



# SWAN

Swan General Ltd

Annual Report

# 2018



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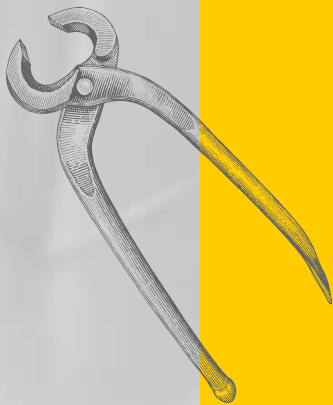
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Proxy Form





# FERBLANTIER



# SWAN

The year was 1855 when SWAN first set up shop. Giving birth to a new type of tradesman on the island: the insurer! Establishing the insurance trade as one of the oldest jobs on the island. And laying the foundation for its expertise. All things we humbly pride ourselves on as we look back on our nearly 18-decade-long history.

At our sides, we found the likes of tinsmiths, distillers, typesetters and glass blowers... Some no longer exist. Some are still present. Regardless, the rare few carry with them the virtues and values of yesteryear. With the conviction that our country could not have emerged as the economic powerhouse it is today without all these trades, we decided to put them back in the limelight.

This year, we focus on the know-how and talent of these craftsmen and women. Through their intuitive skills, they contributed to the betterment of life in Mauritius. And today, they are part of our common cultural heritage and are deeply ingrained in our DNA as a modern society. This is our tribute to them. Hats off!

**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.  
SWAN FOR LIFE.**



# 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

**LOUIS RIVALLAND //**  
Director and Group Chief Executive



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 2018.

While remaining focused on delivering sustainable performance for our shareholders and other stakeholders, we continued our strategic goals of enhancing our business development capabilities, strengthening our service culture and expanding beyond Mauritius.

The business landscape is rapidly becoming more and more digitised thanks to the younger digital native generation as well as the growth of the 'internet of things' and artificial intelligence in everyday life connecting more people, businesses and things.

We need to embrace this evolution to meet customer demand, increase the level of customer experience and the ease of doing business with SWAN.

Furthermore, our growth in new markets requires SWAN to be faster and more responsive to customers through digital means. In 2019 we are accelerating the digital transformation to address better customer experience and to digitise our core business and strategy.

2019 will be another challenging year with a persistent soft market in a low interest rate environment. The advent of new financial reporting standards, specially IFRS 17, will consume significant top management time and resources.

## Short Term Operations

Swan General Ltd performed remarkably well in what has been a difficult claims year. The effect of climate change with its induced natural disasters was strongly felt during the first half of 2018 where we were impacted by a series of catastrophic events, particularly in relation to flood-related claims affecting several lines of business. The year was also marked by unprecedented competition in almost all classes of business. In such a prevailing competitive landscape, innovative solutions and superior quality service have

# Rs 541m

Underwriting surplus 2018

more than ever become determinant factors for business retention and securing new accounts.

Swan General Ltd achieved a gross written premium growth of 9% as a result of a well-defined customer retention strategy, together with a bespoke product offering to meet our clients' ever-changing needs. Growth in gross written premium was commendable given the stiff market competition and challenging economic environment. We are thankful for the significant contribution of our agents and

## Chairperson's & Group Chief Executive's Report

brokers in achieving this remarkable top line performance. The underwriting surplus grew by 12% from Rs485M in 2017 to Rs541M this year, whilst the profit before tax improved markedly to reach Rs303M in 2018. Our strategic objectives of improved customer service, efficient claims management and client retention have been paramount in achieving these results.

The corporate business remains the mainstay of general business contributing sizably to the overall turnover. The climatic disturbances of the first semester of 2018 had a significant impact on the property and motor book. However, with the proper reinsurance structure in place, the property portfolio managed to post a sound net results for 2018. Quality underwriting, strengthened supplier relations and prudent claims management were pivotal in generating a satisfactory technical performance in this sector.

As market leader in the provision of health insurance, our emphasis is to continue providing an unparalleled service to our customers through technology-based enablers and tailor-made solutions, which is meant to cater for all segments of the market. An increased customer interaction with Swan has been noted with the introduction of the mobile application where our clients can register their healthcare claims on their mobile phones. We continue to invest in finding lasting and sustainable solutions to better serve our customers. As usual, we strive to keep the cost of medical inflation within reasonable bounds, given that the margin on this line of business remains generally thin.

The SME and the financial lines sectors delivered encouraging operating results, despite the intense competition in this segment. Continuous improvement in our processes has ensured that our customers enjoy a superior level of service and benefit from a wide range of unique customer centric products. The growth in individual business was also very appreciable and yielded an improved net result, despite an

increased claims activity on residential risks following the flash floods and cyclones of the first half of 2018.

Following the deployment of some bold initiatives in the motor sector, we have harvested positive outcomes on this portfolio making it a substantial contributor to the overall net results. This good performance was achieved through

a marked improvement of existing processes coupled with the implementation of a robust claims recovery framework.

In 2018, Swan also finalised the acquisition of two investment targets in Rwanda and Zambia. Our energies are now focused on enhancing the collaboration with local partners as well as exploiting business opportunities. We have also been pursuing other acquisition deals in the Southern African region which we hope to close in 2019.

The economic outlook for Mauritius looks positive given the favourable external conditions and growing public investment. The World Bank projects a real GDP growth of 4.0% for 2019, on account of an increased public infrastructure program which will subsequently stimulate private investments. Growth is also anticipated in financial services and ICT sectors. The insurance industry is expected to follow suit. We remain confident that we will be able to maintain a stable premium growth in 2019 and also contain the impact of natural catastrophe claims through optimisation of our reinsurance programmes, so as to produce a satisfactory net result for the year.

### Long Term Operations - Individual

The individual life business delivered satisfactorily in terms of new business in 2018 despite a highly competitive environment. Our multi-channel sales strategy and close monitoring of performance contributed to the results.

The year opened up with the implementation of the needs-



Swan General Ltd achieved a gross written premium growth of 9% as a result of a well-defined customer retention strategy, together with a bespoke product offering to meet our clients' ever-changing needs.







“

In 2019 we are accelerating the digital transformation to address better customer experience and to digitise our core business and strategy.

”

## Chairperson's & Group Chief Executive's Report

based selling approach throughout our sales teams, as we strongly believe that our value proposition lies in this approach. We maintained our training and development effort to make sure that our sales team are kept abreast of the latest product details. More than ever, clients are concerned with their investments and insurance covers. Our teams continue to give valuable and trusted advice and reassurance to our clients. In addition, during the course of 2018, we worked on providing our sales teams qualitative leads through various marketing initiatives, presence on social media and campaigns on the solutions we offer to help our clients Protect, Provide, Progress and Prosper.

In 2019, we shall ensure that our clients are further guided towards tailored and appropriate solutions. We shall keep improving and digitalising our operation systems and sales processes to ensure better quality customer information and improved client experience. We remain relentless in our aim to render our salesforce even more qualified, competent and professional.

### Long Term Operations - Corporate

In 2018, our corporate pension business had to face the same challenges as the past few years. Many Defined Benefit (DB) pension schemes were designed in an era of lower life expectancy and higher returns on investment. Benefits promises that once appeared affordable are today financially unsustainable forcing many sponsoring employers to reconsider their DB arrangements. Throughout the year, we have been in constant communication with all stakeholders in order to find a just solution to this enduring multifaceted problem. Several tailor-made solutions were sent for approval to the Regulator and we have been at the forefront in ensuring the best interest of our clients, both employers and members.

Despite our efforts, the transfer of our Defined Benefit (DB) pension schemes to the Swan Defined Benefit Pension Scheme (SDBPS) has not progressed much and is still work in progress. We have continued to communicate with the regulator over the year to ensure that the transfer is being done with the best interest of the employees in mind.

### Pension

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.

During 2018, SPL has posted an increase in income of 11% and continues to show a healthy profitability margin thus contributing to shareholder's value. This increase is mainly attributable to new participating employers under our multi-employer schemes and increases in the overall payroll of our existing clients. 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 are continuing to work on the streamlining of our processes and expect to complete in 2019 our project to enable our clients to transfer membership data efficiently and securely through a web based platform.

### 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 50 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 celebrated an eventful year epitomized by vigorous top/bottom lines growth, capture of sizeable institutional mandates, excellent client retention rate and notable progress on the international scene. Operating profit rolled up by more than 13%. Barring exceptional items, SWM edged the hallmark of Mur 150m in terms of Net Profit.

SWM was successfully involved in two products launches in 2018, namely Swan Smart Achiever and Swan Emerging Markets Fund. This trend is set to be furthered in 2019, notably through the take-off of Swan Income Fund in the first half of the year. Another major fruitful initiative was on the African scene as SWM was chosen as the preferred technical partner with BK Capital, a subsidiary of Bank of Kigali in Rwanda. Moreover, Swan shall acquire up to 40% of the shareholding of BK Capital. Other similar initiatives are on the radar for the upcoming year.

In 2019, we shall focus on fresh niches of growth. At a granular level, we shall in this vein, build significant capacity to on-board family businesses. With a view towards meeting these challenges, SWM has and will continue to strengthen its staff base. Indeed, in 2018, we recruited high calibre and senior staff and we believe we are in a position to continue to attract the right talents for 2019. As an entity as well as forming part of a solid group, we are well positioned to produce a strong set of results for 2019

Swan Securities Ltd (SSL) is one of the leading Investment Dealers. Revenue from brokerage operations in 2018 witnessed a regression correlated with a general decline in the trading activity of the SEM compared to the levels of 2017. In its strategy of diversification of revenue flow, the company grew other income from distribution of financial products, access to international investment products and was the main distributor for the Swan Smart Achiever Notes. Going forward, SSL has set strategic objectives revolving around its current and prospective client base to include a broader palette of services and investment products on the menu card. Through its regional network, SSL intends to participate in cross border deal flows acting as a conduit for strategic investors. Emphasis will also be in 2019 to embark on investment promotion campaigns to reawaken dormant foreign clients that have exited the market in 2015 and are yet to consider an entry.

For our People, in 2018, we started the implementation of the 3-year HR plan which aims at ensuring that we meet the people management challenges of the 2020's. One of the major projects was the enhancement of the employee experience through initiatives which facilitated access to information and which provided support for better work-life balance. The identification of opportunities to improve the employee experience will continue in 2019 and the years to come.

We also conducted an Employee Survey which provided Management with useful information on how our leadership and HR management practices are perceived by employees. A detailed report was generated and made available to each department in view of setting up improvement plans for implementation in 2019. The Survey also enabled SWAN to benchmark against global companies.

We laid special emphasis on succession planning in 2018 with a view to ensure that our talents are continuously prepared for business critical positions. Potential successors will be provided with the necessary learning and development opportunities to grow their knowledge, skills and competencies for higher level responsibilities.

In 2019, we will give particular consideration to building leadership skills across SWAN. We believe that leadership is key to the transformation of SWAN in order to meet the challenges of the digital age. In this context we are planning

to set up a leadership competency framework and to provide the necessary training to enable our leaders to further grow their skills.



On the regulatory front, we further improved our risk management framework and strengthened our data protection policy.

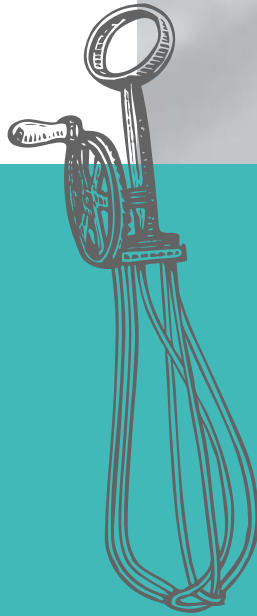


On the regulatory front, we further improved our risk management framework and strengthened our data protection policy. The Ombudsperson for Financial Services Act 2018 which was enacted in 2018, provides for the establishment of the office of the Ombudsperson for Financial Services, empowered to receive, investigate and settle complaints involving financial institutions. This is a significant change from the previous structure where complaints were being dealt with by the Financial Services Commission.

We thank our employees for their continued dedication and hard work as well as all our business partners. We also wish to thank all our customers for their loyalty. Our appreciation also goes to the Board for their guidance and contribution.

**Nicolas Maigrot**  
Chairperson

**Louis Rivalland**  
Group Chief Executive



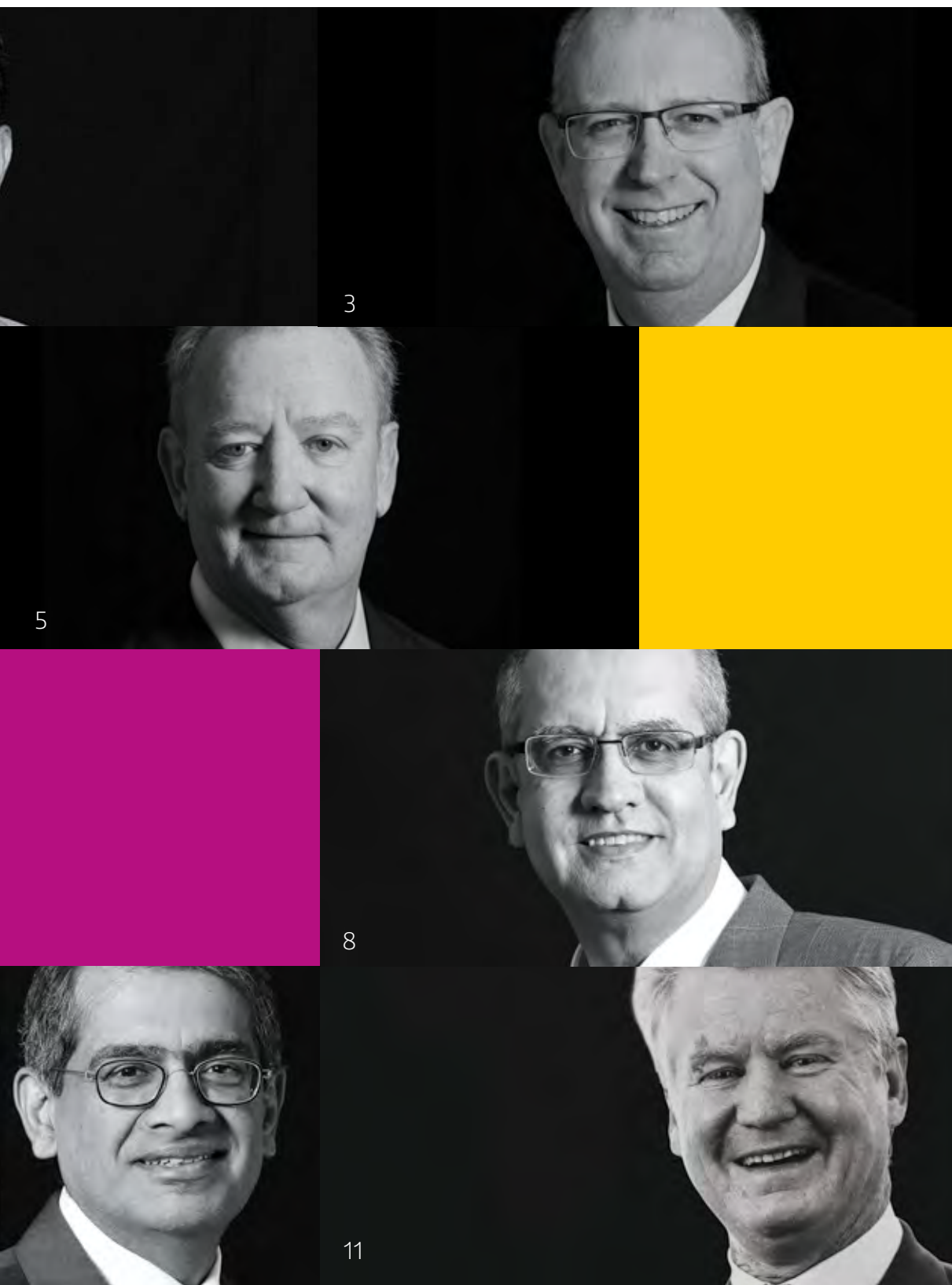
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# Directorate





**1. Louis RIVALLAND**  
Group Chief  
Executive

**2. Gopallen MOOROGEN**  
Independent Non-  
executive

**3. Nicolas MAIGROT**  
Non-executive

**4. Sébastien MAMET**  
Non-executive

**5. Hector ESPITALIER-NOËL**  
Non-executive

**6. Henri HAREL**  
Non-executive

**7. Victor SEEYAVE**  
Independent  
Non-executive

**8. Michel THOMAS**  
Chief Operations  
Officer

**9. René LECLÉZIO**  
Non-Executive

**10. Arif CURRIMJEE**  
Independent  
Non-executive

**11. Philippe ESPITALIER-NOËL**  
Non-executive

## Directorate

01.

### 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 qualified Actuary from the Faculty and Institute of Actuaries.

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:*

| Company Name                                | Position |
|---|----------|
| Adenia Capital (II) Ltd                     | Director |
| Air Mauritius Holding Limited               | Director |
| Air Mauritius Limited                       | Director |
| Aprica Investments Co Ltd                   | Director |
| Manufacturers' Distributing Station Limited | Director |
| New Mauritius Hotels Limited                | Director |

| Company Name                        | Position |
|-------------------------------------|----------|
| Processure Compagnie Limitée        | Director |
| Standard Bank (Mauritius) Limited   | Director |
| Swan Corporate Affairs Ltd          | Director |
| Swan Digital Ltd                    | Director |
| Swan Financial Solutions Ltd        | Director |
| Swan Foundation                     | Director |
| Swan International Ltd              | Director |
| Swan Life Ltd                       | Director |
| Swan Pensions Ltd                   | Director |
| Swan Reinsurance PCC                | Director |
| Swan Special Risks Co Ltd           | Director |
| Swan Wealth Managers Ltd            | Director |
| Swan Wealth Structured Products Ltd | Director |

02.

### GOPALLEN MOOROOGEN

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.

*Other Directorships:*

| Company Name  | Position |
|---------------|----------|
| Swan Life Ltd | Director |



## 03.

**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.

*Other Directorships:*

| Company Name                             | Position                        |
|--|---------------------------------|
| <i>Terragen Ltd</i>                      | <i>Chairman &amp; Direction</i> |
| <i>Coal Terminal (Management) Co Ltd</i> | <i>Director</i>                 |
| <i>Terra Management Ltd</i>              | <i>Director</i>                 |
| <i>Terra Foundation</i>                  | <i>Director</i>                 |
| <i>Terra Brands Ltd</i>                  | <i>Director</i>                 |
| <i>Grays Inc.Ltd</i>                     | <i>Chairman &amp; Director</i>  |
| <i>Grays Distilling Ltd</i>              | <i>Director</i>                 |
| <i>Terragri Ltd</i>                      | <i>Director</i>                 |
| <i>Terra Milling Ltd</i>                 | <i>Chairman</i>                 |
| <i>Terrarock Ltd</i>                     | <i>Director</i>                 |
| <i>Terra Services Ltd</i>                | <i>Director</i>                 |
| <i>Sagiteria Ltd</i>                     | <i>Chairman</i>                 |
| <i>Sugarworld Ltd</i>                    | <i>Director</i>                 |
| <i>Terra Mauricia Ltd</i>                | <i>Director</i>                 |
| <i>Alcohol and Molasses Export Ltd</i>   | <i>Director</i>                 |
| <i>Anytime Investment Ltd</i>            | <i>Director</i>                 |
| <i>Horus Ltee</i>                        | <i>Director</i>                 |
| <i>Intendance Holding Limited</i>        | <i>Director</i>                 |
| <i>Ivoirel Limitee</i>                   | <i>Director</i>                 |
| <i>New Goodwill Co.Ltd</i>               | <i>Director</i>                 |
| <i>New Fabulous Investment Ltd</i>       | <i>Director</i>                 |
| <i>Payment Express Ltd</i>               | <i>Director</i>                 |
| <i>Rehm Grinaker Construction Co.Ltd</i> | <i>Chairman &amp; Director</i>  |
| <i>Rehm Grinaker Properties Co.Ltd</i>   | <i>Chairman &amp; Director</i>  |
| <i>Swan Life Ltd</i>                     | <i>Chairman &amp; Director</i>  |
| <i>Sucrivoire S.A</i>                    | <i>Director</i>                 |
| <i>Terravest Limited</i>                 | <i>Director</i>                 |
| <i>Terravest Holding Ltd</i>             | <i>Director</i>                 |
| <i>Thermal Valorisation Co Ltd</i>       | <i>Director</i>                 |

| Company Name                                   | Position        |
|--|-----------------|
| <i>UDL Investments Ltd</i>                     | <i>Director</i> |
| <i>United Docks (overseas Investments) Ltd</i> | <i>Director</i> |
| <i>United Docks Ltd</i>                        | <i>Director</i> |
| <i>United Investments Ltd</i>                  | <i>Director</i> |
| <i>United Properties Ltd</i>                   | <i>Director</i> |

## 04

**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.

*Other Directorships:*

| Company Name                  | Position                  |
|-------------------------------|---------------------------|
| <i>Forges Tardieu Ltd</i>     | <i>Director</i>           |
| <i>Intendance Holding Ltd</i> | <i>Director</i>           |
| <i>Ivoirel Limitee</i>        | <i>Director</i>           |
| <i>Sucrivoire</i>             | <i>Director</i>           |
| <i>Swan Life Ltd</i>          | <i>Director</i>           |
| <i>Terra Services Ltd</i>     | <i>Director</i>           |
| <i>Terragen Ltd</i>           | <i>Director</i>           |
| <i>Terra Management Ltd</i>   | <i>Director</i>           |
| <i>Terra Milling Ltd</i>      | <i>Director</i>           |
| <i>Terrarock Ltd</i>          | <i>Alternate Director</i> |

## Directorate

05.

### 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.

#### Other Directorships:

| Company Name                            | Position |
|---|----------|
| Agrex Limited                           | Director |
| Ascencia Limited                        | Director |
| Avipro Co Ltd                           | Director |
| Axess Limited                           | Director |
| B.R.E Ltd                               | Director |
| Beachcomber Hospitality Investments Ltd | Director |
| Beachcomber Hotel S.A                   | Director |
| Beachcomber Hotels Marrakech S.A        | Director |
| Beachcomber Limited                     | Director |
| Building & Civil Engineering Co.Ltd     | Director |
| Case Noyal Limitee                      | Director |
| Cashverdure Limitee                     | Director |
| Compagnie Sucriere De Bel Ombre Limited | Director |
| Dolphin Coast Marina Estate Ltd         | Director |
| Domaine De L'Harmonie Ltee              | Director |
| Ecocentre Limitee                       | Director |
| Eliheda Ltd                             | Director |
| Emerald (Mauritius)Limited              | Director |
| Enatt Ltd                               | Director |
| ENL Agri Limited                        | Director |
| ENL Corporate Services Limited          | Director |
| ENL Corporate Ventures Limited          | Director |
| ENL Commercial Limited                  | Director |
| ENL Finance Limited                     | Director |
| ENL Foundation                          | Director |
| ENL Land Ltd                            | Director |
| ENL Limited                             | Director |
| ENL Portfolio Managers Limited          | Director |
| ENL Property Limited                    | Director |
| ENL Secretarial Services Limited        | Director |
| Enquickfix Limited                      | Director |
| Envolt Limited                          | Director |
| ESP Landscapers Ltd                     | Director |
| Espral International Ltd                | Director |

| Company Name                                   | Position |
|--|----------|
| Exotiflors Limited                             | Director |
| Gold Coast Resort Limited                      | Director |
| Green Create Nutra Limited                     | Director |
| Helida Ltd                                     | Director |
| Jacotet Bay Limited                            | Director |
| L'Accord Limited                               | Director |
| La Sablonniere Limited                         | Director |
| La Sablonniere Holding Limited                 | Director |
| Le Monde Development Corporation Limited       | Director |
| Le Sunset Commercial Centre Limited            | Director |
| Les Salines Golf & Resort Limited              | Director |
| Les Villas De Bel Ombre Amenties Ltd           | Director |
| Les Villas De Bel Ombre Ltee                   | Director |
| Mall of (Mauritius) at Bagatelle Ltd           | Director |
| Management & Development Co.Ltd                | Director |
| MDA Offices Limited                            | Director |
| Moka City Limited                              | Director |
| Moka Residential Limited                       | Director |
| Mon Desert Alma Sugar Milling Company Limited  | Director |
| Motor City Limited                             | Director |
| New Mauritius Hotels Limited                   | Director |
| Packestate Limited                             | Director |
| Plastinax Austral Limited                      | Director |
| Praslin Resort Limited                         | Director |
| Reef Resort Limited                            | Director |
| Rogers Capital Investment Advisors Ltd         | Director |
| Rogers and Company Limited                     | Director |
| Rogers Capital Ltd                             | Director |
| Rogers Consolidated Shareholding Limited       | Director |
| Royal Gardens Ltd                              | Director |
| Semaris Ltd                                    | Director |
| S & W Synergy Ltd                              | Director |
| Samrtvertising Ltd                             | Director |
| Savannah Properties Limited                    | Director |
| SB Cattle Ltd                                  | Director |
| Societe Pur Blanca                             | Director |
| South West Tourism Development Company Limited | Director |
| St Anne Resort Ltd                             | Director |
| Swan Life Ltd                                  | Director |
| Tambourissa Limited                            | Director |
| The Gardens of Bagatelle Ltd                   | Director |
| The Green Mountain Co.Ltd                      | Director |
| The Old Factory Limited                        | Director |
| The Savannah Sugar Milling Company Ltd         | Director |
| Tropical Paradise Co.Ltd                       | Director |
| Turbine Incubator Limited                      | Director |

06.

**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.

Other Directorships:

| Company Name                        | Position                        |
|-------------------------------------|---------------------------------|
| Terra Milling Ltd                   | Director                        |
| Terragen Ltd                        | Director                        |
| Terra Brands Ltd                    | Director                        |
| Grays INC. Ltd                      | Director                        |
| Terra Finance Ltd                   | Director                        |
| Coal Terminal (Management) Co Ltd   | Director and Alternate Director |
| Terragen Management Ltd             | Director                        |
| Terra Foundation                    | Director                        |
| Grays Distilling Ltd                | Director                        |
| Terragri Ltd                        | Director                        |
| Terra Services Ltd                  | Director                        |
| Ivoirel Limitee                     | Director                        |
| Sagiterra Ltd                       | Director                        |
| Terra Mauricia Ltd                  | Director                        |
| Beau Plan Retail Park Ltd           | Director                        |
| Beau Plan Development Ltd           | Director                        |
| Alcohol and Molasses Export Limited | Director                        |
| Anytime Investment Ltd              | Director                        |
| Banyantree Bank Limited             | Director                        |
| Commada Ltd                         | Director                        |
| Moulin Casse Limitee                | Director                        |
| New Fabulous Investment Ltd         | Director                        |
| New Goodwill Co. Ltd                | Director                        |
| Intendance Holding Limited          | Director                        |
| Invescom Ltd                        | Director                        |
| Rehm Grinaker Construction Co Ltd   | Director                        |
| Rehm Grinaker Properties Co Ltd     | Director                        |
| Rum Distributors Co.Ltd             | Director                        |
| Sucrivoire S.A                      | Director                        |
| Sugar Industry Pension Fund         | Director                        |
| Swan Life Ltd                       | Director                        |
| Terravest Limited                   | Director                        |
| Terravest Holding Ltd               | Director                        |
| United Investments Ltd              | Director                        |

07.

**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.

Other Directorships:

| Company Name  | Position |
|---------------|----------|
| Innodis Ltd   | Director |
| Swan Life Ltd | Director |

08.

**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 until 1988. He headed the Claims department he was promoted as Senior Manager of the Group Research and Development department in 2001. He was appointed Operations Executive in 2005 and is responsible for the Short-Term Operations of the SWAN.

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 also of Medical and Surgical Centre limited since January 2009.

Other Directorships:

| Company Name                            | Position |
|---|----------|
| The Medical and Surgical Centre Limited | Director |
| Swan Special Risks Company Ltd          | Director |

## Directorate

### 09. RENÉ LECLÉZIO Non-Executive

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.

#### Other Directorships:

| Company Name  | Position        |
|---|-----------------|
| <i>Anytime Investment Ltd</i>                             | <i>Director</i> |
| <i>Best Sellers Ltd</i>                                   | <i>Director</i> |
| <i>Casela Limited</i>                                     | <i>Director</i> |
| <i>Caudan Development Limited</i>                         | <i>Director</i> |
| <i>Caudan Leisure Ltd</i>                                 | <i>Director</i> |
| <i>Clarens Fields Ltd</i>                                 | <i>Director</i> |
| <i>Commercial Holding Ltd</i>                             | <i>Director</i> |
| <i>Compagnie Mauricienne de Commerce Ltee</i>             | <i>Director</i> |
| <i>Concorde Tourist Guide Agency Ltd</i>                  | <i>Director</i> |
| <i>Excelsior United Development Companies Limited</i>     | <i>Director</i> |
| <i>Ferryhill Enterprises Ltd</i>                          | <i>Director</i> |
| <i>Fondation Medine Horizons</i>                          | <i>Director</i> |
| <i>Goodweal Limited</i>                                   | <i>Director</i> |
| <i>Industrial &amp; Hotel Equipment Manufacturers Ltd</i> | <i>Director</i> |
| <i>International Distillers (Mtius) Ltd</i>               | <i>Director</i> |
| <i>Le Cabinet Limited</i>                                 | <i>Director</i> |
| <i>Mauritian Coal &amp; Allied Services Co.Ltd</i>        | <i>Director</i> |
| <i>Mauritius Freeport Development Co Ltd</i>              | <i>Director</i> |
| <i>Medine Distillery Ltd</i>                              | <i>Director</i> |
| <i>Medine Education Properties Ltd</i>                    | <i>Director</i> |
| <i>Medine Eduhousing Ltd</i>                              | <i>Director</i> |
| <i>Medine Limited</i>                                     | <i>Director</i> |
| <i>Medine Residential Properties Co Ltd</i>               | <i>Director</i> |
| <i>Medine Smart City Company Ltd</i>                      | <i>Director</i> |
| <i>New Fabulous Investment Ltd</i>                        | <i>Director</i> |
| <i>New Goodwill Co Limited</i>                            | <i>Director</i> |
| <i>Pierrefonds Estate Company Limited</i>                 | <i>Director</i> |
| <i>Promotion and Development Limited</i>                  | <i>Director</i> |
| <i>Rey &amp; Lenferna Ltd</i>                             | <i>Director</i> |
| <i>Societe Mauricienne d'Entreprises Generale Ltee</i>    | <i>Director</i> |
| <i>Southern Investments Ltd</i>                           | <i>Director</i> |
| <i>Swan Life Ltd</i>                                      | <i>Director</i> |
| <i>Tamarina Beach Club Hotel Limited</i>                  | <i>Director</i> |
| <i>Tamarina Golf Club Ltd</i>                             | <i>Director</i> |
| <i>Tamarina Golf Estate co.Ltd</i>                        | <i>Director</i> |
| <i>TGE Management Services Ltd</i>                        | <i>Director</i> |
| <i>The Medine Sugar Milling Company Limited</i>           | <i>Director</i> |

| Company Name                                      | Position        |
|---|-----------------|
| <i>Tropical Paradise Co Ltd</i>                   | <i>Director</i> |
| <i>Uniciti Commercial Properties Ltd</i>          | <i>Director</i> |
| <i>Uniciti Management Services Co Ltd</i>         | <i>Director</i> |
| <i>Unicity Office Park Ltd</i>                    | <i>Director</i> |
| <i>Unicity Sports and Cultural Properties Ltd</i> | <i>Director</i> |

### 10. ARIF CURRIMJEE Independent Non-executive

Born in 1962, he holds a degree in Economics from Williams College, MA and has studied at the London School of Economics, McGill University, and INSEAD.

He is the Managing Director of Le Tricot International Ltd, a non-executive Director on several companies within the Currimjee Group as well as on its Ownership Board and an independent director on companies in the financial sector.

He is a Council Member of the Mauritius Export Association, a past-president of the Joint Economic Council, the Mauritian Private Sector's apex organisation, and has been a board member of such para-statal organisations as Enterprise Mauritius, The National Productivity and Competitiveness Council and the National Committee for Corporate Governance.

#### Other Directorships:

| Company Name                             | Position        |
|--|-----------------|
| <i>Abana Online Ltd</i>                  | <i>Director</i> |
| <i>Adenia Capital (II) Ltd</i>           | <i>Director</i> |
| <i>Anasty Limited</i>                    | <i>Director</i> |
| <i>C H Management Ltd</i>                | <i>Director</i> |
| <i>Cheribinny Limited</i>                | <i>Director</i> |
| <i>Currimjee Limited</i>                 | <i>Director</i> |
| <i>Le Chaland Hotel Ltd</i>              | <i>Director</i> |
| <i>Le Chaland Resort Village Ltd</i>     | <i>Director</i> |
| <i>Le Tricot Ltee</i>                    | <i>Director</i> |
| <i>Le Tricot International</i>           | <i>Director</i> |
| <i>Les Lycees Associes Ltee</i>          | <i>Director</i> |
| <i>MIAR International Limitee</i>        | <i>Director</i> |
| <i>Plaisance Aeroville Hotel Limited</i> | <i>Director</i> |
| <i>Swan Life Ltd</i>                     | <i>Director</i> |



11.

**PHILIPPE ESPITALIER-NOËL****Non-executive**

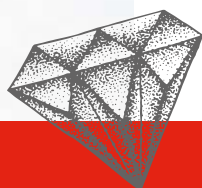
Born in 1965, he holds a BSc in Agricultural Economics from the University of Natal in South Africa and an MBA from the London Business School. He is currently the Chief Executive Officer and Executive Director of Rogers and Company Limited. He worked for CSC Index in London as a management consultant 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.

