



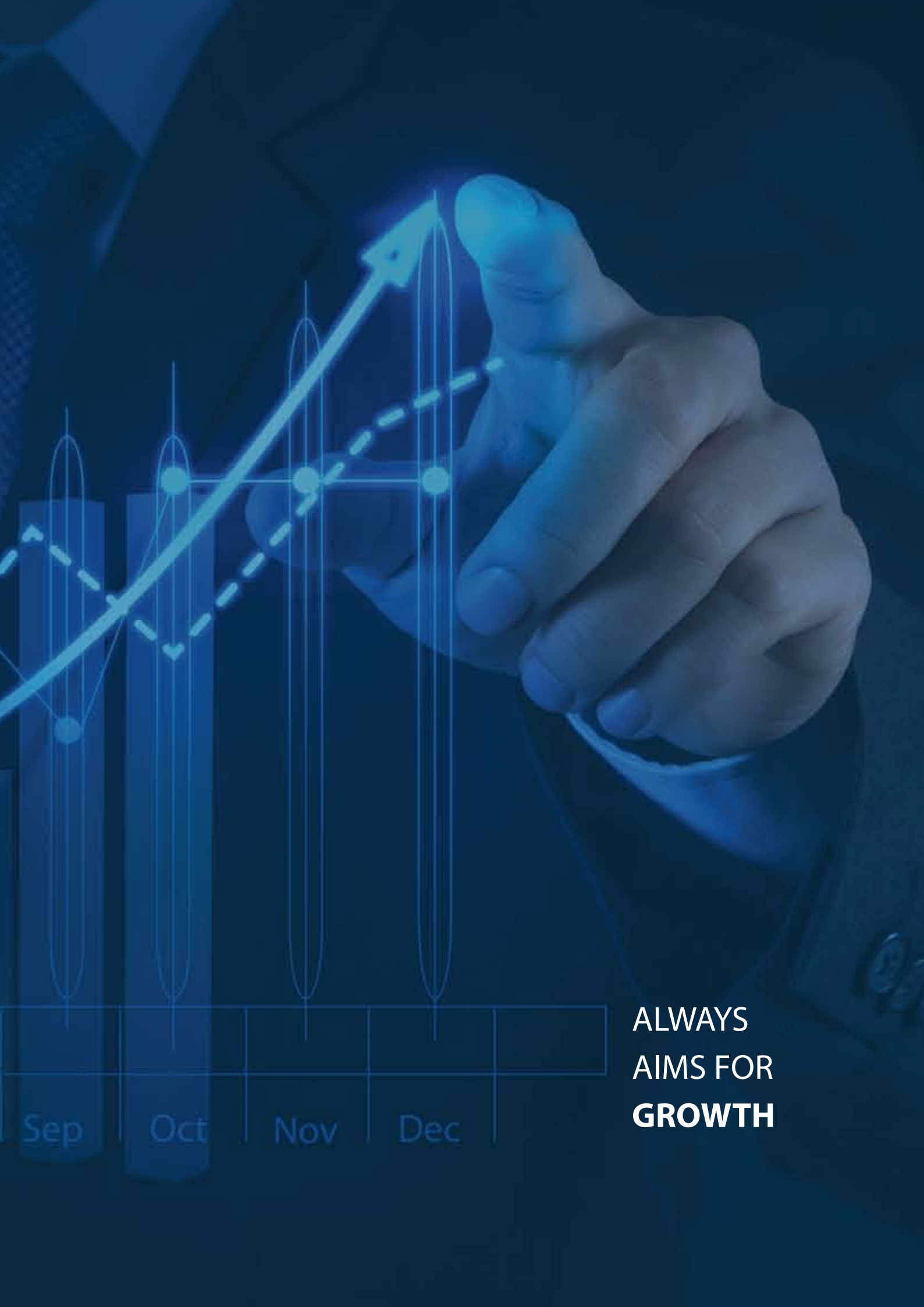
Ioga

INDIAN
OCEAN GENERAL
ASSURANCE LTD

PASSION
FOR THE
COMPANY
GROWTH

ANNUAL
REPORT
2016





ALWAYS
AIMS FOR
GROWTH



ioga
INDIAN
OCEAN GENERAL
ASSURANCE LTD

TABLE OF CONTENTS

Corporate Data	1
Chairman's Review	2
Chief Executive Officer's review	3
Corporate Governance Report	4 - 18
Certificate from the Secretary	19
Independent auditors' report	20 - 21
Statement of financial position	22
Statement of comprehensive income	23
Statement of comprehensive income - General Insurance Business	24
Statement of comprehensive income - Life Assurance Business	25
Statement of cash flows	27
Statement of changes in equity	26
Note to the financial statements	27 - 67

1

2

3

4

5

CORPORATE DATA

Registered Address and Head Office Address

12 Volcy Pougnet Street
Port Louis, MAURITIUS
Tel: 208 9000
Fax: 212 2603
Email: info@iogaltd.com
Web: www.iogaltd.com

Auditors

Moore Stephens (Mauritius)
6th Floor, Newton Tower
Sir William Newton Street
Port Louis
MAURITIUS

Independent Actuaries

Mrs Teja Ranade Gadhoke
Fellow of Society of Actuaries
1-A, Krishna Keval Nagar
Kondhwa Khurd
Pune - 411048
INDIA

Messrs K.A. Pandit, Consultants and Actuaries
C/201, Remi Bizcourt
Off, Veers Desai Road
Andheri West
Mumbai-58
INDIA

Corporate Secretary

Mr V.K. Dwarka
Descoins Street
Long Mountain
MAURITIUS

Bankers

Afrasia Bank Ltd
ABC Banking Corporation Ltd
Bank One Ltd
Banque des Mascareignes
Barclays Bank Mauritius Limited
SBI (Mauritius) Ltd
State Bank of Mauritius Ltd
Standard Bank (Mauritius) Ltd
The Mauritius Commercial Bank Ltd



CHAIRMAN'S REVIEW

Dear Shareholders,

On behalf of the board, I am pleased to present the Annual Report and Audited Financial Statements of Indian Ocean General Assurance Ltd. for the year ended 30th June 2016.

During the year under review we have consolidated our 46 years presence on the local market. As a result of the measures taken over the last few years in rebranding and improvement in our services we have seen a change in the trend of business. Our gross premium has increased as compared to last year, reaching about 59 million rupees for general insurance business which is a very satisfactory result.

The opening of our head office has improved our visibility and image as an insurance company. Similarly, this year we will be moving some branches to prime central locations with a view to be more accessible to our clients. We have no doubt that these efforts will prove to be fruitful in the near future.

With a view to provide a wider range of products to our customers we have appointed Mr Percy Rose as General Manager of our company. He has been a qualified insurer for many years and his experience will be invaluable for IOGA. He is also keen to train our staff in order to improve our quality of service. We are confident that the management team will benefit fully from his expertise.

We are committed to provide our services and insurance cover to all classes of the Mauritian population.

I would like to take this opportunity to thank all our stakeholders, the shareholders for their faith, our agents and salespersons for their enthusiasm, the staff for their dedication, the directors for their valuable contribution and most importantly our customers for their unwavering trust in our company.

A handwritten signature in black ink, appearing to be 'S. Cunden', written in a cursive style.

Dr Soopramanien M Cunden
Chairman

26th September, 2016



CEO REVIEW

Dear Shareholders,

I once again have the pleasure to present to you a review of the Company's operations during the financial year ended 30th June 2016.

Times have been hard in the past year for the local Insurance market and our Company was no exception to the rule. Motor Insurance, in particular, which forms the major share of our premium portfolio, was particularly affected by an ever increasing number of accidents. Steps are being taken to address the poor Motor results for the oncoming year.

On the counterpart, the Company has managed to increase the Non Life premium income by 29% over the previous year. A 25% increase in Motor premium income is noted with a significant increase of 83% for Non Motor business. The opening of our new Head Office building in a non-congested prime area of Port-Louis, offering more visibility and easy access to our valued customers, is no doubt the main reason for this improvement in our revenue.

With the coming of our new General Manager on 1st May 2016, various managerial aspects are being addressed towards an improvement of the results in our Motor operations. It is expected that the results will improve sensibly during the coming year, in spite of the competitive market situation.

Our goal for the future is to reach a well balanced premium account between Motor and Non-Motor. Emphasis will as such be laid as from the coming year on the development of Non-Motor business to reach our objectives.

The rebranding process which started in 2014 is being closely monitored. No effort is being spared in the enhancement of our relationship with other stakeholders on the market. This initiative is intended to gain respect from the Authorities, our competitors and customers at large.

I wish to thank the Board of Directors and the staff for their dedication during the past year in the performance of their respective responsibilities and express the wish that IOGA will continue to grow profitably in the coming year and in the years to come.

Natarajen M. Cunden
Chief Executive Officer

26th September, 2016

CORPORATE GOVERNANCE REPORT

1. Compliance Statement

Indian Ocean General Assurance Ltd hereafter referred to as "the Company" strongly believes in maintaining a simple and transparent corporate structure which defines the division of power and establishes a mechanism for achieving accountability between Board of Directors and shareholders driven solely by business needs.

In line with the above, the Board, management and staff of the Company fully support and are committed to the principle of business integrity, transparency and professionalism as recommended by the Code of Corporate Governance. Furthermore, the Company strives to ensure that all the activities are conducted in such a way as to satisfy the characteristics of good governance namely: discipline, transparency, accountability, responsibility, fairness and social responsibility.

The Company as an Insurance Company, wishes to comply with the Code of Corporate Governance (the Code), as far as is reasonably possible and practical. The Board of Directors has set up a Corporate Governance Committee and an Audit and Technical Committee. The Directors are thus continually focusing on maintaining the sustainability of the Company's business and discharging their responsibilities of stewardship of the Company's assets with integrity through the existence of a proper control environment and a well-functioning system of internal control.

2. Board of Directors

The Board is composed of ten Directors, two of whom are executives, three are non-executives and five independent Directors. The Board met on seven occasions during the year under review. The Directors possess expertise and experience in different fields such as Administration, Accountancy, Banking, Corporate Management, Law and Insurance. The Board collectively and the Directors individually are involved in the Company's affairs and adhere to ethical standards.

The Board bears the responsibility of organising and directing the affairs of the Company in a manner that is in the best interest of shareholders and other stakeholders. The Board retains full and effective control over the Company, delegating the day-to-day running and operational issues to the Chief Executive Officer and his management team. The Board of Directors is appointed by the shareholders on the basis of integrity, skill, acumen and experience to make sound judgements relevant to the business of the Company.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDIAN OCEAN GENERAL ASSURANCE LTD

CORPORATE GOVERNANCE REPORT

2. Board of Directors (Continued)

2.1 Composition of Board

The Board comprises the following members:

Dr. Soopramanien M. Cunden	Chairman & Non-executive Director
Mr. Natarajen M. Cunden	Executive Director
Mr. J.M. Percy Rose	Executive Director
Ms. Analaxmi Cunden	Non-executive Director
Ms. Shrivana Cunden	Non-executive Director
Mr. Raouf Dasmohamud	Independent Director
Mr. Logonaden Pillay Thandrayen	Independent Director
Mr. Karunanidi Teeroovengadam Sornum	Independent Director
Mr. Yuvhen Modelly Cunden	Independent Director
Mr. P.A. Pather	Independent Director
Mrs. Neermalah Mootosamy (Resigned Jan 2016)	Executive Director
Mr. Vijay Kumar Dwarka	Company Secretary

2.2. Directors' Interest

The Directors' interests in the ordinary share capital of the company as at 30 June 2016 are as follows:

	Ordinary share of Rs. 10 each	
	2016	%
Ms. Analaxmi Cunden	116,662	4.66
Mr. Natarajen Modeliar Cunden	126,662	5.06
Ms. Shrivana Cunden	116,412	4.66
Dr. Soopramanien Modeliar Cunden	116,477	4.66
Mr. Raouf Dasmohamud	728	0.02
Mr. P. A. Pather	728	0.02
Mr. Logonaden Pillay Thandrayen	100	0.003
Mr. Karunanidi Teeroovengadam Sornum	400	0.011

CORPORATE GOVERNANCE REPORT

3. Committees of the Board of Directors

In compliance with the principles of Good Governance, the Board of Directors has set up two Board Sub Committees, namely: Corporate Governance Committee and Audit and Technical Committee.

3.1 Corporate Governance Committee

The Corporate Governance Committee is composed of three non-executive/ independent Directors namely Mr. Logonaden Pillay Thandrayen (Chairman), Mr. Raouf Dusmohamud and Mr. Yuvhen M. Cunden.

