G.F.A. INSURANCE LTD
AND ITS SUBSIDIARY

ANNUAL REPORT – YEAR ENDED

DECEMBER 31, 2016

G.F.A. INSURANCE LTD AND ITS SUBSIDIARY

TABLE OF CONTENTS - DECEMBER 31, 2016

THE DIRECTORS OF G.F.A. INSURANCE LTD IN OFFICE DURING THE YEAR ENDED DECEMBER 31, 2016 WERE AS FOLLOWS:

Members of the Board of Directors

Mr. Mohammad Alaoud Ruhomutally (Chairman)
Mr. Abdool Rahman (Abdel) Ruhomutally (Managing Director)
Mr. Ahmud Ally Beebeejaun, alternate Director Mr. Shafa-at Rally Mohammad Oozeer
Miss Najah Ruhomutally (up to May 25, 2016), alternate Director Mr. Aadil Ruhomutally
Mr. Aadil Ruhomutally (from June 23, 2016), alternate Director Miss Najah Ruhomutally
Mr. Takoorpersad (Dhan) Seewoodoyal

Independent Directors

Mr. Birendranuth Sowambur
Mr. Mohammad Ehsan Hosenie
Mr. Kader Mungly

Mr. MOHAMMAD ALAOUD RUHOMUTALLY – CHAIRMAN

Executive Director appointed in September 1996. Managing Director up to December 2013 and appointed as Non-Executive Chairman in January 2014

Mr M. Alaoud Ruhomutally has been associated with the insurance sector for more than 40 years now. During the period 1976 to 1985, he was the CEO of S. Ruhomutally and Co Ltd, the sole representative of Groupement Français D'Assurances, a French company based in Paris. After the departure of Groupement Français D'Assurances from Mauritius in 1985, he was appointed as the exclusive sales representative of La Prudence, Reunion Island up to August 1996. In September 1996, he founded the G.F.A. Insurance Ltd, a fully Mauritian owned company.

Mr. ABDOOL RAHMAN (ABDEL) RUHOMUTALLY - MANAGING DIRECTOR

Executive Director appointed in June 2005. Deputy Managing Director up to December 12, 2013 and appointed as Managing Director on December 13, 2013

Mr Abdel Ruhomutally graduated in BA (Hons) Business Studies (Services - Finance) from the University of Westminster, United Kingdom. He also studied insurance at the London Guildhall University. Moreover, he holds Diplomas in Travel and Tourism and IATA Level II respectively. He joined the Company in 2001, after having built significant work experience overseas. He also has a strong background in I.T Infrastructure and Systems. He is an Approved Trainer of the Mauritius Qualifications Authority (MQA). Abdel was appointed as a member of the Motor Vehicle Insurance Arbitration Committee (MVIAC) by the Minister of Land Transport & Public Infrastructure in March 2008. He is also a Fellow of the prestigious Mauritius Institute of Directors since 2011. Abdel was elected a Council Member of the Insurance Institute of Mauritius in March 2013. He is a member of the Rotary Club of Port-Louis Citadelle and is the Chairperson of the Public Relations sub-committee of the same club. On 8th March 2013 Abdel was nominated Honorary President of the NGO Club Sportif Zenfan Vallée Pitot (Naw-N-Sha).

Mr. TAKOORPERSAD SEEWOODOYAL

Alternate to Miss Najah Ruhomutally up to December 2013 and appointed as Executive Director as from January 2014.

Mr Takoorpersad Seewoodoyal, also known as Dhan, joined the insurance industry in 1977. He has extensive knowledge and expertise in general insurance after having worked for several insurance agencies such as S. Ruhomutally & Co. Ltd (representative of Groupement Français D'Assurance and Prudence Creole), Marina Agency, AFIA Agency. He joined G.F.A. Insurance Ltd since its incorporation in 1996. Presently, he acts as a Consultant on a contractual basis.

Mr. AHMUD ALLY BEEBEEJAUN, G.O.S.K

Director appointed in December 1996.

Mr Ahmud Ally Beebeejaun joined the Company since its incorporation in September, 1996. He is a holder of a certificate in Sugar Manufacture and Sugarcane Production from the University of Mauritius (1974). Mr Beebeejaun has wide-ranging experience in the sugar sector. He has been a Senior Test Chemist at the Ministry of Agriculture for more than thirty years. He sits on the board of the Food Service Commission, The Mauritius Sugar Terminal Corporation, The Mauritius Authority Advisory Council and the Mauritius Sugarcane Planters Association. In March 2013, Mr Beebeejaun was awarded with the distinction of Grand Officer of the Order of the Star and Key of the Indian Ocean (GOSK) on the occasion of the 45th Independence Day of Mauritius and the 21st anniversary of the Republic Day.

Mr. SHAFA-AT RALLY MOHAMMAD OOZEER

Alternate to Mr Ahmud Ally Beebeejaun - Appointed in November 2015.

Mr Shafa-at Rally Mohammad Oozeer has been appointed alternate Director to Mr Beebeejaun Ahmud Ally on 24 November 2015. Mr Oozeer holds a Diploma in Business Management, UK. He is reading for a degree in Management from the University Technology of Mauritius. Previously, he was working as trainee in the Accounts Department of Accenture Mauritius and has joined Air Mauritius (Air Mate) as Passenger Handling Officer & Customer Service from April 2009 to June 2015. He is presently completing the ACCA on a full time basis.

Miss NAJAH RUHOMUTALLY

Director appointed in September 1996 and up to May 2016 and alternate to Mr. Aadil Ruhomutally as from November 2016.

Miss Najah Ruhomutally pursued her tertiary studies at the London Guildhall University, London, UK. She is in the insurance sector since 1996. She is actually the responsible officer of the Quatre-Bornes branch office.

Mr. AADIL RUHOMUTALLY

Alternate to Miss Najah Ruhomutally up to May 2016 and full-fledged Executive Director as from June 2016.

Mr Aadil Ruhomutally joined G.F.A. Insurance Ltd in October 2011 as Assistant Administrative Officer. He is holder of a Diploma in Financial Mathematics from the University of KENT and holds a BA in Business and Finance from Heriot – Watt University, Edinburgh, Scotland.

Mr. BIRENDRANUTH SOWAMBUR – INDEPENDENT DIRECTOR

Director appointed in June 2006.

Mr Birendranuth Sowambur was appointed as an Independent Director of the Company on 1st June, 2006. He is holder of several diplomas, namely in Occupational Health and Safety, Industrial Psychology and Personnel management. He reckons about twenty years' experience in the field of Health and Safety. He has served both in public and private organisations. He attended various international conferences on Occupational Health and Safety in Asian countries. He is presently working as an Occupational Health and Safety Consultant.

Mr. MOHAMMAD EHSAN HOSENIE – INDEPENDENT DIRECTOR

Director appointed in February 2010.

Mr Ehsan Hosenie is a former Administrator of the Ministry of Education. He reckons more than 40 years' service in the Government. He has worked as a Deputy Returning Officer (General, Municipal and Village elections). He possesses managerial experience as a Deputy Rector and Acting Rector of State Secondary Schools. Mr Hosenie is a graduate and holds a B.A.(Hons) in Mathematics, Post Graduate Certificate in Education (P.G.C.E) from the Mauritius Institute of Education (M.I.E). He also holds certificates in Journalism and Public Relations. He is also a Post Graduate Diploma holder in Computer Studies from Napier University (Scotland) and a Post Graduate Diploma holder in Education from Brighton University (UK) after following the MA (Education) course. Mr Hosenie is a member of the Rameshwar Gujadhur Stable and of the Mauritius Turf Club. He is an executive member of the Flamboyant Club.

Mr. KADER MUNGLY, FCA - INDEPENDENT DIRECTOR AND CHAIRMAN OF RISK AND AUDIT COMMITTEE

Director appointed in November 2014

Mr Kader Mungly is a Chartered Accountant and Tax Consultant. He has wide exposure in the financial services sector. He is also a registered trainer of the Mauritius Qualifications Authority on accounting and tax issues.

The profile of the management team of G.F.A. Insurance Ltd (GFA) is as follows:

Mr MOHUNPERSAD JAGDEO, FIAB, AIII
– FINANCE MANAGER

Jagdeo joined GFA in August 2006 and was promoted to the position of Finance Manager in 2009. He has more than 35 years of experience in the insurance industry. Mr Jagdeo is responsible for the day to day operations of the Finance Department. His areas of responsibilities also include liaison with regulatory authorities for financial issues. Besides his insurance and reinsurance accounting background, Mr Jagdeo has also completed his professional examinations leading to his admission as Associate Member of The Insurance Institute of India.

Mr RAFFEEK SUFURHALLY, BSc, FIII, MBA
- COMPLAINTS COORDINATOR AND MONEY LAUNDERING OFFICER.

Mr Raffeek Sufurhally reckons more than 30 years' experience as Internal Controller in public/parastatal organisations. He holds a BSc (Hons) in Management and he is a Fellow Member of the Insurance Institute of India. He holds a Master in Business Administration (MBA) since October 2016. Raffeek joined GFA in 2007. His appointment as Risk Officer of the Company has been approved by the Financial Services Commission on 20 February 2017.

Mr JUGDEO NAGINLAL, FCCA
– FINANCIAL CONSULTANT/COMPANY SECRETARY

Jugdeo Naginlal is a qualified accountant since June 1979. He has worked in the civil service, in industry, and in the profession with one of the big firms. He is working as a freelance since 1992 and has wide experience, inter alia, in the following fields: accounting, auditing, taxation, vat, secretarial. He has been the company secretary of GFA since its incorporation in September 1996.

Mr AMIT MAHARAJA, BSc, PGDCA
– IT OFFICER

Amit is originally from India. He joined GFA on 18th March 2011. He holds a Bachelor in Science and a Post Graduate Diploma in Computer Application (P.G.D.C.A). He has 14 years of strong professional experience of IT administration, networking & IT business development. Amit looks after our whole IT infrastructure from hardware to our in-house Insurance software as well as administration of our servers, intranet and website. His regular on-the-spot IT training is highly beneficial to all our staff.

Ms RASHIDA DUYMUN
– HR AND ADMINISTRATION OFFICER

She is a senior officer of the Company and reckons more than 15 years of dedicated and loyal service. She is the current HR Officer and is also in charge of the Administration and Secretarial Department.

STATEMENT OF COMPLIANCE

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

Name of PIE: G.F.A. Insurance Ltd
Reporting Period: December 31, 2016

We, the Directors of G.F.A. Insurance Ltd (the PIE), confirm to the best of our knowledge that the PIE has complied with all of its obligations and requirements under the Code of Corporate Governance except with the following sections:

1. Section 2.8.2 – Remuneration of Directors
   The Board is of the opinion that the remuneration of individual Directors is sensitive information and has resolved not to disclose such information in the annual report.

2. Section 2.10.3 – Board and Director Appraisal
   For the year under review, no evaluation of the Board or its Committees was carried out. The Directors forming part of the Board of G.F.A. Insurance Ltd, especially those who are members of Board committees, have been appointed in the light of their wide range of skills and competence acquired through several years of working experience and professional background.

....
Mr Mohammad Alaoud Ruhomutally
Chairman

Date: 28 MAR 2017

....
Mr Abdool Rahman (Abdel) Ruhomutally
Managing Director

Date: 28 MAR 2017

ADHERENCE TO GOOD GOVERNANCE

G.F.A. Insurance Ltd (the "Company") is committed to the highest standard of business integrity, transparency and professionalism in all its endorsement to ensure that the activities within the Company are managed ethically and responsibly to enhance values for all stakeholders. As an essential part of this commitment, the Board of Directors of the Company subscribes to and is fully committed to complying with good governance practices.

The fundamental concern of corporate governance is to ensure the condition whereby the Company's Directors and managers act in the interest of the Company and its various stakeholders.

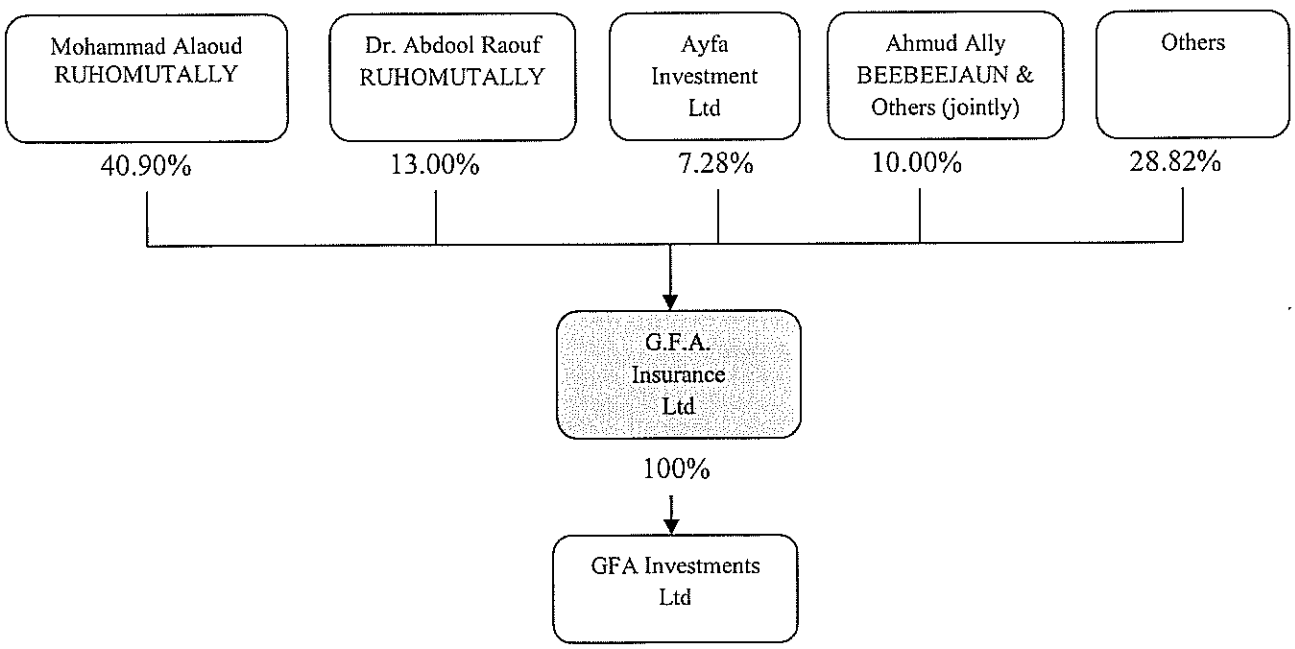
Our Company strongly believes in maintaining a simple and transparent corporate structure which define the division of power and establish mechanism for achieving accountability between board of directing management and shareholders driven solely by a business needs.

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

G.F.A. Insurance Ltd, 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 Risk Committee.

The Directors are thus continually focusing on maintaining the sustainability of the Company's business and discharging their responsibility 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.

