

SWAN

SWAN

Swan Life Ltd

Annual Report 2015

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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.**

A full-page background image of a sunset over the ocean. The sky is filled with soft, orange and pink clouds, and the sun is low on the horizon, creating a warm glow. The water in the foreground is dark blue with gentle ripples. A large, solid orange rectangle is positioned on the left side of the page, partially overlapping the sky and water. The text "We Provide" is written in white, sans-serif font inside this rectangle, underlined.

We Provide



Chairperson's & Group Chief Executive's Report



J.M. LOUIS RIVALLAND
Director and Group Chief Executive

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

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 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.

Chairperson's & Group Chief Executive's Report

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

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

Born in 1951, Cyril Mayer 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
- Swan General Ltd



CYRIL MAYER

Non-Executive
(up to 31 December 2015)



GOPALLEN MOOROGEN

Independent Non-Executive

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:

- Swan General Ltd

Directorate



PIERRE DINAN,
G.O.S.K
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:
- *Swan General Ltd*

Born in 1958, Hector Espitalier-Noël 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*
- *Swan General Ltd*
- *Rogers and Company Ltd*



HECTOR
ESPITALIER-NOËL
Non-Executive



HENRI HAREL

Non-Executive

Born in 1960, Henri Harel 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.

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Directorships in other listed companies:

- Terra Mauricia Ltd.
- Swan General Ltd

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
- Swan General Ltd



VICTOR SEEYAVE

Independent Non-Executive

Born in 1962, Victor Seeyave 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:

- Air Mauritius Ltd
- Swan General Ltd
- Rogers and Company Limited



PHILLIPPE ESTAPLIER-NOËL

Non-Executive

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

Directorate



RENÉ LECLÉZIO
Non-Executive

Born in 1968, he holds a degree in Management Sciences from the London School of Economics and Political Sciences. He is presently the 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.
- Swan General Ltd

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
- Swan General 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 Pricewaterhouse Coopers 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:

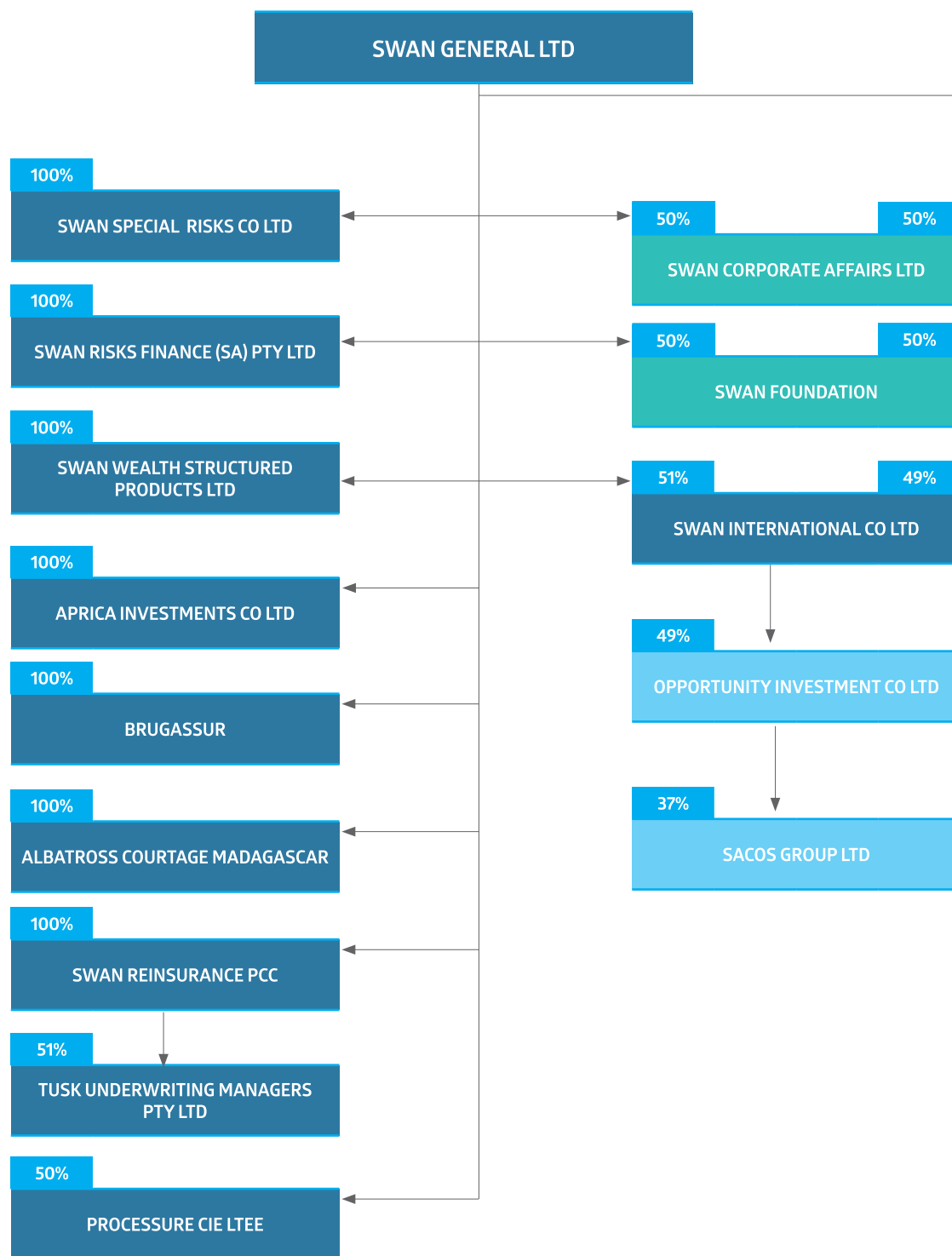
- Swan General Ltd

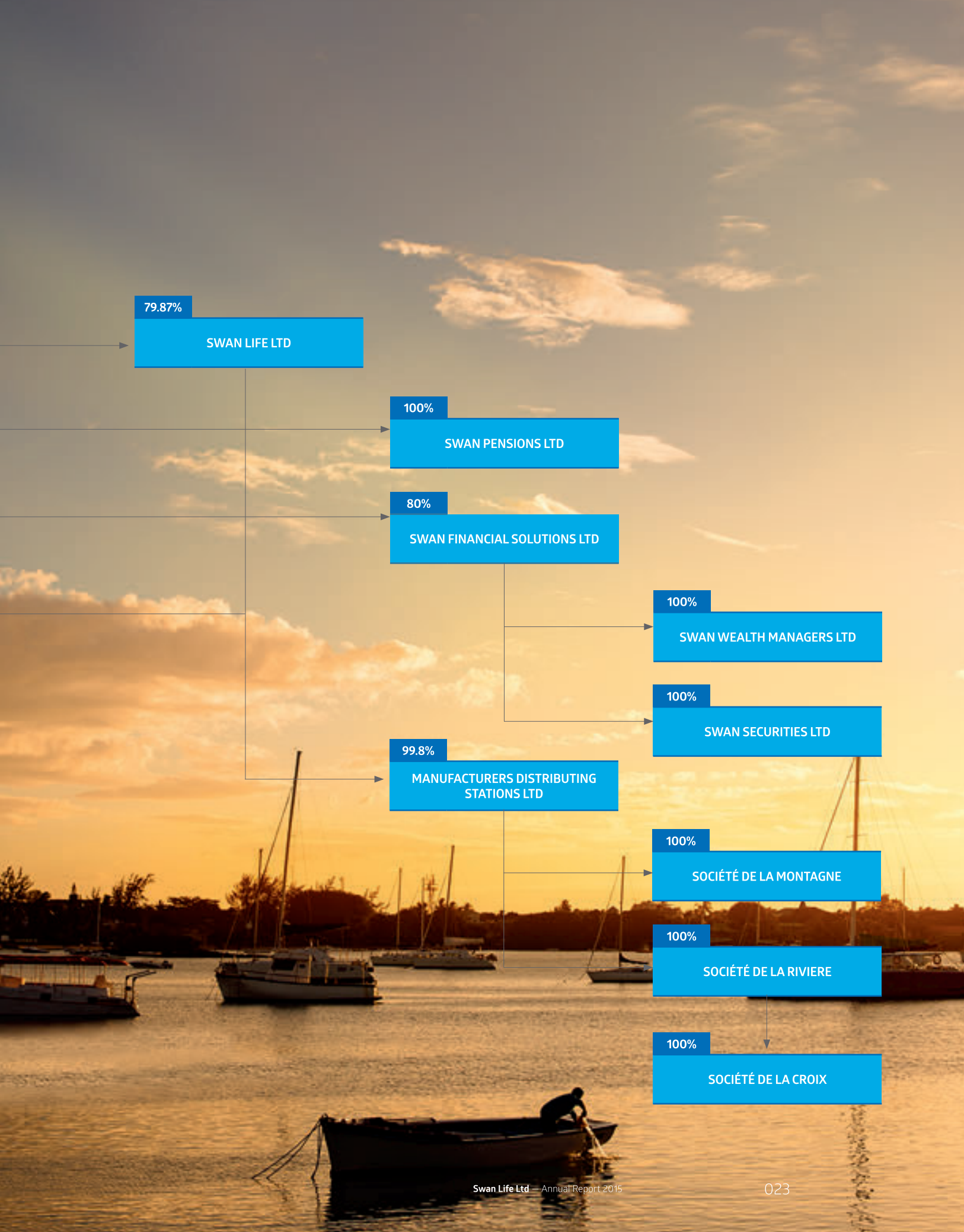


SÉBASTIEN MAMET
Non-Executive
(as from 2 February 2016)



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%

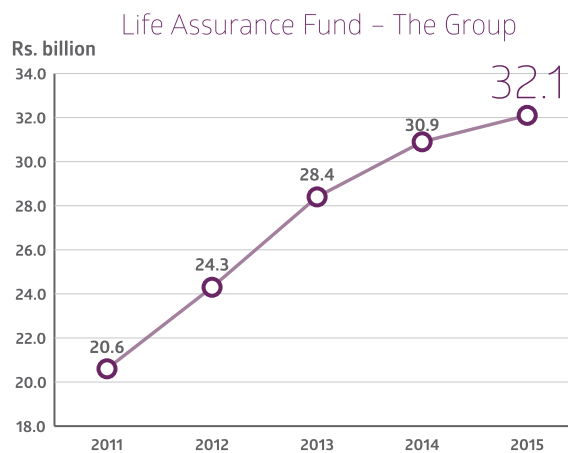
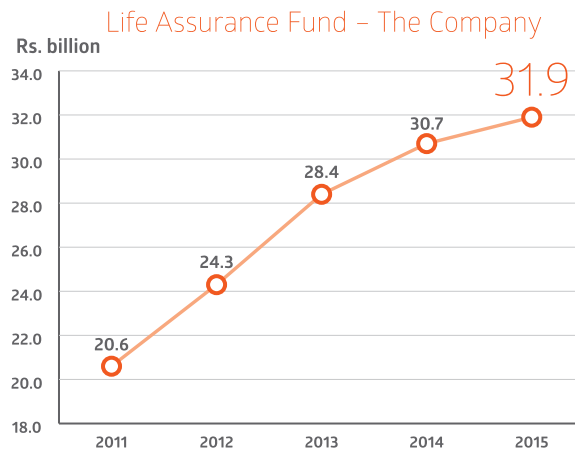
SOCIÉTÉ DE LA CROIX

Key Numbers

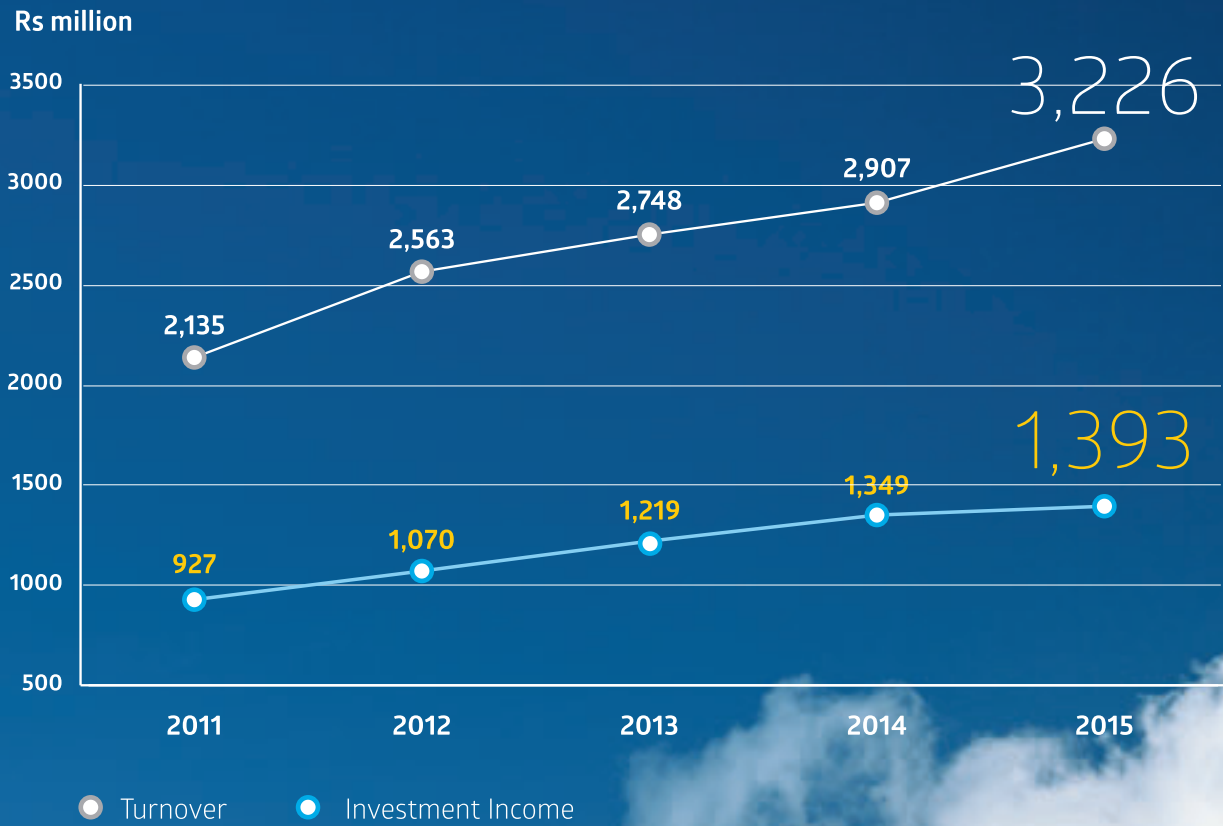
The Life Assurance Fund has exceeded

Rs 32 bn

representing an increase of 4%



Revenue



Key Numbers

Financial Highlights

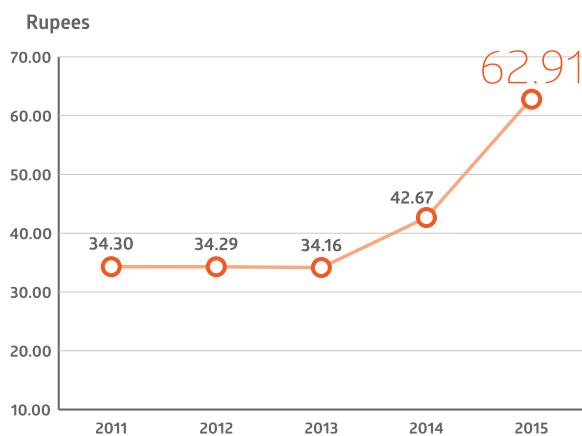
	2015	2014
	Rs'000	Rs'000
Gross Insurance Premiums	3,388,287	3,061,405
Net Insurance Premiums	3,226,097	2,906,720
Surplus Before Tax	2,159,092	2,011,174
Dividends Paid	121,082	110,026
LAF	31,850,001	30,727,028
Dividends per share	Rs 46.00	Rs 41.80
Earnings per share	Rs 62.91	Rs 42.67

