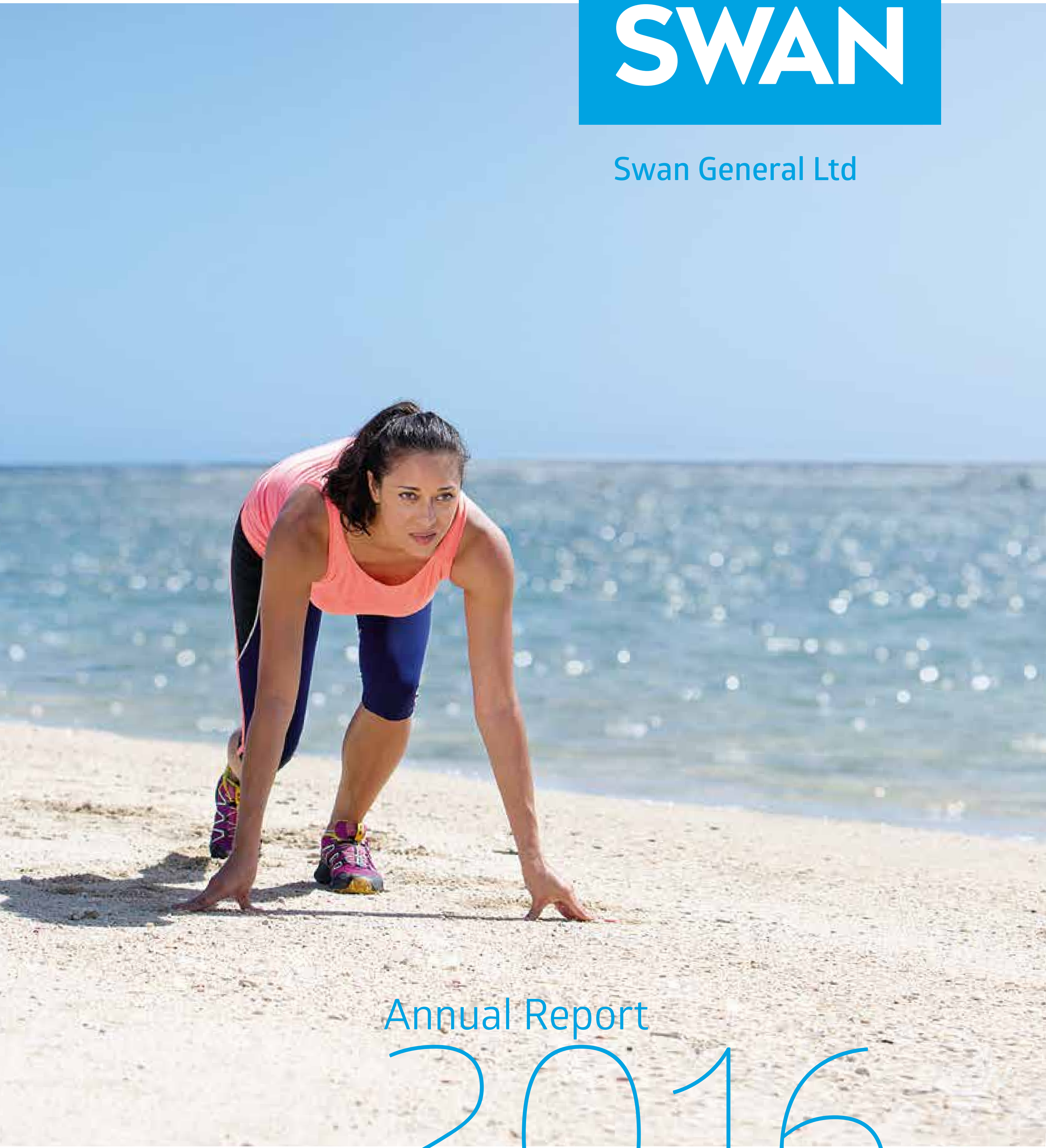


SWAN

Swan General Ltd

Annual Report 2016

Dear Shareholder

The Board of Directors is pleased to present the Annual Report of Swan General Ltd for the year ended 31 December 2016.

This report was approved by the Board of Directors on 28 March 2017.

Nicolas Maigrot
Chairperson

Louis Rivalland
Director and Group Chief Executive

Contents

We provide

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 values are reflected in our actions, in our work, in the services we provide and the results they generate."

JESSICA NG

Our Philosophy

"We accompany our customers at every step of their lives. Our aim is to help them achieve their personal vision of prosperity and financial freedom through a needs-driven approach."

BRUNO LUCHMUN

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.

Chairperson's & Group Chief Executive's Report

2016

Rs580m

The operating profit stood at Rs580m in 2016

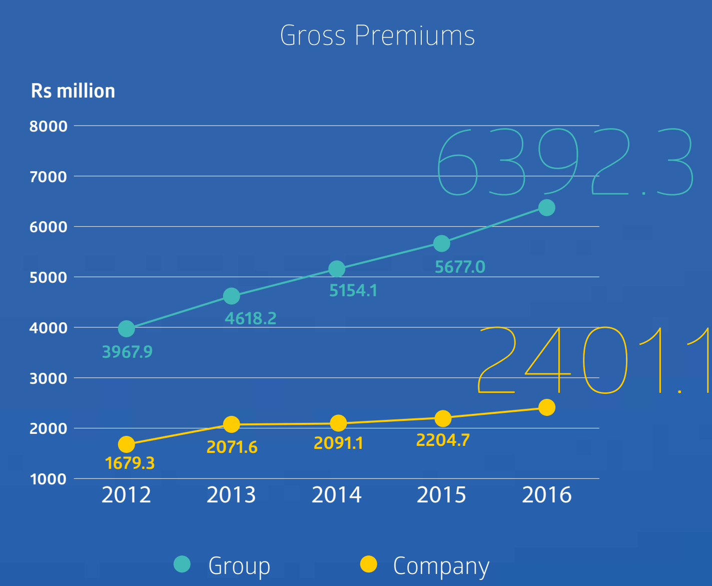
LOUIS RIVALLAND //
Director and Group Chief Executive

On behalf of the Board, we are pleased to present the Annual Report and Audited Financial Statements of Swan General Ltd and the Group for the year ended 31 December 2016.

Short Term Operations

2016 has proved to be a challenging year enabling the Company to demonstrate its resilience. The difficult local economic conditions coupled with the fierce market competition have exerted significant pressure on gross written premiums. We noted a high incidence of claims in the first quarter of 2016, the impact of which was partially offset in the latter part of the financial year.

Gross premiums have increased by 9% in 2016 to Rs 2.4bn driven mainly by the growth in the healthcare and motor business. Other segments posted mixed results taking into account the activity levels in specific sectors of the economy. Our continued focus on retaining our clients and providing service excellence have been instrumental in helping us to achieve this performance. The growth in gross premiums together with our retention of business strategy have translated into our net earned premiums experiencing a significant growth of 25% in the year.



Chairperson's & Group Chief Executive's Report

Underwriting surplus however registered a drop of 11.6% for 2016 reflecting the appreciable increase in the number and frequency of claims observed during the year together with some high severity claims. The two main growth areas, namely health and motor business are also more prone to frequent claims from customers. We have also noted a marked increase in the cost of repairs and total losses for the motor segment whilst medical inflation continues to impact on our technical results. We are nevertheless rigorously monitoring these emerging claim patterns so as to devise adequate and effective responses in a timely manner. These measures would allow us not only to maintain product profitability but also enable us to honour our promise to our customers by providing them with the financial freedom and peace of mind they are looking for knowing that they are adequately protected against financial loss and hardship.

We have continued to focus on personal lines business and are working actively to develop new products for families and individuals. We remain committed to providing our clients with unrivalled levels of service as well as introducing new products or bespoke coverage extensions meeting the evolving needs of customers and reflecting modern business trends.

The Company posted satisfactory overall results for the year especially given the high incidence of claims in the first two quarters. Delivering these results in the midst of pricing pressures, sometimes below technical levels, requires our teams to focus on managing the claims pattern closely and improving the efficiency in service towards our customers. The outlook for 2017 remains positive as we build on our assets, namely our approach to risk assessment and underwriting and prudent asset management.

In 2016, we also reinforced our international team so as to continue investigating opportunities to export our expertise to selected countries in Africa as the domestic growth looks rather limited. We are confident that these leads will be converted into new income streams so that we continue to create value for our shareholders.

Long Term Operations

The long term gross insurance premiums totalled Rs 3.85bn representing an increase of 14% compared to Rs 3.38bn in 2015. Investment income of Rs 1.38bn posted a slight decrease of 1% in 2016 as compared to the Rs 1.39bn in 2015 despite the challenging conditions with respect to interest rates and equity returns. This performance underscores the team's efforts in continually looking for ways and means to boost the investment income and provide satisfactory returns for our policyholders. During the year, we realised an exceptional gain of Rs 983million on one of our investments following the implementation of a corporate transaction. This has significantly increased our surplus for the year from Rs 2.159bn in 2015 to Rs 3.035bn in 2016. Excluding this exceptional gain, our surplus for the year would have been Rs 2.052bn reflecting the combined impact of prolonged low interest rates and volatile equity returns. The life assurance fund continues to grow reaching Rs 34.2bn which equates to a growth of 7.4% in the year.

Long Term Operations - Corporate

Following the approval of our Master Trust for all our Defined Contribution (DC) schemes, we have transferred the majority of the schemes to the Swan Defined Contribution Pension Scheme. Concurrently, we have been working closely with the regulator to approve our second Master Trust to cater for the Defined Benefit schemes. Our vehicle has been licensed in November 2016 and we have started the process to transfer the Defined Benefit schemes to this Master Trust.

As we already alluded to in our 2015 report, the persistent low interest rates and volatile equity returns coupled with the increased life expectancy are presenting employers sponsoring defined benefit arrangements with increased financial pressures. Employers are required to make good the deficiency on the plan assets to ensure that their funds are funded to the level required under the Private Pension Schemes Act 2012. Employers are thus considering various options with respect to these defined benefit arrangements whilst managing the expectations of employees.

DC schemes are also impacted by these same trends. The low returns (be it fixed income or equity) and increasing life expectancy are affecting the level of pensions at retirement. Returns on unit linked funds have been lower than in previous years due to the combined impact of lower fixed income and equity returns. Increased longevity requires most insurers to increase their annuity rates. These two factors thus result in the pensions from DC schemes being lower than expected.

During the year, group pension premium has increased by 22% which is commendable given the current economic conditions. The increase is attributable to onboarding of new clients, increases in the annuity rates as a result of the lower interest rates and increasing longevity and sponsoring DB employers injecting additional contributions with respect to their respective schemes.

Swan Defined Contribution Pension Scheme

2016 saw our teams transfer the Defined Contribution schemes from Swan Life to the vehicle specifically created to comply with the provisions of the Private Pension Schemes Act 2012. During the year, we have explained to our clients the mechanism involved and obtained their agreement as well as the approval of the regulator for this migration. This entailed 392 employers covering 9,964 active members and 5,485 deferred pensioners. The transfer reflects the change in the administration arrangements at no additional cost to our clients.

Pension Administration

Swan Pensions Ltd (SPL) provides a comprehensive range of services to pension funds, whether Defined Benefit, Defined Contribution or a hybrid type. The company provided administrative services to 691 companies grouped under 21 schemes with total active membership reaching nearly 31,312 active members.

During the 2016 financial year, SPL has posted a substantial increase of 55% in turnover. We signed up various large companies as new clients and noted an increase in the revenues from existing clients following their changes in their overall payroll. In addition, in 2016, SPL recorded administration fees with respect to the Swan Defined Contribution Pension Scheme - these schemes were previously managed within Swan Life and with the enactment of the Private Pensions Act, they are now set up under a Trust which is administered by Swan Pensions. Hence the administration fees are recognised in SPL as are the corresponding costs.

Our strategy remains being innovative in the light of a changing and challenging pension environment. We remain in close contact with our clients to ensure that we are attentive to their needs and help them navigate the challenges and financial costs of maintaining pension schemes for their employees.

During 2016, we have been investigating various leads to manage pension funds in selected countries in Africa and remain confident that these will be concluded successfully in 2017 generating growth for the shareholders.

Long Term Operations - Individual

The individual insurance business delivered sound growth in 2016. Our distribution channels continue to generate satisfactory new business production especially in the current economic environment. We believe that at the same time these factors of low interest rates and volatility of capital markets present us with sizeable opportunities to tap into the long term savings market. Our clients are looking for savings and investment opportunities that will help them reach their financial goals. We believe that the efforts of our sales team in understanding and advising our clients on their financial needs and aspirations position us as a preferred financial solutions partner for life. We are committed to educating our clients in respect of savings and planning for their retirement or for their children's education and protecting the needs of their families. In this respect, we continue to dispense training to our sales force over the year.

The value proposition of SWAN's individual business delivery is to develop an unrivalled customer experience by delivering exceptional service levels. The launch of the SWAN Rewards program in 2016 is a token of our appreciation to our customers for their renewed trust in SWAN and enable them to benefit from a number of advantages offered by our range of partners linked to the products we offer. Our team is working to expand on the range of benefits over time.

Wealth Management/Capital Markets

Swan Wealth Managers Ltd (SWML) is the leading provider of asset management services in Mauritius and currently manages investments worth more than Rs 40 bn across different asset classes, regions and sectors. SWML's customer base includes pension funds, insurance companies, investment funds, high net worth individuals and the general investing public.

SWML has continued to pursue its strategy of aggressive networking, recalibration of investment strategies and provision of advisory services including successful deal structuring and fund raising. In May 2016, SWML launched the asset Smart Dynamics Notes. This 5 year structured product provides the investors with a Note which invests in different assets classes and various geographical regions at all times and ensures full capital protection of their initial investment and a minimum return at maturity (subject to the credit worthiness of the financial institutions with whom the funds are invested). SWML raised Rs 208million, which exceeded the intended Rs 182.5millon target. We are working on other such structured products to be launched in the course of 2017 with new innovations.

The team of SWML has concurrently explored different avenues for exporting its knowledge and expertise to selected African countries working closely with sister companies. We will thus be able to build on the skills of our people and the capture of new markets to enhance shareholder value in this venture.

Swan Securities Ltd (SSL), our licensed stockbroking company, had a more difficult year as compared to 2015. Market activity on the Official List of the Stock Exchange of Mauritius registered an all time high of Rs 18bn in 2015 whereas this dropped to Rs 13.64bn for 2016. SSL's turnover and profit after tax thus decreased by 28% and 60% respectively. In view of these challenges and with the aim to reverse this trend, the team is looking into developing new service offerings and improving efficiency at all levels. Customer service remains a cornerstone of our culture and underpins our focus to onboard new clients.

Other Developments

In October 2016, the Financial Services Commission issued the Insurance (Risk Management) Rules 2016, which will become effective on 1st July 2017. In a nutshell, the Rules provide for insurers to have a risk management strategy and framework to enable them to develop and implement strategies, policies, procedures and controls to manage material risks. The Company and relevant subsidiaries are working towards adapting SWAN's existing enterprise risk management framework to comply with the Rules. In line with the Rules and following approval of the Financial Services Commission, we appointed a Risk Officer as from 1st January 2017.

In 2016, we acquired a Talent Suite in order to facilitate the implementation of our talent management strategies. A first module, namely performance management, was successfully launched. We seized this opportunity to revamp our performance management system in line with global best practices. A key feature of the new system is employee recognition.

During the course of the year, we also laid special emphasis on succession planning to ensure the availability of talent within SWAN. We initiated the ground work in view of the digitalisation of our succession planning processes for more effectiveness.

In our quest for customer service excellence, we set up a special project named 'Up Your Service Torch'. Each and every employee of SWAN was involved in this initiative. This resulted in the implementation of an important number of practical suggestions aimed at improving the customer experience which remains at the cornerstone of our value proposition.

Conclusion

Irrespective of the ongoing challenges, we remain focused on consistently delivering value for our customers and generating the necessary financial performance for our shareholders. We would like to thank the SWAN team for their hard work during a busy year. The Company has delivered strong financial numbers and we believe that we have strong fundamentals to continue delivering consistent growth for all our policy holders and shareholders over the long term.

Overall long term gross premium reached Rs 3,859M, an increase of 14 % compared to Rs 3,388M in 2015

NICOLAS MAIGROT //
Chairperson

Directorate

LOUIS RIVALLAND //
Group Chief Executive

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

He was part of the management team of Commercial Union in South Africa from 1994 to January 1997 and conducted several assignments for Commercial Union in Europe. From February 1997 to July 1999 he worked as Actuary and Consultant at Watson Wyatt Worldwide developing the investment function as well as enhancing the healthcare function.

In August 1999, he joined SWAN as Consultant to Group Chief Executive. He was involved in the review and setting up of processes and systems for the pensions, investments and life insurance operations and was responsible for the actuarial and consultancy work for the pension schemes.

From January 2002 to December 2004, he acted as Executive Manager of The Anglo Mauritius Assurance, now Swan Life Ltd. In January 2005 he has was appointed Group Chief Operations Officer responsible for the operations of Swan Insurance, now Swan General Ltd and The Anglo-Mauritius Assurance, now Swan Life Ltd, and member of the Executive Management Committee of SWAN. Since January 2007 he is the Group Chief Executive of SWAN.

He has been the President of the Joint Economic Council, now Business Mauritius and of the Insurers' Association of Mauritius. He is currently the Chairman 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 Limited
- New Mauritius Hotels Limited

MICHEL THOMAS //
Chief Operations Officer

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

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

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

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

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

Directorships in other listed companies: None

Directorate

Born in 1959, Gopallen Mooroogen is a fellow of the Association of Chartered Certified Accountants (FCCA). He also holds an MBA from the University of Wales / Manchester Business School.

He has been a director on the Board of the Stock Exchange of Mauritius (SEM) and the Central Depository Services Ltd (CDS) for a number of years and has been the Chairman of the SEM for a few years. He is currently a senior Executive at Mauritius Telecom looking at Finance Transformation.

Directorships in other listed companies: None

GOPALLEN MOOROOGEN //
Independent Non-executive

Born in 1937, he holds a BSc. (Econ.) from the London School of Economics and Political Science and is a Fellow of the Institute of Chartered Accountants in England and Wales.

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

Directorships in other listed companies: None

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

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

He is currently the Chief Executive Officer and Executive Director of Rogers and Company Limited. He worked for CSC Index in London as a management consultant from 1994 to 1997. He joined Rogers in 1997 and was appointed Chief Executive Officer in 2007. He has proven experience of mergers and acquisitions, business turnaround and transformation. He has an extensive expertise with strategy development and execution, inspiring leadership with senior management in the Group's four served markets, FinTech, Hospitality, Logistics and Property.

Directorships in other listed companies:
- Air Mauritius Limited
- Rogers and Company Limited

PHILIPPE ESPITALIER-NOËL //
Non-executive

Born in 1968, he holds a degree in Management Sciences from the London School of Economics and Political Sciences. He is presently the Managing Director of Terra Mauricia Ltd.

He has acquired, during his career, a rich experience at executive levels. He operated in various manufacturing industries, as well as in the areas of finance and services. Throughout his career, he had various leadership positions such as Chief Executive Officer of Ciel Textile Ltd and Ireland Blyth Limited.

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

NICOLAS MAIGROT //
Non-executive

Directorate

SÉBASTIEN MAMET //
Non-executive

Born in 1975, he worked in the audit department of Ernst & Young London and Mauritius for eight years, he joined the Corporate Finance division of PricewaterhouseCoopers Mauritius in 2004.

As Senior Manager of the division, he advised clients on mergers & acquisitions, business plans, finance raising and financial restructuring, among others. He joined Terra Group (previously known as Harel Frères) in 2009 to head its new strategic development function. As a member of the Management Committee, he advises on the strategic orientation of the group and is responsible for implementing new business developments.

As from 13 May 2016 he has been appointed General Manager of Terragri Ltd, in charge of all the agriculture sector of Terra in Mauritius and abroad.

Directorships in other listed companies: None

HECTOR ESPITALIER-NOËL //
Non-executive

Born in 1958, he is a member of the Institute of Chartered Accountants in England and Wales.

He worked for Coopers and Lybrand in London and with De Chazal du Mée in Mauritius. He is presently the Chief Executive of ENL Limited. He is also Chairman of New Mauritius Hotels Ltd and Bel Ombre Sugar Estate Ltd. He is also a Past President of Rogers and Company Limited, The Mauritius Chamber of Agriculture, the Mauritius Sugar Producers Association and the Mauritius Sugar Syndicate.

Directorships in other listed companies:
- ENL Commercial Limited
- ENL Land Limited
- New Mauritius Hotels Limited
- Rogers and Company Limited

HENRI HAREL //
Non-executive

Born in 1960, he is an Associate member of the Institute of Chartered Secretaries and Administrators.

He joined Terra in 1996. He is at present the Group Chief Finance Officer and a member of Terra Mauricia Ltd Strategic Committee. He was also the Chairperson of the Sugar Industry Pension Fund and of its Finance and Investment Committee.

Directorships in other listed companies:
- Terra Mauricia Ltd.

RENÉ LECLÉZIO //
Non-Executive

Born in 1956, he holds a BSc in Chemical Engineering and an MBA from the London Business School.

Before being appointed CEO of Promotion and Development Ltd in 1987, he worked in London as consultant engineer in the oil and gas industry and with Lloyds Merchant Bank as Assistant Manager in Project Finance.

Directorships in other listed companies:
- Caudan Development Limited
- Promotion and Development Limited

VICTOR SEEYAVE //
Independent Non-executive

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

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

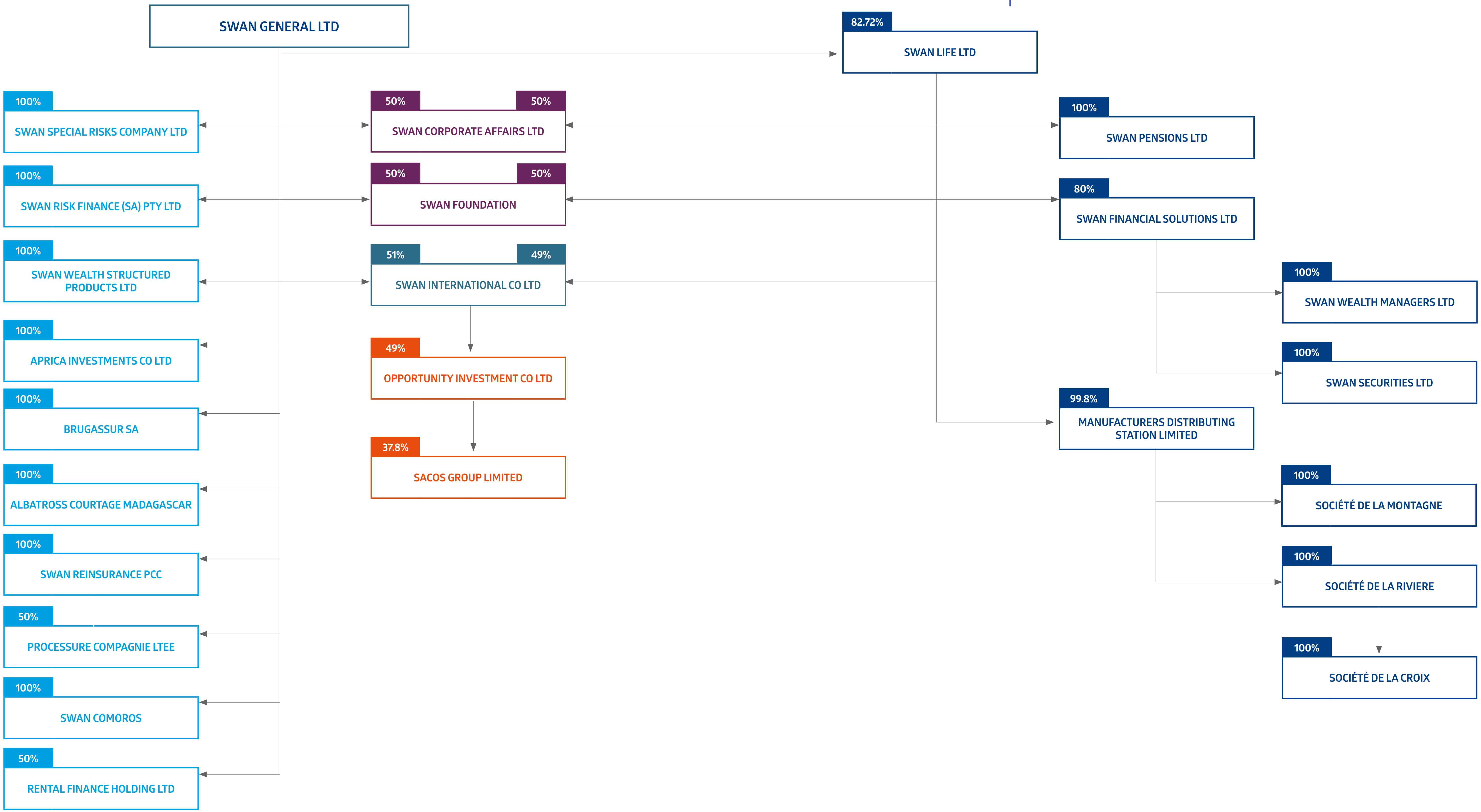
Directorships in listed companies:
- Innodis Limited

BENOIT BANCILHON

"At SWAN, we have a strong team spirit. We can count on our team members across departments to find solutions for our clients."