Terms of reference of the Corporate Governance Committee include the following:

- ensuring that Professional Personnel and Human Resources Management policies are practised and implemented in the areas of recruitment and other staff related matters.
- Ensuring that the Company follows a well-defined and properly structured remuneration policy.
- Ensuring that all the management decisions are appropriately recorded with due transparency for the benefit of stakeholders.

The Corporate Governance Committee is responsible for implementing the Code of Corporate Governance throughout the Company and ensuring that the reporting requirements on Corporate Governance are made in accordance with the principles enunciated in the Code.

3.2 Audit and Technical Committee

The Audit and Technical Committee comprises Mr P. A. Pather, FCCA (Chairman), Mr. Jean Marie Percy Rose (A.C.I.I) and Mr. Karunanidi T. Sornum. The technical aspect is chaired by Mr. Jean Marie Percy Rose. External Auditors attend meeting when invited. The Audit and Technical Committee has adopted formal terms of reference and it confirms that it has discharged its responsibilities for the year, in compliance with its terms of reference. The Audit and Technical Committee oversees the management's financial stewardship of the Company and also the performance of the external audit functions.

The Audit and Technical Committee focuses on:

- ensuring that adequate controls and checks are installed in the Accounts Department.
- ensuring that there are well defined procedures and mechanisms for purchase of movable and immovable properties.
- ensuring that all the accounting returns for Financial Service Commission and other government agencies are correctly prepared and submitted on time.
- ensuring that there is a proper and adequate system in the areas of investment without any compromise on the security of the funds pertaining to General Insurance and Life Insurance Businesses.
- taking cognizance of the auditors' report and actuaries' report before these are taken to the Board.

INDIAN OCEAN GENERAL ASSURANCE LTD

CORPORATE GOVERNANCE REPORT

3.3 Meetings of Board and Committees

The Board and the Committees meet regularly as required by the rules and regulations approved by the Board.

Directors' attendance at Board Meetings and Committees as at 30 June 2016:

	Board of Directors	Corporate Governance	Audit & Technical Committee
No. of meetings held	7	Nil	3
Dr. Soopramanien M. Cunden	7	Nil	3
Ms. Analaxmi Cunden	Nil	Nil	Nil
Mr. Natarajen M. Cunden	6/7	Nil	Nil
Mrs. Neermalah Mootosamy	4/6	Nil	Nil
Ms. Shrivana Cunden	Nil	Nil	Nil
Mr. Raouf Dusmohamud	7	Nil	Nil
Mr. P. A. Pather	7	Nil	2/3
Mr. Karunanidi T Sornum	6/7	Nil	Nil
Mr. J.M Percy Rose	7	Nil	3
Mr. Vijay Kumar Dwarka	5/5	Nil	Nil
Mr. Yuvhen Modelly Cunden	7	Nil	Nil
Mr. L Pillay Thandrayen	7	Nil	Nil

CORPORATE GOVERNANCE REPORT

4. Directors' Profiles

The profiles of the Directors are given below:

Mr Raouf Dusmohamud - Non-Executive Director

Mr Raouf Dusmohamud was appointed as a Director on the Board of IOGA Ltd in 2004. He is presently the Managing Director of Raouf Dusmohamud Co. Ltd, which is the official representative and dealer of the following makes of cars viz: Proton, Perodua. In addition, he is the owner of Garage Raouf and Brabant Pieces Auto.

Mr Logonaden Pillay Thandrayen - also known as Raj Pillay - Non-Executive Director

Non Executive Director and Chairman of Corporate Governance Committee

Mr Raj Pillay joined the Board in 2004. He is presently the Managing Director of Thandrayen Pillay Refrigeration Centre Ltd and Jensen Trading Co. Ltd. He is also a Director of Ningbo Komans Refrigerant (Ningbo China). He has won the Peak of Success, Biz 2014 Award (Hawaii, USA), Inspirational Company Award by World Confederation of Business (Honston USA), Paris Star Quality Award Platinum Category in 2012, London Golden Crown Award QC100 in 2005 and Sablier D'Or Dan Foss Denmark in 1999.

Mr Karunanidi Teeroovengadum Sornum - Non-Executive Director

Mr Sornum was appointed as a Director in 2002 and as a member of the Audit Committee in 2007. He is working as accountant in the logistic sector. He is also an affiliate member of the Chartered Institute of logistics and transport.

Miss Analaxmi Cunden - Non-Executive Director

Miss Analaxmi Cunden was appointed as a Director in 2002. She is working as Corporate Secretary for Aviva Group Luxembourg. She has also exposure in General Banking, Accounting, Company Secretarial Practice and Human Resources Management.

Mr Natarajen M. Cunden - Chief Executive Officer, Executive Director

Mr Natarajen M. Cunden was appointed as Director in 2002 and enjoys a rich experience of 12 years in the Banking Sector. Prior to joining IOGA Ltd, he was Deputy CEO of the former Indian Ocean International Bank Ltd. He is a Fellow of the Chartered Management Institute of UK and has completed his Master Degree in Management from the University of Mauritius.

Miss Shrivana Cunden - Non-Executive Director

Miss Shrivana Cunden was appointed as Director in 2002 and she acted as the Managing Director of the Company for the period 1998 to February 2006. She is a holder of MBA from Birmingham University (UK) and currently working in a leasing company, Toronto, Canada.

INDIAN OCEAN GENERAL ASSURANCE LTD

CORPORATE GOVERNANCE REPORT

4. Directors Profiles (Continued)

Dr Soopramanien M. Cunden - Non-Executive Director

Dr Soopramanien M. Cunden joined the Board in 2008 and was appointed Chairman in 2011. He studied in France and the United Kingdom. He has been a director of various companies for many years and is practising in the private sector.

Mrs Neermalah Mootoosamy - Executive Director (Resigned in January 2016)

Mrs Mootoosamy (A.C.I.I./A.I.I.I) was the Senior Manager of the Underwriting Department, and was also in charge of Reinsurance and Technical aspects of the business. She is a Chartered Insurer and Chartered Insurance Broker, council member and past president of the Insurance Institute of Mauritius. She is also a registered Trainer in Insurance. Mrs Mootoosamy has a rich and extensive experience in the government service (18 years) among which 7 years as inspector of Insurance (now FSC). She has also served as Reinsurance and Technical Manager at Rainbow Insurance Co. Ltd and Managing Director of INXS Ltd, Insurance, Reinsurance Brokers and Consultants. She joined the board on 22 March 2014.

Mr Vijay Kumar Dwarka - Company Secretary

Mr Vijay Kumar Dwarka is a Senior Attorney at Law (S.A.) with 41 years of experience in the legal field. He is the President of the Law Society of Mauritius for the period 2012-2014. His chamber has legal correspondents in Reunion, France (Paris, Montpellier) and UK (London). He is also one of the Directors of more than 50 offshore companies and has a current portfolio of over 150 companies both local and international. He is an active social worker involved with various associations. He is a past President and Director of Lions Club International, Port Louis Branch (1994/1995) and is still an active member of the club. He joined the Board on 11 June 2010.

Mr Yuvhen Modelly Cunden - Independent Director

Mr Yuvhen Modelly Cunden was appointed as independent Director on 11th June 2010. He is currently employed with SBI (Mauritius) Ltd as IT Supervisor. He holds a Diploma in Information Technology through AEA (Ncc).

Mr Poobalasoondaram Arnasala Pather - Independent Director

Mr P.A Pather has been appointed as independent director on 29th December 2011. He is a Fellow of the Chartered Association of Certified Accountants (FCCA). He has long experience in accounting and financial services. He is currently the managing partner of Palsam Associates, Chartered Certified Accountants.

INDIAN OCEAN GENERAL ASSURANCE LTD

CORPORATE GOVERNANCE REPORT

4. Directors Profiles (Continued)

Mr Jean Marie Percy Rose - General Manager, Executive Director

Mr J. M. Percy Rose joined the Company as independent Director in June 2011. Career-wise, he has a long outstanding managerial and technical experience in the insurance sector since 1967. Mr J. M Percy Rose is an Associate of the Chartered Insurance Institute (UK) since 1979 and a Chartered Insurer in 1997.

5. Statement of Remuneration Philosophy

The remuneration of Directors and Senior Executives of the company is reviewed annually as per the term of reference of the Nomination and Remuneration sub-committee presided by Mr Logonaden Pillay Thandrayen. The remuneration philosophy is based on performance and is transparent.

The directors' fees paid to each Director are as follows:

Directors	RS
Dr. Soopramanien M. Cunden	53,500
Ms. Analaxmi Cunden	Nil
Mr. Natarajen M. Cunden	36,000
Mrs. Neermalah Mootoosamy	24,000
Ms. Shrivana Cunden	Nil
Mr. Raouf Dusmohamud	42,000
Mr. Logonaden Pillay Thandrayen	49,000
Mr. P. A. Pather	45,000
Mr. Karunanidi T Sornum	36,000
Mr. J.M Percy Rose	46,500
Mr. Vijay Kumar Dwarka	65,000
Mr. Yuvhen Modelly Cunden	42,000

INDIAN OCEAN GENERAL ASSURANCE LTD

CORPORATE GOVERNANCE REPORT

6. Shareholdings

6.1 Analysis of shareholders as at 30 June 2016

Size of Shareholding	No of shares owned	% of total issued shares
1-500	29,289	1%
501-1,000	30,041	1%
1,001-5,000	148,078	6%
More than 5,000	2,292,592	92%
Total	2,500,000	100%

6.2 Shareholders category as at 30 June 2016

Shareholder Category	No of shareholders	No of Shares	%
Individuals	201	1,331,294	53%
Corporate bodies	19	1,141,918	46%
Others	26	26,788	1%
Total	246	2,500,000	100%

6.3 Shareholders holding more than 5% of the share capital as at 30 June 2016 were:

Shareholders	No of Shares	%
Promunit Limited	848,219	33.9%
Sam Cunden (Mauritius) Ltd	146,072	5.8%
Succession Sam Cunden	294,412	11.8%
Natarajen M. Cunden	126,662	5.06%

6.4 Shareholder's agreement

The Company is not aware of any shareholder's agreement.

CORPORATE GOVERNANCE REPORT

7. Profile of Senior Management Team

Mr Natarajen M. Cunden

Mr Natarajen M. Cunden, Chief Executive Officer has extensive experience in the management sector. He is a Fellow of the Chartered Institute of Management, UK and holds a Master Degree in Management from the University of Mauritius.

Mrs Neermalah Mootosamy (Resigned in January 2016)

Mrs Neermalah Mootosamy, A.C.I.I./A.I.I.I, Senior Manager in Underwriting Department, was in charge of Reinsurance and Technical aspects of the business. She is a Chartered Insurer and Chartered Insurance Broker, council member and past president of the Insurance Institute of Mauritius. She is also a registered Trainer in Insurance. Mrs Mootosamy has a rich and extensive experience in the government service (18 years) among which 7 years as Inspector of Insurance (now FSC). She has also served as Reinsurance and Technical Manager at Rainbow Insurance Co. Ltd and Managing Director of INXS Ltd, Insurance, Risk Advisors and Insurance Brokers.

Mr Jean Marie Percy Rose (appointed in May 2016)

Mr J. M. Percy Rose joined the Company as independent Director in June 2011. Career-wise, he has a long outstanding managerial and technical experience in the insurance sector since 1967. Mr J. M Percy Rose is an Associate of the Chartered Insurance Institute (UK) since 1979 and a Chartered Insurer in 1997.

Mr Amrit Hurree (appointed in July 2016)

Mr Amrit Hurree is a Public Accountant registered with Mauritius Institute of Professional Accountants bearing registration number MRN 186/292.

He is a Fellow of the Association of Chartered Certified Accountants (UK). He worked in the insurance industry for more than 25 years in various insurance companies. He is now a Sole Partner in Practice based in Mauritius and Australia. He joined the Company as a part time consultant since July 2016.

CORPORATE GOVERNANCE REPORT

8. Corporate Social Responsibility

8.1 Sustainability reporting

The Company recognizes that it operates within a social and economic community and as such is committed when taking decisions and carrying out its activities, to take into account not only its economic viability but also the environmental consequences and social implications. The Company recognizes its key role on job and wealth creation in the Mauritian society. Reporting sustainability is generally understood to be the way for a Company to strike a right balance between economic, environmental and social integration, often through commitment and activities that extend beyond the foundation of compliance with legislation.

8.2 Within the Company

The Company adopts harmonious industrial relations in order to achieve its objectives and mission in the interest of both the Company and its employees. There is a two-way communication within the Company.