In 2015

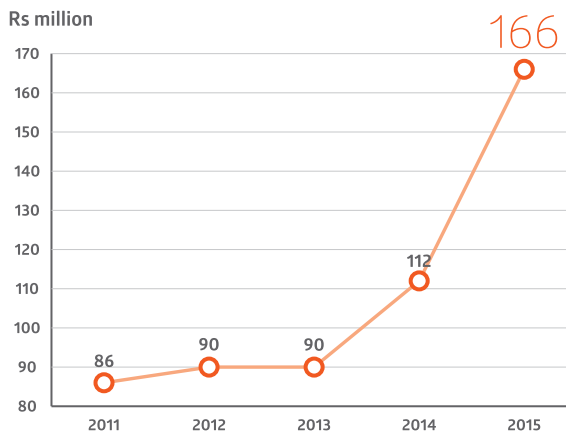
Rs 62.91

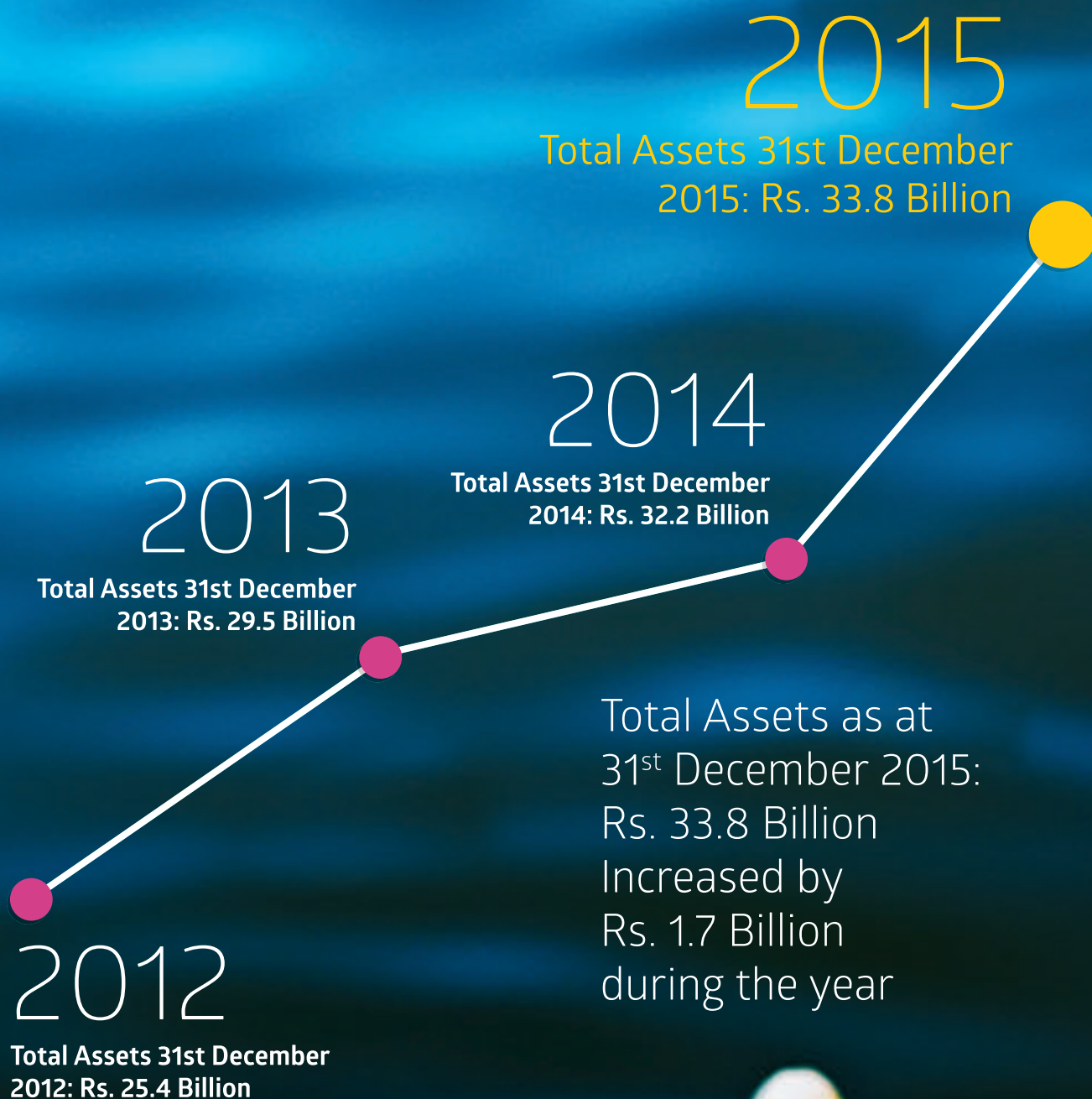
Earnings per share

Earnings per Share



Earnings attributable to Shareholders





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.

Maxime Rey, born in 1952, 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



MAXIME REY

Group Finance,
Loans and Legal



SATTAR JACKARIA, B.Sc. (Hons), F.I.A. Actuarial

Sattar Jackaria, born in 1977, joined the Actuarial Department of The Anglo Mauritius Assurance Society Limited (now Swan Life Ltd) as actuary in October 2006 and is responsible for the day-to-day running of the department. In January 2011, he was also assigned the responsibility for the bancassurance department. Other than these core activities, he is also responsible for product design and provides technical assistance to other departments of the Group. In particular, he offers his expertise to some general insurance lines of business such as Motor & Health.

Following completion of his degree at Warwick University and prior to joining the Company, he has been working for many years in London for a leading actuarial consulting firm. His key areas of specialisation include pensions business and actuarial consulting.

Senior Management Team



PATRICE BASTIDE,
B.Sc., M. Sc.
International Development

Patrice Bastide, born in 1963, 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 set-up 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.

Born in 1979, Nitish Beni Madhu 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 Limited (now 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



VISHNOO LUXIMAN,
M. Sc.
 Group Human Resources

Vishnooluximan, born in 1962, 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.

Robert Gallet, born in 1951, worked as assistant to Divisional Accountant for eight years in the Pensions Business of Southern Life in South Africa. He then worked for six years in the Individual Life Business of Southern Life in South Africa where he held the position of Manager and Senior Manager.

He joined Swan Life Ltd in March 1987 whereby he has spent eighteen years in Pensions and Individual Life Business. He holds the position of Senior Manager responsible for the marketing of the Individual Business including the overall responsibility of its sales force. He manages the communication and marketing support function of SWAN and is responsible for the administration of the immovable property portfolio of the Company and its subsidiaries.

His key areas of expertise are administration and marketing.



ROBERT GALLET
 Individual Business Marketing &
 Development,
 Group Communication and
 Marketing Research, Properties

Management Team



1



2



3



4

1 KARINE MOREL,
B.Com, F.C.C.A., M.I.P.A. (M)
Finance

2 PATRICK
DE MARCY CHELIN
Loans

3 DAVE LUCHMUN
Group Facilities

4 VEENAYE BUSGEETH,
F.C.C.A.
Corporate Finance

5 KRYSTEL HEE KWUN FONG,
DIP CII, LLB (Hons.)
Claims

6 HERBERT MADANAMOOZHOO,
MAÎTRISE DE DROIT
Legal & Compliance, M.L.R.O.

7 NAVINDRANATH
BHUGALOO, A.C.I.I
Swan Pensions Ltd

8 SONIA KALACHAND-
CANABADY, B.A. (Hons.),
M.A.
Group Human Resources



7



8



9



9 GAËL ALIPHON, A.C.I.I.
Individual Business

10 MARIO BUTTIE, F.C.C.A.
Fund Administration

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

12 SHAILEN J. SOOBAH, F.C.C.A., M.B.A.,
DIP C.I.I.
Group Company Secretary, Business Support –
Corporate Office

13 NEERAJ UMANEE, B.A. (Hons.)
Swan Securities Ltd

ALAIN BANCILHON
Group Pension
Business Development (Absent)







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 Sanouvizé 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



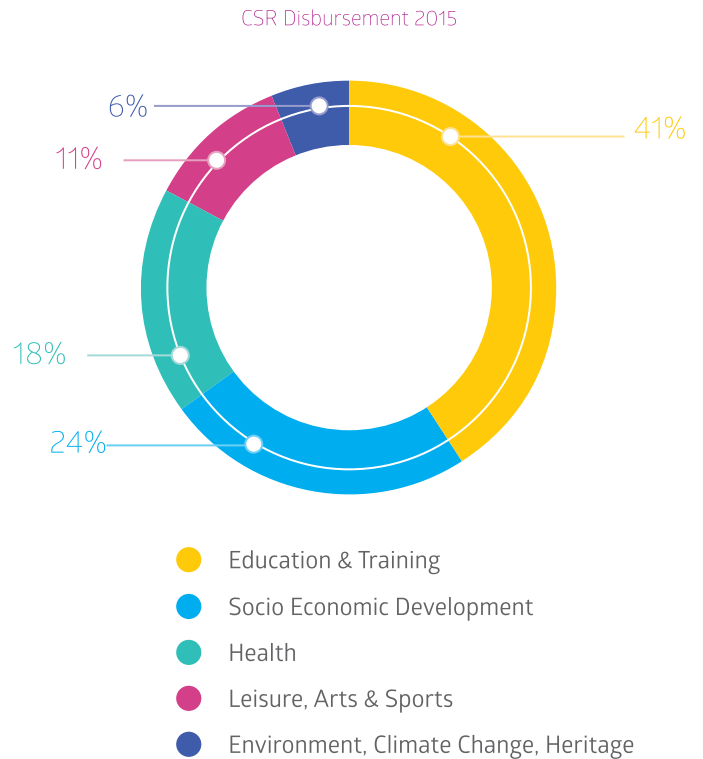
SWAN staff volunteering during T1Diams Diabetic Camp.



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.

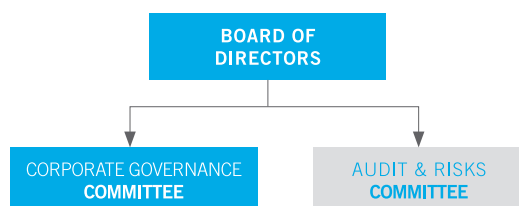
Corporate Governance Report 2015

1. COMPLIANCE STATEMENT

The Board 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 Life Ltd. However, the Corporate Governance Committee and the Audit & Risks Committee oversee the governance, audit and risk issues of all the subsidiaries.

3. BOARD

3.1 COMPOSITION OF THE BOARD

Please refer to page 16 for Directors' profile.

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.

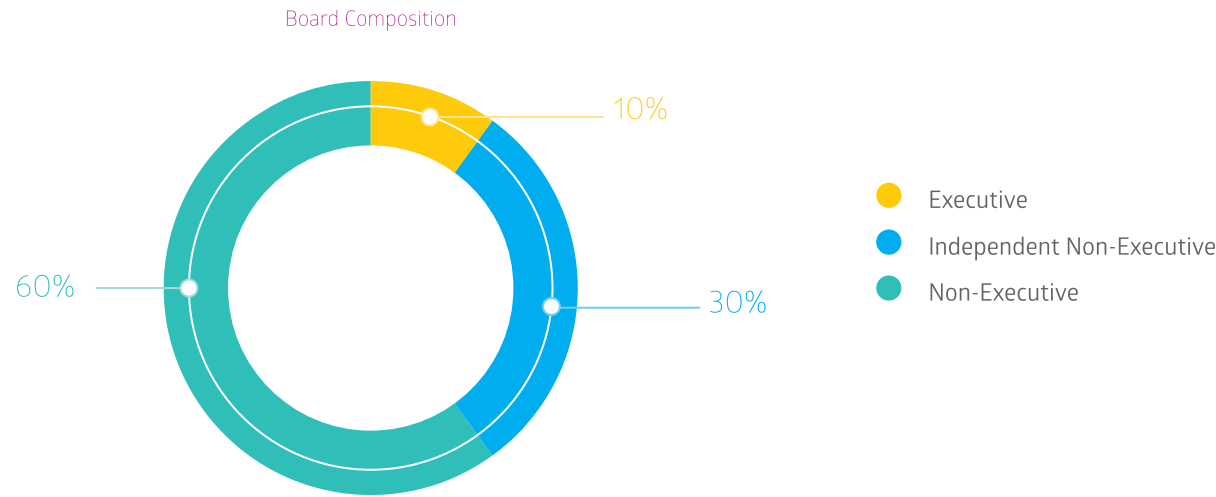
All directors have access to the advice and services of the Company Secretary. Where necessary in the discharge of their duties, directors may seek independent professional advice at the Company's expense.

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.

The Board was composed of the following directors:

Executive	Louis Rivalland (Group Chief Executive)
Independent non-executive	Pierre Dinan
	Victor Seeyave
	Gopallen Moorooogen
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]
	Jean-Sebastien Mamet – 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 is also 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 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 evaluation exercise relating to the performance of the Board, its procedures, practices and administration was carried out in 2014. Board does not consider an annual appraisal to be necessary.