MARY JANE VELLIN

Group Structure



Key Numbers

	THE GROUP		THE COMPANY	
	Rs'000	Rs'000	Rs'000	Rs'000
	2016	**2015**	**2016**	**2015**
Gross Premiums	**6,392,318**	5,676,978	**2,401,074**	2,204,745
Net Earned Premiums	**4,948,565**	4,227,657	**1,256,469**	1,001,560
Profit Before Tax	**268,084**	310,214	**233,731**	269,363
Dividends Paid	**99,309**	99,309	**99,309**	99,309
Dividend per share	**12.00**	12.00	**12.00**	12.00
Earnings per share	**27.87**	31.11	**26.77**	30.24

In 2016

Rs**6.4**bn

Gross Premiums (Group)

In 2016

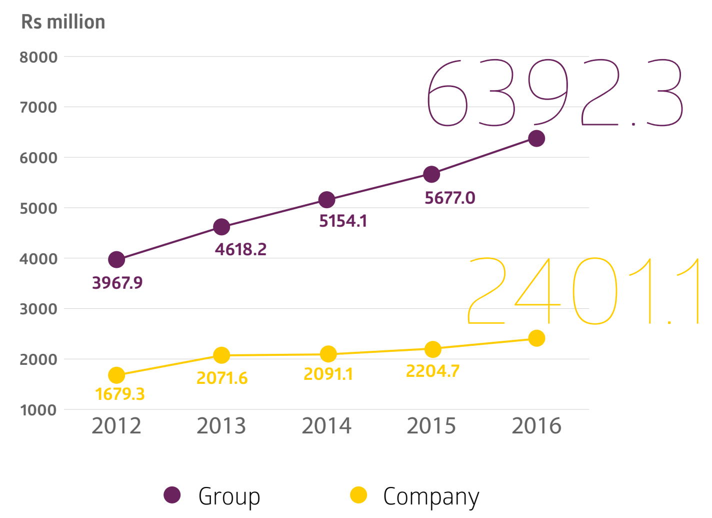
Rs**1.3**bn

Net Earned Premiums (Company)

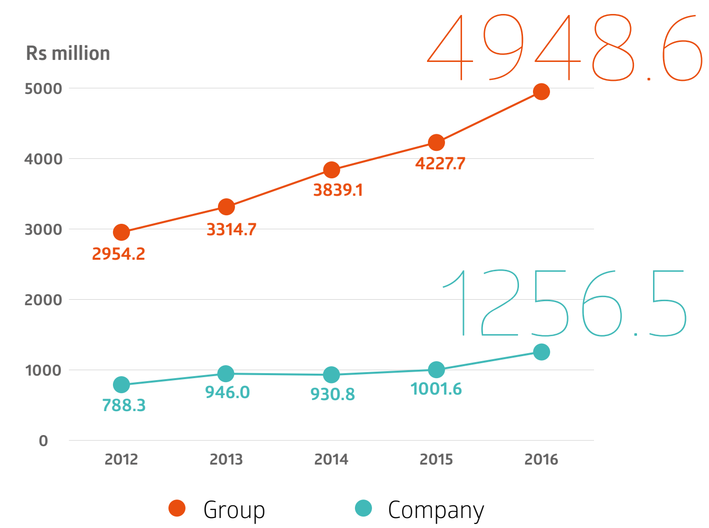
CSR

Rs. 8.1 M donated to 57 beneficiaries in 2016

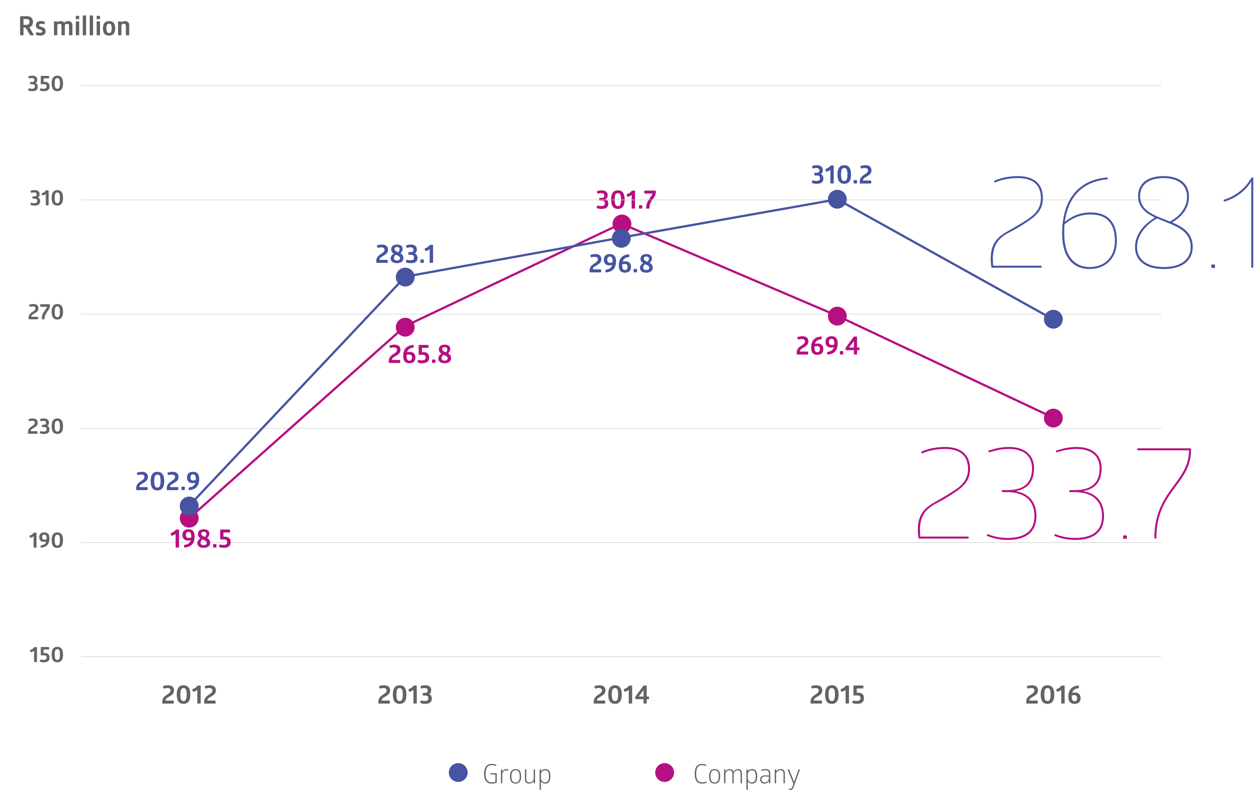
Gross Premiums



Net Earned Premiums

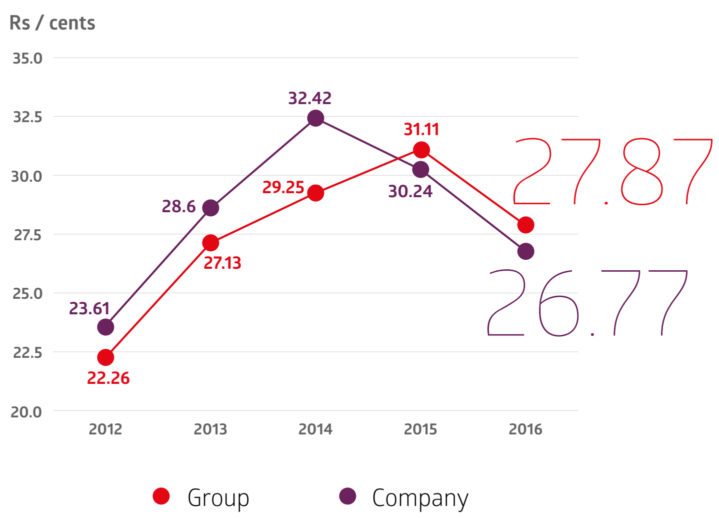


Profit Before Tax



Key Numbers

Earnings per Share



In 2016

Rs**12.0**

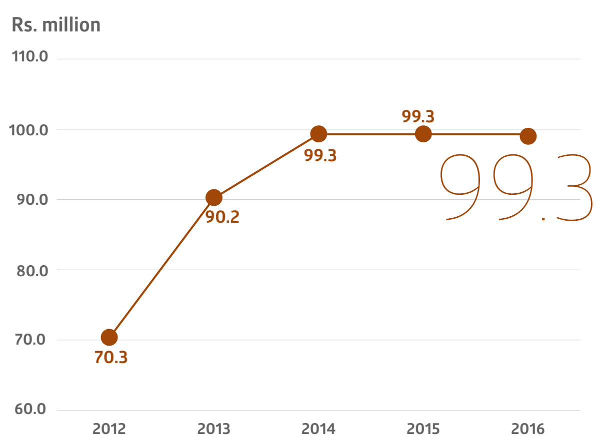
Dividend per share

In 2016

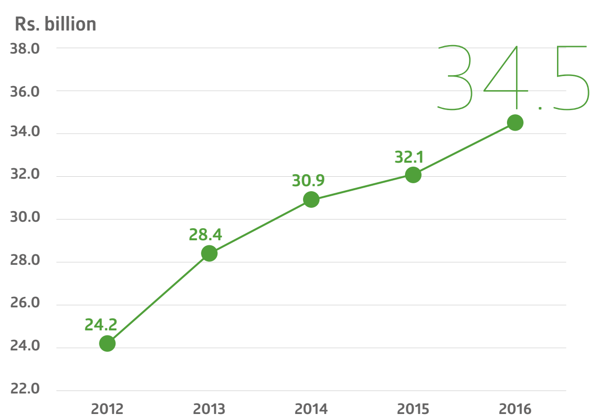
Rs**34.5**bn

Life Assurance Fund

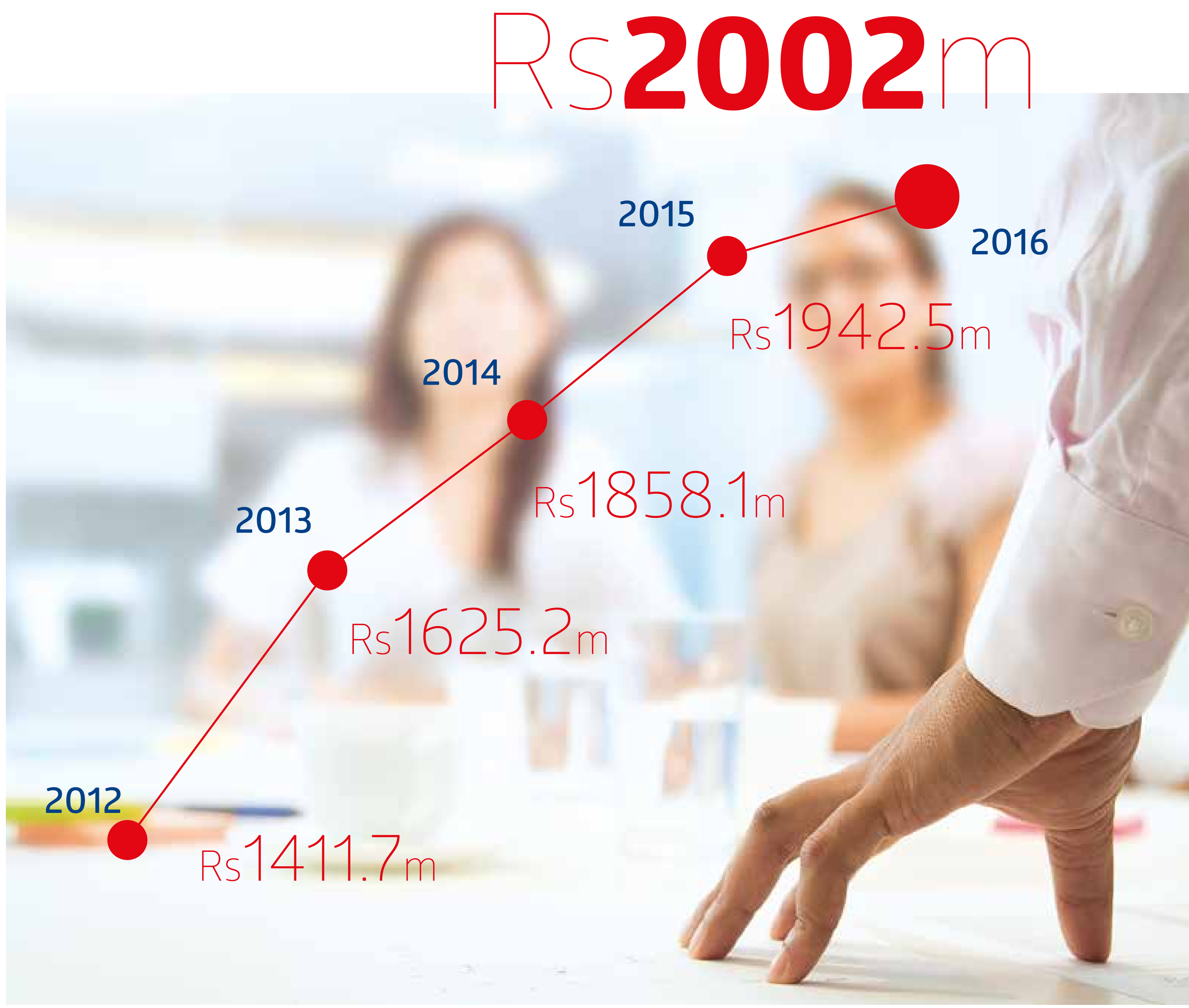
Dividends Declared (Group & Company)



Life Assurance Fund (Group)



Reserves (Company)



Senior Management

ALAN GODER //
Group Systems and Processes

Born in 1967, worked in the Actuarial Department of The Anglo Mauritius Assurance Society Limited (now known as Swan Life Ltd) as Actuarial Clerk from February 1988 to April 1989.

From May 1989 to December 1995, he was employed as Technical Supervisor in the Life Department of The Albatross Insurance Company Ltd. From August 1996 to June 2001, he was Executive Director of Actuarial & Capital Management Services Ltd., now the AXYS GROUP. From July 2001 to October 2004, he was the Chief Executive Officer of Pension Consultants & Administrators Limited (now known as Swan Pensions Ltd).

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

Alan is also Senior Manager to the Group Systems & Processes department. His key areas of specialisation are pensions administration and consulting.

Born in 1976, he is an insurance professional with extensive experience of practising mostly over the African continent, Jean-Alain is passionate about the role that insurance plays in safeguarding livelihoods and economic activity and thus enabling development.

He is a Chartered Insurer, also Fellow of the Chartered Insurance Institute, and has an MBA from Heriot Watt University.

Throughout his career, Jean-Alain has successfully evolved through the technical sphere (underwriting and claims), as well as client-management and leadership roles, mostly with the leading reinsurer Munich Re, with whom he had been employed since 1998. He had started his career in insurance in 1994 with Island General Insurance in Mauritius. Jean-Alain joined Swan General Ltd in 2016 and heads the Corporate Business unit.

JEAN ALAIN FRANCIS //
MBA, F.C.I.I.
Corporate Business
(As from 1st May 2016)

Born in 1953, joined the Albatross Insurance Company Ltd. as Underwriter in 1976 and was later promoted Senior Supervisor.

In 1986 he joined the Mauritian Eagle Insurance Co. Ltd. as Marketing Manager. In 1989, he participated in the setting up of La Prudence Mauricienne Assurances Ltée where he acted as Manager - Short-Term Business.

He joined Swan Insurance (now Swan General Ltd) as Senior Manager - Technical in April 2000. He has been responsible for the Motor and Fire & Accident Departments, Individual Business Development, Agents Monitoring & Product Review. He was involved in the company's Marketing & Communication Support function. At the insurance industry's level, he was a member of the Special Committee that worked on the setting up of the "constat à l'amiable" in November 2004. He was also a member of The Motor Vehicle Insurance Arbitration Committee until December 2016.

He is now responsible for the company's Affinity Business Development, Customer Service and Complaints Coordination. He is currently the Chairperson of the SWAN CSR Committee set up to manage SWANs' social investments.

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

Senior Management

Born in 1974, she joined SWAN in May 2016. She is a member of the Institute of Chartered Accountants in England and Wales and holds a BA Economics from the University of Cambridge.

Prior to joining SWAN, she was a Partner in the Transaction Advisory Services department at Ernst & Young. She has over 15 years advised clients on various aspects of their transactions (valuations, due diligences, fund raising) in Mauritius and in Africa across a variety of sectors. She was based in Johannesburg from Oct 2006 to June 2008 gaining specific valuation experience with Ernst & Young. In addition to the Finance function, she works closely with the investment team of SWAN and is involved with the group's international development initiatives.

PREETEE JHAMNA RAMDIN //

BA (Hons), MA (Cantab)
Chief Financial Officer
(As from 1st May 2016)

Born in 1975, he started his career with Mauritius Union Assurance Co. Ltd. in 1996, and 4 years later, joined Swan Insurance Co. Ltd. (now Swan General Ltd.) staying till 2010.

Thereafter, Bipin joined Munich Re (Mauritius), where he was the Head of Underwriting. His area of operation, which covered Sub-Saharan Africa, allowed him to hone his knowledge of the underlying intricacies of doing business in this region, as well as to build a solid and reliable network.

He returned to SWAN in 2014, heading the Technical Dept., and was appointed Senior Manager in 2016. Currently, Bipin oversees the Technical, Motor and Individual Business Units. He is also responsible for the operations of the Swan Re PCC, a captive solution provider. Bipin holds a B.Sc. (Hons) in Economics and an MBA, and is also a Fellow of the Chartered Insurance Institute.

NEELKAMAL RAGOO //

B.Sc (Hons), MBA, F.C.I.I.
Technical, Motor & IBU, Captive Solutions
(As from 1st July 2016)

He is responsible for SWAN's international development and oversees a number of projects mainly in sub Saharan Africa where he assists SWAN in setting up an elaborate network of cross-border relationships as well as implementing SWAN's longer term objectives in these jurisdictions.

He has developed an in-depth knowledge of these markets including of their local regulatory environments and is a Board Director on a few international subsidiaries. On the strength of his previous tenure as Marketing Manager of Albatross Insurance and CIM Insurance, Patrice took over the Marketing function of the Group in September 2016. Born in 1963, Patrice holds a M.Sc. in Applied Mathematics, USA.

PATRICE BASTIDE //

B.Sc and M.Sc
Group Marketing & International Development

Born in 1958, he joined the Company in 1978. He qualified as an Associate of the Chartered Insurance Institute (London) in 1983 (A.C.I.I.) and obtained his Fellowship (F.C.I.I.) in 1991.

He is a Chartered Insurer and a member of the Insurance Institute of Mauritius (IIM). He was promoted to Senior Manager in 2003.

He has been working in the Insurance Industry for 39 years. During the past 22 years he has been heading the Reinsurance and Statistics department of the Company. His main responsibility at Swan General Ltd is to ensure that the Company is adequately reinsured with first class security Reinsurers for all the risks emanating from our underwriting activities.

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

TSE KWONG PHILIPPE LO FAN HIN //

F.C.I.I. - Reinsurance and Statistics

Senior Management

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

Born in 1962, he worked as Assistant Personnel & Public Relations Officer at the Constance & La Gaieté SE Company Ltd from 1983 to 1988.

He joined Deep River-Beau Champ Ltd (DRBC) as Assistant Personnel Manager/Public Relations Officer in 1988. He was promoted to the position of Personnel Manager/Public Relations Officer with the same company in 1990.

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

He joined the Group in 2006.

NITISH BENI MADHU //
B.Sc. (Hons), M.Sc
Capital Markets

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

He has more than 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 & MDA Properties and regularly lecturers at the University of Mauritius in Economics & Finance. He joined Anglo Mauritius Investment Managers Ltd (now Swan Wealth Managers Ltd) in 2005 and now heads the non-insurance cluster of SWAN (Capital Markets) together with investment projects of SWAN.

RÉMI DESVAUX DE MARIGNY

held the position of Senior Manager - Corporate Business and Individual Business Unit up to 30 June 2016.

MAXIME REY

held the position of Senior Manager - Group Finance, Loans & Legal up to 31 May 2016.

Management Team

1. Sonia KALACHAND-CANABADY B.A, M.A - Group Human Resources / 2. Gaël ALIPHON A.C.I.I. - Sales and Development / 3. Ishwari MADHUB B.Sc. (Hons.), F.C.C.A., M.B.C.S, M.B.A - Systems & Processes 4. Herbert MADANAMOOTHOO Maîtrise de Droit - Compliance, M.L.R.O / 5. Sonia CHAROUX A.C.I.I., MBA - Reinsurance and Statistics / 6. Bilal TAUJOO MSc, FCCA, ACII, Finance / 7. Bruno NALLETAMBY A.C.I.I., A.C.I.S., ACI Arb - Marine and Administration / 8. Gianduth JEEAWOCK B.Sc. (Hons.), CFA - Investments (from 01 July 2016) / 9. Ivan THOMAS Underwriting (from 01 July 2016)

1. Julien RIVET Cert CII - Corporate Property and Liability / 2. Carine ADELSON B.A, M.A - Marketing (w.e.f 01 June 2016) / 3. Guillaume BOUIC B.Sc., A.C.I.I (from 01 December 2016) / 4. Veenaye BUSGEETH F.C.C.A. - Corporate Finance / 5. Jean Yves VIOLETTE ANZIIF (Assoc), C.I.P. - Claims / 6. Dave LUCHMUN Group Facilities / 7. Shailen J. SOOBAH F.C.C.A., MBA, Dip C.I.I - Group Company Secretary; Business Support - Corporate Office; Risk Officer (w.e.f 01 January 2017) / Ashley NUCKCHADY Motor (Absent) / Gregory BOUIC Cert CII, Master 1 en Management Stratégique, Master 2 en Finance/Management - Health (w.e.f 01 July 2016) (Absent) / Nathalie TONG SAM A.C.I.I - Documentation and Policy Processing (Absent) / Patrick ANDRÉ Health and Travel (up to 30 June 2016) (Absent)


Rs. billion
38.0
36.0
34.0
32.0
30.0
28.0
26.0
24.0
22.0
24.2
28.4
30.9
32.1
34.5
2012
2013
2014
2016

We progress

CSR

Staff of Swan and their families raising awareness about environmental issues during Earth Hour.

Louis Rivalland sharing some time with representatives of NGOs.

In 2016

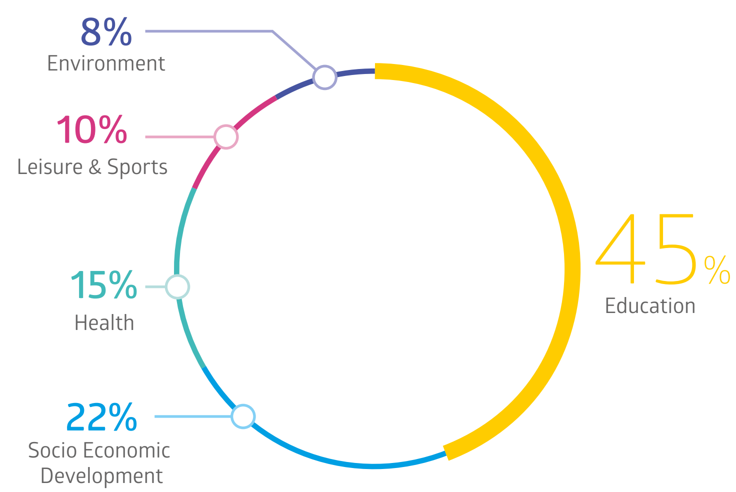
Rs**8.1**m

Were dedicated to support **57 NGOs.**

Aware of NGOs' esteemed contribution to the social development of Mauritius, SWAN has further strengthened its partnership with them last year. In doing so, the group provided financial support to **57 NGOs** to the tune of **Rs 8.1 million**. These organisations are involved in a number of initiatives in various sectors such as education and training, socio-economic development, health, environment as well as leisure, arts and sports.

Education has remained on top of SWAN's priority as it acknowledges its vital role both for our society and our economy. Indeed, almost **45%** of CSR fund disbursed in 2016 went to NGOs involved in the field of education and training. This represents a slight increase as compared to 2015. Those NGOs to which we provided support are committed to helping children to reach new heights in their studies both at primary and secondary level.

