SWAN

Swan Life Ltd

Annual Report

2016

Dear Shareholder

The Board of Directors is pleased to present the Annual Report of Swan Life 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.

"We are guided by our core values in our everyday actions. We put people at the heart of our work, we are driven by our passion for improving people's lives and relentlessly pursue excellence in everything we do".

ARNAUD ALBERT

Our Philosophy

"People are at the centre of everything we do. We provide for what they need and nurture a long-term relationship with them, to better protect them, make them progress and prosper."

SARAH GNANY

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

Rs3,036m

Surplus after tax
2015 : Rs2,162m

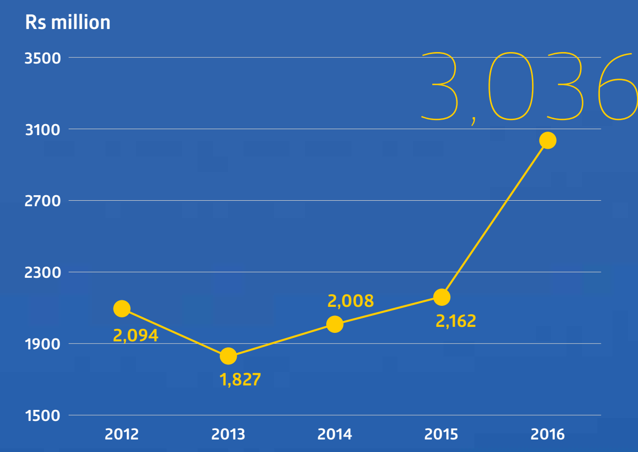
LOUIS RIVALLAND //
Director and Group Chief Executive

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

This financial year has proved interesting and challenging in various respects. The domestic economic growth and the excess liquidity in the market continue to pressure interest rates down and hence impact on our investment performance. In this context, our teams are constantly working to find ways to generate investment returns in excess of the appropriate benchmarks for our policyholders.

We create value through channelling the contributions from our clients in their life insurance policies or pension plans into a diversified portfolio of investments. Our business model is thus to structure our policies taking into account the expected performance of the various investments and manage these investments to deliver payouts to our clients at the maturity of their policies. We monitor our liquidity positions to ensure that we pay out the various benefits on a daily basis in the normal course of a long term insurer operations.

Surplus progression



Chairperson's & Group Chief Executive's Report

We have noted a healthy increase with respect to gross premiums during the 2016 financial year. Life insurance premiums have increased by 3% in 2016 whilst our pension business has registered a 22% increase year on year. Our continued efforts in building and reinforcing our various distribution channels are thus showing positive results. This set of results is a strong testimony to the trust of our clients and our commitment to achieving their financial freedom. We believe in the continued investment in our team of agents and internal sales force to ensure that the financial interests of our clients remain at the forefront and that we provide them with a range of appropriate financial investment/insurance plans to meet their various needs. Our investment/insurance plans cater for the different risk appetite of our clients and may be invested in fixed income and equity instruments both locally and overseas.

The second pillar of our business model is dependent on our investment function. The Investment Committee, which consists of an independent director, high-calibre professional and members of the Senior Management team, considers and approves the investment opportunities which are regularly brought to our attention by our in-house team of investment specialists. We have elaborated various parameters for our portfolio of investments with a view to ensuring the risks are balanced and diversified and the portfolio generates a steady stream of income and capital appreciation over the long term. Our team analyses the investment opportunities within these parameters and considers both the recurring income stream (whether interest or dividends) and the upside for capital appreciation in making their investment recommendations. You will have noted that during the 2016 financial year, we have realised a capital appreciation of Rs 983million on one transaction involving our stake in Ireland Blyth Limited which was amalgamated into GML Investissement Limitée and renamed IBL Limited.

The current prolonged low interest rates which prevail both locally and internationally continue to exert pressure on the average yield of our Life Fund. As portfolios of Held to Maturity Investments mature, we reinvest these funds in new treasury bills and government securities. The rates of interest applicable on these instruments range from 4% to 5% which exert downward pressure on the overall effective yield of the Life Fund. However, our dynamic management style allows the fixed-income segment to outperform its benchmark. Indeed, our investment team is continuously on the look out for innovative ways to invest in appropriate instruments which provide satisfactory rates of return to match our requirements of both a steady income stream and an attractive yield.

We are faced with similar characteristics on our equity positions. The modest economic growth in Mauritius and across the world and the increased volatility in stock exchanges impact on our overall returns. We are constantly monitoring our holdings to ensure that we are investing in those segments which present an adequate risk reward relationship in line with our investment parameters and preserving the interests of our policyholders. We thus consolidate our equity positions in companies operating in sectors we believe will post healthy long term growth rates across the economy. We aim to acquire undervalued stocks that illustrate potential for superior risk-adjusted returns in the medium to long-term.

These investment guidelines underpin all our investments. Based on our analysis of an expected uptick in the tourism sector, we continued to increase our exposure to this sector as we did in 2014 and 2015. Hence in 2016, amongst other investments, we chose to consolidate our shareholding in New Mauritius Hotels Limited. The price at which we acquired this block of shares was in line with our price range analysis and our investment parameters. We invest with a view to creating value over the long term for our policy holders. Hence short term fluctuations in the stock market prices do not influence our equity positions to the same extent as for other equity players. We are confident that our investment process and monitoring of our investment portfolio are adequately poised to create value for our clients as has been the case in the past.

