

SWAN

SWAN

Swan General Ltd

Annual Report 2015

Swan General Ltd – Annual Report 2015

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Contents

4	SWAN	58	Independent Auditor's Report to the Members
11	Chairperson's & Group Chief Executive's Report	60	Statements of Financial Position
16	Directorate	61	Statements of Profit or Loss
22	Group Structure	62	Statements of Profit or Loss and Other Comprehensive Income
24	Key Numbers	63	Statements of Changes in Equity
28	Senior Management Team	65	Statements of Cash Flows
32	Management Team	66	Notes to the Financial Statements
36	CSR	139	Other Statutory Disclosures
38	Corporate Governance Report 2015	144	Notice of annual meeting of shareholders
54	Statement of Directors' Responsibilities	145	Proxy Form
55	Company Secretary's Certificate and Statement of Compliance		





We Protect

SWAN

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

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

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

Our values are Passion, People and Performance.

WELCOME TO SWAN. SWAN FOR LIFE.







Our Philosophy



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.

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



We Provide



Le capitaine fait descendre son lieutenant pour l'amener à terre et
 dans une heure au point.
Le capitaine. Bien sûr, si j'en ai le droit, je le réhabilitais.
 J'ai fait un grand travail.

Éric. C'est possible que vous ayez fait dans la boue, que vous ayez
 le monde ?

Prospère. De l'argent, en somme, c'est fort bien, ça fait du bien.
 Prospère. Je n'en ai jamais eu.

Éric. C'est pour ce fait précis.
 Prospère. Comme un soleil, c'est bon !

Éric. C'est pour ce fait précis.
 Prospère. Comme un soleil, c'est bon !

Les Martin. J'ai la impression, c'est très agréable.
 Éric. Il dit que c'est bon. De monnaie, je n'en ai jamais eue.

Les Martin. J'ai la impression, c'est très agréable.
 Éric. Il dit que c'est bon. De monnaie, je n'en ai jamais eue.

Prospère. Ça donne un air à l'histoire. Ça dit que tout ce qu'il y a
 de bien, Éric, tu en as un air de bien. Je n'en ai jamais eue, je n'en ai
 jamais eue, je n'en ai jamais eue, je n'en ai jamais eue.

Le capitaine. Dans un monde, Éric, ce n'est pas possible.
 Éric. Éric, ce n'est pas possible, ce n'est pas possible, ce n'est pas possible.

Il y a un air de bien, ça dit que tout ce qu'il y a de bien, Éric, tu en as un air de bien. Je n'en ai jamais eue, je n'en ai jamais eue, je n'en ai jamais eue.

Il y a un air de bien, ça dit que tout ce qu'il y a de bien, Éric, tu en as un air de bien. Je n'en ai jamais eue, je n'en ai jamais eue, je n'en ai jamais eue.

Il y a un air de bien, ça dit que tout ce qu'il y a de bien, Éric, tu en as un air de bien. Je n'en ai jamais eue, je n'en ai jamais eue, je n'en ai jamais eue.

Chairperson's & Group Chief Executive's Report



J.M. LOUIS RIVALLAND //
Director and Group Chief Executive

2015

Rs638m

The operating profit stood at Rs638m in 2015

On behalf of the Board, we are pleased to present the Annual Report and Audited Financial Statements of Swan General Ltd and the Group for the year ended 31 December 2015.

The Company and the Group underwent a major change in 2015. Following a year of extensive work on the rebranding exercise, most of the companies within the Group had their names changed, in line with the new brand and logo of the group, SWAN. The company was renamed Swan General Ltd in April 2015. SWAN is now a stronger established brand bolstering a unified identity, spelling a clearer purpose and well defined objectives. SWAN's Pyramid of Prosperity communicates clearly the purpose of the organisation and conveys a better understanding of what we do and of our contribution to the overall wellbeing of our customers and the Mauritian citizens at large.

The rebranding exercise goes hand-in-hand with SWAN's unrelenting efforts in achieving service excellence. Our Up Together internal programme at improving customer experience has now become pervasive across all facets of our organisation with no less than 400 improvements already implemented throughout the Group. To ensure these are sustained, a number of cross functional teams like service communication, voice of the customer, service improvement process and measures and metrics, have been trained and fully empowered to make the right choices and make progress lasting.

Personal responsibility in uplifting the customer experience is a cornerstone of the Up Together programme, one which has involved an increasing number of employees and made a very positive impact on our service levels and outputs.

Year 2016 is seeing a number of innovative ideas being implemented as SWAN is poised to go even further in fostering the service focus, which is meant to differentiate its many offerings in the marketplace. Supported by a revamped brand, SWAN is on course to become a financial solutions provider with a unique and uplifting service experience for its customers.

Chairperson's & Group Chief Executive's Report

In 2015 we reviewed our staff induction programme to ensure a more complete integration of new employees into and across our organisation. Imparting the SWAN service culture is a key aspect of the new programme and the changes brought about were based on best practices worldwide. Management initiated a novel employee recognition and rewards programme which recognises and rewards personal involvement and behaviours which support and further SWAN's mission, goals, values and initiatives.

As in preceding years, an employee engagement survey was carried out to better understand what and how our people really feel working for SWAN, specially after the rebranding exercise, the results of which are used to further align our human resource objectives and strategies for 2016 and 2017.

Short Term Operations

The short term business posted a solid set of results, notwithstanding the highly competitive market environment and the prevailing sluggish economy. Swan General again succeeded in profitably exercising its key operational pillars of underwriting discipline, efficient claims administration and service excellence. The strength and visibility of SWAN's new brand bolstered the many successful marketing and product development initiatives during 2015.

The operating profit stood at Rs638m in 2015. This commendable result has been achieved in difficult conditions where new business and client retention have proved to be an uphill task given the continuous thinning of premium rates and the increasing claims activity. Gross premiums increased by 5% compared to 2014 to reach Rs2.2bn. The main contributors were, as usual, property, motor and healthcare business. There was also a positive impact on our net earned premiums which experienced a growth of 8% during the year.

The personal lines business has progressed satisfactorily thereby producing very encouraging results. However, it is worth mentioning that the motor business has proved to be quite challenging. As a result of the appreciation of the US Dollar coupled with an increase in the frequency and severity of claims together with a larger number of total losses experienced by the market, the results were below expectations in this line of business.

The healthcare book continues to generate an appreciable volume of business but still yields thin margins. The ever-increasing cost of medical inflation, as well as the unavailability of advanced treatment locally for some major illnesses have impacted on the technical results. Moreover, we continue to provide an unrivalled level of service as well as the broadest possible medical cover in the market thus positioning ourselves as the reference in terms of price-quality.

The commercial lines business has delivered very stable and consistent technical results helped by another quiet cyclonic season and a relatively low claims activity. We offer innovative and tailor-made solutions to our clients and intermediaries who continue to appreciate our expertise as well as the quick and efficient response of our team. We do anticipate that the market will remain soft in most classes of business in the short to medium term.

Swan General has demonstrated, once more, its capacity to deliver sustainable bottom-line profits over the years against the backdrop of stiff and challenging market conditions. We achieved this year a satisfactory level of profit-after-tax of Rs250m. The outlook for 2016 remains positive given our sound approach to risk assessment and underwriting, our proven expertise and innovative capabilities as well as our well-defined strategy, both locally and internationally.

Long Term Operations - Corporate

On the corporate side it was yet another challenging year for Swan Life. Following the setting up and approval by the regulator of our first Master Trust catering for all our Defined Contribution (DC) schemes, we have started transferring these schemes to our new arrangement, the Swan Defined Contribution Pension Scheme (SDCPS). 61% of our Defined Contribution clients have been visited so far for a presentation of the new arrangement and 34% of our existing DC schemes are now licensed under the SDCPS. We have also been actively working on our second Master Trust to accommodate our schemes offering Defined Benefit (DB) promises. We are currently in discussion with the regulator concerning a fundamental legal challenge which we have highlighted while drafting the constitutive documents for the Defined Benefit Master Trust. We hope to submit our final application to them soon after this issue is resolved.

The prolonged low interest rate environment coupled with increased life expectancy are putting an ever increasing pressure on employers sponsoring defined benefit arrangements. The trend for employers to close membership of their existing DB schemes to new entrants or in extreme cases to even wind up their DB scheme and to set up new DC arrangements is on the rise.

In view of the nature of DC schemes, the prolonged low interest rate environment and increasing life expectancy is affecting the level of pension at retirement. As a result of the unfavourable economic conditions both locally and overseas, coupled with low interest rate environment, returns on unit-linked funds have been low. In addition, the increasing longevity has resulted in most insurers increasing their annuity rates. These two factors have meant that pensions from DC schemes are lower than had been expected. With lower level of pensions being provided by DC schemes, there is a greater risk that the Gratuity on Retirement as required by the Employment Rights Act is not fully covered by the DC pensions thereby requiring employers to top up any shortfall.

In terms of operational results, group pension premium has increased by 11%, which is a commendable achievement considering current economic conditions. The progression is attributable to us securing new DC clients and one off injections from sponsoring employers to fund their DB promises.

Swan Pensions

Swan Pensions Ltd provides a comprehensive range of services to pension funds, whether they are of the Defined Benefit, Defined Contribution or Hybrid type. In spite of all the challenges faced in 2015, turnover grew by 11% and we managed to show a healthy profitability margin thus contributing to shareholder's value. At the end of 2015, the company provided administrative services to more than 270 companies grouped under 22 schemes with total active membership reaching nearly 21,000 lives.

At the beginning of 2016, and following a tender process, we also managed to secure the administration of a large DB scheme for our national airline.

We are sparing no effort to consolidate our position on the local market by being more attentive to our clients'

needs in the rapidly changing and more sophisticated pension environment but also actively looking for growth opportunities outside Mauritius.

Long Term Operations - Individual

Overall the individual insurance business achieved another year of growth. All main distribution channels demonstrated profitable business growth during the year. The agency channel provided a significant thrust to the overall new business production. However low interest rates over the last several years together with an economic environment marked by low GDP growth and the volatility of capital markets continue to be a significant challenge.

The challenging economic climate carries some opportunities for the long term savings demand as clients are looking for savings and investment opportunities that will help them reach their financial goals. Our sales team have been busy meeting with clients to educate, clarify, and advise on their financial goals throughout the year.

SWAN plays an important role in educating clients and this has been a key initiative for 2015. Training and development of its sales force was a priority for us and still remains an absolute priority. Planning for retirement, children's education or for protecting their families remain a real need for every individual and whatever the economic environment, people need to pay attention to these. SWAN is here to take care of those needs.

The value proposition of SWAN's individual business delivery is to develop an unrivalled customer experience by delivering exceptional service levels. In this context, a SWAN Rewards program was launched to thank our loyal customers by making them benefit from a number of advantages offered by a range of partners linked in one way or another to the products we offer, such as health, home loans, and car insurance or otherwise. This initiative will evolve over time to offer a wider range of benefits to our customers.

Two successful promotional campaigns were carried out in June and during the last quarter of 2015 to help new clients live the values of SWAN. A "for life" package was offered to a lucky winner in June where the client benefited from a life insurance as well as an annual free medical check-up for life. The 'RIO' campaign which was executed from November

Chairperson's & Group Chief Executive's Report

2015 to January 2016 will see three lucky winners experience the Olympic Games, a trekking to Reunion Island and a free gym membership for one year. SWAN believes in sharing its values by also directly adding value to its clients' life.

Overall long term gross premium reached Rs3,388M, an increase of 11% compared to Rs3,061M in 2014. In the difficult stock market conditions and low interest rate environment, investment income grew by 3% from Rs1,349M in 2014 to Rs1,393M in 2015. Surplus for 2015 increased by Rs154M (7.7%), from Rs2,007 in 2014 to Rs2,161 in 2015. The life assurance fund continues to grow satisfactorily reaching almost Rs32 billion, thereby increasing by 3.7%.

Wealth Management

Swan Wealth Managers Ltd (SWM) is the leading provider of asset management services in Mauritius, and currently manages investments worth more than Rs37 billion across different asset classes, regions and sectors. SWM's customer base includes pension funds, insurance companies, investment funds, high net worth Individuals and the general investing public.

SWM accentuated its leading position in 2015 by increasing assets under management in the corporate and retail sphere. This was made possible through more aggressive networking along with recalibration of investment strategies. Significant strides were also engineered in the realm of advisory services including successful deal structuration and fund raising. In its quest for efficiency gains, SWM has initiated a move to digitalise its whole array of services. This powerful tool which is projected to go live in 2016 will allow SWM to interact more closely with its increasing customer base as well as intensify the in-house analytical abilities.

High up in the agenda of 2016 is the launch of novel products. These initiatives are believed to be able to significantly boost the bottom line. International exploration remains underway with a special emphasis on networking efforts before embarking on other strategic initiatives.

Swan Securities Ltd, which is a licensed stockbroking entity, performed admirably in 2015. Turnover and profit after tax grew by double digit figures namely 13.9% and 28.6% respectively in a year where market activity on the official market of The Stock Exchange of Mauritius registered an all-

time high level of Rs18 billion (2014: Rs16.6 billion). This feat was however achieved on the back of a massive net foreign disinvestment from the local market to the tune of Rs5.0 billion (2014: Rs825M).

From a business development perspective, SWM pursued its client base development strategy in 2015 both on the international and domestic segment through a targeted marketing approach which resulted in the onboarding of new clients. Client satisfaction remained a core focus and upholding a desired level of service is now deeply ingrained in our culture. The research's team has also been invigorated with recruitment at senior level with a dedicated focus on keeping Mauritius in the limelight and to look at new services and product offerings.

Outside of Mauritius, SWAN continues to pursue an international growth and has developed relationships and partnerships with several Sub Saharan insurance partners that are likely to be crucial to SWAN's future over the medium to long term. Further developments are expected in 2016 that will offer SWAN access and exposure to fast growing African insurance markets as well as the opportunity to spread the SWAN profile onto the African continent at large.

Mr Cyril Mayer, Chairperson since 2002, left the Board in December 2015. We would like to place on records our gratitude to Mr Mayer for his leadership for over a decade. Our appreciation also goes to our employees and all our business partners for their continuing support, as well as to all Board members.



NICOLAS MAIGROT
CHAIRPERSON



LOUIS RIVALLAND
GROUP CHIEF EXECUTIVE

Overall long term gross premium reached Rs3,388M, an increase of 11% compared to Rs3,061M in 2014.

Directorate



LOUIS RIVALLAND //
Group Chief Executive

Born in 1971, he holds a Bachelor's degree in Actuarial Science and Statistics, a Post Graduate Diploma in Strategy and Innovation from SAID Business School, University of Oxford and is a Fellow of the Institute of Actuaries (UK). He is currently the Group Chief Executive of Swan General Ltd and Swan Life Ltd.

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 issues relating to healthcare.

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 known as Swan Life Ltd). In January 2005 he has been appointed Group Chief Operations Officer responsible for the operations of Swan Insurance (now known as Swan General Ltd) and The Anglo-Mauritius Assurance (now known as Swan Life Ltd), and member of the Executive Management Committee of SWAN. Since January 2007 he is the Group Chief Executive of SWAN.

He has been the President of the Joint Economic Council and of the Insurers' Association of Mauritius. He is currently the Chairperson of Standard Bank (Mauritius) Limited. He has played an active role in the development of risk management, investments, insurance and pensions in Mauritius having chaired or been part of various technical committees in these fields.

Directorships in other listed companies:

- Air Mauritius Ltd
- ENL Land Ltd
- Ireland Blyth Ltd
- New Mauritius Hotels Ltd



MICHEL THOMAS //

Chief Operations Officer

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

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

His principal areas of specialisation are insurance and reinsurance contract law including policy drafting. He has extensive experience and skill in the handling of complex liability claims and has worked with international law firms and barristers on a variety of high value casualty and engineering claims as well as on reinsurance conflict of laws and coverage issues. He has also been specialising in arbitration law and alternative dispute resolution (ADR) procedures.

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

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

Directorships in other listed companies: None

Directorate



GOPALLEN MOOROGEN // Independent Non-Executive

Born in 1937, he holds a BSc. (Econ.) from the London School of Economics and Political Science and is a Fellow of the Institute of Chartered Accountants in England and Wales. He was a Senior Partner at De Chazal du Mée (DCDM) for 20 years until he retired in June 2004. He was also a Director of Multiconsult, a global business management services company for 12 years until 2004. He presently acts as a Company Director for a number of public companies in the manufacturing and financial services sectors respectively. He was the founder Chairperson of the Mauritius Institute of Directors. He is an independent member of the Monetary Policy Committee set up under the Bank of Mauritius Act.

Directorships in other listed companies: None

Born in 1959, he is a Fellow of the Association of Chartered Certified Accountants (UK) and also holds an MBA (Wales).

Senior Executive – Finance Transformation – Mauritius Telecom

Chairperson of The Stock Exchange of Mauritius Ltd.

Director – Central Depository & Settlement Co. Ltd

Directorships in other listed companies: None



PIERRE DINAN, G.O.S.K. // Independent Non-executive

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

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

Directorships in other listed companies: Innodis Limited



VICTOR SEEYAVE // Independent Non-executive



CYRIL MAYER //
Non-Executive
(up to 31 December 2015)

Born in 1968, he holds a degree in Management Sciences from the London School of Economics and Political Sciences. He is presently the Chief Executive Officer 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 in Africa, Asia and Mauritius. Throughout his career, he had various leadership positions such as Chief Executive Officer of Ciel Textile Ltd and Ireland Blyth Limited.

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

Born in 1951, he holds a Bachelor in Commerce (South Africa) and is a member of the Institute of South African Chartered Accountants.

He was the Managing Director of Terra Mauricia Ltd until his retirement on December 31, 2015. He was also until that date a member of the Mauritius Sugar Syndicate and of the Mauritius Sugar Producers Association's Executive Committee up to its dissolution on November 10, 2015. He has also, in the past, served on the Joint Economic Council, the Mauritius Chamber of Agriculture, the Mauritius Sugar Industry Research Institute and the Mauritius Employers' Federation.

Directorships at December 31, 2015, in other listed companies:
- Terra Mauricia Ltd.
- United Docks Ltd.



NICOLAS MAIGROT //
Non-Executive
(As from 9 July 2015)

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.

Directorships in other listed companies: None



SÉBASTIEN MAMET //
Non-Executive
(As from 2 February 2016)

Directorate

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 Chairperson of New Mauritius Hotels Ltd and Bel Ombre Sugar Estate Ltd. He is also a Past President of Rogers and Company Limited, The Mauritius Chamber of Agriculture, the Mauritius Sugar Producers Association and the Mauritius Sugar Syndicate.

Directorships in other listed companies:

- ENL Commercial Limited
- ENL Land Ltd
- New Mauritius Hotels Ltd
- Rogers and Company Ltd



**HECTOR
ESPITALIER-NOËL //**
Non-Executive



Born in 1960, he is an Associate member of the Institute of Chartered Secretaries and Administrators. He is currently the Group Chief Finance Officer and a member of Terra Mauricia Ltd Strategic Committee.

Directorships in other listed companies:

- Terra Mauricia Ltd.

HENRI HAREL //
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 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.

Directorships in other listed companies:

- Air Mauritius Ltd
- Rogers and Company Limited



**PHILIPPE
ESPITALIER-NOËL //**
Non-Executive



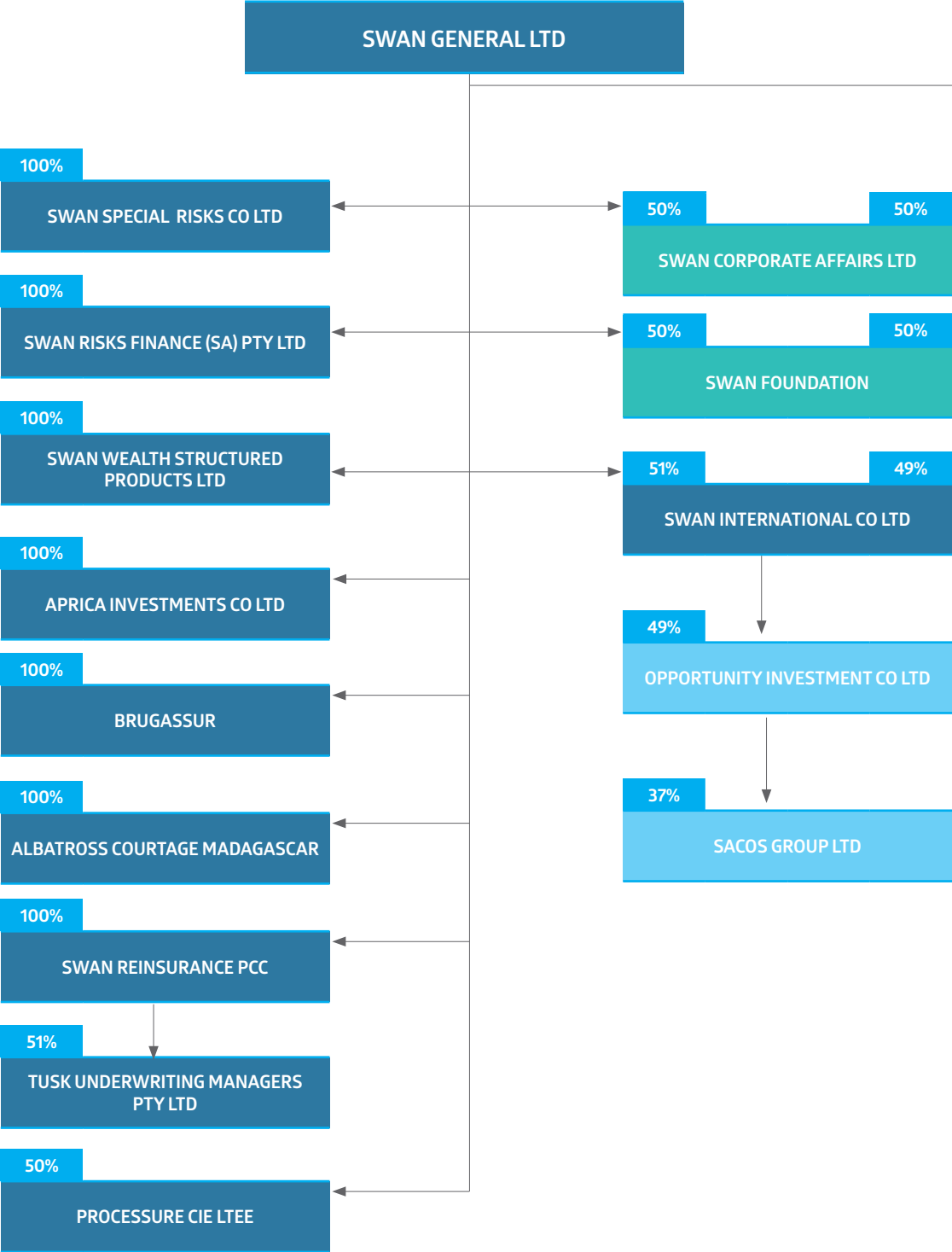
RENÉ LECLÉZIO //
Non-Executive

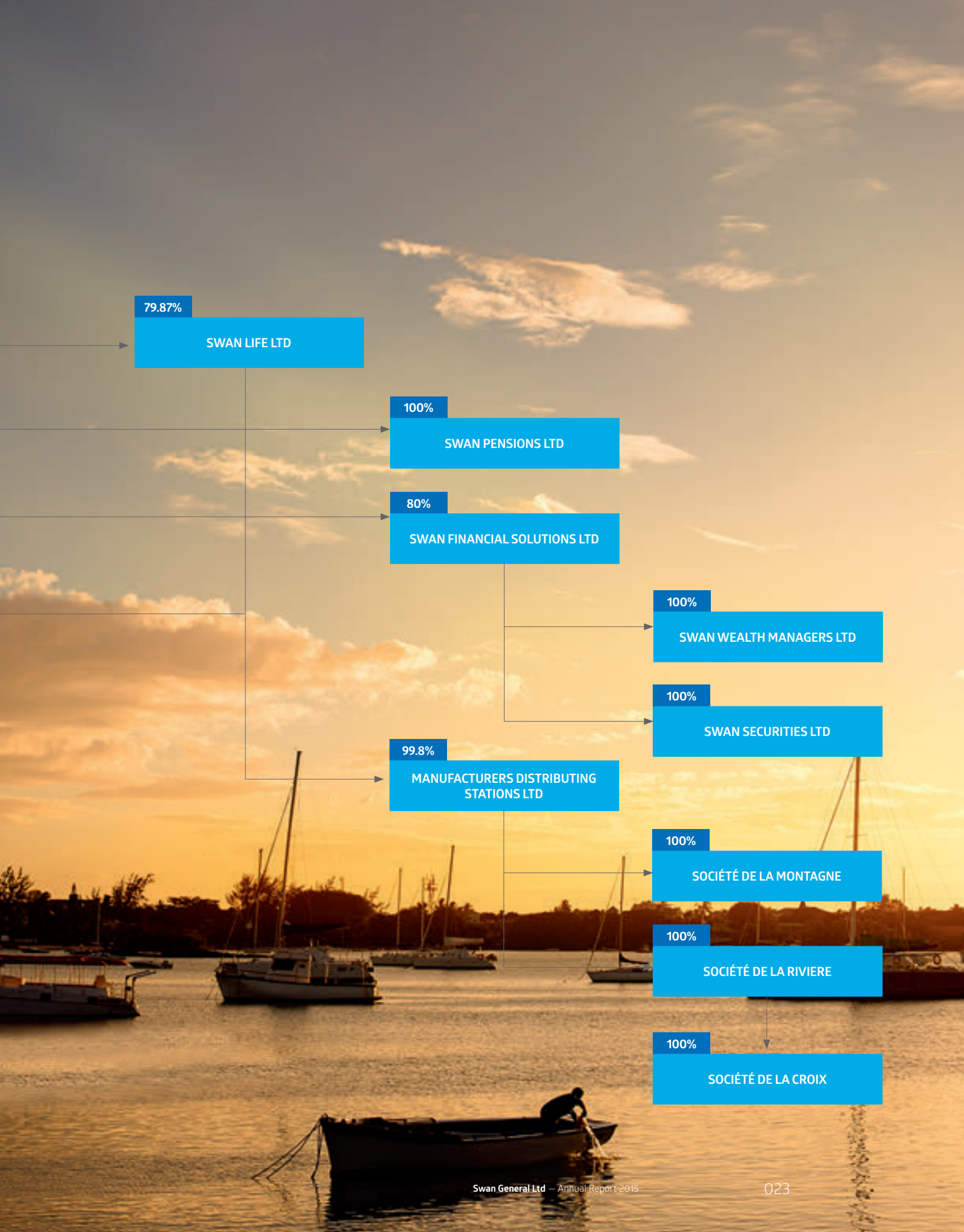
Born in 1956, he holds a BSc in Chemical Engineering and an MBA from the London Business School. Before being appointed CEO of Promotion and Development Ltd in 1987, he worked in London as consultant engineer in the oil and gas industry and with Lloyds Merchant Bank as Assistant Manager in Project Finance.

