

SWAN

Swan General Ltd

Annual Report

2017



Dear Shareholder

The Board of Directors is pleased to present the Annual Report of Swan General Ltd for the year ended 31 December 2017.

This report was approved by the Board of Directors on 27 March 2018.



Nicolas Maigrot
Chairperson



Louis Rivalland
Director and Group Chief Executive

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Proxy Form



50
years of
achievements

History



Swan Centre



1854

Creation of The Mauritius Fire Insurance Company Ltd.

1951

Creation of The Anglo-Mauritius Assurance Society Limited. The company proposed Life Assurance policies for individuals and the management of pension funds for companies.

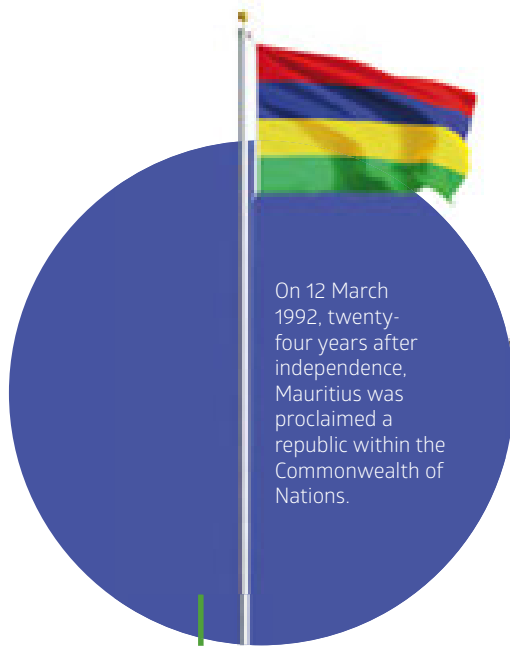
1966

Inauguration of Anglo-Mauritius House, first multi-storey building in Mauritius

1972

Swan Insurance acquires a majority stake in the Anglo-Mauritius Assurance Society Limited.





On 12 March 1992, twenty-four years after independence, Mauritius was proclaimed a republic within the Commonwealth of Nations.



March 12, 2013, first ever commercial flight of an Airbus A380 to the Indian Ocean island of Mauritius to commemorate the island's 45th anniversary of independence.



1990

2004

2013

2015

1. Anglo-Mauritius is listed on the OTC (now DEM) of the Stock Exchange of Mauritius.
2. Swan Insurance is the first Insurance company to be listed on the official SEM market.

1. Creation of The Anglo-Mauritius Financial Services Ltd (now Swan Wealth Managers Ltd a subsidiary of Swan Life Ltd), a subsidiary of Anglo-Mauritius.
2. Anglo-Mauritius acquires Pension Consultants and Administrators Ltd (now Swan Pensions Ltd).

1. New Values: Passion, People, Performance
2. Opening of Oxygen Insurance Shop in Grand Bay and Ebène

Rebranding of SWAN



Known as the Swan Centre, the building that houses the Group of Companies is one of the most easily recognisable in Port Louis, with its contemporary architecture and subtle colours. The current building, which dates back to 1993, has undergone, over the years, numerous renovation works to adapt it to current needs.



1993



2016



Culture is what cements the Mauritian multi-ethnic society. Porlwi by Light, a cultural festival of human proportions, has showed that Mauritians share many common traits, despite their ancestral origins, in terms of their tastes for different forms of artistic expressions.

SWAN

For the past 160 years,
we have been present in the lives of our
clients and fellow Mauritians, offering
them insurance and protection.
As a progressive company, we have
reorganised ourselves as a people needs-
driven enterprise and we are guided by
our Vision, Mission and Values.



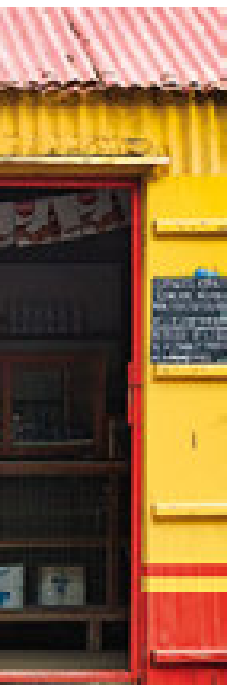


Our vision is to be your preferred financial solutions partner for life.

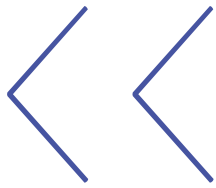
Our mission is to partner with you to secure a better future.

Our values are Passion, People and Performance.

WELCOME TO SWAN.

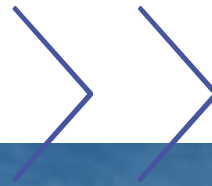



Our Philosophy



We are here for you at
every stage of your life.
We are for life.

We are SWAN.





We place people at the centre of everything we do. We believe that every person who buys our products or services should have the tools to achieve financial freedom. Freedom to live, work and play, safe in the knowledge that they have everything they need, at every stage of their life.

Everything we do is governed by four guiding principles: Protect, Provide, Progress and Prosper.
We refer to these principles as the Pyramid of Prosperity.

We understand that life can take you on roller coaster rides: people go through good times and less fortunate ones.

It's only when you know you are protected and your future has been provided for, that you progress towards your personal vision of prosperity.

Chairperson's & Group Chief Executive's Report



On behalf of the Board, we are pleased to present the Annual Report and Audited Financial Statements of Swan General Ltd and the Group for the year ended 31 December 2017.

LOUIS RIVALLAND //
Director and
Group Chief Executive



Swan General Ltd
achieved a commendable
10% growth in turnover
despite the prevailing stiff
market competition and
the challenging economic
environment.

Short Term Operations

Swan General Ltd achieved a commendable 10% growth in turnover despite the prevailing stiff market competition and the challenging economic environment. It is interesting to note that an appreciable portion of the realised growth stems from new business thus demonstrating the company's ability to attract new clients including new business streams.

The underwriting surplus increased by 13% from Rs428.5M to Rs484.97M whereas the profit before tax also improved by 9% to stand at Rs251.9M. However, this year's result has been affected by a general worsening claims trend observed in the market both in terms of severity and frequency, particularly regarding motor, property and casualty businesses. The impact of this hike in claims has been mitigated through effective monitoring and rigorous claims management which contributed to the overall positive operational result for 2017.

The corporate business still represents a sizeable portion of the turnover. Despite the persistent soft market

conditions associated with the continued pressure on rates, we nevertheless managed to retain our book of business by being pro-active and working closely with brokers and agents and by offering tailor-made insurance solutions which suit the needs of our clients.

**The underwriting surplus
increased by 13% from**

**Rs428.5M
to Rs484.97M**

The individual business and SME sectors have produced encouraging results in spite of the competitive market environment. We are pursuing our best efforts to further innovate both in terms of products and services so as to better serve these segments and the evolving needs of clients.

The health business although showing consistent growth in terms of premium volume remains very volatile given the high frequency of claims and the fluctuating moderate-to-high claims

severity. As market leader in this sector, we continue to provide unparalleled high levels of service coupled with the widest and most flexible health care covers for the Mauritian market. The main challenge for health insurers is to find an effective mechanism to contain and control the ever-increasing cost of medical inflation so as to keep health insurance affordable to the largest number of people.

The motor book has grown satisfactorily over the recent years. However, during that same period, this line of business has continued to experience an unprecedented increase in claims severity mostly driven by a significantly larger number of total losses and markedly higher cost of repairs. This worrying market situation calls for remedial underwriting measures and stricter monitoring of claims drivers and repair costs. Notwithstanding the aforementioned challenges, we are still working on continuously improving our offering and service standards.

On the international front, we have targeted a number of investment opportunities in Sub-Saharan Africa which are likely to materialise in 2018. We also aim to export our technical

Chairperson's & Group Chief Executive's Report

expertise and know-how in the region and exploit any new revenue stream given the already sophisticated and over-traded local market.

The outlook for 2018 remains positive. We are confident that we will be able to overcome the current challenges regarding the escalating motor claims costs, and hope that we will not be severely impacted by any major or series of weather-related events.

Long Term Operations - Individual

The individual life business delivered one of its best performance in terms of new business in 2017. This was the result of a clearly defined set of objectives, a well-structured sales process and close monitoring of performance. Our sales teams have been provided with regular coaching as well as a new array of prospecting opportunities via our marketing initiatives.

Trust in financial services has been challenged over the past few years and with this in mind, we have strived to listen and remain as close as possible to our clients. The message that went through to our team was to strengthen the relationship with our clients and to spare no effort to provide them with an excellent service.

Over the course of 2017, we pursued the implementation of the needs-based selling approach throughout our sales team,

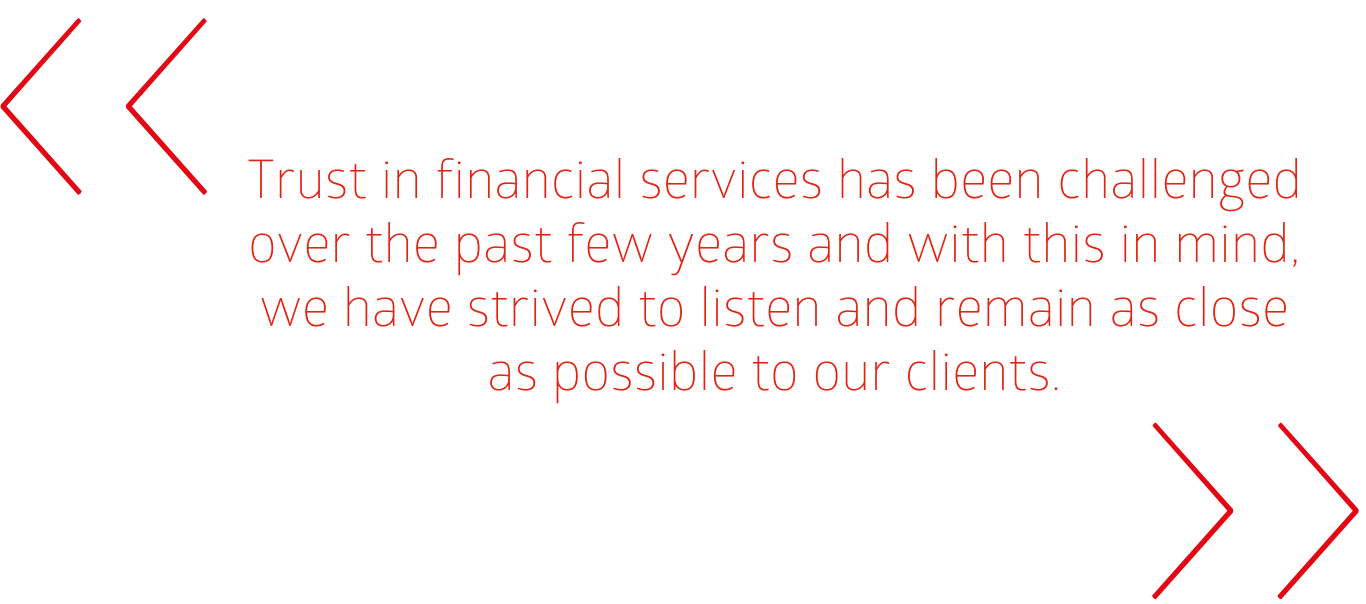
as we strongly believe that this is the way forward and that our value proposition lies in this approach. We maintained our training and development initiatives to ensure that our sales team is kept abreast of the latest product details.

In 2018, we shall make sure that our clients are provided with the most appropriate solutions, based on their specific needs. We shall further improve & digitalise our operations to improve efficiency and to ensure better quality customer information. We will also continue to be relentless in our aim to render our salesforce even more qualified, competent and professional.

Long Term Operations - Corporate

2017 has been yet another challenging year for our corporate pension business where the low interest rate environment and the increase in longevity have continued to impact on the various stakeholders.

Employers having a Defined Benefit (DB) arrangement need to comply with the Private Pension Schemes Act (PPSA) and set up their pension arrangements under a Trust or foundation. At the same time they need to commit to funding deficits in their pension funds, which is prompting a rethink of the pension promise to their employees. The reality of each Employer means that a one size fits all solution cannot be applied.



Trust in financial services has been challenged over the past few years and with this in mind, we have strived to listen and remain as close as possible to our clients.



NICOLAS MAIGROT //
Chairperson

Group gross premium
reached Rs6,814M in 2017

Chairperson's & Group Chief Executive's Report

Our teams are working hard to devise solutions which would suit the needs of each Employer, while preserving the accrued rights of Employees as far as possible. This requires constant interaction with the Regulator to ensure that the solutions we are proposing will meet their approval. The task at hand is by no means simple but we are confident that we have the best teams to complete this herculean task in the shortest possible timeframe.

On the other hand, the transfer of our Defined Contribution (DC) pension schemes to Swan Defined Contribution Pension Scheme (SDCPS) is now completed. The management of all these pension schemes has moved from Swan Life Ltd to a trust administered by Swan Pensions Ltd.

Pension Administration

Swan Pensions Ltd (SPL) provides a comprehensive range of services to pension funds, whether they are of the Defined Benefit, Defined Contribution or Hybrid type. The company provided administrative services to 715 companies grouped under 26 schemes with total active membership reaching nearly 35,000 members.

During the 2017 financial year, SPL has posted an increase in income of 34% and continues to show a healthy profitability thus contributing to shareholder's value.

This increase is attributable to new clients, increases in the overall payroll of our existing clients but mostly due to income with respect to the Swan Defined Contribution Pension Scheme which SPL took over from Swan Life Ltd in 2016 following the enactment of the Private Pensions Act and the setup of this scheme as a trust.

We are sparing no effort to consolidate our position on the market and are also more attentive to our clients' needs to help them with the challenges they are facing with their schemes in the rapidly changing and more sophisticated pension environment. We have also started working on the streamlining of our processes and expect in 2018 to complete our project initiated in 2017 to enable our clients to transfer membership data efficiently and securely through a web based platform.

During 2017, we have continued to investigate leads to provide our services in selected countries in Africa and expect successful conclusion of at least one project in 2018.

With the advent of various legislations, compliance is more than ever high on our agenda.

As such, we have been putting more resources to reinforce our compliance team. We are now better equipped to inculcate a compliance culture throughout the organization with the fundamental idea being that compliance is a collective responsibility.

Capital Markets

Swan Wealth Managers Ltd (SWM) is a leading provider of asset management services in Mauritius, and currently manages investments worth more than Mur 45 billion across different asset classes, regions and sectors. SWM's customer base includes pension funds, insurance companies, investment funds, high net worth Individuals and retail investors.

SWM culminated a positive year characterised by robust top and bottom line growth, further expansion of our client base driven by successful bids for new mandates as well as an excellent client retention rate. Net profit rose by 10% whilst AUM (Assets under Management) grew by Mur 1.5 billion in 2017.

With a growing client book, much emphasis was laid on the delivery of services, generating innovative investment ideas and superior return on investments. The strategies were effectively implemented, thereby serving as stepping stones to further product development in 2018. For instance, SWM is extending its CIS (Collective Investment Scheme) range to cover a wider spectrum of marketable investment funds. In a bid to accentuate our competitive positioning, we secured Euroclear, as investment platform for our international investments, which grants us access to a wider range of scalable investment avenues and also complements our up-selling efforts.

The gradual saturation of the domestic market is rendering regional expansions crucial for SWM. We are dedicating

Group profit
for 2017
reached
Rs265M

significant resources to identify promising and sound growth avenues, most particularly in Sub Saharan Africa. We believe we have achieved the right balance of market insights and networking to stimulate sustainable international business. Advisory services is another horizontal integration for future fee income. To ensure appropriate segregation of duties, our advisory capacity is being transferred to a separate subsidiary with dedicated staff and mandates.

Swan Securities Ltd (SSL), a licensed stockbroking entity, managed to augment brokerage revenue by more than 5% in an environment which was marred by lower adjusted trading volumes and overall timid foreign investor's participation. In 2018, SSL shall pursue additional revenue generation efforts by way of enhanced product offering, including international investment funds and structured products. SSL is also scoping the international arena by playing a pivotal role in international deal origination.

Swan Capital Markets, a combination of both SWM and SSL represents a diverse and balanced business mix with a prime position to deliver strong financial performance. 2018 promises to be an eventful year marked by a healthy array of new products, intense marketing/networking initiatives and concretisation of strategic intents.

Human Resources

In 2017, we elaborated a 3-year plan with a view to ensure that Swan has the HR systems, processes, policies and practices to face the people management challenges of the 2020's. The outcome of this exercise is a list of projects to be implemented over the next 3 years.

During the course of the year, we also initiated a few actions in order to optimise our Talent Suite. In this context, the succession planning module our HR application, was

successfully launched. This constituted another step towards the digitalisation of our HR processes for more effectiveness.

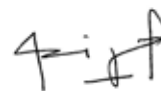
With the growing pressure on our working time and the need to quickly acquire new knowledge, skills and competencies, we implemented a few innovative learning strategies in 2017. Apart from being more efficient than the traditional ones, these new methods also have the advantage of being in line with the expectations of the younger generation.

Regulatory

The Insurance (Risk Management) Rules came into force in 2017. Implementation of the rules took considerable time of the senior management team. Our first returns under the rules have been submitted to the Financial Services Commission.

The Data Protection Act 2017, in line with current relevant international standards, in particular, the General Data Protection Regulation 2016/679 of the European Union, was enacted in December 2017 and came into force in January 2018. It aims at simplifying the regulatory environment for business in the digital economy and promoting the safe transfer of personal data to and from foreign jurisdictions, given the diversification, intensification and globalization of data processing and personal data flows. Implementation of this new piece of legislation will prove to be a major challenge.

On behalf of the Board, we thank management for the good performance as well as all our business partners. Our sincere thanks also go to all board members for their contribution.



Nicolas Maigrot
Chairperson



Louis Rivalland
Group Chief Executive

With the advent of the various new legislations, compliance is more than ever on our agenda.



Horse-racing is one of the most common pastimes of Mauritians. In 2017, SWAN sponsored the Duke of York Cup, one of the four classics of the local horse racing calendar.



1970

While fish is a staple of Mauritian cuisine, the country's fishing industry has long been artisanal. Over the years, a few shipping companies have been created to take advantage of the huge potential of the exclusive economic zone to serve the domestic and international markets.



Directorate

LOUIS RIVALLAND Group Chief Executive



Louis Rivalland, born in 1971, holds a Bachelor's degree in Actuarial Science and Statistics, a Post Graduate Diploma in Strategy and Innovation from SAID Business School, University of Oxford and is a Fellow of the Institute of Actuaries (UK).

He was part of the management team of Commercial Union in South Africa from 1994 to January 1997 and conducted several assignments for Commercial Union in Europe. From February 1997 to July 1999 he worked as Actuary and Consultant at Watson Wyatt Worldwide developing the investment function as well as enhancing the healthcare function

In August 1999, he joined Swan as Consultant to Group Chief Executive. He was involved in the review and setting up of processes and systems for the pensions, investments and life insurance operations and was responsible for the actuarial and consultancy work for the pension schemes.

From January 2002 to December 2004, he acted as Executive Manager of The Anglo-Mauritius Assurance, now Swan

Life Ltd. In January 2005 he has been appointed Group Chief Operations Officer responsible for the operations of Swan Insurance, now Swan General Ltd and The Anglo-Mauritius Assurance, now Swan Life Ltd, and member of the Executive Management Committee of Swan.

He has been the President of the Joint Economic Council, now Business Mauritius and of the Insurers' Association of Mauritius. He has played an active role in the development of risk management, investments, insurance and pensions in Mauritius having chaired or been part of various technical committees in these fields.

Directorships in other listed companies:

- Air Mauritius Ltd
- New Mauritius Hotels Ltd



MICHEL THOMAS

Chief Operations Officer



Born in 1959, he holds a Master of Laws (UK) and is a Fellow of the Chartered Insurance Institute (UK) as well as an Associate member of the Chartered Institute of Arbitrators. He is also a Chartered Insurer (UK) and a member of the British Insurance Law Association.

He joined the Company in 1980 and worked as underwriter in various technical departments. He then headed the Claims department before being promoted as Senior Manager of the Group Research and Development department in 2001. He was subsequently appointed Operations Executive in 2005 and is currently the Chief Operations Officer overseeing the short-term operations of Swan General Ltd.

His principal areas of specialisation are insurance and reinsurance contract law including policy drafting. He has extensive experience and skill in the handling of complex liability claims and has worked with international law firms and barristers on a variety of high value casualty and engineering claims as well as on reinsurance conflict of laws and coverage

issues. He has also been specialising in arbitration law and alternative dispute resolution (ADR) procedures.

As regards the modernisation of our insurance legislation, he has played an important role in the recognition of claims made clauses under Mauritian law and has collaborated closely with the State Law Office and the Regulator in bringing crucial amendments to the Road Traffic Act and other subsidiary legislation.

He is a board member of Swan General Ltd since January 2008 and of Swan Special Risks since 2015. He is also an independent director of the Medical and Surgical Centre limited since January 2009.

Directorships in other listed companies: None



GOPALLEN MOOROGEN

Independent Non-executive



Born in 1959, Gopallen Mooroogen is a fellow of the Association of Chartered Certified Accountants (FCCA).

He also holds an MBA from the University of Wales / Manchester Business School. He has been a director on the Board of the Stock Exchange of Mauritius (SEM) and the Central Depository Services Ltd (CDS) for a number of years and has been the Chairman of the SEM for a few years. He is currently a senior Executive at Mauritius Telecom looking at Finance Transformation.

Directorships in other listed companies: None

Directorate

VICTOR SEEYAVE Independent Non-executive



Born in 1962, he holds a B.A Economics (UK) and an MBA (USA).

He is currently the Managing Director of Altima Ltd and previously held several management positions in the food division of the Innodis Group.

Directorships in listed companies:
- Innodis Limited



NICOLAS MAIGROT Non-executive



Born in 1968, he holds a degree in Management Sciences from the *London School of Economics and Political Sciences*. He is presently the Managing Director of Terra Mauricia Ltd.

He has acquired, during his career, a rich experience at executive levels. He operated in various manufacturing industries, as well as in the areas of finance and services. Throughout his career, he had various leadership positions such as Chief Executive Officer of Ciel Textile Ltd and Ireland Blyth Limited.

Directorships in other listed companies:
- Terra Mauricia Ltd
- United Docks Ltd

SÉBASTIEN MAMET

Non-executive

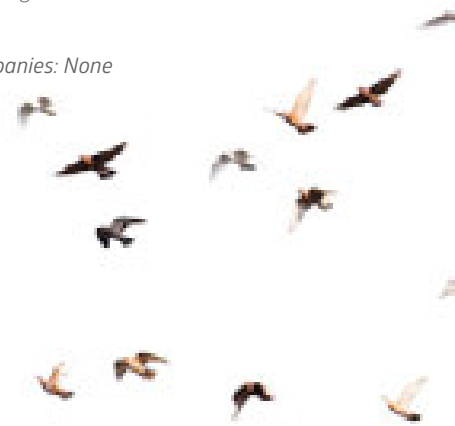


Born in 1975, he worked in the audit department of Ernst & Young London and Mauritius for eight years, he joined the Corporate Finance division of PricewaterhouseCoopers Mauritius in 2004.

As Senior Manager of the division, he advised clients on mergers & acquisitions, business plans, finance raising and financial restructuring, among others. He joined Terra Group (previously known as Harel Frères) in 2009 to head its new strategic development function. As a member of the Management Committee, he advises on the strategic orientation of the group and is responsible for implementing new business developments.

As from 13 May 2016 he has been appointed General Manager of Terragri Ltd, in charge of all the agriculture sector of Terra in Mauritius and abroad.

Directorships in other listed companies: None



Directorate



HECTOR ESPITALIER-NOËL

Non-executive

Born in 1958, he is a member of the Institute of Chartered Accountants in England and Wales.



He worked for Coopers and Lybrand in London and with De Chazal du Mée in Mauritius. He is presently the Chief Executive of ENL Limited. He is also Chairman of New Mauritius Hotels Ltd and Bel Ombre Sugar Estate Ltd. He is also a Past President of Rogers and Company Limited, The Mauritius Chamber of Agriculture, the Mauritius Sugar Producers Association and the Mauritius Sugar Syndicate.

Directorships in other listed companies:

- ENL Commercial Limited
- ENL Land Ltd
- New Mauritius Hotels Ltd
- Rogers & Co Ltd

HENRI HAREL

Non-executive

Born in 1960, he is an Associate member of the Institute of Chartered Secretaries and Administrators.



He is currently the Group Chief Finance Officer and a member of Terra Mauricia Ltd Strategic Committee.

Directorships in other listed companies: Terra Mauricia Ltd.





PHILIPPE ESPITALIER-NOËL

Non-executive

Born in 1965, he holds a BSc in Agricultural Economics from the University of Natal in South Africa and an MBA from the London Business School.



He is currently the Chief Executive Officer and Executive Director of Rogers and Company Limited. He worked for CSC Index in London as a management consultant from 1994 to 1997. He joined Rogers in 1997 and was appointed Chief Executive Officer in 2007. He has proven experience of mergers and acquisitions, business turnaround and transformation. He has an extensive expertise with strategy development and execution, inspiring leadership with senior management in the Group's four served markets, FinTech, Hospitality, Logistics and Property.

Directorships in other listed companies:

Air Mauritius Limited

- Rogers and Company Limited



RENÉ LECLÉZIO

Non-Executive Director

Born in 1956, he holds a BSc in Chemical Engineering and an MBA from the London Business School.



Before being appointed CEO of Promotion and Development Ltd in 1987, he worked in London as consultant engineer in the oil and gas industry and with Lloyds Merchant Bank as Assistant Manager in Project Finance.

Directorships in other listed companies:

- Caudan Development Limited

- Promotion and Development Limited

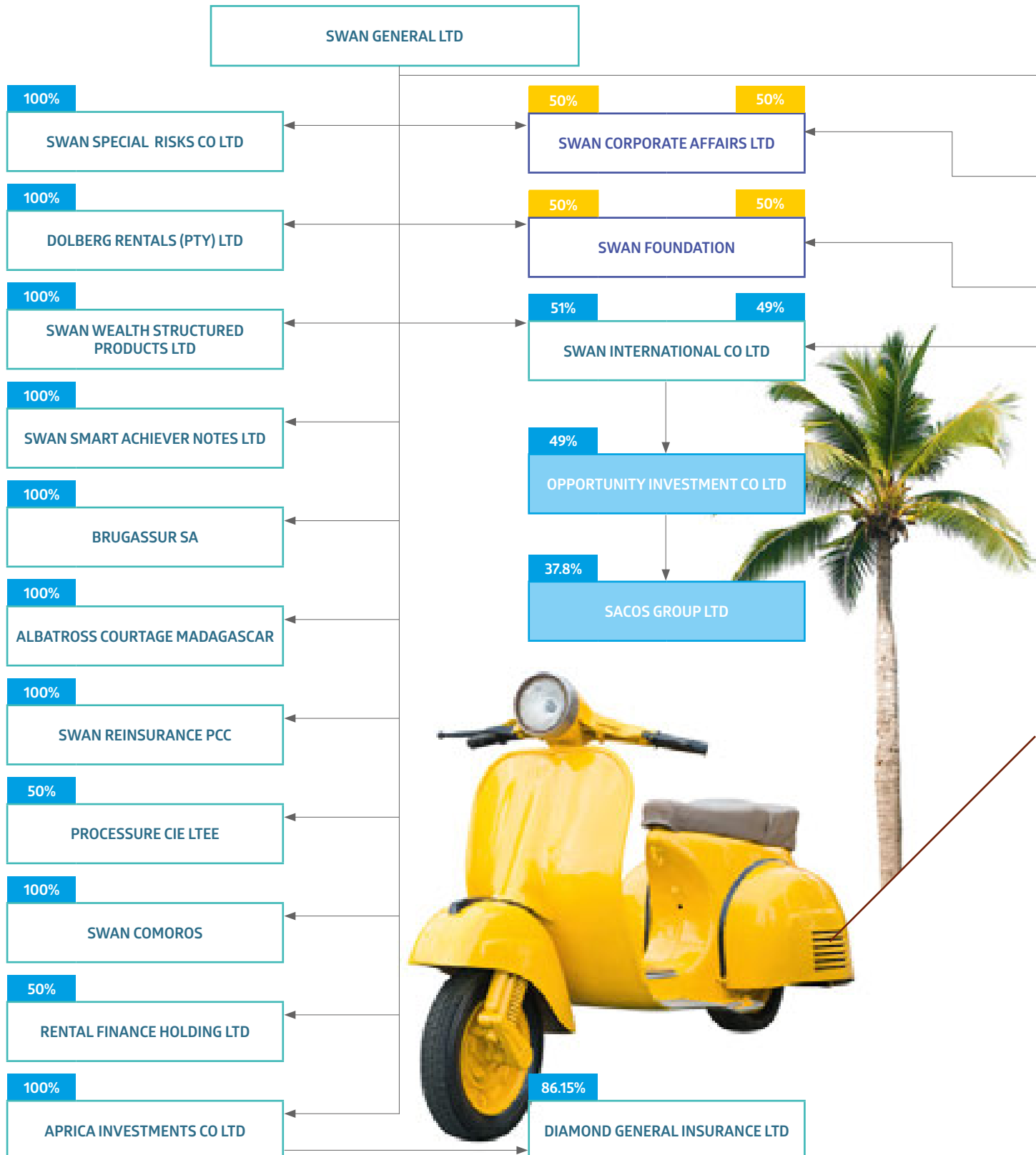
1847

Mauritius houses two of the world's rarest stamps, coined the 'Post Office' stamps. The Blue Penny two-pence and the orange-red one-penny stamps were issued back in 1847, when Mauritius was still a British colony

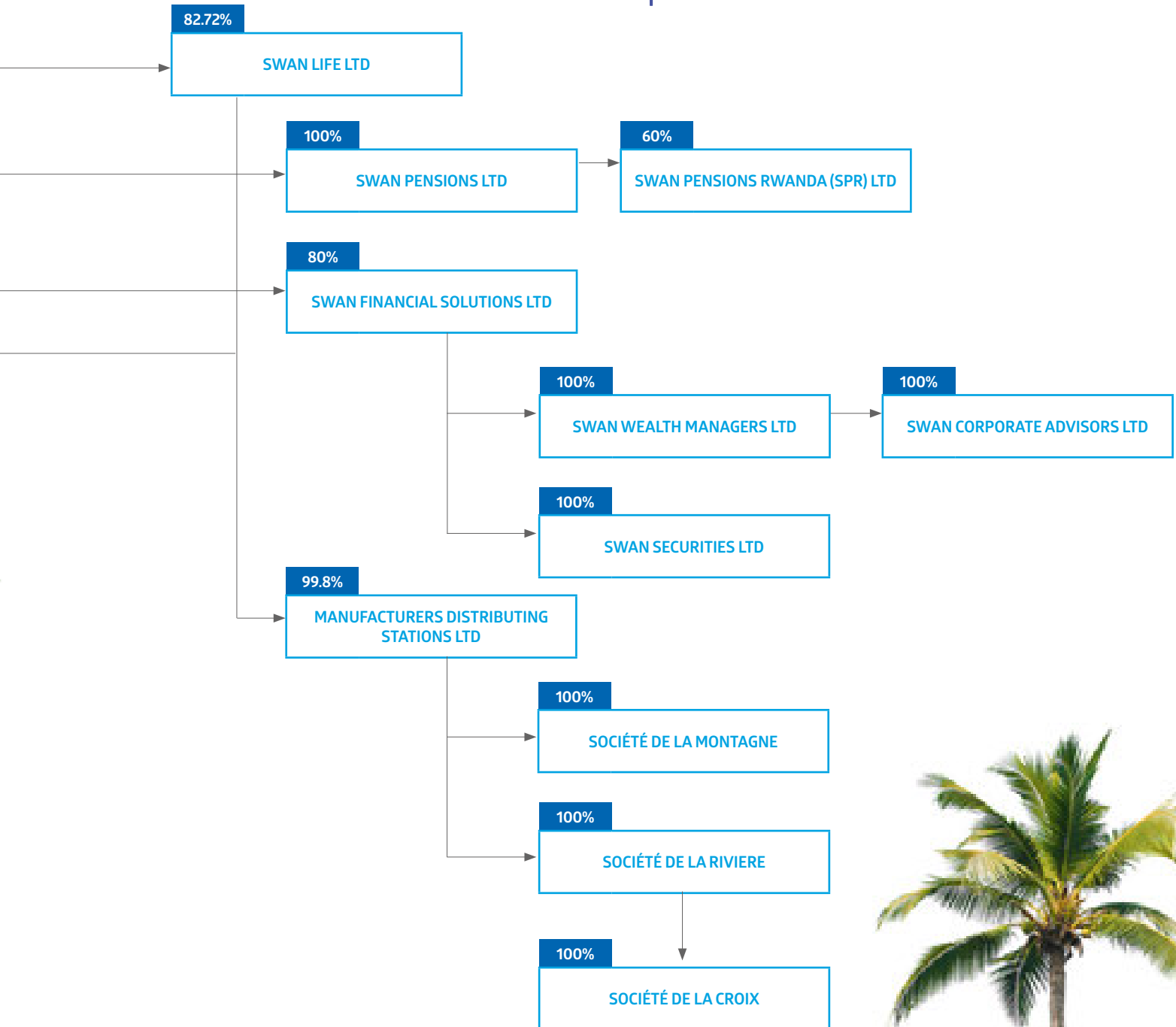


Insurance is a highly dynamic industry, evolving to suit the needs and expectations of the economy. In Mauritius, while insurance mainly dealt with the sugar industry at its beginnings, it has adapted to the economic diversification that the country has witnessed during the 20th century.