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.

In 2016

Rs36b

Total Assets

2015 : Rs 34b

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

Chairperson's & Group Chief Executive's Report

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.

The long term gross insurance premiums totalled Rs 3.859billion representing an increase of 14% compared to Rs 3.388billion in 2015. Investment income of Rs 1.38billion posted a slight decrease of 1% in 2016 as compared to the Rs 1.39billion 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, as mentioned, 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 2.159billion in 2015 to Rs 3.035billion in 2016. Excluding this exceptional gain, our surplus for the year would have been Rs 2.052billion reflecting the combined impact of prolonged low interest rates and volatile equity returns. The life assurance fund continues to grow reaching Rs 34.2billion which equates to a growth of 7.4% in the year.

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 billion 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 Smart Dynamics Notes. This 5 year structured product provides the investors with a Note which invests in different asset 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 18billion in 2015 whereas this dropped to Rs 13.64billion 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 from 1 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 the necessary fundamentals to continue delivering consistent growth for all our policy holders and shareholders over the long term.

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 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
- Swan General Ltd

GOPALLEN MOOROOGEN //
Independent Non-executive

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:
- Swan General Ltd

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

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

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

Directorships in other listed companies:
- Swan General Ltd

Directorate

PHILIPPE ESPITALIER-NOËL //
Non-executive

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

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

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

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:
- Swan General Ltd

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
- Swan General Ltd

NICOLAS MAIGROT //
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
- Swan General Ltd

HECTOR ESPITALIER-NOËL //
Non-executive

Directorate

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.
- Swan General Ltd

HENRI HAREL //
Non-executive

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

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

Directorships in other listed companies:
- Innodis Limited
- Swan General Ltd

VICTOR SEEYAVE //
Independent 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
- Swan General Ltd

RENÉ LECLÉZIO //
Non-Executive

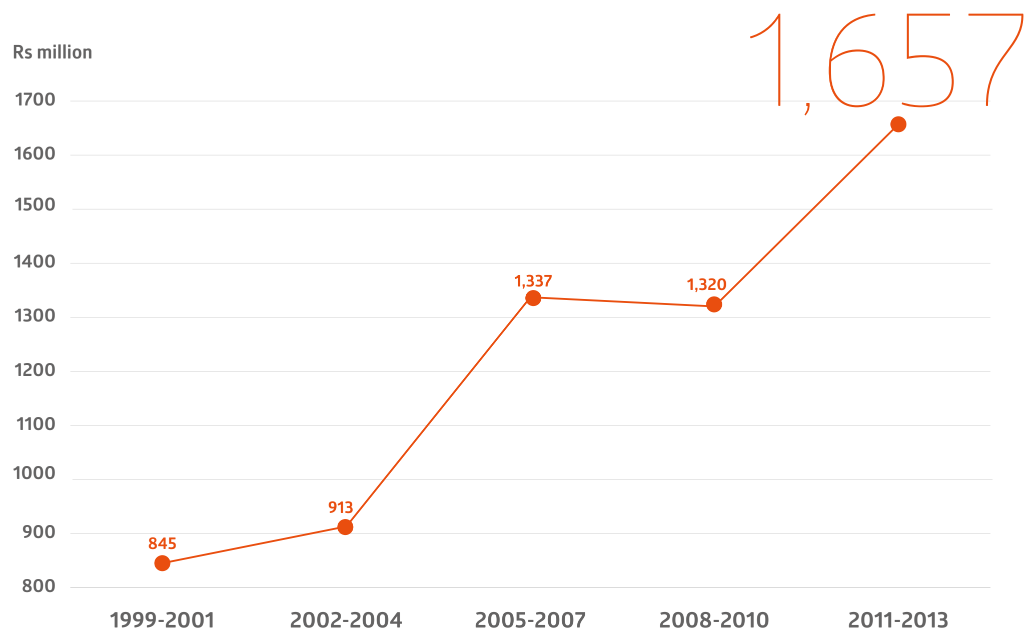
"Teamwork is vital for us to be able to offer the best services to our clients. We value collaboration as it helps to improve the organisation's performance, which, in turn, motivates us to give the best of ourselves."

Group Structure

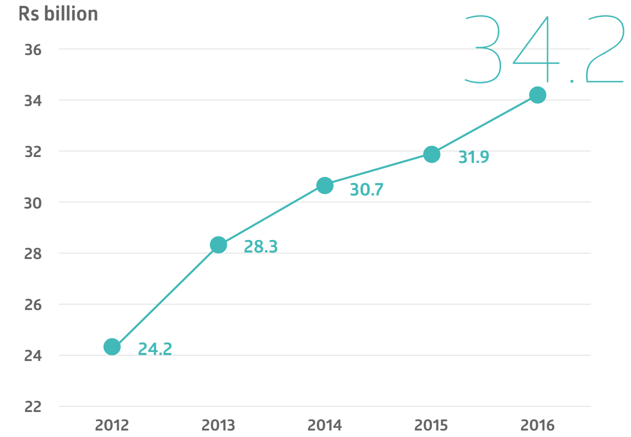
Key Numbers

	THE GROUP Rs'000	THE COMPANY Rs'000
	2016	2016
Share Capital	26,322	26,322
Net Assets Value	893,966	1,191,365
Total Assets	36,164,846	36,161,138
Life Assurance Fund	34,487,118	34,206,384
Proprietors' Fund	635,400	635,400
Net Premiums	3,692,096	3,692,096
Investment Income	1,306,042	1,375,254
Surplus After Tax	3,095,439	3,035,853
Gross Claims	2,718,435	2,718,435
Earnings Attributable To Shareholders	182,960	182,960
EPS (Rs)	69.51	69.51
Dividends	121,082	121,082
Dividend Per Share (Rs)	46.00	46.00

