2017: 4.00% - 10.50%) for the Group and Company per annum. The balance due within 1 year include fixed deposits and overseas call deposits with banks with interest rates ranging from 0.00% to 8.25% (2017: 0.00% - 8.00%) per annum.

14. LOANS AND ADVANCES

Accounting policy

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and advances are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate. Allowance for credit impairment consists of specific and portfolio allowances.

Allowance for credit impairment

Specific allowances are made on impaired advances and are calculated as the shortfall between the carrying amounts of the advances and their recoverable amounts. The recoverable amount is the present value of expected future cash flows discounted at the original effective interest rate of the advance.

A portfolio allowance for credit losses is maintained in accordance with the guidelines of the Bank of Mauritius as concern SICOM Financial Services Ltd. These guidelines require that SICOM Financial Services Ltd maintains a provision for credit impairment on all unimpaired loans and advances of not less than 1%. In addition, the Bank of Mauritius also imposes additional macro-prudential provisioning up to 1% on exposures to certain specific sectors of the economy.

For the other subsidiaries within the group, portfolio allowance is calculated as per IAS 39. The changes in portfolio allowance are charged or credited to the Statement of profit or loss at the end of each period. When an advance is uncollectible, it is written off against the specific allowance. Subsequent recoveries of amounts previously written off are credited to the Net impairment loss on financial assets in the Statement of profit or loss.

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original effective interest rate (EIR) as calculated before the modification of terms and the loan is no longer considered past due.

Management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original EIR.

Significant accounting estimates

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

The Group's subsidiary, SICOM Financial Services Ltd (SFSL), allowance for portfolio impairment is determined based on the guidelines imposed by the Bank of Mauritius. Such guidelines require the subsidiary regulated by the Bank of Mauritius within the Group to make portfolio provision of not less than 1% on unimpaired loans and advances which is generally higher than the historical loss rate of the loan portfolio of the Group. However, the Directors have estimated that the resulting impairment charge to the Statement of profit or loss is not materially different from what would have resulted had SFSL regulated by Bank of Mauritius determined its portfolio provisioning based on the incurred loss model under IAS 39.

a. Finance lease receivables

Accounting policy

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

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.

14. LOANS AND ADVANCES (CONTINUED)

a. Finance lease receivables (continued)

	GROUP	
	2018	2017
Net investment in finance leases	Rs'000	Rs'000
Analysed as:-		
- Non-current finance lease receivables	331,360	308,176
- Current finance lease receivables	120,525	124,543
	451,885	432,719

(i) Gross and net investment in finance leases

	GROUP	
	2018	2017
	Rs'000	Rs'000
- within one year	158,519	159,396
- in the second to fifth years inclusive	349,498	335,000
- more than five years	30,287	25,383
	538,304	519,779
Unearned finance income	(77,463)	(79,691)
	460,841	440,088
Provision for credit losses	(8,956)	(7,369)
	451,885	432,719

(ii) Movement during the year

	GROUP	
	2018	2017
	Rs'000	Rs'000
At 1 July	440,088	426,118
Leases granted during the year	179,172	163,304
Capital repayment during the year	(158,419)	(149,334)
	460,841	440,088
Provision for credit losses	(8,956)	(7,369)
At 30 June	451,885	432,719

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.

(iii) Remaining term to maturity

	GROUP	
	2018	2017
	Rs'000	Rs'000
Within 3 months	43,550	39,810
Over 3 to 12 months	85,156	87,217
Over 1 to 5 years	303,326	289,750
More than 5 years	28,809	23,311
	460,841	440,088
Provision for credit losses	(8,956)	(7,369)
At 30 June	451,885	432,719

14. LOANS AND ADVANCES (CONTINUED)

a. Finance lease receivables (continued)

(iv) Credit concentration of risk by industry sectors

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

	GROUP	
	2018	2017
	Rs'000	Rs'000
Agriculture and Fishing	-	17
Manufacturing	2,580	4,351
Transport	36,246	34,125
Construction	13,159	11,856
Personal	338,466	319,287
Financial and business services	8,271	7,104
Global Business Licence Holders	8,371	3,650
Education	1,504	2,218
Tourism	1,170	1,376
Information, Communication and Technology	4,615	4,253
Others	37,503	44,482
	451,885	432,719

(v) Provision for credit losses

	GROUP	
	2018	2017
	Rs'000	Rs'000
At 1 July	7,369	5,022
Movement during the year	1,587	2,347
At 30 June	8,956	7,369
Analysed as follows:		
Portfolio provisioning	4,494	4,352
Specific provisioning	4,462	3,017

The specific provision is made in respect of non-performing leases. The portfolio provisioning has been assessed on the portfolio of unimpaired balances.

(vi) 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 7.71% (2017: 7.77%) per annum with interest ranging from 6.50% to 12.5% (2017: 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.11,499,438 (2017: Rs.10,877,154).

14. LOANS AND ADVANCES (CONTINUED)

b. Mortgage and other loans	GROUP		COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Housing, Commercial & Multipurpose	1,287,909	1,361,339	1,287,909	1,361,339
Provision for impairment losses	(2,941)	(5,075)	(2,941)	(5,075)
	1,284,968	1,356,264	1,284,968	1,356,264
Organisations	4,310	82,747	4,310	72,747
Others	204,020	186,865	190,106	177,687
	1,493,298	1,625,876	1,479,384	1,606,698
Interest accrued	27,218	30,927	27,218	30,927
	1,520,516	1,656,803	1,506,602	1,637,625
Analysed as:-				
Non-current	1,427,323	1,489,755	1,416,794	1,484,332
Current	93,193	167,048	89,808	153,293
	1,520,516	1,656,803	1,506,602	1,637,625

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

	GROUP AND COMPANY	
	2018	2017
	Rs'000	Rs'000
At 1 July	8,685	8,124
Movement during the year	(3,560)	561
At 30 June	5,125	8,685
Analysed as:-		
Capital	2,941	5,075
Interest	2,184	3,610
	5,125	8,685

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.

GROUP

	Neither past due nor impaired	1m -3m	Past due but not impaired 3m - 1yr	>1Yr	Impaired	Carrying amount at year end
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
30 June 2018						
Housing, Commercial & Multipurpose	1,287,629	4,423	5,766	16,072	(5,125)	1,308,765
Organisations	4,310	-	-	-		4,310
Others	185,620	15,038	2,636	4,147	-	207,441
	1,477,559	19,461	8,402	20,219	(5,125)	1,520,516
30 June 2017						
Housing, Commercial & Multipurpose	1,365,659	4,216	6,429	15,834	(8,685)	1,383,453
Organisations	82,747	-	-	-	-	82,747
Others	172,085	10,133	3,348	5,037	-	190,603
	1,620,491	14,349	9,777	20,871	(8,685)	1,656,803

14. LOANS AND ADVANCES (CONTINUED)

b. Mortgage and other loans (continued)

COMPANY

	Neither past due nor impaired	1m -3m	Past due but not impaired 3m - 1yr	>1Yr	Impaired	Carrying amount at year end
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
30 June 2018						
Housing, Commercial & Multipurpose	1,287,629	4,423	5,766	16,072	(5,125)	1,308,765
Organisations	4,310	-	-	-	-	4,310
Others	171,706	15,038	2,636	4,147	-	193,527
	1,463,645	19,461	8,402	20,219	(5,125)	1,506,602
30 June 2017						
Housing, Commercial & Multipurpose	1,365,659	4,216	6,429	15,834	(8,685)	1,383,453
Organisations	72,746	-	-	-	-	72,746
Others	162,908	10,133	3,348	5,037	-	181,426
	1,601,313	14,349	9,777	20,871	(8,685)	1,637,625

The loans are secured and bear interest at rates varying between 2%-14% (2017: 2% - 14%) per annum and have repayment terms varying between one year to thirty years.

The above loans also include unsecured loans of Rs Nil for the Group (2017: Rs 77,000,000) and Rs Nil for the Company (2017: Rs 67,000,000) which bear interest rates of 10% per annum.

The fair value of the collateral of loans that are past due but not impaired estimated to Rs 557,814,000 (2017: Rs 313,109,000) are considered greater than the carrying value of the loans.

Undrawn commitments in respect of mortgage loans for the year under review amounts to Rs'000 59,000 (2017: Rs'000 62,000).

15. DEFERRED TAXATION

Accounting Policy

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

15. DEFERRED TAXATION (CONTINUED)

Accounting Policy (continued)

- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

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

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred tax relating to items recognised outside profit or loss are recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred income taxes are calculated on all temporary differences under the liability method.

(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		COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Deferred tax assets	**14,628**	8,000	**-**	-
Deferred tax liabilities	**(29,920)**	(36,866)	**(29,920)**	(36,866)
Net deferred tax liabilities	**(15,292)**	(28,866)	**(29,920)**	(36,866)

At the end of the reporting period, the Group had unused tax losses of Rs 3,852,285 (2017: Rs 4,269,391) 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 (2017: nil). The tax losses expire on a rolling basis over 5 years.

