



SWAN

Swan Life Ltd

Annual Report

2018

Dear Shareholder

The Board of Directors is pleased to present the Annual Report of Swan Life Ltd for the year ended 31 December 2018.

This report was approved by the Board of Directors on 29 March 2019.



Nicolas Maigrot
Chairperson



Louis Rivalland
Director and Group Chief Executive

Contents

004

SWAN

006

Our Philosophy

008Chairperson's & Group
Chief Executive's Report**016**

Directorate

026

Group Structure

028

Key Numbers

030

Senior Management

036

Management Team

040

CSR

044Corporate
Governance Report**053**

Statement of Compliance

054Risk Management
Report**061**Statement of Directors'
Responsibilities**062**Company Secretary's
Certificate**066**Independent Auditors'
Report to the Members**070**Statements of
Financial Position**071**

Life assurance fund

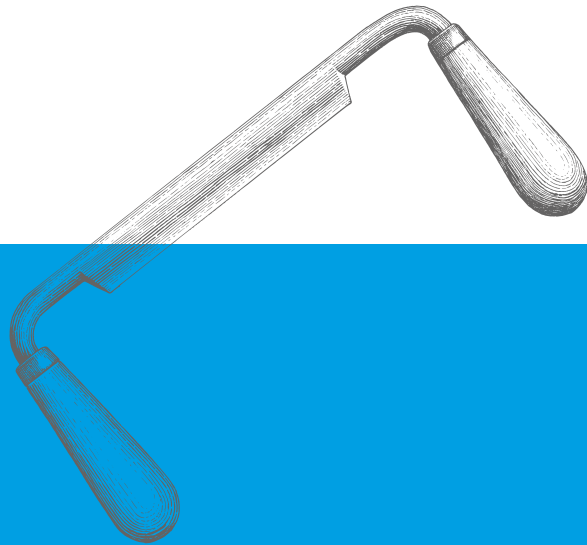
072Statements of Changes
in Equity**073**

Statements of Cash Flows

074Notes to the Financial
Statements**135**Other Statutory
Disclosures**137**Notice of annual meeting
of shareholders**138**

Proxy Form





BOUILLLEUR

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
Life 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.

Rs4.4bn

Gross Premium 2018

Chairperson's & Group Chief Executive's Report

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-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.

Rs40bn

Life assurance fund 2018



“

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

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.



In 2019, we will give particular consideration to building leadership skills across SWAN.



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





FORGERON

Directorate

1



2



4



6



7



9





1. **Louis RIVALLAND**
Group Chief Executive
2. **Gopallen MOOROGEN**
Independent Non-executive
3. **Victor SEEYAVE**
Independent Non-executive
4. **Nicolas MAIGROT**
Non-executive
5. **Sébastien MAMET**
Non-executive
6. **Hector ESPITALIER-NOËL**
Non-executive
7. **Henri HAREL**
Non-executive
8. **Philippe ESPITALIER-NOËL**
Non-executive
9. **René LECLÉZIO**
Non-Executive
10. **Arif CURRIMJEE**
Independent 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.

Other Directorships:

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
Proceure Compagnie Limitee	Director
Standard Bank (Mauritius) Limited	Director
Swan Corporate Affairs Ltd	Director
Swan Digital Ltd	Director
Swan Financial Solutions Ltd	Director
Swan Foundation	Director
Swan General Ltd	Director
Swan International Co Ltd	Director
Swan Pensions Ltd	Director

Company Name	Position
Swan Reinsurance PCC	Director
Swan Special Risks Co Ltd	Director
Swan Wealth Managers Ltd	Director

02.

GOPALLEN MOOROOGEN

Independent Non-executive

Born in 1959, Gopallen Moorooogen 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 General Ltd	Director

03.

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 General Ltd	Director

04

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 & 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 & 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>Sagittera 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 & Director</i>
<i>Rehm Grinaker Properties Co.Ltd</i>	<i>Chairman & Director</i>
<i>Swan General Ltd</i>	<i>Chairman & 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>
<i>UDL Investments Ltd</i>	<i>Director</i>

Company Name	Position
<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>

05.

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 General 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

06.

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

Company Name	Position
Envolt Limited	Director
ESP Landscapers Ltd	Director
Espral International Ltd	Director
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
The Savannah Properties Limited	Director
SB Cattle Ltd	Director
Societe Pur Blanca	Director

Company Name	Position
<i>South West Tourism Development Company Limited</i>	<i>Director</i>
<i>St Anne Resort Ltd</i>	<i>Director</i>
<i>Swan General Ltd</i>	<i>Director</i>
<i>Tambourissa Limited</i>	<i>Director</i>
<i>The Gardens of Bagatelle Ltd</i>	<i>Director</i>
<i>The Green Mountain Co.Ltd</i>	<i>Director</i>
<i>The Old Factory Limited</i>	<i>Director</i>
<i>The Savannah Sugar Milling Company Ltd</i>	<i>Director</i>
<i>Tropical Paradise Co.Ltd</i>	<i>Director</i>
<i>Turbine Incubator Limited</i>	<i>Director</i>

07.

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
<i>Terra Milling Ltd</i>	<i>Director</i>
<i>Terragen Ltd</i>	<i>Director</i>
<i>Terra Brands Ltd</i>	<i>Director</i>
<i>Grays INC. Ltd</i>	<i>Director</i>
<i>Terra Finance Ltd</i>	<i>Director</i>
<i>Coal Terminal (Management) Co Ltd</i>	<i>Director and Alternate Director</i>
<i>Terragen Management Ltd</i>	<i>Director</i>
<i>Terra Foundation</i>	<i>Director</i>
<i>Grays Distilling Ltd</i>	<i>Director</i>
<i>Terragri Ltd</i>	<i>Director</i>
<i>Terra Services Ltd</i>	<i>Director</i>
<i>Ivoirei Limitee</i>	<i>Director</i>
<i>Sagiteria Ltd</i>	<i>Director</i>

<i>Terra Mauricia Ltd</i>	<i>Director</i>
<i>Beau Plan Retail Park Ltd</i>	<i>Director</i>
<i>Beau Plan Development Ltd</i>	<i>Director</i>
<i>Alcohol and Molasses Export <limited</i>	<i>Director</i>
<i>Anytime Investment Ltd</i>	<i>Director</i>
<i>Banyantree Bank Limited</i>	<i>Director</i>
<i>Commada Ltd</i>	<i>Director</i>
<i>Moulin Casse Limitee</i>	<i>Director</i>
<i>New Fabulous Investment Ltd</i>	<i>Director</i>
<i>New Goodwill Co. Ltd</i>	<i>Director</i>
<i>Intendance Holding Limited</i>	<i>Director</i>
<i>Invescom Ltd</i>	<i>Director</i>
<i>Rehm Grinaker Construction Co Ltd</i>	<i>Director</i>
<i>Rehm Grinaker Properties Co Ltd</i>	<i>Director</i>
<i>Rum Distributors Co.Ltd</i>	<i>Director</i>
<i>Sucrivoire S.A</i>	<i>Director</i>
<i>Sugar Industry Pension Fund</i>	<i>Director</i>
<i>Swan General Ltd</i>	<i>Director</i>
<i>Terravest Limited</i>	<i>Director</i>
<i>Terravest Holding Ltd</i>	<i>Director</i>
<i>United Investments Ltd</i>	<i>Director</i>

Directorate

08.

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

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

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 (not specified)
<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 & 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 & 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 & 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 General 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>
<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.

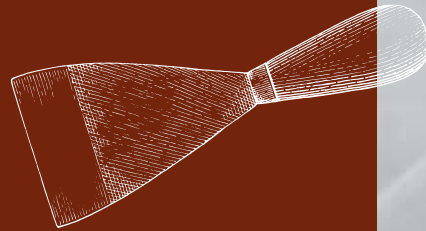
He is the Managing Director of Le Tricot International Ltd, a non-executive Director on several companies within the Currimjee Group as well as on its Ownership Board and an independent director on companies in the financial sector.

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:

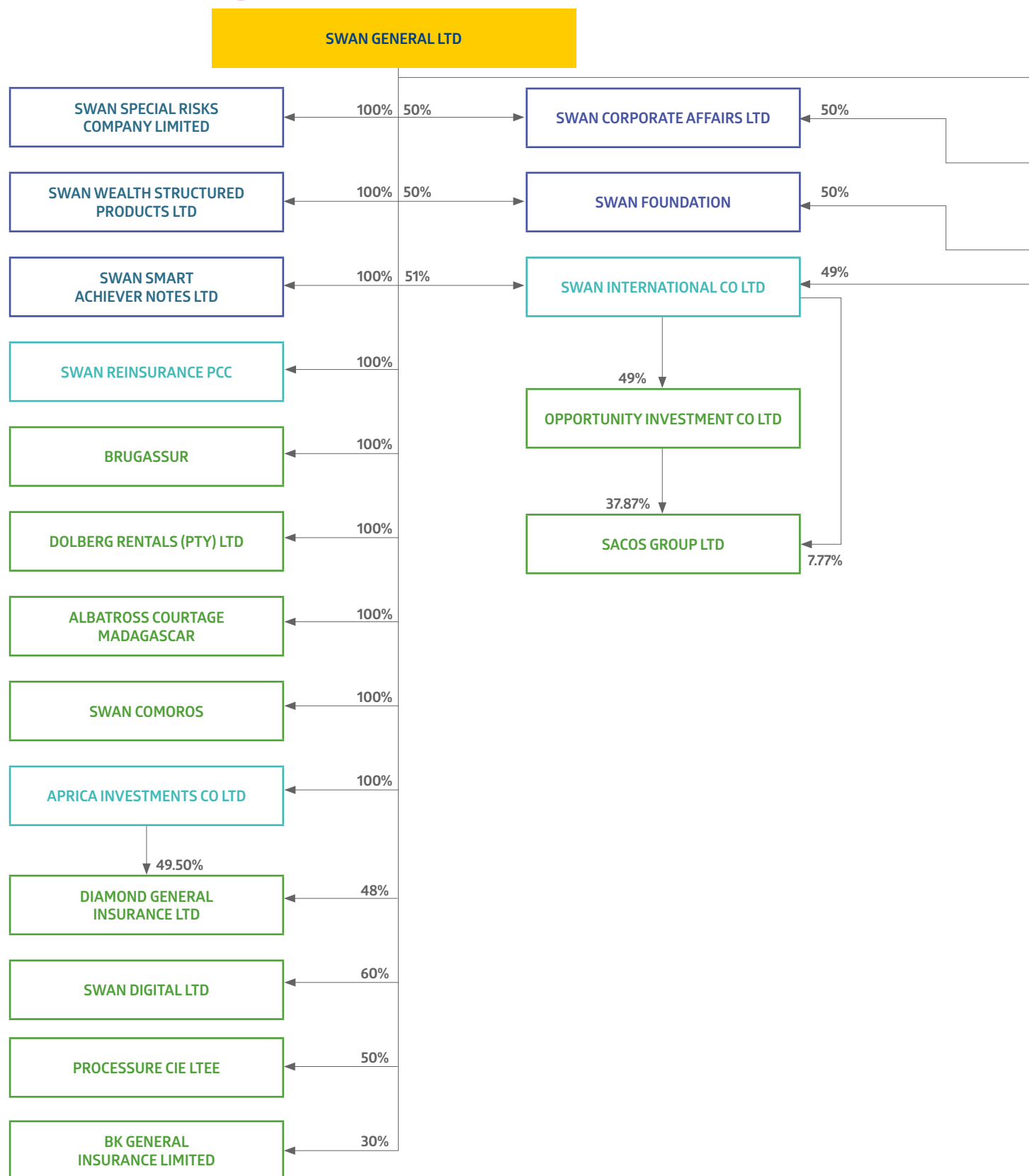
Company Name	Position (not specified)
<i>Abana Online Ltd</i>	<i>Director</i>
<i>Adenia Capital (II) Ltd</i>	<i>Director</i>
<i>Anasty Limited</i>	<i>Director</i>
<i>C H Management Ltd</i>	<i>Director</i>
<i>Cheribinny Limited</i>	<i>Director</i>
<i>Currimjee Limited</i>	<i>Director</i>
<i>Le Chaland 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 General Ltd</i>	<i>Director</i>