8.3 Within the Society

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

8.4 Environment, health and safety

Environmental implications are considered before operational and strategic decisions are taken. The Company is committed to bring about a health and safety culture within the Company and also maintains a conducive working environment for the general well being of the employees and its customers.

9. Internal Audit

The Board of Directors has given consideration to the role of an internal auditor in the Company. However at this point of time it considers that the appointment of an internal auditor in the Company is not justified, as the Company has a satisfactory system of Internal Control.

Responsibilities and duties of officers are clearly defined, thus providing proper checks and balance of transactions carried out in the Company.

The objectives and policies of the Company are properly communicated up and down the line in the Company.

The Audit and Technical Committee and the key management personnel regularly receive reports from various departments and review same.

CORPORATE GOVERNANCE REPORT

10. Risk Management and Internal Control System

The Board of Directors is responsible for risk management and for the Company's systems of internal control. The Company's policy on risk management encompasses all significant business risks including physical, operational, business continuity, financial compliance and reputational which could influence the achievement of the Company's objectives.

The risk management mechanism in place includes:

- A system for the ongoing identification and assessment of risk;
- Development of strategies in respect of risks and definition of acceptable and non-acceptable levels of risk;
- Reviewing the effectiveness of the system of internal control and
- Processes to reduce or mitigate identified risks and contain them within the levels of tolerance defined by the Board.

The objective of risk management is not to eliminate risk altogether, but to reduce it to an acceptable level having regard to the objectives of the Company.

While the Board is responsible for the overall risk management and internal control systems, oversight of the Company's risk management process, with the exception of the legal risk, is delegated to the Audit and Technical Committee.

The following risk areas have been identified for the Company:

10.1 Insurance risks

The main activity of the Company is the acceptance of risk under an insurance contract where in return for a consideration (the premium), a policyholder is compensated for pecuniary loss suffered as a result of a specified uncertain future event, or of a uncertain future event where the timing of the occurrence is uncertain. The main risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. Risks are mainly associated with the Company's underwriting, reinsurance and claims handling activities.

10.2 Motor and Liability Insurance

The Company's underwriting strategy attempts to ensure that the underwritten risks are acceptable, well priced and diversified in type. Statistics captured and analysed by computer software are extensively used to assess and review risks and the Company reserves the right not to renew policies and/or to impose deductibles.

The Company determines the extent of risks retainable and transfers risks in excess of its capacity to top rated reinsurers. Thus, through effective proportional, excess of loss and facultative reinsurance covers, the maximum loss for a given risk that the Company may suffer in any one year is predetermined.

Claims handling are closely monitored so as to ensure that the loss reported is covered and properly assessed. The Company ensures that claims provisions are determined using the best information available of claims settlement patterns, inflation forecast and settlement of claims.

CORPORATE GOVERNANCE REPORT

10. Risk Management and Internal Control System (Continued)

10.3 Financial risks

The Company is exposed to financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that proceeds from financial assets are not sufficient to fund the obligations arising from insurance contracts. Financial risk is considered to be very low.

10.4 Credit risk

The Company's credit is primarily attributable to debtors including agents for insurance premium payable to the Company. The amounts presented in the Statement of Financial Position are net of allowances for doubtful receivables, estimated by the Company's management based on prior experience and the current economic environment. The Company structures the levels of its credit risk it accepts by placing limits on its exposure to a single counter party. Such risks are subject to frequent review.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to meet short-term debts. Liquidity risk is considered to be very low.

10.5 Market risk

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether these changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The Audit and Technical Committee set up by management ensures that investments are sufficiently diversified in order to match assets and liabilities and liquidity requirements.

10.6 Reinsurance risk

Reinsurance risk refers to the inability of the ceding company or the primary insurer to obtain insurance from a reinsurer at the right time and at an appropriate cost. The inability may emanate from a variety of reasons like unfavourable market conditions, etc. Default risk by a reinsurer also affects the ceding insurance company in an adverse manner as it may affect their profitability.

Insurers transfer a part of their portfolio to a reinsurer in exchange for a premium. However, the unavailability of reinsurance at the right time and cost has ramifications for the ceding company. A default on the part of the reinsurer can lead to adverse impacts on the profitability and solvency of the ceding insurer. It may also lead to an adverse affect on the underwriting abilities of the insurer as the default by the reinsurer will augment the risk of the insurer. The ceding company has the onus of meeting the insured's claims in the event of a default by the reinsurer.

The Company manage its reinsurance program by a professional reinsurance broker J. B. Boda Reinsurance Brokers Private Limited who ensures that risks are only ceded to top-rated and credit worthy reinsurers

CORPORATE GOVERNANCE REPORT

10. Risk Management and Internal Control System

10.7 Operational Risks

Operational risks are risks of loss or opportunity gain foregone resulting from inadequate or failed internal processes, people and systems or from external events. These losses may be caused by one or more of the following:

Human Resources Risk

The personnel responsible for managing and controlling different sectors of the Company or a business process do not possess the requisite knowledge, skills and experience needed to ensure that critical business objectives are achieved and significant business risks are reduced to an acceptable level.

Compliance Risk

Compliance risk, also referred to as non-conformance risk, results in lower quality, higher costs, lost revenues and unnecessary delays. Non-conformance also gives rise to service failure risk because if not detected and corrected before a service is delivered to the customer, a product or performance failure could result. A Compliance Officer has been appointed to monitor these issues.

Health and Safety Risk

Health and safety risks are significant if not controlled because they can expose the Company to substantial liability in respect of workers' compensation. Non-compliance with Health and Safety Legislation may result in heavy fines. The Health and Safety Committee ensures that these risks are minimised through control, follow-up and communication procedures. The Human Resources Department ensures compliance with labour laws.

CORPORATE GOVERNANCE REPORT

11. Miscellaneous

11.1 Auditors

The audit fees payable to the auditors, Moore Stephens, amount to Rs 325,000 (2015: Rs 325,000).

11.2 Code of Ethics and Conduct

The Company is committed to ethical practices in its day-to-day operations and is governed by the Industry Code of Ethics.

11.3 Dividend policy

The Company did not declare any dividend during the year under review. (2015: NIL).

11.4 Donations and Sponsorship

The Company donated Rs 5,330 during the year. (2015: Rs 33,500)

11.5 Related party transactions

The details in respect of related party transactions have been disclosed in Note 30 of the financial statements.

CORPORATE GOVERNANCE REPORT

12. Statement of Directors' responsibilities in respect of the financial statements

Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs and of the profit or loss of the Company. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for ensuring that adequate accounting records and an effective system of internal control and risk management are maintained. This helps to disclose with reasonable certainty and accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritian Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible to institute proper systems and procedures to comply with the Financial Intelligence and Anti-Money Laundering Act 2002 (FIAML Act) and the Code on the Prevention of Money Laundering and Terrorist Financing intended for Insurance Entities (the PMLTF code). Management has taken actions to implement proper systems, procedures and controls to comply with the FIAML Act and the PMLTF code.

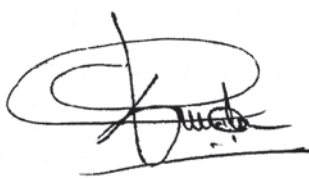
The Directors confirm that they complied with these requirements in preparing the financial statements. The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

13. Acknowledgement

The Board of Directors wishes to thank all stakeholders for their continued cooperation and support. The Board also expresses its appreciation for the valued support, continued trust, and loyalty of its management, staff and customers without whom the objectives of the Board would not have been attained.



Chairperson



Chief Executive Officer



Director

Date: 26th September 2016



io ga
INDIAN
OCEAN GENERAL
ASSURANCE LTD



CERTIFICATE OF THE SECRETARY

I certify, to the best of my knowledge and belief, that the Company has filed with the Registrar of Companies all such returns as are required of INDIAN OCEAN GENERAL ASSURANCE LTD under Section 166(d) of the Companies Act 2001, during the year ended 30 June 2016.

Secretary
Vijiay Kumar Dwarka

Date: 26th September 2016

Address:
Descoins Street
Long Mountain
Mauritius

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
INDIAN OCEAN GENERAL ASSURANCE LTD**

This report is made solely to the members of **INDIAN OCEAN GENERAL ASSURANCE LTD** (the "Company"), as a body, in accordance with Section 205 of the Mauritius 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 the Company's members 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 the report, or for the opinions we have formed.

Report on the financial statements

We have audited the financial statements of **INDIAN OCEAN GENERAL ASSURANCE LTD** (the "Company"), set out on pages 22 to 67 which comprise the statements of financial position as at 30 June 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
INDIAN OCEAN GENERAL ASSURANCE LTD (cont'd)**

Report on the financial statements (cont'd)

Opinion

In our opinion, the financial statements on pages 22 to 67 give a true and fair view of the financial position of the Company as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Mauritius Companies Act 2001 and the Insurance Act 2005 as amended by the Insurance (Amendment) Act 2007.

Report on other legal and regulatory requirements

Companies Act 2001

We have no relationship with, or interests in, the company or its subsidiary, other than in our capacity as auditors

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

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

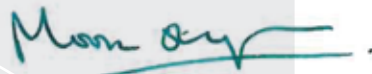
Insurance Act

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

Financial Reporting Act 2004

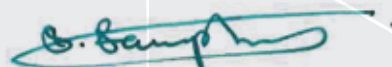
The directors are responsible for preparing the Corporate Governance Report and making disclosures required by Section 8.4 of the Code of Corporate Governance of Mauritius ("Code"). Our responsibility is to report on these disclosures.

In our opinion, the disclosures in the Corporate Governance Report are consistent with the requirements of the Code.



MOORE STEPHENS
Chartered Accountants

PORT LOUIS
REPUBLIC OF MAURITIUS



Ravindra RAMPHUL, ACA
Licensed by FRC

DATE: 26 SEP 2016.....

**GOING
HIGHER
TOGETHER**



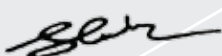
INDIAN OCEAN GENERAL ASSURANCE LTD

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Notes	Life 2016 Rs	General 2016 Rs	Total 2016 Rs	Life 2015 Rs	General 2015 Rs	Total 2015 Rs
ASSETS							
NON CURRENT ASSETS							
Property plant and equipment	6	2	33,696,910	33,696,912	7,316	31,542,782	31,550,098
Intangible asset	7	1	1	2	1	1	2
Available-for-sale financial assets	8	33,236,519	51,027,838	84,264,357	31,988,448	48,947,889	80,936,337
Held-to-maturity investments	9	-	-	-	-	834,495	834,495
Statutory deposits	10,12	10,068,750	10,000,000	20,068,750	8,000,000	10,000,000	18,000,000
Other assets	11	1,100,000	-	1,100,000	1,100,000	-	1,100,000
Deposits	12	7,000,000	74,060,950	81,060,950	21,110,558	83,045,802	104,156,360
Loans and receivables	13	-	510,321	510,321	-	410,633	410,633
Deferred tax asset	29	-	-	-	6,892	76,748	83,640
		51,405,272	169,296,020	220,701,292	62,213,215	174,858,350	237,071,565
CURRENT ASSETS							
Loan and Receivable	13	849,467	272,658	1,122,125	975,559	21,790	997,349
Receivables and prepayments	14	6,776,121	28,222,135	34,998,256	3,290,101	22,669,646	25,959,747
Amount due by re-insurers	15	-	2,593,999	2,593,999	-	5,342,801	5,342,801
Reinsurance contracts	25	-	14,834,565	14,834,565	-	13,281,737	13,281,737
Deposits	12	11,050,350	47,228,571	58,278,921	1,000,000	27,000,000	28,000,000
Cash and cash equivalents	22	3,419,940	35,219,338	38,639,278	7,181,301	39,814,938	46,996,239
		22,095,878	128,371,265	150,467,143	12,446,961	108,130,912	120,577,873
TOTAL ASSETS		73,501,150	297,667,285	371,168,435	74,660,176	282,989,262	357,649,438
EQUITY AND LIABILITIES							
CAPITAL AND RESERVES							
Stated capital	16	-	25,000,000	25,000,000	-	25,000,000	25,000,000
Revaluation reserve	17	26,240,119	45,231,435	71,471,554	24,992,048	43,839,358	68,831,406
Retained earnings		-	122,537,543	122,537,543	-	119,247,412	119,247,412
		26,240,119	192,768,979	219,009,098	24,992,048	188,086,770	213,078,818
TECHNICAL PROVISIONS							
Unearned premium reserves	18	-	28,358,112	28,358,112	-	16,835,628	16,835,628
Life assurance fund	19	46,261,203	-	46,261,203	48,571,519	-	48,571,519
		46,261,203	28,358,112	74,619,315	48,571,519	16,835,628	65,407,147
NON CURRENT LIABILITIES							
Deferred tax liability	29	153,815	33,015	186,830	-	-	-
Retirement benefit obligation	20	-	2,899,807	2,899,807	-	2,784,144	2,784,144
		153,815	2,932,822	3,086,637	-	2,784,144	2,784,144
CURRENT LIABILITIES							
Current tax liabilities	27	26,812	-	26,812	226,784	-	226,784
Amount due to re-insurers	26	78,121	408,713	486,834	61,172	2,413,543	2,474,715
Payables	21	741,080	9,675,623	10,416,703	808,653	8,635,233	9,443,887
Outstanding claims	25	-	63,523,037	63,523,037	-	64,233,944	64,233,944
		846,013	73,607,373	74,453,386	1,096,609	75,282,720	76,379,329
TOTAL EQUITY AND LIABILITIES		73,501,150	297,667,285	371,168,435	74,660,176	282,989,262	357,649,438