2018



Group Structure



Key Numbers

KEY HIGHLIGHTS

All Rs are in Rs'000

● The Company ● The Group

Gross Premiums

- **Y2017 - Rs. 2,652,735** ↑
Y2016 - Rs. 2,401,074
- **Y2017 - Rs. 6,813,857** ↑
Y2016 - Rs. 6,392,318

Net Earned Premiums

- **Y2017 - Rs. 1,448,295** ↑
Y2016 - Rs. 1,256,469
- **Y2017 - Rs. 5,314,230** ↑
Y2016 - Rs. 4,948,565

Profit Before Tax

- **Y2017 - Rs. 251,936** ↑
Y2016 - Rs. 230,754
- **Y2017 - Rs. 281,084** ↑
Y2016 - Rs. 253,883

Dividends Paid

- **Y2017 - Rs. 99,309**
Y2016 - Rs. 99,309
- **Y2017 - Rs. 99,309**
Y2016 - Rs. 99,309

Dividend per share

- **Y2017 - Rs. 12.00**
Y2016 - Rs. 12.00
- **Y2017 - Rs. 12.00**
Y2016 - Rs. 12.00

Earnings per share

- **Y2017 - Rs. 28.59** ↑
Y2016 - Rs. 26.46
- **Y2017 - Rs. 29.52** ↑
Y2016 - Rs. 26.87

Gross Premiums (Company)

Rs 2.7bn

In 2017

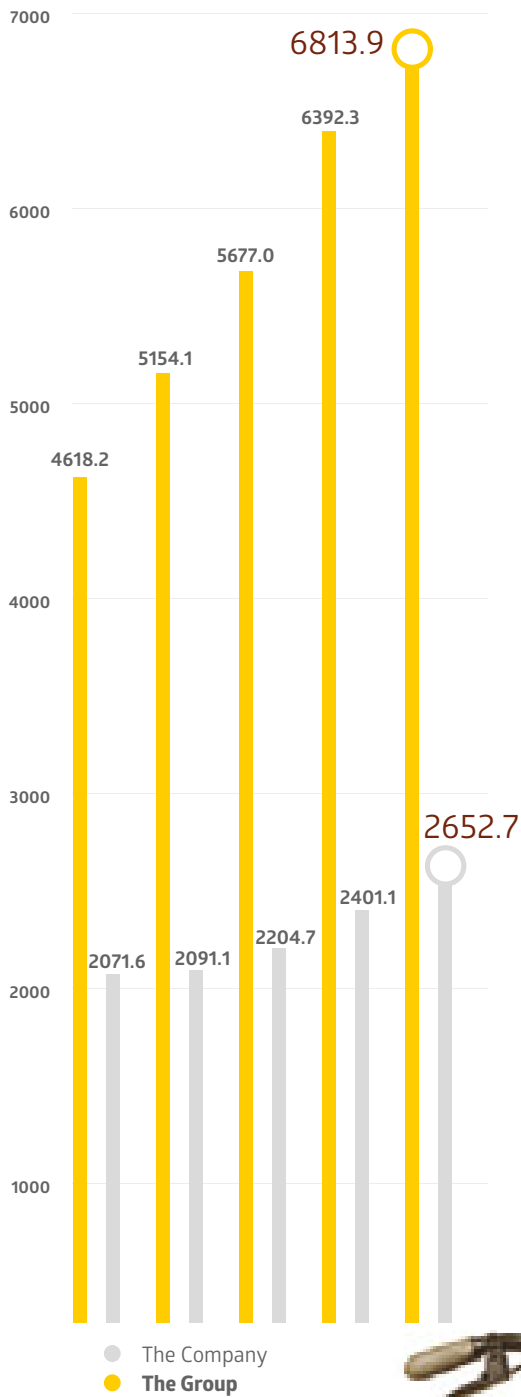
Gross Premiums (Group)

Rs 6.8bn

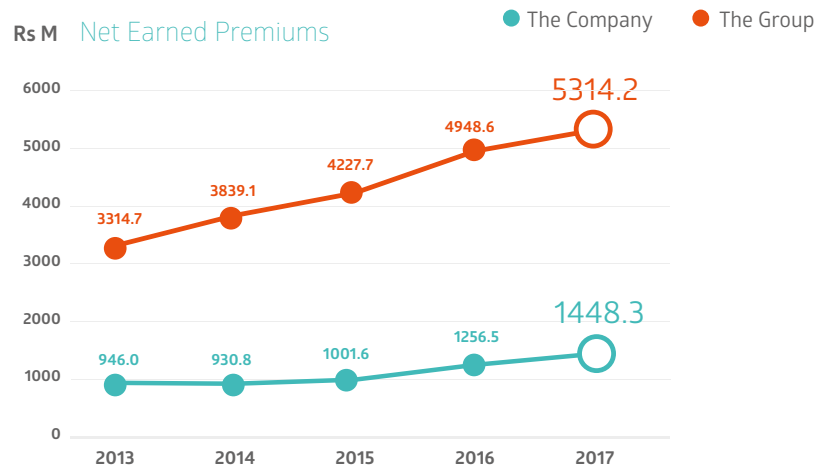
In 2017



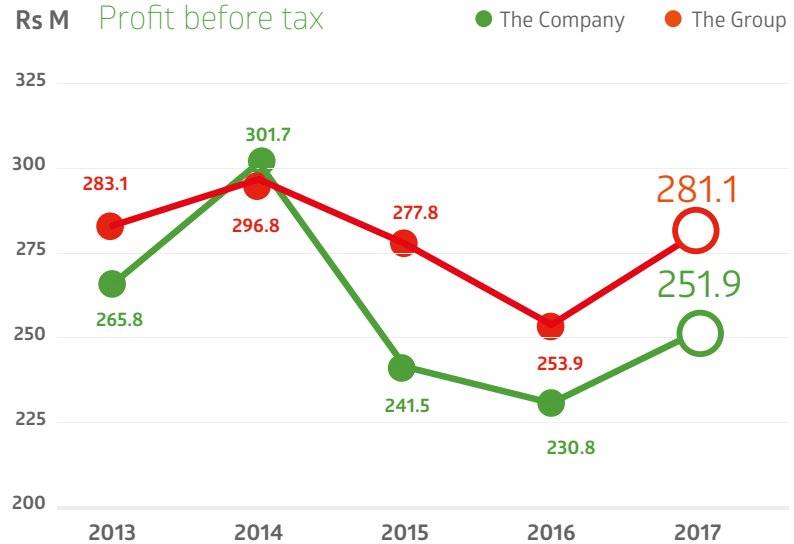
Rs M Gross Premiums



Rs M Net Earned Premiums



Rs M Profit before tax



In 2017

Rs 12.0

Dividend per share



Key Numbers

In 2017

Rs1.4bn

Net Earned Premiums
(Company)



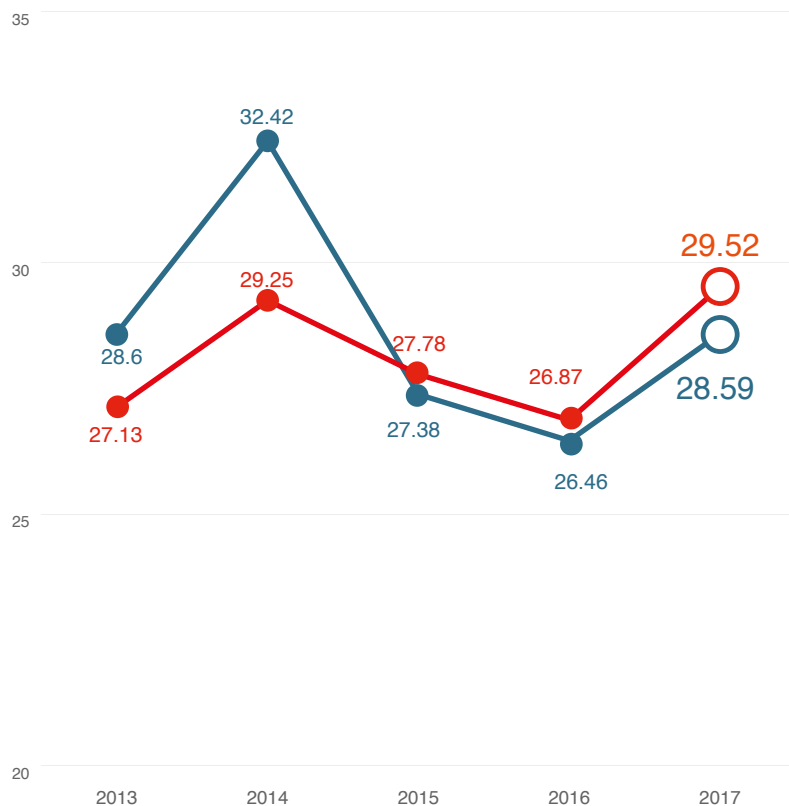
In 2017

Rs39.9bn

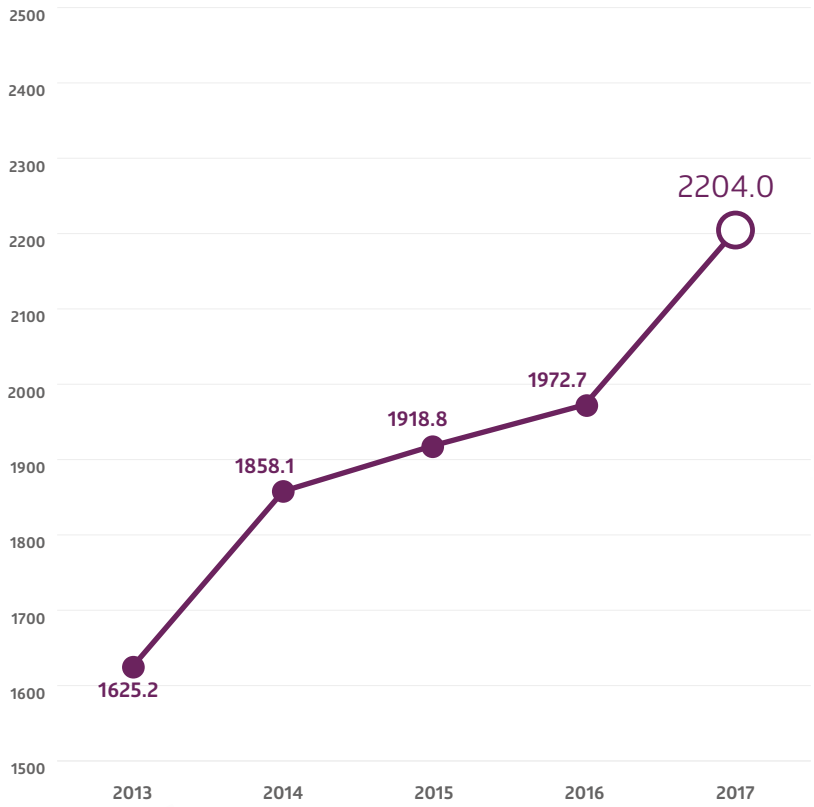
Life Assurance Fund

Rs/cents Earnings per Share

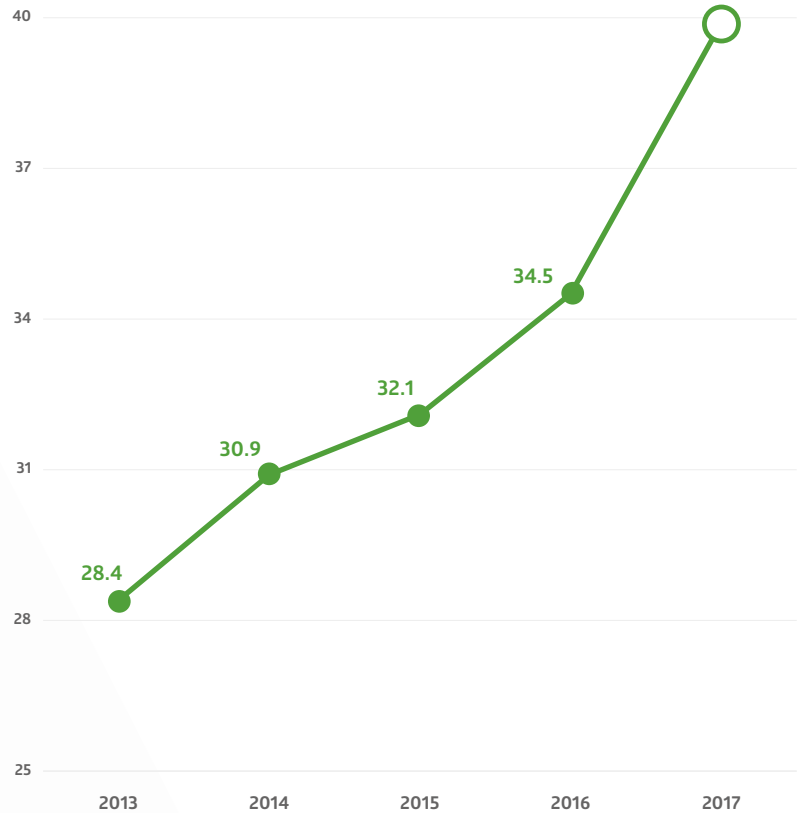
● The Company ● The Group



Rs. M Reserves (Company)



Rs. Bn Life Assurance Fund (Group)



Senior Management Team

GUILLAUME BOUIC

JEAN MARC CHEVREAU

NEELKAMAL RAGOO

TSE KWONG PHILIPPE LO FAN HIN



NEELKAMAL RAGOO

B.Sc (Hons), MBA, F.C.I.I.

Technical, Motor, IBU & Captive Solutions

Born in 1975, he started his career with Mauritius Union Assurance Co. Ltd. in 1996, and 4 years later, joined Swan Insurance Co. Ltd. (now Swan General Ltd.) staying till 2010. Thereafter, Bipin joined Munich Re (Mauritius), where he was the Head of Underwriting. His area of operation, which covered Sub-Saharan Africa, allowed him to hone his knowledge of the underlying intricacies of doing business in this region, as well as to build a solid and reliable network.

He returned to Swan in 2014, heading the Technical Dept., and was appointed Senior Manager in 2016. Currently, Bipin oversees the Technical, Motor and Individual Business Units. He is also responsible for the operations of the Swan Re PCC, a captive solution provider. Bipin holds a B.Sc. (Hons) in Economics and an MBA, and is also a Fellow of the Chartered Insurance Institute.

TSE KWONG PHILIPPE LO FAN HIN

F.C.I.I.

Reinsurance and Statistics

Born in 1958, he joined the Company in 1978. He qualified as an Associate of the Chartered Insurance Institute (London) in 1983 (A.C.I.I.) and obtained his Fellowship (F.C.I.I.) in 1991. He is a Chartered Insurer and a member of the Insurance Institute of Mauritius (IIM). He joined the Senior Management team in 2003.

He has been working in the Insurance Industry for 40 years. During the past 23 years he has been heading the Reinsurance and Statistics department of the Company. His main responsibility at Swan General Ltd is to ensure that the Company is adequately reinsured with first class security Reinsurers for all the risks emanating from our underwriting activities.

He is a member of the Board of Directors of Swan Reinsurance PCC since September 2011 and of Swan Special Risks Company Limited since 2014.

JEAN MARC CHEVREAU

Affinity Business,

Customer Care and

Complaints Coordination

Born in 1953, joined the Albatross Insurance Company Ltd as Underwriter in 1976 and was later promoted Senior Supervisor. In 1986 he joined the Mauritian Eagle Insurance Co. Ltd. as Marketing Manager. In 1989, he participated in the setting up of La Prudence Mauricienne Assurances Ltée where he acted as Manager – Short-Term Business.

He joined Swan Insurance (now Swan General Ltd) as Senior Manager – Technical in April 2000. He has been responsible for the Motor and Fire & Accident Departments, Individual Business Development, Agents Monitoring & Product Review. He was involved in the company's Marketing & Communication Support function. At the insurance industry's level, he was a member of the Special Committee that worked on the setting up of the "constat à l'amiable" in November 2004. He was also a member of The Motor Vehicle Insurance Arbitration Committee until December 2016.

He is now responsible for the company's Affinity Business Development, Customer Service and Complaints Coordination. He is currently the Chairperson of the SWAN CSR Committee set up to manage SWANs' social investments.

GUILLAUME BOUIC

B.Sc, ACII

Business Development & SME

Born in 1975, he holds a double major degree 'Accounting & Corporate Administration' from Curtin University – W.A.

Guillaume is a Chartered Insurer. He qualified as an Associate of the Chartered Insurance Institute (London – UK) in 2001 (ACII).

He started his career with SWAN in 1996, before moving to the insurance broking industry from 2006 to 2016, to take both Management and Senior Management roles at a local insurance broker and a foreign local established insurance broker, respectively.

Guillaume returned to SWAN in December 2016. In 2017, he was appointed Senior Manager – Health & Business Development. Currently, Guillaume oversees exclusively the Business Development with an emphasis on the SMEs segment.

Senior Manager Profiles

VISHNOO LUXIMAN

M.Sc. – Group Human Resources

Born in 1962, he worked as Assistant Personnel & Public Relations Officer at the Constance & La Gaieté SE Company Ltd from 1983 to 1988. He joined Deep River-Beau Champ Ltd (DRBC) as Assistant Personnel Manager/Public Relations Officer in 1988. He was promoted to the position of Personnel Manager/Public Relations Officer with the same company in 1990.

He was appointed Human Resources Manager of DRBC in 2002 and, as such, provided advice and services to 7 companies of the CIEL Group, including TPC Ltd, found in Tanzania. He cumulated the responsibility of Acting Secretary of the Mauritius Sugar Producers' Association with that of Human Resources Manager of DRBC from September to December 2005.

He joined the Group in 2006.

ISHWARI MADHUB

B.Sc. (Hons), F.C.C.A., M.B.C.S, MBA
Systems and Processes

Born in 1967, she is a fellow of the Association of Chartered Certified Accountants (FCCA). She holds a BSc in Information Systems and an MBA from Oxford Brookes University (UK) as well as certifications in Project Management, Change Management and Lean/Six Sigma Process Improvement (Green Belt).

She started her career as a software developer at Swan Insurance Co. Ltd (now known as Swan General Ltd) in 1987 and was appointed as manager in 2000. She has been responsible for managing the Group Systems and Processes department since 2007; overseeing IT Procurement, Network and Infrastructure, IT Systems and Business Process Improvement. She was promoted to Senior Manager in January 2018.

NITISH BENI MADHU

B.Sc. (Hons), M.Sc
Capital Markets

Born in 1979. Nitish Benimadhu holds an honours degree in Economics and Masters of Arts in Economics from the University of Ottawa (Canada).

He has more than 15 years' experience in the finance industry and has expertise in asset management, investment advisory and insurance. He is the chairperson of the Central Depository & Settlement Co Ltd (CDS) and also holds directorship positions on the Stock Exchange of Mauritius, MDA Properties, Constance Hotels Services Ltd, Moka City Ltd amongst others and regularly lecturers at the University of Mauritius in Economics & Finance. He joined Anglo Mauritius Investment Managers Ltd (now Swan Wealth Managers Ltd) in 2005 and now heads the non-insurance cluster of SWAN (Capital Markets) together with the Loans and Property segments of SWAN. Nitish is a member of the Investment Committee of SWAN and is equally involved with investment projects of the group in Africa.





JEAN ALAIN FRANCIS

PATRICE BASTIDE

JAIYANSING (SHAIEN) SOOBAAH

JAIYANSING (SHAILEN) SOOBABH

F.C.C.A, MBA, Dip C.I.I.

Group Company Secretary, Group Risk Officer

Jaiyansing (Shailen) Soobah, born in 1974, is a Fellow of the Association of Chartered Certified Accountants and holds a Master in Business Administration. He started his career with De Chazal Du Mée (now BDO) where he spent 10 years in the audit and offshore departments. In 2003, he moved to the Financial Services Commission in the insurance supervision department.

In 2009, he joined CIM Group, and was subsequently appointed as Senior Manager Compliance of the insurance and investment cluster. He joined SWAN with the merger of the insurance businesses of SWAN and CIM in June 2012. He is currently Senior Manager – Group Company Secretary and Group Risk Officer. He also holds directorship positions in the subsidiaries of SWAN.

JEAN ALAIN FRANCIS

MBA, F.C.I.I.

Corporate Business

Born in 1976, he is an insurance professional with extensive experience of practising mostly over the African continent, Jean-Alain is passionate about the role that insurance plays in safeguarding livelihoods and economic activity and thus enabling development.

He is a Chartered Insurer, also Fellow of the Chartered Insurance Institute, and has an MBA degree from Heriot Watt University.

Throughout his career, Jean-Alain has successfully evolved through the technical sphere (underwriting and claims), as well as client-management and leadership roles, mostly with the leading reinsurer Munich Re, with whom he had been employed since 1998. He had started his career in insurance in 1994 with Island General Insurance in Mauritius. Jean-Alain joined Swan General Ltd in 2016 and heads the Corporate Business unit.

PATRICE BASTIDE

B.Sc, M.Sc.

Group Marketing & International Development

He is responsible for Swan's international development and oversees a number of projects mainly in sub Saharan Africa where he assists Swan in setting up an elaborate network of cross-border relationships as well as implementing Swan's longer term objectives in these jurisdictions. He has developed an in-depth knowledge of these markets including of their local regulatory environments and is a Board Director on a few international subsidiaries. On the strength of his previous tenure as Marketing Manager of Albatross Insurance and CIM Insurance, Patrice took over the Marketing function of the Group in September 2016. Born in 1963, Patrice holds a M.Sc. in Applied Mathematics, USA.

PREETEE JHAMNA-RAMDIN

BA (Hons), MA (Cantab)

Held the position of Senior Manager –Chief Financial Officer up to 16 December 2017



Jean Yves VIOLETTE
ANZIIF (Assoc), C.I.P. – Claims

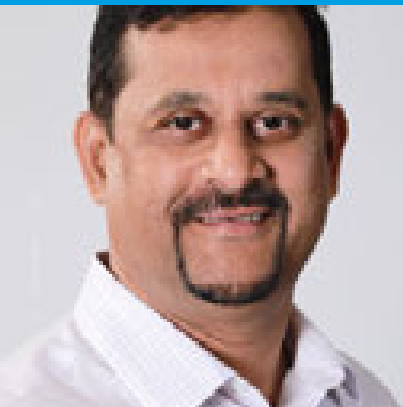
◀ Herbert MADANAMOOTHOO
Maîtrise de Droit - Compliance, M.L.R.O



◀ Julien RIVET
Cert CII - Corporate Property and Liability



◀ Gaël ALIPHON
A.C.I.I. - Sales and Development



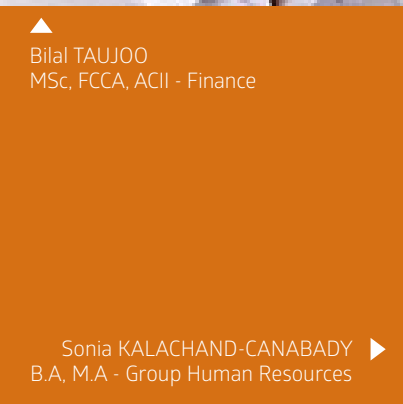
▲ Bilal TAUJOO
MSc, FCCA, ACII - Finance



◀ Nathalie TONG SAM,
A.C.I.I. - Documentation and Policy Processing



▲ Sonia CHAROUX
A.C.I.I., MBA - Reinsurance and Statistics w



▲ Sonia KALACHAND-CANABADY
B.A, M.A - Group Human Resources



◀ Vashish REETOO
BEng (Hons.) - Specialty Risk

Management Team



Didier ADRIEN ▶
Diploma in Information Technology -
Systems and Processes



◀ Bruno NALLETAMBY
A.C.I.I., A.C.I.S., ACI Arb – Marine
and Administration



▲ Gianduth JEEAWOCK
B.Sc. (Hons.), CFA - Investments



▲ Ivan THOMAS
Underwriting



◀ Dave LUCHMUN
Group Facilities

Sachinanand MUNGRA
Diplôme De Technologie, Masters
in Business Administration -
Corporate Office



▲ Carine ADELSON
B.A, M.A - International Marketing



▲ Ashley NUCKCHADY
Motor



◀ Isabelle PADAYACHY
Health



◀ Veenaye BUSGEETH
F.C.C.A. - Corporate Finance



Mauritius houses some of the oldest theatres in the Southern hemisphere, namely the Plaza Theatre in Rose Hill and the Port Louis Theatre. The landmark building was completed in 1822 after two years of construction by French architect Poujade

1822



Street food is a mainstay of Mauritian folklore. From local delicacies to French-inspired pastries and soft drinks, fruits and ice-cream, food to suit all tastes can be found on most streets in major towns and villages across the island.





CSR

At SWAN, we believe that we can achieve a world that is both fair/equal and more sustainable through helping Non-Governmental Organisations that play a crucial role in society. The group has thus provided financial support amounting to **Rs 4.2m** to **41 NGOs**, while further strengthening and reinforcing its partnership with them. These organisations are involved in a number of initiatives ranging from education and training to socio-economic development through health, environment, leisure, arts and sports.





Education has a tremendous impact on national development. Over the last few years, SWAN has put a lot of emphasis on this sector as we acknowledge its vital role for both our society and our economy. 39% of our CSR funds were allocated to education and training, where NGOs are committed to helping children reach their full potential.

Financial support granted to NGOs involved in socio-economic development has seen a slight rise in 2017. SWAN allocated 25% of its total contribution to those organisations working towards the upgrading of the standard of living of the underprivileged through financial assistance and some basic skills education. Granting its support to NGOs which aim at helping people stand on their own and be

In 2017

Rs 4.2m

were dedicated to support **41 NGOs**.



able to make their own living aligns with SWAN's core priorities.

As we have stressed over the years, health is one area that needs constant attention as the well-being of its citizens is synonymous with a country's progress. In that regard, we have donated 17% of our CSR budget to 8 NGOs which are committed towards improving the health of the population, namely through sensitisation and awareness campaigns. During the year 2017, SWAN focused on different health issues that afflict the Mauritian people, and among the recipients of our CSR

towards others, as well as promoting values that we cherish, such as team spirit, resilience and commitment. This is why we allotted 11% of our 2017 budget to the sponsorship of sports association.

Our natural environment needs to be protected and SWAN is committed to this endeavour. We believe that to upgrade our standard of living, we must recognise the importance

of preserving our flora and fauna for the generations to come. 8% of our CSR funds in 2017 thus went to organisations involved in the protection of the environment, most notably the Mauritius Wildlife Foundation and Mission Verte.

Swan Foundation
laid much emphasis
last year in
socio-economic
development.



contributions were the Muscular Dystrophy Association, the Centre d'Accueil de Terre Rouge and Link to Life.

On another note, SWAN is also a keen supporter of sports in Mauritius. We believe that sport contributes to the betterment of our society as it instigates a sense of respect

SWAN firmly believes that the private sector should have a strong commitment to the society in which it operates. Besides our duty to make the company grow, our role is to also contribute in enhancing the environment for progress, for the people and the society as a whole.



Visit to Association Elles C Nous



Cheque remittance ceremony

Corporate Governance Report

1. COMPLIANCE STATEMENT

For the year under review, except as specifically mentioned, the Company has complied in all material respects with the Code of Corporate Governance for Mauritius (2003).

The new National Code of Corporate Governance 2016 shall be applicable as from the year ending 31 December 2018.

2. SHAREHOLDERS

2.1 Holding structure

As at 31 December 2017, the following shareholders held more than 5% of the share capital of the Company:

	Direct	
	No. of shares	% holding
Intendance Holding Limited	2,771,082	33.48
Rogers and Company Limited	2,386,585	28.83
Excelsior United Development Companies Limited	1,081,933	13.07

2.2 Common Directors

For the year ended 31 December 2017, the following were the common directors:

	Swan General Ltd	Intendance Holding Ltd	Rogers and Company Limited	Excelsior United Development Companies Ltd
Nicolas Maigrot	✓	✓		
René Leclézio	✓			✓
Philippe Espitalier-Noël	✓		✓	
Hector Espitalier-Noël	✓		✓	
Henri Harel	✓	✓		
Sébastien Mamet	✓	✓		

2.3 Share ownership

Share ownership as at 31 December 2017 was as follows:

Size of shareholding	Number of shareholders	Number of shares	% of total issued shares
1 – 500	671	83,546	1.010
501 – 1,000	113	90,965	1.099
1,001 – 5,000	159	350,086	4.230
5,001 – 10,000	39	279,520	3.378
10,001 – 50,000	34	650,934	7.866
50,001 – 100,000	4	306,472	3.703
100,001 – 250,000	-	-	-
250,001 – 500,000	1	274,646	3.319
Over 500,000	3	6,239,600	75.396
TOTAL	1,024	8,275,769	100

2.4 Shareholder category

Shareholder category	Number of shareholders	Number of shares	% of total issued shares
Individuals	897	971,608	11.871
Insurance companies	2	1,200	0.015
Pensions and provident funds	38	743,235	8.998
Investment and trust companies	9	32,476	0.325
Other corporate bodies	78	6,527,250	78.792
TOTAL	1,024	8,275,769	100

Corporate Governance Report

2.5 Shareholder communication and events

The Company communicates with its shareholders through press communiqués, publication of quarterly results, its annual report and at the meeting of shareholders. Shareholders are encouraged to ask questions during the annual meetings. Board members attend the annual meeting of shareholders.

In addition, the Company's website is regularly updated with share price and financial results. Key events are set out below:

December	Declaration of dividend
January	Payment of dividend
March	Publication of annual results
May	Publication of first quarter results
June	Annual meeting of shareholders
August	Publication of half year results
November	Publication of nine months results

2.6 Dividend policy

The Company does not follow a formal dividend policy. Dividends are declared after taking into account the Company's profitability and the solvency requirements of the Companies Act and the Insurance Act. The Company declares dividend in December based on best estimates of yearly results to 31 December.