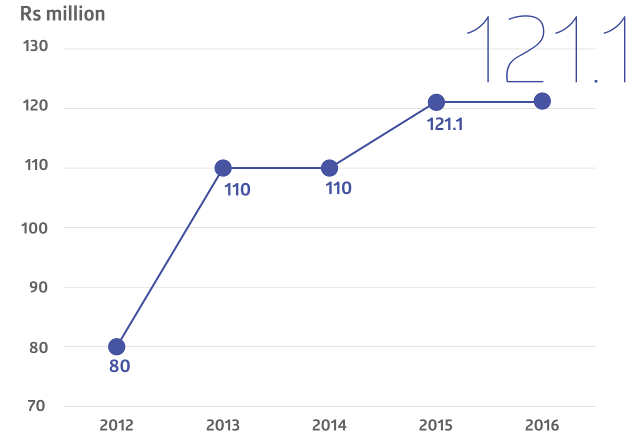
Distributed surplus



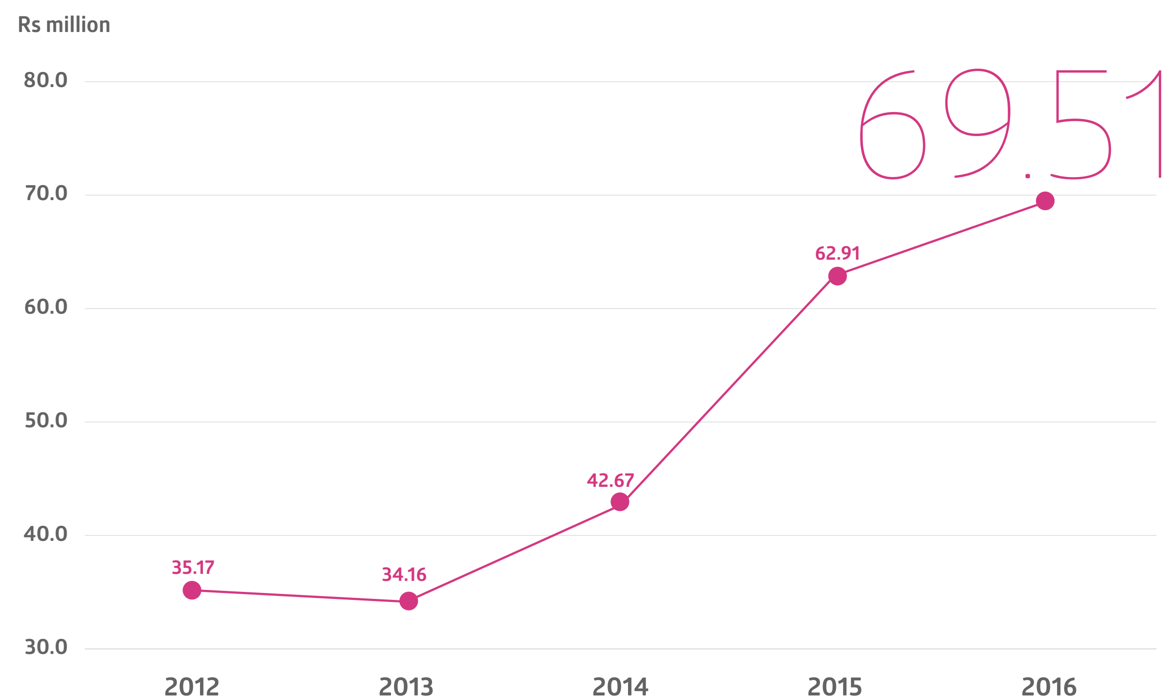
Life Assurance Fund



Dividends paid



Earnings per Share



Key Numbers

In 2016

Rs26,4m

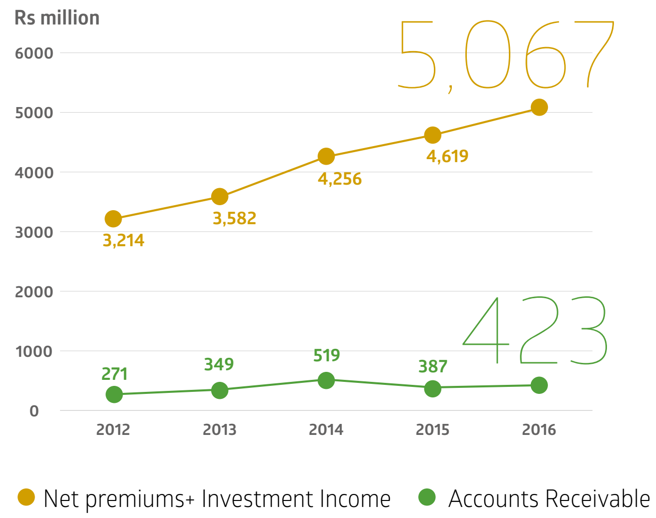
Share Capital

In 2016

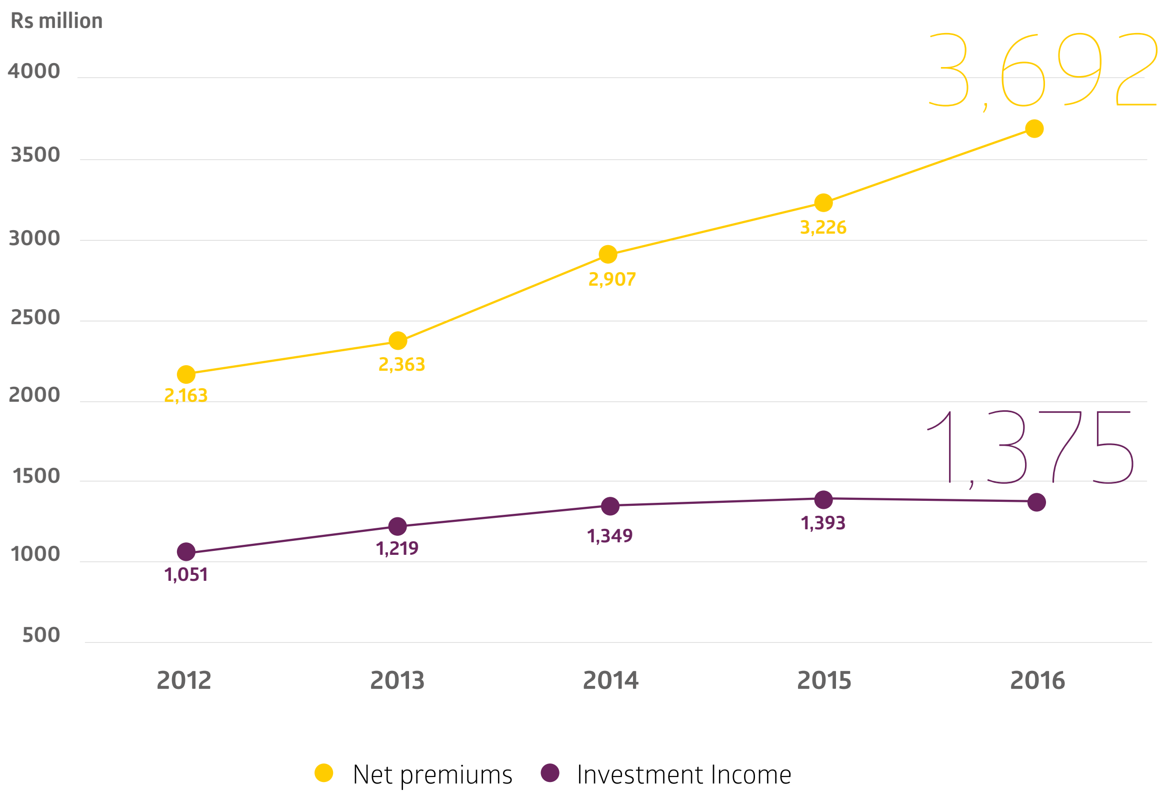
Rs3.7bn

Net Premiums

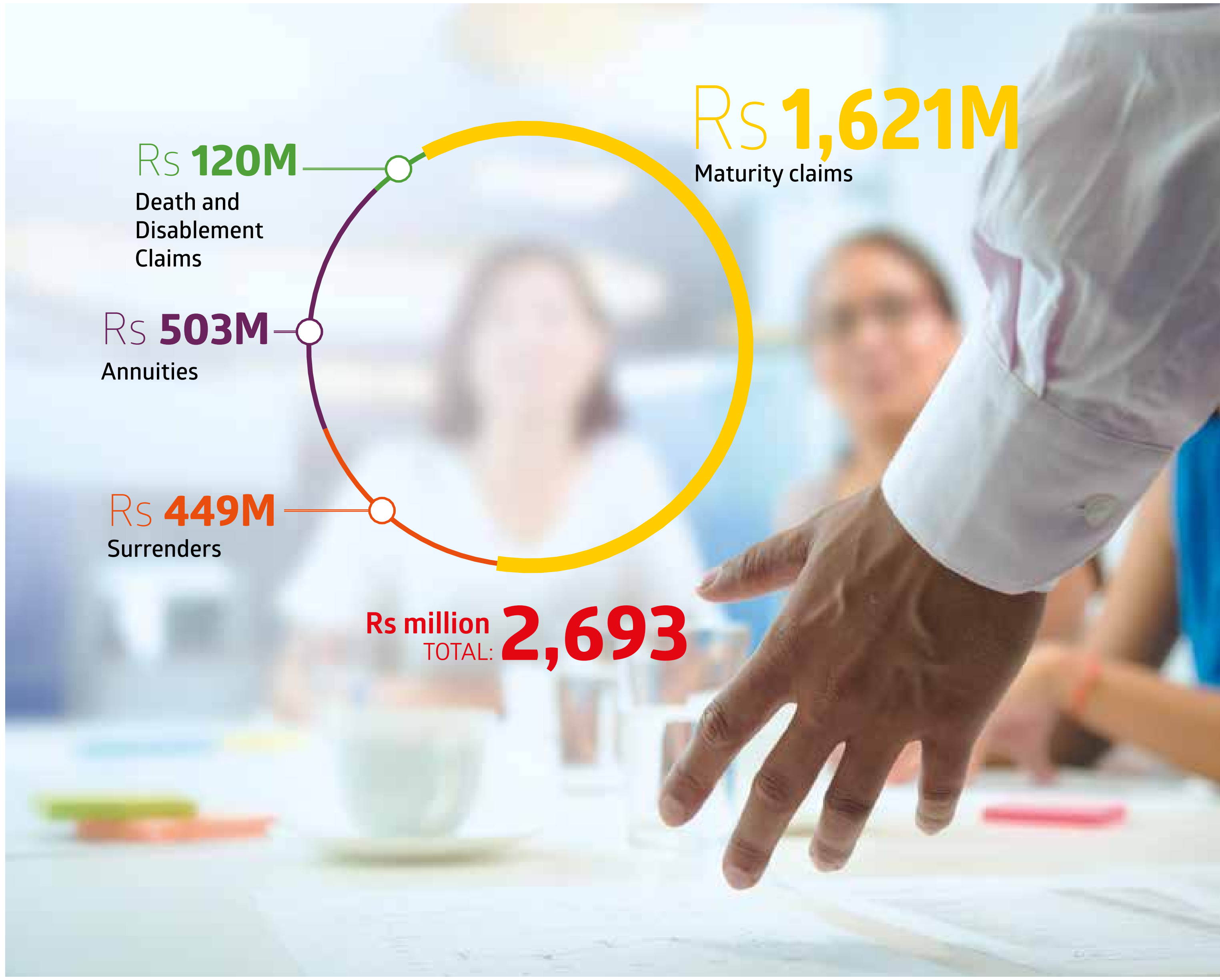
Accounts Receivable v/s Total Income



Revenue



Claims



Senior Management Team

ALAN GODER //
Pensions, Claims, Fund Administration and 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.

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

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.

VANISHA PURSUN //
BA (Hons), F.I.A.
Actuarial
(As from 13th October 2016)

Vanisha Pursun, born in 1975, joined Swan Life Ltd in 2016.

She is responsible for the day to day running of the actuarial department which provides actuarial services to a number of pension funds which are either managed by SWAN or other service providers. The department also prepares accounting disclosures in respect of pension or other retirement benefit obligations for a number of companies. Vanisha is also responsible for the Life Reinsurance team and the Group Credit Arrangements which SWAN has with a number of local and regional banks. In addition she provides