Approved by the Board of Directors on ...26th September 2016... and signed on its behalf by:

Chairman



Director



The notes on pages 28 to 67 form an integral part of these financial statements

INDIAN OCEAN GENERAL ASSURANCE LTD

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

	2016	2015
GROSS PREMIUM	61,863,014	48,864,213
Premium Ceded to reinsurers	(8,785,763)	(3,705,363)
NET PREMIUM	53,077,251	45,158,850
Release to general business fund (note 18)	(11,522,484)	(750,898)
NET EARNED PREMIUM	41,554,767	44,407,952
Investment and Interest Income	9,406,820	10,689,325
Other income	10,684,494	4,428,133
	20,091,314	15,117,458
Net Claim incurred	(37,755,543)	(33,704,517)
Net commission paid	(3,076,055)	(4,311,646)
Management expenses	(17,871,366)	(18,138,100)
Depreciation and amortisation	(1,898,675)	(523,718)
	(60,601,639)	(56,677,981)
NET PROFIT BEFORE TAX FOR THE YEAR	1,044,442	2,847,429
Income tax expense	(301,235)	(120,655)
PROFIT AFTER TAX FOR THE YEAR	743,207	2,726,774
Transfer to Life Fund	2,310,319	4,397,575
Founder's share Commission	(533,249)	(769,599)
PROFIT FOR THE YEAR	2,520,277	6,354,750
Other comprehensive income		
Gain on foreign exchange	616,889	6,820,007
Gain on foreign revaluation	1,545,043	2,296,899
TOTAL COMPREHENSIVE INCOME	4,682,209	15,471,656
Earning per share	1.01	2.54

The notes on pages 28 to 67 form an integral part of these financial statements.

INDIAN OCEAN GENERAL ASSURANCE LTD

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME GENERAL INSURANCE BUSINESS FOR THE YEAR ENDED 30 JUNE 2016

	<u>2016</u>	<u>2015</u>
	Rs	Rs
GROSS PREMIUM	59,036,765	45,657,960
LESS : REINSURANCE PREMIUMS	(8,652,216)	(3,568,890)
NET PREMIUM	50,384,549	42,089,070
Release to general business fund (note 18)	(11,522,484)	(750,898)
NET RETAINED PREMIUM	38,862,065	41,338,172
Gross claims paid	(37,877,634)	(28,694,509)
Claims recovered from insurers/reinsurers	6,497,638	(175,754)
Recoverable from reinsurers	2,566,012	3,731,581
Movement in outstanding claims and IBNR	541,762	949,195
INCURRED CLAIMS	(28,272,222)	(24,189,487)
Commission receivable	2,078,729	443,893
Commission payable	(5,140,892)	(4,737,763)
NET COMMISSION	(3,062,163)	(4,293,870)
NET UNDERWRITING RESULTS	7,527,680	12,854,815
Investment and Interest Income	7,698,971	8,582,255
Other income	7,020,029	3,636,770
	22,246,680	25,073,840
Management expenses	(17,192,030)	(17,484,091)
Depreciation and amortisation	(1,891,361)	(516,404)
NET PROFIT BEFORE TAX FOR THE YEAR	3,163,289	7,073,345
Income tax expense	(109,763)	51,004
NET PROFIT AFTER TAX FOR THE YEAR	3,053,526	7,124,349
Less Founder's share Commission	(533,249)	(769,599)
PROFIT FOR THE YEAR	2,520,277	6,354,750
Other comprehensive income		
Gain on foreign exchange	616,889	6,820,007
Gain on investment revaluation	1,545,043	2,296,899
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	4,682,209	15,471,656

The notes on pages 28 to 67 form an integral part of these financial statements.

INDIAN OCEAN GENERAL ASSURANCE LTD

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME LIFE ASSURANCE BUSINESS FOR THE YEAR ENDED 30 JUNE 2016

	<u>2016</u> Rs	<u>2015</u> Rs
Gross Premium	2,826,249	3,206,253
Premium Ceded to reinsurers	(133,547)	(136,473)
Net Earned Premium	2,692,702	3,069,780
Investment and Interest Income	1,707,849	2,107,070
Other income	3,664,465	791,363
	5,372,314	2,898,433
Commission payable	(27,705)	(31,196)
Commission recoverable from reinsurers	13,813	13,420
Net Commission	(13,892)	(17,776)
Death Claims	(318,362)	(43,238)
Maturity claims and survival	(8,810,958)	(6,777,883)
Surrenders	(354,001)	(2,693,909)
	(9,483,321)	(9,515,030)
Management expenses	(679,336)	(654,009)
Depreciation and amortisation	(7,314)	(7,314)
	(686,650)	(661,323)
Loss for the year	(2,118,847)	(4,225,916)
Income tax expenses	(191,472)	(171,659)
LOSS AFTER TAX FOR THE YEAR	(2,310,319)	(4,397,575)
Transfer to Life Fund (note 19)	2,310,319	4,397,575

The notes on pages 28 to 67 form an integral part of these financial statements.

INDIAN OCEAN GENERAL ASSURANCE LTD

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	2016 Rs	2015 Rs
Cash flows from operating activities		
Profit before taxation	1,044,442	2,847,429
Adjustments for:-		
Depreciation / Amortisation	1,898,675	523,718
Investment income	(9,406,820)	(10,689,325)
Effect of foreign exchange rate changes	83,900	634,050
Founder's Share Commission	(533,249)	(769,599)
Release to General Fund	11,522,484	750,898
Provision Retirement benefit obligations	115,663	516,323
Operating profit /(loss) before working capital changes	4,725,094	(6,186,506)
Increase in trade and other receivables	(9,038,509)	(4,129,433)
Decrease in amount due by reinsurers	2,748,802	4,273,314
Increase in reinsurance contract	(1,552,828)	(3,442,654)
Decrease in amount due to reinsurers	(1,987,881)	708,398
Increase in trade and other payables	972,817	607,478
Decrease in outstanding claims	(710,908)	(992,756)
Cash generated from operations	(4,843,412)	(9,162,159)
Income received	9,406,820	10,689,325
Taxation and CSR paid	(230,735)	(652,041)
Net cash flows from operating activities	4,332,673	875,125
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,045,489)	(12,889,730)
Held to Maturity investments realised	832,579	
(Granted)/Refunds of loan	(224,464)	1,000,319
(Decrease)/Increase in deposits	(9,252,261)	16,079,791
Net cash flows used in investing activities	(12,689,635)	4,190,380
Net (decrease) / increase in cash and cash equivalents	(8,356,961)	5,065,505
Movements in cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	46,996,239	41,930,734
Cash and cash equivalents at the end of the year (note 22)	38,639,278	46,996,239

The notes on pages 28 to 67 form an integral part of these financial statements

INDIAN OCEAN GENERAL ASSURANCE LTD

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

	State Capital	Freehold Land Revaluation	Investment Revaluation Reserve	Retained Earnings	Total
	Rs	Rs	Rs	Rs	Rs
At 1 July 2014	25,000,000	5,200,000	55,868,380	106,072,655	192,141,035
Profit for the year	-	-	-	6,354,750	6,354,750
Other comprehensive income	-	-	2,296,899	6,820,007	9,116,906
Fair value adjustments	-	-	5,466,127	-	5,466,127
At 30 June 2015	25,000,000	5,200,000	63,631,406	119,247,412	213,078,818
Profit for the year	-	-	-	2,520,277	2,520,277
Other comprehensive income					
Gain on foreign exchange	-	-	-	616,889	616,889
Realised reserves on Held to Maturity investments	-	-	(152,966)	152,966	-
Increase in fair Value of AFS Investment	-	-	2,793,114	-	2,793,114
At 30 June 2016	25,000,000	5,200,000	66,271,554	122,537,543	219,009,097

The notes on pages 28 to 67 form an integral part of these financial statements

**GROWING
DAY BY DAY
TOGETHER**



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1. Reporting entity

The Indian Ocean General Assurance Ltd (the Company) is a Public Limited Company incorporated and domiciled in Mauritius under the Companies Act 2001 and is subject to the Insurance Act 2005. The Company was incorporated on 10th April 1970 and its head office is located at 12 Volcy Pougnet Street, Port Louis, Mauritius. The Company carries out short term and long term insurance businesses. It is licensed to write property, liability, transportation, guarantee, motor and travel accidents insurance.

These financial statements have been authorised for issue by the Board of Directors on 26th September 2016.

1. Application of new and revised International Financial Reporting standards (IFRSs)

In the current year the Company has applied all the new and revised Standards and Interpretations effective in the reporting period some either do not have an impact on the Company's reporting or is not applicable.

IFRS 11 Accounting for Acquisitions of interest in Joint Operations effective to annual period on or after 1 January 2016

IAS 16 Property, Plant and Equipment amendments relating to clarification of acceptable methods of depreciation effective as from 1 January 2016

IAS 38 Intangible Assets amendments relating to clarification of acceptable methods of amortisation effective as from 1 January 2016

IAS 16 Property, Plant and Equipment amendments to include 'bearer plants' within the scope of IAS 16 applicable to annual periods beginning on or after 1 January 2016

IAS 41 Agriculture amendments to include 'bearer plants' within the scope of IAS 16 instead of IAS 41 and to clarify that produce growing on bearer plants remain within scope of IAS 41 applicable to annual periods beginning on or after 1 January 2016

IAS 27 Separate Financial Statements amendments permitting to equity method to investment in subsidiaries, joint ventures and associates applicable to annual periods on or after 1 January 2016

Annual Improvements 2012-2014 Cycle make amendments to the following IFRS and is applicable to annual periods on or after 1 January 2016

IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations

IFRS 7 - Financial Instruments -Disclosures

IAS 19 - Employee Benefits

IAS 34 - Interim Financial reporting clarification of meaning of elsewhere in the interim report and require a cross reference

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1. Application of new and revised International Financial Reporting standards (IFRSs) (Continued)

IAS 1 Presentation of financial statements amendments to address perceived impediments to preparers exercising their judgement in presenting their financial reports effective for periods beginning on or after 1 January 2016

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the financial statements.

As at date of the financial report, there are a number of new and revised accounting standards published for which the mandatory application dates fall after the end of this current reporting year, none of these standards have been early adopted:

in issue but not yet effective :

IFRS 9 (2014) Financial Instruments effective for annual periods beginning on or after 1 January 2018

IFRS 16 Leases effective for annual periods beginning on or after 1 January 2019

IAS 12 amends Income Taxes effective for annual periods beginning on or after 1 January 2017

IAS 7 amends Statement of Cash Flows effective for annual periods beginning on or after 1 January 2017

IFRS 15 Revenue from Contract with Customers amendments effective for annual periods beginning on or after 1 January 2018

IFRS 2 Shared-based Payment amendments effective for annual periods beginning on or after 1 January 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

2. Significant accounting policies

Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and comply with the both the Mauritian Companies Act 2001 and the Mauritian Insurance Act 2005.

Basis of preparation

The financial statements have been prepared on historical cost basis except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values at end of each reporting period, as explained in the accounting policies below.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the notes to the financial statements.

Functional and presentation currency

The financial statements are presented in Mauritian Rupee (Rs) which is the Company's functional and presentation currency and represents the currency of the primary economic environment in which the entity operates.

Revenue recognition

Revenue represents earned premiums receivable net of reinsurance. Premium revenue comprises amounts charged to policyholders for insurance contracts. Premium is recognised as earned from the date of attachment of risk. The unearned portion of premium is recognised as an unearned premium liability on the statement of financial position.

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

Interest income: on time proportion basis taking into account the effective yield on the investments.

Dividend income: when the shareholder's right to receive payment is established

Reinsurance commission receivable: as it accrues in accordance with the relevant treaty agreements.