CSR Disbursement 2016



The second pillar on which Swan Foundation laid much emphasis last year is socio-economic development. More than **22%** of our fund has been attributed to organisations working towards upgrading the standard of living of the underprivileged classes through both financial assistance and some basic skills education. Indeed, initiatives to drive social development forward are numerous and SWAN is committed, in its daily activities as well as through its CSR, in this endeavor. The ultimate goal is to see these people stand on their own and be able to make their own living.

At SWAN, we are aware that protecting people is also about catering for their health. Besides treatment, our citizens need to be sensitized on some diseases which may be avoided if people are provided with sound information. In this view, we have donated **15 %** of our budget to NGOs working towards improving the health of the population. Last year, a special focus was on children suffering from diabetes through the support given to T1 Diams. We also had a special attention for our elderly. As we used to do for nearly 50 years now, some of our colleagues devoted their time to residents of the Leonard Cheshire Home.

Leisure and sports is one of the key towards the betterment of society, since it conveys values such as respect. As previous years, SWAN has once more been a keen supporter of sports in Mauritius. Last year, up to **10 %** of our funds went to sponsoring sports association.

Protecting people not only means providing for their financial freedom, but also preserving the environment they live in. Upgrading our standard of living cannot be done to the detriment of our environment and the eco-system at large. In 2016, **8 %** of our CSR Funds was allocated to organisations which have showed passion and dedication in the protection our flora and fauna, amongst which the Mauritius Wildlife Foundation.

SWAN firmly believes that the private sector should have a strong commitment to the society in which it operates. Besides our duty to make the company grow, our role is also to contribute in enhancing the environment for progress, for the people and the society as a whole.

Staff of Swan with the elders at Cheshire Home.

Lunch bags offered to Caritas Pointe aux Sables for children of the region.

Staff of Swan with the children at T1 Diams.

Corporate Governance Report

1. COMPLIANCE STATEMENT

The Board of Directors ensures that the principles of good governance are followed and applied by the Company and throughout the Group. For the year under review, except as specifically mentioned, the Company has complied in all material respects with the Code of Corporate Governance for Mauritius.

2 SHAREHOLDERS

2.1 HOLDING STRUCTURE

As at 31 December 2016, the following shareholders held more than 5% of the share capital of the Company:

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

2.2 COMMON DIRECTORS

For the year ended 31 December 2016, the following were the common directors:

	Swan General Ltd	Intendance Holding Ltd	Rogers and Company Limited	Excelsior United Development Companies Ltd
Nicolas Maigrot	✓	✓		
René Leclézio	✓			✓
Philippe Espitalier-Noël	✓		✓	
Hector Espitalier-Noël	✓		✓	
Henri Harel	✓	✓		
Sébastien Mamet	✓	✓		

2.3 SHARE OWNERSHIP

Share ownership as at 31 December 2016 was as follows:

Size of shareholding	Number of shareholders	Number of shares	% of total issued shares
1 – 500	667	83,468	1.009
501 – 1,000	103	83,682	1.011
1,001 – 5,000	158	354,632	4.285
5,001 – 10,000	40	286,458	3.461
10,001 – 50,000	33	646,811	7.816
50,001 – 100,000	4	306,472	3.703
100,001 – 250,000	-	-	-
250,001 – 500,000	1	274,646	3.319
Over 500,000	3	6,239,600	75.396
TOTAL	**1,009**	**8,275,769**	**100**

2.4 SHAREHOLDER CATEGORY

Shareholder category	Number of shareholders	Number of shares	% of total issued shares
Individuals	883	982,408	11.871
Insurance companies	2	1,200	0.015
Pensions and provident funds	39	744,619	8.998
Investment and trust companies	9	26,863	0.325
Other corporate bodies	76	6,520,676	78.792
TOTAL	**1,009**	**8,275,769**	**100**

Corporate Governance Report

2.5 SHAREHOLDER COMMUNICATION AND EVENTS

The Company communicates with its shareholders through press communiqués, publication of quarterly results, its annual report and at the meeting of shareholders. Shareholders are encouraged to ask questions during the annual meetings. Board members attend the annual meeting of shareholders.

In addition, the Company's website is regularly updated with share price and financial results. Key events are set out below:

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

2.6 DIVIDEND POLICY

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

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

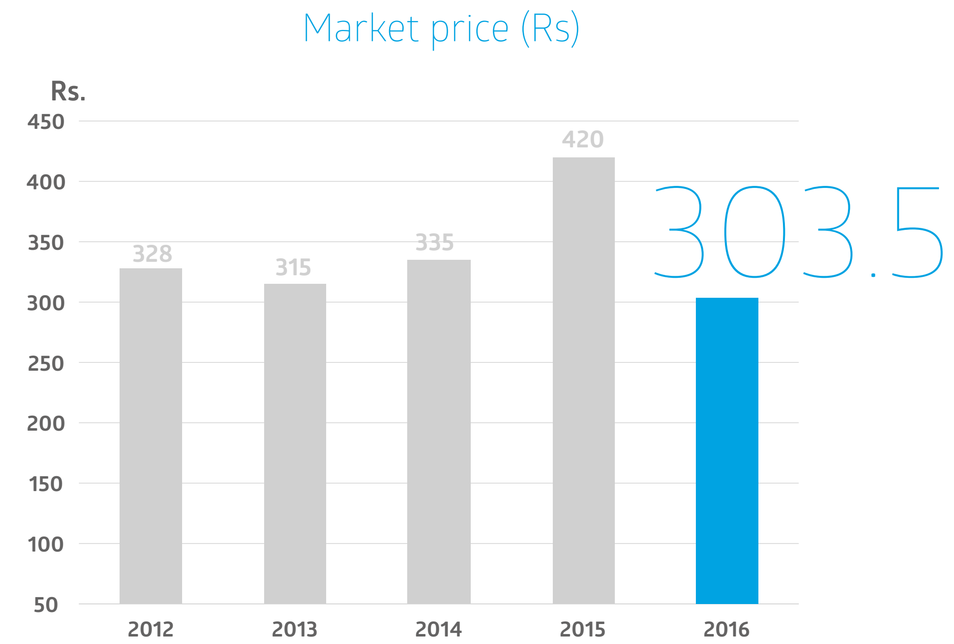
Key dividend figures for the last 5 years are shown below:

Year	Dividend per Share (Rs)	Dividend Cover* (Times)	Dividend Yield** (%)
2016	12.00	2.23	3.95
2015	12.00	2.52	2.85
2014	12.00	2.70	3.58
2013	10.90	2.63	3.46
2012	8.50	2.78	2.60

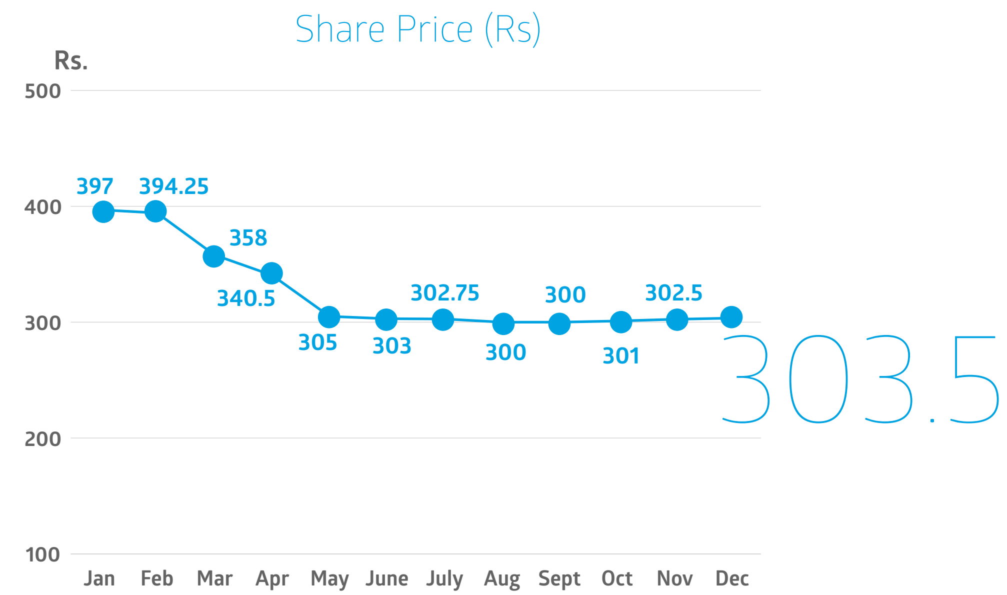
*Dividend Cover is the number of times profit for the year covers the dividend declared.
**Dividend Yield is equal to the annual dividend per share divided by the market price.

2.7 SHARE PRICE INFORMATION

The share prices (at 31 December) of the Company for the past five years are shown below:



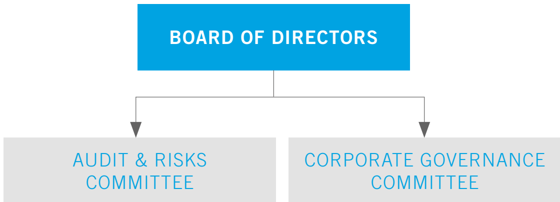
Share prices at month end of the Company during 2016 were as follows:



Corporate Governance Report

3. GOVERNANCE STRUCTURE

The governance framework of the Company is as follows:



Each subsidiary has its own Board. As provided in the Code of Corporate Governance, the Audit & Risks Committee and the Corporate Governance Committee are established at Group level and oversee the governance, audit and risk issues of all the subsidiaries.

4. BOARD

4.1 COMPOSITION OF THE BOARD

Directors' profiles appear on pages 14 to 19 of the Annual Report.

The functions and responsibilities of the Chairperson and Group Chief Executive are separate. The Chairperson leads the Board, ensuring that each director is able to make an effective contribution. He monitors, with the assistance of the Company Secretary, the information distributed to the Board to ensure it is sufficient, accurate, timely and clear. The 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 Board consists of executive, non-executive and independent non-executive directors. The non-executive directors constructively challenge and help develop proposals on strategy, scrutinise the performance of Management in achieving the stated objectives and monitor the reporting of performance.

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

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

As part of the induction process, newly appointed directors receive an 'Induction Pack' containing key information on the Group and the sector in which it operates. All new Board appointments are subject to the approval of the Financial Services Commission.

Composition of the Board:

Executive	Louis Rivalland (Group Chief Executive) Michel Thomas (Chief *Operations Officer*)
Independent non-executive	Gopallen Mooroogen Pierre Dinan Victor Seeyave
Non-executive	Nicolas Maigrot (Chairperson) Hector Espitalier-Noël Henri Harel Philippe Espitalier-Noël René Leclézio Sébastien Mamet (Appointed on 02 February 2016)

4.2 ROLE OF THE BOARD

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

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

4.3 ELECTION OF DIRECTORS

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

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

4.4 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. Given the recent changes at Board level, the Board did not consider it appropriate to have an appraisal during the reporting year.

4.5 BOARD COMMITTEES

(I) The Audit & 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 Mooroogen (Chairperson) (*independent*)

Mr. Pierre Dinan (*independent*)

Mr. Victor Seeyave (*independent*)

Mr. Henri Harel (*non-executive*)

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

Members of the Senior Management, the External Auditors and the Internal Auditors regularly attend meetings of the Audit & Risks Committee. The Company Secretary acts as Secretary to the Committee.

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

The primary function of the Committee in relation to audit is to assist the Board of Directors in discharging its oversight responsibilities with respect to:

a) the safeguarding of assets;
b) the systems of internal controls regarding finance, accounting standards, legal compliance and ethical behaviour;
c) the auditing, accounting and financial reporting processes generally;
d) the financial statements and other financial information provided by the Group to its shareholders, the public and others;
e) compliance with legal and regulatory requirements; and
f) the performance of the Group's Internal Auditors and External Auditors.

In relation to risks, the Committee discharged its duties by:

a) Reviewing and assessing the integrity of the risk control systems and ensuring that risk policies and strategies are effectively managed;
b) Setting out the nature, role, responsibility and authority of the risk management function and outlining the scope of risk management work;
c) Keeping abreast of external developments relating to the practice of corporate accountability, i.e. the way those entrusted with the day-to-day management of the Group's affairs are held accountable to shareholders regarding the management of emerging and prospective risks, uncertainties and influences that could impact on the Group's future results;
d) Reviewing and providing an independent and objective oversight on reports submitted by management on corporate accountability and specifically how associated risks are being mitigated.

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

Corporate Governance Report

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

(i) Yearly audited accounts – consideration and recommendation to the Board for approval;

(i) Abridged quarterly accounts - consideration and recommendation to the Board for approval and publication;

(ii) Internal audit – consideration of internal audit reports;

(iii) Regulatory

a) taking cognizance of the reports of the Financial Services Commission following routine inspections;

b) taking cognizance of the new draft Code of Corporate Governance and FSC rules on risk management;

(iv) Audit fees - consideration and recommendation to the Board for approval;

(v) Considering and renewing the engagement of internal auditors.

(II) The Corporate Governance Committee

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

Mr. Nicolas Maigrot (Chairperson) (*non executive*)

Mr. Pierre Dinan (*independent*)

Mr. Peroomal Gopallen Mooroogen (*independent*)

Mr. Victor Seeyave (*independent*)

The Group Chief Executive is in attendance.

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

(i) determining, agreeing and developing the general policy on corporate governance in accordance with the Code of Corporate Governance, legal compliance and ethical policies;

(ii) assisting the Board on establishing a formal and transparent procedure for developing a remuneration policy for executive and senior management;

(iii) putting in place plans for succession, in particular the Chairperson and the Group Chief Executive;

(iv) making recommendations to the Board on all new Board appointments; and

(v) determining the level of emoluments of executive, non-executive, independent non-executive directors and Board Committee members.

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

4.6 ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

	Board	Audit & Risks Committee	Corporate Governance Committee*
Number of meetings held	4	6	1
Louis Rivalland	4	n/a	n/a
Michel Thomas	4	n/a	n/a
Pierre Dinan	4	5	1
Victor Seeyave	4	4	1
Gopallen Mooroogen	3	5	1
Henri Harel	4	6	n/a
Hector Espitalier-Noël	4	n/a	n/a
Philippe Espitalier-Noël	4	n/a	n/a
René Leclézio	2	n/a	n/a
Nicolas Maigrot	4	n/a	1
Sébastien Mamet	3	n/a	n/a

*In addition to the one meeting held, the Committee took certain decisions through written resolutions.

4.7 DIRECTORS' INTERESTS AND DEALING IN SHARES

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

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

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

Directors' interests as at 31 December 2016 in shares were as follows:

	In the Company			In the subsidiary (Swan Life Ltd)		
	Direct		Indirect	Direct		Indirect
	No of shares	%	%	No. of shares	%	%
Louis Rivalland	18,100	0.219	-	16,229	0.547	-
Philippe Espitalier-Noel	-	-	0.006	-	-	0.005
Hector Espitalier- Noel	-	-	1.146	-	-	0.948

There were no dealings in shares by the directors during the year.

Corporate Governance Report

4.8 DIRECTORS' REMUNERATION

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

	From the Company (Rs)	From subsidiaries (Rs)
Executive Directors	16,116,594	13,395,766
Non-Executive Directors	1,095,429	1,435,429

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.

5. SENIOR MANAGEMENT PROFILE

A profile of each member of the senior management team appear on pages 28 to 33 of the Annual Report.

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

Non-executive directors 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.

7. COMPANY SECRETARY

The Company Secretary plays a key role in the application of corporate governance. All directors have access to the advice and services of the Company Secretary, who provides guidance to the Directors on their statutory responsibilities, ethics and good governance. The Company Secretary discharged his duties as per the statutory requirements.

8. RELATED PARTY TRANSACTIONS

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

9. 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.

10. RISK MANAGEMENT, INTERNAL CONTROL AND INTERNAL AUDIT

Please refer to the Risk Report on pages 54 to 56.

11. SHAREHOLDERS' AGREEMENTS/ THIRD PARTY MANAGEMENT AGREEMENTS

There were no such agreements during the year.

12. SHARE OPTION

The Company and Group have no share option plan.

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

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

14. 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.

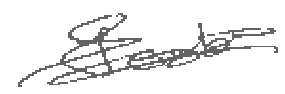
15. CODE OF ETHICS

The Company and the Group are committed to the highest standards of integrity and ethical conduct in dealing with all its stakeholders. The Company adopted a new Code of Ethics during 2016. The Code explains our policies on how we conduct business. Employees, officers and members of the Board of Directors commit to understanding the Code and to abide by its principles, which support full compliance with applicable laws. They also represent the practical ways that we put our values to work every day. We believe that when we apply our ethical principles to our business decisions, the Company and the Group are positioned for success.

16. 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 the Swan Foundation.



Jaiyansing Soobah
for Swan Corporate Affairs Ltd
Company Secretary

Date 28 March 2017

Statement of Compliance

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

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

Reporting Period: December 31, 2016

We, the directors of Swan General Ltd, confirm that, to the best of our knowledge, the PIE has not complied with sections 2.2.6, 2.8.2 and 2.10 of the Code of Corporate Governance. Reasons for non-compliance are given at sections 4.3, 4.8 and 4.4 respectively of the Corporate Governance Report.

Nicolas Maigrot
Chairperson

Louis Rivalland
Group Chief Executive

Date 28 March 2017

We prosper

Risk Report

INTERNAL CONTROL

The Board has overall responsibility for the risk management framework and internal control. The Company and the Group adopt a holistic approach to risk management and internal control. The Board recognises that risks are present throughout the Company and the Group and hence management of those risks is vital for a healthy and sustainable growth. Management is directly responsible for implementing the strategies and policies adopted by the Board, and for managing all of the Company's and the Group's activities, including the operation of the internal control system.

The system of internal controls has been designed to safeguard the assets of the Company and the Group. The Company and the Group maintain proper accounting records, systems and processes to ensure effective operation of its business and compliance with laws, regulations, rules and codes.

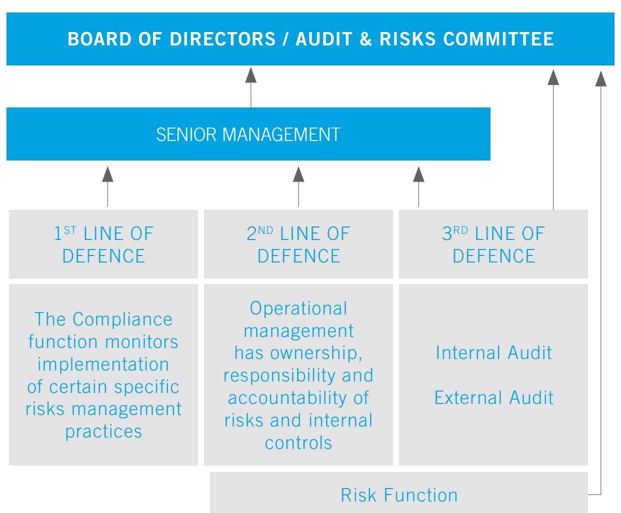
RISK MANAGEMENT

To ensure the effectiveness of the risk management framework, the Board and Management rely on adequate line functions, including monitoring and assurance. The risk management framework follows the 'Three Lines of Defence' model:

(i) 1st line of defence – functions that own and manage risk

(ii) 2nd line of defence – functions that oversee or specialise in risk management and compliance

(iii) 3rd line of defence – functions that provide independent assurance.



Operational managers, as the first line of defence, own and manage risks. They are responsible for implementing remedial actions to address process and control deficiencies and weaknesses. Operational management is responsible for maintaining effective internal controls and for fulfilling risk and control procedures on a day-to-day basis.

As the second line of defence, the Compliance function has the responsibility to monitor, build and enhance the internal control in respect of certain specific risks. It ensures that the first line of defence is properly designed, in place, and operating as intended.

Insurance (Risk Management) Rules - The Financial Services Commission issued the Insurance (Risk Management) Rules 2016 in October 2016 (FSC Rules). Except for rule 12 which came into operation on 1st January 2017, the FSC Rules shall come into operation on 1st July 2017. The FSC Rules provide, inter alia, for the Company to have in place:

(i) A risk management framework to enable it to develop and implement strategies, policies, procedures and controls to manage material risks;

(ii) Risk appetite statement for each material risk;

(iii) A risk management strategy for managing risks;

(iv) A three-year rolling business plan;

(v) An own risk and solvency assessment;

(vi) A risk register.

The Company and relevant subsidiaries are working towards adapting the existing enterprise risk management framework to comply with the FSC Rules. In line with the FSC Rules and following approval of the Financial Services Commission, Mr Shailen Soobah was appointed Risk Officer of the Company and the relevant subsidiaries, as from 1st January 2017.

The risk management function of the Company and the Group is key in implementing and managing the risk framework. The risk management function facilitates and monitors the implementation of effective risk management practices by operational management and assists risk owners in defining the target risk exposure and reporting adequate risk-related information throughout the organization.

The FSC Rules provide for the risk management function to be independent from other management functions and that it be headed by the Risk Officer, who must have a direct reporting line to the Board/Audit & Risk Committee. As such, the risk management function acts both as a second line of defence, in that it facilitates and monitors the implementation of risk management practices and as a third line of defence in providing independent assurance to the Board/Audit & Risks Committee. The risk management framework provides, inter alia, for the continual process for identifying, evaluating, managing and reporting risks across the Company and the Group.

The risk management process can be diagrammatically summarised as follows:

Main risk areas - The main risk areas that the Company and the Group face are as follows:

Strategic risk is the risk of a possible loss or lost opportunity arising from unsuitable decision making in respect of strategies, substandard execution of business plans, inadequate resource allocation or from failure to respond well to changes in the business environment. The Company and the Group conduct a strategic thinking exercise annually, where the Group's priorities are reassessed in light of market developments and industry trends. Business units in turn then set their high level initiatives aligned with the Group's priorities. Monitoring of all initiatives is done regularly during the year.

Insurance risk is the risk arising from our core insurance business and include areas such as underwriting, claims, pricing, reinsurance and product design. To mitigate insurance risks, claims development are closely monitored and underwriting guidelines are reviewed regularly. Reinsurance programmes are reviewed annually.

Credit risk is the risk arising from counterparties failing to honour their financial obligations towards the Company and the Group. Counterparties include mainly policyholders, intermediaries, reinsurers and loan holders. The Company has a debtors' policy which regulates credit provided to policyholders and a process for orderly collection of premium due. There is no significant concentration of credit risk in respect of policyholders. Management of reinsurance credit risk is mitigated mainly by dealing with top-rated reinsurers.

Capital risk is the risk that arises from adequacy of capital to support the businesses. The Company and the relevant subsidiaries have always met the solvency/minimum capital requirements of the regulator. Stress testing is conducted whenever Management feels that a particular event may have an impact on capital.

Operational risks are risks arising from all aspects of running the business, including systems, processes, reporting, legal, compliance, human resource, customer service, information technology, data security and fraud. These risks are mitigated through controls, audits and follow up procedures.

Financial and insurance risks are further detailed in note 3 of the financial statements.

Risk Report

INTERNAL AUDIT

Internal audit is responsible for providing independent assurance to the Board and the Audit and Risks Committee regarding the implementation, operation and effectiveness of internal control and risks management. As the third line of defence, it reports on the effectiveness of the first and second line of defence.

Ernst & Young, Mauritius perform the duties of Internal Auditors for the Company and the Group. 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.

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.

The internal auditors have unrestricted access to the records, management and employees of the Group.

The annual internal audit plan, which is approved by the Audit & 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. During 2016, the following areas were reviewed for the Company:

(i) Finance

(ii) Debtors

(iii) Reinsurance receivables

(iv) Data protection

(v) Procurement

Statement of Directors' Responsibilities

The 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 2017

Nicolas MAIGROT
Chairperson

Louis RIVALLAND
Director & Group Chief Executive

Company Secretary's Certificate

YEAR ENDED DECEMBER 31, 2016

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

Jaiyansing Soobah
for Swan Corporate Affairs Ltd
Company Secretary

Date 28 March 2017

We protect

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

This report is made solely to the members of Swan General Ltd (the "Company"), as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Swan General Ltd and its subsidiaries (the Group), and the Company's separate financial statements on pages 67 to 146 which comprise the statements of financial position as at December 31, 2016, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 67 to 146 give a true and fair view of the financial position of the Group and of the Company as at December 31, 2016, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Mauritius, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

1. Outstanding claims and IBNR

Key Audit Matter

Outstanding claims including claims incurred but not reported (IBNR) amount to Rs 774.4m as reported in Note 30(a) to the financial statements. Claims payable require significant judgement and estimates. The Group makes provision to cover the estimated cost of settling all expected future claims, whether or not those losses have been reported to the Group at the reporting date.

Provisions for claims incurred but not reported ('IBNR') to the Group involve significant judgement and the use of actuarial and statistical projections. This includes whether any claims will result in payments made periodically over several years. Claims and potential claims increase the complexity and uncertainty of the estimation of the amount payable due to the increased range of assumptions required. There is a risk of misstatement of IBNR liabilities due to the claims data, a key input to the process, being incomplete or inaccurate.