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 Moorooogen (Chairperson) (independent non-executive)

Mr. Pierre Dinan (independent non-executive)

Mr. Victor Seeyave (independent non-executive)

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) (until 31.12.2015)

Mr. Nicolas Maigrot (Chairperson) (non-executive) (as from 28.03.2016)

Mr. Pierre Dinan (independent non-executive)

Mr. Peroomal Gopallen Moorroogen (independent non-executive)

Mr. Victor Seeyave (independent non-executive)

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 Group'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	4	4	2
Executive	Louis Rivalland	4	4*	2*
Independent non-executive	Pierre Dinan	4	3	2
	Victor Seeyave	4	3	2
	Gopallen Moorooogen	4	④	2
Non-executive	Cyril Mayer (until 31.12.2015)	④	-	2
	Henri Harel	4	3	-
	Hector Espitalier-Noël	4	-	-
	Philippe Espitalier-Noël	4	-	-
	René Leclézio	4	-	-
	Nicolas Maigrot (appointed on 07 July 2015)	2	-	-
	Jean-Sebastien Mamet (appointed on 02 February 2016)	0	0	0

○ 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 they have followed 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:

Directors	In the Company		
	Direct		Indirect
	No. of Shares	%	%
M. E. Cyril Mayer	-	-	0.01
J.M. Louis Rivalland	16,229	0.62	-
Philippe Espitalier-Noël	-	-	0.01
Hector Espitalier-Noël	-	-	0.94

Directors' dealings in shares of the Company were as follows:

Director	Purchased No. of shares
Louis Rivalland	3000

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	91,000
Executives	5,664,139	6,140,842

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

Please refer to page 28 for a profile of each member of the senior management team.

Corporate Governance Report 2015 (Cont'd)

9. SHAREHOLDERS

9.1 HOLDING STRUCTURE AS AT 31 DECEMBER 2015

As at 31 December 2015, Swan General Ltd held 79.87% of the Company. No other single shareholder held more than 5% of the Company.

9.2 COMMON DIRECTORS

The following directors were common to the Company and Swan General Ltd:

DIRECTORS	SWAN LIFE LTD	SWAN GENERAL LTD
Louis Rivalland	✓	✓
Pierre Dinan	✓	✓
Victor Seeyave	✓	✓
Gopallen Moorooogen	✓	✓
Cyril Mayer (till 31.12.2015)	✓	✓
Henri Harel	✓	✓
Hector Espitalier-Noël	✓	✓
Philippe Espitalier-Noël	✓	✓
René Leclézio	✓	✓
Nicolas Maigrot (since 09.07.2015)	✓	✓
Jean-Sebastien Mamet (since 02.02.2016)	✓	✓

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	266	27,892	1.060
501 – 1,000	40	29,091	1.105
1,001 – 5,000	70	134,377	5.105
5,001 – 10,000	7	46,588	1.770
10,001 – 50,000	7	106,054	4.029
50,001 – 100,000	3	185,833	7.060
100,001 – 250,000	-	-	-
250,001 – 500,000	-	-	-
Over 500,000	1	2,102,375	79.871
TOTAL	394	2,632,210	100

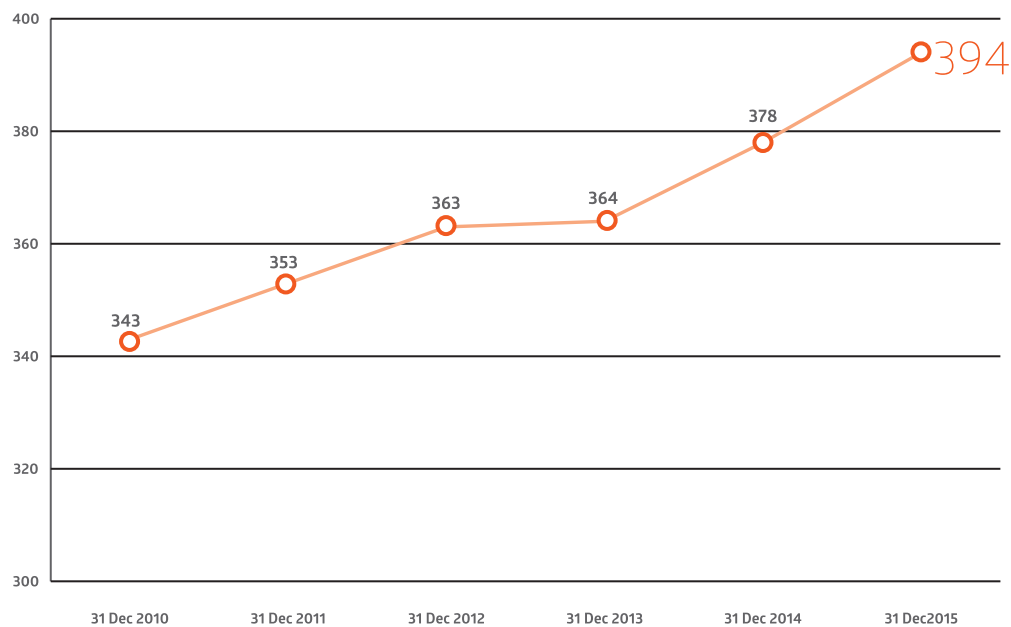
9.4 SHAREHOLDER CATEGORY

Shareholder category	Number of shareholders	Number of shares	% of total issued shares
Individuals	315	236,866	8.999
Insurance companies	3	7,508	0.285
Pensions and provident funds	7	15,046	0.572
Investment and trust companies	4	6,633	0.252
Other corporate bodies	65	2,366,157	89.892
TOTAL	394	2,632,210	100

Shareholder category	Number of shareholders	Number of shares	% of total issued shares
Local	377	2, 625, 270	99.736
Foreign	17	6,940	0.264
TOTAL	394	2,632,210	100

9.5 NO. OF SHAREHOLDERS DURING THE LAST 6 YEARS

Number of Shareholders



Corporate Governance Report 2015 (Cont'd)

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
May	Publication of first quarter results
June	Annual meeting of shareholders
August	Publication of half year results
November	Publication of nine months results

Dividend figures for the last 5 years:

Year	Dividend per Share (Rs.)	Dividend Yield* %
2015	46.00	4.6
2014	41.80	4.83
2013	41.80	6.43
2012	30.40	5.07
2011	25.10	4.18

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

9.7 DIVIDEND POLICY

An actuarial valuation report is made by our Consulting Actuaries in accordance with the Insurance Act. The purpose of this valuation is to determine the surplus of the Life Assurance Fund for the period under review.

In compliance with the Insurance Act, the surplus is distributed as follows:

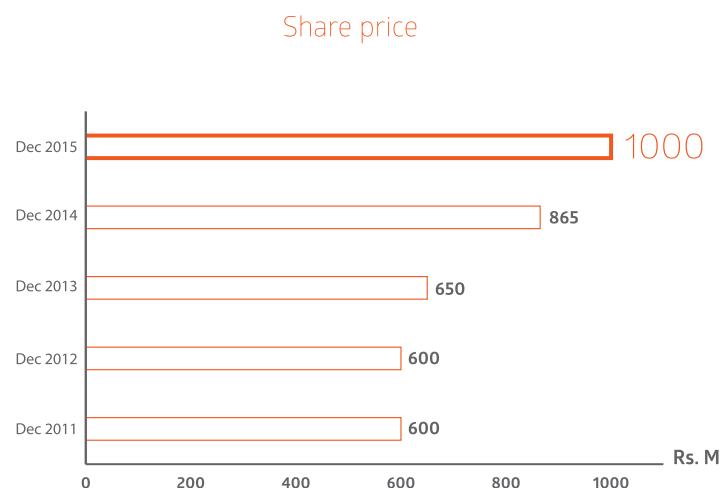
- 90% to policyholders as bonuses on policies.
- 10% to shareholders through a transfer to Proprietors' Fund.

The above transfer to Proprietors' Fund is used for the payment of dividends and Directors ensure that dividends are authorised and paid out only if the Company shall, upon the distribution being made, satisfy the solvency test.

For the year under review, the company declared and paid a dividend of Rs. 46.00 per share.

9.8 SHARE PRICE INFORMATION

The share prices of the Company for the past five years are shown below:



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 31 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 AND/OR THIRD PARTY MANAGEMENT AGREEMENTS

There were no such agreements during the year.

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 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 advise 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:

- Occupational Pension Schemes
- Fund Administration
- Claims
- Individual Business Marketing and Operations
- Review of 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.

Corporate Governance Report 2015 (Cont'd)

• 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.

- Physical risks:

Losses due to fire, cyclone, explosion, riots 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 hardware and software 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 Group's assets and shareholders' interests.

The system of internal controls has been designed to safeguard assets of the Group from unauthorised use. The Group maintains 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 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 has 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 Group is committed to the highest standards of integrity and ethical conduct in dealing with all its stakeholders. The Company 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 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:

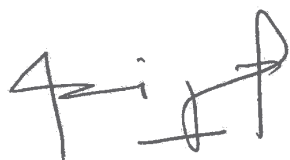
- (i) adequate accounting records and maintenance of effective internal control systems;
- (ii) the preparation of financial statements which fairly present the state of affairs of the Company and its subsidiaries as at the end of the financial year and the results of its operations and cash flows for 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

In my capacity as Company Secretary of Swan Life Ltd, I hereby confirm that, to the best of my knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001.



JAIYANSING SOOBAH
FOR SWAN CORPORATE AFFAIRS LTD
COMPANY SECRETARY

Date: 28 March 2016

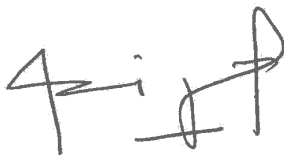
STATEMENT OF COMPLIANCE

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

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

Reporting Period: December 31, 2015

We, Swan Life 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 of the Corporate Governance report.



NICOLAS MAIGROT
CHAIRPERSON



LOUIS RIVALLAND
DIRECTOR & GROUP CHIEF EXECUTIVE

28 March 2016





You Prosper

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

This report is made solely to the members of Swan Life Ltd (previously known as The Anglo-Mauritius Assurance Society 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 Life Ltd (previously known as The Anglo-Mauritius Assurance Society Limited) and its subsidiaries (the "Group") and the Company's separate financial statements on pages 58 to 117 which comprise the statements of financial position at December 31, 2015 and the life assurance fund, 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 58 to 117 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 business advisers 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 on the extent of compliance with the Code of Corporate Governance as disclosed in the annual report and whether the disclosure is consistent with the requirements of the Code.

In our opinion, the disclosure in the annual report is consistent with the requirements of the Code.



BDO & CO

Chartered Accountants



Ameenah Ramdin, FCCA, ACA
Licensed by FRC

March 28, 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	290,449	244,310	266,322	219,885
Investment properties	6	507,693	577,872	467,871	538,050
Intangible assets	7	121,369	125,469	21,689	19,800
Investments in subsidiary companies	8	-	-	540,012	540,012
Investments in associated companies	9	50,769	39,283	614	614
Investments in financial assets	10	24,025,565	22,642,522	24,001,126	22,625,252
Loans and receivables	11	4,428,382	4,687,974	4,441,822	4,701,414
Deferred tax assets	17	241	58	-	-
		29,424,468	28,317,488	29,739,456	28,645,027
Current assets					
Trade and other receivables	12	405,169	514,002	386,918	519,461
Investments in financial assets	10	1,464,751	2,007,904	1,464,751	2,007,904
Loans and receivables	11	796,807	380,244	796,807	380,244
Short term deposits	13/27(b)	1,158,466	544,292	1,158,466	540,792
Cash and cash equivalents	27(b)	510,553	305,147	260,766	61,122
		4,335,746	3,751,589	4,067,708	3,509,523
Total assets		33,760,214	32,069,077	33,807,164	32,154,550
EQUITY AND LIABILITIES					
Capital and reserves (attributable to owners of the parent)					
Share capital	14	26,322	26,322	26,322	26,322
Proprietors' fund		595,433	134,145	595,433	134,145
Reserves		61,214	61,214	529,643	529,643
Owners' interest		682,969	221,681	1,151,398	690,110
Non-controlling interests	15	162,763	149,310	-	
Total equity		845,732	370,991	1,151,398	690,110
Technical Provisions					
Life Assurance Fund	2.13/16	32,095,961	30,906,657	31,850,001	30,727,028
Gross outstanding claims	3.1(a) (iii)	73,039	72,298	73,039	72,298
		32,169,000	30,978,955	31,923,040	30,799,326
Non-current liability					
Retirement benefit obligations	18	177,899	147,814	176,514	147,283
		177,899	147,814	176,514	147,283
Current liabilities					
Trade and other payables	19	435,337	442,253	435,130	399,804
Current tax liabilities	20(c)	11,164	19,038	-	8,001
Dividend payable	25	121,082	110,026	121,082	110,026
		567,583	571,317	556,212	517,831
Total equity and liabilities		33,760,214	32,069,077	33,807,164	32,154,550

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



Peroomal Gopallen Moorooogen
DIRECTOR



J.M. Louis Rivalland
DIRECTOR and GROUP CHIEF EXECUTIVE

The notes on pages 62 to 117 form an integral part of these financial statements.

Auditors' report on pages 56 and 57.

LIFE ASSURANCE FUND

YEAR ENDED DECEMBER 31, 2015

	Notes	THE GROUP		THE COMPANY					
				NON-LINKED	LINKED	TOTAL	NON-LINKED	LINKED	TOTAL
		2015 Rs'000	2014 Rs'000	2015 Rs'000	2015 Rs'000	2015 Rs'000	2015 Rs'000	2015 Rs'000	2015 Rs'000
Gross premiums	2.17/21	3,388,287	3,061,405	1,993,617	1,394,670	3,388,287	1,865,669	1,195,736	3,061,405
Ceded to reinsurers		(162,190)	(154,685)	(162,190)	-	(162,190)	(154,685)	-	(154,685)
Net insurance premiums		3,226,097	2,906,720	1,831,427	1,394,670	3,226,097	1,710,984	1,195,736	2,906,720
Fee income on insurance and investment contracts		415,544	322,403	247,346	-	247,346	185,282	-	185,282
Investment income	22	1,327,564	1,306,120	935,790	456,977	1,392,767	898,635	450,585	1,349,220
Other income	23	398,606	351,335	364,666	33,940	398,606	340,476	9,782	350,258
Gain on exchange		62,871	9,148	24,165	32,864	57,029	(2,198)	12,824	10,626
Other operating income - rent		22,325	23,887	19,350	-	19,350	21,150	-	21,150
Share of results of associated companies	9	6,477	379	-	-	-	-	-	-
		5,459,484	4,919,992	3,422,744	1,918,451	5,341,195	3,154,329	1,668,927	4,823,256
Gross death and disablement insurance claims		194,750	191,784	187,699	7,051	194,750	183,875	7,909	191,784
Recoverable from reinsurers		(54,368)	(42,499)	(54,368)	-	(54,368)	(42,499)	-	(42,499)
Net death and disablement insurance claims		140,382	149,285	133,331	7,051	140,382	141,376	7,909	149,285
Maturity claims		1,446,778	1,283,706	1,128,517	318,261	1,446,778	1,043,428	240,277	1,283,705
Surrenders		464,242	322,238	93,360	370,882	464,242	84,549	237,689	322,238
Annuities		444,031	401,267	428,579	15,452	444,031	387,972	13,296	401,268
Commissions payable to agents and brokers		173,989	135,226	173,989	-	173,989	135,226	-	135,226
Fees payable		173,182	186,818	124,966	130,015	254,981	105,169	160,898	266,067
Depreciation of property and equipment	5	17,601	15,504	16,832	-	16,832	14,666	-	14,666
Depreciation of investment properties	6	10,185	11,545	10,185	-	10,185	11,545	-	11,545
Amortisation of intangible assets	7	10,465	8,259	4,476	-	4,476	2,354	-	2,354
Computer development expenses		4,415	4,338	4,415	-	4,415	4,338	-	4,338
Bad debts and impairment		8,122	23,012	8,122	-	8,122	23,012	-	23,012
Marketing and administrative expenses	24	288,258	263,999	213,670	-	213,670	198,378	-	198,378
		3,181,650	2,805,197	2,340,442	841,661	3,182,103	2,152,013	660,069	2,812,082
Surplus for the year before taxation		2,277,834	2,114,795	1,082,302	1,076,790	2,159,092	1,002,316	1,008,858	2,011,174
Taxation	20(a)	(26,061)	(27,166)	2,624	-	2,624	(3,499)	-	(3,499)
Surplus for the year		2,251,773	2,087,629	1,084,926	1,076,790	2,161,716	998,817	1,008,858	2,007,675
Surplus transferred as follows:									
- Life Assurance Fund	16	2,159,519	1,856,338	1,021,326	1,076,790	2,098,116	791,125	1,008,858	1,799,983
- Proprietors' fund		63,600	207,692	63,600	-	63,600	207,692	-	207,692
- Non-controlling interests	15	28,654	23,599	-	-	-	-	-	-
		2,251,773	2,087,629	1,084,926	1,076,790	2,161,716	998,817	1,008,858	2,007,675

The notes on pages 62 to 117 form an integral part of these financial statements.

