

SWAN WEALTH STRUCTURED PRODUCTS LTD

ANNUAL REPORT – YEAR ENDED

DECEMBER 31, 2019

SWAN WEALTH STRUCTURED PRODUCTS LTD

ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2019

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REPORT OF THE DIRECTORS FOR THE YEAR ENDED DECEMBER 31, 2019

The Directors have pleasure in submitting the Annual Report of the Company for the year ended December 31, 2019. The audited financial statements for the year under review are set out on pages 6 to 22.

All shareholders agree to dispense with the obligation to prepare an annual report as per section 221(4) of the Companies Act 2001.

The Directors of the Company as at December 31, 2019 were:

Mr J.M. Louis RIVALLAND
Mr Nitish BENI MADHU

BY ORDER OF THE BOARD



SECRETARY
For and on behalf of
SWAN CORPORATE AFFAIRS LTD

Date: 27 August 2020

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2019

Swan Wealth Structured Products Ltd (the 'Company') is a Public Interest Entity as defined by the Financial Reporting Act 2004.

1. GOVERNANCE STRUCTURE

Swan Wealth Structured Products 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 Company does not have a board charter as it considers that the legislation is sufficiently clear as to the respective roles, responsibilities and authorities of the Board of directors. 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. 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 code of ethics, main clauses of the constitution and the profile of the directors have been published on the website of Swan Group.

2. STRUCTURE OF THE BOARD AND ITS COMMITTEES

Swan Wealth Structured Products Ltd is headed by a unitary Board and consists of two non-executive directors who are ordinarily resident in Mauritius.

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. The Company believes that the composition of the Board is adequate for the Company's operations for the time being, having regard to the activities and size of the Company and it being part of a group where certain functions are established at group level.

The Non-executive Directors of the Company are Messrs. Louis Rivalland and Nitish Beni Madhu.

Profile of the directors are as follows:

Louis Rivalland

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.

2. STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)**Louis Rivalland (cont'd)**

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 Society (AMAS), 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 Society (AMAS), 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.

List of other directorships:

<i>Company names</i>	<i>Position</i>	<i>Company names</i>	<i>Position</i>
Aprica Investments Co Ltd	Executive Director	Swan Financial Solutions Ltd	Executive Director
Manufacturers' Distributing Station Limited	Executive Director	Swan Foundation	Executive Director
New Mauritius Hotels Limited	Executive Director	Swan General Ltd	Executive Director
Proccure Compagnie Limitée	Executive Director	Swan International Co Ltd	Executive Director
Swan Corporate Affairs Ltd	Executive Director	Swan Life Ltd	Executive Director
Swan Digital Ltd	Executive Director	Swan Pensions Ltd	Executive Director
Swan Wealth Managers Ltd	Executive Director	Swan Reinsurance PCC	Executive Director
Swan Wealth International Ltd	Executive Director	Swan Special Risks Co Ltd	Executive Director

Nitish BENI MADHU

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

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

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2019

2. STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)

List of other directorships:

<i>Company Name</i>	<i>Position</i>
Central Depository and Settlement Co Ltd	Chairperson
The Stock Exchange of Mauritius	Non-Executive Director
MDA Properties	Non-Executive Director
Constance Hotels Services Ltd	Non-Executive Director
Moka City Ltd	Non-Executive Director
Swan Digital Ltd	Non-Executive Director
Swan Financial Solutions Ltd	Non-Executive Director
Dolberg Rental (Pty) Ltd	Non-Executive Director
Swan Wealth Managers Ltd	Executive Director
Swan Wealth International Ltd	Non-Executive Director

The Company Secretary plays a key role in the application of corporate governance. All directors have access to the advice and services of the Company Secretary, who provides guidance to the Directors on their statutory responsibilities, ethics and good governance. The Company Secretary acts as a vital bridge between the Board and the executive management and ensures that the management, in a timely manner, provides the Board and its Committees with all information. The Company Secretary discharged his duties as per the statutory requirements.