Related Disclosures

Refer to note 30(a), note 2.18(ii) (accounting policies) and note 3.1 (financial risk) and note 4.1 (critical accounting estimates) of the accompanying financial statements.

Audit Response

- We assessed the governance process including whether the Group had followed the documented accrual policy in setting provision for outstanding claims and IBNR.
- We tested controls over the completeness and accuracy of claims data underlying the actuarial projections used by the external actuaries to set the IBNR provisions.
- We considered the findings of the Group's actuarial reports from Deloitte SA. Through critical assessment of the actuarial reports and supporting documentation, and discussion with Deloitte SA, we analysed the differences in accrual methodology applied and we challenged the key assumptions being used.
- We reviewed the pruning of claim exercise performed twice a year in June and November 2016, and assessed the reasonableness of the claim adjustment recorded.
- We assessed the assumptions for reasonableness through the use of analytical procedures, an assessment of claims development trends and benchmarking to market data. Where there have been changes in methodology or key assumptions, we have assessed whether these are reasonable based on changes in the industry and the Group's historical claims experience.

Report on the audit of the Financial Statements (Continued)

2. Life Business assets and Life Assurance Fund

Key Audit Matter

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

The key audit matters of the subsidiary are:

- Investments in financial assets: valuation and impairment,
- Technical provisions: Life Assurance Fund and Outstanding Claims,
- Impairment of loan and receivables,
- Revenue recognition,
- Investment and other income.

Related Disclosures

Refer to note 14 and note 2.5 (accounting policies) of the accompanying financial statements.

Audit Response

- We have ensured that the above key audit matters have been addressed during the audit of the respective financial statements of Swan Life Ltd and corresponding disclosures in the audit report of Swan Life Ltd, which is publicly available.

3. Trade and other receivables

Key Audit Matter

The Group has trade receivables amounting to Rs 2,832.8m. Significant judgement is required to assess the credit risk attached to the trade receivables. The net carrying amount of trade receivables is measured at amortised costs less any provision for impairment. Provision for impairment is based on objective evidence of default.

Insurance receivable: The Group makes an assessment of the recoverability of its insurance receivable based on its historical data and assessment of the credit history of its customers.

Reinsurance asset: The carrying value of the reinsurance asset in respect of the ceded part of the insurance liabilities, as detailed in note 13, requires judgement to reflect the credit risk exposure attached to the assets. Irrecoverable balances are assessed and provided for.

Related Disclosures

Refer to note 13, note 2.9 (accounting policy), note 3.2.2 (financial risk) and note 4.2 (critical accounting estimates) of the accompanying financial statements.

Audit Response

- We tested the design and implementation and operating effectiveness of key controls over the identification of impaired assets and impairment process.
- We reviewed the methodology and judgement used and challenged management's key assumptions used in assessing impairment.
- We requested external confirmation of the outstanding amount from counterparties and re-insurers, and where responses were poor, we performed alternative tests to ensure existence and accuracy of those receivables.
- We reviewed the correspondence with the re-insurers to assess recoverability.
- We tested the design and implementation and operating effectiveness of the key controls over the reinsurance asset measurement and valuation process.
- We challenged management's key assumptions over credit risk and the calculation methodology, including a comparison of the underlying credit ratings for key reinsurance counterparties to independent sources.
- We also considered the consistency of the approach with the prior years, and enquire about any major variations and changes in key assumptions.

4. Revenue recognition

Key Audit Matter

Due to the large number of policies underwritten by the Group there is a risk that the revenue recorded in the financial statements and the flow of premium information from the underwriting systems to the financial reporting ledger is not complete and accurate.

Related Disclosures

Refer to note 22 and note 2.16 (accounting policies) of the accompanying financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Report on the audit of the Financial Statements (Continued)

4. Revenue recognition (Continued)

Audit Response

- We have tested the design and implementation and operating effectiveness of the key controls over revenue recognition, focusing on the flow of information from the underwriting systems to the financial reporting ledger.
- The accuracy and completeness of gross, net and unearned premiums was verified through Computer Assisted Audit Techniques, cut-off test and analytical reviews.

5. Investment in Financial Assets: Valuation and Impairment

Key Audit Matter

The Group holds investment in financial assets categorised as available-for-sale financial assets and held-to-maturity investments. The carrying value of those financial assets amounts to Rs 1,633.1m at reporting date. The Group's available-for-sale financial assets held at fair value is based on a range of inputs. Many of the inputs required can be obtained from readily available liquid market prices and rates. Where observable market data is not available, estimates must be developed based on the most appropriate source data and are subject to significant judgement.

The fall in value of available-for-sale financial assets if prolonged may lead to impairment losses. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

Related Disclosures

Refer to note 10, note 2.8 (accounting policies), note 3.2.1 (financial risk) and note 4.3/4.4 (critical accounting estimates) of the accompanying financial statements.

Audit Response

- We performed audit procedures over the valuation and accounting of investments in financial assets held by the Group.
- We tested the design and implementation and operating effectiveness of the key controls over the investment valuation process. We tested, on a sample basis, their valuation at the year end and we ascertained that the valuation techniques used were appropriate.
- We requested independent confirmation on the quantity and the corresponding price of the foreign and the local securities at the reporting date.
- We reviewed and discussed with management and those charged with governance the company's assessment of whether there is objective evidence that a financial asset is impaired.
- We carried out impairment tests. Impairment tests include review of performance and the factors affecting the investee company, ability to pay dividend, analysis of market price trend, the reasonableness of significant judgements made and the business outlook.

6. Intangible assets: Valuation of goodwill and other intangible assets

Key Audit Matter

Management tests goodwill for impairment annually, and assesses with regard to other intangible assets whether a change to the useful life is applicable and/or whether there are indications of impairment. This test and assessment are largely based on management expectations and estimates of future results of the cash generating units of those entities.

The Group's other intangible asset relates to a subsidiary, Swan Risk Finance Pty Ltd, which is engaged in the rental of assets. The book of business of the company is being managed on a run off basis since December 2015.

Related Disclosures

Refer to note 6, note 2.3 (accounting policies) and note 4.5 (critical accounting estimates) of the accompanying financial statements.

Audit Response

- We checked the validity and reasonableness of the forecasts in line with the assumptions used.
- We performed procedures relating to the disclosures on impairment testing included in the financial statements, looking specifically at the disclosure of assumptions that have the most significant effect on the determination of the recoverable amount of other intangible assets. We verified whether these disclosures are adequate and provide sufficient insight into the disclosed assumptions and sensitivities of the assumptions underlying the valuation.
- We reviewed the latest management decision with regards to the business model to assess whether the assumptions are in line with the valuation assumptions made.

Report on the audit of the Financial Statements (Continued)

7. Investments in associated companies

Key Audit Matter

The valuation of investments in associates is based on the latest audited financial information available from the associates. Where information is not available, management accounts and estimates is used as the most appropriate financial information and are subject to significant judgement.

Related Disclosures

Refer to note 8 and note 2.6 (accounting policies) of the accompanying financial statements.

Audit Response

- We sent group instructions to the auditor of the associated company in accordance with ISA 600, to obtain audited financial information.
- We reviewed the information used by management for the preparation of the consolidated financial information.
- We obtained a detailed understanding of Management's process for preparing the management accounts and challenged the information used.
- We checked the consistency and validated the financial information used.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Chairperson's, Group Chief Executive's Report and Risk Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

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

We have obtained all information and explanations we have required.

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

Insurance Act 2005

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

Financial Reporting Act 2004

The Directors are responsible for preparing the corporate governance report. Our responsibility is to report the extent of compliance with the Code of Corporate Governance as disclosed in the annual report and on whether the disclosure is consistent with 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, 2017

Port Louis,
Mauritius.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2016

	Notes	THE GROUP 2016	THE GROUP 2015	THE COMPANY 2016	THE COMPANY 2015
		Rs'000	Rs'000	Rs'000	Rs'000
ASSETS					
Non-current assets					
Property and equipment	5	**94,403**	97,596	**93,113**	96,019
Intangible assets	6	**27,636**	30,071	**4,655**	4,552
Investments in subsidiary companies	7	**-**	-	**535,957**	465,418
Investment in associated company	8	**84,282**	88,805	**-**	-
Investments in joint ventures	9	**1,644**	1,371	**501**	500
Investments in financial assets	10	**1,623,125**	1,552,221	**1,415,881**	1,358,820
Loans and receivables	11	**165,329**	174,093	**135,664**	143,619
Deferred tax assets	12(b)	**25,069**	18,708	**25,069**	18,708
		2,021,488	1,962,865	**2,210,840**	2,087,636
Current assets					
Investments in financial assets	10	**10,000**	35,000	**10,000**	35,000
Loans and receivables	11	**14,443**	16,042	**4,725**	3,751
Trade and other receivables	13	**2,832,804**	2,715,920	**1,871,773**	1,809,594
Current tax asset	21	**6,400**	2,567	**6,400**	2,567
Cash and cash equivalents	29(b)	**138,396**	168,233	**69,980**	120,367
		3,002,043	2,937,762	**1,962,878**	1,971,279
Life Business Assets	14	**34,487,118**	32,095,961	**-**	-
Total assets		**39,510,649**	36,996,588	**4,173,718**	4,058,915
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	15	**41,379**	41,379	**41,379**	41,379
Other reserves		**858,538**	882,932	**382,533**	445,191
Retained earnings		**1,494,110**	1,412,831	**1,619,522**	1,497,298
Attributable to owners of the parent		**2,394,027**	2,337,142	**2,043,434**	1,983,868
Non-controlling interests	17	**344,523**	350,294	**-**	-
Total equity		**2,738,550**	2,687,436	**2,043,434**	1,983,868
Technical provisions					
Life Assurance Fund	14	**34,487,118**	32,095,961	**-**	-
Outstanding claims and IBNR	22/30(a)	**774,384**	676,310	**769,620**	671,561
Gross unearned premiums	22/30(b)/2.18	**1,039,641**	955,130	**1,004,888**	939,556
		36,301,143	33,727,401	**1,774,508**	1,611,117
Non-current liabilities					
Borrowings	18	**27,924**	261	**156**	261
Retirement benefit obligations	19	**129,530**	102,108	**129,530**	102,108
Deferred tax liabilities	12(b)	**7,786**	6,751	**-**	-
		165,240	109,120	**129,686**	102,369
Current liabilities					
Trade and other payables	20	**191,073**	191,835	**126,676**	126,055
Borrowings	18	**14,011**	180,957	**105**	136,197
Current tax liabilities	21	**1,323**	530	**-**	-
Dividend payable	26	**99,309**	99,309	**99,309**	99,309
		305,716	472,631	**226,090**	361,561
Total equity and liabilities		**39,510,649**	36,996,588	**4,173,718**	4,058,915

These financial statements have been approved for issue by the Board of Directors on: 28 March 2017

Nicolas Maigrot
Chairperson

Michel Thomas
Director & Chief Operations Officer

The notes on pages 72 to 146 form an integral part of these financial statements.

Auditors' report on pages 62 to 66.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2016

	Notes	THE GROUP		THE COMPANY	
		2016	2015	2016	2015
		Rs'000	Rs'000	Rs'000	Rs'000
Gross premiums		6,392,318	5,676,978	2,401,074	2,204,745
Premiums ceded to reinsurers		(1,354,871)	(1,352,519)	(1,055,723)	(1,106,383)
Change in gross unearned premiums	22/30(b)	(84,511)	(133,538)	(65,332)	(117,964)
Recoverable from reinsurers	22/30(b)	(4,371)	36,736	(23,550)	21,162
Net earned premiums	2.16	4,948,565	4,227,657	1,256,469	1,001,560
Net earned premiums relating to Life Assurance Fund		(3,692,096)	(3,226,097)	-	-
		1,256,469	1,001,560	1,256,469	1,001,560
Gross claims paid	30(a)	(1,330,893)	(1,216,792)	(1,330,399)	(1,204,732)
Claims recovered from reinsurers	30(a)	497,786	639,110	497,292	635,950
Movement in gross claims outstanding and IBNR	30(a)	(81,978)	177,161	(81,963)	170,588
Movement in amounts recoverable from reinsurers	30(a)	52,721	(173,574)	52,706	(178,323)
Net claims incurred		(862,364)	(574,095)	(862,364)	(576,517)
Commissions receivable from reinsurers		274,839	275,360	255,323	268,639
Commissions paid to agents and brokers		(226,320)	(208,794)	(220,922)	(208,795)
Net commissions		48,519	66,566	34,401	59,844
Underwriting surplus		442,624	494,031	428,506	484,887
Investment income	23	172,764	177,285	151,241	153,044
Operating profit		615,388	671,316	579,747	637,931
Other income	24	107,686	99,752	77,474	69,654
		723,074	771,068	657,221	707,585
Marketing and administrative expenses	25(a)	(430,722)	(438,857)	(390,633)	(395,026)
Impairment and other charges	25(b)	(11,249)	(18,464)	(16,228)	(29,439)
Depreciation and amortisation	5/6	(19,587)	(18,008)	(16,629)	(13,757)
Share of profit of associated company and joint ventures	8/9	6,568	14,475	-	-
Profit before taxation		268,084	310,214	233,731	269,363
Income tax expense	21	(13,605)	(25,841)	(12,198)	(19,100)
Profit for the year		254,479	284,373	221,533	250,263
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurements of defined benefit obligations	16	(36,229)	(6,988)	(36,229)	(6,988)
Items that may be reclassified subsequently to profit or loss:					
Change in value of available-for-sale financial assets	16	38,442	(27,047)	32,585	(5,818)
Release on disposal of available-for-sale financial assets	16	(58,286)	(53,806)	(59,014)	(53,806)
Net movement in other reserves	16	5,082	27,544	-	-
Other comprehensive income for the year, net of tax		(50,991)	(60,297)	(62,658)	(66,612)
Total comprehensive income for the year		203,488	224,076	158,875	183,651
Profit for the year					
Attributable to:					
Owners of the parent		230,670	257,424	221,533	250,263
Non-controlling interests	17	23,809	26,949	-	-
		254,479	284,373	221,533	250,263
Total comprehensive income for the year					
Attributable to:					
Owners of the parent		179,663	191,578	158,875	183,651
Non-controlling interests	17	23,825	32,498	-	-
		203,488	224,076	158,875	183,651
Earnings per share					
(Rupees and cents)	27	27.87	31.11	26.77	30.24

The notes on pages 72 to 146 form an integral part of these financial statements.

Auditors' report on pages 62 to 66.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2016

(a) THE GROUP

	Notes	Attributable to owners of the parent									
		Share Capital	Fair Value Reserve	Other Reserves	Proprietors' Fund	Retained Earnings	Amalgamation Reserve	Actuarial losses	Total	Non-controlling Interests	Total Equity
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1, 2016		41,379	228,359	54,848	387,720	1,412,831	267,477	(55,472)	2,337,142	350,294	2,687,436
Profit for the year		-	-	-	-	230,670	-	-	230,670	23,809	254,479
Other comprehensive income for the year	16	-	(19,844)	(388)	5,454	-	-	(36,229)	(51,007)	16	(50,991)
Total comprehensive income for the year		-	(19,844)	(388)	5,454	230,670	-	(36,229)	179,663	23,825	203,488
Other movement		-	-	-	-	-	-	-	-	23,281	23,281
Transactions with non controlling interests	28(a)	-	-	-	-	(50,082)	-	-	(50,082)	(20,458)	(70,540)
Non distributable reserve	16	-	-	-	26,613	-	-	-	26,613	6,707	33,320
Dividends	26/17	-	-	-	-	(99,309)	-	-	(99,309)	(39,126)	(138,435)
Total transactions with owners of the parent		-	-	-	26,613	(149,391)	-	-	(122,778)	(29,596)	(152,374)
Balance at December 31, 2016		41,379	208,515	54,460	419,787	1,494,110	267,477	(91,701)	2,394,027	344,523	2,738,550
Balance at January 1, 2015		41,379	309,212	23,334	35,734	1,323,750	267,477	(48,484)	1,952,402	238,942	2,191,344
Profit for the year		-	-	-	-	257,424	-	-	257,424	26,949	284,373
Other comprehensive income for the year	16	-	(80,853)	31,514	(9,519)	-	-	(6,988)	(65,846)	5,549	(60,297)
Total comprehensive income for the year		-	(80,853)	31,514	(9,519)	257,424	-	(6,988)	191,578	32,498	224,076
Other movement		-	-	-	-	999	-	-	999	28,811	29,810
Transactions with non controlling interests		-	-	-	-	(70,033)	-	-	(70,033)	(23,271)	(93,304)
Non distributable reserve	16	-	-	-	361,505	-	-	-	361,505	110,495	472,000
Derecognition of subsidiaries		-	-	-	-	-	-	-	-	4,683	4,683
Dividends	26/17	-	-	-	-	(99,309)	-	-	(99,309)	(41,864)	(141,173)
Total transactions with owners of the parent		-	-	-	361,505	(168,343)	-	-	193,162	78,854	272,016
Balance at December 31, 2015		41,379	228,359	54,848	387,720	1,412,831	267,477	(55,472)	2,337,142	350,294	2,687,436

The notes on pages 72 to 146 form an integral part of these financial statements.

Auditors' report on pages 62 to 66.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2016

(b) THE COMPANY	Notes	Share Capital	Fair Value Reserve	Other Reserves	Retained Earnings	Amalgamation reserves	Actuarial losses	Total Equity
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1, 2016		**41,379**	**251,359**	**28,719**	**1,497,298**	**220,593**	**(55,480)**	**1,983,868**
Profit for the year		**-**	**-**	**-**	**221,533**	**-**	**-**	**221,533**
Reclassification		**-**	**(14,380)**	**14,380**	**-**	**-**	**-**	**-**
Other comprehensive income for the year	16	**-**	**(26,429)**	**-**	**-**	**-**	**(36,229)**	**(62,658)**
Total comprehensive income for the year		**-**	**(40,809)**	**14,380**	**221,533**	**-**	**(36,229)**	**158,875**
Dividends	26	**-**	**-**	**-**	**(99,309)**	**-**	**-**	**(99,309)**
Balance at December 31, 2016		**41,379**	**210,550**	**43,099**	**1,619,522**	**220,593**	**(91,709)**	**2,043,434**
Balance at January 1, 2015		41,379	310,983	28,719	1,346,344	220,593	(48,492)	1,899,526
Profit for the year		-	-	-	250,263	-	-	250,263
Other comprehensive income for the year	16	-	(59,624)	-	-	-	(6,988)	(66,612)
Total comprehensive income for the year		-	(59,624)	-	250,263	-	(6,988)	183,651
Dividends	26	-	-	-	(99,309)	-	-	(99,309)
Balance at December 31, 2015		41,379	251,359	28,719	1,497,298	220,593	(55,480)	1,983,868

The notes on pages 72 to 146 form an integral part of these financial statements.

Auditors' report on pages 62 to 66.

STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2016

	Notes	THE GROUP 2016	THE GROUP 2015	THE COMPANY 2016	THE COMPANY 2015
		Rs'000	Rs'000	Rs'000	Rs'000
Cash flows from operating activities					
Cash generated from operations	29(a)	**176,631**	203,617	**129,066**	123,045
Tax paid	21	**(16,623)**	(33,667)	**(15,999)**	(33,239)
Net cash generated from operating activities		**160,008**	169,950	**113,067**	89,806
Cash flows from investing activities					
Purchase of property and equipment	5	**(9,734)**	(12,365)	**(9,734)**	(11,261)
Purchase of intangible assets	6	**(4,092)**	(5,781)	**(4,092)**	(5,781)
Proceeds from sale of property and equipment		**17**	1,259	**17**	448
Derecognition of subsidiary, net of cash		**-**	(531)	**-**	-
Additional interest acquired in subsidiary	28/7	**(82,116)**	(81,728)	**(82,116)**	(81,728)
Additional interest acquired in associates		**-**	(193)	**-**	-
Purchase of financial assets	10	**(289,489)**	(276,145)	**(285,009)**	(234,531)
Proceeds from disposal/maturity of financial assets		**304,827**	248,588	**287,735**	245,639
Loans granted	11	**(48)**	(591)	**(48)**	(591)
Loans recovered	11	**7,029**	9,889	**7,029**	8,796
Investment income received		**165,840**	126,486	**157,377**	139,679
Net cash generated from investing activities		**92,234**	8,888	**71,159**	60,670
Cash flows from financing activities					
Payments on borrowings		**(262,870)**	(223,882)	**(256,245)**	(215,388)
Proceeds from borrowings		**120,048**	210,189	**120,048**	210,189
Dividends paid to Company's shareholders	26	**(99,309)**	(99,309)	**(99,309)**	(99,309)
Dividends paid to non-controlling interests		**(45,667)**	(49,157)	**-**	-
Net cash used in financing activities		**(287,798)**	(162,159)	**(235,506)**	(104,508)
(Decrease)/increase in cash and cash equivalents		**(35,556)**	16,679	**(51,280)**	45,968
Movement in cash and cash equivalents					
At January 1,		**168,233**	127,481	**120,367**	72,435
(Decrease)/increase		**(35,556)**	16,679	**(51,280)**	45,968
Effect of foreign exchange rate changes		**5,719**	24,073	**893**	1,964
At December 31,	29(b)	**138,396**	168,233	**69,980**	120,367

The notes on pages 72 to 146 form an integral part of these financial statements.

Auditors' report on pages 62 to 66.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

1. GENERAL INFORMATION

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

(i) available-for-sale financial assets are stated at their fair values; and

(ii) held-to-maturity investments and loans and receivables are carried at amortised cost.

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

IFRS 14 Regulatory Deferral Accounts provides relief for first-adopters of IFRS in relation to accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). IFRS 14 permits these entities to apply their previous accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts. The standard is not expected to have any impact on the Group's financial statements.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11): The amendments clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. Existing interests in the joint operation are not remeasured on acquisition of an additional interest, provided joint control is maintained. The amendments also apply when a joint operation is formed and an existing business is contributed. The amendment has no impact on the Group's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

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

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38): The amendments clarify that a revenue-based method of depreciation or amortisation is generally not appropriate. Amendments clarify that a revenue-based method should not be used to calculate the depreciation of items of property, plant and equipment. IAS 38 now includes a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome under specific conditions. The amendment has no impact on the Group's financial statements.

Equity method in separate financial statements (Amendments to IAS 27): The amendments allow entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates. IAS 27 currently allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or at fair value in their separate FS. The amendments introduce the equity method as a third option. The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively. The amendment has no impact on the Group's financial statements.

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41). IAS 41 now distinguishes between bearer plants and other biological asset. Bearer plants must be accounted for as property plant and equipment and measured either at cost or revalued amounts, less accumulated depreciation and impairment losses.

Annual Improvements to IFRSs 2012-2014 cycle

- IFRS 5 is amended to clarify that when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such. The amendment has no impact on the Group's financial statements.
- IFRS 7 amendment provides specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for derecognition. The amendment has no impact on the Group's financial statements.
- IFRS 7 is amended to clarify that the additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34. The amendment has no impact on the Group's financial statements.
- IAS 19 amendment clarifies that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise. The amendment has no impact on the Group's financial statements.
- IAS 34 amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report' and adds a requirement to cross-reference from the interim financial statements to the location of that information. The amendment has no impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

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

Disclosure Initiative (Amendments to IAS 1): The amendments to IAS 1 provide clarifications on a number of issues. An entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance. Line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals. They provide confirmation that the notes do not need to be presented in a particular order. The share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

Investment entities: Applying the consolidation exception (Amendments to IFRS 10, IFRS 12 and IAS 28). The amendments clarify that the exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities. An investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities. Entities which are not investment entities but have an interest in an associate or joint venture which is an investment entity have a policy choice when applying the equity method of accounting. The fair value measurement applied by the investment entity associate or joint venture can either be retained, or a consolidation may be performed at the level of the associate or joint venture, which would then unwind the fair value measurement. 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, 2017 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

IFRS 15 Revenue from Contract with Customers

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

IFRS 16 Leases

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)

Amendments to IAS 7 Statement of Cash Flows

Clarifications to IFRS 15 Revenue from Contracts with Customers

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

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

Annual Improvements to IFRSs 2014-2016 Cycle

IFRIC 22 Foreign Currency Transactions and Advance Consideration

Transfers of Investment Property (Amendments to IAS 40)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

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

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

2.2 Property and equipment

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Intangible assets

Intangible assets consist of the following:

(i) Goodwill

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

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

Other intangibles

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

(ii) Computer software

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

(iii) Development and other costs

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

2.4 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Investments in subsidiaries

Separate financial statements of the investor

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

Consolidated financial statements

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

Subsidiaries are 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 the entity.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Investments in subsidiaries (cont'd)

Consolidated financial statements (cont'd)

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

Transactions and non-controlling interests

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

Disposal of subsidiaries

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

2.6 Investment in associates

Separate financial statements of the investor

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

Consolidated financial statements

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Investment in associates (cont'd)

Consolidated financial statements (cont'd)

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

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

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

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

2.7 Investment in joint ventures

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

2.8 Financial assets

(a) *Categories of financial assets*

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

(i) <u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

(ii) <u>Held-to-maturity investments</u>

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

(iii) <u>Available-for-sale financial assets</u>

Available for sale are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets (cont'd)

(b) *Recognition and measurement*

Purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit to purchase or sell the asset. Investments are initially recorded at fair value plus transaction costs.