Auditors' report on pages 56 and 57.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2015

THE GROUP

THE GROUP		Attributable to owners of the parent							
		Proprietors' Fund					Total	Non-controlling interests	Total equity
		Share Capital	Distributable	Non distributable	Amalgamation reserve	Other reserve			
	Notes	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1, 2015		26,322	134,145	-	61,214	-	221,681	149,310	370,991
Interest allocated		-	46,770	-	-	-	46,770	-	46,770
Transfer from Life Assurance Fund		-	63,600	472,000	-	-	535,600	-	535,600
Net movement for the year		15	-	-	-	-	-	27,853	27,853
Dividends		25/15	-	(121,082)	-	-	(121,082)	(14,400)	(135,482)
Balance at December 31, 2015			26,322	123,433	472,000	61,214	-	682,969	162,763
Balance at January 1, 2014			26,322	21,397	-	61,214	-	108,933	134,793
Interest allocated			-	15,082	-	-	-	15,082	-
Transfer from Life Assurance Fund			-	207,692	-	-	-	207,692	-
Net movement for the year		15	-	-	-	-	-	23,517	23,517
Dividends		25/15	-	(110,026)	-	-	-	(9,000)	(119,026)
Balance at December 31, 2014			26,322	134,145	-	61,214	-	221,681	149,310

THE COMPANY

	Proprietors' Fund					Total Equity
	Share Capital	Distributable	Non distributable	Amalgamation reserve	Other reserve	
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	
Balance at January 1, 2015	26,322	134,145	-	61,214	468,429	690,110
Interest allocated	-	46,770	-	-	-	46,770
Transfer from Life Assurance Fund	-	63,600	472,000	-	-	535,600
Dividends	25	-	(121,082)	-	-	(121,082)
Balance at December 31, 2015	26,322	123,433	472,000	61,214	468,429	1,151,398
Balance at January 1, 2014	26,322	21,397	-	61,214	468,429	577,362
Interest allocated	-	15,082	-	-	-	15,082
Transfer from Life Assurance Fund	-	207,692	-	-	-	207,692
Dividends	25	-	(110,026)	-	-	(110,026)
Balance at December 31, 2014	26,322	134,145	-	61,214	468,429	690,110

The notes on pages 62 to 117 form an integral part of these financial statements.

Auditors' report on pages 56 and 57.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2015

		THE GROUP		THE COMPANY	
	Notes	2015 Rs'000	2014 Rs'000	2015 Rs'000	2014 Rs'000
Cash flows from operating activities					
Cash generated from operations	27(a)	668,471	359,509	505,779	194,502
Investment income received		1,353,846	1,272,571	1,457,544	1,310,176
Tax paid	20	(34,049)	(23,813)	(5,377)	(3,211)
Net cash generated from operating activities		1,988,268	1,608,267	1,957,946	1,501,467
Cash flows from investing activities					
Purchase of property and equipment	5	(10,261)	(16,045)	(9,790)	(15,722)
Purchase of investment property	6	(1,949)	(8,424)	(1,949)	(8,367)
Purchase of intangible assets	7	(6,365)	(1,837)	(6,365)	(1,079)
Purchase of financial assets	10	(4,503,978)	(5,442,013)	(4,456,156)	(5,424,767)
Loans granted		(822,983)	(669,982)	(822,983)	(669,982)
Disposal/maturity of financial assets		3,620,865	3,079,938	3,583,074	3,075,970
Proceeds from sale of property and equipment		396	3,349	396	3,349
Proceeds from sale of investment properties		1,124	2,656	1,124	2,656
Loans recovered		662,664	551,668	662,664	551,668
Net cash used in investing activities		(1,060,487)	(2,500,690)	(1,049,985)	(2,486,274)
Cash flows from financing activities					
Dividends paid to Company's shareholders	25	(110,026)	(110,026)	(110,026)	(110,026)
Dividends paid to non-controlling interest		(23,400)	(8,000)	-	-
Net cash used in financing activities		(133,426)	(118,026)	(110,026)	(110,026)
Increase/(decrease) in cash and cash equivalents		794,355	(1,010,449)	797,935	(1,094,833)
Movement in cash and cash equivalents					
At January 1,		849,439	1,850,001	601,914	1,685,382
Increase/(decrease)		794,355	(1,010,449)	797,935	(1,094,833)
Effects of exchange rate changes		25,225	9,887	19,383	11,365
At December 31,	27(b)	1,669,019	849,439	1,419,232	601,914

The notes on pages 62 to 117 form an integral part of these financial statements.

Auditors' report on pages 56 and 57.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

1. GENERAL INFORMATION

Swan Life Ltd is a limited liability company incorporated and domiciled in Mauritius. With effect from April 30, 2015, the Company changed its name from The Anglo-Mauritius Assurance Society Limited to Swan Life Ltd. The address of its registered office is Swan Centre, 10 Intendance Street, Port Louis. These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of the Company.

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

2. PRINCIPAL ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

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

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)

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. The amendment has no impact on 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

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

Annual Improvements 2011-2013 Cycle (cont'd)

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.

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 January 1, 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

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

2.2 Property and equipment

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

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

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

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

Land is not depreciated.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Intangible assets

Intangible assets consist of the following :

(i) Goodwill

Goodwill represents the excess of cost of an acquisition over the fair value of the Group's share of net 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 Life Assurance Fund. 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.

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

On disposal of a subsidiary or associate, the attributable amount of goodwill is included in the determination of the gains and losses on disposal. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

(ii) Computer softwares

Acquired computer softwares 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 softwares 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.

(iv) Value of business acquired (VOBA)

Value of business acquired represents the value of the customer lists and customer relationships reflecting the expectation of future contracts that are not part of the contractual insurance rights and contractual insurance obligations that existed at the date of business acquisition. This intangible asset is amortised over the estimated life of the contracts i.e. 15 years.

(v) Customer portfolio

Customer portfolio represents the value of the customer list. It is tested annually for impairment and carried at cost less accumulated impairment losses.

2.4 Investment properties

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

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

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

Buildings	2%
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Land is not depreciated.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Impairment of non-financial assets

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

2.6 Investment in subsidiaries

Separate financial statements of the investor

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

Consolidated financial statements

Subsidiaries are all entities 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 entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. 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 either 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 this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the Life Assurance Fund.

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

Transactions and non-controlling interests

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Investment in subsidiaries (cont'd)

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in the Life Assurance Fund. 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 Life Assurance Fund.

2.7 Investment in associates

Separate financial statements of the investor

In the separate financial statements of the investor, investments in associated companies are carried at cost. 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 shareholder 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. The Group's investment in associates may include goodwill, net of any accumulated impairment loss identified on acquisition. Investments in associates are initially recognised at cost as adjusted by post acquisition changes in the Group's share of the net assets of the associate less any impairment in the value of individual investments.

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 investments at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments. They are recognised initially at fair value plus any directly attributable 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 and the Company commit to purchase or sell the asset. Investments are initially recorded at fair value plus transaction costs.

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

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

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

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

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)

The fair values of quoted investments are based on current bid prices (Level 1). The fair values of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined by using valuation techniques. These valuation techniques maximise the use of observable data where it is available and rely as little as on entity specific estimates (Level 2), if the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flows analysis, and net assets basis (Level 3), see note 10.

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

(ii) Financial assets carried at amortised cost

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and, the amount of the loss is recognised in the Life Assurance Fund. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Trade receivables

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

2.10 Trade and other payables

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

2.11 Cash and cash equivalents

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

2.12 Share Capital

Ordinary shares are classified as equity.

2.13 Life Assurance Fund

(i) Non-Linked Account

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

(ii) Linked Account

Earmarked assets in respect of segregated funds are assigned in the name of the Life Assurance Fund.

2.14 Retirement Benefit Obligations

(i) Defined Benefit Plan

The Group contributes to a defined benefit plan, the assets of which are held independently and administered by Swan Life Ltd (previously known as The Anglo-Mauritius Assurance Society Limited).

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Retirement Benefit Obligations (cont'd)

(i) Defined Benefit Plan (cont'd)

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

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

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

(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 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 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) 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.

(iv) The Company

The Company, Swan Life Ltd (previously known as The Anglo-Mauritius Assurance Society Limited), 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.

2.15 Current and deferred income tax

The tax expense for the year 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 substantially enacted by the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Current and deferred income tax (cont'd)

Deferred tax

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

Deferred income tax is determined using tax rates that have been enacted or substantively enacted at the reporting date and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

2.16 Insurance contracts - The Company

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Insurance contracts - The Company (cont'd)

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

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

(iii) Unit-Linked

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

2.17 Revenue recognition

(i) The Group

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

(ii) The Company

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

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

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

2.18 Liability adequacy test

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

2.19 Reinsurance contracts

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Foreign Currencies

(a) Functional and presentation currency

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

(b) Transactions and balances

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

Translation differences on non-monetary items such as financial assets classified as available-for-sale financial assets, are included in the fair value reserve in the Life Assurance Fund.

(c) Translation of foreign entities

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

- (i) assets and liabilities are translated at the end of the reporting period rate;
- (ii) income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) the resulting exchange differences are recognised in the 'Translation Reserve', as a separate component of equity.

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

2.21 Provisions

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

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

2.22 Dividend distribution

Dividend distribution to the Company's proprietors is recognised as a liability in the 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 Company issues contracts that transfer insurance or financial risk or both. This section summarises the main risks linked to long-term insurance business and the way they are managed.

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

3.1 Insurance risk

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

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

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

(a) Insurance contracts

(i) Concentration, frequency and severity of claims

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

3.1 Insurance risk (cont'd)

(a) Insurance contracts (cont'd)

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

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

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

(iii) Claims development

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

	2011	2012	2013	2014	2015
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Gross outstanding claims	18,547	27,322	41,443	72,298	73,039

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

3.2 Financial risk (cont'd)

3.2.1 Market risk

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

The Group 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 Company level.

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.

(i) Currency risk

The Group:

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

The Company:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

3.2.1 Market risk (cont'd)

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

At December 31, 2015	Rs. Rs'000	GBP Rs'000	USD Rs'000	Euro Rs'000	Others Rs'000	Total Rs'000
Financial assets						
- Investments in financial assets	18,455,546	12,603	5,786,190	1,014,845	221,132	25,490,316
- Loans and receivables	5,200,418	-	-	-	24,771	5,225,189
- Trade and other receivables	340,411	5,507	3,915	5,852	3,753	359,438
- Bank balances, deposits and cash	1,294,381	20,954	184,270	110,549	58,865	1,669,019
	25,290,756	39,064	5,974,375	1,131,246	308,521	32,743,962
Financial liabilities						
- Technical Provisions:						
· Life assurance fund	32,095,961	-	-	-	-	32,095,961
· Gross outstanding claims	73,039	-	-	-	-	73,039
- Trade and other payables	431,233	-	4,104	-	-	435,337
	32,600,233	-	4,104	-	-	32,604,337
At December 31, 2014	Rs. Rs'000	GBP Rs'000	USD Rs'000	Euro Rs'000	Others Rs'000	Total Rs'000
Financial assets						
- Investments in financial assets	18,340,346	33,451	5,272,393	857,090	147,146	24,650,426
- Loans and receivables	5,036,511	-	-	-	31,707	5,068,218
- Trade and other receivables	461,637	2,813	5,624	2,467	5,247	477,788
- Bank balances, deposits and cash	636,561	15,445	96,416	44,990	56,027	849,439
	24,475,055	51,709	5,374,433	904,547	240,127	31,045,871
Financial liabilities						
- Technical Provisions:						
· Life assurance fund	30,906,657	-	-	-	-	30,906,657
· Gross outstanding claims	72,298	-	-	-	-	72,298
- Trade and other payables	436,021	-	6,232	-	-	442,253
	31,414,976	-	6,232	-	-	31,421,208

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)

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

At December 31, 2015	Rs. Rs'000	GBP Rs'000	USD Rs'000	Euro Rs'000	Others Rs'000	Total Rs'000
Financial assets						
- Investments in financial assets	18,431,107	12,603	5,786,190	1,014,845	221,132	25,465,877
- Loans and receivables	5,213,858	-	-	-	24,771	5,238,629
- Trade and other receivables	326,781	5,507	3,915	5,852	-	342,055
- Bank balances, deposits and cash	1,122,606	16,792	141,175	79,818	58,841	1,419,232
	25,094,352	34,902	5,931,280	1,100,515	304,744	32,465,793
Financial liabilities						
- Technical Provisions:						
· Life assurance fund	31,850,001	-	-	-	-	31,850,001
· Gross outstanding claims	73,039	-	-	-	-	73,039
- Trade and other payables	435,130	-	-	-	-	435,130
	32,358,170	-	-	-	-	32,358,170
At December 31, 2014	Rs. Rs'000	GBP Rs'000	USD Rs'000	Euro Rs'000	Others Rs'000	Total Rs'000
Financial assets						
- Investments in financial assets	18,323,076	33,451	5,272,393	857,090	147,146	24,633,156
- Loans and receivables	5,049,951	-	-	-	31,707	5,081,658
- Trade and other receivables	472,903	2,813	5,624	2,467	-	483,807
- Bank balances, deposits and cash	437,341	12,294	71,284	24,995	56,000	601,914
	24,283,271	48,558	5,349,301	884,552	234,853	30,800,535
Financial liabilities						
- Technical Provisions:						
· Life assurance fund	30,727,028	-	-	-	-	30,727,028
· Gross outstanding claims	72,298	-	-	-	-	72,298
- Trade and other payables	399,804	-	-	-	-	399,804
	31,199,130	-	-	-	-	31,199,130

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

Sensitivity

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

	THE GROUP				THE COMPANY			
	GBP	USD	EURO	OTHERS	GBP	USD	EURO	OTHERS
	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Impact on Life Assurance Fund :								
- At December 31, 2015								
- Investments in financial assets	630	289,310	50,742	11,057	630	289,310	50,742	11,057
- Loan and other receivables	-	-	-	1,239	-	-	-	1,239
- Net trade and other receivables	275	9	293	188	275	196	293	-
- Bank balances, deposits and cash	1,048	9,214	5,527	2,942	840	7,059	3,991	2,942
- At December 31, 2014								
- Investments in financial assets	1,673	263,620	42,855	7,357	1,673	263,620	42,855	7,357
- Loan and other receivables	-	-	-	1,585	-	-	-	1,585
- Net trade and other receivables	141	30	123	262	141	281	123	-
- Bank balances, deposits and cash	772	4,821	2,250	2,800	615	3,564	1,250	2,800

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

The Group:

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

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

	THE GROUP		THE COMPANY	
	2015 %	2014 %	2015 %	2014 %
Held-to-Maturity investments	4.15 - 13.00	7.00 - 12.25	4.15 - 13.00	7.00 - 12.25
Loans and receivables	5.17 - 14.00	6.00 - 14.00	5.17 - 14.00	6.00 - 14.00
Short term deposits	2.35 - 5.60	2.35 - 5.60	2.35 - 5.60	2.35 - 5.60
Bank balances	0.00 - 3.15	0.00 - 3.65	0.00 - 3.15	0.00 - 3.65

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the surplus for the year ended December 31, 2015 would increase/decrease by Rs 74.5m (2014: Rs.63.4m) for the Group and Rs 70.1m (2014: Rs 58.7m) for the Company.