HOLDING STRUCTURE



SUBSTANTIAL SHAREHOLDERS AS AT DECEMBER 31, 2016

As at December 31, 2016, the following shareholders held more than 5% of the share capital of G.F.A. Insurance Ltd:

Shareholders	% holding
Mohammad Alaoud Ruhomutally	40.90
Dr. Abdool Raouf Ruhomutally	13.00
Ayfa Investment Ltd	7.28
Ahmud Ally Beebeejaun and others (jointly)	10.00

SHARE PRICE INFORMATION

As the Company is not listed, and no share has been the subject matter of any sale for the past ten years, share price information is not available.

SHAREHOLDER'S AGREEMENT

The Company is not aware of any Shareholder's Agreement.

CONSTITUTION

In accordance with the Constitution of the Company, there is no restriction as to the % of shareholding of the existing shareholders. Moreover, they have pre-emption rights in case any shareholder wishes to dispose any of his/her shares.

DIVIDEND POLICY

The Company's policy is to pay an interim dividend in the second half of the year on the current year's profit and a final dividend in April of the next year based on the audited accounts, subject to complying with solvency requirements.

BOARD OF DIRECTORS

The Board is presently composed of eight members, including three independent directors. Three members are full-time executive directors and two members is employed on a part-time basis.

The Board has met five times during the year under review. In addition, regular Management meetings are held on a monthly basis.

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. It is also responsible for continually reviewing the activities, practices and trends of the Company so that these are in conformity with legal and regulatory requirements, and with the principles of good governance set out in the 'Report of Corporate Governance for Mauritius'.

The Board retains full and effective control over the Company, delegating the day-to-day running and operational issues to the Managing Director 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. In compliance with the Code the Board of Directors comprises three independent non-executive directors and at least two executive directors.

The Board of Directors ensures that the principles of Corporate Governance are followed and are fully committed to comply with the Code of Corporate Governance for Mauritius. In addition the Board aims at higher standard of corporate governance with a culture of best practice as a performance benchmark for the Company. The Board, being the focal point of the Corporate Governance system is ultimately accountable and responsible for the performance and affairs of the Company.

The compliance with the principles of Corporate Governance is viewed by the Company, its Board and the management, as an integral part of the Company's business activities and are respected at all levels of the Company.

The Board also monitors and evaluates the implementation of strategies, policies management performance criteria and business plans. It provides guidance and maintains effective control over the Company and monitors management to carry out board plans and strategies.

In line with those principles, the Board has set up Committees and has put in place the required structure, internal control systems, policies and procedures to ensure strict adherence thereto.

The following table gives the record of attendance at Board meetings of G.F.A. Insurance Ltd for the year under review:

Name of Directors	**Number of meetings attended**	**Number of directorship in listed companies**
EXECUTIVE		
Abdool Rahman (Abdel) Ruhomutally (Managing Director)	*5 of 5*	-
Najah Ruhomutally (up to 25 May 2016)	*0 of 5*	-
Alternate: Aadil Ruhomutally (up to 25 May 2016)	*3 of 5*	-
Takoorpersad Seewoodoyal	*4 of 5*	-
Aadil Ruhomutally (as from 23 June 2016)	*1 of 5*	-
Alternate: Najah Ruhomutally (as from 15 November 2016)	*0 of 5*	-
NON-EXECUTIVE		
Mohammad Alaoud Ruhomutally (Chairman)	*5 of 5*	-
Ahmud Ally Beebeejaun	*1 of 5*	-
Alternate: Shafa-At Rally Oozeer	*4 of 5*	-
INDEPENDENT		
Birendranuth Sowambur	*5 of 5*	-
Mohammad Ehsan Hosenie	*5 of 5*	-
Kader Mungly	*5 of 5*	-

The profiles of Directors and senior management team have been disclosed on pages 1 - 1(b) and page 2 respectively.

Board's and Directors' Appraisal

For the year under review, no evaluation of the Board or its Committees was carried out. The Directors forming part of the Board of G.F.A Insurance Ltd, especially those who are members of Board committees, have been appointed in the light of their wide range of skills and competence acquired through several years of working experience and professional background.

COMMON DIRECTORS

The common Directors for the year under review were as follows:

Directors	Del Ltd	GFA Investments Ltd
Mohammad Alaoud Ruhomutally	✓	✓
Abdool Rahman (Abdel) Ruhomutally		✓
Takoorpersad Seewoodoyal		✓

INTEREST OF DIRECTORS IN THE EQUITY CAPITAL

Shares held by Directors at December 31, 2016 are as follows:

Directors	Directly	Indirectly
Mohammad Alaoud Ruhomutally	10,226	1,224
Abdool Rahman (Abdel) Ruhomutally	1,000	50
Ahmud Ally Beebeejaun	450	683
Aadil Ruhomutally	1,000	Nil
Najah Ruhomutally (alternate to Aadil Ruhomutally)	1,000	50
Takoorpersad Seewoodoyal	5	Nil
Birendranuth Sowambur	Nil	Nil
Mohammad Ehsan Hosenie	Nil	Nil
Kader Mungly	Nil	Nil
Shafa-at Rally Mohammad Oozeer (alternate to Ahmud Ally Beebeejaun)	Nil	Nil

INTEREST OF SENIOR OFFICERS IN THE EQUITY CAPITAL

Senior officers do not hold any shares in the Company.

DIRECTORS' DEALING IN SHARES

The Directors did not deal in the shares of the Company during the year under review.

BOARD COMMITTEES

The Board has set up four subsidiary committees namely the Corporate Governance Committee, the Audit and Risk Committee, Investment Committee and Remuneration Committee with the aim of maintaining quality standards of Corporate Governance and streamlining the tasks of the Board.

The Board formally appointed the members of the following Committees:

Corporate Governance Committee:	Mr. Kader Mungly (Chairman), Mr. Mohammad Ehsan Hosenie and Mr Birendranuth Sowambur
Audit and Risk Committee:	Mr. Kader Mungly (Chairman), Mr. Mohammad Ehsan Hosenie and Mr. Birendranuth Sowambur
Investment Committee:	Mr. Mohammad Alaoud Ruhomutally (Chairman), Mr. Abdool Rahman (Abdel) Ruhomutally (Managing Director), Mr. Jugdeo Naginlal (Company Secretary)
Remuneration Committee:	Mr. Ahmud Ally Beebeejaun (Chairman), Mr. Mohammad Ehsan Hosenie and Mr Birendranuth Sowambur

Corporate Governance Committee
The terms of reference of the Corporate Governance Committee was duly approved and the committee membership duly constituted by the Board.

The terms of reference of the Corporate Governance Committee are:
- To make recommendations to the Board on all corporate governance provisions to be adopted so that the Board remains effective in ensuring that the Company complies with prevailing corporate principles and practices.
- To ensure that the disclosure requirements with regard to corporate governance, whether in the annual report or other reports on an ongoing basis, are in accordance with the principles of the Code of Corporate Governance as recommended by the National Committee on Corporate Governance.
- To develop a Related Party Transaction Policy; to review related party transactions and approve, ratify, revise or reject such transactions in accordance with the Related Party Transaction policy; to review, at least on an annual basis, and recommend changes to the Related Party Transaction Policy.
- To review the independence, both in appearance and in fact, and develop and recommend to the Board criteria to assess the independence of Directors.

Audit and Risk Committee
The terms of reference of the Audit and Risk Committee are:
- To review the appropriateness of the Company's accounting policies.
- To assess the effectiveness of the internal control processes.
- To review the annual financial statements before their submission to the Board.
- To discuss the results of the external audit process with the external auditors.
- To direct the Risk Management Function with the support of the internal and external auditors.
- To review and approve the budget, including the budget for capital expenditure.

Investment Committee
The terms of reference and composition of the Investment committee were duly approved by the Board.

The terms of reference of the Investment committee are:
- To review and approve periodically the investment policies and overall strategies of the Company.
- To determine an appropriate investment strategy, including asset mix.
- To set asset portfolio performance targets.
- To monitor the performance of the asset portfolio against the agreed benchmarks and targets, seeking all necessary explanations to perform appropriate analysis.

Remuneration Committee
The terms of reference and composition of the Remuneration Committee were duly approved by the Board.

The terms of reference of the Remuneration Committee are:

- To determine the basic salary and other benefits attributable to the Senior Management of the Company and that of the Directors.

The Remuneration Committee also sees to it that efforts and hard work of employees, at all levels – Executive Directors to Staff grade - are adequately compensated. Salaries of employees are revised regularly depending however among other factors, on the capacity of the Company to pay.

The Remuneration Committee further ensures that a sense of belonging to the organisation is created among the employees and takes steps to enhance the standard of work of employees. In that connection, regular training courses are organised for the benefit of employees. Furthermore, employees are sponsored in their attempts at professional and technical examinations so as to increase their knowledge and skills and thus increase their employability and their earning bargaining power.

It is worthwhile to note that G.F.A. Insurance Ltd won the MIM/MEF/AHRP Training Commitment Award in 2004. The Company was also awarded the Mauritius Business Excellence Award 2010 in the area of Leadership.

Board Committee Attendance

Directors	Corporate Governance Committee	Audit and Risk Committee	Investment Committee	Remuneration Committee
Mohammad Alaoud Ruhomutally			3 of 3	
Abdool Rahman (Abdel) Ruhomutally			3 of 3	
Ahmud Ally Beebeejaun				0 of 0
Birendranuth Sowambur	2 of 2	3 of 3		0 of 0
Mohammad Ensan Hosenie	2 of 2	3 of 3		0 of 0
Kader Mungly	2 of 2	3 of 3		

REMUNERATION OF DIRECTORS

Remuneration and benefits received by the Directors from the Company during the year were as follows:

	2016 Rs.	2015 Rs.
Executive Directors	**6,496,974**	6,174,225
Non-executive & Independent Directors	**1,704,568**	1,924,709

The directors did not receive any remuneration from its subsidiary.

The Directors' remuneration is disclosed by category in view of the confidentiality and sensitivity of the information.

DIRECTORS' REMUNERATION POLICY

The Board is responsible for the remuneration strategy of G.F.A. Insurance Ltd and duties are delegated to the Remuneration Committee.

Remuneration is reviewed annually after taking cognizance of market norms and practices as well as additional responsibilities placed on Directors and senior managers. The remuneration package of the executive director consists of base salary and fringe benefits. There is no formal policy for executive directors approaching retirement and the remuneration for the executive directors approaching retirement is at the discretion of the Board of Directors.

DIRECTORS' SERVICE CONTRACTS

Mr. Abdool Rahman (Abdel) Ruhomutally, Miss Najah Ruhomutally and Mr. Aadil Ruhomutally have service contracts with the Company without expiry dates. Mr. Takoorpersad Seewoodoyal has a service contract which is renewed on a yearly basis. The other Directors do not have service contracts with the Company.

SHARE OPTION PLAN

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

RELATED PARTY TRANSACTIONS

Please refer to Note 31 to the Financial Statements.

MANAGEMENT AGREEMENT

The Company has not entered into any management agreement with third parties.

TIME TABLE OF IMPORTANT FORTHCOMING EVENTS

Submission of audited financial statements and other returns	March 2017
Meeting of shareholders	May/June 2017
Dividend declaration and payment	April & October 2017

ETHICS

The Company has a Code of Ethics which is based on our Corporate Values which are essential for us to maintain the trust and reliability that have been earned over the years. The Code of Ethics establishes standards for behaviour and provides guidance as to ethical dilemmas and conflicts of interests faced at works.

ENVIRONMENT, HEALTH AND SAFETY

The Company encourages all initiatives towards friendly environments. In that connection, the Company is willing to go as far as possible paperless.

As regards to Health and Safety Procedure, one of the Directors being an Occupational Health and Safety Consultant, has devised a guideline which the Company is presently adhering to.

INTERNAL AUDIT

The mission of the internal audit is to provide independent, objective assurance services, designed to add value and improve the Company's operations. It derives its authority from the Board through the Audit and Risk Committee.

The scope of the Internal Auditor's work encompasses:
- Identifying risk areas and evaluating the level of risk for each risk area.
- Reviewing internal control processes and making appropriate recommendations to the Audit and Risk committee and the Management,
- Monitoring the implementation of the recommendations and reporting on these implementations to the Audit and Risk Committee.

INTERNAL AUDIT FUNCTION

The contract of the internal auditor, IJ Expert Conseil Limited expired in July 2015 and was not renewed. The Company has appointed Deloitte Touche Tohmatsu Limited as internal auditor effective from October 2016.

Reporting Lines
The Internal Auditor has a direct reporting line to the Audit and Risk Committee and maintains an open and constructive communication with the Management. The Internal Auditor also has direct access to the Chairman of the Board. This structure allows the Internal Auditor to remain independent.

Coverage
The Internal Audit Plan, which is approved by the Audit and Risk Committee, is based on the principles of risk management designed to ensure that the scope of work aligns with the degree of risk attributable to the area being audited.

Restrictions
The Internal Auditor has unrestricted access to the Company's accounting records, to management and to employees.

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.

Risk Management refers to the process used by the Company to monitor and mitigate its exposure to risk. 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, has been delegated to the Audit and Risk Committee.

To strengthen control, a Risk Management Framework is being implemented to:

- ensure all material risks are identified and reported to management, to the Audit and Risk Committee and to the Board
- ensure mitigation activities are developed, communicated, agreed and measured to ensure objectives are achieved
- ensure continuous identification of new risks that may arise so as to implement mitigation controls.

The following risk areas have been identified for the Company:

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 certain 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.

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, through reinsurance led by top rated reinsurers, risks in excess of its capacity. 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 is closely monitored so as to ensure that the loss reported is covered and properly assessed. Where relevant, the Company may sue third parties for payment of some or all liabilities (subrogation). The Company ensures 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 from as wide a range of sources as possible and combining these to form the best overall estimates.

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. The main risks to which the Company is exposed include:

- Credit risk
- Liquidity risk
- Market risk
- Reinsurers' default

Credit Risk
The Company's credit risk is primarily attributable to debtors including agents for insurance premium payable. 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.

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

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 Investment Committee ensures that investments are sufficiently diversified in order to match assets and liabilities and liquidity requirements.

Reinsurer's Default
The Company is exposed to the possibility of default by its Reinsurers for their share of insurance liabilities and refunds in respect of claims already settled by it. Management monitors the financial strength of its Reinsurers and the Company's set procedures ensure that risks are only ceded to top-rated and credit-worthy Reinsurers.

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
Human resource risk is the risk that the personnel responsible for managing and controlling different sectors of the organisation 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 product/service failure risk because if not detected and corrected before a product or service is delivered to the customer, a product or performance failure could result. A Compliance Department has been set up to monitor these issues.

Business Interruption Risk
The Company's capability to continue critical operations and processes are highly dependent on availability of information technologies, skilled labour and other resources. If people with the requisite experience and skills or other critical resources were unavailable or if critical systems broke down, the Company would experience difficulty in continuing operations. A business interruption plan has been set up involving the duplication of our records and information systems on back up media which are stored. Insurance transactions are backed-up daily in branch offices and same is exported to Head Office by removable media on a weekly basis. (Each office operates independently and is not linked to a single server. Full customer service can be restored within a maximum of two hours).