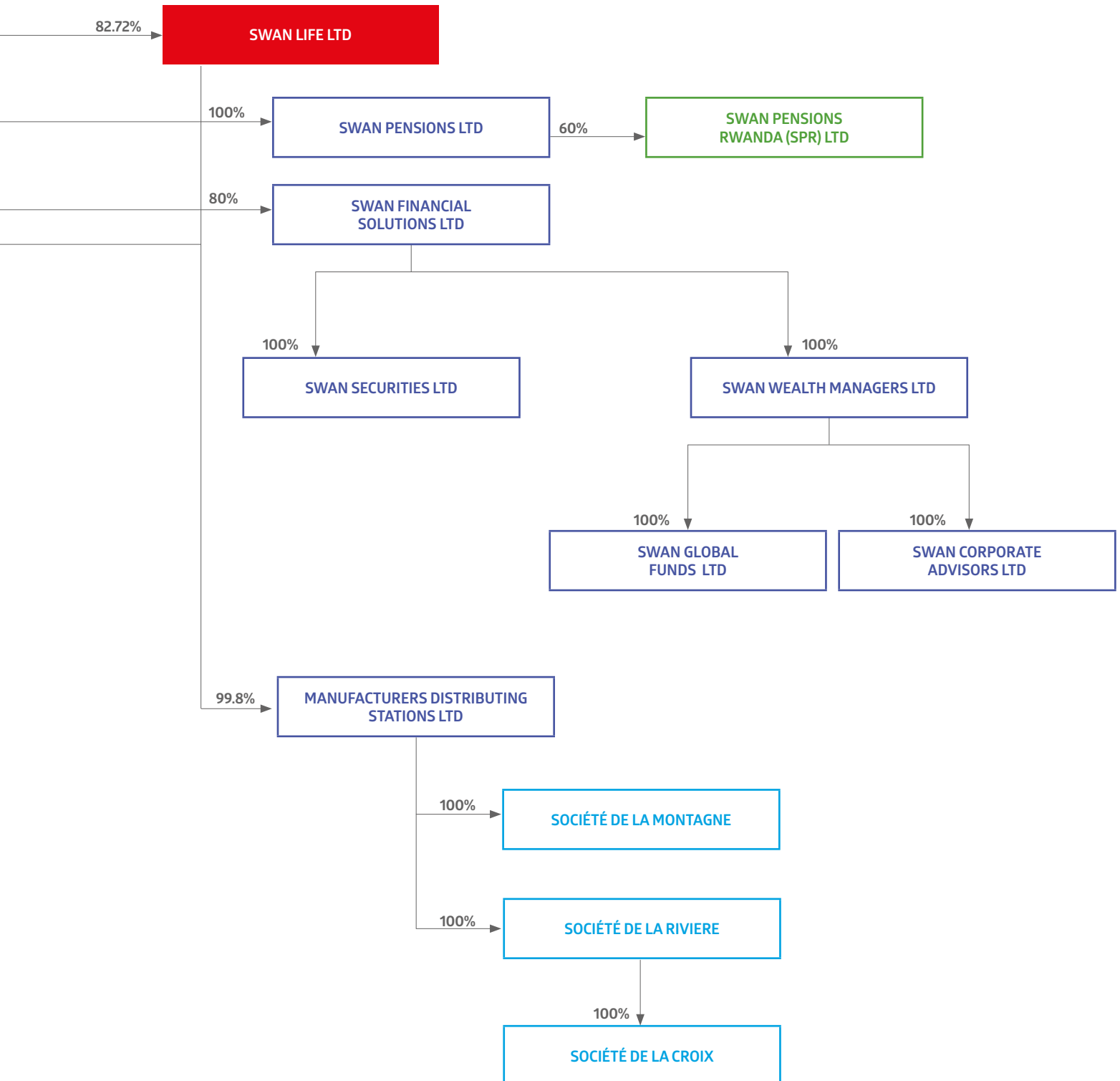
POTIER





Group Structure





Key Numbers

KEY HIGHLIGHTS

Gross Insurance Premiums

●Y2018 - Rs. 4,394,991 ↑
Y2017 - Rs. 4,026,740

Life Assurance Fund

●Y2018 - Rs. 40,273,465 ↑
Y2017 - Rs. 39,556,256

Net Insurance Premiums

●Y2018 - Rs. 4,232,930 ↑
Y2017 - Rs. 3,865,936

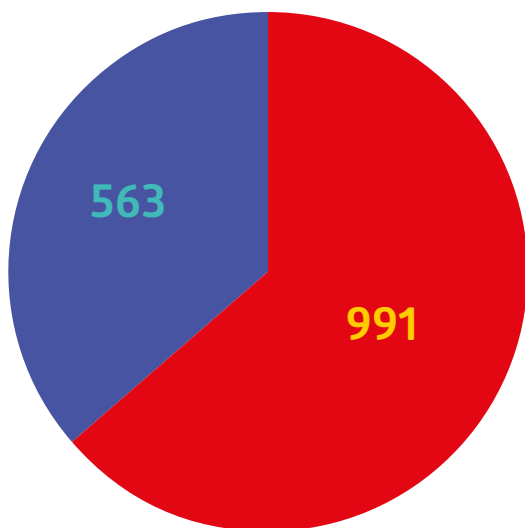
Surplus after tax

●Y2018 - Rs. 2,423,041 ↑
Y2017 - Rs. 2,023,063

All Rs are in Rs'000

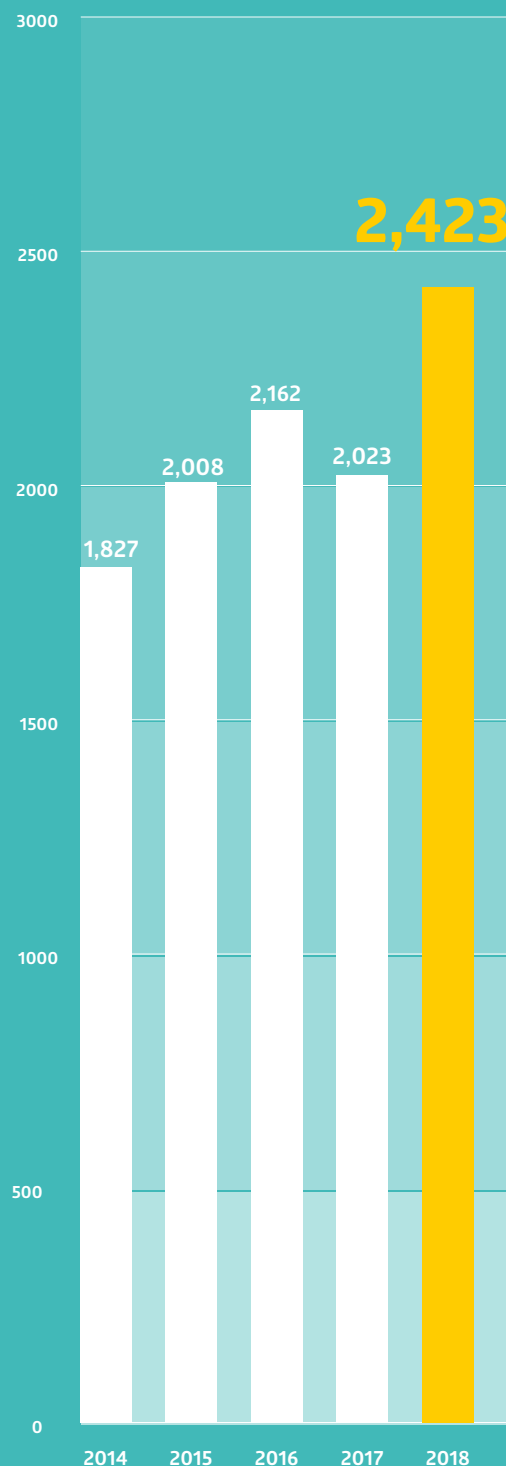
●The Company

Rs m Investment Income

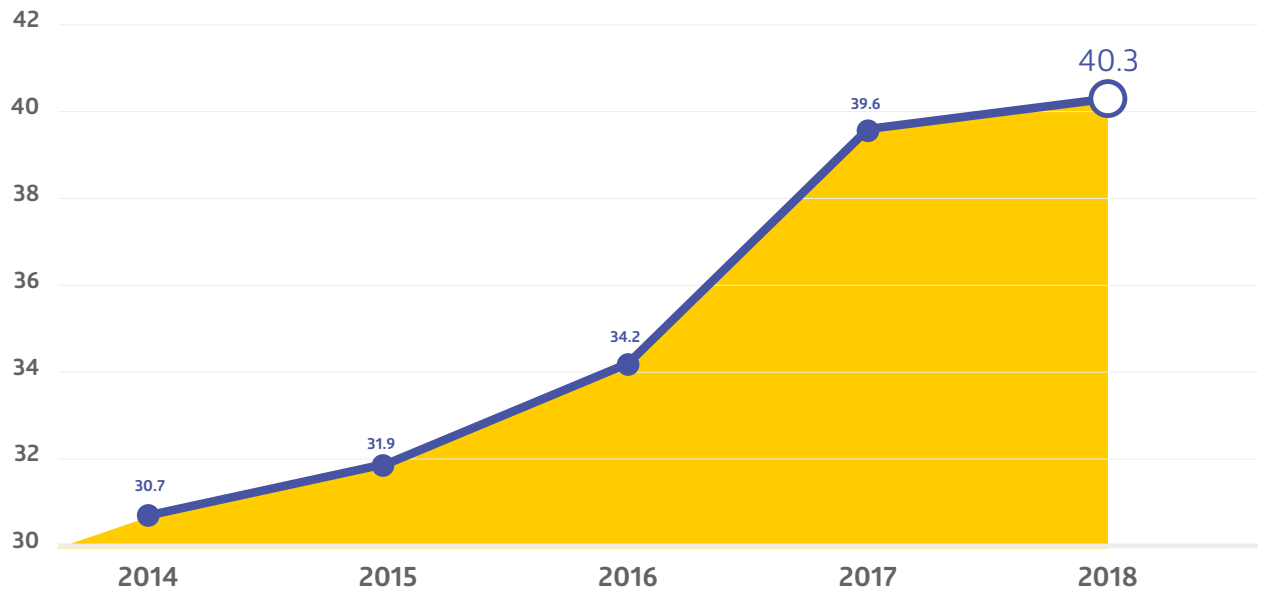


● Dividends ● Interest

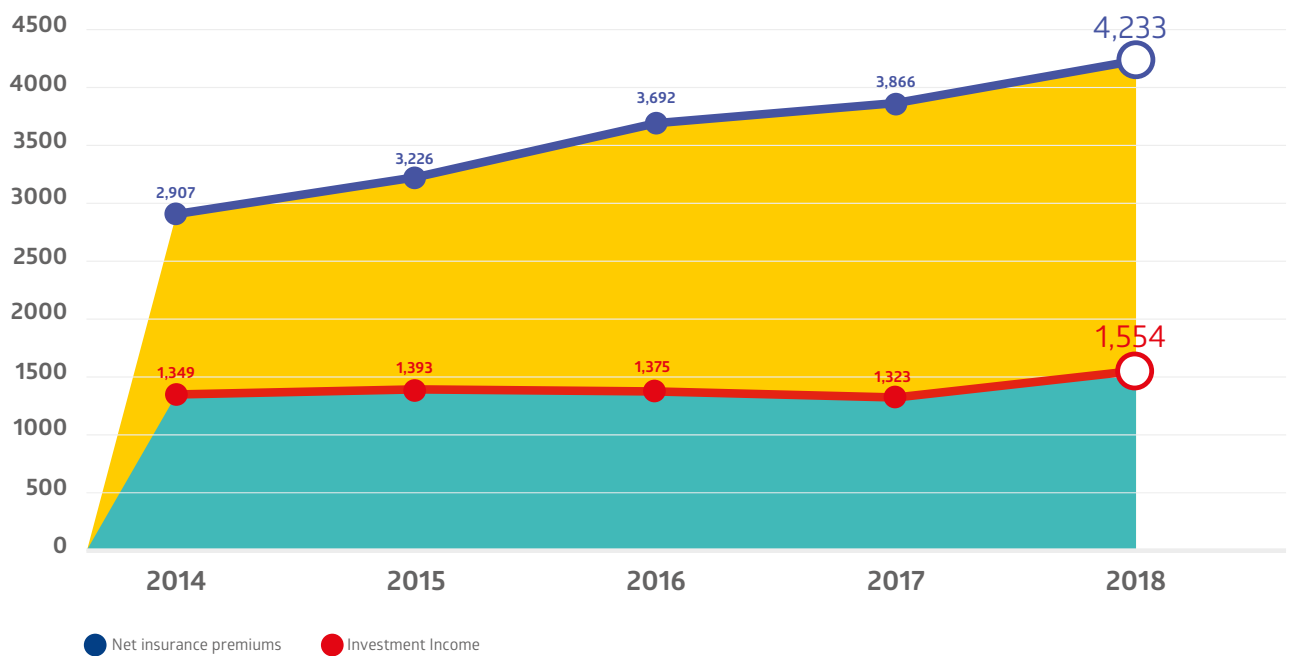
Rs. m Surplus for the year



Rs bn Life Assurance Fund



Rs m Revenue



Senior Management Team

ALAN GODER Chief Operations Officer

Born in 1967, worked in the Actuarial Department of The Anglo Mauritius Assurance Society Limited (now known as Swan Life Ltd) as Actuarial Clerk from February 1988 to April 1989. From May 1989 to December 1995, he was employed as Technical Supervisor in the Life Department of The Albatross Insurance Company Ltd.

From August 1996 to June 2001, he was Executive Director of Actuarial & Capital Management Services Ltd, now the AXYS GROUP.

From July 2001 to October 2004, he was the Chief Executive Officer of Pension Consultants & Administrators Limited (now known as Swan Pensions Ltd).

He joined The Anglo Mauritius Assurance Society Limited (now known as Swan Life Ltd) as Senior Manager in November 2004 where he oversees the Claims and Fund Administration departments. He is also responsible for managing Swan Pensions Ltd. Since August 2009, Alan has been appointed to oversee the pension department of Swan Life Ltd.

Alan was also Senior Manager to the Group Systems & Processes department until December 2017. Since January 2018, he has been appointed as Chief Operations Officer of Swan Life Ltd. His key areas of specialisation are pensions administration and consulting.



GAEL ALIPHON

ACII

Sales, Business Development and Bancassurance

Born in 1978, Gael Aliphon holds an ACII from the Chartered Insurance Institute UK as well as an Advanced Diploma in Business Administration (ABE UK).

He accumulated more than 20 years of experience in the insurance field and has acquired an extensive and in-depth knowledge of sales force management, business development and distribution channels management and has a wide experience in sales training and coaching as well.

Gael joined SWAN in 2010 as Individual Business Unit Manager and was promoted Senior Manager, Sales, Business development & Bancassurance of Swan Life Ltd in September 2018. He is now entrusted with the responsibility to consolidate and enhance the business development and sales capabilities for Swan Life Ltd.



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 Insurance 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.

Senior Management Team

NITISH BENI MADHU

BSc (Hons), MSc

Chief Investment Officer

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

He has more than 15 years' experience in the finance industry and has expertise in asset management, investment advisory and insurance. He is the chairperson of the Central Depository & Settlement Co Ltd (CDS) and also holds directorship positions on the Stock Exchange of Mauritius, MDA Properties, Constance Hotels Services Ltd, Moka City Ltd amongst others and regularly 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.



VANISHA PURSUN

BA (Hons), FIA

Actuarial

Vanisha Pursun, born in 1975, joined Swan Life Ltd in 2016. She is responsible for the day to day running of the actuarial department which provides actuarial services to a number of pension funds which are either managed by SWAN or other service providers. The department also prepares accounting disclosures in respect of pension or other retirement benefit obligations for a number of companies.

Vanisha is also responsible for the Life Reinsurance and Underwriting teams. In addition, she provides advice to the Group on actuarial matters for both life and general insurance.

Vanisha holds a BA (Hons) degree in Mathematics from the University of Delhi and is a qualified actuary from the Faculty and Institute of Actuaries. Prior to joining SWAN she has worked in pensions and employee benefits consulting for about 10 years before moving on to the insurance industry in 2011.

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 Ltd and a Non-Executive Director of Central Depository & Settlement Co. Ltd.



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 M.Sc. in Applied Mathematics, USA.



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.



KRISHNA BHEENICK

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

Absent from the photo

Management Team





5



9



14

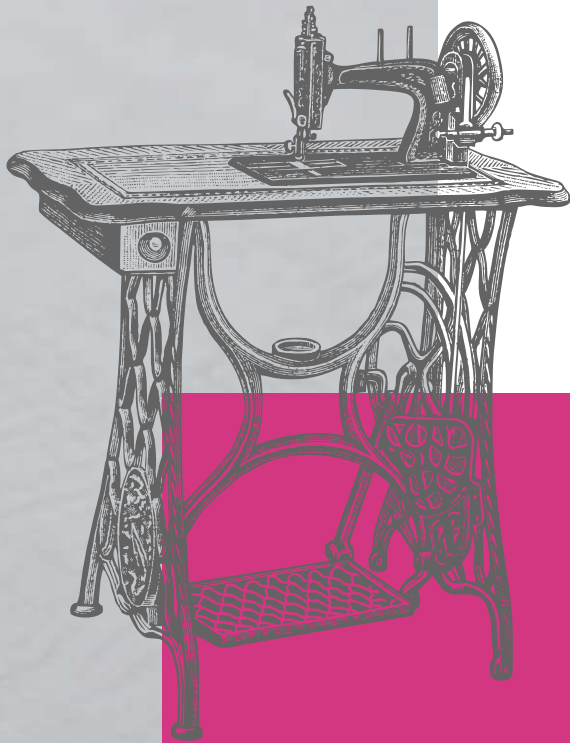


18

1. **Carine ADELSON** BA,
MA – Group Marketing
 2. **Charisma JAWAHEER-ROOPUN** BSc (Hons),
MBA – Pensions
 3. **Dave LUCHMUN**
Group Facilities
 4. **Gavin ANDERSON** BSc (Hons),
FASSA – Actuarial
 5. **Gianduth JEEAWOCK** BSc
(Hons), CFA – Investments
 6. **Herbert MADANAMOOTHO**
Maîtrise de Droit –
Compliance, M.L.R.O
 7. **Jean-Marc LECKNING**
Group Credit Control
 8. **Jennifer LAM SHEUNG YUEN**
Dip CII – Life Underwriting
 9. **Jonathan ACKING** Maîtrise en
Droit des Affaires, Master of
Laws – Legal
 10. **Karmchandrasingh ROOPUN**
BSc (Hons) – Actuarial
 11. **Krystel HEE KWUN FONG** Dip
CII, LLB (Hons) – Claims
 12. **Leong LAI MAN CHUN** BSc
(Hons) – Technology Solutions
 13. **Mario BUTTIE** FCCA – Fund
Administration
 14. **Navindranath BHUGALOO**
ACII – Swan Pensions Ltd and
Pensions (DC)
 15. **Neeraj UMANEE**
BA (Hons) – Swan Securities
Ltd
 16. **Sachinanand MUNGRA**
Diplôme De Technologie,
Masters in Business
Administration – Corporate
Office
 17. **Sonia KALACHAND-
CANABADY** BA (Hons), MA –
Group Human Resources
 18. **Veenaye BUSGEETH**
FCCA – Corporate Finance
- Patrick DE MARCY CHELIN**
Loans (Up to 31 December 2018)

Absent from photo





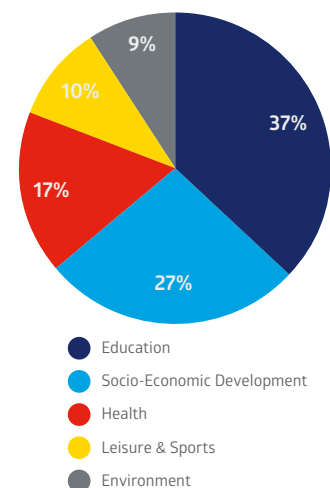
TAILLEUR



CSR

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**



MAQUETTISTE



043



Corporate Governance Report

For the financial year ended 31 december 2018

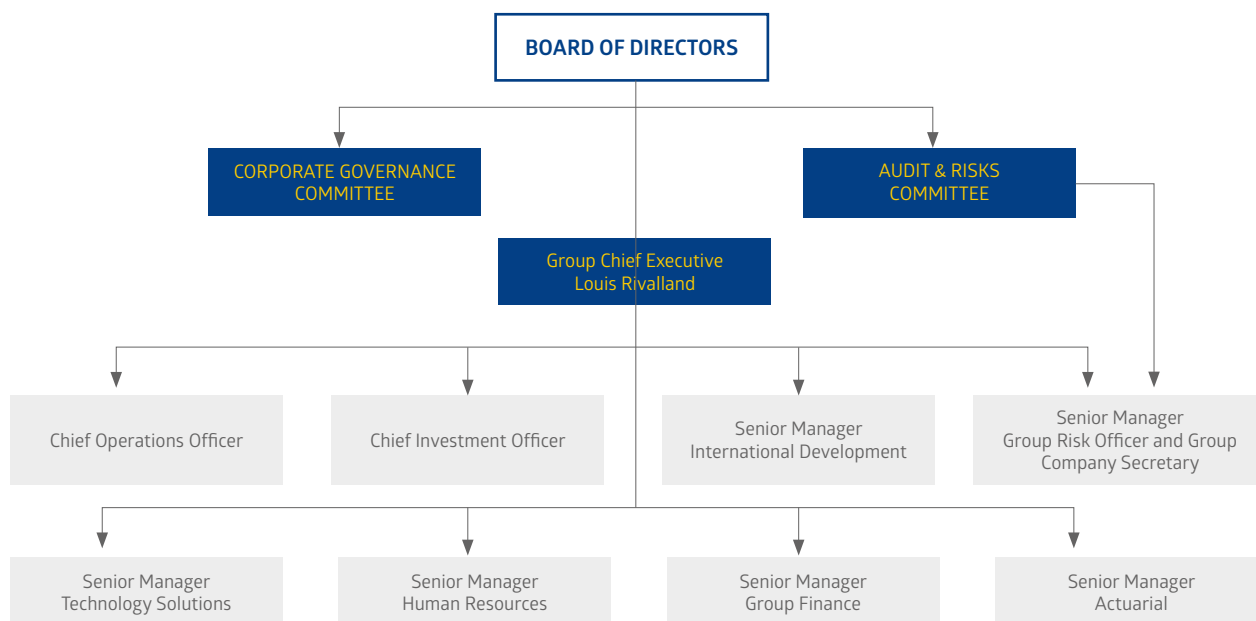
Swan Life Ltd (the 'Company') is a Public Interest Entity as defined by the Financial Reporting Act 2004. This is the first financial year when the Company is reporting on the new National Code of Corporate Governance for Mauritius (2016).

1. Governance structure

Swan Life 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 to 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 Life Ltd is headed by a unitary Board with ten 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 is the executive member 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. Board considers the current mix of executive, non-executive and independent directors to be appropriate. More so, 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:

Executive	Louis Rivalland (Group Chief Executive)
Independent non-executive	Gopallen Moorroogen Victor Seeyave Arif Currimjee (as from 16 April 2018)
Non-executive	Nicolas Maigrot (Chairperson) Hector Espitalier-Noël Henri Harel Philippe Espitalier-Noël René Leclézio Sébastien Mamet

Profile of the directors are on pages 18 to 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 its board and its committees with all relevant 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 33

Board Committees

The Board has instituted two committees – the Audit & Risks Committee and the Corporate Governance Committee, terms of reference of which 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.

Corporate Governance Report

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 Moorroogen (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;
- 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 (Appointed on the 16/04/2018)	3	4	

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.

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

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:

- act in good faith and in the best interest of the organisation;
- carry out their duties diligently, in an honest manner and with reasonable competence;
- observe the highest degree of confidentiality;
- avoid situations of conflict of interest, and where such situations arise, disclose same and adhere to all procedures for dealing with it;
- consistently attend board meetings and devote sufficient time to the organisation's business;
- deal with shares of the company in strict compliance of all relevant laws;
- abstain from taking improper advantage of their position for personal gain; and
- 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	
	Number	Percentage
Louis Rivalland	16,229	0.62%

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:

- to clarify the requirements, prohibitions, and procedures applicable to the use of the Company's computing and network resources;
- 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.

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

case-to-case basis. 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.