For the year under review, the Company declared and paid a dividend of Rs.12.00 per share.

Key dividend figures for the last 5 years are shown below:

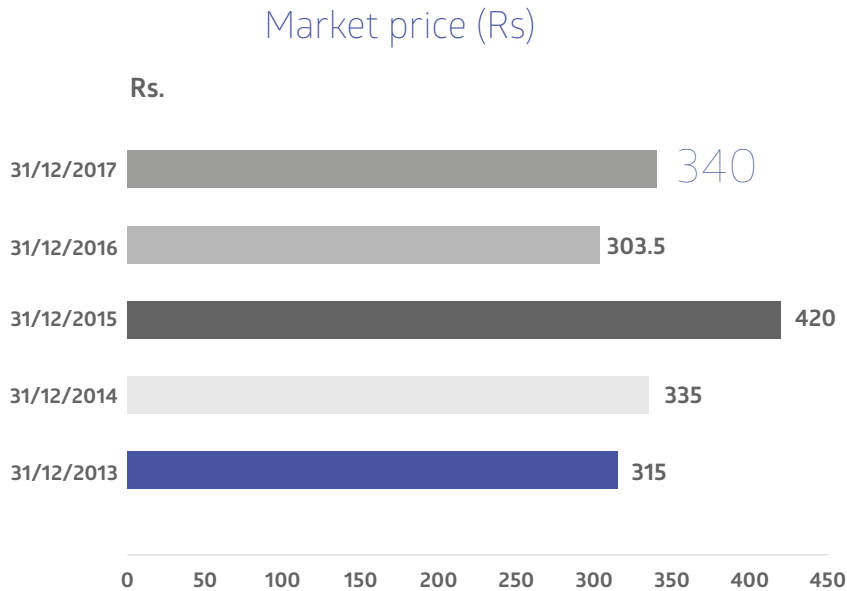
Year	Dividend per Share (Rs)	Dividend Cover* (Times)	Dividend Yield** (%)
2017	12	2.38	3.95
2016	12	2.23	3.95
2015	12	2.52	2.85
2014	12	2.70	3.58
2013	10.90	2.63	3.46

*Dividend Cover is the number of times profit for the year covers the dividend declared.

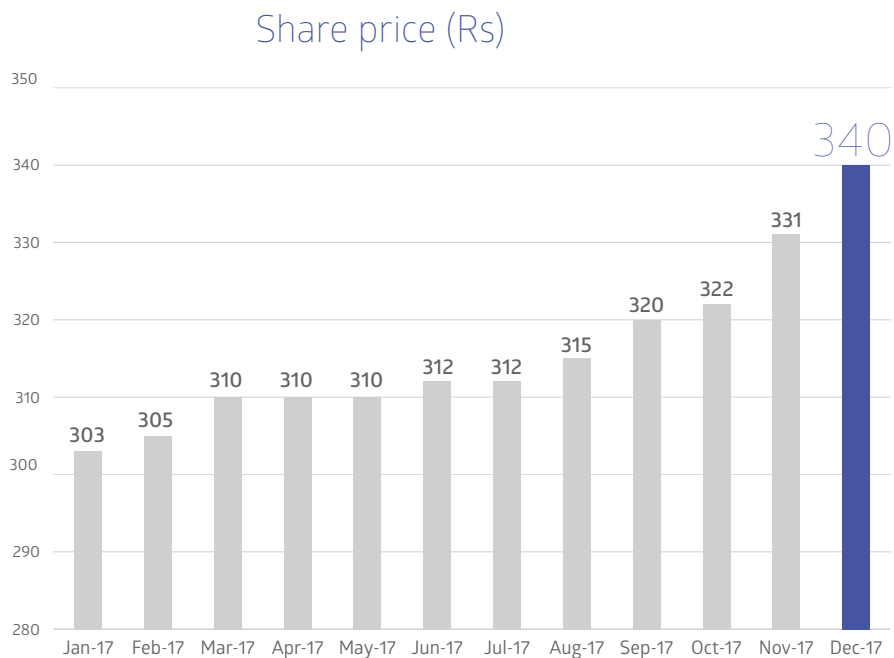
**Dividend Yield is equal to the annual dividend per share divided by the market price.

2.7 Share price information

The share prices (at 31 December) of the Company for the past five years are shown below:



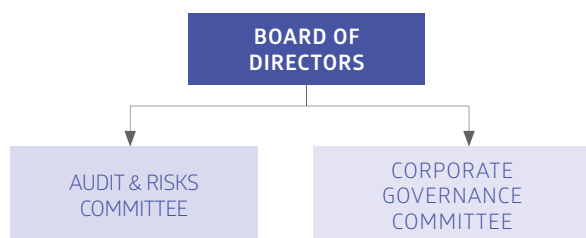
Share prices at month end of the Company during 2017 were as follows:



Corporate Governance Report

3. GOVERNANCE STRUCTURE

The governance framework of the Company is as follows:



Each subsidiary has its own Board. As provided in the Code of Corporate Governance, the Audit & Risks Committee and the Corporate Governance Committee are established at Group level and oversee the governance, audit and risk issues of all the subsidiaries.

4. BOARD

4.1 Composition of the Board

Directors' profiles appear on pages 18 to 23 of the Annual Report.

The functions and responsibilities of the Chairperson and Group Chief Executive are separate. The Chairperson leads the Board, ensuring that each director is able to make an effective contribution. He monitors, with the assistance of the Company Secretary, the information distributed to the Board to ensure it is sufficient, accurate, timely and clear. The Group Chief Executive has the day-to-day management responsibility for the Group's operations, implementing the strategies and policies agreed by the Board.

The Board consists of executive, non-executive and independent non-executive directors. The non-executive directors constructively challenge and help develop proposals on strategy, scrutinise the performance of Management in achieving the stated objectives and monitor the reporting of performance.

The independent non-executive directors bring a wide range of experience and skills to the Board. They are free from any business or other relationships which would materially affect their ability to exercise independent judgement, constructively dissent and are critical by-standers. Independent non-

executive directors constitute the majority of the Audit & Risks Committee and the Corporate Governance Committee.

All directors have access to the advice and services of the Company Secretary. Where necessary in the discharge of their duties, directors may seek independent professional advice at the Company's expense.

As part of the induction process, newly appointed directors receive an 'Induction Pack' containing key information on the Group and the sector in which it operates. All new Board appointments are subject to the approval of the Financial Services Commission.

Composition of the Board:

Executive	Louis Rivalland (Group Chief Executive) Michel Thomas (Chief Operations Officer)
Independent non-executive	Gopallen Moorroogen Pierre Dinan (until 13 June 2017) Victor Seeyave
Non-executive	Nicolas Maigrot (Chairperson) Hector Espitalier-Noël Henri Harel Philippe Espitalier-Noël René Leclézio Sébastien Mamet

4.2 Role of the Board

The Board leads and controls the Company and is the link between the shareholders and the Company. It also is the focal point of the corporate governance system and is ultimately accountable for the performance of the affairs of the Company. Compliance is equally the responsibility of the Board, which ensures that the Company complies with the full set of laws, rules and regulatory framework within which it operates.

The Board is responsible for organising and directing the affairs of the Company in the best interests of the shareholders, in conformity with legal and regulatory framework, and consistent with its constitution and best governance practices.

4.3 Election of Directors

The Code of Corporate Governance provides for directors to be elected (or re-elected as the case may be) every year at the annual meeting of shareholders. However, the Board does not consider this recommendation to be appropriate within the context of the Company. In addition, the constitution of the Company does not make any provision for such a procedure.

The Board believes that the complexity of the Company's and Group's operations is such that sufficient time should be allowed for an independent director to be reasonably conversant with its technicalities. This applies particularly to those Directors who are members of the Audit and Risks Committee. Re-election of directors over the age of 70 years is made in compliance with section 138(6) of the Companies Act 2001.

4.4 Board appraisal

The Board is composed of directors coming from different sectors of the economy. Each director has drawn from his professional background and competence in positively contributing to the Board's activities. No formal evaluation of the Board was undertaken during 2017.

4.5 Board Committees

(i) The Audit and Risks Committee

The Audit & Risks Committee is established at group level of the ultimate holding company. The Committee consisted of four non-executive directors three of whom were independent including the Chairperson.

The current members are:

Mr. Peroomal Gopallen Moorooogen (Chairperson)
(*independent*)

Mr. Victor Seeyave (*independent*)

Mr. Henri Harel (*non-executive*)

Mr. Pierre Dinan (*independent*) (until 13 June 2017)

The Committee meets at least four times a year. The Group Chief Executive attends unless a conflict of interest is likely to arise. Members of the Committee have adequate financial awareness.

Members of the Senior Management, the External Auditors and the Internal Auditors regularly attend meetings of the Audit and Risks Committee. The Company Secretary acts as Secretary to the Committee.

The Committee may secure the attendance of external professional advisers at its meetings in order to perform its duties.

The primary function of the Committee in relation to audit is to assist the Board of Directors in discharging its oversight responsibilities with respect to:

- a) the safeguarding of assets;
- b) the systems of internal controls regarding finance, accounting standards, legal compliance and ethical behaviour;
- c) the auditing, accounting and financial reporting processes generally;
- d) the financial statements and other financial information provided by the Group to its shareholders, the public and others;
- e) compliance with legal and regulatory requirements; and
- f) the performance of the Group's Internal Auditors and External Auditors.

In relation to risks, the Committee discharged its duties by:

- a) Reviewing and assessing the integrity of the risk control systems and ensuring that risk policies and strategies are effectively managed;
- b) Setting out the nature, role, responsibility and authority of the risk management function and outlining the scope of risk management work;
- c) Keeping abreast of external developments relating to the practice of corporate accountability, i.e. the way those entrusted with the day-to-day management of the Group's affairs are held accountable to shareholders regarding the management of emerging and prospective risks, uncertainties and influences that could impact on the Group's future results;
- d) Reviewing and providing an independent and objective oversight on reports submitted by management on corporate accountability and specifically how associated risks are being mitigated.

The Committee is satisfied that it has discharged its responsibilities for the year in compliance with its terms of reference.

Corporate Governance Report

During the year, the Committee met five times and the main issues discussed and deliberated on were:

- (i) Yearly audited accounts – consideration and recommendation to the Board for approval;
- (ii) Abridged quarterly accounts - consideration and recommendation to the Board for approval and publication;
- (iii) Internal audit – consideration of internal audit reports;

(ii) The Corporate Governance Committee

The Committee consisted of the following non-executive directors:

Mr. Nicolas Maigrot (Chairperson)

Mr. Peroomal Gopallen Moorooogen (*independent*)

Mr. Victor Seeyave (*independent*)

Mr. Pierre Dinan (*independent*) (until 13 June 2017)

The Group Chief Executive is in attendance.

The Corporate Governance Committee's terms of reference (which comprise areas covered by a Nomination and Remuneration Committee) include but are not limited to:

- (i) determining, agreeing and developing the general policy on corporate governance in accordance with the Code of Corporate Governance, legal compliance and ethical policies;

- (ii) assisting the Board on establishing a formal and transparent procedure for developing a remuneration policy for executive and senior management;
- (iii) putting in place plans for succession, in particular the Chairperson and the Group Chief Executive;
- (iv) making recommendations to the Board on all new Board appointments; and
- (v) determining the level of emoluments of executive, non-executive, independent non-executive directors and Board Committee members.

The Committee is authorised to seek any information it requires from any employee of the Group in order to perform its duties and shall set the appropriate procedures accordingly. The Committee is also authorised to obtain, at the Company's expense, such outside legal or other independent professional advice as it considers necessary to perform its duties.

During the year 2017, the Corporate Governance Committee took certain decisions through written resolutions.

4.6 Attendance at board and committee meetings

	Board	Audit & Risks Committee
Number of meetings held	5	5
Louis Rivalland	5	n/a
Michel Thomas	5	n/a
Pierre Dinan (until 13 June 2017)	1	2
Victor Seeyave	5	4
Gopallen Moorroogen	3	4
Henri Harel	5	3
Hector Espitalier-Noël	3	n/a
Philippe Espitalier-Noël	3	n/a
René Leclézio	5	n/a
Nicolas Maigrot	5	n/a
Sébastien Mamet	3	n/a

4.7 Directors' interests and dealing in shares

In accordance with the Companies Act 2001, the Company Secretary maintains a Register of Directors' Interests. As soon as a Director becomes aware that he is interested in a transaction, or that his holdings or that of his associates have changed, the interest should be reported to the Company Secretary in writing.

The Register of Directors' Interests is updated with every transaction notified by the Directors and their associates. All new Directors are required to notify in writing to the Company Secretary their holdings in the Company's shares. According to the Company's Constitution, a Director is not required to hold shares in the Company.

The Directors confirm that whenever they deal in the shares of the Company, they follow the principles of the model code on securities transactions by directors as detailed in Appendix 6 of the Mauritius Stock Exchange Listing Rules.

Directors' interests as at 31 December 2017 in shares were as follows:

	In the Company			In the subsidiary (Swan Life Ltd)		
	Direct	Indirect		Direct	Indirect	
	No of shares	%	%	No. of shares	%	%
Louis Rivalland	18,100	0.219	-	16,229	0.547	
Philippe Espitalier-Noël	-	-	1.1097	-	-	0.9179
Hector Espitalier-Noël	-	-	1.148	-	-	0.9499

There were no dealings in shares by the directors during the year.

Corporate Governance Report

4.8 Directors' remuneration

Remuneration and benefits received by the directors during the year were as follows:

	From the Company (Rs)	From subsidiaries (Rs)
Executive Directors	10,328,197	9,972,542
Non-Executive Directors	1,025,010	1,343,340
	11,353,207	11,315,882

The Directors' fees and remuneration are in accordance with market rates. They have not been disclosed on an individual basis, as recommended by the Code of Corporate Governance, due to the sensitive nature of the information.

Executive directors' remuneration package consists of basic salary, annual performance bonus, pension provision, other benefits and an annual director's fee. The structure of the package is reviewed annually and benchmarked to market norms and practices. The Group's objective is to attract, motivate and retain executive directors of the highest calibre. This is essential for the successful leadership and effective management of the Group.

Non-executive directors receive an annual fee for their knowledge, experience and insight given to the Board and Committees.

The remuneration policy for executive directors approaching retirement is determined by the Corporate Governance Committee on a case-to-case basis.

5. SENIOR MANAGEMENT PROFILE

A profile of each member of the senior management team appear on pages 32 to 37 of the Annual Report.

6. REMUNERATION POLICY

The Board is responsible for the remuneration policy of the Group and duties are delegated to the Group Human Resource (HR) management team.

The Remuneration structure has been designed so as to support the following strategic aims:

- Provide a remuneration package that attracts, retains and motivates staff and helps to develop a high performance culture.
- Ensure that pay levels are internally consistent and externally competitive.
- Reward employees according to their performance and contribution.
- Provide a right mix of non-financial as well as financial rewards.
- Ensure that the remuneration package promotes improved performance and is affordable.

7. COMPANY SECRETARY

The Company Secretary plays a key role in the application of corporate governance. All directors have access to the advice and services of the Company Secretary, who provides guidance to the Directors on their statutory responsibilities, ethics and good governance. The Company Secretary discharged his duties as per the statutory requirements.

8. RELATED PARTY TRANSACTIONS

For related party transactions, please refer to note 34 to the financial statements.

9. CONSTITUTION

The constitution of the Company does not provide any ownership restriction or pre-emption rights. It is in conformity with the Companies Act 2001 and the Mauritius Stock Exchange Listing Rules.

10. RISK MANAGEMENT, INTERNAL CONTROL AND INTERNAL AUDIT

Please refer to the Risk Management Report on pages 55 to 59.

11. SHAREHOLDERS' AGREEMENTS/ THIRD PARTY MANAGEMENT AGREEMENTS

There were no such agreements during the year.

12. SHARE OPTION

The Company and Group have no share option plan.

13. CHARITABLE DONATIONS, CORPORATE SOCIAL RESPONSIBILITY AND POLITICAL CONTRIBUTION.

Please refer to 'Other Statutory Disclosures' in the financial statements.

14. STAKEHOLDERS' RELATIONS AND COMMUNICATION

The Company's and Group's objective is to properly understand the information needs of stakeholders and to have an open and meaningful dialogue with all its stakeholders. Open lines of communication are maintained to ensure transparency and optimal disclosure. The Company communicates through press communiqués, publication of quarterly results and its annual report. In addition, the Company's website is regularly updated with share price and financial results.

15. CODE OF ETHICS

The Company and the Group are committed to the highest standards of integrity and ethical conduct in dealing with all its stakeholders. The Company adopted a new Code of Ethics in 2016. The Code explains our policies on how we conduct business. Employees, officers and members of the Board of Directors commit to understanding the Code and to abide by its principles, which support full compliance with applicable laws. They also represent the practical ways that we put our values to work every day. We believe that when we apply our ethical principles to our business decisions, the Company and the Group are positioned for success.

16. ENVIRONMENT, HEALTH & SAFETY AND SOCIAL ISSUES

The Company and the Group are committed to the development and implementation of social, safety, health and environmental policies (including carbon reduction) and practices, which comply with existing legislative and regulatory frameworks. In this area, the Company and the Group are aiming for best practice in line with its corporate values and long-term objectives.

In reckoning its social responsibility and the significance of broadening its role to areas not directly connected with its operations, the Company and the Group, as a corporate citizen, contributed to the development of a number of organisations in the educational, cultural, social and humanitarian fields through the SWAN Foundation.



Jaiyansing Soobah
for Swan Corporate Affairs Ltd
Company Secretary

Date 27 March 2018

Statement of Compliance

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

Name of Public Interest Entity (PIE): Swan General Ltd

Reporting Period: December 31, 2017

We, the directors of Swan General Ltd, confirm that, to the best of our knowledge, the PIE has not complied with sections 2.2.6, 2.8.2 and 2.10.3 of the Code of Corporate Governance. Reasons for non-compliance are given at sections 4.3, 4.4 and 4.8 respectively of the Corporate Governance Report.



Nicolas Maigrot
Chairperson



Louis Rivalland
Group Chief Executive

27 March 2018

Risk Management Report

The Board of Directors have ultimate responsibility for risk management. The Board is assisted in this task by the Audit & Risk Committee, the Risk Officer and Management.

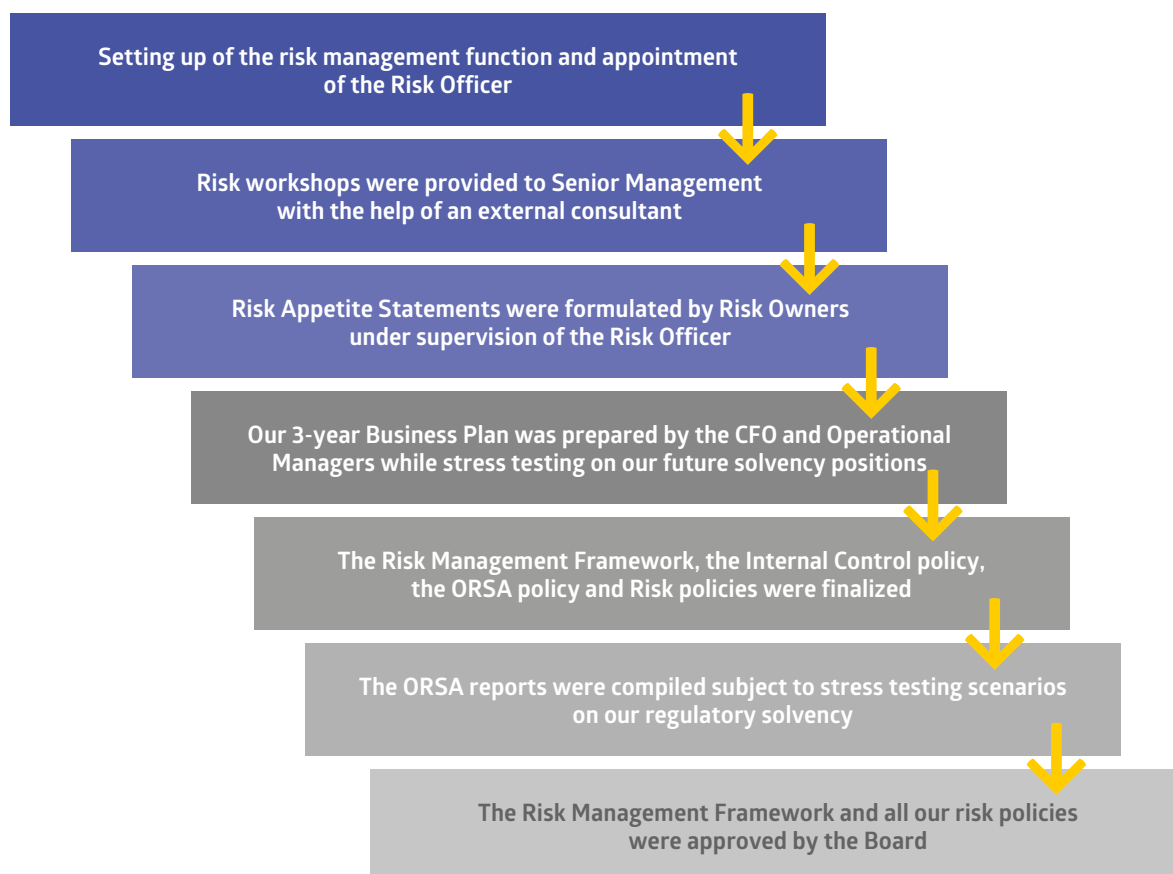
Regulatory Developments

The Financial Services Commission (FSC) has, under section 130 of the Insurance Act and section 93 of the Financial Services Act, issued the Insurance (Risk Management) Rules 2016 ('FSC Rules'). The Rules were gazetted in October 2016 and became effective on 1st July 2017. SWAN has been working on the implementation of the FSC Rules, the main components of which are as set below:



Risk Management Report

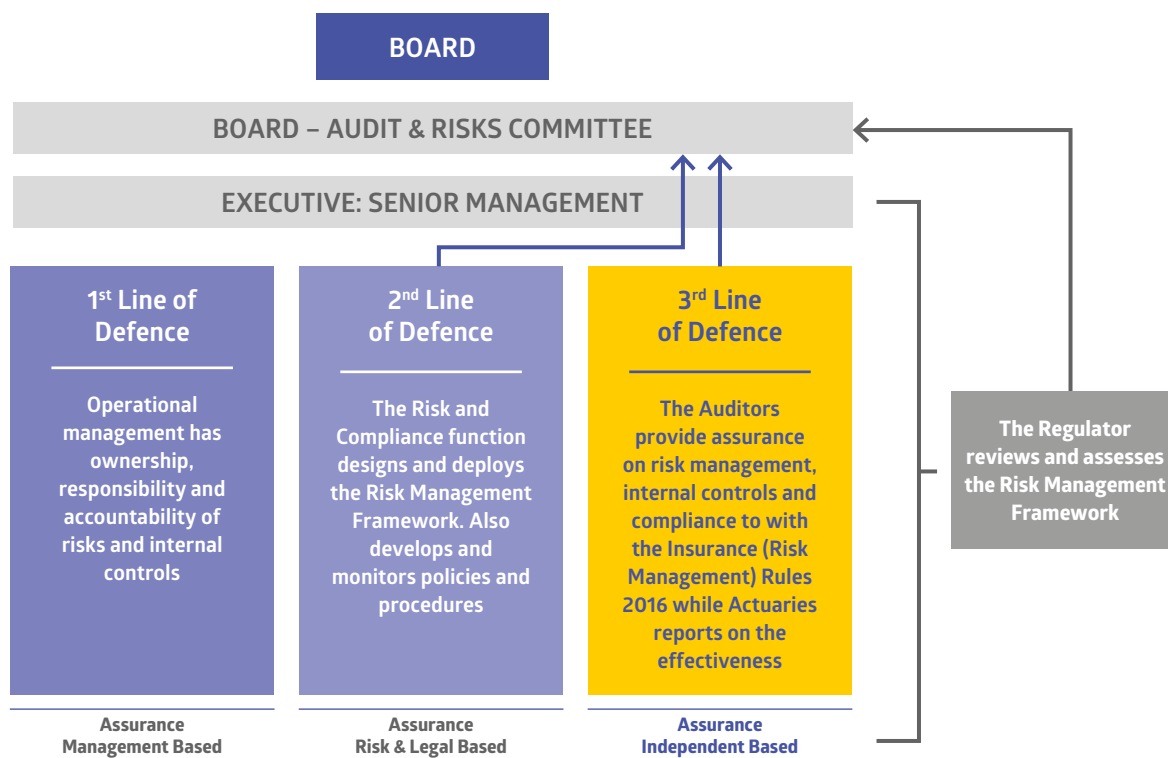
Implementation Process



How We Oversee and Manage Risk

The Risk Management Function

The Risk Management Framework allows the management team, the Audit & Risk Committee and the Board to have a comprehensive view of the risks identified in SWAN, hence promoting a combined and integrated risk and assurance function. To ensure the effectiveness of the risk management framework, the Board and Management rely on adequate line functions, including monitoring and assurance. SWAN has adopted the 'three-lines-of-defence' model where ownership for risk is taken at all levels within SWAN. This model is widely adopted by financial services companies globally. It clearly sets out the risk management responsibilities across the business and is consistent with the current regulatory climate encompassing corporate governance, systems and controls.



1st Line of Defence

As the first line of defence, Operational Managers and Senior Managers own and manage risks, they naturally serve as the first line of defence because controls are designed into systems and processes under their guidance of operational management. This function makes sure adequate managerial and supervisory controls are in place to ensure compliance and to highlight control breakdown, inadequate processes, and unexpected events. They also are responsible for implementing corrective actions to address process and control deficiencies on a day-to-day basis.

2nd Line of Defence

The Board establishes various risk management and compliance functions to help build and monitor the first Line of defence, the Risk Officer who is appointed by the Board, lies in the 2nd Line of Defence and is independent from other management functions. His duty is to facilitate and monitor the implementation of effective risk management practices by operational management and assists risk owners in defining the Risk Appetite Statements (RAS), target risk exposure and reporting adequate risk-related information throughout the organization.

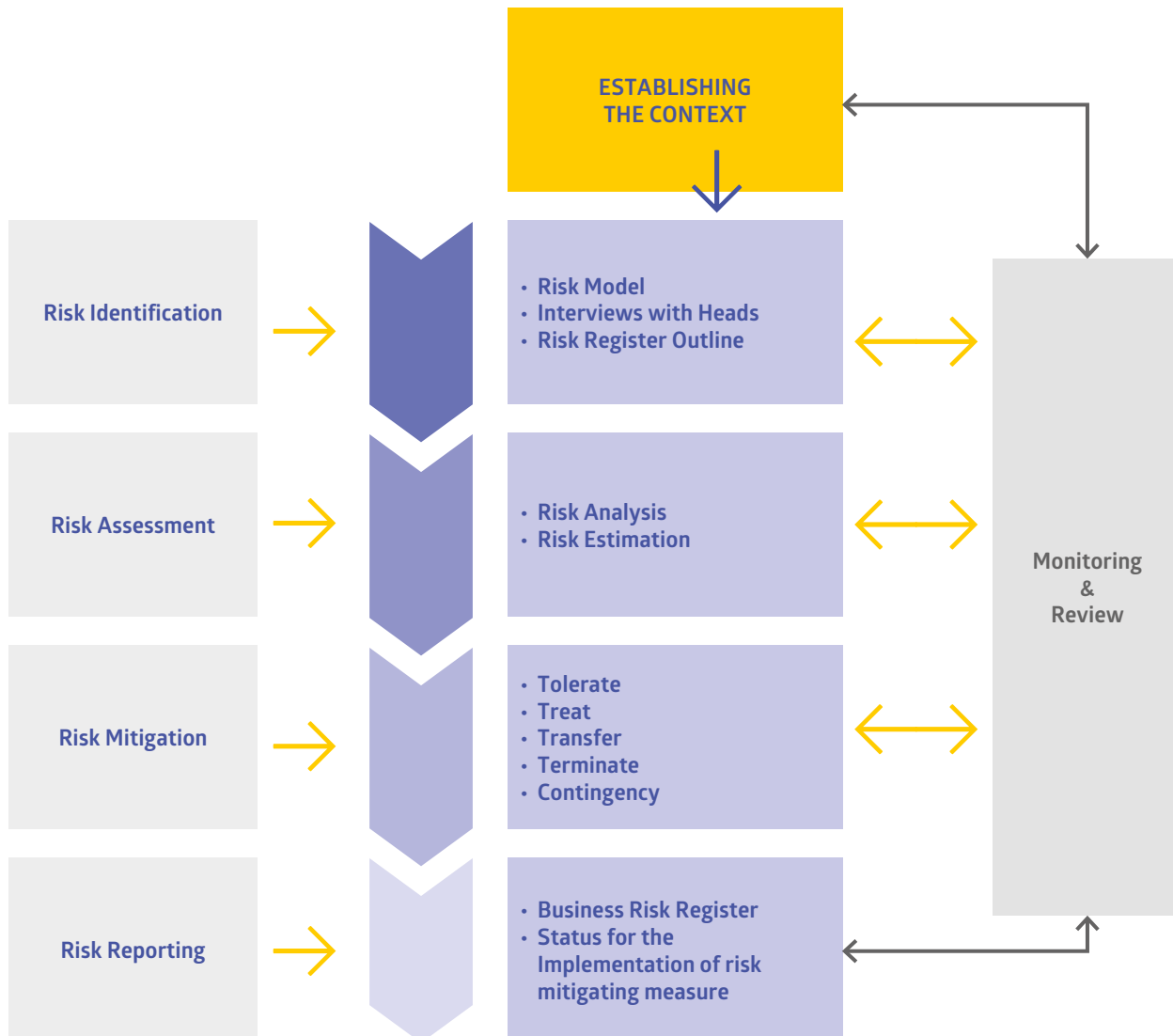
3rd Line of Defence

External auditors provide the governing body and senior management with comprehensive assurance based on the highest level of independence and objectivity within SWAN. This high level of independence is not available in the second line of defence. Furthermore, the statutory Actuary provides assurance on the effectiveness of governance, risk management, and internal controls, including the manner in which the first and second lines of defence achieve risk management and control objectives.

Risk Management Report

The Risk Management Process

The risk management strategy provides a structured and coherent approach on key iterative processes that need to be followed in order to identify, assess, mitigate, monitor, report and escalate risks.



Risk Mitigations

The table below sets out our preference for those risks arising in our day-to-day operations whereby we seek to reduce of residual risk exposure through management actions and various risk mitigating measures.