Property, plant and equipment

All property, plant and equipment are initially recorded at cost or revalued amounts less accumulated depreciation. Cost includes any costs directly attributable to bringing the asset to working condition for its intended use.

Revaluation surpluses or deficits are dealt with in the revaluation reserves except for movements below the depreciated cost which are dealt with in the statement of comprehensive income. Each year the difference between depreciation based on revalued

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

2. Significant accounting policies (Continued)

amount of the assets (the depreciation charged to statement of comprehensive income) and depreciation based on asset's original cost is transferred from revaluation reserve to statement of comprehensive income .

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The cost of the day to day servicing of property, plant and equipment are recognised in the statement of comprehensive income as incurred .

Depreciation is calculated to write off the cost or revalued amount of the assets on a straight line basis over the expected useful lives at the following rates per annum:

Freehold Building	5%
Office equipment	20%-33 1/3 %
Motor vehicles	20%
Furniture and fittings	20%

Freehold land is not depreciated

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining profit before tax.

Other assets

Other assets represent land acquired which was secured for mortgage loans. The loans have been written off and the value of the assets is recognised at cost.

Intangible assets

Intangible assets which comprises computer software is initially recorded at cost and amortised using the straight-line method over its expected useful life. The cost is fully amortised as at 30 June 2016.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

3. Significant accounting policies (Continued)

Financial instruments

The Company classifies its financial instruments into the following categories based on the purpose for which the asset was acquired or liability incurred. All transactions are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They result from delivery of cash or services provided by the Company to a borrower or customer with no intention of trading the receivables. They are included in current assets when maturity date is within twelve months or non-current for maturity date greater than twelve months of the reporting date. They are stated at cost less any provision for amount irrecoverable and doubtful debts.

Available-for-sale(AFS) financial assets

Non-derivative financial assets that are not classified in any other category are classified as available-for sale and comprise investments in equity instruments including investments in public foreign companies. These instruments are initially recognised at fair value plus transaction cost that are directly attributable to their acquisition. Subsequently they are carried out at fair value based on their quoted market price in an active market. When they do not have a quoted market price in an active market and fair value is not reliably determinable they are valued at net asset value.

Changes in fair value are recognised as a separate component of other comprehensive income and accumulated in equity under investment revaluation reserve. Where the investments are disposed or impaired the cumulative gain or loss previously recognised in the revaluation reserve is transferred to the statement of comprehensive income for the year. Foreign exchange gains or losses arising on AFS are recognised in profit and loss account.

AFS denominated in foreign currency are translated at buying exchange rate at reporting date and changes in fair value related to translation difference is recognised in profit and loss account while other changes are recognised to equity under investment revaluation reserve.

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

Held-to maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities. The Company's management has positive intention and ability to hold to maturity. Held to maturity investments are initially recognised at fair value of the consideration paid for their acquisition. After initial measurement, held-to-maturity investments are included in the profit or loss as investment income. In case of an impairment, it has been reported as deduction from the carrying value of the investments and recognised in profit and loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

3. Significant accounting policies (Continued)

Long term receivables

Long term receivables with fixed maturity terms are measured at amortised cost using the effective interest rate method, less provision for impairment. The carrying amount of the assets is reduced by the difference between the asset's carrying amount and the present value of estimated cash flows discounted using the effective interest rate. The amount of loss if arise is recognised in the statement of profit and loss and other comprehensive income or the Life Assurance Fund. Long term receivables without fixed maturity terms are measured at cost. If there is objective evidence that an impairment loss has incurred, the amount of the impairment is measured as the difference between the carrying amount of the assets and the present value of estimated cash flows discounted at the current rate of return for similar financial assets.

Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest rate method, less any impairment losses.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on part of policyholders, or default by agencies) that the Company will be unable to collect all the amounts due under the terms receivable. Provision for amounts due from policyholders and reinsurers, which are reported net, are recorded in a separate allowance/provision account with the loss being recognised in net income. On confirmation that the amounts receivable will not be collectable the gross carrying value of the assets is written off against the associated provision.

Cash and cash equivalents

These comprise cash at banks and in hand and short term deposits with a maturity of three months or less as well as bank overdraft which is repayable on demand and form an integral part of the Company's cash management.

Trade and other payables

Trade payables and other payables are stated at amortised cost.

Insurance contracts

Insurance contracts are those contracts that transfer significant insurance risk at the inception of the contract. Such contracts remain insurance contracts until all right and obligations are extinguished or expired. Insurance risk is transferred when the Company agrees to compensate a policyholder if a specified uncertain event adversely affects the policyholder. Some insurance contracts contain a Discretionary Participation Feature (DPF). This feature entitles the holder to receive, as a supplement to a guarantee benefit, additional benefits or bonuses.

Insurance Contracts issued by the Company are classified within the following main categories:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

3. Significant accounting policies (Continued)

Insurance Contract (Continued)

Contracts under which the Company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary are classified as insurance contracts.

Insurance risk is risk other than financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index or other variable, provided that in the case of a non-financial variable, the variable is not specific to a party to the contract. Insurance contracts may also transfer some financial risk.

Contracts under which the transfer of insurance risk to the Company from the policyholder is not significant are classified as investment contracts.

Insurance contracts issued by the Company are categorized as follows:

Short-term insurance contracts

Short term insurance contracts are mainly in respect of motor business but the Company also sells fire and allied perils, marine, engineering and other miscellaneous insurance contracts. These contracts protect the Company's customers from damage suffered to property or goods, value of property and equipment lost, losses and expenses incurred sickness and loss of earnings resulting from the occurrence of the insured events.

General insurance contracts permit the Company to sell property acquired in settling a claim (i.e. salvage). The Company has the right to sue third parties for the payment of some or all the cost incurred (i.e. subrogation). Estimate of salvage recoveries is included as allowance in the measurement of the insurance liabilities for claim and salvage property is recognized in other assets when the liability is settled.

Long-term insurance contracts with fixed and guaranteed terms

These contracts insure events associated with human life, i.e. death, disability or survival over long term. A liability for contractual benefits that are expected to be incurred in future are recorded once the first premium under such a contract has been paid. The liability is based on best estimates assumptions regarding future mortality, persistency and maintenance expenses and investment income that are determined at each evaluation date based on an analysis of recent experience modified by expectation of future trends. The best estimates assumptions are adjusted to include a margin for prudence.

Long-term insurance contracts with fixed term and DPF

These types of contracts contain a DPF which entitles the contract holder, in supplement to a guaranteed amount, to a contractual right to receive additional profit or bonuses. The magnitude of the profit or bonuses as well as the timing of the payment is however at the discretion of the Company. The Company has an obligation to eventually pay to contract

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

3. Significant accounting policies (Continued)

Insurance Contract (Continued)

holders up to 20% of the DPF eligible surplus. The remaining 80% is payable to the policy holders at maturity.

Long-term insurance contracts without fixed terms and with DPF

These types of insurance contracts contain a DPF which entitles the contract holder in supplement to a guaranteed amount, to a contractual right to receive additional profit or bonuses.

The amount or timing is contractually at the Company's discretion and is based on:

- (a) Realized and/or unrealized investment returns on a specified pool of assets held by the Company; or
- (b) The profit or loss of the Company that issues the contracts.

Reinsurance contracts

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company are classified as reinsurance contracts held. Insurance contracts entered into by the Company under which the contract holder is another insurer (inward reinsurance) are included with reinsurance contracts.

Reinsurance contracts used by the Company are proportional and non-proportional treaties and facultative arrangements. Proportional reinsurance can be either 'quota share' where the proportion of each risk reinsurance is stated or "surplus" which is a more flexible form of reinsurance and where the Company can fix its retention limit. Non-proportional reinsurance is mainly 'excess-of-loss' type of reinsurance where, in consideration for a premium, the reinsurer agrees to pay all claims in excess of a specified amount, i.e. the retention, and up to a maximum amount. Facultative insurance contracts generally relate to specific insured risks which are underwritten by the Company falling under the term and limits of treaties are reinsured automatically. Reinsurance assets primarily include balances due from reinsurance companies for ceded insurance liabilities.

Short-term balances due from reinsurers are classified within trade and other receivables. 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 contracts. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognized as an expense when due.

Impairment of reinsurance assets

If a reinsurance asset is impaired, the Company reduces the carrying amount accordingly and recognizes the impairment in the statement of profit and loss and other comprehensive income. A reinsurance asset is impaired if there is objective evidence, as

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

3. Significant accounting policies (Continued)

a result of an event that occurred after initial recognition of the reinsurance asset, that the Company may not receive all amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

Revenue Recognition

(a) Premium earned

(1) Short term insurance

Premium on short-term insurance contracts represents gross premium net of premium ceded to reinsurers and is recognized as revenue (net earned premium) on an inception basis (daily method).

(2) Long term assurance

Premium on long-term assurance contracts is recognized in the Life Assurance Fund when receivable, i.e. when payments are due.

(b) Unearned Premium-Short Term Insurance

Short term insurance unearned premium represents the portion of premium written relating to periods of insurance risks subsequent to 30 June 2016 calculated on the basis of $1/365^{\text{th}}$ of the premium written less premium ceded to reinsurers (2015 :40% of the premium written less premium ceded to re-insurers)

(c) Other Revenues

Other revenues earned by the Company are recognized on the following bases: Commission income from reinsurers is recognized on accrual basis in accordance with the substance of the relevant agreement.

Profit Commission from reinsurers is recognized on an accrual basis.

Claims expenses and outstanding claims provisions

Outstanding claim provisions are based on the ultimate cost of all claims incurred but not secured at the end of the reporting period, whether reported or not (IBNR).

Notified claims are only recognized when the Company considers that they have contractual liabilities to settle the claims.

There are often delays between the occurrence of the insured event and the time it is actually reported to the Company, particularly in respect of the liabilities business, the ultimate cost cannot be known with certainty as to magnitude and timing of the statement of the claim. Outstanding claim provisions are not discounted and exclude any allowances for expected future recoveries.

Recoveries represent claims recoverable from third party insurers. Recoveries are accounted for as and when received. However, non-insurance assets that have been

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

3. Significant accounting policies (Continued)

Claims expenses and outstanding claims provisions (Continued)

acquired by exercising rights to sell or subrogate under the terms of the insurance contracts are included when providing for outstanding claims.

Review of insurance liabilities

(a) Short-term insurance

At the end of each reporting period the Company performs a liability adequacy test on its insurance liabilities to ensure that the carrying value is adequate, using current estimates of future cash flow taking into account the relevant investment return. If the assessment shows that the carrying amount of the liabilities is inadequate, any deficiency is charge as an expense to the statement profit and loss and other comprehensive income in recognizing a provision for unexpired risks. The unexpired risks provision is assessed in aggregate for future business classes which are managed together.

(b) Long-term insurance

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

Life Assurance Fund

The decrease in the Life Assurance Fund represents the increase in the value of policy liabilities. The adequacy of the liabilities is determined annually by actuarial valuation. At the end of every year, a valuation of assets and liabilities is done and every three years an evaluation of assets and liabilities is done to find the DPF eligible surplus. In the light of the latter a rate of bonus is set for policy holders. The distributable share of the surplus is transferred annually to the life fund. The amount of the DPF eligible surplus distributable to shareholders limited to 1/9th of the cost of the final bonuses allocated to the policyholders. The holder's share of the DPF eligible surplus is recognized annually and transferred from the Life Assurance Fund to the statement of comprehensive income. The non-distributable share and the surplus are transferred annually from the retained earnings to a non-distributable reserve in the Statement of Changes in Equity.

Whenever bonuses are paid or credited to policyholders, an amount representing 1/9th of these bonuses is transferred from the non-distributable surplus to retained earnings in the Statement of Changes in Equity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

3. Significant accounting policies (Continued)

Impairment

At the end of each reporting period, the Company reviews the carrying amounts of the tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the loss (if any). An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is higher of an asset's net selling price and value in use.

Deferred Income Tax

Deferred Income Tax is provided using the liability method on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Provisions are required to be made by the Company for deferred income taxes on the revaluation of certain non-current assets and in relation to acquisitions of assets acquired and their tax base.

Temporary differences arise mainly from depreciation on property, plant and equipment, revaluation of certain non-current assets, tax losses carried forward, provision for doubtful debts and on retirement benefit obligations. Deferred tax assets relating to the carry forward of unused tax losses are recognized to the extent that is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Retirement Benefit Obligation

The Company does not operate any retirement benefit plan. However, provision for retirement benefit obligations have been made for employees according to the Employment Rights Act 2008. Provision for retirement benefits are accrued on the basis of time spent in the organisation in order to recognise for future liabilities already covered. Cost for future benefits are accounted for as they are earned.