Directors remuneration for the year was as follows:

	From the Company (Rs)	From subsidiaries (Rs)
Executive Directors	6,210,000	4,666,000
Non-Executive Directors	1,060,000	110,000

5. Risk governance and internal control

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

- a. Setting up a risk management framework
- b. Overseeing the implementation and subsequent monitoring
- c. Determining the risk culture
- d. Providing management with leadership and guidance
- e. Ensuring that any person responsible for risk management has the appropriate skill, knowledge, independence and authority
- f. 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 54-60.

Corporate Governance Report

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. 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;
- b. 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;
- c. A comprehensive management information and accounting system is in place to provide reliable financial and operational performance data
- d. There is an ongoing effort to review, reassess and document the process and procedures for each operating unit
- e. 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
- f. 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.

For the year ended 31 December 2018, the following directors were common to both the Company and Swan General Ltd:

Nicolas Maigrot

Gopallen Moorooogen

Hector Espitalier-Noël

Henri Harel

Jean-Sebastien Mamet

Louis Rivalland

Philippe Espitalier-Noël

René Leclézio

Victor Seeyave

Arif Currimjee

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.

Shareholders' Agreement

There were no 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.

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. Cash Cycle
- b. Cash handling
- c. Commercial loans

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.

Corporate Governance Report

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	Rs 1,545,000
For non-audit services	Rs 585,000

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 email, social media, press announcements, publication of quarterly results and its annual report. In addition, the Company's website, through its new section provides meaningful information on the Company's products & services, financials, quarterly results, updated news, share price, CSR etc.

As at 31 December 2018, Swan General Ltd held 82.72 % of the shareholding of the Company. No other single shareholder held more than 5% of the Company.

A summary by shareholder category:

Category	Count	No of Shares	% holding
Individuals	316	234,089	8.89
Insurance & Assurance Cos	1	2,177,375	82.72
Pension & Providence Funds	4	4,146	0.16
Investment & Trust Cos	6	54,799	2.08
Other Corporate Bodies	71	161,801	6.15
Total	398	2,632,210	100%

Breakdown of ownership by size:

Size	No of shareholders	No of Shares	% holding
1-500	282	36,364	1.38
501-1000	33	23,094	0.88
1,001-5000	66	126,657	4.81
5,001-10,000	7	49,099	1.87
10,001-50,000	7	108,788	4.13
50,001-100,000	2	110,833	4.21
100,001-250,000	-	-	-
250,001-500,000	-	-	-
Over 500,000	1	2,177,375	82.72
Total			100.00

Annual meeting of shareholders is held annually, in compliance with the Companies Act. The Chairperson, Group Chief Executive, the Chairperson of Audit & Risks Committee, the Senior Manager Group Finance, external auditors and all other 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 December 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
December	Payment of dividend (financial year 31 December 2018)



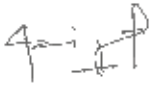
Jaiyansing Soobah
for Swan Corporate Affairs Ltd
Company Secretary
29 March 2019

Statement of Compliance

SECTION 75(3) OF THE FINANCIAL REPORTING ACT

NAME OF PIE: SWAN LIFE LTD (the 'Company')

Throughout the year ended 31st 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

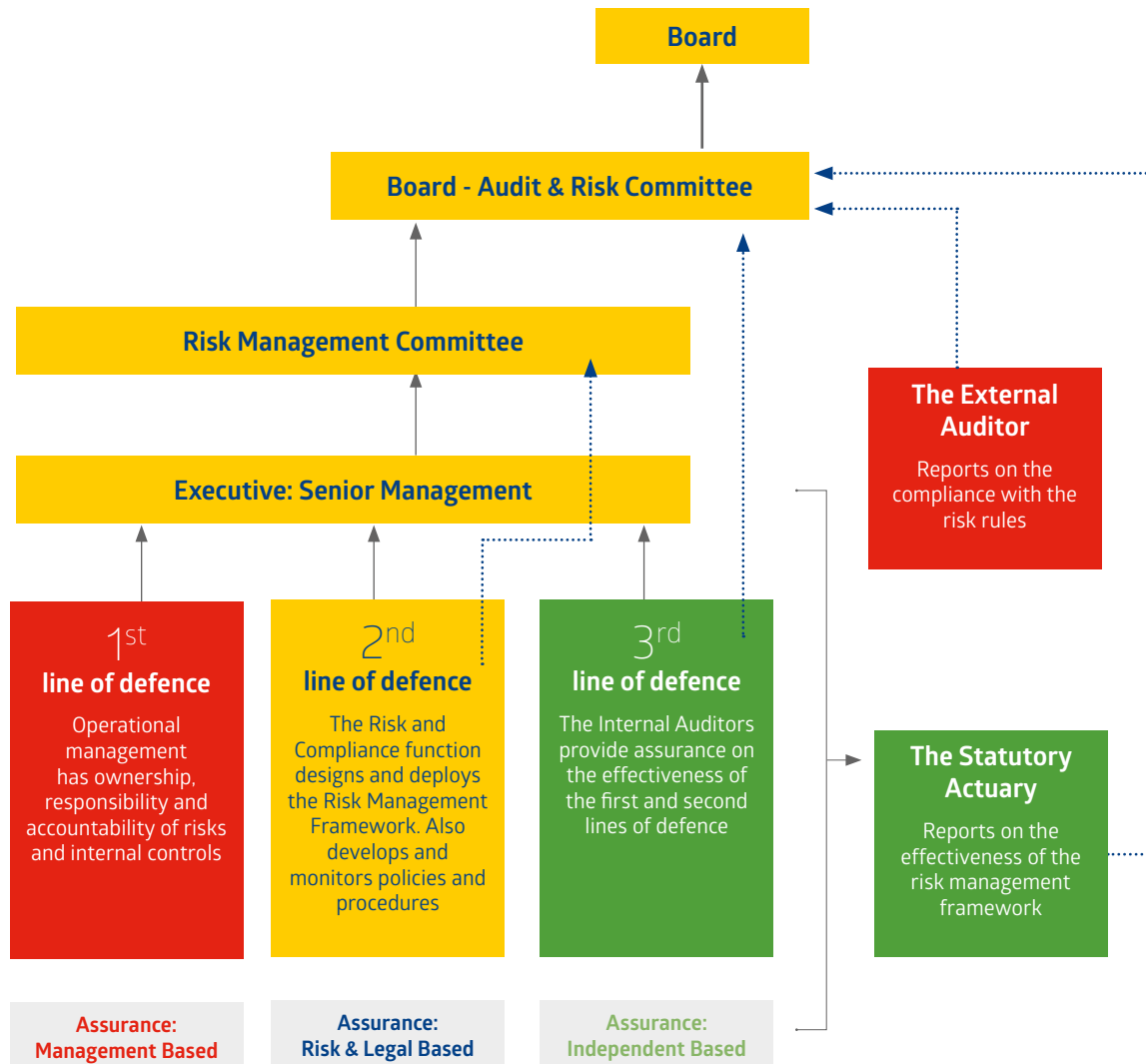


The Board of Directors have ultimate responsibility for risk management. The Board is assisted in this task by the Audit & Risk Committee, the Risk Officer and Management.

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.



Risk Management Report

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.

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

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

Risk Management Report

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

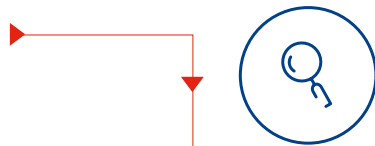
3-year Rolling Business Plan



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



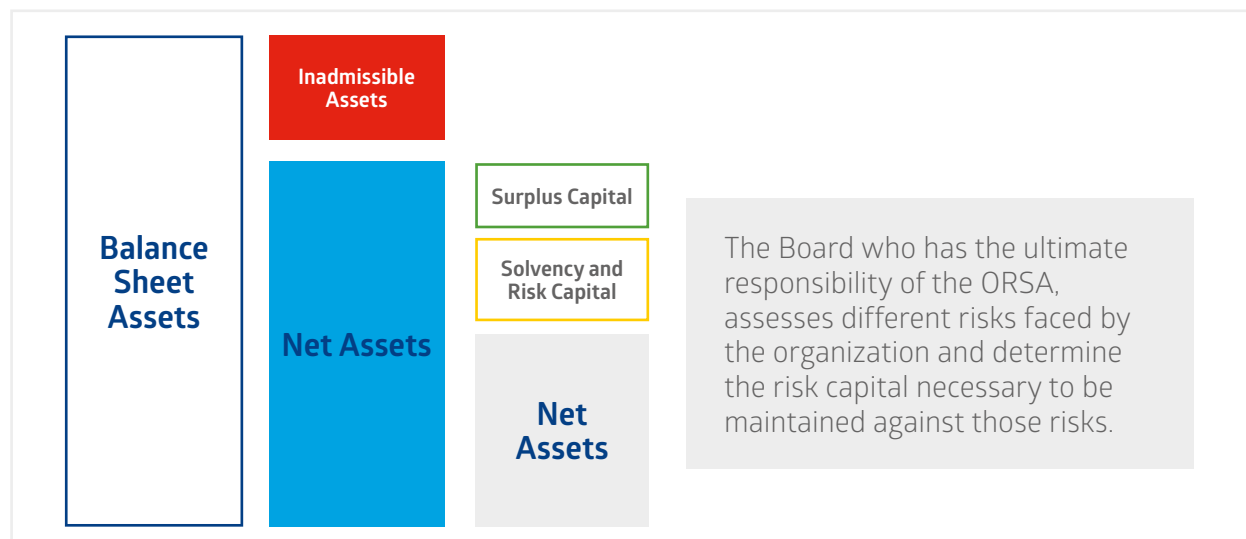
We have devised a policy since the group has significant cash flow obligations that need to be managed and needs sufficient liquidity to operate efficiently and maintain SWAN's reputation in the markets.

Risk Management Report

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
Date: 29 March 2019



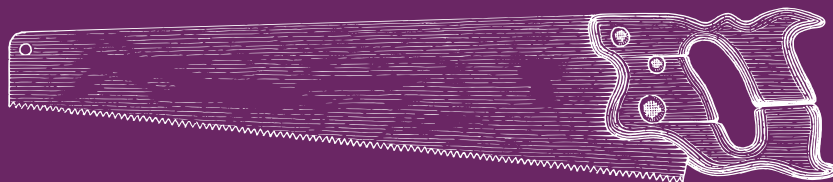
In 2019, we shall ensure that our clients are further guided towards tailored and appropriate solutions.







CHARPENTIER DE BATEAU



Independent auditor's report to the members

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Swan Life Ltd and its subsidiaries (the Group), and the Company's separate financial statements on pages 70 to 134 which comprise the statements of financial position as at December 31, 2018, and the life assurance fund, 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 70 to 134 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

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

1. Financial Reporting and Close Process (FRCP)

Key Audit Matters

The Company uses an accounting software to process and record transactions of its long-term insurance business. The accounting software is not synchronised with the underwriting system of the pension department. The flow of information from the underwriting system to the financial reporting ledger may not be complete and accurate. In the absence of proper monitoring and control procedures, it may result in a significant risk of material misstatement on the recognition of gross premium and premium receivable.

Related Disclosures

Refer to note 12, 19, 21 note 2.9, 2.17 (accounting policies) and note 3.2 (financial risk) of the accompanying financial statements.

Audit Response

- We tested the design and implementation and operating effectiveness of the key controls over revenue recognition, focusing on the flow of information from the underwriting systems to the financial reporting ledger.
- We ascertained that reconciliations between the financial reporting ledger and the operating department have been performed.
- We obtained assurance over the accuracy and completeness of gross premiums, receivables and payables arising from insurance contracts by vouching a sample of gross premiums and receipts during the year to supporting documents from the operating department and bank statements.
- The accuracy and completeness of the gross and net premiums were also verified through Computer Assisted Audit Techniques, cut-off test and analytical reviews.

2. Carrying Value of Investments in Financial Assets

Key Audit Matter

The Group and the Company hold investments in financial assets with a carrying amount of Rs 34,585m and Rs 34,519m respectively at reporting date. The significance of the investment in financial assets on the statement of financial position resulted in them being identified as a Key Audit Matter. 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 are 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, 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.

Related Disclosures

Refer to note 10, note 2.8 (accounting policies), note 3.2 (financial risk) and notes 4.3, 4.4, 4.7 (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 reporting date and we ascertained that the valuation techniques used are appropriate and consistently applied.
- We requested independent confirmation for 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.

3. Valuation of Life Insurance Contract Liabilities

Key Audit Matter

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 judgemental 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 in force policies.

Related Disclosures

Refer to notes 16, notes 2.13 (accounting policies), notes 3.1 (insurance risk) and note 4.1 (critical accounting estimates) 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.

Independent auditor's report to the members

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 the 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.

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.

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 Life 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, 2019.

Port Louis

Mauritius

Statements of financial position

DECEMBER 31, 2018

	Notes	THE GROUP		THE COMPANY	
		2018	2017	2018	2017
		Rs'000	Rs'000	Rs'000	Rs'000
ASSETS					
Non-current assets					
Property and equipment	5	275,483	275,504	250,680	250,681
Investment properties	6(a)	478,896	479,475	439,074	439,653
Intangible assets	7	96,202	103,138	14,008	15,002
Investments in subsidiary companies	8	-	-	540,012	540,012
Investments in associated companies	9	36,945	35,078	614	614
Investments in financial assets	10	33,284,111	31,810,041	33,222,441	31,781,820
Loans and receivables	11	3,966,249	4,510,844	3,979,687	4,524,282
Deferred tax assets	17	822	695	-	-
		38,138,708	37,214,775	38,446,516	37,552,064
Current assets					
Trade and other receivables	12	796,153	729,122	733,930	674,949
Investments in financial assets	10	1,301,466	940,640	1,296,212	940,640
Loans and receivables	11	531,146	319,925	531,146	319,925
Seized properties	6(b)	55,338	51,867	55,338	51,867
Short term deposits	13/27(b)	1,174,142	1,787,070	1,174,142	1,787,070
Cash and cash equivalents	27(b)	1,291,345	794,631	918,125	428,219
		5,149,590	4,623,255	4,708,893	4,202,670
Total assets		43,288,298	41,838,030	43,155,409	41,754,734
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	14	26,322	26,322	26,322	26,322
Proprietors' fund		1,366,252	703,425	1,366,252	703,425
Reserves		61,214	61,214	529,643	529,643
Owners' interest		1,453,788	790,961	1,922,217	1,259,390
Non-controlling interests	15	190,331	181,358	-	-
Total equity		1,644,119	972,319	1,922,217	1,259,390
Technical Provisions					
Life Assurance Fund	2.13/16	40,644,034	39,881,578	40,273,465	39,556,256
Gross outstanding claims	3.1(a) (iii)	96,298	87,022	96,298	87,022
		40,740,332	39,968,600	40,369,763	39,643,278
Non-current liabilities					
Retirement benefit obligations	18	76,831	70,340	74,000	66,126
Non-current payable	19	54,076	-	54,076	-
		130,907	70,340	128,076	66,126
Current liabilities					
Trade and other payables	19	763,739	695,189	735,353	664,858
Current tax liabilities	20(c)	9,201	10,500	-	-
Dividend payable	25	-	121,082	-	121,082
		772,940	826,771	735,353	785,940
Total equity and liabilities		43,288,298	41,838,030	43,155,409	41,754,734

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



Louis RIVALLAND
Director & Group Chief Executive



Gopallen MOOROGEN
Director

The notes on pages 74 to 134 form an integral part of these financial statements.

Auditors' report on pages 66 to 69.

Life assurance fund

YEAR ENDED DECEMBER 31, 2018

		THE GROUP		THE COMPANY					
				NON-LINKED	LINKED	TOTAL	NON-LINKED	LINKED	TOTAL
Notes		2018	2017	2018			2017		
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Gross premiums	2.17/21	4,394,991	4,026,740	2,671,802	1,723,189	4,394,991	2,417,485	1,609,255	4,026,740
Ceded to reinsurers		(162,061)	(160,804)	(162,061)	-	(162,061)	(160,804)	-	(160,804)
Net insurance premiums		4,232,930	3,865,936	2,509,741	1,723,189	4,232,930	2,256,681	1,609,255	3,865,936
Fee income on insurance and investment contracts		459,708	464,313	259,283	-	259,283	290,727	-	290,727
Investment income	22	1,479,817	1,253,593	1,011,620	542,866	1,554,486	897,656	425,813	1,323,469
Other income	23	338,527	287,810	300,690	35,692	336,382	215,034	68,349	283,383
Gain on exchange		21,610	-	-	20,688	20,688	-	-	-
Other operating income - rent		22,649	22,589	19,852	-	19,852	20,444	-	20,444
Share of results of associated companies	9	2,121	(7,650)	-	-	-	-	-	-
		6,557,362	5,886,591	4,101,186	2,322,435	6,423,621	3,680,542	2,103,417	5,783,959
Gross death and disablement insurance claims		164,082	209,211	157,754	6,328	164,082	168,798	40,413	209,211
Recoverable from reinsurers		(23,959)	(24,832)	(23,959)	-	(23,959)	(24,832)	-	(24,832)
Net death and disablement insurance claims		140,123	184,379	133,795	6,328	140,123	143,966	40,413	184,379
Maturity claims		1,948,976	1,642,989	1,335,308	613,668	1,948,976	1,171,960	471,029	1,642,989
Surrenders		469,432	427,315	81,450	387,982	469,432	72,878	354,437	427,315
Annuities		613,751	567,227	594,164	19,587	613,751	545,120	22,107	567,227
Commissions payable to agents and brokers		178,156	236,313	178,156	-	178,156	236,313	-	236,313
Fees payable		215,646	206,856	144,424	167,957	312,381	153,542	151,603	305,145
Depreciation and amortisation	5/6/7	41,492	37,353	35,023	-	35,023	30,950	-	30,950
Bad debts and impairment		56,688	4,641	51,344	5,344	56,688	4,641	-	4,641
Marketing and administrative expenses	24	365,125	378,277	243,530	-	243,530	292,504	-	292,504
Loss on exchange		2,520	69,820	2,520	-	2,520	17,679	49,415	67,094
		4,031,909	3,755,170	2,799,714	1,200,866	4,000,580	2,669,553	1,089,004	3,758,557
Surplus for the year before taxation		2,525,453	2,131,421	1,301,472	1,121,569	2,423,041	1,010,989	1,014,413	2,025,402
Taxation	20(a)	(31,592)	(34,586)	-	-	-	(2,339)	-	(2,339)
Surplus for the year		2,493,861	2,096,835	1,301,472	1,121,569	2,423,041	1,008,650	1,014,413	2,023,063
Surplus transferred as follows:									
- Life Assurance Fund	16	2,143,845	1,844,101	976,350	1,121,569	2,097,919	781,199	1,014,413	1,795,612
- Proprietors' fund		325,122	227,451	325,122	-	325,122	227,451	-	227,451
- Non-controlling interests	15	24,894	25,283	-	-	-	-	-	-
		2,493,861	2,096,835	1,301,472	1,121,569	2,423,041	1,008,650	1,014,413	2,023,063

The notes on pages 74 to 134 form an integral part of these financial statements.