*Other Directorships:*

| Company Name  | Position                       |
|---|--------------------------------|
| <i>Ascencia Limited</i>   | <i>Chairman</i>                |
| <i>Axa Customer Services Ltd</i>                                    | <i>Chairman</i>                |
| <i>Bagaprop Limited</i>   | <i>Director</i>                |
| <i>Cap D'Abondance Ltd</i>  | <i>Director</i>                |
| <i>Compagnie Mauricienne d'Hypermarches Limitee (in winding up)</i> | <i>Chairman &amp; Director</i> |
| <i>Case Noyale Limitee</i>  | <i>Director</i>                |
| <i>Compagnie Sucriere De Bel Ombre Limited</i>                      | <i>Director</i>                |
| <i>DOMC Ltd</i>   | <i>Director</i>                |
| <i>Foresite Property Holding Ltd</i>                                | <i>Chairman</i>                |
| <i>Globefin Management Services Ltd</i>                             | <i>Director</i>                |
| <i>Reliance Facilities Ltd</i>                                      | <i>Chairman</i>                |
| <i>Gateways Travel and Tours Limited</i>                            | <i>Director</i>                |
| <i>Island Living Ltd</i>  | <i>Chairman</i>                |
| <i>Les Villas De Bel Ombre Amenities Ltd</i>                        | <i>Director</i>                |
| <i>Le Morne Development Corporation Limited</i>                     | <i>Director</i>                |
| <i>Logistics Solutions Ltd</i>                                      | <i>Chairman</i>                |
| <i>Les Villas De Bel Ombre Ltee</i>                                 | <i>Director</i>                |
| <i>Mauritian Coal &amp; Allied Services Co.Ltd</i>                  | <i>Chairman</i>                |
| <i>Rogers Capital Ltd</i>   | <i>Chairman</i>                |
| <i>Rogers Capital Investment Advisors Ltd</i>                       | <i>Chairman</i>                |
| <i>Rogers Capital Corporate Services Limited</i>                    | <i>Chairman &amp; Director</i> |
| <i>Rogers Capital Outsourcing Ltd</i>                               | <i>Chairman &amp; Director</i> |

| Company Name  | Position                       |
|---|--------------------------------|
| <i>Rogers Capital Technology Services Ltd</i>         | <i>Chairman &amp; Director</i> |
| <i>Rogers Capital Management Services Ltd</i>         | <i>Director</i>                |
| <i>Rogers and Company Limited</i>                     | <i>Director</i>                |
| <i>Rogers Corporate Services Ltd</i>                  | <i>Director</i>                |
| <i>Rogers Consolidated Shareholding Limited</i>       | <i>Director</i>                |
| <i>Rogers Foundation Ltd</i>                          | <i>Chairman</i>                |
| <i>Rogers Logistics International Ltd</i>             | <i>Director</i>                |
| <i>Rogers Aviation Holding Company Limited</i>        | <i>Chairman</i>                |
| <i>Reliance Security Services Ltd</i>                 | <i>Chairman</i>                |
| <i>Sukpak Ltd</i>                                     | <i>Chairman</i>                |
| <i>South West Tourism Development Company Limited</i> | <i>Director</i>                |
| <i>Velogic Holding Company Limited</i>                | <i>Chairman</i>                |
| <i>VLH Ltd</i>  | <i>Chairman</i>                |
| <i>Air Mauritius Ltd</i>                              | <i>Director</i>                |
| <i>Cashverdure Limitee</i>                            | <i>Director</i>                |
| <i>Mautourco Holdings Ltd</i>                         | <i>Director</i>                |
| <i>Mautourco Ltd</i>                                  | <i>Director</i>                |
| <i>Resaplanet Ltd</i>                                 | <i>Chairman</i>                |
| <i>Swan Life Ltd</i>                                  | <i>Director</i>                |
| <i>Trans-Maurice Car Rental Ltd</i>                   | <i>Director</i>                |
| <i>Air Mauritius Holdings</i>                         | <i>Director</i>                |

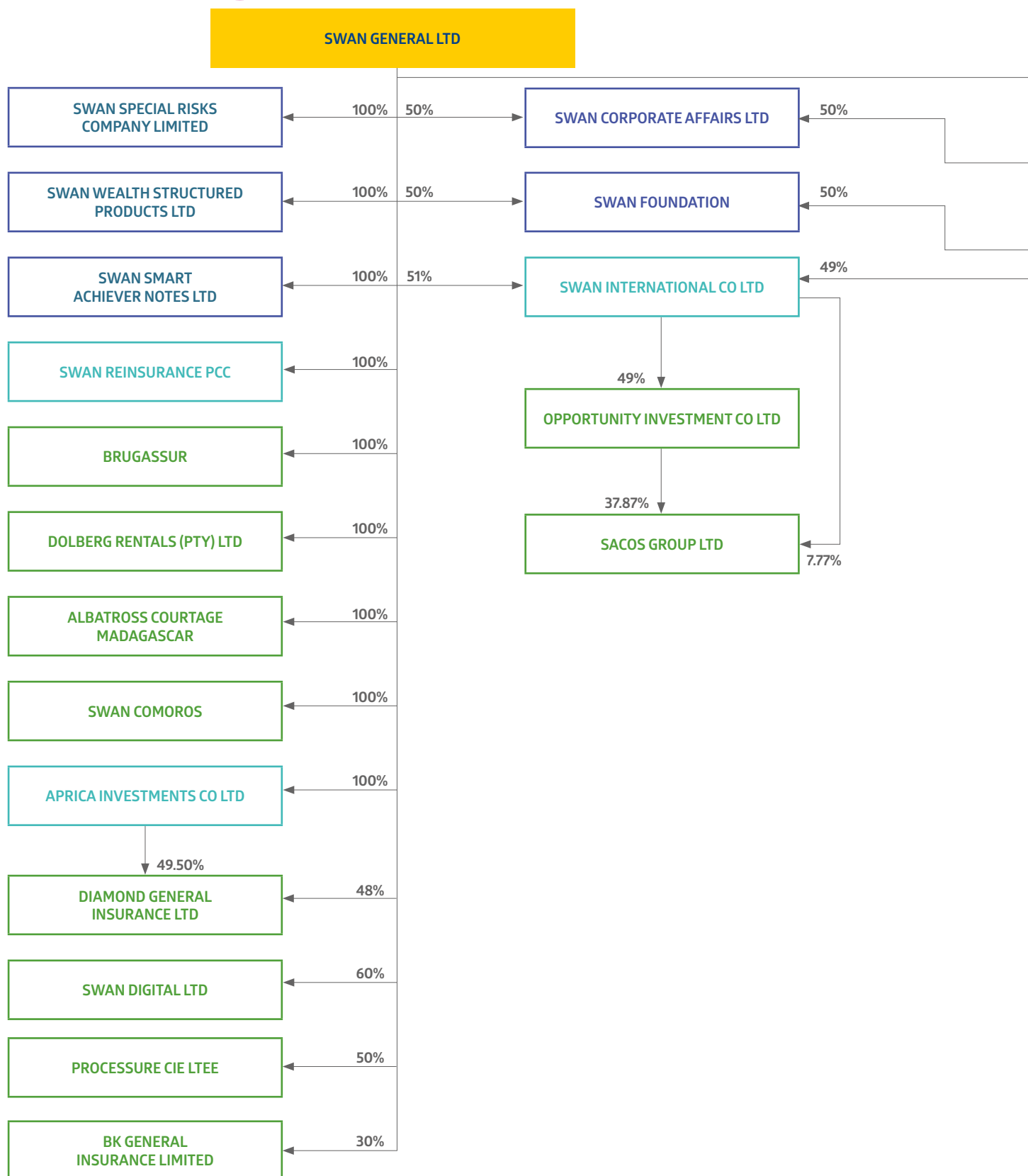


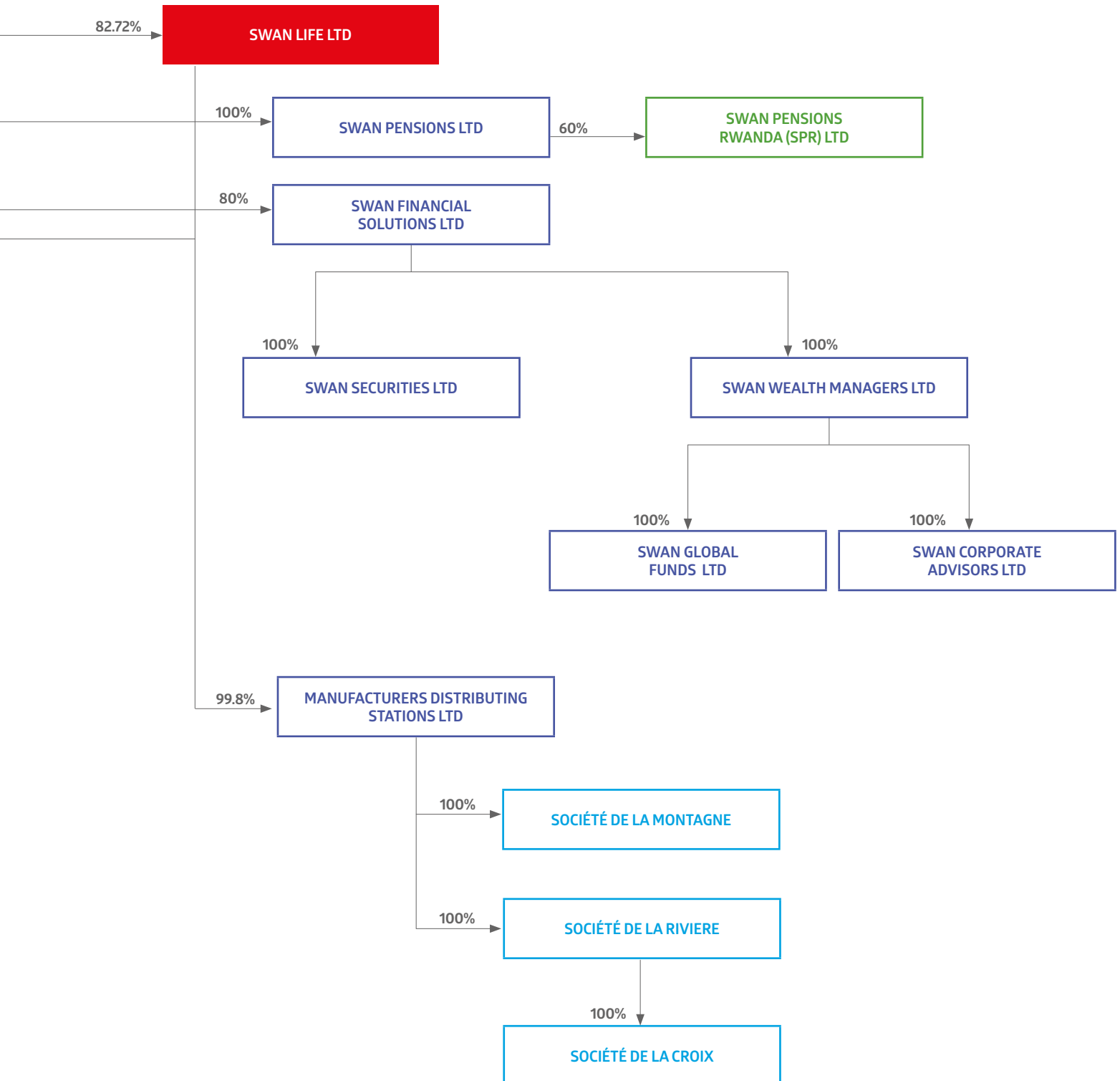


# BIJOUTIER

For the past 160 years, we have been present in the lives of our clients and fellow Mauritians, offering them insurance and protection.

# Group Structure







# Key Numbers

## KEY HIGHLIGHTS

### Gross Premiums

● **Y2018 - Rs. 2,881,757**

Y2017 - Rs. 2,652,735



● **Y2018 - Rs. 7,530,856**

Y2017 - Rs. 6,813,857



### Net Earned Premiums

● **Y2018 - Rs. 1,581,543**

Y2017 - Rs. 1,448,295



● **Y2018 - Rs. 5,874,968**

Y2017 - Rs. 5,314,230



### Profit Before Tax

● **Y2018 - Rs. 303,452**

Y2017 - Rs. 253,621



● **Y2018 - Rs. 382,662**

Y2017 - Rs. 282,786



### Dividends Paid

● **Y2018 - Rs. 99,309**

Y2017 - Rs. 99,309

● **Y2018 - Rs. 99,309**

Y2017 - Rs. 99,309

### Dividend per share

● **Y2018 - Rs. 12.00**

Y2017 - Rs. 12.00

● **Y2018 - Rs. 12.00**

Y2017 - Rs. 12.00

### Earnings per share

● **Y2018 - Rs. 33.36**

Y2017 - Rs. 28.59



● **Y2018 - Rs. 39.61**

Y2017 - Rs. 29.52

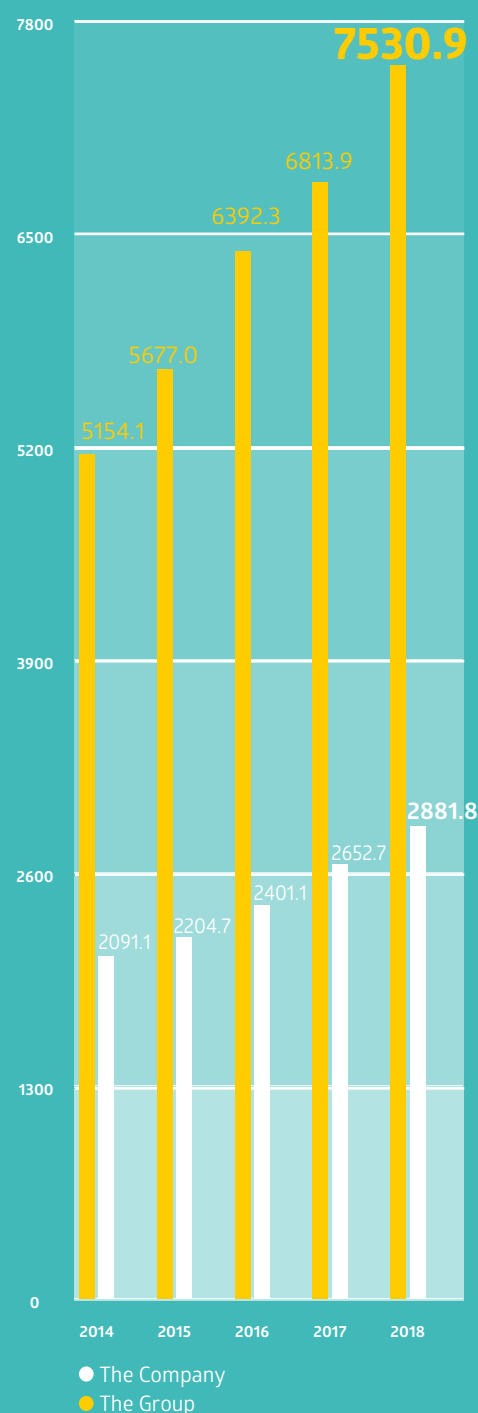


All Rs are in Rs'000 (except Dividend and Earnings per share)

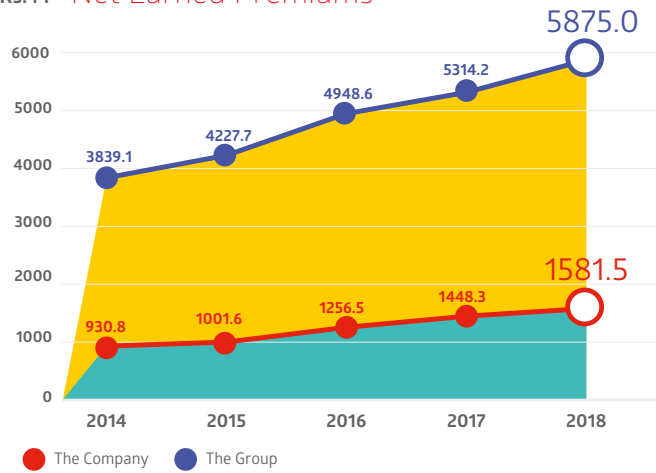
● The Company

● The Group

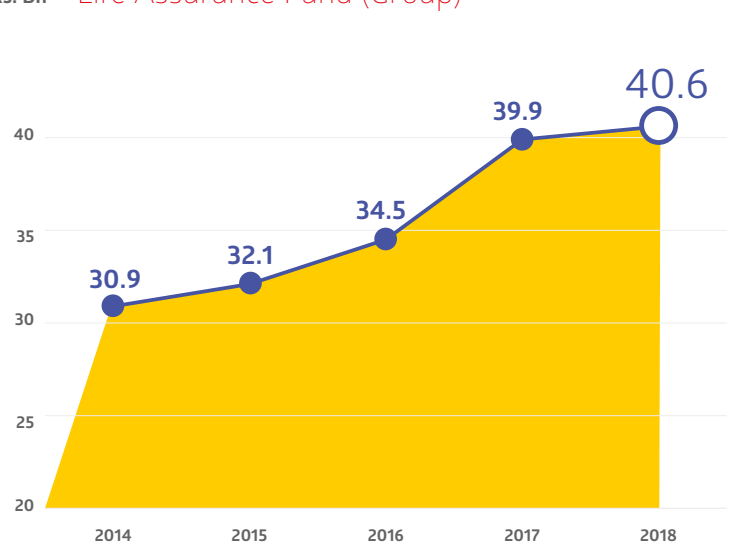
Rs million Gross Premiums



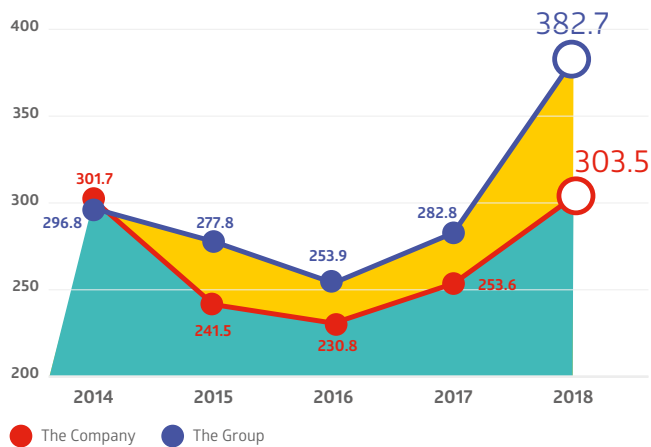
Rs. M Net Earned Premiums



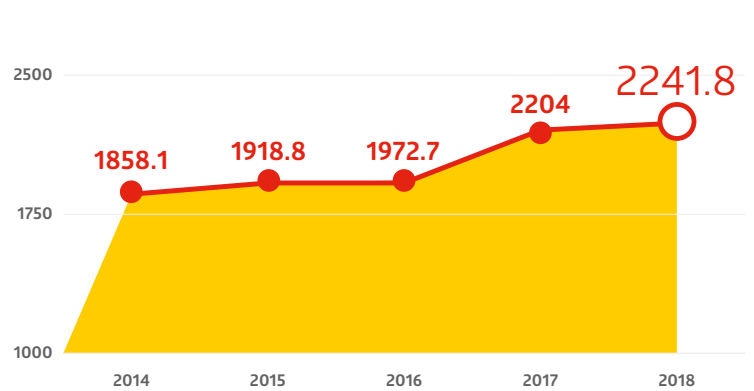
Rs. Bn Life Assurance Fund (Group)



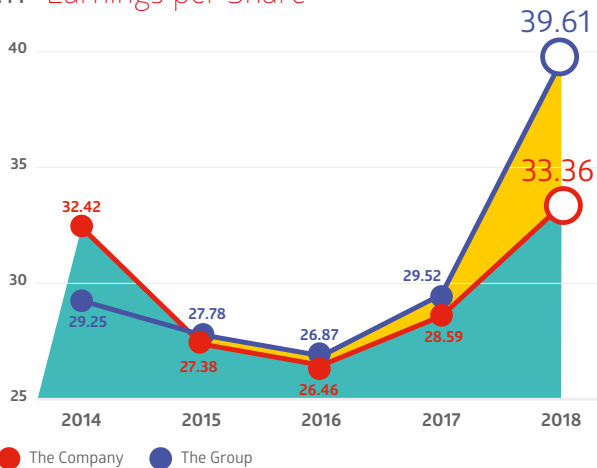
Rs. M Profit Before Tax



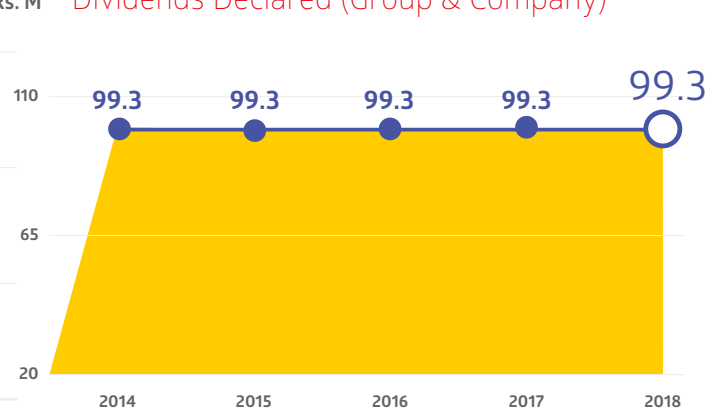
Rs. M Reserves (Company)



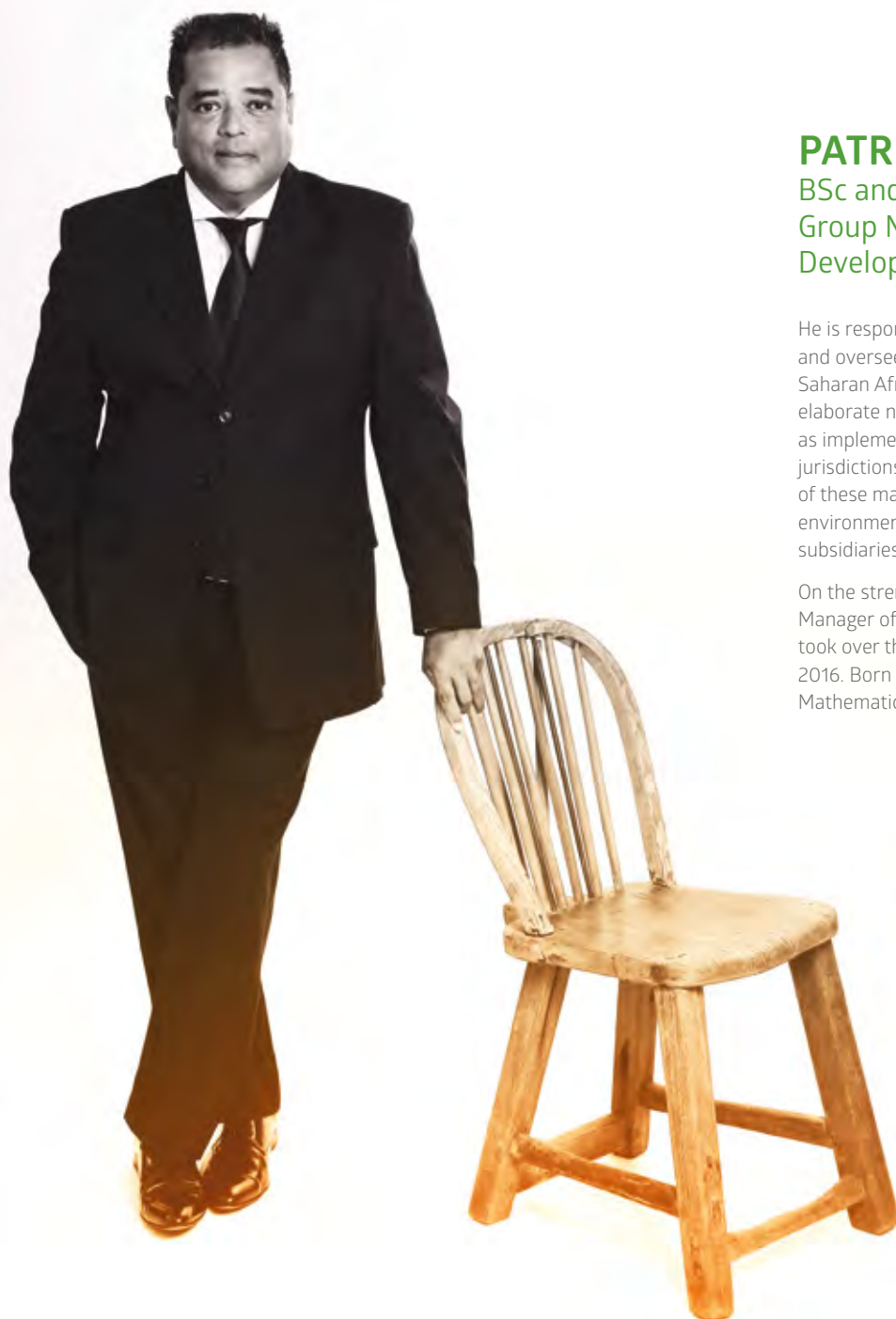
Rs. M Earnings per Share



Rs. M Dividends Declared (Group &amp; Company)



# Senior Management Team



## PATRICE BASTIDE

BSc and MSc

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 MSc in Applied Mathematics, USA.

## JEAN MARC CHEVREAU\*

Held the position of Senior Manager, Affinity Business, Customer Care and Complaints Coordination up to 31 December 2018.

## KRISHNA BHEENICK\*

Held the position of Senior Manager, Group Finance up to 31 December 2018.

## JEAN ALAIN FRANCIS\*

Held the position of Senior Manager, Corporate Business up to 31 July 2018.

*\*Absent from the photo*

## JULIEN RIVET

### CERT CII

#### Corporate Business

Born in 1979, he joined Swan Insurance Company Ltd in 2000 as a trainee Underwriter in the then Fire and Accident Department and was promoted Commercial Underwriter in 2005 until 2014 when he was further promoted to a Managerial Position within the Corporate Business (Property and Casualty) Unit.

He is a member of the Chartered Insurance Institute (UK).

Throughout his career, Julien has successfully evolved through the technical sphere (underwriting and claims) as well as client-management and leadership roles and is now heading our Corporate Business Unit and oversees the operations of our Property and Casualty, Specialty Risks, Marine, Documentation and Processing Business Units.



## GUILLAUME BOUIC

### BSc, 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.

Since 2018, Guillaume oversees exclusively the Business Development, Affinity partners, IBU & SME (non-life).

## Senior Management Team

### ISHWARI MADHUB

BSc (Hons), FCCA, MBCS, MBA  
Technology Solutions

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 Co. Ltd (now known as Swan General Ltd) in 1987 and was appointed as IT manager in 2000, manager of the Group Systems and Processes department from 2007 to 2017. She was appointed as Senior Manager of the Technology Solutions department as from 2018, overseeing IT Procurement, Network and Infrastructure and IT Systems.



### TSE KWONG PHILIPPE LO FAN HIN FCII 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 41 years. During the past 24 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.





## NITISH BENI MADHU

BSc (Hons), MSc

Chief Investment Officer

Born in 1979. Nitish Beni Madhu 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 lectures 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-YVES VIOLETTE

Assoc ANZIFF, CIP

Customer Relations, Complaints and CSR

Born in 1955, he joined Swan Insurance Co Ltd now Swan General Ltd in 1976 as a claims handler and has moved through various positions in the claims department.

He is an Associate Member with a Certified Insurance Professional status (CIP) of the Australian and New Zealand Institute of Insurance and Finance (ANZIFF Assoc, CIP). He specialised in Liability line.

He is a Claims Professional having walked his insurance career of more than forty (40) years in all classes of general insurance claims (except health) ranging from Motor, Non-Motor, Marine Hull & Cargo, Travel, Engineering etc. He moved positions from Claims Supervisor to the post of Principal Claims Manager of Swan General Ltd.

Since January 2018 he is the Senior Manager, Customer Relations and Complaints Co-ordinator & Corporate Social Responsibility.

Jean Yves Violette is also the President of the Insurance Institute of Mauritius (IIM) and is also a member of the Motor Vehicle Insurance Arbitration Committee.



## Senior Management Team

### JAIYANSING (SHAILEN) SOOBAH

FCCA, MBA, Dip CII

Risk Officer, Group Company Secretary -  
Corporate Office

Born in 1974, Jaiyansing 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. He is the Non-Executive Chairman of The Stock Exchange of Mauritius and a Non-Executive Director of the Central Depository & Settlement Co. Ltd.



### NEELKAMAL RAGOO

BSc (Hons), MBA, FCII

Technical, Moto, 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.



## VISHNOO LUXIMAN

Dip Personnel Management, Dip Business Management  
Dip Public Relations, MSc  
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.

## KARINE MOREL

BCom, FCCA, MIPA (M)  
Group Finance

Born in 1979, Karine Morel is a fellow of the Association of Chartered Certified Accountants (FCCA). She also holds a BCom from the University of Cape Town.

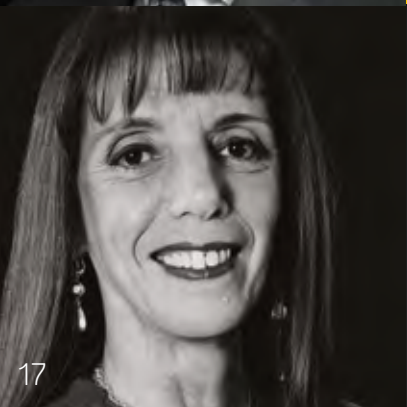
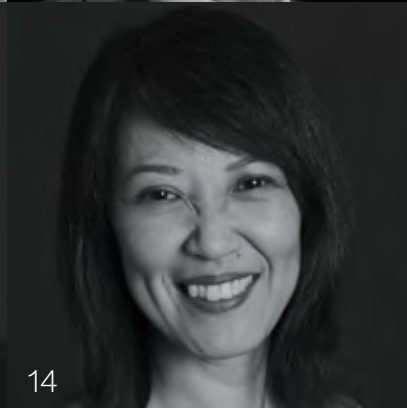
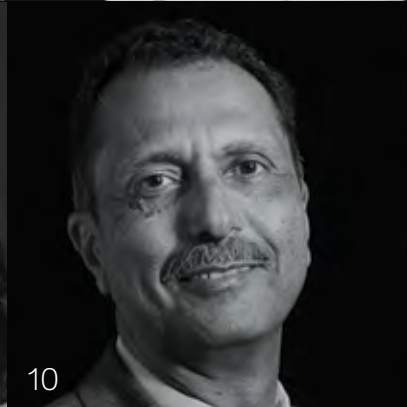
Karine joined the finance team of Swan Life Ltd in September 2001, and was promoted as Manager – Finance and Accounts in August 2007.

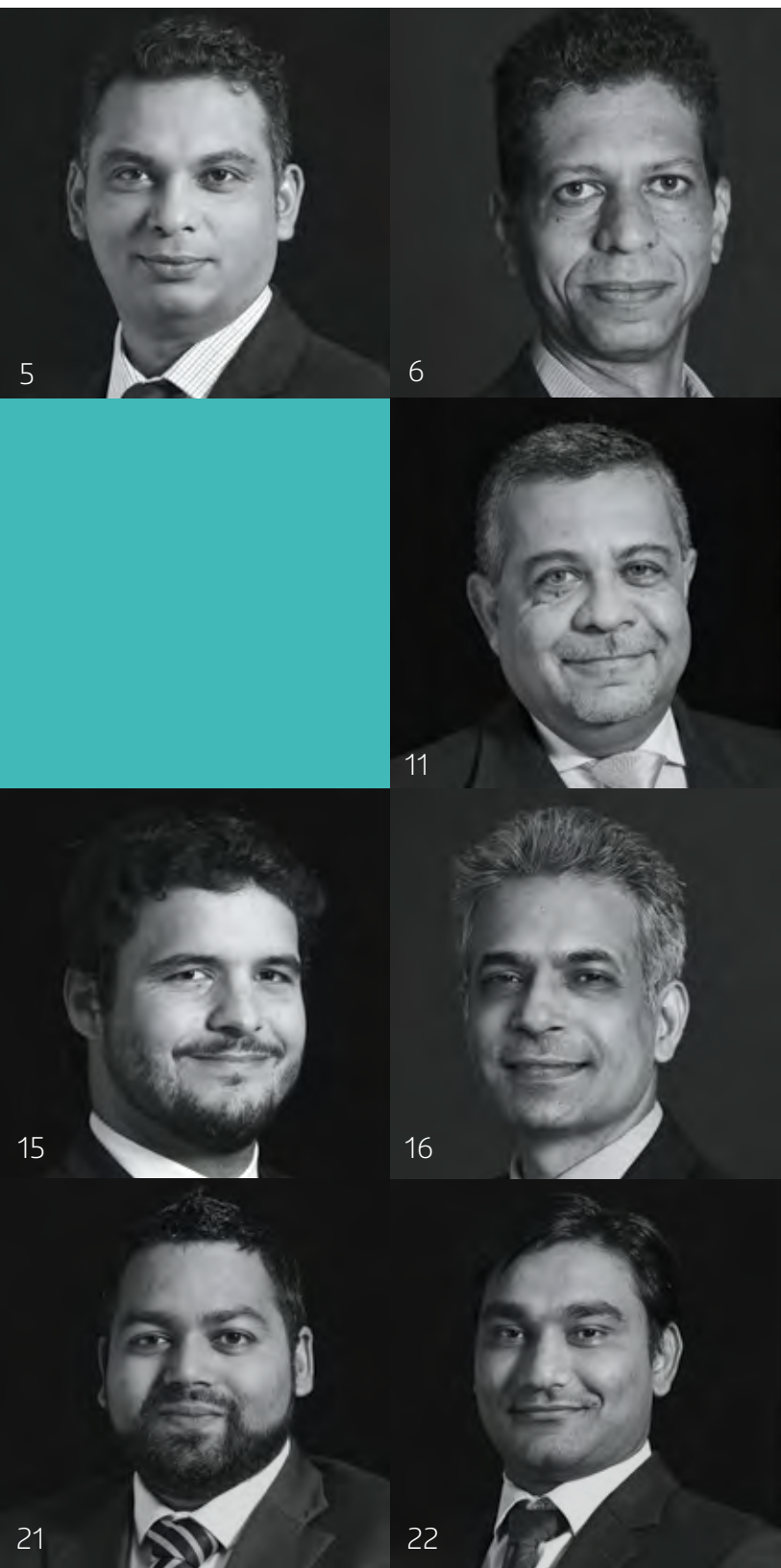
She now holds the position of Senior Manager – Group Finance since January 2019. She leads the finance and accounting teams of both the Short Term and the Long Term business of SWAN. She, also, oversees the financial operations of the subsidiaries, both local and foreign.