		Mitigating Strategies
RISKS FROM INVESTMENTS <ul style="list-style-type: none"> Liquidity Risk is the risk whereby SWAN is unable to meet short term financial demands such as claims due to insufficient assets in liquid form. Investment Risks arises due to fluctuations of returns caused by macroeconomic factors which affect our asset values. Credit Risks is the risk that a financial loss will be incurred if a counterparty to a transaction does not fulfil its financial obligations in a timely manner. 	<div>Liquidity</div> <div>Investment</div> <div>Capital</div> <div>Credit</div>	<div> <ul style="list-style-type: none"> Monitoring of cash inflow and outflow Trigger contingency plans </div> <div> <ul style="list-style-type: none"> Review investment guidelines Re-balancing of asset portfolio </div> <div> <ul style="list-style-type: none"> Review Underwriting Capacity Review Investment Strategy Review Reinsurance Programme </div> <div> <ul style="list-style-type: none"> Review distribution strategy Monitor of credit limits Review SLAs with intermediaries </div>
RISKS FROM CUSTOMERS <ul style="list-style-type: none"> Life Insurance risk comprises of longevity risk (people living longer than expected), mortality risks, expense risks (the cost of administration) and persistency risks (surrenders and lapses) General Insurance (GI) risks resulting from loss events, (flooding, cyclones, fire, accidents etc.) General insurance risks (High costs of claims from customers) 	<div>Longevity</div> <div>Mortality</div> <div>Persistency</div> <div>GI Risk</div> <div>Claims</div>	<div> <ul style="list-style-type: none"> Close monitoring through Valuation reports Re-pricing of products Assess market trends Proper Customer Due Dilligence </div> <div> <ul style="list-style-type: none"> Close monitoring Loss Ratio Re-pricing of products Review Reinsurance Programme </div> <div> <ul style="list-style-type: none"> Close monitoring of reserves Capital Injection Review Underwriting Guidelines </div>
RISKS FROM OPERATIONS AND OTHER BUSINESS RISKS <ul style="list-style-type: none"> Operational risks results into losses due to inadequate internal controls/ processes, people and systems. 	<div>Operational risk</div> <div>Outsourcing risk</div>	<div> <ul style="list-style-type: none"> BI reports Segregation of duties Penetration Testing </div> <div> <ul style="list-style-type: none"> Ensure SLAs are in place for outsourced activities </div>

Statement of Directors' Responsibilities

Directors acknowledge their responsibilities for:

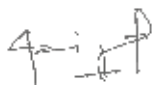
- (i) adequate accounting records and maintenance of effective internal control systems;
- (ii) the preparation of financial statements which fairly present the state of affairs of the Company and its Subsidiaries as at the end of the financial year and the results of its operations and cash flows for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

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

The Directors report that:

- (i) adequate accounting 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. Any departure in the fair presentation has been disclosed, explained and quantified;
- (iv) The Code of Corporate Governance has been adhered to. Reasons have been provided where there has not been compliance.

Signed on behalf of the Board of Directors on 27 March 2018



Nicolas MAIGROT
Chairperson



Louis RIVALLAND
Director & Group Chief Executive

Company Secretary's Certificate

YEAR ENDED 31 DECEMBER 2017

We certify that, to the best of our 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.




**JAIYANSING SOOBAH
FOR SWAN CORPORATE AFFAIRS LTD
COMPANY SECRETARY**

27 March 2018



SWAN has been a staunch supporter of sports in Mauritius since its creation. The company has always been associated with major sports events, namely in the field of tennis, and contributes to support organisations that promote sports activities.



Mauritians have free access to primary education since 1976, when a law was passed that required all Mauritians under the age of 16 to be enrolled on a full-time basis in either a private or public school.

Independent Auditors' Report to the Members

This report is made solely to the members of Swan General 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 Swan General Ltd and its subsidiaries (the Group), and the Company's separate financial statements on pages 69 to 151 which comprise the statements of financial position as at December 31, 2017, and the 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 69 to 151 give a true and fair view of the financial position of the Group and of the Company as at December 31, 2017, 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Outstanding claims and IBNR

Key Audit Matter

Outstanding claims including claims incurred but not reported (IBNR) amount to Rs 922m for the Group and Rs 903m for the Company as reported in Note 31(a) to the financial statements. Claims payable require significant judgement and estimates. The Group and the Company, make provision to cover the estimated cost of settling all expected future claims, whether or not those losses have been reported to the Group and the Company at the reporting date.

Provisions for claims incurred but not reported ('IBNR') to the Group and the Company involve significant judgement and the use of actuarial and statistical projections. This includes whether any claims will result in payments made periodically over several years. Claims and potential claims increase the complexity and uncertainty of the estimation of the amount payable due to the increased range of assumptions required. There is a risk of misstatement of IBNR liabilities due to the claims data, a key input to the process, being incomplete or inaccurate.

Related Disclosures

Refer to note 31(a), note 2.18(ii) (accounting policies) and note 3.2 (financial risk) and note 4.1 (critical accounting estimates) of the accompanying financial statements.

Audit Response

- We assessed the governance process including whether the Group and the Company have followed the documented accrual policy in setting provision for outstanding claims and IBNR.
- We tested controls over the completeness and accuracy of claims data underlying the actuarial projections used by the external actuaries to set the IBNR provisions.

Report on the audit of the Financial Statements (Continued)

1. Outstanding claims and IBNR (Continued)

Audit Response (Continued)

- We considered the findings of the Group's actuarial reports from Deloitte SA. Through critical assessment of the actuarial reports and supporting documentation, and discussion with Deloitte SA, we analysed the differences in accrual methodology applied and we challenged the key assumptions being used.
- We reviewed the pruning of claim exercise performed twice a year in June and November 2017, and assessed the reasonableness of the claim adjustment recorded.
- We assessed the assumptions for reasonableness through the use of analytical procedures, an assessment of claims development trends and benchmarking to market data. Where there have been changes in methodology or key assumptions, we have assessed whether these are reasonable based on changes in the industry and the Group's and the Company's historical claims experience.

2. Valuation of life insurance contract liabilities

Key Audit Matter

The subsidiary, Swan Life Ltd, carries out long term insurance business activities. Assets and liabilities of the life business are disclosed separately in the consolidated financial statements, distinct from the assets and liabilities of the Group, as they belong to the life policyholders.

Life insurance contract liabilities is a key audit matter because of the inherent challenge in the assessment of estimates determined by projecting expected cash flows long into the future. Specific actuarial expertise is required to evaluate complex and judgmental actuarial methodologies and assumptions. The actuarial methodologies and assumptions require judgements and significant estimates about future events which may have significant impact to the valuation of liabilities under long-term insurance contracts. The assumptions include the likelihood of policyholders discontinuing their policies, the incidence of policyholder's sickness or death, future assumed investment return, risk discount rates and developments such as changes in legal practice and new medical treatments. These assumptions are used in conjunction with policyholders details to project the expected future cash flows related to the liabilities over the expected life of the inforce policies.

Related Disclosures

Refer to note 15 and note 2.15 (accounting policies) of the accompanying financial statements.

Audit Response

- Evaluating the key controls in the life insurance contract liabilities measurement process. This included controls over the integrity of the base data used in the estimation process. The base data is projected over the expected life of the policy which may be a period of many years.
- We considered the findings of the actuarial report. Through critical assessment of the actuarial report and supporting documentation, and discussion with the actuary, we analysed the differences in accrual methodology applied and we challenged the key assumptions being used.
- We assessed the reasonableness of key assumptions used and any changes in methodology in line with changes in the industry and the Company's historical claims experience.
- We verified that a Stress Test Requirement (STR) has been determined in accordance with guidelines issued by the Commission, the Company's capital and solvency margins are above the minimums required by the Insurance Act 2005 and proper internal controls are in place to ensure that they remain so.

3. Trade and other receivables

Key Audit Matter

The Group and the Company have trade receivables amounting to Rs 3,291m and Rs 2,195m respectively. Significant judgement is required to assess the credit risk attached to the trade receivables. The net carrying amount of trade receivables is measured at amortised costs less any provision for impairment. Provision for impairment is based on objective evidence of default.

Insurance receivables: The Group makes an assessment of the recoverability of its insurance receivables based on its historical data and assessment of the credit history of its customers.

Reinsurance assets: The carrying value of the reinsurance assets in respect of the ceded part of the insurance liabilities, as detailed in note 14, requires judgement to reflect the credit risk exposure attached to the assets. Irrecoverable balances are assessed and provided for.

Independent Auditors' Report to the Members

Report on the audit of the Financial Statements (Continued)

3. Trade and other receivables (Continued)

Related Disclosures

Refer to note 14, note 2.9 (accounting policy), note 3.2.2 (financial risk) and note 4.2 (critical accounting estimates) of the accompanying financial statements.

Audit Response

- We tested the design and implementation and operating effectiveness of key controls over the identification of impaired assets and impairment process.
- We reviewed the methodology and judgement used and challenged management's key assumptions used in assessing impairment.
- We requested external confirmation of the outstanding amount from counterparties and re-insurers, and where responses were poor, we performed alternative tests to ensure existence and accuracy of those receivables.
- We reviewed the correspondence with the re-insurers to assess recoverability.
- We tested the design and implementation and operating effectiveness of the key controls over the reinsurance asset measurement and valuation process.
- We challenged management's key assumptions over credit risk and the calculation methodology, including a comparison of the underlying credit ratings for key reinsurance counterparties to independent sources.
- We also considered the consistency of the approach with the prior years, and enquire about any major variations and changes in key assumptions.

4. Carrying value of Investment in Financial Assets

Key Audit Matter

The Group and the Company hold investments in financial assets with a carrying amount of Rs 1,893m and Rs 1,647m respectively at reporting date. Investment in financial assets has been identified as a Key Audit Matter because of its significance on the statement of financial position. In assessing the fair value of financial assets, the Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Many of the inputs required can be obtained from readily available

liquid market prices and rates. Where observable market data is not available, estimates must be developed based on the most appropriate source data and are subject to significant judgement.

The fall in value of available-for-sale financial assets if prolonged may lead to impairment losses. This determination requires significant judgement. In making this judgement, the Group and the Company evaluate, 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 flows.

Related Disclosures

Refer to note 10, note 2.8 (accounting policies), note 3.2.1 (financial risk) and notes 4.3, 4.4 (critical accounting estimates) of the accompanying financial statements.

Audit Response

- We performed audit procedures over the valuation and accounting of investments in financial assets held by the Group and the Company. We ensured the financial assets are being recognised, measured and disclosed in line with the respective IFRS.
- We tested the design and implementation and operating effectiveness of the key controls over the investment valuation process. We tested, on a sample basis, their valuation at the year end and we ascertained that the valuation techniques used are appropriate and consistently applied.
- We requested independent confirmation on the quantity and the corresponding price of the foreign and the local securities at the reporting date.
- For unquoted financial assets classified as level 3, we tested that the valuation techniques adopted reflect the best appropriate basis for valuation of the investments. We checked the reasonableness of inputs to the valuation techniques used.
- We reviewed and discussed with management and those charged with governance the Group and the Company's assessment of whether there is objective evidence that a financial asset is impaired and the completeness of impaired assets.
- We carried out impairment tests. Impairment tests include review of performance and the factors affecting the investee company, ability to pay dividend, analysis of market price trend, the reasonableness of significant judgements made and the business outlook.

4. Carrying value of Investment in Financial Assets (Continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Chairperson's, Group Chief Executive's Report and Risk 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.

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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and 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 Auditors' Report to the Members

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

Insurance Act 2005

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

Financial Reporting Act 2004

The Directors are responsible for preparing the corporate governance report. 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

Chartered Accountants



Ameenah Ramdin, FCCA, ACA

Licensed by FRC

March 28, 2018

Port Louis,
Mauritius.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2017

	Notes	THE GROUP			THE COMPANY	
		2017	2016	As at January 1, 2016	2017	As at January 1, 2016
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
ASSETS						
Non-current assets			Restated	Restated	Restated	Restated
Property and equipment	5	90,899	94,403	97,596	90,258	96,019
Intangible assets	6	18,354	27,636	30,071	3,584	4,552
Investments in subsidiary companies	7	-	-	-	536,371	465,418
Investment in associated company	8	59,190	68,314	83,854	-	-
Investments in joint ventures	9	2,052	1,644	1,371	500	500
Investments in financial assets	10	1,856,171	1,623,125	1,552,221	1,630,544	1,415,881
Loans and receivables	11	148,559	165,329	174,093	126,131	143,619
Non-current receivables	12	60,832	-	-	59,950	-
Deferred tax assets	13(b)	33,596	30,244	22,891	33,474	22,891
		2,269,653	2,010,695	1,962,097	2,480,812	2,091,819
Current assets						
Investments in financial assets	10	36,621	10,000	35,000	16,660	35,000
Loans and receivables	11	13,450	14,443	16,042	4,611	3,751
Trade and other receivables	14	3,291,256	2,832,804	2,715,920	2,195,219	1,871,773
Current tax assets	22	-	6,400	2,567	-	6,400
Cash and cash equivalents	30(b)	224,022	138,396	168,233	161,842	120,367
		3,565,349	3,002,043	2,937,762	2,378,332	1,971,279
Life Business Assets	15	39,881,578	34,487,118	32,095,961	-	-
Total assets		45,716,580	39,499,856	36,995,820	4,859,144	4,063,098
EQUITY AND LIABILITIES						
Capital and reserves						
Share capital	16	41,379	41,379	41,379	41,379	41,379
Retained earnings		1,604,806	1,459,819	1,386,815	1,730,617	1,473,593
Other reserves		1,026,634	855,340	882,718	473,373	379,443
Attributable to owners of the parent		2,672,819	2,356,538	2,310,912	2,245,369	2,014,109
Non-controlling interests	18	352,569	336,719	347,868	-	-
Total equity		3,025,388	2,693,257	2,658,780	2,245,369	1,960,163
Technical provisions						
Life Assurance Fund	15	39,881,578	34,487,118	32,095,961	-	-
Outstanding claims and IBNR	23/31(a)	921,667	774,384	676,310	902,830	769,620
Gross unearned premiums	23/31(b)/2.18	1,160,704	1,039,641	955,130	1,118,584	1,004,888
		41,963,949	36,301,143	33,727,401	2,021,414	1,774,508
Non-current liabilities						
Borrowings	19	19,467	27,924	261	-	156
Retirement benefit obligations	20	187,032	164,030	129,996	187,032	164,030
Deferred tax liabilities	13(b)	7,874	7,786	6,751	-	-
		214,373	199,740	137,008	187,032	164,186
Current liabilities						
Trade and other payables	21	263,781	191,073	191,835	173,378	126,676
Borrowings	19	142,305	14,011	180,957	125,030	105
Current tax liabilities	22	7,475	1,323	530	7,612	-
Dividend payable	27	99,309	99,309	99,309	99,309	99,309
		512,870	305,716	472,631	405,329	226,090
Total equity and liabilities		45,716,580	39,499,856	36,995,820	4,859,144	4,063,098

These financial statements have been approved for issue by the Board of Directors on the 27th March 2018.



Louis Rivalland
Director & Group Chief Executive



Michel Thomas
Director & Chief Operations Officer

The notes on pages 74 to 151 form an integral part of these financial statements.

Auditor's report on pages 64 to 68.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2017

	Notes	THE GROUP		THE COMPANY	
		2017	2016	2017	2016
		Rs'000	Rs'000	Rs'000	Rs'000
Gross premiums			Restated		Restated
Premiums ceded to reinsurers		6,813,857	6,392,318	2,652,735	2,401,074
Change in gross unearned premiums	23/31(b)	(1,427,140)	(1,354,871)	(1,131,953)	(1,055,723)
Recoverable from reinsurers	23/31(b)	(121,063)	(84,511)	(113,696)	(65,332)
Net earned premiums	2.16	48,576	(4,371)	41,209	(23,550)
Net earned premiums relating to Life Assurance Fund		5,314,230	4,948,565	1,448,295	1,256,469
		(3,865,935)	(3,692,096)	-	-
		1,448,295	1,256,469	1,448,295	1,256,469
Gross claims paid	31(a)	(1,458,917)	(1,330,893)	(1,458,486)	(1,330,399)
Claims recovered from reinsurers	31(a)	481,927	497,786	481,496	497,292
Movement in gross claims outstanding and IBNR	31(a)	(145,510)	(81,978)	(131,437)	(81,963)
Movement in amounts recoverable from reinsurers	31(a)	121,126	52,721	107,053	52,706
Net claims incurred		(1,001,374)	(862,364)	(1,001,374)	(862,364)
Commissions receivable from reinsurers		287,922	274,839	271,606	255,323
Commissions paid to agents and brokers		(237,923)	(226,320)	(233,556)	(220,922)
Net commissions		49,999	48,519	38,050	34,401
Underwriting surplus		496,920	442,624	484,971	428,506
Investment income	24	174,521	172,764	148,648	151,241
Operating profit		671,441	615,388	633,619	579,747
Other income	25	118,038	107,686	69,579	77,474
		789,479	723,074	703,198	657,221
Marketing and administrative expenses	26(a)	(468,822)	(433,699)	(416,363)	(393,610)
Impairment and other charges	26(b)	(18,819)	(11,249)	(18,819)	(16,228)
Depreciation and amortisation	5/6	(21,162)	(19,587)	(16,080)	(16,629)
Share of profit/(loss) of associated company and joint ventures	8/9	408	(4,656)	-	-
Profit before taxation		281,084	253,883	251,936	230,754
Income tax expense	22	(15,673)	(13,158)	(15,297)	(11,751)
Profit for the year		265,411	240,725	236,639	219,003
Other comprehensive income:					
<i>Items that will not be reclassified to profit or loss:</i>					
Remeasurements of defined benefit obligations	17	(3,816)	(39,319)	(3,816)	(39,319)
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Change in value of available-for-sale financial assets	17	200,188	38,442	155,919	32,585
Release on disposal of available-for-sale financial assets	17	(58,316)	(58,286)	(58,173)	(59,014)
Net movement in other reserves	17	119,968	5,289	-	-
Other comprehensive income for the year, net of tax		258,024	(53,874)	93,930	(65,748)
Total comprehensive income for the year		523,435	186,851	330,569	153,255
Profit for the year					
Attributable to:					
Owners of the parent		244,296	222,395	236,639	219,003
Non-controlling interests	18	21,115	18,330	-	-
		265,411	240,725	236,639	219,003
Total comprehensive income for the year					
Attributable to:					
Owners of the parent		481,582	168,404	330,569	153,255
Non-controlling interests	18	41,853	18,447	-	-
		523,435	186,851	330,569	153,255
Earnings per share (Rupees and cents)	28	29.52	26.87	28.59	26.46

The notes on pages 74 to 151 form an integral part of these financial statements.

Auditor's report on pages 64 to 68.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2017

(a) THE GROUP

THE GROUP	Notes	Attributable to owners of the parent										
		Share Capital	Fair Value Reserve	Other Reserves	Proprietors' Fund	Retained Earnings	Amalgamation Reserve	Actuarial gains/(losses)	Total	Non-controlling Interests	Total Equity	
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	
		41,379	208,515	54,460	419,787	1,494,110	267,477	(91,701)	2,394,027	344,523	2,738,550	
At January 1, 2017		-	-	(108)	-	(34,291)	-	(3,090)	(37,489)	(7,804)	(45,293)	
Corrections of prior period errors	35	41,379	208,515	54,352	419,787	1,459,819	267,477	(94,791)	2,356,538	336,719	2,693,257	
As restated												
Profit for the year		-	-	-	-	244,296	-	-	244,296	21,115	265,411	
Other comprehensive income for the year	17	-	141,872	(23,031)	122,261	-	-	(3,816)	237,286	20,738	258,024	
Total comprehensive income for the year		-	141,872	(23,031)	122,261	244,296	-	(3,816)	481,582	41,853	523,435	
Other movement		-	-	-	-	-	-	-	-	25,532	25,532	
Non distributable reserve	17	-	-	-	(65,992)	-	-	-	(65,992)	(13,785)	(79,777)	
Dividends	27/18	-	-	-	-	(99,309)	-	-	(99,309)	(37,783)	(137,092)	
Non-controlling interest arising on business combinations		-	-	-	-	-	-	-	-	33	33	
Total transactions with owners of the parent		-	-	-	(65,992)	(99,309)	-	-	(165,301)	(26,003)	(191,304)	
Balance at December 31, 2017		41,379	350,387	31,321	476,056	1,604,806	267,477	(98,607)	2,672,819	352,569	3,025,388	
At January 1, 2016		41,379	228,359	54,848	387,720	1,412,831	267,477	(55,472)	2,337,142	350,294	2,687,436	
Corrections of prior period errors	35	-	-	(214)	-	(26,016)	-	-	(26,230)	(2,426)	(28,656)	
As restated		41,379	228,359	54,634	387,720	1,386,815	267,477	(55,472)	2,310,912	347,868	2,658,780	
Profit for the year - restated		-	-	-	-	222,395	-	-	222,395	18,330	240,725	
Other comprehensive income for the year	17	-	(19,844)	(282)	5,454	-	-	(39,319)	(53,991)	117	(53,874)	
Total comprehensive income for the year		-	(19,844)	(282)	5,454	222,395	-	(39,319)	168,404	18,447	186,851	
Other movement		-	-	-	-	-	-	-	-	23,281	23,281	
Transactions with non controlling interest		-	-	-	-	(50,082)	-	-	(50,082)	(20,458)	(70,540)	
Non distributable reserve	17	-	-	-	26,613	-	-	-	26,613	6,707	33,320	
Dividends	27/18	-	-	-	-	(99,309)	-	-	(99,309)	(39,126)	(138,435)	
Total transactions with owners of the parent		-	-	-	26,613	(149,391)	-	-	(122,778)	(29,596)	(152,374)	
Balance at December 31, 2016		41,379	208,515	54,352	419,787	1,459,819	267,477	(94,791)	2,356,538	336,719	2,693,257	

The notes on pages 74 to 151 form an integral part of these financial statements.
Auditor's report on pages 64 to 68.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2017

(b) THE COMPANY

	Notes	Share Capital	Fair Value Reserve	Other Reserves	Retained Earnings	Amalgamation reserve	Actuarial gains/(losses)	Total Equity
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1, 2017		41,379	210,550	43,099	1,619,522	220,593	(91,709)	2,043,434
Corrections of prior period errors	35	-	-	-	(26,235)	-	(3,090)	(29,325)
As restated		41,379	210,550	43,099	1,593,287	220,593	(94,799)	2,014,109
Profit for the year		-	-	-	236,639	-	-	236,639
Other comprehensive income for the year	17	-	97,746	-	-	-	(3,816)	93,930
Total comprehensive income for the year		-	97,746	-	236,639	-	(3,816)	330,569
Dividends	27	-	-	-	(99,309)	-	-	(99,309)
Balance at December 31, 2017		41,379	308,296	43,099	1,730,617	220,593	(98,615)	2,245,369
At January 1, 2016		41,379	251,359	28,719	1,497,298	220,593	(55,480)	1,983,868
Corrections of prior period errors	35	-	-	-	(23,705)	-	-	(23,705)
As restated		41,379	251,359	28,719	1,473,593	220,593	(55,480)	1,960,163
Profit for the year - restated		-	-	-	219,003	-	-	219,003
Reclassification		-	(14,380)	14,380	-	-	-	-
Other comprehensive income for the year	17	-	(26,429)	-	-	-	(39,319)	(65,748)
Total comprehensive income for the year		-	(40,809)	14,380	219,003	-	(39,319)	153,255
Dividends	27	-	-	-	(99,309)	-	-	(99,309)
Balance at December 31, 2016		41,379	210,550	43,099	1,593,287	220,593	(94,799)	2,014,109

The notes on pages 74 to 151 form an integral part of these financial statements.
Auditor's report on pages 64 to 68.

STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2017

	Notes	THE GROUP		THE COMPANY	
		2017	2016	2017	2016
		Rs'000	Rs'000	Rs'000	Rs'000
Cash flows from operating activities					
Cash generated from operations	30(a)	90,815	Restated 190,674	52,322	Restated 133,711
Interest paid		(5,396)	(14,043)	(576)	(4,645)
Tax paid	22	(11,498)	(16,623)	(9,538)	(15,999)
Tax recovered	22	5,696	-	5,696	-
Net cash generated from operating activities		79,617	160,008	47,904	113,067
Cash flows from investing activities					
Purchase of property and equipment	5	(8,992)	(9,734)	(8,867)	(9,734)
Purchase of intangible assets	6	(3,287)	(4,092)	(3,287)	(4,092)
Proceeds from sale of property and equipment		4	17	4	17
Additional interest acquired in subsidiary		-	(82,116)	(2,534)	(82,116)
Acquisition of subsidiary, net of cash	29	(2,519)	-	-	-
Purchase of financial assets	10	(308,084)	(289,489)	(305,784)	(285,009)
Disposal/maturity of financial assets		239,295	304,827	243,150	287,735
Deposit on investment		(60,832)	-	-	-
Loans granted	11/12	(1,125)	(48)	(61,075)	(48)
Loans recovered	11	10,772	7,029	10,772	7,029
Investment income received		151,479	165,840	148,657	157,377
Net cash generated from investing activities		16,711	92,234	21,036	71,159
Cash flows from financing activities					
Payments on borrowings		(120,505)	(262,870)	(115,261)	(256,245)
Proceeds from borrowings		239,950	120,048	239,950	120,048
Dividends paid to Company's shareholders	27	(99,309)	(99,309)	(99,309)	(99,309)
Dividends paid to non-controlling interests		(37,783)	(45,667)	-	-
Net cash (used in)/generated from financing activities		(17,647)	(287,798)	25,380	(235,506)
Increase/(decrease) in cash and cash equivalents		78,681	(35,556)	94,320	(51,280)
Movement in cash and cash equivalents					
At January 1,		138,396	168,233	69,980	120,367
Increase/(decrease)		78,681	(35,556)	94,320	(51,280)
Effect of foreign exchange rate changes		6,945	5,719	(2,458)	893
At December 31,	30(b)	224,022	138,396	161,842	69,980

The notes on pages 74 to 151 form an integral part of these financial statements.
Auditor's report on pages 64 to 68.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

1. GENERAL INFORMATION

Swan General Ltd is a limited liability company incorporated and domiciled in Mauritius. These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of shareholders of the Company. The address of its registered office is Swan Centre, 10 Intendance Street, Port Louis.

The principal activity of the Company is to underwrite short term insurance business and has remained unchanged during the year. The activities of the subsidiary companies of the Group are detailed in note 7.

2. SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The financial statements 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 companies (the Group) and the separate financial statements of the parent company (the Company). The financial statements are presented in Mauritian Rupees and all values are rounded to the nearest thousand (Rs'000), except when otherwise indicated. Where necessary, comparative figures have been amended to conform with a change in presentation and disclosure in the current year. The financial statements are prepared under the historical cost convention, except that:

- (i) available-for-sale financial assets are stated at their fair values; and
- (ii) held-to-maturity investments and loans and receivables are carried at amortised cost.

Amendments to published Standards effective in the reporting period

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12). The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. The amendment has no impact on the Group's financial statements.

Disclosure Initiative (Amendments to IAS 7). The amendments require the entity to explain changes in its liabilities arising from financing activities. This includes changes arising from cash flows (eg drawdowns and repayments of borrowings) and non-cash changes such as acquisitions, disposals, accretion of interest and unrealised exchange differences. A reconciliation of the opening and closing carrying amounts for each item for which cash flows have been or would be classified as financial activities is presented in note 30(c).

Annual Improvements to IFRSs 2014-2016 Cycle

IFRS 12 Disclosure of Interests in Other Entities. The amendments clarify that entities are not exempt from all of the disclosure requirements in IFRS 12 when entities have been classified as held for sale or as discontinued operations. The amendment has no impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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, 2018 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 Contracts 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

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)

IFRS 17 Insurance Contracts

IFRIC 23 Uncertainty over Income Tax Treatments

Prepayment Features with negative compensation (Amendments to IFRS 9)

Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)

Annual Improvements to IFRSs 2015-2017 Cycle

IFRS 9 Financial instruments - effective 1 January 2018

In July 2014, the IASB issued IFRS 9 'Financial Instruments', which is the comprehensive standard to replace IAS 39 'Financial Instruments: Recognition and Measurement', and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Classification and measurement

The classification and measurement of financial assets will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. These factors determine whether the financial assets are measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVPL'). In many instances, the classification and measurement outcomes will be similar to IAS 39, although differences will arise.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

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

IFRS 9 Financial instruments - effective 1 January 2018 (cont'd)

Classification and measurement (cont'd)

The combined effect of the application of the business model and the contractual cash flow characteristics tests may result in some differences in the population of financial assets measured at amortised cost or fair value compared with IAS 39. The classification of financial liabilities is essentially unchanged. For certain liabilities measured at fair value, gains or losses relating to changes in the entity's own credit risk are to be included in other comprehensive income.

Impairment

The impairment requirements apply to financial assets measured at amortised cost and FVOCI, and lease receivables and certain loan commitments and financial guarantee contracts. At initial recognition, allowance (or provision in the case of commitments and guarantees) is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are considered to be 'stage 1'; financial assets which are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment so are considered to be in default or otherwise credit impaired are in 'stage 3'.

The assessment of whether credit risk has increased significantly since initial recognition is performed for each reporting period by considering the change in the risk of default occurring over the remaining life of the financial instrument, rather than by considering an increase in ECL.

The assessment of credit risk, and the estimation of ECL, are required to be unbiased and probability-weighted, and should incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money. As a result, the recognition and measurement of impairment is intended to be more forward-looking than under IAS 39 and the resulting impairment charge will tend to be more volatile. It will also tend to result in an increase in the total level of impairment allowances, since all financial assets will be assessed for at least 12-month ECL and the population of financial assets to which lifetime ECL applies is likely to be larger than the population for which there is objective evidence of impairment in accordance with IAS 39.

Hedge accounting

The general hedge accounting requirements aim to simplify hedge accounting, creating a stronger link between it and risk management strategy and permitting the former to be applied to a greater variety of hedging instruments and risks. The standard does not explicitly address macro hedge accounting strategies, which are being considered in a separate project. To remove the risk of any conflict between existing macro hedge accounting practice and the new general hedge accounting requirements, IFRS 9 includes an accounting policy choice to remain with IAS 39 hedge accounting.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

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

IFRS 9 Financial instruments-effective 1 January 2018 (cont'd)

Transition

The classification and measurement and impairment requirements are applied retrospectively by adjusting the opening balance sheet at the date of initial application, with no requirement to restate comparative periods.

The mandatory application date for the standard as a whole is 1 January 2018. The Group plans to defer the application of IFRS 9 until the earlier of the effective date of the new insurance contract standard (IFRS 17) of 1 January 2021, opting for the temporary exemption from applying IFRS 9 by the amendments to IFRS 4 Insurance contracts.

Temporary exemption from IFRS 9

The optional temporary exemption from IFRS 9 is available to the Companies whose activities are predominantly connected with insurance. The Group continues to apply IAS 39 Financial Instruments: Recognition and Measurement and will defer the application of IFRS 9 until 1 January 2021 at the latest.

IFRS 15 Revenue from contracts with customers - effective 1 January 2018

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

The five steps in the model are as follows:

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

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

The Group is assessing the impact of this new standard, except for those companies applying IFRS 4 which are excluded under the scope of the standard.

IFRS 17 Insurance contracts - 1 January 2021

IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured each reporting period. Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows
- an explicit risk adjustment, and
- a contractual service margin ("CSM") representing the unearned profit of the contract which is recognised as revenue over the coverage period.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

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

IFRS 17 Insurance contracts (cont'd)

The standard allows a choice between recognising changes in discount rates either in the income statement or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.

An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.

There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach the entity's share of the fair value changes of the underlying items is included in the contractual service margin. The results of insurers using this model are therefore likely to be less volatile than under the general model.

The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

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 and the Company'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.

2.2 Property and equipment

All property and equipment are stated at historical cost/deemed cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation is calculated on the straight line method to write off the cost or revalued amounts of each asset to their residual values over their estimated useful life as follows:

Buildings	2%
Motor vehicles	20%
Office furniture, fittings and equipment	10%
Computer equipment	33%

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Property and equipment (cont'd)

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

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

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 disposal of property and equipment are determined by comparing the proceeds with the carrying amount and are included in the profit or loss or the Life Assurance Fund (for the subsidiary, Swan Life Ltd).