Auditors' report on pages 66 to 69.

Statements of changes in equity

YEAR ENDED DECEMBER 31, 2018

THE GROUP

THE GROUP		Attributable to owners of the parent							Non-controlling interests	Total equity
		Proprietors' Fund								
		Share Capital	Distributable	Non distributable	Amalgamation reserve	Other reserve	Total			
Notes		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	
		26,322	277,882	425,543	61,214	-	790,961	181,358	972,319	
	15	-	-	-	-	-	-	497	497	
		-	68,699	-	-	-	68,699	-	68,699	
		-	325,122	399,300	-	-	724,422	-	724,422	
	15	-	-	-	-	-	-	24,282	24,282	
	25/15	-	(130,294)	-	-	-	(130,294)	(15,806)	(146,100)	
		26,322	541,409	824,843	61,214	-	1,453,788	190,331	1,644,119	
		26,322	130,080	505,320	61,214	-	722,936	171,030	893,966	
		-	41,433	-	-	-	41,433	-	41,433	
		-	227,451	(79,777)	-	-	147,674	-	147,674	
	15	-	-	-	-	-	-	25,533	25,533	
	25/15	-	(121,082)	-	-	-	(121,082)	(15,205)	(136,287)	
		26,322	277,882	425,543	61,214	-	790,961	181,358	972,319	

THE COMPANY

	Proprietors' Fund					
	Share Capital	Distributable	Non distributable	Amalgamation reserve	Other reserve	Total Equity
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1, 2018	26,322	277,882	425,543	61,214	468,429	1,259,390
Interest allocated	-	68,699	-	-	-	68,699
Transfer from Life Assurance Fund	-	325,122	399,300	-	-	724,422
Dividends	-	(130,294)	-	-	-	(130,294)
Balance at December 31, 2018	26,322	541,409	824,843	61,214	468,429	1,922,217
Balance at January 1, 2017	26,322	130,080	505,320	61,214	468,429	1,191,365
Interest allocated	-	41,433	-	-	-	41,433
Transfer from/(to) Life Assurance Fund	-	227,451	(79,777)	-	-	147,674
Dividends	-	(121,082)	-	-	-	(121,082)
Balance at December 31, 2017	26,322	277,882	425,543	61,214	468,429	1,259,390

The notes on pages 74 to 134 form an integral part of these financial statements.

Auditors' report on pages 66 to 69.

Statement of cash flows

YEAR ENDED DECEMBER 31, 2018

Cash flows from operating activities

Cash generated from operations
Investment income received
Tax and corporate social responsibility
tax paid

Net cash generated from operating activities

Cash flows from investing activities

Purchase of property and equipment
Purchase of investment properties
Purchase of intangible assets
Purchase of financial assets
Loans granted
Proceeds from disposal/maturity of financial assets
Proceeds from sale of property and equipment
Proceeds from sale of right and benefits in financial assets
Loans recovered

Net cash used in investing activities

Cash flows from financing activities

Dividends paid to Company's shareholders
Dividends paid to non-controlling interest

Net cash used in financing activities

Decrease in cash and cash equivalents

Movement in cash and cash equivalents

At January 1,
Decrease during the year
Effects of exchange rate changes

At December 31,

Notes	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
27(a)	841,384	871,055	671,236	684,055
	1,300,512	1,235,418	1,375,181	1,305,294
20	(32,997)	(28,360)	-	(2,339)
	2,108,899	2,078,113	2,046,417	1,987,010
5	(21,051)	(7,494)	(20,544)	(6,916)
6(a)	(9,493)	(13,553)	(9,493)	(13,553)
7	(3,461)	(928)	(3,461)	(928)
	(6,048,363)	(5,412,860)	(5,983,996)	(5,338,731)
	(292,584)	(337,391)	(292,584)	(337,391)
	3,848,857	2,143,425	3,823,712	2,066,656
	148	-	148	-
	54,076	-	54,076	-
	505,129	683,456	505,129	683,456
	(1,966,742)	(2,945,345)	(1,927,013)	(2,947,407)
25	(251,376)	(121,082)	(251,376)	(121,082)
15	(15,806)	(15,205)	-	-
	(267,182)	(136,287)	(251,376)	(121,082)
	(125,025)	(1,003,519)	(131,972)	(1,081,479)
	2,581,701	3,602,170	2,215,289	3,310,990
	(125,025)	(1,003,519)	(131,972)	(1,081,479)
	8,811	(16,950)	8,950	(14,222)
27(b)	2,465,487	2,581,701	2,092,267	2,215,289

The notes on pages 74 to 134 form an integral part of these financial statements.

Auditors' report on pages 66 to 69.

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

1. GENERAL INFORMATION

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

The principal activities of the Company consist of life insurance, pensions, actuarial and investment business and have remained unchanged during the year. The activities of the subsidiary companies forming part of the Group, are detailed in note 8.

2. PRINCIPAL 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 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). Where necessary, comparative figures have been amended to conform with change in presentation and disclosure in the current year. The financial statements are prepared under the historical cost convention, except that:

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

Standards, Amendments to published Standards and Interpretation 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 is January 1, 2018. IFRS 9 is applicable to the subsidiaries and associates of the Company. However, the Group and 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 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. All IFRS 9 adjustments made in the separate financial statements of each subsidiary and associate are reversed at Group level.

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 application date for the standard is January 1, 2018. The Company, which is applying IFRS 4, is excluded from the scope of the standard. All IFRS 15 adjustments made in the separate financial statements of each subsidiary and associate are reversed at Group level.

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

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

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.

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

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

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

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)

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.

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

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

IFRS 17 Insurance contracts - effective 1 January 2022 (cont'd)

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.

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

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

Buildings	2%
Furniture, fixtures and fittings	10%
Computer equipment	15% - 33.3%
Electrical equipment	10%
Motor vehicles	20%

Land is not depreciated.

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.2 Property and equipment (cont'd)

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

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

Gains and losses on disposal of property and equipment are determined by comparing proceeds with their carrying amount and are included in the Life Assurance Fund.

Increases in the carrying amount arising on revaluation are credited to revaluation reserve in the Life Assurance Fund. Decreases that offset previous increases of the same asset are charged against Life Assurance Fund.

2.3 Intangible assets

Intangible assets consist of the following :

(i) Goodwill

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity over the fair value of the net identifiable assets is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in Life Assurance Fund as a bargain purchase. Goodwill on acquisition of subsidiaries is included in Goodwill and under Intangible Assets. Gain on bargain purchase represents the excess of the Group's interest in the net fair value of the acquiree's net identifiable asset over cost of acquisition is recognised in profit or loss. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment.

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 the closing rate.

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.

(ii) Computer software

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

(iii) Value of business acquired (VOBA)

Value of business acquired represents the value of the customer lists and customer relationships reflecting the expectation of future contracts that are not part of the contractual insurance rights and contractual insurance obligations that existed at the date of business acquisition. This intangible asset is tested for impairment annually.

(iv) Customer portfolio

Customer portfolio represents the value of the customer list and is tested annually for impairment.

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.4 Investment properties

Properties held to earn rentals or capital appreciation or both and not occupied by the Group and the Company are classified as investment property.

Investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight line method to write off the cost of each asset, to its residual value over its estimated useful life. The principal annual rate used is:-

Buildings 2%

Land is not depreciated.

Gains and losses on the disposal of investment properties are determined by reference to their carrying amount and are taken into account in determining the surplus on the Life Assurance Fund.

Properties seized by the Group and the Company represent properties acquired through auction at the Master's Bar further to the default of clients. The properties are held by the Group and the Company until they are sold. Seized properties are stated at the price paid at the Master's Bar together with all related expenses incurred on the acquisition. Realised loss/gain on the disposal of seized property is taken to the Life Assurance Fund. No depreciation is charged on seized properties.

2.5 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.6 Investment 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

Subsidiaries are all entities (including structured entities) over which the Group and the Company have control. The Group and the Company control an entity when the Group and the Company are exposed to, or has right to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and the Company. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group and the Company. 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 and the Company. 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.

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.6 Investment in subsidiaries (cont'd)

The excess of (a) the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (b) the net of the acquisition-date amounts of identifiable assets acquired and the liabilities and contingent liabilities assumed measured in accordance with IFRS 3 is recorded as goodwill. In the case of a bargain purchase (excess of (b) over (a)), the resulting gain is recognised directly in the Life Assurance Fund.

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 and the Company.

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 without loss of control are also recorded in equity.

Disposal of subsidiaries

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

2.7 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 (which includes transaction costs). 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 and the Company have 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. Investment in associates are initially recognised at cost as adjusted by post acquisition changes in the Group's and the Company'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 and the Company's share of net fair value of the associate's identifiable assets and liabilities recognised at the date of acquisition is recognised in goodwill, which is included in the carrying amount of the investment. Any excess of the Group's and the Company'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.

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.7 Investment in associates (cont'd)

Consolidated financial statements (cont'd)

Unrealised profits and losses are eliminated to the extent of the Group's and the Company'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 and the Company.

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 Life Assurance Fund where appropriate.

Dilution gains and losses arising on investments in associates are recognised in Life Assurance Fund.

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 investments at initial recognition.

(i) Loans and receivables

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

(iii) Available-for-sale financial assets

Available for sale financial assets are non-derivative financial instruments 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.

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets (cont'd)

(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 risks and rewards of ownership.

Loans and receivables and held-to-maturity investments are subsequently 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 equity of the subsidiaries and in the Life Assurance Fund for the Company, until the security is disposed of or found to be impaired, at which time the cumulative gain or loss previously recognised in equity or in the Life Assurance Fund is included in the Life Assurance Fund as gains or losses on financial assets. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in the Life Assurance Fund as gains or losses on financial assets.

The fair values of quoted investments are based on current bid prices (Level 1). The fair values of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined by 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 2). 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 (level 3) (note 10):

- 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.
- In the event there has been any rights issue or initial public offering or any other similar transaction carried out at arm's length in the relevant period under consideration, the offered price is used as proxy for fair value.

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

2. PRINCIPAL 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 Life Assurance Fund. Impairment loss for the Group and the Company are recognised in the Life Assurance Fund. Impairment losses recognised in Life Assurance Fund for an investment in an equity instrument classified as available-for-sale are not reversed through the Life Assurance Fund.

(ii) Financial assets carried at amortised cost

For the loans and receivables category, 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 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 decreases 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 Life Assurance Fund 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.

2.9 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group and the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is recognised in the Life Assurance Fund.

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 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.

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.12 Share Capital

Ordinary shares are classified as equity.

2.13 Life Assurance Fund

(i) Non-Linked Account

The surplus on the Life Assurance Fund-Non Linked Account for the year is retained in the Life Assurance Fund. The adequacy of the fund is determined by actuarial valuation every year. The declaration of surplus is made 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 name of the Life Assurance Fund.

2.14 Retirement Benefit Obligations

(i) Defined Benefit Plan

The following pension benefits are in place:

- The Group and the Company contributes to a defined benefit plan, the assets of which are held independently and administered by Swan Life Ltd.
- The Group and the Company contributes to a pension plan in respect of some employees who have a No Worse Off Guarantee (NWOG) that their benefits would not be worse than what they would have earned under a previous defined benefit plan.

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

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

Remeasurement of the net defined benefit liability, which comprise of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of asset ceiling (if any, excluding interest) is recognised immediately in other comprehensive income in the period in which it occurs. Remeasurements recognised in other comprehensive income shall not be reclassified to Life Assurance Fund in subsequent periods.

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

Service costs comprising current service cost, past service cost, as well as gains and losses on curtailments and settlements are recognised immediately in the Life Assurance Fund.

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.14 Retirement Benefit Obligations (cont'd)

(ii) Defined Contribution Plan

A defined contribution plan is a pension plan under which the Group and the Company pays 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) Termination benefits

Termination benefits are payable when the 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 recognises 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 12 months after the end of the reporting period are discounted to present value.

(iv) The Company

The Company has a retirement pension fund for its employees which is internally managed. Full liability of the retirement benefit obligations has been recognised as at December 31, 2016 as the assets were not legally separate and could not therefore be considered as plan assets. Following enactment of the Private Pension Schemes Act 2012, all pension funds now have to be set up under a Trust. This process is currently being completed for Swan Life Ltd and assets have been earmarked to fund the Swan Life pension fund.

2.15 Current and deferred income tax

The tax expense for the year comprises of current, deferred tax and Corporate Social Responsibility (CSR). Tax is recognised in Life Assurance Fund, 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 substantially 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. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.15 Current and deferred income tax (cont'd)

Corporate Social Responsibility (CSR)

Every Mauritian Company is required to set up a CSR fund equivalent to 2% of its chargeable income of the preceding year. As from January 2017 and 2018, the Group should remit 50% and 75% of the fund respectively to the Mauritian Tax Authorities. This practise is being interpreted and classified as taxation.

2.16 Insurance contracts - The Company

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 expired. Contracts that do not transfer significant insurance risk are investment contracts. The Group and the Company consider that all its long term products are a mix of insurance and investment contracts.

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

Insurance contracts issued by the Company are classified into the following main categories:

(i) Long-term insurance contracts without fixed terms and with discretionary participating feature (DPF)

This type of contracts entitles the contract holders to a minimum guaranteed amount. The Discretionary Participating Feature (DPF) component gives the contract holders contractual rights to bonuses in addition to the minimum guaranteed amounts. A bonus is declared when the actual return on backing assets is higher than the expected return at inception of the contract. The amount and timing of the settlement of the DPF element is however at the discretion of the Company. The bonus is derived from the DPF eligible surplus available arising mainly from upon revaluation of backing assets.

The Company has legal obligation to eventually pay to contract holders at least 90% of the DPF eligible surplus. Any portion of the DPF eligible surplus that is not declared as a bonus rate and not credited to individual contract holders accounts is retained as a liability for the benefit of all contract holders until declared and credited to them individually in future periods. Equity holders' share of the DPF eligible surplus, equal to 10%, is transferred from the Life Assurance Fund to the Proprietors' fund on an annual basis. Other profits are released based on the expected experience and actuarial report.

(ii) Long-term insurance contracts with fixed and guaranteed terms

These contracts insure events with human life (for example death or survival) over a long duration. A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is based on assumptions such as mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued. A margin for adverse deviations is included in the assumptions.

(iii) Unit-Linked

A unit-linked insurance contract includes an embedded derivative linking payments on the contract to units of investment (unitised) funds set up by the Company with consideration received from contract holders. This embedded derivative meets the definition of an insurance contract and is therefore not accounted for separately from the host insurance contract. The liability for such contracts is adjusted for all changes in the fair value of the underlying assets.

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.17 Revenue recognition

(i) The Group

Revenue comprises the fair value for services rendered and after eliminating revenue within the Group.

(ii) The Company

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

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

- (i) Consideration for annuities - upon maturity of insurance contracts.
- (ii) Rental income - as it accrues based on the terms of the rental contract.
- (iii) Interest income - on a time-proportion basis using the effective interest method.
- (iv) Dividend income - when the shareholder's right to receive payment is established.

2.18 Liability adequacy test

The Company's independent Actuaries review contract liabilities and carry out a liability adequacy test using current estimates of future contractual cash flows after taking into account the investment return expected on assets relating to the relevant long term business. Any deficiency is immediately recognised in the Life Assurance Fund by establishing a provision for the losses arising from liability adequacy test (the unexpired risk provision).

2.19 Reinsurance contracts

Contracts entered into by the Company with Reinsurers under which it is compensated for losses are classified as reinsurance contracts held. The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurance assets. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Company's reinsurance assets arise from 'First Surplus Obligatory' treaty arrangements. Reinsurance assets are assessed for impairment on a regular basis. If ever there is objective evidence that the assets are impaired, the carrying amounts are reduced to the recoverable amounts and impairments recognised in the Life Assurance Fund.

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 Company's functional and presentation currency.

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.20 Foreign Currencies (cont'd)

(b) 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 Life Assurance Fund. 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 the Life Assurance Fund.

(c) Translation of foreign entities

The results and financial position of foreign entities which have a functional currency different from that of the presentation currency of the Company, are translated as follows:

- (i) assets and liabilities are translated at the end of the reporting period rate;
- (ii) 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
- (iii) the resulting exchange differences are recognised in the 'Other Reserve', as a separate component of equity.

In the event of disposal, such translation differences are recognised in the Life Assurance Fund as part of the gain or loss on sale.

2.21 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 resources that can be reliably estimated will be required to settle the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

2.22 Dividend distribution

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

2.23 Non-recurring items

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

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS

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

A description of the significant risk factors is given below together with the risk management policies applicable.

3.1 Insurance risk

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 random and therefore 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 benefit 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) Concentration, frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics or wide spread changes in lifestyle, such as eating, smoking and exercise habits, resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity. Insurance risk is therefore subject to contract holders' behaviours and the impact of contract holders' behaviours have been factored into the assumptions used to measure insurance liabilities.

For contracts with fixed and guaranteed benefits and fixed future premiums, there are no mitigating items and conditions that reduce the insurance risk accepted.

For contracts with DPF, the participating nature of these contracts results in a significant portion of the insurance risk being shared with the insured party.

The Company manages these risks through its underwriting strategy and reinsurance arrangements. The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. For example, the Company balances death risk and survival risk across its portfolio. Medical selection is also included in the Company's underwriting procedures with premiums varied to reflect the health condition and family medical history of the applicants. The Company has defined group-wide retention limit on any single life insured and reinsures the excess of the insured benefit over its retention limit. The retention limit is further reinsured through a Catastrophe Risk Reinsurance treaty. The Company does not have any reinsurance covers for contracts that insure survival risk.

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

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

3.1 Insurance risk (cont'd)

(a) Insurance contracts (cont'd)

(ii) Sources of uncertainty in the estimation of future payments and premium receipts

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

The Company uses appropriate base tables of standard mortality according to the type of contract being written and statistical data are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future. When data is not sufficient to be statistically credible, the best estimate of future mortality is based on standard industry tables adjusted for the Company's experience.