# Management Team





1. **Ashley NUCKCHADY**  
Motor
2. **Bruno NALLETAMBY**  
ACII, ACIS, ACI Arb – Marine
3. **Carine ADELSON** BA,  
MA – Group Marketing
4. **Dave LUCHMUN**  
Group Facilities
5. **Devsingh SOBHA** BA,  
MBA, Adv Dip CILA –  
Claims (With effect  
from 01 January 2019)
6. **Didier ADRIEN**  
Diploma in Information  
Technology –  
Technology Solutions
7. **Gianduth JEEAWOCK**  
BSc (Hons), CFA -  
Investments
8. **Herbert  
MADANAMOOTHOO**  
Maîtrise de Droit –  
Compliance, MLRO
9. **Isabelle PADAYACHY**  
Health
10. **Ivan THOMAS** Health
11. **Jean-Marc LECKNING**  
Group Credit Control
12. **Jonathan ACKING**  
Maîtrise en Droit des  
Affaires, Master of  
Laws – Legal
13. **Leong LAI MAN  
CHUN** BSc (Hons) –  
Technology Solutions
14. **Nathalie TONG SAM**  
ACII - Documentation  
and Policy Processing
15. **Romain LAMUSSE**  
Dip CII - Corporate  
Property & Liability
16. **Sachinanand  
MUNGRA** Diplôme  
De Technologie,  
Masters in Business  
Administration -  
Corporate Office
17. **Sonia CHAROUX**  
ACII, MBA -  
Reinsurance and  
Statistics
18. **Sonia KALACHAND-  
CANABADY** BA (Hons),  
MA - Group Human  
Resources
19. **Stéphanie TADDEBOIS**  
FCII, MBA – Claims (As  
from 01 July 2018)
20. **Twayyab TAUJOO** ACII,  
FCCA, MSc - Finance
21. **Vashish REETOO** BEng  
(Hons) - Specialty Risk
22. **Veenaye BUSGEETH**  
FCCA - Corporate  
Finance

**Jean Francois CATEAUX**  
BSc MORSE, AIA – International  
Development

*Absent from photo*





# BARBIER

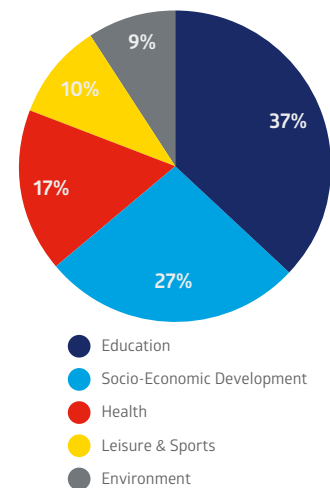






In 2018, **Rs 2.8 million** were dedicated to support **34 NGOs**.

SWAN has been built, right from its inception, around a set of values which we perpetuate today through the Swan Foundation with the same fundamental goals: building a society that is more inclusive, that offers equal chances to all and that is prepared to face challenges, both present and future. Indeed, a more sustainable world is one where every society can care for its people and carries the prospect of a better tomorrow. This is the philosophy behind our partnership with Non-Governmental Organisations that can help society attain this very goal. The Group has thus provided financial support to 34 NGOs that are involved in a number of initiatives ranging from education and training to socio-economic development through health, environment, leisure, arts and sports.





Education is without a doubt the essential pillar on which a society rests and on which we can build a sustainable future. Over the past years, SWAN has thus put a lot of focus on this sector, underlying its vital role for both our society and our economy. 37% of our CSR funds were allocated to education and training, in areas where NGOs are committed to helping children and teenagers reach their full potential.

Socio-economic development is yet another topic on which SWAN has put a lot of emphasis in recent years. During calendar year 2018, SWAN allocated 27% of its total contribution to organisations working towards the upgrading of the standard of living of the less privileged citizens through financial assistance and some basic skills education. Supporting NGOs that help people stand on their own tallies with one of our core values, which is to empower our citizens and help them pursue their quest to make their own living.

Health remains an area that needs constant attention as the well-being of our citizens is synonymous with the country's progress. In line with our commitment to supporting initiatives that aim to provide people with rare/incurable diseases the comfort that they and their families need, we have allocated 17% of our CSR budget to 7 NGOs which are doing a commendable work in terms of sensitisation and awareness campaigns. As in previous years, SWAN focused on different health issues that afflict Mauritians throughout 2018, providing a total of nearly half a million rupees, with

a large portion going to organisations involved in raising awareness around rare/incurable diseases such as muscular dystrophy.

SWAN's interest in promoting sports is also evident through our contributions to sportspersons and to sports teams during 2018. Sports not only carries health benefits, but is an important unifying element in society, bridging differences and bringing together diverse groups of people in a true spirit of camaraderie, sharing and mutual respect. In 2018, we allotted 10% of our CSR budget to the sponsorship of sports' associations and meritorious athletes.

Mauritius has a rich, diverse, but fragile ecosystem. Indeed, our island is home to some of the rarest species of birds and reptiles, as well as a whole variety of plants, many of which are on the brink of extinction. SWAN, as a committed partner to the protection of the environment and the preservation of the biodiversity, has devoted 9% of our CSR funds in 2018 to organisations that have been relentlessly pursuing efforts to protect the environment and preserve the natural habitats of our unique flora and fauna.

CSR today should be nothing less than an integral part of any company's operations. Over the years, SWAN has indeed fully embraced this concept to the point where our social and environmental commitments are now fully ingrained in our corporate culture. And our continued efforts to uplift the life of our fellow citizens bears testimony to this fact. In so doing, we also carry the hope that other companies will follow suit and respond to the needs of the community, be it through funding or other forms of support.



For SWAN, education is the essential pillar on which we can build a sustainable future.



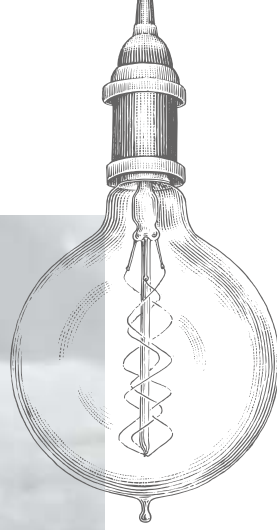
In 2018

**Rs 2.8m**

Were dedicated to support **34 NGOs**







# SOUFFLEUR DE VERRE

# Corporate Governance Report

For the financial year ended 31 december 2018

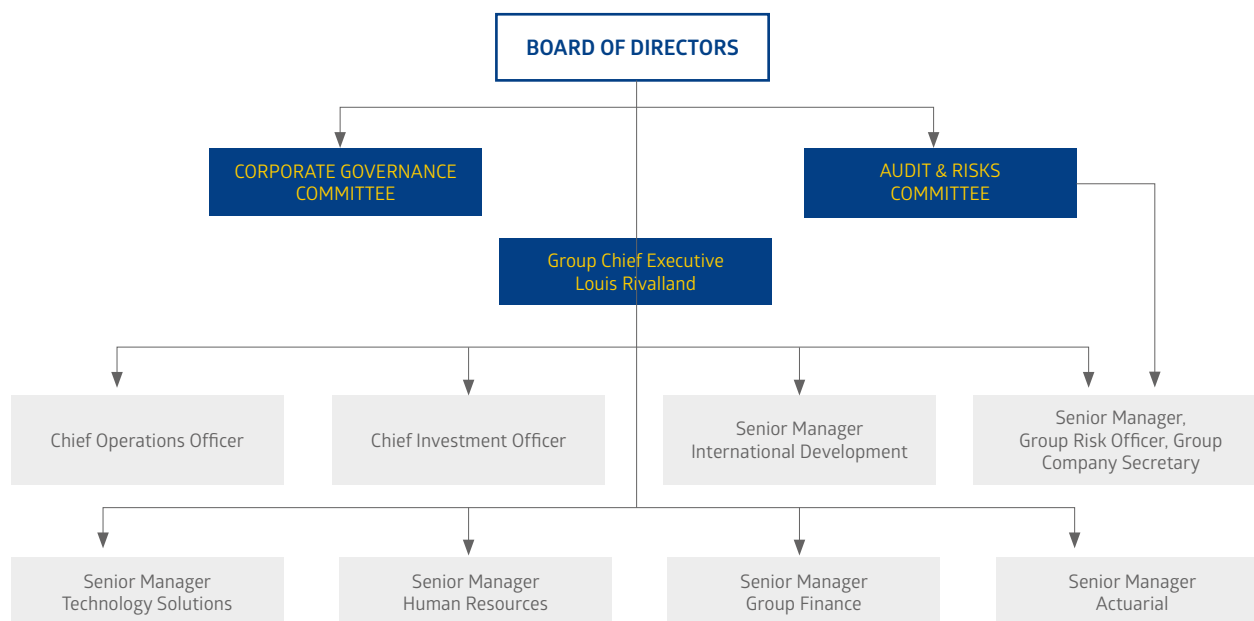
Swan General Ltd (the 'Company') is a Public Interest Entity as defined by the Financial Reporting Act 2004. This is the first financial year when the Company is reporting on the new National Code of Corporate Governance for Mauritius (2016).

## 1. Governance structure

Swan General Ltd is headed by a unitary Board. The Board is ultimately responsible for providing effective leadership and is responsible and accountable for the affairs of the Company. The Board assumes responsibility for, inter alia, setting the strategic direction, overseeing the financial and investment affairs, corporate governance, risk management, internal control and compliance issues. The Board is also the link between the Company and the shareholders.

The Company does not have a board charter. Board is currently considering the need to have one. The Company has a code of ethics which explains the Company's and group's policies on how we conduct business in Mauritius and beyond. Employees, officers and members of the Board of Directors alike commit to understanding the code and abiding by its principles. The principles support full compliance with applicable laws. They also represent the practical ways that we put our values to work every day. Our corporate values, Passion, People and Performance, serve as the foundation for the code. The code also contains provisions on whistle blowing and provides, inter alia, for anonymous reporting of unethical conducts.

The day to day operations are entrusted to management under the responsibility of the Group Chief Executive. Members of senior management have clearly defined job descriptions. Senior management report to the Group Chief Executive. The Risk Officer reports to the Board/Audit & Risk Committee. A high level organization chart is provided below:



Profile of the senior management team is on pages 30-35

Management is working on the following documents to be in a web adapted format, which may then be published on the website – code of ethics, constitution, organizational chart, job descriptions of senior management and a statement of accountabilities.

## 2. Structure of the board and its committees

Swan General Ltd is headed by a unitary Board with eleven directors. The Board consists of executive, non-executive and independent non-executive directors. Members of the Board have a diverse set of skills, knowledge and come from different sphere of the business community. There is currently no female gender on the Board, as the Board was constituted before such requirement. Collectively, the Board is well structured and of sufficient size to discharge its duties, having regard to the activities and size of the Company and the group.

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 Chairperson is a non-independent non-executive director. The Group Chief Executive has the day-to-day management responsibility for the operations, implementing the strategies and policies agreed by the Board.

The Group Chief Executive and the Chief Operations Officer are the executive members of the Board. There are three independent non-executive directors. The independent directors bring a wide range of experience and skills to the Board. They are free from any business or other relationships which could materially affect their ability to exercise independent judgement, constructively dissent and are critical by-standers.

The size and composition of the Board complies fully with the requirements of the Insurance Act 2005. All the directors are ordinarily resident in Mauritius.

Directors of the Company:

|                                  |  |
|----------------------------------|--|
| <b>Executive</b>                 | Louis Rivalland<br>(Group Chief Executive)<br>Michel Thomas<br>(Chief Operations Officer)  |
| <b>Independent non-executive</b> | Gopallen Moorooogen<br>Victor Seeyave<br>Arif Currimjee<br>(As from 16 April 2018)   |
| <b>Non-executive</b>             | Nicolas Maigrot (Chairperson)<br>Hector Espitalier-Noël<br>Henri Harel<br>Philippe Espitalier-Noël<br>René Leclézio<br>Sébastien Mamet |

Profile of the directors are on pages 18-23

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 acts as a vital bridge between the Board and the executive management and ensures that the management, in a timely manner, provides the Board and its Committees with all information. The Company Secretary discharged his duties as per the statutory requirements.

Mr Jaiyansing Soobah acts as the Group Company Secretary.

Profile of the Group Company Secretary is on page 34

## Corporate Governance Report

### Board Committees

The Board has instituted two committees – the Audit & Risks Committee and the Corporate Governance Committee. The terms of reference of the two committees were approved by the Board. Management is working on the terms of reference to be in a web adapted format, which may then be published on the website.

#### Audit & Risks Committee

The primary function of the Audit & Risks 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's responsibilities are, inter alia, to:

- a. review and assess the integrity of the risk control systems and ensuring that risk policies and strategies are effectively managed;
- b. set out the nature, role, responsibility and authority of the risk management function and outlining the scope of risk management work;
- c. keep abreast of external developments relating to the practice of corporate accountability;
- d. review and provide an independent and objective oversight on reports submitted by management on corporate accountability and specifically how associated risks are being mitigated.

The Audit & Risks Committee is established at group level. The Committee consists of four non-executive directors, three of whom are independent, including the Chairperson. The members are:

- a. Mr. Gopallen Moorooogen (Chairperson) (independent)
- b. Mr. Victor Seeyave (independent)
- c. Mr. Arif Currimjee (independent) [As from 16 April 2018]
- d. Mr. Henri Harel (non-executive)
- e. Mr. Jaiyansing Soobah, acts as secretary of the Committee.

The Committee meets at least four times a year. The Group Chief Executive is not a member of the Committee. He is in attendance unless a conflict of interest is likely to arise. Members of the Committee have ample financial awareness. Members of the senior management, the external auditors and the internal auditors attend meetings of the Audit & Risks Committee, as are relevant. The Audit Committee meets regularly with the External Auditor (including once at the planning stage before the audit and once after the audit at the reporting stage). The Audit Committee has not met external auditor without management presence.'

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

- a. Yearly audited accounts – consideration and recommendation to the Board for approval;
- b. Taking cognizance of significant issues from the external auditors' management letter and agreeing on management actions to implement recommendations;
- c. Abridged quarterly accounts - consideration and recommendation to the Board for approval and publication;
- d. Internal audit – consideration of internal audit reports;
- e. Compliance Plan – taking stock of the main areas of focus of the compliance function for 2018;
- f. Approval of auditors' fees for audit and non-audit services;
- g. Risk management – consideration and status on implementation of the risk management framework and new regulatory rules, the Insurance (Risk Management) Rules 2016.

## Corporate Governance Committee

The Corporate Governance Committee's terms of reference, which comprises areas covered by a Nomination and Remuneration Committee, include, inter alia, the following:

- a. determining, agreeing and developing the general policy on corporate governance in accordance with the Code of Corporate Governance, legal compliance and ethical policies;
- b. assisting the Board on establishing a formal and transparent procedure for developing a remuneration policy for executives and senior management;
- c. putting in place plans for succession;
- d. making recommendations to the Board on all new Board appointments; and
- e. determining the level of emoluments of executive, non-executive, independent non-executive directors and Board Committee members.

The Committee consists of the following non-executive directors:

- a. Mr. Nicolas Maigrot (Chairperson)
- b. Mr. Gopallen Moorooogen (independent)
- c. Mr. Victor Seeyave (independent)
- d. Mr. Arif Currimjee (independent) [As from 16 April 2018]

The Group Chief Executive is in attendance. Mr. Jaiyansing Soobah acts as secretary of the Committee.

The Committee met once during the year. Decisions are also taken by written resolutions. Main issues deliberated by the Committee are remuneration (performance bonus, salary increase), appointment of new directors and corporate governance report. Attendance of the directors at board meetings and board committees for 2018 were as follows:

| Directors                   | Board Meeting | Audit & Risks Committee | Corporate Governance Committee |
|-----------------------------|---------------|-------------------------|--------------------------------|
| Number Of Meetings Held     | 5             | 6                       | 1                              |
| Henri Harel                 | 5             | 6                       |                                |
| Gopallen Moorooogen         | 4             | 5                       | 1                              |
| Victor Seeyave              | 5             | 6                       | 1                              |
| Louis Rivalland             | 5             |                         |                                |
| Rene Leclezio               | 4             |                         |                                |
| Philippe Espitalier-Noel    | 3             |                         |                                |
| Hector Espitalier-Noel      | 3             |                         |                                |
| Nicolas Maigrot             | 5             |                         | 1                              |
| Sebastien Mamet             | 5             |                         |                                |
| Arif Currimjee <sup>1</sup> | 3             | 4                       |                                |
| Michel Thomas               | 5             |                         |                                |

<sup>1</sup> Appointed on 16 April 2018

The following will eventually be published on the company's website – a brief write-up of directors and the Company Secretary and details of the nomination & appointment process.



## Corporate Governance Report

### 3. Director appointment procedures

Appointment of new directors is subject to a pre-determined process. Potential candidates are identified by the Corporate Governance Committee. The selection is made based on, inter alia, skills, business acumen, industry knowledge, experience and independence (where relevant). The Corporate Governance Committee then makes recommendation to the Board of Directors and/or shareholders (as relevant). Director appointment is also subject to the approval of the Financial Services Commission, under section 24 of the Financial Services Act and section 36 of the Insurance Act. The law provides that a director (Officer) must be a fit and proper person. During 2018, Mr Arif Currimjee was appointed Director.

All new directors are provided with an induction pack, which covers, inter alia, background information on the Company and the group, vision, mission & values, the regulatory and compliance landscape, products and services, governance structure etc. The Group Chief Executive and Company Secretary are always available to provide any additional information that may be required by newly appointed directors.

The Constitution of the Company does not provide for annual re-election of directors.

Directors are encouraged to keep themselves updated with industry practices, trends, practices and standards. As and when required or requested, the Company will organize workshops and arrange for training of directors.

Succession planning of key officeholders has been delegated by the Board to the Group Chief Executive.

### 4. Director duties, remuneration and performance

All directors are aware of their legal duties. Directors' duties emanate mainly from the Companies Act, the Insurance Act, the Securities Act and the Listing Rules.

The Company has a Code of Ethics, which is applicable to employees and Directors. Monitoring day-to-day compliance with the code rests with senior management. Important issues, if any, are escalated to the Board. The code explains SWAN's policies for how business is conducted in Mauritius and beyond. The principles of the code support full compliance with applicable laws. They also represent the

practical ways that SWAN put its values to work every day. Our corporate values, Passion, People & Performance, serve as the foundation for this Code. Our values guide our actions in conducting business in a socially responsible and ethical manner. Directors are expected to:

- a. act in good faith and in the best interest of the organisation;
- b. carry out their duties diligently, in an honest manner and with reasonable competence;
- c. observe the highest degree of confidentiality;
- d. avoid situations of conflict of interest, and where such situations arise, disclose same and adhere to all procedures for dealing with it;
- e. consistently attend board meetings and devote sufficient time to the organisation's business;
- f. deal with shares of the company in strict compliance of all relevant laws;
- g. abstain from taking improper advantage of their position for personal gain; and
- h. abide by all directors' obligations imposed by all laws.

In accordance with the Companies Act 2001, the Company Secretary maintains an interests register. As soon as a Director/Officer 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' and Officers' Interests is updated with every transaction notified by the Directors/Officers and their associates. All new Directors/Officers 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' interest in the Company's shares were as follows:

| Director        | Interest in shares |       |
|-----------------|--------------------|-------|
|                 | No. of shares      | %     |
| Louis Rivalland | 18,100             | 0.219 |

Conflicts of interests are disclosed by directors as soon as they become aware that they are interested in a transaction. All interests, as disclosed by the directors, are recorded. Conflicts of interest and related party transactions have been conducted in strict compliance with applicable legislations and the code of ethics. All related party transactions disclosures, as are legally required to be disclosed, are made in the annual report. The Company does not have any conflict of interest and related party policies, as the Board considers that these are adequately covered under current laws.

### Information, information technology and information security governance

The Board is responsible for information governance. At Board level, the Chairperson, the Group Chief Executive and the Company Secretary ensure that Directors receive adequate, timely and accurate information to be able to discharge their duties. Directors are under obligations to keep all information confidential. Where necessary in the discharge of their duties, all directors may seek independent professional advice at the Company's expense. The Company has adequate Directors & Officers insurance.

Day-to-day IT governance and security issues are delegated to senior management. IT expenses are monitored through the budgeting process. The Company has in place a number of IT policies, the purposes of which are to:

- a. to clarify the requirements, prohibitions, and procedures applicable to the use of the Company's computing and network resources;
- b. provide guidelines to encourage responsible behaviour and good management practice;
- c. ensure that IT facilities and services provided by the Company are used legally, securely, effectively and in a spirit of co-operation and trust.

The policies cover a range of aspects, including physical security, users access & passwords, computer viruses, installation & modifications of the IT systems, emails, internet, copyrights & license agreements, smart devices, confidentiality and remote access. Given the sensitivity of these policies, the Company is still considering the appropriateness of having these policies on the website.

Board evaluation – For 2018, a formal board evaluation was conducted through questionnaire. Areas covered in the evaluation include board structure & composition, shareholders' objectives, board proceedings and risk management. Board and management will agree on the actions to be taken, if any, following the evaluation process.

### Remuneration policy

Remuneration of directors is determined by the Corporate Governance Committee.

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 policy has the following aims:

- a. To support the delivery of the Group's strategy, whilst ensuring adherence to the SWAN's risk appetite;
- b. To ensure remuneration is competitive for our markets to enable SWAN attract and retain talent;
- c. To ensure that pay levels are internally consistent and externally competitive;
- d. To reward employees according to their market value, performance and contribution;
- e. To ensure that the remuneration package promotes a high performance culture and is affordable;
- f. To ensure fair outcomes for our human resources, shareholders and customers.

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 have not received any remuneration in the form of share options or bonuses associated with the Company's performance. Non-executive directors receive a fixed director fee. The remuneration policy for executive directors approaching retirement is determined by the Corporate Governance Committee on a case-to-case basis.

## Corporate Governance Report

Directors' remuneration for the year was as follows:

|                             | From the Company<br>(Rs) | From subsidiaries<br>(Rs) |
|-----------------------------|--------------------------|---------------------------|
| Executive Directors (2)     | 13,383,000               | 12,789,000                |
| Non-Executive Directors (9) | 1,060,000                | 1,380,000                 |

### 5. Risk governance and internal control

The Board has ultimate responsibility for risk management and internal control and remains ultimately responsible for:

- Setting up a risk management framework
- Overseeing the implementation and subsequent monitoring
- Determining the risk culture
- Providing management with leadership and guidance
- Ensuring that any person responsible for risk management has the appropriate skill, knowledge, independence and authority
- Defining the roles and responsibilities of management

The Audit & Risks Committee is mandated by the Board to oversee all risk management and internal control issues.

The task of implementing a robust system of risk management has been delegated to senior management and the Risk Officer. Internal governance structures include a risk management function that complies with legislative requirements as specified by the Insurance (Risk Management) Rules 2016.

The Risk Officer has a duty to report to the Board. Independent reviews are also conducted by the external auditor and the statutory actuary on compliance and effectiveness of the framework, respectively. The Company has an obligation to report to the regulator.

More information on risk is provided in the Risk Management Report on pages 55-61

The system of internal controls has been designed to safeguard assets of the Company from unauthorised use. The Company maintains proper records to ensure effective operation of its business and compliance with laws and regulations. Management is directly responsible

for implementing the strategies and policies adopted by the Board, and for managing all of the Company's activities, including the operation of the internal control system. The system of internal controls is designed to provide assurance against material misstatement or loss, and to manage risks of failure in operational systems.

Key areas of effective internal controls are as follows:

- A clear organisation structure, including the delegation of appropriate responsibilities to the Board committees, the Group Chief Executive, senior management and to the heads of operating units;
- The effectiveness of internal controls is assessed by considering the recommendations of the Audit & Risks Committee, reports of the internal auditors, statutory actuary and the external auditors;
- A comprehensive management information and accounting system is in place to provide reliable financial and operational performance data
- There is an ongoing effort to review, reassess and document the process and procedures for each operating unit
- A compliance function has been put in place under the leadership of the Money Laundering Reporting Officer and clear compliance procedures have been established to ensure compliance with all applicable laws, rules, regulations and codes
- Management has put in place appropriate financial and operational controls by way of segregation of duties and financial/monetary limits

Internal control covers all material functions of the company. Board, through the Audit & Risks Committee and senior management, is regularly apprised of the assessment of internal control. Deficiencies, if any, are promptly considered by Management and action plans devised to address all such deficiencies. Internal and external auditors also have access to the Board.

## 6. Reporting with integrity

The Board is responsible for the preparation of the annual report and accounts that fairly present the state of affairs of the organisation and the results of its operations and that comply with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and the Companies Act. Likewise, the Board has the responsibility for selecting appropriate accounting policies based on reasonable and prudent judgements. The annual report comprises, inter alia, an overview/structure and history of the company and group, the financial statements, risk report, report from the Group Chief Executive and Chairperson, details on our corporate social responsibility, information and profile of our senior management team.

The Board considers that the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders and other key stakeholders to assess the Company's position, performance and outlook. The annual report is posted on our website.

### 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.

### Shareholders Agreement

There were no such shareholders agreement which was executed for the period under review that has an effect on the governance of the Company.

### Environmental Issues

The Company has an obligation to protect and preserve the environment. It respects the environment and the business of the Company ensures that there is little impact on the environment. The employees comply with all applicable laws and regulations.

We adopt standards, procedures, contingency measures and management systems to ensure that our operations are managed safely, ecologically and in a sustainable way.

### Health and Safety

The Company has in place well defined procedures and practices with regards to Health and Safety.

Wellness programs for employees of the Company are organised regularly.

### Social Issues

It is the Company's policy to comply with all applicable laws, rules and regulations. It is the personal responsibility of each employee to adhere to the standards and restrictions imposed by those laws, rules and regulations.

The Company respects each individual's human rights and will not discriminate on the basis of race, color, religion, creed, sex, age, social status, family origin, physical or mental disability or sexual orientation, nor will it commit other violations of human rights.

## 7. Audit

### internal Audit

Internal Audit is an objective assurance function reporting to the Audit & Risks Committee and the Board. It derives its authority from the Board through the Audit and Risks Committee. Collectively, Audit Committee members have the necessary financial literacy and expertise. Internal auditors are appointed by the Board, following recommendation from the Audit and Risks Committee. Internal audit of the company and group is outsourced to Ernst & Young. The Internal Auditors are responsible for providing assurance to the Board, through the Audit & Risk Committee, regarding the implementation, operation and effectiveness of internal control and risks management.

A risk based 3-year road map is prepared. The internal audit plan, which is approved by the Audit and Risks Committee, is based on the principles of risk management to align coverage and effort with the degree of risk attributable to the areas audited. The plan is reviewed yearly.

## Corporate Governance Report

The Internal Auditors have a direct reporting line to the Audit & Risks Committee and maintain an open and constructive communication with executive management. They also have direct access to the Chairperson of the Committees and of the Board.

This reporting structure allows the Internal Auditors to remain independent and report all items of significance to the Board/Audit and Risks Committee. They have unrestricted access to the records, management and employees. They act as a source of constructive advice and best practice, assisting the Audit and Risks Committee in its responsibility to improve the processes by which risks are identified and managed. Internal audit reports are sent to the Audit & Risks Committee. During the year, the internal audit covered the following areas, the reports of which were considered by the Audit & Risks Committee:

- a. Health operations
- b. Cash handling process
- c. Debtors
- d. Commissions

### External Audit

Our external auditors are BDO & Co. External auditors are appointed/re-appointed by shareholders. Auditors' remuneration is fixed by the Board, following recommendation from the Audit & Risks Committee. External auditors have unrestricted access to the Audit & Risks Committee. The Company is satisfied with the external audit process. The Audit Committee ensures that whenever non-audit services are provided, the fees remain reasonable compared to audit fees such that auditors' objectivity and independence are not impaired.

For the presentation and approval of audited yearly financial statements, external auditors meet with the Audit & Risks Committee. During the meeting, key audit matters and significant issues of the management letter are presented by the external auditors.

BDO & Co. has been the auditors of the Company for more than 7 years. Following new regulations regarding rotation of external auditors for listed entities, the Company is considering the best timing for the change in auditors.

During 2018, the following fees apply to BDO & Co.

|                        |             |
|------------------------|-------------|
| For audit services     | Rs1,530,000 |
| For non-audit services | Rs 625,000  |

## 8. Relationship with shareholders and other key stakeholders

The Company and the Board have always maintained an open line of communication with all stakeholders. Key stakeholders of the Company are clients, shareholders, employees, regulators & government authorities, the public and investors, internal and external auditors among others. The Company communicates through emails, social media, press announcements, publication of quarterly results and its annual report. In addition, the Company's website through its News Section, provides meaningful information on the Company's products & services, financials, quarterly results, updated news, share price, CSR etc.

The substantial shareholders of the Company, holding 5% or more directly, are:

| Shareholder                                    | No of shares | % holding |
|--|--------------|-----------|
| Intendance Holding Ltd                         | 2,771,082    | 33.48     |
| Rogers and Company Limited                     | 2,430,185    | 29.37     |
| Excelsior United Development Companies Limited | 1,081,933    | 13.07     |

A summary by shareholder category:

| Category                   | Count       | No of Shares     | % holding     |
|----------------------------|-------------|------------------|---------------|
| Individuals                | 906         | 977,762          | 11.815        |
| Insurance & Assurance Cos  | 1           | 900              | 0.011         |
| Pension & Providence Funds | 16          | 246,167          | 2.975         |
| Investment & Trust Cos     | 8           | 30,338           | 0.367         |
| Other Corporate Bodies     | 95          | 7,020,602        | 84.833        |
| <b>TOTAL</b>               | <b>1026</b> | <b>8,275,769</b> | <b>100.00</b> |



Breakdown of ownership by size:

| Size            | No of shareholders | No of Shares     | % holding     |
|-----------------|--------------------|------------------|---------------|
| 1-500           | 685                | 86,803           | 1.049         |
| 501-1000        | 107                | 87,152           | 1.053         |
| 1,001-5000      | 154                | 339,511          | 4.102         |
| 5,001-10,000    | 40                 | 281,447          | 3.401         |
| 10,001-50,000   | 33                 | 640,211          | 7.736         |
| 50,001-100,000  | 3                  | 232,872          | 2.814         |
| 100,001-250,000 | -                  | -                | -             |
| 250,001-500,000 | 1                  | 324,573          | 3.922         |
| Over 500,000    | 3                  | 6,283,200        | 75.923        |
| <b>Total</b>    | <b>1,026</b>       | <b>8,275,769</b> | <b>100.00</b> |

Annual meeting of shareholders is held annually, in compliance with the Companies Act. The Chairperson, the Group Chief Executive, the Chairperson of the Audit & Risks Committee, the Senior Manager – Group Finance, the external auditors and all directors attend the meeting. The Group Chief Executive make a presentation on the major milestones during the year and present an overview of the financials. Shareholders are encouraged to ask questions during the meeting.

Key events are set out below:

|          |   |
|----------|---|
| January  | Payment of dividend (Financial year 31/12/2017) |
| March    | Publication of audited annual results           |
| May      | Publication of unaudited first quarter results  |
| June     | Annual meeting of shareholders                  |
| August   | Publication of unaudited half year results      |
| November | Publication of unaudited nine months results    |
|          | Declaration of dividends (FY 2018)              |
| December | Payment of dividend (FY 2018)                   |



**Jaiyansing Soobah**  
for Swan Corporate Affairs Ltd  
Company Secretary

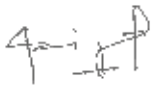
29 March 2019

# Statement of Compliance

## SECTION 75(3) OF THE FINANCIAL REPORTING ACT

### NAME OF PIE: SWAN GENERAL LTD (the 'Company')

Throughout the year ended 31<sup>st</sup> December 2018, to the best of the Board's knowledge the Company has complied with the National Code of Corporate Governance for Mauritius (2016) (the Code). The Company has applied all of the principles set out in the Code and explained how these principles have been applied.



**Nicolas Maigrot**  
Chairperson



**Louis Rivalland**  
Director

29 March 2019

# Risk Management Report

## Our Risk Environment

The Company and the Group are exposed to a diversity of risks whereby we accept the risks inborn to our core business lines of life insurance, general insurance and asset management. These risks, however, also create opportunities for innovation and differentiation. We distinguish between strategic and operational risks, which are mitigated through a risk management governance structure.

Risks are managed on a preventive basis as far as possible through various risk management activities. Should risks materialise, SWAN's financial capital is available to absorb the financial impact to ensure we remain solvent to honour our commitments to clients.

## Key components of our Risk Management Framework

Our Risk Management Framework allows the management team, the Audit & Risks 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.