2.3 Intangible assets

Intangible assets consist of the following:

(i) Goodwill

Goodwill represents the excess of cost of an acquisition over the fair value of the Group's share of net assets of the acquired subsidiary or associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Gains on bargain purchase represent the excess of the fair value of the Group's share of net assets acquired over the cost of acquisition and is recognised in the profit or loss or the Life Assurance Fund (for the subsidiary, Swan Life Ltd). Goodwill on acquisition of associates is included in investments in associates. Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. Goodwill is tested annually for impairment. On disposal of a subsidiary or associate, the attributable amount of goodwill is included in the determination of the gains and losses on disposal. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Goodwill arising on the acquisition of a foreign operation is treated as an asset of the operation, expressed in the functional currency of the operation and translated at closing rate.

Other intangibles

Other intangibles include intangible asset relating to rental business, which is initially recognised at cost and amortised over a useful life of 10 years. The amortisation provides a write down of the right to receive rental income based on the drop-off rate of underlying rental agreements. The amortisation period is reviewed at every period end and the asset is tested for impairment.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Intangible assets (cont'd)

(ii) Computer software

Acquired computer software is capitalised on the basis of costs incurred to acquire and bring to use and are amortised over their estimated useful lives of 3 years. The carrying amounts of the computer software are reviewed annually and adjusted for impairment where considered necessary.

(iii) Development and other costs

Development and other costs are recognised as assets and are amortised over their estimated useful life of 5 years.

2.4 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).

2.5 Investments in subsidiaries

Separate financial statements of the investor

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

Consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to December 31 each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss or the Life Assurance Fund (for the subsidiary, Swan Life Ltd) from the effective date of their acquisition or up to the effective date of their disposal.

Subsidiaries are all 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Investments in subsidiaries (cont'd)

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 at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

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 (if any) over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of profit or loss or Life Assurance Fund (for the subsidiary, Swan Life Ltd) as a bargain purchase gain in the year of acquisition.

The subsidiary, Swan Life Ltd, carries out long term insurance business activities only, its net results as well as those of its subsidiaries are accounted in the Life Assurance Fund. This fund belongs to the life policyholders and as such the assets and liabilities of the life business are disclosed separately in the consolidated financial statements, distinct from the assets and liabilities of the holding company.

The Company's share of profit in Swan Life Ltd is accounted for on a dividend paid basis. This method smoothes out the effect of the fluctuations in the results of the subsidiary following the valuation of the Life Assurance Fund by the Actuaries every year. The declaration of any surplus is done every three years. As from 2017, the surplus will be made on an annual basis.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Investments in subsidiaries (cont'd)

Disposal of subsidiaries

When the Group ceases to have control, 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 and liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the statement of profit or loss.

2.6 Investment in associates

Separate financial statements of the investor

In the separate financial statements of the investor, investments in associated companies are carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investments.

Consolidated financial statements

An associate is an entity over which the Group has significant influence but not control, or joint control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method except when classified as held-for-sale. Investments in associates are initially recognised at cost as adjusted by post acquisition changes in the Group's share of the net assets of the associate less any impairment in the value of individual investments.

Any excess of the cost of acquisition and the Group's share of net fair value of the associate's identifiable assets and liabilities recognised at the date of acquisition is recognised as goodwill, which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of identifiable assets and liabilities over the cost of acquisition, after assessment, is included as income in the determination of the Group's share of the associate's profit or loss.

When the Group's share of losses exceeds its interest in an associate, the Group discontinues recognising further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate.

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, appropriate adjustments are made to the financial statements of associates to bring the accounting policies used in line with those adopted by the Group.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to the statement of profit or loss or the Life Assurance Fund where appropriate.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Investment in joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venture has an interest. The Group recognises its interest in the joint venture using the equity method, whereby the investment in the joint venture is initially recorded at cost as adjusted by post acquisition changes in the Group's share of net asset of the joint venture less any impairment in the value of the individual investment.

2.8 Financial assets

(a) *Categories of financial assets*

The Group and the Company classify its financial assets into 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 financial assets were acquired. Management determines the classification of the financial assets at initial recognition and reassesses this at every reporting period.

(i) 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 are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group and the Company have 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.

(iii) Available-for-sale financial assets

Available for sale are non-derivative financial assets 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.

(b) *Recognition and measurement*

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets (cont'd)

(b) *Recognition and measurement (cont'd)*

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. 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 available-for-sale financial assets are recognised directly in other comprehensive income until the security is disposed of or found to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is included in the statement of profit or loss as gains and losses on financial assets. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in the profit or loss as gains and losses on financial assets. In the case of the subsidiary, Swan Life Ltd, the fair value adjustments are recognised in the Life Assurance Fund.

Level 1 - The fair values of quoted investments are based on current bid prices.

Level 2 - The fair values of financial instruments that are not traded in an active market are determined using valuation techniques. These valuation techniques maximise the use of observable data where it is available and rely as little as possible on entity specific estimates.

Level 3 - If the market for a financial asset is not active and for unlisted securities, the Group and the Company establish fair value by using valuation techniques as follows:

- Over the first two years following acquisition, an investment in such an asset is valued at the lower of cost price and any new issue price.
- Thereafter, fair value is estimated based on the lower of price earnings ratio and dividend yield methodologies.
- Where neither the price earnings ratio nor the dividend yield methodologies are applicable, the net asset value or the price to book value methodology is applied.

(c) *Impairment of financial assets*

(i) Financial assets classified as available-for-sale

The Group and the Company assess 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 equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in equity, is removed from equity and recognised in the statement of profit or loss. For the subsidiary, Swan Life Ltd, impairment loss is recognised in the Life Assurance Fund.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets (cont'd)

(c) *Impairment of financial assets (cont'd)*

(ii) Financial assets carried at amortised cost

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

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

2.9 Trade and other receivables

Trade and other 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 and the Company will not be able to collect all amounts due according to the original terms of receivables. The Group and the Company's policy is to make allowances for both specific and general provision for arrears greater than one year when the probability of recovery is remote. The amount of provision is recognised in the statement of profit or loss and the Life Assurance Fund for the subsidiary, Swan Life Ltd.

The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in profit or loss.

2.10 Trade and other payables

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

2.11 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 the statement of profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 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 and bank overdrafts.

2.13 Current and deferred income tax

The tax expense for the period comprises of current and deferred tax. Tax is recognised in the statement of 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 the 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 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 profit will be available against which deductible temporary differences can be utilised.

2.14 Life Assurance Fund

(i) Non-Linked Account

The surplus on the Life Assurance Fund - Non Linked account for the year is retained in the Life Assurance Fund. The adequacy of the Fund is determined by actuarial valuation every three years. As from 2017, a declaration of surplus will be made on an annual basis.

(ii) Linked Account

Earmarked assets in respect of segregated funds are assigned in the Life Assurance Fund - Linked account within the Life Assurance Fund.

2.15 Insurance Contracts

Insurance contracts are those contracts that transfer significant insurance risk at the inception of the contract. Insurance contracts are derecognised when all rights and obligations are extinguished or expire. Contracts that do not transfer significant insurance risk are investment contracts. The Group and the Company consider that all its short term are insurance products. The Group considers that its long term products are a mix of insurance and investment contracts.

Insurance risk is transferred when the Group and the Company agree to compensate a policyholder if a specified uncertain event adversely affects the policyholder.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Insurance Contracts (cont'd)

The Group and the Company transact in short-term insurance contracts which cover the following classes of business: risks of fire and allied perils, motor, health, engineering, marine, public liability, personal accident and miscellaneous. These contracts compensate the contract holders for damage or suffered goods, property and equipment lost or damaged, losses and expenses incurred, sickness and loss of earnings resulting from the occurrence of the insured events.

The subsidiary, Swan Life Ltd, transacts in long-term insurance contracts and investment contracts and insures events associated with human life (for example death or survival) over a long duration. Long term Insurance contracts (including reinsurance of long-term insurance business) are disclosed in the financial statements of the subsidiary.

2.16 Revenue Recognition - Premiums Earned

Revenue represents premiums receivable (net of reinsurances) adjusted for unearned premiums and life assurance premiums receivable (net of reinsurances) and consideration for annuities. Front-end fees charged at inception of a premium contract are included under revenue and recognised upon receipt.

Short term insurance premiums written reflect business incepted during the year. Unearned premiums are those proportions of the premiums written in a year that relate to periods of risk after the end of the reporting period. Unearned premiums are computed on a daily pro rata basis (365th method).

Premiums on long-term insurance contracts in the subsidiary, Swan Life Ltd, are recognised as income when they become payable by the contract holder. When policies lapse (due to non-receipt of premiums), which is two years for unit-linked business and three years for other contracts, the related unpaid premium income due from the day they are deemed to have lapsed is reversed against premiums in the Life Assurance Fund. For contracts over these periods, a surrender or paid up value is refunded to contract holders based on the terms of the contracts.

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

- Interest income - on a time-proportion basis using the effective interest method.
- Dividend income - when the shareholder's right to receive payment is established.
- Commission receivable - as it accrues in accordance with the substance of the relevant agreements.

2.17 Reinsurance Contracts

Contracts entered into by the Group and the Company with Reinsurers under which they are indemnified for losses are classified as reinsurance contracts held. Insurance contracts entered into and under which the contract holder is another insurer (inwards facultative reinsurance) are included with insurance contracts. The indemnity to which the Group and the Company is entitled under their reinsurance contracts held is recognised as reinsurance assets. These assets consist of short term balances due from both Insurers and Reinsurers (classified within Trade and other receivables) as well as long term receivables (classified within loans and receivables) that are dependent on the expected claims and indemnity arising under the related reinsured insurance contracts.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Reinsurance Contracts (cont'd)

Reinsurance contracts in respect of long term business are disclosed in the financial statements of the subsidiary, Swan Life Ltd.

Short term insurance

Reinsurance covers of the Company are of two types: proportional and non-proportional. In the case of a proportional treaty, the premiums and claims are divided in agreed proportions between the Company and the Reinsurer. Proportional reinsurance is of two forms: quota share (which states the proportion of each risk to be reinsured) or surplus (which allows the Company more flexibility to retain, within specified limits a part of the risk). Under excess-of-loss treaty, which is the non-proportional form of reinsurance used by the Company, in consideration for a premium, the reinsurer undertakes to pay all claims in excess of a specified amount (retention), usually up to a maximum amount. The Company uses two methods of reinsurance: facultative and treaty. With the facultative method, each risk to be reinsured is offered to the Reinsurer which accepts or rejects it individually. Under the treaty method, all risks written by the Company that fall within the terms and limits of the treaty will be reinsured by the Reinsurer automatically.

Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

Excess-of-loss reinsurance assets are assessed for impairment on a regular basis. If there is objective evidence that the assets are impaired, the carrying amount of the reinsurance assets is reduced to its recoverable amount and impairment is recognised in the profit or loss. By virtue of their nature, risks of impairment for treaty reinsurance assets are remote.

2.18 Short term insurance

(i) Unearned premiums

The provision for unearned premiums represents the proportion of written premiums relating to periods of insurance risks subsequent to the end of the reporting period calculated on a daily pro-rata basis (365th method).

The change in this provision is taken to the profit or loss.

(ii) Claims expenses and Outstanding claims provisions

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

Outstanding claims provisions are made up of:

- (a) provisions for claims incurred but not reported (IBNR) and
- (b) the net estimated costs of claims admitted or intimated but not yet settled at the end of reporting period.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Short term insurance (cont'd)

(ii) Claims expenses and Outstanding claims provisions (cont'd)

Some delays may occasionally be experienced in the notification and settlement of certain types of claims, particularly in respect of liability business, the ultimate cost of which cannot be known with certainty at the end of the reporting period. The Company does not discount its liabilities for unpaid claims. Any estimate represents a determination within a range of possible outcomes. Outstanding claims provisions are valued excluding allowances for expected future recoveries. Recoveries are accounted for, on an accrual basis based on experts' estimates and include non-insurance assets that have been acquired by exercising the rights to sell (usually damaged) motor vehicles to settle a claim (salvage)/obtain a refund from third parties for some or all costs (subrogation) under the terms of the insurance contracts. Salvage of motor vehicles is accounted for on an accrual basis.

(iii) Liability adequacy test

At each end of reporting period, the Group and the Company review its contract liabilities and carry out a liability adequacy test for any overall excess of expected claims using current estimates of future contractual cashflows after taking account of the investment return expected on assets relating to the relevant short term business provisions. Any deficiency is immediately recognised to the statement of profit or loss by establishing a provision for losses arising from liability adequacy test (the unexpired risk provision).

2.19 Retirement benefit obligations

(i) Defined Benefit Plan

The Group and the Company contribute to a defined benefit plan, the assets of which are held independently and administered by Swan Life Ltd.

- The Group and the Company contribute to a pension plan in respect of some employees who have a No Worse Off Guarantee (NWOG) that their benefits would not be worse than what they would have earned under a previous defined benefit plan.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Retirement benefit obligations (cont'd)

(i) Defined Benefit Plan (cont'd)

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

Service costs comprising current service cost, past service cost, as well as gains and losses on curtailments and settlements are recognised immediately in the profit or loss or the Life Assurance Fund (for the subsidiary, Swan Life Ltd).

(ii) Defined Contribution Plan

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

The Group and the Company operate a defined contribution retirement benefit plan for all qualifying employees (new entrants and their dependents). Payments to deferred contribution retirement plans are charged as an expense as they fall due.

(iii) The Subsidiary company

The Subsidiary company, Swan Life Ltd, has a retirement pension fund for its employees which is internally managed. The assets, which are not legally separate, are included in the investment in financial assets of the subsidiary company.

(iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Company recognise termination benefits when it is demonstrably committed to either; terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the end of the reporting period are discounted to present value.

2.20. Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using Mauritian rupees, the currency of the primary economic environment in which the entities operate ("functional currency"). The consolidated financial statements are presented in Mauritian rupees, which is the Group's and the Company's functional and presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20. Foreign currencies (cont'd)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss or the Life Assurance Fund (for the subsidiary, Swan Life Ltd). Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

Translation differences on non-monetary items such as financial assets classified as available-for-sale financial assets are included in the fair value reserve in equity or Life Assurance Fund (for the subsidiary, Swan Life Ltd).

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from that of the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities are translated at the end of the reporting period rate;
- (b) income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (c) the resulting exchange differences are recognised in the statement of other comprehensive income.

In the event of disposal of any of the above Group entities, such translation differences are recognised in the statement of profit or loss as part of the gain or loss on sale.

2.21. Leases and rentals

- (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 the profit or loss on a straight-line basis over the period of the lease.
- (b) *Accounting for leases - where the Company 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 the profit or loss unless they are attributable to qualifying assets in which case, they are capitalised in accordance with the policy on borrowing costs.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21. Leases and rentals (cont'd)

(c) *Accounting for leases - where Company is the lessor*

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

2.22 Provisions

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events and it is probable that an outflow of economic resources that can be reasonably estimated will be required to settle the obligation.

2.23 Dividend distribution

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

The Group and the Company issue contracts that transfer insurance or financial risk or both. This section summarises the main risks linked to short-term insurance business and the way they are managed.

Insurance risk factors associated with long-term insurance business and management thereof are detailed in the financial statements of the subsidiary, Swan Life Ltd. A description of the significant risk factors is given below together with the risk management policies applicable.

3.1 Insurance risk

Short term insurance

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

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and indemnity payments exceed the carrying amount of the insurance liabilities.

The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

(a) Insurance contracts

(i) Frequency and severity of claims

The frequency and severity of claims can be affected by several factors, the most significant resulting from severe weather events like cyclones, flooding, fire and allied perils and their consequences and liability claims awarded by the Court. Inflation is another factor that may affect claims payments.

Underwriting measures are in place to enforce appropriate risk selection criteria. For example, the Company has the right to review terms and conditions on renewal or not to renew an insurance contract.

The reinsurance arrangements for proportional and non-proportional treaties are such that the Company is adequately protected and would only suffer predetermined amounts.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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

3.1 Insurance risk (cont'd)

(a) Insurance contracts (cont'd)

(ii) Concentration of insurance risk

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

THE GROUP

Class of Business	Outstanding claims					
	2017			2016		
	No of Claims	Gross	Net	No of Claims	Gross	Net
		Rs'000	Rs'000		Rs'000	Rs'000
Fire & Allied Perils	502	55,893	19,806	375	40,507	15,037
Motor	4,497	200,702	173,803	3,857	192,717	166,343
Health	5,121	119,917	69,725	4,444	101,275	53,877
Others	1,362	450,199	85,001	1,232	322,407	83,793
	11,482	826,711	348,335	9,908	656,906	319,050
IBNR		94,956	55,941		117,478	59,069
		921,667	404,276		774,384	378,119

THE COMPANY

Class of Business	Outstanding claims					
	2017			2016		
	No of Claims	Gross	Net	No of Claims	Gross	Net
		Rs'000	Rs'000		Rs'000	Rs'000
Fire & Allied Perils	502	55,893	19,806	375	40,507	15,037
Motor	4,497	200,702	173,803	3,857	192,717	166,343
Health	5,121	119,917	69,725	4,444	101,275	53,877
Others	1,336	442,039	85,001	1,217	322,325	83,793
	11,456	818,551	348,335	9,893	656,824	319,050
IBNR		84,279	55,941		112,796	59,069
		902,830	404,276		769,620	378,119

The Group and the Company manage insurance 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 class of business.

(iii) Sources of uncertainty in the estimation of future claim payments

Claims are payable on a claims-occurrence basis. The Group and the Company are 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, liability claims are settled over a long period of time and a larger element of the claims provision relates to incurred but not reported claims (IBNR). There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures adopted. The compensation paid on these contracts is the monetary awards granted for bodily injury by employees (for employer liability covers) or members of the public (for public liability covers). Such awards are lump-sum payments that are calculated as the present value of the lost earnings and rehabilitation expenses that the injured party will incur as a result of the accident.

Claims can be either long tail or short tail. Short tail claims are settled within a short time and the Group's/Company's estimation processes reflect with a higher degree of certainty all the factors that influence the amount and timing of cash flows about the estimated costs of claims. However, for long tail claims (e.g. bodily injury), the estimation process is more uncertain and depends largely on external factors such as Court awards for example.

The Group and the Company take all reasonable steps to ensure that they have appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprises a provision for IBNR and a provision for reported claims not yet paid at the reporting date. The Group and the Company has ensured that liabilities on the statement of financial position at the reporting date for existing claims whether reported or not are adequate.

YEAR ENDED DECEMBER 31, 2017

3.1 Insurance risk (cont'd)

THE GROUP

GROSS

[illegible]

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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

3.1 Insurance risks (cont'd)

(iv) Claims development table (cont'd)

THE GROUP (CONT'D)

NET

Estimate of ultimate claim costs:

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- At end of claim year	54,525	54,974	65,827	59,647	80,794	115,554	108,798	166,163	178,385	195,609	1,080,276
- one year later	13,456	28,502	26,573	24,362	31,269	35,474	29,087	48,185	39,527	-	276,435
- two years later	22,334	26,855	19,335	23,212	17,497	20,914	20,154	31,328	-	-	181,629
- three years later	20,589	26,337	18,085	17,337	9,624	14,617	19,323	-	-	-	125,912
- four years later	22,055	18,806	7,509	14,072	9,864	13,801	-	-	-	-	86,107
- five years later	21,395	7,637	4,929	10,063	10,083	-	-	-	-	-	54,107
- six years later	6,569	5,364	4,581	11,077	-	-	-	-	-	-	27,591
- seven years later	4,996	3,066	3,916	-	-	-	-	-	-	-	11,978
- eight years later	2,239	2,212	-	-	-	-	-	-	-	-	4,451
- nine years later	1,919	-	-	-	-	-	-	-	-	-	1,919

Current estimate of

cumulative claims

Less Cumulative

payments to date

Liability recognised

in the statements of

financial position

Liability in respect of

prior years

204,880	202,728	237,054	269,745	313,165	470,021	484,482	619,375	879,561	1,002,621	4,683,632
202,961	200,517	233,138	258,667	303,082	456,220	465,159	588,047	840,033	807,012	4,354,836
1,919	2,211	3,916	11,078	10,083	13,801	19,323	31,328	39,528	195,609	328,796

19,539

348,335

55,941

IBNR

Net liability at year end

(notes 23/31(a))

404,276

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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

3.1 Insurance risks (cont'd)

(iv) Claims development table (cont'd)

THE COMPANY (CONT'D)

NET

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Estimate of ultimate claim costs:											
- At end of claim year	54,525	54,974	65,827	59,647	80,794	115,554	108,798	166,163	178,385	195,610	1,080,277
- one year later	13,456	28,502	26,573	24,362	31,269	35,474	29,087	48,185	39,527	-	276,435
- two years later	22,334	26,855	19,335	23,212	17,497	20,914	20,154	31,328	-	-	181,629
- three years later	20,589	26,337	18,085	17,337	9,624	14,617	19,323	-	-	-	125,912
- four years later	22,055	18,806	7,509	14,072	9,864	13,801	-	-	-	-	86,107
- five years later	21,395	7,637	4,929	10,063	10,083	-	-	-	-	-	54,107
- six years later	6,569	5,364	4,581	11,077	-	-	-	-	-	-	27,591
- seven years later	4,996	3,066	3,916	-	-	-	-	-	-	-	11,978
- eight years later	2,239	2,212	-	-	-	-	-	-	-	-	4,451
- nine years later	1,919	-	-	-	-	-	-	-	-	-	1,919
Current estimate of cumulative claims	204,880	202,728	237,054	269,745	313,165	470,021	484,482	619,375	879,561	1,002,621	4,683,632
Less Cumulative payments to date	202,961	200,517	233,138	258,667	303,082	456,220	465,159	588,047	840,033	807,011	4,354,835
Liability recognised in the statements of financial position	1,919	2,211	3,916	11,078	10,083	13,801	19,323	31,328	39,528	195,610	328,797
Liability in respect of prior years											19,538
											348,335
IBNR											55,941
Net liability at year end (notes 23/31(a))											404,276

(v) The Company has in place adequate reinsurance set up to cover for losses on these contracts.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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

3.2 Financial risk

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

The most important components of this financial risk are:

- Market risk (which includes currency risk, interest rate risk and equity price risk)
- Credit risk;
- Liquidity risk;
- Capital management; and
- Fair value estimation.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements.

The Group's and the Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and control, and to monitor the risks and adherence to limits by means of reliable and up-to-date administrative and information systems.

The Group and the Company regularly review its risk management policies and systems to reflect changes in markets, products and emerging best practice. The Board recognises the critical importance of having efficient and effective risk management policies and systems in place. To this end, there is a clear organisational structure with delegated authorities and responsibilities from the Board to Board Committees, executives and senior management. Individual responsibility and accountability are designed to deliver a disciplined, conservative and constructive culture of risk management and control.

3.2.1 Market risk

Market risk is the risk of adverse financial impact due to changes in fair values or future cashflows of financial instruments from fluctuation in foreign currency exchange rates, interest rates and equity prices.

The Group and the Company have established policies which set out the principles that they expect to adopt in respect of management of the key market risks to which they are exposed. The Group monitors adherence to this market risk policy through the Group Investment Committee. The Group Investment Committee is responsible for managing market risk at Group and Company levels.

The financial impact from market risk is monitored at board level through investment reports which examine the impact of changes in market risk on investment returns and asset values. The Group's and the Company's market risk policy sets out the principles for matching liabilities with appropriate assets, the approaches to be taken when liabilities cannot be matched and the monitoring processes that are required.

(i) Currency risk

The Group and the Company purchase reinsurance contracts internationally, thereby being exposed to foreign currency fluctuations. The Group's primary exposures are with respect to the Euro, US Dollar and UK pound sterling.

The Group and the Company have a number of investments in foreign currencies which are exposed to currency risk. The Investment Committee closely monitors currency risk exposures against pre-determined limits. Exposure to foreign currency exchange risk is not hedged.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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

3.2.1 Market risk (cont'd)

(i) Currency risk (cont'd)

The financial assets and financial liabilities by currency are detailed below:

THE GROUP

At December 31, 2017	Equivalent in Rs'000					Total
	Rs'000	GBP	USD	Euro	Others	
Assets:						
- Investment in financial assets:						
· Held-to-Maturity	299,342	-	-	-	-	299,342
· Available-for-sale	758,317	-	728,642	78,263	28,228	1,593,450
- Loans and receivables	130,742	-	-	-	31,267	162,009
- Non-current receivable	-	-	-	-	60,832	60,832
- Trade and other receivables	3,103,963	590	128,048	30,172	9,000	3,271,773
- Cash and cash equivalents	150,741	2	53,168	3,383	16,728	224,022
	4,443,105	592	909,858	111,818	146,055	5,611,428

Liabilities:

- Technical Provisions:						
· Gross unearned premiums	1,126,581	-	26,060	8,052	11	1,160,704
· Outstanding claims and IBNR	921,510	-	-	-	157	921,667
- Borrowings	125,030	-	-	-	36,742	161,772
- Trade and other payables	167,470	374	61,856	11,358	22,723	263,781
	2,340,591	374	87,916	19,410	59,633	2,507,924

At December 31, 2016	Equivalent in Rs'000					Total
	Rs'000	GBP	USD	Euro	Others	
Assets:						
- Investment in financial assets:						
· Held-to-Maturity	207,206	-	-	-	-	207,206
· Available-for-sale	692,918	-	665,550	42,810	24,641	1,425,919
- Loans and receivables	140,389	-	-	-	39,383	179,772
- Trade and other receivables	2,729,769	412	77,946	13,676	4,168	2,825,971
- Cash and cash equivalents	77,103	7	40,857	10,210	10,219	138,396
	3,847,385	419	784,353	66,696	78,411	4,777,264

Liabilities:

- Technical Provisions:						
· Gross unearned premiums	1,007,965	-	28,877	2,686	113	1,039,641
· Outstanding claims and IBNR	774,384	-	-	-	-	774,384
- Borrowings	261	-	-	-	41,674	41,935
- Trade and other payables	121,858	387	39,969	12,560	16,299	191,073
	1,904,468	387	68,846	15,246	58,086	2,047,033

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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

3.2.1 Market risk (cont'd)

(i) Currency risk (cont'd)

THE COMPANY

At December 31, 2017

Assets:

- Investment in financial assets:
 - Held-to-Maturity
 - Available-for-sale
- Loans and receivables
- Non-current receivables
- Trade and other receivables
- Cash and cash equivalents

Rs'000	Equivalent in Rs'000				Total
	GBP	USD	Euro	Others	
274,261	-	-	-	-	274,261
665,929	-	629,036	77,709	269	1,372,943
130,742	-	-	-	-	130,742
59,950	-	-	-	-	59,950
2,116,928	590	34,884	23,566	-	2,175,968
135,467	2	25,264	1,109	-	161,842
3,383,277	592	689,184	102,384	269	4,175,706

Liabilities:

- Technical Provisions:
 - Gross unearned premiums
 - Outstanding claims and IBNR
- Borrowings
- Trade and other payables

1,118,584	-	-	-	-	1,118,584
902,830	-	-	-	-	902,830
125,030	-	-	-	-	125,030
148,445	374	13,294	7,165	4,100	173,378
2,294,889	374	13,294	7,165	4,100	2,319,822

At December 31, 2016

Assets:

- Investment in financial assets:
 - Held-to-Maturity
 - Available-for-sale
- Loans and receivables
- Trade and other receivables
- Cash and cash equivalents

Rs'000	Equivalent in Rs'000				Total
	GBP	USD	Euro	Others	
187,723	-	-	-	-	187,723
618,599	-	576,869	42,330	360	1,238,158
140,389	-	-	-	-	140,389
1,829,989	412	25,125	9,588	-	1,865,114
55,950	7	9,731	4,292	-	69,980
2,832,650	419	611,725	56,210	360	3,501,364

Liabilities:

- Technical Provisions:
 - Gross unearned premiums
 - Outstanding claims and IBNR
- Borrowings
- Trade and other payables

1,004,888	-	-	-	-	1,004,888
769,620	-	-	-	-	769,620
261	-	-	-	-	261
89,867	387	23,153	9,391	3,878	126,676
1,864,636	387	23,153	9,391	3,878	1,901,445

Note: The currency breakdown for Life Business Assets and Life Assurance Fund are detailed in the financial statements of the subsidiary, Swan Life Ltd.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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

3.2.1 Market risk (cont'd)

(i) Currency risk (cont'd)

Sensitivity

If the rupee had weakened/strengthened against the following currencies with all variables remaining constant, the impact on the results for the year would have been as shown below mainly as a result of foreign exchange gains/losses.

THE GROUP

	GBP		USD		EURO	
	+5%	-5%	+5%	-5%	+5%	-5%
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Impact on Results:						
At December 31, 2017						
- Investment in financial assets	-	-	36,432	(36,432)	3,913	(3,913)
- Cash and cash equivalents	-	-	2,658	(2,658)	169	(169)
- Trade and other receivables	30	(30)	6,402	(6,402)	1,509	(1,509)
- Trade and other payables	(19)	19	(3,093)	3,093	(568)	568
- Gross unearned premiums	-	-	(1,303)	1,303	(403)	403
At December 31, 2016						
- Investment in financial assets	-	-	33,278	(33,278)	2,141	(2,141)
- Cash and cash equivalents	-	-	2,043	(2,043)	511	(511)
- Trade and other receivables	21	(21)	3,897	(3,897)	684	(684)
- Trade and other payables	(19)	19	(1,998)	1,998	(628)	628
- Gross unearned premiums	-	-	(1,444)	1,444	(134)	134

THE COMPANY

	GBP		USD		EURO	
	+5%	-5%	+5%	-5%	+5%	-5%
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Impact on Results:						
At December 31, 2017						
- Investment in financial assets	-	-	31,452	(31,452)	3,885	(3,885)
- Cash and cash equivalents	-	-	1,263	(1,263)	55	(55)
- Trade and other receivables	30	(30)	1,744	(1,744)	1,178	(1,178)
- Trade and other payables	(19)	19	(665)	665	(358)	358
At December 31, 2016						
- Investment in financial assets	-	-	28,843	(28,843)	2,117	(2,117)
- Cash and cash equivalents	-	-	487	(487)	215	(215)
- Trade and other receivables	21	(21)	1,256	(1,256)	479	(479)
- Trade and other payables	(19)	19	(1,158)	1,158	(470)	470

The sensitivity in respect of Life Business Assets is detailed in the financial statements of the subsidiary, Swan Life Ltd.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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

3.2.1 Market risk (cont'd)

(ii) Interest rate risk

Interest rate risk arises from the Group's investments in long term debt securities and 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 the Investment Committee through a close matching of assets and liabilities. The impact of exposure to sustained low interest rates is also regularly monitored.

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 results had interest rates varied by plus or minus 1% would have been as follows:

THE GROUP

	Impact on results	
	+1%	-1%
	Rs'000	Rs'000
At December 31, 2017		
- Held-to-maturity investments	217	(217)
- Loans and receivables	76	(76)
- Cash and cash equivalents	20	(20)
- Finance lease asset	126	(126)
At December 31, 2016		
- Held-to-maturity investments	206	(206)
- Loans and receivables	84	(84)
- Cash and cash equivalents	17	(17)
- Finance lease asset	163	(163)

THE COMPANY

	Impact on results	
	+1%	-1%
	Rs'000	Rs'000
At December 31, 2017		
- Held-to-maturity investments	208	(208)
- Loans and receivables	76	(76)
- Cash and cash equivalents	4	(4)
At December 31, 2016		
- Held-to-maturity investments	197	(197)
- Loans and receivables	84	(84)
- Cash and cash equivalents	5	(5)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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

3.2.1 Market risk (cont'd)

(iii) 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.