Mr. Jaiyansing Soobah acts as the Group Company Secretary and below is his profile:

Jaiyansing (Shailen) SOOBAH
FCCA, MBA, Dip CII
Group Company Secretary, Group Risk Officer

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

Board Committees

Two committees are constituted at the level of the group – the Audit & Risks Committee and the Corporate Governance Committee. The terms of reference of the two committees which were approved by the Board have been posted on the website.

2. STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)**Board Committees (cont'd)**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 Committee consists of four non-executive directors, three of whom are independent, including the Chairperson. The members are:

- a) Mr. Arif Currimjee (independent)
- b) Mr. Henri Harel (non-executive)
- c) Mr. Gopallen Moorooogen (Chairperson) (independent)
- d) Mr. Victor Seeyave (independent)

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. The external auditors and the internal auditors regularly attend meetings of the Group Audit & Risks Committee, as are relevant.

The Group 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 the presence of management at SWAN Group's level.

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

2. STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)

Board Committees (cont'd)

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

- a) Yearly audited accounts – consideration and recommendation to the Board for approval;
- b) Taking cognizance of significant issues from the external auditors' management letter and agreeing on management actions to implement recommendations;
- c) Abridged quarterly accounts - consideration and recommendation to the Board for approval and publication
Internal audit – consideration of internal audit reports;
- e) Compliance Plan – taking stock of the main areas of focus of the compliance function for 2019;
- 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;
- h) Change in auditors.

Corporate Governance Committee

The Group's 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. Arif Currimjee (Independent)
- b) Mr. Nicolas Maigrot (Chairperson)
- c) Mr. Gopallen Moorooogen (independent)
- d) Mr. Victor Seeyave (independent)

The Group Chief Executive is in attendance. The Company Secretary, 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 appointment of new directors and corporate governance report.

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2019

2. STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)**Board Committees (cont'd)**

Attendance of the directors at board meetings and board committees for 2019 were as follows:

<i>Directors</i>	<i>Board Meeting</i>	<i>Audit & Risks Committee</i>	<i>Corporate Governance Committee</i>
Number of meetings held	1	5	1
NITISH BENI MADHU	1		
ARIF CURRIMJEE		5	1
HENRI HAREL		5	
NICOLAS MAIGROT ¹			1
GOPALLEN MOOROGEN ²		4	1
LOUIS RIVALLAND ³	1		
VICTOR SEEYAVE		5	1

¹ Chairperson, Corporate Governance Committee

² Chairperson, Audit & Risks Committee

³ In attendance (not a member)

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

3. DIRECTOR APPOINTMENT PROCEDURES

Appointment of new directors is subject to a pre-determined process. Potential candidates are identified by the Group's Corporate Governance Committee. The selection is made based on, inter alia, skills, business acumen, industry knowledge, experience and independence (where relevant). The Group's 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. The law provides that a director (Officer) must be a fit and proper person.

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 the Group 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. A brief write-up of directors and details of the nomination & appointment process have been published on the Company's website.

4. DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE

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

The Company has a Code of Ethics, which is applicable to the Board Members. Monitoring day-to-day compliance with the code rests with Group 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 puts its values to work every day. Our corporate values, Passion, People & Performance, serve as the foundation for this Code. Our values guide our actions in conducting business in a socially responsible and ethical manner. Directors are expected to:

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

In accordance with the Companies Act 2001, the Company Secretary maintains an interests register which is available for consultation to shareholders upon written request to the Company Secretary. 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.

No directors had any interests in the shares of the Company.

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. The Company Secretary ensures that Directors receive adequate, timely and accurate information to be able to discharge their duties. Directors are under the obligation 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.

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2019

4. DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE (CONT'D)Information, information technology and information security governance (cont'd)

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

- a) To clarify the requirements, prohibitions, and procedures applicable to the use of the Company's computing and network resources;
- b) Provide guidelines to encourage responsible behaviour and good management practice; and
- 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 – It was agreed by the Group Corporate Governance Committee that Board evaluation would be conducted every three years. The last Board evaluation conducted was for the year 2018 through questionnaires and appropriate actions are being taken based on feedback received.

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:

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

Non-executive directors have not received any remuneration in the form of share options or bonuses associated with the Company's performance. Directors do not receive any fees.

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.

5. RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

The Group's 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 the Senior Management of the SWAN Group.

Internal governance structures include a risk management function that complies with legislative requirements as specified by the Insurance (Risk Management) Rules 2016.

The Board, through the Group Audit & Risks Committee, regularly appraises of the assessment of internal control. Deficiencies, if any, are promptly considered and action plans devised to address all such deficiencies.

Key areas of effective internal controls at Swan Group's Level are as follows:

- a) A clear organisation structure, including the delegation of appropriate responsibilities to the Board committees, the Group Chief Executive, the 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; and
- f) Management has put in place appropriate financial and operational controls by way of segregation of duties and financial/monetary limits.
- g) At SWAN Group's level, internal control covers all material functions of the Company's board, through the Group Audit & Risks Committee and the senior management, is regularly appraised 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

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) 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 the financial statements.

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 for the year ended 31 December 2019 will be published on the website of SWAN Group.

Shareholders Agreement

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

6. REPORTING WITH INTEGRITY (CONT'D)

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 Group's Audit & Risks Committee and the Board. It derives its authority from the Board through the Group's 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 Group 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 Group Audit & Risk Committee, regarding the implementation, operation and effectiveness of internal control and risks management.

The Internal Auditors have a direct reporting line to the Group Audit & Risks Committee and maintain an open and constructive communication with the board members. They also have direct access to the Group 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/Group's Audit and Risks Committee. They have unrestricted access to the records. They act as a source of constructive advice and best practice, assisting the Group 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 Group's Audit & Risks Committee.

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2019

7. AUDIT (CONT'D)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 Group Audit & Risks Committee. External auditors have unrestricted access to the Group's Audit & Risks Committee. The Company is satisfied with the external audit process. The Audit & Risks Committee has not met with external auditor without management presence

For the presentation and approval of audited yearly financial statements, external auditors meet with the Group 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 since 2015.

During 2019, the following fees apply to BDO & Co:

For audit services	Rs 50,000
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8. RELATIONSHIP WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

The holding company of Swan Wealth Structured Products Ltd is Swan General Ltd.

The directors common to the Company and to the holding Company are:

DIRECTORS	SWAN WEALTH STRUCTURED PRODUCTS LTD	SWAN GENERAL LTD
Louis RIVALLAND	√	√
Nitish BENIMADHU	√	-

The Company and the Board have always maintained an open line of communication with all stakeholders. Key stakeholders of the Company are clients, shareholders, regulators & government authorities, the public and investors, internal and external auditors among others.

The Company holds an annual meeting of its sole shareholder namely Swan General Ltd by way of written resolution of shareholder.



Jaiyansing Soobah
for Swan Corporate Affairs Ltd
Company Secretary
27 August 2020

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 at December 31, 2019 and the results of its operations and cash flows for year ended December 31, 2019 and which comply with International Financial Reporting Standards (IFRS);
- (iii) the selection of appropriate accounting policies supported by reasonable and prudent judgements.

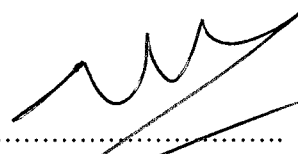
The external auditors are responsible for reporting on whether the financial statements are fairly presented.

The Directors' report that:

- (i) adequate accounting records and an effective system of internal controls and risk management have been maintained;
- (ii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
- (iii) International Financial Reporting Standards have been adhered to. Any departure in the fair presentation has been disclosed, explained and quantified;
- (iv) the Code of Corporate Governance has been adhered to.

Signed on behalf of the Board of Directors on: 27 August 2020


.....
Director


.....
Director

SECRETARY'S CERTIFICATE FOR YEAR ENDED DECEMBER 31, 2019

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



SECRETARY

For and on behalf of

SWAN CORPORATE AFFAIRS LTD

Date: 27 August 2020

STATEMENT OF COMPLIANCE
(Section 75 (3) of the Financial Reporting Act)

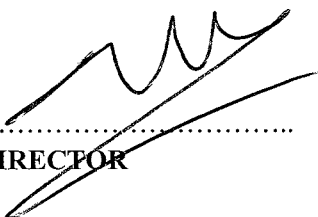
Name of PIE: SWAN WEALTH STRUCTURED PRODUCTS LTD

Reporting Period: Year ended 31 December 2019

Throughout the year ended December 31, 2019 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.