advice to the Group on actuarial matters for both life and general insurance. Vanisha holds a BA (Hons) degree in Mathematics from the University of Delhi and is a qualified actuary from the Faculty and Institute of Actuaries. Prior to joining SWAN she has worked in pensions and employee benefits consulting for about 10 years before moving on to the insurance industry for 5 years.

Senior Management Team

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 1979, he 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 lectures at the University of Mauritius in Economics & Finance. He joined Anglo Mauritius Investment Managers Ltd (now Swan Wealth Managers Ltd) in 2005 and now heads the non-insurance cluster of SWAN (Capital Markets) together with investment projects of SWAN.

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

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

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.

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

Robert Gallet, born in 1951, worked as assistant to Divisional Accountant for eight years in the Pensions Business of Southern Life in South Africa.

He then worked for six years in the Individual Life Business of Southern Life in South Africa where he held the position of Manager and Senior Manager.

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

His key areas of expertise are administration and marketing.

ROBERT GALLET //
Individual Business Marketing & Development, Properties

SATTAR JACKARIA,
held the position of Senior Manager - Actuarial up to 14 September 2016

Management Team

1. Ishwari MADHUB B.Sc. (Hons.), F.C.C.A., M.B.C.S, M.B.A - Systems & Processes / 2. Herbert MADANAMOOTHOO Maîtrise de Droit - Compliance, M.L.R.O / 3. Carine ADELSON B.A, M.A - Marketing (from 01 June 2016) / 4. Dave LUCHMUN Group Facilities / 5. Sonia KALACHAND-CANABADY B.A, M.A - Group Human Resources / 6. Gaël ALIPHON A.C.I.I. - Sales and Development / 7. Mario BUTTIE F.C.C.A - Fund Administration / 8. Neeraj UMANEE B.A. (Hons) – Swan Securities Ltd

1. Patrick DE MARCY CHELIN Loans / 2. Navindranath BHUGALOO A.C.I.I – Swan Pensions Ltd and Pensions (DC) / 3. Gianduth JEEAWOCK B.Sc. (Hons.), CFA - Investments (from 01 July 2016) / 4. Shailen J. SOOBAH F.C.C.A., MBA, Dip C.I.I – Group Company Secretary; Business Support - Corporate Office; Risk Officer (from 01 January 2017) / 5. Karine MOREL B.Com., F.C.C.A, M.I.P.A. (M) – Finance / 6. Veenaye BUSGEETH F.C.C.A. - Corporate Finance / 7. Krystel HEE KWUN FONG Dip CII, LLB (Hons) - Claims / Alain BANCILHON Group Pension Business Development (up to 31 December 2016) (Absent)