As per the Insurance (Risk Management) Rules 2016 ('FSC Rules'), our framework complies with the following requirements



## Responsibility of the Board



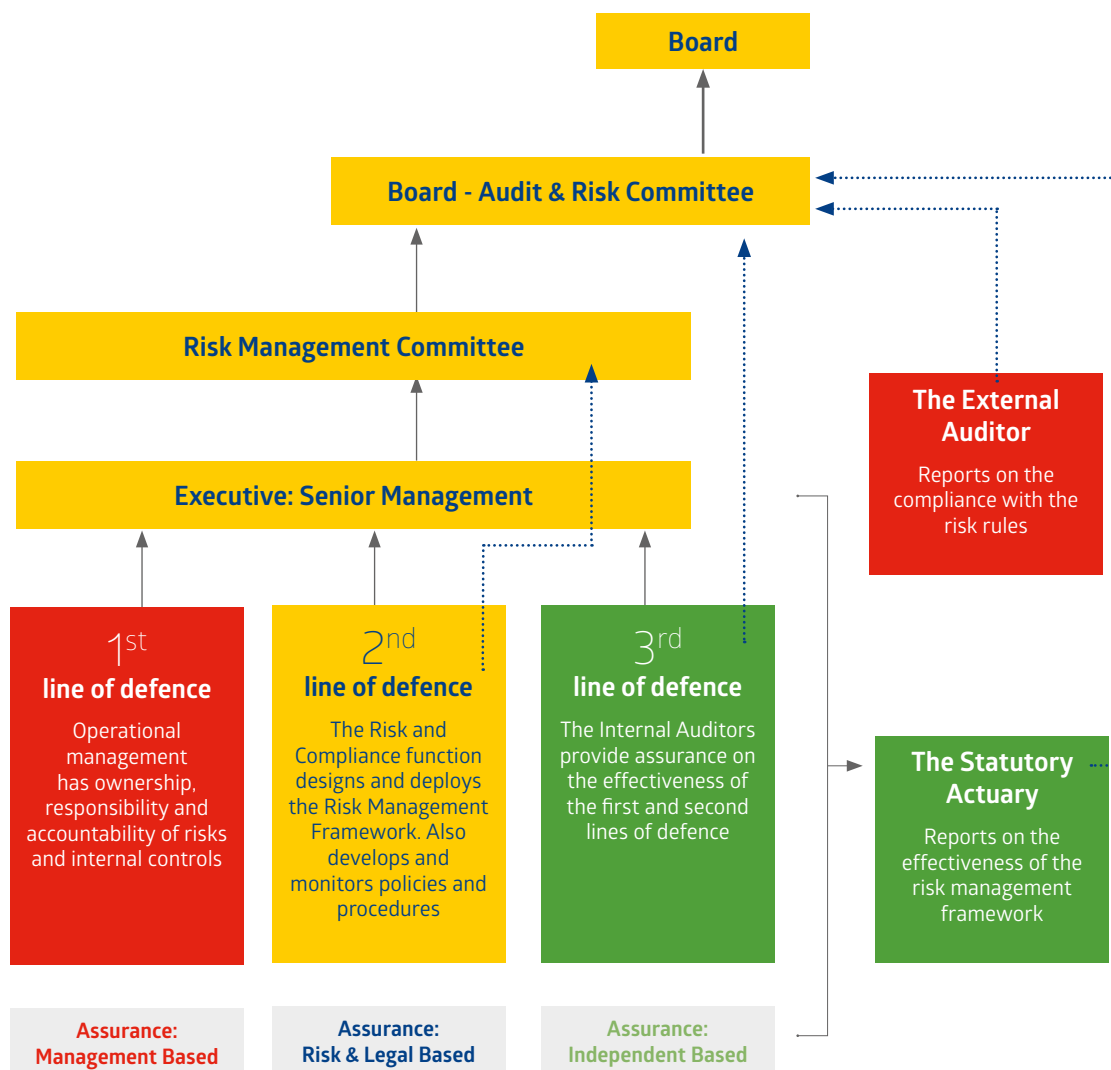
The Board of Directors have ultimate responsibility for risk management. The Board is assisted in this task by the Audit & Risk Committee, the Risk Officer and Management.

## Risk Management Report

### Our Risk Management Function



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.



In 2018, the Group Chief Executive has established a risk management committee to assist in the implementation of SWAN's risk management framework and internal control system. Among other responsibilities, the committee has the duty to

- Assist the Board/Audit & Risk Committee in its review of the adequacy and effectiveness of the system of internal controls in operation across the Group.
- Manage, review and implement any risk policies for consistency with the risk appetite and to approve any material changes to these policies.
- To ensure that the Company has implemented an effective ongoing process to identify risk, to measure its potential impact against a broad set of assumptions and then to activate appropriate risk management strategies to manage these risks if any.
- To decide and review the Company's appetite or tolerance for risk.
- Ensure that the effectiveness and the compliance of the Group's risk management framework with the Insurance (Risk Management) Rules 2016 are satisfactory.
- To ensure that a risk awareness culture is promoted throughout the organization.

## Risk Appetite Statement & Risk Management Strategy

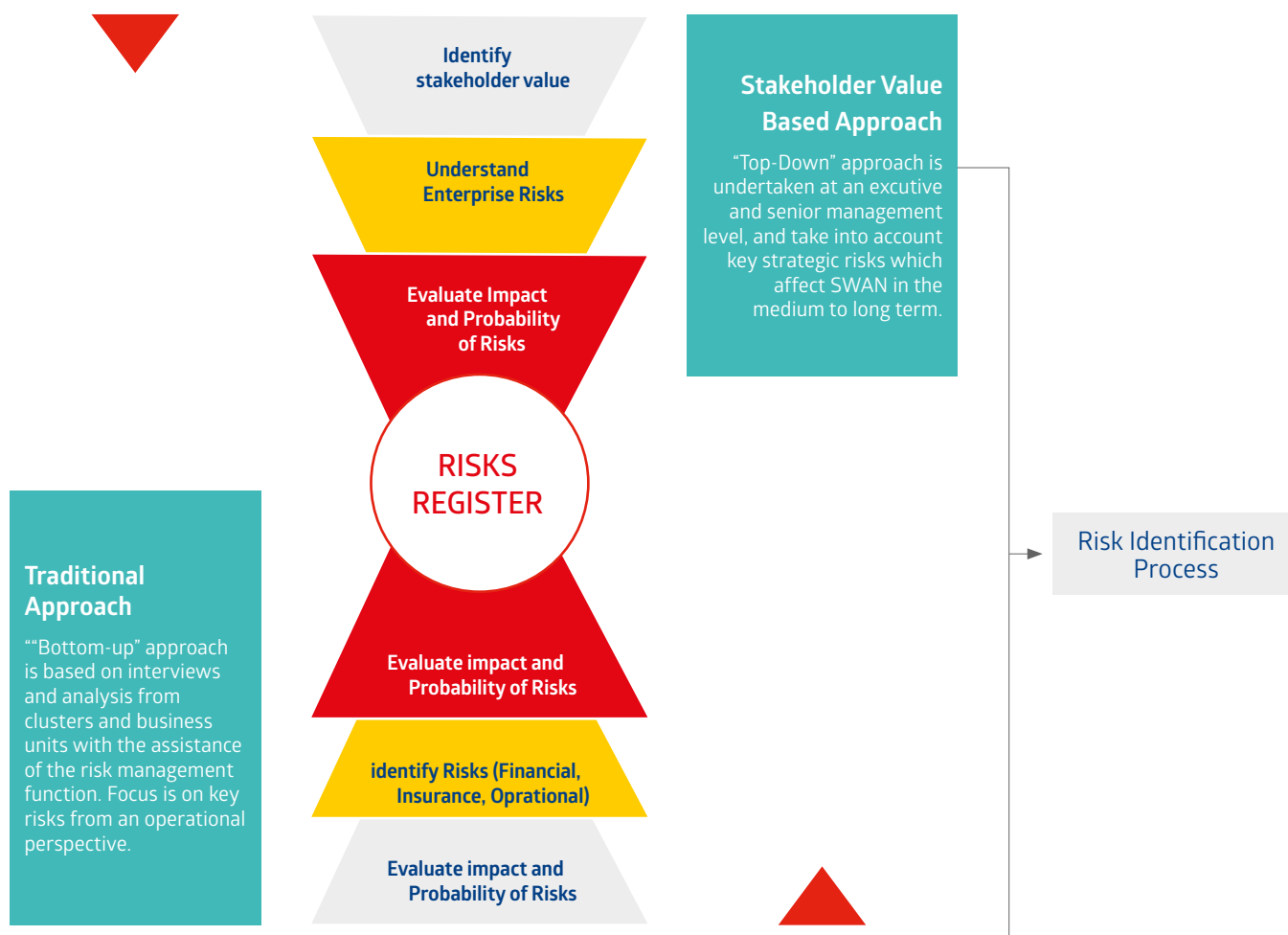


In order to formulate our risk appetite statements and risk tolerance levels, SWAN has to undergo through a risk identification process and build its risk register to recognize its strategic and operational risks.

Defining SWAN's risk appetite statements is a vital process whereby limits and benchmarks are set for different risk classes. Below are a few inherent risks which we have determined their appropriate Risk Management Strategy (Mitigating measures) and for some of them we have also formulated into risk appetite statements.



## Risk Management Report



|   |   |  |
|---|---|--|
| <b>Capital Risks</b> <ul style="list-style-type: none"> <li>Review reinsurance programme</li> <li>Inject capital</li> <li>Review underwriting capacity</li> </ul>       | <b>Investment Risks</b> <ul style="list-style-type: none"> <li>Review investment guidelines</li> <li>Review asset mix and allocation</li> </ul>     | <b>Group Risks</b> <ul style="list-style-type: none"> <li>Crisis committee</li> <li>Ensure communication lines</li> </ul>                                |
| <b>Liquidity Risks</b> <ul style="list-style-type: none"> <li>Stress testing</li> <li>Monitoring of cash inflows and outflows</li> </ul>                                | <b>Reinsurance Risks</b> <ul style="list-style-type: none"> <li>Monitoring of reinsurers' rating</li> <li>Monitoring of exposure</li> </ul>         | <b>Insurance Risks</b> <ul style="list-style-type: none"> <li>Review of pricing</li> <li>Review of reserves</li> <li>Monitoring of loss ratio</li> </ul> |
| <b>Operational Risks</b> <ul style="list-style-type: none"> <li>Review of processes</li> <li>Implement system validations</li> <li>Provide on-going training</li> </ul> | <b>Compliance Risks</b> <ul style="list-style-type: none"> <li>Engage more resources</li> <li>Close monitoring</li> <li>Compliance audit</li> </ul> | <b>Outsourcing Risks</b> <ul style="list-style-type: none"> <li>Enforce SLA conditions</li> <li>Proper due diligence on suppliers</li> </ul>             |

For the financial year ended, SWAN didn't have any breach in the above risk appetite statements.

## Our Key Strategic/Emerging Risks



### Technology risk

The risk of being unable to manage, develop and maintain secure, agile technology assets to support strategic objectives.



### Cyber risk

The risk of financial loss, disruption or damage to reputation from breaches or attacks on systems or networks.



### Regulatory impact risk

The risk of reputational and financial losses due to the inability to comply with or keep abreast of regulatory requirements.



### People risk

The risk of failure of the workforce to adequately and efficiently serve clients, support operations and deliver business strategy.



### Business disruption risk

The risk of infrastructure failure or environmental impacts resulting in disruption of our core services.

## RISK MANAGEMENT STRATEGY

- |  |  |  |  |   |
|--|--|--|--|---|
| <ul style="list-style-type: none"> <li>· Dedicated simultaneous information technology teams in focus on speeding up implementation of digitalization projects.</li> <li>· Make use of industry specialists to assist us in our strategic objectives,</li> </ul> | <ul style="list-style-type: none"> <li>· Use of cyber security tools which use a combination of artificial intelligence and other methods to detect and remove threats as quickly as possible.</li> <li>· Use of cyber security operation centres which are enabled with improved monitoring capabilities for evolving cyber vulnerabilities and attacks.</li> </ul> | <ul style="list-style-type: none"> <li>· Ongoing engagement and discussions with government authorities and regulators.</li> <li>· Monitoring and sanctions against non-compliant employees.</li> <li>· Continuous learning and awareness program to employees.</li> </ul> | <ul style="list-style-type: none"> <li>· A range of learning and development solutions through on-going training.</li> <li>· Ensure that employees can adapt and remain relevant in the changing work environment through continuous learning.</li> <li>· Regular review of HR policies and guidelines.</li> </ul> | <ul style="list-style-type: none"> <li>· Continue to improve system resiliency to minimise disruption of digitally enabled services to clients.</li> <li>· Business continuity plans to be prepared for all business areas.</li> <li>· Simplify the IT landscape to improve agility, enhance customer experience and ensure the relevance of services the group offers to its clients.</li> </ul> |
|--|--|--|--|---|

## Risk Management Report

### 3-year Rolling Business Plan



Every year a financial forecast is carried out for the next 3 years and the same is validated by the board, executives and operations.



Discussions are made within the group from senior levels to the technical team about strategic objectives such as new ventures and growth.



Assumptions are established:

- Experience analysis
- Technical Reserves
- Emerging Risks



The Profit & Loss and Balance sheets are projected over the next three years with our future solvency positions.



Scenarios based on our risk profile are defined and our solvency position is stress tested.

**Stress-O-Meter**



All the assumptions, emerging risks and strategic objectives are documented

### Liquidity Policy

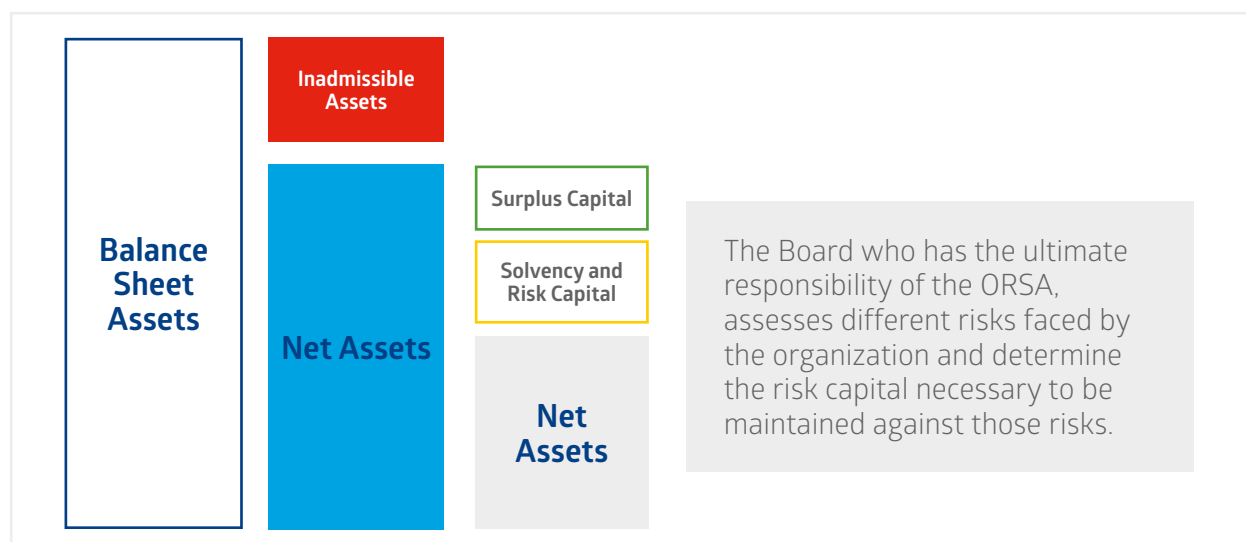


We have devised a policy since the group has significant cash flow obligations that need to be managed and needs sufficient liquidity to operate efficiently and maintain SWAN's reputation in the markets.

## ORSA



The main objective of Own Risk Solvency Assessment (ORSA) is to allow stakeholders and regulators to more easily and clearly assess the state of enterprise risk management (ERM) in an organization.



## Independent Review



Our external auditor and statutory actuary has the duty to review our Risk Management Framework. The external auditor reviews the compliance of our framework with the Insurance (Risk Management Rules) 2016 while the statutory actuary reviews the effectiveness of the framework. Following the last review for the year ending 2017 by the Auditors and Statutory Actuaries, the overall findings were satisfactory.

Besides a routine, annual, evaluation and improvement activities, we may find that the current system is just not able to meet current business objectives. As the world, competitive landscape, and our organization evolves we have to adjust and improve our risk management framework. Carefully monitoring our risk management process and the context it operates provide us opportunities to implement improvements. The intent is to have a vital process which is able to serve the needs of the organization even as the world around it changes.

# 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 principles of the Code of Corporate Governance have been adhered to.
- Signed on behalf of the Board of Directors on 29 March 2019



Nicolas MAIGROT

Chairperson



Louis RIVALLAND

Director & Group Chief Executive



# Company Secretary's Certificate

Year ended december 31, 2018

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.

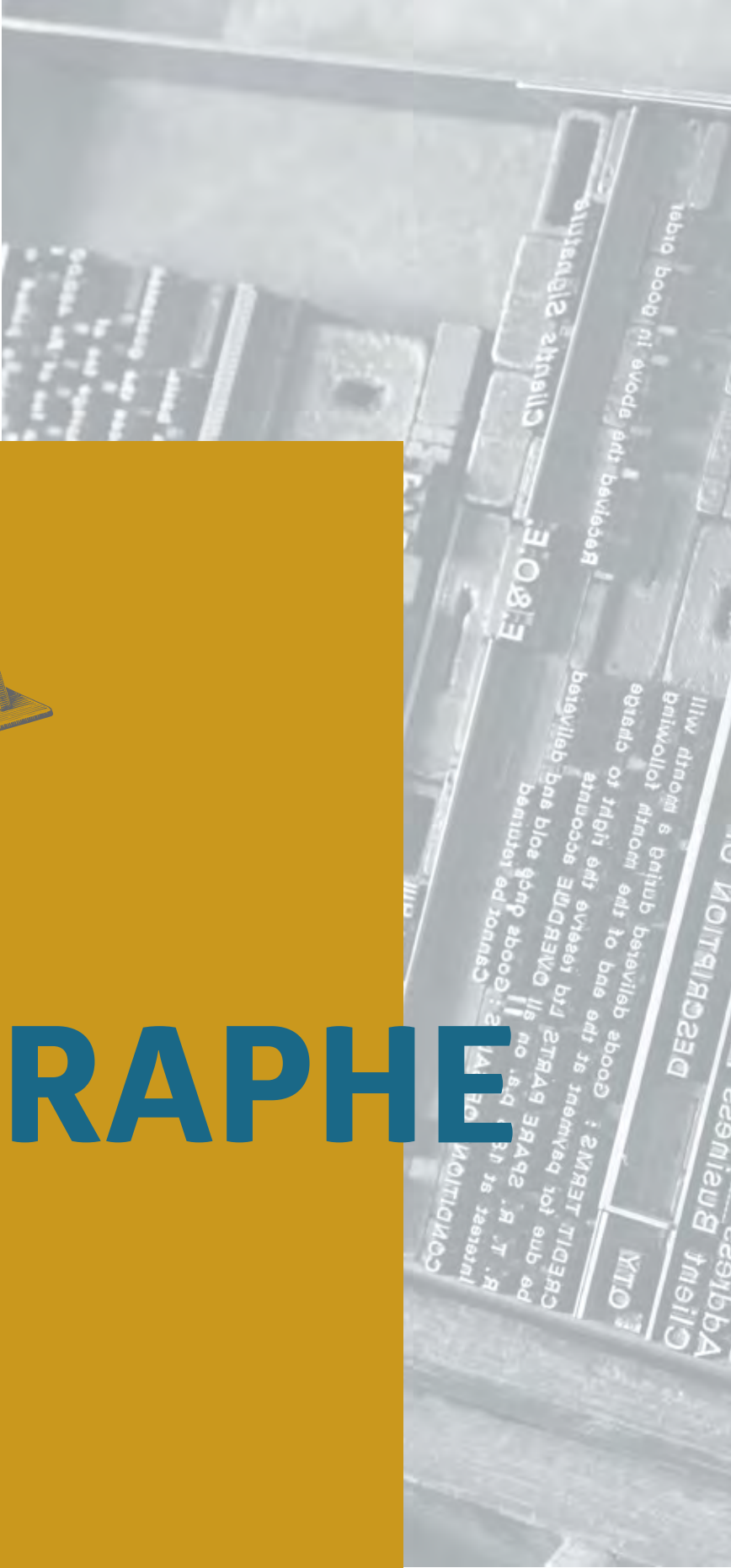


**Jaiyansing Soobah**  
for Swan Corporate Affairs Ltd  
Company Secretary

29 March 2019



# TYPOGRAPHY





# Independent Auditors' Report to the Members

## 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 71 to 157 which comprise the statements of financial position as at December 31, 2018, 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 71 to 157 give a true and fair view of the financial position of the Group and of the Company as at December 31, 2018, 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

#### 1. Outstanding claims and IBNR

##### 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.

Outstanding claims including claims incurred but not reported (IBNR) amount to Rs 933m for the Group and Rs 864m 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.
- 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 2018 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 notes 2.14 and 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 4,146m and Rs 2,350m 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.

### Related Disclosures

Refer to note 14, note 2.9 (accounting policy), note 3.2 (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.



# Independent Auditors' Report to the Members

## 3. Trade and other receivables (Continued)

### Audit Response (Continued)

- 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.

## 3. 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 1,760m and Rs 1,508m 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 (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.

### Other information

The Directors are responsible for the other information. The other information comprises the information included in the Chairperson's and 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.

## Other information (Continued)

### *Corporate Governance Report*

Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the public interest entity has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

### **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.
- 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.

# Independent Auditors' Report to the Members

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

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.

### *Other Matter*

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.



**BDO & Co**

*Chartered Accountants*



Ameenah Ramdin, FCCA, ACA  
Licensed by FRC

March 29<sup>th</sup>, 2019

Port Louis,  
Mauritius.

# Statements of Financial Position

DECEMBER 31, 2018

|                                      |               | THE GROUP  |            | THE COMPANY |           |
|--------------------------------------|---------------|------------|------------|-------------|-----------|
|                                      |               | 2018       | 2017       | 2018        | 2017      |
|                                      |               | Rs'000     | Rs'000     | Rs'000      | Rs'000    |
| <b>ASSETS</b>                        |               |            |            |             |           |
| <b>Non-current assets</b>            |               |            |            |             |           |
| Property and equipment               | 5             | 146,314    | 90,899     | 95,118      | 90,258    |
| Intangible assets                    | 6             | 34,977     | 18,354     | 23,817      | 3,584     |
| Investments in subsidiary companies  | 7             | -          | -          | 530,871     | 536,371   |
| Investments in associated companies  | 8             | 151,358    | 59,190     | 34,009      | -         |
| Investments in joint venture         | 9             | 2,395      | 2,052      | 500         | 500       |
| Investments in financial assets      | 10            | 1,731,618  | 1,856,171  | 1,502,012   | 1,630,544 |
| Loans and receivables                | 11            | 114,155    | 148,559    | 112,205     | 126,131   |
| Non-current receivables              | 12            | -          | 60,832     | 79,174      | 59,950    |
| Deferred tax assets                  | 13(b)         | 57,761     | 33,596     | 33,310      | 33,474    |
|                                      |               | 2,238,578  | 2,269,653  | 2,411,016   | 2,480,812 |
| <b>Current assets</b>                |               |            |            |             |           |
| Investments in financial assets      | 10            | 28,653     | 36,621     | 6,042       | 16,660    |
| Loans and receivables                | 11            | 17,681     | 13,450     | 3,381       | 4,611     |
| Trade and other receivables          | 14            | 4,145,735  | 3,291,256  | 2,349,973   | 2,195,219 |
| Current tax assets                   | 22            | 2,026      | -          | -           | -         |
| Cash and cash equivalents            | 30(b)         | 497,299    | 224,022    | 359,438     | 161,842   |
|                                      |               | 4,691,394  | 3,565,349  | 2,718,834   | 2,378,332 |
| Life Business Assets                 | 15            | 40,644,034 | 39,881,578 | -           | -         |
| <b>Total assets</b>                  |               | 47,574,006 | 45,716,580 | 5,129,850   | 4,859,144 |
| <b>EQUITY AND LIABILITIES</b>        |               |            |            |             |           |
| <b>Capital and reserves</b>          |               |            |            |             |           |
| Share capital                        | 16            | 41,379     | 41,379     | 41,379      | 41,379    |
| Retained earnings                    |               | 1,834,071  | 1,604,806  | 1,907,368   | 1,730,617 |
| Other reserves                       |               | 1,422,819  | 1,026,634  | 334,381     | 473,373   |
| Attributable to owners of the parent |               | 3,298,269  | 2,672,819  | 2,283,128   | 2,245,369 |
| Non-controlling interests            | 18            | 470,795    | 352,569    | -           | -         |
| <b>Total equity</b>                  |               | 3,769,064  | 3,025,388  | 2,283,128   | 2,245,369 |
| <b>Technical provisions</b>          |               |            |            |             |           |
| Life Assurance Fund                  | 15            | 40,644,034 | 39,881,578 | -           | -         |
| Outstanding claims and IBNR          | 23/31(a)      | 932,877    | 921,667    | 864,007     | 902,830   |
| Gross unearned premiums              | 23/31(b)/2.18 | 1,300,774  | 1,160,704  | 1,230,389   | 1,118,584 |
|                                      |               | 42,877,685 | 41,963,949 | 2,094,396   | 2,021,414 |
| <b>Non-current liabilities</b>       |               |            |            |             |           |
| Borrowings                           | 19            | 33,113     | 19,467     | -           | -         |
| Retirement benefit obligations       | 20            | 147,899    | 187,032    | 147,899     | 187,032   |
| Deferred tax liabilities             | 13(b)         | 5,108      | 7,874      | -           | -         |
| Non-current payables                 | 21            | 108,822    | -          | 108,822     | -         |
|                                      |               | 294,942    | 214,373    | 256,721     | 187,032   |
| <b>Current liabilities</b>           |               |            |            |             |           |
| Trade and other payables             | 21            | 510,520    | 262,706    | 388,202     | 172,328   |
| Borrowings                           | 19            | 107,367    | 142,305    | 95,489      | 125,030   |
| Current tax liabilities              | 22            | 14,428     | 8,550      | 11,914      | 8,662     |
| Dividend payable                     | 27            | -          | 99,309     | -           | 99,309    |
|                                      |               | 632,315    | 512,870    | 495,605     | 405,329   |
| <b>Total equity and liabilities</b>  |               | 47,574,006 | 45,716,580 | 5,129,850   | 4,859,144 |

These financial statements have been approved for issue by the Board of Directors on the 29th March 2019.



Louis Rivalland  
Director



Michel Thomas  
Director

The notes on pages 76 to 157 form an integral part of these financial statements.  
Auditor's report on pages 66 to 70.

# Statements of Profit or Loss and Other Comprehensive Income

YEAR ENDED DECEMBER 31, 2018

|   | Notes | THE GROUP          |             | THE COMPANY        |             |
|---|-------|--------------------|-------------|--------------------|-------------|
|   |       | 2018               | 2017        | 2018               | 2017        |
|   |       | Rs'000             | Rs'000      | Rs'000             | Rs'000      |
| <b>Gross premiums</b>   |       | <b>7,530,856</b>   | 6,813,857   | <b>2,881,757</b>   | 2,652,735   |
| Premiums ceded to reinsurers  |       | (1,618,532)        | (1,427,140) | (1,259,047)        | (1,131,953) |
| Change in gross unearned premiums                                     | 31(b) | (118,186)          | (121,063)   | (111,805)          | (113,696)   |
| Recoverable from reinsurers   | 31(b) | 80,830             | 48,576      | 70,638             | 41,209      |
| <b>Net earned premiums</b>  | 2.16  | <b>5,874,968</b>   | 5,314,230   | <b>1,581,543</b>   | 1,448,295   |
| Net earned premiums relating to Life Assurance Fund                   |       | (4,232,930)        | (3,865,935) | -                  | -           |
|   |       | <b>1,642,038</b>   | 1,448,295   | <b>1,581,543</b>   | 1,448,295   |
| Gross claims paid   | 31(a) | (1,776,908)        | (1,458,917) | (1,680,845)        | (1,458,486) |
| Claims recovered from reinsurers                                      | 31(a) | 592,571            | 481,927     | 562,118            | 481,496     |
| Movement in gross outstanding claims and IBNR                         | 31(a) | 98,796             | (145,510)   | 46,323             | (131,437)   |
| Movement in amounts recoverable from reinsurers                       | 31(a) | (44,163)           | 121,126     | (34,836)           | 107,053     |
| <b>Net claims incurred</b>  |       | <b>(1,129,704)</b> | (1,001,374) | <b>(1,107,240)</b> | (1,001,374) |
| Commissions receivable from reinsurers                                |       | 347,586            | 287,922     | 316,359            | 271,606     |
| Commissions paid to agents and brokers                                |       | (257,631)          | (237,923)   | (249,426)          | (233,556)   |
| <b>Net commissions</b>  |       | <b>89,955</b>      | 49,999      | <b>66,933</b>      | 38,050      |
| <b>Underwriting surplus</b>   |       | <b>602,289</b>     | 496,920     | <b>541,236</b>     | 484,971     |
| Investment income   | 24    | 188,427            | 174,521     | 159,708            | 148,648     |
| <b>Operating profit</b>   |       | <b>790,716</b>     | 671,441     | <b>700,944</b>     | 633,619     |
| Other income  | 25    | 159,954            | 118,038     | 104,714            | 69,579      |
|   |       | <b>950,670</b>     | 789,479     | <b>805,658</b>     | 703,198     |
| Marketing and administrative expenses                                 | 26(a) | (506,912)          | (467,120)   | (412,215)          | (414,678)   |
| Impairment losses   | 26(b) | (56,432)           | (18,819)    | (68,578)           | (18,819)    |
| Depreciation and amortisation   | 5/6   | (26,528)           | (21,162)    | (21,413)           | (16,080)    |
| Share of profit of associated companies and joint venture             | 8/9   | 21,864             | 408         | -                  | -           |
| <b>Profit before taxation</b>   |       | <b>382,662</b>     | 282,786     | <b>303,452</b>     | 253,621     |
| Income tax expense  | 22    | (30,218)           | (17,375)    | (27,392)           | (16,982)    |
| <b>Profit for the year</b>  |       | <b>352,444</b>     | 265,411     | <b>276,060</b>     | 236,639     |
| <b>Other comprehensive income:</b>                                    |       |                    |             |                    |             |
| <i>Items that will not be reclassified to profit or loss:</i>         |       |                    |             |                    |             |
| Remeasurements of defined benefit obligations                         | 17    | (2,025)            | (3,816)     | (2,025)            | (3,816)     |
| <i>Items that may be reclassified subsequently to profit or loss:</i> |       |                    |             |                    |             |
| Change in value of available-for-sale financial assets                | 17    | (58,955)           | 200,188     | (40,622)           | 155,919     |
| Release on disposal of available-for-sale financial assets            | 17    | (96,399)           | (58,316)    | (96,345)           | (58,173)    |
| Net movement in other reserves  | 17    | 270,570            | 119,968     | -                  | -           |
| <b>Other comprehensive income for the year, net of tax</b>            |       | <b>113,191</b>     | 258,024     | <b>(138,992)</b>   | 93,930      |
| <b>Total comprehensive income for the year</b>                        |       | <b>465,635</b>     | 523,435     | <b>137,068</b>     | 330,569     |
| <b>Profit for the year</b>  |       |                    |             |                    |             |
| Attributable to:  |       |                    |             |                    |             |
| Owners of the parent  |       | 327,769            | 244,296     | 276,060            | 236,639     |
| Non-controlling interests   | 18    | 24,675             | 21,115      | -                  | -           |
|   |       | <b>352,444</b>     | 265,411     | <b>276,060</b>     | 236,639     |
| <b>Total comprehensive income for the year</b>                        |       |                    |             |                    |             |
| Attributable to:  |       |                    |             |                    |             |
| Owners of the parent  |       | 393,653            | 481,582     | 137,068            | 330,569     |
| Non-controlling interests   | 18    | 71,982             | 41,853      | -                  | -           |
|   |       | <b>465,635</b>     | 523,435     | <b>137,068</b>     | 330,569     |
| <b>Earnings per share</b>   |       |                    |             |                    |             |
| (Rupees and cents)  | 28    | <b>39.61</b>       | 29.52       | <b>33.36</b>       | 28.59       |

The notes on pages 76 to 157 form an integral part of these financial statements.  
Auditor's report on pages 66 to 70.