SIGNED BY:

Names: 
CHAIRPERSON


DIRECTOR

DATE: *27 August 2020*

DATE: *27 August 2020*

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SWAN WEALTH STRUCTURED PRODUCTS LTD

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Swan Wealth Structured Products Ltd (the "Company"), on pages 6 to 22 which comprise the statement of financial position as at December 31, 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended December 31 2019 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 6 to 22 give a true and fair view of the financial position of the Company as at December 31, 2019, and of its financial performance and its cash flows for the year ended December 31, 2019 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 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.

Emphasis of Matter

We draw attention to note 6 of the financial statements, which describes the effect of a potential credit risk relating to a deposit with Banyantree Bank, which has been placed under conservatorship by the Bank of Mauritius subsequent to year end. The corresponding impact, if any, has not been assessed yet and is not reflected in the accompanying financial statements. Our opinion is not modified in respect of this matter.

Other information

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.

BDO & Co, a firm of Chartered Accountants in Mauritius, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
SWAN WEALTH STRUCTURED PRODUCTS LTD (CONT'D)****Other information (cont'd)**

In preparing the financial statements, the Directors are responsible for assessing 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 Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing 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 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 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 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.

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.



5(b)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
SWAN WEALTH STRUCTURED PRODUCTS LTD (CONT'D)**

Report on Other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with, or interests in, the Company, other than in our capacity as auditor 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.

Other Matter

This report is made solely to the member of Swan Wealth Structured Products 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Port Louis,
Mauritius.

27 AUG 2020

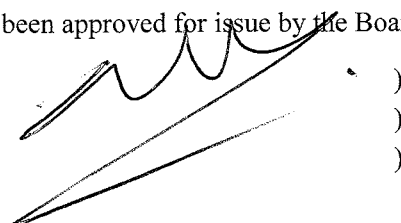

BDO & Co
Chartered Accountants


Ameenah Ramdin, FCCA, ACA
Licensed by FRC

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

	Notes	2019 Rs.'000	2018 Rs.'000
ASSETS			
Non-current assets			
Financial assets at fair value through profit or loss	5	11,080	-
Financial assets at amortised cost	6	220,966	210,399
		<u>232,046</u>	<u>210,399</u>
Current assets			
Other receivables	7	75	59
Cash and cash equivalents	13	143	419
		<u>218</u>	<u>478</u>
Total assets		<u><u>232,264</u></u>	<u><u>210,877</u></u>
EQUITY AND LIABILITIES			
Capital and Deficit			
Share capital	10	1	1
(Revenue deficit)/retained earnings		(1,196)	246
Shareholder's (deficit)/equity		<u>(1,195)</u>	<u>247</u>
LIABILITIES			
Non-current liability			
Other financial liabilities	8	233,211	210,333
		<u>233,211</u>	<u>210,333</u>
Current liabilities			
Other payables	9	239	198
Current tax liabilities	12	9	99
		<u>248</u>	<u>297</u>
Total liabilities		<u><u>233,459</u></u>	<u><u>210,630</u></u>
Total equity and liabilities		<u><u>232,264</u></u>	<u><u>210,877</u></u>

These financial statements have been approved for issue by the Board of Directors on: 29 August 2020

)
) DIRECTORS
)

The notes on pages 10 to 22 form an integral part of these financial statements.
Auditor's report on pages 5 to 5(b).

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE
YEAR ENDED DECEMBER 31, 2019**

	<u>Notes</u>	<u>2019</u> Rs.'000	<u>2018</u> Rs.'000
Interest income	2.4	10,420	8,914
Interest expense		(11,798)	(8,051)
Other income		-	276
Other expenses		(64)	(173)
Net income/(expense) from financial instruments carried at fair value through profit or loss	11	<u>-</u>	<u>-</u>
(Loss)/profit before tax		(1,442)	966
Income tax expense	12	<u>-</u>	<u>(157)</u>
(Loss)/profit for the year		(1,442)	809
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>(1,442)</u>	<u>809</u>

The notes on pages 10 to 22 form an integral part of these financial statements.
Auditor's report on pages 5 to 5(b).