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

THE GROUP

At December 31, 2017

- Available-for-sale financial assets

At December 31, 2016

- Available-for-sale financial assets

Impact on Shareholders' equity	
+10%	-10%
Rs'm	Rs'm
159	(159)
Rs'm	Rs'm
143	(143)

THE COMPANY

At December 31, 2017

- Available-for-sale financial assets

At December 31, 2016

- Available-for-sale financial assets

Impact on Shareholders' equity	
+10%	-10%
Rs'm	Rs'm
137	(137)
Rs'm	Rs'm
124	(124)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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

3.2.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instruments fails to meet all or part of their obligations. The Group's credit risk is primarily attributable to :

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

The amounts presented in the statements of financial position are net of allowances for estimated irrecoverable amount receivables, based on management's 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 has policies in place to ensure that sales of services are made to clients, agents, and brokers with sound credit history.

The Group has defined policies and procedures in respect of overdue balances for monitoring and follow up on timely basis.

Reinsurance credit exposures

The Group is however exposed to concentrations of risks with respect to 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 their reinsurers in respect of share of insurance liabilities and refunds in respect of claims already paid.

The Group manages its reinsurance counterparty exposures and the reinsurance department has a monitoring role over this risk. The Group's largest reinsurance counterparty is Swiss Re.

This exposure is monitored on a regular basis for any shortfall in the claims history to verify that the contract is progressing as expected and that no further exposure for the Group will arise.

Management also monitors the financial strength of reinsurers and there are policies in place to ensure that risks are ceded to top-rated and credit worthy reinsurers only.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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

3.2.2 Credit risk (cont'd)

Reinsurance credit exposures (cont'd)

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

THE GROUP

	Neither past due nor impaired	Past due but not impaired				Impaired and impairment charge	Carrying amount at year end
	Rs'000	1m - 3m Rs'000	3m - 6m Rs'000	6m - 1yr Rs'000	> 1 yr Rs'000	Rs'000	Rs'000
2017							
- Non-current receivables	60,832	-	-	-	-	-	60,832
- Loans and receivables	162,009	-	-	-	-	-	162,009
- Trade and other receivables							
Insurance receivables	280,609	288,865	304,468	172,966	103	31,676	1,078,687
Reinsurance Assets	1,011,297	-	-	-	12,508	19,761	1,043,566
Other receivables	188,524	749	98	7,313	-	-	196,684
	1,480,430	289,614	304,566	180,279	12,611	51,437	2,318,937
2016							
- Loans and receivables	179,772	-	-	-	-	-	179,772
- Trade and other receivables							
Insurance receivables	259,627	194,616	255,938	121,764	12,017	25,794	869,756
Reinsurance Assets	811,329	34,751	-	-	28,722	17,761	892,563
Other receivables	176,519	-	-	-	-	-	176,519
	1,247,475	229,367	255,938	121,764	40,739	43,555	1,938,838

THE COMPANY

	Neither past due nor impaired	Past due but not impaired				Impaired and impairment charge	Carrying amount at year end
	Rs'000	1m - 3m Rs'000	3m - 6m Rs'000	6m - 1yr Rs'000	> 1 yr Rs'000	Rs'000	Rs'000
2017							
- Non-current receivables	59,950	-	-	-	-	-	59,950
- Loans and receivables	130,742	-	-	-	-	-	130,742
- Trade and other receivables							
Insurance receivables	280,641	231,078	302,598	171,062	-	31,676	1,017,055
Reinsurance Assets	950,340	-	-	-	12,508	19,761	982,609
Other receivables	195,555	-	-	-	-	-	195,555
	1,426,536	231,078	302,598	171,062	12,508	51,437	2,195,219
2016							
- Loans and receivables	140,389	-	-	-	-	-	140,389
- Trade and other receivables							
Insurance receivables	242,067	193,976	254,718	121,764	12,017	25,794	850,336
Reinsurance Assets	806,595	-	-	-	28,690	17,761	853,046
Other receivables	168,391	-	-	-	-	-	168,391
	1,217,053	193,976	254,718	121,764	40,707	43,555	1,871,773

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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

3.2.3 Liquidity risk

The Group and the Company have strong liquidity positions and liquidity risk is considered to be low. Through the application of the liquidity management policy, the Group and the Company seek to maintain sufficient financial resources to meet its obligations as they fall due.

The financial liabilities which include Gross Unearned Premiums, Outstanding claims and IBNR and Trade and other payables have all maturity within one year.

THE GROUP

Maturities of financial assets and liabilities:

At December 31, 2017

Assets

- Investments in financial assets
- Loans and receivable
- Non-current receivable
- Trade and other receivables
- Cash and cash equivalents

< 1 year	1 to 5 years	> 5 years	Total
Rs'000	Rs'000	Rs'000	Rs'000
1,405,034	316,128	171,630	1,892,792
13,450	96,201	52,358	162,009
-	60,832	-	60,832
3,271,773	-	-	3,271,773
224,022	-	-	224,022
4,914,279	473,161	223,988	5,611,428

Liabilities

- Technical Provisions:
 - Gross unearned premiums
 - Outstanding claims and IBNR
- Borrowings
- Trade and other payables

1,160,704	-	-	1,160,704
921,667	-	-	921,667
142,305	19,467	-	161,772
263,781	-	-	263,781
2,488,457	19,467	-	2,507,924

At December 31, 2016

Assets

- Investments in financial assets
- Loans and receivable
- Trade and other receivables
- Cash and cash equivalents

< 1 year	1 to 5 years	> 5 years	Total
Rs'000	Rs'000	Rs'000	Rs'000
1,406,466	131,125	95,534	1,633,125
14,443	43,093	122,236	179,772
2,825,971	-	-	2,825,971
138,396	-	-	138,396
4,385,276	174,218	217,770	4,777,264

Liabilities

- Technical Provisions:
 - Gross unearned premiums
 - Outstanding claims and IBNR
- Borrowings
- Trade and other payables

1,039,641	-	-	1,039,641
774,384	-	-	774,384
14,011	27,924	-	41,935
191,073	-	-	191,073
2,019,109	27,924	-	2,047,033

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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

3.2.3 Liquidity risk (cont'd)

THE COMPANY

Maturities of financial assets and liabilities:

At December 31, 2017

Assets

- Investments in financial assets
- Loans and receivable
- Non-current receivable
- Trade and other receivables
- Cash and cash equivalents

< 1 year	1 to 5 years	> 5 years	Total
Rs'000	Rs'000	Rs'000	Rs'000
1,389,603	85,971	171,630	1,647,204
4,611	73,743	52,388	130,742
-	59,950	-	59,950
2,175,968	-	-	2,175,968
161,842	-	-	161,842
3,732,024	219,664	224,018	4,175,706

Liabilities

- Technical Provisions:
 - Gross unearned premiums
 - Outstanding claims and IBNR
- Borrowings
- Trade and other payables

1,118,584	-	-	1,118,584
902,830	-	-	902,830
125,030	-	-	125,030
173,378	-	-	173,378
2,319,822	-	-	2,319,822

Assets

- Investments in financial assets
- Loans and receivable
- Trade and other receivables
- Cash and cash equivalents

1,238,109	92,238	95,534	1,425,881
4,725	13,428	122,236	140,389
1,865,114	-	-	1,865,114
69,980	-	-	69,980
3,177,928	105,666	217,770	3,501,364

Liabilities

- Technical Provisions:
 - Gross unearned premiums
 - Outstanding claims and IBNR
- Borrowings
- Trade and other payables

1,004,888	-	-	1,004,888
769,620	-	-	769,620
105	156	-	261
126,676	-	-	126,676
1,901,289	156	-	1,901,445

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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

3.2.4 Capital Risks Management

The main objectives of the Company when managing capital are:

- to ensure that the Minimum Capital Requirement ratio of 150% (with a minimum of Rs.25m) as required by the Insurance Act 2005 be maintained at all times.

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

- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- 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.

The Company is also subject to a solvency requirement under the Insurance Act 2005 and Insurance Rules 2007 and is required to maintain its solvency at 100% of the minimum capital required at all times.

The Company's capital requirement ratio and solvency margin are above the requirement of the Insurance Act 2005 and proper internal controls are in place to ensure that they remain so.

Capital management for long term insurance is detailed in the financial statements of the subsidiary, Swan Life Ltd.

The debt-to-adjusted capital ratios at December 31, 2017 and December 31, 2016 were as follows:

THE GROUP

Total debt (note 19)
Less: cash and cash equivalents (note 30(b))
Net debt

Total equity
Debt-to-adjusted capital ratio

2017	2016
Rs'000	Rs'000
161,772	41,935
(224,022)	(138,396)
(62,250)	(96,461)
3,025,388	2,693,257
N/A	N/A

THE COMPANY

Total debt (note 19)
Less: cash and cash equivalents (note 30(b))
Net debt

Total equity
Debt-to-adjusted capital ratio

2017	2016
Rs'000	Rs'000
125,030	261
(161,842)	(69,980)
(36,812)	(69,719)
2,245,369	2,014,109
N/A	N/A

3.2.5 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. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group and the Company use a variety of methods and make assumptions that are based on market conditions existing at each end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

Estimates and assumptions regarding long-term insurance business are detailed in the financial statements of the subsidiary, Swan Life Ltd.

4.1 Insurance contracts

The uncertainty inherent in the financial statements of the Company arises principally in respect of the technical provisions. The technical provisions of the Company include provision for unearned premiums and outstanding claims (including IBNR).

(i) Estimates of future claims payments

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

The Company employs a variety of techniques and a number of different bases to determine appropriate provisions. These include:

- terms and conditions of the insurance contracts;
- knowledge of events;
- court judgement;
- economic conditions;
- previously settled claims;
- triangulation claim development analysis;
- estimates based upon a projection of claims numbers and average cost; and
- expected loss ratios.

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

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

(ii) Sensitivity

The reasonableness of the estimation process is tested by an analysis of sensitivity around several different scenarios and the best estimate is used.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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

4.1 Insurance contracts (cont'd)

(iii) Uncertainties and judgement

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

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

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

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

4.2 Reinsurance

The Group and the Company are exposed to disputes on, and defects in, contract wordings and the possibility of default by its reinsurers. The Group monitors the financial strength of its Reinsurers. Allowance is made in the financial statements for non recoverability due to reinsurers default as required.

4.3 Held-to-maturity investments

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

If the Group and the Company fail 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.

4.4 Impairment of available-for-sale financial assets

The Group and the Company follow the guidance of IAS 39 on determining when a financial asset 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 a financial asset 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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

4.5 Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 2.3(i).

The cash generating units of the Group are determined by the business operation and the geographical location/country of the business operations.

4.6 Impairment of other assets

At the end of each reporting period, management reviews and assesses the carrying amounts of the other assets and where relevant write them down to their recoverable amounts based on best estimates.

4.7 Pension obligations

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

The Group determines the appropriate discount rate at the end of the year. This is the interest rate that should be used to determine the present value of estimated future cash flows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group and the Company consider the interest rate of high quality corporate bond will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions.

Additional information is disclosed in Note 20.

The Group and the Company contribute to a defined benefit plan, the assets of which are held independently and administered by Swan Life Ltd.

4.8 Limitations of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the 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 view of possible near-term market changes that cannot be predicted with any certainty.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

5. PROPERTY AND EQUIPMENT

	Note	Buildings	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
THE GROUP		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST						
At January 1, 2016		86,475	14,844	57,343	98,329	256,991
Additions		-	-	319	9,415	9,734
Exchange difference		-	-	134	-	134
Disposals		-	-	(83)	(21)	(104)
Effect on derecognition of subsidiaries		-	(565)	(14,150)	-	(14,715)
At December 31, 2016		86,475	14,279	43,563	107,723	252,040
Effect on acquisition of subsidiary	29	-	-	-	121	121
Additions		-	2,788	-	6,204	8,992
Exchange difference		-	-	(224)	-	(224)
Disposals		-	-	-	(37)	(37)
Write off		-	-	(55)	-	(55)
At December 31, 2017		86,475	17,067	43,284	114,011	260,837
DEPRECIATION						
At January 1, 2016		24,198	11,609	43,740	79,848	159,395
Reclassification		-	(2,178)	2,178	-	-
Charge for the year		1,730	897	2,052	8,382	13,061
Disposal adjustment		-	-	(83)	(21)	(104)
Write off		-	(565)	(14,150)	-	(14,715)
At December 31, 2016		25,928	9,763	33,737	88,209	157,637
Effect on acquisition of subsidiary	29	-	-	-	32	32
Charge for the year		1,730	1,099	1,929	7,343	12,101
Exchange difference		-	-	260	-	260
Disposal adjustment		-	-	-	(37)	(37)
Write off		-	-	(55)	-	(55)
At December 31, 2017		27,658	10,862	35,871	95,547	169,938
NET BOOK VALUE						
At December 31, 2017		58,817	6,205	7,413	18,464	90,899
At December 31, 2016		60,547	4,516	9,826	19,514	94,403

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

5. PROPERTY AND EQUIPMENT (CONT'D)

THE COMPANY

COST

	Buildings	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1, 2016	86,475	14,844	51,823	97,913	251,055
Additions	-	-	319	9,415	9,734
Disposals	-	-	(83)	(21)	(104)
Write off	-	(565)	(14,150)	-	(14,715)
At December 31, 2016	86,475	14,279	37,909	107,307	245,970
Additions	-	2,788	-	6,079	8,867
Disposals	-	-	-	(37)	(37)
Write off	-	-	(55)	-	(55)
At December 31, 2017	86,475	17,067	37,854	113,349	254,745

DEPRECIATION

At January 1, 2016	24,198	11,610	39,692	79,536	155,036
Reclassification	-	(2,178)	2,178	-	-
Charge for the year	1,730	897	1,689	8,324	12,640
Disposal adjustment	-	-	(83)	(21)	(104)
Write off	-	(565)	(14,150)	-	(14,715)
At December 31, 2016	25,928	9,764	29,326	87,839	152,857
Charge for the year	1,730	1,099	1,660	7,233	11,722
Disposal adjustment	-	-	-	(37)	(37)
Write off	-	-	(55)	-	(55)
At December 31, 2017	27,658	10,863	30,931	95,035	164,487

NET BOOK VALUE

At December 31, 2017	58,817	6,204	6,923	18,314	90,258
At December 31, 2016	60,547	4,515	8,583	19,468	93,113

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

5. PROPERTY AND EQUIPMENT (CONT'D)

Leased assets included above comprise of motor vehicles:

Cost - capitalised finance leases
Accumulated depreciation
Net book value

THE GROUP AND THE COMPANY	
2017	2016
Rs'000	Rs'000
-	707
-	(707)
-	-

6. INTANGIBLE ASSETS

THE GROUP

COST

	Goodwill & other intangibles Rs'000	Computer Software Rs'000	Development & other costs Rs'000	Total Rs'000
At January 1, 2016	48,067	24,933	14,990	87,990
Additions	-	4,092	-	4,092
Exchange difference	-	(2)	-	(2)
Write off	-	(9,387)	-	(9,387)
At December 31, 2016	48,067	19,636	14,990	82,693
Additions	2,485	3,287	-	5,772
At December 31, 2017	50,552	22,923	14,990	88,465

AMORTISATION/ IMPAIRMENT

At January 1, 2016	22,570	20,359	14,990	57,919
Charge for the year	2,527	3,999	-	6,526
Exchange difference	-	(1)	-	(1)
Write off	-	(9,387)	-	(9,387)
At December 31, 2016	25,097	14,970	14,990	55,057
Charge for the year	4,693	4,368	-	9,061
Exchange difference	-	(7)	-	(7)
Impairment loss (note (a))	6,000	-	-	6,000
At December 31, 2017	35,790	19,331	14,990	70,111

NET BOOK VALUE

At December 31, 2017	14,762	3,592	-	18,354
At December 31, 2016	22,970	4,666	-	27,636

- (a) During the year, the Group impaired the right to lease in Dolberg Rental (Pty) Ltd (formerly known as Swan Risk Finance Pty Ltd) amounting to Rs6m.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

6. INTANGIBLE ASSETS (CONT'D)

THE COMPANY	Goodwill & other intangibles	Computer Software	Development & other costs	Total
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At January 1, 2016	5,463	24,688	14,990	45,141
Additions	-	4,092	-	4,092
Write off	-	(9,387)	-	(9,387)
At December 31, 2016	5,463	19,393	14,990	39,846
Additions	-	3,287	-	3,287
At December 31, 2017	5,463	22,680	14,990	43,133
AMORTISATION				
At January 1, 2016	5,463	20,136	14,990	40,589
Charge for the year	-	3,989	-	3,989
Write off	-	(9,387)	-	(9,387)
At December 31, 2016	5,463	14,738	14,990	35,191
Charge for the year	-	4,358	-	4,358
At December 31, 2017	5,463	19,096	14,990	39,549
NET BOOK VALUE				
At December 31, 2017	-	3,584	-	3,584
At December 31, 2016	-	4,655	-	4,655

7. INVESTMENTS IN SUBSIDIARY COMPANIES

	2017			2016
(a) THE COMPANY	Level 1	Level 3	Total	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	239,435	296,522	535,957	465,418
Additions	-	6,414	6,414	70,540
Derecognition	-	-	-	(1)
Impairment loss (note (ii))	-	(6,000)	(6,000)	-
At December 31,	239,435	296,936	536,371	535,957

- (i) Level 1: The market value of the subsidiary Company, Swan Life Ltd was based on the DEM bid price at December 31, 2017 amounting to Rs 2.8bn (2016: Rs 2.5bn).
- (ii) During the year the Company impaired its investment in its subsidiary Company, Dolberg Rental (Pty) Ltd (formerly known as Swan Risk Finance Pty Ltd) by Rs6m.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

7. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(b) The financial statements of the following subsidiaries have been included in the consolidated financial statements. The reporting date used for consolidation purposes is December 31, 2017.

Name	Class of shares held	Stated Capital	Nominal value of investment		Proportion of ownership interest				Other group companies		Proportion of ownership held by non-controlling interests		Place of Business/ Country of incorporation	Main Business
			2017 Rs'000	2016 Rs'000	Direct		Indirect		2017 & 2016	%	2017	2016		
					2017	2016	2017	2016						
• Swan Life Ltd	Ordinary	26,322	239,435	239,435	83.00	82.72	-	-	-	-	1728	17.28	Mauritius	• Life insurance, pensions, actuarial and investment business
• Swan Corporate Affairs Ltd	Ordinary	1,000	500	500	50.00	50.00	-	-	-	50.00	-	-	Mauritius	• Provision of secretarial services to the Group
• Swan International Co Ltd	Ordinary	156	80	80	51.00	51.00	-	-	-	49.00	-	-	Mauritius	• Reinsurance Brokers and Consultants
• Swan Reinsurance PCC (d)	Core and Cellular	250,000	250,000	250,000	100.00	100.00	-	-	-	-	-	-	Mauritius	• Reinsurance of long term and short term business
• Société Brugassur S.A	Ordinary	346	-	-	100.00	100.00	-	-	-	-	-	-	Madagascar	• Insurance agency
• Dolberg Rental (Pty) Ltd (g)	Ordinary	18,319	14,941	20,941	100.00	100.00	-	-	-	-	-	-	South Africa	• Leasing of office and other related equipments
• Swan Financial Solutions Ltd (e)	Ordinary	586,876	-	-	-	-	-	-	-	80.00	-	-	Mauritius	• Investment Company
• Manufacturers' Distributing Station Limited (e)	Ordinary	961	-	-	-	-	-	-	-	99.80	0.20	0.20	Mauritius	• Investment Company
• Swan Pensions Ltd (e)	Ordinary	4,100	-	-	-	-	-	-	-	100.00	-	-	Mauritius	• Pension fund administration
• Swan Wealth Managers Ltd (e)	Ordinary	1,000	-	-	-	-	-	-	-	80.00	20.00	20.00	Mauritius	• Fund management and investment
• Swan Securities Ltd (e)	Ordinary	1,000	-	-	-	-	-	-	-	80.00	20.00	20.00	Mauritius	• Stockbroking
• Swan Corporate Advisors Ltd (e)	Ordinary	1,000	-	-	-	-	-	-	-	80.00	20.00	-	Mauritius	• Advisory
• Société de La Croix (e)	Parts	2,500	-	-	-	-	-	-	-	99.80	0.20	0.20	Mauritius	• Investment entity
• Société de La Montagne (e)	Parts	45,654	-	-	-	-	-	-	-	99.80	0.20	0.20	Mauritius	• Investment entity
• Société de La Rivière (e)	Parts	2,500	-	-	-	-	-	-	-	99.80	0.20	0.20	Mauritius	• Investment entity
• Swan Foundation	Limited by guarantee	1	1	1	50.00	50.00	-	-	-	50.00	-	-	Mauritius	• Management of Swan Group CSR fund (not consolidated)
• Swan Special Risks Company Limited	Ordinary	25,000	25,000	25,000	100.00	100.00	-	-	-	-	-	-	Mauritius	• Underwriter of short term and fronting business
• Aprica Investments Co Ltd	Ordinary	30	-	-	100.00	100.00	-	-	-	-	-	-	Mauritius	• Investment entity
• Swan Wealth Structured Products Ltd (note h)	Ordinary	1	-	-	-	-	-	-	-	-	-	-	Mauritius	• Provider of structured solutions
• Smart Health Ltd (note 29)	Ordinary	100	2,534	-	60.00	-	-	-	-	-	40.00	-	Mauritius	• Software developer
• Swan Comoros SA (c)	Ordinary	3,879	3,879	-	100.00	-	-	-	-	-	-	-	Comoros	• Underwriter of short term and fronting business
• Swan Smart Achiever Notes (c)	Ordinary	1	1	-	100.00	-	-	-	-	-	-	-	Mauritius	• Provider of structured solutions
			536,371	535,957										

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

7. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

- (c) The Company was incorporated during the year.
- (d) The Company consolidates the activities of the Core cell only.
- (e) These companies are consolidated in the financial statements of Swan Life Ltd and are disclosed separately as business life assets and liabilities.
- (f) The financial year end is 31st December for all companies.
- (g) The Company has changed its name from Swan Risk Finance (Pty) Ltd to Dolberg Rental (Pty) Ltd.

(h) Interest in unconsolidated structured entities

Swan Wealth Structured Products Ltd (SWSPL) principal aim is to provide comprehensive structured financial solutions. During the year, the company launched the Smart Dynamic Notes through the issue of debentures which will be matched to its assets.

Held to Maturity investments consist of various fixed deposits with reputable bank and financial institutions. The respective terms and conditions of the investments have been disclosed to the noteholders who bear all the benefits and risks associated with the products. The financial liabilities of the notes issued by the company consist of two distinct obligations, the capital guarantee and the minimum guaranteed return. The financial liabilities have been measured at amortised cost using the effective interest rate methods.

The financial position of SWSPL is as follows :

Held to maturity investments
Other assets
Total assets

Other financial liabilities
Other liabilities
Equity

2017	2016
Rs'000	Rs'000
201,485	190,616
7,898	705
209,383	191,321
209,747	191,644
198	290
(562)	(613)
209,383	191,321

- (i) Details for subsidiaries are as follows:

Name of subsidiary

2017

- Swan Life Ltd (Group)
- Swan Corporate Affairs Ltd
- Swan International Co Ltd (Group)
- Smart Health Ltd

2016 - Restated

- Swan Life Ltd (Group)
- Swan Corporate Affairs Ltd
- Swan International Co Ltd (Group)

Profit/(loss) allocated to non- controlling interests during the year	Accumulated non-controlling interests as at December 31,
Rs'000	Rs'000
20,923	318,037
413	2,663
(351)	31,706
130	163
21,115	352,569
20,923	295,953
338	2,251
(2,931)	38,515
18,330	336,719

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

7. INVESTMENTS IN SUBSIDIARY COMPANIES - AT COST (CONT'D)

(j) Summarised financial information on subsidiaries

(1) The summarised statement of financial position and statement of profit or loss and other comprehensive income for the subsidiaries are shown below:

Name	Current assets	Non current assets	Current liabilities	Non current liabilities	Life Business Assets	Life Assurance Fund	Gross premium/revenue	Profit/(loss) after tax	Other comprehensive income for the year	Total comprehensive income for the year	Dividend paid to non controlling interests
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2017											
Swan Life Ltd (Group)	-	-	-	-	39,881,578	39,881,578	4,026,740	121,082	(20,074)	101,008	36,128
Swan International Co Ltd	6,343	59,110	748	-	-	-	-	(716)	(9,802)	(10,518)	1,655
Swan Corporate Affairs Ltd	6,641	-	1,313	-	-	-	4,257	825	-	825	-
Swan Reinsurance PCC	40,969	223,831	3,546	-	-	-	10,155	9,105	24,715	33,820	-
Brugassur (Madagascar)SA	3,239	862	6,352	-	-	-	2,014	(414)	-	(414)	-
Dolberg Rental Pty Ltd	16,674	33,094	19,437	28,080	-	-	24,088	(1,493)	-	(1,493)	-
Aprica Investments Co Ltd	10,564	60,859	36,964	59,950	-	-	31,516	(567)	-	(567)	-
Swan Special Risks Company Limited	143,102	23,916	70,889	-	-	-	-	1,976	2,627	4,603	-
Smart Health Ltd	519	126	238	-	-	-	1,014	325	-	325	-
Swan Comoros SA	13,104	-	8,963	-	-	-	4,730	137	-	137	-
2016											
Swan Life Ltd (Group)	-	-	-	-	35,381,084	34,487,118	3,859,237	121,082	6,647	127,729	35,928
Swan International Co Ltd	11,694	67,376	1,186	-	-	-	-	(6,794)	(2,175)	(8,969)	3,198
Swan Corporate Affairs Ltd	7,697	46	3,241	-	-	-	3,632	676	-	676	-
Swan Reinsurance PCC	14,831	213,809	4,206	-	-	-	72	3,724	6,038	9,762	-
Brugassur (Madagascar)SA	7,026	1,054	9,994	-	-	-	1,133	(315)	-	(315)	-
Dolberg Rental Pty Ltd	16,269	45,603	3,024	27,768	-	-	21,715	1,328	-	1,328	-
Aprica Investments Co Ltd	146	-	21,396	-	-	-	21,693	(6,324)	-	(6,324)	-
Swan Special Risks Company Limited	87,495	20,851	38,135	-	-	-	132,007	6,710	335	7,045	-

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

7. INVESTMENTS IN SUBSIDIARY COMPANIES - AT COST (CONT'D)

(j) Summarised financial information on subsidiaries (cont'd)

(2) Summarised Cash flow information

Name	Operating activities	Investing activities	Financing activities	Net (decrease)/ increase in cash and cash equivalents
	Rs'000	Rs'000	Rs'000	Rs'000
2017				
Swan Life Ltd (Group)	2,078,113	(2,945,345)	(136,287)	(1,003,519)
Swan International Co Ltd	(1,300)	-	(3,378)	(4,678)
Swan Corporate Affairs Ltd	(986)	-	-	(986)
Swan Reinsurance PCC	(325)	2,305	-	1,980
Brugassur (Madagascar)SA	(4,731)	14	-	(4,717)
Dolberg Rental Pty Ltd	(1,760)	4,206	-	2,446
Aprica Investments Co Ltd	428	(60,100)	59,950	278
Swan Special Risks Company Limited	(8,492)	247	-	(8,245)
Smart Health Ltd	8,348	-	-	8,348
Swan Comoros SA	435	(87)	-	348
2016				
Swan Life Ltd (Group)	1,938,374	130,012	(136,087)	1,932,299
Swan International Co Ltd	(6,615)	8,367	(6,309)	(4,557)
Swan Corporate Affairs Ltd	3,079	-	-	3,079
Swan Reinsurance PCC	(4,093)	6,339	-	2,246
Brugassur (Madagascar)SA	1,841	96	-	1,937
Dolberg Rental Pty Ltd	4,448	919	(12,237)	(6,870)
Aprica Investments Co Ltd	67	-	-	67
Swan Special Risks Company Limited	19,116	315	-	19,431

The summarised financial information above is the amount before intra-group eliminations.

The subsidiary, Swan Life Ltd, carries out long term insurance business activities only. Its net results as well as those of its subsidiaries are accounted in the Life Assurance Fund. This fund belongs to the life policyholders and as such the assets and liabilities of the life business are disclosed separately in the consolidated financial statements, distinct from the assets and liabilities of the holding company.

The Company's share of profit in Swan Life Ltd is accounted for on a dividend paid basis. This method smoothes out the effect of the variance in the results of the subsidiary following the valuation of the Life Assurance Fund by the Actuaries. The declaration of any surplus is done every three years. As from 2017, the surplus will be made on an annual basis.

8. INVESTMENT IN ASSOCIATED COMPANY

(a) Group's share of net assets in associated company

As previously reported
Correction of prior period errors (note 35(b))
As restated
Additions
Share of results of associated company
Dividends
Other movements
At December 31,

THE GROUP	
2017	2016
Rs'000	Rs'000
84,282	88,805
(15,968)	(4,951)
68,314	83,854
-	18
-	(4,928)
-	(8,398)
(9,124)	(2,232)
59,190	68,314

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

8. INVESTMENT IN ASSOCIATED COMPANY (CONT'D)

(b) Details of the associate at the end of the reporting period are as follows:

Name	Year end	Principal place of business/country of incorporation	Proportion of ownership interest and voting rights (direct)	Proportion of ownership interest and voting rights (indirect)	Nature of business
<u>2017</u>			%	%	
SACOS Group Limited	Dec 31	Seychelles	0.05	18.59	Insurance activities
<u>2016</u>					
SACOS Group Limited	Dec 31	Seychelles	0.05	18.59	Insurance activities

- (i) The above associate is accounted for using the equity method.
- (ii) SACOS Group Limited is held by the Group through its subsidiary, Swan International Co Ltd (SIL). The Directors of SIL consider that they exercise significant influence in SACOS Group Limited and is accounted for as an investment in associated company.
- (iii) The audited financial statements of SACOS Group Limited for the year ended December 31, 2016 have been approved by the Board on December 22, 2017. The financial statements of SACOS Group Limited for the year ended December 31, 2017 are not available and have not been reflected in the Group's financial statements. The carrying values of SACOS Group Limited at December 31, 2017 reflect the share of net assets at December 31, 2016 retranslated at December 31, 2017 exchange rates. No share of results has been accounted for the year ended December 31, 2017. SACOS Group Limited is a public company listed on the Seychelles Stock Exchange. The market price at December 31, 2017 is Rs.305 (2016: Rs.412) and the market value of the associate is Rs.108m (2016: Rs.152m).

(c) Summarised financial information in respect of each of the associates is set out below:

Name	Current assets	Non-current assets	Life business assets	Technical provision	Current liabilities	Non-current liabilities	Revenue	Loss after tax	Dividend received during the year
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
<u>2016 - restated</u>									
SACOS Group Limited	438,695	369,645	1,211,528	1,409,080	145,340	13,291	-	-	-
<u>2016</u>									
SACOS Group Limited - restated	438,695	369,645	1,211,528	1,409,080	145,340	13,291	129,788	(33,781)	8,398

(d) Reconciliation of summarised financial information

Name	At January 1,	Correction of prior period errors	As restated	Loss for the year	Other comprehensive income for the year	Dividend	Closing net assets	Ownership interest	Interest in associates	Goodwill	Carrying value
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	%	Rs'000	Rs'000	Rs'000
<u>2016 - restated</u>											
SACOS Group Limited	477,705	(42,287)	435,418	(22,400)	(50,421)	(45,054)	317,543	18.64%	59,190	-	59,190
<u>2016</u>											
SACOS Group Limited - restated	477,705	(42,287)	435,418	(22,400)	(1,473)	(45,054)	366,491	18.64%	68,314	-	68,314

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

9. INVESTMENTS IN JOINT VENTURES

(a) Group's share of net assets in joint ventures

At January 1,
Addition
Share of profit
At December 31,

THE GROUP	
2017	2016
Rs'000	Rs'000
1,644	1,371
-	1
408	272
2,052	1,644

(b) The Company

At January 1,
Addition
Impairment (note c)
At December 31,

THE COMPANY	
2017	2016
Rs '000	Rs '000
501	500
-	1
(1)	-
500	501

(c) Details of the joint ventures at the end of the reporting period are as follows:

<u>Name of joint venture</u>	Country of incorporation and place of business	Proportion of interest and voting rights held %	Principal Activity
Processure Compagnie Limitée	Mauritius	50	Insurance Back Office
Rental Finance Holding Ltd	Mauritius	50	Investment holding

Processure Compagnie Limitée is a jointly controlled entity by Swan General Ltd and Tessi S.A, a company incorporated in France.