(iii) Claims development

The claims relate to death claims of the Group and the Company. The table below illustrates the outstanding claims at the end of the previous five years appearing in the statement of financial position:

	2014	2015	2016	2017	2018
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Gross outstanding claims	72,298	73,039	60,299	87,022	96,298

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.

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

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

3.2 Financial risk (cont'd)

The Group and the Company regularly review their 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 cash flows of financial instruments from fluctuation in interest rates, equity prices, property prices and foreign currency exchange rates.

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 and the Company monitor adherence to this market risk policy through the Company Investment Committee. The Company Investment Committee are responsible for managing market risk at Group and Company level.

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

(i) Currency risk

The Group:

The Company has an investment in a Global Business Licence '(GBL)' company which in turn holds an equity investment in Seychelles. The net assets of the GBL company is exposed to currency translation risk.

The Company:

The Company purchases reinsurance contracts internationally, thereby exposing it to foreign currency fluctuations. The Company's primary exposures are with respect to the Euro, US Dollar and Japanese Yen.

The Company also has a number of investments in foreign currencies, namely Euro, US Dollar, Japanese Yen, which are exposed to currency risk.

The Investment Committee closely monitors currency risk exposures against pre-determined limits. Exposure to foreign currency exchange risk is not hedged.

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

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

3.2.1 Market risk (cont'd)

The Group's financial assets and financial liabilities by currency are detailed below:

At December 31, 2018

Financial assets

	Rs.	JPY	USD	Euro	Others	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- Investments in financial assets	25,589,734	39,149	8,339,543	620,140	19,264	34,607,830
- Loans and receivables	4,572,465	-	-	-	11,900	4,584,365
- Trade and other receivables	719,845	-	16,887	-	3,518	740,250
- Bank balances, deposits and cash	1,605,172	-	771,266	81,398	7,651	2,465,487
	32,487,216	39,149	9,127,696	701,538	42,333	42,397,932
Less allowances for credit impairment						(114,223)
Total						42,283,709

Financial liabilities

- Technical Provisions:						
· Life assurance fund	40,644,034	-	-	-	-	40,644,034
· Gross outstanding claims	96,298	-	-	-	-	96,298
- Trade and other payables	760,021	-	3,718	-	-	763,739
	41,500,353	-	3,718	-	-	41,504,071

At December 31, 2017

	Rs.	JPY	USD	Euro	Others	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- Investments in financial assets	22,666,654	46,300	9,324,668	689,983	23,076	32,750,681
- Loans and receivables	4,888,868	-	-	-	13,501	4,902,369
- Trade and other receivables	682,141	-	1,494	-	3,713	687,348
- Bank balances, deposits and cash	2,127,782	-	357,678	76,697	19,544	2,581,701
	30,365,445	46,300	9,683,840	766,680	59,834	40,922,099
Less allowances for credit impairment						(76,600)
Total						40,845,499

Financial liabilities

- Technical Provisions:						
· Life assurance fund	39,881,578	-	-	-	-	39,881,578
· Gross outstanding claims	87,022	-	-	-	-	87,022
- Trade and other payables	691,434	-	3,755	-	-	695,189
	40,660,034	-	3,755	-	-	40,663,789

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

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

3.2.1 Market risk (cont'd)

The Company's financial assets and financial liabilities by currency are detailed below :

At December 31, 2018

Financial assets

- Investments in financial assets
- Loans and receivables
- Trade and other receivables
- Bank balances, deposits and cash

	Rs.	JPY	USD	Euro	Others	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- Investments in financial assets	25,561,176	39,149	8,301,060	620,140	19,381	34,540,906
- Loans and receivables	4,585,903	-	-	-	11,900	4,597,803
- Trade and other receivables	678,576	-	-	-	-	678,576
- Bank balances, deposits and cash	1,380,295	-	683,028	22,850	6,094	2,092,267
	32,205,950	39,149	8,984,088	642,990	37,375	41,909,552
Less allowances for credit impairment						(114,223)
Total						41,795,329

Financial liabilities

- Technical Provisions:
 - Life assurance fund
 - Gross outstanding claims
- Trade and other payables

	40,273,465	-	-	-	-	40,273,465
	96,298	-	-	-	-	96,298
	789,429	-	-	-	-	789,429
	41,159,192	-	-	-	-	41,159,192

At December 31, 2017

Financial assets

- Investments in financial assets
- Loans and receivables
- Trade and other receivables
- Bank balances, deposits and cash

	Rs.	JPY	USD	Euro	Others	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- Investments in financial assets	22,639,619	46,300	9,323,804	689,983	22,754	32,722,460
- Loans and receivables	4,902,306	-	-	-	13,501	4,915,807
- Trade and other receivables	633,175	-	-	-	-	633,175
- Bank balances, deposits and cash	1,921,031	-	259,394	16,519	18,345	2,215,289
	30,096,131	46,300	9,583,198	706,502	54,600	40,486,731
Less allowances for credit impairment						(76,600)
Total						40,410,131

Financial liabilities

- Technical Provisions:
 - Life assurance fund
 - Gross outstanding claims
- Trade and other payables

	39,556,256	-	-	-	-	39,556,256
	87,022	-	-	-	-	87,022
	664,858	-	-	-	-	664,858
	40,308,136	-	-	-	-	40,308,136

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (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 Life Assurance Fund for the year would have been as shown below mainly as a result of foreign exchange gains/losses.

	THE GROUP				THE COMPANY			
	JPY +/-5%	USD +/-5%	EURO +/-5%	OTHERS +/-5%	JPY +/-5%	USD +/-5%	EURO +/-5%	OTHERS +/-5%
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Impact on Life Assurance Fund :								
- At December 31, 2018								
- Investments in financial assets	1,957	416,977	31,007	963	1,957	415,053	31,007	969
- Loan and other receivables	-	-	-	595	-	-	-	595
- Net trade and other receivables	-	844	-	176	-	-	-	-
- Bank balances, deposits and cash	-	38,563	4,070	383	-	34,151	1,143	305
- At December 31, 2017								
- Investments in financial assets	2,315	466,233	34,499	1,154	2,315	466,190	34,499	1,138
- Loan and other receivables	-	-	-	675	-	-	-	675
- Net trade and other receivables	-	75	-	186	-	-	-	-
- Bank balances, deposits and cash	-	17,884	3,835	977	-	12,970	826	917

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

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

3.2.1 Market risk (cont'd)

(ii) Interest rate risk

The Group:

Interest rate risk arises from the Group and Company'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.

The interest rate profiles of the financial assets of the Group and Company as at December 31, were as follows:

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	%	%	%	%
Held-to-Maturity investments	3.27 - 12.75	2.00 - 12.75	3.27 - 12.75	2.00 - 12.75
Loans and receivables	5.00 - 14.00	5.00 - 14.00	5.00 - 14.00	5.00 - 14.00
Short term deposits	0.00 - 1.80	2.10 - 3.60	0.00 - 1.80	2.10 - 3.60
Bank balances	0.00 - 1.80	0.00 - 2.50	0.00 - 1.80	0.00 - 2.50

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the surplus for the year ended December 31, 2018 would increase/decrease by Rs.67.1m (2017: Rs.63.4m) for the Group and Rs.66.5m (2017: Rs.63.1m) for the Company.

The Company:

For liabilities under long term insurance contracts with fixed and guaranteed terms, changes in interest rate will not cause a change to the amount of liability because their carrying amounts are not affected by the level of market interest rates.

For unit linked contracts, the Company matches all the assets on which the unit prices are based with assets in the portfolio. There is therefore no price, currency or interest risk on these contracts.

However for insurance contracts with DPF, the DPF element liabilities are directly affected by changes in the level of interest rates to the extent that they affect the carrying amount of underlying assets. An increase in the value of the assets would require all other assumptions being equal, an increase in the DPF liability and vice versa.

Management regularly monitors the sensitivity of reported interest rate movements.

Sensitivity

A change of 50 basis point in interest rates has no material impact on the DPF eligible surplus of the life fund.

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

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

3.2.1 Market risk (cont'd)

(iii) Equity price risk

The Group and the Company are 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 investment concentration as part as overall prudent portfolio investment policy.

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

Sensitivity

The impact on the Life Assurance Fund had the equity market values increased/decreased by 1% with other assumptions left unchanged would have been as follows:

At December 31, 2018

- Available for sale financial assets

At December 31, 2017

- Available for sale financial assets

THE GROUP	THE COMPANY
Rs'm	Rs'm
218	217
Rs'm	Rs'm
223	223

3.2.2 Credit risk

Credit risk is the risk of financial loss to the Group and the Company 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 and the Company have 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 and the Company have policies in place to ensure that sales of services are made to clients, agents, and brokers with sound credit history.

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

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

3.2.2 Credit risk (cont'd)

Reinsurance credit exposures - The Company

The Company is exposed to concentrations of risks with respect to its reinsurers due to the nature of the life reinsurance treaty. The Company is exposed to the possibility of default by its reinsurers in respect of their share of insurance liabilities and refunds in respect of claims already paid.

The Company manages its reinsurance counterparty exposures and the reinsurance department has a monitoring role over this risk. The Company's largest reinsurance counterparty is Swiss Re. At December 31, 2018, the reinsurance assets recoverable was Rs. 0.9m (2017: Rs.8.9m).

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 Company 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.

The following table provides information regarding the carrying value of loans and receivables that have been impaired.

	Neither past due nor impaired	Past due and Impaired	Provision for impairment	Carrying amount at year end
	Rs'000	Rs'000	Rs'000	Rs'000
THE GROUP				
2018				
- Loans and receivables	4,279,021	305,344	(86,970)	4,497,395
- Trade and other receivables	735,250	5,000	(5,000)	735,250
2017				
- Loans and receivables	4,545,306	357,063	(71,600)	4,830,769
- Trade and other receivables	682,348	5,000	(5,000)	682,348
THE COMPANY				
2018				
- Loans and receivables	4,292,459	305,344	(86,970)	4,510,833
- Trade and other receivables	673,576	5,000	(5,000)	673,576
2017				
- Loans and receivables	4,558,744	357,063	(71,600)	4,844,207
- Trade and other receivables	628,175	5,000	(5,000)	628,175

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (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 tables below analyses the Group's and Company's financial assets and liabilities to the relevant maturity groupings based on the remaining years of repayment.

THE GROUP

Maturities of financial assets and liabilities:

At December 31, 2018

Financial assets

	< 1 year	1 to 5 years	>5 years	Non-maturity items	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- Investments in financial assets	23,101,173	6,640,104	4,866,553	-	34,607,830
- Loans and receivables	559,632	374,705	3,650,028	-	4,584,365
- Trade and other receivables	740,250	-	-	-	740,250
- Bank balances, deposits and cash	2,465,487	-	-	-	2,465,487
	<u>26,866,542</u>	<u>7,014,809</u>	<u>8,516,581</u>	<u>-</u>	<u>42,397,932</u>
Less allowances for credit impairment					(114,223)
Total					<u><u>42,283,709</u></u>

Financial liabilities

- Technical Provisions:					
· Life assurance fund	-	-	-	40,644,034	40,644,034
· Gross outstanding claims	96,298	-	-	-	96,298
- Trade and other payables	763,739	-	-	-	763,739
	<u>860,037</u>	<u>-</u>	<u>-</u>	<u>40,644,034</u>	<u>41,504,071</u>

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

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

3.2.3 Liquidity risk (cont'd)

THE GROUP

Maturities of financial assets and liabilities:

At December 31, 2017

	< 1 year	1 to 5 years	>5 years	Non-maturity items	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial assets					
- Investments in financial assets	22,665,057	4,228,064	5,857,560	-	32,750,681
- Loans and receivables	391,526	523,154	3,987,689	-	4,902,369
- Trade and other receivables	687,348	-	-	-	687,348
- Bank balances, deposits and cash	2,581,701	-	-	-	2,581,701
	26,325,632	4,751,218	9,845,249	-	40,922,099
Less allowances for credit impairment					(76,600)
Total					40,845,499
Financial liabilities					
- Technical Provisions:					
· Life assurance fund	-	-	-	39,881,578	39,881,578
· Gross outstanding claims	87,022	-	-	-	87,022
- Trade and other payables	695,189	-	-	-	695,189
	782,211	-	-	39,881,578	40,663,789

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

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

3.2.3 Liquidity risk (cont'd)

THE COMPANY

Maturities of financial assets and liabilities:

At December 31, 2018

	< 1 year	1 to 5 years	>5 years	Non-maturity items	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial assets					
- Investments in financial assets	23,067,678	6,607,269	4,865,959	-	34,540,906
- Loans and receivables	559,632	374,705	3,663,466	-	4,597,803
- Trade and other receivables	678,576	-	-	-	678,576
- Bank balances, deposits and cash	2,092,267	-	-	-	2,092,267
	<u>26,398,153</u>	<u>6,981,974</u>	<u>8,529,425</u>	<u>-</u>	<u>41,909,552</u>
Less allowances for credit impairment					(114,223)
Total					<u>41,795,329</u>
Financial liabilities					
- Technical Provisions:					
· Life assurance fund	-	-	-	40,273,465	40,273,465
· Gross outstanding claims	96,298	-	-	-	96,298
- Trade and other payables	735,353	-	-	-	735,353
	<u>831,651</u>	<u>-</u>	<u>-</u>	<u>40,273,465</u>	<u>41,105,116</u>

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

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

3.2.3 Liquidity risk (cont'd)

THE COMPANY

Maturities of financial assets and liabilities:

At December 31, 2017

	< 1 year	1 to 5 years	>5 years	Non-maturity items	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial assets					
- Investments in financial assets	22,636,836	4,228,064	5,857,560	-	32,722,460
- Loans and receivables	391,526	523,154	4,001,127	-	4,915,807
- Trade and other receivables	633,175	-	-	-	633,175
- Bank balances, deposits and cash	2,215,289	-	-	-	2,215,289
	25,876,826	4,751,218	9,858,687	-	40,486,731
Less allowances for credit impairment					(76,600)
Total					40,410,131
Financial liabilities					
- Technical Provisions:					
· Life assurance fund	-	-	-	39,556,256	39,556,256
· Gross outstanding claims	87,022	-	-	-	87,022
- Trade and other payables	664,858	-	-	-	664,858
	751,880	-	-	39,556,256	40,308,136

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

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

3.2 Financial risk (cont'd)

3.2.4 Capital Management

The main objectives of the Company when managing capital are :

- to maintain at all times the Minimum Capital Requirement as required by the Insurance Act 2005, i.e. as determined by the company's actuary at the higher of :
 - (a) a stress test requirement determined in accordance with guidelines issued by the Commission or
 - (b) the higher of an amount of Rs.25m or an amount representing 13 weeks' operating expenses.
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing insurance contracts and other services commensurately with the level of risk.

The Company is required to maintain at all times a solvency margin that is at least equal to the Minimum Capital Requirement.

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.

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

Critical accounting estimates and assumptions

The Group 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.

4.1 Insurance contracts - The Company

(i) Estimates of future liabilities

Long-term business technical provisions are computed using statistical or mathematical methods. The computations are made by the Company's Actuaries on the basis of recognised actuarial methods, with due regard to the actuarial principles laid down by the law and by actuarial best practices. The methodology takes into account the risks and uncertainties of the particular classes of long-term business written and the results are certified by the professionals undertaking the valuations.

The determination of the liabilities under long-term insurance contracts is dependent on estimates made by the Company. Estimates are made as to the expected number of deaths for each of the years in which the Company is exposed to risk. The Company bases these estimates on standard industry mortality tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the Company's own experience. For contracts that insure the risk of longevity, appropriate but not excessively prudent allowance is made for expected mortality improvements. However, continuing improvements in medical care and social conditions could result in improvements in longevity in excess of those allowed for in the estimates used to determine the liability for contracts where the Company is exposed to longevity risk.

For contracts without fixed terms, it is assumed that the Company will be able to increase mortality risk charges in future years in line with emerging mortality experience.

Under certain contracts, where the Company has offered guaranteed annuity options, estimates are made based on the percentage of contract holders that will exercise them. Changes in investment conditions could result in significantly more contract holders exercising their options than have been assumed.

Estimates are also made as to the future investment income arising from the assets backing long-term insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.

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)

(i) Estimates of future liabilities (cont'd)

For long-term insurance contracts with fixed and guaranteed terms and with DPF, estimates are made in two stages. Estimates of future deaths, voluntary terminations, investment returns and administration expenses are made at the inception of the contract and form the assumptions used for calculating the liabilities during the life of the contract. A margin for risk and uncertainty is added to these assumptions. These assumptions are 'locked in' for the duration of the contract. New estimates are made each subsequent year in order to determine whether the previous liabilities are adequate in the light of these latest estimates. If the liabilities are considered adequate, the assumptions are not altered. If they are not adequate, the assumptions are altered ('unlocked') to reflect the best estimate assumptions.

(ii) Sensitivity

The reasonableness of the estimation process of future liabilities is tested by an analysis of sensitivity under several different scenarios. This analysis enables the Company to assess the most significant assumptions and monitor the emerging variations accordingly.

4.2 Reinsurance - The Company

The Company is exposed to disputes on, and defects in, contract wordings and the possibility of default by their Reinsurers. The Company monitors the financial strength of their Reinsurers. Allowance is made in the financial statements for non-recoverability due to Reinsurer's 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. In making their judgement for classification, the Group and the Company evaluate 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, they will be required to reclassify the whole class as available-for-sale. The investments would therefore be measured at fair value and 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 permanently impaired. 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 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 Impairment of other assets

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

4.6 Pension benefits

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

The Group and the Company determine 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.

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

Additional information is disclosed in Note 18.

4.7 Fair value of security not quoted in an active market

The fair value of securities not quoted in an active market may be determined by the Group and the Company using valuation techniques including third party transactions values, earnings, net asset value or discounted cash flows, whichever is considered to be appropriate. The Group and the Company would exercise judgement and estimates on the quantity and quality of pricing sources used. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4.8 Asset lives and residual values

Property and equipment are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

4.9 Depreciation policies

Property and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Group and the Company would currently obtain from disposal of the asset, if the asset was already of the age and in condition expected at the end of its useful life.