# Statements of Changes in Equity

YEAR ENDED DECEMBER 31, 2018

(a) THE GROUP

|   |       | Attributable to owners of the parent |                    |                |                   |                   |                      |                          |           |                           |              |
|---|-------|--------------------------------------|--------------------|----------------|-------------------|-------------------|----------------------|--------------------------|-----------|---------------------------|--------------|
|   | Notes | 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       |
| At January 1, 2018  |       |                                      |                    |                |                   |                   |                      |                          |           |                           |              |
|   |       | 41,379                               | 350,387            | 31,321         | 476,056           | 1,604,806         | 267,477              | (98,607)                 | 2,672,819 | 352,569                   | 3,025,388    |
| Profit for the year                                       |       |                                      |                    |                |                   |                   |                      |                          |           |                           |              |
| Other comprehensive income for the year                   | 17    | -                                    | -                  | -              | -                 | 327,769           | -                    | -                        | 327,769   | 24,675                    | 352,444      |
| Total comprehensive income for the year                   |       | -                                    | (155,354)          | 5,273          | 217,990           | -                 | -                    | (2,025)                  | 65,884    | 47,307                    | 113,191      |
| Issue of shares   |       |                                      |                    |                |                   |                   |                      |                          |           |                           |              |
| Other movement  |       | -                                    | -                  | -              | -                 | -                 | -                    | -                        | -         | -                         | 497          |
| Non distributable reserve                                 | 17    | -                                    | -                  | -              | -                 | -                 | -                    | -                        | -         | -                         | 24,283       |
| Dividends   | 27/18 | -                                    | -                  | -              | 330,301           | (99,309)          | -                    | -                        | 330,301   | 68,999                    | 399,300      |
| Non-controlling interest arising on business combinations |       | -                                    | -                  | -              | -                 | -                 | -                    | -                        | (99,309)  | (40,344)                  | (139,653)    |
| Total transactions with owners of the parent              |       | -                                    | -                  | -              | -                 | 805               | -                    | -                        | 805       | (7,191)                   | (6,386)      |
| Balance at December 31, 2018                              |       |                                      |                    |                |                   |                   |                      |                          |           |                           |              |
|   |       | 41,379                               | 195,033            | 36,594         | 1,024,347         | 1,834,071         | 267,477              | (100,632)                | 3,298,269 | 470,795                   | 3,769,064    |
| At January 1, 2017  |       |                                      |                    |                |                   |                   |                      |                          |           |                           |              |
| Corrections of prior period errors                        |       | 41,379                               | 208,515            | 54,460         | 419,787           | 1,494,110         | 267,477              | (91,701)                 | 2,394,027 | 344,523                   | 2,738,550    |
| As restated   |       | -                                    | -                  | (108)          | -                 | (34,291)          | -                    | (3,090)                  | (37,489)  | (7,804)                   | (45,293)     |
| Profit for the year                                       |       |                                      |                    |                |                   |                   |                      |                          |           |                           |              |
| Other comprehensive income for the year                   | 17    | -                                    | -                  | -              | -                 | 244,296           | -                    | -                        | 244,296   | 21,115                    | 265,411      |
| Total comprehensive income for the year                   |       | -                                    | 141,872            | (23,031)       | 122,261           | -                 | -                    | (3,816)                  | 237,286   | 20,738                    | 258,024      |
| Other movement  |       |                                      |                    |                |                   |                   |                      |                          |           |                           |              |
| 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    |

The notes on pages 76 to 157 form an integral part of these financial statements.  
Auditor's report on pages 66 to 70.

# Statements of Changes in Equity

YEAR ENDED DECEMBER 31, 2018

## (b) THE COMPANY

|   | Notes | Share Capital | Fair Value Reserve | Other Reserves | Retained Earnings | Amalgamation Reserves | Actuarial gains/(losses) | Total Equity |
|---|-------|---------------|--------------------|----------------|-------------------|-----------------------|--------------------------|--------------|
|   |       | Rs'000        | Rs'000             | Rs'000         | Rs'000            | Rs'000                | Rs'000                   | Rs'000       |
| At January 1, 2018                      |       | 41,379        | 308,296            | 43,099         | 1,730,617         | 220,593               | (98,615)                 | 2,245,369    |
| Profit for the year                     |       | -             | -                  | -              | 276,060           | -                     | -                        | 276,060      |
| Other comprehensive income for the year | 17    | -             | (136,967)          | -              | -                 | -                     | (2,025)                  | (138,992)    |
| Total comprehensive income for the year |       | -             | (136,967)          | -              | 276,060           | -                     | (2,025)                  | 137,068      |
| Dividends                               | 27    | -             | -                  | -              | (99,309)          | -                     | -                        | (99,309)     |
| Balance at December 31, 2018            |       | 41,379        | 171,329            | 43,099         | 1,907,368         | 220,593               | (100,640)                | 2,283,128    |
| 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      |       | -             | -                  | -              | (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    |

The notes on pages 76 to 157 form an integral part of these financial statements.  
Auditor's report on pages 66 to 70.

# Statements of Cash Flows

YEAR ENDED DECEMBER 31, 2018

|   | Notes | THE GROUP        |                 | THE COMPANY      |                |
|---|-------|------------------|-----------------|------------------|----------------|
|   |       | 2018             | 2017            | 2018             | 2017           |
|   |       | Rs'000           | Rs'000          | Rs'000           | Rs'000         |
| <b>Cash flows from operating activities</b>                   |       |                  |                 |                  |                |
| Cash generated from operations                                | 30(a) | 159,416          | 91,442          | 116,105          | 52,957         |
| Interest paid   |       | (1,571)          | (5,396)         | (8)              | (576)          |
| Tax paid  | 22    | (24,447)         | (12,125)        | (23,561)         | (10,173)       |
| Tax recovered   | 22    | 239              | 5,696           | -                | 5,696          |
| <b>Net cash generated from operating activities</b>           |       | <b>133,637</b>   | <b>79,617</b>   | <b>92,536</b>    | <b>47,904</b>  |
| <b>Cash flows from investing activities</b>                   |       |                  |                 |                  |                |
| Purchase of property and equipment                            | 5     | (26,391)         | (8,992)         | (23,103)         | (8,867)        |
| Purchase of intangible assets                                 | 6     | (24,316)         | (3,287)         | (24,316)         | (3,287)        |
| Proceeds from sale of property and equipment                  |       | 507              | 4               | 698              | 4              |
| Additional interest acquired in subsidiary                    |       | -                | -               | -                | (2,534)        |
| Acquisition of subsidiary, net of cash                        | 29    | 4,464            | (2,519)         | (10,419)         | -              |
| Acquisition of associate                                      | 8     | (76,150)         | -               | (34,009)         | -              |
| Purchase of financial assets                                  | 10    | (207,371)        | (308,084)       | (180,767)        | (305,784)      |
| Disposal/maturity of financial assets                         |       | 299,454          | 239,295         | 272,016          | 243,150        |
| Write back of deposit on investment                           |       | 48,570           | -               | -                | -              |
| Deposit on investment   |       | -                | (60,832)        | -                | -              |
| Loans granted   | 11/12 | (172)            | (1,125)         | (47,733)         | (61,075)       |
| Loans recovered   | 11    | 15,328           | 10,772          | 15,328           | 10,772         |
| Investment income received                                    |       | 264,792          | 151,479         | 253,175          | 148,657        |
| <b>Net cash generated from investing activities</b>           |       | <b>298,715</b>   | <b>16,711</b>   | <b>220,870</b>   | <b>21,036</b>  |
| <b>Cash flows from financing activities</b>                   |       |                  |                 |                  |                |
| Payments on borrowings  |       | (176,838)        | (120,505)       | (161,978)        | (115,261)      |
| Proceeds from borrowings/non-current payables                 |       | 251,855          | 239,950         | 238,822          | 239,950        |
| Dividends paid to Company's shareholders                      | 27    | (198,618)        | (99,309)        | (198,618)        | (99,309)       |
| Dividends paid to non-controlling interests                   |       | (40,344)         | (37,783)        | -                | -              |
| <b>Net cash (used in)/generated from financing activities</b> |       | <b>(163,945)</b> | <b>(17,647)</b> | <b>(121,774)</b> | <b>25,380</b>  |
| <b>Increase in cash and cash equivalents</b>                  |       | <b>268,407</b>   | <b>78,681</b>   | <b>191,632</b>   | <b>94,320</b>  |
| <b>Movement in cash and cash equivalents</b>                  |       |                  |                 |                  |                |
| At January 1,   |       | 224,022          | 138,396         | 161,842          | 69,980         |
| Increase  |       | 268,407          | 78,681          | 191,632          | 94,320         |
| Effect of foreign exchange rate changes                       |       | 4,870            | 6,945           | 5,964            | (2,458)        |
| <b>At December 31,</b>  | 30(b) | <b>497,299</b>   | <b>224,022</b>  | <b>359,438</b>   | <b>161,842</b> |

The notes on pages 76 to 157 form an integral part of these financial statements.  
Auditor's report on pages 66 to 70.

# Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

## 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.

#### *Standards, Amendments to published Standards and Interpretations effective in the reporting period*

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The mandatory application date for the standard as a whole is January 1, 2018. The Company plans to defer the application of IFRS 9 until the earlier of the effective date of the new insurance contract standard (IFRS 17) of January 1, 2022, opting the temporary exemption from applying IFRS 9 by the amendments to IFRS 4. 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 January 1, 2022 at the latest.

IFRS 15 Revenue from Contracts with Customers is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The mandatory application date for the standard is January 1, 2018. The Group, which is applying IFRS 4, is excluded under the scope of the standard and has therefore not adopted IFRS 15.

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

The amendments clarify the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. The amendment has no impact on the Group's financial statements.

# Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

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

### 2.1 Basis of preparation (cont'd)

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

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

The amendment provides two different solutions for insurance companies: a temporary exemption from IFRS 9 for entities that meet specific requirements (applied at the reporting entity level), and the 'overlay approach'. Both approaches are optional. The amendment has no impact on the Group's financial statements.

Annual Improvements to IFRSs 2014-2016 Cycle

- IFRS 1 - deleted short-term exemptions covering transition provisions of IFRS 7, IAS 19 and IFRS 10 which are no longer relevant.
- IAS 28 - clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition. The amendment has no impact on the Group's financial statements.

IFRIC 22 Foreign Currency Transactions and Advance Consideration. The interpretation clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. The amendment has no impact on the Group's financial statements.

Transfers of Investment Property (Amendments to IAS 40). The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer. The amendment has no impact on the Group's financial statements.

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

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2019 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:

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

IFRS 16 Leases

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

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)

Definition of a Business (Amendments to IFRS 3)

Definition of Material (Amendments to IAS 1 and IAS 8)

# Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

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

### 2.1 Basis of preparation (cont'd)

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.

#### IFRS 17 Insurance contracts - effective 1 January 2022

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.

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.

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2022, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

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

The Group expects that the new standard will result in an important change to the accounting policies for insurance contract liabilities of the Group and is likely to have a significant impact on the surplus and life assurance fund together with presentation and disclosure.



# Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

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

### 2.1 Basis of preparation (cont'd)

#### IFRS 16 Leases - effective 1 January 2019

Adoption of IFRS 16 will result in the Group recognising right-of-use assets and lease liabilities for all contracts that are, or contain, a lease. For leases currently classified as operating leases, under current accounting requirements the group does not recognise related assets or liabilities, and instead spreads the lease payments on a straight-line basis over the lease term, disclosing in its annual financial statements the total commitment. The Group is assessing the impact of this new standard and will adopt the standard when it becomes effective.

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% |

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 prospectively 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).

# Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

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

### 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.

(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. Any 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).

# Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

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

### 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 fully consolidated from the date on which control is transferred to the group. 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.

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 on an annual basis. Other profits are released based on the expected experience and actuarial report.

# Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

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

### 2.5 Investments in subsidiaries (cont'd)

#### *Consolidated financial statements (cont'd)*

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.

#### *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.

# Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

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

### 2.6 Investment in associates (cont'd)

*Consolidated financial statements (cont'd)*

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.

### 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.

# Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

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

### 2.8 Financial assets (cont'd)

#### (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.

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.



# Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

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

### 2.8 Financial assets (cont'd)

#### (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.

##### (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.

# Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

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

### 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.

### 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.

# Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

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

### 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 is done on an annual basis. Other profits are released based on the expected experience and actuarial report.

#### (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.

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).

# Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

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

### 2.16 Revenue Recognition - Premiums Earned (cont'd)

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.

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.

# Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

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

### 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.

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.

# Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

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

### 2.19 Retirement benefit obligations (cont'd)

#### (i) Defined Benefit Plan (cont'd)

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.

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.



# Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

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

### 2.19 Retirement benefit obligations (cont'd)

#### (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.

#### (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.

# Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

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

### 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.

(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, 2018

## 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, 2018

## 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            | Outstanding claims |                |                |               |                |                |
|----------------------|--------------------|----------------|----------------|---------------|----------------|----------------|
|                      | 2018               |                |                | 2017          |                |                |
|                      | No of Claims       | Gross          | Net            | No of Claims  | Gross          | Net            |
|                      |                    | Rs'000         | Rs'000         |               | Rs'000         | Rs'000         |
| Fire & Allied Perils | 520                | 138,306        | 22,450         | 502           | 55,893         | 19,806         |
| Motor                | 5,104              | 204,431        | 175,241        | 4,497         | 200,702        | 173,803        |
| Health               | 4,141              | 143,859        | 90,497         | 5,121         | 119,917        | 69,725         |
| Others               | 1,617              | 348,059        | 92,561         | 1,362         | 450,199        | 85,001         |
|                      | <b>11,382</b>      | <b>834,655</b> | <b>380,749</b> | <b>11,482</b> | <b>826,711</b> | <b>348,335</b> |
| IBNR                 |                    | 98,222         | 58,601         |               | 94,956         | 55,941         |
|                      |                    | <b>932,877</b> | <b>439,350</b> |               | <b>921,667</b> | <b>404,276</b> |

| THE COMPANY          | Outstanding claims |                |                |               |                |                |
|----------------------|--------------------|----------------|----------------|---------------|----------------|----------------|
|                      | 2018               |                |                | 2017          |                |                |
|                      | No of Claims       | Gross          | Net            | No of Claims  | Gross          | Net            |
|                      |                    | Rs'000         | Rs'000         |               | Rs'000         | Rs'000         |
| Fire & Allied Perils | 513                | 137,296        | 21,530         | 502           | 55,893         | 19,806         |
| Motor                | 4,725              | 177,885        | 155,664        | 4,497         | 200,702        | 173,803        |
| Health               | 4,125              | 135,526        | 86,642         | 5,121         | 119,917        | 69,725         |
| Others               | 1,528              | 329,021        | 80,514         | 1,336         | 442,039        | 85,001         |
|                      | <b>10,891</b>      | <b>779,728</b> | <b>344,350</b> | <b>11,456</b> | <b>818,551</b> | <b>348,335</b> |
| IBNR                 |                    | 84,279         | 55,941         |               | 84,279         | 55,941         |
|                      |                    | <b>864,007</b> | <b>400,291</b> |               | <b>902,830</b> | <b>404,276</b> |

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.

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

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

### 3.1 Insurance risk (cont'd)

#### (a) Insurance contracts (cont'd)

##### (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, 2018

[illegible]



YEAR ENDED DECEMBER 31, 2018

[illegible]

YEAR ENDED DECEMBER 31, 2018

### 3.1 Insurance risks (cont'd)

The development of insurance liabilities provides a measure of the Company's ability to estimate the ultimate value of claims. The table below illustrates how the estimates of total claims outstanding for each year have changed at successive year ends and the table reconciles the cumulative claims to the amount appearing in the statements of financial position.

**GROSS**

[illegible]

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

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

### 3.1 Insurance risks (cont'd)

(iv) Claims development table (cont'd)

#### THE COMPANY

| NET  | 2009    | 2010    | 2011    | 2012    | 2013    | 2014    | 2015    | 2016    | 2017    | 2018      | TOTAL     |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|-----------|
|  | Rs'000  | Rs'000  | Rs'000  | Rs'000  | Rs'000  | Rs'000  | Rs'000  | Rs'000  | Rs'000  | Rs'000    | Rs'000    |
| Estimate of ultimate claim costs:                            |         |         |         |         |         |         |         |         |         |           |           |
| - At end of claim year                                       | 54,974  | 65,827  | 59,647  | 80,794  | 115,553 | 108,798 | 166,163 | 178,385 | 195,610 | 221,946   | 1,247,697 |
| - one year later   | 28,502  | 26,573  | 24,362  | 31,269  | 35,473  | 29,087  | 48,185  | 39,527  | 26,424  | -         | 289,402   |
| - two years later  | 26,855  | 19,335  | 23,212  | 17,498  | 20,914  | 20,155  | 31,328  | 14,984  | -       | -         | 174,281   |
| - three years later  | 26,337  | 18,085  | 17,337  | 9,624   | 14,617  | 19,323  | 22,169  | -       | -       | -         | 127,492   |
| - four years later   | 18,806  | 7,509   | 14,072  | 9,864   | 13,801  | 16,026  | -       | -       | -       | -         | 80,078    |
| - five years later   | 7,637   | 4,929   | 10,063  | 10,083  | 11,665  | -       | -       | -       | -       | -         | 44,377    |
| - six years later  | 5,364   | 4,581   | 11,077  | 6,644   | -       | -       | -       | -       | -       | -         | 27,666    |
| - seven years later  | 3,066   | 3,916   | 7,162   | -       | -       | -       | -       | -       | -       | -         | 14,144    |
| - eight years later  | 2,212   | 2,828   | -       | -       | -       | -       | -       | -       | -       | -         | 5,040     |
| - nine years later   | 2,182   | -       | -       | -       | -       | -       | -       | -       | -       | -         | 2,182     |
| Current estimate of cumulative claims                        | 202,670 | 236,370 | 268,165 | 311,139 | 468,515 | 483,637 | 610,714 | 856,733 | 988,414 | 1,142,471 | 5,568,828 |
| Less Cumulative payments to date                             | 200,488 | 233,542 | 261,003 | 304,495 | 456,850 | 467,611 | 588,545 | 841,749 | 961,990 | 920,525   | 5,236,798 |
| Liability recognised in the statements of financial position | 2,182   | 2,828   | 7,162   | 6,644   | 11,665  | 16,026  | 22,169  | 14,984  | 26,424  | 221,946   | 332,030   |
| Liability in respect of prior years                          |         |         |         |         |         |         |         |         |         |           | 12,320    |
| IBNR   |         |         |         |         |         |         |         |         |         |           | 344,350   |
| Net liability at year end (notes 23/31(a))                   |         |         |         |         |         |         |         |         |         |           | 55,941    |
|  |         |         |         |         |         |         |         |         |         |           | 400,291   |

(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, 2018

## 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.

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

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

### 3.2.1 Market risk (cont'd)

#### (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.

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

#### THE GROUP

|                                   |           | Equivalent in Rs'000 |           |         |         |           |
|-----------------------------------|-----------|----------------------|-----------|---------|---------|-----------|
| At December 31, 2018              | Rs'000    | GBP                  | USD       | Euro    | Others  | Total     |
| <b>Assets:</b>                    |           |                      |           |         |         |           |
| - Investment in financial assets: |           |                      |           |         |         |           |
| · Held-to-Maturity                | 286,533   | -                    | -         | -       | 5,043   | 291,576   |
| · Available-for-sale              | 760,814   | -                    | 660,566   | 40,177  | 7,138   | 1,468,695 |
| - Loans and receivables           | 115,586   | -                    | -         | -       | 16,250  | 131,836   |
| - Trade and other receivables     | 3,922,457 | 1,334                | 136,523   | 23,616  | 46,316  | 4,130,246 |
| - Cash and cash equivalents       | 184,720   | 23                   | 238,998   | 40,828  | 32,730  | 497,299   |
|                                   | 5,270,110 | 1,357                | 1,036,087 | 104,621 | 107,477 | 6,519,652 |
| <b>Liabilities:</b>               |           |                      |           |         |         |           |
| - Technical Provisions:           |           |                      |           |         |         |           |
| · Gross unearned premiums         | 1,231,316 | -                    | 38,304    | 13,069  | 18,085  | 1,300,774 |
| · Outstanding claims and IBNR     | 871,509   | -                    | 7,391     | 3,065   | 50,912  | 932,877   |
| - Borrowings                      | 109,624   | -                    | -         | -       | 30,856  | 140,480   |
| - Non current payables            | 108,822   | -                    | -         | -       | -       | 108,822   |
| - Trade and other payables        | 370,204   | 1,334                | 83,190    | 6,928   | 48,864  | 510,520   |
|                                   | 2,691,475 | 1,334                | 128,885   | 23,062  | 148,717 | 2,993,473 |

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

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

### 3.2.1 Market risk (cont'd)

(i) Currency risk (cont'd)

#### THE GROUP

At December 31, 2017

##### Assets:

|                                   | Rs'000    | GBP | USD     | Euro    | Others  | Total     |
|-----------------------------------|-----------|-----|---------|---------|---------|-----------|
| - 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    | 166,395   | 374 | 61,856 | 11,358 | 22,723 | 262,706   |
|                               | 2,339,516 | 374 | 87,916 | 19,410 | 59,633 | 2,506,849 |

#### THE COMPANY

At December 31, 2018

##### Assets:

|                                   | Rs'000    | GBP   | USD     | Euro   | Others | Total     |
|-----------------------------------|-----------|-------|---------|--------|--------|-----------|
| - Investment in financial assets: |           |       |         |        |        |           |
| · Held-to-Maturity                | 250,615   | -     | -       | -      | -      | 250,615   |
| · Available-for-sale              | 671,306   | -     | 546,134 | 39,728 | 271    | 1,257,439 |
| - Loans and receivables           | 115,586   | -     | -       | -      | -      | 115,586   |
| - Non-current receivables         | 79,174    | -     | -       | -      | -      | 79,174    |
| - Trade and other receivables     | 2,297,620 | 1,334 | 31,881  | 4,153  | -      | 2,334,988 |
| - Cash and cash equivalents       | 166,970   | 23    | 155,806 | 36,639 | -      | 359,438   |
|                                   | 3,581,271 | 1,357 | 733,821 | 80,520 | 271    | 4,397,240 |



# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

## 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, 2018

##### Liabilities:

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

| Rs'000    | Equivalent in Rs'000 |        |       |        | Total     |
|-----------|----------------------|--------|-------|--------|-----------|
|           | GBP                  | USD    | Euro  | Others |           |
| 1,230,389 | -                    | -      | -     | -      | 1,230,389 |
| 864,007   | -                    | -      | -     | -      | 864,007   |
| 95,489    | -                    | -      | -     | -      | 95,489    |
| 108,822   | -                    | -      | -     | -      | 108,822   |
| 346,040   | 1,334                | 32,171 | 4,069 | 4,588  | 388,202   |
| 2,644,747 | 1,334                | 32,171 | 4,069 | 4,588  | 2,686,909 |

##### 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   |
| 147,395   | 374 | 13,294 | 7,165 | 4,100 | 172,328   |
| 2,293,839 | 374 | 13,294 | 7,165 | 4,100 | 2,318,772 |

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, 2018

## 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, 2018             |        |        |         |          |        |         |
| - Investment in financial assets | -      | -      | 33,028  | (33,028) | 2,009  | (2,009) |
| - Cash and cash equivalents      | 1      | (1)    | 11,950  | (11,950) | 2,041  | (2,041) |
| - Trade and other receivables    | 67     | (67)   | 6,826   | (6,826)  | 1,181  | (1,181) |
| - Trade and other payables       | (67)   | 67     | (4,160) | 4,160    | (346)  | 346     |
| - Gross unearned premiums        | -      | -      | (1,915) | 1,915    | (653)  | 653     |
| 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     |

#### 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, 2018             |        |        |         |          |        |         |
| - Investment in financial assets | -      | -      | 27,307  | (27,307) | 1,986  | (1,986) |
| - Cash and cash equivalents      | 1      | (1)    | 7,790   | (7,790)  | 1,832  | (1,832) |
| - Trade and other receivables    | 67     | (67)   | 1,594   | (1,594)  | 208    | (208)   |
| - Trade and other payables       | (67)   | 67     | (1,609) | 1,609    | (203)  | 203     |
| 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     |

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, 2018

## 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 |
| <b>At December 31, 2018</b>    |                   |        |
| - Held-to-maturity investments | 175               | (175)  |
| - Loans and receivables        | 68                | (68)   |
| - Cash and cash equivalents    | 22                | (27)   |
| - Finance lease asset          | 5                 | (5)    |
| <b>At December 31, 2017</b>    |                   |        |
| - Held-to-maturity investments | 217               | (217)  |
| - Loans and receivables        | 76                | (76)   |
| - Cash and cash equivalents    | 20                | (20)   |
| - Finance lease asset          | 126               | (126)  |

#### THE COMPANY

|                                | Impact on results |        |
|--------------------------------|-------------------|--------|
|                                | +1%               | -1%    |
|                                | Rs'000            | Rs'000 |
| <b>At December 31, 2018</b>    |                   |        |
| - Held-to-maturity investments | 162               | (162)  |
| - Loans and receivables        | 68                | (68)   |
| - Cash and cash equivalents    | 3                 | (3)    |
| <b>At December 31, 2017</b>    |                   |        |
| - Held-to-maturity investments | 208               | (208)  |
| - Loans and receivables        | 76                | (76)   |
| - Cash and cash equivalents    | 4                 | (4)    |

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

## 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, 2018

- Available-for-sale financial assets

At December 31, 2017

- Available-for-sale financial assets

| Impact on<br>Shareholders' equity |              |
|-----------------------------------|--------------|
| +10%                              | -10%         |
| Rs'm                              | Rs'm         |
| <b>147</b>                        | <b>(147)</b> |
| Rs'm                              | Rs'm         |
| 159                               | (159)        |

#### THE COMPANY

At December 31, 2018

- Available-for-sale financial assets

At December 31, 2017

- Available-for-sale financial assets

| Impact on<br>Shareholders' equity |              |
|-----------------------------------|--------------|
| +10%                              | -10%         |
| Rs'm                              | Rs'm         |
| <b>126</b>                        | <b>(126)</b> |
| Rs'm                              | Rs'm         |
| 137                               | (137)        |

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

## 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, 2018

## 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<br>past due<br>nor impaired | Past due but not impaired |                   |                    |                  | Impaired and<br>impairment<br>charge | Carrying<br>amount<br>at year end |
|-------------------------------|-------------------------------------|---------------------------|-------------------|--------------------|------------------|--------------------------------------|-----------------------------------|
|                               | Rs'000                              | 1m - 3m<br>Rs'000         | 3m - 6m<br>Rs'000 | 6m - 1yr<br>Rs'000 | > 1 yr<br>Rs'000 | Rs'000                               | Rs'000                            |
| <b>2018</b>                   | <b>131,836</b>                      | -                         | -                 | -                  | -                | -                                    | <b>131,836</b>                    |
| - Loans and receivables       |                                     |                           |                   |                    |                  |                                      |                                   |
| - Trade and other receivables |                                     |                           |                   |                    |                  |                                      |                                   |
| Insurance receivables         | 258,713                             | 262,587                   | 333,938           | 146,909            | 21,447           | 34,327                               | 1,057,921                         |
| Reinsurance Assets            | 1,170,796                           | -                         | -                 | -                  | 411              | 26,172                               | 1,197,379                         |
| Other receivables             | 242,513                             | -                         | -                 | -                  | 3,803            | -                                    | 246,316                           |
|                               | <b>1,672,022</b>                    | <b>262,587</b>            | <b>333,938</b>    | <b>146,909</b>     | <b>25,661</b>    | <b>60,499</b>                        | <b>2,501,616</b>                  |
| <b>2017</b>                   |                                     |                           |                   |                    |                  |                                      |                                   |
| - 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                           |
|                               | <b>1,480,430</b>                    | <b>289,614</b>            | <b>304,566</b>    | <b>180,279</b>     | <b>12,611</b>    | <b>51,437</b>                        | <b>2,318,937</b>                  |



# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

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

### 3.2.2 Credit risk (cont'd)

#### THE COMPANY

|                               | Neither<br>past due<br>nor impaired | Past due but not impaired |                   |                    |                  | Impaired and<br>impairment<br>charge | Carrying<br>amount<br>at year end |
|-------------------------------|-------------------------------------|---------------------------|-------------------|--------------------|------------------|--------------------------------------|-----------------------------------|
|                               | Rs'000                              | 1m - 3m<br>Rs'000         | 3m - 6m<br>Rs'000 | 6m - 1yr<br>Rs'000 | > 1 yr<br>Rs'000 | Rs'000                               | Rs'000                            |
| <b>2018</b>                   |                                     |                           |                   |                    |                  |                                      |                                   |
| - Non-current receivables     | 79,174                              | -                         | -                 | -                  | -                | -                                    | 79,174                            |
| - Loans and receivables       | 115,586                             | -                         | -                 | -                  | -                | -                                    | 115,586                           |
| - Trade and other receivables |                                     |                           |                   |                    |                  |                                      |                                   |
| Insurance receivables         | 241,165                             | 261,186                   | 330,521           | 145,738            | 20,130           | 34,327                               | 1,033,067                         |
| Reinsurance Assets            | 1,089,084                           | -                         | -                 | -                  | -                | 26,172                               | 1,115,256                         |
| Other receivables             | 201,650                             | -                         | -                 | -                  | -                | -                                    | 201,650                           |
|                               | 1,531,899                           | 261,186                   | 330,521           | 145,738            | 20,130           | 60,499                               | 2,349,973                         |
| <b>2017</b>                   |                                     |                           |                   |                    |                  |                                      |                                   |
| - 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                         |

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

## 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, 2018

#### Assets

- Investments in financial assets
- Loans and receivables
- Non-current receivables
- 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    |
|  | 1,497,348 | 92,393       | 170,530   | 1,760,271 |
|  | 17,681    | 12,183       | 101,972   | 131,836   |
|  | -         | -            | -         | -         |
|  | 4,130,246 | -            | -         | 4,130,246 |
|  | 497,299   | -            | -         | 497,299   |
|  | 6,142,574 | 104,576      | 272,502   | 6,519,652 |

#### Liabilities

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

|  |           |         |   |           |
|--|-----------|---------|---|-----------|
|  | 1,300,774 | -       | - | 1,300,774 |
|  | 932,877   | -       | - | 932,877   |
|  | 107,367   | 33,113  | - | 140,480   |
|  | -         | 108,822 | - | 108,822   |
|  | 510,520   | -       | - | 510,520   |
|  | 2,851,538 | 141,935 | - | 2,993,473 |

#### At December 31, 2017

#### Assets

- Investments in financial assets
- Loans and receivables
- Non-current receivables
- 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    | 36,221       | 112,338   | 162,009   |
|  | -         | 60,832       | -         | 60,832    |
|  | 3,271,773 | -            | -         | 3,271,773 |
|  | 224,022   | -            | -         | 224,022   |
|  | 4,914,279 | 413,181      | 283,968   | 5,611,428 |

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

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

### 3.2.3 Liquidity risk (cont'd)

#### THE GROUP

Maturities of financial assets and liabilities:

#### At December 31, 2017

##### Liabilities

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

| < 1 year  | 1 to 5 years | > 5 years | Total     |
|-----------|--------------|-----------|-----------|
| Rs'000    | Rs'000       | Rs'000    | Rs'000    |
| 1,160,704 | -            | -         | 1,160,704 |
| 921,667   | -            | -         | 921,667   |
| 142,305   | 19,467       | -         | 161,772   |
| 262,706   | -            | -         | 262,706   |
| 2,487,382 | 19,467       | -         | 2,506,849 |

#### THE COMPANY

Maturities of financial assets and liabilities:

#### At December 31, 2018

##### Assets

- Investments in financial assets
- Loans and receivables
- Non-current receivables
- 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    |
| 1,263,481 | 74,043       | 170,530   | 1,508,054 |
| 3,381     | 10,233       | 101,972   | 115,586   |
| -         | 79,174       | -         | 79,174    |
| 2,334,988 | -            | -         | 2,334,988 |
| 359,438   | -            | -         | 359,438   |
| 3,961,288 | 163,450      | 272,502   | 4,397,240 |

##### Liabilities

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

|           |         |   |           |
|-----------|---------|---|-----------|
| 1,230,389 | -       | - | 1,230,389 |
| 864,007   | -       | - | 864,007   |
| 95,489    | -       | - | 95,489    |
| -         | 108,822 | - | 108,822   |
| 388,202   | -       | - | 388,202   |
| 2,578,087 | 108,822 | - | 2,686,909 |

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

## 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 receivables
- Non-current receivables
- 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    |
| - Investments in financial assets | 1,389,603 | 85,971       | 171,630   | 1,647,204 |
| - Loans and receivables           | 4,611     | 13,793       | 112,338   | 130,742   |
| - Non-current receivables         | -         | 59,950       | -         | 59,950    |
| - Trade and other receivables     | 2,175,968 | -            | -         | 2,175,968 |
| - Cash and cash equivalents       | 161,842   | -            | -         | 161,842   |
|                                   | 3,732,024 | 159,714      | 283,968   | 4,175,706 |

##### Liabilities

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

|                               |           |   |   |           |
|-------------------------------|-----------|---|---|-----------|
| - Technical Provisions:       |           |   |   |           |
| · Gross unearned premiums     | 1,118,584 | - | - | 1,118,584 |
| · Outstanding claims and IBNR | 902,830   | - | - | 902,830   |
| - Borrowings                  | 125,030   | - | - | 125,030   |
| - Trade and other payables    | 172,328   | - | - | 172,328   |
|                               | 2,318,772 | - | - | 2,318,772 |

### 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.

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

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

### 3.2.4 Capital Risks Management (cont'd)

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, 2018 and December 31, 2017 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

| 2018      | 2017      |
|-----------|-----------|
| Rs'000    | Rs'000    |
| 140,480   | 161,772   |
| (497,299) | (224,022) |
| (356,819) | (62,250)  |
| 3,769,064 | 3,025,388 |
| 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

| 2018      | 2017      |
|-----------|-----------|
| Rs'000    | Rs'000    |
| 95,489    | 125,030   |
| (359,438) | (161,842) |
| (263,949) | (36,812)  |
| 2,283,128 | 2,245,369 |
| 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, 2018

## 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, 2018

## 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, 2018

## 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 financial 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, 2018