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

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

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

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

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

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

Level 3 - If the market for a financial asset is not active and for unlisted securities, the Group and the Company establish fair value by using valuation techniques as follows:

- Over the first two years following acquisition, an investment in such an asset is valued at the lower of cost price and any new issue price.
- Thereafter, fair value is estimated based on the lower of price earnings ratio and dividend yield methodologies.
- Where neither the price earnings ratio nor the dividend yield methodologies are applicable, the net asset value or the price to book value methodology is applied.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets (cont'd)

(c) *Impairment of financial assets*

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

The Group and the Company assess at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in equity, is removed from equity and recognised in the statement of profit or loss. For the subsidiary, Swan Life Ltd, impairment loss is recognised in the Life Assurance Fund.

(ii) Financial assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and, the amount of the loss is recognised in the statement of profit or loss. For the subsidiary, Swan Life Ltd, the loss is recognised in the Life Assurance Fund. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

2.9 Trade and other receivables

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

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

2.10 Trade and other payables

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Borrowings

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

2.12 Cash and cash equivalents

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

2.13 Current and deferred income tax

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

Current tax

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

Deferred tax

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

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

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

2.14 Life Assurance Fund

(i) Non-Linked Account

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

(ii) Linked Account

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Insurance Contracts

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

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

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

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

2.16 Revenue Recognition - Premiums Earned

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Reinsurance Contracts

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

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

Short term insurance

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

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

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

2.18 Short term insurance

(i) Unearned premiums

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Short term insurance (cont'd)

(ii) Claims expenses and Outstanding claims provisions

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

Outstanding claims provisions are made up of:

(a) provisions for claims incurred but not reported (IBNR) and

(b) the net estimated costs of claims admitted or intimated but not yet settled at the end of reporting period.

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

(iii) Liability adequacy test

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

2.19 Retirement benefit obligations

(i) Defined Benefit Plan

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

- The Group and the Company contribute to a pension plan in respect of some employees who have a No Worse Off Guarantee (NWOG) that their benefits would not be worse than what they would have earned under a previous defined benefit plan.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Retirement benefit obligations (cont'd)

(i) Defined Benefit Plan (cont'd)

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

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

(ii) Defined Contribution Plan

A defined contribution plan is a pension plan under which the Group and the Company pay fixed contributions into a separate entity. The Group and the Company have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group and the Company operate a defined contribution retirement benefit plan for all qualifying employees (new entrants and their dependents). Payments to deferred contribution retirement plans are charged as an expense as they fall due.

(iii) The Subsidiary

The Subsidiary, Swan Life Ltd, has a retirement pension fund for its employees which is internally managed. The assets, which are not legally separate, are included in the invesment in financial assets of the subsidiary.

(iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Company recognise termination benefits when it is demonstrably committed to either; terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the end of the reporting period are discounted to present value.

2.20 Foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Foreign currencies (cont'd)

(iii) Group companies

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

(a) assets and liabilities are translated at the end of the reporting period rate;

(b) income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(c) the resulting exchange differences are recognised in the statement of other comprehensive income.

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

2.21 Leases and rentals

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

(b) Accounting for leases - where the Company is the lessee

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

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

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

2.22 Provisions

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

2.23 Dividend distribution

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

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

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

3.1 Insurance risk

Short term insurance

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

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

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

(a) *Insurance contracts*

(i) Frequency and severity of claims

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

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

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

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

3.1 Insurance risk (cont'd)

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

(ii) Concentration of insurance risk

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

THE GROUP	Outstanding claims					
	2016			2015		
Class of Business	No of Claims	Gross	Net	No of Claims	Gross	Net
		Rs'000	Rs'000		Rs'000	Rs'000
Fire & Allied Perils	375	40,507	15,037	433	69,275	9,919
Motor	3,857	192,717	166,343	3,375	166,862	141,956
Health	4,444	101,275	53,877	2,121	83,539	46,993
Others	1,232	322,407	83,793	1,220	239,120	74,829
	9,908	656,906	319,050	7,149	558,796	273,697
IBNR		117,478	59,069		117,514	59,069
		774,384	378,119		676,310	332,766

THE COMPANY	Outstanding claims					
	2016			2015		
Class of Business	No of Claims	Gross	Net	No of Claims	Gross	Net
		Rs'000	Rs'000		Rs'000	Rs'000
Fire & Allied Perils	375	40,507	15,037	433	69,275	9,919
Motor	3,857	192,717	166,343	3,375	166,862	141,956
Health	4,444	101,275	53,877	2,121	83,539	46,993
Others	1,217	322,325	83,793	1,215	239,089	74,829
	9,893	656,824	319,050	7,144	558,765	273,697
IBNR		112,796	59,069		112,796	59,069
		769,620	378,119		671,561	332,766

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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

3.1 Insurance risk (cont'd)

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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

3.1 Insurance risks (cont'd)

(iv) Claims development table

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

THE GROUP

GROSS	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	TOTAL
Estimate of ultimate claim costs:	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- At end of claim year	307,359	152,992	102,495	133,536	130,915	189,496	303,730	250,919	286,417	383,510	2,241,369
- one year later	58,146	19,225	36,253	51,282	70,878	59,655	84,300	55,896	87,150	-	522,785
- two years later	33,545	25,296	32,412	42,123	43,666	34,530	31,735	28,235	-	-	271,542
- three years later	25,604	23,951	39,550	39,768	29,723	17,158	20,795	-	-	-	196,549
- four years later	20,598	24,468	29,457	23,656	24,417	11,605	-	-	-	-	134,201
- five years later	18,364	23,576	12,522	5,497	10,358	-	-	-	-	-	70,317
- six years later	18,418	7,334	8,566	5,179	-	-	-	-	-	-	39,497
- seven years later	15,908	6,023	5,293	-	-	-	-	-	-	-	27,224
- eight years later	3,614	2,805	-	-	-	-	-	-	-	-	6,419
- nine years later	2,987	-	-	-	-	-	-	-	-	-	2,987
Current estimate of cumulative claims	622,776	412,898	426,742	537,292	616,124	620,710	1,047,411	957,176	1,102,347	1,438,133	7,781,609
Less Cumulative payments to date	619,789	410,093	421,449	532,113	605,766	609,105	1,026,616	928,941	1,015,197	1,054,623	7,223,692
Liability recognised in the statements of financial position	2,987	2,805	5,293	5,179	10,358	11,605	20,795	28,235	87,150	383,510	557,917
Liability in respect of prior years											98,989
											656,906
IBNR											117,478
Gross liability at year end (notes 22/30(a))											774,384

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

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

3.1 Insurance risks (cont'd)

(iv) Claims development table (cont'd)

THE GROUP (CONT'D)

NET	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	TOTAL
Estimate of ultimate claim costs:	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- At end of claim year	66,914	54,525	54,974	65,827	59,647	80,794	115,553	108,798	143,163	178,385	928,580
- one year later	23,355	13,456	28,502	26,573	24,362	31,269	35,473	29,087	48,185	-	260,262
- two years later	12,424	22,334	26,855	19,335	23,212	17,498	20,914	20,155	-	-	162,727
- three years later	7,548	20,589	26,337	18,085	17,337	9,624	14,617	-	-	-	114,137
- four years later	8,128	22,055	18,806	7,509	14,072	9,864	-	-	-	-	80,434
- five years later	6,711	21,395	7,637	4,929	10,063	-	-	-	-	-	50,735
- six years later	6,802	6,569	5,364	4,581	-	-	-	-	-	-	23,316
- seven years later	5,718	4,996	3,066	-	-	-	-	-	-	-	13,780
- eight years later	3,572	2,239	-	-	-	-	-	-	-	-	5,811
- nine years later	2,936	-	-	-	-	-	-	-	-	-	2,936
Current estimate of cumulative claims	246,533	205,218	203,445	236,892	268,937	311,873	470,000	483,682	626,782	883,864	3,937,226
Less Cumulative payments to date	243,597	202,979	200,379	232,311	258,874	302,009	455,383	463,527	578,597	705,479	3,643,135
Liability recognised in the statements of financial position	2,936	2,239	3,066	4,581	10,063	9,864	14,617	20,155	48,185	178,385	294,091
Liability in respect of prior years											24,959
											319,050
IBNR											59,069
Net liability at year end (notes 22/30(a))											378,119

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

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

3.1 Insurance risks (cont'd)

(iv) Claims development table (cont'd)

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

THE COMPANY

GROSS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Estimate of ultimate claim costs:											
- At end of claim year	307,359	152,992	102,495	133,536	130,915	189,496	303,730	250,919	286,417	383,428	2,241,287
- one year later	58,146	19,225	36,253	51,282	70,878	59,655	84,300	55,896	87,150	-	522,785
- two years later	33,545	25,296	32,412	42,123	43,666	34,530	31,735	28,235	-	-	271,542
- three years later	25,604	23,951	39,550	39,768	29,723	17,158	20,795	-	-	-	196,549
- four years later	20,598	24,468	29,457	23,656	24,417	11,605	-	-	-	-	134,201
- five years later	18,364	23,576	12,522	5,497	10,358	-	-	-	-	-	70,317
- six years later	18,418	7,334	8,566	5,179	-	-	-	-	-	-	39,497
- seven years later	15,908	6,023	5,293	-	-	-	-	-	-	-	27,224
- eight years later	3,614	2,805	-	-	-	-	-	-	-	-	6,419
- nine years later	2,987	-	-	-	-	-	-	-	-	-	2,987
Current estimate of cumulative claims	622,776	412,898	426,742	537,292	616,124	620,710	1,047,411	957,176	1,102,347	1,437,557	7,781,033
Less Cumulative payments to date	619,789	410,093	421,449	532,113	605,766	609,105	1,026,616	928,941	1,015,197	1,054,129	7,223,198
Liability recognised in the Balance Sheet	2,987	2,805	5,293	5,179	10,358	11,605	20,795	28,235	87,150	383,428	557,835
Liability in respect of prior years											98,989
											656,824
IBNR											112,796
Gross Liability at year end (notes 22/30(a))											769,620

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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

3.1 Insurance risks (cont'd)

(iv) Claims development table (cont'd)

THE COMPANY

NET

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Estimate of ultimate claim costs:											
- At end of claim year	66,914	54,525	54,974	65,827	59,647	80,794	115,553	108,798	143,163	178,385	928,580
- one year later	23,355	13,456	28,502	26,573	24,362	31,269	35,473	29,087	48,185	-	260,262
- two years later	12,424	22,334	26,855	19,335	23,212	17,498	20,914	20,155	-	-	162,727
- three years later	7,548	20,589	26,337	18,085	17,337	9,624	14,617	-	-	-	114,137
- four years later	8,128	22,055	18,806	7,509	14,072	9,864	-	-	-	-	80,434
- five years later	6,711	21,395	7,637	4,929	10,063	-	-	-	-	-	50,735
- six years later	6,802	6,569	5,364	4,581	-	-	-	-	-	-	23,316
- seven years later	5,718	4,996	3,066	-	-	-	-	-	-	-	13,780
- eight years later	3,572	2,239	-	-	-	-	-	-	-	-	5,811
- nine years later	2,936	-	-	-	-	-	-	-	-	-	2,936
Current estimate of cumulative claims	246,533	205,218	203,445	236,892	268,937	311,873	470,000	483,682	626,782	883,179	3,936,541
Less Cumulative payments to date	243,597	202,979	200,379	232,311	258,874	302,009	455,383	463,527	578,597	704,794	3,642,450
Liability recognised in the Balance Sheet	2,936	2,239	3,066	4,581	10,063	9,864	14,617	20,155	48,185	178,385	294,091
Liability in respect of prior years											24,959
											319,050
IBNR											59,069
Net Liability at year end (notes 22/30(a))											378,119

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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

3.2 Financial risk

The Group's and the Company's activities are exposed to financial risks through its financial assets, financial liabilities, insurance and reinsurance assets and liabilities. In particular, the key financial risk is that investment proceeds are not sufficient to fund the obligations arising from insurance contracts.

The most important components of this financial risk are:

- Market risk (which includes currency risk, interest rate risk and equity price risk)
- Credit risk;
- Liquidity risk;
- Capital management; and
- Fair value estimation.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements.

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

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

3.2.1 Market risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

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

3.2.1 Market risk (cont'd)

(i) Currency risk

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

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

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

THE GROUP

		Equivalent in Rs'000				
At December 31, 2016	**Rs'000**	**GBP**	**USD**	**Euro**	**Others**	**Total**
Assets:						
Non-current assets						
- Investment in financial assets:						
· Held-to-Maturity	197,206					197,206
· Available-for-sale	692,918	-	665,550	42,810	24,641	1,425,919
· Loans and receivables	135,663	-	-	-	29,666	165,329
Current assets						
- Investment in financial assets:						
· Held-to-Maturity	10,000	-	-	-	-	10,000
· Loans and receivables	4,726	-	-	-	9,717	14,443
- Trade and other receivables	2,736,602	412	77,946	13,676	4,168	2,832,804
- Cash and cash equivalents	77,103	7	40,857	10,210	10,219	138,396
	3,854,218	419	784,353	66,696	78,411	4,784,097
Liabilities:						
- Technical Provisions:						
· Gross unearned premiums	1,039,641	-	-	-	-	1,039,641
· Outstanding claims and IBNR	774,384					774,384
- Non-current liabilities						
· Borrowings	156	-	-	-	27,768	27,924
- Current liabilities						
· Trade and other payables	121,858	387	39,969	12,560	16,299	191,073
· Borrowings	105	-	-	-	13,906	14,011
	1,936,144	387	39,969	12,560	57,973	2,047,033

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

3.2.1 Market risk (cont'd)

(i) Currency risk (cont'd)

THE GROUP

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

THE COMPANY

		Equivalent in Rs'000				
At December 31, 2016	**Rs'000**	**GBP**	**USD**	**Euro**	**Others**	**Total**
Assets:						
Non-current assets						
- Investment in financial assets:						
· Held-to-Maturity	177,723	-	-	-	-	177,723
· Available-for-sale	618,599	-	576,869	42,330	360	1,238,158
· Loans and receivables	135,664	-	-	-	-	135,664
Current assets						
- Investment in financial assets:						
· Held-to-Maturity	10,000	-	-	-	-	10,000
· Loans and receivables	4,725	-	-	-	-	4,725
- Trade and other receivables	1,836,648	412	25,125	9,588	-	1,871,773
- Cash and cash equivalents	55,950	7	9,731	4,292	-	69,980
	2,839,309	419	611,725	56,210	360	3,508,023

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

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

3.2.1 Market risk (cont'd)

(i) Currency risk (cont'd)

THE COMPANY

At December 31, 2016	Rs'000	GBP	USD	Euro	Others	Total
		Equivalent in Rs'000				
Liabilities:						
- Technical Provisions:						
· Gross unearned premiums	**1,004,888**	-	-	-	-	**1,004,888**
· Outstanding claims and IBNR	**769,620**	-	-	-	-	**769,620**
- Non-current liabilities						
· Borrowings	**156**	-	-	-	-	**156**
- Current liabilities						
· Trade and other payables	**89,867**	**387**	**23,153**	**9,391**	**3,878**	**126,676**
· Borrowings	**105**	-	-	-	-	**105**
	1,864,636	**387**	**23,153**	**9,391**	**3,878**	**1,901,445**

At December 31, 2015	Rs'000	GBP	USD	Euro	Others	Total
		Equivalent in Rs'000				
Assets:						
Non-current assets						
- Investment in financial assets:						
· Held-to-Maturity	173,155	-	-	-	-	173,155
· Available-for-sale	590,155	-	494,563	100,569	378	1,185,665
· Loans and receivables	143,619	-	-	-	-	143,619
Current assets						
- Investment in financial assets:						
· Held-to-Maturity	35,000	-	-	-	-	35,000
· Loans and receivables	3,751	-	-	-	-	3,751
- Trade and other receivables	1,783,740	569	19,698	5,587	-	1,809,594
- Cash and cash equivalents	99,453	6	16,839	4,069	-	120,367
	2,828,873	575	531,100	110,225	378	3,471,151
Liabilities:						
- Technical Provisions:						
· Gross unearned premiums	939,556	-	-	-	-	939,556
· Outstanding claims and IBNR	671,561	-	-	-	-	671,561
- Non-current liabilities						
· Borrowings	261	-	-	-	-	261
- Current liabilities						
· Trade and other payables	111,066	466	2,887	61	11,575	126,055
· Borrowings	136,197	-	-	-	-	136,197
	1,858,641	466	2,887	61	11,575	1,873,630

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

Sensitivity

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

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

3.2.1 Market risk (cont'd)

(i) Currency risk (cont'd)

THE GROUP

	GBP		USD		EURO	
	+5%	-5%	+5%	-5%	+5%	-5%
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Impact on Results:						
- At December 31, 2016						
- Investment in financial assets	-	-	**33,278**	**(33,278)**	**2,141**	**(2,141)**
- Cash and cash equivalents	-	-	**2,043**	**(2,043)**	**511**	**(511)**
- Trade and other receivables	**21**	**(21)**	**3,897**	**(3,897)**	**684**	**(684)**
- Trade and other payables	**(19)**	**19**	**(1,998)**	**1,998**	**(628)**	**628**
- At December 31, 2015						
- Investment in financial assets	-	-	29,967	(29,967)	5,054	(5,054)
- Cash and cash equivalents	-	-	1,065	(1,065)	238	(238)
- Trade and other receivables	28	(28)	2,267	(2,267)	663	(663)
- Outstanding claim and IBNR	-	-	(1)	1	-	-
- Trade and other payables	(23)	23	(1,571)	1,571	(355)	355

THE COMPANY

	GBP		USD		EURO	
	+5%	-5%	+5%	-5%	+5%	-5%
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Impact on Results:						
- At December 31, 2016						
- Investment in financial assets	-	-	**28,843**	**(28,843)**	**2,117**	**(2,117)**
- Cash and cash equivalents	-	-	**487**	**(487)**	**215**	**(215)**
- Trade and other receivables	**21**	**(21)**	**1,256**	**(1,256)**	**479**	**(479)**
- Trade and other payables	**(19)**	**19**	**(1,158)**	**1,158**	**(470)**	**470**
- At December 31, 2015						
- Investment in financial assets	-	-	24,728	(24,728)	5,028	(5,028)
- Cash and cash equivalents	-	-	842	(842)	203	(203)
- Trade and other receivables	28	(28)	985	(985)	279	(279)
- Trade and other payables	(23)	23	(144)	144	(3)	3

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

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

3.2.1 Market risk (cont'd)

(ii) Interest rate risk

Interest rate risk arises from the Group's and the 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.

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

Sensitivity

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

THE GROUP

	Impact on results	
	+1%	-1%
At December 31, 2016	**Rs'000**	**Rs'000**
- Held-to-maturity investments	**53**	**(53)**
- Loans and receivables	**233**	**(233)**
- Cash and cash equivalents	**27**	**(27)**
- Finance lease asset	**163**	**(163)**
At December 31, 2015		
- Held-to-maturity investments	63	(63)
- Loans and receivables	237	(237)
- Cash and cash equivalents	11	(11)
- Finance lease asset	197	(197)

THE COMPANY

	Impact on results	
	+1%	-1%
At December 31, 2016	**Rs'000**	**Rs'000**
- Held-to-maturity investments	**47**	**(47)**
- Loans and receivables	**233**	**(233)**
- Cash and cash equivalents	**5**	**(5)**
At December 31, 2015		
- Held-to-maturity investments	63	(63)
- Loans and receivables	237	(237)
- Cash and cash equivalents	11	(11)

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

3.2.1 Market risk (cont'd)

(iii) Equity price risk

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

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

Sensitivity

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

THE GROUP

	Impact on Shareholders' equity	
	+10%	-10%
At December 31, 2016	**Rs'm**	**Rs'm**
- Available-for-sale financial assets	**143**	**(143)**
At December 31, 2015	Rs'm	Rs'm
- Available-for-sale financial assets	137	(137)

THE COMPANY

	Impact on Shareholders' equity	
	+10%	-10%
At December 31, 2016	**Rs'm**	**Rs'm**
- Available-for-sale financial assets	**124**	**(124)**
At December 31, 2015	Rs'm	Rs'm
- Available-for-sale financial assets	119	(119)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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

3.2.2 Credit risk

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

- reinsurer's share of insurance liabilities;

- amounts due from reinsurers in respect of claims already paid;

- amounts due from insurance contract holders, and

- amounts due from insurance intermediaries.

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

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

The Group and the Company have defined policies and procedures in respect of overdue balances for monitoring and follow up on timely basis.

Reinsurance credit exposures

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

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

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

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

3.2.2 Credit risk (cont'd)

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

THE GROUP

	Neither past due nor impaired	Past due but not impaired				Impaired and impairment charge	Carrying amount at year end
		1m - 3m	3m - 6m	6m - 1yr	> 1 yr		
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2016							
- Loans and receivables	**179,772**	-	-	-	-	-	**179,772**
- Trade and other receivables							
Insurance receivables	259,627	194,616	255,938	121,764	12,017	25,794	869,756
Reinsurance Assets	811,329	34,751	-	-	28,722	17,761	892,563
Other receivables	176,519						176,519
	1,247,475	**229,367**	**255,938**	**121,764**	**40,739**	**43,555**	**1,938,838**
2015							
- Loans and receivables	190,135	-	-	-	-	-	190,135
- Trade and other receivables							
Insurance receivables	211,453	240,373	243,471	112,782	-	24,806	832,885
Reinsurance Assets	834,054	-	-	-	26,649	10,000	870,703
Other receivables	166,285	50	-	-	265	-	166,600
	1,211,792	240,423	243,471	112,782	26,914	34,806	1,870,188

THE COMPANY

	Neither past due nor impaired	Past due but not impaired				Impaired and impairment charge	Carrying amount at year end
		1m - 3m	3m - 6m	6m - 1yr	> 1 yr		
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2016							
- Loans and receivables	**140,389**	-	-	-	-	-	**140,389**
- Trade and other receivables							
Insurance receivables	242,067	193,976	254,718	121,764	12,017	25,794	850,336
Reinsurance Assets	806,595	-	-	-	28,690	17,761	853,046
Other receivables	168,391	-	-	-	-	-	168,391
	1,217,053	**193,976**	**254,718**	**121,764**	**40,707**	**43,555**	**1,871,773**
2015							
- Loans and receivables	147,370	-	-	-	-	-	147,370
- Trade and other receivables							
Insurance receivables	211,483	204,920	241,495	111,820	-	24,806	794,524
Reinsurance Assets	813,731	-	-	-	26,649	10,000	850,380
Other receivables	164,690	-	-	-	-	-	164,690
	1,189,904	204,920	241,495	111,820	26,649	34,806	1,809,594

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

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

3.2.3 Liquidity risk

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

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

THE GROUP

Maturities of financial assets and liabilities:

At December 31, 2016	< 1 year	1 to 5 years	> 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Assets				
- Investments in financial assets	1,406,466	131,125	95,534	1,633,125
- Loans and receivable	14,447	43,089	122,236	179,772
- Current assets				
· Trade and other receivables	2,832,804	-	-	2,832,804
· Cash and cash equivalents	138,396	-	-	138,396
	4,392,113	174,214	217,770	4,784,097
Liabilities				
- Technical Provisions:				
· Gross unearned premiums	1,039,641	-	-	1,039,641
· Outstanding claims and IBNR	774,384	-	-	774,384
- Non-current liabilities				
· Borrowings	-	27,924	-	27,924
- Current liabilities				
· Trade and other payables	191,073	-	-	191,073
· Borrowings	14,011	-	-	14,011
	2,019,109	27,924	-	2,047,033

At December 31, 2015	< 1 year	1 to 5 years	> 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Assets				
- Investments in financial assets	1,211,700	274,622	100,899	1,587,221
- Loans and receivable	16,042	43,128	130,965	190,135
- Current assets				
· Trade and other receivables	2,715,920	-	-	2,715,920
· Cash and cash equivalents	168,233	-	-	168,233
	4,111,895	317,750	231,864	4,661,509

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

3.2.3 Liquidity risk (cont'd)

THE GROUP

Maturities of financial assets and liabilities:

At December 31, 2015	< 1 year	1 to 5 years	> 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Liabilities				
- Technical Provisions:				
· Gross unearned premiums	955,130	-	-	955,130
· Outstanding claims and IBNR	676,310	-	-	676,310
- Non-current liabilities				
· Borrowings	-	261	-	261
- Current liabilities				
· Trade and other payables	191,835	-	-	191,835
· Borrowings	180,957	-	-	180,957
	2,004,232	261	-	2,004,493

THE COMPANY

Maturities of financial assets and liabilities:

At December 31, 2016	< 1 year	1 to 5 years	> 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Assets				
- Investments in financial assets	1,238,109	92,238	95,534	1,425,881
- Loans and receivable	4,729	13,424	122,236	140,389
- Current assets				
· Trade and other receivables	1,871,773	-	-	1,871,773
· Cash and cash equivalents	69,980	-	-	69,980
	3,184,591	105,662	217,770	3,508,023
Liabilities				
- Technical Provisions:				
· Gross unearned premiums	1,004,888	-	-	1,004,888
· Outstanding claims and IBNR	769,620	-	-	769,620
- Non-current liabilities				
· Borrowings	-	156	-	156
- Current liabilities				
· Trade and other payables	126,676	-	-	126,676
· Borrowings	105			105
	1,901,289	156	-	1,901,445

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YEAR ENDED DECEMBER 31, 2016

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

3.2.3 Liquidity risk (cont'd)

THE COMPANY

Maturities of financial assets and liabilities:

At December 31, 2015	< 1 year	1 to 5 years	> 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Assets				
- Investments in financial assets	1,210,678	82,242	100,900	1,393,820
- Loans and receivables	3,751	12,654	130,965	147,370
- Current assets				
· Trade and other receivables	1,809,594	-	-	1,809,594
· Cash and cash equivalents	120,367	-	-	120,367
	3,144,390	94,896	231,865	3,471,151
Liabilities				
- Technical Provisions:				
· Gross unearned premiums	939,556	-	-	939,556
· Outstanding claims and IBNR	671,561	-	-	671,561
- Non-current liabilities				
· Borrowings	-	261	-	261
- Current liabilities				
· Trade and other payables	126,055	-	-	126,055
· Borrowings	136,197	-	-	136,197
	1,873,369	261	-	1,873,630

3.2.4 Capital Risks Management

The main objectives of the Company when managing capital are:

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

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

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

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

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

3.2.4 Capital Risks Management (cont'd)

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

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

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

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

The debt-to-adjusted capital ratios at December 31, 2016 and December 31, 2015 were as follows:

THE GROUP	2016	2015
	Rs'000	Rs'000
Total debt (note 18)	**41,935**	181,218
Less: cash and cash equivalents (note 29(b))	**(138,396)**	(168,233)
Net debt	**(96,461)**	12,985
Total equity	**2,738,550**	2,687,436
Debt-to-adjusted capital ratio	**N/A**	0.5%

THE COMPANY	2016	2015
	Rs'000	Rs'000
Total debt (note 18)	**261**	136,458
Less: cash and cash equivalents (note 29(b))	**(69,980)**	(120,367)
Net debt	**(69,719)**	16,091
Total equity	**2,043,434**	1,983,868
Debt-to-adjusted capital ratio	**N/A**	0.8%

3.2.5 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group and the Company use a variety of methods and make assumptions that are based on market conditions existing at each end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

Critical accounting estimates and assumptions

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

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

4.1 Insurance contracts

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

(i) Estimates of future claims payments

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

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

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

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

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

(ii) Sensitivity

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

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

4.1 Insurance contracts (cont'd)

(iii) Uncertainties and judgement

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

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

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

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

4.2 Reinsurance

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

4.3 Held-to-maturity investments

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

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

4.4 Impairment of available-for-sale financial assets

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

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

4.5 Estimated impairment of goodwill

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

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

4.6 Impairment of other assets

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

4.7 Pension obligations

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

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

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

Additional information is disclosed in Note 19.