The Company :

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

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

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

Management regularly monitors the sensitivity of reported interest rate movements.

Sensitivity

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

3.2.1 Market risk (cont'd)

(iii) Equity price risk

The Group is subject to price risk due to daily changes in the market values of its equity securities portfolio. Equity price risk is actively managed in order to mitigate anticipated unfavourable market movements. In addition, local insurance regulations set out investment concentration as part as overall prudent portfolio investment policy.

The Group does not have material holdings in unquoted equity securities. The Investment Committee actively monitors equity assets owned directly by the Company 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 Life Assurance Fund had the equity market values increased/decreased by 1% with other assumptions left unchanged would have been as follows:

At December 31, 2015

- Available for sale financial assets

At December 31, 2014

- Available for sale financial assets

THE GROUP	THE COMPANY
Rs'm	Rs'm
160	160
Rs'm	Rs'm
154	154

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 Company

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

The Company manages its reinsurance counterparty exposures and the reinsurance department has a monitoring role over this risk. The Company's largest reinsurance counterparty is Swiss Re. At December 31, 2015, the reinsurance assets recoverable was Rs.4.5m (2014: Rs.10.7m).

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

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

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

	Neither past due nor impaired Rs'000	Past due and Impaired Rs'000	Provision for impairment Rs'000	Carrying amount at year end Rs'000
THE GROUP				
2015				
- Loans and receivables	4,993,660	285,713	(54,184)	5,225,189
- Trade and other receivables	405,169	5,000	(5,000)	405,169
2014				
- Loans and receivables	4,915,682	206,720	(54,184)	5,068,218
- Trade and other receivables	514,002	5,000	(5,000)	514,002
THE COMPANY				
2015				
- Loans and receivables	5,007,100	285,713	(54,184)	5,238,629
- Trade and other receivables	386,918	5,000	(5,000)	386,918
2014				
- Loans and receivables	4,929,122	206,720	(54,184)	5,081,658
- Trade and other receivables	519,461	5,000	(5,000)	519,461

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 tables below analyses the Group's and Company's financial assets and liabilities to the relevant maturity groupings based on the remaining years of repayment.

THE GROUP

Maturities of financial assets and liabilities:

At December 31, 2015	< 1 year Rs'000	1 to 5 years Rs'000	>5 years Rs'000	Total Rs'000
Financial assets				
- Investments in financial assets	17,459,987	2,697,854	5,332,475	25,490,316
- Loans and receivables	796,807	416,642	4,011,740	5,225,189
- Trade and other receivables	359,438	-	-	359,438
- Bank balances, deposits and cash	1,669,019	-	-	1,669,019
	20,285,251	3,114,496	9,344,215	32,743,962
Financial liabilities				
- Technical Provisions :				
· Life assurance fund	32,095,961	-	-	32,095,961
· Gross outstanding claims	73,039	-	-	73,039
- Trade and other payables	435,337	-	-	435,337
	32,604,337	-	-	32,604,337
At December 31, 2014	< 1 year Rs'000	1 to 5 years Rs'000	>5 years Rs'000	Total Rs'000
Financial assets				
- Investments in financial assets	17,381,981	1,619,755	5,648,690	24,650,426
- Loans and receivables	380,244	940,422	3,747,552	5,068,218
- Trade and other receivables	477,788	-	-	477,788
- Bank balances, deposits and cash	849,439	-	-	849,439
	19,089,452	2,560,177	9,396,242	31,045,871
Financial liabilities				
- Technical Provisions :				
· Life assurance fund	30,906,657	-	-	30,906,657
· Gross outstanding claims	72,298	-	-	72,298
- Trade and other payables	442,253	-	-	442,253
	31,421,208	-	-	31,421,208

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

THE COMPANY

Maturities of financial assets and liabilities:

At December 31, 2015	< 1 year Rs'000	1 to 5 years Rs'000	>5 years Rs'000	Total Rs'000
Financial assets				
- Investments in financial assets	17,435,548	2,697,854	5,332,475	25,465,877
- Loans and receivables	796,807	416,642	4,025,180	5,238,629
- Trade and other receivables	342,055	-	-	342,055
- Bank balances, deposits and cash	1,419,232	-	-	1,419,232
	19,993,642	3,114,496	9,357,655	32,465,793
Financial liabilities				
- Technical Provisions:				
· Life assurance fund	31,850,001	-	-	31,850,001
· Gross outstanding claims	73,039	-	-	73,039
- Trade and other payables	435,130	-	-	435,130
	32,358,170	-	-	32,358,170
At December 31, 2014	< 1 year Rs'000	1 to 5 years Rs'000	>5 years Rs'000	Total Rs'000
Financial assets				
- Investments in financial assets	17,364,911	1,619,755	5,648,490	24,633,156
- Loans and receivables	380,244	953,861	3,747,553	5,081,658
- Trade and other receivables	483,807	-	-	483,807
- Bank balances, deposits and cash	601,914	-	-	601,914
	18,830,876	2,573,616	9,396,043	30,800,535
Financial liabilities				
- Technical Provisions:				
· Life assurance fund	30,727,028	-	-	30,727,028
· Gross outstanding claims	72,298	-	-	72,298
- Trade and other payables	399,804	-	-	399,804
	31,199,130	-	-	31,199,130

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

3.2.4 Capital Management

The main objectives of the Company when managing capital are :

- to maintain at all times the Minimum Capital Requirement as required by the Insurance Act 2005, i.e. as determined by the company's actuary at the higher of :

- (a) a stress test requirement determined in accordance with guidelines issued by the Commission or

- (b) the higher of an amount of Rs.25m or an amount representing 13 weeks' operating expenses.

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

- to provide an adequate return to shareholders by pricing insurance contracts and other services commensurately with the level of risk.

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

The Company's capital and solvency margins are above the minimums required by the Insurance Act 2005 and proper internal controls are in place to ensure that they remain so.

3.2.5 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group 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 judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group 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.

4.1 Insurance contracts - The Company

(i) Estimates of future benefit payments

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

4.1 Insurance contracts (cont'd)

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

(ii) Sensitivity

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

4.2 Reinsurance - The Company

The Company is exposed to disputes on, and defects in, contract wordings and the possibility of default by their Reinsurers. The Company monitors the financial strength of their Reinsurers. Allowance is made in the financial statements for non-recoverability due to Reinsurer's default as required.

4.3 Held-to-maturity investments

The Group 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. In making their judgement for classification, 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 and 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 permanently 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 Impairment of other assets

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

4.6 Pension benefits

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

The Group 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.

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

Additional information is disclosed in Note 18.

4.7 Fair value of security not quoted in an active market

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

4.8 Asset lives and residual values

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

4.9 Depreciation policies

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

4.10 Limitation of sensitivity analysis

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

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

(a) THE GROUP

	Freehold land and buildings Rs'000	Furniture fixtures & fittings Rs'000	Computer equipment Rs'000	Electrical equipment Rs'000	Motor vehicles Rs'000	Total Rs'000
COST/DEEMED COST						
At January 1, 2014	252,394	111,059	55,720	2,248	16,945	438,366
Additions	-	1,056	9,205	-	5,784	16,045
Disposals	-	-	(1,600)	-	(7,052)	(8,652)
At December 31, 2014	252,394	112,115	63,325	2,248	15,677	445,759
Additions	-	5,743	3,878	-	640	10,261
Disposals	-	-	-	-	(1,560)	(1,560)
Transfer from investment properties (note 6)	59,766	-	-	-	-	59,766
At December 31, 2015	312,160	117,858	67,203	2,248	14,757	514,226
DEPRECIATION						
At January 1, 2014	41,722	87,929	50,795	2,248	9,262	191,956
Charge for the year	4,538	3,662	5,195	-	2,109	15,504
Disposal adjustments	-	-	(533)	-	(5,478)	(6,011)
At December 31, 2014	46,260	91,591	55,457	2,248	5,893	201,449
Charge for the year	5,761	4,069	5,800	-	1,971	17,601
Disposal adjustments	-	-	-	-	(936)	(936)
Transfer from investment properties (note 6)	5,663	-	-	-	-	5,663
At December 31, 2015	57,684	95,660	61,257	2,248	6,928	223,777
NET BOOK VALUE						
At December 31, 2015	254,476	22,198	5,946	-	7,829	290,449
At December 31, 2014	206,134	20,524	7,868	-	9,784	244,310

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

5. PROPERTY AND EQUIPMENT (CONT'D)

(b) THE COMPANY

	Freehold land and buildings Rs'000	Furniture fixtures & fittings Rs'000	Computer equipment Rs'000	Motor vehicles Rs'000	Total Rs'000
COST					
At January 1, 2014	228,295	103,920	52,332	15,664	400,211
Additions	-	923	9,015	5,784	15,722
Disposals	-	-	(1,600)	(7,052)	(8,652)
At December 31, 2014	228,295	104,843	59,747	14,396	407,281
Additions	-	5,385	3,765	640	9,790
Disposals	-	-	-	(1,560)	(1,560)
Transfer from investment properties (note 6)	59,766	-	-	-	59,766
At December 31, 2015	288,061	110,228	63,512	13,476	475,277
DEPRECIATION					
At January 1, 2014	41,026	81,382	47,835	8,498	178,741
Charge for the year	4,566	3,154	5,029	1,917	14,666
Disposal adjustments	-	-	(533)	(5,478)	(6,011)
At December 31, 2014	45,592	84,536	52,331	4,937	187,396
Charge for the year	5,761	3,630	5,662	1,779	16,832
Disposal adjustments	-	-	-	(936)	(936)
Transfer from investment properties (note 6)	5,663	-	-	-	5,663
At December 31, 2015	57,016	88,166	57,993	5,780	208,955
NET BOOK VALUE					
At December 31, 2015	231,045	22,062	5,519	7,696	266,322
At December 31, 2014	182,703	20,307	7,416	9,459	219,885

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

6. INVESTMENT PROPERTIES

	THE GROUP	THE COMPANY
	Rs'000	Rs'000
COST		
At January 1, 2014	662,497	622,484
Additions	8,424	8,367
Disposals	(3,938)	(3,938)
At December 31, 2014	666,983	626,913
Additions	1,949	1,949
Disposals	(1,209)	(1,209)
Transfer to property and equipment (note 5)	(59,766)	(59,766)
Written off	(8,985)	(8,985)
At December 31, 2015	598,972	558,902
DEPRECIATION		
At January 1, 2014	78,230	77,982
Charge for the year	11,545	11,545
Disposal adjustment	(664)	(664)
At December 31, 2014	89,111	88,863
Charge for the year	10,185	10,185
Disposal adjustment	(231)	(231)
Transfer to property and equipment (note 5)	(5,663)	(5,663)
Written off	(2,123)	(2,123)
At December 31, 2015	91,279	91,031
NET BOOK VALUE		
At December 31, 2015	507,693	467,871
At December 31, 2014	577,872	538,050

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

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	2015 Rs'000	2014 Rs'000
At December 31,	1,632,578	1,632,578	1,505,439	1,505,439

The investment properties were revalued in December 2014 by Noor Dilmohamed & Associates, on an open market value basis and the valuation is performed every 3 years. The directors have reassessed the fair values of the investment properties at December 31, 2015. On the basis of current economic and property environment and after consultation with the independent valuer, the directors are satisfied that the carrying value of the investment properties reflects their fair value at the reporting date.

The following have been recognised in the Life Assurance Fund.