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2019

	Share capital	(Revenue deficit)/ Retained earnings	Total equity
	Rs.'000	Rs.'000	Rs.'000
Balance at January 01, 2019	1	246	247
Loss for the year	-	(1,442)	(1,442)
Balance at December 31, 2019	1	(1,196)	(1,195)
Balance at January 01, 2018	1	(563)	(562)
Profit for the year	-	809	809
Balance at December 31, 2018	1	246	247

The notes on pages 10 to 22 form an integral part of these financial statements.
Auditor's report on pages 5 to 5(b).

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
	Rs. '000	Rs. '000
Cash generated from operations		
(Loss)/profit before tax	(1,442)	966
Adjustments for:		
Interest income	(10,420)	(8,914)
Interest expense	11,798	8,051
	<u>(64)</u>	<u>103</u>
Changes in working capital:		
- Other receivables	(16)	24
- Other payables	41	-
Cash (absorbed in)/generated from operations	<u>(39)</u>	<u>127</u>
Cash flows from operating activities:		
Tax paid	(90)	-
Net cash generated from operating activities	<u>(129)</u>	<u>127</u>
Cash flows from investing activity		
Investment in fixed deposits	(99,670)	-
Redemption of fixed deposits	99,523	-
Net cash used in investing activities	<u>(147)</u>	<u>-</u>
Net (decrease)/ increase in cash and cash equivalents	<u>(276)</u>	<u>127</u>
Movement in cash and cash equivalents		
At January 1,	419	292
(Decrease)/increase during the year	<u>(276)</u>	<u>127</u>
At December 31,	<u>143</u>	<u>419</u>

13

The notes on pages 10 to 22 form an integral part of these financial statements.
Auditor's report on pages 5 to 5(b).

1. GENERAL INFORMATION

Swan Wealth Structured Products Ltd is a public company limited by shares, incorporated on July 07 2015 and domiciled in Mauritius. Swan Wealth Structured Products Ltd is a special purpose vehicle (SVP) with the principal aim of issuing and launching Smart Dynamic Notes through the issue of debentures which will be matched to its assets. Its registered address is Swan Centre, 10 Intendance Street, Port Louis, Mauritius.

2. SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The financial statements of Swan Wealth Structured Products Ltd comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements are that of an individual entity. The financial statements are presented in Mauritian Rupees and all values are rounded to the nearest thousand (Rs. 000), except when otherwise indicated. The financial statements are prepared under the historical cost convention, except that financial assets and liabilities are stated at fair value and are carried at amortised cost.

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

IFRS 16 Leases results in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. The new standard has no impact on the Company's financial statement.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

IFRIC 23 Uncertainty over Income Tax Treatments explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. There are no new disclosure requirements but requirement to provide information about judgements and estimates made in preparing the financial statements. The interpretation has no impact on the Company's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

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

Prepayment Features with negative compensation (Amendments to IFRS 9) enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model. The amendments have no impact on the Company's financial statements.

Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under IFRS 9 before applying the loss allocation and impairment requirements in IAS 28. The amendments have no impact on the Company's financial statements.

Annual Improvements to IFRSs 2015-2017 Cycle

- IFRS 3 - clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.
- IFRS 11 - clarified that party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.
- IAS 12 - clarified that income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.
- IAS 23 - clarified that, if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The amendments have no impact on the Company's financial statements.

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) clarify that entities must:

- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change.
- recognise any reduction in a surplus immediately in profit or loss, either as part of past service cost or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling.
- separately recognise any changes in the asset ceiling through other comprehensive income.

The amendments have no impact on the Company'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, 2020 or later periods, but which the Company has not early adopted.