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

4.8 Limitations of sensitivity analysis

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

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

5. PROPERTY AND EQUIPMENT

	Buildings	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
THE GROUP	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST					
At January 1, 2015	86,475	16,129	56,996	89,610	249,210
Additions	-	1,950	1,371	9,044	12,365
Exchange difference	-	-	43	34	77
Disposals	-	(3,235)	(1,067)	-	(4,302)
Effect on derecognition of subsidiaries	-	-	-	(359)	(359)
At December 31, 2015	**86,475**	**14,844**	**57,343**	**98,329**	**256,991**
Additions	-	-	319	9,415	9,734
Exchange difference	-	-	134	-	134
Disposals	-	-	(83)	(21)	(104)
Write off	-	(565)	(14,150)	-	(14,715)
At December 31, 2016	**86,475**	**14,279**	**43,563**	**107,723**	**252,040**
DEPRECIATION					
At January 1, 2015	22,468	12,598	41,931	73,373	150,370
Charge for the year	1,730	1,119	2,215	6,575	11,639
Disposal adjustment	-	(2,108)	(406)	-	(2,514)
Effect on derecognition of subsidiaries	-	-	-	(100)	(100)
At December 31, 2015	**24,198**	**11,609**	**43,740**	**79,848**	**159,395**
Reclassification	-	(2,178)	2,178	-	-
Charge for the year	1,730	897	2,052	8,382	13,061
Disposal adjustment	-	-	(83)	(21)	(104)
Write off	-	(565)	(14,150)	-	(14,715)
At December 31, 2016	**25,928**	**9,763**	**33,737**	**88,209**	**157,637**
NET BOOK VALUE					
At December 31, 2016	**60,547**	**4,516**	**9,826**	**19,514**	**94,403**
At December 31, 2015	62,277	3,235	13,603	18,481	97,596

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

5. PROPERTY AND EQUIPMENT (CONT'D)

THE COMPANY	Buildings	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST					
At January 1, 2015	86,475	16,129	51,556	88,869	243,029
Additions	-	1,950	267	9,044	11,261
Disposals	-	(3,235)	-	-	(3,235)
At December 31, 2015	**86,475**	**14,844**	**51,823**	**97,913**	**251,055**
Additions	-	-	319	9,415	9,734
Disposals	-	-	(83)	(21)	(104)
Writen off	-	(565)	(14,150)	-	(14,715)
At December 31, 2016	**86,475**	**14,279**	**37,909**	**107,307**	**245,970**
DEPRECIATION					
At January 1, 2015	22,468	12,599	38,005	73,062	146,134
Charge for the year	1,730	1,119	1,687	6,474	11,010
Disposal adjustment	-	(2,108)	-	-	(2,108)
At December 31, 2015	**24,198**	**11,610**	**39,692**	**79,536**	**155,036**
Reclassification	-	(2,178)	2,178	-	-
Charge for the year	1,730	897	1,689	8,324	12,640
Disposal adjustment	-	-	(83)	(21)	(104)
Write off	-	(565)	(14,150)	-	(14,715)
At December 31, 2016	**25,928**	**9,764**	**29,326**	**87,839**	**152,857**
NET BOOK VALUE					
At December 31, 2016	**60,547**	**4,515**	**8,583**	**19,468**	**93,113**
At December 31, 2015	62,277	3,234	12,131	18,377	96,019

Leased assets included above comprise of motor vehicles:

	THE GROUP AND THE COMPANY	
	2016	2015
	Rs'000	Rs'000
Cost - capitalised finance leases	**707**	707
Accumulated depreciation	**(707)**	(565)
Net book value	**-**	142

6. INTANGIBLE ASSETS

THE GROUP	Goodwill & other intangibles	Computer Software	Development & other costs	Total
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At January 1, 2015	48,067	19,154	14,990	82,211
Additions	-	5,781	-	5,781
Exchange difference	-	(2)	-	(2)
At December 31, 2015	**48,067**	**24,933**	**14,990**	**87,990**
Additions	-	4,092	-	4,092
Exchange difference	-	(2)	-	(2)
Write off	-	(9,387)	-	(9,387)
At December 31, 2016	**48,067**	**19,636**	**14,990**	**82,693**
AMORTISATION/ IMPAIRMENT				
At January 1, 2015	18,496	17,600	14,990	51,086
Charge for the year	3,610	2,759	-	6,369
Impairment (a)	464	-	-	464
At December 31, 2015	**22,570**	**20,359**	**14,990**	**57,919**
Charge for the year	2,527	3,999	-	6,526
Exchange difference	-	(1)	-	(1)
Write off	-	(9,387)	-	(9,387)
At December 31, 2016	**25,097**	**14,970**	**14,990**	**55,057**
NET BOOK VALUE				
At December 31, 2016	**22,970**	**4,666**	**-**	**27,636**
At December 31, 2015	25,497	4,574	-	30,071

(a) At December 31, 2015 the Group impaired all goodwill allocated to its subsidiary, Albatross Courtage (Madagascar) SA , which was in liquidation process up to June 30, 2016.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

6. INTANGIBLE ASSETS (CONT'D)

THE COMPANY

	Goodwill & other intangibles	Computer Software	Development & other costs	Total
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At January 1, 2015	5,463	18,907	14,990	39,360
Additions	-	5,781	-	5,781
At December 31, 2015	5,463	24,688	14,990	45,141
Additions	-	4,092	-	4,092
Write off	-	(9,387)	-	(9,387)
At December 31, 2016	**5,463**	**19,393**	**14,990**	**39,846**
AMORTISATION				
At January 1, 2015	5,463	17,389	14,990	37,842
Charge for the year	-	2,747	-	2,747
At December 31, 2015	5,463	20,136	14,990	40,589
Charge for the year	-	3,989	-	3,989
Write off	-	(9,387)	-	(9,387)
At December 31, 2016	**5,463**	**14,738**	**14,990**	**35,191**
NET BOOK VALUE				
At December 31, 2016	-	**4,655**	-	**4,655**
At December 31, 2015	-	4,552	-	4,552

7. INVESTMENTS IN SUBSIDIARY COMPANIES

(a) THE COMPANY

	Level 1	Level 3	2016 Total	2015 Total
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1, 2016	**168,895**	**296,523**	**465,418**	372,144
Additions (see note 28 (a))	**70,540**	-	**70,540**	93,304
Derecognition (note (ii))	-	(1)	(1)	-
Impairment	-	-	-	(30)
At December 31, 2016	**239,435**	**296,522**	**535,957**	465,418

(i) Level 1: The market value of the subsidiary company, Swan Life Ltd was based on the DEM bid price at December 31, 2016 amounting to Rs 2.5bn (2015: Rs 2.1bn).

(ii) During the year the Company reclassified its investment in Swan Wealth Structured Products Ltd from investments in subsidiary companies to investments in financial assets as the Company does not exercise control over Swan Wealth Structured Products Ltd (note 28(b)).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

7. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(b) The financial statements of the following subsidiaries have been included in the consolidated financial statements. The reporting date used for consolidation purposes is December 31, 2016.

Name	Class of shares held	Stated Capital	Nominal value of investment		Proportion of ownership interest: Direct		Indirect		Other group companies	Proportion of ownership held by non-controlling interests		Place of Business/ Country of incorporation	Main Business Activity
			2016	2015	2016	2015	2016	2015	2016 & 2015	2016	2015		
			Rs'000	Rs'000	%	%	%	%	%	%	%		
· Swan Life Ltd (c)	Ordinary	26,322	**239,435**	168,895	**82.72%**	79.87%	-	-	-	**17.28%**	20.13%	Mauritius	Life insurance, pensions, actuarial and investment business
· Swan Corporate Affairs Ltd	Ordinary	1,000	**500**	500	**50.00%**	50.00%	-	-	50.00%	-	-	Mauritius	Provision of secretarial services to the Group
· Swan International Co Ltd	Ordinary	156	**80**	80	**51.00%**	51.00%	-	-	49.00%	-	-	Mauritius	Reinsurance Brokers and Consultants
· Swan Reinsurance PCC (d)	Core and Cellular	250,000	**250,000**	250,000	**100.00%**	100.00%	-	-	-	-	-	Mauritius	Reinsurance of long term and short term business
· Brugassur S.A	Ordinary	346	-	-	**100.00%**	100.00%	-	-	-	-	-	Madagascar	Insurance agency
· Swan Risk Finance (Pty) Ltd	Ordinary	18,319	**20,941**	20,941	**100.00%**	100.00%	-	-	-	-	-	South Africa	Leasing of office and other related equipments
· Swan Financial Solutions Ltd (e)	Ordinary	586,876	-	-	-	-	-	-	80.00%	**20.00%**	20.00%	Mauritius	Investment Company
· Manufacturers' Distributing Station Limited (e)	Ordinary	961	-	-	-	-	-	-	99.80%	**0.20%**	0.20%	Mauritius	Investment Company
· Swan Pensions Ltd (e)	Ordinary	4,100	-	-	-	-	-	-	100.00%	-	-	Mauritius	Pension fund administration
· Swan Wealth Managers Ltd (e)	Ordinary	1,000	-	-	-	-	-	-	80.00%	**20.00%**	20.00%	Mauritius	Fund management and investment
· Swan Securities Ltd (e)	Ordinary	1,000	-	-	-	-	-	-	80.00%	**20.00%**	20.00%	Mauritius	Stockbroking
· Société de La Croix (e)	Parts	2,500	-	-	-	-	-	-	99.80%	**0.20%**	0.20%	Mauritius	Investment entity
· Société de La Montagne (e)	Parts	45,654	-	-	-	-	-	-	99.80%	**0.20%**	0.20%	Mauritius	Investment entity
· Société de La Rivière (e)	Parts	2,500	-	-	-	-	-	-	99.80%	**0.20%**	0.20%	Mauritius	Investment entity
· Swan Foundation	Limited by guarantee	1	**1**	1	**50.00%**	50.00%	-	-	50.00%	-	-	Mauritius	Management of Swan Group CSR fund (not consolidated)
· Swan Special Risks Company Ltd	Ordinary	25,000	**25,000**	25,000	**100.00%**	100.00%	-	-	-	-	-	Mauritius	Underwriter of short term and fronting business
									-	-	-		
· Aprica Investments Co Ltd	Ordinary	30	-	-	**100.00%**	100.00%	-	-	-	-	-	Mauritius	Investment entity
· Swan Wealth Structured Products Ltd (g)	Ordinary	1	-	1	-	100.00%	-	-	-	-	-	Mauritius	Provider of structured solutions
			535,957	465,418									

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

7. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(c) The Company acquired additional shares in Swan Life Ltd during the year (see note 28(a)).

(d) The Company consolidates the activities of the Core cell only.

(e) These companies are consolidated in the financial statements of Swan Life Ltd and are disclosed separately as business life assets and liabilities.

(f) The financial year end is December 31 for all companies.

(g) **Interest in unconsolidated structured entities**

Swan Wealth Structured Products Ltd principal aim is to provide comprehensive structured financial solutions. During the year, the company launched the Smart Dynamic Notes through the issue of debentures which will be matched to its assets.

Held to Maturity investments consist of various fixed deposits with reputable bank and financial institutions. The respective terms and conditions of the investments have been disclosed to the noteholders who bears all the benefits and risks associated with the products. The financial liabilities of the notes issued by the company consist of two distinct obligations, the capital guarantee and the minimum guaranteed return. The financial liabilities has been measured at amortised cost using the effective interest rate methods.

The financial position of SWSPL is as follows :

	2016
	Rs'000
Held to maturity investments	190,616
Other assets	705
Total assets	191,321
Other financial liabilities	191,644
Other liabilities	290
Equity	(613)
	191,321

(h) Details for subsidiaries are as follows:

Name of subsidiary	Profit/(loss) allocated to non-controlling interests during the year	Accumulated non-controlling interests as at December 31,
	Rs'000	Rs'000
2016		
· Swan Life Ltd (Group) (c)	20,923	295,953
· Swan Corporate Affairs Ltd	338	2,251
· Swan International Co Ltd (Group)	2,548	46,319
	23,809	**344,523**
2015		
· Swan Life Ltd (Group)	24,374	300,245
· Swan Corporate Affairs Ltd	917	1,915
· Swan International Co Ltd (Group)	5,560	48,134
· Swan Risk Finance (Pty) Ltd	(2,671)	-
· Tusk (UM) PTY Ltd	(1,231)	-
	26,949	350,294

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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

(i) **Summarised financial information on subsidiaries**

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

Name	Current assets	Non current assets	Current liabilities	Non current liabilities	Life Business Assets	Life Assurance Fund	Gross premium/ revenue	Profit/ (loss) after tax	Other comprehensive income for the year	Total comprehensive income for the year	Dividend paid to non controlling interests
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2016											
Swan Life Ltd (Group)	-	-	-	-	35,381,084	34,487,118	3,859,237	121,082	6,647	127,729	35,928
Swan International Co Ltd	11,694	84,020	1,186	-	-	-	-	5,199	(2,381)	2,818	3,198
Swan Corporate Affairs Ltd	7,697	46	3,241	-	-	-	3,632	676	-	676	-
Swan Reinsurance PCC	14,831	213,809	4,206	-	-	-	72	3,724	6,038	9,762	-
Brugassur (Madagascar)SA	7,026	1,054	9,994	-	-	-	1,133	(315)	-	(315)	-
Swan Risk Finance (PTY) Ltd	16,269	45,603	3,024	27,768	-	-	21,715	1,328	-	1,328	-
Aprica Investments Co Ltd	146	-	21,396	-	-	-	21,693	(6,324)	-	(6,324)	-
Swan Special Risks Company Limited	87,495	20,851	38,135	-	-	-	132,007	6,710	335	7,045	-
2015											
Swan Life Ltd (Group)	-	-	-	-	32,941,693	32,095,961	3,388,287	121,082	(10,712)	110,370	38,774
Swan International Co Ltd	17,638	88,561	7,967	-	-	-	-	11,347	14,573	25,920	3,091
Swan Corporate Affairs Ltd	4,592	65	829	-	-	-	3,148	1,834	-	1,834	-
Swan Reinsurance PCC	13,087	206,816	3,533	36	-	-	1,083	(4,246)	5,893	1,647	-
Brugassur (Madagascar)SA	6,801	1,302	9,752	-	-	-	2,528	56	192	248	-
Swan Risk Finance (PTY) Ltd	19,389	49,990	68,779	-	-	-	26,934	(5,452)	(614)	(6,066)	-
Tusk UM (PTY) Ltd	-	-	-	-	-	-	-	(2,512)	(202)	(2,714)	-
Aprica Investments Co Ltd	472	38	15,331	-	-	-	20,306	(4,263)	(1,536)	(5,799)	-
Swan Special Risks Company Limited	66,993	19,987	43,043	20,287	-	-	82,863	115	(825)	(710)	-
Swan Wealth Structured Products Ltd	1	-	775	-	-	-	-	(775)	-	(775)	-

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

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

(ii) Summarised Cash flow information

Name	Operating activities	Investing activities	Financing activities	Net (decrease)/ increase in cash and cash equivalents
2016	Rs'000	Rs'000	Rs'000	Rs'000
Swan Life Ltd (Group)	**1,938,374**	**130,012**	**(136,087)**	**1,932,299**
Swan International Co Ltd	**(6,615)**	**8,367**	**(6,309)**	**(4,557)**
Swan Corporate Affairs Ltd	**3,079**	-	-	**3,079**
Swan Reinsurance PCC	**(4,093)**	**6,339**	-	**2,246**
Brugassur (Madagascar)SA	**1,841**	**96**	-	**1,937**
Swan Risk Finance (PTY) Ltd	**4,448**	**919**	**(12,237)**	**(6,870)**
Aprica Investments Co Ltd	**67**	**-**	-	**67**
Swan Special Risks Company Ltd	**19,116**	**315**	-	**19,431**
2015				
Swan Life Ltd (Group)	1,988,268	(1,060,487)	(133,426)	794,355
Swan International Co Ltd	5,233	-	-	5,233
Swan Corporate Affairs Ltd	836	-	-	836
Swan Reinsurance PCC	(10,433)	(10,697)	-	(21,130)
Brugassur (Madagascar)SA	(4,051)	1,733	-	(2,318)
Swan Risk Finance (PTY) Ltd	14,649	1,119	(9,492)	6,276
Tusk UM (PTY) Ltd	836	-	(520)	316
Aprica Investments Co Ltd	3	-	-	3
Swan Special Risks Company Ltd	29,681	(20,608)	-	9,073

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

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

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

8. INVESTMENT IN ASSOCIATED COMPANY

	THE GROUP	
	2016	2015
(a) **Group's share of net assets in associated company**	**Rs'000**	Rs'000
At January 1,	**88,805**	67,148
Additions	**18**	2,151
Excess of net assets acquired	**-**	46
Share of results of associated company	**6,296**	14,243
Dividends	**(8,398)**	(7,891)
Other movements	**(2,439)**	13,108
At December 31,	**84,282**	88,805

NOTES TO THE FINANCIAL STATEMENTS
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8. INVESTMENT IN ASSOCIATED COMPANY (CONT'D)

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

Name	Year end	Principal place of business/ country of incorporation	Proportion of ownership interest and voting rights (direct)	Proportion of ownership interest and voting rights (indirect)	Nature of business
2016				%	
SACOS Group Limited	**Dec 31**	**Seychelles**	**0.05%**	**18.59%**	**Insurance activities**
2015					
SACOS Group Limited	Dec 31	Seychelles	0.05%	18.54%	Insurance activities

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

(ii) SACOS Group Limited is a public company listed on the Seychelles Stock Exchange. The market price at December 31, 2016 is Rs.412 (2015: Rs.415) and the market capitalisation is Rs.153m (2015: Rs.154m).

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

(iv) In 2016, Swan International Ltd through its subsidiary (Opportunity Investment Ltd) acquired an additional 0.05% share interest in SACOS Group Limited, increasing the effective interest from 18.54% to 18.59%.

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

Name	Current assets	Non-current assets	Life business assets	Technical provision	Current liabilities	Non-current liabilities	Revenue	Profit after tax	Dividend received during the year
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2016									
SACOS Group Limited	**438,695**	**369,645**	**1,211,528**	**1,409,080**	**145,340**	**13,291**	**129,788**	**33,781**	**8,398**
2015									
SACOS Group Limited	598,426	159,636	1,262,848	1,457,326	13,191	72,688	402,886	78,561	7,891

(d) **Reconciliation of summarised financial information**

Name	Opening net assets January 1,	Profit for the year	Other comprehensive income for the year	Dividend	Closing net assets	Ownership interest	Interest in associates	Goodwill	Carrying value
2016	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	%	Rs'000	Rs'000	Rs'000
SACOS Group Limited	**477,705**	**33,781**	**(14,275)**	**(45,054)**	**452,157**	**18.64%**	**84,282**	-	**84,282**
2015									
SACOS Group Limited	370,369	78,561	72,300	(43,525)	477,705	18.59%	88,805	-	88,805

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

9. INVESTMENT IN JOINT VENTURES

	THE GROUP 2016	THE GROUP 2015
(a) **Group's share of net assets in joint ventures**	**Rs'000**	**Rs'000**
At January 1,	**1,371**	1,139
Addition	**1**	-
Share of profit	**272**	232
At December 31,	**1,644**	1,371

(b) **The Company**	THE COMPANY 2016	THE COMPANY 2015
	Rs '000	Rs '000
At January 1,	**500**	500
Addition	**1**	-
At December 31,	**501**	500

(c) **Details of the joint ventures at the end of the reporting period are as follows:**

Name of joint venture	Country of incorporation and place of business	Proportion of interest and voting rights held	Principal Activity
Processure Compagnie Limitée	Mauritius	50%	Insurance Back Office
Rental Finance Holding Ltd	Mauritius	50%	Investment holding

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

Rental Finance Holding has been incorporated during the financial year. The company is a jointly controlled entity by Swan General Ltd and Dolberg Finance Holdings Limited, a company incorporated in Mauritius.