Directorships in other listed companies:

- Caudan Development Ltd
- Promotion and Development Ltd

Group Structure





79.87%

SWAN LIFE LTD

100%

SWAN PENSIONS LTD

80%

SWAN FINANCIAL SOLUTIONS LTD

100%

SWAN WEALTH MANAGERS LTD

100%

SWAN SECURITIES LTD

99.8%

MANUFACTURERS DISTRIBUTING
STATIONS LTD

100%

SOCIÉTÉ DE LA MONTAGNE

100%

SOCIÉTÉ DE LA RIVIERE

100%

SOCIÉTÉ DE LA CROIX

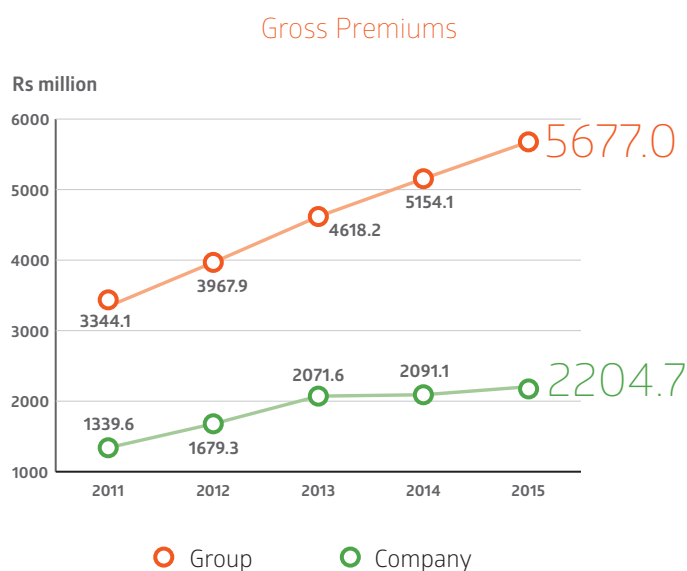
Key Numbers

	THE GROUP		THE COMPANY	
	Rs'000	Rs'000	Rs'000	Rs'000
	2015	2014	2015	2014
Gross Premiums	5,676,978	5,154,085	2,204,745	2,091,134
Net Earned Premiums	4,227,657	3,839,056	1,001,560	930,790
Profit Before Tax	310,214	296,765	269,363	301,652
Dividends Paid	99,309	99,309	99,309	99,309
Dividends per share	12.00	12.00	12.00	12.00
Earnings per share	31.11	29.25	30.24	32.42

In 2015

Rs 5.7bn

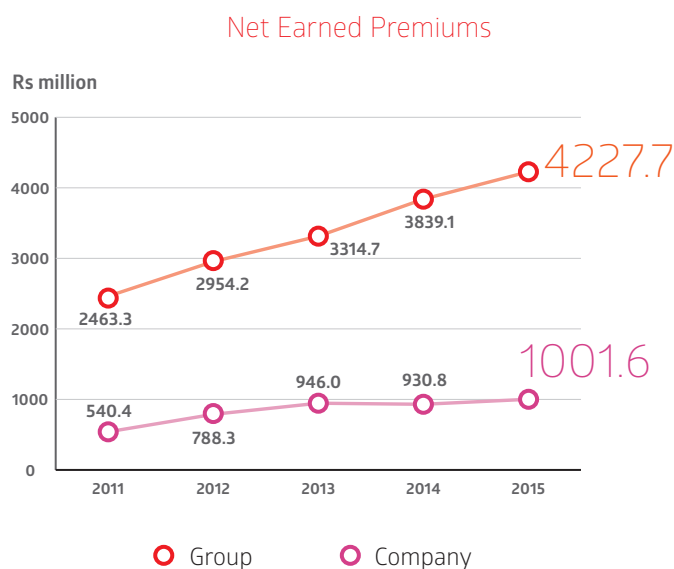
Gross Premiums
(Group)



In 2015

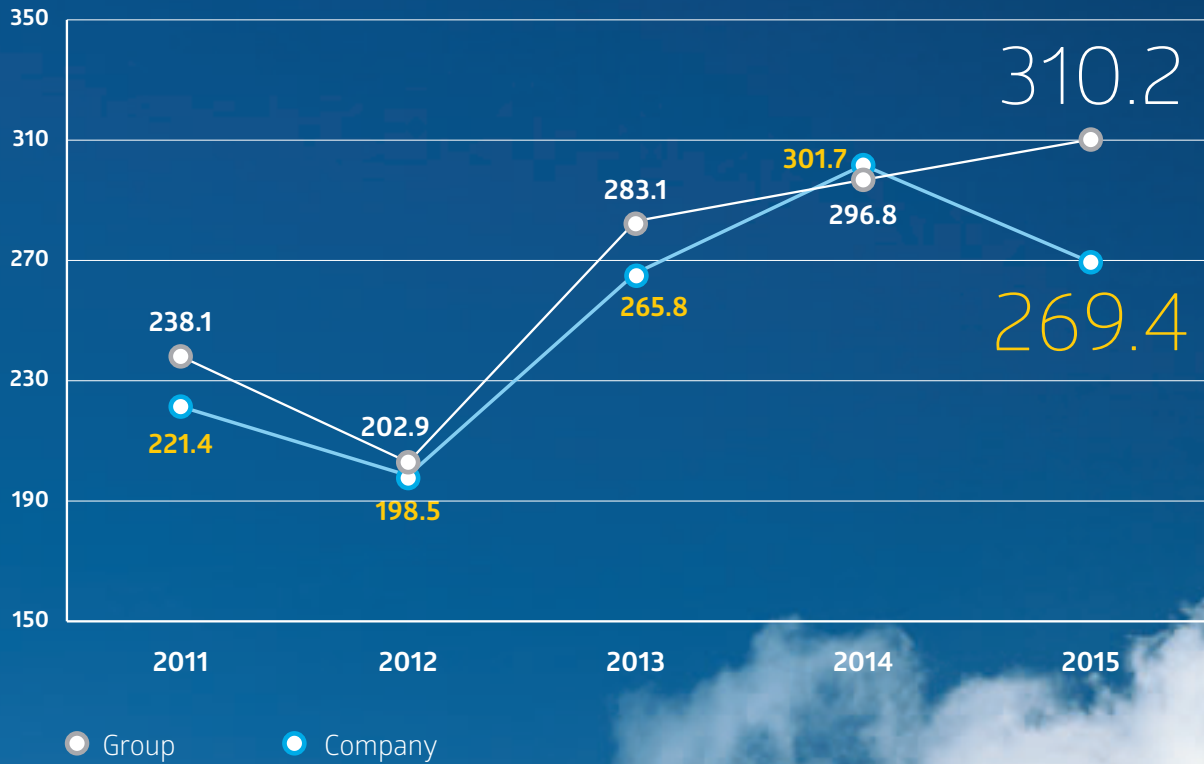
Rs 1.0bn

Net Earned Premiums
(Company)



Profit Before Tax

Rs million



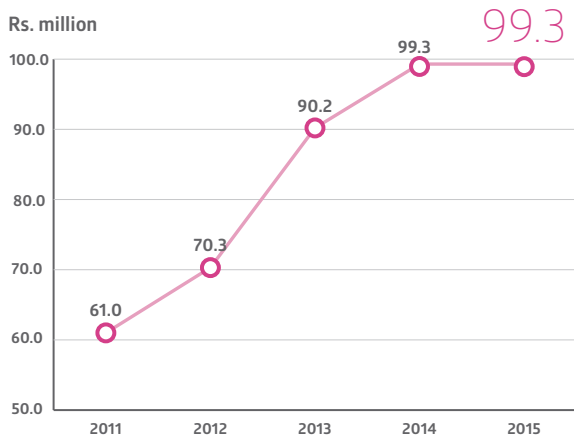
CSR

Rs. 8.3 M

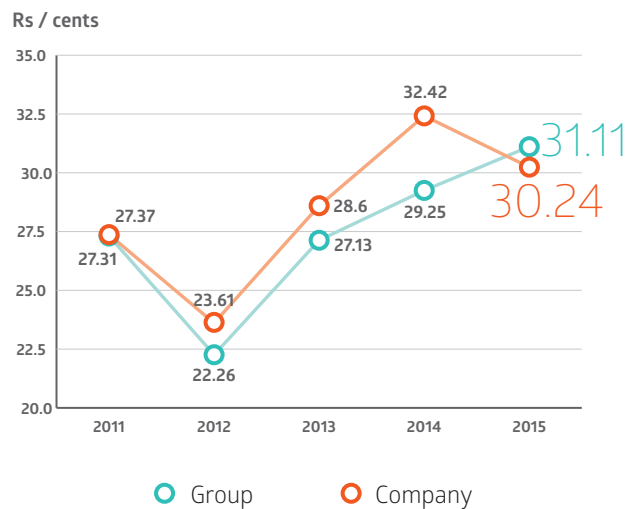
donated to
60 beneficiaries
in 2015

Key Numbers

Dividends Declared (Group & Company)



Earnings per Share

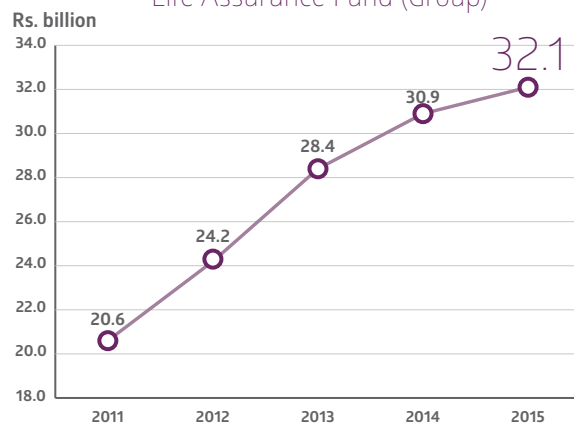


In 2015

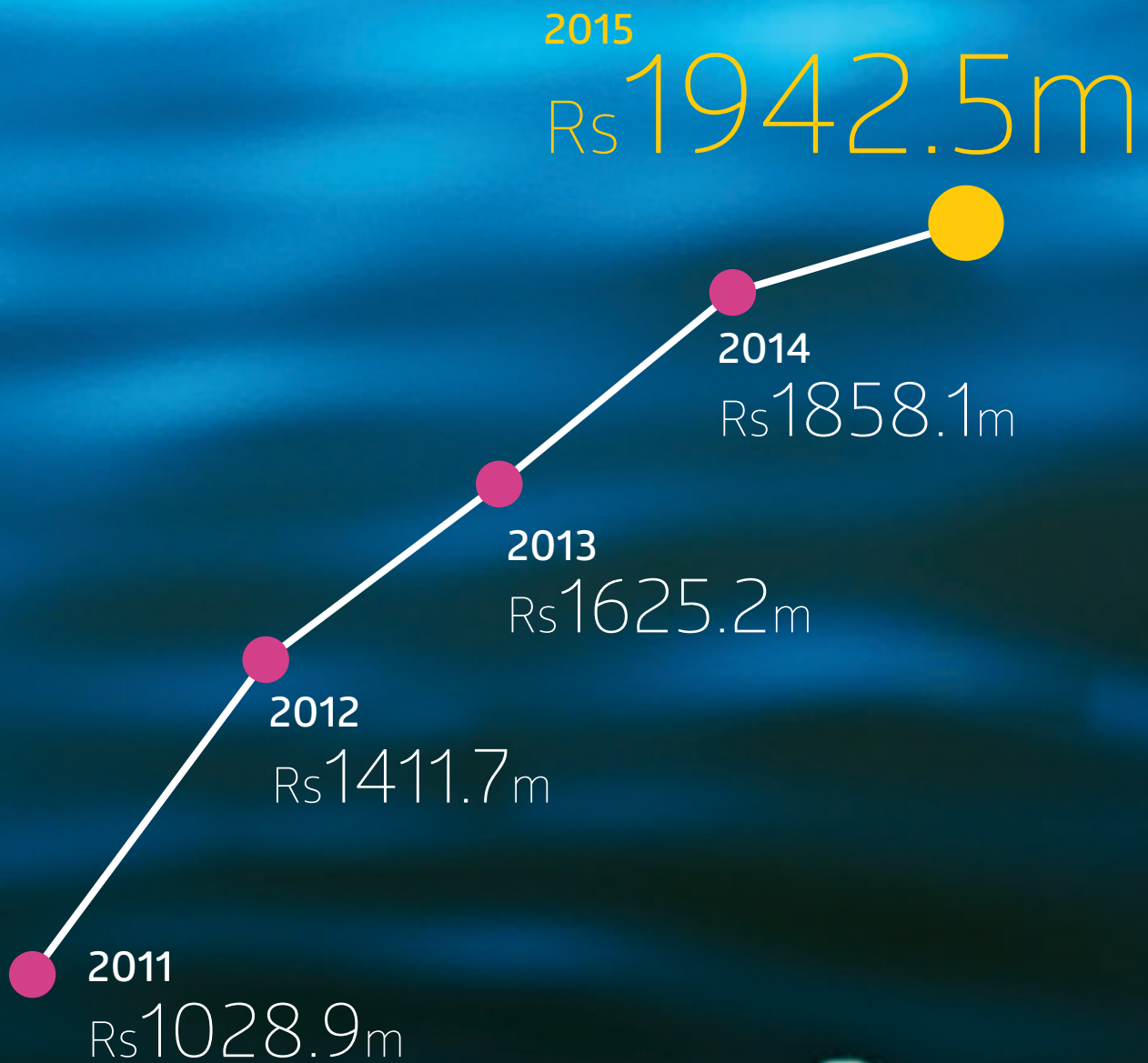
Rs 32.1 bn

Life Assurance Fund

Life Assurance Fund (Group)



Reserves (Company)



Senior Management Team



ALAN GODER //
Group Systems and Processes

Born in 1967, he 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 and 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 is also Senior Manager to the Group Systems & Processes department.

His key areas of specialisation are pensions administration and consulting.

Born in 1969, he started his career in the insurance sector at Albatross Insurance Company Ltd in 1989 and 3 years later joined Administrations and Consultants Ltd. (ACL) as sales and marketing representative.

He joined Swan Insurance (now Swan General Ltd) in 1994 as Underwriter in the Commercial Department and was promoted Assistant Manager in 1997 and Manager of the department in 2000.

Rémi has attended several local and overseas seminars and courses and has acquired experience over the years in underwriting of corporate property and engineering risks in the commercial and industrial sectors.

He was appointed Senior Manager (Underwriting) in July 2007 and is currently heading the Corporate and Individual Business Units.



**RÉMI DESVAUX DE
MARIGNY //**
Corporate Business and
Individual Business Unit

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

He joined Swan Insurance (now Swan General Ltd) as Senior Manager – Technical in April 2000. He has been responsible for the Motor and Fire & Accident Departments, Individual Business Development, Agents Monitoring & Product Review. He is now involved in the company's Affinity Business Development, Customer Service and Marketing & Communication Support function.

He also acts as Complaints Coordinator and is the Chairperson of SWAN CSR Committee set up to manage SWAN's social investments.



JEAN MARC CHEVREAU //
Affinity Business
Customer Care and Complaints
Coordination,



MAXIME REY //
Group Finance,
Loans and Legal

Born in 1952, he started an accounting career in 1973 in Mauritius, first in Auditing (Kemp Chatteris/Touche Ross & DCDM/Coopers & Lybrand), and then in the Sugar Industry (Deep River Beau Champs S.E.).

Immigrating to South Africa in 1981, he worked for Kuehne and Nagel (Pty) Ltd, the South African arm of a leading global provider of innovative and fully integrated supply chain solutions. He was appointed Group Financial Controller in 1989 and Director in 1992.

Back in Mauritius In 1993, he joined SWAN, one of the market leaders in the insurance sector in Mauritius, where he is presently holding the position of Senior Manager - Group Finance, Loans & Legal.

He serves as Director of a number of companies in the commercial, financial, investment, sugar and tourism sectors, and is a member of various Board Committees.

Directorship in listed companies:

- Belle Mare Holding Ltd
- Constance La Gaieté Company Limited
- Lux Island Resorts Ltd
- MFD Group Limited

Senior Management Team



PATRICE BASTIDE //
B.Sc. and M.Sc. - International
Development

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

He has been working in the Insurance Industry for 38 years. During the past 20 years he has been heading the Reinsurance and Statistics department of the Company. His main responsibility at Swan General Ltd is to ensure that the Company is adequately reinsured with first class security Reinsurers for all the risks emanating from our underwriting activities.

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

Born in 1963, he heads the Group's development into markets outside of Mauritius. Between 2006 and 2010, during his previous tenures as Marketing Manager of Albatross Insurance and later General Manager, CIM Life, Patrice developed a thorough knowledge of the various sub-regional African insurance markets and setup an extensive network of relationships with insurance operations and regulatory bodies. He has actively contributed in elaborating and implementing SWAN's expansion strategy since 2011 and is a Board Director of a few international subsidiaries. Patrice holds a M.Sc. in Applied Mathematics, USA and is a former post-graduate Italian Government scholarship winner.



**TSE KWONG PHILIPPE LO
FAN HIN //**
F.C.I.I. – Reinsurance and Statistics



VISHNOO LUXIMAN //
M.Sc. – Group Human Resources

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

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

He joined the Group in 2006.

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

He has more than 10 years' experience in the finance industry and has expertise in asset management, investment advisory and insurance. He also holds directorship positions on the Stock Exchange of Mauritius, the Kibo Fund, MDA Properties & Telfair Development Ltd and regularly lectures at the University of Mauritius in Economics & Finance. He joined Anglo Mauritius Investment Managers Ltd (now known as Swan Wealth Managers Ltd) in 2005 and now heads the non-insurance cluster of SWAN (Investments & Securities) together with Investment projects of SWAN.



NITISH BENI MADHU //
B.Sc (Hons.), M.Sc. –
Investments

Management Team



- 1 GAËL ALIPHON
A.C.I.I.
Individual Business
- 2 DAVE LUCHMUN
Group Facilities
- 3 NATHALIE TONG SAM
A.C.I.I
Documentation and Policy
Processing
- 4 TWAYYAB TAUJOO
F.C.C.A., M.SC., DIP CII
Finance
- 5 JULIEN RIVET
CERT CII
Corporate Property
and Liability
- 6 JEAN YVES VIOLETTE
ANZIIF (Assoc), C.I.P.
Claims
- 7 SONIA KALACHAND-
CANABADY
B.A (Hons), M.A
Group Human Resources
- 8 HERBERT MADANAMOOHOO
MAÎTRISE DE DROIT
Legal & Compliance, M.L.R.O





9



10



11

9 NEELKAMAL RAGOO
B.SC.(Hons), M.B.A, F.C.I.I
Technical

10 SONIA CHAROUX
A.C.I.I., MBA
Reinsurance and Statistics

11 ASHLEY NUCKCHADY
Motor

12 SHAILEN J. SOOBAH
F.C.C.A., MBA, DIP C.I.I
Group Company Secretary;
Business Support, Corporate Office

13 VEENAYE BUSGEETH
F.C.C.A.
Corporate Finance

14 BRUNO NALLETAMBY
A.C.I.I., A.C.I.S., ACI ARB
Marine and Administration

15 ISHWARI MADHUB
B.SC. (Hons.), F.C.C.A., M.B.C.S, M.B.A
Systems & Processes

PATRICK ANDRÉ
Health and Travel (Absent)



12



13



14



15





You Progress

CSR



SWAN rewarding the best performing athletes of the Indian Ocean Island Games 2015.

In 2015

Rs 8.3 MILLION

were dedicated to 60 beneficiaries involved in various fields of social and community activities.

SWAN has a longstanding partnership with the NGO community, supporting them in their social endeavours. In 2015, **Rs 8.3 million** were dedicated to **60** beneficiaries involved in various fields of social and community activities. The community investment areas in which SWAN is involved are education and training, socio-economic development, health, environment as well as leisure, arts and sports.

Helping people progress and prosper in life by providing for what they need and protecting their possessions is SWAN's promise. Compared to the previous year, SWAN raised its CSR funding budget by nearly **14%** while the number of NGOs supported increased from 43 to 60. Education continues to be a priority for SWAN as it is an essential element in the development and progress of the society. As a matter of fact, 41% of the 2015 CSR funding was donated to NGOs involved in the field of education and training.

Likewise, SWAN put effort in supporting initiatives to improve the standard of living of needy citizens by helping them become financially self-sustaining. Around 24% of the 2015 CSR funds were geared towards NGOs working selflessly to identify societal and economic needs within the community and trying to address them.



Donation of equipment to Mouvement Forces Vives EDC/Atelier Sanouizé by SWAN staff at the NGO premises.

Progress is also about promoting initiatives that contribute to the growth and development of the individual and in turn to the betterment of society. In the same vein, SWAN supported several NGOs which are involved in the promotion of leisure, arts and sports in the community and 11% of the CSR funds was dedicated to them last year. SWAN supported local athletes by providing financial support to the Club Maurice for their preparation and to reward those who achieved outstanding performances.

Promotion of wellbeing and health is another focus area for SWAN. 18% of its CSR budget was allocated to support the implementation of health programs. Emphasis was laid on



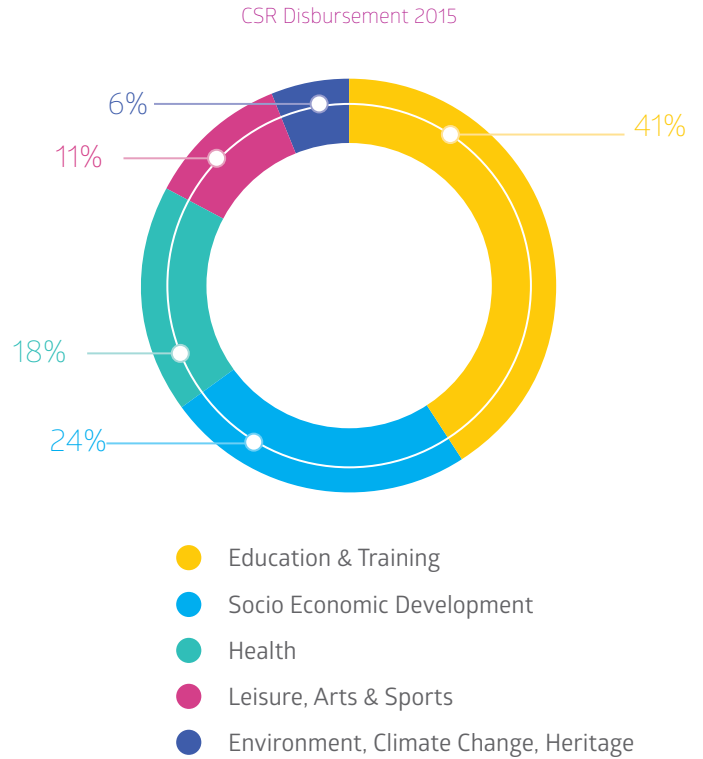
SWAN staff volunteering during T1Diams Diabetic Camp.