Rental Finance Holding has been incorporated in 2016. The company was a jointly controlled entity by Swan General Ltd and Dolberg Finance Holdings Limited, a company incorporated in Mauritius. On October 31, 2017, the Board has approved the liquidation process.

(d) Summarised financial information

Summarised financial information in respect of the Group's joint ventures is set out below. The summarised information below represents the amount as shown in the joint venture's financial statements prepared in accordance with IFRS, adjusted for equity accounting purposes such as fair value adjustments made at the time of acquisition and adjustments for differences in accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

9. INVESTMENTS IN JOINT VENTURES (CONT'D)

(d) Summarised financial information (cont'd)

Summarised financial information in respect of each of the joint ventures is set out below:

Name	Current assets	Current liabilities	Profit/(loss) after tax	Comprehensive income	Total comprehensive income for the year
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
<u>2017</u>					
Processure Compagnie Limitée	6,721	2,615	816	-	816
Rental Finance Holding Ltd	-	-	-	-	-
<u>2016</u>					
Processure Compagnie Limitée	5,988	(2,698)	546	-	546
Rental Finance Holding Ltd	2	(295)	(295)	-	(295)

(e) Reconciliation of summarised financial information

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint ventures recognised in the financial statements is shown below:

Name	Opening net assets	Profit/(loss) for the year	Closing net assets	Unrecognised losses	Carrying value
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
<u>2017</u>					
Processure Compagnie Limitée	3,288	816	4,104	-	2,052
Rental Finance Holding Ltd	-	-	-	-	-
<u>2016</u>					
Processure Compagnie Limitée	2,742	546	3,288	-	1,644
Rental Finance Holding Ltd	-	(295)	(295)	(147)	-

(f) Unrecognised share of losses

	2017	2016
	Rs '000	Rs '000
Unrecognised share of loss of Rental Finance Holding Ltd	-	147
	2017	2016
	Rs '000	Rs '000
Cumulative share of loss of Rental Finance Holding Ltd	-	147

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

10. INVESTMENTS IN FINANCIAL ASSETS

	THE GROUP				THE COMPANY			
	2017			2016	2017			2016
	Held-to-maturity	Available-for-sale	Total	Total	Held-to-maturity	Available-for-sale	Total	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(a) <u>Local Securities</u>								
At January 1,	207,206	713,177	920,383	924,367	187,723	616,986	804,709	814,677
Additions	100,017	19,527	119,544	55,012	100,017	17,227	117,244	51,442
Increase in fair value	-	76,093	76,093	7,789	-	52,954	52,954	8,708
Disposals	-	(19,436)	(19,436)	(32,860)	-	(18,356)	(18,356)	(29,686)
Maturity	(10,000)	-	(10,000)	(35,086)	(15,244)	-	(15,244)	(41,094)
Impairment loss	-	(1,319)	(1,319)	-	-	(1,319)	(1,319)	-
Movement in accrued interest	2,119	-	2,119	1,246	1,765	-	1,765	711
Exchange differences	-	912	912	(85)	-	-	-	(49)
At December 31,	299,342	788,954	1,088,296	920,383	274,261	667,492	941,753	804,709
(b) <u>Foreign Securities</u>								
At January 1,	-	712,742	712,742	662,854	-	621,172	621,172	579,143
Additions	-	188,540	188,540	259,293	-	188,540	188,540	258,383
Increase in fair value	-	124,095	124,095	30,653	-	102,965	102,965	23,877
Disposals	-	(207,257)	(207,257)	(241,137)	-	(207,226)	(207,226)	(240,231)
Exchange differences	-	(13,624)	(13,624)	1,079	-	-	-	-
At December 31,	-	804,496	804,496	712,742	-	705,451	705,451	621,172
Total	299,342	1,593,450	1,892,792	1,633,125	274,261	1,372,943	1,647,204	1,425,881

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

10. INVESTMENTS IN FINANCIAL ASSETS (CONT'D)

Analysed as follows:

Non-current
Current

THE GROUP		THE COMPANY	
2017	2016	2017	2016
Rs'000	Rs'000	Rs'000	Rs'000
1,856,171	1,623,125	1,630,544	1,415,881
36,621	10,000	16,660	10,000
1,892,792	1,633,125	1,647,204	1,425,881
6,372	4,253	5,412	3,647

Cumulative accrued interests

	THE GROUP				THE COMPANY			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At December 31, 2017								
Available-for-sale	1,528,010	2,864	62,576	1,593,450	1,293,138	2,864	76,941	1,372,943
At December 31, 2016								
Available-for-sale	1,332,233	2,350	91,336	1,425,919	1,130,107	2,350	105,701	1,238,158

- (c) Held-to-maturity investments comprise of Mauritius Government Securities, Listed and unquoted Debenture Stocks, Treasury Bills and deposits with interest rates varying from 3.25% to 12.25% (2016: 3.25% to 12.25%).
- (d) Available-for-sale financial assets comprise of listed, quoted and unquoted financial assets.
- (e) None of the financial assets are past due.
- (f) Currency analysis of financial assets is disclosed in note 3.2.1.(i)
- (g) The maturity of financial assets is disclosed in note 3.2.3.
- (h) The table below shows the changes in level 3 instruments for the year ended December 31, 2017:

At January 1,
Decrease in fair value
Impairment loss
At December 31,

THE GROUP		THE COMPANY	
2017	2016	2017	2016
Rs'000	Rs'000	Rs'000	Rs'000
91,336	94,907	105,701	109,272
(27,441)	(3,571)	(27,441)	(3,571)
(1,319)	-	(1,319)	-
62,576	91,336	76,941	105,701

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

11. LOANS AND RECEIVABLES

At January 1,
Other loans granted
Mortgage loans recovered

Finance lease receivables (a)
At December 31,

Analysed as follows:
Non-current
Current

THE GROUP		THE COMPANY	
2017	2016	2017	2016
R\$'000	R\$'000	R\$'000	R\$'000
140,389	147,370	140,389	147,370
1,125	48	1,125	48
(10,772)	(7,029)	(10,772)	(7,029)
130,742	140,389	130,742	140,389
31,267	39,383	-	-
162,009	179,772	130,742	140,389
148,559	165,329	126,131	135,664
13,450	14,443	4,611	4,725
162,009	179,772	130,742	140,389

- (a) Finance lease receivables relate to finance leases granted by Dolberg Rental (Pty) Ltd (formerly known as Swan Risk Finance Pty Ltd).

This entity entered into finance leasing arrangements for leasing of office and related equipment. The average lease terms is 5 years and the average effective lending rate was between Prime Lending Rate (PLR) and PLR + 8%. (2016: PLR + 8%).

Gross investment in finance leases:
Not later than 1 year
Later than 1 year and not later than 5 years

Unearned future finance income on finance leases
Net investment in finance leases

The net investment in finance leases may be analysed as follows:
Not later than 1 year
Later than 1 year and not later than 5 years

2017	2016
R\$'000	R\$'000
26,971	24,729
16,623	41,886
43,594	66,615
(12,327)	(27,232)
31,267	39,383
15,900	9,718
15,367	29,665
31,267	39,383

- (b) The rates of interest on the above loans vary between 5.00% and 14.00% for 2017 (2016: 5.00% and 14.00%).
- (c) There is no concentration of credit risk with respect to loans and receivables since exposures are widely dispersed.
- (d) At December 31, 2017 and 2016, the loans and receivables are fully secured.
- (e) Currency analysis of loans and receivables is disclosed in note 3.2.1.(i)
- (f) The ageing of loans and receivables is disclosed in note 3.2.2.
- (g) The carrying value of loans and receivables approximate their amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

12. NON-CURRENT RECEIVABLES

Deposit on investment
Loans to group company
- Subsidiary Company

THE GROUP		THE COMPANY	
2017	2016	2017	2016
Rs'000	Rs'000	Rs'000	Rs'000
60,832	-	-	-
-	-	59,950	-
60,832	-	59,950	-

Loan to subsidiary company is interest free with no fixed repayment terms.

Deposit on investment relates to the investment in Diamond General Insurance Limited, a Company incorporated in Zambia, by Aprica Investment Co Ltd. The acquisition was concluded on February 2018.

13. DEFERRED TAX ASSETS

- (a) Deferred taxes are calculated on all temporary differences under the liability method at 15% (2016: 15%). The movement on deferred tax account is as follows:

As previously reported
Correction of prior period errors (note 35)
As restated
Credited to profit or loss (note 22)
Other comprehensive income (note 17)
Exchange differences
At December 31,

THE GROUP		THE COMPANY	
2017	2016	2017	2016
Rs'000	Rs'000	Rs'000	Rs'000
17,283	Restated	25,069	Restated
5,175	11,957	5,175	18,708
22,458	4,183	30,244	4,183
2,683	16,140	2,557	22,891
673	415	673	415
(92)	6,938	-	6,938
25,722	(1,035)	33,474	-
	22,458		30,244

- (b) Deferred tax assets and liabilities are offset when the income taxes relate to the same fiscal authority on the same entity.

The following amounts are shown in the statements of financial position:

Deferred tax assets
Deferred tax liabilities
Net Deferred tax

THE GROUP		THE COMPANY	
2017	2016	2017	2016
Rs'000	Rs'000	Rs'000	Rs'000
33,596	Restated	33,474	Restated
(7,874)	30,244	-	30,244
	(7,786)	33,474	-
			30,244

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

13. DEFERRED TAX ASSETS (CONT'D)

(c) Deferred tax assets and liabilities credited to the statement of profit or loss and other comprehensive income are attributable to the following items:

	THE GROUP								
	At January 1, 2017	Correction of prior period errors	As restated	Credited to profit or loss	Credited to other comprehensive income	Exchange differences	At December 31, 2017	Deferred tax assets	Deferred tax liabilities
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Deferred tax assets									
Retirement benefit obligations	24,106	5,175	29,281	2,226	673	-	32,180	32,180	-
Accelerated tax depreciation	643	-	643	328	-	-	971	1,294	(323)
Assessed losses and provisions	5,019	-	5,019	126	-	(4)	5,141	122	5,019
Prepayments	16	-	16	-	-	-	16	-	16
	29,784	5,175	34,959	2,680	673	(4)	38,308	33,596	4,712
Deferred tax liabilities									
Unrealised exchange gains	(3)	-	(3)	3	-	-	-	-	-
Finance lease (receivable)	(7,265)	-	(7,265)	-	-	(88)	(7,353)	-	(7,353)
Intangible assets	(5,233)	-	(5,233)	-	-	-	(5,233)	-	(5,233)
	(12,501)	-	(12,501)	3	-	(88)	(12,586)	-	(12,586)
Deferred tax assets/ (liabilities)								33,596	(7,874)

	THE COMPANY						Deferred tax assets	Deferred tax liabilities
	At January 1, 2017	Correction of prior period errors	As restated	Credited to profit or loss	Credited to other comprehensive income	At December 31, 2017		
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000		
Deferred tax assets								
Retirement benefit obligations	24,106	5,175	29,281	2,226	673	32,180		
Accelerated tax depreciation	966	-	966	328	-	1,294		
	25,072	5,175	30,247	2,554	673	33,474		
Deferred tax liabilities								
Unrealised exchange gains	(3)	-	(3)	3	-	-		
	(3)	-	(3)	3	-	-		
Net deferred tax assets	<u>25,069</u>		<u>30,244</u>			<u>33,474</u>		

NOTES TO THE FINANCIAL STATEMENTS

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14. TRADE AND OTHER RECEIVABLES

Insurance receivables

Due from contract holders
Due from brokers and agents

Receivable written off (b)

Less provision for impairment (b)

Due from reinsurers/reinsurance assets

- Share of outstanding claims (note 23)
- Share of unearned premiums (note 23)
- Incurred but not reported (note 23)
- Commission and other receivables
- Provision for impairment of reinsurance assets

Other receivables

Receivable from related parties
Prepayments
Other receivables

Share of Group's and non-controlling
interests in Life Business Assets (note 15)

THE GROUP		THE COMPANY	
2017	2016	2017	2016
Rs'000	Rs'000	Rs'000	Rs'000
559,799	404,289	498,167	384,869
554,182	491,261	554,182	491,261
1,113,981	895,550	1,052,349	876,130
(3,618)	-	(3,618)	-
1,110,363	895,550	1,048,731	876,130
(31,676)	(25,794)	(31,676)	(25,794)
1,078,687	869,756	1,017,055	850,336
478,376	337,856	470,216	337,774
490,723	442,147	448,603	407,394
39,015	58,409	28,338	53,727
55,213	71,912	55,213	71,912
(19,761)	(17,761)	(19,761)	(17,761)
-	-	11,251	5,456
19,483	6,833	19,251	6,659
177,201	169,686	165,053	156,276
2,318,937	1,938,838	2,195,219	1,871,773
972,319	893,966	-	-
3,291,256	2,832,804	2,195,219	1,871,773

- (a) The ageing of trade and other receivables is disclosed in note 3.2.2.
(b) Movements on the provision for impairment on insurance receivables are as follows :

At January 1,
Charge for the year
Written off
Amount released
At December 31,

THE GROUP AND THE COMPANY	
2017	2016
Rs'000	Rs'000
25,794	24,806
9,500	15,548
(3,618)	-
-	(14,560)
31,676	25,794

The other classes within trade and other receivables (excluding reinsurance assets) do not include impaired assets.

- (c) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.
(d) The Group does not hold any collateral as security for trade and other receivables.
(e) The carrying amounts of trade and other receivables approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

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15. LIFE BUSINESS ASSETS

Life Business Assets comprise of the following items:

Non-current assets

Property and equipment
Investment properties
Intangible assets
Investments in associated companies
Investments in financial assets
Loans and receivables
Deferred tax assets

Current assets

Trade and other receivables
Investments in financial assets
Loans and receivables
Seized properties
Short term deposits
Cash and cash equivalents

Non current liabilities

Gross outstanding claims
Retirement benefit obligations

Current liabilities

Trade and other payables
Current tax liabilities
Dividend payable

Less Share of Group's and non-controlling-interests (note 14)
Policyholders' share - Life Assurance Fund

THE GROUP	
2017	2016
Rs'000	Rs'000
275,504	284,824
479,475	475,804
103,138	112,867
35,078	49,290
31,810,041	25,560,379
4,510,844	4,860,264
695	770
37,214,775	31,344,198
729,122	455,845
940,640	372,218
319,925	351,109
51,867	39,306
1,787,070	2,712,259
794,631	889,911
4,623,255	4,820,648
87,022	60,299
70,340	229,161
157,362	289,460
695,189	368,757
10,500	4,463
121,082	121,082
826,771	494,302
40,853,897	35,381,084
(972,319)	(893,966)
39,881,578	34,487,118

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

16. SHARE CAPITAL

THE GROUP AND THE COMPANY	
2017	2016
Rs'000	Rs'000
41,379	41,379

At January 1 & December 31,

The total authorised number of ordinary shares is 9,600,000 (2016: 9,600,000 shares) with a par value of Rs.5 per share (2016: Rs.5 per share). The number of shares issued is 8,275,769 (2016: 8,275,769 shares) which are fully paid.

17. OTHER COMPREHENSIVE INCOME

THE GROUP	Fair value reserve	Other reserves	Proprietors' fund	Non controlling interests	Actuarial gains/ (losses)	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2017						
- Change in value of available-for-sale financial assets	200,188	-	-	-	-	200,188
- Release on disposal of available-for-sale financial assets	(58,316)	-	-	-	-	(58,316)
- Movement for the year	-	(23,031)	122,261	20,738	(4,489)	115,479
- Deferred tax impact (note 13)	-	-	-	-	673	673
	141,872	(23,031)	122,261	20,738	(3,816)	258,024
2016 - Restated						
- Change in value of available-for-sale financial assets	38,442	-	-	-	-	38,442
- Release on disposal of available-for-sale financial assets	(58,286)	-	-	-	-	(58,286)
- Movement for the year	-	(282)	5,454	117	(46,257)	(40,968)
- Deferred tax impact (note 13)	-	-	-	-	6,938	6,938
	(19,844)	(282)	5,454	117	(39,319)	(53,874)

Fair value reserve

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

17. OTHER COMPREHENSIVE INCOME (CONT'D)

Other reserves

Other reserves comprise of all the movements arising in the reserves of associates and any translation reserves from translating the financial statements of foreign operations.

Proprietors' fund

Proprietors' fund is the reserves of the proprietors of Swan Life Ltd, a subsidiary of the Company.

During the year, Swan Life Ltd, the subsidiary company, transferred an amount of Rs.80m from the Proprietors' Fund to the Life Assurance Fund. Each year a transfer will be made to the non distributable reserve following the actuarial valuation of Swan Life Ltd. As at December 31, 2017 the accumulated amount is Rs425m (2016: Rs.505m).

Actuarial gains/(losses)

The actuarial gains/(losses) reserve represents the cumulative remeasurement of the defined benefit obligation recognised.

Amalgamation reserve

The amalgamation reserve arises upon the amalgamation of Cim Insurance Ltd with and into Swan General Ltd.

THE COMPANY

2017

- Change in value of available-for-sale financial assets
- Release on disposal of available-for-sale financial assets
- Remeasurement of defined benefit obligations
- Deferred tax impact (note 13)

Fair Value Reserve	Actuarial gains/(losses)	Total
Rs'000	Rs'000	Rs'000
155,919	-	155,919
(58,173)	-	(58,173)
-	(4,489)	(4,489)
-	673	673
97,746	(3,816)	93,930

2016 - Restated

- Change in value of available-for-sale financial assets
- Release on disposal of available-for-sale financial assets
- Remeasurement of defined benefit obligations
- Deferred tax impact (note 13)

32,585	-	32,585
(59,014)	-	(59,014)
-	(46,257)	(46,257)
-	6,938	6,938
(26,429)	(39,319)	(65,748)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

18. NON-CONTROLLING INTERESTS

At January 1,
Correction of prior period errors (note 35(b))
As restated
Share of profit
Share of dividend
Movement in other comprehensive income
Transactions with owners
Non distributable reserve (note 17)
Other movement
Non-controlling interest arising on business combinations (note 29)
At December 31,

THE GROUP	
2017	2016
Rs'000	Rs'000
344,523	350,294
(7,804)	(2,426)
336,719	347,868
21,115	18,330
(37,783)	(39,126)
20,738	117
-	(20,458)
(13,785)	6,707
25,532	23,281
33	-
352,569	336,719

19. BORROWINGS

Non-current

Loan from related parties (c)
Finance lease liabilities (b)
Debentures (a)

Current

Loan from related parties (c)
Finance lease liabilities (b)
Debentures (a)

Total Borrowings

THE GROUP		THE COMPANY	
2017	2016	2017	2016
Rs'000	Rs'000	Rs'000	Rs'000
4,077	27,768	-	-
-	156	-	156
15,390	-	-	-
19,467	27,924	-	156
125,030	-	125,030	-
-	105	-	105
17,275	13,906	-	-
142,305	14,011	125,030	105
161,772	41,935	125,030	261

- (a) The debentures were issued by the subsidiary Dolberg Rental (Pty) Ltd (formerly known as Swan Risk Finance Pty Ltd) and bear interest at a fixed rate of 14% per annum (2016: 12%). The debentures were partly repaid and renewed in 2017 and are secured by cession and pledge of all amounts due under rental agreement.

- (b) Finance lease liabilities - minimum lease payment:
Not later than 1 year
Later than one year and not later than two years
Later than two years and not later than five years

Future finance charges on finance leases
Present value of finance lease liabilities

The present value of finance lease liabilities may be analysed as follows:
Not later than 1 year
Later than one year and not later than two years
Later than two years and not later than five years

THE GROUP AND THE COMPANY	
2017	2016
Rs'000	Rs'000
-	125
-	125
-	43
-	293
-	(32)
-	261
-	105
-	115
-	41
-	261

- (c) The loans from related parties are unsecured, bear interest rate of 14%.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

20. RETIREMENT BENEFIT OBLIGATIONS

Amounts recognised in the statements of

financial position Pension benefits (a)(ii)

Analysed as follows:

Non-current liabilities

Amounts recognised in the statements of
profit and loss and other comprehensive statement:

- Pension benefits (a)(v)

- Pension benefits (a)(vi)

THE GROUP AND THE COMPANY	
2017	2016
Rs'000	Rs'000
	Restated
187,032	164,030
187,032	164,030
18,513	16,277
4,489	46,257

(a) Defined pension benefits

- (i) The Group and the Company contribute to a defined benefit pension. The plan is a defined benefit arrangement, with benefits based on salary. It provides for a pension at retirement and a benefit on death or disablement in service before retirement. The assets of which are held independently and administered by Swan Life Ltd. The present value of the defined benefit obligations, and the related current service cost and past service cost were measured using the Projected Unit Credit Method.

The Group and the Company also operate a final salary defined benefit pension plan for some employees. The assets are held separately from the Group under the control of the Management Committee of Rogers Money Purchase Retirement Fund (RMPRF). The Group contributes to the pension plan in respect of some employees who have a No Worse Off Guarantee (NWOG) so that their benefits would not be worse than what they would have earned under a previous defined benefit plan.

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

Present value of funded obligations
Fair value of plan assets
Liability in the statements of financial position

THE GROUP AND THE COMPANY	
2017	2016
Rs'000	Rs'000
	Restated
296,894	268,247
(109,862)	(104,217)
187,032	164,030

The reconciliation of the opening balances to the closing balances for the net defined benefit liability is as follows:

At January 1,
Correction of prior period errors (note 35(a))
As restated
Charged to profit or loss
Charged to other comprehensive income (note 17)
Contributions paid
Present value of defined obligation at December 31,

THE GROUP AND THE COMPANY	
2017	2016
Rs'000	Rs'000
129,530	102,108
34,500	27,888
164,030	129,996
18,513	16,277
4,489	46,257
-	(28,500)
187,032	164,030

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

20. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits (cont'd)

(iii) The movement in the defined benefit obligation over the year is as follows:

At January 1,
Correction of prior period errors (note 35(a))
As restated
Current service cost
Interest
Actuarial losses/(gains) arising from:
- financial assumptions
- experience adjustment
Benefits paid
Present value of defined obligation at December 31,

THE GROUP AND THE COMPANY	
2017	2016
Rs'000	Rs'000
233,747	189,486
34,500	27,888
268,247	217,374
8,672	8,175
16,094	14,637
4,962	-
(1,081)	44,612
-	(16,551)
296,894	268,247

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

At January 1,
Expected return on plan assets
Actuarial losses
Contributions by employer
Benefits paid
Fair value of plan assets at December 31,

THE GROUP AND THE COMPANY	
2017	2016
Rs'000	Rs'000
104,217	87,378
6,253	6,535
(608)	(1,645)
-	28,500
-	(16,551)
109,862	104,217

(v) The amounts recognised in the statement of profit or loss are as follows:

Current service cost
Net interest cost
Total included in staff costs (note 26 (c))

Actual return on plan assets

THE GROUP AND THE COMPANY	
2017	Restated 2016
Rs'000	Rs'000
8,672	8,175
9,841	8,102
18,513	16,277
5,645	4,890

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

20. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits (cont'd)

(vi) The amounts recognised in the statement of other comprehensive income are as follows:

Actuarial losses recognised during the year

Loss on pension scheme assets
Liability experience gain
Changes in assumption underlying the present value of the scheme
Liability (gains)/loss due to change in financial assumptions

THE GROUP AND THE COMPANY	
2017	2016
Rs'000	Rs'000
608	1,645
1,649	-
2,251	5,169
(19)	39,443
4,489	46,257

The assets of the plan are invested in the Deposit Administration Policy underwritten by Swan Life Ltd. The Deposit Administration Policy is a pooled insurance product for the Group Pension Schemes. It is a long-term investment policy which aims to provide a smooth progression of return from one year to the next without the regular fluctuations associated with asset-linked investments such as Equity funds. Moreover, the Deposit Administration Policy offers a minimum guaranteed return of 4.0% p.a.

(vii) The principal actuarial assumptions used for the purposes of the actuarial valuations were:

Discount rate
Expected return on plan assets
Future salary increases
NPS ceiling increase

THE GROUP AND THE COMPANY	
2017	2016
%	%
7.00	7.00
7.00	7.00
6.50	6.50
6.50	6.50

Post retirement annuity rates

Swan Life 2017 Annuity Rates	Swan Life 2016 Annuity Rates
------------------------------------	------------------------------------

(viii) Sensitivity analysis on defined benefit obligations to changes in the weighted principal assumptions is

December 31, 2017

Future salary growth rate (1% movement)
Future pension growth rate (1% movement)

Increase	Decrease
Rs'000	Rs'000
-	18,432
16,705	-

December 31, 2016

Future salary growth rate (1% movement)
Future pension growth rate (1% movement)

Increase	Decrease
Rs'000	Rs'000
-	19,819
14,082	-

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

20. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits (cont'd)

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

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

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

- (ix) The defined benefit pension plan exposes the Group/Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.
- (x) The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.
- (xi) The Group and the Company expect to pay Rs. 28m contributions to its post-employment benefit plans for the year ending December 31, 2018.
- (xii) The weighted average duration of the defined benefit obligation is 5 years at end of the reporting period (2016: 5 years).

21. TRADE AND OTHER PAYABLES

Insurance payables

Reinsurance liabilities

Other payables

Accrued expenses

Amount payable to subsidiary companies

Other payables

THE GROUP		THE COMPANY	
2017	2016	2017	2016
Rs'000	Rs'000	Rs'000	Rs'000
133,708	98,529	73,373	71,727
39,336	19,761	39,019	18,468
-	-	6,382	5,049
90,737	72,783	54,604	31,432
263,781	191,073	173,378	126,676

- (a) Currency analysis of trade and other payables is disclosed in note 3.2.1.(i)
- (b) The carrying amounts of trade and other payables approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

22. INCOME TAX

(Tax assets)/tax liabilities

Balance at January 1,
Amount refund/(paid) during the year
Current tax on the adjusted profit
for the year at 15% (2016:15%)
Payment under Advance Payment System (APS)
Tax deducted at source
Other movement
Under provision in prior year

Balance at December 31,

Current tax assets
Current tax liabilities

Profit or loss charge

Current tax on the adjusted profit
for the year at 15% (2016:15%)
Deferred tax (note 13)
Under provision in prior year

THE GROUP		THE COMPANY	
2017	2016	2017	2016
Rs'000	Rs'000	Rs'000	Rs'000
(5,077)	(2,037)	(6,400)	(2,567)
5,696	(479)	5,696	-
17,582	13,387	17,080	11,955
(11,444)	(16,111)	(9,484)	(15,966)
(54)	(33)	(54)	(33)
(2)	10	-	-
774	186	774	211
7,475	(5,077)	7,612	(6,400)
-	(6,400)	-	(6,400)
7,475	1,323	7,612	-
17,582	13,387	17,080	11,955
(2,683)	(415)	(2,557)	(415)
774	186	774	211
15,673	13,158	15,297	11,751

The tax on the Group's and Company's profit before tax differs from the theoretical amount that arises using the basic tax rate of the Group and the Company as follows:

Profit before taxation
Less share of results of associate and joint venture

Tax calculated at rate of 15% (2016: 15%)
Effect of different tax rates in other countries
Income not subject to tax
Expenses not deductible for tax purposes
Foreign tax credits
Tax losses for which no deferred income tax asset
was recognised
Under provision in prior year
Tax charge for the year

THE GROUP		THE COMPANY	
2017	2016	2017	2016
Rs'000	Rs'000	Rs'000	Rs'000
281,084	Restated	251,936	Restated
(408)	253,883	-	230,754
280,676	4,656	-	-
280,676	258,539	251,936	230,754
42,101	38,780	37,790	34,613
51	12	-	-
(27,994)	(28,844)	(26,970)	(27,474)
699	3,265	3,703	4,401
-	(135)	-	-
42	(106)	-	-
774	186	774	211
15,673	13,158	15,297	11,751

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

23. INSURANCE LIABILITIES AND REINSURANCE ASSETS

Gross

- Claims reported and loss adjustment expenses
 - Unearned premiums (page 70/note 31b))
 - Claims incurred but not reported (IBNR) (note 31(a))
- Total gross insurance liabilities

Recoverable from reinsurers

- Claims reported and loss adjustment expenses (note 13)
 - Unearned premiums (notes 14,31(b))
 - Claims incurred but not reported (IBNR) (note 14,31(a))
- Total reinsurers' share of insurance liabilities

Net

- Claims reported and loss adjustment expenses (notes 3.1 (iv), 30(a))
- Unearned premiums (note 31(b))
- Claims incurred but not reported (IBNR) (note 31(a))

Total net insurance liabilities

THE GROUP		THE COMPANY	
2017	2016	2017	2016
Rs'000	Rs'000	Rs'000	Rs'000
826,711	656,906	818,551	656,824
1,160,704	1,039,641	1,118,584	1,004,888
94,956	117,478	84,279	112,796
2,082,371	1,814,025	2,021,414	1,774,508
478,376	337,856	470,216	337,774
490,723	442,147	448,603	407,394
39,015	58,409	28,338	53,727
1,008,114	838,412	947,157	798,895
348,335	319,050	348,335	319,050
669,981	597,494	669,981	597,494
55,941	59,069	55,941	59,069
1,074,257	975,613	1,074,257	975,613
1,074,257	975,613	1,074,257	975,613

24. INVESTMENT INCOME

Interest income
Dividend income

Total Investment income:

Non-controlling interests - dividend income
Interest and investment income

THE GROUP		THE COMPANY	
2017	2016	2017	2016
Rs'000	Rs'000	Rs'000	Rs'000
31,016	32,556	28,801	28,521
143,505	140,208	119,847	122,720
174,521	172,764	148,648	151,241
20,923	20,923	-	-
153,598	151,841	148,648	151,241
174,521	172,764	148,648	151,241

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

25. OTHER INCOME

Profit on disposal of available-for-sale financial assets
 Reclassification adjustment from fair value reserve
 Profit on disposal of property and equipment
 Lease and rental income
 Net gain on derecognition of subsidiary
 Others

Rent
 Net foreign exchange (losses)/gains

Total

THE GROUP		THE COMPANY	
2017	2016	2017	2016
Rs'000	Rs'000	Rs'000	Rs'000
2,602	2,640	2,324	1,540
58,316	58,286	58,173	59,014
4	17	4	17
24,088	21,715	-	-
-	775	-	-
35,250	22,327	10,441	14,647
120,260	105,760	70,942	75,218
1,095	1,082	1,095	1,412
(3,317)	844	(2,458)	844
(2,222)	1,926	(1,363)	2,256
118,038	107,686	69,579	77,474

26. ADMINISTRATIVE EXPENSES AND IMPAIRMENT

(a) Marketing and administrative expenses include:

- Contributions in respect of Corporate Social Responsibility
- Internal auditors' fees
- Staff costs (c)
- Management fees
- Interest expenses

THE GROUP		THE COMPANY	
2017	2016	2017	2016
Rs'000	Rs'000	Rs'000	Rs'000
	Restated		Restated
1,702	2,836	1,685	2,819
483	1,190	483	1,190
304,233	278,069	285,605	257,879
-	-	20,265	27,241
7,454	14,043	657	4,645

(b) Impairment and other charges include:

Impairment:

- Investment in subsidiary companies (note 7)
- Other receivables
- Intangibles (note 6)

Provision for impairment of trade and other receivables:

- Insurance receivables (note 14)
- Reinsurance assets (note 14)

THE GROUP		THE COMPANY	
2017	2016	2017	2016
Rs'000	Rs'000	Rs'000	Rs'000
-	-	6,000	-
1,319	2,500	1,319	7,479
6,000	-	-	-
9,500	988	9,500	988
2,000	7,761	2,000	7,761
18,819	11,249	18,819	16,228

(c) Analysis of staff costs

- Salaries and wages
- Retirement benefit obligation costs (note 20(v))
- Other costs

THE GROUP		THE COMPANY	
2017	2016	2017	2016
Rs'000	Rs'000	Rs'000	Rs'000
	Restated		Restated
284,515	260,374	265,887	240,327
18,513	16,277	18,513	16,277
1,205	1,418	1,205	1,275
304,233	278,069	285,605	257,879

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

27. DIVIDEND PAYABLE

Declared and payable

Final dividend of Rs.12.00 payable per ordinary share (2016: Rs.12.00)

THE COMPANY	
2017	2016
Rs'000	Rs'000
99,309	99,309

28. EARNINGS PER SHARE

Earnings per share

Profit attributable to equity holders of the Company (Rs'000)

Number of shares in issue

Earnings per share (Rs/cs)

THE GROUP		THE COMPANY	
2017	2016	2017	2016
	Restated		Restated
244,296	222,395	236,639	219,003
8,275,769	8,275,769	8,275,769	8,275,769
29.52	26.87	28.59	26.46

29. BUSINESS COMBINATION

Acquisition of subsidiary

On 17th April 2017 Swan General Ltd acquired 60% of shareholding of Smart Health Ltd, a company developing software and related products.