(d) **Summarised Financial information**

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

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

Name	Current assets	Current liabilities	Profit/(loss) after tax	Comprehensive income	Total comprehensive income for the year
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2016					
Processure Compagnie Limitée	**5,988**	**(2,698)**	**546**	**-**	**546**
Rental Finance Holding Ltd	**2**	**(295)**	**(295)**	**-**	**(295)**
2015					
Processure Compagnie Limitée	3,980	(1,238)	464	-	464

NOTES TO THE FINANCIAL STATEMENTS
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9. INVESTMENTS IN JOINT VENTURES (CONT'D)

(e) **Reconciliation of summarised financial information**

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

Name	Opening net assets	Profit/(loss) for the year	Closing net assets	Unrecognised losses	Carrying value
2016	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Processure Compagnie Limitée	**2,742**	**546**	**3,288**	-	**1,644**
Rental Finance Holding Ltd	**-**	**(295)**	**(295)**	**(147)**	-
2015					
Processure Compagnie Limitée	2,278	464	2,742	-	1,371

(f) **Unrecognised share of losses**	2016	2015
	Rs '000	Rs '000
Unrecognised share of loss of Rental Finance Holding Ltd	**147**	-

	2016	2015
Cumulative share of loss of Rental Finance Holding Ltd	**Rs '000**	Rs '000
	147	-

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

10. INVESTMENTS IN FINANCIAL ASSETS

	THE GROUP				THE COMPANY			
			2016	2015			2016	2015
	Held-to-maturity	Available-for-sale	Total	Total	Held-to-maturity	Available-for-sale	Total	Total
(a) Local Securities	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	221,095	667,188	888,283	965,991	208,155	570,438	778,593	868,095
Additions	20,000	35,012	55,012	133,234	20,000	31,442	51,442	99,006
Increase/(decrease) in fair value	-	7,789	7,789	(83,498)	-	8,708	8,708	(65,014)
Disposals	-	(32,860)	(32,860)	(54,396)	-	(29,686)	(29,686)	(54,369)
Maturity	(35,086)	-	(35,086)	(72,422)	(41,094)	-	(41,094)	(69,500)
Effect of derecognition of subsidiaries	-	-	-	(987)	-	-	-	-
Movement in accrued interest	1,246	-	1,246	404	711	-	711	375
Exchange differences	(49)	(36)	(85)	(43)	(49)	-	(49)	-
At December 31,	207,206	677,093	884,299	888,283	187,723	580,902	768,625	778,593
(b) Foreign Securities								
At January 1,	-	698,938	698,938	603,559	-	615,227	615,227	547,557
Additions	-	259,293	259,293	142,911	-	258,383	258,383	135,525
Increase in fair value	-	30,653	30,653	56,451	-	23,877	23,877	59,196
Disposals	-	(241,137)	(241,137)	(127,051)	-	(240,231)	(240,231)	(127,051)
Exchange differences	-	1,079	1,079	23,068	-	-	-	-
At December 31,	-	748,826	748,826	698,938	-	657,256	657,256	615,227
Total	207,206	1,425,919	1,633,125	1,587,221	187,723	1,238,158	1,425,881	1,393,820

10. INVESTMENTS IN FINANCIAL ASSETS (CONT'D)

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
Analysed as follows:	Rs'000	Rs'000	Rs'000	Rs'000
Non-current	1,623,125	1,552,221	1,415,881	1,358,820
Current	10,000	35,000	10,000	35,000
	1,633,125	1,587,221	1,425,881	1,393,820
Cumulative accrued interests	4,253	8,933	3,647	8,677

	THE GROUP				THE COMPANY			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At December 31, 2016								
Available-for-sale	1,326,624	2,350	96,945	1,425,919	1,124,498	2,350	111,310	1,238,158
At December 31, 2015								
Available-for-sale	1,263,324	2,286	100,516	1,366,126	1,068,498	2,286	114,881	1,185,665

(c) Held-to-maturity investments comprise of Mauritius Government Securities, Listed and unquoted Debenture Stocks, Treasury Bills and deposits with interest rates varying from 3.25% to 12.25% (2015: 1.1% to 17.15%).

(d) Available-for-sale financial assets comprise of listed, quoted and unquoted financial assets.

(e) None of the financial assets are past due.

(f) Currency analysis of financial assets is disclosed in note 3.2.1.(i)

(g) The ageing of financial assets is disclosed in note 3.2.3.

(h) The table below shows the changes in level 3 instruments for the year ended December 31, 2016:

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	100,516	23,934	114,881	38,909
Additions	-	74,250	-	74,250
Decrease in fair value	(3,571)	2,332	(3,571)	1,722
At December 31,	96,945	100,516	111,310	114,881

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

11. LOANS AND RECEIVABLES

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	147,370	156,668	147,370	155,575
Mortgage loans granted	-	591	-	591
Other loans granted/(recovered)	48	(1,502)	48	(409)
Mortgage loans recovered	(7,029)	(8,387)	(7,029)	(8,387)
	140,389	147,370	140,389	147,370
Finance lease receivables (a)	39,383	42,765	-	-
At December 31,	179,772	190,135	140,389	147,370
Analysed as follows:				
Non-current	165,329	174,093	135,664	143,619
Current	14,443	16,042	4,725	3,751
	179,772	190,135	140,389	147,370

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

This entity entered into finance leasing arrangements for leasing of office and related equipment. The average lease terms is 5 years and the average effective lending rate was between Prime Lending Rate (PLR) and PLR + 8%. (2015: PLR + 8%).

	2016	2015
	Rs'000	Rs'000
Gross investment in finance leases:		
Not later than 1 year	24,729	25,813
Later than 1 year and not later than 5 years	41,886	43,813
	66,615	69,626
Unearned future finance income on finance leases	(27,232)	(26,861)
Net investment in finance leases	39,383	42,765
The net investment in finance leases may be analysed as follows:		
Not later than 1 year	9,718	12,291
Later than 1 year and not later than 5 years	29,665	30,474
	39,383	42,765

(b) The rates of interest on the above loans vary between 5.00% and 11.75% for 2016 (2015: 5.17% and 11.75%).

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

(d) At December 31, 2016 and 2015, the loans and receivables are fully secured.

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

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

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

12. DEFERRED TAX ASSETS

(a) Deferred taxes are calculated on all temporary differences under the liability method at 15% (2015: 15%). The movement on deferred tax account is as follows:

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	11,957	13,763	18,708	15,091
Charged/credited) to profit or loss (note 21)	(32)	(3,737)	(32)	2,384
Other comprehensive income (note 16)	6,393	1,233	6,393	1,233
Exchange differences	(1,035)	698	-	-
At December 31,	17,283	11,957	25,069	18,708

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

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

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Deferred tax assets	25,069	18,708	25,069	18,708
Deferred tax liabilities	(7,786)	(6,751)	-	-
Net Deferred tax			25,069	18,708

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

	THE GROUP						
	At January 1, 2016	(Charged)/ credited to profit or loss	Credited to other comprehensive income	Exchange differences	**At December 31, 2016**	**Deferred tax assets**	**Deferred tax liabilities**
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Deferred tax assets							
Retirement benefit obligations	17,882	(169)	6,393	-	24,106	24,106	-
Accelerated tax depreciation	544	154	-	(55)	643	966	(323)
Assessed losses and provisions	4,819	-	-	200	5,019	-	5,019
Prepayments	14	-	-	2	16	-	16
	23,259	(15)	6,393	147	29,784	25,072	4,712
Deferred tax liabilities							
Unrealised exchange losses/(gains)	14	(17)	-	-	(3)	(3)	-
Finance lease (receivable)	(6,979)	-	-	(286)	(7,265)	-	(7,265)
Intangible assets	(4,337)	-	-	(896)	(5,233)	-	(5,233)
	(11,302)	(17)	-	(1,182)	(12,501)	(3)	(12,498)
Net deferred tax assets/(liabilities)						25,069	(7,786)

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12. DEFERRED TAX ASSETS (CONT'D)

	THE COMPANY			
	At January 1, 2016	(Charged)/ credited to profit or loss	Credited to other comprehensive income	At December 31, 2016
Deferred tax assets	Rs'000	Rs'000	Rs'000	Rs'000
Retirement benefit obligations	17,882	(169)	6,393	24,106
Accelerated tax depreciation	812	154	-	966
	18,694	(15)	6,393	25,072
Deferred tax liabilities				
Unrealised exchange (gain)/loss	14	(17)	-	(3)
	14	(17)	-	(3)
Net deferred tax assets	18,708			25,069

13. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
Insurance receivables	Rs'000	Rs'000	Rs'000	Rs'000
Due from contract holders	404,289	473,070	384,869	434,709
Due from brokers and agents	491,261	420,712	491,261	420,712
	895,550	893,782	876,130	855,421
Receivable written off (b)	-	(36,091)	-	(36,091)
	895,550	857,691	876,130	819,330
Less provision for impairment (b)	(25,794)	(24,806)	(25,794)	(24,806)
	869,756	832,885	850,336	794,524
Due from reinsurers/reinsurance assets				
- share of outstanding claims (note 22)	337,856	285,099	337,774	285,068
- share of unearned premiums (note 22)	442,147	446,518	407,394	430,944
- Incurred but not reported (note 22)	58,409	58,445	53,727	53,727
- commission and other receivables	71,912	90,641	71,912	90,641
- Provision for impairment of reinsurance assets	(17,761)	(10,000)	(17,761)	(10,000)
Other receivables				
Receivable from related parties	-	-	5,456	16,627
Prepayments	6,833	10,157	6,659	10,048
Other receivables	169,686	156,443	156,276	138,015
	1,938,838	1,870,188	1,871,773	1,809,594
Share of Group's and non-controlling interests in Life Business Assets (note 14)	893,966	845,732	-	-
	2,832,804	2,715,920	1,871,773	1,809,594

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

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

	THE GROUP AND THE COMPANY	
	2016	2015
	Rs'000	Rs'000
At January 1,	24,806	52,897
Charge for the year	15,548	8,000
Write off	-	(36,091)
Amount released	(14,560)	-
At December 31,	25,794	24,806

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

13. TRADE AND OTHER RECEIVABLES (CONT'D)

(c) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

(d) The Group and the Company do not hold any collateral as security for trade and other receivables.

(e) The carrying amounts of trade and other receivables approximate their fair values.

14. LIFE BUSINESS ASSETS

	2016	2015
	Rs'000	Rs'000
Life Business Assets comprise of the following items:		
Non-current assets		
Property and equipment	284,824	290,449
Investment properties	475,804	507,693
Intangible assets	112,867	79,606
Investments in associated companies	49,290	50,769
Investments in financial assets	25,560,379	24,025,565
Loans and receivables	4,860,264	4,841,355
Deferred tax assets	770	241
	31,344,198	29,795,678
Current assets		
Trade and other receivables	455,845	405,169
Investments in financial assets	372,218	1,464,751
Loans and receivables	351,109	383,834
Seized properties	39,306	41,763
Short term deposits	2,712,259	1,158,466
Cash and cash equivalents	889,911	510,553
	4,820,648	3,964,536
Non current liabilities		
Gross outstanding claims	60,299	73,039
Retirement benefit obligations	229,161	177,899
	289,460	250,938
Current liabilities		
Trade and other payables	368,757	435,337
Dividend payable	4,463	121,082
Current tax liabilities	121,082	11,164
	494,302	567,583
	35,381,084	32,941,693
Less Share of Group's and non-controlling-interests (note 13)	(893,966)	(845,732)
Policyholders' share - Life Assurance Fund	34,487,118	32,095,961

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15. SHARE CAPITAL

	THE GROUP AND THE COMPANY	
	2016	2015
	Rs'000	Rs'000
At January 1 & December 31,	41,379	41,379

The total authorised number of ordinary shares is 9,600,000 (2015: 9,600,000 shares) with a par value of Rs.5 per share (2015: Rs.5 per share). The number of shares issued is 8,275,769 (2015: 8,275,769 shares) which are fully paid.

16. OTHER COMPREHENSIVE INCOME

THE GROUP	Fair value reserve	Other reserves	Proprietors' fund	Non controlling interests	Actuarial gains/ (losses)	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2016						
- Change in value of available-for-sale financial assets	38,442	-	-	-	-	38,442
- Release on disposal of available-for-sale financial assets	(58,286)	-	-	-	-	(58,286)
- Movement for the year	-	(388)	5,454	16	(42,622)	(37,540)
- Deferred tax impact (note 12)	-	-	-	-	6,393	6,393
	(19,844)	(388)	5,454	16	(36,229)	(50,991)

	Fair value reserve	Other reserves	Proprietors' fund	Non controlling interests	Actuarial gains/ (losses)	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2015						
- Change in value of available-for-sale financial assets	(27,047)	-	-	-	-	(27,047)
- Release on disposal of available-for-sale financial assets	(53,806)	-	-	-	-	(53,806)
- Release on derecognition of subsidiary	-	(275)	-	-	-	(275)
- Movement for the year	-	31,789	(9,519)	5,549	(8,221)	19,598
- Deferred tax impact (note 12)	-	-	-	-	1,233	1,233
	(80,853)	31,514	(9,519)	5,549	(6,988)	(60,297)

Fair value reserve

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

16. OTHER COMPREHENSIVE INCOME (CONT'D)

Other reserves

Other reserves comprise of all the movements arising in the reserves of associates and any translation reserves from translating the financial statements of foreign operations.

Proprietors' fund

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

During the year, Swan Life Ltd, the subsidiary company, transferred an amount of Rs.33m from the Life Assurance Fund to the Proprietors' Fund as a non distributable reserve. Each year a transfer will be made to the non distributable reserve following the actuarial valuation of Swan Life Ltd. As at December 31, 2016 the accumulated amount is Rs505m (2015: Rs.472m).

Actuarial gains/(losses)

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

Amalgamation reserve

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

THE COMPANY

	Fair Value Reserve	Actuarial gains/ (losses)	Total
	Rs'000	Rs'000	Rs'000
2016			
- Change in value of available-for-sale financial assets	32,585	-	32,585
- Release on disposal of available-for-sale financial assets	(59,014)	-	(59,014)
- Remeasurement of defined benefit obligations	-	(42,622)	(42,622)
- Deferred tax impact (note 12)	-	6,393	6,393
	(26,429)	(36,229)	(62,658)
2015			
- Change in value of available-for-sale financial assets	(5,818)	-	(5,818)
- Release on disposal of available-for-sale financial assets	(53,806)	-	(53,806)
- Remeasurement of defined benefit obligations	-	(8,221)	(8,221)
- Deferred tax impact (note 12)	-	1,233	1,233
	(59,624)	(6,988)	(66,612)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

17. NON-CONTROLLING INTERESTS

	THE GROUP	
	2016	2015
	Rs'000	Rs'000
At January 1,	350,294	238,942
Share of profit	23,809	26,949
Share of dividend	(39,126)	(41,864)
Movement in other comprehensive income	16	5,549
Transactions with owners (note 28 (b))	(20,458)	(23,271)
Non distributable reserve (note 16)	6,707	110,495
Other movement	23,281	28,811
Derecognition of group company	-	4,683
At December 31,	344,523	350,294

18. BORROWINGS

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
Non-current	Rs'000	Rs'000	Rs'000	Rs'000
Loan from related parties (c)	27,768	-	-	-
Finance lease liabilities (b)	156	261	156	261
	27,924	261	156	261
Current				
Loan from related parties (c)	-	147,513	-	136,102
Debentures (a)	13,906	33,349	-	-
Finance lease liabilities (b)	105	95	105	95
	14,011	180,957	105	136,197
Total Borrowings	41,935	181,218	261	136,458

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

	THE GROUP AND THE COMPANY	
	2016	2015
(b) Finance lease liabilities - minimum lease payment:	Rs'000	Rs'000
Not later than 1 year	125	125
Later than one year and not later than two years	125	125
Later than two years and not later than five years	43	168
	293	418
Future finance charges on finance leases	(32)	(62)
Present value of finance lease liabilities	261	356
The present value of finance lease liabilities may be analysed as follows:		
Not later than 1 year	105	95
Later than one year and not later than two years	115	105
Later than two years and not later than five years	41	156
	261	356

(c) The loans from related parties are unsecured, bear interest rate of 14%.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

19. RETIREMENT BENEFIT OBLIGATIONS

	THE GROUP AND THE COMPANY	
	2016	2015
	Rs'000	Rs'000
Amounts recognised in the statements of financial position Pension benefits (a)(ii)	129,530	102,108
Analysed as follows:		
Non-current liabilities	129,530	102,108

	THE GROUP AND THE COMPANY	
	2016	2015
	Rs'000	Rs'000
Amounts recognised in the statements of profit and loss and other comprehensive statement:		
- Pension benefits (a)(v)	13,300	14,332
- Pension benefits (a)(vi)	42,622	8,221

(a) **Defined pension benefits**

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

The Group and the Company also operate a final salary defined benefit pension plan for some employees. The assets are held separately from the Group under the control of the Management Committee of Rogers Money Purchase Retirement Fund (RMPRF). The Group and the Company contribute to the pension plan in respect of some employees who have a No Worse Off Guarantee (NWOG) so that their benefits would not be worse than what they would have earned under a previous defined benefit plan.

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

	THE GROUP AND THE COMPANY	
	2016	2015
	Rs'000	Rs'000
Present value of funded obligations	233,747	189,486
Fair value of plan assets	(104,217)	(87,378)
Liability in the statements of financial position	129,530	102,108

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

	THE GROUP AND THE COMPANY	
	2016	2015
	Rs'000	Rs'000
At January 1,	102,108	103,967
Charged to profit or loss	13,300	14,332
Charged to other comprehensive income (note 16)	42,622	8,221
Contributions paid	(28,500)	(24,412)
Present value of defined obligation at December 31,	129,530	102,108

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) **Defined pension benefits (cont'd)**

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

	THE GROUP AND THE COMPANY	
	2016	2015
	Rs'000	Rs'000
At January 1,	189,486	176,186
Current service cost	7,150	5,490
Interest	12,685	12,224
Actuarial losses/(gains) arising from:		
- financial assumptions	-	-
- experience adjustment	40,977	7,743
Benefits paid	(16,551)	(12,157)
Present value of defined obligation at December 31,	233,747	189,486

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

	THE GROUP AND THE COMPANY	
	2016	2015
	Rs'000	Rs'000
At January 1,	87,378	72,219
Scheme expenses	-	(963)
Cost of insuring risks benefits	-	(592)
Expected return on plan assets	6,535	4,937
Actuarial losses	(1,645)	(478)
Contributions by employer	28,500	23,900
Benefits paid	(16,551)	(11,645)
Fair value of plan assets at December 31,	104,217	87,378

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

	THE GROUP AND THE COMPANY	
	2016	2015
	Rs'000	Rs'000
Current service cost	7,150	5,490
Scheme expenses	-	963
Cost of insuring risks benefits	-	592
Service cost	7,150	7,045
Net interest cost	6,150	7,287
Total included in staff costs (note 25 (c))	13,300	14,332
Actual return on plan assets	4,890	4,460

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

	THE GROUP AND THE COMPANY	
	2016	2015
Actuarial losses recognised during the year	Rs'000	Rs'000
Loss on pension scheme assets	1,645	478
Liability experience gain	2,041	(775)
Liability loss due to change in financial assumptions	38,936	8,518
	42,622	8,221

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) **Defined pension benefits (cont'd)**

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

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

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

	THE GROUP AND THE COMPANY	
	2016	2015
	%	%
Discount rate	6.00	7.00
Expected return on plan assets	6.00	7.00
Future salary increases	5.50	6.50
NPS ceiling increase	5.50	6.50
Post retirement annuity rates	Swan Life 2016 Annuity Rates	Swan Life 2015 Annuity Rates

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

December 31, 2016	Increase	Decrease
	Rs'000	Rs'000
Future salary growth rate (1% movement)	-	19,819
Future pension growth rate (1% movement)	14,082	-

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) **Defined pension benefits (cont'd)**

(x) The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

(xi) The Group and the Company expect to pay Rs. 25m contributions to its post-employment benefit plans for the year ending December 31, 2017.

(xii) The weighted average duration of the defined benefit obligation is 5 years at end of the reporting period (2015: 6 years).

20. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Reinsurance liabilities	98,529	112,960	71,727	73,337
Accrued expenses	19,761	18,645	18,468	18,223
Amount payable to subsidiary companies	-	-	1,171	7,756
Other payables	72,783	60,230	35,310	26,739
	191,073	191,835	126,676	126,055

(a) Currency analysis of trade and other payables is disclosed in note 3.2.1.(i)

(b) The carrying amounts of trade and other payables approximate their fair values.

21. INCOME TAX

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
(Tax asset)/tax liabilities				
Balance at January 1,	(2,037)	9,318	(2,567)	9,188
Amount paid during the year	(479)	(9,830)	-	(9,531)
Current tax on the adjusted profit for the year at 15% (2015:15%)	13,387	21,761	11,955	21,141
Payment under Advance Payment System (APS)	(16,111)	(23,769)	(15,966)	(23,640)
Tax deducted at source	(33)	(68)	(33)	(68)
Effect of derecognition of subsidiaries	-	(5)	-	-
Other movement	10	213	-	-
Under provision in prior year	186	343	211	343
Balance at December 31,	(5,077)	(2,037)	(6,400)	(2,567)
Current tax assets	(6,400)	(2,567)	(6,400)	(2,567)
Current tax liabilities	1,323	530	-	-
Profit or loss charge				
Current tax on the adjusted profit for the year at 15% (2015:15%)	13,387	21,761	11,955	21,141
Deferred tax (note 12)	32	3,737	32	(2,384)
Under provision in prior year	186	343	211	343
	13,605	25,841	12,198	19,100

21. INCOME TAX (CONT'D)

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

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Profit before taxation	268,084	310,214	233,731	269,363
Less share of results of associate and joint venture	(6,568)	(14,475)	-	-
	261,516	295,739	233,731	269,363
Tax calculated at rate of 15% (2015: 15%)	39,227	44,361	35,060	40,404
Effect of different tax rates in other countiries	12	24	-	-
Income not subject to tax	(28,844)	(30,362)	(27,474)	(28,998)
Expenses not deductible for tax purposes	3,265	11,696	4,401	7,351
Foreign tax credits	(135)	(739)	-	-
Tax losses for which no deferred income tax asset was recognised	(106)	518	-	-
Under provision in prior year	186	343	211	343
Tax charge for the year	13,605	25,841	12,198	19,100

22. INSURANCE LIABILITIES AND REINSURANCE ASSETS

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
Gross	Rs'000	Rs'000	Rs'000	Rs'000
- Claims reported and loss adjustment expenses	656,906	558,796	656,824	558,765
- Unearned premiums (note 30(b))	1,039,641	955,130	1,004,888	939,556
- Claims incurred but not reported (IBNR) (note 30(a))	117,478	117,514	112,796	112,796
Total gross insurance liabilities	1,814,025	1,631,440	1,774,508	1,611,117
Recoverable from reinsurers				
- Claims reported and loss adjustment expenses (note 13)	337,856	285,099	337,774	285,068
- Unearned premiums (notes 13,30(b))	442,147	446,518	407,394	430,944
- Claims incurred but not reported (IBNR) (note 13,30(a))	58,409	58,445	53,727	53,727
Total reinsurers' share of insurance liabilities	838,412	790,062	798,895	769,739
Net				
- Claims reported and loss adjustment expenses (notes 3.1 (iv), 30(a))	319,050	273,697	319,050	273,697
- Unearned premiums (note 30(b))	597,494	508,612	597,494	508,612
- Claims incurred but not reported (IBNR) (note 30(a))	59,069	59,069	59,069	59,069
	975,613	841,378	975,613	841,378
Total net insurance liabilities	975,613	841,378	975,613	841,378

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

23. INVESTMENT INCOME

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Interest income	32,556	31,411	28,521	31,101
Dividend income	140,208	145,874	122,720	121,943
	172,764	177,285	151,241	153,044
Total Investment income:				
Non-controlling interests - dividend income	20,923	24,374	-	-
Interest and investment income	151,841	152,911	151,241	153,044
	172,764	177,285	151,241	153,044

24. OTHER INCOME

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Profit/(loss) on disposal of available-for-sale financial assets	2,640	(5,281)	1,540	(5,281)
Reclassification adjustment from fair value reserve	58,286	53,806	59,014	53,806
Profit/(loss) on disposal of property and equipment	17	(529)	17	(679)
Lease and rental income	21,715	26,784	-	-
Net gain/(loss) on derecognition of subsidiary (note 28 (b))	775	(813)	-	-
Others	22,327	22,790	14,647	18,497
	105,760	96,757	75,218	66,343
Rent	1,082	1,031	1,412	1,347
Net foreign exchange gains	844	1,964	844	1,964
	1,926	2,995	2,256	3,311
Total	107,686	99,752	77,474	69,654

25. ADMINISTRATIVE EXPENSES AND IMPAIRMENT

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
(a) Marketing and administrative expenses include:				
- Contributions in respect of Corporate Social Responsibility	2,836	4,215	2,819	4,209
- Internal auditors' fees	1,190	1,079	1,190	1,079
- Staff costs (c)	275,092	271,795	254,902	243,949
- Management fees	-	-	27,241	27,194

25. ADMINISTRATIVE EXPENSES AND IMPAIRMENT (CONT'D)

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
(b) Impairment and other charges include:				
Impairment:				
- Investment in subsidiary companies (note 7)	-	-	-	30
- Other receivables	2,500	-	7,479	11,409
- Goodwill (note 6)	-	464	-	-
Provision for impairment of trade and other receivables:				
- Insurance receivables (note 13)	988	8,000	988	8,000
- Reinsurance assets (note 13)	7,761	10,000	7,761	10,000
	11,249	18,464	16,228	29,439

(c) Analysis of staff costs

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
- Salaries and wages	260,374	256,142	240,327	228,387
- Retirement benefit obligation costs (note 19(v))	13,300	14,332	13,300	14,332
- Other costs	1,418	1,321	1,275	1,230
	275,092	271,795	254,902	243,949

26. DIVIDEND PAYABLE

	THE COMPANY	
	2016	2015
	Rs'000	Rs'000
Declared and payable		
Final dividend of Rs.12.00 payable per ordinary share (2015: Rs.12.00)	99,309	99,309

27. EARNINGS PER SHARE

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
Earnings per share				
Profit attributable to equity holders of the Company (Rs'000)	230,670	257,424	221,533	250,263
Number of shares in issue	8,275,769	8,275,769	8,275,769	8,275,769
Earnings per share (Rs/cs)	27.87	31.11	26.77	30.24

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

28. BUSINESS COMBINATION

(a) **Acquisition of additional interest in subsidiary**

During the year, the Group acquired an additional 2.85% interest in Swan Life Ltd for Rs70.5m in cash, increasing its ownership from 79.87% to 82.72%. The Group recognised a decrease in non controlling interest of Rs20.5m and a decrease in retained earnings of Rs50m.