Product/Service Failure Risk

During insurance operations there may be a risk of customers receiving faulty insurance policies or service. These failures would result in customer complaints, litigated claims, cancelled policies, increased claim frequency or severity. These can significantly affect the Company's reputation, profitability, future business and market share. A Customers' Complaints Handling unit has been implemented.

Health and Safety Risk

Worker 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.

With regards to the operational risks, management is currently rating the risks by applying appropriate methods based on the recurring nature of the risk and the financial and operational impact of the risk.

Under the risk management framework that is currently being established, a priority plan of action aimed at developing and implementing mitigating controls will be prepared. Clear responsibilities and targets will be established and monitored. The overall effort to establish a risk management framework is being undertaken under the close supervision of the Audit and Risk Committee.

CORPORATE SOCIAL RESPONSIBILITY

G.F.A. Insurance Ltd has always recognised its social responsibility within the wider community in which it operates. Our Company has been actively involved in the support of social aid and sports. Consequently, the Company has established a social policy, both for the welfare of its employees and for the community, thus helping to contribute to the social and economic uplifting of the country.

A CSR committee has been formed and its mission is:

"To assist G.F.A. Insurance Ltd in its economic role as a pillar of the Mauritian society supporting its stakeholders and as an organisation committed to social responsibility, making good use of its resources in order to give Mauritian children the opportunity to grow and develop themselves within a safe environment as well as the necessary tools to face the economic challenges of tomorrow. GFA believes in the potential of the young generation and is convinced that it represents the richest and strongest resource on which all the hopes and the future of our country are built."

Since 2010 G.F.A. Insurance Ltd made donations or sponsorships totalling nearly Rs.4.7 million to several organisations to assist and support them in their laudable social initiatives. The beneficiaries of our CSR undertakings are:

- The Humanitarian Education Liberation Project
- L'Etoile du Berger - We are only sponsoring the project for the creation of a centre for the sheltering and rehabilitation of children in distress
- Etoile d`Esperance - Association Alcool femme
- SOS Children's Village
- Mauritian Wildlife Foundation
- Le Mouvement pour L`Eradication de la Pauvreté-
- Naw-N-Sha- Club Sportif Zenfan Vallee Pitot- Housing, Food, Education & Sports
- Muslim Benevolent & Welfare Society

- Mauritius Mental Health Association
- United Skills Workers Cooperative Society Ltd
- Transparency Mauritius
- Foyer Père Laval
- Association Don Bosco of Sainte Croix
- EDYCSE
- Defenders Social and Welfare Association
- PILS
- Link to life
- Mouvement pour le progrès de Roche Bois
- Cité Martial Barbell Gym
- Gayasingh Ashram
- Plaine-Verte Judo Club
- Mauritius Employers Federation CSR Fund
- Reef Conservation
- Lizie Dan La Main
- APSA - Diabetes Care Centre
- Ti Diams
- Club Sportive Zanfan Vallée Pitot
- Rotary Club Port Louis Citadelle
- Association Des Jeunes de la Citadelle
- Islamic Centre Disabled Children
- Century Welfare Association
- Mauritius Muslim Orphanage
- Refund of nursery expenses for 1 staff
- Road safety campaign
- Funding of children care expenses
- U Link
- Guy Rozemont School – Educational Outings for pupils of deprived family
- Cancer Association
- M-Kids Association
- Port Louis SSS – Prize Giving
- DAV College – Sponsor School Magazine
- Club Bouliste Internationale Petanque Tournament
- St Pierre Kyokushin Karaté
- SOS Poverty

The Company believes it is its social responsibility to recruit employees from deprived areas around its Head Office (like Vallée Pitot and Tranquebar) and at the same time relieves them of the pain of encountering transport problem to and from their place of work.

CHARITABLE DONATIONS

	2016 **Rs.**	2015 Rs.
Charitable donations	Nil	Nil

CONTRIBUTION TO POLITICAL PARTIES

No contribution was made to any political party during the year under review.

AUDITORS FEES

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

	2016 Rs.	2015 Rs.
BDO & Co:		
Audit fees	**414,000**	402,500
Review of insurance return	**31,050**	30,475

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors acknowledge their responsibilities for:

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

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

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

The external auditors are responsible for reporting on whether the financial statements are fairly presented.

The Directors report that:

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

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

(iii) International Financial Reporting Standards have been adhered to.

(iv) the Code of Corporate Governance has been adhered to. Reasons have been provided in the Corporate Governance Report in case of non-compliance with any requirement.

Approved by the Board of Directors and signed on its behalf by:

Mr. Mohammad Alaoud Ruhomutally
Chairman

Date: 28 MAR 2017

Mr. Abdool Rahman (Abdel) Ruhomutally
Managing Director

Date: 28 MAR 2017

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

COMPANY SECRETARY
Jugdeo Naginlal, F.C.C.A

Date: 28 MAR 2017

Tel : +230 202 3000
Fax: +230 202 9993
www.bdo.mu

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

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of G.F.A. Insurance Ltd

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

Report on the audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of G.F.A. Insurance Ltd and its subsidiary (the Group), and the Company's separate financial statements on pages 6 to 59 which comprise the statements of financial position as at December 31, 2016, and the statements of profit or loss, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 6 to 59 give a true and fair view of the financial position of the Group and of the Company as at December 31, 2016, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the Shareholders of G.F.A. Insurance Ltd

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

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

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

Those charged with governance are responsible for overseeing the Group and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT (CONT'D)
To the Shareholders of G.F.A. Insurance Ltd

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

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

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

Report on Other Legal and Regulatory Requirements

Companies Act 2001

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

We have obtained all information and explanations we have required.

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

Financial Reporting Act 2004

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

In our opinion, the disclosure in the annual report is consistent with the requirements of the Code.

BDO & Co

BDO & Co
Chartered Accountants

Port Louis,
Mauritius.
28 MAR 2017

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

STATEMENTS OF FINANCIAL POSITION - DECEMBER 31, 2016

		THE GROUP		THE COMPANY	
	Notes	**2016**	2015	**2016**	2015
ASSETS		**Rs.**	Rs.	**Rs.**	Rs.
Non-current assets					
Property, plant and equipment	5	**47,377,671**	37,932,675	**47,180,265**	37,726,744
Investment property	6	**74,250,000**	74,250,000	**18,250,000**	18,250,000
Intangible assets	7	**817,020**	-	**817,020**	-
Investment in subsidiary company	8	**-**	-	**25,000,000**	25,000,000
Statutory deposits	9	**2,000,000**	8,000,000	**2,000,000**	8,000,000
Investment in financial assets	10	**29,708,064**	32,953,393	**29,708,064**	32,953,393
Fixed deposits	11	**327,300,000**	261,050,000	**326,500,000**	260,250,000
Deferred tax assets	12	**1,612,411**	1,450,241	**-**	-
Loans to related parties	13	**-**	241,386	**-**	241,386
		483,065,166	415,877,695	**449,455,349**	382,421,523
Current assets					
Statutory deposits	9	**6,000,000**	-	**6,000,000**	-
Trade and other receivables	14	**46,437,717**	27,432,576	**45,629,117**	27,027,614
Investment in financial assets	10	**-**	5,000,000	**-**	5,000,000
Loans to related parties	13	**219,713**	255,274	**219,713**	255,274
Short-term deposits	11	**48,500,000**	71,615,000	**48,500,000**	71,615,000
Cash and cash equivalents	29(b)	**16,758,075**	34,631,968	**15,680,774**	34,309,760
		117,915,505	138,934,818	**116,029,604**	138,207,648
Total assets	Rs.	**600,980,671**	554,812,513	**565,484,953**	520,629,171
EQUITY AND LIABILITIES					
Capital and Reserves (attributable to owners of the parent company)					
Share capital	15	**25,000,000**	25,000,000	**25,000,000**	25,000,000
Other reserves	16	**2,339,521**	1,918,799	**2,339,521**	1,918,799
Retained earnings		**255,400,394**	241,063,539	**226,940,405**	213,618,342
		282,739,915	267,982,338	**254,279,926**	240,537,141
Technical provisions					
Gross outstanding claims and IBNR	18(a)	**186,677,565**	163,686,410	**186,677,565**	163,686,410
Gross unearned premiums	18(b)	**99,065,338**	90,868,088	**99,065,338**	90,868,088
		285,742,903	254,554,498	**285,742,903**	254,554,498
Non-current liabilities					
Borrowings	19	**-**	114,071	**-**	114,071
Retirement benefit obligations	20	**8,662,000**	7,674,896	**8,662,000**	7,674,896
Deferred tax liabilities	12	**7,597,301**	7,163,852	**958,753**	866,557
		16,259,301	14,952,819	**9,620,753**	8,655,524
Current liabilities					
Trade and other payables	21	**15,303,737**	14,381,727	**14,906,556**	13,940,877
Current tax liabilities	22(a)	**782,749**	1,701,675	**782,749**	1,701,675
Borrowings	19	**152,066**	1,239,456	**152,066**	1,239,456
		16,238,552	17,322,858	**15,841,371**	16,882,008
Total equity and liabilities	Rs.	**600,980,671**	554,812,513	**565,484,953**	520,629,171

These financial statements have been approved for issue by the Board of Directors on: 28 MAR 2017

Signature	**Signature**
Mohammad Haoud Ruhomutally	Abdool Kader Mungly
Name of Director	**Name of Director**

The notes on pages 12 to 59 form an integral part of these financial statements.
Auditor's report on pages 5 to 5(b).

G.F.A. INSURANCE LTD AND ITS SUBSIDIARY

STATEMENTS OF PROFIT OR LOSS - YEAR ENDED DECEMBER 31, 2016

	Notes	THE GROUP 2016	THE GROUP 2015	THE COMPANY 2016	THE COMPANY 2015
		Rs.	Rs.	Rs.	Rs.
Gross premiums		183,769,832	171,992,019	183,769,832	171,992,019
Premium ceded to reinsurers		(8,885,622)	(10,469,347)	(8,885,622)	(10,469,347)
		174,884,210	161,522,672	174,884,210	161,522,672
Change in unearned premiums	18(b)	(8,197,250)	(8,693,241)	(8,197,250)	(8,693,241)
Net earned premiums		166,686,960	152,829,431	166,686,960	152,829,431
Gross claims paid	18(a)	113,285,330	101,456,064	113,285,330	101,456,064
Claims recovered		(35,372,996)	(24,288,417)	(35,372,996)	(24,288,417)
Movement in claims outstanding and IBNR	18(a)	22,991,155	9,981,658	22,991,155	9,981,658
Net claims incurred		100,903,489	87,149,305	100,903,489	87,149,305
Underwriting results		65,783,471	65,680,126	65,783,471	65,680,126
Commission receivable from reinsurers		1,801,501	3,304,532	1,801,501	3,304,532
Commission payable to agents		(8,748,031)	(8,289,127)	(8,748,031)	(8,289,127)
Net commissions payable		(6,946,530)	(4,984,595)	(6,946,530)	(4,984,595)
Underwriting surplus		58,836,941	60,695,531	58,836,941	60,695,531
Investment and interest income	23	21,732,262	22,162,387	20,547,398	21,077,268
Operating profit		80,569,203	82,857,918	79,384,339	81,772,799
Other income	24	6,447,191	6,019,844	6,416,391	5,981,044
		87,016,394	88,877,762	85,800,730	87,753,843
Administrative and other expenses	25(i)	(50,554,059)	(46,239,438)	(50,565,795)	(46,158,451)
Depreciation and amortisation charge	25(ii)	(4,610,103)	(3,244,800)	(4,576,578)	(3,193,808)
Profit from operations		31,852,232	39,393,524	30,658,357	38,401,584
Finance costs	26	(69,605)	(149,301)	(69,605)	(149,301)
		31,782,627	39,244,223	30,588,752	38,252,283
Exceptional items	27	(9,548,374)	(28,645,122)	(9,548,374)	(28,645,122)
Profit before taxation	25	22,234,253	10,599,101	21,040,378	9,607,161
Taxation	22(b)	(4,647,398)	(4,289,887)	(4,468,315)	(4,141,096)
Profit for the year	Rs.	17,586,855	6,309,214	16,572,063	5,466,065

The notes on pages 12 to 59 form an integral part of these financial statements.

Auditor's report on pages 5 to 5(b).

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - YEAR ENDED DECEMBER 31, 2016

		THE GROUP		THE COMPANY	
	Notes	2016	2015	2016	2015
		Rs.	Rs.	Rs.	Rs.
Profit for the year		**17,586,855**	6,309,214	**16,572,063**	5,466,065
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Change in fair value of available-for-sale financial assets	16	**439,934**	(2,645,236)	**439,934**	(2,645,236)
Reclassification adjustments on disposal of financial assets	16	-	(149,644)	-	(149,644)
Reclassification adjustments on impairment of financial assets	16	**(19,212)**	(57,634)	**(19,212)**	(57,634)
Other comprehensive income, net of income tax		**420,722**	(2,852,514)	**420,722**	(2,852,514)
Total comprehensive income for the year	Rs.	**18,007,577**	3,456,700	**16,992,785**	2,613,551

The notes on pages 12 to 59 form an integral part of these financial statements.
Auditor's report on pages 5 to 5(b).

STATEMENTS OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2016

THE GROUP	Note		Share capital	Revaluation surplus	Available-for-sale fair value reserve	Retained earnings	Total
			Rs.	Rs.	Rs.	Rs.	Rs.
Balance at January 1, 2016			25,000,000	4,260,120	(2,341,321)	241,063,539	267,982,338
Profit for the year			-	-	-	17,586,855	17,586,855
Other comprehensive income for the year			-	-	420,722	-	420,722
Total comprehensive income for the year			-	-	420,722	17,586,855	18,007,577
Dividends - 2016	28		-	-	-	(3,250,000)	(3,250,000)
Balance at December 31, 2016		Rs.	**25,000,000**	**4,260,120**	**(1,920,599)**	**255,400,394**	**282,739,915**
Balance at January 1, 2015			25,000,000	4,260,120	511,193	238,254,325	268,025,638
Profit for the year			-	-	-	6,309,214	6,309,214
Other comprehensive income for the year			-	-	(2,852,514)	-	(2,852,514)
Total comprehensive income for the year			-	-	(2,852,514)	6,309,214	3,456,700
Dividends - 2015	28		-	-	-	(3,500,000)	(3,500,000)
Balance at December 31, 2015		Rs.	**25,000,000**	**4,260,120**	**(2,341,321)**	**241,063,539**	**267,982,338**

The notes on pages 12 to 59 form an integral part of these financial statements.

Auditor's report on pages 5 to 5(b).