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

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**(28,866)**	(21,154)	**(36,866)**	(26,457)
Charged to profit or loss (note 20(b)(i))	**(12,325)**	(13,811)	**(14,738)**	(14,450)
Credited/(charged) to other comprehensive income	**25,899**	6,099	**21,684**	4,041
At 30 June	**(15,292)**	(28,866)	**(29,920)**	(36,866)

15. DEFERRED TAXATION (CONTINUED)

(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 2017			
Credited to profit or loss	1,144	46,628	47,772
Credited to other comprehensive income	595	7,997	8,592
	-	26,773	26,773
	1,739	81,398	83,137
Offset by deferred tax liabilities within same jurisdiction			(68,509)
At 30 June 2018			**14,628**
At 1 July 2016	766	35,506	36,272
Credited to profit or loss	378	1,676	2,054
Credited to other comprehensive income	-	9,446	9,446
	1,144	46,628	47,772
Offset by deferred tax liabilities within same jurisdiction			(39,772)
At 30 June 2017			8,000

(ii) Deferred tax liabilities	Accelerated tax depreciation	Revaluation of buildings	Investment properties	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July 2017				
Charged to profit or loss	10,402	6,557	59,679	76,638
Charged to other comprehensive income	(118)	-	21,035	20,917
	-	874	-	874
	10,284	7,431	80,714	98,429
Offset by deferred tax liabilities within same jurisdiction				(68,509)
At 30 June 2018				**29,920**
At 1 July 2016	9,410	3,210	44,806	57,426
Charged to profit or loss	994	-	14,871	15,865
Charged to other comprehensive income	-	3,347	-	3,347
	10,404	6,557	59,677	76,638
Offset by deferred tax liabilities within same jurisdiction				(39,772)
At 30 June 2017				36,866

COMPANY

	2018	2017
	Rs'000	Rs'000
Deferred tax assets	**65,988**	37,319
Deferred tax liabilities	**(95,908)**	(74,185)
	(29,920)	(36,866)
Net deferred tax liabilities		

15. DEFERRED TAXATION (CONTINUED)

COMPANY

(i) Deferred tax assets

	Retirement benefit obligations
	Rs'000
At 1 July 2017	37,319
Credited to profit or loss	6,111
Credited to other comprehensive income	22,558
At 30 June 2018	**65,988**
At 1 July 2016	28,561
Credited to profit or loss	1,370
Credited to other comprehensive income	7,388
At 30 June 2017	37,319

(ii) Deferred tax liabilities

	Accelerated tax depreciation	Revaluation of buildings	Investment properties	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July 2017	7,949	6,557	59,679	74,185
Charged to profit or loss	(186)	-	21,035	20,849
Charged to other comprehensive income	-	874	-	874
At 30 June 2018	**7,763**	**7,431**	**80,714**	**95,908**
At 1 July 2016	7,000	3,210	44,808	55,018
Charged to profit or loss	949	-	14,871	15,820
Charged to other comprehensive income	-	3,347	-	3,347
At 30 June 2017	7,949	6,557	59,679	74,185

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At 30 June 2018

16. INSURANCE AND OTHER RECEIVABLES

Accounting Policy

Other assets and other receivables are those that have fixed or determinable payments and that are not quoted in an active market and classified as loans and receivables. They are measured at amortised cost, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

	GROUP		COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Premium	185,130	195,392	-	-
Provision for impairment losses	(849)	(255)	-	-
	184,281	195,137	-	-
Other premium	4,828	3,985	4,899	4,033
Amounts due from reinsurers	138,066	158,964	129,815	137,419
Other receivables and prepayments	236,569	185,615	318,118	285,178
	563,744	543,701	452,832	426,630

As of 30 June 2018, premiums of Rs 849,000 (2017: Rs 255,000) were impaired for the Group. The individually impaired receivables mainly relate to policyholders who are in unexpectedly difficult economic situations.

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

	GROUP	
	2018	2017
	Rs'000	Rs'000
Balance at beginning	255	316
Charge for the year	919	-
Write off	(325)	-
Movement during the year	-	(61)
Balance at end	849	255

Analysis of the age of premiums receivables is as follows:

	GROUP	
	2018	2017
	Rs'000	Rs'000
Current	120,368	137,203
Up to 2 months	43,938	36,379
>2 months < 3 months	4,462	4,545
> 3 months < 6 months	9,464	15,151
> 6 months < 1 year	5,993	728
> 1 year	56	1,131
	184,281	195,137

16. INSURANCE AND OTHER RECEIVABLES (CONTINUED)

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 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 6,723,000 (2017: 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 insurance and other receivables approximate their fair values.

	GROUP		COMPANY	
	2018	2017	**2018**	2017
Other premium	**Rs'000**	Rs'000	**Rs'000**	Rs'000
<1 year	**4,712**	3,805	**4,783**	3,853
>1 year	**116**	180	**116**	180
	4,828	3,985	**4,899**	4,033

17. INSURANCE LIABILITIES AND REINSURANCE ASSETS

Accounting Policy

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

Reinsurance contracts for the Group's short term insurance business

Reinsurance contracts entered into by the Group for its short term insurance businesss 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 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 accounts receivable 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 profit or loss and are not subject to amortisation.

Reinsurance assets are reviewed for impairment. A reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that the 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 profit or loss.

Claims expenses and outstanding claims provisions

Claims expenses are charged to profit or loss as incurred based on the estimated liability for compensation owed to policy holders or third parties. Outstanding claims provision represents the estimated ultimate cost of settling all claims admitted or intimated but not yet settled at the end of the reporting period, and provisions for claims incurred but not reported (IBNR). The outstanding claims includes related expenses. The 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. Outstanding claims provisions are not discounted and include an allowance for expected future recoveries. Recoveries include non-insurance assets that have been acquired by exercising rights to sell, salvage or subrogate under the terms of the insurance contracts.

Incurred but not reported claims (IBNR)

IBNR calculation is calculated on an actuarial method which consists of the projection of incurred but not reported claims based on the claims reporting delay pattern for the Company over the last ten years.

Provision for unearned premiums

The provision for unearned premiums represents the portion of premiums written on insurance contracts relating to periods of insurance risks subsequent to the reporting date. It is calculated on the inception basis of the 365th method .The movement on the provision is taken to profit or loss in order for revenue to be recognised over the period of the risk. The provision is derecognized when the contract expires, is discharged or cancelled.

17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (CONTINUED)

Accounting Policy (continued)

Significant accounting estimates and judgements

Valuation of insurance contract liabilities

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

These estimates are described below:

The estimation of ultimate liability arising from the claims made under insurance contracts is one of the Company's most critical accounting estimates. There are sources of uncertainty that need to be considered in the estimate of the liability that the Company will eventually pay for such claims. Estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred, but not yet reported, at the reporting date (IBNR). It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims form the significant part of the liability in the statement of financial position.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain–Ladder and Cape Cod. For each class of business, the decision to use a chain ladder and Cape Cod approach was made based on the observed claims development to date. A rule of thumb was applied: for loss years where observed claims development was less than 75% the cape cod method was used on the basis that the observed claims are not felt to be credible enough on their own to form the basis of an estimate; for loss years where observed claims development was more than 75% the chain ladder method was used.

Liabilities for unpaid reported claims are estimated using the input of assessments for individual cases reported to the Company and management estimates based on past claims settlement trends for the claims incurred but not reported. General insurance loss reserves require significant judgment relating to factors and assumptions such as inflation, claims development patterns and regulatory changes.

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

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

Recoverable amount on insurance and other receivables

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

Reinsurance

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
At 30 June 2018

17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (CONTINUED)

(a) Short term insurance

Insurance contract liabilities	GROUP	
	2018	2017
	Rs'000	Rs'000
Gross		
Claims reported	353,630	262,302
Claims incurred but not reported (IBNR)	40,729	27,616
Outstanding claims	394,359	289,918
Unearned premiums	382,313	371,682
Total gross insurance liabilities	776,672	661,600

Reinsurance assets	GROUP	
	2018	2017
	Rs'000	Rs'000
Claims reported	337,665	215,694
Unearned premiums	199,974	206,946
Total reinsurers' share of insurance liabilities	537,639	422,640
Net		
Claims reported	15,965	46,608
Claims incurred but not reported (IBNR)	40,729	27,616
	56,694	74,224
Unearned premiums	182,339	164,736
Total net insurance liabilities	239,033	238,960

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

	2018			2017		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July						
Notified claims	289,918	(215,694)	74,224	390,542	(306,100)	84,442
Increase/(decrease) in liabilities	421,801	(205,086)	216,715	184,546	35,025	219,571
Cash paid for claims settled in the year (note 26)	(358,089)	83,115	(274,974)	(312,786)	55,381	(257,405)
	353,630	(337,665)	15,965	262,302	(215,694)	46,608
Claims incurred but not reported (IBNR)	40,729	-	40,729	27,616	-	27,616
At 30 June	394,359	(337,665)	56,694	289,918	(215,694)	74,224
Movement in claims outstanding and IBNR	104,441	(121,971)	(17,530)	(100,624)	90,406	(10,218)

17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (CONTINUED)

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

	2018			2017		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July	371,682	(206,946)	164,736	373,535	(211,410)	162,125
(Decrease)/increase during the year	10,631	6,972	17,603	(1,853)	4,464	2,611
At 30 June	382,313	(199,974)	182,339	371,682	(206,946)	164,736

18. BORROWINGS

Accounting Policy

Initial recognition and measurement

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

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

The Group's financial liabilities include borrowings, trade and other payables, deposits and bank overdrafts.

Subsequent measurement

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Subsequent measurement

Loans and borrowings

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in profit or loss.