Staff of SWAN and their family brought together for Earth Hour to raise awareness on climate change and the need to take action to protect the planet.



International Day of Older Persons – The staff of SWAN spending some time with elders of Leonard's Cheshire Home, in Pierrefonds.



outreach programs for members of the local community to be better informed and to protect themselves adequately.

Protect is another pillar of SWAN's business, be it for financial freedom or for the environment conservation. As a responsible organisation, SWAN is supportive of causes pertaining to conservation and protection of the environment. In 2015, 6% of SWAN's CSR budget was dedicated to three organisations which contributed selflessly to the protection of our flora and fauna. These NGOs are Mauritius Wildlife Foundation, Mission Verte and PAWS.

One of the missions which makes us proud is our colleagues' involvement and commitment to philanthropic initiatives. Our colleagues devoted their time to the residents of the Leonard Cheshire Home, with which SWAN has 50 years of strong partnership. This day was dedicated to the elderly during which everyone enjoyed a great moment of sharing. Our colleagues also visited "L'Atelier Sa Nou Vize", which is part of the NGO "Mouvement Forces Vives Quartier EDC Rose Belle" for the International Day of Charity. On behalf of SWAN, colleagues donated laptops, filing cabinet, foodstuff and financial support.

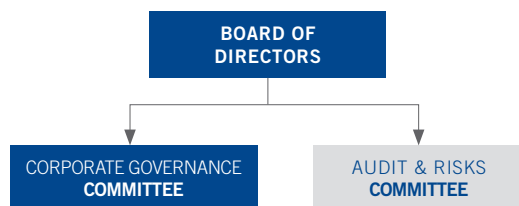
Corporate Governance Report 2015

1. COMPLIANCE STATEMENT

The Boards of directors ensure that the principles of good governance are followed and applied by the Company and throughout the Group. Except as specifically mentioned, the Company and the Group have complied in all material respects with the Code of Corporate Governance.

2. GOVERNANCE STRUCTURE

The Board has adopted the following structure to help it discharge its obligations:



Each subsidiary has its own Board which is different from the Board of Swan General Ltd. The Audit & Risks Committee and the Corporate Governance Committee oversee the governance, audit and risk issues of all the subsidiaries.

3. BOARD

3.1 COMPOSITION OF THE BOARD

Directors' profile appears on pages 16 to 21 of the Annual Report.

There is a clear separation of the roles of the Chairperson and the Group Chief Executive. The Chairperson leads the Board, ensuring that each director is able to make an effective contribution. He monitors, with the assistance of the Company Secretary, the information distributed to the Board to ensure it is sufficient, accurate, timely and clear.

The Group Chief Executive has the day-to-day management responsibility for the Group's operations, implementing the strategies and policies agreed by the Board.

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

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

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

As part of the induction process, newly appointed directors receive an 'Induction Pack' containing key information on the Group and the sector in which it operates.

All new Board appointments are subject to the approval of the Financial Services Commission.

Composition of the Board:

Executive	Louis Rivalland (Group Chief Executive)
	Michel Thomas (Chief Operations Officer)
Independent non-executive	Pierre Dinan
	Victor Seeyave
	Gopallen Moorroogen
Non-executive	Cyril Mayer (Chairperson) – [Up to 31.12.2015]
	Henri Harel
	Hector Espitalier-Noël
	Philippe Espitalier-Noël
	René Leclézio
	Nicolas Maigrot (Director) – [As from 09.07.2015] (Chairperson) – [As from 28.03.2016]
Sébastien Mamet – [As from 02.02.2016]	

Corporate Governance Report 2015 (Cont'd)

3.2 ROLE OF THE BOARD

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

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

3.3 ELECTION OF DIRECTORS

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

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

3.4 BOARD APPRAISAL

The Board is composed of directors coming from different sectors of the economy. Each director has drawn from his professional background and competence in positively contributing to the Board's activities. A Board appraisal was conducted in 2014.

4. BOARD COMMITTEES

4.1 THE AUDIT AND RISKS COMMITTEE

The Committee consists of four non-executive directors three of whom are independent including the Chairperson. The current members are:

Mr. Peroomal Gopallen Moorroogen (Chairperson)
(independent)

Mr. Pierre Dinan (independent)

Mr. Victor Seeyave (independent)

Mr. Henri Harel (non-executive)

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

Members of the Senior Management, the External Auditors and the Internal Auditors regularly attend meetings of the Audit and Risks Committee.

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

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

The Audit and Risks Committee's focus is on:

- (i) the reliability and accuracy of the financial information provided by management to the Board and other users of financial information;
- (ii) the functioning of the internal control and the risk management systems;
- (iii) the functioning of the internal auditors;
- (iv) the risk areas of the operations to be covered in the scope of the internal and external audits;

- (v) recommending the appointment/re-appointment of internal and external auditors to the Board;
- (vi) any accounting or auditing concerns identified as a result of the internal or external audits;
- (vii) compliance with legal and regulatory requirements with regard to financial matters;
- (viii) the scope and results of the external audit and its cost effectiveness, as well as the independence and objectivity of the external auditors;
- (ix) the nature and extent of non-audit services provided by the external auditors; and
- (x) the financial information to be published by the Board.

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

- (i) Yearly audited accounts – consideration and recommendation to the Board for approval;
- (ii) Abridged quarterly accounts - consideration and recommendation to the Board for approval and publication;
- (iii) Internal audit – consideration and approval of internal audit reports;
- (iv) Regulatory – taking cognizance of the reports of the Financial Services Commission following routine inspections;
- (v) Audit fees - consideration and recommendation to the Board for approval.

4.2 THE CORPORATE GOVERNANCE COMMITTEE

The Committee consists of four non-executive directors, three of whom are independent.

Mr. Cyril Mayer (Chairperson) (non executive) –
[up to 31.12.2015]

Mr. Nicolas Maigrot (Chairperson) (non executive) –
[as from 28.03.2016]

Mr. Pierre Dinan (independent)

Mr. Peroomal Gopallen Moorooogen (independent)

Mr. Victor Seeyave (independent)

The Group Chief Executive is in attendance.

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

- (i) determining agreeing and developing the general policy on corporate governance in accordance with the Code of Corporate Governance, legal compliance and ethical policies;
- (ii) assisting the Board on establishing a formal and transparent procedure for developing a remuneration policy for executive and senior management;
- (iii) putting in place plans for succession, in particular the Chairperson and the Group Chief Executive;
- (iv) making recommendations to the Board on all new Board appointments; and
- (v) determining the level of emoluments of executive, non-executive, independent non-executive directors and Board Committee members.

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

Corporate Governance Report 2015 (Cont'd)

5. BOARD AND COMMITTEE ATTENDANCE

		Board	Audit & Risks Committee	Corporate Governance Committee
Number of meetings held		5	4	2
Executive	Louis Rivalland	5	4*	2*
	Michel Thomas	5	-	-
Independent non-executive	Pierre Dinan	4	3	2
	Victor Seeyave	5	3	2
	Gopallen Moorooogen	5	④	2
Non-executive	Cyril Mayer [Up to 31.12.2015]	⑤	-	②
	Henri Harel	5	3	-
	Hector Espitalier-Noël	4	-	-
	Philippe Espitalier-Noël	5	-	-
	René Leclézio	4	-	-
	Nicolas Maigrot [As from 09.07.2015]	2	-	-
	Sébastien Mamet [As from 02.02.2016]	-	-	-

○ Chairperson

* In attendance (not a member)

6. DIRECTORS' INTERESTS AND DEALING IN SHARES

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

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

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

Directors' interests in shares were as follows:

	In the Company			In the Subsidiary (Swan Life Ltd)		
		Direct	Indirect		Direct	Indirect
	No. of Shares	%	%	No. of Shares	%	%
Directors						
M. E. Cyril Mayer	-	-	-	200	-	0.008
J.M. Louis Rivalland	18,100	0.219	-	16,229	0.547	-
Philippe Espitalier-Noël	-	-	0.009	-	-	0.007
Hector Espitalier-Noël	-	-	1.177	-	-	0.94

Directors' dealings in shares of the Company and the subsidiary, Swan Life Ltd, during the year were as follows:

Director	In the Company	In the subsidiary (Swan Life Ltd)
	Purchased/Sold	Purchased
J.M. Louis Rivalland	-	3,000

7. DIRECTORS' REMUNERATION

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

	From the Company	From Subsidiary companies
	Rs.	Rs.
Non- Executives	1,050,012	1,141,012
Executives	14,936,108	11,804,980

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

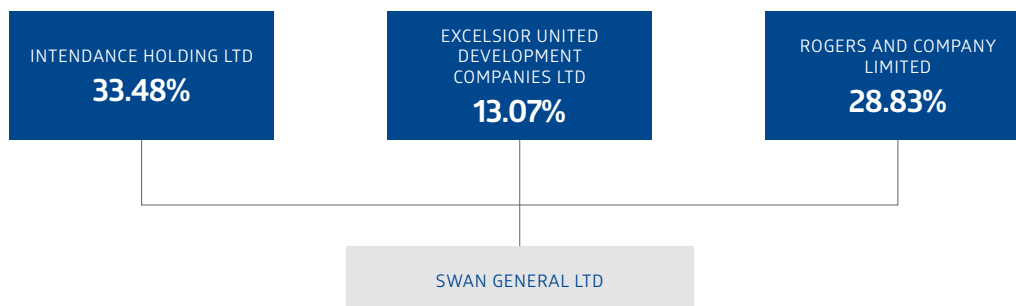
8. SENIOR MANAGEMENT PROFILE

A profile of each member of the senior management team appear on pages 28 to 31 of the Annual Report.

Corporate Governance Report 2015 (Cont'd)

9. SHAREHOLDERS

9.1 HOLDING STRUCTURE AS AT 31 DECEMBER 2015



As at 31 December 2015, the following shareholders held more than 5% of the share capital of the Company:

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

9.2 COMMON DIRECTORS

The following were the common directors:

	Swan General Ltd	Intendance Holding Ltd	Rogers and Company Limited	Excelsior United Development Companies Ltd
Cyril Mayer [up to 31.12.2015]	✓	✓		
René Leclézio	✓			✓
Philippe Espitalier-Noël	✓		✓	
Hector Espitalier-Noël	✓		✓	
Henri Harel	✓	✓		

9.3 SHAREHOLDING PROFILE

Shareholding profile as at 31 December 2015 was as follows:

Size of shareholding	Number of shareholders	Number of shares	% of total issued shares
1 – 500	677	85,498	1.033
501 – 1,000	101	81,755	0.988
1,001 – 5,000	154	354,572	4.284
5,001 – 10,000	37	260,573	3.149
10,001 – 50,000	34	672,653	8.128
50,001 – 100,000	4	306,472	3.703
100,001 – 250,000	0	0	0
250,001 – 500,000	1	274,646	3.319
Over 500,000	3	6,239,600	75.396
TOTAL	1,011	8,275,769	100

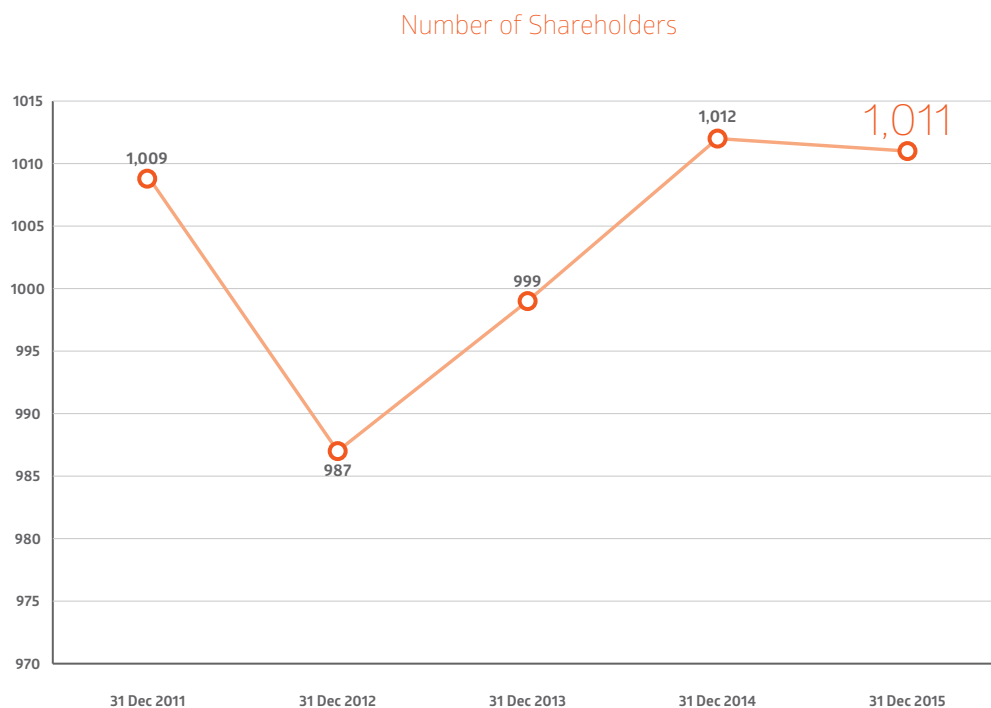
9.4 SHAREHOLDER CATEGORY

Shareholder category	Number of shareholders	Number of shares	% of total issued shares
Individuals	884	1,000,502	12.090
Insurance companies	3	113,406	1.370
Pensions and provident funds	8	385,079	4.653
Investment and trust companies	7	21,094	0.255
Other corporate bodies	109	6,755,688	81.632
TOTAL	1,011	8,275,769	100

Shareholder category	Number of shareholders	Number of shares	% of total issued shares
Local	989	8,237,538	99.538
Foreign	22	38,231	0.462
TOTAL	1,011	8,275,769	100

Corporate Governance Report 2015 (Cont'd)

9.5 NUMBER OF SHAREHOLDERS DURING THE LAST 5 YEARS



9.6 SHAREHOLDER COMMUNICATION AND EVENTS

The Company ensures that shareholders are kept informed on matters affecting the Company. The Company communicates with its shareholders through press communiqués, publication of quarterly results, its annual report and at the meeting of shareholders. In addition, the Company's website is regularly updated with share price and financial results. Board members are encouraged to attend the annual meeting of shareholders.

Key events are set out below:

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

9.7 DIVIDEND POLICY

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

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

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

Year	Dividend per Share (Rs.)	Dividend Cover* (Times)	Dividend Yield**
2015	12.00	2.52	2.85
2014	12.00	2.70	3.58
2013	10.90	2.63	3.46
2012	8.50	2.78	2.60
2011	8.50	3.22	2.70

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

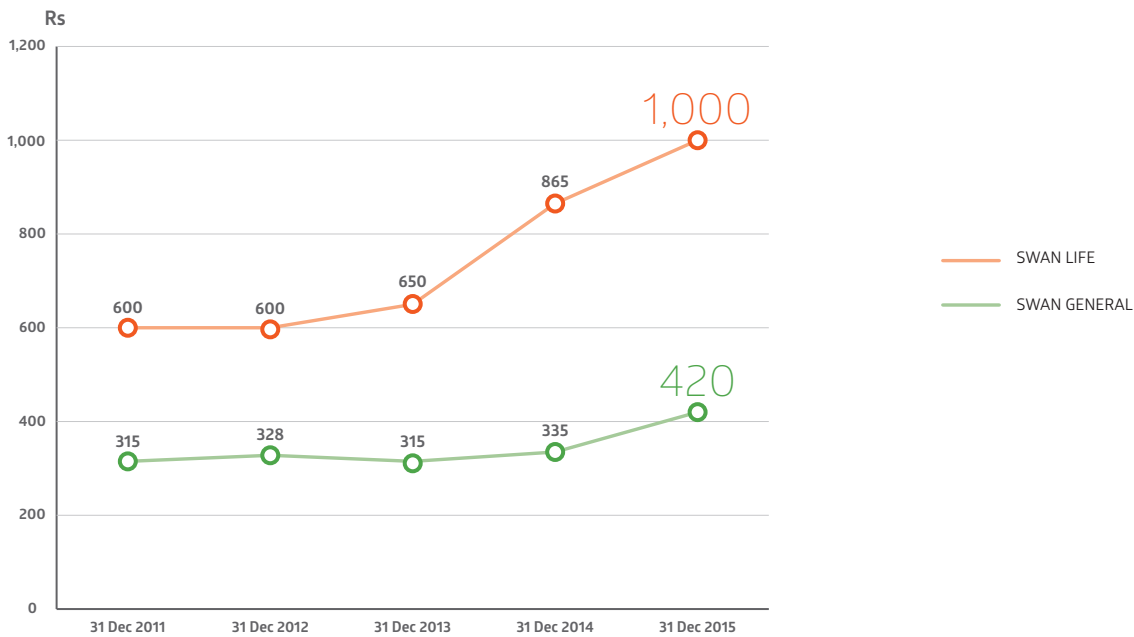
**Dividend Yield is equal to the annual dividend per share divided by the market price.

Corporate Governance Report 2015 (Cont'd)

9.8 SHARE PRICE INFORMATION

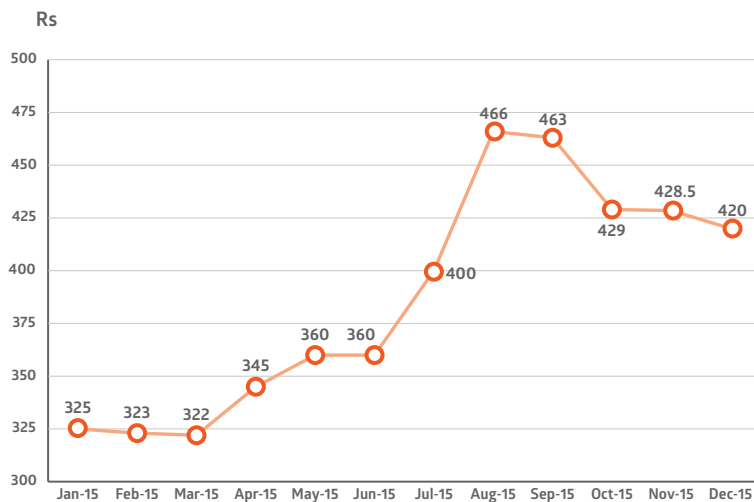
The share prices of the Company and its subsidiary, Swan Life Ltd for the past five years are shown below:

Share Price Information (Rs) for the last 5 years



Share price of the Company during the year (months end) was as follows:

Share Price (Rs) of Swan General Ltd over the year



10. REMUNERATION POLICY

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

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

Provide a remuneration package that attracts, retains and motivates staff and helps to develop a high performance culture.

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

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

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

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

11. COMPANY SECRETARY

All directors have access to the services of the Company Secretary who is responsible for ensuring that Board procedures are followed and plays an active role in the facilitation and induction of new directors and the improvement and monitoring of corporate governance processes.

12. RELATED PARTY TRANSACTIONS

For related party transactions, please refer to note 33 to the financial statements.

13. CONSTITUTION

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

14. SHAREHOLDERS' AGREEMENTS/ THIRD PARTY MANAGEMENT AGREEMENTS

There were no such agreements during the year.

Corporate Governance Report 2015 (Cont'd)

15. INTERNAL AUDIT

Internal Audit is an objective assurance function reporting to the Audit and Risks Committee and the Board of Directors. It derives its authority from the Board through the Audit and Risks Committee.

Messrs. Ernst & Young, Public Accountants perform the duties of Internal Auditors for the Company and the Group.

- **Role and responsibilities**

The Internal Auditors are responsible for providing assurance to the Board regarding the implementation, operation and effectiveness of internal control and risks management.

- **Reporting and disclosures**

- *Structure and Organisation*

The internal audit charter, which is reviewed and approved by the Audit and Risks Committee, establishes the composition, role, scope, authority, independence, reporting procedures, auditing standards and responsibilities of the Internal Auditors.

- *Reporting lines*

The Internal Auditors have a direct reporting line to the Audit and 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 and the Audit and Risks Committee.

- **Coverage and Risk management**

The annual 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.

- **Accessibility**

The Internal Auditors have unrestricted access to the records, management or employees of the Group.

The Internal Auditors 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 and to report and advice on the proper and effective use of resources.

- **Areas covered**

The internal audit plan is devised based on a risk assessment exercise. During the year, the internal audit covered the following areas:

- a. Marine Business
- b. Motor Claims Operations
- c. Non-Motor Claims Operations
- d. Health and Travel Operations
- e. KYC Compliance Procedures

16. RISK MANAGEMENT

In our business, successful management essentially means controlling risks in order to protect the financial strength of the Group and increase its value on a sustainable basis.

The Board has overall responsibility for the Group's systems of risk management and for reviewing their effectiveness at least annually. The systems are designed to manage rather than eliminate risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material financial misstatement or loss.

Executive management has the responsibility for establishing and implementing appropriate systems and controls in their own areas of remit.

Risk Management refers to the process used by the Group to monitor and mitigate its exposure to risk. The objective of risk management is not to completely eliminate risk but to reduce it at an acceptable level having regard to risk appetite of the Group.

It is the intention of the Group to align the risk management framework of the Group to best practices.

Risk assessment activities were carried out by the Internal Auditors following which, management of the Group and the Internal Auditors have been working in collaboration to finalise the risk-monitoring framework. The risk management

framework will be continuously reviewed and updated to reflect the ongoing risks facing the Group.

Risks discussed and identified for the Group are categorised as follows:

- **Insurance risk**

The Group's insurance activities are primarily concerned with the pricing, acceptance and management of risks from customers.

The Claims department closely monitors claims development. The management of the underwriting and claims uses a number of tools to write certain higher risk classes of business, review performance and management of insurance portfolios throughout the Group.

- **Reinsurance risk**

The Group's reinsurance strategy and appetite is set by management and recommended to the Board for approval. The Reinsurance team monitors and controls reinsurance activity and has the responsibility for the purchase of the Group's covers. Major treaty purchases are analysed to ensure that the level of cover purchased is aligned to the Group's risk appetite and strategy. Over and above treaty capacities, large risks are reinsured on the facultative reinsurance market.

- **Environment and Strategy risks**

These risks arise when there are environmental forces that could either put the Group out of business or significantly change the fundamentals that drive the Group's overall objectives and strategies.

Environment risks may arise from:

- failure to understand customer needs;
- failure to anticipate or react to actions of competitors; and
- over dependence on vulnerable suppliers.

As the Group's competitive advantage becomes difficult to maintain, management's assumptions about the business environment provide a critical starting point for re-evaluating and formulating new business strategies.

These assumptions include the strategic profile of major competitors, demographic and social trends, new technologies that provide opportunities for competitive advantage, and economic, political and regulatory developments. The assessment of the Environment and Strategy risks also included discussions on:

- *Regulatory Risks:*

Changes in laws/regulations and actions by the local regulators can result in increased pressures and significantly affect the Group's ability to efficiently and competitively conduct business.

- *Industry Risks:*

Risks which make the industry less attractive as a result of changes in:

- Key factors for competitive success within the industry, including significant opportunities and threats;
- Capabilities of existing and potential competitors; and
- Group's strengths and weaknesses relative to present and future competitors.

- **Operational risks**

Operational risks are defined as risks of loss resulting from inadequate or failed internal processes and procedures, human error or system failure or from external events (e.g. legal risks). Operational loss events have significant negative impact on the market value of insurers.

Operational risks are further broken down into:

- *Human Resource Risks:*

Losses arising from acts inconsistent with employment, health and safety laws, personal injury claims, etc.

- *Fraud Risks:*

Intentional or fraudulent acts intended to defraud or misappropriate property or circumvent regulations, law and policies and involving one internal party and/or a third party.

Corporate Governance Report 2015 (Cont'd)

- *Physical Risks:*

Losses due to fire, cyclone, explosion, riots, flooding etc.

- *Business Continuity Risks:*

Losses from failed transaction processing, and process management, inadequate back ups and loss of data.