## 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         |
| <b>COST</b>                         |      |                |                |                      |                  |                |
| At December 31, 2016                |      | 86,475         | 14,279         | 43,563               | 107,723          | 252,040        |
| Effect on acquisition of subsidiary |      | -              | -              | -                    | 121              | 121            |
| Additions                           |      | -              | 2,788          | -                    | 6,204            | 8,992          |
| Exchange difference                 |      | -              | -              | (224)                | -                | (224)          |
| Disposals                           |      | -              | -              | -                    | (37)             | (37)           |
| Write off                           |      | -              | -              | (55)                 | -                | (55)           |
| <b>At December 31, 2017</b>         |      | <b>86,475</b>  | <b>17,067</b>  | <b>43,284</b>        | <b>114,011</b>   | <b>260,837</b> |
| Effect on acquisition of subsidiary | 29   | 56,095         | 6,344          | 2,605                | 3,033            | 68,077         |
| Additions                           |      | -              | 3,646          | 503                  | 22,242           | 26,391         |
| Exchange difference                 |      | (8,061)        | (912)          | (1,484)              | (433)            | (10,890)       |
| Disposals                           |      | -              | (6,826)        | (52)                 | -                | (6,878)        |
| Write off                           |      | -              | -              | (1,176)              | -                | (1,176)        |
| <b>At December 31, 2018</b>         |      | <b>134,509</b> | <b>19,319</b>  | <b>43,680</b>        | <b>138,853</b>   | <b>336,361</b> |
| <b>DEPRECIATION</b>                 |      |                |                |                      |                  |                |
| At December 31, 2016                |      | 25,928         | 9,763          | 33,737               | 88,209           | 157,637        |
| Effect on acquisition of subsidiary |      | -              | -              | -                    | 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)           |
| <b>At December 31, 2017</b>         |      | <b>27,658</b>  | <b>10,862</b>  | <b>35,871</b>        | <b>95,547</b>    | <b>169,938</b> |
| Effect on acquisition of subsidiary | 29   | -              | 6,271          | 2,605                | 1,826            | 10,702         |
| Charge for the year                 |      | 2,573          | 1,624          | 1,676                | 12,962           | 18,835         |
| Exchange difference                 |      | 69             | (732)          | (1,407)              | (402)            | (2,472)        |
| Disposal adjustment                 |      | -              | (6,109)        | (47)                 | -                | (6,156)        |
| Write off                           |      | -              | -              | (800)                | -                | (800)          |
| <b>At December 31, 2018</b>         |      | <b>30,300</b>  | <b>11,916</b>  | <b>37,898</b>        | <b>109,933</b>   | <b>190,047</b> |
| <b>NET BOOK VALUE</b>               |      |                |                |                      |                  |                |
| <b>At December 31, 2018</b>         |      | <b>104,209</b> | <b>7,403</b>   | <b>5,782</b>         | <b>28,920</b>    | <b>146,314</b> |
| At December 31, 2017                |      | 58,817         | 6,205          | 7,413                | 18,464           | 90,899         |

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

## 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 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)           |
| <b>At December 31, 2017</b> | <b>86,475</b> | <b>17,067</b>  | <b>37,854</b>        | <b>113,349</b>   | <b>254,745</b> |
| Additions                   | -             | 1,650          | 83                   | 21,370           | 23,103         |
| Disposals                   | -             | (4,524)        | -                    | -                | (4,524)        |
| <b>At December 31, 2018</b> | <b>86,475</b> | <b>14,193</b>  | <b>37,937</b>        | <b>134,719</b>   | <b>273,324</b> |

#### DEPRECIATION

|                             |               |               |               |                |                |
|-----------------------------|---------------|---------------|---------------|----------------|----------------|
| 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)           |
| <b>At December 31, 2017</b> | <b>27,658</b> | <b>10,863</b> | <b>30,931</b> | <b>95,035</b>  | <b>164,487</b> |
| Charge for the year         | 1,729         | 1,308         | 1,583         | 12,710         | 17,330         |
| Disposal adjustment         | -             | (3,611)       | -             | -              | (3,611)        |
| <b>At December 31, 2018</b> | <b>29,387</b> | <b>8,560</b>  | <b>32,514</b> | <b>107,745</b> | <b>178,206</b> |

#### NET BOOK VALUE

|                             |               |              |              |               |               |
|-----------------------------|---------------|--------------|--------------|---------------|---------------|
| <b>At December 31, 2018</b> | <b>57,088</b> | <b>5,633</b> | <b>5,423</b> | <b>26,974</b> | <b>95,118</b> |
| At December 31, 2017        | 58,817        | 6,204        | 6,923        | 18,314        | 90,258        |

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

## 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 |        |
|---------------------------|--------|
| 2018                      | 2017   |
| Rs'000                    | Rs'000 |
| -                         | 707    |
| -                         | (707)  |
| -                         | -      |

## 6. INTANGIBLE ASSETS

|                                 | Goodwill<br>& other<br>intangibles | Computer<br>software | Development<br>& other<br>costs | Total          |
|---------------------------------|------------------------------------|----------------------|---------------------------------|----------------|
|                                 | Rs'000                             | Rs'000               | Rs'000                          | Rs'000         |
| <b>THE GROUP</b>                |                                    |                      |                                 |                |
| <b>COST</b>                     |                                    |                      |                                 |                |
| At January 1, 2017              | 48,067                             | 19,636               | 14,990                          | 82,693         |
| Additions                       | 2,485                              | 3,287                | -                               | 5,772          |
| <b>At December 31, 2017</b>     | <b>50,552</b>                      | <b>22,923</b>        | <b>14,990</b>                   | <b>88,465</b>  |
| Additions                       | 38,756                             | 24,316               | -                               | 63,072         |
| Impairment loss (note (a))      | (38,756)                           | -                    | -                               | (38,756)       |
| <b>At December 31, 2018</b>     | <b>50,552</b>                      | <b>47,239</b>        | <b>14,990</b>                   | <b>112,781</b> |
| <b>AMORTISATION/ IMPAIRMENT</b> |                                    |                      |                                 |                |
| At January 1, 2017              | 25,097                             | 14,970               | 14,990                          | 55,057         |
| Charge for the year             | 4,693                              | 4,368                | -                               | 9,061          |
| Exchange difference             | -                                  | (7)                  | -                               | (7)            |
| Impairment loss                 | 6,000                              | -                    | -                               | 6,000          |
| <b>At December 31, 2017</b>     | <b>35,790</b>                      | <b>19,331</b>        | <b>14,990</b>                   | <b>70,111</b>  |
| Charge for the year             | 3,610                              | 4,083                | -                               | 7,693          |
| <b>At December 31, 2018</b>     | <b>39,400</b>                      | <b>23,414</b>        | <b>14,990</b>                   | <b>77,804</b>  |
| <b>NET BOOK VALUE</b>           |                                    |                      |                                 |                |
| <b>At December 31, 2018</b>     | <b>11,152</b>                      | <b>23,825</b>        | <b>-</b>                        | <b>34,977</b>  |
| At December 31, 2017            | 14,762                             | 3,592                | -                               | 18,354         |

- (a) During the year, the Group impaired the goodwill arising on acquisition of Diamond General Insurance Limited.

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

## 6. INTANGIBLE ASSETS (CONT'D)

|                             | Other<br>intangibles | Computer<br>software | Development<br>& other<br>costs | Total         |
|-----------------------------|----------------------|----------------------|---------------------------------|---------------|
|                             | Rs'000               | Rs'000               | Rs'000                          | Rs'000        |
| <b>THE COMPANY</b>          |                      |                      |                                 |               |
| <b>COST</b>                 |                      |                      |                                 |               |
| At January 1, 2017          | 5,463                | 19,393               | 14,990                          | 39,846        |
| Additions                   | -                    | 3,287                | -                               | 3,287         |
| <b>At December 31, 2017</b> | <b>5,463</b>         | <b>22,680</b>        | <b>14,990</b>                   | <b>43,133</b> |
| Additions                   | -                    | 24,316               | -                               | 24,316        |
| <b>At December 31, 2018</b> | <b>5,463</b>         | <b>46,996</b>        | <b>14,990</b>                   | <b>67,449</b> |
| <b>AMORTISATION</b>         |                      |                      |                                 |               |
| At January 1, 2017          | 5,463                | 14,738               | 14,990                          | 35,191        |
| Charge for the year         | -                    | 4,358                | -                               | 4,358         |
| <b>At December 31, 2017</b> | <b>5,463</b>         | <b>19,096</b>        | <b>14,990</b>                   | <b>39,549</b> |
| Charge for the year         | -                    | 4,083                | -                               | 4,083         |
| <b>At December 31, 2018</b> | <b>5,463</b>         | <b>23,179</b>        | <b>14,990</b>                   | <b>43,632</b> |
| <b>NET BOOK VALUE</b>       |                      |                      |                                 |               |
| <b>At December 31, 2018</b> | <b>-</b>             | <b>23,817</b>        | <b>-</b>                        | <b>23,817</b> |
| At December 31, 2017        | -                    | 3,584                | -                               | 3,584         |

## 7. INVESTMENTS IN SUBSIDIARY COMPANIES

|                               | 2018           |                |                | 2017           |
|-------------------------------|----------------|----------------|----------------|----------------|
|                               | Level 1        | Level 3        | Total          | Total          |
|                               | Rs'000         | Rs'000         | Rs'000         | Rs'000         |
| <b>(a) THE COMPANY</b>        |                |                |                |                |
| At January 1,                 | 239,435        | 296,936        | 536,371        | 535,957        |
| Additions                     | -              | 17,534         | 17,534         | 6,414          |
| Impairment losses (note (ii)) | -              | (23,034)       | (23,034)       | (6,000)        |
| <b>At December 31,</b>        | <b>239,435</b> | <b>291,436</b> | <b>530,871</b> | <b>536,371</b> |

- (i) Level 1: The market value of the subsidiary Company, Swan Life Ltd was based on the DEM bid price at December 31, 2018 amounting to Rs.2.6bn (2017: Rs.2.8bn).
- (ii) During the year the Company impaired its investment in its subsidiary companies, namely, Dolberg Rental (Pty) Ltd and Diamond General Insurance Limited by Rs.5.5m and Rs.17.5m respectively.

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

## 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, 2018.

| 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   |
|---|----------------------|----------------|-----------------------------|---------|----------------------------------|----------|-----------------------|------|---|-------|---|---|
|   |                      |                | 2018                        | 2017    | Direct                           | Indirect | 2018                  | 2017 | 2018  | 2017  |   |   |
|   |                      |                | Rs'000                      | Rs'000  | %                                | %        | %                     | %    | %   | %     |   |   |
| • Swan Life Ltd                                   | Ordinary             | 26,322         | 239,435                     | 239,435 | 82.72                            | -        | -                     | -    | 17.28   | 17.28 | Mauritius                                   | • Life insurance, pensions, actuarial and investment business |
| • Swan Corporate Affairs Ltd                      | Ordinary             | 1,000          | 500                         | 500     | 50.00                            | -        | -                     | -    | -   | -     | Mauritius                                   | • Provision of secretarial services to the Group              |
| • Swan International Co Ltd                       | Ordinary             | 156            | 80                          | 80      | 51.00                            | -        | -                     | -    | -   | -     | Mauritius                                   | • Reinsurance Brokers and Consultants                         |
| • Swan Reinsurance PCC (d)                        | Core and Cellular    | 250,000        | 250,000                     | 250,000 | 100.00                           | -        | -                     | -    | -   | -     | Mauritius                                   | • Reinsurance of long term and short term business            |
| • Société Brugassur S.A                           | Ordinary             | 346            | -                           | -       | 100.00                           | -        | -                     | -    | -   | -     | Madagascar                                  | • Insurance agency  |
| • Dolberg Rental (Pty) Ltd                        | Ordinary             | 18,319         | 9,441                       | 14,941  | 100.00                           | -        | -                     | -    | -   | -     | South Africa                                | • Leasing of office and other related equipments              |
| • Swan Financial Solutions Ltd (e)                | Ordinary             | 586,876        | -                           | -       | -                                | -        | -                     | -    | -   | -     | Mauritius                                   | • Investment Company  |
| • Manufacturers' Distributing Station Limited (e) | Ordinary             | 961            | -                           | -       | -                                | -        | -                     | -    | 0.20  | 0.20  | Mauritius                                   | • Investment Company  |
| • Swan Pensions Ltd (e)                           | Ordinary             | 4,100          | -                           | -       | -                                | -        | -                     | -    | -   | -     | Mauritius                                   | • Pension fund administration                                 |
| • Swan Wealth Managers Ltd (e)                    | Ordinary             | 1,000          | -                           | -       | -                                | -        | -                     | -    | 20.00   | 20.00 | Mauritius                                   | • Fund management and investment                              |
| • Swan Securities Ltd (e)                         | Ordinary             | 1,000          | -                           | -       | -                                | -        | -                     | -    | 20.00   | 20.00 | Mauritius                                   | • Stockbroking  |
| • Swan Corporate Advisors Ltd (e)                 | Ordinary             | 1,000          | -                           | -       | -                                | -        | -                     | -    | 20.00   | 20.00 | Mauritius                                   | • Advisory  |
| • Société de La Croix (e)                         | Parts                | 2,500          | -                           | -       | -                                | -        | -                     | -    | 0.20  | 0.20  | Mauritius                                   | • Investment entity   |
| • Société de La Rivière (e)                       | Parts                | 45,654         | -                           | -       | -                                | -        | -                     | -    | 0.20  | 0.20  | Mauritius                                   | • Investment entity   |
| • Swan Pensions Rwanda (SPR) Ltd (c) & (e)        | Ordinary             | 2,485          | -                           | -       | -                                | -        | -                     | -    | 0.20  | 0.20  | Mauritius                                   | • Pension and fund administration                             |
| • Swan Foundation                                 | Limited by guarantee | 1              | 1                           | 1       | 50.00                            | -        | -                     | -    | 40.00   | 40.00 | Mauritius                                   | • Management of Swan Group CSR fund (not consolidated)        |
| • Swan Special Risks Company Limited              | Ordinary             | 25,000         | 25,000                      | 25,000  | 100.00                           | -        | -                     | -    | -   | -     | Mauritius                                   | • Underwriter of short term and fronting business             |
| • Aprica Investments Co Ltd                       | Ordinary             | 30             | -                           | -       | 100.00                           | -        | -                     | -    | -   | -     | Mauritius                                   | • Investment entity   |
| • Swan Wealth Structured Products Ltd (h)         | Ordinary             | 1              | -                           | -       | -                                | -        | -                     | -    | -   | -     | Mauritius                                   | • Provider of structured solutions                            |
| • Swan Digital Ltd (g)                            | Ordinary             | 100            | 2,534                       | 2,534   | 60.00                            | -        | -                     | -    | 40.00   | 40.00 | Mauritius                                   | • Software developer  |
| • Swan Comoros SA                                 | Ordinary             | 3,879          | 3,879                       | 3,879   | 100.00                           | -        | -                     | -    | -   | -     | Comoros                                     | • Underwriter of short term and fronting business             |
| • Swan Smart Achiever Notes Ltd (h)               | Ordinary             | 1              | 1                           | 1       | 100.00                           | -        | -                     | -    | -   | -     | Mauritius                                   | • Provider of structured solutions                            |
| • Diamond General Insurance Limited (note 29)     | Ordinary             | 37,073         | -                           | -       | 47.96                            | 49.51    | -                     | -    | -   | -     | Zambia                                      | • Underwriter of short term business                          |
|   |                      |                | 530,871                     | 536,371 |                                  |          |                       |      |   |       |   |   |

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

## 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 Smart Health Ltd to Swan Digital Ltd.

### (h) Interest in unconsolidated structured entities

#### (I) Swan Wealth Structured Products Ltd

Swan Wealth Structured Products Ltd's (SWSPL) principal aim is to provide comprehensive structured financial solutions. Last 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 :

Financial assets at amortised cost  
Other assets  
Total assets

Other financial liabilities  
Other liabilities  
Equity

| 2018    | 2017    |
|---------|---------|
| Rs'000  | Rs'000  |
| 210,399 | 201,485 |
| 478     | 7,898   |
| 210,877 | 209,383 |
| 210,333 | 209,747 |
| 297     | 198     |
| 247     | (562)   |
| 210,877 | 209,383 |

#### (II) Swan Smart Achiever Notes Ltd

During the year, the Company launched Swan Smart Achiever Notes Ltd (SSANL). SSANL is a special purpose vehicle (SPV) with the principal aim of issuing and launching Smart Achiever Notes through the issue of debentures.



# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

## 7. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

### (h) Interest in unconsolidated structured entities (cont'd)

#### (II) Swan Smart Achiever Notes Ltd (cont'd)

The proceeds being invested in Warrants from JP. Morgan Structured Products, 364Days Treasury Bills, 10 Year Government Bonds and rights & benefits attributable to 20 Year Government Bonds from Swan Life Ltd and Swan General Ltd. Investors in Smart Achiever Notes will recover (i) at the first anniversary, an income of 6.0%, (ii) at the third anniversary, an income of 4.0% only if held until respective payments are made, and (iii) at maturity, 100% of their initial investment if held until maturity only. The investors benefit from the participation in the positive performance of Reference instruments from JP Morgan Structured Products (Namely: Yield Enhancer Mutual Fund Basket and STOXX Emerging Markets Select 100 Index) and as such do not participate in any negative performance in the Reference Instruments which is the case for this Financial Year where both reference instruments underperformed.

The financial position of SSANL is as follows :

Financial assets at fair value through other comprehensive income  
Financial assets at amortised cost  
Cash and cash equivalents  
Total assets

Other financial liabilities  
Other liabilities  
Equity

| 2018    |
|---------|
| Rs'000  |
| 163,476 |
| 66,204  |
| 12,296  |
| 241,976 |
| 231,976 |
| 8,888   |
| 1,112   |
| 241,976 |

### (i) Details for subsidiaries are as follows:

#### Name of subsidiary

#### 2018

- Swan Life Ltd (Group)
- Swan Corporate Affairs Ltd
- Swan International Co Ltd (Group)
- Swan Digital Ltd
- Diamond General Insurance Limited

#### 2017

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

|  | Profit/(loss) allocated to non-controlling interests during the year | Accumulated non-controlling interests as at December 31, |
|--|--|--|
|  | Rs'000   | Rs'000   |
|  | 22,515   | 416,767  |
|  | 442  | 3,105  |
|  | 1,666  | 57,899   |
|  | (115)  | 48   |
|  | 167  | (7,024)  |
|  | 24,675   | 470,795  |
|  | 20,923   | 318,037  |
|  | 413  | 2,663  |
|  | (351)  | 31,706   |
|  | 130  | 163  |
|  | 21,115   | 352,569  |

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

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

### (i) Summarised financial information on subsidiaries

(i) 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                                     |
| <b>2018</b>                        |                |                    |                     |                         |                      |                     |                       |                         |   |   |  |
| Swan Life Ltd (Group)              | -              | -                  | -                   | -                       | -                    | 40,644,034          | 4,394,991             | 130,294                 | 263,527                                 | 393,821                                 | 38,321                                     |
| Swan International Co Ltd          | 15,337         | 100,823            | 2,170               | 46,402                  | -                    | -                   | 2,465                 | 3,400                   | -                                       | 3,400                                   | 2,023                                      |
| Swan Corporate Affairs Ltd         | 8,381          | 2,000              | 4,169               | -                       | -                    | -                   | 4,206                 | 884                     | -                                       | 884                                     | -  |
| Swan Reinsurance PCC               | 28,896         | 229,606            | 1,720               | -                       | -                    | -                   | 5,761                 | 6,374                   | (17,517)                                | (11,143)                                | -  |
| Brugassur (Madagascar) SA          | 2,918          | 739                | 6,098               | -                       | -                    | -                   | 41                    | (279)                   | -                                       | (279)                                   | -  |
| Dolberg Rental Pty Ltd             | 27,799         | 11,282             | 14,864              | 24,752                  | -                    | -                   | 17,567                | (2,081)                 | -                                       | (2,081)                                 | -  |
| Aprica Investments Co Ltd          | 37,495         | 53,717             | 53,201              | 52,814                  | -                    | -                   | 40,906                | 11,065                  | -                                       | 11,065                                  | -  |
| Swan Special Risks Company Limited | 158,024        | 22,960             | 69,925              | -                       | -                    | -                   | 143,179               | 6,660                   | (1,230)                                 | 5,430                                   | -  |
| Swan Digital Ltd                   | 968            | 590                | 239                 | 1,200                   | -                    | -                   | 2,259                 | (288)                   | -                                       | (288)                                   | -  |
| Swan Comoros SA                    | 16,998         | -                  | 12,246              | -                       | -                    | -                   | 5,349                 | 225                     | -                                       | 225                                     | -  |
| Diamond General Insurance Limited  | 42,258         | 86,228             | 25,556              | 8,341                   | -                    | -                   | 105,580               | 1,209                   | -                                       | 1,209                                   | -  |
| <b>2017</b>                        |                |                    |                     |                         |                      |                     |                       |                         |   |   |  |
| Swan Life Ltd (Group)              | -              | -                  | -                   | -                       | -                    | 39,881,578          | 4,026,740             | 121,082                 | 147,802                                 | 268,884                                 | 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                                   | -  |
| Swan Digital Ltd                   | 519            | 126                | 238                 | -                       | -                    | -                   | 1,014                 | 325                     | -                                       | 325                                     | -  |
| Swan Comoros SA                    | 13,104         | -                  | 8,963               | -                       | -                    | -                   | 4,730                 | 137                     | -                                       | 137                                     | -  |

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

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

(ii) Summarised Cash flow information

| Name                               | Operating activities | Investing activities | Financing activities | Net (decrease)/<br>increase in<br>cash and cash<br>equivalents |
|------------------------------------|----------------------|----------------------|----------------------|--|
|                                    | Rs'000               | Rs'000               | Rs'000               | Rs'000   |
| <b>2018</b>                        |                      |                      |                      |  |
| Swan Life Ltd (Group)              | 2,108,899            | (1,966,742)          | (267,182)            | (125,025)  |
| Swan International Co Ltd          | 1,990                | (42,524)             | 42,828               | 2,294  |
| Swan Corporate Affairs Ltd         | 3,557                | (2,000)              | -                    | 1,557  |
| Swan Reinsurance PCC               | (2,068)              | 7,676                | -                    | 5,608  |
| Brugassur (Madagascar) SA          | (255)                | -                    | -                    | (255)  |
| Dolberg Rental Pty Ltd             | 14,552               | -                    | -                    | 14,552   |
| Aprica Investments Co Ltd          | (11)                 | (10,320)             | 10,320               | (11)   |
| Swan Special Risks Company Limited | 48,748               | 508                  | -                    | 49,256   |
| Swan Digital Ltd                   | (485)                | (545)                | 1,200                | 170  |
| Swan Comoros SA                    | 3,876                | -                    | -                    | 3,876  |
| Diamond General Insurance Limited  | (46,210)             | 325                  | 48,986               | 3,101  |
| <b>2017</b>                        |                      |                      |                      |  |
| 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)  |
| Swan Digital Ltd                   | 8,348                | -                    | -                    | 8,348  |
| Swan Comoros SA                    | 435                  | (87)                 | -                    | 348  |

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 on an annual basis.

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

## 8. INVESTMENTS IN ASSOCIATED COMPANIES

- (a) Group's share of net assets in associated companies
- As previously reported
- Correction of prior period errors
- As restated
- Additions
- Share of profit of associated companies
- Dividends
- Other movements
- At December 31,**

| THE GROUP |          |
|-----------|----------|
| 2018      | 2017     |
| Rs'000    | Rs'000   |
| 59,190    | 84,282   |
| -         | (15,968) |
| 59,190    | 68,314   |
| 76,150    | -        |
| 21,521    | -        |
| (6,858)   | -        |
| 1,355     | (9,124)  |
| 151,358   | 59,190   |

Additions

**At December 31,**

| THE COMPANY |        |
|-------------|--------|
| 2018        | 2017   |
| Rs'000      | Rs'000 |
| 34,009      | -      |
| 34,009      | -      |

- (b) Details of the associates 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   |
|--|----------|--|---|---|----------------------|
| 2018   |          |  | %   | %   |                      |
| SACOS Group Limited                              | Dec 31   | Seychelles   | 0.05  | 26.36   | Insurance activities |
| BK General Insurance Company Limited (note (iv)) | Dec 31   | Rwanda   | 30.00   | -   | Insurance activities |
| 2017   |          |  |   |   |                      |
| SACOS Group Limited                              | Dec 31   | Seychelles   | 0.05  | 18.59   | Insurance activities |

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

## 8. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

- (i) The above associates are 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 carrying values of SACOS Group Limited at December 31, 2018 reflect the share of net assets at December 31, 2018. Share of results has been accounted for both years ended December 31, 2018 and 2017. SACOS Group Limited is a public company listed on the Seychelles Stock Exchange. The market price at December 31, 2018 is Rs.279 (2017: Rs.305) and the market value of the associate is Rs.148m (2017: Rs.108m).
- (iv) The Company acquired 30% of shareholding in BK General Insurance Company Limited during the year. The remaining shareholding is held by BK Group PLC, a public company incorporated in Rwanda.

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

| Name                                 | Current assets<br>Rs'000 | Non-current assets<br>Rs'000 | Life business assets<br>Rs'000 | Technical provision<br>Rs'000 | Current liabilities<br>Rs'000 | Non-current liabilities<br>Rs'000 | Revenue<br>Rs'000 | Profit after tax<br>Rs'000 | Dividend received during the year<br>Rs'000 |
|--------------------------------------|--------------------------|------------------------------|--------------------------------|-------------------------------|-------------------------------|-----------------------------------|-------------------|----------------------------|---|
| <u>2018</u>                          |                          |                              |                                |                               |                               |                                   |                   |                            |   |
| SACOS Group Limited                  | 425,481                  | 368,682                      | 1,305,624                      | 1,560,642                     | 214,488                       | 13,381                            | 584,007           | 24,390                     | 6,858                                       |
| BK General Insurance Company Limited | 143,941                  | 218,501                      | -                              | 160,225                       | 33,322                        | 1,258                             | 255,794           | 37,139                     | -   |
| <u>2017</u>                          |                          |                              |                                |                               |                               |                                   |                   |                            |   |
| SACOS Group Limited                  | 438,695                  | 1,581,173                    | 1,211,528                      | 1,409,080                     | 145,340                       | 13,291                            | -                 | -                          | -   |

### (d) Reconciliation of summarised financial information

| Name                                 | At January 1, adjustments<br>Rs'000 | As restated<br>Rs'000 | Additions<br>Rs'000 | Profit/(Loss) for the year<br>Rs'000 | Other comprehensive income for the year<br>Rs'000 | Dividend<br>Rs'000 | Closing net assets<br>Rs'000 | Ownership interest<br>% | Interest in associates<br>Rs'000 | Excess net assets acquired<br>Rs'000 | Carrying value<br>Rs'000 |
|--------------------------------------|-------------------------------------|-----------------------|---------------------|--------------------------------------|---|--------------------|------------------------------|-------------------------|----------------------------------|--------------------------------------|--------------------------|
| <u>2018</u>                          |                                     |                       |                     |                                      |   |                    |                              |                         |                                  |                                      |                          |
| SACOS Group Limited                  | 317,543                             | -                     | 317,543             | -                                    | 24,390  | -                  | (31,906)                     | 26.41                   | 81,878                           | 19,189                               | 101,067                  |
| BK General Insurance Company Limited | -                                   | -                     | -                   | 130,496                              | 37,139  | -                  | -                            | 30.00                   | 50,291                           | -                                    | 50,291                   |
| <u>2017</u>                          |                                     |                       |                     |                                      |   |                    |                              |                         |                                  |                                      |                          |
| SACOS Group Limited                  | 477,705                             | (42,287)              | 435,418             | -                                    | (22,400)  | (50,421)           | (45,054)                     | 18.64                   | 59,190                           | -                                    | 59,190                   |

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

## 9. INVESTMENTS IN JOINT VENTURE

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

At January 1,  
Share of profit  
At December 31,

| THE GROUP |        |
|-----------|--------|
| 2018      | 2017   |
| Rs'000    | Rs'000 |
| 2,052     | 1,644  |
| 343       | 408    |
| 2,395     | 2,052  |

### (b) The Company

At January 1,  
Impairment loss  
At December 31,

| THE COMPANY |         |
|-------------|---------|
| 2018        | 2017    |
| Rs '000     | Rs '000 |
| 500         | 501     |
| -           | (1)     |
| 500         | 500     |

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

| Name of joint venture        | Country of incorporation and place of business | Proportion of interest and voting rights held | Principal Activity    |
|------------------------------|--|---|-----------------------|
| Processure Compagnie Limitée | Mauritius                                      | 50.00   | Insurance Back Office |

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

### (d) Summarised Financial information

Summarised financial information in respect of the Group's joint venture 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.

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

| Name                         | Current assets<br>Rs'000 | Current liabilities<br>Rs'000 | Profit after tax<br>Rs'000 | Comprehensive income<br>Rs'000 | Total comprehensive income for the year<br>Rs'000 |
|------------------------------|--------------------------|-------------------------------|----------------------------|--------------------------------|---|
| <b>2018</b>                  |                          |                               |                            |                                |   |
| Processure Compagnie Limitée | 7,679                    | 2,889                         | 685                        | -                              | 685   |
| <b>2017</b>                  |                          |                               |                            |                                |   |
| Processure Compagnie Limitée | 6,721                    | 2,615                         | 816                        | -                              | 816   |

### (e) Reconciliation of summarised financial information

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

| Name                         | Opening net assets<br>Rs'000 | Profit for the year<br>Rs'000 | Closing net assets<br>Rs'000 | Unrecognised losses<br>Rs'000 | Carrying value<br>Rs'000 |
|------------------------------|------------------------------|-------------------------------|------------------------------|-------------------------------|--------------------------|
| <b>2018</b>                  |                              |                               |                              |                               |                          |
| Processure Compagnie Limitée | 4,104                        | 685                           | 4,789                        | -                             | 2,395                    |
| <b>2017</b>                  |                              |                               |                              |                               |                          |
| Processure Compagnie Limitée | 3,288                        | 816                           | 4,104                        | -                             | 2,052                    |

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

## 10. INVESTMENTS IN FINANCIAL ASSETS

|   | THE GROUP        |                    |                  |                  | THE COMPANY      |                    |                  |                  |
|---|------------------|--------------------|------------------|------------------|------------------|--------------------|------------------|------------------|
|   | 2018             |                    |                  | 2017             | 2018             |                    |                  | 2017             |
|   | 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,                                 | 299,342          | 788,954            | 1,088,296        | 920,383          | 274,261          | 667,492            | 941,753          | 804,709          |
| Additions                                     | 22,041           | 37,444             | 59,485           | 119,544          | -                | 34,142             | 34,142           | 117,244          |
| (Decrease)/increase in fair value             | -                | (7,531)            | (7,531)          | 76,093           | -                | (3,229)            | (3,229)          | 52,954           |
| Disposals                                     | -                | (25,286)           | (25,286)         | (19,436)         | (1,936)          | (21,703)           | (23,639)         | (18,356)         |
| Maturity                                      | (38,423)         | -                  | (38,423)         | (10,000)         | (15,758)         | -                  | (15,758)         | (15,244)         |
| Impairment loss                               | -                | (128)              | (128)            | (1,319)          | (6,677)          | (97)               | (6,774)          | (1,319)          |
| Movement in accrued interest                  | 1,069            | -                  | 1,069            | 2,119            | 725              | -                  | 725              | 1,765            |
| Exchange differences                          | 2,504            | (28)               | 2,476            | 912              | -                | -                  | -                | -                |
| At December 31,                               | 286,533          | 793,425            | 1,079,958        | 1,088,296        | 250,615          | 676,605            | 927,220          | 941,753          |
| (b) <u>Foreign Securities</u>                 |                  |                    |                  |                  |                  |                    |                  |                  |
| At January 1,                                 | -                | 804,496            | 804,496          | 712,742          | -                | 705,451            | 705,451          | 621,172          |
| Effect of acquisition of subsidiary (note 29) | 4,968            | 10,208             | 15,176           | -                | -                | -                  | -                | -                |
| Additions                                     | 789              | 162,227            | 163,016          | 188,540          | -                | 162,227            | 162,227          | 188,540          |
| (Decrease)/increase in fair value             | -                | (51,424)           | (51,424)         | 124,095          | -                | (37,393)           | (37,393)         | 102,965          |
| Disposals                                     | -                | (252,047)          | (252,047)        | (207,257)        | -                | (249,451)          | (249,451)        | (207,226)        |
| Exchange differences                          | (714)            | 1,810              | 1,096            | (13,624)         | -                | -                  | -                | -                |
| At December 31,                               | 5,043            | 675,270            | 680,313          | 804,496          | -                | 580,834            | 580,834          | 705,451          |
| <b>Total</b>                                  | <b>291,576</b>   | <b>1,468,695</b>   | <b>1,760,271</b> | <b>1,892,792</b> | <b>250,615</b>   | <b>1,257,439</b>   | <b>1,508,054</b> | <b>1,647,204</b> |



# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

## 10. INVESTMENTS IN FINANCIAL ASSETS (CONT'D)

### Analysed as follows:

Non-current  
Current

| THE GROUP |           | THE COMPANY |           |
|-----------|-----------|-------------|-----------|
| 2018      | 2017      | 2018        | 2017      |
| Rs'000    | Rs'000    | Rs'000      | Rs'000    |
| 1,731,618 | 1,856,171 | 1,502,012   | 1,630,544 |
| 28,653    | 36,621    | 6,042       | 16,660    |
| 1,760,271 | 1,892,792 | 1,508,054   | 1,647,204 |
| 7,441     | 6,372     | 6,137       | 5,412     |

Cumulative accrued interests

At December 31, 2018  
Available-for-sale

| 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    |
| 1,383,871 | 9,366   | 75,458  | 1,468,695 | 1,164,556   | 3,221   | 89,662  | 1,257,439 |
| 1,528,010 | 2,864   | 62,576  | 1,593,450 | 1,293,138   | 2,864   | 76,941  | 1,372,943 |

At December 31, 2017  
Available-for-sale

- (c) Held-to-maturity investments comprise of Mauritius Government Securities, Listed and Unquoted Debenture Stocks, Treasury Bills and Deposits with interest rates varying from 5.00% to 12.25% (2017: 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, 2018:

At January 1,  
Additions  
Increase/(decrease) in fair value  
Impairment loss  
At December 31,

| THE GROUP |          | THE COMPANY |          |
|-----------|----------|-------------|----------|
| 2018      | 2017     | 2018        | 2017     |
| Rs'000    | Rs'000   | Rs'000      | Rs'000   |
| 62,576    | 91,336   | 76,941      | 105,701  |
| 308       | -        | 308         | -        |
| 12,574    | (27,441) | 12,413      | (27,441) |
| -         | (1,319)  | -           | (1,319)  |
| 75,458    | 62,576   | 89,662      | 76,941   |

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

## 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 |          |
|-----------|----------|-------------|----------|
| 2018      | 2017     | 2018        | 2017     |
| Rs'000    | Rs'000   | Rs'000      | Rs'000   |
| 130,742   | 140,389  | 130,742     | 140,389  |
| 172       | 1,125    | 172         | 1,125    |
| (15,328)  | (10,772) | (15,328)    | (10,772) |
| 115,586   | 130,742  | 115,586     | 130,742  |
| 16,250    | 31,267   | -           | -        |
| 131,836   | 162,009  | 115,586     | 130,742  |
|           |          |             |          |
| 114,155   | 148,559  | 112,205     | 126,131  |
| 17,681    | 13,450   | 3,381       | 4,611    |
| 131,836   | 162,009  | 115,586     | 130,742  |

- (a) Finance lease receivables relate to finance leases granted by Dolberg Rental (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%. (2017: 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

| 2018    | 2017     |
|---------|----------|
| Rs'000  | Rs'000   |
| 17,689  | 26,971   |
| 1,973   | 16,623   |
| 19,662  | 43,594   |
| (3,412) | (12,327) |
| 16,250  | 31,267   |
|         |          |
| 14,300  | 15,900   |
| 1,950   | 15,367   |
| 16,250  | 31,267   |

- (b) The rates of interest on the above loans vary between 5.0% and 14.0% for 2018 (2017: 5.0% and 14.0%).
- (c) There is no concentration of credit risk with respect to loans and receivables since exposures are widely dispersed.
- (d) At December 31, 2018 and 2017, 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 maturity of loans and receivables is disclosed in note 3.2.3.
- (h) The carrying value of loans and receivables approximate their amortised cost.