STATEMENTS OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2016

THE COMPANY	Note		Share capital	Revaluation surplus	Available-for-sale fair value reserve	Retained earnings	Total
			Rs.	Rs.	Rs.	Rs.	Rs.
Balance at January 1, 2016			25,000,000	4,260,120	(2,341,321)	213,618,342	240,537,141
Profit for the year			-	-	-	16,572,063	16,572,063
Other comprehensive income for the year			-	-	420,722	-	420,722
Total comprehensive income for the year			-	-	420,722	16,572,063	16,992,785
Dividends - 2016	28		-	-	-	(3,250,000)	(3,250,000)
Balance at December 31, 2016		Rs.	**25,000,000**	**4,260,120**	**(1,920,599)**	**226,940,405**	**254,279,926**
Balance at January 1, 2015			25,000,000	4,260,120	511,193	211,652,277	241,423,590
Profit for the year			-	-	-	5,466,065	5,466,065
Other comprehensive income for the year			-	-	(2,852,514)	-	(2,852,514)
Total comprehensive income for the year			-	-	(2,852,514)	5,466,065	2,613,551
Dividends - 2015	28		-	-	-	(3,500,000)	(3,500,000)
Balance at December 31, 2015		Rs.	**25,000,000**	**4,260,120**	**(2,341,321)**	**213,618,342**	**240,537,141**

The notes on pages 12 to 59 form an integral part of these financial statements.

Auditor's report on pages 5 to 5(b).

STATEMENTS OF CASH FLOWS - YEAR ENDED DECEMBER 31, 2016

	Notes	THE GROUP		THE COMPANY	
		2016	2015	**2016**	2015
		Rs.	Rs.	**Rs.**	Rs.
Cash flows from operating activities					
Cash generated from operations	29(a)	**29,371,404**	24,313,732	**28,650,089**	23,410,880
Interest paid		**(69,605)**	(149,301)	**(69,605)**	(149,301)
Tax paid	22(a)	**(5,295,045)**	(6,932,083)	**(5,295,045)**	(6,932,083)
Net cash generated from operating activities		**24,006,754**	17,232,348	**23,285,439**	16,329,496
Cash flows from investing activities					
Purchase of property, plant and equipment		**(14,072,392)**	(3,597,243)	**(14,047,392)**	(3,477,243)
Proceeds from sale of property, plant and equipment		**800,000**	-	**800,000**	-
Purchase of intangible assets		**(845,194)**	-	**(845,194)**	-
Purchase of investment in financial assets	10	**(1,632,323)**	(8,539,166)	**(1,632,323)**	(8,539,166)
Proceeds from disposal of financial assets		**7,000,000**	3,297,642	**7,000,000**	3,297,642
Dividends received		**1,007,769**	770,478	**1,007,769**	770,478
Proceeds from maturity of deposits		**53,115,000**	49,000,000	**53,115,000**	49,000,000
Additions to deposits		**(102,500,000)**	(72,800,000)	**(102,500,000)**	(72,000,000)
Interest received		**19,421,007**	19,901,104	**19,362,229**	19,877,724
Repayment of loans to subsidiary company		-	-	-	381,999
Repayment of loans to related parties	13	**276,947**	246,432	**276,947**	246,432
Net cash used in investing activities		**(37,429,186)**	(11,720,753)	**(37,462,964)**	(10,442,134)
Cash flows from financing activities					
Finance lease principal payments		**(1,138,340)**	(1,013,088)	**(1,138,340)**	(1,013,088)
Dividends paid	28	**(3,250,000)**	(3,500,000)	**(3,250,000)**	(3,500,000)
Net cash used in financing activities		**(4,388,340)**	(4,513,088)	**(4,388,340)**	(4,513,088)
(Decrease)/increase in cash and cash equivalents	Rs.	**(17,810,772)**	998,507	**(18,565,865)**	1,374,274
Movement in cash and cash equivalents					
At January 1,		**34,530,852**	33,532,345	**34,208,644**	32,834,370
(Decrease)/increase		**(17,810,772)**	998,507	**(18,565,865)**	1,374,274
At December 31,	29(b)	**16,720,080**	34,530,852	**15,642,779**	34,208,644

The notes on pages 12 to 59 form an integral part of these financial statements.

Auditor's report on pages 5 to 5(b).

1. GENERAL INFORMATION

G.F.A. Insurance Ltd is a private limited company incorporated in Mauritius and is engaged in General (Non-life) Insurance Business. Its registered address is 16, Frère Felix de Valois St, Champs de Mars, Port Louis. Its principal place of business is at its head office at Port Louis. The Company also has branches at Rivière du Rempart, Triolet, Terre Rouge, Goodlands, Quatre-Bornes, Rose-Hill, Flacq, Rivière des Anguilles, Rose Belle, Mahebourg, Grand Bay and Phoenix.

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

(i) Basis of preparation

The financial statements of G.F.A. Insurance Ltd comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements include the consolidated financial statements of the parent company and its subsidiary (the Group) and the separate financial statements of the parent company (the Company).

Where necessary, comparative figures have been amended to conform with change in presentation and disclosure in the current year. The financial statements are prepared under the historical cost convention, except that:
(a) freehold land and buildings are carried at revalued amounts;
(b) investment property is stated at fair value.
(c) available-for-sale financial assets and relevant financial assets and liabilities are stated at their fair values; and
(d) held-to-maturity investments, loans and receivables and relevant financial assets and financial liabilities are carried at amortised cost.

Amendments to published Standards and Interpretations effective in the reporting period

IFRS 14 Regulatory Deferral Accounts provides relief for first-adopters of IFRS in relation to accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). IFRS 14 permits these entities to apply their previous accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts. The standard is not expected to have any impact on the Group's financial statements.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11). The amendments clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. Existing interests in the joint operation are not remeasured on acquisition of an additional interest, provided joint control is maintained. The amendments also apply when a joint operation is formed and an existing business is contributed. The amendment has no impact on the Group's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Basis of preparation (cont'd)

Amendments to published Standards and Interpretations effective in the reporting period (cont'd)

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38). The amendments clarify that a revenue-based method of depreciation or amortisation is generally not appropriate. Amendments clarify that a revenue-based method should not be used to calculate the depreciation of items of property, plant and equipment. IAS 38 now includes a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome under specific conditions. The amendment has no impact on the Group's financial statements.

Equity method in separate financial statements (Amendments to IAS 27). The amendments allow entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates. IAS 27 currently allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or at fair value in their separate FS. The amendments introduce the equity method as a third option. The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively. The amendment has no impact on the Group's financial statements.

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41). IAS 41 now distinguishes between bearer plants and other biological asset. Bearer plants must be accounted for as property plant and equipment and measured either at cost or revalued amounts, less accumulated depreciation and impairment losses. The amendment has no impact on the Group's financial statements.

Annual Improvements to IFRSs 2012-2014 cycle

- IFRS 5 is amended to clarify that when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such. The amendment has no impact on the Group's financial statements.

- IFRS 7 amendment provides specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for derecognition. The amendment has no impact on the Group's financial statements.

- IFRS 7 is amended to clarify that the additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34. The amendment has no impact on the Group's financial statements.

- IAS 19 amendment clarifies that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise. The amendment has no impact on the Group's financial statements.

2. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(i) **Basis of preparation (cont'd)**

Amendments to published Standards and Interpretations effective in the reporting period (cont'd)

Annual Improvements to IFRSs 2012-2014 cycle (cont'd)

- IAS 34 amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report' and adds a requirement to cross-reference from the interim financial statements to the location of that information. The amendment has no impact on the Group's financial statements.

Disclosure Initiative (Amendments to IAS 1). The amendments to IAS 1 provide clarifications on a number of issues. An entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance. Line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals. Confirmation that the notes do not need to be presented in a particular order. The share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

Investment entities: Applying the consolidation exception (Amendments to IFRS 10, IFRS 12 and IAS 28). The amendments clarify that the exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities. An investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities. Entities which are not investment entities but have an interest in an associate or joint venture which is an investment entity have a policy choice when applying the equity method of accounting. The fair value measurement applied by the investment entity associate or joint venture can either be retained, or a consolidation may be performed at the level of the associate or joint venture, which would then unwind the fair value measurement. The amendment has no impact on the Group's financial statements.

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

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2017 or later periods, but which the Group has not early adopted.

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

IFRS 9 Financial Instruments
IFRS 15 Revenue from Contract with Customers
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
IFRS 16 Leases

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Basis of preparation (cont'd)

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

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)
Amendments to IAS 7 Statement of Cash Flows
Clarifications to IFRS 15 Revenue from Contracts with Customers
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)
Annual Improvements to IFRSs 2014-2016 Cycle
IFRIC 22 Foreign Currency Transactions and Advance Consideration
Transfers of Investment Property (Amendments to IAS 40)

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

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

The Group issues short-term insurance contracts as follows:

Short-term insurance contracts are issued in the following classes of business : Motor, Fire and Allied Perils, Marine, Personal Accident, Public Liability, Professional Indemnity and Directors' and Officers' liability and Miscellaneous. These contracts insure the policyholder for damage suffered to property or goods, for value of property and equipment lost or damaged, losses or expenses incurred, sickness and loss of earnings resulting from occurrence of the insured event.

(iii) Reinsurance contracts

The Group assumes and cedes reinsurance in the normal course of business. Premiums and claims on reinsurance assumed (inward facultative reinsurance) are recognised in profit or loss on the same basis as direct business. Reinsurance ceded may be in respect of a single policy, i.e., a facultative arrangement or for multiple policies as in treaties.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(iii) Reinsurance contracts (cont'd))

Treaties provide either proportional (as in quota share or surplus) or non-proportional coverage (as in excess-of-loss). Proportional treaties provide for sharing of the insurance premiums and the associated losses in designated proportions between the Group and the Reinsurer. Each group of policies so affected is defined by the reinsurance contract.

For non-proportional treaties, premiums are not ceded but instead an excess-of-loss premium is payable to the Reinsurer for protection of losses in excess of the Group's loss retention limit which is the amount of total insured loss that the Group agrees to absorb or bear prior to application of the reinsurance.

Any gains and losses on buying reinsurance are recognised immediately in profit or loss and are not subject to amortisation. Premiums ceded and claims reimbursed are presented on a gross basis in the statements of profit or loss and the statements of financial position as appropriate.

Reinsurance assets primarily include balances due from both insurance and reinsurance companies for ceded insurance liabilities. Amounts recoverable from Reinsurers are estimated in a manner consistent with the outstanding claims provisions or settled claims associated with the reinsured policies and in accordance with the relevant reinsurance contract.

Reinsurance liabilities are primarily amounts due to Reinsurers for premiums ceded and for excess-of-loss premiums payable.

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

(iv) Short-term insurance (General Business)

- ***Revenue Recognition - Earned Premiums***
  General insurance premiums written reflect business incepted during the year. Premiums written are recognised as revenue over the period of the contract, calculated on the basis of the 365th method.

- ***Provision for Unearned Premiums (General Business)***
  The provision for unearned premiums represents the portion of premiums written relating to periods of insurance risks subsequent to the end of reporting date computed on same time basis as for earned premiums. The movement on the provision is taken to profit or loss in order that revenue is recognised over the period of the risk.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(iv) Short-term insurance (General Business) (cont'd)

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

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

  Significant delays can be expected in the notification and settlement of certain claims, the ultimate cost of which cannot therefore be known with certainty at the end of the reporting period. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposure and that the provision is determined using best estimates of claims development patterns, forecast inflation and settlement of claims.

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

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

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

(v) Other revenue recognition

Other revenues are recognised as follows:

- Brokerage and commission receivable - as it accrues in accordance with the substance of the relevant agreements.
- Interest income - on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate, and continues unwinding the discount as interest income.
- Dividend income - when the shareholder's right to receive payment is established.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(vi) Liability Adequacy Test

- ***Short-term insurance***

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

(vii) Property, plant and equipment

Land and buildings, are stated at their fair value, based on periodic, but at least triennial valuations, by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditures that is directly attributable to the acquisition of the items.

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

Increases in the carrying amount arising on revaluation are credited to other comprehensive income and shown as revaluation surplus in shareholders' equity. Decreases that offset previous increases of the same asset are charged against revaluation surplus directly in equity; all other decreases are charged to profit or loss.

Depreciation is calculated on the straight-line method to write off the cost or the revalued amounts, of the assets to their residual values over their estimated useful lives as follows:

Freehold Building	2% - 10% p.a.
Improvement to Building	10% p.a.
Motor Vehicles	20% p.a.
Fixtures and Fittings	10% p.a.
Office Equipment	20% p.a.

Land is not depreciated.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in profit or loss in other income. On disposal of revalued assets, the amounts included in revaluation surplus are transferred to retained earnings.

2. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(viii) **Investment property**

Investment property, held to earn rentals/or for capital appreciation or both and not occupied by the Group are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value, representing open-market value determined by external valuers. Changes in fair values are included in profit or loss as part of other income.

(ix) **Intangible assets**

Computer software
Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised over their estimated useful lives (5 years).

(x) **Impairment of 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 loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(xi) **Investment in subsidiaries**

Separate financial statements of the investor
In the separate financial statements of the investor, investment in subsidiary company is carried at cost. The carrying amount is reduced to recognise any impairment in the individual value of the investment.

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

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(xi) Investment in subsidiaries (cont'd)

Consolidated financial statements (cont'd)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss as a bargain purchase gain.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. The subsidiaries have consistently applied all the policies adopted by the Group.

Disposal of subsidiary

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(xii) Financial instruments

(i) Financial assets

Categories of financial assets

The Group classifies its financial assets in the following categories : loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired.

Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money or services directly to a debtor with no intention of trading the receivable. They are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised costs using the effective interest method, less any impairment. They are included in current assets when maturity is within twelve months after the end of the reporting period or non-current assets for maturities greater than twelve months.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(xii) Financial instruments (cont'd)

(i) Financial assets (cont'd)

Categories of financial assets (cont'd)

(b) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Held-to-maturity investments are recognised initially at fair value plus directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

(c) Available-for-sale financial assets

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

Initial measurement

Purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially measured at fair value plus transaction costs.

Subsequent measurement

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

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

Unrealised gains and losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised in other comprehensive income. When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in profit or loss as gains and losses on financial assets.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flows analysis, and option pricing models refined to reflect the issuer's specific circumstances.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(xii) Financial instruments (cont'd)

(i) Financial assets (cont'd)

(c) Available-for-sale financial assets (cont'd)

Subsequent measurement (cont'd)

Impairment of financial assets

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

If the fair value of a previously impaired debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed and the reversal recognised in profit or loss. Impairment losses for an investment in an equity instrument are not reversed.

(d) Trade receivables

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

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

The carrying amounts of trade receivables are assumed to approximate their fair values.

(e) Trade and other payables

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

(f) Borrowings

Borrowings are recognised initially at fair value being their issue proceeds net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(xii) Financial instruments (cont'd)

(i) Financial assets (cont'd)

(g) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of 3 months or less. Bank overdrafts are shown within borrowings in current liabilities in the statements of financial position.