- *Reputational Risks:*

Losses due to unintentional or negligent failure to meet a professional obligation to specific clients or from the nature or design of a product.

• **Information Processing/Technology Risks**

These are risks that hardwares and softwares are not operating as intended, are compromising the integrity and reliability of data and information, are exposing significant assets to potential loss or misuse, or are exposing the Group's ability to maintain a high standard of its main business processes.

• **Financial Risks**

The primary sources of financial risks within the Group are reinsurance counterparties, credit risk, inherent to insurance contracts, treasury and investment activities and premium debtors. Market risk arises from the Group's investment portfolios. Liquidity risk is considered to be low for the Group.

The management of these financial risks is further discussed in note 3 of the financial statements.

17. INTERNAL CONTROLS

The Board has the overall responsibility for maintaining a sound and effective system of internal controls to safeguard the Company's and Group's assets and shareholders' interests.

The system of internal controls has been designed to safeguard assets of the Company and the Group from unauthorised use. The Company and the Group maintain proper accounting 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 and Group'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.

The key areas that the Board has put in place to provide effective internal controls are as follows:

- 1) The Board has established a clear organisation structure, including the delegation of appropriate responsibilities to the Board committees, the Group Chief Executive, members of the Senior Management, and to the heads of operating units;
- 2) The Board assesses the effectiveness of internal controls by considering the recommendations of the Audit & Risks Committee, reports of the internal auditors, feedback from management and the external auditors;
- 3) A comprehensive management accounting system is in place to provide financial and operational performance data for management accounting purposes. Review of the accounting information takes place on a regular basis at Audit & Risks Committee and Board levels and remedial action is promptly taken, where necessary;
- 4) There is an ongoing effort to document the system and procedures for each operating unit. These documents are also being updated regularly;
- 5) A compliance function has been put in place under the leadership of the Money Laundering Reporting Officer and clear compliance procedures have been established. Regular training is being conducted to ensure that:
 - New staff are trained in compliance with requirements that the Group is subject to; and
 - Existing staff are regularly updated on compliance issues;
- 6) Management has put in place appropriate financial controls by way of segregation of duties of accounting staff; and
- 7) Management has put in place appropriate operational and compliance controls at all operating units.

18. SHARE OPTION

The Company and Group have no share option plan.

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

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

20. STAKEHOLDERS' RELATIONS AND COMMUNICATION

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

21. CODE OF ETHICS

The Company and the Group are committed to the highest standards of integrity and ethical conduct in dealing with all its stakeholders. The Company's and Group's Code of Ethics is based on the Model Code of the Joint Economic Council and adapted to meet the specific needs of the Company and the Group.

22. ENVIRONMENT, HEALTH & SAFETY AND SOCIAL ISSUES

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

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



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

28 March 2016

Statement of Directors' Responsibilities

Directors acknowledge their responsibilities for:

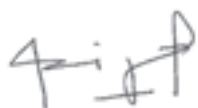
- (i) adequate accounting records and maintenance of effective internal control systems;
- (ii) the preparation of financial statements which fairly present the state of affairs of the Company and its Subsidiaries as at the end of the financial year and the results of its operations and cash flows for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

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

The Directors report that:

- (i) adequate accounting and an effective system of internal controls and risk management have been maintained;
- (ii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
- (iii) international financial reporting standards have been adhered to. Any departure in the fair presentation has been disclosed, explained and quantified;
- (iv) The Code of Corporate Governance has been adhered to. Reasons have been provided where there has not been compliance.

Signed on behalf of the Board of Directors on 28 March 2016.



NICOLAS MAIGROT
CHAIRPERSON



LOUIS RIVALLAND
DIRECTOR & GROUP CHIEF EXECUTIVE

Company Secretary's Certificate

Year ended December 31, 2015

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

28 March 2016

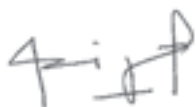
STATEMENT OF COMPLIANCE

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

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

Reporting Period: December 31, 2015

We, the directors of Swan General Ltd, confirm that, to the best of our knowledge, the PIE has not complied with Sections 2.2.6, 2.8.2 and 2.10.3 of the Code of Corporate Governance. Reasons for non-compliance are given at sections 3.3, 7 and 3.4 respectively of the Corporate Governance report.



NICOLAS MAIGROT
CHAIRPERSON

28 March 2016



LOUIS RIVALLAND
DIRECTOR & GROUP CHIEF EXECUTIVE



You Prosper



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

This report is made solely to the members of Swan General Ltd (Previously known as Swan Insurance Company Limited) (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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Financial Statements

We have audited the financial statements of Swan General Ltd and its subsidiaries (the "Group") and the Company's separate financial statements on pages 60 to 138 which comprise the statements of financial position at December 31, 2015, and the statements of profit or loss, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Report on the Financial Statements (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements on pages 60 to 138 give a true and fair view of the financial position of the Group and of the Company at December 31, 2015, 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.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

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

We have obtained all information and explanations we have required.

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


Insurance Act 2005

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

Financial Reporting Act 2004

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

In our opinion, the disclosures in the annual report are consistent with the requirements of the Code.



BDO & CO

Chartered Accountants



Ameenah Ramdin, FCCA, ACA
Licensed by FRC

28 March, 2016

Port Louis,
Mauritius.

STATEMENTS OF FINANCIAL POSITION

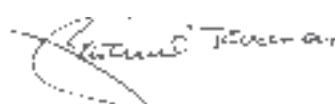
DECEMBER 31, 2015

	Notes	THE GROUP		THE COMPANY	
		2015	2014	2015	2014
		Rs'000	Rs'000	Rs'000	Rs'000
ASSETS					
Non-current assets					
Property and equipment	5	97,596	98,840	96,019	96,895
Intangible assets	6	30,071	31,125	4,552	1,518
Investments in subsidiary companies	7	-	-	465,418	372,144
Investment in associated company	8	88,805	67,148	-	-
Investment in joint venture	9	1,371	1,139	500	500
Investments in financial assets	10	1,552,221	1,489,564	1,358,820	1,335,666
Loans and receivables	11	174,093	199,356	143,619	149,384
Deferred tax assets	12	18,708	15,091	18,708	15,091
		1,962,865	1,902,263	2,087,636	1,971,198
Current assets					
Investments in financial assets	10	35,000	79,986	35,000	79,986
Loans and receivables	11	16,042	14,445	3,751	6,191
Trade and other receivables	13	2,715,920	2,354,924	1,809,594	1,982,710
Current tax asset	21	2,567	-	2,567	-
Cash and cash equivalents	29(b)	168,233	127,481	120,367	72,435
		2,937,762	2,576,836	1,971,279	2,141,322
Life Business Assets	14	32,095,961	30,906,657	-	-
Total assets		36,996,588	35,385,756	4,058,915	4,112,520
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	15	41,379	41,379	41,379	41,379
Other reserves	16	882,932	587,273	445,191	511,803
Retained earnings		1,412,831	1,323,750	1,497,298	1,346,344
Attributable to owners of the parent		2,337,142	1,952,402	1,983,868	1,899,526
Non-controlling interests	17	350,294	238,942	-	-
Total equity		2,687,436	2,191,344	1,983,868	1,899,526
Technical provisions					
Life Assurance Fund	14	32,095,961	30,906,657	-	-
Outstanding claims and IBNR	22/30(a)	676,310	853,471	671,561	842,149
Gross unearned premiums	22/30(b)/2.18	955,130	821,592	939,556	821,592
		33,727,401	32,581,720	1,611,117	1,663,741
Non-current liabilities					
Borrowings	18	261	29,484	261	327
Retirement benefit obligations	19	102,108	103,967	102,108	103,967
Deferred tax liabilities	12	6,751	1,328	-	-
		109,120	134,779	102,369	104,294
Current liabilities					
Trade and other payables	20	191,835	198,361	126,055	195,132
Borrowings	18	180,957	170,925	136,197	141,330
Current tax liabilities	21	530	9,318	-	9,188
Dividend payable	26	99,309	99,309	99,309	99,309
		472,631	477,913	361,561	444,959
Total equity and liabilities		36,996,588	35,385,756	4,058,915	4,112,520

These financial statements have been approved for issue by the Board of Directors on: March 28, 2016.



Louis Rivalland
Director & Group Chief Executive



Michel Thomas
Director & Chief Operations Officer

The notes on pages 66 to 138 form an integral part of these financial statements.
Auditors' report on pages 58 and 59.

STATEMENTS OF PROFIT OR LOSS

YEAR ENDED DECEMBER 31, 2015

	Notes	THE GROUP		THE COMPANY	
		2015	2014	2015	2014
		Rs'000	Rs'000	Rs'000	Rs'000
Gross premiums		5,676,978	5,154,085	2,204,745	2,091,134
Premiums ceded to reinsurers		(1,352,519)	(1,298,357)	(1,106,383)	(1,143,672)
Change in gross unearned premiums	22/30(b)	(133,538)	(27,114)	(117,964)	(27,114)
Recoverable from reinsurers	22/30(b)	36,736	10,442	21,162	10,442
Net earned premiums	2.16	4,227,657	3,839,056	1,001,560	930,790
Net earned premiums relating to Life Assurance Fund		(3,226,097)	(2,906,720)	-	-
		1,001,560	932,336	1,001,560	930,790
Gross claims paid	30(a)	(1,216,792)	(976,097)	(1,204,732)	(976,097)
Claims recovered from reinsurers	30(a)	639,110	486,665	635,950	486,665
Movement in claims outstanding and IBNR:					
Gross claims outstanding and IBNR	30(a)	177,161	(10,013)	170,588	1,309
Recoverable from reinsurers	30(a)	(173,574)	10,483	(178,323)	10,483
Net claims incurred		(574,095)	(488,962)	(576,517)	(477,640)
Commissions receivable from reinsurers		275,360	255,232	268,639	255,232
Commissions paid to agents and brokers		(208,794)	(212,690)	(208,795)	(212,367)
Net commissions		66,566	42,542	59,844	42,865
Underwriting surplus		494,031	485,916	484,887	496,015
Investment income	23	177,285	164,776	153,044	138,492
Operating profit		671,316	650,692	637,931	634,507
Other income	24	99,752	69,358	69,654	35,669
		771,068	720,050	707,585	670,176
Marketing and administrative expenses	25(a)	(438,857)	(389,311)	(395,026)	(339,374)
Impairment and other charges	25(b)	(18,464)	(19,738)	(29,439)	(17,797)
Depreciation	5	(11,639)	(11,586)	(11,010)	(10,077)
Amortisation	6	(6,369)	(8,512)	(2,747)	(1,276)
Share of profit of associated company and joint venture	8/9	14,475	5,862	-	-
Profit before taxation		310,214	296,765	269,363	301,652
Income tax expense	21	(25,841)	(34,617)	(19,100)	(33,364)
Profit for the year		284,373	262,148	250,263	268,288
Attributable to:					
Owners of the parent		257,424	242,028	250,263	268,288
Non-controlling interests	17	26,949	20,120	-	-
		284,373	262,148	250,263	268,288
Earnings per share (Rupees and cents)	27	31.11	29.25	30.24	32.42

The notes on pages 66 to 138 form an integral part of these financial statements.
Auditors' report on pages 58 and 59.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2015

	Notes	THE GROUP		THE COMPANY	
		2015	2014	2015	2014
		Rs'000	Rs'000	Rs'000	Rs'000
Profit for the year		284,373	262,148	250,263	268,288
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurements of defined benefit obligations	16	(6,988)	1,143	(6,988)	1,143
Items that may be reclassified subsequently to profit or loss:					
Change in value of available-for-sale financial assets	16	(27,047)	67,402	(5,818)	64,049
Release on disposal of available-for-sale financial assets	16	(53,806)	(1,815)	(53,806)	(1,182)
Net movement in other reserves	16	27,544	121,193	-	-
Other comprehensive income for the year, net of tax		(60,297)	187,923	(66,612)	64,010
Total comprehensive income for the year		224,076	450,071	183,651	332,298
Attributable to:					
Owners of the parent		191,578	401,545	183,651	332,298
Non-controlling interests	17	32,498	48,526	-	-
		224,076	450,071	183,651	332,298

The notes on pages 66 to 138 form an integral part of these financial statements. Auditors' report on pages 58 and 59.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2015

(a) THE GROUP

Notes	(Attributable to owners of the parent)									
	Share Capital	Fair Value Reserve	Other Reserves	Proprietors' Fund	Retained Earnings	Amalgamation Reserve	Actuarial gains/(losses)	Total	Non-controlling Interests	Total Equity
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1, 2015	41,379	309,212	23,334	35,734	1,323,750	267,477	(48,484)	1,952,402	238,942	2,191,344
Profit for the year	-	-	-	-	257,424	-	-	257,424	26,949	284,373
Other comprehensive income for the year	16	(80,853)	31,514	(9,519)	-	-	(6,988)	(65,846)	5,549	(60,297)
Total comprehensive income for the year	-	(80,853)	31,514	(9,519)	257,424	-	(6,988)	191,578	32,498	224,076
Other movement	-	-	-	-	999	-	-	999	28,811	29,810
Transactions with non-controlling interests	28(b)	-	-	-	(70,033)	-	-	(70,033)	(23,271)	(93,304)
Non distributable reserve	16	-	-	361,505	-	-	-	361,505	110,495	472,000
Derecognition of subsidiaries	28(a)	-	-	-	-	-	-	-	4,683	4,683
Dividends	26/17	-	-	-	(99,309)	-	-	(99,309)	(41,864)	(141,173)
Total transactions with owners of the parent	-	-	-	361,505	(168,343)	-	-	193,162	78,854	272,016
Balance at December 31, 2015	41,379	228,359	54,848	387,720	1,412,831	267,477	(55,472)	2,337,142	350,294	2,687,436
Balance at January 1, 2014	41,379	243,625	16,900	(50,619)	1,181,031	267,477	(49,627)	1,650,166	193,582	1,843,748
Profit for the year	-	-	-	-	242,028	-	-	242,028	20,120	262,148
Other comprehensive income for the year	16	65,587	6,434	86,353	-	-	1,143	159,517	28,406	187,923
Total comprehensive income for the year	-	65,587	6,434	86,353	242,028	-	1,143	401,545	48,526	450,071
Other movement	-	-	-	-	-	-	-	-	23,517	23,517
Disposal of subsidiary	-	-	-	-	-	-	-	-	10,244	10,244
Dividends	26/17	-	-	-	(99,309)	-	-	(99,309)	(36,927)	(136,236)
Total transactions with owners of the parent	-	-	-	-	(99,309)	-	-	(99,309)	(3,166)	(102,475)
Balance at December 31, 2014	41,379	309,212	23,334	35,734	1,323,750	267,477	(48,484)	1,952,402	238,942	2,191,344

The notes on pages 66 to 138 form an integral part of these financial statements.
Auditors' report on pages 58 and 59.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2015

(b) THE COMPANY

	Notes	Share Capital	Fair Value Reserve	Other Reserves	Retained Earnings	Amalgamation reserves	Actuarial gains / (losses)	Total Equity
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1, 2015		41,379	310,983	28,719	1,346,344	220,593	(48,492)	1,899,526
Profit for the year		-	-	-	250,263	-	-	250,263
Other comprehensive income for the year	16	-	(59,624)	-	-	-	(6,988)	(66,612)
Total comprehensive income for the year		-	(59,624)	-	250,263	-	(6,988)	183,651
Dividends	26	-	-	-	(99,309)	-	-	(99,309)
Balance at December 31, 2015		41,379	251,359	28,719	1,497,298	220,593	(55,480)	1,983,868
Balance at January 1, 2014		41,379	248,116	28,719	1,177,365	220,593	(49,635)	1,666,537
Profit for the year		-	-	-	268,288	-	-	268,288
Other comprehensive income for the year	16	-	62,867	-	-	-	1,143	64,010
Total comprehensive income for the year		-	62,867	-	268,288	-	1,143	332,298
Dividends	26	-	-	-	(99,309)	-	-	(99,309)
Balance at December 31, 2014		41,379	310,983	28,719	1,346,344	220,593	(48,492)	1,899,526

The notes on pages 66 to 138 form an integral part of these financial statements.
Auditors' report on pages 58 and 59.

STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2015

	Notes	THE GROUP		THE COMPANY	
		2015	2014	2015	2014
		Rs'000	Rs'000	Rs'000	Rs'000
Cash flows from operating activities					
Cash generated from operations	29(a)	203,617	106,893	123,045	94,986
Tax paid	21	(33,667)	(35,421)	(33,239)	(35,277)
Net cash generated from operating activities		169,950	71,472	89,806	59,709
Cash flows from investing activities					
Purchase of property and equipment	5	(12,365)	(11,227)	(11,261)	(10,474)
Purchase of intangible assets	6	(5,781)	(2,121)	(5,781)	(2,095)
Proceeds from sale of property and equipment		1,259	3,222	448	1,657
Disposal of subsidiary, net of cash acquired		-	3,990	-	-
Derecognition of subsidiary, net of cash	28(a)	(531)	-	-	-
Additional interest acquired in subsidiary	28/7	(81,728)	-	(81,728)	-
Additional interest acquired in associates		(193)	-	-	-
Purchase of financial assets	10	(276,145)	(709,263)	(234,531)	(580,256)
Disposal/maturity of financial assets		248,588	311,948	245,639	292,393
Loans granted	11	(591)	(19,575)	(591)	(18,165)
Loans recovered	11	9,889	12,112	8,796	12,112
Investment income received		126,486	143,313	139,679	136,475
Net cash generated from/(used in) investing activities		8,888	(267,601)	60,670	(168,353)
Cash flows from financing activities					
Payments on borrowings		(223,882)	(756)	(215,388)	(756)
Proceeds from borrowings		210,189	155,416	210,189	141,005
Dividends paid to Company's shareholders	26	(99,309)	(90,206)	(99,309)	(90,206)
Dividends paid to non-controlling interests		(49,157)	(35,927)	-	-
Net cash (used in)/generated from financing activities		(162,159)	28,527	(104,508)	50,043
Increase/(decrease) in cash and cash equivalents		16,679	(167,602)	45,968	(58,601)
Movement in cash and cash equivalents					
At January 1,		127,481	287,755	72,435	132,499
Increase/(decrease)		16,679	(167,602)	45,968	(58,601)
Effect of foreign exchange rate changes		24,073	7,328	1,964	(1,463)
At December 31,	29(b)	168,233	127,481	120,367	72,435

The notes on pages 66 to 138 form an integral part of these financial statements.
Auditors' report on pages 58 and 59.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

1. GENERAL INFORMATION

Swan Insurance Company Limited changed its name to Swan General Ltd with effect from April 30, 2015. Several companies of the Group also changed their name on the same date as detailed in note 7(j).

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The financial statements comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements include the consolidated financial statements of the parent company and its subsidiary companies (The Group) and the separate financial statements of the parent company (The Company). The financial statements are presented in Mauritian Rupees and all values are rounded to the nearest thousand (Rs'000), except when otherwise indicated. Where necessary comparative figures have been amended to conform with change in presentation and disclosure in the current year. The financial statements are prepared under the historical cost convention, except that:

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

(a) Amendments to published Standards and Interpretations effective in the reporting period

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) applies to contributions from employees or third parties to defined benefit plans and clarifies the treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example employee contributions that are calculated according to a fixed percentage of salary. Entities with plans that require contributions that vary with service will be required to recognise the benefit of those contributions over employee's working lives. The amendment has no impact on the Group's financial statements.

Annual Improvements 2010-2012 Cycle

IFRS 2, 'Share based payments' amendment is amended to clarify the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'. The amendment has no impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

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

Annual Improvements 2010-2012 Cycle (cont'd)

IFRS 3, 'Business combinations' is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or equity, on the basis of the definitions in IAS 32, 'Financial instruments: Presentation'. It also clarifies that all non-equity contingent consideration is measured at fair value at each reporting date, with changes in value recognised in profit and loss. The amendment has no impact on the Group's financial statements.

IFRS 8, 'Operating segments' is amended to require disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported. See note 32 of the Group's financial statements.

IFRS 13 (Amendment), 'Fair Value Measurement' clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has no impact on the Group's financial statements.

IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible Assets' are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. The amendment has no impact on the Group's financial statements.

IAS 24, 'Related party disclosures' is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required. The amendment has no impact on the Group's financial statements.

IAS 38, 'Intangible Assets' is amended to require an entity to take into account accumulated impairment losses when adjusting the amortisation on revaluation. The amendment has no impact on the Group's financial statements.

Annual Improvements 2011-2013 Cycle

IFRS 1, 'First-time Adoption of International Financial Reporting Standards' is amended to clarify in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. The amendment has no impact on the Group's financial statements, since the Group is an existing IFRS preparer.

IFRS 3, 'Business combinations' is amended to clarify that IFRS 3 does not apply to the accounting for the formation of any joint venture under IFRS 11. The amendment has no impact on the Group's financial statements.

IFRS 13, 'Fair value measurement' is amended to clarify that the portfolio exception in IFRS 13 applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9. The amendment has no impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

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

Annual Improvements 2011-2013 Cycle (cont'd)

IAS 40, 'Investment property' is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. IAS 40 assists users to distinguish between investment property and owner-occupied property. Preparers also need to consider the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination. 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 1 January 2016 or later periods, but which the Group has not early adopted.

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

IFRS 9 Financial Instruments

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

IFRS 14 Regulatory Deferral Accounts

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

IFRS 15 Revenue from Contract with Customers

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)

Equity Method in Separate Financial Statements (Amendments to IAS 27)

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

Annual Improvements to IFRSs 2012-2014 Cycle

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

Disclosure Initiative (Amendments to IAS 1)

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 cost of the item can be measured reliably.

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

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

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

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

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

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

2.3 Intangible assets

Intangible assets consist of the following:

(i) Goodwill

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Intangible assets (cont'd)

(i) Goodwill (cont'd)

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

Other intangibles

Other intangibles includes purchased goodwill in respect of customer portfolio purchased from agents who ceased their activities. It also includes intangible asset relating to rental business, which is initially recognised at cost and amortised over a useful life of 10 years. The amortisation provide a write down of the right to receive rental income based on the drop-off rate of underlying rental agreements. The amortisation period is reviewed at every period-end.

(ii) Computer software

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

(iii) Development and other costs

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

2.4 Impairment of assets

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

2.5 Investments in subsidiaries

Separate financial statements of the investor

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

Consolidated financial statements

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Investments in subsidiaries (cont'd)

Consolidated financial statements (cont'd)

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

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree (if any) over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit or loss or Life Assurance Fund (for the subsidiary, Swan Life Ltd) as a bargain purchase gain in the year of acquisition.

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

The Company's share of profit in Swan Life Ltd is accounted for on a dividend paid basis. This method smoothes out the effect of the variance in the results of the subsidiary following the valuation of the Life Assurance Fund by the Actuaries every three years.

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

Transactions and non-controlling interests

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

Disposal of subsidiaries

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Investment in associates

Separate financial statements of the investor

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

Consolidated financial statements

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

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

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

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

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

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

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

2.7 Investment in joint ventures

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

2.8 Financial assets

(a) Categories of financial assets

The Group classifies its financial assets into the following categories: loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the financial assets at initial recognition and re-assesses this at every reporting period.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets (cont'd)

(a) *Categories of financial assets (cont'd)*

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognised initially at fair value plus any directly attributable transactions 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-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the end of the reporting period.

(b) *Recognition and measurement*

Purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially 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 has also transferred substantially all risks and rewards of ownership.

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Available-for-sale financial assets are subsequently carried at their fair values.

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

Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in other comprehensive income and in the Life Assurance Fund (for the subsidiary, Swan Life Ltd), until the security is disposed of or found to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income or in the Life Assurance Fund is included in the profit or loss or the Life Assurance Fund as gains and losses on financial assets. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in the profit or loss or the Life Assurance Fund as gains and losses on financial assets.

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets (cont'd)

(b) Recognition and measurement (cont'd)

Level 3 - If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent transactions, reference to other instruments that are substantially the same, sales comparison approach, discounted cash flows analysis, net assets basis, dividend yield and earnings method as appropriate.

(c) Impairment of financial assets

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

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of 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 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 profit or loss. For the subsidiary, Swan Life Ltd, impairment loss is recognised in the Life Assurance Fund.

(ii) Financial assets carried at amortised cost

For loans and receivables 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 profit or loss. For the subsidiary, Swan Life Ltd, the loss is recognised in the Life Assurance Fund. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

2.9 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The Group's policy is to make allowances for both specific and general provision for arrears greater than one year when the probability of recovery is remote. The amount of provision is recognised in the profit or loss and the Life Assurance Fund (for the subsidiary, Swan Life Ltd).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Trade and other receivables (cont'd)

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

2.10 Trade and other payables

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

2.11 Borrowings

Borrowings are recognised initially at fair value being their issue proceeds net of transactions costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transactions costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of 3 months or less and bank overdrafts.