2. SIGNIFICANT 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)

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 17 Insurance Contracts
Definition of a Business (Amendments to IFRS 3)
Definition of Material (Amendments to IAS 1 and IAS 8)
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

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

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

2.2 Financial assets

The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. Other than financial assets in a qualifying hedging relationship, the Company's accounting policy for each category is as follows:

(i) Fair value through profit or loss

The Company classifies the following financial assets at fair value through profit or loss (FVPL):
- derivative financial instruments not designated as hedging instruments

(ii) Amortised cost

These assets arise principally from the provision of goods and services to customers (eg trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Financial assets (cont'd)

(ii) Amortised cost (cont'd)

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net

From time to time, the Company elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the statement of comprehensive income (operating profit).

The Company financial assets measured at amortised cost comprise of various fixed deposits with local banks and financial institutions, other receivables and cash and cash equivalents.

Cash and cash equivalents includes cash in hand.

2.3 Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

Other than financial liabilities in a qualifying hedging relationship, the Company's accounting policy for each category is as follows:

(i) Fair value through profit or loss

This category comprises only of out-of-the-money derivatives (see "Financial assets" for in the money derivatives). They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income. The Company does not hold or issue derivative instruments for speculative purposes, but for hedging purposes. Other than these derivative financial instruments, the Company does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Financial liabilities (cont'd)

(ii) Other financial liabilities

Other financial liabilities include the following items:

Notes issued by the Company are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs as well as any interest or coupon payable while the liability is outstanding.

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

2.4 Revenue recognition

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

- Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.5 Foreign currencies

(i) Functional and Presentation Currency

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

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'other (losses)/gains - net'.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Foreign currencies (cont'd)

(ii) *Transactions and Balances (cont'd)*

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

2.6 Other payables

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

2.7 Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past event; 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).

2.8 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from proceeds.

2.9 Current and deferred income Tax

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

Current Tax

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

Deferred tax

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.9 Current and deferred income Tax (cont'd)***Deferred tax (cont'd)*

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 against or the deferred income tax liability is settled.

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

3. FINANCIAL RISK MANAGEMENT**3.1 Financial Risk Factors**

The company's activities expose it to a variety of financial risks, including:

- Foreign currency risk
- Liquidity risk
- Credit risk

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

(a) Foreign currency risk

The Company does not have major exposure to foreign exchange risk as per table below which shows the Company's assets and liabilities at carrying amounts classified by currency.

As at December 31, 2019	Rupees	US Dollars	Total
			Rs. '000
ASSETS			
Financial assets at amortised costs	220,966	-	220,966
Other receivables	75	-	75
Cash and cash equivalents	139	4	143
Financial assets at fair value through profit or loss	11,080	-	11,080
Total assets	232,260	4	232,264
LIABILITIES			
Other payables	239	-	239
Other financial liabilities	233,211	-	233,211
Total liabilities	233,450	-	233,450

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial Risk Factors (cont'd)

(a) Foreign currency risk (cont'd)

As at December 31, 2018	<u>Rupees</u>	<u>US Dollars</u>	<u>Total</u> Rs. '000
ASSETS			
Financial assets at fair value through profit or loss	210,399	-	210,399
Other receivables	59	-	59
Cash and cash equivalents	416	3	419
Total assets	<u>210,874</u>	<u>3</u>	<u>210,877</u>
LIABILITIES			
Other payables	198	-	198
Other financial liabilities	210,333	-	210,333
Total liabilities	<u>210,531</u>	<u>-</u>	<u>210,531</u>

At December 31, 2019, if the rupee weakens/strengthens by 10% against foreign currencies, with other variables held constant, there will not have any material impact to the profit after tax as a result of translation of the above foreign balances.

(b) Liquidity risk

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

Prudent liquidity risk management includes maintaining sufficient cash to enable the company to meet its liabilities. Management monitors the liquidity situation to ensure that the Company meets its obligations when required.

(c) Credit risk

Credit risks arises from cash and cash equivalents, contractual cash flows of financial assets at fair value through profit or loss and deposits with banks and financial institutions.

Credit risk is managed on a Company basis. For banks and financial institutions, only independently rated parties are accepted.

Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by customers is regularly monitored by line management.

Except of the potential impact as mentioned in note 6 of the financial statements, the Company's investment in fixed deposits with local bank and financial institutions are considered to be low risk investment. The credit ratings of the investments are monitored for credit deterioration.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.2 Fair value estimation

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial assets traded in active markets (such as trading securities) is based on quoted market prices at the close of trading on the end of the reporting date.