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	2015 Rs'000	2014 Rs'000
Rental income	53,854	56,600	49,107	52,181
Direct operating expenses	41,302	43,938	39,942	42,576

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

7. INTANGIBLE ASSETS

THE GROUP	Goodwill Rs'000	Computer Softwares Rs'000	Development Cost Rs'000	VOBA Rs'000	Others *	Total Rs'000
COST						
At January 1, 2014	59,598	14,971	21,975	28,477	55,375	180,396
Additions	-	1,837	-	-	-	1,837
At December 31, 2014	59,598	16,808	21,975	28,477	55,375	182,233
Additions	-	6,365	-	-	-	6,365
At December 31, 2015	59,598	23,173	21,975	28,477	55,375	188,598
AMORTISATION						
At January 1, 2014	-	13,401	21,975	7,592	5,537	48,505
Charge for the year	-	822	-	1,899	5,538	8,259
At December 31, 2014	-	14,223	21,975	9,491	11,075	56,764
Charge for the year	-	3,029	-	1,899	5,537	10,465
At December 31, 2015	-	17,252	21,975	11,390	16,612	67,229
NET BOOK VALUE						
At December 31, 2015	59,598	5,921	-	17,087	38,763	121,369
At December 31, 2014	59,598	2,585	-	18,986	44,300	125,469

* Others represents the value of customer lists acquired.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

7. INTANGIBLE ASSETS (CONT'D) THE COMPANY

	Computer Softwares Rs'000	Development Cost Rs'000	VOBA Rs'000	Total Rs'000
COST				
At January 1, 2014	9,889	21,975	28,477	60,341
Additions	1,079	-	-	1,079
At December 31, 2014	10,968	21,975	28,477	61,420
Additions	6,365	-	-	6,365
At December 31, 2015	17,333	21,975	28,477	67,785
AMORTISATION				
At January 1, 2014	9,699	21,975	7,592	39,266
Charge for the year	455	-	1,899	2,354
At December 31, 2014	10,154	21,975	9,491	41,620
Charge for the year	2,578	-	1,898	4,476
At December 31, 2015	12,732	21,975	11,389	46,096
NET BOOK VALUE				
At December 31, 2015	4,601	-	17,088	21,689
At December 31, 2014	814	-	18,986	19,800

8. INVESTMENTS IN SUBSIDIARY COMPANIES

(a) UNQUOTED

	THE COMPANY	
	2015 Rs'000	2014 Rs'000
At January 1 and December 31,	540,012	540,012

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

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

Name of subsidiaries	Class of shares held	Stated capital	Nominal value of investment	Proportion of ownership interest		Proportion of ownership interests held by non-controlling interests	Place of business	Country of incorporation	Main business
				Direct	Indirect				
2015 & 2014		Rs'000	Rs'000	%	%	%			
· Manufacturers' Distributing Station Limited	Ordinary	961	47,686	99.8%	-	0.2%	Port Louis	Mauritius	· Investment Company
· Swan Pensions Ltd (c)	Ordinary	4,100	22,825	100.0%	-	-	Port Louis	Mauritius	· Pension and fund administration
· Swan Financial Solutions Ltd (c)	Ordinary	586,876	469,500	80.0%	-	20.0%	Port Louis	Mauritius	· Investment Company
· Swan Wealth Managers Ltd	Ordinary	1,000	-	-	80.0%	20.0%	Port Louis	Mauritius	· Fund management and investment consulting
· Swan Securities Ltd	Ordinary	1,000	-	-	80.0%	20.0%	Port Louis	Mauritius	· Stockbroking
· Société de la Croix (e)	Parts	2,500	-	-	99.8%	0.2%	Port Louis	Mauritius	· Investment entity
· Société de la Montagne (e)	Parts	45,654	-	-	99.8%	0.2%	Port Louis	Mauritius	· Investment entity
· Société de la Rivière (e)	Parts	2,500	-	-	99.8%	0.2%	Port Louis	Mauritius	· Investment entity
· Swan Foundation	Limited by guarantee	1	1	50.0%	-	50.0%	Port Louis	Mauritius	· Management of Swan Group CSR fund (not consolidated)
			<u>540,012</u>						

- (c) As from 1st May 2010, an agreement has been reached whereby the proprietors will have a right to dividend of the Company.

- (d) During the year, the following subsidiaries have been renamed as follows:

New names	Previous names
Swan Pensions Ltd	· Pension Consultant and Administration Limited
Swan Financial Solutions Ltd	· Anglo-Mauritius Financial Solutions Limited
Swan Wealth Managers Ltd	· Anglo-Mauritius Investment Managers Limited
Swan Securities Ltd	· Anglo-Mauritius Stockbrokers Limited
Swan Foundation	· Swan Group Foundation

- (e) The Company owns 100% of the three above-named sociétés through Manufacturers' Distributing Station Limited.

- (f) Details for subsidiaries are as follows:

Name of subsidiary	Profit/(loss) allocated to non-controlling interests during the year	Accumulated non-controlling interests at December 31,
	Rs'000	Rs'000
2015		
· Manufacturers' Distributing Station Limited (group)	5	223
· Swan Financial Solutions Ltd	(1,280)	83,968
· Swan Wealth Managers Ltd	25,605	67,766
· Swan Securities Ltd	4,324	10,806
	<u>28,654</u>	<u>162,763</u>
2014		
· Manufacturers' Distributing Station Limited (group)	5	218
· Swan Financial Solutions Ltd	(1,217)	99,648
· Swan Wealth Managers Ltd	21,450	42,239
· Swan Securities Ltd	3,361	7,205
	<u>23,599</u>	<u>149,310</u>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

(g) Summarised financial information on subsidiaries

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

Name of subsidiary	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit after tax	Other comprehensive income for the year	Total comprehensive income for the year	Dividend paid to non-controlling interests
2015	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
· Manufacturers' Distributing Station Ltd (group)	7,045	43,127	1,155	-	4,877	2,556	-	2,556	-
· Swan Pensions Ltd	30,540	154	14,824	-	27,183	6,970	-	6,970	-
· Swan Financial Solutions Ltd	26,681	570,927	517	-	85,000	78,600	-	78,600	14,400
· Swan Wealth Managers Ltd	203,317	539	18,240	1,385	177,058	128,025	(388)	127,637	-
· Swan Securities Ltd	49,391	25,236	25,572	-	47,372	21,620	(3,615)	18,005	-
2014									
· Manufacturers' Distributing Station Limited (group)	13,984	43,127	8,150	-	4,894	2,527	-	2,527	-
· Swan Pensions Ltd	27,864	288	13,252	-	24,652	5,753	-	5,753	-
· Swan Financial Solutions Ltd	59,141	576,672	45,322	-	53,000	46,911	-	46,911	9,000
· Swan Wealth Managers Ltd	195,757	590	64,222	531	150,177	107,246	(208)	107,038	-
· Swan Securities Ltd	67,090	18,243	44,313	-	41,540	16,808	(203)	16,605	-

* Swan Pensions Ltd was previously known as Pension Consultant and Administration Ltd

* Swan Financial Solutions Ltd was previously known as Anglo-Mauritius Financial Solutions Ltd

* Swan Wealth Managers Ltd was previously known as Anglo-Mauritius Investment Managers Ltd

* Swan Securities Ltd was previously known as Anglo-Mauritius Stockbrokers Ltd

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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

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

(ii) Summarised cash flow information:

Name of subsidiary	Operating activities Rs'000	Investing activities Rs'000	Financing activities Rs'000	Net increase/ (decrease) in cash and cash equivalents Rs'000
2015				
· Manufacturers' Distributing Station Limited (group)	594	-	(2,500)	(1,906)
· Swan Pensions Ltd	7,564	(33)	(6,000)	1,531
· Swan Financial Solutions Ltd	(473)	138,000	(117,000)	20,527
· Swan Wealth Managers Ltd	121,289	(159)	(121,500)	(370)
· Swan Securities Ltd	9,415	(10,435)	(16,500)	(17,520)
2014				
· Manufacturers' Distributing Station Limited (group)	1,954	(86)	(2,500)	(632)
· Swan Pensions Ltd	6,668	-	(7,000)	(332)
· Swan Financial Solutions Ltd	45,725	(200)	(40,000)	5,525
· Swan Wealth Managers Ltd	105,873	(190)	(40,000)	65,683
· Swan Securities Ltd	32,685	(13,523)	(6,500)	12,662

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

9. INVESTMENTS IN ASSOCIATED COMPANIES

(a) The Company

At January 1 and December 31,

2015 Rs'000	2014 Rs'000
614	614

(b) Group's share of net assets

At January 1,

Share of results of associated companies

Dividends

Share of reserves

At December 31,

2015 Rs '000	2014 Rs '000
39,283	39,892
6,477	379
(3,091)	(2,170)
8,100	1,182
50,769	39,283

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

Name	Year end	Nature of business	Principal place of business	Country of incorporation	Proportion of ownership interest Direct
2015/2014					
Swan Corporate Affairs Ltd *	Dec-31	Secretarial	Port Louis	Mauritius	50%
Swan International Ltd	Dec-31	Reinsurance brokers and consultants	Port Louis	Mauritius	49%

*Swan Corporate Affairs Ltd was previously known as Swan Group Corporate Services Ltd

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

9. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

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

Name	Current assets Rs'000	Non-current assets Rs'000	Current liabilities Rs'000	Non-current liabilities Rs'000	Revenue Rs'000	Profit after tax Rs'000	Other comprehensive income for the year Rs'000	Total comprehensive income for the year Rs'000	Other equity movement Rs'000	Dividend received during the year Rs'000
2015										
Swan Corporate Affairs Ltd	4,592	65	828	-	3,148	1,834	-	1,834	-	-
Swan International Ltd	17,696	88,561	8,024	-	-	11,347	14,573	25,920	1,958	3,091
2014										
Swan Corporate Affairs Ltd	3,671	95	1,772	-	883	120	-	120	-	-
Swan International Ltd	13,043	67,148	3,529	-	-	651	2,412	3,063	-	2,170

(e) Reconciliation of summarised financial information

Name	Opening net assets January 1, Rs'000	Profit for the year Rs'000	Other comprehensive income for the year Rs'000	Other equity movement Rs'000	dividend Rs'000	Closing net assets Rs'000	Ownership interest %	Interest in associates Rs'000	Goodwill Rs'000	Carrying value Rs'000
2015										
Swan Corporate Affairs Ltd	1,995	1,834	-	-	-	3,829	50%	1,914	-	1,914
Swan International Ltd	76,663	11,347	14,573	1,958	(6,308)	98,233	49%	48,134	721	48,855
2014										
Swan Corporate Affairs Ltd	1,875	120	-	-	-	1,995	50%	998	-	998
Swan International Ltd	78,028	651	2,412	-	(4,428)	76,663	49%	37,564	721	38,285

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

10. INVESTMENTS IN FINANCIAL ASSETS

THE GROUP				
		2015	2014	
	Held-to-maturity	Available-for-sale	Total	Total
	Rs'000	Rs'000	Rs'000	Rs'000
(a) Local Securities				
At January 1,	9,276,349	9,470,900	18,747,249	15,594,349
Additions	2,629,238	821,476	3,450,714	4,803,012
(Decrease)/increase in fair value	-	(894,221)	(894,221)	612,098
Disposals	-	(92,351)	(92,351)	(473,243)
Matured	(2,461,389)	-	(2,461,389)	(1,893,381)
Transfer	-	63,174	63,174	-
Accrued interests	6,499	-	6,499	105,153
Exchange Differences	44,583	-	44,583	(739)
At December 31,	9,495,280	9,368,978	18,864,258	18,747,249
	Held-to-maturity	Available-for-sale	Total	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Foreign Securities				
At January 1,	-	5,903,177	5,903,177	5,614,550
Additions	-	1,053,264	1,053,264	639,001
Increase in fair value	-	400,917	400,917	149,905
Disposals	-	(668,126)	(668,126)	(500,279)
Transfer	-	(63,174)	(63,174)	-
At December 31,	-	6,626,058	6,626,058	5,903,177
Total	9,495,280	15,995,036	25,490,316	24,650,426

Analysed as follows:

	2015	2014
	Rs'000	Rs'000
Non-current	24,025,565	22,642,522
Current	1,464,751	2,007,904
	25,490,316	24,650,426

(i)	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At December 31, 2015				
Available-for-sale	15,141,622	59,466	793,948	15,995,036
At December 31, 2014				
Available-for-sale	14,699,526	61,568	612,983	15,374,077

YEAR ENDED DECEMBER 31, 2015

(b) Local Securities

	Held-to-maturity	Available-for-sale	Total	Total
Foreign Securities	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	-	5,903,174	5,903,174	5,614,547
Additions	-	1,053,264	1,053,264	639,001
Increase in fair value	-	400,917	400,917	149,905
Transfer	-	(63,174)	(63,174)	-
Disposals	-	(668,126)	(668,126)	(500,279)
At December 31,	-	6,626,055	6,626,055	5,903,174
Total	9,495,080	15,970,797	25,465,877	24,633,156

Analysed as follows:

(i)	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
At December 31, 2015				
Available-for-sale	15,117,383	59,466	793,948	15,970,797
At December 31, 2014				
Available-for-sale	14,682,456	61,568	612,983	15,357,007

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

10. INVESTMENTS IN FINANCIAL ASSETS (CONT'D)

- (c) Held-to-maturity investments comprise of Mauritius Government Securities, Listed and unquoted Debenture Stocks and Treasury Bills with interest rates varying from 4.15% to 13.00% (2014: 7.00% to 12.25%).
- (d) Available-for-sale financial assets comprise of listed, quoted and unquoted financial assets.
- (e) The Directors do not consider the investee companies with a shareholding in excess of 20% to be "Associated Companies" as Swan Life Ltd does not exercise significant influence over these companies.
- (f) None of the financial assets are either past due or impaired.
- (g) The maturity of financial assets are disclosed in note 3.2.3.

11. LOANS AND RECEIVABLES

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	2015 Rs'000	2014 Rs'000
Loans on policies	85,658	85,911	85,658	85,911
Loans on residential properties	3,245,178	2,949,308	3,245,178	2,949,308
Loans on business properties	1,796,807	1,932,105	1,796,807	1,932,105
Cumulative accrued interests	126,960	123,371	126,960	123,371
Less impairment provision (see note (a) below)	(54,184)	(54,184)	(54,184)	(54,184)
	5,200,419	5,036,511	5,200,419	5,036,511
Loans to related corporations	24,770	31,707	38,210	45,147
	5,225,189	5,068,218	5,238,629	5,081,658
Analysed as follows:-				
Non-current	4,428,382	4,687,974	4,441,822	4,701,414
Current	796,807	380,244	796,807	380,244
	5,225,189	5,068,218	5,238,629	5,081,658

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

	THE GROUP AND THE COMPANY	
	2015 Rs'000	2014 Rs'000
At January 1,	54,184	42,184
Charge for the year	-	12,000
At December 31,	54,184	54,184

- (b) The rate of interest on loans vary from 5.17 % to 14.00% (2014: 6.00% to 14.00%).
- (c) There is no concentration of credit risk with respect to loans and receivables since balances are widely dispersed.
- (d) The non-covered portion of impaired loans and receivables are secured by fixed charge collaterals on immovable properties. Impairment provision has been booked where recovery was estimated as doubtful.
- (e) The ageing of loans and receivables is disclosed in note 3.2.2.
- (f) The carrying amounts of loan and receivables approximate their fair values.
- (g) The carrying value of loans and receivables that have been impaired is disclosed in note 3.2.2.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

12. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	2015 Rs'000	2014 Rs'000
· Receivables arising from insurance and reinsurance contracts:				
- Due from contract holders - Individuals	54,315	57,601	54,315	57,601
- Schemes	127,257	109,194	127,257	109,194
· Claims recoverable from Reinsurers	4,500	10,652	4,500	10,652
· Interest and other receivables	195,865	321,854	149,395	266,172
· Receivables from related parties:				
- Holding Company	23,232	14,701	22,344	13,477
- Subsidiary Companies	-	-	29,107	62,365
	405,169	514,002	386,918	519,461

- (a) The ageing of trade and other receivables is disclosed in note 3.2.2.
- (b) The other classes within trade and other receivables do not include impaired assets.
- (c) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.
- (d) The Group does not hold any collateral security for trade and other receivables. Impairment provision has been booked where recovery was estimated as doubtful.
- (e) The carrying value of trade and other receivables that have been impaired is disclosed in note 3.2.2.
- (f) The carrying amounts of trade and other receivables approximate their fair values.