(h) Share capital

Ordinary shares are classified as equity.

(xiii) Current and deferred income tax

The tax expense for the period comprises of current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax

The current income tax charge is based on taxable income for the year calculated on the basis of tax laws enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

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

Deferred tax assets are recognised to the extent that it is probable that future taxable amounts will be available against which deductible temporary differences and losses can be utilised.

For the purpose of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodies in the investment property over time, rather than through sale.

(xiv) Retirement benefit obligations

The net present value of gratuity on retirement payable under the Employment Rights Act 2008 is calculated and provided for. The obligations arising under this item are not funded.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(xv) Leases

(a) Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(b) **Accounting for leases - where Group is the lessee**
Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss.

(c) **Operating leases**
Assets leased out under operating leases are included in investment property in the statements of financial position. Rental income is recognised on a straight line basis over the lease term.

(xvi) Dividend distribution

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

(xvii) Exceptional items

Exceptional items are disclosed separately in the financial statements where necessary to do so to provide further understanding of the financial performance of the Group. They are material income or expense that have been shown separately due to the significance of their nature or amount.

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS

The Group's activities expose it to a variety of insurance and financial risks.

The following describes the Group's significant risks factors together with risks management policies applicable.

3.1 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the claim results. By the very nature of an insurance contract, this risk is fortuitous and therefore unpredictable.

The principal risks that the Group faces under its insurance contracts are that the contracts will be under-priced or under-reserved.

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

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted to achieve a sufficiently large population of risks to reduce the variability of expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, accumulation of risk and type of industry covered.

(i) **Short term insurance**

(a) ***Insurance liabilities***

General insurance risk arises from:

- fluctuations in the timing, frequency and severity of claims and claims settlements relative to expectations;
- unexpected claims arising from a single source, inaccurate pricing of risks when underwritten;
- inadequate reinsurance protection or other risk transfer techniques;
- inadequate reserves; and
- inflation due to the long term period typically required to settle some claims.

The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk and industry.

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.1 Insurance risk (cont'd)

(i) Short term insurance (cont'd)

(a) *Insurance liabilities (cont'd)*

Underwriting measures are in place to enforce appropriate risk selection criteria and performance of individual insurance policies are reviewed by management. The Group has the right not to renew individual policies, impose deductibles and reject fraudulent claims. The Group has underwriting limits by the type of risks and by industry. Claims development and provisioning levels are closely monitored.

Reinsurance arrangements in place include proportional, excess-of-loss and catastrophe coverage. The effect of such reinsurance arrangements is that the Group would not suffer total net insurance losses of more than a predetermined amount in any one year.

(b) *Concentration of insurance risk*

The concentration of insurance risk before and after reinsurance by class of business is summarised below:

	THE GROUP AND THE COMPANY					
	Outstanding claims					
	2016			2015		
Class of Business	No. of claims	Gross	Net	No. of claims	Gross	Net
		Rs.	Rs.		Rs.	Rs.
Motor	5,701	165,098,255	165,098,255	4,399	132,049,055	132,049,055
Liability	24	15,442,103	15,442,103	29	19,579,103	19,579,103
Property	21	979,450	979,450	12	968,812	968,812
Transportation	4	353,700	353,700	3	353,700	353,700
Accident and health	3	51,000	51,000	2	51,000	51,000
Engineering	8	236,000	236,000	5	209,000	209,000
Miscellaneous	1	3,078,500	3,078,500	1	10,000	10,000
	5,762	185,239,008	185,239,008	4,451	153,220,670	153,220,670
IBNR			1,438,557			10,465,740
			186,677,565			163,686,410

The Group has proper procedures in place to identify, quantify and manage risk exposure by classes of business. There are policies for underwriting, claims handling, reinsurance and reserving that operate within the Group's risk management framework to ensure that accumulated exposures are contained within the limits of the risk appetite of the Group.

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.1 Insurance risk (cont'd)

(i) Short term insurance (cont'd)

(c) *Sources of uncertainty*

Claims are payable either on "claims-occurrence" basis which is the most common form or on a "claims-made" basis, which comprise mainly insurance contracts issued for 'professional indemnity and Directors' and Officers' liability'.

Under the 'claims-made' basis, the Group is liable for losses discovered within a specific underwriting year even if the adverse event happened prior to that year. For the 'claim-occurrence' basis, the Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, claims may be settled over a long period of time and a larger element of the claims provision relates to incurred but not reported (IBNR) claims. Claims can be either long tail or short tail. Short tail claims are settled within a short time and the Group's estimation processes reflect with a higher degree of certainty all factors that may influence amount and timing of future cash outflows. For long tail claims, the estimation process is more uncertain and depends largely on external factors such as judicial decision and legislation, levels of claims, inflation and economic conditions.

The estimated costs of claims include direct expenses to be incurred in settling claims, net of subrogation and salvage recoveries.

The Group ensures 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 from as wide a range of sources as possible and combining these to form the best overall estimates. However, given the uncertainty in claims provisions, it is very probable that estimated costs and subsequent settlement amounts would differ.

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.1 **Insurance risk (cont'd)**

(i) **Short term insurance (cont'd)**

(d) *Claims development table*

The table below shows the development of claims, for the Group and the Company, over the previous ten years to December 31, 2015 on a gross and net of reinsurance basis.

GROSS	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
Estimate of ultimate motor claim costs:	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
- At end of claim year	14,190,066	16,066,657	19,403,450	48,706,723	58,685,162	59,126,503	73,874,681	87,634,329	83,643,779	93,295,283	111,666,153	666,292,786
- one year later	21,661,945	17,665,255	33,861,373	70,314,008	67,080,351	80,489,318	82,284,407	96,718,838	82,937,918	116,311,015	-	669,324,428
- two years later	23,004,997	19,862,884	36,626,962	65,058,914	69,939,518	78,030,261	83,047,354	75,431,112	91,174,791	-	-	542,176,793
- three years later	24,904,932	25,469,961	38,669,193	66,793,989	69,856,144	75,942,652	69,504,177	72,477,963	-	-	-	443,619,011
- four years later	26,247,984	26,974,647	43,445,558	62,106,629	64,713,951	59,649,159	63,847,418	-	-	-	-	346,985,346
- five years later	28,030,585	35,781,622	47,692,403	61,831,739	60,746,885	61,357,345	-	-	-	-	-	295,440,579
- six years later	31,097,267	44,210,039	41,249,421	45,928,619	57,090,221	-	-	-	-	-	-	219,575,567
- seven years later	37,171,520	40,343,620	37,365,121	48,509,321	-	-	-	-	-	-	-	163,389,582
- eight years later	34,667,841	35,635,284	38,018,868	-	-	-	-	-	-	-	-	108,321,993
- nine years later	31,084,165	37,010,138	-	-	-	-	-	-	-	-	-	68,094,303
- ten years later	30,110,188	-	-	-	-	-	-	-	-	-	-	30,110,188
Current estimate of cumulative claims	30,110,188	37,010,138	38,018,868	48,509,321	57,090,221	61,357,345	63,847,418	72,477,963	91,174,791	116,311,015	111,666,153	727,573,421
Less: Cumulative payments to date	27,616,179	32,254,685	32,461,519	29,539,125	47,888,340	47,072,280	55,236,751	61,539,185	73,798,255	94,799,225	63,921,613	566,127,157
Liability recognised in the statements of financial position	2,494,009	4,755,453	5,557,349	18,970,196	9,201,881	14,285,065	8,610,667	10,938,778	17,376,536	21,511,790	47,744,540	161,446,264
Liability in respect of prior years												3,265,934
Liability in respect of non-motor claims												19,088,253
Incurred but not reported (IBNR)												1,438,557
												185,239,008

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.1 Insurance risk (cont'd)

(ii) Reinsurance strategy

Reinsurance purchases are reviewed annually to verify that the levels of protection being bought reflect any developments in exposure and risk appetite of the Group. The basis of these purchases is underpinned by extensive financial modelling and actuarial analysis to optimise the cost and risk management benefits. Probabilistic models are used to develop and test scenarios using the Group's data to determine potential losses and appropriate levels of reinsurance protection. Reinsurance is placed with top-rated Reinsurers who meet the Group's counterparty security requirements.

3.2 Financial risk factors

The Group's activities are exposed to financial risks through its financial assets, financial liabilities, insurance and reinsurance asset and liabilities. In particular, the key financial risk is that investment proceeds are not sufficient to fund the obligations arising from insurance contracts.

The main financial risks to which the Group is exposed are:

- Credit risk
- Interest rate risk
- Market risk
- Liquidity risk

Credit risk

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations. The Group's credit risk is primarily attributable to its receivables, namely:

- reinsurer's share of insurance liabilities;
- amount due from reinsurers in respect of claims already paid;
- amount due from insurance contract holders; and
- amount due from insurance intermediaries.

The amount presented in the statements of financial position are net of allowances for doubtful receivables, estimated by management based on prior experience and the current economic environment.

The Group has no significant concentration of credit risk in respect of its insurance business with exposure spread over a large number of clients, agents and brokers.

The Group assesses the credit worthiness of brokers, agents and of contract holders based on details of recent payment history, past experience and by taking into account their financial position.

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.2 Financial risk factors (cont'd)

Credit risk (cont'd)

Reinsurance credit exposure

The Group is however exposed to concentrations of risks with respect of their reinsurers due to the nature of the reinsurance market and the restricted range of reinsurers that have acceptable credit ratings. The Group is exposed to the possibility of default by its reinsurers for their share of insurance liabilities and refunds in respect of claims already paid.

Management also monitors the financial strength of its reinsurers and the Group has policies in place to ensure that risks are ceded to top-rated and credit worthy reinsurers only. The credit worthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

The following table provides information regarding the carrying value of financial assets that have been impaired and the ageing of the financial assets.

THE GROUP

	Neither past due nor impaired	Financial assets that are past due				Financial assets that have been impaired	Carrying amount at year end
		1mth-3mth	3mth-6mth	6mth-1yr	>1 yr		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
December 31, 2016							
- Trade and other receivables	46,437,717	-	-	-	395,758	(395,758)	46,437,717
- Other financial assets	430,485,852	-	-	-	-	-	430,485,852
December 31, 2015							
- Trade and other receivables	27,432,576	-	-	-	395,758	(395,758)	27,432,576
- Other financial assets	413,747,021	-	-	-	-	-	413,747,021

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.2 Financial risk factors (cont'd)

Credit risk (cont'd)

The following table provides information regarding the carrying value of financial assets that have been impaired and the ageing of the financial assets.

THE COMPANY

	Neither past due nor impaired	Financial assets that are past due				Financial assets that have been impaired	Carrying amount at year end
		1mth-3mth	3mth-6mth	6mth-1yr	>1 yr		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
December 31, 2016							
- Trade and other receivables	**45,629,117**	-	-	-	395,758	(395,758)	**45,629,117**
- Other financial assets	**428,633,266**	-	-	-	-	-	**428,633,266**
December 31, 2015							
- Trade and other receivables	27,027,614	-	-	-	395,758	(395,758)	27,027,614
- Other financial assets	412,649,528	-	-	-	-	-	412,649,528

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.2 Financial risk factors (cont'd)

Interest rate risk

Interest rate risk arises from the Group's loans and receivables, investments in fixed income securities (Held-to-Maturity Investments), bank balances and deposits which are exposed to fluctuations in interest rates. Exposure to interest rate risk on short term business is monitored by management through a close matching of assets and liabilities. The impact of exposure to sustained low interest rates is also regularly monitored. This risk is closely monitored by management through a well diversified portfolio of fixed income securities and equity investments.

Short term insurance liabilities are not directly sensitive to the level of market interest rates as they are undiscounted and contractually non-interest bearing. However, due to the time value of money and the impact of interest-rates on the level of bodily injury related claims incurred by certain insurance contract holders, a reduction for interest rates would normally produce a higher insurance liability. The Group reviews its estimation in respect of these claims on a regular basis and ensures that adequate cash flow is available at all times.

Sensitivity

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

	Impact on results	
	THE GROUP	THE COMPANY
	±1%	±1%
At December 31, 2016	Rs.	Rs.
- Held-to-maturity investments	**49,128**	**49,128**
- Bank balances and deposits	**3,768,756**	**3,753,963**
At December 31, 2015	Rs.	Rs.
- Held-to-maturity investments	67,248	67,248
- Bank balances and deposits	3,675,554	3,662,194

Market risk

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

The carrying amount of investments whose shares are traded on the market may be subject to variations. This risk is mitigated as the Group holds a diversified portfolio of investments in Mauritius.

Equity price risk

The Group 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.

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.2 Financial risk factors (cont'd)

Market risk (cont'd)

Equity price risk (cont'd)

The Group does not have material holdings in unquoted equity securities. Management actively monitors equity assets owned directly by the Group as well as concentrations of specific equity holdings. Equity price risk is also mitigated as the Group holds diversified portfolios of local and foreign investments in various sectors of the economy.

Sensitivity

The impact on the Group's and 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%
At December 31, 2016	Rs.
- Available-for-sale financial assets	2,970,806
At December 31, 2015	
- Available-for-sale financial assets	3,795,339

Liquidity risk

The Group has strong liquidity positions and liquidity risk is considered to be low since the Group maintains an adequate level of cash resources or assets that are readily available on demand. Through the application of the liquidity management policy, the Group seeks to maintain sufficient financial resources to meet its obligations as they fall due.

The table below analyses the Group's and the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

THE GROUP	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	Rs.	Rs.	Rs.	Rs.
At December 31, 2016				
Borrowings	**152,066**	-	-	**152,066**
Trade and other payables	**15,303,737**	-	-	**15,303,737**
	15,455,803	-	-	**15,455,803**
At December 31, 2015				
Borrowings	1,239,456	114,071	-	1,353,527
Trade and other payables	14,381,727	-	-	14,381,727
	15,621,183	114,071	-	15,735,254

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.2 Financial risk factors (cont'd)

Liquidity risk (cont'd)

THE COMPANY	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	Rs.	Rs.	Rs.	Rs.
At December 31, 2016				
Borrowings	**152,066**	-	-	**152,066**
Trade and other payables	**14,906,556**	-	-	**14,906,556**
	15,058,622	-	-	**15,058,622**
At December 31, 2015				
Borrowings	1,239,456	114,071	-	1,353,527
Trade and other payables	13,940,877	-	-	13,940,877
	15,180,333	114,071	-	15,294,404

3.3 Capital risk management

The main objectives of the Group when managing capital are:

- to comply with the Minimum Capital Requirements of the Insurance Act 2005 and the Insurance Rules and Regulations 2007.

  This is a risk based capital method of measuring the minimum amount appropriate for the Group to support its overall business operations on consideration of its size and risk profile. The calculation is based on applying capital factors to amongst others, the Group's assets, outstanding claims, unearned premium liability and assets above a certain concentration limit.

- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for its policyholders.

- to provide an adequate return to shareholders by pricing insurance contracts and other services commensurately with the level of risk.