Derecognition of financial liabilities

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
At 30 June 2018

18. BORROWINGS (CONTINUED)

	GROUP		COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
4.00% - 9.00% (2017: 4.65% - 9.00%) unsecured loan				
Repayable by instalments				
- within one year	23,790	23,166	23,790	23,166
- in the second year	20,414	19,540	20,414	19,540
- in the third year	9,535	16,164	9,535	16,164
- in the fourth year	5,211	5,285	5,211	5,285
- in the fifth year	4,251	962	4,251	962
Total	63,201	65,117	63,201	65,117
9.00% (2017: 9.00%) unsecured loan (Subsidiary)				
Repayable by instalments				
- within one year	-	-	53,473	48,887
- in the second year	-	-	58,489	53,473
- in the third year	-	-	63,976	58,489
- in the fourth year	-	-	69,977	63,976
- in the fifth year	-	-	-	69,978
- after five years	-	-	-	-
Total	-	-	245,915	294,803
Analysed as follows:				
Current	23,790	23,166	77,263	72,053
Non-current	39,411	41,951	231,853	287,867
	63,201	65,117	309,116	359,920

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

19. TRADE AND OTHER PAYABLES

Accounting Policy

Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a present legal or constructive obligation, which has arisen as a result of past events and for which a reliable estimate can be made. A liability is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

	GROUP		COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Amount due to reinsurers	236,411	263,027	147,356	131,627
Other payables and accruals	272,097	252,952	189,150	185,067
	508,508	515,979	336,506	316,694

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

20. TAXATION

Accounting Policy

Income 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.

Corporate social responsibility (CSR)

Corporate social responsibility (CSR) was legislated by the government of Mauritius in July 2009. In terms of the legislation, the Group is required for all its companies domiciled in Mauritius to allocate 2% of its chargeable income of the preceding financial year to government approved CSR NGOs. As from July 2017, following amendments to the Finance Act 2017, the Group will now be required as from 01 January 2017 to 31 December 2018 to remit to the Director General at least 50% of the CSR contribution. After 01 January 2019, the Group will be required to remit to the Director General at least 75% of the CSR contribution. This is recorded as part of income tax expense.

The applicable income tax rate in Mauritius is 15% (2017 :15%). An additional charge of 2% is applicable in respect of Corporate Social Responsibility

Income Tax

Income tax is calculated at the rate of 17% (2017 - 15%) on the profit for the year as adjusted for income tax purposes.

(a) Statements of financial position

	GROUP		COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
- Shareholders' Fund	22,036	6,805	19,560	5,987
- Life Fund	6,885	(144)	6,885	(144)
- Insured Pension Fund	(2,348)	943	(2,348)	943
- Personal Pension Plan	(1,812)	456	(1,812)	456
- Medisave	4	(3)	4	(3)
	24,765	8,057	22,289	7,239

20. TAXATION (CONTINUED)

Income Tax (continued)

(a) Statements of financial position (continued)

	GROUP		COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Analysed as follows:				
Current tax assets	(74)	(648)	-	-
Current tax liabilities	24,839	8,705	22,289	7,239
	24,765	8,057	22,289	7,239

(b) Statements of profit or loss

	GROUP		COMPANY	
	2018	2017	2018	2017
(i) Shareholders' Fund	Rs'000	Rs'000	Rs'000	Rs'000
- Current tax expense	57,445	46,146	44,192	31,655
- Under/(over) provision in respect of previous year	(359)	1,123	104	955
	57,086	47,269	44,296	32,610
- Deferred tax charge (note 15(b))	12,325	13,811	14,738	14,450
	69,411	61,080	59,034	47,060
(ii) Life Fund				
- Current tax expense	17,575	17,388	17,575	17,388
- Under/(over) provision in respect of previous year	1	1	1	1
	17,576	17,389	17,576	17,389

	GROUP		COMPANY	
(iii) Insured Pension Fund	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
- Current tax expense/(credit)	(2,093)	171	(2,093)	171
- Under/(over) provision in respect of previous year	-	-	-	-
	(2,093)	171	(2,093)	171
(iv) Personal Pension Plan				
- Current tax credit	(1,839)	(3,225)	(1,839)	(3,225)
- Over provision in respect of previous year	-	-	-	-
	(1,839)	(3,225)	(1,839)	(3,225)
(v) Medisave				
- Current tax (credit)/expense	2	(2)	2	(2)
Total Long Term Insurance Funds (Note 31)	13,646	14,333	13,646	14,333

20. TAXATION (CONTINUED)

(b) Statements of profit or loss (continued)

	GROUP		COMPANY	
	2018	2017	2018	2017
Tax payable	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July	8,057	12,523	7,239	6,709
Tax charge for the year	70,732	54,458	57,942	41,095
Tax paid during the year	(53,950)	(58,924)	(42,892)	(40,565)
At 30 June	24,839	8,057	22,289	7,239

(c) Tax Reconciliation

	GROUP		COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Profit before taxation	537,246	518,389	495,699	464,039
Applicable Tax Rate(%)	17.00	17.00	17.00	17.00
Tax effect of:				
- Exempt income and other relief	(8.76)	(7.74)	(7.75)	(6.92)
- Expenses not deductible for tax purposes	0.52	0.75	0.16	0.44
- Expenses entitled to 200% deduction	(0.03)	(0.03)	(0.03)	(0.04)
- Assets not eligible for capital allowances	0.41	0.04	0.45	0.04
- Under/(over) provision in previous year	(0.07)	0.22	0.02	0.21
- Under provision in deferred tax	0.71	-	0.98	-
- Life Fund's tax liability	3.27	2.87	3.55	3.16
- Insured Pension Fund	(0.39)	0.06	(0.42)	0.04
- Personal Pension Plan	(0.34)	(0.52)	(0.37)	(0.70)
- Underprovision CSR	1.25	-	1.08	-
- Foreign tax credit	(2.06)	(2.07)	-	-
- Exchange difference	4.05	3.95	-	-
- Utilisation of previously unrecognised Tax losses	(0.10)	0.02	-	-
Effective Tax Rate	15.46	14.55	14.67	13.23

21. DEPOSITS

Accounting Policy

Deposits from customers are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities are derecognised when the Group's obligations are discharged, cancelled or they expire.

	GROUP		
	2018	2017 Restated	2016 Restated
	Rs'000	Rs'000	Rs'000
Time deposits with remaining terms to maturity:			
- Within one year	524,419	830,165	1,137,660
- In the second to fifth years inclusive	1,644,418	1,633,420	1,737,286
	2,168,837	2,463,585	2,874,946

The deposits bear interest ranging from 1.50% to 6.50% (2017: 2.00% to 6.50% and 2016: 2.00% to 8.00%) per annum.

22. STATED CAPITAL

Accounting Policy

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.

	GROUP AND COMPANY	
	2018	2017
	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 '000	Share capital Rs'000	Share premium Rs'000
At 30 June 2018	250	25,000	45,000

The share capital comprises of: - 250,000 ordinary shares of Rs 100 each	Number of shares '000	Share capital Rs'000	Share premium Rs'000
At 30 June 2017	250	25,000	45,000

The total authorised number of ordinary share is 300,000 (2017: 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.

23. RESERVES

	GROUP		COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Retained earnings	5,395,605	5,087,507	4,577,619	4,297,321
Properties revaluation reserve	142,381	143,255	141,484	142,358
Investments revaluation reserve	263,929	238,640	379,006	332,575
Actuarial losses	(330,169)	(205,178)	(269,954)	(165,612)
Translation reserve	55,366	50,851	-	-
Other reserve	49,936	46,777	-	-
	5,577,048	5,361,852	4,828,155	4,606,642

(a) Retained earnings

	GROUP		COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July (as previously stated)	5,087,507	4,778,246	4,297,321	4,014,410
Adjustment	-	(6,066)	-	3,745
At 1 July (as restated)	5,087,507	4,772,180	4,297,321	4,018,155
Profit attributable to equity holders of the parent	467,624	457,049	436,665	416,979
Payments of dividends	(156,367)	(137,813)	(156,367)	(137,813)
Transfer to other reserve	(3,159)	(3,909)	-	-
At 30 June	5,395,605	5,087,507	4,577,619	4,297,321

23. RESERVES (CONTINUED)

(b) Properties revaluation reserve

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**143,255**	123,394	**142,358**	123,394
Gain on revaluation of buildings, net of tax	**(874)**	19,861	**(874)**	18,964
At 30 June	**142,381**	143,255	**141,484**	142,358

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

(c) Investments revaluation reserve

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July (as previously stated)	**238,940**	172,524	**332,875**	260,951
Adjustment	**(300)**	(3,745)	**(300)**	(3,745)
At 1 July (as restated)	**238,640**	168,779	**332,575**	257,206
Net gains arising on revaluation of available-for-sale financial assets	**50,154**	95,440	**53,763**	76,147
Transfer on disposal of available-for-sale financial assets	**(24,865)**	(25,279)	**(7,332)**	(478)
At 30 June	**263,929**	238,940	**379,006**	332,875

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

(d) Actuarial losses

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**(205,178)**	(151,645)	**(165,612)**	(123,742)
Other comprehensive income, net of tax	**(124,994)**	(53,533)	**(104,342)**	(41,870)
At 30 June	**(330,172)**	(205,178)	**(269,954)**	(165,612)

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

(e) Translation reserve

	GROUP	
	2018	2017
	Rs'000	Rs'000
At 1 July	**50,851**	76,327
Movement during the year	**4,515**	(25,476)
At 30 June	**55,366**	50,851

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.