Other retirement benefits

The present value of other retirement benefits in respect of Employment Rights Act 2008 gratuities is recognised in the statement of financial position as a non-current liability. The rate used to discount the retirement benefits is assumed to be the same as that which reflects future salary increases.

State plan

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

3. Significant accounting policies (Continued)

Foreign Currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction. All exchange differences on translation are dealt with in the statement of comprehensive income.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the significant accounting policies, certain critical accounting estimates and assumptions are used, and certain judgements are made. The estimates and related assumptions are based on experience and other factors that are considered to be reasonable, the results of which form the basis for judgements about the carrying values of assets and liabilities. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods if relevant. The areas where the estimates and assumptions involve a high degree of judgement or complexity and are considered significant to the financial statements, listed together with reference to the notes to the financial statements where more information is provided, are:

(a) Insurance contracts

Insurance contracts relate to premium, claims and losses reported, reinsurance covers and other recoveries and payable on outstanding claims.

(i) Estimates of future claims payments, unearned premiums and recoveries on outstanding claims

The uncertainty inherent in the financial statements of the Company arises mainly in respect of insurance liabilities, which include liabilities for unearned premiums and outstanding claims provision including incurred but not reported (IBNR) at 30 June 2016. In addition to the inherent uncertainty when estimating liabilities, there is also uncertainty as regards the eventual outcome of claims. As a result, the Company applies estimation techniques to determine the appropriate provisions. Outstanding claims provision is determined based upon knowledge of events, terms and conditions of relevant policies, on interpretation of circumstances as well a previous claims experience and court judgement. Similar cases and historical claims payment trends are also relevant.

The Company employs a variety of techniques and a number of different bases to determine appropriate provisions. The use of triangular claim development tables analysis, expected loss ratios and estimates based upon a projection of claims numbers and average cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Large claims impacting each relevant business class are generally assessed separately, being measured either at the face value of the loss adjuster's recommendation or based on management's experience. Provisions are calculated gross of any reinsurance recoveries.

There are various ways to estimate unearned premium reserves the Company has adopted a more realistic approach by using the 1/365th method for the current financial year (2015 : 40% of the premium written less premium ceded to reinsurers) .

(ii) Uncertainties and judgement

The uncertainty arising under insurance contracts may be characterised under a number of specific headings, such as:

- Uncertainty as to whether an event has occurred which would give rise to a policy holder suffering an insured loss;
- Uncertainty as to the amount of insured loss suffered by a policyholder as a result of the event occurring;
- Uncertainty over the timing of a settlement to a policyholder for a loss suffered.

The degree of uncertainty will vary by policy class according to the characteristics of the insured risks. For certain classes of policy, the maximum value of the settlement of a claim may be specified under the policy terms while for other classes, the cost of a claim will be determined by an actual loss suffered by the policyholder.

There may be some reporting lags between the occurrence of the insured event and the time it is actually reported. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude and timing of the settlement of the claim. There are many factors that will determine the level of uncertainty such as judicial trends and reported information and so on.

(b) Held for maturity investments

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

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

(c) Impairment of available-for-sales financial assets

The Company follows the guidance of IAS 39 on determining when an investment is impaired. This determination requires significant judgement. In making this judgement the Company

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(c) Impairment of available-for-sales financial assets (Continued)

evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of the near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operation and financing cash flow.

(d) Impairment of other assets

All other items classified under other assets are reviewed independently and their carrying amounts assessed at reporting date and where relevant they are written down to their recoverable amount.

(e) Sensitivity analysis

The reasonableness of the estimation process is tested by an analysis of sensitivity around several different scenarios and the best estimate is used. Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and the other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Company's assets and liabilities are actively managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Company's view of possible near term market changes that cannot be predicted with any certainty.

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

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

(a) Insurance risk

The risk under any insurance contract is the possibility that an insured event occurs and the uncertainty of the amount of resulting claim.

The main risk that the Company faces under its insurance contracts is that the actual 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. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy so as to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

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.

Motor and liability insurance

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

The Company's underwriting strategy attempts to ensure that the underwritten risks are well diversified in type, amount of risk and industry. The Company has underwriting limits by type of risks and by industry. Performances of individual insurance policies are reviewed by management and the Company reserves the right not to renew individual policies.

The Company can impose deductibles and has the right to reject the payment of a fraudulent claim. Where relevant, the Company may pursue third parties for payment of some or all liabilities (subrogation). Claims development and provisioning levels are closely monitored.

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

Property insurance

In case of property insurance contracts, climatic changes give rise to more frequent and severe external natural weather events (for example cyclone claims). Property insurance is subdivided into different risks groups, fire, business interruption, cyclone damage and other perils.

The insurance risk arising from these contracts is balanced between commercial and personal properties in the overall portfolio of insured buildings. Although the reinsurers are liable to the extent of the reinsurance ceded, the Company remains primarily liable to the policy holder as the direct insurers of all risks reinsured.

Concentration of insurance risks – short-term insurance

The following table discloses the concentration of risk by the spread of business between the following classes of business, policies in issue, gross premium underwritten and net claim incurred.

The business experience a high concentration of risk in the motor class of business. The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

Concentration of insurance risks - short term insurance (Continued)

	No of Policies	2016 GPI	Net Claim	No of Policies	2015 GPI	Net Claim
Motor	17,549	53,416,374	32,494,880	15,740	42,598,585	23,828,418
Accident & Health	259	683,581	(1,764,688)	-	359,502	203,196
Engineering	60	831,691	(83,074)	28	495,246	(10,317)
Liability	109	644,979	(152,000)	-	335,090	3,841
Property	145	1,946,439	(357,588)	161	814,021	2,471
Transportation	48	361,142	-	51	301,901	(268,341)
Guarantee	24	478,903	(372)	-	32,335	-
Miscellaneous	116	673,651	(450,700)	395	721,280	437,901

Concentration of insurance risks - Long term

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

Annuity payable per annum per life assured at 30 June 2016

	2016		2015	
	Gross Rs	%	Gross Rs	%
0-50,000	40,951	2%	40,911	3%
50,000-100,000	93,618	6%	93,070	6%
100,000-150,000	140,263	8%	138,182	9%
150,000-200,000	198,810	12%	198,958	12%
200,000-250,000	242,000	15%	243,333	16%
250,000-300,000	300,000	18%	300,000	19%
> 300,000	650,000	39%	573,636	35%
	1,665,642	100%	1,588,090	100%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

Sources of uncertainty

Motor and liability insurance

Claims on motor and liability insurance contracts are payable on a loss occurrence basis for motor and liability business and on a risk attaching basis for non-motor. Under the loss-occurrence basis, the Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract. As a result, liability claims may be settled over a long period of time and an element of the claim provision relates to incurred but not reported claims (IBNR). For the risk attaching basis, the Company is liable for such claims as related to the underwriting year in which the risk was underwritten.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of subrogation and salvage recoveries. The Company ensure that claims provisions are determined using the best information available of claims settlement patterns, forecast inflation and settlement of claims. Estimation techniques also involve obtaining corroborative evidence form a wide range of sources as possible and combining these to form the best overall estimates. However, given the uncertainty in claims provisions, the probability exists that estimated cost and subsequent settlement amounts would differ.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

Claims development table

The development of insurance liabilities provides a measure of the Company's ability to estimate the ultimate value of claims. The table below illustrates how the estimates of total claims experienced based on date of loss for each year ends and reconciles the cumulative outstanding claims to the amount appearing in the statement of financial position.

Claims development table- Gross claim incurred

	2011 Rs	2012 Rs	2013 Rs	2014 Rs	2015 Rs	2016 Rs	TOTAL Rs
Estimate of cumulative claims at end of accident year	30,937,841	29,236,078	29,018,969	22,500,215	24,792,804	45,382,486	
One year later	35,406,428	32,057,754	34,682,263	26,430,468	31,857,697		
Two years later	36,907,974	31,820,215	35,460,152	28,587,834			
Three years later	38,406,108	32,214,590	34,192,811				
Four years later	38,724,388	30,039,052					
Five years later	34,940,499						
Current estimate of cumulative claim cost	34,940,499	30,039,052	34,192,811	28,587,834	31,857,697	45,382,486	
Cumulative payments	30,230,723	26,567,990	26,341,325	22,624,077	25,150,669	23,256,226	
Outstanding claims	4,709,776	3,471,062	7,851,486	5,963,757	6,707,028	22,126,260	50,829,369
Outstanding claims 2010 and prior IBNR							9,232,085 3,461,583
Total Outstanding claims (note 25)							<u>63,523,037</u>

Claims development table- Reinsurance claim recoverable

Estimate of cumulative claims at end of accident year	2,618,713	4,697,288	5,378,817	804,845	2,550,327	6,925,971	
One year later	3,818,387	4,825,165	8,595,683	2,875,578	5,843,882	-	
Two years later	3,093,476	4,542,494	8,675,113	4,957,570	-	-	
Three years later	4,900,752	4,841,764	6,593,333	-	-	-	
Four years later	4,572,472	4,764,443	-	-	-	-	
Five years later	5,225,265	-	-	-	-	-	
Current estimate of cumulative claim cost	5,225,265	4,764,443	6,593,333	4,957,570	5,843,882	6,925,971	
Cumulative payments	3,134,251	4,099,788	3,445,212	3,400,564	3,830,898	2,586,077	
Outstanding claims	2,091,014	664,655	3,148,121	1,557,006	2,012,985	4,339,893	13,813,674
Outstanding claims 2010 and prior IBNR							1,020,891 (1)
Total Outstanding claims recoverable (note 25)							<u>14,834,565</u>

Claims development table- Net claim incurred

Estimate of cumulative claims at end of accident year	28,319,127	24,538,790	23,640,152	21,695,370	22,242,476	38,456,515	
One year later	31,588,041	27,232,588	26,086,580	23,554,890	26,013,814		
Two years later	33,814,498	27,277,721	26,785,039	23,630,264			
Three years later	33,505,357	27,372,826	27,599,478				
Four years later	34,151,916	25,274,609					
Five years later	29,715,234						
Current estimate of cumulative claim cost	29,715,234	25,274,609	27,599,478	23,630,264	26,013,814	38,456,515	
Cumulative payments	27,096,472	22,468,202	22,896,113	19,223,514	21,319,771	20,670,149	
Outstanding claims	2,618,762	2,806,407	4,703,365	4,406,751	4,694,043	17,786,366	37,015,694
Outstanding claims 2010 and prior IBNR							8,211,194 3,461,584
Total Net Outstanding claim (note 25)							<u>48,688,472</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

Property insurance

Property insurance claims are analysed separately for cyclone and non-cyclone claims. The development of large losses and catastrophes are analysed separately. Non-cyclone claims can be estimated with greater reliability, and the Company estimation processes reflects all the factors that influence the amount and timing of cash flows from these contracts. The shorter settlement period for these claims allows the Company to achieve a higher degree of certainty about the estimated cost of claims and relatively little IBNR is held at the end of the reporting period.

Long-term insurance

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

The Company uses appropriate base tables of standard mortality according to the type of contract being written and the territory in which the insured person resides. An investigation into the actual experience of the Company over the last three years is carried out and statistical method are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future.

(b) Financial risks

The Company is exposed to financial risks through its financial assets and liabilities. In particular, the key financial risk is that proceeds are not sufficient to fund the obligations arising from insurance contracts.

Interest rate risks

Interest rate risk arises from the Company's investments in long term debt securities and fixed income securities (Held-to-Maturity investments), banks balances and deposits which are exposed to fluctuations in interest rates. Exposure to interest rate risk on short term business is monitored by the Audit & Technical Committee through a close matching of assets and liabilities. The impact of exposure to sustain low interest rates is also regularly monitored.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

(b) Financial Risks (Continued)

Interest rate risk (Continued)

The table below summarises the Company's interest rate risk exposure

Description	Up to 1 Year	1 - 5 Years	Above 5 Years	Total
	Rs	Rs	Rs	Rs
As at 30 June 2016				
ASSETS				
Statutory deposits	-	20,068,750	-	20,068,750
Deposits	58,278,921	70,131,250	10,929,700	139,339,871
Loans and receivables	1,122,125	510,321	-	1,632,446
Cash in hand and at bank	38,639,278	-	-	38,639,278
TOTAL ASSETS	98,040,324	90,710,321	10,929,700	199,680,346

Sensitivity

The impact on the Company's results had interest rates varied by plus or minus 1% would have been as follows:

Impact on Results

At 30 June 2016

	+1% Rs	-1% Rs
Held to maturity investments	-	-
Loans and receivables	16,324	(16,324)
Cash and cash equivalent	386,393	(386,393)
Deposits	2,857,759	(2,315,972)

At 30 June 2015

	+1% Rs	-1% Rs
Held to maturity investments	8,345	(8,345)
Loans and receivables	14,080	(14,080)
Cash and cash equivalent	469,962	(469,962)
Deposits	9,656,019	2,223,447

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet all or part of his obligations. The Company's credit is primarily attributable to its policyholders and reinsurers.