The Insurance Act 2005 specifies the amount of capital that must be held in proportion to the Company's liabilities, i.e. in respect of outstanding claim liability risk, unearned premium liability risk, investment risk, catastrophe risk and reinsurance ceded.

For the year ended December 31, 2016, the Company has satisfied the minimum capital requirement.

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.4 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity investments classified as trading securities or available-for-sale.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Critical accounting estimates and assumptions

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

4.1 Insurance Contracts

The estimation of the ultimate liabilities arising under insurance contracts is the Group's most critical accounting estimate. Liabilities include outstanding claims provision (including IBNR), liabilities for unearned premiums and long-term benefits payable. In addition to the inherent uncertainty when estimating liabilities, there is also uncertainty as regard the eventual outcome of claims. As a result, the Group applies estimation techniques to determine appropriate provisions.

(i) **Short-term insurance**

(a) *Estimates of insurance liabilities*

Outstanding claims provisions are determined based upon previous claims experience, knowledge of events, the terms and conditions of the relevant policies and on interpretation of circumstances. The approach also includes consideration of the development of loss payment trends, the levels of unpaid claims, legislative changes, judicial decisions and economic conditions.

Where possible, the Group adopts multiple techniques to estimate the required level of provision which also assists in giving greater understanding of the trends, inherent in the data being projected. The Group's estimates of losses and loss expenses are reached after a number of different bases to determine these provisions. Methods include:

- Development of previously settled claims where payments to date are extrapolated.
- Notified claims development, where notified claims to date for each year are extrapolated based upon observed development of earlier years.
- Expected loss ratios.

Large claims impacting each relevant business class are generally assessed separately, being measured either at the face value of the loss adjusters' estimates, or based on management's experience.

Provisions are calculated gross of reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from Reinsurers based upon the gross provisions and having due regard to collectability.

Estimation techniques for the determination of insurance liabilities involve obtaining corroborative evidence from as wide a range of sources as possible and combining these to form the overall estimate.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

4.1 Insurance Contracts (cont'd)

(i) **Short-term insurance (cont'd)**

(a) *Estimates of insurance liabilities (cont'd)*

The degree of uncertainty under insurance contracts varies by policy class according to the characteristics of the insured risk. There may be significant reporting lags between the occurrence of the insured event and the reporting date to the Group, there may also be uncertainty as to the magnitude and timing of the settlement of the claim. Factors that contribute to uncertainty include inflation, inconsistent judicial interpretations and court judgements. The establishment of insurance liabilities is an inherently uncertain process and as a consequence of this uncertainty, the eventual cost of settlement of outstanding claims can vary substantially from initial estimates, especially for long tail business. The Group seeks to provide appropriate levels of claims provision taking known facts and experience into account. The Group did not change its assumptions used to measure insurance liabilities and assets.

The Group believes that the liability for claims carried at year end is adequate.

(b) *Sensitivity analysis*

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

4.2 Reinsurance

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

4.3 Held-to-maturity investments

The Group follows the guidance of International Accounting Standard (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 Group evaluates its intention and ability to hold such investments to maturity.

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

4.4 Impairment of available-for-sale financial assets

The Group follows the guidance of IAS 39 on determining when an investment is other-than-temporarily impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

4.5 Limitation of sensitivity analysis

The sensitivity analysis demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should be noted that these sensitivities are non-linear and larger or smaller impacts should be interpolated or extrapolated from these results.

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

4.6 Revaluation of property, plant and equipment and investment property

The Group carries its investment property at fair value, with changes in fair value being recognised in profit or loss. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The Group engaged independent valuation specialist to determine fair value on December 23, 2013.

The determined fair value of the investment property is most sensitive to the estimated yield as well as long term vacancy rate. The key assumptions used to determine the fair value of the investment property are further explained in Note 6.

5. **PROPERTY, PLANT AND EQUIPMENT**

(a) THE GROUP

(i) **2016**	Freehold Land Rs.	Freehold Building Rs.	Improvement to Leasehold Building Rs.	Motor Vehicles Rs.	Furniture & Fittings Rs.	Office Equipment Rs.	Total Rs.
COST OR VALUATION							
At January 1, 2016	10,000,000	18,000,000	6,867,316	11,232,700	3,608,036	7,748,409	57,456,461
Additions	-	7,629,447	1,212,716	4,184,400	134,320	911,509	14,072,392
Disposals	-	-	-	(4,069,099)	-	-	(4,069,099)
Transfer	-	4,646,555	(4,646,555)	-	-	-	-
At December 31, 2016							
- Cost	-	**12,276,002**	**3,433,477**	**11,348,001**	**3,742,356**	**8,659,918**	**39,459,754**
- Valuation	**10,000,000**	**18,000,000**	-	-	-	-	**28,000,000**
	10,000,000	**30,276,002**	**3,433,477**	**11,348,001**	**3,742,356**	**8,659,918**	**67,459,754**
DEPRECIATION							
At January 1, 2016	-	720,000	1,044,819	9,079,496	2,658,804	6,020,667	19,523,786
Charge for the year	-	1,179,125	277,217	2,219,575	182,137	723,875	4,581,929
Disposal adjustments	-	-	-	(4,023,632)	-	-	(4,023,632)
Transfer	-	748,425	(748,425)	-	-	-	-
At December 31, 2016	-	**2,647,550**	**573,611**	**7,275,439**	**2,840,941**	**6,744,542**	**20,082,083**
NET BOOK VALUE							
At December 31, 2016	**Rs. 10,000,000**	**27,628,452**	**2,859,866**	**4,072,562**	**901,415**	**1,915,376**	**47,377,671**

5. **PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

(a) THE GROUP

(ii) **2015**	Freehold Land	Freehold Building	Improvement to Leasehold Building	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
COST OR VALUATION							
At January 1, 2015	10,000,000	18,000,000	3,970,124	11,232,700	3,516,099	7,140,295	53,859,218
Additions	-	-	2,897,192	-	91,937	608,114	3,597,243
At December 31, 2015							
- Cost	-	-	**6,867,316**	**11,232,700**	**3,608,036**	**7,748,409**	**29,456,461**
- Valuation	**10,000,000**	**18,000,000**	-	-	-	-	**28,000,000**
	10,000,000	**18,000,000**	**6,867,316**	**11,232,700**	**3,608,036**	**7,748,409**	**57,456,461**
DEPRECIATION							
At January 1, 2015	-	360,000	525,022	7,537,656	2,456,297	5,400,011	16,278,986
Charge for the year	-	360,000	519,797	1,541,840	202,507	620,656	3,244,800
At December 31, 2015	-	**720,000**	**1,044,819**	**9,079,496**	**2,658,804**	**6,020,667**	**19,523,786**
NET BOOK VALUE							
At December 31, 2015	**Rs. 10,000,000**	**17,280,000**	**5,822,497**	**2,153,204**	**949,232**	**1,727,742**	**37,932,675**

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

(b) THE COMPANY

(i) 2016	Freehold Land Rs.	Freehold Building Rs.	Improvement to Leasehold Building Rs.	Motor Vehicles Rs.	Furniture & Fittings Rs.	Office Equipment Rs.	Total Rs.
COST OR VALUATION							
At January 1, 2016	10,000,000	18,000,000	6,654,301	11,232,700	3,513,909	7,448,571	56,849,481
Additions	-	7,629,447	1,187,716	4,184,400	134,320	911,509	14,047,392
Disposals	-	-	-	(4,069,099)	-	-	(4,069,099)
Transfer	-	4,646,555	(4,646,555)	-	-	-	-
At December 31, 2016							
- Cost	-	**12,276,002**	**3,195,462**	**11,348,001**	**3,648,229**	**8,360,080**	**38,827,774**
- Valuation	**10,000,000**	**18,000,000**	-	-	-	-	**28,000,000**
	10,000,000	**30,276,002**	**3,195,462**	**11,348,001**	**3,648,229**	**8,360,080**	**66,827,774**
DEPRECIATION							
At January 1, 2016	-	720,000	1,015,277	9,079,496	2,587,135	5,720,829	19,122,737
Charge for the year	-	1,179,125	252,415	2,219,575	173,414	723,875	4,548,404
Disposal adjustments	-	-	-	(4,023,632)	-	-	(4,023,632)
Transfer	-	748,425	(748,425)	-	-	-	-
At December 31, 2016	-	**2,647,550**	**519,267**	**7,275,439**	**2,760,549**	**6,444,704**	**19,647,509**
NET BOOK VALUE							
At December 31, 2016	**Rs. 10,000,000**	**27,628,452**	**2,676,195**	**4,072,562**	**887,680**	**1,915,376**	**47,180,265**

5. **PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

(b) THE COMPANY

(ii) 2015

		Freehold Land	Freehold Building	Improvement to Leasehold Building	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
COST OR VALUATION								
At January 1, 2015		10,000,000	18,000,000	3,877,109	11,232,700	3,421,972	6,840,457	53,372,238
Additions		-	-	2,777,192	-	91,937	608,114	3,477,243
At December 31, 2015								
- Cost		-	-	**6,654,301**	**11,232,700**	**3,513,909**	**7,448,571**	**28,849,481**
- Valuation		**10,000,000**	**18,000,000**	-	-	-	-	**28,000,000**
		10,000,000	**18,000,000**	**6,654,301**	**11,232,700**	**3,513,909**	**7,448,571**	**56,849,481**
DEPRECIATION								
At January 1, 2015		-	360,000	509,707	7,537,656	2,404,684	5,116,882	15,928,929
Charge for the year		-	360,000	505,570	1,541,840	182,451	603,947	3,193,808
At December 31, 2015		-	**720,000**	**1,015,277**	**9,079,496**	**2,587,135**	**5,720,829**	**19,122,737**
NET BOOK VALUE								
At December 31, 2015	**Rs.**	**10,000,000**	**17,280,000**	**5,639,024**	**2,153,204**	**926,774**	**1,727,742**	**37,726,744**

(c) Depreciation expense has been charged to statements of profit or loss as follows:

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	Rs.	Rs.	**Rs.**	Rs.
- Owned assets	**3,532,269**	2,130,720	**3,498,744**	2,079,728
- Leased assets	**1,049,660**	1,114,080	**1,049,660**	1,114,080
	4,581,929	3,244,800	**4,548,404**	3,193,808

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

(d) Leased assets included in property, plant and equipment are analysed as follows:-

		Motor Vehicles	
		2016	2015
THE GROUP AND COMPANY		**Rs.**	Rs.
Cost - capitalised finance leases		**1,705,200**	5,570,400
Accumulated depreciation		**(1,619,940)**	(4,435,480)
Net book values	Rs.	**85,260**	1,134,920

(e) The Group's freehold land and building were revalued on December 23, 2013 by Messrs NP Jeetun Chartered Valuation Surveyor, an independent professionally qualified valuer. The revaluation surplus, net of applicable deferred income taxes, was credited to revaluation surplus in shareholders' equity (note 16).

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

		Level 3	
		2016	2015
		Rs.	Rs.
Freehold land		**10,000,000**	10,000,000
Buildings		**27,628,452**	17,280,000
Total	Rs.	**37,628,452**	27,280,000

The fair value of the freehold land and building was derived using the sales comparison approach. Sales prices of comparable land and building in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre.

Significant unobservable valuation input:	***Range (Rs.)***
Price per square metre:	
Freehold land	21,452 - 22,113
Building	16,364 - 68,027

Significant increases/(decreases) in estimated price per square metre in isolation would result in a significantly higher/(lower) fair value.

The revalued amount of freehold land and buildings using significant unobservable inputs are as follows:

		THE GROUP AND THE COMPANY	
		Freehold Land and Buildings	
		2016	2015
		Rs.	Rs.
At January 1,		**27,280,000**	27,640,000
Addition		**7,629,447**	-
Transfer		**3,898,130**	-
Depreciation charge for the year		**(1,179,125)**	(360,000)
At December 31,	Rs.	**37,628,452**	27,280,000

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

(f) If the land and building were stated on a historical cost basis, the amounts would be as follows:

		THE GROUP AND THE COMPANY	
		2016	2015
		Rs.	Rs.
Cost		**36,237,002**	23,961,000
Accumulated depreciation		**(3,946,063)**	(1,517,093)
Net book value	Rs.	**32,290,939**	22,443,907

6. INVESTMENT PROPERTY

		THE GROUP		THE COMPANY	
		2016	2015	**2016**	2015
		Rs.	Rs.	**Rs.**	Rs.
Fair value model					
At January 1, 2016 and December 31, 2016	Rs.	**74,250,000**	74,250,000	**18,250,000**	18,250,000

The investment properties were valued on December 23, 2013 at fair value by Messrs NP Jeetun Chartered Valuation Surveyor, an independent professionally qualified valuer. The fair value was determined on an open-market basis by reference to market evidence of transaction prices for similar properties. The directors consider the carrying amount to be not materially different from the valuation carried out on December 23, 2013.

Details of the Group's and the Company's investment properties and information about the fair value hierarchy as at December 31, 2016 and December 31, 2015 are as follows:

		Level 3	
		THE GROUP	THE COMPANY
		Rs.	Rs.
Land		18,250,000	18,250,000
Building		56,000,000	-
Total	Rs.	74,250,000	18,250,000

The following amounts have been recognised in profit or loss:

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	Rs.	Rs.	**Rs.**	Rs.
Rental income	**1,303,486**	1,326,639	**177,400**	264,900
Direct operating expenses arising from investment properties that generate rental income	**179,389**	203,264	-	-

7. INTANGIBLE ASSETS

(a) THE GROUP AND THE COMPANY		Computer software	
		2016	2015
		Rs.	Rs.
COST			
At January 1,		**695,125**	695,125
Addition		**845,194**	-
At December 31,		**1,540,319**	695,125
AMORTISATION			
At January 1,		**695,125**	695,125
Amortisation charge		**28,174**	-
At December 31,		**723,299**	695,125
NET BOOK VALUES			
At DECEMBER 31,	Rs.	**817,020**	-

(b) Amortisation expense of Rs.28,174 (2015: Nil) for the Group and the Company has been charged to statements of profit and loss.

8. INVESTMENT IN SUBSIDIARY COMPANY (AT COST)

		THE COMPANY	
		2016	2015
		Rs.	Rs.
(a) At January 1 and December 31,	Rs.	**25,000,000**	25,000,000

(b) The list of the Company's subsidiary is as follows:

Name	Country of incorporation and operation	Class of shares held	Year end	Stated capital Rs.	% holding Direct	Main business
2016						
GFA Investments Ltd	Mauritius	Ordinary	December 31, 2016	25,000,000	100%	Rental of building
2015						
GFA Investments Ltd	Mauritius	Ordinary	December 31, 2015	25,000,000	100%	Rental of building

9. STATUTORY DEPOSITS

Statutory deposits of Rs.8,000,000 (2015: Rs.8,000,000) are pledged in favour of the Financial Services Commission as required by the Insurance Act 1987. However, under Insurance Act 2005, the amount of the statutory deposit has not yet been prescribed.