2.13 Current and deferred income tax

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

Current tax

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

Deferred tax

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

Deferred income tax is determined using tax rates that have been enacted or substantively enacted at the 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, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Life Assurance Fund

(i) Non-Linked Account

The surplus on the Life Assurance Fund - Non-Linked account for the year is retained in the Life Assurance Fund. The adequacy of the Fund is determined by actuarial valuation every three years.

(ii) Linked Account

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

2.15 Insurance Contracts

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

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

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

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

2.16 Revenue Recognition - Premiums Earned

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Revenue Recognition - Premiums Earned (cont'd)

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

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

2.17 Reinsurance Contracts

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

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

Short term insurance

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

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

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

2.18 Short term insurance

(i) Unearned premiums

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Short term insurance (cont'd)

(ii) Claims expenses and Outstanding claims provisions

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

Outstanding claims provisions made up of:

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

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

(iii) Liability adequacy test

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

2.19 Retirement benefit obligations

(i) Defined Benefit Plan

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Retirement benefit obligations (cont'd)

(i) Defined Benefit Plan (cont'd)

The Group/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 statements of profit or loss or the Life Assurance Fund (for the subsidiary, Swan Life Ltd).

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

(ii) Defined Contribution Plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group/Company has 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/Company operates a defined contribution retirement benefit plan for all qualifying employees (new entrants and their dependents). Payments to deferred contribution retirement plans are charged as an expense as they fall due.

(iii) The Subsidiary

The Subsidiary, Swan Life Ltd, has a retirement pension fund for its employees which is internally managed. Full liability of the Retirement Benefit Obligations has been recognised as the assets are not legally separate and cannot therefore be considered as Plan Assets.

(iv) 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 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.

2.20. Foreign currencies

(i) Functional and presentation currency

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20. Foreign currencies (cont'd)

(ii) Transactions and balances

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

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

(iii) Group companies

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

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

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

2.21. Leases

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

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the profit or loss unless they are attributable to qualifying assets in which case, they are capitalised in accordance with the policy on borrowing costs.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21. Leases (cont'd)

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

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

2.22 Provisions

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

2.23 Dividend distribution

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

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

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

3.1 Insurance risk

Short term insurance

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

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

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

(a) Insurance contracts

(i) Frequency and severity of claims

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

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

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

(ii) Concentration of insurance risk

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

THE GROUP

Class of Business	Outstanding claims					
	2015			2014		
	No of Claims	Gross Rs'000	Net Rs'000	No of Claims	Gross Rs'000	Net Rs'000
Fire & Allied Perils	433	69,275	9,919	332	145,211	19,709
Motor	3,375	166,862	141,956	2,670	144,484	119,609
Health	2,121	83,539	46,993	2,286	61,489	26,869
Others	1,220	239,120	74,829	1,890	427,897	107,672
	7,149	558,796	273,697	7,178	779,081	273,859
IBNR		117,514	59,069		74,390	62,494
		676,310	332,766		853,471	336,353

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

3.1 Insurance risk (cont'd)

THE COMPANY	Outstanding claims					
	2015			2014		
	No of Claims	Gross Rs'000	Net Rs'000	No of Claims	Gross Rs'000	Net Rs'000
Class of Business						
Fire & Allied Perils	433	69,275	9,919	332	145,211	19,709
Motor	3,375	166,862	141,956	2,670	144,484	119,609
Health	2,121	83,539	46,993	2,286	61,489	26,869
Others	1,215	239,089	74,829	1,884	416,780	96,555
	7,144	558,765	273,697	7,172	767,964	262,742
IBNR		112,796	59,069		74,185	62,289
		671,561	332,766		842,149	325,031

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

3.1 Insurance risks (cont'd)

(iv) Claims development table

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

THE GROUP

GROSS

	2011	2012	2013	2014	2015	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Estimate of ultimate claim costs:						
- At end of claim year	130,915	189,496	303,730	250,922	286,774	1,161,837
- one year later	70,878	59,655	84,299	65,338	-	280,170
- two years later	43,666	34,530	31,735	-	-	109,931
- three years later	29,723	17,158	-	-	-	46,881
- four years later	24,417	-	-	-	-	24,417
Current estimate of cumulative claims	622,078	625,714	1,052,963	966,367	1,100,061	4,367,183
Less Cumulative payments to date	597,661	608,556	1,021,228	910,470	813,613	3,951,528
Liability recognised in the statements of financial position	24,417	17,158	31,735	55,897	286,448	415,655
Liability in respect of prior years						143,141
						558,796
IBNR						117,514
Gross liability at year end (notes 22/30(a))						676,310

NET

	2011	2012	2013	2014	2015	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Estimate of ultimate claim costs:						
- At end of claim year	59,647	80,794	115,553	108,801	143,163	507,958
- one year later	24,362	31,269	35,473	29,087	-	120,191
- two years later	23,212	17,498	20,914	-	-	61,624
- three years later	17,337	9,624	-	-	-	26,961
- four years later	14,072	-	-	-	-	14,072
Current estimate of cumulative claims	271,735	311,378	472,035	498,501	616,739	2,170,388
Less Cumulative payments to date	257,663	301,754	451,121	469,414	473,576	1,953,528
Liability recognised in the statements of financial position	14,072	9,624	20,914	29,087	143,163	216,860
Liability in respect of prior years						56,837
						273,697
IBNR						59,069
Net liability at year end (notes 22/30(a))						332,766

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

3.1 Insurance risks (cont'd)

THE COMPANY

GROSS

	2011	2012	2013	2014	2015	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Estimate of ultimate claim costs:						
- At end of claim year	130,915	189,496	303,730	250,922	286,417	1,161,480
- one year later	70,878	59,655	84,299	55,896	-	270,728
- two years later	43,666	34,530	31,736	-	-	109,932
- three years later	29,723	17,158	-	-	-	46,881
- four years later	24,417	-	-	-	-	24,417
Current estimate of cumulative claims	622,078	625,713	1,052,964	956,924	1,096,816	4,354,495
Less Cumulative payments to date	597,661	608,555	1,021,228	901,028	810,399	3,938,871
Liability recognised in the statements of financial position	24,417	17,158	31,736	55,896	286,417	415,624
Liability in respect of prior years						143,141
						558,765
IBNR						112,796
Gross liability at year end (notes 22/30(a))						671,561

NET

	2011	2012	2013	2014	2015	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Estimate of ultimate claim costs:						
- At end of claim year	59,647	80,794	115,553	108,801	143,163	507,958
- one year later	24,362	31,269	35,473	29,087	-	120,191
- two years later	23,212	17,498	20,914	-	-	61,624
- three years later	17,337	9,624	-	-	-	26,961
- four years later	14,072	-	-	-	-	14,072
Current estimate of cumulative claims	271,735	311,378	472,034	489,059	616,443	2,160,649
Less Cumulative payments to date	257,663	301,754	451,120	459,972	473,280	1,943,789
Liability recognised in the statements of financial position	14,072	9,624	20,914	29,087	143,163	216,860
Liability in respect of prior years						56,837
						273,697
IBNR						59,069
Net liability at year end (notes 22/30(a))						332,766

(v) The Company has in place a series of quota-share and excess of loss covers in each of the last four years to cover for losses on these contracts.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

3.2 Financial risk

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

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

3.2.1 Market risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

3.2.1 Market risk (cont'd)

(i) Currency risk

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

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

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

THE GROUP

At December 31, 2015	Equivalent in Rs'000					Total
	Rs'000	GBP	USD	Euro	Others	
Assets:						
Non-current assets						
- Investment in financial assets:						
· Held-to-Maturity	186,095	-	-	-	-	186,095
· Available-for-sale	664,888	-	599,340	101,085	813	1,366,126
· Loans and receivables	143,619	-	-	-	30,474	174,093
Current assets						
- Investment in financial assets:						
· Held-to-Maturity	35,000	-	-	-	-	35,000
· Loans and receivables	3,751	-	-	-	12,291	16,042
- Trade and other receivables	2,650,006	569	45,331	13,263	6,751	2,715,920
- Cash and cash equivalents	133,632	6	21,294	4,766	8,535	168,233
	<u>3,816,991</u>	<u>575</u>	<u>665,965</u>	<u>119,114</u>	<u>58,864</u>	<u>4,661,509</u>
Liabilities:						
- Technical Provisions:						
· Gross unearned premiums	955,130	-	-	-	-	955,130
· Outstanding claims and IBNR	676,274	-	26	-	10	676,310
- Non-current liabilities						
· Borrowings	261	-	-	-	-	261
- Current liabilities						
· Trade and other payables	127,669	466	31,413	7,101	25,186	191,835
· Borrowings	136,197	-	-	-	44,760	180,957
	<u>1,895,531</u>	<u>466</u>	<u>31,439</u>	<u>7,101</u>	<u>69,956</u>	<u>2,004,493</u>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

3.2.1 Market risk (cont'd)

(i) Currency risk (cont'd)

THE GROUP

At December 31, 2014	Rs'000	Equivalent in Rs'000				Total
		GBP	USD	Euro	Others	
Assets:						
Non-current assets						
- Investment in financial assets:						
· Held-to-Maturity	195,451	-	-	-	-	195,451
· Available-for-sale	694,330	-	497,430	81,067	21,286	1,294,113
· Loans and receivables	133,713	-	-	-	65,643	199,356
Current assets						
- Investment in financial assets:						
· Held-to-Maturity	79,986	-	-	-	-	79,986
· Loans and receivables	6,191	-	-	-	8,254	14,445
- Trade and other receivables	2,354,924	-	-	-	-	2,354,924
- Cash and cash equivalents	103,583	4	12,689	1,062	10,143	127,481
	<u>3,568,178</u>	<u>4</u>	<u>510,119</u>	<u>82,129</u>	<u>105,326</u>	<u>4,265,756</u>
Liabilities:						
Technical Provisions:						
· Gross unearned premiums	821,592	-	-	-	-	821,592
· Outstanding claims and IBNR	842,149	-	-	-	11,322	853,471
Non-current liabilities						
· Borrowings	327	-	-	-	29,157	29,484
Current liabilities						
· Trade and other payables	188,454	-	-	-	9,907	198,361
· Borrowings	141,850	-	-	-	29,075	170,925
	<u>1,994,372</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,461</u>	<u>2,073,833</u>

THE COMPANY

At December 31, 2015	Rs'000	Equivalent in Rs'000				Total
		GBP	USD	Euro	Others	
Assets:						
Non-current assets						
- Investment in financial assets:						
· Held-to-Maturity	173,155	-	-	-	-	173,155
· Available-for-sale	590,533	-	494,563	100,569	-	1,185,665
· Loans and receivables	143,619	-	-	-	-	143,619
Current assets						
- Investment in financial assets:						
· Held-to-Maturity	35,000	-	-	-	-	35,000
· Loans and receivables	3,751	-	-	-	-	3,751
- Trade and other receivables	1,783,740	569	19,698	5,587	-	1,809,594
- Cash and cash equivalents	99,453	6	16,839	4,069	-	120,367
	<u>2,829,251</u>	<u>575</u>	<u>531,100</u>	<u>110,225</u>	<u>-</u>	<u>3,471,151</u>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

3.2.1 Market risk (cont'd)

(i) Currency risk (cont'd)

THE COMPANY

At December 31, 2015	Rs'000	Equivalent in Rs'000				Total
		GBP	USD	Euro	Others	
Liabilities:						
- Technical Provisions:						
· Gross unearned premiums	939,556	-	-	-	-	939,556
· Outstanding claims and IBNR	671,561	-	-	-	-	671,561
- Non-current liabilities						
· Borrowings	261	-	-	-	-	261
- Current liabilities						
· Trade and other payables	111,066	466	2,887	61	11,575	126,055
· Borrowings	136,197	-	-	-	-	136,197
	1,858,641	466	2,887	61	11,575	1,873,630

At December 31, 2014	Rs'000	Equivalent in Rs'000				Total
		GBP	USD	Euro	Others	
Assets:						
Non-current assets						
- Investment in financial assets :						
· Held-to-Maturity	184,218	-	-	-	-	184,218
· Available-for-sale	640,707	-	429,674	81,067	-	1,151,448
· Loans and receivables	149,384	-	-	-	-	149,384
Current assets						
- Investment in financial assets :						
· Held-to-Maturity	79,986	-	-	-	-	79,986
· Loans and receivables	6,191	-	-	-	-	6,191
- Trade and other receivables	1,982,710	-	-	-	-	1,982,710
- Cash and cash equivalents	59,661	4	11,725	1,045	-	72,435
	3,102,857	4	441,399	82,112	-	3,626,372
Liabilities:						
- Technical Provisions :						
· Gross unearned premiums	821,592	-	-	-	-	821,592
· Outstanding claims and IBNR	842,149	-	-	-	-	842,149
- Non-current liabilities						
· Borrowings	327	-	-	-	-	327
- Current liabilities						
· Trade and other payables	195,132	-	-	-	-	195,132
· Borrowings	141,330	-	-	-	-	141,330
	2,000,530	-	-	-	-	2,000,530

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

Sensitivity

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

3.2.1 Market risk (cont'd)

(i) Currency risk (cont'd)

THE GROUP	GBP		USD		EURO	
	+5%	-5%	+5%	-5%	+5%	-5%
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Impact on Results :						
- At December 31, 2015						
- Investment in financial assets	-	-	29,967	(29,967)	5,054	(5,054)
- Cash and cash equivalents	-	-	1,065	(1,065)	238	(238)
- Trade and other receivables	28	(28)	2,267	(2,267)	663	(663)
- Outstanding claim and IBNR	-	-	(1)	1	-	-
- Trade and other payables	(23)	23	(1,571)	1,571	(355)	355
- At December 31, 2014						
- Investment in financial assets	-	-	24,872	(24,872)	4,053	(4,053)
- Cash and cash equivalents	-	-	634	(634)	53	(53)
THE COMPANY						
	GBP		USD		EURO	
	+5%	-5%	+5%	-5%	+5%	-5%
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Impact on Results :						
- At December 31, 2015						
- Investment in financial assets	-	-	24,728	(24,728)	5,028	(5,028)
- Cash and cash equivalents	-	-	842	(842)	203	(203)
- Trade and other receivables	28	(28)	985	(985)	279	(279)
- Trade and other payables	(23)	23	(144)	144	(3)	3
- At December 31, 2014						
- Investment in financial assets	-	-	21,484	(21,484)	4,053	(4,053)
- Cash and cash equivalents	-	-	586	(586)	52	(52)

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

(ii) Interest rate risk

Interest rate risk arises from the Group's investments in long term debt securities and fixed income securities (Held-to-Maturity investments), bank balances and deposits which are exposed to fluctuations in interest rates. Exposure to interest rate risk on short term business is monitored by the Investment Committee through a close matching of assets and liabilities. The impact of exposure to sustained low interest rates is also regularly monitored.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

3.2.1 Market risk (cont'd)

(ii) Interest rate risk (cont'd)

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

Sensitivity

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

THE GROUP

	Impact on results	
	+1%	-1%
	Rs'000	Rs'000
At December 31, 2015		
- Held-to-maturity investments	63	(63)
- Loans and receivables	237	(237)
- Cash and cash equivalents	11	(11)
- Finance lease asset	197	(197)
At December 31, 2014		
- Held-to-maturity investments	300	(300)
- Loans and receivables	93	(93)
- Cash and cash equivalents	55	(55)
- Finance lease asset	189	(189)

THE COMPANY

	Impact on results	
	+1%	-1%
	Rs'000	Rs'000
At December 31, 2015		
- Held-to-maturity investments	63	(63)
- Loans and receivables	237	(237)
- Cash and cash equivalents	11	(11)
At December 31, 2014		
- Held-to-maturity investments	300	(300)
- Loans and receivables	93	(93)
- Cash and cash equivalents	55	(55)

(iii) Equity price risk

The Group is subject to price risk due to daily changes in the market values of its equity securities portfolio. Equity price risk is actively managed in order to mitigate anticipated unfavourable market movements. In addition, local insurance regulations set out the capital required for risks associated with type of assets held, investments above a certain concentration limit, policy liabilities risks, catastrophes risks and reinsurance ceded.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

3.2.1 Market risk (cont'd)

(iii) Equity price risk

The Investment Committee actively monitors equity assets owned directly by the Group as well as concentrations of specific equity holdings. Equity price risk is also mitigated as the Group holds diversified portfolios of local and foreign investments in various sectors of the economy.

Sensitivity

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

THE GROUP

	Impact on Shareholders' equity	
	+10%	-10%
At December 31, 2015	Rs'm	Rs'm
- Available-for-sale financial assets	137	(137)
At December 31, 2014	Rs'm	Rs'm
- Available-for-sale financial assets	127	(127)

THE COMPANY

	Impact on Shareholders' equity	
	+10%	-10%
At December 31, 2015	Rs'm	Rs'm
- Available-for-sale financial assets	119	(119)
At December 31, 2014	Rs'm	Rs'm
- Available-for-sale financial assets	115	(115)

3.2.2 Credit risk

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

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

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

The Group has no significant concentration of credit risk in respect of its insurance business with exposure spread over a large number of clients, agents and brokers. The Group has policies in place to ensure that sales of services are made to clients, agents, and brokers with sound credit history.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

3.2.2 Credit risk (cont'd)

Reinsurance credit exposures

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

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

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

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

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

THE GROUP

	Neither past due nor impaired Rs'000	Past due but not impaired				Impaired and impairment charge Rs'000	Carrying amount at year end Rs'000
		1m - 3m Rs'000	3m - 6m Rs'000	6m - 1yr Rs'000	> 1 yr Rs'000		
<u>2015</u>							
- Loans and receivables	190,135	-	-	-	-	-	190,135
- Trade and other receivables							
Insurance receivables	211,453	240,373	243,471	112,782	-	24,806	832,885
Reinsurance Assets	834,054	-	-	-	26,649	10,000	870,703
Other receivables	166,285	50	-	-	265	-	166,600
	1,211,792	240,423	243,471	112,782	26,914	34,806	1,870,188
<u>2014</u>							
- Loans and receivables	213,801	-	-	-	-	-	213,801
- Trade and other receivables	1,688,724	216,546	254,549	119,868	22,340	52,897	2,354,924

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

3.2.2 Credit risk (cont'd)

THE COMPANY

	Neither past due nor impaired Rs'000	Past due but not impaired				Impaired and impairment charge Rs'000	Carrying amount at year end Rs'000
		1m - 3m Rs'000	3m - 6m Rs'000	6m - 1yr Rs'000	> 1 yr Rs'000		
2015							
- Loans and receivables	147,370	-	-	-	-	-	147,370
- Trade and other receivables							
Insurance receivables	211,483	204,920	241,495	111,820	-	24,806	794,524
Reinsurance Assets	813,731	-	-	-	26,649	10,000	850,380
Other receivables	164,690	-	-	-	-	-	164,690
	1,189,904	204,920	241,495	111,820	26,649	34,806	1,809,594
2014							
- Loans and receivables	155,575	-	-	-	-	-	155,575
- Trade and other receivables	1,316,510	216,546	254,549	119,868	22,340	52,897	1,982,710

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

3.2.3 Liquidity risk

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

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

THE GROUP

Maturities of financial assets and liabilities:

<u>At December 31, 2015</u>	< 1 year	1 to 5 years	> 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Assets				
- Investments in financial assets	1,211,700	274,622	100,899	1,587,221
- Loans and receivables	16,042	43,128	130,965	190,135
- Current assets				
· Trade and other receivables	2,715,920	-	-	2,715,920
· Cash and cash equivalents	168,233	-	-	168,233
	4,111,895	317,750	231,864	4,661,509
Liabilities				
- Technical Provisions:				
· Gross unearned premiums	955,130	-	-	955,130
· Outstanding claims and IBNR	676,310	-	-	676,310
- Non-current liabilities				
· Borrowings	-	261	-	261
- Current liabilities				
· Trade and other payables	191,835	-	-	191,835
· Borrowings	180,957	-	-	180,957
	2,004,232	261	-	2,004,493
<u>At December 31, 2014</u>	< 1 year	1 to 5 years	> 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Assets				
- Investments in financial assets	1,197,642	264,528	107,380	1,569,550
- Loans and receivables	14,445	62,793	136,563	213,801
- Current assets				
· Trade and other receivables	2,354,924	-	-	2,354,924
· Cash and cash equivalents	127,481	-	-	127,481
	3,694,492	327,321	243,943	4,265,756

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

3.2.3 Liquidity risk (cont'd)

THE GROUP

Maturities of financial assets and liabilities:

At December 31, 2014

	< 1 year	1 to 5 years	> 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Liabilities				
- Technical Provisions:				
· Gross unearned premiums	821,592	-	-	821,592
· Outstanding claims and IBNR	853,471	-	-	853,471
- Non-current liabilities				
· Borrowings	-	29,484	-	29,484
- Current liabilities				
· Trade and other payables	198,361	-	-	198,361
· Borrowings	170,925	-	-	170,925
	<u>2,044,349</u>	<u>29,484</u>	<u>-</u>	<u>2,073,833</u>

THE COMPANY

Maturities of financial assets and liabilities:

At December 31, 2015

	< 1 year	1 to 5 years	> 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Assets				
- Investments in financial assets	1,210,678	82,242	100,900	1,393,820
- Loans and receivables	3,751	12,654	130,965	147,370
- Current assets				
· Trade and other receivables	1,809,594	-	-	1,809,594
· Cash and cash equivalents	120,367	-	-	120,367
	<u>3,144,390</u>	<u>94,896</u>	<u>231,865</u>	<u>3,471,151</u>
Liabilities				
- Technical Provisions:				
· Gross unearned premiums	939,556	-	-	939,556
· Outstanding claims and IBNR	671,561	-	-	671,561
- Non-current liabilities				
· Borrowings	-	261	-	261
- Current liabilities				
· Trade and other payables	126,055	-	-	126,055
· Borrowings	136,197	-	-	136,197
	<u>1,873,369</u>	<u>261</u>	<u>-</u>	<u>1,873,630</u>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

3.2.3 Liquidity risk (cont'd)

THE COMPANY

Maturities of financial assets and liabilities:

At December 31, 2014

	< 1 year	1 to 5 years	> 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Assets				
- Investments in financial assets	1,231,433	76,839	107,380	1,415,652
- Loans and receivables	6,191	12,821	136,563	155,575
- Current assets				
· Trade and other receivables	1,982,710	-	-	1,982,710
· Cash and cash equivalents	72,435	-	-	72,435
	<u>3,292,769</u>	<u>89,660</u>	<u>243,943</u>	<u>3,626,372</u>
Liabilities				
- Technical Provisions:				
· Gross unearned premiums	821,592	-	-	821,592
· Outstanding claims and IBNR	842,149	-	-	842,149
- Non-current liabilities				
· Borrowings	-	327	-	327
- Current liabilities				
· Trade and other payables	195,132	-	-	195,132
· Borrowings	141,330	-	-	141,330
	<u>2,000,203</u>	<u>327</u>	<u>-</u>	<u>2,000,530</u>

3.2.4 Capital Risks Management

The main objectives of the Company when managing capital are:

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

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

- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing insurance contracts and other services commensurately with the level of risk.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

3.2.4 Capital Risks Management (cont'd)

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

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

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

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

The debt-to-adjusted capital ratios at December 31, 2015 and December 31, 2014 were as follows:

	2015	2014
	Rs'000	Rs'000
THE GROUP		
Total debt (note 18)	181,218	200,409
Less: cash and cash equivalents (note 29(b))	(168,233)	(127,481)
Net debt	12,985	72,928
Total equity	2,687,436	2,191,344
Debt-to-adjusted capital ratio	0.5%	3.3%
THE COMPANY		
Total debt (note 18)	136,458	141,657
Less: cash and cash equivalents (note 29(b))	(120,367)	(72,435)
Net debt	16,091	69,222
Total equity	1,983,868	1,899,526
Debt-to-adjusted capital ratio	0.8%	3.6%

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 uses 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, 2015

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

Critical accounting estimates and assumptions

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

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

4.1 Insurance contracts

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

(i) Estimates of future claims payments

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

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

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

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

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

(ii) Sensitivity

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

4.1 Insurance contracts (cont'd)

(iii) Uncertainties and judgement

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

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

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

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

4.2 Reinsurance

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

4.3 Held-to-maturity investments

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

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

4.4 Impairment of available-for-sale financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

4.5 Estimated impairment of goodwill

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

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

4.6 Impairment of other assets

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

4.7 Pension obligations

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

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

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 19.