We protect

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

Rs8.1m

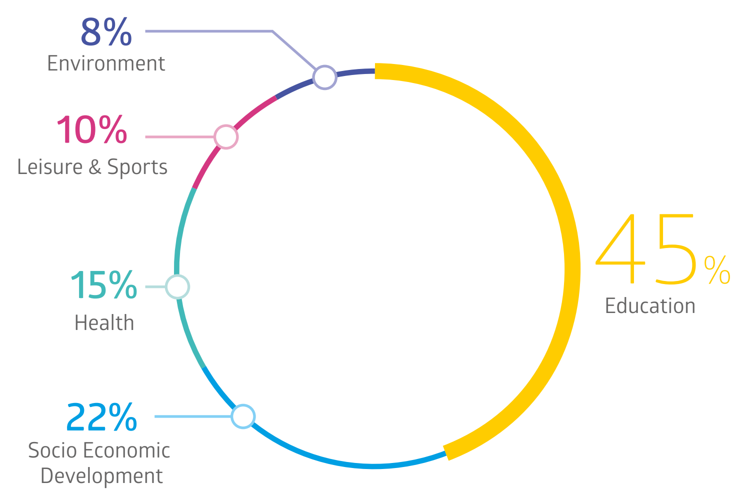
Was dedicated to support **57 NGOs.**

Aware of NGOs' esteemed contribution to the social development of Mauritius, SWAN has further strengthened its partnership with them in 2016. 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 priorities as we acknowledges its vital role both for our society and our economy. Indeed, almost **45%** of CSR funds 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.

The second pillar on which Swan Foundation laid much emphasis during 2016 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 endeavour. The ultimate goal is to see these people stand on their own and be able to make their own living.

CSR Disbursement 2016



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.

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. 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 are one of the keys 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. 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 at 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.

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, Swan General Ltd held 82.72% of the Company. No other single shareholder held more than 5% of the Company.

2.2 COMMON DIRECTORS

For the year ended 31 December 2016, the following directors were common to both the Company and Swan General Ltd:

Nicolas Maigrot
Gopallen Mooroogen
Hector Espitalier-Noël
Henri Harel
Jean-Sebastien Mamet (since 02.02.2016)
Louis Rivalland
Philippe Espitalier-Noël
Pierre Dinan
René Leclézio
Victor Seeyave

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	265	30,719	1.167
501 – 1,000	37	26,092	0.991
1,001 – 5,000	72	139,395	5.296
5,001 – 10,000	6	41,542	1.578
10,001 – 50,000	7	106,254	4.037
50,001 – 100,000	2	110,833	4.211
100,001 – 250,000	-	-	-
250,001 – 500,000	-	-	-
Over 500,000	1	2,177,375	82.72
TOTAL	**390**	**2,632,210**	**100**

2.4 SHAREHOLDER CATEGORY

Shareholder category	Number of shareholders	Number of shares	% of total issued shares
Individuals	307	234,685	8.916
Insurance companies	3	2,179,837	82.814
Pensions and provident funds	25	34,750	1.32
Investment and trust companies	9	55,347	2.103
Other corporate bodies	46	127,591	4.847
TOTAL	**390**	**2,632,210**	**100**

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

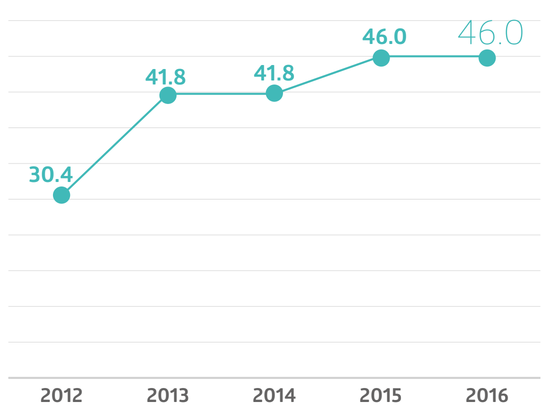
Corporate Governance Report

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 dividends 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 Rs46.00 per share. Dividend paid during the last 5 years is shown below.

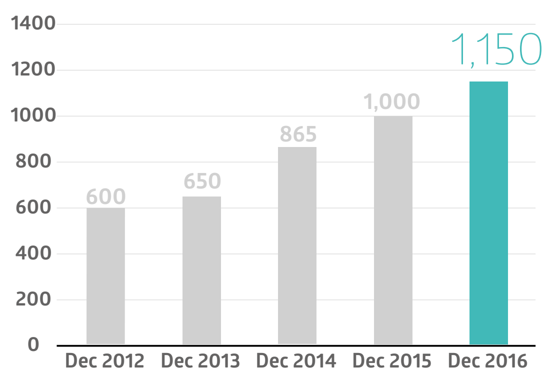
Dividend (Rs)



2.7 SHARE PRICE INFORMATION

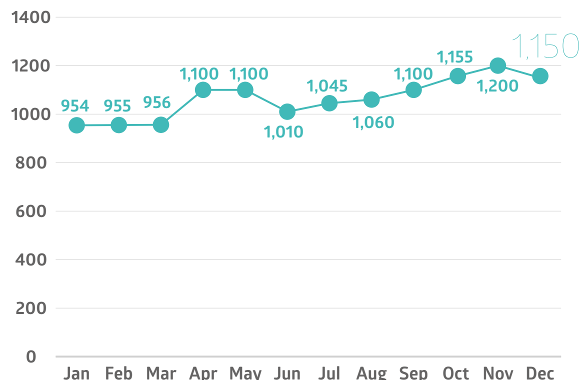
The share prices (at 31 December) of the Company for the past five years are shown below:

Market Price (Rs)



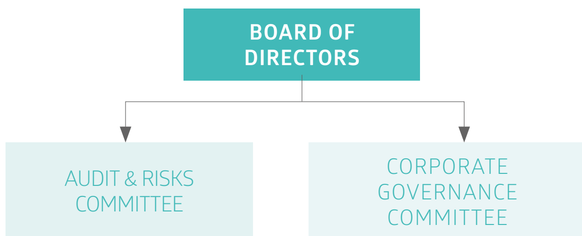
Share prices at month end of the Company during 2016 were as follows:

Market price (Rs)



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 15 to 18 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 objectives and monitor the reporting of performance.