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

## 12. NON-CURRENT RECEIVABLES

Deposit on investment  
Loans to group companies  
Impairment loss

| THE GROUP |        | THE COMPANY |        |
|-----------|--------|-------------|--------|
| 2018      | 2017   | 2018        | 2017   |
| Rs'000    | Rs'000 | Rs'000      | Rs'000 |
| -         | 60,832 | -           | -      |
| -         | -      | 100,396     | 59,950 |
| -         | -      | (21,222)    | -      |
| -         | 60,832 | 79,174      | 59,950 |

Loans to group companies are interest free with no fixed repayment terms.

Included in loan to subsidiaries is an amount granted for investment in Diamond General Insurance Limited, a company incorporated in Zambia. The acquisition was concluded in February 2018. However, Rs.21.2m out of the loan was impaired during the year.

## 13. DEFERRED TAX ASSETS

- (a) Deferred taxes are calculated on all temporary differences under the liability method at 17% (2017: 15%). The movement on deferred tax account is as follows:

As previously reported  
Correction of prior period errors  
As restated  
Effect of acquisition of subsidiary (note 29)  
(Charged)/credited to profit or loss (note 22)  
Other comprehensive income (note 17)  
Effect of change in deferred tax rate from 15% to 17% (note 22)  
Exchange differences  
**At December 31,**

| THE GROUP |        | THE COMPANY |        |
|-----------|--------|-------------|--------|
| 2018      | 2017   | 2018        | 2017   |
| Rs'000    | Rs'000 | Rs'000      | Rs'000 |
| 25,722    | 17,283 | 33,474      | 25,069 |
| -         | 5,175  | -           | 5,175  |
| 25,722    | 22,458 | 33,474      | 30,244 |
| 27,727    | -      | -           | -      |
| (3,893)   | 2,683  | (5,041)     | 2,557  |
| 415       | 673    | 415         | 673    |
| 4,462     | -      | 4,462       | -      |
| (1,780)   | (92)   | -           | -      |
| 52,653    | 25,722 | 33,310      | 33,474 |

- (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 |        |
|-----------|---------|-------------|--------|
| 2018      | 2017    | 2018        | 2017   |
| Rs'000    | Rs'000  | Rs'000      | Rs'000 |
| 57,761    | 33,596  | 33,310      | 33,474 |
| (5,108)   | (7,874) | -           | -      |
|           |         | 33,310      | 33,474 |

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

## 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 December 31, 2018 | Deferred tax assets | Deferred tax liabilities |
|---|--------------------|-------------------------------------|----------------------------------|----------------------------|--|----------------------|----------------------|---------------------|--------------------------|
|   | At January 1, 2018 | Effect of acquisition of subsidiary | Effect of change in deferred tax | Credited to profit or loss | Credited to other comprehensive income | Exchange differences |                      |                     |                          |
|   | Rs'000             | Rs'000                              | Rs'000                           | Rs'000                     | Rs'000                                 | Rs'000               | Rs'000               | Rs'000              | Rs'000                   |
| <b>Deferred tax assets</b>                |                    |                                     |                                  |                            |  |                      |                      |                     |                          |
| Retirement benefit obligations            | 32,180             | -                                   | 4,291                            | (5,861)                    | 415                                    | -                    | 31,025               | 31,025              | -                        |
| Accelerated tax depreciation              | 971                | -                                   | 171                              | 1,143                      | -                                      | -                    | 2,285                | 2,285               | -                        |
| Assessed losses and provisions            | 5,141              | -                                   | -                                | -                          | -                                      | (122)                | 5,019                | -                   | 5,019                    |
| Prepayments                               | 16                 | -                                   | -                                | (16)                       | -                                      | -                    | -                    | -                   | -                        |
| Accumulated tax losses                    | -                  | 27,727                              | -                                | -                          | -                                      | (3,276)              | 24,451               | 24,451              | -                        |
|   | 38,308             | 27,727                              | 4,462                            | (4,734)                    | 415                                    | (3,398)              | 62,780               | 57,761              | 5,019                    |
| <b>Deferred tax liabilities</b>           |                    |                                     |                                  |                            |  |                      |                      |                     |                          |
| Finance lease receivables                 | (7,353)            | -                                   | -                                | 947                        | -                                      | 1,618                | (4,788)              | -                   | (4,788)                  |
| Intangible assets                         | (5,233)            | -                                   | -                                | (106)                      | -                                      | -                    | (5,339)              | -                   | (5,339)                  |
|   | (12,586)           | -                                   | -                                | 841                        | -                                      | 1,618                | (10,127)             | -                   | (10,127)                 |
| <b>Deferred tax assets/ (liabilities)</b> |                    |                                     |                                  |                            |  |                      |                      | <b>57,761</b>       | <b>(5,108)</b>           |

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

## 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: (cont'd)

### Deferred tax assets

Retirement benefit obligations  
Accelerated tax depreciation

| THE COMPANY           |                                  |   |   |                            |
|-----------------------|----------------------------------|---|---|----------------------------|
| At January 1,<br>2018 | Credited<br>to profit or<br>loss | Credited<br>to other<br>comprehensive<br>income | Effect of<br>change in<br>deferred tax<br>rate from<br>15% to 17% | At<br>December<br>31, 2018 |
| Rs'000                | Rs'000                           | Rs'000  | Rs'000  | Rs'000                     |
| 32,180                | (5,861)                          | 415   | 4,291   | 31,025                     |
| 1,294                 | 820                              | -   | 171   | 2,285                      |
| 33,474                | (5,041)                          | 415   | 4,462   | 33,310                     |

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

## 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 |           |
|-----------|-----------|-------------|-----------|
| 2018      | 2017      | 2018        | 2017      |
| Rs'000    | Rs'000    | Rs'000      | Rs'000    |
| 547,308   | 559,799   | 522,454     | 498,167   |
| 553,426   | 554,182   | 553,426     | 554,182   |
| 1,100,734 | 1,113,981 | 1,075,880   | 1,052,349 |
| (8,486)   | (3,618)   | (8,486)     | (3,618)   |
| 1,092,248 | 1,110,363 | 1,067,394   | 1,048,731 |
| (34,327)  | (31,676)  | (34,327)    | (31,676)  |
| 1,057,921 | 1,078,687 | 1,033,067   | 1,017,055 |
| 453,906   | 478,376   | 435,378     | 470,216   |
| 571,553   | 490,723   | 519,241     | 448,603   |
| 39,621    | 39,015    | 28,338      | 28,338    |
| 158,471   | 55,213    | 158,471     | 55,213    |
| (26,172)  | (19,761)  | (26,172)    | (19,761)  |
| -         | -         | 46,549      | 11,251    |
| 15,489    | 19,483    | 14,985      | 19,251    |
| 230,827   | 177,201   | 140,116     | 165,053   |
| 2,501,616 | 2,318,937 | 2,349,973   | 2,195,219 |
| 1,644,119 | 972,319   | -           | -         |
| 4,145,735 | 3,291,256 | 2,349,973   | 2,195,219 |

- (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

At December 31,

| THE GROUP AND<br>THE COMPANY |         |
|------------------------------|---------|
| 2018                         | 2017    |
| Rs'000                       | Rs'000  |
| 31,676                       | 25,794  |
| 11,137                       | 9,500   |
| (8,486)                      | (3,618) |
| 34,327                       | 31,676  |

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

YEAR ENDED DECEMBER 31, 2018

## 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  
Non-current payable

### 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   |            |
|-------------|------------|
| 2018        | 2017       |
| Rs'000      | Rs'000     |
|             |            |
| 275,483     | 275,504    |
| 478,896     | 479,475    |
| 96,202      | 103,138    |
| 36,945      | 35,078     |
| 33,284,111  | 31,810,041 |
| 3,966,249   | 4,510,844  |
| 822         | 695        |
| 38,138,708  | 37,214,775 |
|             |            |
| 796,153     | 729,122    |
| 1,301,466   | 940,640    |
| 531,146     | 319,925    |
| 55,338      | 51,867     |
| 1,174,142   | 1,787,070  |
| 1,291,345   | 794,631    |
| 5,149,590   | 4,623,255  |
|             |            |
| 96,298      | 87,022     |
| 76,831      | 70,340     |
| 54,076      | -          |
| 227,205     | 157,362    |
|             |            |
| 763,739     | 695,189    |
| 9,201       | 10,500     |
| -           | 121,082    |
| 772,940     | 826,771    |
|             |            |
| 42,288,153  | 40,853,897 |
| (1,644,119) | (972,319)  |
| 40,644,034  | 39,881,578 |

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

## 16. SHARE CAPITAL

At January 1 & December 31,

| THE GROUP AND<br>THE COMPANY |        |
|------------------------------|--------|
| 2018                         | 2017   |
| Rs'000                       | Rs'000 |
| 41,379                       | 41,379 |

The total authorised number of ordinary shares is 9,600,000 (2017: 9,600,000 shares) with a par value of Rs.5 per share (2017: Rs.5 per share). The number of shares issued is 8,275,769 (2017: 8,275,769 shares) which are fully paid.

## 17. OTHER COMPREHENSIVE INCOME

### THE GROUP

#### 2018

- Change in value of available-for-sale financial assets
- Release on disposal of available-for-sale financial assets
- Movement for the year
- Deferred tax impact (note 13)

| 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   |
| (58,955)           | -              | -                 | -                           | -                        | (58,955) |
| (96,399)           | -              | -                 | -                           | -                        | (96,399) |
| -                  | 5,273          | 217,990           | 47,307                      | (2,440)                  | 268,130  |
| -                  | -              | -                 | -                           | 415                      | 415      |
| (155,354)          | 5,273          | 217,990           | 47,307                      | (2,025)                  | 113,191  |

#### 2017

- Change in value of available-for-sale financial assets
- Release on disposal of available-for-sale financial assets
- Movement for the year
- Deferred tax impact (note 13)

| 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   |
| 200,188            | -              | -                 | -                           | -                        | 200,188  |
| (58,316)           | -              | -                 | -                           | -                        | (58,316) |
| -                  | (23,031)       | 122,261           | 20,738                      | (4,489)                  | 115,479  |
| -                  | -              | -                 | -                           | 673                      | 673      |
| 141,872            | (23,031)       | 122,261           | 20,738                      | (3,816)                  | 258,024  |

### 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, 2018

## 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.399m from the Life Assurance Fund to the Proprietors' 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, 2018, the accumulated amount is Rs.824m (2017: Rs.425m).

### 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

#### 2018

- 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    |
| (40,622)           | -                        | (40,622)  |
| (96,345)           | -                        | (96,345)  |
| -                  | (2,440)                  | (2,440)   |
| -                  | 415                      | 415       |
| (136,967)          | (2,025)                  | (138,992) |

#### 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)

|          |         |          |
|----------|---------|----------|
| 155,919  | -       | 155,919  |
| (58,173) | -       | (58,173) |
| -        | (4,489) | (4,489)  |
| -        | 673     | 673      |
| 97,746   | (3,816) | 93,930   |

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

## 18. NON-CONTROLLING INTERESTS

At January 1,  
Correction of prior period errors  
As restated  
Issue of shares  
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 |          |
|-----------|----------|
| 2018      | 2017     |
| Rs'000    | Rs'000   |
| 352,569   | 344,523  |
| -         | (7,804)  |
| 352,569   | 336,719  |
| 497       | -        |
| 24,675    | 21,115   |
| (40,344)  | (37,783) |
| 47,307    | 20,738   |
| (2,932)   | -        |
| 68,999    | (13,785) |
| 24,283    | 25,532   |
| (4,259)   | 33       |
| 470,795   | 352,569  |

## 19. BORROWINGS

**Non-current**  
Debentures (a)  
Loans from related parties (b)  
Mortgage Loan (c)

**Current**  
Debentures (a)  
Loans from related parties (b)  
Mortgage Loan (c)

**Total Borrowings**

| THE GROUP |         | THE COMPANY |         |
|-----------|---------|-------------|---------|
| 2018      | 2017    | 2018        | 2017    |
| Rs'000    | Rs'000  | Rs'000      | Rs'000  |
| 20,242    | 15,390  | -           | -       |
| 4,530     | 4,077   | -           | -       |
| 8,341     | -       | -           | -       |
| 33,113    | 19,467  | -           | -       |
| 7,457     | 17,275  | -           | -       |
| 95,489    | 125,030 | 95,489      | 125,030 |
| 4,421     | -       | -           | -       |
| 107,367   | 142,305 | 95,489      | 125,030 |
| 140,480   | 161,772 | 95,489      | 125,030 |

- (a) The debentures were issued by the subsidiary Dolberg Rental (Pty) Ltd and bear interest at a fixed rate of 12% per annum (2017: 14%). The debentures were partly repaid and renewed in 2018 and are secured by cession and pledge of all amounts due under rental agreement.
- (b) The loans from related parties are unsecured, bear interest rate of 14%.
- (c) The mortgage loan relates to loan taken from Cavmont Bank Zambia Limited by Diamond General Insurance Limited to purchase the Base Park building in Zambia. The interest rate on the loan is 10% p.a. and it is repayable within a period of 10 years. The afore-mentioned property has been pledged as security for the loan.

## 20. RETIREMENT BENEFIT OBLIGATIONS

Amounts recognised in the statements of financial position Pension benefits (ii)  
Analysed as follows:  
Non-current liabilities

Amounts recognised in the statements of profit or loss and other comprehensive income:  
- Pension benefits (v)  
- Pension benefits (vi)

| THE GROUP AND<br>THE COMPANY |         |
|------------------------------|---------|
| 2018                         | 2017    |
| Rs'000                       | Rs'000  |
| 147,899                      | 187,032 |
| 147,899                      | 187,032 |
| 18,032                       | 18,513  |
| 2,440                        | 4,489   |

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

## 20. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

### 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<br>THE COMPANY |           |
|------------------------------|-----------|
| 2018                         | 2017      |
| Rs'000                       | Rs'000    |
| 320,939                      | 296,894   |
| (173,040)                    | (109,862) |
| 147,899                      | 187,032   |

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  
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<br>THE COMPANY |         |
|------------------------------|---------|
| 2018                         | 2017    |
| Rs'000                       | Rs'000  |
| 187,032                      | 129,530 |
| -                            | 34,500  |
| 187,032                      | 164,030 |
| 18,032                       | 18,513  |
| 2,440                        | 4,489   |
| (59,605)                     | -       |
| 147,899                      | 187,032 |

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

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

| THE GROUP AND<br>THE COMPANY |         |
|------------------------------|---------|
| 2018                         | 2017    |
| Rs'000                       | Rs'000  |
| 296,894                      | 233,747 |
| -                            | 34,500  |
| 296,894                      | 268,247 |
| 7,817                        | 8,672   |
| 14,832                       | 16,094  |
| 3,088                        | 4,962   |
| 1,276                        | (1,081) |
| (2,968)                      | -       |
| 320,939                      | 296,894 |

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

## 20. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(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 gains/(losses)  
Contributions by employer  
Benefits paid  
Scheme Expenses  
Fair value of plan assets at December 31,

| THE GROUP AND<br>THE COMPANY |         |
|------------------------------|---------|
| 2018                         | 2017    |
| Rs'000                       | Rs'000  |
| 109,862                      | 104,217 |
| 6,909                        | 6,253   |
| 1,924                        | (608)   |
| 57,151                       | -       |
| (514)                        | -       |
| (2,292)                      | -       |
| 173,040                      | 109,862 |

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

Current service cost  
Net interest cost  
Scheme expenses  
Total included in staff costs (note 26 (c))  
Actual return on plan assets

| THE GROUP AND<br>THE COMPANY |        |
|------------------------------|--------|
| 2018                         | 2017   |
| Rs'000                       | Rs'000 |
| 7,817                        | 8,672  |
| 7,923                        | 9,841  |
| 2,292                        | -      |
| 18,032                       | 18,513 |
| 8,833                        | 5,645  |

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

Actuarial losses recognised during the year  
(Gains)/losses on pension scheme assets  
Liability experience (gains)/losses  
Changes in assumption underlying the present value of the scheme  
Liability losses/(gains) due to change in financial assumptions

| THE GROUP AND<br>THE COMPANY |        |
|------------------------------|--------|
| 2018                         | 2017   |
| Rs'000                       | Rs'000 |
| (1,924)                      | 608    |
| (4,409)                      | 1,649  |
| 7,550                        | 2,251  |
| 1,223                        | (19)   |
| 2,440                        | 4,489  |

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.

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

## 20. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

### Defined pension benefits (cont'd)

(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

Post retirement annuity rates

| THE GROUP AND<br>THE COMPANY          |                                       |
|---------------------------------------|---------------------------------------|
| 2018                                  | 2017                                  |
| %                                     | %                                     |
| 5.10                                  | 5.00                                  |
| 5.10                                  | 5.00                                  |
| 5.00                                  | 4.50                                  |
| 4.00                                  | 4.50                                  |
| Swan Life<br>2018<br>Annuity<br>Rates | Swan Life<br>2017<br>Annuity<br>Rates |

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

### December 31, 2018

Future salary growth rate (1% increase)  
Discount rate (1% increase)

| Increase | Decrease |
|----------|----------|
| Rs'000   | Rs'000   |
| 17,175   | -        |
| -        | 19,783   |

### December 31, 2017

Future salary growth rate (1% increase)  
Discount rate (1% increase)

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

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.25m contributions to its post-employment benefit plans for the year ending December 31, 2018 (2017: Rs.28m).
- (xii) The weighted average duration of the defined benefit obligation is 5 years at end of the reporting period (2017: 5 years).

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

## 21. TRADE AND OTHER PAYABLES

### Insurance payables

Reinsurance liabilities

### Other payables

Accrued expenses

Amount payable to subsidiary companies

Other payables

Less non-current portion (c):

Other payables

| THE GROUP |         | THE COMPANY |         |
|-----------|---------|-------------|---------|
| 2018      | 2017    | 2018        | 2017    |
| Rs'000    | Rs'000  | Rs'000      | Rs'000  |
| 356,642   | 133,708 | 288,634     | 73,373  |
| 51,504    | 39,336  | 52,511      | 39,019  |
| -         | -       | 17,173      | 6,382   |
| 211,196   | 89,662  | 138,706     | 53,554  |
| 619,342   | 262,706 | 497,024     | 172,328 |
| (108,822) | -       | (108,822)   | -       |
| 510,520   | 262,706 | 388,202     | 172,328 |

- (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.
- (c) During the year, the Company sold the rights and benefits of a 20 years government bonds to Swan Smart Achievers Notes Ltd, a related company for Rs.109m with a repurchase agreement in 5 years for Rs.106m.

## 22. INCOME TAX

### Net current tax liabilities

Balance at January 1,

Effect of acquisition of subsidiary (note 29)

Amount (paid)/refunded during the year

Current tax on the adjusted profit

for the year at 15% (2017:15%)

Payment under Advance Payment System (APS)

Tax deducted at source

Other movement

Under provision in prior year

Corporate Social Responsibility tax expense

Corporate Social Responsibility tax paid

Exchange difference

**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% (2017:15%)

Deferred tax (note 13)

Under provision in prior year

Corporate Social Responsibility tax

| THE GROUP |          | THE COMPANY |         |
|-----------|----------|-------------|---------|
| 2018      | 2017     | 2018        | 2017    |
| Rs'000    | Rs'000   | Rs'000      | Rs'000  |
| 8,550     | (5,077)  | 8,662       | (6,400) |
| (3,074)   | -        | -           | -       |
| (8,037)   | 5,696    | (7,865)     | 5,696   |
| 25,065    | 17,582   | 21,413      | 17,080  |
| (13,298)  | (11,444) | (12,852)    | (9,484) |
| (55)      | (54)     | (55)        | (54)    |
| -         | (2)      | -           | -       |
| 344       | 774      | 253         | 774     |
| 5,378     | 1,702    | 5,147       | 1,685   |
| (2,818)   | (627)    | (2,789)     | (635)   |
| 347       | -        | -           | -       |
| 12,402    | 8,550    | 11,914      | 8,662   |
| 2,026     | -        | -           | -       |
| 14,428    | 8,550    | 11,914      | 8,662   |
| 25,065    | 17,582   | 21,413      | 17,080  |
| (569)     | (2,683)  | 579         | (2,557) |
| 344       | 774      | 253         | 774     |
| 5,378     | 1,702    | 5,147       | 1,685   |
| 30,218    | 17,375   | 27,392      | 16,982  |

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

## 22. INCOME TAX (CONT'D)

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:

|  | THE GROUP |          | THE COMPANY |          |
|--|-----------|----------|-------------|----------|
|  | 2018      | 2017     | 2018        | 2017     |
|  | Rs'000    | Rs'000   | Rs'000      | Rs'000   |
| Profit before taxation                               | 382,662   | 282,786  | 303,452     | 253,621  |
| Less share of profit of associates and joint venture | (21,864)  | (408)    | -           | -        |
|  | 360,798   | 282,378  | 303,452     | 253,621  |
| Tax calculated at rate of 15% (2017: 15%)            | 54,120    | 42,357   | 45,518      | 38,043   |
| Effect of different tax rates in other countries     | 938       | 51       | -           | -        |
| Income not subject to tax                            | (36,891)  | (27,994) | (34,579)    | (26,970) |
| Expenses not deductible for tax purposes             | 9,399     | 443      | 11,053      | 3,450    |
| Foreign tax credits                                  | (845)     | -        | -           | -        |
| Utilisation of previously recognised tax losses      | (2,225)   | 42       | -           | -        |
| Under provision in prior year                        | 344       | 774      | 253         | 774      |
| Corporate Social Responsibility tax                  | 5,378     | 1,702    | 5,147       | 1,685    |
| Tax charge for the year                              | 30,218    | 17,375   | 27,392      | 16,982   |

## 23. INSURANCE LIABILITIES AND REINSURANCE ASSETS

### Gross

- Claims reported and loss adjustment expenses (page 71, notes 3.1 (iv), 30(a))
- Unearned premiums (page 71, note 31(b))
- Claims incurred but not reported (IBNR) (page 71, note 31(a))

Total gross insurance liabilities

### Recoverable from reinsurers

- Claims reported and loss adjustment expenses (notes 14,31(a))
- Unearned premiums (notes 14,31(b))
- Claims incurred but not reported (IBNR) (notes 14,31(a))

Total reinsurers' share of insurance liabilities

### Net

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

Total net insurance liabilities

|  | THE GROUP |           | THE COMPANY |           |
|--|-----------|-----------|-------------|-----------|
|  | 2018      | 2017      | 2018        | 2017      |
|  | Rs'000    | Rs'000    | Rs'000      | Rs'000    |
|  | 834,655   | 826,711   | 779,728     | 818,551   |
|  | 1,300,774 | 1,160,704 | 1,230,389   | 1,118,584 |
|  | 98,222    | 94,956    | 84,279      | 84,279    |
|  | 2,233,651 | 2,082,371 | 2,094,396   | 2,021,414 |
|  | 453,906   | 478,376   | 435,378     | 470,216   |
|  | 571,553   | 490,723   | 519,241     | 448,603   |
|  | 39,621    | 39,015    | 28,338      | 28,338    |
|  | 1,065,080 | 1,008,114 | 982,957     | 947,157   |
|  | 380,749   | 348,335   | 344,350     | 348,335   |
|  | 729,221   | 669,981   | 711,148     | 669,981   |
|  | 58,601    | 55,941    | 55,941      | 55,941    |
|  | 1,168,571 | 1,074,257 | 1,111,439   | 1,074,257 |
|  | 1,168,571 | 1,074,257 | 1,111,439   | 1,074,257 |

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

## 24. INVESTMENT INCOME

Interest income  
Dividend income  
  
Total Investment income:  
Non-controlling interests - dividend income  
Interest and investment income

| THE GROUP |         | THE COMPANY |         |
|-----------|---------|-------------|---------|
| 2018      | 2017    | 2018        | 2017    |
| Rs'000    | Rs'000  | Rs'000      | Rs'000  |
| 26,452    | 31,016  | 23,276      | 28,801  |
| 161,795   | 143,505 | 136,432     | 119,847 |
| 188,247   | 174,521 | 159,708     | 148,648 |
| 22,515    | 20,923  | -           | -       |
| 165,912   | 153,598 | 159,708     | 148,648 |
| 188,427   | 174,521 | 159,708     | 148,648 |

## 25. OTHER INCOME

(Loss)/profit on disposal of available-for-sale financial assets  
Reclassification adjustment from fair value reserve  
(Loss)/profit on disposal of property and equipment  
Lease and rental income  
Others  
  
Rent  
Net foreign exchange gains/(losses)  
  
Total

| THE GROUP |         | THE COMPANY |         |
|-----------|---------|-------------|---------|
| 2018      | 2017    | 2018        | 2017    |
| Rs'000    | Rs'000  | Rs'000      | Rs'000  |
| (7,211)   | 2,602   | (7,843)     | 2,324   |
| 96,399    | 58,316  | 96,345      | 58,173  |
| (215)     | 4       | (215)       | 4       |
| 16,334    | 24,088  | -           | -       |
| 49,303    | 35,250  | 9,341       | 10,441  |
| 154,610   | 120,260 | 97,628      | 70,942  |
| 1,121     | 1,095   | 1,121       | 1,095   |
| 4,223     | (3,317) | 5,965       | (2,458) |
| 5,344     | (2,222) | 7,086       | (1,363) |
| 159,954   | 118,038 | 104,714     | 69,579  |

## 26. ADMINISTRATIVE EXPENSES AND IMPAIRMENT CHARGES

(a) Marketing and administrative expenses include:

- Internal auditors' fees  
- Staff costs (c)  
- Management fees  
- Interest expenses

| THE GROUP |         | THE COMPANY |         |
|-----------|---------|-------------|---------|
| 2018      | 2017    | 2018        | 2017    |
| Rs'000    | Rs'000  | Rs'000      | Rs'000  |
| 476       | 483     | 476         | 483     |
| 326,118   | 304,233 | 288,071     | 285,605 |
| -         | -       | 20,640      | 20,265  |
| 4,008     | 7,454   | 2,445       | 657     |



# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

## 26. ADMINISTRATIVE EXPENSES AND IMPAIRMENT CHARGES

(b) Impairment losses:

Impairment:

- Investment in subsidiary companies (note 7)
- Investment in financial assets (note 10)
- 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 |        |
|-----------|--------|-------------|--------|
| 2018      | 2017   | 2018        | 2017   |
| Rs'000    | Rs'000 | Rs'000      | Rs'000 |
| -         | -      | 23,034      | 6,000  |
| 128       | -      | 6,774       | -      |
| -         | 1,319  | 21,222      | 1,319  |
| 38,756    | 6,000  | -           | -      |
| 11,137    | 9,500  | 11,137      | 9,500  |
| 6,411     | 2,000  | 6,411       | 2,000  |
| 56,432    | 18,819 | 68,578      | 18,819 |

(c) Analysis of staff costs

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

| THE GROUP |         | THE COMPANY |         |
|-----------|---------|-------------|---------|
| 2018      | 2017    | 2018        | 2017    |
| Rs'000    | Rs'000  | Rs'000      | Rs'000  |
| 306,846   | 284,515 | 268,799     | 265,887 |
| 18,032    | 18,513  | 18,032      | 18,513  |
| 1,240     | 1,205   | 1,240       | 1,205   |
| 326,118   | 304,233 | 288,071     | 285,605 |

## 27. DIVIDEND PAYABLE

Declared and payable

Final dividend of Rs.12.00 payable per ordinary share.

| THE COMPANY |        |
|-------------|--------|
| 2018        | 2017   |
| Rs'000      | Rs'000 |
| -           | 99,309 |

During the year, total dividend of Rs.99,309,228 has been declared and paid.

## 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 |           |
|-----------|-----------|-------------|-----------|
| 2018      | 2017      | 2018        | 2017      |
| 327,769   | 244,296   | 276,060     | 236,639   |
| 8,275,769 | 8,275,769 | 8,275,769   | 8,275,769 |
| 39.61     | 29.52     | 33.36       | 28.59     |

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

## 29. BUSINESS COMBINATION

### Acquisition of subsidiary

On 28th February 2018, Swan General Ltd acquired 86.15% of shareholding of Diamond General Insurance Limited, a company providing non-life insurance products.

### Recognised amounts of identifiable assets acquired and liabilities assumed

|                                     | <b>Rs'000</b> |
|-------------------------------------|---------------|
| Property and equipment              | 57,375        |
| Deferred tax asset                  | 27,727        |
| Current tax asset                   | 3,074         |
| Available for sale financial assets | 10,208        |
| Held to maturity financial assets   | 4,968         |
| Insurance receivables               | 6,381         |
| Other receivables                   | 16,449        |
| Deferred acquisition costs          | 4,034         |
| Reinsurance receivables             | 42,933        |
| Bank and cash balances              | 13,119        |
| Unearned premiums                   | (25,212)      |
| Outstanding claims                  | (108,714)     |
| Reinsurance liabilities             | (42,000)      |
| Other payables                      | (17,266)      |
| Borrowings                          | (15,174)      |
| Bank overdraft                      | (8,655)       |
| Total identifiable net assets       | (30,753)      |
| Non-controlling interest (note 18)  | 4,259         |
| Goodwill (note 6)                   | 38,756        |
| <b>Total consideration</b>          | <b>12,262</b> |

### Net cash outflow on acquisition of subsidiary

|  | <b>2018</b>   |
|--|---------------|
|  | <b>Rs'000</b> |
| Consideration paid in cash                       | 12,262        |
| Less: cash and cash equivalent balances acquired | (4,464)       |
|  | <b>7,798</b>  |

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

## 30. NOTES TO THE STATEMENTS OF CASH FLOWS

|  | Notes    | THE GROUP        |           | THE COMPANY      |           |
|--|----------|------------------|-----------|------------------|-----------|
|  |          | 2018             | 2017      | 2018             | 2017      |
|  |          | Rs'000           | Rs'000    | Rs'000           | Rs'000    |
| <b>(a) Cash generated from operations</b>                          |          |                  |           |                  |           |
| Profit before taxation   |          | <b>382,662</b>   | 282,786   | <b>303,452</b>   | 253,621   |
| Adjustments for:   |          |                  |           |                  |           |
| Depreciation   | 5        | <b>18,835</b>    | 12,101    | <b>17,330</b>    | 11,722    |
| Amortisation   | 6        | <b>7,693</b>     | 9,061     | <b>4,083</b>     | 4,358     |
| Foreign exchange (gains)/losses                                    | 25       | <b>(4,223)</b>   | 3,317     | <b>(5,965)</b>   | 2,458     |
| Loss/(profit) on sale of property and equipment                    | 25       | <b>215</b>       | (4)       | <b>215</b>       | (4)       |
| Write off of property and equipment                                | 5        | <b>376</b>       | -         | -                | -         |
| Release from fair value reserve on disposal of financial assets    | 25       | <b>(96,399)</b>  | (58,316)  | <b>(96,345)</b>  | (58,173)  |
| Loss/(profit) on disposal of financial assets                      | 25       | <b>7,211</b>     | (2,602)   | <b>7,843</b>     | (2,324)   |
| Investment income  | 24       | <b>(165,912)</b> | (153,598) | <b>(159,708)</b> | (148,648) |
| Interest expense   | 26(a)    | <b>4,008</b>     | 7,454     | <b>2,445</b>     | 657       |
| Retirement benefit obligations                                     | 20(ii)   | <b>(41,573)</b>  | 18,513    | <b>(41,573)</b>  | 18,513    |
| Impairment of investment in financial assets                       | 10       | <b>128</b>       | 1,319     | <b>6,774</b>     | 1,319     |
| Provision for impairment - insurance receivables                   | 14       | <b>11,137</b>    | 9,500     | <b>11,137</b>    | 9,500     |
| Provision for impairment - reinsurance assets                      | 14       | <b>6,411</b>     | 2,000     | <b>6,411</b>     | 2,000     |
| Impairment of intangibles  | 6        | <b>38,756</b>    | 6,000     | -                | -         |
| Impairment of investment in subsidiary companies and joint venture | 7/9      | -                | -         | <b>23,034</b>    | 6,001     |
| Impairment of non-current receivables                              | 12       | -                | -         | <b>21,222</b>    | -         |
| Change in gross unearned premiums                                  | 31(b)    | <b>114,858</b>   | 121,063   | <b>111,805</b>   | 113,696   |
| Share of profit of associated companies and joint venture          | 8/9      | <b>(21,864)</b>  | (408)     | -                | -         |
| Changes in working capital:  |          |                  |           |                  |           |
| - Trade and other receivables                                      |          | <b>(214,097)</b> | (393,371) | <b>(271,852)</b> | (336,720) |
| - Trade and other payables   |          | <b>187,473</b>   | 69,655    | <b>214,620</b>   | 41,771    |
| - Outstanding claims and IBNR                                      | 23/31(a) | <b>(91,296)</b>  | 147,283   | <b>(38,823)</b>  | 133,210   |
| - Finance lease receivables  | 11       | <b>15,017</b>    | 9,689     | -                | -         |
| <b>Cash generated from operating activities</b>                    |          | <b>159,416</b>   | 91,442    | <b>116,105</b>   | 52,957    |

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

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

### (b) Cash and cash equivalents

Short term deposits  
Bank balances and cash  
Cash and cash equivalents

| THE GROUP |         | THE COMPANY |         |
|-----------|---------|-------------|---------|
| 2018      | 2017    | 2018        | 2017    |
| Rs'000    | Rs'000  | Rs'000      | Rs'000  |
| 105,653   | 91,442  | 105,653     | 91,442  |
| 391,646   | 132,580 | 253,785     | 70,400  |
| 497,299   | 224,022 | 359,438     | 161,842 |

The interest rates on short-term local deposits ranges from nil to 0.60% (2017: 2.10% to 3.60%).