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

4.8 Limitations of sensitivity analysis

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

5. PROPERTY AND EQUIPMENT	Buildings	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
THE GROUP	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST					
At January 1, 2014	86,475	17,997	62,310	82,750	249,532
Additions	-	2,335	1,960	6,932	11,227
Exchange difference	-	-	226	(14)	212
Disposals	-	(4,203)	(3,573)	(58)	(7,834)
Consolidation adjustment	-	-	(3,927)	-	(3,927)
At December 31, 2014	86,475	16,129	56,996	89,610	249,210
Additions	-	1,950	1,371	9,044	12,365
Exchange difference	-	-	43	34	77
Disposals	-	(3,235)	(1,067)	-	(4,302)
Effect of derecognition of subsidiaries (note 28 (a))	-	-	-	(359)	(359)
At December 31, 2015	86,475	14,844	57,343	98,329	256,991
DEPRECIATION					
At January 1, 2014	20,738	14,390	41,277	68,113	144,518
Charge for the year	1,730	1,344	3,194	5,318	11,586
Disposal adjustment	-	(3,136)	(2,008)	(58)	(5,202)
Consolidation adjustment	-	-	(532)	-	(532)
At December 31, 2014	22,468	12,598	41,931	73,373	150,370
Charge for the year	1,730	1,119	2,215	6,575	11,639
Disposal adjustment	-	(2,108)	(406)	-	(2,514)
Effect of derecognition of subsidiaries (note 28 (a))	-	-	-	(100)	(100)
At December 31, 2015	24,198	11,609	43,740	79,848	159,395
NET BOOK VALUE					
At December 31, 2015	62,277	3,235	13,603	18,481	97,596
At December 31, 2014	64,007	3,531	15,065	16,237	98,840

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

5. PROPERTY AND EQUIPMENT (CONT'D)	Buildings	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
THE COMPANY	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST					
At January 1, 2014	86,475	17,997	50,696	82,091	237,259
Additions	-	2,335	1,303	6,836	10,474
Disposals	-	(4,203)	(443)	(58)	(4,704)
At December 31, 2014	86,475	16,129	51,556	88,869	243,029
Additions	-	1,950	267	9,044	11,261
Disposals	-	(3,235)	-	-	(3,235)
At December 31, 2015	86,475	14,844	51,823	97,913	251,055
DEPRECIATION					
At January 1, 2014	20,738	14,391	36,631	67,934	139,694
Charge for the year	1,730	1,344	1,817	5,186	10,077
Disposal adjustment	-	(3,136)	(443)	(58)	(3,637)
At December 31, 2014	22,468	12,599	38,005	73,062	146,134
Charge for the year	1,730	1,119	1,687	6,474	11,010
Disposal adjustment	-	(2,108)	-	-	(2,108)
At December 31, 2015	24,198	11,610	39,692	79,536	155,036
NET BOOK VALUE					
At December 31, 2015	62,277	3,234	12,131	18,377	96,019
At December 31, 2014	64,007	3,530	13,551	15,807	96,895

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

5. PROPERTY AND EQUIPMENT (CONT'D)

Leased assets included above comprise of motor vehicles:

	THE GROUP AND THE COMPANY	
	2015	2014
	Rs'000	Rs'000
Cost - capitalised finance leases	707	707
Accumulated depreciation	(565)	(424)
Net book value	142	283

6. INTANGIBLE ASSETS

THE GROUP	Goodwill & other intangibles	Computer Softwares	Development & other costs	Total
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At January 1, 2014	73,318	17,027	14,990	105,335
Additions	-	2,121	-	2,121
Disposal of subsidiary	(25,251)	-	-	(25,251)
Exchange difference	-	6	-	6
At December 31, 2014	48,067	19,154	14,990	82,211
Additions	-	5,781	-	5,781
Exchange difference	-	(2)	-	(2)
At December 31, 2015	48,067	24,933	14,990	87,990
AMORTISATION/ IMPAIRMENT				
At January 1, 2014	30,722	16,308	14,990	62,020
Charge for the year	7,220	1,292	-	8,512
Impairment (a)	5,805	-	-	5,805
Eliminated on disposal of subsidiary	(25,251)	-	-	(25,251)
At December 31, 2014	18,496	17,600	14,990	51,086
Charge for the year	3,610	2,759	-	6,369
Impairment (b)	464	-	-	464
At December 31, 2015	22,570	20,359	14,990	57,919
NET BOOK VALUE				
At December 31, 2015	25,497	4,574	-	30,071
At December 31, 2014	29,571	1,554	-	31,125

- (a) At December 31, 2014 the Company impaired its investment in its subsidiary, Brugassur (Madagascar) SA, based on its poor performance.
- (b) At December 31, 2015 the Group impaired all goodwill allocated to its subsidiary, Albatross Courtage (Madagascar) SA, which is in liquidation process.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

6. INTANGIBLE ASSETS (CONT'D)

THE COMPANY	Goodwill & other intangibles	Computer Softwares	Development & other costs	Total
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At January 1, 2014	5,463	16,812	14,990	37,265
Additions	-	2,095	-	2,095
At December 31, 2014	5,463	18,907	14,990	39,360
Additions	-	5,781	-	5,781
At December 31, 2015	5,463	24,688	14,990	45,141
AMORTISATION				
At January 1, 2014	5,463	16,113	14,990	36,566
Charge for the year	-	1,276	-	1,276
At December 31, 2014	5,463	17,389	14,990	37,842
Charge for the year	-	2,747	-	2,747
At December 31, 2015	5,463	20,136	14,990	40,589
NET BOOK VALUE				
At December 31, 2015	-	4,552	-	4,552
At December 31, 2014	-	1,518	-	1,518

7. INVESTMENTS IN SUBSIDIARY COMPANIES

(a) THE COMPANY	Level 1	Level 3	Total
	Rs'000	Rs'000	Rs'000
At January 1, 2015	87,167	284,977	372,144
Additions (see note 28 (b))	81,728	11,576	93,304
Impairment (ii)	-	(30)	(30)
At December 31, 2015	168,895	296,523	465,418

(i) Level 1: The market value of the subsidiary Company, Swan Life Ltd was based on the DEM bid price at December 31, 2015 amounted to Rs 2.1bn (2014: Rs 1.7bn).

(ii) At December 31, 2015 the Company impaired its investment in its subsidiary, Aprica Investments Co Ltd.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

7. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(b) The financial statements of the following subsidiaries have been included in the consolidated financial statements. The reporting date used for consolidation purposes is December 31, 2015.

Name	Class of shares held	Stated Capital	Nominal value of investment		Proportion of ownership interest				Proportion of ownership held by non-controlling interests		Place of Business/ Country of incorporation	Main Business	
					Direct		Indirect		Other group companies	2015			2014
					2015	2014	2015	2014					
					Rs'000	Rs'000	%	%	%	%			2015 & 2014
· Swan Life Ltd (c)	Ordinary	26,322	168,895	87,167	79.87	76.59	-	-	-	20.13	23.41	Mauritius	· Life assurance, pensions, actuarial and investment business
· Swan Corporate Affairs Limited	Ordinary	1,000	500	500	50.00	50.00	-	-	50.00	-	-	Mauritius	· Provide Secretarial services to the Group
· Swan International Co Ltd	Ordinary	156	80	80	51.00	51.00	-	-	49.00	-	-	Mauritius	· Reinsurance Brokers and Consultants
· Swan Reinsurance PCC (d)	Core and Cellular	250,000	250,000	250,000	100.00	100.00	-	-	-	-	-	Mauritius	· Reinsurance of long term and short term business
· Société Brugassur S.A	Ordinary	346	-	-	100.00	100.00	-	-	-	-	-	Madagascar	· Insurance agency
· Swan Risk Finance (Pty) Ltd (c)	Ordinary	18,319	20,941	9,366	100.00	51.00	-	-	-	-	49.00	South Africa	· Specialising in investing, financial and related activities
· Albatross Courtaige (Madagascar) SA (e)	Ordinary	-	-	-	100.00	100.00	-	-	-	-	-	Madagascar	· Insurance broker
· Swan Financial Solutions Ltd (f)	Ordinary	586,876	-	-	-	-	-	-	80.00	20.00	20.00	Mauritius	· Investment Company
· Manufacturers' Distributing Station Limited (f)	Ordinary	961	-	-	-	-	-	-	99.80	0.20	0.20	Mauritius	· Investment Company
· Swan Pensions Ltd (f)	Ordinary	4,100	-	-	-	-	-	-	100.00	-	-	Mauritius	· Pension and fund administration
· Swan Wealth Managers Ltd (f)	Ordinary	1,000	-	-	-	-	-	-	80.00	20.00	20.00	Mauritius	· Fund management and investment
· Swan Securities Ltd (f)	Ordinary	1,000	-	-	-	-	-	-	80.00	20.00	20.00	Mauritius	· Stockbroking
· Société de La Croix (f)	Parts	2,500	-	-	-	-	-	-	99.80	0.20	0.20	Mauritius	· Investment entity
· Société de La Montagne (f)	Parts	45,654	-	-	-	-	-	-	99.80	0.20	0.20	Mauritius	· Investment entity
· Société de La Rivière (f)	Parts	2,500	-	-	-	-	-	-	99.80	0.20	0.20	Mauritius	· Investment entity
· Swan Foundation	Limited by guarantee	1	1	1	50.00	50.00	-	-	50.00	-	-	Mauritius	· Management of Swan Group CSR fund (not consolidated)
· Tusk (UM) PTY Ltd (g)	Ordinary	2,910	-	-	-	-	-	51.00	-	-	49.00	South Africa	· Underwriting management agency
· Swan Special Risks Company Ltd	Ordinary	25,000	25,000	25,000	100.00	100.00	-	-	-	-	-	Mauritius	· Underwrite short term and fronting business
· Aprica Investments Co Ltd (a(ii))	Ordinary	30	-	30	100.00	100.00	-	-	-	-	-	Mauritius	· Investment entity
· Swan Wealth Structured Products Ltd (h)	Ordinary	1	1	-	100.00	-	-	-	-	-	-	Mauritius	· Investment Company
			465,418	372,144									

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

7. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

- (c) The Company acquired additional shareholding of Swan Life Ltd during the year (see note 28(b)(i)) and Swan Risk Finance (Pty) Ltd at December 31, 2015 (see note 28(b)(ii)).
- (d) The Company consolidates the activities of the Core cell only.
- (e) Albatross Courtague (Madagascar) SA is in process of voluntary winding up as from January 09, 2015 (see note 28 (a)(i)).
- (f) These companies are consolidated in the financial statements of Swan Life Ltd and are disclosed separately as business life assets and liabilities.
- (g) The Company owned 51% of the above-named company through Swan Reinsurance PCC. On August 06, 2015, the Directors resigned from the company. The Group does not exercise significant influence on the company and derecognised the subsidiary as from that date (see note 28 (a)(ii)).
- (h) The company has been incorporated during the financial year.
- (i) The financial year end is 31st December for all companies.
- (j) On April 30, 2015, the following companies changed their names:

New names

Swan Life Ltd
 Swan Foundation
 Swan Corporate Affairs Ltd
 Swan Financial Solutions Ltd
 Swan Wealth Managers Ltd
 Swan Securities Ltd
 Swan Pensions Ltd

Previous names

The Anglo-Mauritius Assurance Society Limited
 Swan Group Foundation
 Swan Group Corporate Services Ltd
 Anglo-Mauritius Financial Solutions Ltd
 Anglo-Mauritius Investment Managers Ltd
 Anglo-Mauritius Stockbrokers Ltd
 Pension Consultants and Administrators Ltd

(k) Details for subsidiaries are as follows:

Name of subsidiary	Profit/(loss) allocated to non-controlling interests during the year		Accumulated non-controlling interests as at December 31,
	Rs'000	Rs'000	
2015			
· Swan Life Ltd (Group) (h)	24,374	300,245	
· Swan Corporate Affairs Ltd	917	1,915	
· Swan International Co Ltd (Group)	5,560	48,134	
· Swan Risk Finance (Pty) Ltd (h)	(2,671)	-	
· Tusk (UM) PTY Ltd	(1,231)	-	
	26,949	350,294	
2014			
· Swan Life Ltd (Group)	25,757	201,207	
· Swan Corporate Affairs Ltd	60	998	
· Swan International Co Ltd (Group)	319	37,565	
· Swan Risk Finance (Pty) Ltd	(3,925)	2,526	
· Tusk (UM) PTY Ltd	(2,091)	(3,354)	
	20,120	238,942	

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

(k) Summarised financial information on subsidiaries

(i) Summarised statement of financial position and statement of profit or loss and other comprehensive income:

Name	Current assets	Non current assets	Current liabilities	Non current liabilities	Life Business Assets	Life Assurance Fund	Gross premium/revenue	Profit/(loss) after tax	Other comprehensive income for the year	Total comprehensive income for the year	Dividend paid to non controlling interests
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2015											
Swan Life Ltd (Group)	-	-	-	-	32,941,693	32,095,961	3,388,287	121,082	(10,712)	110,370	38,774
Swan International Ltd	17,638	88,561	7,967	-	-	-	-	11,347	14,573	25,920	3,091
Swan Corporate Affairs Ltd	4,592	65	829	-	-	-	3,148	1,834	-	1,834	-
Swan Reinsurance PCC	13,087	206,816	3,533	36	-	-	1,083	(4,246)	5,893	1,647	-
Brugassur (Madagascar)SA	6,801	1,302	9,752	-	-	-	2,528	56	192	248	-
Swan Risk Finance (PTY) Ltd	19,389	49,990	68,779	-	-	-	26,934	(5,452)	(614)	(6,066)	-
Tusk UM (PTY) Ltd	-	-	-	-	-	-	-	(2,512)	(202)	(2,714)	-
Aprica Investments Co Ltd	472	38	15,331	-	-	-	20,306	(4,263)	(1,536)	(5,799)	-
Swan Special Risks Company Ltd	66,993	19,987	43,043	20,287	-	-	82,863	115	(825)	(710)	-
Swan Wealth Structured Products Ltd	1	-	775	-	-	-	-	(775)	-	(775)	-
2014											
Swan Life Ltd (Group)	-	-	-	-	31,277,648	30,906,657	3,061,405	110,026	112,748	223,562	34,757
Swan International Ltd	13,043	67,148	3,529	-	-	-	-	651	2,412	3,063	2,170
Swan Corporate Affairs Ltd	3,671	95	1,772	-	-	-	883	120	-	120	-
Swan Reinsurance PCC	33,855	194,102	1,948	11,322	-	-	1,546	(9,018)	5,863	(3,155)	-
Brugassur (Madagascar)SA	9,092	879	11,867	-	-	-	3,199	(1,267)	(1,086)	(2,353)	-
Swan Risk Finance (PTY) Ltd	16,421	78,231	67,613	20,373	-	-	29,687	(8,010)	1,280	(6,730)	-
Albatross Courtage (Madagascar) SA	96	987	1,022	987	-	-	-	(348)	(214)	(562)	-
Tusk UM (PTY) Ltd	1,758	270	3,202	5,671	-	-	-	(4,268)	412	(3,856)	-
Aprica Investments Co Ltd	204	66	9,291	-	-	-	9,268	(8,840)	(211)	(9,051)	-
Swan Special Risks Company Ltd	25,000	-	640	-	-	-	-	(640)	-	(640)	-

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

(ii) Summarised Cash flow information

Name	Operating activities	Investing activities	Financing activities	Net (decrease)/ increase in cash and cash equivalents
	Rs'000	Rs'000	Rs'000	Rs'000
2015				
Swan Life Ltd	1,988,268	(1,060,487)	(133,426)	794,355
Swan International Ltd	5,233	-	-	5,233
Swan Corporate Affairs Ltd	836	-	-	836
Swan Reinsurance PCC	(10,433)	(10,697)	-	(21,130)
Brugassur (Madagascar)SA	(4,051)	1,733	-	(2,318)
Swan Risk Finance (PTY) Ltd	14,649	1,119	(9,492)	6,276
Tusk UM (PTY) Ltd	836	-	(520)	316
Aprica Investments Co Ltd	3	-	-	3
Swan Special Risks Company Ltd	29,681	(20,608)	-	9,073
Swan Wealth Structured Products Ltd	-	-	-	-
2014				
Swan Life Ltd	1,608,267	(2,500,690)	(118,026)	(1,010,449)
Swan International Ltd	822	10,349	(4,429)	6,742
Swan Corporate Affairs Ltd	232	-	-	232
Swan Reinsurance PCC	(15,787)	(99,760)	-	(115,547)
Brugassur (Madagascar)SA	2,195	(43)	-	2,152
Swan Risk Finance (PTY) Ltd	(18,585)	(170)	14,223	(4,532)
Albatross Courtage (Madagascar) SA	98	-	-	98
Tusk UM (PTY) Ltd	(1,822)	-	1,508	(314)
Aprica Investments Co Ltd	404	(96)	-	308
Swan Special Risks Company Ltd	-	-	-	-

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

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

The Company's share of profit in Swan Life Ltd is accounted for on a dividend paid basis. This method smoothes out the effect of the variance in the results of the subsidiary following the valuation of the Life Assurance Fund by the Actuaries every three years.

8. INVESTMENT IN ASSOCIATED COMPANY

	THE GROUP	
	2015	2014
	Rs'000	Rs'000
(a) Group's share of net assets in associated company		
At January 1	67,148	67,112
Additions*	2,151	-
Excess of net assets acquired	46	-
Share of results of associated company	14,243	5,544
Dividends	(7,891)	(6,323)
Exchange difference	13,108	815
At December 31,	88,805	67,148

* Additions in 2015 includes a non-cash transaction amounting to Rs.1.9m.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

8. INVESTMENT IN ASSOCIATED COMPANY (CONT'D)

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

Name	Year end	Principal place of business/ country of incorporation	Proportion of ownership interest and voting rights (direct) %	Proportion of ownership interest and voting rights (indirect) %	Nature of business
2015					
State Assurance Co. Ltd (SACL)	Dec 31	Seychelles	0.05	18.54	Insurance activities
2014					
State Assurance Co. Ltd (SACL)	Dec 31	Seychelles	-	18.13	Insurance activities

(i) The above associate is accounted for using the equity method.

(ii) State Assurance Co. Ltd (SACL) is a public company, listed on the Seychelles Stock Exchange. The market price at December 31, 2015 is Rs.415 and the market capitalisation is Rs.154m.

(iii) SACL is held by the Group through its subsidiary, Swan International Co. Ltd and the Directors consider that significant influence exist to recognise SACL as an associated company.

(iv) Swan General Ltd acquired 0.05% shares interest in SACL in December 31, 2015.

(v) In December 2015, Swan International Co. Ltd, through its subsidiary (Opportunity Investment Ltd) acquired an additional 0.41% share interest in SACL, increasing the effective interest from 18.13% to 18.54%.

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

Name	Current assets	Non-current assets	Life business assets	Technical provision	Current liabilities	Non-current liabilities	Revenue	Profit after tax	Dividend received during the year
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2015									
State Assurance Co. Ltd (SACL)	598,426	159,636	1,262,848	1,457,326	13,191	72,688	402,886	78,561	7,891
2014									
State Assurance Co. Ltd (SACL)	487,909	126,713	1,020,749	161,853	69,165	1,033,984	392,776	30,579	6,323

(d) Reconciliation of summarised financial information

Name	Opening net assets January 1,	Profit for the year	Other comprehensive income for the year	Dividend	Closing net assets	Ownership interest	Interest in associates	Goodwill	Carrying value
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	%	Rs'000	Rs'000	Rs'000
2015									
State Assurance Co. Ltd (SACL)	370,369	78,561	72,300	(43,525)	477,705	18.59	88,805	-	88,805
2014									
State Assurance Co. Ltd (SACL)	370,171	30,579	4,495	(34,876)	370,369	18.13	67,148	-	67,148

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

9. INVESTMENT IN JOINT VENTURE

	THE GROUP	
	2015	2014
	Rs'000	Rs'000
(a) Group's share of net assets in joint venture		
At January 1,	1,139	821
Share of profit	232	318
At December 31,	1,371	1,139

	THE COMPANY	
	2015	2014
	Rs '000	Rs '000
(b) The Company		
Investment at cost	500	500

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

Name	Principal Activity	Country of incorporation and place of business	Proportion of interest and voting rights held
Processure Compagnie Limitée	Insurance Back Office	Mauritius	50%

Processure Compagnie Limitée is a jointly controlled entity by Swan General Ltd and Tessi S.A, a company incorporated in France. It is accounted for using equity method.

(d) Summarised Financial information

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

The summarised statement of financial position is as follows:

	2015	2014
	Rs '000	Rs '000
Current assets	3,980	4,329
Current liabilities	(1,238)	(2,051)
	2,742	2,278

The summarised statement of profit or loss and other comprehensive income is as follows:

	2015	2014
	Rs '000	Rs '000
Profit and total comprehensive income for the year	464	636

(e) Reconciliation of summarised financial information

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

	2015	2014
	Rs '000	Rs '000
Opening net assets of the joint venture at January 1,	2,278	1,642
Profit for the year	464	636
Closing net assets	2,742	2,278
Carrying amount of the Group's interest in the joint venture (50%)	1,371	1,139

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

10. INVESTMENTS IN FINANCIAL ASSETS

	THE GROUP				THE COMPANY			
	2015			2014	2015			2014
	Held-to- maturity	Available- for-sale	Total	Total	Held-to- maturity	Available- for-sale	Total	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(a) <u>Local Securities</u>								
At January 1,	275,437	690,554	965,991	642,267	264,204	603,891	868,095	603,443
Additions	17,676	115,558	133,234	538,146	13,076	85,930	99,006	465,949
(Decrease)/increase in fair value	-	(83,498)	(83,498)	34,385	-	(65,014)	(65,014)	37,450
Disposals	-	(54,396)	(54,396)	(10,668)	-	(54,369)	(54,369)	(10,556)
Matured	(72,422)	-	(72,422)	(237,243)	(69,500)	-	(69,500)	(227,243)
Effect of derecognition of subsidiaries (note 28(a))	-	(987)	(987)	-	-	-	-	-
Accrued interest	404	-	404	(896)	375	-	375	(948)
Exchange differences	-	(43)	(43)	-	-	-	-	-
At December 31,	221,095	667,188	888,283	965,991	208,155	570,438	778,593	868,095
(b) <u>Foreign Securities</u>								
At January 1,	-	603,559	603,559	459,629	-	547,557	547,557	457,432
Additions	-	142,911	142,911	171,117	-	135,525	135,525	114,307
Increase in fair value	-	56,451	56,451	33,017	-	59,196	59,196	26,599
Disposals	-	(127,051)	(127,051)	(60,204)	-	(127,051)	(127,051)	(50,781)
Exchange differences	-	23,068	23,068	-	-	-	-	-
At December 31,	-	698,938	698,938	603,559	-	615,227	615,227	547,557
Total	221,095	1,366,126	1,587,221	1,569,550	208,155	1,185,665	1,393,820	1,415,652

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

10. INVESTMENTS IN FINANCIAL ASSETS (CONT'D)

	THE GROUP		THE COMPANY	
	2015	2014	2015	2014
	Rs'000	Rs'000	Rs'000	Rs'000
Analysed as follows:				
Non-current	1,552,221	1,489,564	1,358,820	1,335,666
Current	35,000	79,986	35,000	79,986
	1,587,221	1,569,550	1,393,820	1,415,652

	THE GROUP				THE COMPANY			
	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
At December 31, 2015								
Available-for-sale	1,263,324	2,286	100,516	1,366,126	1,068,498	2,286	114,881	1,185,665
At December 31, 2014								
Available-for-sale	1,267,475	2,704	23,934	1,294,113	1,109,835	2,704	38,909	1,151,448

- (c) Held-to-maturity investments comprise of Mauritius Government Securities, Listed and unquoted Debenture Stocks, Treasury Bills and deposits with interest rates varying from 1.1% to 17.15% (2014: 2.25% to 12%).
- (d) Available-for-sale financial assets comprise of listed, quoted and unquoted financial assets.
- (e) None of the financial assets are past due.
- (f) Currency analysis of financial assets is disclosed in note 3.2.1.(i)
- (g) The ageing of financial assets are disclosed in note 3.2.3.
- (h) The table below shows the changes in level 3 instruments for the year ended December 31, 2015:

	THE GROUP	THE COMPANY
	Rs'000	Rs'000
At January 1,	23,934	38,909
Additions	74,250	74,250
Increase in fair value	2,332	1,722
At December 31,	100,516	114,881

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

11. LOANS AND RECEIVABLES

	THE GROUP		THE COMPANY	
	2015	2014	2015	2014
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	156,668	149,205	155,575	149,522
Mortgage loans granted	591	17,254	591	17,254
Other loans (recovered)/granted	(1,502)	2,321	(409)	911
Mortgage loans recovered	(8,387)	(12,112)	(8,387)	(12,112)
	147,370	156,668	147,370	155,575
Finance lease receivables (a)	42,765	57,133	-	-
At December 31,	190,135	213,801	147,370	155,575
Analysed as follows:				
Non-current	174,093	199,356	143,619	149,384
Current	16,042	14,445	3,751	6,191
	190,135	213,801	147,370	155,575

(a) Finance lease receivables relate to finance leases granted by Swan Risk Finance (Pty) Limited.