23. RESERVES (CONTINUED)

(g) Income tax effects relating to other comprehensive income

SHAREHOLDERS' FUND

	GROUP					
	2018			2017		
	Before tax amount	**Tax (expense) benefit (Note 15)**	**Net of tax amount**	Before tax amount	Tax (expense) benefit (Note 15)	Net of tax amount
	Rs'000	**Rs'000**	**Rs'000**	Rs'000	Rs'000	Rs'000
Exchange differences on translation of foreign operations	**4,515**	**-**	**4,515**	(25,476)	-	(25,476)
AFS financial assets	**25,289**	**-**	**25,289**	70,161	-	70,161
Remeasurement gains on defined benefit plan	**(151,691)**	**26,648**	**(125,043)**	(62,968)	9,446	(53,522)
Property revaluation	**-**	**(874)**	**(874)**	23,208	(3,347)	19,861
	(121,887)	**25,774**	**(96,113)**	4,925	6,099	11,024

LIFE FUND

	GROUP					
	2018			2017		
	Before tax amount	**Tax (expense) benefit (Note 15)**	**Net of tax amount**	Before tax amount	Tax (expense) benefit (Note 15)	Net of tax amount
	Rs'000	**Rs'000**	**Rs'000**	Rs'000	Rs'000	Rs'000
Exchange differences on translation of foreign operations	**(1,265)**	**-**	**(1,265)**	(15,876)	-	(15,876)
AFS financial assets	**158,962**	**-**	**158,962**	319,887	-	319,887
	157,697	**-**	**157,697**	304,011	-	304,011

SHAREHOLDERS' FUND

	COMPANY					
	2018			2017		
	Before tax amount	**Tax (expense) benefit (Note 15)**	**Net of tax amount**	Before tax amount	Tax (expense) benefit (Note 15)	Net of tax Amount
	Rs'000	**Rs'000**	**Rs'000**	Rs'000	Rs'000	Rs'000
AFS financial assets	**46,431**	**-**	**46,431**	75,669	-	75,669
Remeasurement gains on defined benefit plan	**(126,900)**	**22,558**	**(104,342)**	(49,258)	7,388	(41,870)
Property revaluation	**-**	**(874)**	**(874)**	22,311	(3,347)	18,964
	(80,469)	**21,684**	**(58,785)**	48,722	4,041	52,763

LIFE FUND

	COMPANY					
	2018			2017		
	Before tax amount	**Tax (expense) benefit (Note 15)**	**Net of tax amount**	Before tax amount	Tax (expense) benefit (Note 15)	Net of tax amount
	Rs'000	**Rs'000**	**Rs'000**	Rs'000	Rs'000	Rs'000
AFS financial assets	**184,229**	**-**	**184,229**	358,105	-	358,105
	184,229	**-**	**184,229**	358,105	-	358,105

24. RETIREMENT BENEFIT OBLIGATIONS

Accounting Policy

(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.

Significant accounting estimates and judgements

Valuation of employee benefit obligations

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 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.

24. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

(a) Defined Benefit Plan	GROUP		COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Amount recognised in the statements of financial position as non-current liabilities:				
- Pension benefits (note 24(b)(ii))	477,974	310,850	388,166	248,788
Amount charged to profit or loss:				
- Pension benefits (note 29(a))	39,676	36,646	30,033	27,896
Amount charged to other comprehensive income:				
- Pension benefits (note 24(b)(vii))	151,691	62,968	126,900	49,258

(b) Pension benefits

(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 2018 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	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Present value of funded obligations	1,014,796	835,107	771,767	632,938
Fair value of plan assets	(536,822)	(524,257)	(383,601)	(384,150)
Liabilities in the statements of financial position	477,974	310,850	388,166	248,788

(iii) The movements in the statements of financial position are as follows:	GROUP		COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July	310,850	236,705	248,788	190,398
Profit or loss charge	39,676	36,646	30,033	27,896
Other comprehensive income charge	151,691	62,968	126,900	49,258
Contributions paid	(24,243)	(25,469)	(17,555)	(18,764)
At 30 June	477,974	310,850	388,166	248,788

24. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)
(b) Pension benefits (continued)

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

	GROUP		COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July	835,107	710,202	632,938	541,538
Current service cost	22,692	21,356	16,725	15,522
Interest expense	50,008	49,029	37,222	37,240
Employee contributions	11,184	11,685	8,472	8,945
Liability experience loss	159,811	66,508	130,732	51,871
Liability Loss/(gain) due to change in financial assumption	6,399	(3,763)	4,704	(2,774)
Benefits paid	(70,405)	(19,910)	(59,026)	(19,404)
At 30 June	1,014,796	835,107	771,767	632,938

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

	GROUP		COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July	524,257	473,497	384,150	351,140
Interest income	33,024	33,739	23,914	24,866
Employer contributions	24,243	25,469	17,555	18,764
Employee contributions	11,184	11,685	8,472	8,945
Benefits paid	(70,405)	(19,910)	(59,026)	(19,404)
Return on plan assets excluding interest income	14,519	(223)	8,536	(161)
At 30 June	536,822	524,257	383,601	384,150

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

	GROUP		COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Current service cost	22,692	21,356	16,725	15,522
Net interest on net defined benefit liabilities	16,984	15,290	13,308	12,374
Total cost (note 29a)	39,676	36,646	30,033	27,896
Allocation of support costs:				
Life Fund	10,077	9,021	10,077	9,021
SICOM General Insurance Ltd	11,133	10,393	1,984	2,104
Shareholders' Fund	18,466	17,232	17,972	16,771
	39,676	36,646	30,033	27,896
Actual return in plan assets	47,543	33,516	32,450	24,705

24. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)
(b) Pension benefits (continued)

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

	GROUP		COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Return on plan assets (above)/below interest income	(14,519)	223	(8,536)	161
Liability experience loss	159,811	66,508	130,732	51,871
Liability Loss/(gain) due to change in financial assumptions	6,399	(3,763)	4,704	(2,774)
	151,691	62,968	126,900	49,258

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

	GROUP		COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Equity - local quoted	85,892	78,639	61,376	57,623
Equity - local unquoted	5,368	5,242	3,836	3,841
Debt - local quoted	5,368	5,242	3,836	3,841
Debt - local unquoted	263,043	235,916	187,965	172,868
Investment funds	112,733	120,580	80,556	88,355
Property	5,368	5,241	3,836	3,841
Cash and others	59,050	73,397	42,196	53,781
	536,822	524,257	383,601	384,150

(ix) Principal actuarial assumptions at end of the reporting date:

	GROUP		COMPANY	
	2018	2017	2018	2017
Discount rate	7.3%	6.5%	7.3%	6.5%
Future salary increases	5.3%	4.5%	5.3%	4.5%
Future pension increases	3.3%	2.5%	3.3%	2.5%
Average Retirement Age (ARA)	65	65	65	65
Average life expectancy for:				
- Male at ARA	16.9	16.9	16.9	16.9
- Female at ARA	19.9	19.9	19.9	19.9

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

	GROUP		COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Discount rate (1% movement)				
Increase	187,000	168,911	140,600	126,515
Decrease	147,871	132,382	111,312	99,331
Salary increase (1% movement)				
Increase	93,186	60,603	68,820	44,109
Decrease	79,877	51,948	58,968	37,794
Pension increase (1% movement)				
Increase	94,439	61,418	72,218	46,287
Decrease	81,084	52,733	62,056	39,774

An increase/decrease of 1% in other principal actuarial assumptions would not have a material impact on defined benefit obligations at the end of 2017.

24. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

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

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.

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.

(xi) The defined benefit pension plan exposes the Group to actuarial risks such as investment risk, interest risk, longevity risk and salary risk.

Investment risk

The plan liability is calculated using a discount rate determined by reference to government bonds yields; if the return on plan assets is below this rate, it will create a plan deficit and if it is higher, it will create a plan surplus.

Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by an increase in the return on the plan's debt investments and a decrease in inflationary pressures on salary and pension increases.

Longevity risk

The plan liability is calculated by reference to the best estimate of mortality of plan participants of both during and after their employment. An increase in the life expectancy of plan participants will increase the plan liability.

Salary risk

The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

(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 2019 are Rs 37.7 million for the Group and Rs 28.8 million for the Company.

(xiv) The weighted average duration of the defined benefit obligation vary between 16 - 21 years at the end of the reporting period.

(c) Defined Contribution Plan	GROUP		COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
National pension scheme contributions charges for employees on a contractual basis	76	70	16	8
Contributions to defined contribution plan administered by State Insurance Company of Mauritius Ltd	2,423	2,048	1,674	1,409

25. GROSS REVENUE

Accounting Policy

Revenue recognition

Long term insurance

Gross recurring premiums on life are recognised as revenue when payable by the policyholder. For single premium business, revenue is recognised on the date on which the policy is effective. Gross insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. They are recognised on the date on which the policy commences. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods. Rebates that form part of the premium rate, such as no-claim rebates, are deducted from the gross premium; others are recognised as an expense. Gross reinsurance premiums on life and investment contracts are recognised as an expense on the earlier of the date when premiums are payable or when the policy becomes effective.

Short term insurance

Premiums earned

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

Reinsurance Premiums

Gross outward reinsurance premiums on life contracts are recognised as an expense on the earlier of the date when premiums are payable or policy becomes effective.

Gross general reinsurance premiums ceded comprise the total premiums payable for the whole cover provided by contracts entered into in the period and are recognised on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Unearned reinsurance premiums are those proportions of premiums ceded in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses-occuring contracts.

Reinsurance premiums and claims on the face of the statement of profit or loss have been presented as negative items within premiums and net benefits and claims, respectively, because this is consistent with how the business is managed.

Investment and other income

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

Fees and commission income

Insurance and investment contract policyholders are charged for policy administration services, investment management services, surrenders and other contract fees. These fees are recognised as revenue over the period in which the related services are performed. If the fees are for services provided in future periods, then they are deferred and recognised over those future periods.

Management fees and other income

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

Realised gains and losses

Realised gains and losses recorded in profit or loss under investment and other income include gains and losses on financial assets and investment properties. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are recorded on occurrence of the sale transaction.