The Code of Corporate Governance requires all Boards to have a strong executive presence with at least two executives as Directors. The Company has only one executive director. The Company will reassess the composition of its Board in light of the new National Code of Corporate Governance (2016), which will be effective as from July 2017.

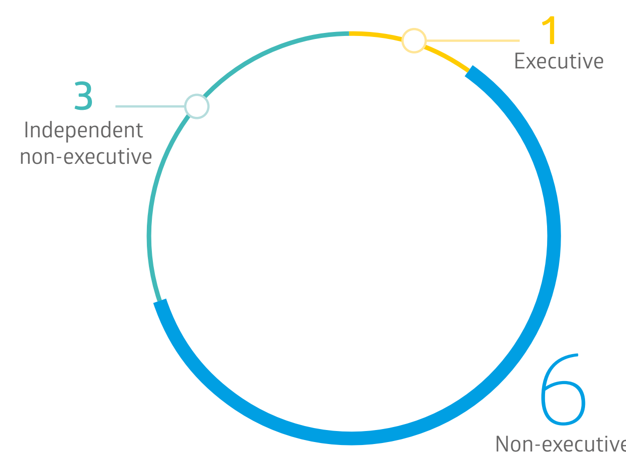
The independent non-executive directors bring a wide range of experience and skills to the Board. They are free from any business or other relationships which would materially affect their ability to exercise independent judgement, constructively dissent and are critical by-standers. Independent non-executive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



Corporate Governance Report

4.2 ROLE OF THE BOARD

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

The Board is responsible for organising and directing the affairs of the Company in the best interests of shareholders, in conformity with the 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 new appointments, 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 will discharge 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.

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;

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

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

(iv) 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;

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

(vi) 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.

Corporate Governance Report

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
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 in shares were as follows:

Directors	In the Company		
	Direct		Indirect
	No. of Shares	%	%
J.M. Louis Rivalland	16,229	0.616	-
Philippe Espitalier-Noël	-	-	0.005
Hector Espitalier-Noël	-	-	0.948

There was no dealing by directors in the shares of the company during the year.

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	6,252,125	7,143,641
Non-Executive Directors	1,095,429	180,000

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 26 to 29 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 32 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 48 to 50.

11. SHAREHOLDERS' AGREEMENTS/ THIRD PARTY MANAGEMENT AGREEMENTS

There were no such agreements during the year.

Corporate Governance Report

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 prices 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 for 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 Life Ltd

Reporting Period: December 31, 2016

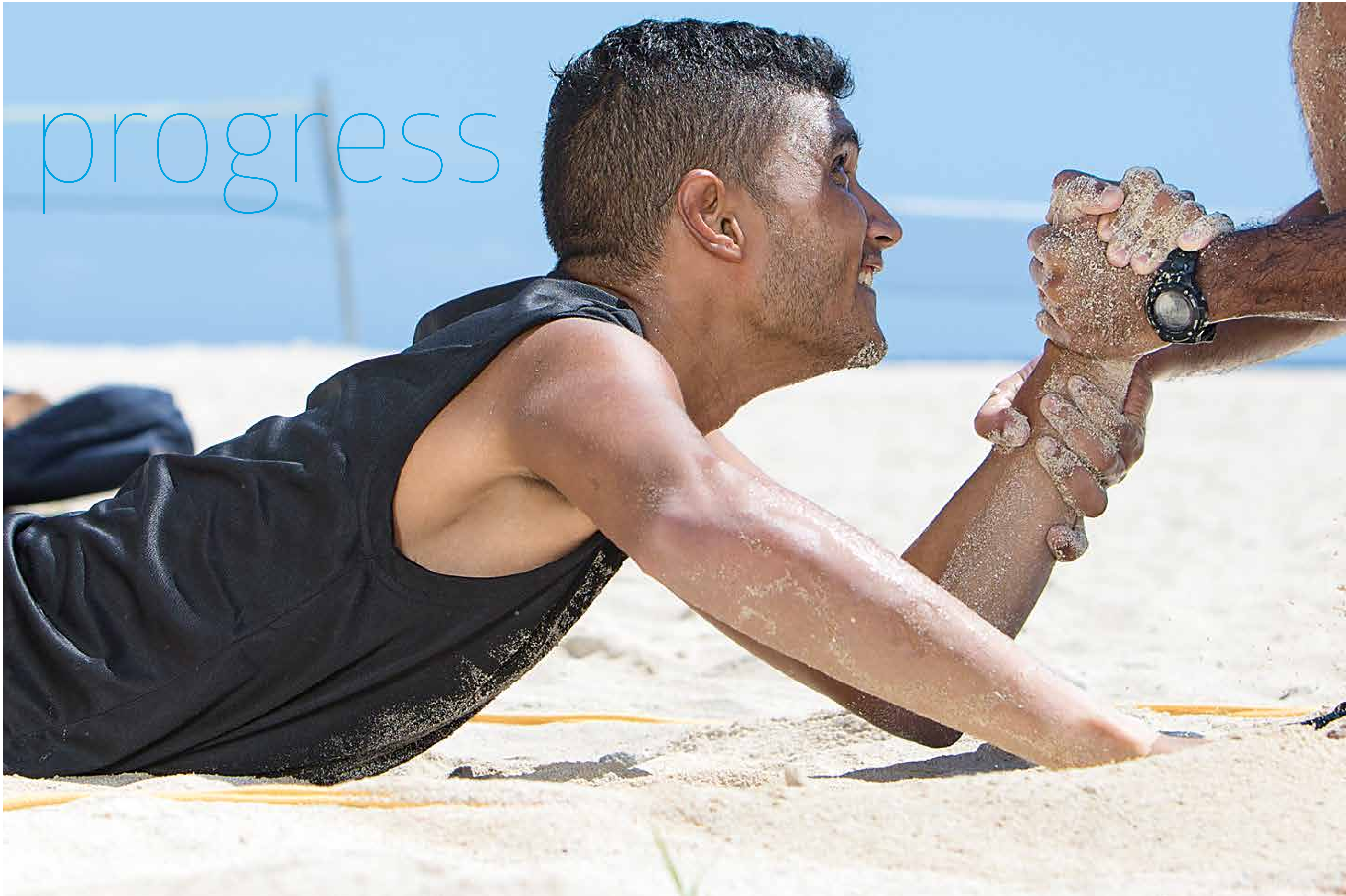
We, the directors of Swan Life Ltd, confirm that, to the best of our knowledge, the PIE has not complied with sections 2.2.3, 2.2.6, 2.8.2 and 2.10 of the Code of Corporate Governance. Reasons for non-compliance are given at sections 4.1, 4.3, 4.8 and 4.4 respectively of the Corporate Governance Report.