### (c) Reconciliation of liabilities arising from financing activities

|   | THE GROUP                |   |                   |                                 |                     |                            |
|---|--------------------------|---|-------------------|---------------------------------|---------------------|----------------------------|
|   | As at January 1,<br>2018 | Effect of<br>acquisition<br>of subsidiary | Net Cash<br>flows | Foreign<br>exchange<br>movement | Accrued<br>interest | As at December<br>31, 2018 |
|   | Rs'000                   | Rs'000                                    | Rs'000            | Rs'000                          | Rs'000              | Rs'000                     |
| Long term borrowings                        | 19,467                   | 15,174                                    | 3,570             | (5,098)                         | -                   | 33,113                     |
| Short term borrowings                       | 142,305                  | -   | (37,375)          | -                               | 2,437               | 107,367                    |
| Total liabilities from financing activities | 161,772                  | 15,174                                    | (33,805)          | (5,098)                         | 2,437               | 140,480                    |

|   | THE COMPANY              |                   |                     |                            |
|---|--------------------------|-------------------|---------------------|----------------------------|
|   | As at January 1,<br>2018 | Net Cash<br>flows | Accrued<br>interest | As at December<br>31, 2018 |
|   | Rs'000                   | Rs'000            | Rs'000              | Rs'000                     |
| Short term borrowings                       | 125,030                  | (31,977)          | 2,436               | 95,489                     |
| Total liabilities from financing activities | 125,030                  | (31,977)          | 2,436               | 95,489                     |

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

## 31. MOVEMENTS IN INSURANCE LIABILITIES AND REINSURANCE ASSETS

| THE GROUP  | 2018        |             |             | 2017        |             |           |
|--|-------------|-------------|-------------|-------------|-------------|-----------|
|  | Gross       | Reinsurance | Net         | Gross       | Reinsurance | Net       |
| (a) Outstanding claims                             | Rs'000      | Rs'000      | Rs'000      | Rs'000      | Rs'000      | Rs'000    |
| At January 1,                                      |             |             |             |             |             |           |
| Notified claims                                    | 826,711     | (478,376)   | 348,335     | 656,906     | (337,855)   | 319,051   |
| Effect of acquisition of subsidiary (note 29)      | 133,010     | (24,296)    | 108,714     | -           | -           | -         |
| Increase in liabilities                            | 1,651,842   | (543,805)   | 1,108,037   | 1,628,722   | (622,448)   | 1,006,274 |
| Cash paid for claims settled in the year (page 72) | (1,776,908) | 592,571     | (1,184,337) | (1,458,917) | 481,927     | (976,990) |
|  | 834,655     | (453,906)   | 380,749     | 826,711     | (478,376)   | 348,335   |
| Incurred but not reported (IBNR) (note 23)         | 98,222      | (39,621)    | 58,601      | 94,956      | (39,015)    | 55,941    |
| At December 31,                                    | 932,877     | (493,527)   | 439,350     | 921,667     | (517,391)   | 404,276   |
| Claims settled during the year (page 72)           |             |             | 1,184,337   |             |             | 976,990   |
| Movement in outstanding claims/IBNR                | (91,296)    | 44,163      | (47,133)    | 147,283     | (121,126)   | 26,157    |
| Movement in expected recovery                      | (7,500)     | -           | (7,500)     | (1,773)     | -           | (1,773)   |
|  | (98,796)    | 44,163      |             | 145,510     | (121,126)   |           |
| Net claims incurred (page 72)                      |             |             | 1,129,704   |             |             | 1,001,374 |

### THE COMPANY

| THE COMPANY  | 2018        |             |             | 2017        |             |           |
|--|-------------|-------------|-------------|-------------|-------------|-----------|
|  | Gross       | Reinsurance | Net         | Gross       | Reinsurance | Net       |
|  | Rs'000      | Rs'000      | Rs'000      | Rs'000      | Rs'000      | Rs'000    |
| At January 1,                                      |             |             |             |             |             |           |
| Notified claims                                    | 818,551     | (470,216)   | 348,335     | 656,824     | (337,773)   | 319,051   |
| Increase in liabilities                            | 1,642,022   | (527,280)   | 1,114,742   | 1,620,213   | (613,939)   | 1,006,274 |
| Cash paid for claims settled in the year (Page 72) | (1,680,845) | 562,118     | (1,118,727) | (1,458,486) | 481,496     | (976,990) |
|  | 779,728     | (435,378)   | 344,350     | 818,551     | (470,216)   | 348,335   |
| Incurred but not reported (IBNR) (note 23)         | 84,279      | (28,338)    | 55,941      | 84,279      | (28,338)    | 55,941    |
| At December 31,                                    | 864,007     | (463,716)   | 400,291     | 902,830     | (498,554)   | 404,276   |
| Claims settled during the year (page 72)           |             |             | 1,118,727   |             |             | 976,990   |
| Movement in outstanding claims/IBNR                | (38,823)    | 34,836      | (3,987)     | 133,210     | (107,053)   | 26,157    |
| Movement in expected recovery                      | (7,500)     | -           | (7,500)     | (1,773)     | -           | (1,773)   |
|  | (46,323)    | 34,836      |             | 131,437     | (107,053)   |           |
| Net claims incurred (page 72)                      |             |             | 1,107,240   |             |             | 1,001,374 |

Expected recovery amounts to Rs 25.4m as at December 31, 2018 (2017: Rs 17.9m).

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

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

### (b) Provision for unearned premiums

| THE GROUP                                     |             |           |         |             |           |         |
|---|-------------|-----------|---------|-------------|-----------|---------|
| 2018  |             |           | 2017    |             |           |         |
| Gross   | Reinsurance | Net       | Gross   | Reinsurance | Net       |         |
| Rs'000  | Rs'000      | Rs'000    | Rs'000  | Rs'000      | Rs'000    |         |
| At January 1,                                 | 1,160,704   | (490,723) | 669,981 | 1,039,641   | (442,147) | 597,494 |
| Effect of acquisition of subsidiary (note 29) | 25,212      | -         | 25,212  | -           | -         | -       |
| Net increase during the year                  | 118,186     | (80,830)  | 37,356  | 121,063     | (48,576)  | 72,487  |
| Exchange difference                           | (3,328)     | -         | (3,328) | -           | -         | -       |
| At December 31,(note 23)                      | 1,300,774   | (571,553) | 729,221 | 1,160,704   | (490,723) | 669,981 |

| THE COMPANY                  |             |           |         |             |           |         |
|------------------------------|-------------|-----------|---------|-------------|-----------|---------|
| 2018                         |             |           | 2017    |             |           |         |
| Gross                        | Reinsurance | Net       | Gross   | Reinsurance | Net       |         |
| Rs'000                       | Rs'000      | Rs'000    | Rs'000  | Rs'000      | Rs'000    |         |
| At January 1,                | 1,118,584   | (448,603) | 669,981 | 1,004,888   | (407,394) | 597,494 |
| Net increase during the year | 111,805     | (70,638)  | 41,167  | 113,696     | (41,209)  | 72,487  |
| At December 31,(note 23)     | 1,230,389   | (519,241) | 711,148 | 1,118,584   | (448,603) | 669,981 |

## 32. COMMITMENTS AND CONTINGENCIES

- (a) Financial Commitments  
Outstanding commitments for the following:-  
Loans to be granted

| THE GROUP |         | THE COMPANY |        |
|-----------|---------|-------------|--------|
| 2018      | 2017    | 2018        | 2017   |
| Rs'000    | Rs'000  | Rs'000      | Rs'000 |
| 67,941    | 137,950 | -           | -      |

- (b) Contingent Liabilities  
Bank and other guarantees

| THE GROUP |        | THE COMPANY |        |
|-----------|--------|-------------|--------|
| 2018      | 2017   | 2018        | 2017   |
| Rs'000    | Rs'000 | Rs'000      | Rs'000 |
| 25,100    | 25,100 | 8,000       | 8,000  |

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

## 33. SEGMENT INFORMATION - THE GROUP

### (a) Operating segment

|   | General   |           |          | 2018      |
|---|-----------|-----------|----------|-----------|
|   | Life      | Casualty  | Property | Total     |
|   | Rs'000    | Rs'000    | Rs'000   | Rs'000    |
| Gross premiums  | 4,400,340 | 2,344,287 | 786,229  | 7,530,856 |
| Net earned premiums                                       | 4,232,930 | 1,409,843 | 232,195  | 5,874,968 |
| Underwriting surplus                                      | 1,070     | 389,282   | 211,937  | 602,289   |
| Investment income   |           |           |          | 188,427   |
| Operating profit  |           |           |          | 790,716   |
| Other income  |           |           |          | 159,954   |
|   |           |           |          | 950,670   |
| Marketing and administrative expenses                     |           |           |          | (506,912) |
| Impairment and other charges                              |           |           |          | (56,432)  |
| Depreciation and amortisation                             |           |           |          | (26,528)  |
| Share of profit of associated companies and joint venture |           |           |          | 21,864    |
| Profit before taxation                                    |           |           |          | 382,662   |
| Income tax expense  |           |           |          | (30,218)  |
| Profit for the year                                       |           |           |          | 352,444   |

|                               | General      |             |           |             | 2018         |
|-------------------------------|--------------|-------------|-----------|-------------|--------------|
|                               | Life         | Casualty    | Property  | Unallocated | Total        |
|                               | Rs'000       | Rs'000      | Rs'000    | Rs'000      | Rs'000       |
| Segment assets                |              |             |           |             |              |
| - Company                     | -            | 1,950,341   | 331,924   | 2,847,585   | 5,129,850    |
| - Subsidiaries                | 40,661,032   | 273,106     | 181,530   | 1,328,488   | 42,444,156   |
| - Group                       | 40,661,032   | 2,223,447   | 513,454   | 4,176,073   | 47,574,006   |
| Segment liabilities           | (40,656,571) | (2,107,483) | (490,827) | (550,061)   | (43,804,942) |
| Equity holders' interest      |              |             |           |             | 3,769,064    |
| Capital expenditure           | -            | 8,481       | 1,443     | 40,783      | 50,707       |
| Depreciation and amortisation | -            | 7,861       | 1,338     | 17,329      | 26,528       |

- (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, the subsidiary incorporated in South Africa. The revenue for the year amounts to Rs.18m (2017: Rs.24m).
- (v) Unallocated includes retirement benefit obligations, deferred tax liabilities, current tax liabilities and dividend payable.

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

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

### (a) Operating segment

|   | General   |           |          | 2017      |
|---|-----------|-----------|----------|-----------|
|   | Life      | 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                   |           |           |          | (467,120) |
| Impairment and other charges                            |           |           |          | (18,819)  |
| Depreciation and amortisation                           |           |           |          | (21,162)  |
| Share of profit of associated company and joint venture |           |           |          | 408       |
| Profit before taxation                                  |           |           |          | 282,786   |
| Income tax expense                                      |           |           |          | (17,375)  |
| Profit for the year                                     |           |           |          | 265,411   |

|                               | General      |             |           |             | 2017         |
|-------------------------------|--------------|-------------|-----------|-------------|--------------|
|                               | Life         | Casualty    | Property  | Unallocated | 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       |



# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

## 34. RELATED PARTY TRANSACTIONS

|   | Sale of<br>products | Investment<br>income | Claims<br>paid | Financial<br>assets | Amount<br>receivable<br>from<br>related<br>parties | Loans<br>receivable | Claims<br>outstanding |
|---|---------------------|----------------------|----------------|---------------------|--|---------------------|-----------------------|
|   | Rs'000              | Rs'000               | Rs'000         | Rs'000              | Rs'000   | Rs'000              | Rs'000                |
| <b>(a) THE GROUP</b>                    |                     |                      |                |                     |  |                     |                       |
| <u>2018</u>                             |                     |                      |                |                     |  |                     |                       |
| Shareholders with significant influence | 183,543             | 3,113                | 63,702         | 148,347             | 72,600   | -                   | 31,968                |
| Directors and Key Management Personnel  | 1,311               | -                    | 3,255          | -                   | 228  | 7,830               | 79                    |
|   | <b>184,854</b>      | <b>3,113</b>         | <b>66,957</b>  | <b>148,347</b>      | <b>72,828</b>                                      | <b>7,830</b>        | <b>32,047</b>         |
| <u>2017</u>                             |                     |                      |                |                     |  |                     |                       |
| Shareholders with significant influence | 172,201             | 2,944                | 64,766         | 151,322             | 19,667   | -                   | 31,506                |
| Directors and Key Management Personnel  | 980                 | -                    | 1,125          | -                   | 241  | 8,821               | 195                   |
|   | <b>173,181</b>      | <b>2,944</b>         | <b>65,891</b>  | <b>151,322</b>      | <b>19,908</b>                                      | <b>8,821</b>        | <b>31,701</b>         |

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

## 34. RELATED PARTY TRANSACTIONS (CONT'D)

| (b) THE COMPANY   | Sale of products/ services<br>Rs'000 | Investment income<br>Rs'000 | Management fees paid<br>Rs'000 | Claims paid<br>Rs'000 | Financial assets<br>Rs'000 | Loans receivables<br>Rs'000 | Loans payables<br>Rs'000 | Claims outstanding<br>Rs'000 | Amount receivable from related parties<br>Rs'000 | Amount owed to related parties<br>Rs'000 |
|---|--------------------------------------|-----------------------------|--------------------------------|-----------------------|----------------------------|-----------------------------|--------------------------|------------------------------|--|--|
|   |                                      |                             |                                |                       |                            |                             |                          |                              |  |  |
| <b>2018</b>   |                                      |                             |                                |                       |                            |                             |                          |                              |  |  |
| Subsidiary companies  | 23,494                               | 109,885                     | 27,465                         | 11,896                | 530,871                    | 79,174                      | 204,311                  | 1,299                        | 70,346   | 21,872                                   |
| Shareholders with significant influence                       | 183,543                              | 2,886                       | -                              | 63,702                | 145,282                    | -                           | -                        | 31,968                       | 72,600   | -  |
| Enterprises on which the Company exerts significant influence | -                                    | 4                           | -                              | -                     | 34,780                     | -                           | -                        | -                            | 609  | -  |
| Directors and Key Management Personnel                        | 1,311                                | -                           | -                              | 3,255                 | -                          | 7,830                       | -                        | 79                           | 228  | -  |
|   | <b>208,348</b>                       | <b>112,775</b>              | <b>27,465</b>                  | <b>78,853</b>         | <b>710,933</b>             | <b>87,004</b>               | <b>204,311</b>           | <b>33,346</b>                | <b>143,783</b>                                   | <b>21,872</b>                            |
| <b>2017</b>   |                                      |                             |                                |                       |                            |                             |                          |                              |  |  |
| Subsidiary companies  | 21,423                               | 101,882                     | 27,511                         | 10,361                | 529,957                    | 59,949                      | 125,030                  | 1,041                        | 29,424   | 6,382                                    |
| Shareholders with significant influence                       | 172,201                              | 2,433                       | -                              | 64,766                | 130,852                    | -                           | -                        | 31,506                       | 19,667   | -  |
| Enterprises on which the Company exerts significant influence | -                                    | 17                          | -                              | -                     | 769                        | -                           | -                        | -                            | 3,882  | -  |
| Directors and Key Management Personnel                        | 980                                  | -                           | -                              | 1,125                 | -                          | 8,821                       | -                        | 195                          | 241  | -  |
|   | <b>194,604</b>                       | <b>104,332</b>              | <b>27,511</b>                  | <b>76,252</b>         | <b>661,578</b>             | <b>68,770</b>               | <b>125,030</b>           | <b>32,742</b>                | <b>53,214</b>                                    | <b>6,382</b>                             |

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

## (c) Key management personnel compensation

|   | THE GROUP     |               |               | THE COMPANY   |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
|   | 2018          | 2017          |               | 2018          | 2017          |               |
| Salaries and short-term employee benefits | Rs'000        | Rs'000        | Rs'000        | Rs'000        | Rs'000        | Rs'000        |
| Post-employment benefits                  | 79,183        | 74,175        | 38,134        | 37,171        | 37,171        | 37,171        |
|   | 7,080         | 6,710         | 3,326         | 3,261         | 3,261         | 3,261         |
|   | <b>86,263</b> | <b>80,885</b> | <b>41,460</b> | <b>40,432</b> | <b>40,432</b> | <b>40,432</b> |

(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. (2017: Nil)

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

## 35. THREE YEAR SUMMARY

### (a) THE GROUP

#### STATEMENTS OF PROFIT OR LOSS

|                        | 2018      | 2017      | 2016      |
|------------------------|-----------|-----------|-----------|
|                        | Rs'000    | Rs'000    | Rs'000    |
| Gross premiums         | 7,530,856 | 6,813,857 | 6,392,318 |
| Net earned premiums    | 5,874,968 | 5,314,230 | 4,948,565 |
| Underwriting surplus   | 602,289   | 496,920   | 442,624   |
| Operating profit       | 790,716   | 671,441   | 615,388   |
| Profit before taxation | 382,662   | 282,786   | 253,883   |
| Income tax expense     | 30,218    | 17,375    | 13,158    |
| Profit for the year    | 352,444   | 265,411   | 240,725   |

#### STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

|   |         |         |          |
|---|---------|---------|----------|
| Profit for the year                     | 352,444 | 265,411 | 240,725  |
| Other comprehensive income for the year | 113,191 | 258,024 | (53,874) |
| Total comprehensive income              | 465,635 | 523,435 | 186,851  |

#### Attributable to:

|                          |         |         |         |
|--------------------------|---------|---------|---------|
| Owners of the parent     | 393,653 | 481,582 | 168,404 |
| Non-controlling interest | 71,982  | 41,853  | 18,447  |
|                          | 465,635 | 523,435 | 186,851 |

#### STATEMENTS OF FINANCIAL POSITION

|                      |            |            |            |
|----------------------|------------|------------|------------|
| Non-current assets   | 2,238,578  | 2,269,653  | 2,010,695  |
| Current assets       | 4,691,394  | 3,565,349  | 3,002,043  |
| Life Business Assets | 40,644,034 | 39,881,578 | 34,487,118 |
|                      | 47,574,006 | 45,716,580 | 39,499,856 |

|                           |            |            |            |
|---------------------------|------------|------------|------------|
| Owners' interest          | 3,298,269  | 2,672,819  | 2,356,538  |
| Non-controlling interest  | 470,795    | 352,569    | 336,719    |
| Life Assurance Fund       | 40,644,034 | 39,881,578 | 34,487,118 |
| Gross unearned premiums   | 1,300,774  | 1,160,704  | 1,039,641  |
| Outstanding claims & IBNR | 932,877    | 921,667    | 774,384    |
| Non-current liabilities   | 294,942    | 214,373    | 199,740    |
| Current liabilities       | 632,315    | 512,870    | 305,716    |
|                           | 47,574,006 | 45,716,580 | 39,499,856 |

|   |           |           |           |
|---|-----------|-----------|-----------|
| Dividends per share (rupees and cents)        | 12.00     | 12.00     | 12.00     |
| Earnings per share (rupees and cents)         | 39.61     | 29.52     | 26.87     |
| Net assets value per share (rupees and cents) | 398.55    | 322.97    | 284.75    |
| Number of shares used in calculation          | 8,275,769 | 8,275,769 | 8,275,769 |

# Notes to the Financial Statements

YEAR ENDED DECEMBER 31, 2018

## 35. THREE YEAR SUMMARY (CONT'D)

### (b) THE COMPANY

#### STATEMENTS OF PROFIT OR LOSS

|                        | 2018      | 2017      | 2016      |
|------------------------|-----------|-----------|-----------|
|                        | Rs'000    | Rs'000    | Rs'000    |
| Gross premiums         | 2,881,757 | 2,652,735 | 2,401,074 |
| Net earned premiums    | 1,581,543 | 1,448,295 | 1,256,469 |
| Underwriting surplus   | 541,236   | 484,971   | 428,506   |
| Operating profit       | 700,944   | 633,619   | 579,747   |
| Profit before taxation | 303,452   | 253,621   | 230,754   |
| Income tax expense     | 27,392    | 16,982    | 11,751    |
| Profit for the year    | 276,060   | 236,639   | 219,003   |

#### STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

|   | 2018      | 2017    | 2016     |
|---|-----------|---------|----------|
|   | Rs'000    | Rs'000  | Rs'000   |
| Profit for the year                     | 276,060   | 236,639 | 219,003  |
| Other comprehensive income for the year | (138,992) | 93,930  | (65,748) |
| Total comprehensive income              | 137,068   | 330,569 | 153,255  |

#### STATEMENTS OF FINANCIAL POSITION

|                    | 2018      | 2017      | 2016      |
|--------------------|-----------|-----------|-----------|
|                    | Rs'000    | Rs'000    | Rs'000    |
| Non-current assets | 2,411,016 | 2,480,812 | 2,216,015 |
| Current assets     | 2,718,834 | 2,378,332 | 1,962,878 |
|                    | 5,129,850 | 4,859,144 | 4,178,893 |

|                             | 2018      | 2017      | 2016      |
|-----------------------------|-----------|-----------|-----------|
|                             | Rs'000    | Rs'000    | Rs'000    |
| Owners' interest            | 2,283,128 | 2,245,369 | 2,014,109 |
| Gross unearned premiums     | 1,230,389 | 1,118,584 | 1,004,888 |
| Outstanding claims and IBNR | 864,007   | 902,830   | 769,620   |
| Non-current liabilities     | 256,721   | 187,032   | 164,186   |
| Current liabilities         | 495,605   | 405,329   | 226,090   |
|                             | 5,129,850 | 4,859,144 | 4,178,893 |

|   | 2018      | 2017      | 2016      |
|---|-----------|-----------|-----------|
|   | Rs'000    | Rs'000    | Rs'000    |
| Dividends per share (rupees and cents)        | 12.00     | 12.00     | 12.00     |
| Earnings per share (rupees and cents)         | 33.36     | 28.59     | 26.46     |
| Net assets value per share (rupees and cents) | 275.88    | 271.32    | 243.37    |
| Number of shares used in calculation          | 8,275,769 | 8,275,769 | 8,275,769 |

# Other Statutory Disclosures

YEAR ENDED DECEMBER 31, 2018

(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 |        |
|------------------|--------|-----------------------|--------|
| 2018             | 2017   | 2018                  | 2017   |
| Rs'000           | Rs'000 | Rs'000                | Rs'000 |
| 13,383           | 10,328 | 12,789                | 9,973  |
| 1,060            | 1,025  | 1,380                 | 1,343  |
| 14,443           | 11,353 | 14,169                | 11,316 |

### - Directors of subsidiary companies who are not directors of the Company

Non-executive Director

| From the Subsidiaries |        |
|-----------------------|--------|
| 2018                  | 2017   |
| Rs'000                | Rs'000 |
| 160                   | 158    |

## DONATIONS

Charitable donations

| THE GROUP |        | THE COMPANY |        |
|-----------|--------|-------------|--------|
| 2018      | 2017   | 2018        | 2017   |
| Rs'000    | Rs'000 | Rs'000      | Rs'000 |
| 92        | 55     | -           | -      |

## AUDITORS' FEES AND FEES FOR OTHER SERVICES

Audit fees paid to:

- BDO & Co

- Other firms

| THE GROUP |        | THE COMPANY |        |
|-----------|--------|-------------|--------|
| 2018      | 2017   | 2018        | 2017   |
| Rs'000    | Rs'000 | Rs'000      | Rs'000 |
| 4,326     | 3,945  | 1,530       | 1,480  |
| 1,698     | 188    | -           | -      |
| 6,024     | 4,133  | 1,530       | 1,480  |
|           |        |             |        |
| 1,643     | 460    | 625         | 165    |

Fees paid for other services provided by:

- BDO & Co

## 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, 2018 (PURSUANT TO SECTION 221 OF THE COMPANIES ACT 2001)

## DIRECTORS OF THE COMPANY

Mr. M.E. Nicolas MAIGROT - Chairperson  
 Mr. J. M. Louis RIVALLAND - Group Chief Executive  
 Mr. A. Michel THOMAS - Chief Operations Officer  
 Mr. M. D. Henri HAREL  
 Mr. J. Sébastien MAMET  
 Mr. M.M. Hector ESPITALIER-NOËL  
 Mr. M.H. Philippe ESPITALIER-NOËL  
 Mr. J.M. René LECLÉZIO  
 Mr. Peroomal Gopallen MOOROGEN  
 Mr. Victor C. SEEYAVE  
 Mr. Arif CURRIMJEE (Appointed on 16th April 2018)

## DIRECTORS OF SUBSIDIARY COMPANIES

### Swan Life Ltd

Mr. M.E. Nicolas MAIGROT - Chairperson  
 Mr. J. M. Louis RIVALLAND - Group Chief Executive  
 Mr. M. D. Henri HAREL  
 Mr. J. Sébastien MAMET  
 Mr. M.M. Hector ESPITALIER-NOËL  
 Mr. M.H. Philippe ESPITALIER-NOËL  
 Mr. J.M. René LECLÉZIO  
 Mr. Peroomal Gopallen MOOROGEN  
 Mr. Victor C. SEEYAVE  
 Mr. Arif CURRIMJEE (Appointed on 16th April 2018)

### Swan International Co. Ltd.

Mr. J. M. Louis RIVALLAND  
 Mr Jaiyansing SOOBAH

### Manufacturers' Distributing Station Limited

Mr. J. M. Louis RIVALLAND  
 Mr Jaiyansing SOOBAH

### Swan Pensions Ltd

Mr. J. M. Louis RIVALLAND  
 Mr. Peroomal Gopallen MOOROGEN  
 Mr. J.M. Alan GODER

### Processure Compagnie Ltée

Mr. Olivier JOLLAND  
 Mr. Olivier Jean Albert DEVIN  
 Mr. J. M. Louis RIVALLAND  
 Mr. J.M. Alan GODER

### Swan Reinsurance PCC

Mr. J. M. Louis RIVALLAND  
 Mr. A. Michel THOMAS  
 Mr. Peroomal Gopallen MOOROGEN  
 Mr. M.D. Pierre Dinan, G.O.S.K.  
 Mr. Victor C. SEEYAVE  
 Mr. T.K. Philippe LO FAN HIN  
 Mr. Neelkamal RAGOO (Appointed on 1st March 2018)

### Swan Corporate Affairs Ltd

Mr. J. M. Louis RIVALLAND  
 Mr Jaiyansing SOOBAH

# Other Statutory Disclosures

FOR THE YEAR ENDED DECEMBER 31, 2018 (PURSUANT TO SECTION 221 OF THE COMPANIES ACT 2001)

|  |  |
|--|--|
| <b>Swan Foundation</b>                                       | Mr. J. M. Louis RIVALLAND<br>Mr. Jaiyansing SOOBAH   |
| <b>Swan Wealth Managers Ltd</b>                              | Mr. J. M. Louis RIVALLAND<br>Mr. Peroomal Gopallen MOOROGEN<br>Mr. Nitish BENI MADHU   |
| <b>Swan Securities Ltd</b>                                   | Mr. Jaiyansing SOOBAH<br>Mr. Veenaye BUSGEETH (Appointed on 9th January 2018 and resigned on 18th March 2019)<br>Mrs. Karine Morel (Appointed on 15 March 2019)  |
| <b>Swan Financial Solutions Ltd</b>                          | Mr. J. M. Louis RIVALLAND<br>Mr. Nitish BENI MADHU<br>Mr. Ashley Coomar RUHEE  |
| <b>Dolberg Rental (Pty) Ltd</b>                              | Mr. J. M. Louis RIVALLAND<br>Mr. Nitish BENI MADHU   |
| <b>Société Brugassur (SA)</b>                                | Mr. Jaiyansing SOOBAH<br>Mr. M.G.M Patrice BASTIDE   |
| <b>Aprica Investment Co Ltd</b>                              | Mr. J. M. Louis RIVALLAND<br>Mr. M.G.M Patrice BASTIDE<br>Mr. Andrew S. LEE<br>Mr. M.H Philippe ESPITALIER-NOËL<br>Mr. J.M. René LECLÉZIO<br>Mr. M.E. Nicolas MAIGROT  |
| <b>Swan Special Risks Company Limited</b>                    | Mr. J. M. Louis RIVALLAND<br>Mr. T.K. Philippe LO FAN HIN<br>Mr. Peroomal Gopallen MOOROGEN<br>Mr. M.D. Pierre DINAN, G.O.S.K<br>Mr. Victor C. SEEYAVE<br>Mr. A. Michel THOMAS<br>Mr. Krishna BHEENICK (Until 31st December 2018)<br>Mrs. Karine Morel (Appointed on 20th February 2019)                       |
| <b>Swan Wealth Structured Products Ltd</b>                   | Mr. J. M. Louis RIVALLAND<br>Mr. Nitish BENI MADHU (Appointed on 16th January 2018)  |
| <b>Swan Digital Ltd (formerly known as Smart Health Ltd)</b> | Mr. J. M. Louis RIVALLAND<br>Mr. Nitish BENI MADHU<br>Mr. J.M. Alan GODER<br>Mr. Amal Leckraj BHOLAH<br>Mr. Kemley BEHAREE   |
| <b>Swan Comoros SA</b>                                       | Mr. M.G.M Patrice BASTIDE<br>Mr. Veenaye BUSGEETH<br>Mr. Bernard KISHTOO   |
| <b>Swan Corporate Advisors Ltd</b>                           | Mr. Jaiyansing SOOBAH (appointed on 29th January 2018)<br>Mr. Gianduth JEEAWOCK (appointed on 29th January 2018)<br>Mr. J. M. Louis RIVALLAND (appointed on 21st December 2017 and resigned on 29th January 2018)<br>Mr. Nitish BENI MADHU (appointed on 21st December 2017 and resigned on 29th January 2018) |

## Other Statutory Disclosures

FOR THE YEAR ENDED DECEMBER 31, 2018 (PURSUANT TO SECTION 221 OF THE COMPANIES ACT 2001)

### Swan Pensions Rwanda (SPR) Ltd

Mr. Semukanya Vianney RUBAYISA  
Mr. Jean Pierre MUBILIGI  
Mrs. Charisma ROOPUN  
Mr. J. M. Louis RIVALLAND  
Mr. Alan GODER

### Diamond General Insurance Limited

Mr. Larry Feston KALALA  
Mr. William Paul SAUNDERS  
Mr. Miyanda Kahari MAIMBO  
Mr. Ewan WHEELER  
Mr. Andrew LEE  
Mr. Patrice BASTIDE

### Swan Smart Achiever Notes Ltd

Mr. J. M. Louis RIVALLAND (Until 29th January 2018)  
Mr. Nitish BENI MADHU (Until 29th January 2018)  
Mr. Jaiyansing SOOBAH (Appointed on 29th January 2018)  
Mr. Gianduth JEEAWOCK (Appointed on 29th January 2018)

### BK General Insurance Company Ltd

Mr. Patrice Bastide (Appointed on 20th November 2018)  
Mrs. Sandra RWAMUSHAIJA  
Mr. Lawson NAIBO  
Mrs Flora NSINGA  
Ms. Nathalie MPAKA





# 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 18 June 2019 at 10.00 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 2018 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 31<sup>st</sup> December 2018.
4. 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.
5. To ratify the remuneration paid to the auditors for the financial year ended 31<sup>st</sup> December 2018.

## BY ORDER OF THE BOARD



Jaiyansing Soobah  
for Swan Corporate Affairs Ltd  
Company Secretary

14 May 2019

## 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. *The instrument appointing a proxy or any general power of attorney shall be deposited at the 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 21st May 2019.*

# 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 18 June 2019 at 10.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy to vote in the following manner (please vote with a tick):

## RESOLUTIONS

- To consider the 2018 Annual Report of the Company.
- To receive the report of Messrs. BDO & Co, the auditors of the Company.
- To consider and adopt the audited financial statements of the Company and the Group for the year ended 31<sup>st</sup> December 2018.
- 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.
- To ratify the remuneration paid to the auditors for the financial year ended 31<sup>st</sup> December 2018.

FOR

AGAINST

ABSTAIN

|                          |                          |                          |
|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Signed this  day of  2019.

Signature(s)

## Notes:

- 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.
- 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.
- 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.