The Company entered into finance leasing arrangements for office equipment. The average lease terms is 5 years and the average effective lending rate was between Prime Lending Rate (PLR) and PLR + 8%. (2014: PLR + 8%).

	2015	2014
	Rs'000	Rs'000
Gross investment in finance leases:		
Not later than 1 year	25,813	28,141
Later than 1 year and not later than 5 years	43,813	80,119
	69,626	108,260
Unearned future finance income on finance leases	(26,861)	(51,127)
Net investment in finance leases	42,765	57,133
The net investment in finance leases may be analysed as follows:		
Not later than 1 year	12,291	8,254
Later than 1 year and not later than 5 years	30,474	48,879
	42,765	57,133

(b) The rates of interest on the above loans vary between 5.17% and 11.75% for 2015 (2014: 5.58% and 11.75%).

(c) There is no concentration of credit risk with respect to loans and receivables since balances are widely dispersed.

(d) At December 31, 2015 and 2014, the loans and receivables are fully secured.

(e) Currency analysis of loans and receivables is disclosed in note 3.2.1.(i)

(f) The ageing of loans and receivables is disclosed in note 3.2.3.

(g) The carrying value of loans and receivables approximate their amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

12. DEFERRED TAX ASSETS

(a) Deferred taxes are calculated on all temporary differences under the liability method at 15% (2014: 15%). The movement on deferred tax account is as follows:

	THE GROUP		THE COMPANY	
	2015	2014	2015	2014
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	13,763	16,965	15,091	17,277
Charged to profit or loss (note 21)	(3,737)	(3,000)	2,384	(1,984)
Other comprehensive income (note 16)	1,233	(202)	1,233	(202)
Exchange differences	698	-	-	-
At December 31,	11,957	13,763	18,708	15,091

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

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

	THE GROUP		THE COMPANY	
	2015	2014	2015	2014
	Rs'000	Rs'000	Rs'000	Rs'000
Deferred tax assets	18,708	15,091	18,708	16,904
Deferred tax liabilities	(6,751)	(1,328)	-	(1,813)
Net Deferred tax			18,708	15,091

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

12. DEFERRED TAX ASSETS (CONT'D)

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

THE GROUP							
	At January 1, 2015	Credited/ (charged) to profit or loss	Credited to other comprehensive income	Exchange differences	At December 31, 2015	Deferred tax assets	Deferred tax liabilities
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Deferred tax assets							
Retirement benefit obligations	15,594	1,053	1,233	-	17,880	17,880	-
Accelerated tax depreciation	1,310	(788)	-	24	546	814	(268)
Assessed losses and provisions	3,115	1,856	-	(152)	4,819	-	4,819
Prepayments	-	15	-	(1)	14	-	14
	20,019	2,136	1,233	(129)	23,259	18,694	4,565
Deferred tax liabilities							
Unrealised exchange (gain)/loss	(1,813)	1,827	-	-	14	14	-
Finance lease (debtors)	(4,443)	(2,761)	-	225	(6,979)	-	(6,979)
Intangible assets	-	(4,939)	-	602	(4,337)	-	(4,337)
	(6,256)	(5,873)	-	827	(11,302)	14	(11,316)
Net deferred tax assets/(liabilities)						18,708	(6,751)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

12. DEFERRED TAX ASSETS (CONT'D)

	THE COMPANY			At December 31, 2015
	At January 1, 2015	Credited/ (charged) to profit or loss	Credited to other comprehensive income	
	Rs'000	Rs'000	Rs'000	Rs'000
Deferred tax assets				
Retirement benefit obligations	15,596	1,053	1,233	17,882
Accelerated tax depreciation	1,308	(496)	-	812
	16,904	557	1,233	18,694
Deferred tax liabilities				
Unrealised exchange (gain)/loss	(1,813)	1,827	-	14
	(1,813)	1,827	-	14
Net deferred tax assets				18,708

13. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2015	2014	2015	2014
	Rs'000	Rs'000	Rs'000	Rs'000
Insurance receivables				
Due from contract holders	473,070	440,215	434,709	440,215
Due from brokers and agents	420,712	397,349	420,712	397,349
	893,782	837,564	855,421	837,564
Receivable written off (b)	(36,091)	-	(36,091)	-
	857,691	837,564	819,330	837,564
Less provision for impairment (b)	(24,806)	(52,897)	(24,806)	(52,897)
	832,885	784,667	794,524	784,667
Due from reinsurers/reinsurance assets				
- share of outstanding claims (note 22)	285,099	505,222	285,068	505,222
- share of unearned premiums (note 22)	446,518	409,782	430,944	409,782
- incurred but not reported (note 22)	58,445	11,896	53,727	11,896
- commission and other receivables	90,641	97,983	90,641	97,983
- impairment of other receivables	(10,000)	-	(10,000)	-
Other receivables				
Receivable from subsidiaries	-	-	16,627	9,364
Prepayments	10,157	9,574	10,048	9,574
Other receivables	156,443	164,809	138,015	154,222
	1,870,188	1,983,933	1,809,594	1,982,710
Share of Group's and non-controlling interests in Life Business Assets (note 14)	845,732	370,991	-	-
	2,715,920	2,354,924	1,809,594	1,982,710

(a) The ageing of trade and other receivables is disclosed in note 3.2.2.

(b) Movements on the provision for impairment on insurance receivables are as follows :

	THE GROUP AND THE COMPANY	
	2015	2014
	Rs'000	Rs'000
At January 1,	52,897	40,000
Charged for the year	8,000	14,300
Written off	(36,091)	-
Amount released	-	(1,403)
At December 31,	24,806	52,897

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

13. TRADE AND OTHER RECEIVABLES (CONT'D)

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

14. LIFE BUSINESS ASSETS

	THE GROUP	
	2015	2014
	Rs'000	Rs'000
Life Business Assets comprise of the following items:		
Non-current assets		
Property and equipment	290,449	244,310
Investment properties	507,693	577,872
Intangible assets	121,369	125,469
Investments in associated companies	50,769	39,283
Investments in financial assets	24,025,565	22,642,522
Loans and receivables	4,841,355	4,687,974
Deferred tax assets	241	58
	29,837,441	28,317,488
Current assets		
Trade and other receivables	405,169	514,002
Investment in financial assets	1,464,751	2,007,904
Loans and receivables	383,834	380,244
Short term deposits	1,158,466	544,292
Cash and cash equivalents	510,553	305,147
	3,922,773	3,751,589
Non current liabilities		
Gross outstanding claims	73,039	72,298
Retirement benefit obligations	177,899	147,814
	250,938	220,112
Current liabilities		
Trade and other payables	435,337	442,253
Dividend payable	121,082	110,026
Current tax liabilities	11,164	19,038
	567,583	571,317
	32,941,693	31,277,648
Less Share of Group's and non-controlling interest's (note 13)	(845,732)	(370,991)
Policyholders' share - Life Assurance Fund	32,095,961	30,906,657

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

15. SHARE CAPITAL

	THE GROUP AND THE COMPANY	
	2015	2014
	Rs'000	Rs'000
At January 1 & December 31,	41,379	41,379

The total authorised number of ordinary shares is 9,600,000 (2014: 9,600,000 shares) with a par value of Rs.5 per share (2014: Rs.5 per share). The number of shares issued is 8,275,769 (2014: 8,275,769 shares) and are fully paid.

16. OTHER COMPREHENSIVE INCOME

	Fair value reserve	Other reserves	Proprietors' fund	Non controlling interests	Actuarial gains/(losses)	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
THE GROUP						
<u>2015</u>						
- Change in value of available-for-sale financial assets	(27,047)	-	-	-	-	(27,047)
- Release on disposal of available-for-sale financial assets	(53,806)	-	-	-	-	(53,806)
- Release on derecognition of subsidiary (note 28 (a))	-	(275)	-	-	-	(275)
- Movement for the year	-	31,789	(9,519)	5,549	(8,221)	19,598
- Tax effect - Deferred tax (note 12)	-	-	-	-	1,233	1,233
	<u>(80,853)</u>	<u>31,514</u>	<u>(9,519)</u>	<u>5,549</u>	<u>(6,988)</u>	<u>(60,297)</u>
<u>2014</u>						
- Change in value of available-for-sale financial assets	67,402	-	-	-	-	67,402
- Release on disposal of available-for-sale financial assets	(1,815)	-	-	-	-	(1,815)
- Movement for the year	-	6,434	86,353	28,406	1,345	122,538
- Tax effect - Deferred tax (note 12)	-	-	-	-	(202)	(202)
	<u>65,587</u>	<u>6,434</u>	<u>86,353</u>	<u>28,406</u>	<u>1,143</u>	<u>187,923</u>

Fair value reserve

Fair value reserve comprises of the cumulative net change in the fair value of available-for-sale financial assets that has been recognised in other comprehensive income until the investments are derecognised or impaired.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

16. OTHER COMPREHENSIVE INCOME (CONT'D)

Other reserves

The translation reserve comprises all foreign currency differences arising from the retranslation of the financial statements of foreign operations. Other reserves comprise of all the movements arising in the reserves of associates.

Proprietors' fund

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

On April 11, 2015, Swan Life Ltd, the subsidiary company, transferred an amount of Rs 472m from the Life Assurance Fund to the Proprietors' Fund as a non distributable reserve. Each year a transfer will be made to the non distributable reserve following the actuarial valuation of Swan Life Ltd.

Actuarial gains/(losses)

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

Amalgamation reserve

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

THE COMPANY

	Fair Value Reserve	Actuarial gains/(losses)	Total
	Rs'000	Rs'000	Rs'000
2015			
- Change in value of available-for-sale financial assets	(5,818)	-	(5,818)
- Release on disposal of available-for-sale financial assets	(53,806)	-	(53,806)
- Remeasurement of defined benefit obligations	-	(8,221)	(8,221)
- Tax effect - Deferred tax (note 12)	-	1,233	1,233
	(59,624)	(6,988)	(66,612)
2014			
- Change in value of available-for-sale financial assets	64,049	-	64,049
- Release on disposal of available-for-sale financial assets	(1,182)	-	(1,182)
- Remeasurement of defined benefit obligations	-	1,345	1,345
- Tax effect - Deferred tax (note 12)	-	(202)	(202)
	62,867	1,143	64,010

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

17. NON-CONTROLLING INTERESTS

	THE GROUP	
	2015	2014
	Rs'000	Rs'000
At January 1,	238,942	193,582
Share of profit (page 61)	26,949	20,120
Share of dividend	(41,864)	(36,927)
Movement in other comprehensive income	5,549	28,406
Transactions with owners (note 28 (b) & (c))	(23,271)	-
Non distributable reserve (note 16)	110,495	-
Other movement	28,811	23,517
Disposal of subsidiary	-	10,244
Derecognition of group company (note 28 a(i))	4,683	-
At December 31,	350,294	238,942

18. BORROWINGS

	THE GROUP		THE COMPANY	
	2015	2014	2015	2014
	Rs'000	Rs'000	Rs'000	Rs'000
Non-current				
Loan from related parties	-	13,625	-	-
Debentures (a)	-	15,532	-	-
Finance lease liabilities (b)	261	327	261	327
	261	29,484	261	327
Current				
Loan from related parties (c)	147,513	147,753	136,102	141,005
Other loan	-	520	-	-
Debentures (a)	33,349	22,327	-	-
Finance lease liabilities (b)	95	325	95	325
	180,957	170,925	136,197	141,330
Total Borrowings	181,218	200,409	136,458	141,657

(a) The debentures were issued by the subsidiary Swan Risk Finance (Pty) Ltd and bear interest at a fixed rate of 12% per annum. The debentures are repayable in 2016 and are secured by cession and pledged of all amounts due under rental agreement.

	THE GROUP AND THE COMPANY	
	2015	2014
	Rs'000	Rs'000
(b) Finance lease liabilities - minimum lease payment:		
Not later than 1 year	125	336
Later than one year and not later than two years	125	125
Later than two years and not later than five years	168	293
	418	754
Future finance charges on finance leases	(62)	(102)
Present value of finance lease liabilities	356	652
The present value of finance lease liabilities may be analysed as follows:		
Not later than 1 year	95	325
Later than one year and not later than two years	105	95
Later than two years and not later than five years	156	232
	356	652

(c) The loans from related parties are unsecured, bear interest rate of savings + 2% and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

19. RETIREMENT BENEFIT OBLIGATIONS

	THE GROUP AND THE COMPANY	
	2015	2014
	Rs'000	Rs'000
Amounts recognised in the statements of financial position:		
Pension benefits (a)(ii)	102,108	103,967
Analysed as follows:		
Non-current liabilities	102,108	103,967

	THE GROUP AND THE COMPANY	
	2015	2014
	Rs'000	Rs'000
Income statements		
- Pension benefits (a)(v)	14,332	15,307
Other comprehensive income		
- Pension benefits (a)(vi)	8,221	(1,345)

(a) Defined pension benefits

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

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

	THE GROUP AND THE COMPANY	
	2015	2014
	Rs'000	Rs'000
Present value of funded obligations	189,486	176,186
Fair value of plan assets	(87,378)	(72,219)
Liability in the statements of financial position	102,108	103,967

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

	THE GROUP AND THE COMPANY	
	2015	2014
	Rs'000	Rs'000
At January 1,	103,967	112,406
Charged to profit or loss	14,332	15,307
Charged/(credit) to other comprehensive income	8,221	(1,345)
Contributions paid	(24,412)	(22,401)
Present value of defined obligation at December 31,	102,108	103,967

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits (cont'd)

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

	THE GROUP AND THE COMPANY	
	2015	2014
	Rs'000	Rs'000
At January 1,	176,186	167,777
Current service cost	5,490	5,636
Interest	12,224	11,834
Actuarial losses/(gains) arising from:		
- financial assumptions	-	-
- experience adjustment	7,743	(2,522)
Benefits paid	(12,157)	(6,539)
Present value of defined obligation at December 31,	189,486	176,186

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

	THE GROUP AND THE COMPANY	
	2015	2014
	Rs'000	Rs'000
At January 1,	72,219	55,371
Scheme expenses	(963)	(879)
Cost of insuring risks benefits	(592)	(603)
Expected return on plan assets	4,937	3,645
Actuarial losses	(478)	(1,177)
Contributions by employer	23,900	22,400
Benefits paid	(11,645)	(6,538)
Fair value of plan assets at December 31,	87,378	72,219

(v) The amounts recognised in profit or loss as follows:

	THE GROUP AND THE COMPANY	
	2015	2014
	Rs'000	Rs'000
Current service cost	5,490	5,636
Scheme expenses	963	879
Cost of insuring risks benefits	592	603
Service cost	7,045	7,118
Net interest cost	7,287	8,189
Total, included in staff costs (note 25 (c))	14,332	15,307
Actual return on plan assets	4,460	2,468

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

	THE GROUP AND THE COMPANY	
	2015	2014
	Rs'000	Rs'000
Actuarial losses recognised during the year		
Loss on pension scheme assets	478	2,773
Liability experience gain	(775)	(4,118)
Liability loss due to change in financial assumptions	8,518	-
	8,221	(1,345)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits (cont'd)

(vi) The amounts recognised in the other comprehensive income are as follows: (cont'd)

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

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

	THE GROUP AND THE COMPANY	
	2015	2014
	%	%
Discount rate	7.00	7.00
Expected return on plan assets	7.00	7.00
Future salary increases	6.50	6.50
NPS ceiling increase	6.50	6.50
	Swan Life	Swan Life
Post retirement annuity rates	2015 Annuity Rates	2014 Rates + 10%

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

	Increase	Decrease
	Rs'000	Rs'000
December 31, 2015		
Future salary growth rate (1% movement)	-	15,725
Future pension growth rate (1% movement)	9,550	-
December 31, 2014		
	Increase	Decrease
	Rs'000	Rs'000
Future salary growth rate (1% movement)	-	15,644
Future pension growth rate (1% movement)	8,940	-

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

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

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

(ix) The defined benefit pension plan exposes the Group/Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits (cont'd)

- (x) The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.
- (xi) The Group/Company expects to pay Rs. 24m contributions to its post-employment benefit plans for the year ending December 31, 2016.
- (xii) The weighted average duration of the defined benefit obligation is 6 years at end of the reporting period (2014: 9 years).

20. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2015	2014	2015	2014
	Rs'000	Rs'000	Rs'000	Rs'000
Reinsurance liabilities	112,960	99,091	73,337	99,091
Accrued expenses	18,645	20,043	18,223	20,043
Amount payable to subsidiary companies	-	-	7,756	28,453
Other payables	60,230	79,227	26,739	47,545
	191,835	198,361	126,055	195,132

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

21. INCOME TAX

	THE GROUP		THE COMPANY	
	2015	2014	2015	2014
	Rs'000	Rs'000	Rs'000	Rs'000
(Tax asset)/tax liabilities				
Balance at January 1,	9,318	13,122	9,188	13,085
Amount paid during the year	(9,830)	(13,379)	(9,531)	(13,243)
Current tax on the adjusted profit for the year at 15% (2014:15%)	21,761	31,355	21,141	31,222
Payment under Advance Payment System (APS)	(23,769)	(21,974)	(23,640)	(21,966)
Tax deducted at source	(68)	(68)	(68)	(68)
Effect of derecognition of subsidiaries (note 28(a))	(5)	-	-	-
Other movement	213	-	-	-
Under provision in prior year	343	262	343	158
Balance at December 31,	(2,037)	9,318	(2,567)	9,188
Current tax assets	(2,567)	-	(2,567)	-
Current tax liabilities	530	9,318	-	9,188
Profit or loss charge				
Current tax on the adjusted profit for the year at 15% (2014:15%)	21,761	31,355	21,141	31,222
Deferred tax (note 12)	3,737	3,000	(2,384)	1,984
Under provision in prior year	343	262	343	158
	25,841	34,617	19,100	33,364

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

21. INCOME TAX (CONT'D)

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

	THE GROUP		THE COMPANY	
	2015	2014	2015	2014
	Rs'000	Rs'000	Rs'000	Rs'000
Profit before taxation	310,214	296,765	269,363	301,652
Less share of results of associate and joint venture	(14,475)	(5,862)	-	-
	295,739	290,903	269,363	301,652
Tax calculated at rate of 15% (2014:15%)	44,361	43,635	40,404	45,248
Effect of different tax rates in other countries	24	-	-	-
Income not subject to tax	(30,362)	(18,606)	(28,998)	(18,606)
Expenses not deductible for tax purposes	11,696	9,326	7,351	6,564
Foreign tax credits	(739)	-	-	-
Tax losses for which no deferred income tax asset was recognised	518	-	-	-
Under provision in prior year	343	262	343	158
Tax charge for the year	25,841	34,617	19,100	33,364

22. INSURANCE LIABILITIES AND REINSURANCE ASSETS

	THE GROUP		THE COMPANY	
	2015	2014	2015	2014
	Rs'000	Rs'000	Rs'000	Rs'000
Gross				
- Claims reported and loss adjustment expenses	558,796	779,081	558,765	767,964
- Unearned premiums (page 60/note 30(b))	955,130	821,592	939,556	821,592
- Claims incurred but not reported IBNR (note 30(a))	117,514	74,390	112,796	74,185
Total gross insurance liabilities	1,631,440	1,675,063	1,611,117	1,663,741
Recoverable from reinsurers				
- Claims reported and loss adjustment expenses (note 13)	285,099	505,222	285,068	505,222
- Unearned premiums (notes 13,30(b))	446,518	409,782	430,944	409,782
- Claims incurred but not reported IBNR (notes 13,30(a))	58,445	11,896	53,727	11,896
Total reinsurers' share of insurance liabilities	790,062	926,900	769,739	926,900
Net				
- Claims reported and loss adjustment expenses (notes 3.1 (iv), 30(a))	273,697	273,859	273,697	262,742
- Unearned premiums (note 30(b))	508,612	411,810	508,612	411,810
- Claims incurred but not reported IBNR (note 30(a))	59,069	62,494	59,069	62,289
Total net insurance liabilities	841,378	748,163	841,378	736,841

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

23. INVESTMENT INCOME

	THE GROUP		THE COMPANY	
	2015	2014	2015	2014
	Rs'000	Rs'000	Rs'000	Rs'000
Interest income	31,411	41,860	31,101	39,373
Dividend income	145,874	122,916	121,943	99,119
	177,285	164,776	153,044	138,492
Total Investment income:				
Non-controlling interests - dividend income	24,374	25,757	-	-
Interest and investment income	152,911	139,019	153,044	138,492
	177,285	164,776	153,044	138,492

24. OTHER INCOME

	THE GROUP		THE COMPANY	
	2015	2014	2015	2014
	Rs'000	Rs'000	Rs'000	Rs'000
(Loss)/profit on disposal of available-for-sale financial assets	(5,281)	3,833	(5,281)	3,813
Reclassification adjustment from fair value reserve	53,806	1,815	53,806	1,182
(Loss)/profit on disposal of property and equipment	(529)	590	(679)	590
Sale of rights issue	-	17,406	-	17,406
Lease and rental income	26,784	29,687	-	-
Net loss on derecognition of subsidiary (note 28 (a))	(813)	-	-	-
Others	22,790	16,473	18,497	12,794
	96,757	69,804	66,343	35,785
Rent	1,031	1,017	1,347	1,347
Net foreign exchange gains/(losses)	1,964	(1,463)	1,964	(1,463)
	2,995	(446)	3,311	(116)
Total	99,752	69,358	69,654	35,669

25. ADMINISTRATIVE EXPENSES AND IMPAIRMENT

	THE GROUP		THE COMPANY	
	2015	2014	2015	2014
	Rs'000	Rs'000	Rs'000	Rs'000
(a) Marketing and administrative expenses include:				
- Contributions in respect of Corporate Social Responsibility	4,215	3,920	4,209	3,914
- Internal auditors' fees	1,079	1,121	1,079	1,121
- Staff costs (c)	271,795	245,585	243,949	227,998
- Management fees	-	-	27,194	14,181
(b) Impairment and other charges include:				
Impairment:				
- Investment in subsidiary companies (note 7)	-	-	30	4,900
- Other receivables	-	-	11,409	-
- Goodwill (notes 6, 28(a))	464	5,805	-	-
Other:				
- Loss on disposal of subsidiary	-	1,036	-	-
Provision for impairment of trade and other receivables:				
- Insurance receivables (note 13)	8,000	12,897	8,000	12,897
- Reinsurance assets (note 13)	10,000	-	10,000	-
	18,464	19,738	29,439	17,797

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

25. ADMINISTRATIVE EXPENSES AND IMPAIRMENT (CONT'D)

	THE GROUP		THE COMPANY	
	2015	2014	2015	2014
	Rs'000	Rs'000	Rs'000	Rs'000
(c) Analysis of staff costs				
- Salaries and wages	256,142	229,305	228,387	211,758
- Retirement benefit obligation costs (note 19(v))	14,332	15,307	14,332	15,307
- Other costs	1,321	973	1,230	933
	271,795	245,585	243,949	227,998

26. DIVIDEND PAYABLE

	THE COMPANY	
	2015	2014
	Rs'000	Rs'000
Declared and payable		
Final dividend of Rs.12.00 payable per ordinary share (2014: Rs.12.00)	99,309	99,309

27. EARNINGS PER SHARE

	THE GROUP		THE COMPANY	
	2015	2014	2015	2014
Earnings per share				
Profit attributable to equity holders of the Company (Rs'000)	257,424	242,028	250,263	268,288
Number of shares in issue	8,275,769	8,275,769	8,275,769	8,275,769
Earnings per share (Rs/cs)	31.11	29.25	30.24	32.42

28. BUSINESS COMBINATION

(a) Derecognition of subsidiaries

- (i) Albatross Courtage (Madagascar) SA (ACM) is in voluntary winding up since January 09, 2015. The Group derecognised the subsidiary at December 31, 2015 as it no longer has control over the company.
- (ii) On August 06 2015, the Group lost control over its subsidiary Tusk Underwriting Managers (Proprietary) Limited (Tusk). On this basis, the Group derecognised its subsidiary.