Recognised amounts of identifiable assets acquired and liabilities assumed

Property, plant & equipment
Cash and cash equivalents
Trade and other payables
Total identifiable net assets
Non-controlling interest (note 18)
Goodwill (note 6)

Total consideration

Rs'000
89
15
(22)
82
(33)
2,485
2,534

Net cash outflow on acquisition of subsidiary

Consideration paid in cash
Less: cash and cash equivalent balances acquired

2017
Rs'000
2,534
(15)
2,519

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

30. NOTES TO THE STATEMENTS OF CASH FLOWS

	Notes	THE GROUP		THE COMPANY	
		2017	2016	2017	2016
		Rs'000	Rs'000	Rs'000	Rs'000
(a) Cash generated from operations			Restated		Restated
Profit before taxation		281,084	253,883	251,936	230,754
Adjustments for:					
Depreciation	5	12,101	13,061	11,722	12,640
Amortisation	6	9,061	6,526	4,358	3,989
Foreign exchange losses/(gains)	25	3,317	(844)	2,458	(844)
Profit on sale of property and equipment	25	(4)	(17)	(4)	(17)
Release from fair value reserve on disposal of financial assets	25	(58,316)	(58,286)	(58,173)	(59,014)
Profit on disposal of financial assets	25	(2,602)	(2,640)	(2,324)	(1,540)
Investment income	24	(153,598)	(151,841)	(148,648)	(151,241)
Interest expense	26(a)	7,454	14,043	657	4,645
Retirement benefit obligations	20(ii)	18,513	(12,223)	18,513	(12,223)
Impairment of investment in financial assets	10	1,319	-	1,319	-
Provision for impairment - insurance receivables	14	9,500	988	9,500	988
Provision for impairment - reinsurance assets	14	2,000	7,761	2,000	7,761
Provision for impairment - other receivables		-	2,500	-	7,479
Change in gross unearned premiums	23/31(b)	121,063	84,511	113,696	65,332
Impairment of intangibles	6	6,000	-	-	-
Gain on derecognition of subsidiaries		-	(775)	-	-
Impairment of investment in subsidiary company and joint venture		-	-	6,001	-
Share of profit of associated company and joint ventures	8/9	(408)	4,656	-	-
Changes in working capital:					
- Trade and other receivables		(393,371)	(86,746)	(336,720)	(85,253)
- Trade and other payables		70,730	14,661	42,821	12,196
- Outstanding claims and IBNR	22/30(a)	147,283	98,074	133,210	98,059
- Finance lease receivables	11	9,689	3,382	-	-
Cash generated from operating activities		90,815	190,674	52,322	133,711
(b) Cash and cash equivalents					
Short term deposits		91,442	68,478	91,442	68,478
Bank balances and cash		132,580	69,918	70,400	1,502
Cash and cash equivalents		224,022	138,396	161,842	69,980

The interest rates on short-term local deposits ranges from 2.10% to 3.60% (2016: 5.75% to 8.5%).

(c) Reconciliation of liabilities arising from financing activities

	As at January, 1 2017	Net Cash flows	Foreign exchange movement	Accrued interest	As at December 31, 2017
THE GROUP	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Long term borrowings	41,935	(5,505)	312	-	36,742
Short term borrowings	-	124,950	-	80	125,030
Total liabilities from financing activities	41,935	119,445	312	80	161,772
THE COMPANY	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Long term borrowings	261	(261)	-	-	-
Short term borrowings	-	124,950	-	80	125,030
Total liabilities from financing activities	261	124,689	-	80	125,030

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

31. MOVEMENTS IN INSURANCE LIABILITIES AND REINSURANCE ASSETS

(a) Outstanding claims

THE GROUP

At January 1,
Notified claims
Increase in liabilities
Cash paid for claims settled
in the year (Page 70)

Incurred but not reported
(IBNR) (note 23)

At December 31,

Claims settled during the year
Movement in outstanding claims/IBNR
Movement in expected recovery

Net claims incurred (page 70)

2017			2016		
Gross	Reinsurance	Net	Gross	Reinsurance	Net
Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
656,906	(337,855)	319,051	558,796	(285,099)	273,697
1,628,722	(622,448)	1,006,274	1,429,003	(550,543)	878,460
(1,458,917)	481,927	(976,990)	(1,330,893)	497,786	(833,107)
826,711	(478,376)	348,335	656,906	(337,856)	319,050
94,956	(39,015)	55,941	117,478	(58,409)	59,069
921,667	(517,391)	404,276	774,384	(396,265)	378,119
147,283	(121,126)	976,990	98,074	(52,721)	833,107
(1,773)	-	26,157	(16,096)	-	45,353
145,510	(121,126)	(1,773)	81,978	(52,721)	(16,096)
		1,001,374			862,364

THE COMPANY

At January 1,
Notified claims
Increase in liabilities
Cash paid for claims settled
in the year (Page 70)

Incurred but not reported
(IBNR) (note 23)

At December 31,

Claims settled during the year
Movement in outstanding claims/IBNR
Movement in expected recovery

Net claims incurred (page 70)

2017			2016		
Gross	Reinsurance	Net	Gross	Reinsurance	Net
Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
656,824	(337,773)	319,051	558,765	(285,068)	273,697
1,620,213	(613,939)	1,006,274	1,428,458	(549,998)	878,460
(1,458,486)	481,496	(976,990)	(1,330,399)	497,292	(833,107)
818,551	(470,216)	348,335	656,824	(337,774)	319,050
84,279	(28,338)	55,941	112,796	(53,727)	59,069
902,830	(498,554)	404,276	769,620	(391,501)	378,119
133,210	(107,053)	976,990	98,059	(52,706)	833,107
(1,773)	-	26,157	(16,096)	-	45,353
131,437	(107,053)	(1,773)	81,963	(52,706)	(16,096)
		1,001,374			862,364

Expected recovery amounts to Rs.17.9m as at December 31, 2017 (2016: Rs16.1m).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

31. MOVEMENTS IN INSURANCE LIABILITIES AND REINSURANCE ASSETS (CONT'D)

(b) Provision for unearned premiums

At January 1,
Net increase during the year
At December 31,(note 23)

THE GROUP					
2017			2016		
Gross	Reinsurance	Net	Gross	Reinsurance	Net
Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
1,039,641	(442,147)	597,494	955,130	(446,518)	508,612
121,063	(48,576)	72,487	84,511	4,371	88,882
1,160,704	(490,723)	669,981	1,039,641	(442,147)	597,494

At January 1,
Net increase during the year
At December 31,(note 23)

THE COMPANY					
2017			2016		
Gross	Reinsurance	Net	Gross	Reinsurance	Net
Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
1,004,888	(407,394)	597,494	939,556	(430,944)	508,612
113,696	(41,209)	72,487	65,332	23,550	88,882
1,118,584	(448,603)	669,981	1,004,888	(407,394)	597,494

32. CONTINGENT LIABILITIES

- (a) Financial Commitments
Outstanding commitments for the following:-
Loans to be granted
Investment in freehold properties
Bank and other guarantees

THE GROUP		THE COMPANY	
2017	2016	2017	2016
Rs'000	Rs'000	Rs'000	Rs'000
137,950	122,803	-	-
-	8,236	-	-
25,100	25,100	8,000	8,000
163,050	156,139	8,000	8,000

- (b) Tax assessment

During the year ended December 31, 2013, Swan Life Ltd received income tax assessment relating to the income years ended December 31, 2008, 2009, 2010 and 2011 respectively against which the Company has objected. The above is pending before the Assessment Review Committee. The maximum liability that could arise from this assessment amount to Rs 13.3m, including penalties and interests.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

33. SEGMENT INFORMATION - THE GROUP

(a) Operating segment

	Life	General		2017
		Casualty	Property	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross premiums	4,026,740	2,068,459	718,658	6,813,857
Net earned premiums	3,865,935	1,232,197	216,098	5,314,230
Underwriting surplus	-	284,291	212,629	496,920
Investment income				174,521
Operating profit				671,441
Other income				118,038
				789,479
Marketing and administrative expenses				(468,822)
Impairment and other charges				(18,819)
Depreciation and amortisation				(21,162)
Share of profit of associated company and joint venture				408
Profit before taxation				281,084
Income tax expense				(15,673)
Profit for the year				265,411

	Life	Casualty	General Property	Unallocated	2017 Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Segment assets					
- Company	-	1,720,048	301,656	2,837,440	4,859,144
- Subsidiaries	39,881,578	67,015	112,885	795,958	40,857,436
- Group	39,881,578	1,787,063	414,541	3,633,398	45,716,580
Segment liabilities	(39,881,578)	(1,843,869)	(407,570)	(558,175)	(42,691,192)
Equity holders' interest					3,025,388
Capital expenditure	-	3,479	610	8,190	12,279
Depreciation and amortisation	-	5,692	998	14,472	21,162

- (i) Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer.
- (ii) The operating segments are strategic business units offering services under:
- Life: long term insurance undertaken by Swan Life Ltd.
 - General: short term insurance undertaken by Swan General Ltd, Swan Reinsurance PCC and Swan Special Risks Company Ltd.
- (iii) The types of products and services from which each reportable segment generates revenue are disclosed in note 2.15.
- (iv) Other income includes revenue from leasing activity generated by Dolberg Rental (Pty) Ltd (formerly known as Swan Risk Finance Pty Ltd), the subsidiary incorporated South Africa. The revenue for the year amounts to Rs24m (2016: Rs22m).
- (v) Unallocated includes retirement benefit obligations, deferred tax liabilities, current tax liabilities and dividend payable.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

33. SEGMENT INFORMATION - THE GROUP (CONT'D)

(b) Operating segment	2016			Restated Total
	Life	General		
		Casualty	Property	
	Rs'000	Rs'000	Rs'000	Rs'000
Gross premiums	3,859,237	1,849,631	683,450	6,392,318
Net earned premiums	3,692,096	1,053,552	202,917	4,948,565
Underwriting surplus	-	280,418	162,206	442,624
Investment income				172,764
Operating profit				615,388
Other income				107,686
				723,074
Marketing and administrative expenses				(433,699)
Impairment and other charges				(11,249)
Depreciation and amortisation				(19,587)
Share of loss of associated company and joint venture				(4,656)
Profit before taxation				253,883
Income tax expense				(13,158)
Profit for the year				240,725
	Life	General	2016	
	Casualty	Property	Unallocated	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Segment assets				
- Company	-	1,434,601	276,308	2,467,984
- Subsidiaries	34,487,118	48,769	59,575	725,501
- Group	34,487,118	1,483,370	335,883	3,193,485
Segment liabilities	(34,487,118)	(1,592,589)	(342,703)	(384,189)
Equity holders' interest				2,693,257
Capital expenditure	-	3,881	748	9,197
Depreciation and amortisation	-	5,716	1,101	12,770

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

34. RELATED PARTY TRANSACTIONS

		Sale of products	Investment Income	Claims paid	Financial assets		Amount receivable from related parties	Loans	Claims Outstanding
		Rs'000	Rs'000	Rs'000	Rs'000		Rs'000	Rs'000	Rs'000
(a) THE GROUP	2017								
	Shareholders with significant influence	114,577	2,944	64,766	151,322		19,667	-	31,506
	Directors and Key Management Personnel	980	-	1,125	-		241	8,821	195
		115,557	2,944	65,891	151,322		19,908	8,821	31,701

The related party transactions are within the normal course of the business.

(c) Key management personnel compensation

Salaries and short-term employee benefits
Post-employment benefits

THE GROUP		THE COMPANY	
2017	2016	2017	2016
Rs'000	Rs'000	Rs'000	Rs'000
74,175	64,341	37,171	33,437
6,710	5,617	3,261	2,841
80,885	69,958	40,432	36,278

(d) The terms and conditions in respect of receivables and payables have been disclosed under respective notes.

There are no provisions held against receivables from related parties. (2016: Nil)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

35. CORRECTIONS OF PRIOR PERIOD ERRORS

The corrections of prior period errors and their effects are as follows:

THE GROUP

	Other reserves	Retained earnings	Actuarial gains/ (losses)	Non-controlling interest	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- Retirement benefit obligations (note (a))	-	(23,705)	-	-	(23,705)
- Investment in associated company (note (b))	(214)	(2,311)	-	(2,426)	(4,951)
Corrections of prior period errors as at January 1, 2016	(214)	(26,016)	-	(2,426)	(28,656)
- Retirement benefit obligations (note (a))	-	(26,235)	(3,090)	-	(29,325)
- Investment in associated company (note (b))	(108)	(8,056)	-	(7,804)	(15,968)
Corrections of prior period errors as at January 1, 2017	(108)	(34,291)	(3,090)	(7,804)	(45,293)

THE COMPANY

Corrections of prior period errors as at January 1, 2016

- Retirement benefit obligations (note (a))

Retained earnings	Actuarial gains/ (losses)	Total
Rs'000	Rs'000	Rs'000
(23,705)	-	(23,705)

Corrections of prior period errors as at January 1, 2017

- Retirement benefit obligations (note (a))

(26,235)	(3,090)	(29,325)
-----------------	----------------	-----------------

(a) Retirement benefit obligations

The Group has historically paid discretionary bonuses to its pensioners which are taken into account in the actuarial valuation of the pension fund for funding purposes. However, the calculations carried out for the retirement benefit obligation as required under IAS 19, did not reflect the discretionary element in the previous years and have been adjusted accordingly as a correction of prior period errors and comparative figures restated.

The effect on the statements of financial position is as follows:

THE GROUP AND THE COMPANY

	Retirement benefit obligations	Deferred tax assets	Owner's interest
	Rs'000	Rs'000	Rs'000
Balance as reported at January 1, 2016			
- as previously reported	102,108	18,708	1,983,868
- correction of prior period errors	27,888	4,183	(23,705)
- as restated	129,996	22,891	1,960,163
Balance as reported at December 31, 2016			
- as previously reported	129,530	25,069	2,043,434
- correction of prior period errors	34,500	5,175	(29,325)
- as restated	164,030	30,244	2,014,109

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

35. CORRECTIONS OF PRIOR PERIOD ERRORS (CONT'D)

(a) Retirement benefit obligations (cont'd)

The effect on profit or loss is as follows:
 Increase in marketing and administrative expenses
 Decrease income tax expenses
 Decrease in profit for the year

Effect on earnings per share

THE GROUP
THE COMPANY
2016
Rs'000
Restated
(2,977)
447
(2,530)
(0.31)

(b) Investment in associated company

The Group's associate, SACOS Group Limited, has restated its financial statements for the years ended December 31, 2016 and December 31, 2015, due to certain errors in prior years. These errors are accounted for in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors:

The effect on the statements of financial position is as follows:

THE GROUP

Balance as reported at January 1, 2016
 - as previously reported
 - correction of prior period errors
 - as restated

Balance as reported at December 31, 2016
 - as previously reported
 - correction of prior period errors
 - as restated

Investment in associated company	Owner's interest	Minority Interest
Rs'000	Rs'000	Rs'000
88,805	2,337,142	350,294
(4,951)	(2,525)	(2,426)
83,854	2,334,617	347,868
84,282	2,394,027	344,523
(15,968)	(8,164)	(7,804)
68,314	2,385,863	336,719

THE GROUP
2016
Rs'000
Restated
(5,745)
(0.69)

The effect on profit or loss is as follows:
 Decrease in share of profit from associated company

Effect on earnings per share

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

36. THREE YEAR SUMMARY

THE GROUP

STATEMENTS OF PROFIT OR LOSS

	2017 Rs'000	2016 Rs'000	2015 Rs'000
		Restated	Restated
Gross premiums	6,813,857	6,392,318	5,676,978
Net earned premiums	5,314,230	4,948,565	4,227,657
Underwriting surplus	496,920	442,624	494,031
Operating profit	671,441	615,388	671,316
Profit before taxation	281,084	253,883	277,795
Income tax expense	15,673	13,158	29,344
Profit for the year	265,411	240,725	248,451

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Profit for the year	265,411	240,725	248,451
Other comprehensive income for the year	258,024	(53,874)	(60,717)
Total comprehensive income	523,435	186,851	187,734

Attributable to:

Owners of the parent	481,582	168,404	165,700
Non-controlling interest	41,853	18,447	30,410
	523,435	186,851	196,110

STATEMENTS OF FINANCIAL POSITION

Non-current assets	2,269,653	2,010,695	1,962,097
Current assets	3,565,349	3,002,043	2,937,762
Life Business Assets	39,881,578	34,487,118	32,095,961
	45,716,580	39,499,856	36,995,820

Owners' interest	2,672,819	2,356,538	2,310,912
Non-controlling interest	352,569	336,719	347,868
Life Assurance Fund	39,881,578	34,487,118	32,095,961
Gross unearned premiums	1,160,704	1,039,641	955,130
Outstanding claims & IBNR	921,667	774,384	676,310
Non-current liabilities	214,373	199,740	137,008
Current liabilities	512,870	305,716	472,631
	45,716,580	39,499,856	36,995,820

Dividends per share (rupees and cents)	12.00	12.00	12.00
Earnings per share (rupees and cents)	29.52	26.87	27.78
Net assets value per share (rupees and cents)	322.97	284.75	279.24
Number of shares used in calculation	8,275,769	8,275,769	8,275,769

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

36. THREE YEAR SUMMARY (CONT'D)

THE COMPANY

STATEMENTS OF PROFIT OR LOSS

	2017 Rs'000	2016 Rs'000	2015 Rs'000
		Restated	Restated
Gross premiums	2,652,735	2,401,074	2,204,745
Net earned premiums	1,448,295	1,256,469	1,001,560
Underwriting surplus	484,971	428,506	484,887
Operating profit	633,619	579,747	637,931
Profit before taxation	251,936	230,754	241,475
Income tax expense	15,297	11,751	14,917
Profit for the year	236,639	219,003	226,558

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Profit for the year	236,639	219,003	226,558
Other comprehensive income for the year	93,930	(65,748)	(66,612)
Total comprehensive income	330,569	153,255	159,946

STATEMENTS OF FINANCIAL POSITION

Non-current assets	2,480,812	2,216,015	2,091,819
Current assets	2,378,332	1,962,878	1,971,279
	4,859,144	4,178,893	4,063,098
Owners' interest	2,245,369	2,014,109	1,960,163
Gross unearned premiums	1,118,584	1,004,888	939,556
Outstanding claims and IBNR	902,830	769,620	671,561
Non-current liabilities	187,032	164,186	130,257
Current liabilities	405,329	226,090	361,561
	4,859,144	4,178,893	4,063,098
Dividends per share (rupees and cents)	12.00	12.00	12.00
Earnings per share (rupees and cents)	28.59	26.46	27.38
Net assets value per share (rupees and cents)	271.32	243.37	236.86
Number of shares used in calculation	8,275,769	8,275,769	8,275,769

OTHER STATUTORY DISCLOSURES

YEAR ENDED DECEMBER 31, 2017

(pursuant to Section 221 of the Companies Act 2001)

DIRECTORS' SERVICE CONTRACTS

None of the Directors of the Company and of the Subsidiary Companies have service contracts that need to be disclosed under Section 221 of the Companies Act 2001.

DIRECTORS' REMUNERATION AND BENEFITS

Remuneration and benefits paid by the Company and its subsidiaries were as follows:

- Directors of Swan General Ltd

Executive Directors

- Full-time

Non-executive Directors

From the Company		From the Subsidiaries	
2017	2016	2017	2016
Rs'000	Rs'000	Rs'000	Rs'000
10,328	16,117	9,973	13,396
1,025	1,095	1,343	1,435
11,353	17,212	11,316	14,831

- Directors of subsidiary companies who are not directors of the Company

Executive Directors

Non-executive Director

From the Subsidiaries	
2017	2016
Rs'000	Rs'000
158	140

DONATIONS

Charitable donations

THE GROUP		THE COMPANY	
2017	2016	2017	2016
Rs'000	Rs'000	Rs'000	Rs'000
55	32	-	-

AUDITORS' FEES AND FEES FOR OTHER SERVICES

Fees paid to:

BDO & Co:

- Audit fees

- Review of statutory return

Other firms

THE GROUP		THE COMPANY	
2017	2016	2017	2016
Rs'000	Rs'000	Rs'000	Rs'000
3,945	3,740	1,480	1,455
460	330	165	130
188	187	-	-
4,593	4,257	1,645	1,585

CONTRACT OF SIGNIFICANCE

During the year under review, there was no contract of significance to which the Company or one of its subsidiaries was a party and in which a Director of the Company was materially interested either directly or indirectly.

OTHER STATUTORY DISCLOSURES

FOR THE YEAR ENDED DECEMBER 31, 2017 (PURSUANT TO SECTION 221 OF THE COMPANIES ACT 2001)

DIRECTORS OF THE COMPANY

Mr. M.E. Nicolas MAIGROT - Chairperson
 Mr. M.D. Pierre DINAN, G.O.S.K (Until 13th June 2017)
 Mr M.M Hector ESPITALIER-NOËL
 Mr M.H Philippe ESPITALIER-NOËL
 Mr. M. D. Henri HAREL
 Mr. J.M. René LECLÉZIO
 Mr. Peroomal Gopallen MOOROOGEN
 Mr. Victor C. SEEYAVE
 Mr. Jean-Sebastien MAMET
 Mr. J.M. Louis RIVALLAND - Group Chief Executive
 Mr. A. Michel THOMAS - Chief Operations Officer

DIRECTORS OF SUBSIDIARY COMPANIES

Swan Life Ltd

Mr. M.E. Nicolas MAIGROT - Chairperson
 Mr. M.D. Pierre DINAN, G.O.S.K (Until 13th June 2017)
 Mr M.M Hector ESPITALIER-NOËL
 Mr M.H Philippe ESPITALIER-NOËL
 Mr. M.D. Henri HAREL
 Mr. J.M. René LECLÉZIO
 Mr. Peroomal Gopallen MOOROOGEN
 Mr J.M Louis RIVALLAND- Group Chief Executive
 Mr. Victor C. SEEYAVE
 Mr. Jean-Sebastien MAMET

Swan International Co. Ltd.

Mr. J.M. Louis RIVALLAND
 Mr Jaiyansing SOOBAH

Manufacturers' Distributing Station Limited

Mr. J.M. Louis RIVALLAND
 Mr. Gerald E.R. J. LINCOLN (Until 15th February 2017)
 Mr Jaiyansing SOOBAH

Swan Pensions Ltd

Mr. J.M. Louis RIVALLAND
 Mr. Peroomal Gopallen MOOROOGEN
 Mr. J.M. Alan GODER

Processure Compagnie Ltée

Mr. Olivier JOLLAND
 Mr. Frédéric VACHER
 Mr. J.M. Louis RIVALLAND
 Mr. J.M. Alan GODER

Swan Reinsurance PCC

Mr. J.M. Louis RIVALLAND
 Mr. T.K. Philippe LO FAN HIN
 Mr. M.D. Pierre DINAN, G.O.S.K
 Mr. Victor C. SEEYAVE
 Mr. Peroomal Gopallen MOOROOGEN
 Mrs. Preetee JHAMNA RAMDIN (Until 18th December 2017)
 Mr. A. Michel THOMAS

Swan Corporate Affairs Ltd

Mr. J.M. Louis RIVALLAND
 Mr Jaiyansing SOOBAH

OTHER STATUTORY DISCLOSURES

FOR THE YEAR ENDED DECEMBER 31, 2017 (PURSUANT TO SECTION 221 OF THE COMPANIES ACT 2001)

Swan Foundation	Mr. J. M. Louis RIVALLAND Mr. Jaiyansing SOOBAH
Swan Wealth Managers Ltd	Mr. Peroomal Gopallen MOOROOGEN Mr. J. M. Louis RIVALLAND Mr. Nitish BENI MADHU
Swan Securities Ltd	Mr. Jaiyansing SOOBAH Mrs. Preetee JHAMNA RAMDIN (Until 18th December 2017) Mr. Veenaye BUSGEETH (Appointed on 9th January 2018)
Swan Financial Solutions Ltd	Mr. J. M. Louis RIVALLAND Mr. Ziyad Abdool Raouf BUNDHUN (Until 20th April 2017) Mr. Nitish BENI MADHU Mr. Ashley Coomar RUHEE (Appointed on 12th June 2017)
Dolberg Rental (Pty) Ltd (formerly known as Swan Risk Finance (SA) Pty Ltd)	Mr. J. M. Louis RIVALLAND Mrs. Preetee JHAMNA RAMDIN (Until 18th December 2017) Mr. Nitish BENI MADHU (Appointed on 18th December 2017)
Brugassur (SA)	Mr. Jaiyansing SOOBAH Mr. M.G.M Patrice BASTIDE
Aprica Investment Co Ltd	Mr. J.M. Louis RIVALLAND Mr. M.G.M Patrice BASTIDE Mr. Andrew S. LEE Mr. M.H Philippe ESPITALIER-NOËL Mr. J.M. René LECLÉZIO Mr. M.E. Nicolas MAIGROT
Swan Special Risks Company Limited	Mr. J.M. Louis RIVALLAND Mr. T.K. Philippe LO FAN HIN Mr. Peroomal Gopallen MOOROOGEN Mr. M.D. Pierre DINAN, G.O.S.K Mr. Victor C. SEEYAVE Mr. A. Michel THOMAS Mrs. Preetee JHAMNA RAMDIN (Until 18th December 2017)
Swan Wealth Structured Products Ltd	Mr. J.M. Louis RIVALLAND Mrs. Preetee JHAMNA RAMDIN (Until 18th December 2017) Mr. Nitish BENI MADHU (Appointed on 16th January 2018)
Smart Health Ltd	Mr. J.M. Louis RIVALLAND (Appointed on 20th September 2017) Mr. Nitish BENI MADHU (Appointed on 20th September 2017) Mr. J.M. Alan GODER (Appointed on 20th September 2017) Mr. Amal Leckraj BHOLAH (Appointed on 27th April 2016) Mr. Kemley BEHAREE (Appointed on 20th September 2017)
Swan Comoros SA	Mr. M.G.M Patrice BASTIDE (Appointed on 26th September 2016) Mr. Veenaye BUSGEETH (Appointed on 26th September 2016) Mr. Bernard KISHTOO (Appointed on 26th September 2016)
Swan Corporate Advisors Ltd	Mr. Jaiyansing SOOBAH (appointed on 29 January 2018) Mr. Jeeawock GIANDUTH (appointed on 29 January 2018) Mr. J.M. Louis RIVALLAND (appointed on 21 December 2017 and resigned on 29 January 2018) Mr. Nitish BENI MADHU (appointed on 21 December 2017 and resigned on 29 January 2018)

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Notice is hereby given that the Annual Meeting of Shareholders (the "Meeting") of Swan General Ltd (the "Company") will be held on 12 June 2018 at 9.00 a.m. at Swan Centre, 10, Intendance Street, Port Louis to transact the following business in the manner required for the passing of ORDINARY RESOLUTIONS:

AGENDA

1. To consider the 2017 Annual Report of the Company.
2. To receive the report of Messrs. BDO & Co, the external auditors of the Company.
3. To consider and adopt the audited financial statements of the Company and the Group for the year ended 31st December 2017.
4. To confirm the appointment of Mr. Arif Fakhruddin Currimjee as Director of the Company.
5. To re-appoint Messrs. BDO & Co as auditors of the Company in compliance with Section 40(3) of the Insurance Act 2005 for the ensuing year and to authorise the Board of Directors to fix their remuneration.
6. To ratify the remuneration paid to the auditors for the financial year ended 31st December 2017.

BY ORDER OF THE BOARD



Jaiyansing Soobah
for Swan Corporate Affairs Ltd
Company Secretary

4 May 2018

NOTES:

1. A shareholder of the Company entitled to attend and vote at this meeting may appoint a proxy of his/her own choice to attend and vote on his/her behalf. A proxy need not be a member of the Company.
2. The instrument appointing a proxy or any general power of attorney shall be deposited at Registered Office of the Company not less than twenty-four (24) hours before the start of the meeting and in default, the instrument of proxy shall not be treated as valid.
3. A proxy form is included in this Annual Report and is also available at the registered office of the Company.
4. For the purpose of this Annual Meeting, the Directors have resolved, in compliance with Section 120(3) of the Companies Act 2001, that the shareholders who are entitled to receive notice of the meeting shall be those shareholders whose names are registered in the share register of the Company as at 15 May 2018.

PROXY FORM

I/We,

of

being a member/members of Swan General Ltd ("the Company), do hereby appoint:

of

or failing him/her,

of

or failing him/her the Chairman of the Meeting, as my/our proxy to represent me/us and vote for me/us and on my/our behalf at the Annual Meeting of the Company to be held at Swan Centre, 10, Intendance Street, Port Louis on 12 June 2018 at 09.00 hours and at any adjournment thereof.

I/We direct my/our proxy to vote in the following manner (please vote with a tick):

RESOLUTIONS

FOR AGAINST ABSTAIN

1. To consider the 2017 Annual Report of the Company.
2. To receive the report of Messrs. BDO & Co, the auditors of the Company.
3. To consider and adopt the audited financial statements of the Company and the Group for the year ended 31st December 2017.
4. To confirm the appointment of Mr. Arif Fakhruddin Currimjee as Director of the Company.
5. To re-appoint Messrs. BDO & Co as auditors of the Company for the ensuing year in compliance with Section 40 (3) of the Insurance Act 2005 and to authorise the Board of Directors to fix their remuneration.
6. To ratify the remuneration paid to the auditors for the financial year ended 31st December 2017.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of 2018.

Signature(s)

Notes:

1. A shareholder of the Company entitled to attend and vote at this meeting may appoint a proxy of his/her own choice to attend and vote on his/her behalf. A proxy needs not be a member of the Company.
2. If the instrument appointing a proxy or any general power of attorney is returned without an indication as to how the proxy shall vote on any particular resolution, the proxy will exercise his/her discretion as to whether, and if so, how he/she votes.
3. To be valid, the instrument appointing a proxy or any general power of attorney, duly signed, shall be deposited at the Registered Office of the Company, Swan Centre, 10, Intendance Street, Port-Louis 24 hours before the time fixed for holding the Annual Meeting.