25. GROSS REVENUE (CONTINUED)

	GROUP		COMPANY	
	2018	2017	2018	2017
Short Term Business	Rs'000	Rs'000	Rs'000	Rs'000
Gross insurance premiums	767,759	757,040	-	-
Add: Unearned premium	10,630	1,853	-	-
	778,389	758,893	-	-
Net commission income	7,854	21,452	-	-
Management fees (Note 27)	451,748	410,746	383,055	346,407
Investment income	331,137	361,010	331,156	317,952
	1,569,128	1,552,101	714,211	664,359
Long Term Business				
Gross insurance premiums/contributions	2,145,062	1,857,408	2,145,062	1,857,408
Gross commission income	23,333	16,895	23,333	16,895
Investment income	557,465	532,410	508,894	457,340
	2,725,860	2,406,713	2,677,289	2,331,643
Total Gross Revenue	4,294,988	3,958,814	3,391,500	2,996,002

26. GENERAL BUSINESS REVENUE ACCOUNT

Accounting Policy

Refer to note 25 for accounting policies on revenue, fees and commission income and other income. Refer to note 17 for accounting policies on claims expenses and movement in outstanding claims reserves and movement in unearned premium reserves.

	GROUP	
	2018	2017
	Rs'000	Rs'000
Gross insurance premiums	778,389	758,893
Premium ceded to reinsurers	(366,681)	(376,910)
Net earned premiums	411,708	381,983
Gross claims paid	358,089	312,786
Claims settled from reinsurers	(83,115)	(55,381)
Movement in outstanding claims	(17,530)	(10,218)
Net claims incurred	257,444	247,187
Commissions receivable from reinsurers	49,159	56,989
Commissions paid to agents and brokerage fees	(41,305)	(35,537)
	7,854	21,452
Underwriting surplus	162,118	156,248

27. INVESTMENT AND OTHER INCOME

Accounting Policy

Refer to note 25 for accounting policies on management fee income, rental income, realised gains and losses, interest income and other income.

	GROUP					
	2018	2018	2018	2017	2017	2017
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
	Shareholders' Fund	Life Fund	Total	Shareholders' Fund	Life Fund	Total
Management fees	451,748	-	451,748	410,746	-	410,746
Gain on revaluation of investment properties (note 7)	16,446	-	16,446	39,206	-	39,206
Gain on sale of investments	39,360	59,499	98,859	33,495	74,269	107,764
Investment income	331,137	469,780	800,917	361,010	455,972	816,982
Mortgage and other loans	15,793	78,512	94,305	22,082	87,919	110,001
Loans and receivables	14,276	10,297	24,573	13,560	8,127	21,687
Held-to-maturity	86,889	290,292	377,181	82,108	268,621	350,729
Available-for-sale	28,625	58,857	87,482	27,946	52,363	80,309
Deposits	99,555	31,822	131,377	130,994	38,942	169,936
Rental income	85,999	-	85,999	84,320	-	84,320
Finance lease income	34,570	-	34,570	33,071	-	33,071
	873,261	529,279	1,402,540	877,528	530,241	1,407,769

	COMPANY					
	2018	2018	2018	2017	2017	2017
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
	Shareholders' Fund	Life Fund	Total	Shareholders' Fund	Life Fund	Total
Management fees	383,055	-	383,055	346,407	-	346,407
Gain on revaluation of investment properties (note 7)	17,660	-	17,660	39,256	-	39,256
Gain on sale of investments	7,332	18,804	26,136	1,055	6,929	7,984
Investment income	331,156	463,538	794,694	317,952	450,314	768,266
Mortgage and other loans	15,377	78,512	93,889	20,671	87,919	108,590
Loans and receivables	7,386	10,297	17,683	6,438	8,127	14,565
Held-to-maturity	44,982	294,783	339,765	33,943	268,621	302,564
Available-for-sale	24,461	54,366	78,827	25,243	52,363	77,606
Deposits	2,565	25,580	28,145	4,107	33,284	37,391
Rental income	94,964	-	94,964	93,285	-	93,285
Dividend from subsidiaries	141,421	-	141,421	134,265	-	134,265
	739,203	482,342	1,221,545	704,670	457,243	1,161,913

28. 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 2018, a surplus of Rs 35,826,761 (2017: Rs 27,250,000) has been transferred to the Shareholders' Fund during the year.

29. ADMINISTRATIVE AND OTHER EXPENSES

	GROUP					
	2018	2018	2018	2017	2017	2017
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
	Shareholders' Fund	Life Fund	Total	Shareholders' Fund	Life Fund	Total
Employee benefit expense (note (a) below)	304,463	106,553	411,016	304,250	98,694	402,944
Depreciation	24,319	3,504	27,823	16,373	4,370	20,743
Loss on disposal of property, plant and equipment	-	-	-	1,040	-	1,040
Amortisation of intangible assets (Note 8)	7,397	1,774	9,171	6,398	-	6,398
Repairs and maintenance	29,092	3,527	32,619	28,817	3,178	31,995
Printing, stationery and postage	5,887	2,825	8,712	6,066	1,966	8,032
Rent, rates, utilities, licences, insurance and security services	22,122	15,636	37,758	21,356	14,963	36,319
Advertising	5,783	5,545	11,328	4,934	1,888	6,822
Professional fees	15,879	4,239	20,118	9,668	4,193	13,861
Exchange losses	999	-	999	783	-	783
Others	37,278	98,675	135,953	26,982	91,947	118,929
	453,219	242,278	695,497	426,667	221,199	647,866

	COMPANY					
	2018	2018	2018	2017	2017	2017
	Rs'000 Shareholders' Fund	Rs'000 Life Fund	Rs'000 Total	Rs'000 Shareholders' Fund	Rs'000 Life Fund	Rs'000 Total
Employee benefit expense (note(a) below)	181,104	106,553	287,657	181,910	98,694	280,604
Depreciation	18,968	3,503	22,471	12,187	4,370	16,557
Amortisation of intangible assets (Note 8)	2,906	1,774	4,680	3,485	-	3,485
Repairs and maintenance	19,648	3,527	23,175	19,456	3,178	22,634
Printing, stationery and postage	3,394	2,825	6,219	3,363	1,966	5,329
Rent, rates, utilities, licences, insurance and security services	12,693	15,636	28,329	11,719	14,963	26,682
Advertising	2,444	5,545	7,989	2,341	1,888	4,229
Professional fees	10,752	4,239	14,991	6,690	4,193	10,883
Others	9,151	76,637	85,788	4,382	73,845	78,227
	261,060	220,239	481,299	245,533	203,097	448,630

(a) Employee benefit expense

	GROUP					
	2018	2018	2018	2017	2017	2017
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
	Shareholders' Fund	Life Fund	Total	Shareholders' Fund	Life Fund	Total
Wages and salaries, including termination benefits	271,843	95,460	367,303	273,858	88,753	362,611
Social security costs	1,185	429	1,614	1,220	418	1,638
Pension cost – defined benefit plan (note 24(b)(vi))	29,599	10,077	39,676	27,625	9,021	36,646
Pension cost – defined contribution plan	1,836	587	2,423	1,547	502	2,049
	304,463	106,553	411,016	304,250	98,694	402,944

29. ADMINISTRATIVE AND OTHER EXPENSES (CONTINUED)

(a) Employee benefit expense (continued)

	COMPANY					
	2018	2018	2018	2017	2017	2017
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
	Shareholders' Fund	Life Fund	Total	Shareholders' Fund	Life Fund	Total
Wages and salaries, including termination benefits	161,405	95,460	256,865	163,677	88,753	252,430
Social security costs	640	429	1,069	647	418	1,065
Pension cost – defined benefit plan (note 24(b)(vi))	17,972	10,077	28,049	16,771	9,021	25,792
Pension cost – defined contribution plan	1,087	587	1,674	815	502	1,317
	181,104	106,553	287,657	181,910	98,694	280,604

30. FINANCE COSTS

Accounting Policy

Finance costs represents interests on borrowings and is accrued using the EIR method.

	GROUP		COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Interest payable on loans from subsidiary	-	-	24,549	28,741
Interest payable to depositors	101,280	135,356	-	-
Interest payable on other loans	2,568	3,516	2,568	3,516
	103,848	138,872	27,117	32,257

31. LIFE ASSURANCE FUNDS

Accounting Policy

Life assurance funds

At the end of every year the amount of the liabilities of the Life assurance fund is established. A portion of the surplus between the value of the assets and the value of the liabilities is transferred to profit or loss. The adequacy of the fund is determined annually by actuarial valuation.

At each reporting date the amount of the liabilities of the Life assurance fund is established. A portion of the surplus or deficit between the value of the assets and the value of the liabilities is transferred to profit or loss. Assumptions used in the valuation basis are reviewed periodically and any changes in estimates are reflected in profit or loss as they occur.

The valuation bases used for the major classes of contract liabilities are as follows:

For individual and Company market-related life business, the liability is taken as the market value of the underlying assets plus a provision for risk benefits of one year's risk premiums.

For conventional endowment business, and non-profit annuities, the liability is taken as the difference between the discounted value of future benefit payments and the discounted value of future premium receipts.

For pure life risk business, a risk provision of one year's risk premium is held.

Provision is made in the policyholders' liabilities under insurance contracts for the estimated cost of claims outstanding at the end of the year, including those incurred but not reported at that date. Outstanding claims and benefit payments are stated gross of reinsurance.

Significant accounting estimates and judgements

Valuation of insurance contract liabilities

The liability for life insurance contracts with DPF is either based on current assumptions or on assumptions established at the inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflect management's best current estimate of future cash flows.