The deposits carries interest rates varying from 5.05% to 5.55% and maturity dates varying between March 2017 and March 2019.

10. INVESTMENT IN FINANCIAL ASSETS

(a) THE GROUP AND THE COMPANY

	2016			2015		
	Held-to-maturity	**Available-for-sale**	**Total**	Held-to-maturity	Available-for-sale	Total
	Rs.	**Rs.**	**Rs.**	Rs.	Rs.	Rs.
At January 1,	**7,000,000**	**30,953,393**	**37,953,393**	7,000,000	38,295,339	45,295,339
Additions	**-**	**1,632,323**	**1,632,323**	2,000,000	6,539,166	8,539,166
Matured/disposals	**(7,000,000)**	**-**	**(7,000,000)**	(2,000,000)	(1,283,120)	(3,283,120)
Impairment (note 27)	**-**	**(3,317,586)**	**(3,317,586)**	-	(9,952,756)	(9,952,756)
Change in fair value (note 16)	**-**	**439,934**	**439,934**	-	(2,645,236)	(2,645,236)
At December 31,	**-**	**29,708,064**	**29,708,064**	7,000,000	30,953,393	37,953,393

The above financial assets are classified as follows:

	2016			2015
	Held-to-maturity	**Available-for-sale**	**Total**	Total
	Rs.	**Rs.**	**Rs.**	Rs.
Non-current assets	**-**	**29,708,064**	**29,708,064**	32,953,393
Current assets	**-**	**-**	**-**	5,000,000
Rs.	**-**	**29,708,064**	**29,708,064**	37,953,393

(b) **Available-for-sale financial assets**

	THE GROUP AND THE COMPANY	
	2016	2015
Equity securities at fair value:	**Rs.**	Rs.
- Listed	**20,567,401**	18,716,253
- DEM quoted	**3,433,672**	3,361,825
- Unquoted	**529,541**	3,779,165
Debt securities at fair value:		
- Listed	**5,177,450**	5,096,150
Rs.	**29,708,064**	30,953,393

(c) **Held-to-maturity investments**

	THE GROUP AND THE COMPANY	
	2016	2015
Held-to-maturity investments include the following:	**Rs.**	Rs.
- unlisted		
Total investment Rs.	**-**	7,000,000

10. INVESTMENT IN FINANCIAL ASSETS (CONT'D)

(d) THE GROUP AND THE COMPANY

	Level 1	Level 3	Total
	Rs.	**Rs.**	**Rs.**
At December 31, 2016			
Available-for-sale financial assets	**29,178,523**	**529,541**	**29,708,064**
At December 31, 2015			
Available-for-sale financial assets	27,174,228	3,779,165	30,953,393

(e) Available-for-sale financial assets are denominated in Rupees.

(f) At December 31, 2015, held-to-maturity investments was denominated in Rupees and comprised of debentures with variable interest rates ranging from 7.50% to 8.00% p.a.

(g) Available-for-sale financial assets comprise principally of listed, Development Enterprise Market (DEM) quoted and unquoted equity securities. The fair value of these financial assets is based on the Stock Exchange or DEM quoted prices at the close of business at the end of each reporting period. In assessing the fair value of unquoted available-for-sale financial assets, the Company uses the latest transaction price as a reference and makes assumptions that are based on market conditions existing at the end of each reporting period. The directors are of the opinion that the cost of unquoted securities approximate its fair value.

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

(i) Except as disclosed in note 10(a), none of the financial assets are either past due or impaired

11. FIXED DEPOSITS

		THE GROUP		THE COMPANY	
		2016	2015	**2016**	2015
Held-to-maturity investments		**Rs.**	Rs.	**Rs.**	Rs.
Maturing:					
up to 3 months		**15,000,000**	35,115,000	**15,000,000**	35,115,000
3 to 6 months		**7,000,000**	2,500,000	**7,000,000**	2,500,000
6 to 12 months		**26,500,000**	34,000,000	**26,500,000**	34,000,000
1 to 5 years		**327,300,000**	258,050,000	**326,500,000**	257,250,000
> 5 years		**-**	3,000,000	**-**	3,000,000
	Rs.	**375,800,000**	332,665,000	**375,000,000**	331,865,000
Analysed as follows:					
Non-current assets		**327,300,000**	261,050,000	**326,500,000**	260,250,000
Current assets		**48,500,000**	71,615,000	**48,500,000**	71,615,000
	Rs.	**375,800,000**	332,665,000	**375,000,000**	331,865,000

(a) The deposits earn interest at rates varying between 3.25% - 7.50% (2015: 3.65% - 7.50%) p.a.

(b) The fixed deposits are denominated in Rupees.

(c) None of the financial assets are either past due or impaired except for an amount of Rs.6,250,000 (2015: Rs.18,750,000) (note 27).

12. DEFERRED TAXATION

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

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

		THE GROUP		THE COMPANY	
		2016	2015	**2016**	2015
		Rs.	Rs.	**Rs.**	Rs.
Deferred tax assets		**1,612,411**	1,450,241	**-**	-
Deferred tax liabilities		**(7,597,301)**	(7,163,852)	**(958,753)**	(866,557)
	Rs.	**(5,984,890)**	(5,713,611)	**(958,753)**	(866,557)

At the end of the reporting period, the Group had unused tax losses of Rs.2,087,909 (2015: Rs.1,993,380) available-for-offset against future profits. A deferred tax asset has been recognised in respect of such losses. The tax losses expire on a rolling basis over 5 years.

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

		THE GROUP		THE COMPANY	
		2016	2015	**2016**	2015
		Rs.	Rs.	**Rs.**	Rs.
At January 1,		**(5,713,611)**	(4,678,037)	**(866,557)**	20,226
Profit or loss charge (note 22(b))		**(271,279)**	(1,035,574)	**(92,196)**	(886,783)
At December 31,	Rs.	**(5,984,890)**	(5,713,611)	**(958,753)**	(866,557)

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

(i) THE GROUP

Deferred tax liabilities		Accelerated tax depreciation	Revaluation of building	Investment property	Total
		Rs.	Rs.	Rs.	Rs.
At January 1, 2015		560,369	513,198	5,969,099	7,042,666
Profit or loss (credit)/charge		(71,572)	-	192,758	121,186
At December 31, 2015		488,797	513,198	6,161,857	7,163,852
Profit or loss charge		240,691	-	192,758	433,449
At December 31, 2016	Rs.	**729,488**	**513,198**	**6,354,615**	**7,597,301**

		Retirement benefit obligations	Tax losses	Total
Deferred tax assets		Rs.	Rs.	Rs.
At January 1, 2015		2,122,304	242,325	2,364,629
Profit or loss (charge)/credit		(971,070)	56,682	(914,388)
At December 31, 2015		1,151,234	299,007	1,450,241
Profit or loss credit		148,066	14,104	162,170
At December 31, 2016	Rs.	**1,299,300**	**313,111**	**1,612,411**

12. DEFERRED TAXATION (CONT'D)

		THE GROUP 2016	THE GROUP 2015
Net deferred tax liabilities		**Rs.**	Rs.
Deferred tax liabilities		**(7,597,301)**	(7,163,852)
Deferred tax assets		**1,612,411**	1,450,241
	Rs.	**(5,984,890)**	(5,713,611)

(ii) THE COMPANY

Deferred tax liabilities		Accelerated tax depreciation	Revaluation of building	Investment property	Total
		Rs.	Rs.	Rs.	Rs.
At January 1, 2015		550,130	513,198	1,038,750	2,102,078
Profit or loss credit		(84,287)	-	-	(84,287)
At December 31, 2015		465,843	513,198	1,038,750	2,017,791
Profit or loss charge		240,262	-	-	240,262
At December 31, 2016	Rs.	**706,105**	**513,198**	**1,038,750**	**2,258,053**

		Retirement benefit obligations
Deferred tax assets		Rs.
At January 1, 2015		2,122,304
Profit or loss charge		(971,070)
At December 31, 2015		1,151,234
Profit or loss credit		148,066
At December 31, 2016	Rs.	**1,299,300**

		THE COMPANY 2016	THE COMPANY 2015
Net deferred tax (liabilities)/assets		**Rs.**	Rs.
Deferred tax liabilities		**(2,258,053)**	(2,017,791)
Deferred tax assets		**1,299,300**	1,151,234
	Rs.	**(958,753)**	(866,557)

13. LOANS TO RELATED PARTIES

		THE GROUP AND THE COMPANY 2016	THE GROUP AND THE COMPANY 2015
Loans to directors:		**Rs.**	Rs.
At January 1,		**496,660**	743,092
Repayments		**(276,947)**	(246,432)
At December 31,	Rs.	**219,713**	496,660

The above loans to related parties are classified as follows:

		2016	2015
Non-current assets		-	241,386
Current assets		**219,713**	255,274
	Rs.	**219,713**	496,660

The loans to directors bear interest at the rate of 3% (2015: 3%) p.a.

14. TRADE AND OTHER RECEIVABLES

		THE GROUP		THE COMPANY	
		2016	2015	**2016**	2015
Trade receivables:		**Rs.**	Rs.	**Rs.**	Rs.
- premium and agents balances		**14,333,828**	12,037,942	**14,333,828**	12,037,942
Less: provision for impairment		**(395,758)**	(395,758)	**(395,758)**	(395,758)
		13,938,070	11,642,184	**13,938,070**	11,642,184
Receivable from insurers/reinsurers		**27,043,917**	14,051,930	**27,043,917**	14,051,930
Other receivables		**4,245,730**	1,738,462	**3,412,415**	1,308,785
Deposit		**1,210,000**	-	**1,210,000**	-
Receivable from subsidiary company		**-**	-	**24,715**	24,715
	Rs.	**46,437,717**	27,432,576	**45,629,117**	27,027,614

(a) The carrying amount of trade and other receivables approximately their fair value.

(b) As at December 31, 2016, trade receivables of Rs.395,758 (2015: Rs.395,758) were impaired for the Group and the Company. The amount of the provision as of December 31, 2016 was Rs.395,758 (2015: Rs.395,758) for the Group and the Company. The individually impaired receivables mainly relate to policyholders who are in unexpectedly difficult economic situations.

The ageing analysis of these trade receivables is as follows:

		THE GROUP AND THE COMPANY	
		2016	2015
		Rs.	Rs.
Over 3 months	Rs.	**395,758**	395,758

As of December 31, 2016, the Group and the Company did not have trade receivables which were past due but not impaired.

(c) The carrying amounts of the Groups' and the Company's trade and other receivables are denominated in Rupees.

(d) Movements on the provision for impairment of trade receivables are as follows:

		THE GROUP AND THE COMPANY	
		2016	2015
		Rs.	Rs.
At January 1, and December 31,	Rs.	**395,758**	395,758

The other classes within trade and other receivables do not include impaired assets (2015: Nil).

(e) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

15. SHARE CAPITAL

		Authorised, Issued and fully paid	
		2016	2015
		Rs.	Rs.
1 Founder share of Rs.1,000 each		**1,000**	1,000
24,999 Ordinary shares of Rs.1,000 each		**24,999,000**	24,999,000
	Rs.	**25,000,000**	25,000,000

(a) The total authorised number of Ordinary shares is 25,000 (2015 : 25,000) with a par value of Rs.1,000 per share (2015 : Rs.1,000 per share). All issued shares are fully paid.

(b) The Founder share confer to its holder the following unalterable rights except with the express consent in writing of its holder:
- the right to sit permanently on the Board of Directors of the Company or to appoint representative to sit on the Board.
- the right to be permanently the Executive Managing Director of the Company.

The Founder's share ranks pari pasu with the ordinary shares of the Company.

(c) Fully paid Ordinary shares carry one vote per share and carry a right to dividends.

16. OTHER RESERVES

THE GROUP AND COMPANY		Revaluation surplus	Available-for-sale fair value reserve	Total
		Rs.	Rs.	Rs.
(i) At January 1, 2016		4,260,120	(2,341,321)	1,918,799
Increase in fair value of financial assets (note 10(a))		-	439,934	439,934
Reclassification adjustments on impairment of financial assets		-	(19,212)	(19,212)
At December 31, 2016	Rs.	**4,260,120**	**(1,920,599)**	**2,339,521**
(ii) At January 1, 2015		4,260,120	511,193	4,771,313
Decrease in fair value of financial assets (note 10(a))		-	(2,645,236)	(2,645,236)
Reclassification adjustments on disposal of financial assets		-	(149,644)	(149,644)
Reclassification adjustments on impairment of financial assets		-	(57,634)	(57,634)
At December 31, 2015	Rs.	**4,260,120**	**(2,341,321)**	**1,918,799**

Revaluation surplus

The revaluation surplus arises on the revaluation of land and buildings.

Available-for-sale fair value reserve

Available-for-sale fair value reserve comprises of the 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.

17. INSURANCE LIABILITIES AND REINSURANCE ASSETS

		THE GROUP AND THE COMPANY	
		2016	2015
Gross		**Rs.**	Rs.
- Claims reported and loss adjustment expenses (note 18(a))		**185,239,008**	153,220,670
- Claims incurred but not reported (IBNR) (note 18(a))		**1,438,557**	10,465,740
- Unearned premiums (note 18(b))		**99,065,338**	90,868,088
Total gross insurance liabilities	Rs.	**285,742,903**	254,554,498
Net			
- Claims reported and loss adjustment expenses (note 18(a))		**185,239,008**	153,220,670
- Claims incurred but not reported (IBNR) (note 18(a))		**1,438,557**	10,465,740
- Unearned premiums (note 18(b))		**99,065,338**	90,868,088
Total net insurance liabilities	Rs.	**285,742,903**	254,554,498

18. MOVEMENT IN INSURANCE LIABILITIES AND REINSURANCE ASSETS

		THE GROUP AND THE COMPANY			
		2016		2015	
Short term insurance		**Gross**	**Net**	Gross	Net
(a) **Claims**		**Rs.**	**Rs.**	Rs.	Rs.
At January 1,					
Notified claims		**163,686,410**	**163,686,410**	153,704,752	153,704,752
Increase in liabilities		**134,837,928**	**134,837,928**	100,971,982	100,971,982
Cash paid for claims settled in the year		**(113,285,330)**	**(113,285,330)**	(101,456,064)	(101,456,064)
		185,239,008	**185,239,008**	153,220,670	153,220,670
Incurred but not reported (IBNR)		**1,438,557**	**1,438,557**	10,465,740	10,465,740
At December 31,	Rs.	**186,677,565**	**186,677,565**	163,686,410	163,686,410
Movement in claims outstanding and IBNR			**22,991,155**		9,981,658

		THE GROUP AND THE COMPANY			
(b) **Provision for unearned premiums**		**2016**		2015	
		Gross	**Net**	Gross	Net
		Rs.	**Rs.**	Rs.	Rs.
At January 1,		**90,868,088**	**90,868,088**	82,174,847	82,174,847
Increase during the year		**8,197,250**	**8,197,250**	8,693,241	8,693,241
At December 31,	Rs.	**99,065,338**	**99,065,338**	90,868,088	90,868,088

19. BORROWINGS

		THE GROUP AND THE COMPANY	
		2016	2015
		Rs.	Rs.
Non-current			
Finance lease liabilities (see note (d) below)		**-**	114,071
Current			
Bank overdraft - unsecured		**37,995**	101,116
Finance lease liabilities (see note (d) below)		**114,071**	1,138,340
		152,066	1,239,456
Total borrowings	Rs.	**152,066**	1,353,527

19. BORROWINGS (CONT'D)

(a) The Group leases motor vehicles under finance leases. The rate of interest is 8.25% p.a. The leases have varying terms and escalation clauses. The Company has options to purchase the assets for a nominal amount at the conclusion of the lease agreement. Leased liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default. There are no restrictions imposed on the Group by lease arrangements other than in respect of the specific assets being leased.