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

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

4.10 Limitation of sensitivity analysis

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

The sensitivity analyses do not take into consideration that the Group's assets and liabilities are actively managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's and the Company's views 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

(a) THE GROUP

COST/DEEMED COST

	Freehold land and buildings	Furniture fixtures & fittings	Computer Equipment	Electrical Equipment	Motor vehicles	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1, 2017	312,160	122,323	76,912	2,248	14,757	528,400
Additions	-	3,846	3,648	-	-	7,494
Write off	-	(34,975)	(39,962)	-	-	(74,937)
At December 31, 2017	312,160	91,194	40,598	2,248	14,757	460,957
Additions	-	2,140	16,486	-	2,425	21,051
Disposals	-	-	-	-	(490)	(490)
At December 31, 2018	312,160	93,334	57,084	2,248	16,692	481,518

DEPRECIATION

	Freehold land and buildings	Furniture fixtures & fittings	Computer Equipment	Electrical Equipment	Motor vehicles	Total
At January 1, 2017	63,445	100,020	69,028	2,248	8,835	243,576
Charge for the year	5,761	4,546	4,728	-	1,779	16,814
Write off	-	(34,975)	(39,962)	-	-	(74,937)
At December 31, 2017	69,206	69,591	33,794	2,248	10,614	185,453
Charge for the year	5,761	4,702	9,233	-	1,327	21,023
Disposal adjustments	-	-	-	-	(441)	(441)
At December 31, 2018	74,967	74,293	43,027	2,248	11,500	206,035

NET BOOK VALUE

At December 31, 2018	237,193	19,041	14,057	-	5,192	275,483
At December 31, 2017	242,954	21,603	6,804	-	4,143	275,504

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

5. PROPERTY AND EQUIPMENT (CONT'D)

(b) THE COMPANY

COST

At January 1, 2017
 Additions
 Write offs
 At December 31, 2017
 Additions
 Disposals
At December 31, 2018

Freehold land and buildings	Furniture fixtures & fittings	Computer Equipment	Motor vehicles	Total
Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
288,061	114,379	72,452	13,476	488,368
-	3,654	3,262	-	6,916
-	(34,975)	(39,962)	-	(74,937)
288,061	83,058	35,752	13,476	420,347
-	1,979	16,140	2,425	20,544
-	-	-	(490)	(490)
288,061	85,037	51,892	15,411	440,401

DEPRECIATION

At January 1, 2017
 Charge for the year
 Write offs
 At December 31, 2017
 Charge for the year
 Disposal adjustments
At December 31, 2018

62,777	92,182	65,732	7,559	228,250
5,761	4,297	4,516	1,779	16,353
-	(34,975)	(39,962)	-	(74,937)
68,538	61,504	30,286	9,338	169,666
5,761	4,458	8,950	1,327	20,496
-	-	-	(441)	(441)
74,299	65,962	39,236	10,224	189,721

NET BOOK VALUE

At December 31, 2018

213,762	19,075	12,656	5,187	250,680
----------------	---------------	---------------	--------------	----------------

At December 31, 2017

219,523	21,554	5,466	4,138	250,681
---------	--------	-------	-------	---------

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

6(a) INVESTMENT PROPERTIES

COST

At January 01, 2017
Additions
At December 31, 2017
Additions
At December 31, 2018

THE GROUP	THE COMPANY
Rs'000	Rs'000
570,255	530,185
13,553	13,553
583,808	543,738
9,493	9,493
593,301	553,231

DEPRECIATION

At January 01, 2017
Charge for the year
At December 31, 2017
Charge for the year
At December 31, 2018

94,451	94,203
9,882	9,882
104,333	104,085
10,072	10,072
114,405	114,157

NET BOOK VALUE

At December 31, 2018

478,896	439,074
----------------	----------------

At December 31, 2017

479,475	439,653
---------	---------

- (i) The fair value of investment properties is estimated as follows:

At December 31,

THE GROUP		THE COMPANY	
2018	2017	2018	2017
Rs'000	Rs'000	Rs'000	Rs'000
1,565,400	1,565,400	1,457,125	1,457,125

The investment properties were revalued in January 2018 by Messrs Noor Dilmohamed & Associates, an independent professionally qualified valuer. The fair value was determined on an open market value basis by reference to market evidence of transaction prices for similar properties and the valuation is performed every 3 years. The directors have reassessed the fair values of the investment properties at December 31, 2018. On the basis of current economic and property environment and after consultation with the independent valuer, the directors are satisfied that the carrying value of the investment properties reflects their fair value at the reporting date.

The following have been recognised in the Life Assurance Fund.

Rental income
Direct operating expenses

THE GROUP		THE COMPANY	
2018	2017	2018	2017
Rs'000	Rs'000	Rs'000	Rs'000
55,471	58,194	50,684	53,899
41,415	45,487	40,904	43,337

6(b) SEIZED PROPERTIES

At January 1,
Movement during the year
At December 31,

THE GROUP AND THE COMPANY	
2018	2017
Rs'000	Rs'000
51,867	39,306
3,471	12,561
55,338	51,867

Seized properties are stated at acquisition cost and fair value subsequently.

Movement during the year for 2018 and 2017 relates to assets seized in the respective year and reclassified from loans and receivables.

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

7. INTANGIBLE ASSETS

(a) THE GROUP

COST

	Goodwill	Computer Software	VOBA	Customer List	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1, 2017	59,598	24,857	28,477	55,375	168,307
Additions	-	928	-	-	928
Write off	-	(9,745)	-	-	(9,745)
At December 31, 2017	59,598	16,040	28,477	55,375	159,490
Additions	-	3,461	-	-	3,461
At December 31, 2018	59,598	19,501	28,477	55,375	162,951

AMORTISATION

At January 1, 2017	-	20,002	13,288	22,150	55,440
Charge for the year	-	3,221	-	-	3,221
Impairment	-	-	1,898	5,538	7,436
Write off	-	(9,745)	-	-	(9,745)
At December 31, 2017	-	13,478	15,186	27,688	56,352
Charge for the year	-	2,961	-	-	2,961
Impairment	-	-	1,898	5,538	7,436
At December 31, 2018	-	16,439	15,186	27,688	66,749

NET BOOK VALUE

At December 31, 2018	59,598	3,062	13,291	27,687	96,202
At December 31, 2017	59,598	2,562	13,291	27,687	103,138

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

7. INTANGIBLE ASSETS (CONT'D)

(b) THE COMPANY

COST

At January 1, 2017

Additions

Write off

At December 31, 2017

Additions

At December 31, 2018

AMORTISATION

At January 1, 2017

Charge for the year

Impairment

Write off

At December 31, 2017

Charge for the year

Impairment

At December 31, 2018

NET BOOK VALUE

At December 31, 2018

At December 31, 2017

Computer Software	VOBA	Total
Rs'000	Rs'000	Rs'000
18,491	28,477	46,968
928	-	928
(9,745)	-	(9,745)
9,674	28,477	38,151
3,461	-	3,461
13,135	28,477	41,612
14,892	13,287	28,179
2,817	-	2,817
-	1,898	1,898
(9,745)	-	(9,745)
7,964	15,185	23,149
2,557	-	2,557
-	1,898	1,898
10,521	17,083	27,604
2,614	11,394	14,008
1,710	13,292	15,002

8. INVESTMENTS IN SUBSIDIARY COMPANIES

(a) UNQUOTED

At January 1 and December 31,

THE COMPANY	
2018	2017
Rs'000	Rs'000
540,012	540,012

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(b) The financial statements of the following subsidiaries, incorporated in Mauritius, have been included in the consolidated financial statements. The subsidiaries have a reporting date of December 31st and operate on the local market.

Name of subsidiaries	Class of shares held	Stated capital	Nominal value of investment	Proportion of ownership interest		Proportion of ownership interests held by non-controlling interests		Place of business	Country of incorporation	Main business
				Direct	Indirect	%	%			
2018 & 2017		Rs'000	Rs'000	%	%	%	%			
· Manufacturers' Distributing										
· Station Limited	Ordinary	961	47,686	99.8%	-	0.20%	Port Louis	Mauritius	· Investment Company	
· Société de la Croix (c)	Parts	2,500	-	0%	99.8%	0.20%	Port Louis	Mauritius	· Investment entity	
· Société de la Montagne (c)	Parts	45,654	-	0%	99.8%	0.20%	Port Louis	Mauritius	· Investment entity	
· Société de la Rivière (c)	Parts	2,500	-	0%	99.8%	0.20%	Port Louis	Mauritius	· Investment entity	
· Swan Pensions Ltd (d)	Ordinary	4,100	22,825	100.0%	-	-	Port Louis	Mauritius	· Pension and fund administration	
· Swan Financial Solutions Ltd (d)	Ordinary	586,876	469,500	80.0%	-	20.00%	Port Louis	Mauritius	· Investment Company	
· Swan Wealth Managers Ltd	Ordinary	1,000	-	0%	80.0%	20.00%	Port Louis	Mauritius	· Fund management and investment consulting	
· Swan Securities Ltd	Ordinary	1,000	-	0%	80.0%	20.00%	Port Louis	Mauritius	· Stockbroking	
· Swan Corporate Advisors Ltd	Ordinary	1,000	-	0%	80.0%	20.00%	Port Louis	Mauritius	· Advisory	
· Swan Pensions Rwanda (SPR) Ltd	Ordinary	2,485	-	0%	60.0%	40.00%	Port Louis	Mauritius	· Pension and fund administration	
· Swan Foundation	Limited by guarantee	1	1	50%	-	50.00%	Port Louis	Mauritius	· Management of Swan Group CSR fund (not consolidated)	
			540,012							

(c) The Company owns 99.8% of the three above-named sociétés through Manufacturers' Distributing Station Limited.

(d) As from May 01, 2010, an agreement has been reached whereby the proprietors will have a right to dividend of these subsidiaries.

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(e) Details for subsidiaries are as follows:

Name of subsidiary

2018

- Manufacturers' Distributing Station Limited (group)
- Swan Financial Solutions Ltd
- Swan Wealth Managers Ltd
- Swan Securities Ltd
- Swan Corporate Advisors Ltd
- Swan Pensions Rwanda (SPR) Ltd

Profit/(loss) allocated to non-controlling interests during the year	Accumulated non-controlling interests at December 31,
Rs'000	Rs'000
5	222
(1,540)	33,577
26,033	141,329
516	14,826
(120)	(120)
-	497
24,894	190,331

2017

- Manufacturers' Distributing Station Limited (group)
- Swan Financial Solutions Ltd
- Swan Wealth Managers Ltd
- Swan Securities Ltd
- Swan Corporate Advisors Ltd

5	223
(1,451)	50,917
25,134	115,321
1,596	14,898
(1)	(1)
25,283	181,358

(f) Summarised financial information on subsidiaries

(i) Summarised statement of financial position and statement of profit or loss and other comprehensive income of the subsidiaries are shown below:

Name of subsidiary	Current assets	Non- current assets	Current liabilities	Non- current liabilities	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
2018									
· Manufacturers' Distributing Station Limited (group)	6,175	43,861	1,628	-	5,092	2,515	-	2,515	6
· Swan Pensions Ltd	67,008	2,047	22,435	-	63,306	18,954	-	18,954	-
· Swan Financial Solutions Ltd	54,204	553,991	557	-	90,000	82,299	-	82,299	15,800
· Swan Wealth Managers Ltd	302,426	40,116	34,662	2,831	209,686	130,164	(122)	130,042	-
· Swan Securities Ltd	57,658	28,814	32,813	-	24,168	2,586	(2,938)	(352)	-
· Swan Corporate Advisors Ltd	600	-	606	-	-	(602)	-	(602)	-
· Swan Pensions Rwanda (SPR) Ltd	2,485	-	-	-	-	-	-	-	-
2017									
· Manufacturers' Distributing Station Limited (group)	9,322	43,861	4,290	-	4,426	2,367	-	2,367	5
· Swan Pensions Ltd	55,894	91	19,321	-	54,520	24,618	-	24,618	-
· Swan Financial Solutions Ltd	44,684	559,787	132	-	86,500	79,246	-	79,246	15,200
· Swan Wealth Managers Ltd	279,844	1,542	17,165	4,214	188,706	125,668	(647)	125,021	-
· Swan Securities Ltd	76,552	28,691	46,233	-	28,649	7,978	1,899	9,877	-
· Swan Corporate Advisors Ltd	600	-	4	-	-	(4)	-	(4)	-

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

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

(i) Summarised cash flow information:

Name of subsidiary	Operating activities	Investing activities	Financing activities	Net (decrease)/ increase in cash and cash equivalents
	Rs'000	Rs'000	Rs'000	Rs'000
2018				
· Manufacturers' Distributing Station Limited (group)	777	-	(3,000)	(2,223)
· Swan Pensions Ltd	25,060	-	(16,000)	9,060
· Swan Financial Solutions Ltd	(1,351)	94,383	(79,000)	14,032
· Swan Wealth Managers Ltd	121,119	(37,081)	(85,000)	(962)
· Swan Securities Ltd	(2,697)	(761)	(9,500)	(12,958)
· Swan Corporate Advisors Ltd	(602)	-	-	(602)
· Swan Pensions Rwanda (SPR) Ltd	-	-	-	-
2017				
· Manufacturers' Distributing Station Limited (group)	5,085	-	(4,995)	90
· Swan Pensions Ltd	5,723	(25)	-	5,698
· Swan Financial Solutions Ltd	(1,862)	81,862	(76,000)	4,000
· Swan Wealth Managers Ltd	130,970	(902)	(82,000)	48,068
· Swan Securities Ltd	16,153	3,739	-	19,892
· Swan Corporate Advisors Ltd	-	-	-	-

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

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

9. INVESTMENTS IN ASSOCIATED COMPANIES

(a) The Company

At January 1 and December 31,

2018	2017
Rs'000	Rs'000
614	614

(b) Group's share of net assets

At January 1,
Share of results of associated companies
Dividends
Share of reserves
At December 31,

2018	2017
Rs '000	Rs '000
35,078	49,290
2,121	(7,650)
(2,023)	(1,656)
1,769	(4,906)
36,945	35,078

During the year ended December 31, 2018, Swan International Co Ltd, an associate of Swan Life Limited, has accounted for some prior year adjustments in its financial statements to its associate's, SACOS Group Limited (SGL) for the year ended December 31, 2017. The impact on the group's Life Assurance Fund and other reserves of Swan Life Limited are Rs (2.5)m and Rs 1.2m respectively. The adjustments on the Group are not significant and have been adjusted prospectively in the current financial year.

The market value of the associate based on the Seychelles Securities Exchange bid price at December 31, 2018 amounted to Rs 155m (2017: Rs 111m).

(c) Details of each of the material associates at the end of the reporting year are as follows:

Name	Year end	Nature of business	Principal place of business	Country of incorporation	Proportion of ownership interest Direct
2018/2017					
Swan Corporate Affairs Ltd	Dec-31	Secretarial Reinsurance brokers and consultants	Port Louis	Mauritius	50%
Swan International Co Ltd	Dec-31		Port Louis	Mauritius	49%

YEAR ENDED DECEMBER 31, 2018

(d) Summarised financial information in respect of each of the associated companies is set out below

(e) Reconciliation of summarised financial information

[illegible]

YEAR ENDED DECEMBER 31, 2018

(a) Local Securities

Foreign Securities

Total

Analysed as follows:

Non-current
Current

Cumulative accrued interests

(i)

At December 31, 2018
Available-for-sale

At December 31, 2017
Available-for-sale

THE GROUP			
		2018	2017
Held-to-maturity	Available-for-sale	Total	Total
Rs'000	Rs'000	Rs'000	Rs'000
10,433,720	12,877,200	23,310,920	19,098,724
4,627,548	645,417	5,272,965	2,782,668
100,000	-	100,000	15,047
-	77,447	77,447	2,279,864
	(286,252)	(286,252)	(282,272)
(22,253)	(22,758)	(45,011)	-
(2,432,385)	-	(2,432,385)	(576,578)
89,614	-	89,614	44,495
11,879	-	11,879	(51,028)
12,808,123	13,291,054	26,099,177	23,310,920
Held-to-maturity	Available-for-sale	Total	Total
Rs'000	Rs'000	Rs'000	Rs'000
-	9,439,761	9,439,761	6,833,873
-	1,415,758	1,415,758	2,630,192
-	(1,068,749)	(1,068,749)	972,778
-	(1,300,370)	(1,300,370)	(997,082)
-	8,486,400	8,486,400	9,439,761
12,808,123	21,777,454	34,585,577	32,750,681
		2018	2017
		Rs'000	Rs'000
		33,284,111	31,810,041
		1,301,466	940,640
		34,585,577	32,750,681
		437,511	347,897
Level 1	Level 2	Level 3	Total
Rs'000	Rs'000	Rs'000	Rs'000
20,632,309	68,813	1,076,332	21,777,454
21,381,428	70,019	865,514	22,316,961

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

10. INVESTMENTS IN FINANCIAL ASSETS (CONT'D)

(b) Local Securities

At January 1,
Additions
Reclassification to loans and receivables
Increase in fair value
Disposals
Impairment
Maturity
Movement in accrued interests
Exchange differences
At December 31,

Foreign Securities

At January 1,
Additions
(Decrease)/Increase in fair value
Disposals
At December 31,

Total

Analysed as follows:

Non-current
Current

Cumulative accrued interests

(i)

At December 31, 2018

Available-for-sale

At December 31, 2017
Available-for-sale

THE COMPANY			
		2018	2017
	Held-to-maturity	Available-for-sale	Total
	Rs'000	Rs'000	Rs'000
	10,433,520	12,852,270	23,285,790
	4,590,126	619,738	5,209,864
	100,000	-	100,000
	-	80,375	80,375
	-	(263,869)	(263,869)
	(22,253)	(22,758)	(45,011)
	(2,432,385)	-	(2,432,385)
	89,614	-	89,614
	10,818	-	10,818
	12,769,440	13,265,756	26,035,196

	Held-to-maturity	Available-for-sale	Total
	Rs'000	Rs'000	Rs'000
	-	9,436,670	9,436,670
	-	1,414,492	1,414,492
	-	(1,068,738)	(1,068,738)
	-	(1,298,967)	(1,298,967)
	-	8,483,457	8,483,457
	12,769,440	21,749,213	34,518,653

	2018	2017
	Rs'000	Rs'000
	33,222,441	31,781,820
	1,296,212	940,640
	34,518,653	32,722,460
	437,511	347,897

	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
	20,604,068	68,813	1,076,332	21,749,213
	21,353,407	70,019	865,514	22,288,940

(c) Non-cash additions and disposals in 2018 for both Group and Company amounted to Rs 640.4m and Rs 307.7m respectively.