The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates and discount rates. The Company bases mortality and morbidity on the Ultimate Table (UK) which reflect historical experiences, adjusted when appropriate to reflect the Company's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences. For those contracts that insure risk related to longevity, prudent allowance is made for expected future mortality improvements, as well as wide ranging changes to life style, could result in significant changes to the expected future mortality exposure.

Estimates are also made as to future investment income arising from the assets backing life insurance contracts. These estimates are based on current market returns, as well as expectations about future economic and financial developments. Assumptions on future expense are based on current expense levels, adjusted for expected expense inflation, if appropriate. Lapse and surrender rates are based on the Company's historical experience of lapses and surrenders. Discount rates are based on current industry risk rates, adjusted for the Company's own risk exposure..

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Long Term Insurance Funds	**9,889,716**	9,274,615	**9,889,716**	9,274,615

31. LIFE ASSURANCE FUNDS (CONTINUED)

GROUP

	Note	Non-Linked 2018	Linked 2018	Total 2018	Non-Linked 2017	Linked 2017	Total 2017
		Rs'000	**Rs'000**	**Rs'000**	Rs'000	Rs'000	Rs'000
INCOME							
Gross premium		**2,051,978**	**93,084**	**2,145,062**	1,768,323	89,085	1,857,408
Less: Reinsurances		**(145,435)**	**(1,763)**	**(147,198)**	(88,345)	(1,906)	(90,251)
Net premium		**1,906,543**	**91,321**	**1,997,864**	1,679,978	87,179	1,767,157
Commission receivable for reinsurance		**23,332**	**-**	**23,332**	16,895	-	16,895
Investment and other income		**449,558**	**48,108**	**497,666**	413,187	44,955	458,142
Gain on sale of investments		**54,291**	**5,508**	**59,799**	73,709	559	74,268
		2,433,724	**144,937**	**2,578,661**	2,183,769	132,693	2,316,462
EXPENDITURE							
Bonus		**422,710**	**-**	**422,710**	470,666	-	470,666
Commission payable to agents and brokers		**64,713**	**2,826**	**67,539**	61,542	3,276	64,818
Cash and withdrawal benefits		**30,013**	**2,561**	**32,574**	34,261	2,769	37,030
Family income benefits		**419**	**-**	**419**	411	-	411
Maturity claims		**841,465**	**8,481**	**849,946**	729,066	9,590	738,656
Medical expenses		**2,479**	**1**	**2,480**	2,966	-	2,966
Provision for loan losses		**(611)**	**-**	**(611)**	1,160	-	1,160
Surrenders		**20,889**	**13,451**	**34,340**	34,356	13,170	47,526
Survival benefits		**375,372**	**-**	**375,372**	386,617	-	386,617
Other costs		**16,931**	**19,403**	**36,334**	14,979	6,753	21,732
Gross death and disablement claims		**112,938**	**9,732**	**122,670**	132,237	8,112	140,349
Claims recovered from reinsurers		**(113,521)**	**(99)**	**(113,620)**	(47,981)	(2,486)	(50,467)
Net claims		**(583)**	**9,633**	**9,050**	84,256	5,626	89,882
Management and other expenses		**228,887**	**12,744**	**241,631**	209,200	11,828	221,028
		2,002,684	**69,100**	**2,071,784**	2,029,480	53,012	2,082,492
SURPLUS BEFORE TAXATION		**431,040**	**75,837**	**506,877**	154,289	79,681	233,970
SHARE OF SURPLUS TO SHAREHOLDERS FUND		**(30,827)**	**(5,000)**	**(35,827)**	(27,250)	-	(27,250)
		400,213	**70,837**	**471,050**	127,039	79,681	206,720
TAXATION	20	**(10,399)**	**(3,247)**	**(13,646)**	(13,633)	(700)	(14,333)
SURPLUS AFTER TAXATION		**389,814**	**67,590**	**457,404**	113,406	78,981	192,387
FUND AT 1 JULY		**8,325,893**	**948,722**	**9,274,615**	7,932,590	845,627	8,778,217
INCREASE IN FAIR VALUE OF AVAILABLE-FOR-SALE SECURITIES		**185,342**	**10,725**	**196,067**	351,979	24,651	376,630
TRANSFER ON DISPOSAL OF AVAILABLE-FOR-SALE SECURITIES		**(35,623)**	**(1,482)**	**(37,105)**	(56,462)	(281)	(56,743)
TRANSLATION RESERVE		**(1,113)**	**(152)**	**(1,265)**	(15,620)	(256)	(15,876)
FUND AT 30 JUNE		**8,864,313**	**1,025,403**	**9,889,716**	8,325,893	948,722	9,274,615

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.

31. LIFE ASSURANCE FUNDS (CONTINUED)

COMPANY

	Note	Non-Linked 2018	Linked 2018	Total 2018	Non-Linked 2017	Linked 2017	Total 2017
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
INCOME							
Gross premium		2,051,978	93,084	2,145,062	1,768,323	89,085	1,857,408
Less: Reinsurances		(145,435)	(1,763)	(147,198)	(88,345)	(1,906)	(90,251)
Net premium		1,906,543	91,321	1,997,864	1,679,978	87,179	1,767,157
Commission		23,332	-	23,332	16,895	-	16,895
Investment and other income		442,515	47,576	490,091	405,870	44,541	450,411
Gain on sale of investments		17,437	1,367	18,804	6,927	2	6,929
		2,389,827	140,264	2,530,091	2,109,670	131,722	2,241,392
EXPENDITURE							
Bonus		422,710	-	422,710	470,666	-	470,666
Commission payable to agents and brokers		64,713	2,826	67,539	61,542	3,276	64,818
Cash and withdrawal benefits		30,013	2,561	32,574	34,261	2,769	37,030
Family income benefits		419	-	419	411	-	411
Maturity claims		841,465	8,481	849,946	729,066	9,590	738,656
Medical expenses		2,479	1	2,480	2,966	-	2,966
Provision for loan losses		(611)	-	(611)	1,160	-	1,160
Surrenders		20,889	13,451	34,340	34,356	13,170	47,526
Survival benefits		375,372	-	375,372	386,617	-	386,617
Other costs		16,931	19,403	36,334	14,979	6,753	21,732
Gross death and disablement claims		112,938	9,732	122,670	132,237	8,112	140,349
Claims recovered from reinsurers		(113,521)	(99)	(113,620)	(47,981)	(2,486)	(50,467)
Net claims		(583)	9,633	9,050	84,256	5,626	89,882
Management and other expenses		207,771	11,822	219,593	189,411	10,641	200,052
		1,981,568	68,178	2,049,746	2,009,691	51,825	2,061,516
SURPLUS BEFORE TAXATION		408,259	75,837	480,345	99,979	79,897	179,876
SHARE OF SURPLUS TO SHAREHOLDERS FUND		(30,827)	(5,000)	(35,827)	(27,250)	-	(27,250)
		377,432	67,086	444,518	72,729	79,897	152,626
TAXATION	20	(10,399)	(3,247)	(13,646)	(13,251)	(1,082)	(14,333)
SURPLUS AFTER TAXATION		367,033	63,839	430,872	59,478	78,815	138,293
FUND AT 1 JULY		8,325,893	948,722	9,274,615	7,932,590	845,627	8,778,217
INCREASE IN FAIR VALUE OF AVAILABLE-FOR-SALE SECURITIES		189,122	13,913	203,035	338,679	24,280	362,959
TRANSFER ON DISPOSAL OF AVAILABLE-FOR-SALE SECURITIES		(17,735)	(1,071)	(18,806)	(4,854)	-	(4,854)
FUND AT 30 JUNE		8,864,313	1,025,403	9,889,716	8,325,893	948,722	9,274,615

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.

31. LIFE ASSURANCE FUNDS (CONTINUED)

	GROUP AND COMPANY	
The assets of the Life Assurance Funds are analysed as follows:	2018	2017
	Rs'000	Rs'000
NON-CURRENT ASSETS		
Statutory deposits	6,001	6,001
Other financial assets	8,415,519	7,481,533
Fixed deposits	109,371	285,331
Mortgage and other loans	1,040,264	1,078,098
	9,571,155	8,850,963
CURRENT ASSETS		
Other financial assets	178,481	76,260
Mortgage and other loans	72,726	106,546
Trade and other receivables	215,350	282,395
Fixed deposits	189,184	201,044
Cash and cash equivalents	76,598	150,752
Assets held for sale	6,847	6,597
	739,186	823,594
CURRENT LIABILITIES		
Trade and other payables	324,463	295,866
Current tax liabilities	2,729	1,252
Bank overdraft	93,433	102,824
	420,625	399,942
NET CURRENT ASSETS	318,561	423,652
	9,889,716	9,274,615
TECHNICAL PROVISIONS		
Long term insurance funds	9,889,716	9,274,615

32. MANAGED FUNDS

The Group & Company accounts exclude the net assets of the Managed Pension Fund amounting to Rs 32.2 billion (June 2017 - Rs 29.0 billion) and Managed Medical amounting to Rs 2.1 million (June 2017 - Rs 1.9 million) as these assets backing these funds do not belong to the Group and the Company.

33. DIVIDEND PAID

Accounting Policy

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. The liability is extinguished when actual payments are made to the shareholders.

	GROUP AND COMPANY	
	2018	2017
	Rs'000	Rs'000
Final ordinary dividend	156,367	137,813

The Board of Directors of the Company has, by resolution dated 25 September 2017, recommended and authorised payment of a dividend of Rs 625.47 per share (2017: Rs 551.25 per share).