13. SHORT TERM DEPOSITS

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	2015 Rs'000	2013 Rs'000
Short term deposits (note 27)	1,158,466	544,292	1,158,466	540,792

- (a) Short term deposits comprise of foreign deposits, moneys-at-call and savings accounts. The rates of interest vary between 2.35% to 5.60%. (2014: 2.35% to 5.60%).

14. SHARE CAPITAL

	THE GROUP & THE COMPANY	
	2015 Rs'000	2014 Rs'000
At January 1 and December 31,	26,322	26,322

The total authorised number of ordinary share is 2,632,210 shares (2014: 2,632,210 shares) with a par value of Rs.10 per share (2014: Rs.10 per share). All issued shares are fully paid.

15. NON-CONTROLLING INTERESTS

	THE GROUP	
	2015 Rs'000	2014 Rs'000
At January 1,	149,310	134,793
Share of surplus (note 8(f))	28,654	23,599
Share of reserve (note 8(g))	(801)	(82)
Dividend paid	(14,400)	(9,000)
At December 31,	162,763	149,310

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

16. LIFE ASSURANCE FUND

(a) THE GROUP

	2015					2014				
	Surplus	Fair value reserve	Other reserves	Actuarial gains/(losses)	Total	Surplus	Fair value reserve	Other reserves	Actuarial gains/(losses)	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1	24,250,204	6,728,417	(10,943)	(61,021)	30,906,657	22,393,866	6,103,835	(12,125)	(59,967)	28,425,609
Surplus on Life Assurance Fund for the year (page 59)	2,159,519	-	-	-	2,159,519	1,856,338	-	-	-	1,856,338
Change in value of available-for-sale financial assets (note 10)	(188,479)	-	-	-	(188,479)	-	762,003	-	-	762,003
Release from fair value reserve (note 10)	(304,825)	-	-	-	(304,825)	-	(137,421)	-	-	(137,421)
Share of reserves of associated company	959	-	7,141	-	8,100	-	-	1,182	-	1,182
Remeasurements of defined benefit obligations	-	-	-	(13,011)	(13,011)	-	-	-	(1,054)	(1,054)
Transfer to proprietors' fund (d)	(472,000)	-	-	-	(472,000)	-	-	-	-	-
At December 31,	25,445,378	6,728,417	(3,802)	(74,032)	32,095,961	24,250,204	6,728,417	(10,943)	(61,021)	30,906,657

(b) THE COMPANY

	2015					2014				
	Non-Linked	Linked	Fair value reserve	Actuarial gains/(losses)	Total	Non-Linked	Linked	Fair value reserve	Actuarial gains/(losses)	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1	16,738,615	7,319,507	6,728,191	(59,285)	30,727,028	15,947,490	6,310,649	6,103,443	(58,394)	28,303,188
Surplus on Life Assurance Fund for the year (page 59)	1,021,326	1,076,790	-	-	2,098,116	791,125	1,008,858	-	-	1,799,983
Change in value of available-for-sale financial assets (note 10)	-	-	(185,617)	-	(185,617)	-	-	762,090	-	762,090
Release from fair value reserve (note 10)	-	-	(304,825)	-	(304,825)	-	-	(137,342)	-	(137,342)
Remeasurements of defined benefit obligations	-	-	-	(12,701)	(12,701)	-	-	-	(891)	(891)
Transfer to proprietors' fund (d)	(472,000)	-	-	-	(472,000)	-	-	-	-	-
At December 31,	17,287,941	8,396,297	6,237,749	(71,986)	31,850,001	16,738,615	7,319,507	6,728,191	(59,285)	30,727,028

(c) The liability component of the Discretionary Participating Feature (DPF) within the Life Assurance Fund is included in the Non-Linked Account.

(d) As part of a restructure of the Life Assurance Fund, in order to create designated funds for each class of long term insurance business as required by the Insurance Act 2005, the Statutory Actuary of the Company recommended that 10% of the actuarial surplus as at 31st December 2014 be transferred from the Life Assurance Fund to the proprietors' fund as a non distributable reserve. In line with the above recommendation, the board has approved the transfer of Rs 472m on April 1, 2015. Consequently, each year, following the actuarial valuation of the Company, a transfer will be made to the non distributable reserve, on a consistent basis and based on the corresponding amount of surplus.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

16. LIFE ASSURANCE FUND (CONT'D)

Fair value reserve

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

Other reserves

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

Actuarial gains/(losses)

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

17. DEFERRED TAX ASSETS

Deferred taxes are calculated on all temporary differences under the liability method at 15% (2014: 15%).

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

	THE GROUP	
	2015 Rs'000	2014 Rs'000
Deferred tax assets	241	58

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

	THE GROUP	
	2015 Rs'000	2014 Rs'000
At January 1	58	(69)
Credited to Life Assurance Fund (note 20)	114	91
Credited to actuarial gains/(losses) reserves	69	36
At December 31,	241	58

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

17. DEFERRED TAX ASSETS (CONT'D)

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

Deferred tax assets:	Accelerated capital allowances	Retirement benefit obligation	Total
	Rs'000	Rs'000	Rs'000
At January 1, 2014	(63)	(6)	(69)
Credited to Life Assurance Fund (note 20)	41	50	91
Credited to actuarial gains/(losses) reserves	-	36	36
At December 31, 2014	(22)	80	58
Credited to Life Assurance Fund (note 20)	55	59	114
Credited to actuarial gains/(losses) reserves	-	69	69
At December 31, 2015	33	208	241

18. RETIREMENT BENEFIT OBLIGATIONS

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	2015 Rs'000	2014 Rs'000
Amounts recognised in the statements of financial position:				
Defined pension benefits (note (a)(ii))	177,899	147,814	176,514	147,283
Analysed as follows:				
Non-current liabilities	177,899	147,814	176,514	147,283
Amount charged to Life Assurance Fund:				
- Defined pension benefits (note (a)(v) & 24)	16,945	15,300	16,549	14,972
Amount charged to actuarial gains/(losses) reserves:				
- Define pension benefits (note (a)(vi))	13,159	1,131	12,701	891

(a) Defined pension benefits

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

The most recent actuarial valuation of the present value of the defined benefits obligations were carried out at December 31, 2015. 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

18. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

		THE GROUP		THE COMPANY	
		2015 Rs'000	2014 Rs'000	2015 Rs'000	2014 Rs'000
(ii)	The amounts recognised in the statement of financial position are as follows:				
	Present value of funded obligations	182,340	152,045	176,514	147,283
	Fair value of plan assets	(4,441)	(4,231)	-	-
	Liability in the statements of financial position	177,899	147,814	176,514	147,283
	The reconciliation of the opening balances to the closing balances for the net defined benefit liability is as follows:				
	At January 1	147,814	132,414	147,283	132,451
	Amounts charged in the Life Assurance Fund	16,945	15,300	16,549	14,972
	Amounts charged in the actuarial gains/(losses) reserves	13,159	1,131	12,701	891
	Contribution paid	(19)	(1,031)	(19)	(1,031)
	At December 31	177,899	147,814	176,514	147,283
		THE GROUP		THE COMPANY	
		2015 Rs'000	2014 Rs'000	2015 Rs'000	2014 Rs'000
(iii)	The movement in the defined benefit obligation over the year is as follows:				
	At January 1	152,045	136,486	147,283	132,451
	Current service cost	6,125	5,625	5,832	5,361
	Interest cost	11,071	9,913	10,717	9,611
	Actuarial losses:	13,118	1,052	12,701	891
	Benefits paid	(19)	(1,031)	(19)	(1,031)
	At December 31,	182,340	152,045	176,514	147,283
		THE GROUP		THE COMPANY	
		2015 Rs'000	2014 Rs'000	2015 Rs'000	2014 Rs'000
(iv)	The movement in the fair value of plan assets of the year is as follows:				
	At January 1	4,231	4,072	-	-
	Expected return on plan assets	295	280	-	-
	Losses on pension scheme assets	(40)	(79)	-	-
	Employer contributions	19	1,031	19	1,031
	Scheme expenses	(1)	-	-	-
	Cost of insuring risks benefits	(44)	(42)	-	-
	Benefits paid	(19)	(1,031)	(19)	(1,031)
	At December 31,	4,441	4,231	-	-
	Actual return on plan assets	255	201	-	-

The Company has a retirement pension fund for its employees which is internally managed. The assets, which are not legally separate, are included in the investment in financial assets.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

18. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	2015 Rs'000	2014 Rs'000
(v) Amounts recognised in the Life Assurance Fund are as follows:				
Current service cost	6,125	5,625	5,832	5,361
Net interest cost	10,777	9,633	10,717	9,611
Scheme expenses	(1)	-	-	-
Cost of insuring risks benefits	44	42	-	-
Total included in employee benefit expense (note 24)	16,945	15,300	16,549	14,972

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	2015 Rs'000	2014 Rs'000
(vi) Amounts recognised in the actuarial gains/(losses) reserve are as follows:				
Experience losses on the liabilities	3,317	1,052	3,174	891
Losses on pension scheme	40	79	-	-
Change in assumption underlying the present value of the scheme	9,802	-	9,527	-
	13,159	1,131	12,701	891

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

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

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

	THE GROUP AND THE COMPANY	
	2015 %	2014 %
Discount rate	7.0	7.0
Expected return on plan assets	7.0	7.0
Future long-term salary increases	6.5	6.5
Future guarantee pension increase	-	-
NPS ceiling increases	6.5	6.5
Post retirement annuity rates	Swan Life Ltd 2015 rates	Swan Life Ltd rates – pre 2015 + 10%

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

18. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	2015 Rs'000	2014 Rs'000
Decrease due to 1% increase in discount rate	16,410	14,364	15,650	13,717
Increase due to 1% increase in future long-term salary assumption	18,245	15,187	17,400	14,471

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

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

- (x) The defined benefit pension plan exposes the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.
- (xi) The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.
- (xii) The Group expects to pay Rs 1.4m in contributions to its post-employment benefit plans for the year ending December 31, 2016.
- (xiii) The weighted average duration of the defined benefit obligation is 14 years for the Group and 9 years for the Company at the end of the reporting period (2014 - Group: 10-15 years & Company: 9 years).

19. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	2015 Rs'000	2014 Rs'000
· Trade payables:				
· Insurance contracts	97,758	82,236	97,758	82,236
· Other payables and accruals	315,657	346,793	301,183	305,222
· Amounts due to related parties:				
· Holding company	21,922	13,224	16,471	5,939
· Subsidiary companies	-	-	19,718	6,407
	435,337	442,253	435,130	399,804

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

20. TAXATION

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	2015 Rs'000	2014 Rs'000
(a) <i>Income tax charge</i>				
Current tax on the adjusted surplus for the year at 15% (2014: 15%)	28,760	23,758	-	-
Alternative minimum tax (AMT)	-	11,002	-	11,002
Over provision in prior year	(2,585)	(7,503)	(2,624)	(7,503)
Movement in deferred tax (note 17)	(114)	(91)	-	-
Tax charge for the year	26,061	27,166	(2,624)	3,499

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

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	2015 Rs'000	2014 Rs'000
Surplus before taxation	2,277,834	2,114,795	2,159,092	2,011,174
Less share of results of associate	(6,477)	(379)	-	-
Less Company surplus for the year	(2,159,092)	(2,011,174)	-	-
Add dividend income from related parties	154,268	99,670	-	-
	266,533	202,912	2,159,092	2,011,174
Tax calculated at 15% (2014:15%)	39,980	30,437	-	-
Income not subject to tax	(12,883)	(7,748)	-	-
Expenses not deductible for tax purposes	1,549	978	-	-
Over provision in prior year	(2,585)	(7,503)	(2,624)	(7,503)
Alternative minimum tax (AMT)	-	11,002	-	11,002
	26,061	27,166	(2,624)	3,499

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	2015 Rs'000	2014 Rs'000
(c) <i>Current tax liabilities</i>				
Balance as at January 1,	19,038	15,594	8,001	7,713
Current tax on the adjusted surplus for the year at 15% (2014: 15%)	28,760	23,758	-	-
Alternative minimum tax (AMT)	-	11,002	-	11,002
Over provision in prior year	(2,585)	(7,503)	(2,624)	(7,503)
Amount paid during the year	(18,774)	(9,540)	(5,377)	-
Tax deducted at source	-	(2,095)	-	(2,095)
Payment under Advance Payment System (APS)	(15,275)	(12,178)	-	(1,116)
	11,164	19,038	-	8,001

21. GROSS PREMIUMS

	THE GROUP AND THE COMPANY			
	Non-Linked Rs'000	Linked Rs'000	2015 Total Rs'000	2014 Total Rs'000
Gross Premiums	1,466,025	1,394,670	2,860,695	2,598,749
Consideration for annuities	527,592	-	527,592	462,656
	1,993,617	1,394,670	3,388,287	3,061,405

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

22. INVESTMENT INCOME

	THE GROUP		THE COMPANY			
	2015	2014	Non-Linked	Linked	2015	2014
	Rs'000	Rs'000			Total	Total
			Rs'000	Rs'000	Rs'000	Rs'000
Interest income	1,083,591	1,072,326	679,043	401,487	1,080,530	1,069,227
Dividend income	243,973	233,794	256,747	55,490	312,237	279,993
	1,327,564	1,306,120	935,790	456,977	1,392,767	1,349,220

23. OTHER INCOME

	THE GROUP		THE COMPANY			
	2015	2014	Non-Linked	Linked	2015	2014
	Rs'000	Rs'000			Total	Total
			Rs'000	Rs'000	Rs'000	Rs'000
Profit on disposal of financial assets	398,999	350,456	365,059	33,940	398,999	350,042
Miscellaneous income	(311)	789	(311)	-	(311)	126
Profit/(loss) on disposal of investment property	146	(618)	146	-	146	(618)
(Loss)/profit on disposal of property and equipment	(228)	708	(228)	-	(228)	708
	398,606	351,335	364,666	33,940	398,606	350,258

24. MARKETING AND ADMINISTRATIVE EXPENSES

	THE GROUP		THE COMPANY	
	2015	2014	2015	2014
	Rs'000	Rs'000	Rs'000	Rs'000
Marketing and administrative expenses include:				
- Contribution in respect of Corporate Social Responsibility	4,417	3,374	1,301	1,130
- Internal auditors' fees	1,024	1,077	604	690
- Staff costs (see note (a) below)	190,210	180,672	158,091	152,743
(a) Analysis of staff costs:				
Salaries and wages	117,342	111,815	91,823	88,976
Retirement benefit obligations:				
- defined benefit plan (note 18(a)(v))	16,945	15,300	16,549	14,972
- defined contribution plan	2,744	2,365	1,826	1,499
Other costs	53,179	51,192	47,893	47,296
	190,210	180,672	158,091	152,743

25. DIVIDEND PAYABLE

	THE COMPANY	
	2015	2014
	Rs'000	Rs'000
Declared and payable		
Final dividend of Rs 46.00 per ordinary share (2014: Rs 41.80).	121,082	110,026

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

26. EARNINGS PER SHARE

	THE GROUP AND THE COMPANY	
	2015 Rs'000	2014 Rs'000
Earnings attributable to shareholders is based on:		
- Amount transferred from Life Assurance Fund	55,231	55,231
- Interest allocated	46,770	15,082
- Amount transferred to Proprietors' Fund	63,600	42,000
	165,601	112,313
Number of shares in issue	2,632,210	2,632,210
Earnings per share	62.91	42.67

The above amount of Rs. 55.2m (2014: Rs. 55.2m) represents one-third of the total amount transferred from the Life Assurance Fund to the Proprietors' Fund following the actuarial valuation at December 31, 2014.