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

10. INVESTMENTS IN FINANCIAL ASSETS (CONT'D)

(d) The table below shows the changes in level 3 instruments:

At January 1,
Additions
Disposals
Increase in fair value
At December 31,

THE GROUP AND THE COMPANY	
2018	2017
Rs'000	Rs'000
865,514	694,283
139,341	192,738
(70,134)	(129,922)
141,611	108,415
1,076,332	865,514

- (e) Held-to-maturity investments comprise of Mauritius Government Securities, listed and unquoted Debenture Stocks and Treasury Bills with interest rates varying from 3.27% to 12.75% (2017: 2.00% to 12.75%).
- (f) Available-for-sale financial assets comprise of listed, quoted and unquoted financial assets.
- (g) The Directors do not consider the investee companies with a shareholding in excess of 20% to be "Associated Companies" as Swan Life Ltd does not exercise significant influence over these companies.
- (h) None of the financial assets are either past due or impaired.
- (i) The maturity of financial assets are disclosed in note 3.2.3.

11. LOANS AND RECEIVABLES

Loans on policies
Loans on residential properties
Loans on business properties
Loans to related corporations
Cumulative accrued interests
Less impairment provision
(see note (a) below)

Analysed as follows:-
Non-current
Current

THE GROUP		THE COMPANY	
2018	2017	2018	2017
Rs'000	Rs'000	Rs'000	Rs'000
64,704	71,966	64,704	71,966
3,175,696	3,375,465	3,175,696	3,375,465
1,209,105	1,318,090	1,209,105	1,318,090
11,901	13,501	25,339	26,939
122,959	123,347	122,959	123,347
(86,970)	(71,600)	(86,970)	(71,600)
4,497,395	4,830,769	4,510,833	4,844,207
3,966,249	4,510,844	3,979,687	4,524,282
531,146	319,925	531,146	319,925
4,497,395	4,830,769	4,510,833	4,844,207

(a) Movements on the provisions for impairments of loans and receivables are as follows:

At January 1,
Charge for the year
At December 31,

THE GROUP AND THE COMPANY	
2018	2017
Rs'000	Rs'000
71,600	69,500
15,370	2,100
86,970	71,600

- (b) The rate of interest on loans vary from 5.00% to 14.00% (2017: 5.00% to 14.00%).
- (c) There is no concentration of credit risk with respect to loans and receivables since balances are widely dispersed.
- (d) The non-covered portion of impaired loans and receivables are secured by fixed charge collaterals on immovable properties. Impairment provision has been booked where recovery was estimated as doubtful.
- (e) The ageing of loans and receivables is disclosed in note 3.2.3.
- (f) The carrying amounts of loan and receivables approximate their fair values.
- (g) The carrying value of loans and receivables that have been impaired is disclosed in note 3.2.2.

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

12. TRADE AND OTHER RECEIVABLES

- Receivables arising from insurance contracts
 - Due from contract holders - Individuals
 - Schemes
- Claims recoverable from Reinsurers
- Interest and other receivables
- Receivables from related parties:
 - Holding Company
 - Subsidiary Companies

THE GROUP		THE COMPANY	
2018	2017	2018	2017
Rs'000	Rs'000	Rs'000	Rs'000
62,106	55,908	62,106	55,908
477,848	413,186	477,848	413,186
963	8,943	963	8,943
253,946	236,861	155,281	165,289
1,290	14,224	-	13,333
-	-	37,732	18,290
796,153	729,122	733,930	674,949

- (a) The ageing of trade and other receivables is disclosed in note 3.2.3.
- (b) The other classes within trade and other receivables do not include impaired assets except as mentioned in note 3.2.2.
- (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 and the Company do not hold any collateral security for trade and other receivables. Impairment provision has been booked where recovery was estimated as doubtful.
- (e) The carrying value of trade and other receivables that have been impaired is disclosed in note 3.2.2.
- (f) The carrying amounts of trade and other receivables approximate their fair values.
- (g) Currency analysis of trade and other receivables is disclosed in note 3.2.1

13. SHORT TERM DEPOSITS

Short term deposits (note 27(b))

THE GROUP AND THE COMPANY	
2018	2017
Rs'000	Rs'000
1,174,142	1,787,070

- (a) Short term deposits comprise of foreign deposits, money-at-call and savings accounts. The rates of interest vary between 0.1 % to 1.80% (2017: 2.10% to 3.60%).

14. SHARE CAPITAL

At January 1 and December 31,

THE GROUP AND THE COMPANY	
2018	2017
Rs'000	Rs'000
26,322	26,322

The total authorised number of ordinary share is 2,632,210 shares (2017: 2,632,210 shares) with a par value of Rs.10 per share (2017: Rs.10 per share). All issued shares are fully paid.

15. NON-CONTROLLING INTERESTS

At January 1,
 Issue of shares
 Share of surplus (note 8(f))
 Share of reserve
 Dividend paid
At December 31,

THE GROUP	
2018	2017
Rs'000	Rs'000
181,358	171,030
497	-
24,894	25,283
(612)	250
(15,806)	(15,205)
190,331	181,358

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

16. LIFE ASSURANCE FUND

(a) THE GROUP	2018					2017				
	Surplus	Fair value reserve	Other reserves	Actuarial gains/(losses)	Total	Surplus	Fair value reserve	Other reserves	Actuarial gains/(losses)	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1	31,059,796	8,955,033	(9,883)	(123,368)	39,881,578	28,911,463	5,702,771	(4,977)	(122,139)	34,487,118
Surplus on Life Assurance Fund for the year (page 71)	2,143,845	-	-	-	2,143,845	1,844,101	-	-	-	1,844,101
Change in value of available-for-sale financial assets	-	(646,844)	-	-	(646,844)	-	3,482,437	-	-	3,482,437
Release from fair value reserve	-	(343,870)	-	-	(343,870)	-	(230,175)	-	-	(230,175)
Share of reserves of associated company	-	-	1,769	-	1,769	-	-	(4,906)	-	(4,906)
Remeasurements of defined benefit obligations	-	-	-	6,856	6,856	-	-	-	(1,229)	(1,229)
Transfer from retirement benefit obligation (note 18(a)(ii))	-	-	-	-	-	224,455	-	-	-	224,455
Transfer (to)/from proprietors' fund (d)	(399,300)	-	-	-	(399,300)	79,777	-	-	-	79,777
At December 31,	32,804,341	7,964,319	(8,114)	(116,512)	40,644,034	31,059,796	8,955,033	(9,883)	(123,368)	39,881,578

(b) THE COMPANY

	2018					2017				
	Surplus				Total	Surplus				Total
	Non-Linked	Linked	Fair value reserve	Actuarial gains/(losses)		Non-Linked	Linked	Fair value reserve	Actuarial gains/(losses)	
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1	20,219,813	10,500,802	8,954,621	(118,980)	39,556,256	19,134,382	9,486,389	5,703,882	(118,269)	34,206,384
Surplus on Life Assurance Fund for the year (page 71)	976,350	1,121,569	-	-	2,097,919	781,199	1,014,413	-	-	1,795,612
Change in value of available-for-sale financial assets	-	-	(644,658)	-	(644,658)	-	-	3,481,174	-	3,481,174
Release from fair value reserve	-	-	(343,705)	-	(343,705)	-	-	(230,435)	-	(230,435)
Transfer from retirement benefit obligation (note 18(a)(ii))	-	-	-	-	-	224,455	-	-	-	224,455
Movement in reserve	-	-	-	6,953	6,953	-	-	-	(711)	(711)
Transfer (to)/from proprietors' fund (d)	(399,300)	-	-	-	(399,300)	79,777	-	-	-	79,777
At December 31,	20,796,863	11,622,371	7,966,258	(112,027)	40,273,465	20,219,813	10,500,802	8,954,621	(118,980)	39,556,256

- (c) The liability component of the Discretionary Participating Feature (DPF) within the Life Assurance Fund is included in the Non-Linked Account.
- (d) As part of a restructure of the Life Assurance Fund, in order to create designated funds for each class of long term insurance business as required by the Insurance Act 2005, the Statutory Actuary of the Company recommended that 10% of the actuarial surplus as at 31st December 2014 be transferred from the Life Assurance Fund to the proprietors' fund as a non-distributable reserve (NDR). In line with the above recommendation, the board has approved the transfer of Rs 472m on April 1, 2015. Consequently, each year, following the actuarial valuation of the Company, a transfer will be made to/from the NDR on a consistent basis and based on the corresponding amount of surplus. As at December 31, 2018, the NDR amounted to Rs 825m following a transfer of Rs 399m from the Life Assurance Fund based on 2017 valuation. The NDR is expected to decrease to Rs 709m at January 01, 2019 based on actuarial valuation.

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

16. LIFE ASSURANCE FUND (CONT'D)

Fair value reserve

Fair value reserve comprises of the cumulative net change in the fair value of available-for-sale financial assets recognised in Life Assurance Fund until the investments are derecognised or impaired.

Other reserves

This is a translation reserve whereby differences obtained when translating the associate, Swan International Ltd and its investment, which have a functional currency different from that of the presentation currency of the Company, are accounted.

Actuarial gains/(losses)

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

17. DEFERRED TAX ASSETS

Deferred taxes are calculated on all temporary differences under the liability method at 17% (2017: 15%).

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

Deferred tax assets

THE GROUP	
2018	2017
Rs'000	Rs'000
822	695

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

At 1 January
Debited to Life Assurance Fund (note 20(a))
Credited to actuarial gains/(losses) reserves
At December 31,

THE GROUP	
2018	2017
Rs'000	Rs'000
695	770
106	(189)
21	114
822	695

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

Deferred tax assets:

At January 1, 2017
Debited to Life Assurance Fund (note 20(a))
Credited to actuarial gains/(losses) reserves
At December 31, 2017
Credited to Life Assurance Fund (note 20(a))
Credited to actuarial gains/(losses) reserves
At December 31, 2018

Accelerated capital	Retirement benefit obligation	Total
Rs'000	Rs'000	Rs'000
62	708	770
(1)	(188)	(189)
-	114	114
61	634	695
11	95	106
-	21	21
72	750	822

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

18. RETIREMENT BENEFIT OBLIGATIONS

Amounts recognised in the statements of financial position:

Defined pension benefits (note (a)(ii))

Analysed as follows:

Non-current liabilities

Amount charged to Life Assurance Fund:

- Defined pension benefits (note (a)(v) & 24)

Amount (credited)/charged to actuarial gains/(losses) reserves:

- Defined pension benefits (note (a)(vi))

THE GROUP		THE COMPANY	
2018	2017	2018	2017
Rs'000	Rs'000	Rs'000	Rs'000
76,831	70,340	74,000	66,126
76,831	70,340	74,000	66,126
15,366	65,756	14,827	67,009
(6,810)	1,472	(6,953)	711

(a) Defined pension benefits

- (i) The plan is a defined benefit arrangement, with benefits based on final salary. It provides for a pension at retirement and a benefit on death or disablement in service before retirement. The assets of the fund are held independently and administered by Swan Life Ltd.

The Group also operates 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.

The most recent actuarial valuation of the present value of the defined benefits obligations were carried out at December 31, 2018. 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 has historically paid discretionary bonuses to its pensioners which are also taken into account in the actuarial valuation of the pension fund for funding purposes. However, the calculations carried out for the retirement benefit obligation as required under IAS 19, did not reflect the discretionary element in the previous years. The cumulative effect thereof is not significant and has been adjusted prospectively in the current financial year.

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

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Present value of funded obligations	295,753	299,738	288,266	293,111
Fair value of plan assets	(218,922)	(229,398)	(214,266)	(226,985)
Liability in the statements of financial position	76,831	70,340	74,000	66,126

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

18. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits (cont'd)

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

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1	70,340	229,161	66,126	224,455
Amounts charged in the Life Assurance Fund	15,366	65,756	14,827	67,009
Amounts (credited)/charged in the actuarial (losses)/gains reserves	(6,810)	1,472	(6,953)	711
Contribution paid	(2,065)	(1,594)	-	(1,594)
Transfer to Life Assurance Fund (note 16)	-	(224,455)	-	(224,455)
At December 31	76,831	70,340	74,000	66,126

The retirement benefit obligation for Swan Life Ltd has been unfunded up to December 31, 2017 because the pension fund was set up under the Insurance Act and the assets would not therefore have been segregated from the Company. However, following the enactment of the Private Pension Scheme Act 2012, all pension funds now have to be set up under a Trust and the Company has created a master trust for all its corporate clients, one of which is Swan Life Ltd itself. Moreover, the law also requires that all pension funds meet the technical funding requirements and as a result Swan Life Ltd has to fund its obligations towards the Swan Life Ltd pension fund. In 2017, assets of Rs 224.4m had been earmarked for the Company's pension fund which will be transferred to the Trust after the approval of the Regulator. A contingency plan has also been signed by the Company so that the remaining deficit is funded over the period recommended by the actuary to the Trust.

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

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1	299,738	233,847	293,111	224,455
Current service cost	11,767	9,936	11,520	9,308
Past service cost	-	42,119	-	41,172
Interest cost	13,934	13,982	13,603	13,419
Actuarial (gains)/losses:	(8,638)	1,448	(8,920)	711
Benefits paid	(21,048)	(1,594)	(21,048)	(1,594)
Transfers in	-	-	-	5,640
At December 31,	295,753	299,738	288,266	293,111

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

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1	229,398	4,686	226,985	-
Expected return on plan assets	10,418	281	10,296	-
Losses on pension scheme assets	(1,828)	(24)	(1,967)	-
Transfer to Life Assurance Fund (note 16)	-	224,455	-	224,455
Scheme expenses	(83)	-	-	-
Employer contributions	2,065	-	-	-
Transfer in	-	-	-	2,530
Benefits paid	(21,048)	-	(21,048)	-
At December 31,	218,922	229,398	214,266	226,985
Actual return on plan assets	8,590	257	8,329	-

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

18. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits (cont'd)

The Company 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.

(v) Amounts recognised in the Life Assurance

Fund are as follows:

Current service cost	
Net interest cost	
Past service costs	
Scheme expenses	
Transfer in	
Total included in employee benefit expense (note 24)	

THE GROUP		THE COMPANY	
2018	2017	2018	2017
Rs'000	Rs'000	Rs'000	Rs'000
11,767	9,936	11,520	9,308
3,516	13,701	3,307	13,419
-	42,119	-	41,172
83	-	-	-
-	-	-	3,110
15,366	65,756	14,827	67,009

(vi) Amounts recognised in the actuarial gains/(losses) reserve are as follows:

Experience (gains) on the liabilities	
Losses on pension scheme	
Change in assumption underlying the present value of the scheme	

2018	2017	2018	2017
Rs'000	Rs'000	Rs'000	Rs'000
(8,638)	(530)	(8,920)	(1,159)
1,828	24	1,967	-
-	1,978	-	1,870
(6,810)	1,472	(6,953)	711

- (vii) The assets of the Group plan are invested in the Deposit Administration Policy underwritten by Swan Life Ltd. The Deposit Administration Policy is a pooled insurance product for 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% pa.

The assets backing the the Deposit Administration Policy form part of the Life Fund of Swan Life Ltd so that the breakdown of the assets above corresponds to a notional allocation of the underlying investments based on long term strategic asset allocation of the policy.

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

Discount rate
Expected return on plan assets
Future long-term salary increases
Future guarantee pension increases
NPS ceiling increases

Post retirement annuity rates

THE GROUP AND THE COMPANY	
2018	2017
%	%
6.0	5.0
6.0	5.0
5.0	4.5
-	0 - 3
4.0	4.5
Swan Life Ltd rates	Swan Life Ltd rates

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

18. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits (cont'd)

- (ix) Sensitivity analysis on defined benefit obligations at end of reporting period:

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Decrease due to 1% increase in discount rate	29,078	29,480	28,323	28,989
Increase due to 1% increase in future long-term salary assumption	34,943	36,375	34,641	35,805

The sensitivity analyses above have been determined based on sensibly possible changes of the discount rate or salary increase rate occurring at the end of the reporting period if all other assumptions remained unchanged.

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

- (x) The defined benefit pension plan exposes the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.
- (xi) The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.
- (xii) The Group and the Company expect to pay Rs 52m and Rs 50m respectively in contributions to its post-employment benefit plans for the year ending December 31, 2019.
- (xiii) The weighted average duration of the defined benefit obligation is 9 - 20 years for the Group and 9 - 20 years for the Company at the end of the reporting period (2017 - Group and Company: 9 - 20 years).

19. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
· Trade payables:				
- Insurance contracts	99,351	61,983	99,351	61,983
· Other payables and accruals	690,719	607,357	649,420	565,231
· Amounts due to related parties:	-	-	-	-
- Holding company	27,745	25,849	23,277	21,332
- Subsidiary companies	-	-	17,381	16,312
	817,815	695,189	789,429	664,858
Less non-current portion (c):				
Other payables	(54,076)	-	(54,076)	-
	763,739	695,189	735,353	664,858

- (a) Currency analysis of trade and other payables is disclosed in note 3.2.1.
- (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 54m with a repurchase agreement in five years for Rs 52m.