Reinsurance arrangement mitigate insurance risk but expose the Company to credit risk.

Reinsurer's share of insurance on outstanding claims and incurred but not reported (IBNR) losses:

- amounts due from reinsurers in respect of claims already paid,
- amounts due from insurance contract holders, and
- amounts due from insurance intermediaries.

Except for amounts receivable from reinsurers, the Company has no significant concentration of credit risk with exposure spread over a large number of clients and agents.

The amounts presented in the statement of financial position are net of allowances for estimated irrecoverable receivables, based on management's prior experience and the current economic environment.

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

	Past due but not impaired				Impaired Rs	Carrying Amount at year end Rs
	1 mth - 3 mths Rs	4 mths - 6 mths Rs	7 mths - 1 Year Rs	>1 Yr Rs		
2016						
Loan and receivables	283,210	66,531	123,412	1,159,294	-	1,632,446
Trade and other receivables	16,007,913	3,958,552	2,625,547	12,406,244	-	34,998,256
2015						
Loan and receivables	797,820	109,250	167,733	333,179	-	1,407,982
Trade and other receivables	4,321,439	1,846,158	1,526,950	18,265,200	-	25,959,747

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various currency exposures. The Company has deposits and bank balances in foreign currency and is exposed to fluctuations with respect to the US Dollar. Exposure to foreign currency is not hedged but closely monitored by management.

The Company's exposure to foreign exchange risk is summarised below:

FOR THE YEAR ENDED 30 JUNE 2016

<i>ASSETS</i>	USD Rs	MUR Rs	Total Rs
Property, plant and equipment	-	33,696,912	33,696,912
Intangible asset	-	2	2
Statutory deposits	-	20,068,750	20,068,750
Investment property	-	1,100,000	1,100,000
Available-for-sale financial assets	83,335,341	929,016	84,264,357
Deposits	6,668,639	132,671,232	139,339,871
Loans and receivables	-	1,632,446	1,632,446
Receivables and prepayments	-	37,592,255	37,592,255
Reinsurance contracts	-	14,834,565	14,834,565
Cash in hand and at bank	7,945,621	30,693,657	38,639,278
	97,949,601	273,218,834	371,168,435

FOR THE YEAR ENDED 30 JUNE 2015

<i>ASSETS</i>	USD Rs	MUR Rs	Total Rs
Property, plant and equipment	-	31,550,098	31,550,098
Intangible asset	-	2	2
Statutory deposits	-	18,000,000	18,000,000
Investment property	-	1,100,000	1,100,000
Available-for-sale financial assets	71,679,667	9,256,670	80,936,337
Held-to-maturity investments	834,495	-	834,495
Deposits	7,149,030	125,007,330	132,156,360
Loans and receivables	-	1,407,983	1,407,983
Receivables and prepayments	-	31,302,548	31,302,548
Deferred tax asset	-	83,640	83,640
Reinsurance contracts	-	13,281,737	13,281,737
Cash in hand and at bank	5,355,221	41,641,017	46,996,238
	85,018,413	272,631,025	357,649,438

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

Foreign exchange risk (Continued)

The Company had mainly equity securities and bank deposits in foreign currencies and any fluctuation of the Mauritian Rupee against those foreign currencies will affect the value of the deposits. At 30th June 2016, if the Rupee had weakened/ strengthened by 5% against foreign currencies with all other variables held constant, the Company's profit for the year would have been Rs 7,417,757 (2015: Rs 20,104,004) and loss Rs (2,377,203) (2015: Rs 10,839,308) respectively higher/lower mainly resulting from translation of deposits.

Re-insurers' default

The Company is exposed to the possibility of default by re-insurers for their share of insurance liabilities and refunds in respect of claims already paid. Management monitors the financial strength of re-insurers and the Company has policies in place to ensure that risks are ceded to top-rated and credit-worthy re-insurers only.

Capital risk management

The Company's objective when managing capital are:

- To comply with the minimum capital requirements of the Insurance Act 2005 and the Insurance Rules and Regulations 2007.
- To safeguard the Company's ability to continue as a going concern so that it can provide returns to the shareholders and benefits for its policyholders and other stakeholders.
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

The minimum Capital Requirement at 30 June 2016 for General Insurance Business is as follows:

	2016 Rs.'000	2015 Rs.'000
Total Capital available	122,114	141,716
Minimum Capital Requirements	63,871	44,518
Excess of available capital over required capital	58,243	97,198
Capital Requirements Ratio	191%	318%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

Liquidity risk

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

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

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

The table below summarises the Company's trading liabilities, categorised by the earlier of contractual re-pricing or maturity dates at 30 June 2016

2016 Total	1 mth -3 mths Rs	4 mths - 1 year Rs	Repayable on demand Rs	Total Rs
<u>Financial liabilities</u>				
Insurance liabilities	-	-	63,523,037	63,523,037
Other financial liabilities	911,647	2,165,076	7,826,814	10,903,537
	911,647	2,165,076	71,349,851	74,426,574
2015 Total				
<u>Financial liabilities</u>				
Insurance liabilities	-	-	64,233,944	64,233,944
Other financial liabilities	638,987	4,425,048	6,854,566	11,918,601
	638,987	4,425,048	71,088,510	76,152,545

Premium risk

Premium risk is defined as the danger of insurance premium not being sufficient to cover the contractual claim liability that may arise. This risk is closely evaluated and action has to be taken to arrange for reinsurance and building up of adequate reserves within the Company.

Market risk

Market risk is the risk that the value of the financial instruments will fluctuate as a result of changes in market prices whether these changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

Fair values

Fair value measurements recognised in the statement of financial position

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation techniques:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Techniques that use inputs that have a significant effect on the recorded fair value are not based on observable market data.

The following table analyses within the fair value hierarchy of the Company financial assets (by class) measured at fair value at 30th June.

Available for sale financial assets

	2016	2015
	Total	Total
	Rs	Rs
Level 1 - Quoted	929,016	889,755
Level 2 - Unquoted	83,335,341	80,046,582
	84,264,357	80,936,337

Available-for-sale financial assets comprise quoted and unquoted financial assets.

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

Equity price risk

The valuations of the Company's available-for-sale equity portfolio are subject to equity price risk. Exposure to price risk on the equity portfolio is not hedged. The Company is subject to price risk due to daily changes in the market values of its equity securities portfolio. Equity price risk is actively managed in order to mitigate anticipated unfavourable market movements. In addition, local insurance regulations set out the capital required for risks associated with type of assets held, investments above a certain concentration limit, policy liabilities risks, catastrophes risks and reinsurance ceded.

The Audit and Technical Committee actively monitors equity assets owned directly by the Company as well as concentration of specific Equity holdings. Equity price risk is also mitigated as the Company holds diversified portfolios of local and foreign investments in various sectors of the economy.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

Sensitivity

The impact on the Company's shareholders' equity had the equity market values increased/decreased by 10% with other assumptions left unchanged would have been as follows:

	Impact on Shareholders' equity +10% Rs	Impact on Shareholders' equity -10% Rs
<u>At 30 June 2016</u>		
Available for sale financial assets	8,426,436	(8,426,436)
<u>At 30 June 2015</u>		
Available for sale financial assets	8,093,634	(8,093,634)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

6. Property, plant and equipment

The freehold land was revalued in June 2013 at Rs7m by independent valuers Primepillars Valuation Services Ltd on an open market basis, resulting in revaluation surplus of Rs5.2m.

	Freehold Land	Building	Furniture & Fittings	Office Equipment	Motor Vehicles	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
COST/ VALUATION						
At 1 July 2015 - Cost	7,000,000	23,294,781	1,247,571	2,161,085	2,227,250	35,930,687
2013 - Revaluation	-	-	-	-	-	-
Additions	-	3,170,344	378,776	496,369	-	4,045,489
Scrap	-	-	-	-	-	-
At 30 June 2016	7,000,000	26,465,125	1,626,347	2,657,454	2,227,250	39,976,176
ACCUMULATED DEPRECIATION						
At 1 July 2015	-	-	701,294	1,452,046	2,227,248	4,380,588
Charge for the year	-	1,323,255	241,133	334,287	-	1,898,675
Scrap	-	-	-	-	-	-
At 30 June 2016	-	1,323,255	942,427	1,786,334	2,227,248	6,279,264
NET BOOK VALUE						
At 30 June 2016	7,000,000	- 25,141,870	683,920	871,120	2	33,696,912
At 30 June 2015	7,000,000	- 23,294,781	546,277	709,039	1	31,550,098

7. Intangible asset

Computer software

	2016
	Rs.
COST	
At 1 July 2015	620,685
Addition	-
At 30 June 2016	620,685
AMORTISATION	
At 1 July 2015	620,683
Charge for the year	-
At 30 June 2016	620,683
NET BOOK VALUE	
At 30 June 2016	2
At 30 June 2015	2

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

8. Available-for-sale financial assets

	Fair value 2016	Cost 2016	Fair value 2015	Cost 2015
	Rs.	Rs.	Rs.	Rs.
<i>Available for sale:</i>				
-Listed	929,016	187,270	889,755	187,270
-Unquoted-Local	77,602,854	9,902,409	74,688,774	9,902,409
-Unquoted-Overseas	5,732,487	1,733,573	5,357,808	1,733,573
At 30 June 2016	84,264,357	11,823,252	80,936,337	11,823,252

Available-for-sale investments comprise unquoted and listed equity securities. The fair value of the listed investments is based on Stock Exchange of Mauritius official market quoted prices at the close of business at the end of the reporting period.

9. Held-to-maturity investments

	2016	2015
	Rs.	Rs.
Bric Notes	-	834,495
Non-current assets	-	834,495

Bric notes constituted a 5 year, MUR denominated deposit, which provided investors with a protected exposure to bric equity in US Dollar. Bric Notes were offered and managed by Axys Capital Management. At maturity, the Company received 100% out of the initial investment plus 67% of the index performance with a minimum guaranteed return of 20% in USD.

10. Statutory deposits

	2016	2015
	Rs.	Rs.
Fixed deposits	20,068,750	18,000,000

Fixed deposit represents term deposits with local banks and is pledged in favour of the Financial Services Commission.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

11. Other Assets

Other assets represent land acquired which was secured for an unpaid mortgage loan. The loans have been written off and the value of the assets has been recognised at cost.

	2016	2015
	Rs.	Rs.
Land	1,100,000	1,100,000
	1,100,000	1,100,000
12. Deposits		
<i>Maturing:</i>		
up to 3 months	15,471,591	26,149,030
3 to 6 months	35,594,830	12,000,000
6 to 12 months	7,212,500	6,500,000
> 12 months	101,129,700	105,507,330
	159,408,621	150,156,360
<i>Analysis as follows:</i>		
Non-current - Statutory deposit	20,068,750	18,000,000
Non-current - Investment	81,060,950	104,156,360
Current	58,278,921	28,000,000
Total	159,408,621	150,156,360
13. Loans and receivables		
Mortgage loans	660,340	726,744
Surrender values	292,655	352,342
Other loans	782,978	432,423
Provision for impairment of mortgage loans	(103,527)	(103,527)
	1,632,446	1,407,982
<i>Analysis as follows:</i>		
Non-current	510,321	410,633
Current	1,122,125	997,349
	1,632,446	1,407,982

- No provision for impairment of loans and bad debts deemed necessary.
- There is no concentration of risk with respect to mortgages and other loans since balances are widely spread.
- Mortgages and other loans are secured by life insurance policies and fixed charges.
- All mortgages and other loans are denominated in Mauritian rupees.
- The carrying amounts of mortgages and other loans approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

14. Receivables and prepayments

	2016	2015
	Rs.	Rs.
Premium receivables	9,187,924	4,469,063
Provision for doubtful debts	-	-
	9,187,924	4,469,063
Interest and dividends receivables	25,141,743	19,641,724
Income tax receivable	177,696	-
Other receivables and prepayments	490,892	1,848,960
	34,998,256	25,959,747
a) The ageing analysis of these premium receivables is as follows:		
	2016	2015
	Rs.	Rs.
up to 3 months	5,691,782	1,917,209
3 to 6 months	917,117	408,281
6 to 12 months	1,095,535	270,150
> 12 months	1,483,489	1,873,422
	9,187,924	4,469,063
b) Movement in provision for doubtful debts		
	2016	2015
	Rs.	Rs.
At 1 July	-	(96,170)
Movement during the year	-	96,170
	-	-
c) The other classes within receivables and prepayments do not include impaired assets.		
d) The Company does not hold any collateral as security in respect of receivables and prepayments.		
e) All receivables and prepayments are denominated in Mauritian rupees.		
f) The carrying amounts of receivables and prepayments approximate their fair values.		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

15. Amount due by re-insurers

	2016	2015
	Rs.	Rs.
At 1 July	5,342,801	9,616,116
Movement during the year	(2,748,802)	(4,273,315)
At 30 June	2,593,999	5,342,801

16. Stated capital

Authorised, Issued and Fully Paid

1 Founder share of Rs 10 each
2,499,999 ordinary shares of Rs 10 each

Note: All above shares are at par value.