(b) The exposure of the Group's and Company's borrowings to interest-rate changes and the contractual repricing dates are as follows:

THE GROUP AND COMPANY		6 months or less	6 -12 months	1 - 5 years	Total
		Rs.	Rs.	Rs.	Rs.
December 31, 2016					
Total borrowings	Rs.	**152,066**	**-**	**-**	**152,066**
December 31, 2015					
Total borrowings	Rs.	639,778	599,678	114,071	1,353,527

(c) The maturity of non-current borrowings is as follows:

		THE GROUP AND THE COMPANY	
		2016	2015
		Rs.	Rs.
After one year and before two years	Rs.	**-**	114,071

(d) Finance lease liabilities - minimum lease payments:

		THE GROUP AND THE COMPANY	
		2016	2015
		Rs.	Rs.
Not later than one year		**116,040**	1,200,720
Later than one year and not later than five years		**-**	116,040
		116,040	1,316,760
Future finance charges		**(1,969)**	(64,349)
	Rs.	**114,071**	1,252,411

The present value of finance lease liabilities may be analysed as follows:

		THE GROUP AND THE COMPANY	
		2016	2015
		Rs.	Rs.
Not later than one year		**114,071**	1,138,340
Later than one year and not later than five years		**-**	114,071
	Rs.	**114,071**	1,252,411

(e) The carrying amounts of non-current borrowings are not materially different from their fair value.

(f) The carrying amounts of the Group's and the Company's borrowings are denominated in Rupees.

(g) The carrying amounts of borrowings approximate their fair value.

20. RETIREMENT BENEFIT OBLIGATIONS

		THE GROUP AND THE COMPANY	
		2016	2015
Amount recognised in the statements of financial position as non-current liabilities:		**Rs.**	Rs.
- Other post retirement benefits (note 20(a))	Rs.	**8,662,000**	7,674,896
Amount charged to profit or loss:			
- Other post retirement benefits (note 20(a))	Rs.	**987,104**	2,018,842

(a) **Other post retirement benefits**

Other post retirement benefits comprise mainly of gratuity on retirement payable under the Employment Rights Act 2008 and other benefits.

		THE GROUP AND THE COMPANY	
		2016	2015
		Rs.	Rs.
At January 1,		**7,674,896**	14,148,700
Total expense charged in profit or loss		**987,104**	2,018,842
Paid during the year		**-**	(8,492,646)
At December 31,	Rs.	**8,662,000**	7,674,896

It has been assumed that the rate of future salary increases will be equal to the discount rate.

21. TRADE AND OTHER PAYABLES

		THE GROUP		THE COMPANY	
		2016	2015	**2016**	2015
Trade payables:		**Rs.**	Rs.	**Rs.**	Rs.
- amounts due to reinsurers		**2,050,402**	3,991,341	**2,050,402**	3,991,341
Accrued expenses		**5,030,521**	3,685,336	**5,030,521**	3,685,336
Other payables		**8,222,814**	6,705,050	**7,825,633**	6,264,200
	Rs.	**15,303,737**	14,381,727	**14,906,556**	13,940,877

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

22. INCOME TAX

		THE GROUP		THE COMPANY	
		2016	2015	**2016**	2015
		Rs.	Rs.	**Rs.**	Rs.
(a) Statements of financial position					
At January 1,		**1,701,675**	5,379,445	**1,701,675**	5,379,445
Income tax charge for the year		**4,376,119**	3,254,313	**4,376,119**	3,254,313
Payment during the year		**(5,295,045)**	(6,932,083)	**(5,295,045)**	(6,932,083)
At December 31,	Rs.	**782,749**	1,701,675	**782,749**	1,701,675

22. INCOME TAX (CONT'D)

		THE GROUP		THE COMPANY	
		2016	2015	**2016**	2015
		Rs.	Rs.	**Rs.**	Rs.
(b) Statements of profit or loss					
Income tax charge on the adjusted profit for the year at 15% (2015:15%)		**4,471,924**	5,014,704	**4,471,924**	5,014,704
Over provision in previous years		**(95,805)**	(1,760,391)	**(95,805)**	(1,760,391)
		4,376,119	3,254,313	**4,376,119**	3,254,313
Deferred tax (note 12(b))		**271,279**	1,035,574	**92,196**	886,783
Net charge for the year	Rs.	**4,647,398**	4,289,887	**4,468,315**	4,141,096

(c) The tax on the Group's and Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate is as follows:

		THE GROUP		THE COMPANY	
		2016	2015	**2016**	2015
		Rs.	Rs.	**Rs.**	Rs.
Profit before taxation		**22,234,253**	10,599,101	**21,040,378**	9,607,161
Tax calculated at 15% (2015: 15%)		**3,335,138**	1,589,865	**3,156,057**	1,441,074
Expenses not deductible for tax purposes		**2,379,345**	5,379,087	**2,379,345**	5,379,087
Income not subject to tax		**(1,242,559)**	(1,954,248)	**(1,063,478)**	(1,805,457)
Over provision in previous years		**(95,805)**	(1,760,391)	**(95,805)**	(1,760,391)
Deferred tax		**271,279**	1,035,574	**92,196**	886,783
Tax charge	Rs.	**4,647,398**	4,289,887	**4,468,315**	4,141,096

23. INVESTMENT AND INTEREST INCOME

		THE GROUP		THE COMPANY	
		2016	2015	**2016**	2015
		Rs.	Rs.	**Rs.**	Rs.
Interest income		**19,421,007**	19,901,104	**19,362,229**	19,877,724
Dividend income		**1,007,769**	770,478	**1,007,769**	770,478
Gain on disposal of financial assets		**-**	164,166	**-**	164,166
Rental income		**1,303,486**	1,326,639	**177,400**	264,900
	Rs.	**21,732,262**	22,162,387	**20,547,398**	21,077,268

24. OTHER INCOME

		THE GROUP		THE COMPANY	
		2016	2015	**2016**	2015
		Rs.	Rs.	**Rs.**	Rs.
Policy fees		**5,353,700**	5,287,850	**5,353,700**	5,287,850
Profit on disposal of property, plant and equipment		**754,533**	-	**754,533**	-
Others		**338,958**	731,994	**308,158**	693,194
	Rs.	**6,447,191**	6,019,844	**6,416,391**	5,981,044

25. PROFIT BEFORE TAXATION

Profit before taxation for the year is arrived at after charging:

(i) Administrative and other expenses

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	Rs.	Rs.	**Rs.**	Rs.
Employee benefit expense (see note (iii) below)	**25,581,595**	27,220,575	**25,581,595**	27,220,575
Marketing expenses	**5,954,067**	6,409,857	**5,954,067**	6,409,857
Utilities	**2,607,464**	1,828,786	**2,561,320**	1,800,778
Printing and stationery	**1,819,477**	563,454	**1,819,477**	562,554
Repairs and maintenance	**1,186,488**	1,104,205	**1,174,088**	1,036,679
Rent and rates	**1,746,321**	1,278,552	**1,853,780**	1,386,011
Licence and FSC fees	**5,184,231**	1,006,040	**5,164,123**	1,003,540
IT expense	**1,045,878**	1,164,583	**1,045,878**	1,164,583
Professional expenses	**760,315**	1,054,264	**743,315**	1,036,764
Bank charges	**330,654**	289,213	**330,583**	288,868
Towing and other related services	**1,773,925**	1,373,614	**1,773,925**	1,373,614
Corporate Social Responsibility	**613,889**	1,578,708	**613,889**	1,578,708
Other expenses	**1,949,755**	1,367,587	**1,949,755**	1,295,920
Rs.	**50,554,059**	46,239,438	**50,565,795**	46,158,451

Other expenses consist of expenses incurred in the day to day operation of the Group and of the Company.

(ii) Depreciation and amortisation charge

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	Rs.	Rs.	**Rs.**	Rs.
Property, plant and equipment (note 5)	**4,581,929**	3,244,800	**4,548,404**	3,193,808
Intangible assets (note 7)	**28,174**	-	**28,174**	-
Rs.	**4,610,103**	3,244,800	**4,576,578**	3,193,808

(iii) Employee benefit expense

	THE GROUP AND THE COMPANY	
	2016	2015
	Rs.	Rs.
Wages and salaries, including termination benefits	**23,524,328**	24,244,241
Social security costs	**1,070,163**	957,492
Other post-retirement benefits (note 20(a))	**987,104**	2,018,842
Rs.	**25,581,595**	27,220,575

26. FINANCE COSTS

	THE GROUP AND THE COMPANY	
	2016	2015
Interest expense:	**Rs.**	Rs.
- Finance leases	**62,380**	149,232
- Bank overdraft	**7,225**	69
Rs.	**69,605**	149,301

27. EXCEPTIONAL ITEMS

		THE GROUP AND THE COMPANY 2016	THE GROUP AND THE COMPANY 2015
		Rs.	Rs.
Impairment of investments in BAI Group of Companies:			
Impairment of investments in financial assets (note 10(a))		**3,317,586**	9,952,756
Reclassification adjustment on impairment of investments in financial assets (note 16)		**(19,212)**	(57,634)
		3,298,374	9,895,122
Impairment of fixed deposits		**6,250,000**	18,750,000
	Rs.	**9,548,374**	28,645,122

28. DIVIDENDS

		THE GROUP AND THE COMPANY 2016	THE GROUP AND THE COMPANY 2015
		Rs.	Rs.
Amount recognised as distributions to equity holders in the year:			
Dividend for the year ended December 31, 2016 of Rs.130 (2015: Rs.140) per share	Rs.	**3,250,000**	3,500,000

29. NOTES TO THE STATEMENTS OF CASH FLOWS

		THE GROUP		THE COMPANY	
		2016	2015	**2016**	2015
(a) **Cash generated from operations**		Rs.	Rs.	Rs.	Rs.
Profit before taxation		**22,234,253**	10,599,101	**21,040,378**	9,607,161
Adjustments for:					
Depreciation on property and equipment (note 5)		**4,581,929**	3,244,800	**4,548,404**	3,193,808
Amortisation on intangible assets (note 7)		**28,174**	-	**28,174**	-
Increase/(decrease) in retirement benefit obligations		**987,104**	(6,473,804)	**987,104**	(6,473,804)
Interest expense		**69,605**	149,301	**69,605**	149,301
Exceptional items (note 27)		**9,548,374**	28,645,122	**9,548,374**	28,645,122
Profit on sale of property, plant and equipment		**(754,533)**	-	**(754,533)**	-
Profit on disposal of financial assets		**-**	(164,166)	**-**	(164,166)
Interest income		**(19,421,007)**	(19,901,104)	**(19,362,229)**	(19,877,724)
Dividend income		**(1,007,769)**	(770,478)	**(1,007,769)**	(770,478)
Change in gross outstanding claims and IBNR		**22,991,155**	9,981,658	**22,991,155**	9,981,658
Change in gross unearned premiums		**8,197,250**	8,693,241	**8,197,250**	8,693,241
		47,454,535	34,003,671	**46,285,913**	32,984,119
Changes in working capital:					
-trade and other receivables		**(19,005,141)**	(10,199,835)	**(18,601,503)**	(10,035,147)
-trade and other payables		**922,010**	509,896	**965,679**	461,908
Cash generated from operations	Rs.	**29,371,404**	24,313,732	**28,650,089**	23,410,880

29. NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

(b) **Cash and cash equivalents**

		THE GROUP		THE COMPANY	
		2016	2015	**2016**	2015
		Rs.	Rs.	**Rs.**	Rs.
Cash in hand and at bank	Rs.	**16,758,075**	34,631,968	**15,680,774**	34,309,760

Cash and cash equivalents and bank overdraft include the following for the purpose of the statements of cash flow:

		THE GROUP		THE COMPANY	
		2016	2015	**2016**	2015
		Rs.	Rs.	**Rs.**	Rs.
Cash and cash equivalents		**16,758,075**	34,631,968	**15,680,774**	34,309,760
Bank overdraft (note 19)		**(37,995)**	(101,116)	**(37,995)**	(101,116)
	Rs.	**16,720,080**	34,530,852	**15,642,779**	34,208,644

30. CONTINGENT LIABILITIES

Insurance claims

The Group and Company is possibly exposed to contingent liabilities amounting to Rs.185,239,008 (2015: Rs.153,220,670) representing various potential litigations. These contingent liabilities have already been provided for in note 18(a).

31. RELATED PARTY TRANSACTIONS

Details of related parties	Relationship	Type of transaction	THE GROUP 2016	THE GROUP 2015	THE COMPANY 2016	THE COMPANY 2015
			Rs.	Rs.	**Rs.**	Rs.
Sale of services:						
Directors	Shareholder	Insurance premium	**65,800**	106,700	**65,800**	106,700
Agents	Shareholder	Insurance premium	**13,887,124**	10,708,807	**13,887,124**	10,708,807
Enterprise that has shareholder in common	Shareholder	Insurance premium	**40,000**	40,000	**40,000**	40,000
Expenses:						
GFA Investments Ltd	Subsidiary	Rental expense	**-**	-	**208,696**	229,560
Enterprise that has shareholder in common	Shareholder	Rental expense	**554,700**	627,000	**554,700**	627,000
Amount owed by:						
Agents	Shareholder	Insurance receivables	**759,280**	1,067,934	**759,280**	1,067,934
Executive Director	Shareholder/ Executive Director	Loan	**219,713**	469,660	**219,713**	469,660
Other related party transactions:						
Amount owed by:						
GFA Investments Ltd	Subsidiary	Receivable	**-**	-	**24,715**	24,715

(a) For the year ended December 31, 2016, the Group and the Company have not recorded any impairment of receivables relating to amounts owed by related parties (2015: Rs.Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

(b) **Key Management Personnel Compensation**

	THE GROUP AND THE COMPANY 2016	THE GROUP AND THE COMPANY 2015
	Rs.	Rs.
Salaries and short-term employee benefits	**10,429,073**	10,725,865
Post-employment benefits	**234,895**	1,289,235
Rs.	**10,663,968**	12,015,100