34. (a) NOTES TO THE STATEMENT OF CASH FLOWS

	GROUP		COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	537,246	518,389	495,699	464,039
Adjustments for non cash items:				
Depreciation on property, plant and equipment	30,622	19,502	26,561	15,316
Amortisation of intangible assets	9,171	7,631	6,008	4,718
Surplus on revaluation of investment properties	(16,446)	(39,206)	(17,660)	(39,256)
Retirement benefit expense	39,676	36,646	30,033	27,896
Provision for credit losses	(1,974)	2,908	(3,560)	561
Loss on disposal of foreclosed property	378	-	378	-
Loss on disposal of property, plant and equipment	316	-	-	-
Interest income	(714,918)	(732,662)	(558,309)	(540,716)
Interest expense	103,849	138,872	27,119	32,257
Net surplus on long term insurance funds	457,404	192,387	430,872	138,293
OPERATING CASH FLOWS BEFORE WORKING CAPITAL CHANGES	445,324	144,467	437,141	103,108
(Increase)/decrease in trade and other receivables	(20,043)	85,623	(26,202)	80,443
(Decrease)/increase in trade and other payables	(7,532)	(37,378)	28,183	(23,305)
(Increase)/decrease in reinsurance assets	(114,999)	94,870	-	-
Increase/(decrease) in insurance liabilities	115,072	(102,477)	-	-
CASH GENERATED FROM OPERATIONS	417,822	185,105	439,122	160,246

(b) RECONCILIATION OF LIABILITIES ARISING FROM FINANCIAL ACTIVITIES

GROUP

	2017	Cash Flows	New loans	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Loans	65,117	(23,165)	21,249	63,201
	65,117	(23,165)	21,249	63,201

	2016	Cash Flows	New loans	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Loans	79,006	(23,350)	9,461	65,117
	79,006	(23,350)	9,461	65,117

COMPANY

	2017	Cash Flows	New loans	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Loans	359,920	(72,053)	21,249	309,116
	359,920	(72,053)	21,249	309,116

	2016	Cash Flows	New loans	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Loans	418,504	(68,199)	9,615	359,920
	418,504	(68,199)	9,615	359,920

35. COMMITMENTS

(a) Capital Commitments

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

	GROUP		COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Property, plant and equipment	4,068	2,289	2,303	2,289
Future finance leases	10,231	33,621	-	-
	14,299	35,910	2,303	2,289

Details of the Group's contractual obligations to purchase or construct or developing investment property of for repairs, maintenance, or enhancements are as follows:

	GROUP AND COMPANY	
	2018	2017
	Rs'000	Rs'000
Repairs and maintenance	-	3,359

(b) Operating lease commitments

	GROUP AND COMPANY	
	2018	2017
	Rs'000	Rs'000
Minimum lease payments under operating lease recognised as an expense in the year	2,195	2,152

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

	GROUP AND COMPANY	
	2018	2017
	Rs'000	Rs'000
- Within 1 year	2,217	2,217
- In the second to fifth years inclusive	9,078	9,008
- After 5 years	22,335	24,622
	33,630	35,847

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.

36. RELATED PARTY DISCLOSURES

Accounting Policy

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

The Group has transacted with related parties during the years ended 30 June 2018 and 30 June 2017. Details of the related party transactions and balances are given in the table below:

(a) Transactions with related parties	GROUP		COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
(i) Shareholders				
(a) Sales of services	14,422	11,429	2,974	2,823
(b) New investments	157,227	11,442	157,227	7,990
(c) Matured securities	69,287	819	69,287	819
(d) Interest/dividend receivable	26,565	25,973	25,150	24,630
(ii) Subsidiaries				
(a) Loans refunded to fellow subsidiary	-	-	48,887	44,695
(b) Interest paid	-	-	24,548	28,741
(c) Sales of services	-	-	65,257	67,046
(d) Dividend receivable from subsidiaries	-	-	141,421	134,265
(e) Receivables from SICOM Unit trusts	7,311	6,510	2,386	2,110
(f) Premium payable to fellow subsidiary	-	-	8,060	9,903
(iii) Key management personnel (including directors)				
(a) Loans disbursed	4,755	4,200	4,565	4,200
(b) Loans refunded	6,253	14,070	5,338	13,223
(c) Interest receivable	878	1,021	817	975
(d) Premium receivable	26,031	7,377	25,801	7,140
(e) Compensation:				
-Salaries and other short term benefits	101,100	105,766	82,555	87,324
-Post-employment benefits	10,883	8,399	9,668	7,504

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
At 30 June 2018

36. RELATED PARTY DISCLOSURES (CONTINUED)

(a) Transactions with related parties (continued)	GROUP		COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
(iv) Enterprise that has a number of management / directors in common				
- Sales of services	463	1,102	463	1,102

(b) Outstanding balances with related parties	GROUP		COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
(i) Shareholders				
(a) Bank balances	8,836	102,242	(19,574)	7,320
(b) Equity and bonds	607,021	519,402	578,701	490,609
(c) Interest/dividend due	861	6,587	486	6,173
(d) Premium due	1,828	964	597	347

Bank balances are in respect of current and call deposits earning no interest. In 2017, 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	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
(ii) Subsidiaries				
(a) Loans from subsidiary	-	-	245,916	294,803
(b) Subordinated loan to subsidiary	-	-	341,625	341,625
(c) Amount due from subsidiaries	-	-	132,305	139,468
(d) Equity in SICOM Unit trusts	104,641	97,263	71,479	66,167
(e) Amount due from Unit Trusts	627	600	-	-

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

	GROUP		COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
(iii) Key management personnel (including Directors)				
(a) Loans	31,635	22,515	28,289	21,419
(b) Premium due	95	23	50	16

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	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
(iv) Enterprise that has a number of management/ directors in common				
Sales of services	463	1,102	463	1,102

37. RETROSPECTIVE RESTATEMENT

The Board of directors have identified the following adjustments which have been applied retrospectively in analogy to "IAS 8 -Accounting Policy, Changes in Accounting Estimate and Errors" in order to achieve improved disclosure.

37 (a) Presentation of results of the Life business in the Statement of Profit or Loss and other Comprehensive income (Group and Company)

In prior years the results of the life fund were only disclosed in the notes to the accounts and the assets and liabilities of the life fund were combined with assets and liabilities of the shareholders on the face of the statement of financial position. To achieve consistency in presentation, the Company has disclosed the results of the life fund on the face of the profit and loss. Management believes that the current presentation will provide quality information to the users of accounts and consequently the financial statements have been restated retrospectively.

This change in presentation has an impact on the figures disclosed in the statement of profit or loss and the statement of other comprehensive income. The retrospective restatement is required to comply with the requirements of IAS 1 - Presentation of financial statements, IFRS 4 Insurance contracts, IAS 8 - Accounting policies, change in accounting estimates and error.

37 (b) Reclassification of foreclosed properties as assets held for sale (Group and Company)

The foreclosed properties acquired by the Company has been recorded as other financial assets (available for sale investments). Management has no intention to hold these properties for rental or capital appreciation. The foreclosed properties met all the criteria for the assets to be classified as assets held-for-sale. Consequently, the foreclosed properties were reclasified to assets held for sale. The initial purchase cost are reinstated to their mark values and this amount was previously recorded in investment revaluation reserve. This amount has now been reclassifed to retained earnings.

In prior years, fair value gain upon acquisition of assets held for sale were recorded as part of the investment revaluation reserve instead of the statement of profit or loss. Accordingly, the financial statements have been restated. The effect on the comparative information is disclosed below:

	GROUP	COMPANY
	30-Jun-16	30-Jun-16
Statement of financial position	Rs'000	Rs'000
Other financial assets (Decrease)		
As previously stated	9,299,116	8,711,692
Reclassification adjustment	(14,675)	(14,675)
As restated	9,284,441	8,697,017
Asset held for sale (Increase)		
As previously stated	-	-
Reclassification adjustment	14,675	14,675
As restated	14,675	14,675
Investments revaluation reserve (Decrease)		
As previously stated	172,524	260,951
Reclassification adjustment	(3,745)	(3,745)
As restated	168,779	257,206
Retained earnings (Increase)		
As previously stated	4,778,246	4,014,410
Reclassification adjustment	3,745	3,745
	4,781,991	4,018,155

37. RETROSPECTIVE RESTATEMENT (CONTINUED)

37 (b) Reclassification of foreclosed properties as assets held for sale (Group and Company) (continued)

As restated	GROUP	COMPANY
	30-Jun-16	30-Jun-16
Summary	Rs'000	Rs'000
Assets held for sale (Statement of financial position)	14,675	14,675
Effect on investments revaluation reserve	(3,745)	(3,745)
Effect on life assurance fund	-	-
Effect on retained earnings	3,745	3,745

37 (c) Deposit from customer (SICOM Financial Services Ltd)

In prior years, the Company has not measured its "deposit from customers" at amortised cost using the effective interest method.