27. NOTES TO THE CASH FLOW STATEMENTS

	Notes	THE GROUP		THE COMPANY	
		2015 Rs'000	2014 Rs'000	2015 Rs'000	2014 Rs'000
(a) Cash generated from operations					
Surplus on Life Assurance Fund		2,277,834	2,114,795	2,159,092	2,011,174
Adjustments for:					
Depreciation on property and equipment	5	17,601	15,504	16,832	14,666
Depreciation on investment properties	6	10,185	11,545	10,185	11,545
Amortisation of intangible assets	7	10,465	8,259	4,476	2,354
Loss/(profit) on sale of property and equipment	23	228	(708)	228	(708)
(Profit)/loss on sale of investment properties	23	(146)	618	(146)	618
Investment properties written off	6	6,862	-	6,862	-
Impairment charged on loans for the year	11	-	12,000	-	12,000
Impairment charged on receivables		-	5,000	-	5,000
Interest allocated to proprietors' fund		46,770	15,082	46,770	15,082
Investment income	22	(1,327,564)	(1,306,120)	(1,392,767)	(1,349,220)
Net gain on exchange		(62,871)	(9,148)	(57,029)	(10,626)
Profit on sale of financial assets	23	(398,999)	(350,456)	(398,999)	(350,042)
Change in accrued interest		(10,088)	(105,727)	(10,088)	(105,727)
Changes in working capital (excluding the effects of acquisition and disposal):					
- Trade and other receivables		81,829	(161,764)	67,766	(136,123)
- Trade and other payables		2,084	63,714	35,326	29,713
- Retirement benefit obligations	18	16,926	14,269	16,530	13,941
- Outstanding claims		741	30,855	741	30,855
Share of results of associated companies net of dividend		(3,386)	1,791	-	-
Cash generated from operations		668,471	359,509	505,779	194,502

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

27. NOTES TO THE CASH FLOW STATEMENTS (CONT'D)

(b) Cash and cash equivalents

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	2015 Rs'000	2014 Rs'000
Short term deposits (note 13)	1,158,466	544,292	1,158,466	540,792
Cash and cash equivalents	510,553	305,147	260,766	61,122
	1,669,019	849,439	1,419,232	601,914

28. CONTINGENT LIABILITIES

(a) Financial Commitments

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	2015 Rs'000	2014 Rs'000
Outstanding commitments for the following:-				
Loans to be granted	72,802	195,094	74,537	195,094
Investments in freehold properties	-	24,700	-	24,700
Bank guarantees and letter of credit	17,100	16,600	-	-
	89,902	236,394	74,537	219,794

(b) Tax assessment

During the year ended December 31, 2013, the Company 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.

29. HOLDING COMPANY AND ULTIMATE HOLDING COMPANY

The Directors regard Swan General Ltd (previously known as Swan Insurance Company Limited), which owns 79.87% (2014: 76.59%) of the Company's share capital, as the Holding and Ultimate Holding Company. The remaining shares are widely held. The Company is incorporated in Mauritius and its registered office is situated at Swan Centre, 10 Intendance Street, Port Louis.

30. SEGMENT INFORMATION

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

31. RELATED PARTY TRANSACTIONS

(a) THE GROUP

	Sales of services Rs'000	Purchases of services Rs'000	Investment income Rs'000	Recharges Rs'000	Rental charge Rs'000	Financial assets Rs'000	Loans/ Deposits Rs'000	Amount receivable from related parties Rs'000	Amount payable to related parties Rs'000
2015									
Holding company	34,070	16,493	5,195	5,837	(1,007)	-	160,936	23,232	21,922
Associated companies	-	-	-	524	-	50,769	13,440	4,880	539
Fellow subsidiaries	-	-	7,965	1,103	-	20,000	24,771	15,502	-
Shareholders with significant influence	57,847	-	85,030	-	-	2,478,657	1,041,862	10,862	-
Enterprise that have a number of key management/ directors in common	85,691	-	-	-	-	-	-	10,112	-
Key management personnel	1,559	-	482	-	-	-	7,326	-	1
	179,167	16,493	98,672	7,464	(1,007)	2,549,426	1,248,335	64,588	22,462

	Sales of services Rs'000	Purchases of services Rs'000	Investment income Rs'000	Recharges Rs'000	Rental charge Rs'000	Financial assets Rs'000	Loans/ Deposits/ Rs'000	Amount receivable from related parties Rs'000	Amount payable to related parties Rs'000
2014									
Holding company	31,277	8,962	1,015	1,303	(1,047)	-	140,687	14,701	13,224
Associated companies	-	-	-	52	-	39,283	13,440	4,022	-
Fellow subsidiaries	-	-	5,304	182	-	20,000	31,707	7,468	-
Shareholders with significant influence	56,448	-	97,449	-	-	1,693,249	972,253	5,541	-
Key management personnel	1,881	-	331	-	-	-	4,982	27	-
	89,606	8,962	104,099	1,537	(1,047)	1,752,532	1,163,069	31,759	13,224

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

31. RELATED PARTY TRANSACTIONS (CONT'D)

(b) THE COMPANY

	Sales of services Rs'000	Purchase of services Rs'000	Investment income Rs'000	Recharges Rs'000	Rental Income Rs'000	Financial assets Rs'000	Loans/ Deposits Rs'000	Amount receivable from related parties Rs'000	Amount payable to related parties Rs'000
2015									
Holding company	28,741	14,753	5,195	11,672	-	-	160,936	22,344	16,471
Subsidiary companies	424	81,799	66,095	22,709	1,902	-	-	29,107	19,718
Associated companies	-	-	3,091	524	-	614	13,440	4,880	539
Fellow subsidiaries	-	-	7,965	1,103	-	20,000	24,771	15,502	-
Shareholders with significant influence	57,847	-	85,030	-	-	2,478,657	1,041,862	10,862	-
Enterprise that have a number of key management/ directors in common	85,691	-	-	-	-	-	-	10,112	-
Key management personnel	1,559	-	482	-	-	-	7,326	-	1
	174,262	96,552	167,858	36,008	1,902	2,499,271	1,248,335	92,807	36,729

	Sales of services Rs'000	Purchase of services Rs'000	Investment income Rs'000	Recharges Rs'000	Rental Income Rs'000	Financial assets Rs'000	Loans/ Deposits Rs'000	Amount receivable from related parties Rs'000	Amount payable to related parties Rs'000
2014									
Holding company	25,942	6,959	1,015	6,819	-	-	140,687	13,477	5,939
Subsidiary companies	133	79,248	44,495	19,727	2,157	540,012	-	62,365	6,407
Associated companies	-	-	2,170	52	-	614	13,440	4,022	-
Fellow subsidiaries	-	-	5,304	182	-	20,000	31,707	7,468	-
Shareholders with significant influence	56,448	-	97,449	-	-	1,693,249	972,253	5,541	-
Key management personnel	1,881	-	331	-	-	-	4,982	27	-
	84,404	86,207	150,764	26,780	2,157	2,253,875	1,163,069	92,900	12,346

The related party transactions are within the normal course of the business at rate varying between 6% and 14%, secured by life policies of the party.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

31. RELATED PARTY TRANSACTIONS (CONT'D)

(c) Key management personnel compensation

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	2015 Rs'000	2014 Rs'000
Salaries and short-term employee benefits	28,451	28,235	16,900	17,759
Post-employment benefits	1,743	1,455	952	716
	30,194	29,690	17,852	18,475

(d) The terms and conditions in respect of receivables and payables have been disclosed under respective notes. For the year ended 2015, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2014: Nil).

32. THREE YEAR FINANCIAL REVIEW

	THE GROUP			THE COMPANY		
	2015 Rs'000	2014 Rs'000	2013 Rs'000	2015 Rs'000	2014 Rs'000	2013 Rs'000
Life Assurance Fund						
Gross premiums	3,388,287	3,061,405	2,925,636	3,388,287	3,061,405	2,925,636
Net premiums	3,226,097	2,906,720	2,363,115	3,226,097	2,906,720	2,363,115
Investment and other income	2,226,910	2,012,893	1,655,690	2,115,098	1,916,536	1,572,842
Share of profit of associates	6,477	379	13,278	-	-	-
	5,459,484	4,919,992	4,032,083	5,341,195	4,823,256	3,935,957
Surplus for the year before taxation	2,277,834	2,114,795	1,919,350	2,159,092	2,011,174	1,834,055
Taxation	(26,061)	(27,166)	(26,055)	2,624	(3,499)	(7,145)
Surplus for the year	2,251,773	2,087,629	1,893,295	2,161,716	2,007,675	1,826,910
Surplus allocated as follows:						
- Life Assurance Fund	2,159,519	1,856,338	1,836,555	2,098,116	1,799,983	1,787,910
- Proprietors' fund	63,600	207,692	39,000	63,600	207,692	39,000
- Non-controlling interests	28,654	23,599	17,740	-	-	-
	2,251,773	2,087,629	1,893,295	2,161,716	2,007,675	1,826,910
Dividends	121,082	110,026	110,026	121,082	110,026	110,026
Earnings attributable to shareholders	165,601	112,313	89,913	165,601	112,313	89,913
Statement of Financial Position						
Non-current assets	29,424,468	28,317,488	25,386,161	29,739,456	28,645,027	25,721,070
Current assets	4,335,746	3,751,589	3,960,259	4,067,708	3,509,523	3,821,204
	33,760,214	32,069,077	29,346,420	33,807,164	32,154,550	29,542,274
Share capital	26,322	26,322	26,322	26,322	26,322	26,322
Proprietors' fund	595,433	134,145	21,397	595,433	134,145	21,397
Reserves	61,214	61,214	61,214	529,643	529,643	529,643
Non-controlling interests	162,763	149,310	134,793	-	-	-
Life Assurance Fund	32,095,961	30,906,657	28,425,609	31,850,001	30,727,028	28,303,188
Non-current liabilities	250,938	220,112	173,926	249,553	219,581	173,894
Current liabilities	567,583	571,317	503,159	556,212	517,831	487,830
	33,760,214	32,069,077	29,346,420	33,807,164	32,154,550	29,542,274

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 (resigned on December 31, 2015)
Mr. Nicolas MAIGROT - (appointed on July 09, 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. E. Jean-Sebastien MAMET (appointed on February 02, 2016)

DIRECTORS OF THE SUBSIDIARY COMPANIES

Manufacturers' Distributing Station Limited

Mr. M. E. Cyril MAYER (resigned on December 31, 2015)
Mr. J. M. Louis RIVALLAND
Mr. Gerald E. R. J. LINCOLN
Mr. Jaiyansing SOOBAH (appointed on January 01, 2016)

Swan Pensions Ltd

Mr. M. E. Cyril MAYER (resigned on December 31, 2015)
Mr. J. M. Louis RIVALLAND
Mr. Peroomal Gopallen MOOROGEN
Mr. Alan GODER (appointed on February 02, 2016)

Swan Wealth Managers Ltd

Mr. M. E. Cyril MAYER (resigned on December 31, 2015)
Mr. J. M. Louis RIVALLAND
Mr. Peroomal Gopallen MOOROGEN
Mr. Nitish BENI MADHU (appointed on January 20, 2016)

Swan Foundation

Mr. M. E. Cyril MAYER (resigned on December 31, 2015)
Mr. J. M. Louis RIVALLAND
Mr. Jaiyansing SOOBAH (appointed on January 01, 2016)

Swan Financial Solutions Ltd

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

Swan Securities Ltd

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

OTHER STATUTORY DISCLOSURES

FOR THE 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:

- Directors of Swan Life Ltd

	From the Company		From the Subsidiaries	
	2015 Rs'000	2014 Rs'000	2015 Rs'000	2014 Rs'000
Executive Directors				
- Full-time	5,664	5,821	6,141	6,284
Non-executive Directors	1,050	783	91	36
	6,714	6,604	6,232	6,320

	From the Subsidiaries	
	2015 Rs'000	2014 Rs'000
- Directors of subsidiary companies who are not directors of the Company		
- Non-executive Director	5	5

DONATIONS

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	2015 Rs'000	2014 Rs'000
Political donations	-	1,875	-	1,875
Charitable donations	15	52	15	5

CONTRACT OF SIGNIFICANCE

During the year under review, there was no contract of significance to which the Company or one of its subsidiaries was a party and in which a Director of the Company was materially interested either directly or indirectly.

AUDITORS' FEES

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	2015 Rs'000	2014 Rs'000
Audit fees paid to:				
- BDO & Co	1,823	1,729	1,450	1,405
- Other firms	92	92	-	-
	1,915	1,821	1,450	1,405
Fees paid for other services to BDO & Co:				
- Review of statutory return	125	120	125	120
	125	120	125	120

Notice of annual meeting of shareholders

Notice is hereby given that the Annual Meeting of Shareholders (the “Meeting”) of Swan Life Ltd (the “Company”) will be held on 24 June 2016 at 9.30 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

of

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

of

or failing him/her,

of

or failing him/her the 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 09.30 hours and at any adjournment thereof.

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

RESOLUTIONS

FOR AGAINST ABSTAIN

1. To consider the 2015 Annual Report of the Company.
2. To receive the report of Messrs. BDO & Co, the auditors of the Company.
3. To consider and adopt the audited financial statements of the Company and the Group for the year ended 31st December 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 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.
8. To ratify the remuneration paid to the auditors for the financial year ended 31st December 2015.

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Signed this day of 2016.

Signature(s)

Notes:

1. A shareholder of the Company entitled to attend and vote at this meeting may appoint a proxy of his/her own choice to attend and vote on his/her behalf. A proxy 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.

Notes