IFRS 7 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The hierarchy categorises the inputs used in valuation techniques into three levels. The hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value measurement is categorised in its entirety in the level of the lowest level input that is significant to the entire measurement.

If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement and considering factors specific to the asset or liability.

4. CRITICAL ACCOUNTING ESTIMATES

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.

There were no major estimates and assumptions made during the year that have a significant risk of causing material adjustments to the carrying amounts of the Company's assets and liabilities within the next financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019	2018
	Rs.'000	Rs.'000
	Level 2	Level 2
Derivatives - Warrant return	<u>11,080</u>	<u>-</u>

A warrant is a security that entitles the holder to a return derived from the positive performance of the reference index at maturity date. The fair values of the return are classified as financial assets at fair value through profit or loss.

At the reporting period, financial assets were measured at fair value using the following inputs:

	2019	2018
Reference Index (%) (Level 2)	<u>108.90</u>	<u>99.63</u>

6. FINANCIAL ASSETS AT AMORTISED COST

	2019	2018
	Rs. '000	Rs. '000
Fixed deposits	<u>220,966</u>	<u>210,399</u>

(a) Fixed deposits

Fixed deposits consist of various deposits with local bank and financial institutions carrying interests ranging from 5.85% to 6.31% on rupee deposits and maturing on June 2021. In 2017, the Company classified the investments as held-to-maturity as they were non-derivative financial assets with fixed or determinable payments and fixed maturities. The Company intend to hold them to maturity.

(b) *Fair values of financial assets at amortised cost*

The fair values of the fixed deposits are not materiality different to their carrying amount. Subsequent to the financial year end, one of the financial institutions, BanyanTree Bank Limited, with which the Company has a deposit, was placed under conservatorship by the Bank of Mauritius. The corresponding impact, if any, has not been assessed yet and is not reflected in the financial statements. (refer to note 15(b) for more details).

(c) The carrying amounts of the financial assets at amortised cost are denominated in Mauritian Rupees. As a result, there is no exposure to price risk as the investments will be held to maturity.

7. OTHER RECEIVABLES

	2019	2018
	Rs.'000	Rs.'000
Prepayment	<u>75</u>	<u>59</u>

The carrying amounts of other receivables approximate their fair values.

8. OTHER FINANCIAL LIABILITIES

	2019	2018
	Rs.'000	Rs.'000
Financial liabilities at amortised cost	222,131	217,798
Fair value adjustments on financial liabilities designated at fair value through profit or loss	<u>11,080</u>	<u>(7,465)</u>
Other financial liabilities	<u>233,211</u>	<u>210,333</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

8. OTHER FINANCIAL LIABILITIES (CONT'D)

The financial liability of the notes issued by the Company consists of two distinct obligations for the Company. The capital guaranteed and minimum guaranteed return element of the notes have been classified under other financial liabilities at amortised cost using the effective interest rate method. And the second element, being the participation to the positive performance of the underlying index, has been classified as financial liabilities designated as fair value through profit or loss, as shown in note 5.

9. OTHER PAYABLES

	2019	2018
	Rs. '000	Rs. '000
Other payables	27	4
Audit fees	127	109
Amount due to group companies		
Holding company	39	39
Fellow subsidiaries	46	46
	239	198

The carrying amounts of other payables approximate their fair values.

10. SHARE CAPITAL

	2019	2018
(i) Issued Share capital		
Issued Share capital (Rs. '000)	1	1
(ii) Number of Shares		
Issued ordinary shares of Rs.10 par value	100	100

11. NET INCOME/(EXPENSE) FROM FINANCIAL INSTRUMENTS

	2019	2018
	Rs. '000	Rs. '000
Fair value adjustments on financial assets designated at fair value through profit or loss	11,080	(7,465)
Fair value adjustments on financial liabilities designated at fair value through profit or loss	(11,080)	7,465
	-	-

12. INCOME TAX EXPENSE

	2019	2018
	Rs. '000	Rs. '000
(a) Current tax on the adjusted (loss) for the year at 15%	-	87
Corporate social responsibility tax	-	12
Deferred tax	-	58
	-	157