Due to the amount involved, the Group has aligned the measurement method on deposits from customers with its accounting policy and with IAS 39. As such the Group has calculated the carrying amount of its deposits from customers using the amortised cost method. Accordingly, the financial statements have been restated. The effect on the comparative information is disclosed below:

	GROUP	COMPANY
	30-Jun-17	30-Jun-16
Statement of profit or loss	Rs'000	Rs'000
Effect on Interest expense		
Interest expense	1,711	-
Increase /(decrease)	1,711	-
Effect profit before tax		
Interest expense	(1,711)	-
Increase /(decrease)	(1,711)	-
Statement of financial position		
Effect on deposit from customers		
As previously stated	2,464,551	2,877,623
Decrease in deposits from customers	(966)	(2,678)
As restated	2,463,585	2,874,945
Effect on Retained Earnings		
Interest expense decrease	966	2,678
Transfer (to)/from statutory reserve	(145)	(402)
Increase	821	2,276

	GROUP	
	30-Jun-17	30-Jun-16
Summary	Rs'000	Rs'000
Effect of interest expense (Statement ofprofit or loss)	1,711	-
Effect on Profit before tax	(1,711)	-
Deposits from customers (Statement of financial position)	(966)	(2,678)
Effect on statutory reserve	145	402
Effect on Retained earnings	821	2,276

37. RETROSPECTIVE RESTATEMENT (CONTINUED)

37 (d) Term Deposit (SICOM Financial Services Ltd)

In prior years, the Group has not measured its "Term Deposit" at amortised cost using the effective interest method.

Due to the amount involved, the Group has aligned the measurement method on term on deposit with its accounting policy and with IAS 39. As such the Group has calculated the carrying amount of its term deposits using the amortised cost method. Accordingly, the financial statements have been restated. The effect on the comparative information is disclosed below:

	GROUP	
	30-Jun-17	30-Jun-16
Statement of profit or loss	Rs'000	Rs'000
Effect on Interest income		
Interest income	3,448	-
Increase /(decrease)	3,448	-
Effect profit before tax		
Interest income	3,448	-
Increase /(decrease)	3,448	-
Statement of financial position		
Effect on Term Deposit		
As previously stated	3,335,674	3,864,262
Decrease in term deposit	(7,056)	(10,503)
As restated	3,328,618	3,853,759
Effect on Retained Earnings		
Interest Income increase / (decrease)	(7,056)	(10,503)
Transfer (to)/from statutory reserve	1,058	1,576
Decrease	(5,998)	(8,928)

	GROUP	
	30-Jun-17	30-Jun-16
Summary	Rs'000	Rs'000
Effect of interest Income (Statement of profit or loss)	3,448	-
Effect on Profit before tax	3,448	-
Term Deposit (Statement of financial position)	(7,056)	(10,503)
Effect on statutory reserve	(1,058)	(1,576)
Effect on Retained earnings	(5,998)	(8,928)

37. RETROSPECTIVE RESTATEMENT (CONTINUED)

37 (e) Investment held at maturity (SIOM Financial Services Ltd)

In prior years, the Group has not measured its ' Term Deposit" at amortised cost using the effective interest method.

Due to the amount involved, the Group has aligned the measurement method on term on deposit with its accounting policy and with IAS 39. As such the Group has calculated the carrying amount of its term deposits using the amortised cost method. Accordingly, the financial statements have been restated. The effect on the comparative information is disclosed below:

	GROUP	
	30-Jun-17	30-Jun-16
Statement of profit or loss	Rs'000	Rs'000
Effect on Interest expense		
Interest income	903	-
Increase /(decrease)	903	-
Effect profit before tax		
Interest income	903	-
Increase /(decrease)	903	-
Statement of financial position		
Effect on Investment held at Maturity		
As previously stated	4,982,914	4,556,626
Decrease in Investment Held at Maturity	(2,951)	(3,854)
As restated	4,979,963	4,552,772
Effect on Retained Earnings		
Interest Income increase/ (decrease)	(2,951)	(3,854)
Transfer (to)/from statutory reserve	443	578
Increase/ (decrease)	(2,508)	(3,276)

	GROUP	
	30-Jun-17	30-Jun-16
Summary	Rs'000	Rs'000
Effect of interest income (Statement of profit or loss)	903	-
Effect on Profit before tax	903	-
Investment Securities (Statement of financial position)	(2,951)	(3,854)
Effect on statutory reserve	(443)	(578)
Effect on Retained earnings	(2,508)	(3,276)

37 (f) Effect on transfer to statutory reserve

	GROUP	
	30-Jun-17	30-Jun-16
Statement of profit or loss	Rs'000	Rs'000
Effect on profit for the year		
Effect of interest expense - (a)	(1,711)	-
Effect of interest income - (b) & (c)	4,351	-
	2,640	-

37. RETROSPECTIVE RESTATEMENT (CONTINUED)

37 (f) Effect on transfer to statutory reserve (continued)

	GROUP	
	30-Jun-17	30-Jun-16
Statement of financial position	Rs'000	Rs'000
Effect on transfer to statutory reserve		
As previously stated	48,133	44,620
Effect of restatement of profit or loss	(1,356)	(1,752)
As restated	46,777	42,868
Movement in statutory reserve	396	(1,752)

	30-Jun-17	30-Jun-16
	Rs'000	Rs'000
Effect on Retained Earnings		
As previously stated	5,095,335	4,781,991
Interest expense-(a)	966	2,678
Interest income - (b) & (c)	(10,006)	(14,357)
Transfer from statutory reserve	1,356	1,752
Decrease from prior year adjustment (a),(b) & (c)	(7,684)	(9,927)
As restated	5,087,651	4,772,064

38. EVENTS AFTER THE REPORTING PERIOD

There are no events after the end of reporting period which the directors consider may materially affect the financial statements for the year ended 30 June 2018.

STATUTORY DISCLOSURES FOR THE YEAR ENDED
At 30 June 2018

(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 2018 are as follows:

State Insurance Company of Mauritius Ltd

Salemohamed M Y (Appointed as Director and Chairman on 9 July 2018 and 11 July 2018 respectively)
Beejan M (Appointed as Director and Chairman on 27 September 2017 and 28 September 2017 respectively up to 30 June 2018)
Late Nemchand S (Chairman up to 21 July 2017 and Director up to 2 August 2017)
Chaperon J M C G (Appointed on 27 September 2017)
Acharuz A (Appointed on 27 September 2017)
Bhoojedhur-Obeegadoo K G (Mrs)
Balluck A (up to 26 September 2017)
Bhugun C (up to 26 September 2017)
Boyramboli B (up to 7 May 2018)
Conhye K (Appointed on 9 July 2018)
Dussoye C (up to 30 June 2018)
Jugurnath R (Dr)
Li Kwong Wing K C, G.O.S.K
Maunthrooa R (Appointed on 27 September 2017)
Moorut R (Appointed on 2 October 2017)
Phokeer J D (up to 26 September 2017)
Rambarassah V (Alternate Director to Mr Boyramboli B up to 7 May 2018)
Ramdewar N (Mrs)
Sonoo J. , C.S.K (Appointed on 10 July 2018)
Yip Wang Wing Y S, C.S.K (up to 4 July 2017)

SICOM Financial Services Ltd

Sakurdeep S (Chairman)
Bhoojedhur-Obeegadoo K G (Mrs)
Chaperon J M C G (as from 22 December 2017)
Gopy D K
Hussenee N E S S (up to 27 August 2018)
Late Nemchand S (up to 26 September 2017)
Ramdhonee B I R
Seewoochurn N (as from 23 October 2017)
Yip Wang Wing Y S, C.S.K (up to 4 July 2017)

SICOM General Insurance Ltd

Salemohamed M Y (Appointed as Director and Chairman on 31 August 2018 and 11 September 2018 respectively)
Beejan M (Appointed as Director and Chairman from 27 September 2017 and 27 October 2017 respectively up to 13 July 2018)
Late Nemchand S (Chairman up to 21 July 2017 and Director up to 2 August 2017)
Ballah R H (as from 06 October 2017)
Balluck A (as from 10 October 2017)
Bhoojedhur-Obeegadoo K G (Mrs)
Boodhoo B
Chaperon J M C G (as from 13 December 2017)
Dussoye C
Leung Lam Hing H Y K (Mrs)
Koonjoo V K (as from 12 July 2018)
Phokeer J D (up to 26 September 2017)
Ramdenee B (up to 26 September 2017)
Ramgutty S (up to 26 September 2017)
Yip Wang Wing Y S, C.S.K (up to 4 July 2017)

SICOM Global Fund Limited

Late Nemchand S (Chairman up to 26 September 2017)
Beejan M (Appointed Chairman on 23 November 2017 up to 13 July 2018)
Bhoojedhur-Obeegadoo K G (Mrs)
Chaperon J M C G (as from 17 May 2018)
Maunthrooa R (As from 08 June 2018)
Ramdewar N (Mrs)

SICOM Management Limited

Bhoojedhur-Obeegadoo K G (Mrs) (Appointed as Chairperson on 10 July 2018)
Late Nemchand S (Chairperson up to 26 September 2017)
Chaperon J M C G (as from 23 November 2017)
Maunthrooa R (As from 08 June 2018)
Ramdewar N (Mrs)

STATUTORY DISCLOSURES FOR THE YEAR ENDED
At 30 June 2018

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, three Executive Directors (2017: Two) and the Non-Executive Directors of the Company received emoluments amounting to Rs 25,773,000 (2017: Rs 21,553,000) and Rs 4,696,000 (2017: Rs 5,209,000) respectively. The Executive Directors and Non-Executive Directors of the subsidiaries received emoluments amounting to Rs 6,916,000 (2017: Rs 6,993,000) and Rs 3,639,000 (2017: Rs 3,568,000) respectively.

Audit Fees

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

	The Company		Subsidiaries	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Audit fees payable to:				
- BDO & Co	-	886	-	1,231
- Ernst & Young	1,351	-	1,512	-
Fees payable for other services:				
- BDO & Co	-	99	-	149
- Ernst & Young	92	-	207	-

	The Company		Subsidiaries	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Donations	-	-	-	-

For and on behalf of the Board of Directors

Chairman Director

Date: 28 SEP 2018

STATE INSURANCE COMPANY OF MAURITIUS LIMITED

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