(b) **Derecognition of subsidiary**

(i) During the year Swan Wealth Structured Products Ltd was derecognised as an investment in subsidiary companies and reclassified to investments to financial assets.

	2016
Analysis of assets and liabilities over which control was lost:	Rs'000
Non-current assets	
Current liabilities	
Trade and other payables	(775)
Net assets derecognised	(775)
Gain on derecognition of subsidiaries	
Net assets derecognised	775
Gain on derecognition (note 24)	775

No cash consideration was received upon the derecognition.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

29. NOTES TO THE STATEMENTS OF CASH FLOWS

	Notes	THE GROUP 2016	THE GROUP 2015	THE COMPANY 2016	THE COMPANY 2015
		Rs'000	Rs'000	Rs'000	Rs'000
(a) **Cash generated from operations**					
Profit before taxation		268,084	310,214	233,731	269,363
Adjustments for:					
Depreciation	5	13,061	11,639	12,640	11,010
Amortisation	6	6,526	6,369	3,989	2,747
Foreign exchange gains	24	(844)	(1,964)	(844)	(1,964)
(Profit)/ loss on sale of property and equipment	24	(17)	529	(17)	679
Release from fair value reserve on disposal of financial assets	24	(58,286)	(53,806)	(59,014)	(53,806)
(Profit)/loss on disposal of financial assets	24	(2,640)	5,281	(1,540)	5,281
Investment income	23	(151,841)	(152,911)	(151,241)	(153,044)
Retirement benefit obligations	19(ii)	(15,200)	(10,080)	(15,200)	(10,080)
Provision for impairment - insurance receivables	13	988	8,000	988	8,000
Provision for impairment - reinsurance assets	13	7,761	10,000	7,761	10,000
Provision for impairment - other receivables		2,500	-	7,479	11,409
Change in gross unearned premiums	22/30(b)	84,511	133,538	65,332	117,964
Impairment of goodwill	6	-	464	-	-
Net (gain)/loss on derecognition of subsidiaries	28 (b)	(775)	813	-	-
Impairment of investment in subsidiary companies		-	-	-	30
Excess of net assets acquired	8	-	(46)	-	-
Share of profit of associated company and joint ventures	8/9	(6,568)	(14,475)	-	-
Changes in working capital:					
- Trade and other receivables		(86,746)	128,101	(85,253)	156,697
- Trade and other payables		14,661	(15,256)	12,196	(80,653)
- Outstanding claims and IBNR	22/30(a)	98,074	(177,161)	98,059	(170,588)
- Finance lease receivables	11	3,382	14,368	-	-
Cash generated from operating activities		176,631	203,617	129,066	123,045

(b) **Cash and cash equivalents**

	THE GROUP 2016	THE GROUP 2015	THE COMPANY 2016	THE COMPANY 2015
	Rs'000	Rs'000	Rs'000	Rs'000
Short term deposits	68,478	95,141	68,478	95,141
Bank balances and cash	69,918	73,092	1,502	25,226
Cash and cash equivalents	138,396	168,233	69,980	120,367

The interest rates on short-term local deposits ranges from 5.75% to 8.5% (2015: 5.75% to 8.5%).

(c) Additions to investment in financial assets includes a non-cash transactions amounting to Rs.24.8m (see note 10).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

30. MOVEMENTS IN INSURANCE LIABILITIES AND REINSURANCE ASSETS

THE GROUP	2016			2015		
(a) **Outstanding claims**	Gross	Reinsurance	Net	Gross	Reinsurance	Net
At January 1,	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Notified claims	558,796	(285,099)	273,697	779,081	(505,222)	273,859
Increase in liabilities	1,429,003	(550,543)	878,460	996,507	(418,987)	577,520
Cash paid for claims settled in the year (Page 68)	(1,330,893)	497,786	(833,107)	(1,216,792)	639,110	(577,682)
	656,906	(337,856)	319,050	558,796	(285,099)	273,697
Incurred but not reported (IBNR) (note 22)	117,478	(58,409)	59,069	117,514	(58,445)	59,069
At December 31,	774,384	(396,265)	378,119	676,310	(343,544)	332,766
Claims settled during the year			833,107			577,682
Movement in outstanding claims/IBNR	98,074	(52,721)	45,353	(177,161)	173,574	(3,587)
Movement in expected recovery	(16,096)	-	(16,096)	-	-	-
Net claims incurred (page 68)	81,978	(52,721)	862,364	(177,161)	173,574	574,095

THE COMPANY	2016			2015		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
At January 1,	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Notified claims	558,765	(285,068)	273,697	767,964	(505,222)	262,742
Increase in liabilities	1,428,458	(549,998)	878,460	995,533	(415,796)	579,737
Cash paid for claims settled in the year (Page 68)	(1,330,399)	497,292	(833,107)	(1,204,732)	635,950	(568,782)
	656,824	(337,774)	319,050	558,765	(285,068)	273,697
Incurred but not reported (IBNR) (note 22)	112,796	(53,727)	59,069	112,796	(53,727)	59,069
At December 31,	769,620	(391,501)	378,119	671,561	(338,795)	332,766
Claims settled during the year			833,107			568,782
Movement in outstanding claims/IBNR	98,059	(52,706)	45,353	(170,588)	178,323	7,735
Movement in expected recovery	(16,096)	-	(16,096)	-	-	-
Net claims incurred (page 68)	81,963	(52,706)	862,364	(170,588)	178,323	576,517

Expected recovery amounts to Rs.16.1m as at December 31, 2016 (2015 : Rs10.0m, deducted in the gross outstanding claim movement).

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

(b) **Provision for unearned premiums**

	THE GROUP					
	2016			2015		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	955,130	(446,518)	508,612	821,592	(409,782)	411,810
Increase during the year	84,511	4,371	88,882	133,538	(36,736)	96,802
At December 31,(note 22)	1,039,641	(442,147)	597,494	955,130	(446,518)	508,612

	THE COMPANY					
	2016			2015		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	939,556	(430,944)	508,612	821,592	(409,782)	411,810
Increase during the year	65,332	23,550	88,882	117,964	(21,162)	96,802
At December 31,(note 22)	1,004,888	(407,394)	597,494	939,556	(430,944)	508,612

31. CONTINGENT LIABILITIES

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
(a) Financial Commitments	Rs'000	Rs'000	Rs'000	Rs'000
Outstanding commitments for the following:-				
Loans to be granted	122,803	72,802	-	-
Investment in freehold properties	8,236	-	-	-
Bank and other guarantees	25,100	25,100	8,000	8,000
	156,139	97,902	8,000	8,000

(b) Tax assessment

During the year ended December 31, 2013, Swan Life Ltd received income tax assessment relating to the income years ended December 31, 2008, 2009, 2010 and 2011 respectively against which the Company has objected. The above is pending before the Assessment Review Committee. The maximum liability that could arise from this assessment amount to Rs 13m, including penalties and interests.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

32. SEGMENT INFORMATION - THE GROUP

(a) **Operating segment**

	Life	General Casualty	General Property	2016 Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross premiums	3,859,237	1,849,631	683,450	6,392,318
Net earned premiums	3,692,096	1,053,552	202,917	4,948,565
Underwriting surplus	-	280,418	162,206	442,624
Investment income				172,764
Operating profit				615,388
Other income				107,686
				723,074
Marketing and Administrative expenses				(430,722)
Impairment and other charges				(11,249)
Share of profit of associated company and joint ventures				6,568
Depreciation and amortisation				(19,587)
Profit before taxation				268,084
Income tax expense				(13,605)
Profit for the year				254,479

	Life	General Casualty	General Property	General Unallocated	2016 Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Segment assets					
- Company	-	1,434,601	276,308	2,462,809	4,173,718
- Subsidiaries	34,487,118	48,769	59,575	741,469	35,336,931
- Group	34,487,118	1,483,370	335,883	3,204,278	39,510,649
Segment liabilities	(34,487,118)	(1,592,589)	(342,703)	(349,689)	(36,772,099)
Equity holders' interest					2,738,550
Capital expenditure	-	3,881	748	9,197	13,826
Depreciation and amortisation	-	5,716	1,101	12,770	19,587

(i) Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer.

(ii) The operating segments are strategic business units offering services under:

- Life: long term insurance undertaken by Swan Life Ltd.

- General: short term insurance undertaken by Swan General Ltd, Swan Reinsurance PCC and Swan Special Risks Company Ltd.

(iii) The types of products and services from which each reportable segment generates revenue are disclosed in note 2.15.

(iv) Other income includes revenue from leasing activity generated by Swan Risk Finance (PTY) Ltd, the subsidiary incorporated South Africa. The revenue for the year amounts to Rs22m (2015: Rs26m).

(v) Unallocated includes retirement benefit obligations, deferred tax liabilities, current tax liabilities and dividend payable.

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

(b) Operating segment

	Life	General Casualty	General Property	2015 Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross premiums	3,388,287	1,587,999	700,692	5,676,978
Net earned premiums	3,226,097	814,348	187,212	4,227,657
Underwriting surplus	-	283,039	210,992	494,031
Investment income				177,285
Operating profit				671,316
Other income				99,752
				771,068
Marketing and Administrative expenses				(438,857)
Impairment and other charges				(18,464)
Share of profit of associated company and joint venture				14,475
Depreciation and amortisation				(18,008)
Profit before taxation				310,214
Income tax expense				(25,841)
Profit for the year				284,373

	Life	General Casualty	General Property	General Unallocated	2015 Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Segment assets					
- Company	-	1,346,391	309,525	2,402,999	4,058,915
- Subsidiaries	32,095,961	247,616	64,640	529,456	32,937,673
- Group	32,095,961	1,594,007	374,165	2,932,455	36,996,588
Segment liabilities	(32,095,961)	(1,394,796)	(363,158)	(455,237)	(34,309,152)
Equity holders' interest					2,687,436
Capital expenditure	-	5,653	1,300	11,193	18,146
Depreciation and amortisation	-	4,563	1,049	12,396	18,008

33. RELATED PARTY TRANSACTIONS

(a) THE GROUP	Sale of products	Investment Income	Claims paid	Financial assets	Amount receivable from related parties	Loans	Claims Outstanding
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2016							
Shareholders with significant influence	182,536	2,759	87,749	132,201	26,364	-	164,534
Directors and Key Management Personnel	1,534	-	1,955	-	412	8,062	245
	184,070	2,759	89,704	132,201	26,776	8,062	164,779
2015							
Shareholders with significant influence	204,349	3,416	86,047	126,933	23,461	-	48,433
Directors and Key Management Personnel	1,234	-	249	-	397	16,110	217
	205,583	3,416	86,296	126,933	23,858	16,110	48,650

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

33. RELATED PARTY TRANSACTIONS (CONT'D)

(b) THE COMPANY

	Sale of products	Investment Income	Management fees paid	Claims paid	Financial assets	Loans	Short Term loans	Claims Outstanding	Amount receivable from related parties	Amount owed to related parties
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2016										
Subsidiary companies	**18,211**	**103,488**	**27,241**	**8,698**	**535,958**	**13,988**	-	**789**	**19,770**	**1,171**
Shareholders with significant influence	**182,536**	**2,151**	-	**87,749**	**113,914**	-	-	**164,534**	**26,364**	-
Enterprises on which the Company exerts significant influence	-	**24**	-	-	**861**	-	-	-	**4,197**	-
Directors and Key Management Personnel	**1,534**	-	-	**1,955**	-	**8,062**	-	**245**	**412**	-
	202,281	**105,663**	**27,241**	**98,402**	**650,733**	**22,050**	-	**165,568**	**50,743**	**1,171**
2015										
Subsidiary companies	21,741	99,927	27,194	8,902	465,418	13,988	136,102	730	36,506	3,796
Shareholders with significant influence	204,349	3,023	-	86,047	101,880	-	-	48,433	23,461	-
Enterprises on which the Company exerts significant influence	-	-	-	-	878	-	-	-	469	-
Directors and Key Management Personnel	1,234	-	-	249	-	16,110	-	217	397	-
	227,324	102,950	27,194	95,198	568,176	30,098	136,102	49,380	60,833	3,796

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

(c) **Key management personnel compensation**

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Salaries and short-term employee benefits	**64,341**	65,021	**33,437**	33,364
Post-employment benefits	**5,617**	4,504	**2,841**	2,526
	69,958	69,525	**36,278**	35,890

(d) The terms and conditions in respect of receivables and payables have been disclosed under respective notes.

There are no provisions held against receivables from related parties.

34. THREE YEAR SUMMARY

	2016	2015	2014
	Rs'000	Rs'000	Rs'000
(a) THE GROUP			
STATEMENTS OF PROFIT OR LOSS			
Gross premiums	**6,392,318**	5,676,978	5,154,085
Net earned premiums	**4,948,565**	4,227,657	3,839,056
Underwriting surplus	**442,624**	494,031	485,916
Operating profit	**615,388**	671,316	650,692
Profit before taxation	**268,084**	310,214	296,765
Income tax expense	**13,605**	25,841	34,617
Profit for the year	**254,479**	284,373	262,148
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
Profit for the year	**254,479**	284,373	262,148
Other comprehensive income for the year	**(50,991)**	(60,297)	187,923
Total comprehensive income	**203,488**	224,076	450,071
Attributable to:			
Owners of the parent	**179,663**	191,578	401,545
Non-controlling interest	**23,825**	32,498	48,526
	203,488	224,076	450,071
STATEMENTS OF FINANCIAL POSITION			
Non-current assets	**2,021,488**	1,962,865	1,902,263
Current assets	**3,002,043**	2,937,762	2,576,836
Life Business Assets	**34,487,118**	32,095,961	30,906,657
	39,510,649	36,996,588	35,385,756
Owners' interest	**2,394,027**	2,337,142	1,952,402
Non-controlling interest	**344,523**	350,294	238,942
Life Assurance Fund	**34,487,118**	32,095,961	30,906,657
Gross unearned premiums	**1,039,641**	955,130	821,592
Outstanding claims & IBNR	**774,384**	676,310	853,471
Non-current liabilities	**165,240**	109,120	134,779
Current liabilities	**305,716**	472,631	477,913
	39,510,649	36,996,588	35,385,756
Dividends per share (rupees and cents)	**12.00**	12.00	12.00
Earnings per share (rupees and cents)	**27.87**	31.11	29.25
Net assets value per share (rupees and cents)	**289.28**	282.40	235.91
Number of shares used in calculation	**8,275,769**	8,275,769	8,275,769

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

34. THREE YEAR SUMMARY (CONT'D)

(b) THE COMPANY

	2016	2015	2014
	Rs'000	Rs'000	Rs'000
STATEMENTS OF PROFIT OR LOSS			
Gross premiums	**2,401,074**	2,204,745	2,091,134
Net earned premiums	**1,256,469**	1,001,560	930,790
Underwriting surplus	**428,506**	484,887	496,015
Operating profit	**579,747**	637,931	634,507
Profit before taxation	**233,731**	269,363	301,652
Income tax expense	**12,198**	19,100	33,364
Profit for the year	**221,533**	250,263	268,288
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
Profit for the year	**221,533**	250,263	268,288
Other comprehensive income for the year	**(62,658)**	(66,612)	64,010
Total comprehensive income	**158,875**	183,651	332,298
STATEMENTS OF FINANCIAL POSITION			
Non-current assets	**2,210,840**	2,087,636	1,971,198
Current assets	**1,962,878**	1,971,279	2,141,322
	4,173,718	4,058,915	4,112,520
Owners' interest	**2,043,434**	1,983,868	1,899,526
Gross unearned premiums	**1,004,888**	939,556	821,592
Outstanding claims and IBNR	**769,620**	671,561	842,149
Non-current liabilities	**129,686**	102,369	104,294
Current liabilities	**226,090**	361,561	444,959
	4,173,718	4,058,915	4,112,520
Dividends per share (rupees and cents)	**12.00**	12.00	12.00
Earnings per share (rupees and cents)	**26.77**	30.24	32.42
Net assets value per share (rupees and cents)	**246.92**	239.71	229.52
Number of shares used in calculation	**8,275,769**	8,275,769	8,275,769

OTHER STATUTORY DISCLOSURES

FOR THE YEAR ENDED DECEMBER 31, 2016

(pursuant to Section 221 of the Companies Act 2001)

DIRECTORS OF THE COMPANY

Mr. M.E. Nicolas MAIGROT - Chairperson
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 MOOROOGEN
Mr. Victor C. SEEYAVE
Mr. Jean-Sebastien MAMET
Mr. J.M. Louis RIVALLAND - Group Chief Executive
Mr. A. Michel THOMAS - Chief Operations Officer

DIRECTORS OF SUBSIDIARY COMPANIES

Swan Life Ltd

Mr. M.E. Nicolas MAIGROT - Chairperson
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 MOOROOGEN
Mr J.M Louis RIVALLAND- Group Chief Executive
Mr. Victor C. SEEYAVE
Mr. Jean-Sebastien MAMET

Swan International Co. Ltd.

Mr. J.M. Louis RIVALLAND
Mr Jaiyansing SOOBAH

Manufacturers' Distributing Station Limited

Mr. J.M. Louis RIVALLAND
Mr. Gerald E.R. J. LINCOLN
Mr Jaiyansing SOOBAH

Swan Pensions Ltd

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

Processure Compagnie Ltée

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

OTHER STATUTORY DISCLOSURES

FOR THE YEAR ENDED DECEMBER 31, 2016

(pursuant to Section 221 of the Companies Act 2001)

DIRECTORS OF SUBSIDIARY COMPANIES

Swan Reinsurance PCC	Mr. J.M. Louis RIVALLAND Mr. D.P. A. Maxime REY (until 17th June 2016) Mr. A.C.A. Sattar JACKARIA (until 29th July 2016) Mr. T.K. Philippe LO FAN HIN Mr. M.D. Pierre DINAN, G.O.S.K Mr. Victor C. SEEYAVE Mr. Peroomal Gopallen MOOROOGEN Mrs. Preetee JHAMNA RAMDIN (appointed on 17th June 2016) Mr. A. Michel THOMAS (appointed on 2nd September 2016)
Swan Corporate Affairs Ltd	Mr. J.M. Louis RIVALLAND Mr Jaiyansing SOOBAH
Swan Foundation	Mr. J. M. Louis RIVALLAND Mr Jaiyansing SOOBAH
Swan Wealth Managers Ltd	Mr. Peroomal Gopallen MOOROOGEN Mr. J. M. Louis RIVALLAND Mr. Nitish BENI MADHU
Swan Securities Ltd	Mr. D.P. A. Maxime REY (until 24th May 2016) Mr Jaiyansing SOOBAH Mrs Preetee JHAMNA RAMDIN (appointed on 24th May 2016)
Swan Financial Solutions Ltd	Mr. J. M. Louis RIVALLAND Mr. D.P. A. Maxime REY (until 3rd June 2016) Mr Ziyad Abdool Raouf BUNDHUN Mr Nitish BENI MADHU (appointed on 1st June 2016)
Swan Risk Finance (SA) Pty Ltd	Mr. J. M. Louis RIVALLAND Mr David MURRAY (until 31st January 2016) Mr. D.P. A. Maxime REY (until 1st June 2016) Mrs Preetee JHAMNA RAMDIN (appointed on 1st June 2016)
Brugassur (SA)	Mr Jaiyansing SOOBAH Mr. M.G.M Patrice BASTIDE
Aprica Investment Co Ltd	Mr. J.M. Louis RIVALLAND Mr. M.G.M Patrice BASTIDE Mr. Andrew S. LEE Mr M.H Philippe ESPITALIER-NOËL Mr. J.M. René LECLÉZIO Mr. M.E. Nicolas MAIGROT

OTHER STATUTORY DISCLOSURES

FOR THE YEAR ENDED DECEMBER 31, 2016

(pursuant to Section 221 of the Companies Act 2001)

DIRECTORS OF SUBSIDIARY COMPANIES

Swan Special Risks Company Ltd	Mr. J.M. Louis RIVALLAND Mr. D.P. A. Maxime REY (until 2nd June 2016) Mr. T.K. Philippe LO FAN HIN Mr. Peroomal Gopallen MOOROOGEN Mr. M.D. Pierre DINAN, G.O.S.K Mr. Victor C. SEEYAVE Mr. A. Michel THOMAS Mrs Preetee JHAMNA RAMDIN (appointed on 25th May 2016)
Swan Wealth Structured Products Ltd	Mr. D.P. A. Maxime REY (until 4th July 2016) Mr. J.M. Louis RIVALLAND Mrs Preetee JHAMNA RAMDIN (appointed on 4th July 2016)
Rental Finance Holding Ltd	Mr. Nitish BENI MADHU (appointed on 10th March 2016) Mr Jaiyansing SOOBAH (appointed on 10th March 2016) Mr. Kamil PATEL (appointed on 26th April 2016) Mr. Heindrich ODENDAAL (appointed on 26th April 2016)

OTHER STATUTORY DISCLOSURES

YEAR ENDED DECEMBER 31, 2016

(pursuant to Section 221 of the Companies Act 2001)

DIRECTORS' SERVICE CONTRACTS

None of the Directors of the Company and of the Subsidiary Companies have service contracts that need to be disclosed under Section 221 of the Companies Act 2001.

DIRECTORS' REMUNERATION AND BENEFITS

Remuneration and benefits received, or due and receivable from the Company and its subsidiaries were as follows:

- Directors of Swan General Ltd

	From the Company		From the Subsidiaries	
	2016	2015	2016	2015
Executive Directors	Rs'000	Rs'000	Rs'000	Rs'000
- Full-time	16,117	14,936	13,396	11,805
Non-executive Directors	1,095	1,050	1,435	1,141
	17,212	15,986	14,831	12,946

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

	From the Subsidiaries	
	2016	2015
	Rs'000	Rs'000
Executive Directors		
Non-executive Director	180	5

DONATIONS

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Charitable donations	32	240	-	225

AUDITORS' FEES AND FEES FOR OTHER SERVICES

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
Fees paid to:	Rs'000	Rs'000	Rs'000	Rs'000
BDO & Co:				
- Audit fees	3,740	3,594	1,455	1,450
- Review of statutory return	330	270	130	115
Other firms	187	183	-	-
	4,257	4,047	1,585	1,565

CONTRACT OF SIGNIFICANCE

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

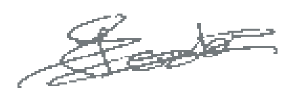
Notice of annual meeting of shareholders

Notice is hereby given that the Annual Meeting of Shareholders (the "Meeting") of Swan General Ltd (the "Company") will be held on 12th June 2017 at 9.00 a.m. 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 2016 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 2016.
4. To re-appoint Messrs. BDO & Co as auditors of the Company in compliance with Section 40(3) of the Insurance Act 2005 for the ensuing year and to authorise the Board of Directors to fix their remuneration.
5. To ratify the remuneration paid to the auditors for the financial year ended 31st December 2016.

BY ORDER OF THE BOARD



Jaiyansing Soobah
for Swan Corporate Affairs Ltd
Company Secretary

4th May 2017

NOTES:

1. *A shareholder of the Company entitled to attend and vote at this meeting may appoint a proxy of his/her own choice to attend and vote on his/her behalf. A proxy needs not be a member of the Company.*
2. *The instrument appointing a proxy or any general power of attorney shall be deposited at 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 15th May 2017.*

Proxy Form

I/We

of

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

of

or failing him/her,

of

or failing him/her the Chairman of the Meeting, as my/our proxy to represent me/us and vote for me/us and on my/our behalf at the Annual Meeting of the Company to be held on the 6th Floor of Swan Centre, 10, Intendance Street, Port Louis on 12th June 2017 at 09.00 hours and at any adjournment thereof.

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

RESOLUTIONS	FOR	AGAINST	ABSTAIN
1. To consider the 2016 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 2016.			
4. 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.			
5. To ratify the remuneration paid to the auditors for the financial year ended 31st December 2016.			

Signed this ____ day of ____ 2017.

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 needs 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

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Swan General Ltd Swan Centre
10 Intendance Street
Port Louis, Mauritius
T (230) 207 3500
F (230) 208 6898
W swanforlife.com