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

20. TAXATION

(a) Income tax charge

Current tax on the adjusted surplus for the year at 15% (2017: 15%)
Corporate social responsibility tax
Under/(over) provision in prior year
Movement in deferred tax (note 17)
Tax charge for the year

THE GROUP		THE COMPANY	
2018	2017	2018	2017
Rs'000	Rs'000	Rs'000	Rs'000
27,701	29,011	-	-
3,860	5,501	-	2,339
137	(115)	-	-
(106)	189	-	-
31,592	34,586	-	2,339

(b) The tax on the Group's surplus before tax differs from the theoretical amount that would arise using the basic tax rate of the Group's as follows:

Surplus before taxation
Less share of results of associates
Less Company surplus for the year
Add dividend income from related parties

THE GROUP		THE COMPANY	
2018	2017	2018	2017
Rs'000	Rs'000	Rs'000	Rs'000
2,525,453	2,131,421	2,423,041	2,025,402
(2,121)	7,650	-	-
(2,423,041)	(2,025,402)	-	-
167,217	158,456	-	-
267,508	272,125	2,423,041	2,025,402

Tax calculated at 15% (2017: 15%)
Corporate social responsibility tax
Income not subject to tax
Expenses not deductible for tax purposes
Under/(over) provision in prior year
Tax losses for which no deferred tax has been accounted
Effect of temporary difference on CSR

THE GROUP		THE COMPANY	
2018	2017	2018	2017
Rs'000	Rs'000	Rs'000	Rs'000
40,126	40,819	-	-
3,860	5,501	-	2,339
(14,372)	(13,306)	-	-
1,765	1,687	-	-
137	(115)	-	-
90	-	-	-
(14)	-	-	-
31,592	34,586	-	2,339

(c) Current tax liabilities

Balance as at January 1,
Current tax on the adjusted surplus for the year at 15% (2017: 15%)
Corporate social responsibility tax
Under/(over) provision in prior year
Amount paid during the year
Payment under Advance Payment System (APS)

THE GROUP		THE COMPANY	
2018	2017	2018	2017
Rs'000	Rs'000	Rs'000	Rs'000
10,500	4,463	-	-
27,701	29,011	-	-
3,860	5,501	-	2,339
137	(115)	-	-
(13,386)	(10,730)	-	(2,339)
(19,611)	(17,630)	-	-
9,201	10,500	-	-

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

21. GROSS PREMIUMS

Gross Premiums
Consideration for annuities

THE GROUP AND THE COMPANY			
2018			2017
Non-Linked	Linked	Total	Total
Rs'000	Rs'000	Rs'000	Rs'000
1,892,671	1,723,189	3,615,860	3,396,248
779,131	-	779,131	630,492
2,671,802	1,723,189	4,394,991	4,026,740

22. INVESTMENT INCOME

Interest income
Dividend income

THE GROUP		THE COMPANY			
2018	2017	2018			2017
		Non-Linked	Linked	Total	Total
Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
992,918	930,589	569,178	422,378	991,556	929,725
486,899	323,004	442,442	120,488	562,930	393,744
1,479,817	1,253,593	1,011,620	542,866	1,554,486	1,323,469

23. OTHER INCOME

Profit on disposal of
financial assets
Miscellaneous income
Profit on disposal of property
and equipment

THE GROUP		THE COMPANY			
2018	2017	2018			2017
		Non-Linked	Linked	Total	Total
Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
337,499	287,493	300,448	35,692	336,140	283,383
929	317	143	-	143	-
99	-	99	-	99	-
338,527	287,810	300,690	35,692	336,382	283,383

24. MARKETING AND ADMINISTRATIVE EXPENSES

Marketing and administrative expenses include:
- Contribution in respect of Corporate Social
Responsibility (voluntary)
- Internal auditors' fees
- Staff costs (see note (a) below)

THE GROUP		THE COMPANY	
2018	2017	2018	2017
Rs'000	Rs'000	Rs'000	Rs'000
36	-	36	-
421	207	421	207
223,425	263,561	176,604	228,023

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

24. MARKETING AND ADMINISTRATIVE EXPENSES (CONT'D)

- (a) Analysis of staff costs:
Salaries and wages
Retirement benefit obligations:
- defined benefit plan (note 18(a)(v))
- defined contribution plan
Other costs

THE GROUP		THE COMPANY	
2018	2017	2018	2017
Rs'000	Rs'000	Rs'000	Rs'000
143,134	130,637	101,240	99,921
15,366	65,756	14,827	67,009
4,587	4,573	3,496	3,121
60,338	62,595	57,041	57,972
223,425	263,561	176,604	228,023

25. DIVIDEND PAYABLE

Declared and paid (2017: payable)

Final dividend of Rs. 49.50 per ordinary share (2017: Rs. 46.00).

THE GROUP AND THE COMPANY	
2018	2017
Rs'000	Rs'000
130,294	121,082

26. EARNINGS PER SHARE

Earnings attributable to shareholders is based on:

- Amount transferred from Life Assurance Fund
- Interest allocated
- Amount transferred to Proprietors' Fund

Number of shares in issue

Earnings per share

THE GROUP AND THE COMPANY	
2018	2017
Rs'000	Rs'000
298,806	67,884
68,699	41,433
72,200	67,800
439,705	177,117
2,632,210	2,632,210
167.05	67.29

The above amount of Rs 298.8m (2017: Rs 67.9m) represents one-third of the total amount transferred from the Life Assurance Fund to the Proprietors' Fund following the actuarial valuation at December 31, 2016, the declared bonus of 2018 and other profits as per actuarial valuation at December 31, 2018.

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

27. NOTES TO THE CASH FLOW STATEMENTS

(a) Cash generated from operations

Surplus for the year before taxation
Adjustments for:
Depreciation on property and equipment
Depreciation on investment properties
Amortisation/impairment of intangible assets
Profit on sale of property and equipment
Impairment charged on investments in financial assets for the year
Impairment charged on loans for the year
Interest allocated to proprietors' fund
Investment income
Net (gain)/loss on exchange
Profit on sale of financial assets
Change in accrued interest
Changes in working capital
- Trade and other receivables
- Trade and other payables
- Retirement benefit obligations
- Outstanding claims
Share of results of associated companies net of dividend

Cash generated from operations

Notes	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
	2,525,453	2,131,421	2,423,041	2,025,402
5	21,023	16,814	20,496	16,353
6	10,072	9,882	10,072	9,882
7	10,397	10,657	4,455	4,715
23	(99)	-	(99)	-
10	45,011	-	45,011	-
11	15,370	2,100	15,370	2,100
	68,699	41,433	68,699	41,433
22	(1,479,817)	(1,253,593)	(1,554,486)	(1,323,469)
	(19,090)	69,819	(18,168)	67,094
23	(337,499)	(287,493)	(336,140)	(283,383)
	(89,226)	(41,506)	(89,226)	(41,506)
	(19,939)	(255,102)	(12,387)	(234,009)
	68,550	326,432	70,495	307,305
18	13,301	64,162	14,827	65,415
	9,276	26,723	9,276	26,723
	(98)	9,306	-	-
	841,384	871,055	671,236	684,055

(b) Cash and cash equivalents

Short term deposits (note 13)
Cash and cash equivalents

THE GROUP		THE COMPANY	
2018	2017	2018	2017
Rs'000	Rs'000	Rs'000	Rs'000
1,174,142	1,787,070	1,174,142	1,787,070
1,291,345	794,631	918,125	428,219
2,465,487	2,581,701	2,092,267	2,215,289

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

28. MOVEMENTS IN INSURANCE LIABILITIES AND REINSURANCE ASSETS

2018

At January 1,
Notified claims
Increase in liabilities
Cash paid for claims during the year
At December 31,

2017

At January 1,
Notified claims
Increase in liabilities
Cash paid for claims during the year
At December 31,

THE GROUP AND THE COMPANY		
Gross	Reinsurance	Net
Rs'000	Rs'000	Rs'000
87,022	(8,943)	78,079
164,082	(18,696)	145,386
(154,806)	26,676	(128,130)
96,298	(963)	95,335

60,299	(4,702)	55,597
209,211	(31,775)	177,436
(182,488)	27,534	(154,954)
87,022	(8,943)	78,079

29. 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	67,941	137,950

(b) Contingent Liabilities

Bank guarantees and letter of credit

THE GROUP		THE COMPANY	
2018	2017	2018	2017
Rs'000	Rs'000	Rs'000	Rs'000
17,100	17,100	-	-

30. HOLDING COMPANY AND ULTIMATE HOLDING COMPANY

The Directors regard Swan General Ltd, which owns 82.72% (2017: 82.72%) of the Company's share capital, as the Holding and Ultimate Holding Company. The remaining shares are widely held. The Company is incorporated in Mauritius and its registered offices is situated at Swan Centre, 10 Intendance Street, Port Louis.

31. SEGMENT INFORMATION

The Company is in itself an operating segment and strategic business unit of the Swan Group. It carries out exclusively long term insurance business, which is reported to the Group Chief Executive.

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

32. RELATED PARTY TRANSACTIONS

(a) THE GROUP

2018

	Sales of services	Purchases of services	Investment income	Recharges	Rental charge	Financial assets	Loans/ Deposits	Amount receivable from related parties	Amount payable to related parties
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Holding company	34,185	20,273	2,445	(924)	(1,065)	-	95,000	1,290	27,745
Associated companies	-	-	-	4,127	-	36,945	13,440	5,028	-
Fellow subsidiaries	-	-	3,881	14,261	-	91,267	-	23,661	56,995
Shareholders with significant influence	81,391	-	136,716	-	-	3,005,246	842,550	46,389	-
Enterprise that have a number of key management/directors in common	778,950	-	-	-	-	-	-	87,692	25,995
Key management personnel	1,056	-	265	-	-	-	4,659	355	7
	895,582	20,273	143,307	17,464	(1,065)	3,133,458	955,649	164,415	110,742

2017

	Sales of services	Purchases of services	Investment income	Recharges	Rental charge	Financial assets	Loans/ Deposits	Amount receivable from related parties	Amount payable to related parties
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Holding company	33,152	19,286	521	6,455	(1,043)	-	124,950	42,169	25,849
Associated companies	-	-	-	2,888	-	35,078	13,440	808	-
Fellow subsidiaries	-	-	3,157	13,028	-	75,959	13,501	19,373	-
Shareholders with significant influence	75,998	-	111,920	-	-	2,809,632	1,088,467	28,333	-
Enterprise that have a number of key management/directors in common	767,369	-	-	2,657	-	-	-	90,624	23,321
Key management personnel	1,450	-	431	-	-	-	4,750	355	7
	877,969	19,286	116,029	25,028	(1,043)	2,920,669	1,245,108	181,662	49,177

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

32. RELATED PARTY TRANSACTIONS (CONT'D)

(b) THE COMPANY

2018

	Sales of services	Purchase of services	Investment income	Recharges	Rental Income	Financial assets	Loans/ Deposits	Amount receivable from related parties	Amount payable to related parties
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Holding company	29,206	17,164	2,445	(927)	-	-	95,000	-	23,277
Subsidiary companies	103	97,204	75,194	37,676	1,997	-	-	37,732	17,381
Associated companies	-	-	2,020	4,127	-	614	13,440	5,028	-
Fellow subsidiaries	-	-	3,881	14,261	-	91,267	-	23,661	56,995
Shareholders with significant influence	81,391	-	136,716	-	-	3,005,246	842,550	46,389	-
Enterprise that have a number of key management/directors in common	778,950	-	-	-	-	-	-	87,692	25,995
Key management personnel	1,056	-	265	-	-	-	4,659	355	7
	890,706	114,368	220,521	55,137	1,997	3,097,127	955,649	200,857	123,655

2017

	Sales of services	Purchase of services	Investment income	Recharges	Rental Income	Financial assets	Loans/ Deposits	Amount receivable from related parties	Amount payable to related parties
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Holding company	27,945	16,455	521	6,718	-	-	124,950	41,278	21,332
Subsidiary companies	73	100,332	70,390	28,462	1,988	-	-	18,290	16,312
Associated companies	-	-	1,654	2,888	-	614	13,440	808	-
Fellow subsidiaries	-	-	3,157	13,028	-	75,959	13,501	19,373	-
Shareholders with significant influence	75,998	-	111,920	-	-	2,809,632	1,088,467	28,333	-
Enterprise that have a number of key management/directors in common	767,369	-	-	2,657	-	-	-	90,624	23,321
Key management personnel	1,450	-	431	-	-	-	4,750	355	7
	872,835	116,787	188,073	53,753	1,988	2,886,205	1,245,108	199,061	60,972

The related party transactions are within the normal commercial terms and in the normal course of the business. For loans, the interest rate varies between 5% and 14% and secured by life policies of the party.

Notes to the financial statements

YEAR ENDED DECEMBER 31, 2018

32. RELATED PARTY TRANSACTIONS (CONT'D)

(c) Key management personnel compensation

Salaries and short-term employee benefits
Post-employment benefits

THE GROUP		THE COMPANY	
2018	2017	2018	2017
Rs'000	Rs'000	Rs'000	Rs'000
35,056	31,427	24,194	19,800
3,266	2,994	2,192	1,743
38,322	34,421	26,386	21,543

- (d) The terms and conditions in respect of receivables and payables have been disclosed under respective notes. For the year ended December 31, 2018, the Group and the Company have not recorded any impairment of receivables relating to amounts owed by related parties (2017: Nil). There have been no guarantees provided for any related party receivables or payables.

33. THREE YEAR FINANCIAL REVIEW

	THE GROUP			THE COMPANY		
	2018	2017	2016	2018	2017	2016
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Life Assurance Fund						
Gross premiums	4,394,991	4,026,740	3,859,237	4,394,991	4,026,740	3,859,237
Net premiums	4,232,930	3,865,936	3,692,096	4,232,930	3,865,936	3,692,096
Investment and other income	2,322,311	2,028,305	2,851,036	2,190,691	1,918,023	2,749,039
Share of (loss)/profit of associates	2,121	(7,650)	2,885	-	-	-
	6,557,362	5,886,591	6,546,017	6,423,621	5,783,959	6,441,135
Surplus for the year before taxation	2,525,453	2,131,421	3,119,750	2,423,041	2,025,402	3,035,853
Taxation	(31,592)	(34,586)	(24,311)	-	(2,339)	-
Surplus for the year	2,493,861	2,096,835	3,095,439	2,423,041	2,023,063	3,035,853
Surplus allocated as follows:						
- Life Assurance Fund	2,143,845	1,844,101	3,006,092	2,097,919	1,795,612	2,969,853
- Proprietors' fund	325,122	227,451	66,000	325,122	227,451	66,000
- Non-controlling interests	24,894	25,283	23,347	-	-	-
	2,493,861	2,096,835	3,095,439	2,423,041	2,023,063	3,035,853
Dividends	130,294	121,082	121,082	130,294	121,082	121,082
Earnings attributable to shareholders	439,705	177,117	182,960	439,705	177,117	182,960
Statement of Financial Position						
Non-current assets	38,138,708	37,214,775	31,344,198	38,446,516	37,552,064	31,664,750
Current assets	5,149,590	4,623,255	4,820,648	4,708,893	4,202,670	4,496,388
	43,288,298	41,838,030	36,164,846	43,155,409	41,754,734	36,161,138
Share capital	26,322	26,322	26,322	26,322	26,322	26,322
Proprietors' fund	1,366,252	703,425	635,400	1,366,252	703,425	635,400
Reserves	61,214	61,214	61,214	529,643	529,643	529,643
Non-controlling interests	190,331	181,358	171,030	-	-	-
Life Assurance Fund	40,644,034	39,881,578	34,487,118	40,273,465	39,556,256	34,206,384
Gross outstanding claims	96,298	87,022	60,299	96,298	87,022	60,299
Other non-current liabilities	130,907	70,340	229,161	128,076	66,126	224,455
Current liabilities	772,940	826,771	494,302	735,353	785,940	478,635
	43,288,298	41,838,030	36,164,846	43,155,409	41,754,734	36,161,138

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. M. M. Hector ESPITALIER-NOËL
 Mr. M. H. Philippe ESPITALIER-NOËL
 Mr. M. D. Henri HAREL
 Mr. J. M. René LECLÉZIO
 Mr. Peroomal Gopallen MOOROGEN
 Mr. J. M. Louis RIVALLAND - Group Chief Executive
 Mr. Victor C. SEEYAVE
 Mr. Jean-Sebastien MAMET
 Mr. Arif CURRIMJEE (as from 16 April 2018)

DIRECTORS OF THE SUBSIDIARY COMPANIES

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. Alan GODER

Swan Wealth Managers Ltd

Mr. J. M. Louis RIVALLAND
 Mr. Peroomal Gopallen MOOROGEN
 Mr. Nitish BENI MADHU

Swan Foundation

Mr. J. M. Louis RIVALLAND
 Mr. Jaiyansing SOOBAH

Swan Financial Solutions Ltd

Mr. J. M. Louis RIVALLAND
 Mr. Nitish BENI MADHU
 Mr. Ashley Coomar RUHEE

Swan Securities Ltd

Mr. Jaiyansing SOOBAH
 Mrs. Karine MOREL (appointed on 15 March 2019)
 Mr Veenaye BUSGEETH (appointed on 09 January 2018 & resigned on 18 March 2019)

Swan Corporate Advisors Ltd

Mr. Jaiyansing SOOBAH (appointed on 29 January 2018)
 Mr. Jeeawock GIANDUTH (appointed on 29 January 2018)
 Mr. J. M. Louis RIVALLAND (resigned on 29 January 2018)
 Mr. Nitish BENI MADHU (resigned on 29 January 2018)

Swan Pensions Rwanda (SPR) Ltd

Mr. J. M. Louis RIVALLAND (appointed on 26 February 2018)
 Mr. Alan GODER (appointed on 26 February 2018)
 Mrs. Charisma Devi Roopun JAWAHEER (appointed on 26 February 2018)
 Mr. Jean Pierre Mubiigi KANAMUGIRE (appointed on 26 February 2018)

Other statutory disclosures

FOR THE 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 received from the Company and its subsidiaries were as follows:

- Directors of Swan Life 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
6,210	5,036	4,666	4,899
1,060	1,025	110	158
7,270	6,061	4,776	5,057

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

- Non-executive Director

From the Subsidiaries	
2018	2017
Rs'000	Rs'000
70	158

DONATIONS

Political donations

Charitable donations

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

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.

AUDITORS' FEES

Audit fees paid to:

- BDO & Co

- Other firms

Fees paid for other services provided by:

- BDO & Co

THE GROUP		THE COMPANY	
2018	2017	2018	2017
Rs'000	Rs'000	Rs'000	Rs'000
1,935	1,975	1,545	1,485
119	94	-	-
2,054	2,069	1,545	1,485
585	150	585	150
585	150	585	150

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Notice is hereby given that the Annual Meeting of Shareholders (the “Meeting”) of Swan Life Ltd (the “Company”) will be held on 18 June 2019 at 10.30 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 31st 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 31st 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 need not be a member of the Company.
2. The instrument appointing a proxy or any general power of attorney shall be deposited at Registered Office of the Company not less than twenty-four (24) hours before the start of the meeting and in default, the instrument of proxy shall not be treated as valid.
3. A proxy form is included in this Annual Report and is also available at the registered office of the Company.
4. For the purpose of this Annual Meeting, the Directors have resolved, in compliance with Section 120(3) of the Companies Act 2001, that the shareholders who are entitled to receive notice of the meeting shall be those shareholders whose names are registered in the share register of the Company as at 21 May 2019.

PROXY FORM

I/We

of

being a member/members of Swan Life 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 10.30 hours and at any adjournment thereof.

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

RESOLUTIONS

FOR AGAINST ABSTAIN

- 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 31st 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 31st December 2018.

<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 need 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.

[illegible]

[illegible]