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

12. INCOME TAX EXPENSE (CONT'D)

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

	2019	2018
	Rs. '000	Rs. '000
Profit before tax	(1,442)	966
Tax calculated at a rate of 15%	(216)	145
Expenses not deductible for tax purposes	184	-
Corporate social responsibility tax	-	12
Tax losses for which no deferred income tax asset was recognised	32	-
Tax credit	-	157

13. CASH AND CASH EQUIVALENTS

	2019	2018
	Rs. '000	Rs. '000
Cash at bank	143	419

Cash and cash equivalents and bank overdrafts include the following for the purpose of the statement of cash flows.

	2019	2018
	Rs. '000	Rs. '000
Cash at bank (Rs.)	139	416
Cash at bank (USD)	4	3
	143	419

- (a) Reconciliation of liabilities arising from financing activities

	2018	Cash flows	Non-cash changes		2019
			Interest accrued	Fair value changes	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Other financial liabilities	210,333	-	11,798	11,080	233,211
Total liabilities from financing activities	210,333	-	11,798	11,080	233,211

14. RELATED PARTY TRANSACTIONS

The transactions of the Company with related parties during the year are as follows:

	2019	2018
	Rs. '000	Rs. '000
(a) <i>Interest Expense</i>		
Fellow subsidiaries *	1,622	1,586
Enterprise that have a number of key management/directors in common *	150	150
Key management personnel *	75	81
	1,847	1,817

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

14. RELATED PARTY TRANSACTIONS (CONT'D)	2019 Rs. '000	2018 Rs. '000
(b) <i>Amount owed by related parties</i>		
Fellow Subsidiaries	-	-
(c) <i>Amount owed to related parties</i>		
Holding company	39	39
Fellow subsidiaries	46	46
	<u>85</u>	<u>85</u>
	2019 Rs. '000	2018 Rs. '000
(d) <i>Other financial liabilities</i>		
Fellow subsidiaries *	59,824	56,911
Enterprise that have a number of key management/directors in common *	5,529	5,379
Key management personnel *	2,765	2,905
	<u>68,118</u>	<u>65,195</u>

The above transactions have been made on commercial terms and in the normal course of business. There have been no guarantees provided or received for any related party receivables or payables. At December 31, 2019, the amounts owed by related parties were not impaired.

* Amount are shown at gross.

15. EVENTS AFTER REPORTING PERIOD

- (a) COVID-19 outbreak poses a serious public health threat worldwide. Like many other countries, it is expected that the economy in Mauritius will be adversely impacted by the slowing global activity. There is barely any visibility on how long COVID-19 will last and what will be its full impact on society, businesses, and the economy. While we acknowledge this state of affairs, we believe that markets will recover as they have always done in the past. The Company also believes that its liquidity position is adequate to ensure any future commitments and obligations that may arise are settled. As such, the financial statements as presented have been prepared on a going concern basis.
- (b) Subsequent to the financial year end, BanyanTree Bank Limited (the "Bank"), a bank licensed by the Bank of Mauritius and with which the Company has a deposit amounting to Rs 53m, as at December 31, 2019, informed the Bank of Mauritius that it is facing financial difficulties arising from exposure to financial instruments issued in India and whose values have been marked down by the adverse impact of the COVID-19 in India. Consequently, on 01 April 2020, pursuant to Section 65 of the Banking Act 2004, the Bank of Mauritius has placed the Bank under conservatorship. The conservator will report to the Bank of Mauritius once his assessment of the situation of the Bank is completed. With the concurrence of the Bank of Mauritius, he will consider a possible rehabilitation plan for the Bank. To date, a number of acquirers have lined up, however, no decision has been taken by the Bank of Mauritius at the date of our audit report. The carrying value of the deposit as at May 31, 2020 is Rs 55m.

16. HOLDING COMPANY

The holding company of Swan Wealth Structured Products Ltd is Swan General Ltd, whose registered office is at Swan Centre, 10 Intendance Street, Port Louis. Both companies are incorporated in Mauritius.