	2015		
	ACM	Tusk	Total
	Rs'000	Rs'000	Rs'000
Analysis of assets and liabilities over which control was lost:			
Non-current assets			
Property, plant and equipment (note 5)	-	259	259
Investment in financial assets (note 10)	987	-	987
Current assets			
Trade and other receivables	96	1,460	1,556
Cash and cash equivalents	-	531	531
Non-current liability			
Borrowings	(987)	-	(987)
Current liabilities			
Trade and other payables	(1,017)	(4,919)	(5,936)
Current tax liability (note 21)	(5)	-	(5)
Minority interest	-	4,683	4,683
Net assets derecognised	(926)	2,014	1,088

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

28. BUSINESS COMBINATION (CONT'D)

	2015		
	ACM	Tusk	Total
	Rs'000	Rs'000	Rs'000
Gain/(loss) on derecognition of subsidiaries			
Consideration received	-	-	-
Net assets derecognised	926	(2,014)	(1,088)
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit or loss on loss of control of subsidiary	(103)	378	275
Net loss on derecognition (note 24)	823	(1,636)	(813)
Goodwill written off (note 25)	464	-	464
Net cash flow on derecognition of subsidiaries			
Consideration received in cash and cash equivalent	-	-	-
Less: cash and cash equivalent balances on derecognition	-	(531)	(531)
Net cash on derecognition	-	(531)	(531)

(ii) There has been no operating and cash flow movement in 2015.

(b) Acquisition of additional interest in subsidiaries

- (i) During the year, the Group acquired an additional 3.28% interest in Swan Life Ltd for Rs 81.7m in cash, increasing its ownership from 76.59% to 79.87%. The Group recognised a decrease in non controlling interest of Rs 23.7m and a decrease in retained earnings of Rs 58m.
- (ii) On December 31, 2015, the Group acquired the remaining 49% of Swan Risk Finance (Pty) Ltd for Rs 11.5m. The carrying amount of Swan Risk Finance (Pty) Ltd, net assets in the consolidated financial statements on the date of acquisition was Rs (0.6)m. The Group recognised an increase in non controlling interest of Rs 0.4m and a decrease in retained earnings of Rs 12m.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

30. MOVEMENTS IN INSURANCE LIABILITIES AND REINSURANCE ASSETS

	THE GROUP					
	2015			2014		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(a) Outstanding claims						
At January 1,						
Notified claims	779,081	(505,222)	273,859	789,274	(494,739)	294,535
Increase in liabilities	996,507	(418,987)	577,520	965,904	(497,148)	468,756
Cash paid for claims settled in the year (Page 61)	(1,216,792)	639,110	(577,682)	(976,097)	486,665	(489,432)
	558,796	(285,099)	273,697	779,081	(505,222)	273,859
Incurring but not reported (IBNR) (note 22)	117,514	(58,445)	59,069	74,390	(11,896)	62,494
At December 31,	676,310	(343,544)	332,766	853,471	(517,118)	336,353
Claims settled during the year			577,682			489,432
Movement in outstanding claims/IBNR	(177,161)	173,574	(3,587)	10,013	(10,483)	(470)
Net claims incurred (page 61)			574,095			488,962

	THE COMPANY					
	2015			2014		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,						
Notified claims	767,964	(505,222)	262,742	789,274	(494,739)	294,535
Increase in liabilities	995,533	(415,796)	579,737	954,787	(497,148)	457,639
Cash paid for claims settled in the year (Page 61)	(1,204,732)	635,950	(568,782)	(976,097)	486,665	(489,432)
	558,765	(285,068)	273,697	767,964	(505,222)	262,742
Incurring but not reported (IBNR) (note 22)	112,796	(53,727)	59,069	74,185	(11,896)	62,289
At December 31,	671,561	(338,795)	332,766	842,149	(517,118)	325,031
Claims settled during the year			568,782			489,432
Movement in outstanding claims/ IBNR	(170,588)	178,323	7,735	(1,309)	(10,483)	(11,792)
Net claims incurred (page 61)			576,517			477,640

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

(b) Provision for unearned premiums

	THE GROUP					
	2015			2014		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	821,592	(409,782)	411,810	794,478	(399,340)	395,138
Increase during the year	133,538	(36,736)	96,802	27,114	(10,442)	16,672
At December 31,(note 22)	955,130	(446,518)	508,612	821,592	(409,782)	411,810

	THE COMPANY					
	2015			2014		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	821,592	(409,782)	411,810	794,478	(399,340)	395,138
Increase during the year	117,964	(21,162)	96,802	27,114	(10,442)	16,672
At December 31,(note 22)	939,556	(430,944)	508,612	821,592	(409,782)	411,810

31. CONTINGENT LIABILITIES

(a) Financial Commitments

	THE GROUP		THE COMPANY	
	2015	2014	2015	2014
	Rs'000	Rs'000	Rs'000	Rs'000
Outstanding commitments for the following:-				
Loans to be granted	74,537	195,094	-	-
Investments in freehold properties	-	24,700	-	-
Operating lease agreement	-	8,029	-	8,029
Bank and other guarantees	25,100	-	8,000	-
	99,637	227,823	8,000	8,029

(b) Tax assessment

During the year ended December 31, 2013, Swan Life Ltd received income tax assessment relating to the income years ended December 31, 2008, 2009, 2010 and 2011 respectively against which the Company has objected. The above is pending in before the Assessment Review Committee. The maximum liability that could arise from this assessment amount to Rs 12.6m, including penalties and interests.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

32. SEGMENT INFORMATION - THE GROUP

(a) Operating segment

	General			2015
	Life	Casualty	Property	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross premiums	3,388,287	1,587,999	700,692	5,676,978
Net earned premiums	3,226,097	814,348	187,212	4,227,657
Underwriting surplus	-	283,039	210,992	494,031
Investment income				177,285
Operating profit				671,316
Other income				99,752
				771,068
Marketing and Administrative expenses				(438,857)
Impairment and other charges				(18,464)
Share of profit of associated company and joint venture				14,475
Depreciation				(11,639)
Amortisation				(6,369)
Profit before taxation				310,214
Taxation				(25,841)
Profit for the year				284,373

	General				2015
	Life	Casualty	Property	Unallocated	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Segment assets					
- Company	-	1,346,391	309,525	2,402,999	4,058,915
- Subsidiaries	32,095,961	247,616	64,640	529,456	32,937,673
- Group	32,095,961	1,594,007	374,165	2,932,455	36,996,588
Segment liabilities	(32,095,961)	(1,394,796)	(363,158)	(455,237)	(34,309,152)
Equity holders' interest					2,687,436
Capital expenditure	-	5,653	1,300	11,193	18,146
Depreciation	-	3,652	840	7,142	11,634
Amortisation	-	911	209	5,249	6,369

- (i) Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer.
- (ii) The operating segments are strategic business units offering services under:
- Life: long term insurance undertaken by Swan Life Ltd.
 - General: short term insurance undertaken by Swan General Ltd, Swan Reinsurance PCC and Swan Special Risks Company Ltd.
- (iii) The type of products and services from which each reportable segment generates revenue are disclosed in note 2.15.
- (iv) Other income includes revenue from leasing activity generated by Swan Risk Finance (PTY) Ltd, the subsidiary incorporated South Africa. The revenue for the year amounts to Rs 26m (2014: Rs 29m).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

(b) Operating segment

	Life	General		2014
		Casualty	Property	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross premiums	3,061,405	1,470,777	621,903	5,154,085
Net earned premiums	2,906,720	767,488	164,848	3,839,056
Underwriting surplus	-	338,006	147,910	485,916
Investment income				164,776
Operating profit				650,692
Other income				69,358
				720,050
Marketing and Administrative expenses				(389,311)
Impairment and other charges				(19,738)
Share of profit of associated company and joint venture				5,862
Depreciation				(11,586)
Amortisation				(8,512)
Profit before taxation				296,765
Taxation				(34,617)
Profit for the year				262,148

	Life	General			2014
		Casualty	Property	Unallocated	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Segment assets					
- Company	-	1,513,303	325,714	2,273,503	4,112,520
- Subsidiaries	30,906,657	1,412	-	365,167	31,273,236
- Group	30,906,657	1,514,715	325,714	2,638,670	35,385,756
Segment liabilities	(30,906,657)	(1,451,954)	(312,206)	(523,595)	(33,194,412)
Equity holders' interest					2,191,344
Capital expenditure	-	5,497	1,183	6,668	13,348
Depreciation	-	3,708	798	7,080	11,586
Amortisation	-	469	101	7,942	8,512

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

33. RELATED PARTY TRANSACTIONS

(a) THE GROUP	Sale of services	Investment Income	Claims paid	Financial assets	Amount receivable from related parties	Loans	Claims Outstanding
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2015							
Shareholders with significant influence	204,349	3,416	86,047	126,933	23,461	-	48,433
Directors and Key Management Personnel	1,234	-	249	-	397	16,110	217
	205,583	3,416	86,296	126,933	23,858	16,110	48,650
2014							
Shareholders with significant influence	192,533	1,750	131,158	134,260	23,661	-	90,112
Directors and Key Management Personnel	1,315	-	2,384	-	310	16,483	105
	193,848	1,750	133,542	134,260	23,971	16,483	90,217

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

33. RELATED PARTY TRANSACTIONS (CONT'D)

	Sale of services	Investment Income	Management fees paid	Claims paid	Financial assets	Loans	Short Term loans	Claims Outstanding	Amount receivable from related parties	Amount owed to related parties
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(b) THE COMPANY										
<u>2015</u>										
Subsidiary companies	21,741	99,927	27,194	8,902	465,418	13,988	136,102	730	36,506	3,796
Shareholders with significant influence	204,349	3,023	-	86,047	101,880	-	-	48,433	23,461	-
Enterprises on which the Company exerts significant influence	-	-	-	-	878	-	-	-	469	-
Directors and Key Management Personnel	1,234	-	-	249	-	16,110	-	217	397	-
	<u>227,324</u>	<u>102,950</u>	<u>27,194</u>	<u>95,198</u>	<u>568,176</u>	<u>30,098</u>	<u>136,102</u>	<u>49,380</u>	<u>60,833</u>	<u>3,796</u>
<u>2014</u>										
Subsidiary companies	17,110	86,467	14,181	10,683	372,144	13,988	141,005	388	25,053	25,854
Shareholders with significant influence	192,533	1,750	-	131,158	116,043	-	-	90,112	23,661	-
Enterprises on which the Company exerts significant influence	-	-	-	-	500	-	-	-	640	-
Directors and Key Management Personnel	1,315	-	-	2,384	-	16,483	-	105	310	-
	<u>210,958</u>	<u>88,217</u>	<u>14,181</u>	<u>144,225</u>	<u>488,687</u>	<u>30,471</u>	<u>141,005</u>	<u>90,605</u>	<u>49,664</u>	<u>25,854</u>

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

(c) Key management personnel compensation

	THE GROUP		THE COMPANY	
	2015	2014	2015	2014
	Rs'000	Rs'000	Rs'000	Rs'000
Salaries and short-term employee benefits	65,021	60,390	33,364	32,155
Post-employment benefits	4,504	3,528	2,526	2,073
	<u>69,525</u>	<u>63,918</u>	<u>35,890</u>	<u>34,228</u>

- (d) The terms and conditions in respect of receivables and payables have been disclosed under respective notes. There are no provisions held against receivables from related parties.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

34. THREE YEAR SUMMARY

	2015	2014	2013
	Rs'000	Rs'000	Rs'000
(a) THE GROUP			
STATEMENTS OF PROFIT OR LOSS			
Gross premiums	5,676,978	5,154,085	4,618,248
Net earned premiums	4,227,657	3,839,056	3,314,677
Underwriting surplus	494,031	485,916	451,207
Operating profit	671,316	650,692	611,706
Profit before taxation	310,214	296,765	283,061
Taxation	25,841	34,617	29,176
Profit for the year	284,373	262,148	253,885
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
Profit for the year	284,373	262,148	253,885
Other comprehensive income for the year	(60,297)	187,923	(5,078)
Total comprehensive income	224,076	450,071	248,807
Attributable to:			
Owners of the parent	191,578	401,545	235,815
Non-controlling interest	32,498	48,526	12,992
	224,076	450,071	248,807
STATEMENTS OF FINANCIAL POSITION			
Non-current assets	1,962,865	1,902,263	1,352,698
Current assets	2,937,762	2,576,836	2,586,269
Life Business Assets	32,095,961	30,906,657	28,425,609
	36,996,588	35,385,756	32,364,576
Owners' interest	2,337,142	1,952,402	1,650,166
Non-controlling interest	350,294	238,942	193,582
Life Assurance Fund	32,095,961	30,906,657	28,425,609
Gross unearned premiums	955,130	821,592	794,478
Outstanding claims & IBNR	676,310	853,471	843,458
Non-current liabilities	109,120	134,779	125,139
Current liabilities	472,631	477,913	332,144
	36,996,588	35,385,756	32,364,576
Dividends per share (rupees and cents)	12.00	12.00	10.90
Earnings per share (rupees and cents)	31.11	29.25	27.13
Net assets value per share (rupees and cents)	282.40	235.91	199.40
Number of shares used in calculation	8,275,769	8,275,769	8,275,769

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

34. THREE YEAR SUMMARY (CONT'D)

	2015	2014	2013
	Rs'000	Rs'000	Rs'000
(b) THE COMPANY			
STATEMENTS OF PROFIT OR LOSS			
Gross premiums	2,204,745	2,091,134	2,071,551
Net earned premiums	1,001,560	930,790	946,018
Underwriting surplus	484,887	496,015	445,686
Operating profit	637,931	634,507	578,823
Profit before taxation	269,363	301,652	265,832
Taxation	19,100	33,364	29,133
Profit for the year	250,263	268,288	236,699
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
Profit for the year	250,263	268,288	236,699
Other comprehensive income for the year	(66,612)	64,010	67,014
Total comprehensive income	183,651	332,298	303,713
STATEMENTS OF FINANCIAL POSITION			
Non-current assets	2,087,636	1,971,198	1,529,984
Current assets	1,971,279	2,141,322	2,145,359
	4,058,915	4,112,520	3,675,343
Owners' interest	1,983,868	1,899,526	1,666,537
Gross unearned premiums	939,556	821,592	794,478
Outstanding claims and IBNR	671,561	842,149	843,458
Non-current liabilities	102,369	104,294	113,391
Current liabilities	361,561	444,959	257,479
	4,058,915	4,112,520	3,675,343
Dividends per share (rupees and cents)	12.00	12.00	10.90
Earnings per share (rupees and cents)	30.24	32.42	28.60
Net assets value per share (rupees and cents)	239.71	229.52	201.38
Number of shares used in calculation	8,275,769	8,275,769	8,275,769

OTHER STATUTORY DISCLOSURES

FOR THE YEAR ENDED DECEMBER 31, 2015
(PURSUANT TO SECTION 221 OF THE COMPANIES ACT 2001)

DIRECTORS OF THE COMPANY

Mr. M.E. Cyril MAYER - Chairperson (until 31st December 2015)
Mr. M.D. Pierre DINAN, G.O.S.K
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. Victor C. SEEYAVE
Mr. M.E. Nicolas MAIGROT (appointed on 9th July 2015)
Mr. Jean-Sebastien MAMET (appointed on 2nd February 2016)
Mr. J.M. Louis RIVALLAND - Group Chief Executive
Mr. A. Michel THOMAS - Chief Operations Officer

DIRECTORS OF SUBSIDIARY COMPANIES

Swan Life Ltd

Mr. M.E. Cyril MAYER (until 31st December 2015)
Mr. M.D. Pierre DINAN, G.O.S.K
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. M.E. Nicolas MAIGROT - (appointed on 9th July 2015)
Mr. Jean-Sebastien MAMET (appointed on 2nd February 2016)

Swan International Co. Ltd.

Mr. M.E. Cyril MAYER (until 31st December 2015)
Mr. J.M. Louis RIVALLAND
Mr Jaiyansing SOOBAH (appointed on 28th January 2016)

Manufacturers' Distributing Station Limited

Mr. M.E. Cyril MAYER (until 31st December 2015)
Mr. J.M. Louis RIVALLAND
Mr. Gerald E.R. J. LINCOLN
Mr Jaiyansing SOOBAH (appointed on 1st January 2016)

Swan Pensions Ltd

Mr. M.E. Cyril MAYER (until 31st December 2015)
Mr. J.M. Louis RIVALLAND
Mr. Peroomal Gopallen MOOROGEN
Mr. J.M. Alan GODER (appointed on 2nd February 2016)

OTHER STATUTORY DISCLOSURES (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2015
(PURSUANT TO SECTION 221 OF THE COMPANIES ACT 2001)

Processure Compagnie Ltée

Mr. Olivier JOLLAND
Mr. Frédéric VACHER
Mr. J.M. Louis RIVALLAND
Mr. J.M. Alan GODER

Swan Reinsurance PCC

Mr. J.M. Louis RIVALLAND
Mr. Frans PRINSLOO (until 2nd September 2015)
Mr. D.P. A. Maxime REY
Mr. A.C.A. Sattar JACKARIA
Mr. T.K. Philippe LO FAN HIN
Mr. M.D. Pierre DINAN, G.O.S.K
Mr. Victor C. SEEYAVE
Mr. Peroomal Gopallen MOOROGEN (appointed on 4th February 2016)

Swan Corporate Affairs Ltd

Mr. J.M. Louis RIVALLAND
Mr Jaiyansing SOOBAH

Swan Foundation

Mr. M.E. Cyril MAYER (until 31st December 2015)
Mr. J. M. Louis RIVALLAND
Mr Jaiyansing SOOBAH (appointed on 1st January 2016)

Swan Wealth Managers Ltd

Mr. M.E. Cyril MAYER (until 31st December 2015)
Mr. Peroomal Gopallen MOOROGEN
Mr. J. M. Louis RIVALLAND
Mr. Nitish Beni Madhu (appointed on 20th January 2016)

Swan Securities Ltd

Mr. D.P. A. Maxime REY
Mr Jaiyansing SOOBAH

Swan Financial Solutions Ltd

Mr. J. M. Louis RIVALLAND
Mr. D.P. A. Maxime REY
Mr Ziyad Abdool Raouf BUNDHUN

OTHER STATUTORY DISCLOSURES (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2015

(PURSUANT TO SECTION 221 OF THE COMPANIES ACT 2001)

Swan Risk Finance (SA) Pty Ltd

Mr. J. M. Louis RIVALLAND
Mr David MURRAY (until 31st January 2016)
Mr. D.P. A. Maxime REY

Brugassur (SA)

Mr Jaiyansing SOOBAH
Mr. M.G.M Patrice BASTIDE

Albatross Courtage Madagascar

Mr Jaiyansing SOOBAH
Mr. M.G.M Patrice BASTIDE

Tusk Underwriting Managers (Proprietary) Limited

Mr. J.M. Louis RIVALLAND (until 6th August 2015)
Mr. T.K.Philippe LO FAN HIN (until 6th August 2015)
Mr. A. Michel THOMAS (until 6th August 2015)
Mr. Siva MOODLEY
Ms. Sangeeta PATEL

Aprica Investment Co Ltd

Mr. J.M. Louis RIVALLAND
Mr. M.G.M Patrice BASTIDE
Mr. Andrew S. LEE
Mr M.H Philippe ESPITALIER-NOËL (appointed on 17th March 2015)
Mr. J.M. René LECLÉZIO (appointed on 17th March 2015)
Mr. M.E. Cyril MAYER (from 17th March to 31st December 2015)
Mr. M.E. Nicolas MAIGROT (appointed on 13th January 2016)

Swan Special Risks Company Ltd

Mr. J.M. Louis RIVALLAND
Mr. D.P. A. Maxime REY
Mr. T.K. Philippe LO FAN HIN
Mr. Peroomal Gopallen MOOROGEN
Mr. M.D. Pierre DINAN, G.O.S.K
Mr. Victor C. SEEYAVE
Mr. A. Michel THOMAS

Swan Wealth Structured Products Ltd

Mr. J.M. Louis RIVALLAND (appointed on 7th July 2015)
Mr. D.P. A. Maxime REY (appointed on 7th July 2015)

OTHER STATUTORY DISCLOSURES

YEAR ENDED DECEMBER 31, 2015 (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, or due and receivable from the Company and its subsidiaries were as follows:

- Directors of Swan General Ltd

	From the Company		From the Subsidiaries	
	2015	2014	2015	2014
	Rs'000	Rs'000	Rs'000	Rs'000
Executive Directors				
- Full-time	14,936	14,169	11,805	12,106
Non-executive Directors	1,050	783	1,141	819
	15,986	14,952	12,946	12,925

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

	From the Subsidiaries	
	2015	2014
	Rs'000	Rs'000
Executive Directors		
Non-executive Director	5	5

DONATIONS

	THE GROUP		THE COMPANY	
	2015	2014	2015	2014
	Rs'000	Rs'000	Rs'000	Rs'000
Political donations	-	3,750	-	1,875
Charitable donations	240	52	225	-

AUDITORS' FEES AND FEES FOR OTHER SERVICES

	THE GROUP		THE COMPANY	
	2015	2014	2015	2014
	Rs'000	Rs'000	Rs'000	Rs'000
Fees paid to:				
BDO & Co:				
- Audit fees	3,594	3,437	1,450	1,405
- Review of statutory return	270	255	115	110
Other firms	183	209	-	-
	4,047	3,901	1,565	1,515

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.

Notice of annual meeting of shareholders

Notice is hereby given that the Annual Meeting of Shareholders (the "Meeting") of Swan General Ltd (the "Company") will be held on 24 June 2016 at 9.00 hours on the 6th Floor of 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 2015 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 2015.
4. To re-elect as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138(6) of the Companies Act 2001, Mr. Pierre Dinan, G.O.S.K, who offers himself for re-election.
5. To confirm the appointment of Mr. M.E. Nicolas Maigrot as Director of the Company.
6. To confirm the appointment of Mr. E.J. Sébastien Mamet as Director of the Company.
7. 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.
8. To ratify the remuneration paid to the auditors for the financial year ended 31st December 2015.

BY ORDER OF THE BOARD



Jaiyansing Soobah
for Swan Corporate Affairs Ltd
Company Secretary
4 May 2016

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 shareholder of the Company.*
2. *The instrument appointing a proxy or any general power of attorney shall be deposited at the registered office of the Company not less than twenty-four (24) hours before the start of the meeting and in default, the instrument of proxy shall not be treated as valid.*
3. *A proxy form is included in this Annual Report and is also available at the registered office of the Company.*
4. *For the purpose of this Annual Meeting, the Directors have resolved, in compliance with Section 120(3) of the Companies Act 2001, that the shareholders who are entitled to receive notice of the meeting shall be those shareholders whose names are registered in the share register of the Company as at 27 May 2016.*

Proxy Form

I/We

[Redacted]

of

[Redacted]

being a member/members of Swan General Ltd ("the Company") do hereby appoint:

[Redacted]

of

[Redacted]

or failing him/her,

[Redacted]

of

[Redacted]

or failing him/her the Chairperson 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 on the 6th Floor of Swan Centre, 10, Intendance Street, Port Louis on 24 June 2016 at 09.00 hours and at any adjournment thereof.

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

RESOLUTIONS

FOR AGAINST ABSTAIN

1. To consider the 2015 Annual Report of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. To receive the report of Messrs. BDO & Co, the auditors of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To consider and adopt the audited financial statements of the Company and the Group for the year ended 31 st December 2015.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect as Director of the Company to hold office until the next Annual Meeting, in accordance with Section 138(6) of the Companies Act 2001, Mr. Pierre Dinan, G.O.S.K., who offers himself for re-election.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. To confirm the appointment of Mr. M.E. Nicolas Maigrot as Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. To confirm the appointment of Mr. E. J. Sébastien Mamet as Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. 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.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. To ratify the remuneration paid to the auditors for the financial year ended 31 st December 2015.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signed this [Redacted] day of [Redacted] 2016.

Signature(s) [Redacted]

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. If the instrument appointing a proxy or any general power of attorney is returned without an indication as to how the proxy shall vote on any particular resolution, the proxy will exercise his/her discretion as to whether, and if so, how he/she votes.
3. To be valid, the instrument appointing a proxy or any general power of attorney, duly signed, shall be deposited at the Registered Office of the Company, Swan Centre, 10, Intendance Street, Port-Louis 24 hours before the time fixed for holding the Annual Meeting.