	2016	2015
	Rs.	Rs.
	10	10
	24,999,990	24,999,990
	25,000,000	25,000,000

17. Revaluation reserves

At 1 July - Freehold Land
At 1 July - Other Assets
Held to Maturity Investment
disposed and net realised
reserves transfers to Retained
Earnings
Increase in value - Freehold Land
Increase in value - Other Assets

At 30 June

	2016	2015
	Rs.	Rs.
	5,200,000	5,200,000
	63,631,406	53,504,893
	(152,966)	-
	-	-
	2,793,114	10,126,513
At 30 June	71,471,554	68,831,406

The reserves relate to the surplus on revaluation of land and comprise cumulative net change in the fair value of available-for-sale financial assets that has been recognised in other comprehensive income until the investments are derecognised or impaired.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

18. Unearned premium reserves

	2016	2015
	Rs.	Rs.
At 1 July	16,835,628	16,084,730
Movement during the year	11,522,484	750,898
At 30 June	28,358,112	16,835,628

Short-term insurance unearned premium represents the portion of premium written relating to periods of insurance risks subsequent to the statement of financial position calculated on the basis of 1/365th method this year. The reserves have substantially increase following the change in method of calculation.

The unearned premium reserves are disclosed net of reinsurances

	2016	2015
	Rs.	Rs.
Gross Basis		
At 1 July	18,263,184	17,854,933
Movement during the year	13,555,814	408,251
At 30 June	31,818,998	18,263,184
Reinsurers Share		
At 1 July	1,427,556	1,770,203
Movement during the year	2,033,330	(342,647)
At 30 June	3,460,886	1,427,556
Net Basis		
At 1 July	16,835,628	16,084,730
Movement during the year	11,522,484	750,898
At 30 June	28,358,112	16,835,628

19. Life assurance fund

	2016	2015
	Rs.	Rs.
At 1 July	48,571,519	52,969,093
Movement during the year	(2,310,316)	(4,397,574)
At 30 June	46,261,203	48,571,519

The decrease in the Life Assurance Fund represents the increase in the value of policy liabilities. The adequacy of the liabilities is determined annually by the actuarial valuation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

20. Retirement benefit obligation

	2016	2015
	Rs.	Rs.
At 1 July	2,784,144	2,267,821
Charge for the year	115,663	516,323
At 30 June	2,899,807	2,784,144
State Pension Plan		
National Pension Scheme contribution expenses	549,582	619,256

The Company does not have in place a defined benefit or contributory retirement benefit scheme. It provides for its statutory obligation towards Severance Allowances calculated in accordance with the Employment Rights Act 2008.

21. Payables

	2016	2015
	Rs.	Rs.
Other payables	10,416,703	9,443,887

22. Cash and cash equivalents

Cash and cash equivalents are analysed as follows:

	2016	2015
	Rs.	Rs.
Cash in hand	81,870	165,520
Cash at bank	38,557,408	46,830,719
	38,639,278	46,996,239

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

23. Profit for the year before tax

The net profit transferred from General Insurance Business Revenue account for the year ended is stated after charging:

	2016	2015
	Rs.	Rs.
Investment income	7,698,971	8,582,255
Dividend income from:		
Quoted companies	16,800	16,800
Unquoted companies	5,006,653	(335,710)
Staff costs	7,438,984	8,796,148
Auditors' remuneration	325,000	325,000
Depreciation and amortisation	1,891,361	516,405
Directors Remuneration and Benefits		
Executive Director's emoluments	1,905,779	1,782,170
Non Executive Director's emoluments	332,500	305,500

24. Dividends

	2016	2015
	Rs.	Rs.
Revenue reserves	122,537,543	119,247,412
Dividends paid	-	-
No. of shares in issue	2,500,000	2,500,000
Dividends per share	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

25. Insurance liabilities and reinsurance assets

	2016 Rs.	2015 Rs.
<i>Short term insurance contracts:</i>		
Claims reported and loss adjustment expenses	60,061,454	59,355,548
Provision for claims incurred but not reported "IBNR"	3,461,583	4,878,396
Total gross insurance liabilities	63,523,037	64,233,944
<i>Recoverable from reinsurers</i>		
Claims reported and loss adjustment expenses	(14,834,565)	(13,281,737)
Net		
Claims reported and loss adjustment expenses	45,226,889	46,073,811
Provision for claims incurred but not reported "IBNR"	3,461,583	4,878,396
Total net insurance liabilities	48,688,472	50,952,207

26. Amount due to re-insurers

	2016 Rs.	2015 Rs.
At 1 July	2,474,715	1,766,318
Movement during the year	(1,987,881)	708,397
At 30 June	486,834	2,474,715

27. Current tax liabilities

	2016 Rs.	2015 Rs.
General business	-	-
Life business	26,812	226,784
	26,812	226,784

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

28. Taxation

The Company is liable to income tax at the rate of 15% on its profit as adjusted for income tax purposes

(i) LIFE

	2016	2015
	Rs.	Rs.
Income tax charge for the year at 15% (See Note below)	0	230,736
Corporate Social Responsibility (CSR)	30,765	35,048
Deferred tax movement	160,707	-
Tax charge for the year	191,472	265,784

(ii) Reconciliation of the effective tax rate:

Interest, dividends and commissions receivable	1,707,849	2,795,478
Other Income	10,812	102,955
Exempt income	-	(688,408)
Management expenses	(693,227)	(671,784)
Commissions	-	-
Allowable expenses	(1,025,434)	-
	0	1,538,241
Tax thereon at 15%	0	230,736
Corporate Social Responsibility	30,765	35,048
Tax payable for the year	30,765	265,784
Overpayment for preceding year	-	-
CSR paid during the year	(3,953)	(39,000)
Tax payable after APS	26,812	226,784

(iii) General

	2016	2015
	Rs.	Rs.
Income tax for the year at 15%	-	-
Corporate Social Responsibility	-	156,364
Adjustment	-	(113,688)
Deferred tax movement	109,763	(93,680)
Tax charge for the year	109,763	(51,004)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

28. Taxation (Continued)

(iii) General (Continued)

	2016	2015
	Rs.	Rs.
Profit before taxation	3,163,289	7,073,346
Tax thereon at 15%	474,493	1,061,002
Exempt income	(734,091)	(138,519)
Annual Allowance	(307,529)	(69,800)
Other allowable deductions	(172,521)	(1,043,333)
Non-allowable expenses	304,752	159,934
	(434,896)	(30,716)
Tax charge for the year	-	-
APS paid during the year	(173,052)	(1,076,688)
Corporate Social Responsibility	(4,638)	(4,638)
Tax recoverable at 30 June 2016	(177,690)	(1,081,326)

29. Deferred tax (Liabilities) / Assets

Deferred taxation is calculated on all temporary differences under the liability method at the rate of 15% (2015: 15%). The movement on deferred tax account is as follows:

	2016	2015
	Rs.	Rs.
At 1 July :- General	76,748	(16,932)
Life	6,892	6,892
Transfer to retained earnings		
Charge for the year: Life	(160,707)	-
Charge for the year: General	(109,763)	93,680
At 30 June	(186,830)	83,640
The deferred tax balances comprise the following:		
Accelerated capital allowances	(33,015)	83,640
Losses carried forward	(153,815)	-
At 30 June	(186,830)	83,640

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

30. Related party transactions

The Company entered into the following transactions with key management personnel which are defined by IAS 24 Related Party Disclosures, as those persons having authority and responsibility in planning, directing and controlling the activities of the Company, including directors and key management personnel consisting of the Chief Executive Officer and Senior Managers.

Terms and conditions of transactions with related parties are made at market prices. Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables and payables. At each financial year, the assessment of provision for impairment is undertaken through examining the financial position of the related party and the market in which the related party operates.

	2016 Rs	2015 Rs
Receivable from other related parties	-	1,200
Sale of services to:	-	-
Directors and key management personnel	7,125	26,007
Remuneration of key management personnel		
Salaries and short term benefits	3,152,953	2,136,461

31. Earnings Per Share

The calculation of earnings per share is based on profit for the year for the year attributable to ordinary shareholders and on the number of shares issued.

	2016 Rs	2015 Rs
Profit for the year	<u>2,520,277</u>	<u>6,354,750</u>
Ordinary number of share in issue	<u>2,500,000</u>	<u>2,500,000</u>
Earnings per share	<u>1.01</u>	<u>2.54</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

32. Corporate Social Responsibility

The Finance (Miscellaneous Provisions) Act 2009 requires the Company to set up a Corporate Social Responsibility ("CSR") Fund equivalent to two per cent of its tax chargeable income derived during the preceding year applicable as from 1st July 2009. Since the Company did not have a CSR Fund which is being separately monitored, the Management decided to pay the CSR contribution to MRA. Henceforth as from 2014/2015 the Company has decided to remit the CSR contribution to approved NGOs.

	<u>2016</u> Rs.	<u>2015</u> Rs.
C S R Contribution	<u>30,765</u>	<u>61,129</u>

33. Financial Summary

	2016	2015	2014	2013	2012	2011
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Share Capital	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
Revenue reserves	122,537,543	119,247,412	112,071,485	106,072,655	91,090,720	76,688,620
Fair value reserve	5,200,000	5,200,000	5,200,000	5,200,000	544,900	544,900
Revaluation reserves	66,271,554	63,631,406	58,231,867	53,504,893	51,024,369	40,507,552
Profit before taxation	1,041,445	2,847,429	2,104,491	13,575,534	16,028,453	25,475,819
Profit after taxation	743,207	2,726,774	659,963	10,635,972	12,538,590	22,101,763
Profit for the year	2,520,297	6,354,750	7,022,132	11,998,955	13,802,891	21,132,711
Total comprehensive income for the year	4,682,209	15,471,656	8,362,317	19,869,129	24,918,917	13,856,427
Dividend	-	-	-	(3,750,000)	-	-
Earnings per share	1.01	2.54	2.81	4.80	5.52	8.45

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

34. SEGMENT INFORMATION

	Life	Accident & health policy	Engineering	Guarantee	General					Grand Total
	Rs'000	Rs'000	Rs'000	Rs'000	Liability Rs'000	Miscellaneous Rs'000	Motor Rs'000	Property Rs'000	Transportation Rs'000	Rs'000
Gross Premium	2,826	684	832	479	645	674	53,416	1,946	361	61,863
Less Reinsurance	(134)	(621)	(582)	(359)	(280)	(718)	(3,999)	(1,844)	(250)	(8,786)
Net Premium	2,693	63	250	120	365	(44)	49,418	103	111	53,077
Release to/(from) General Business Fund	-	(280)	(412)	(218)	(347)	(59)	(9,018)	(1,049)	(139)	-
Net earned premium	2,693	(218)	(162)	(98)	18	(104)	40,400	(947)	(28)	41,555
Net claims incurred	(9,483)	(461)	84	7	159	409	(30,383)	536	1,377	(37,756)
Net commission	(14)	145	82	87	(2)	733	(4,653)	356	190	(3,076)
Management expense	(679)	(199)	(242)	(139)	(187)	(196)	(15,555)	(567)	(105)	(17,871)
Net underwriting results	(7,484)	(733)	(238)	(143)	(13)	842	(10,192)	(622)	1,434	(17,148)
Investment and other income	5,372									20,091
(Loss) /Profit for the year before tax	(2,112)									2,943
Taxation	(191)									(301)
Profit for the year after tax	(2,303)									2,642
Other Comprehensive income										2,162
Total Comprehensive income for the year (excluding depreciation)										4,804

**OUR TEAM
READY FOR THE
CHALLENGES
AHEAD**



INDIAN OCEAN GENERAL ASSURANCE LTD

✉ 12, Volcy Pougnet Street
Port Louis, Mauritius

📞 208 9000

@ info@iogaltd.com

📘 facebook.com/iogaltd

🌐 iogaltd.mu