Nicolas Maigrot
Chairperson

Louis Rivalland
Group Chief Executive

28 March 2017

We progress



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 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.

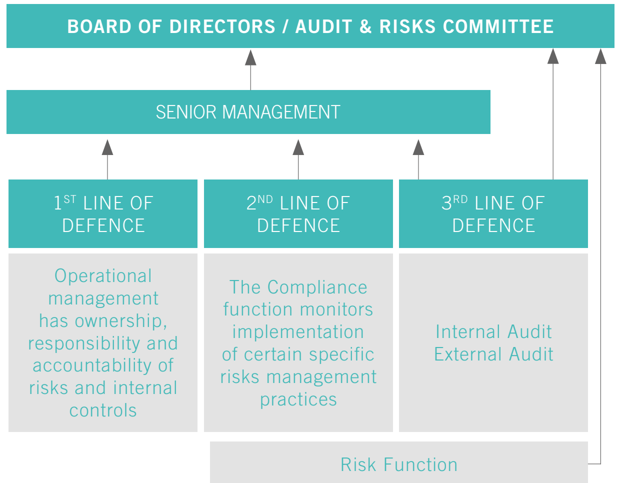
RISK MANAGEMENT

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 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 function 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 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 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 throughout the year.

Risk Report

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 and strategy are reviewed regularly. Reinsurance programmes are reviewed annually.

Asset risks can take several forms, including, liquidity risk and matching risk. Liquidity risk is mitigated by keeping sufficient liquid assets to honour the claims. The Company's strategy to mitigate matching risk is to hold a selection of assets with a mean term close to the mean term of its liabilities.

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. There is no significant concentration of credit risk in respect of policyholders or intermediaries. 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 has 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.

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 & 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) Loans

(ii) Data protection

(iii) Procurement

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

28 March 2017

Statement of Directors' Responsibilities

The Directors acknowledge their responsibilities for:

(i) adequate accounting records and the 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

We prosper

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

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

Report on the audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Swan Life Ltd and its subsidiaries (the Group), and the Company's separate financial statements on pages 61 to 120 which comprise the statements of financial position as at December 31, 2016, and the life assurance fund, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 61 to 120 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. Investments in Financial Assets: Valuation and Impairment

Key Audit Matter

The Group and the Company hold investment in financial assets with a carrying amount of Rs 25,933m at reporting date. The Group's and the Company's available-for-sale financial assets held at fair value are 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 Group and the Company evaluate, among other factors, the duration and extent to which the fair value of an investment is less than its cost, 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.

Related Disclosures

Refer to note 2.8 (accounting policies), note 3.2 (financial risk), note 4.3, 4.4, 4.7 (critical accounting estimates) and note 10 of the accompanying financial statements.

Audit Response

- We performed audit procedures over the valuation and accounting of investments in financial assets held by the Group and the Company.
- We 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 are appropriate and are consistently applied.
- We requested independent confirmation on the quantity and the corresponding price the foreign and the local securities at the reporting date.
- We reviewed and discussed with management and those charged with governance the Group and the Company's assessment of whether there is objective evidence that a financial asset is impaired and the completeness of impaired assets.
- We carried out impairment tests. Impairment tests, include review of performance and the factors affecting the investee company, ability to pay dividend, analysis of market price trend, the reasonableness of significant judgements made and the business outlook.

Report on the audit of the Financial Statements (Continued)

2. Technical provisions: Life Assurance Fund and Outstanding Claims

Key Audit Matter

The Life Assurance Fund consists of the cumulative surplus on the Life Assurance Fund-Non Linked Account and earmarked assets in respect of segregated funds. The adequacy of the fund is determined by actuarial valuation annually.

Technical provision is an area requiring significant judgement in the Financial Statements. The Group and the Company maintain provisions which represents a best estimate of all expected future claims.

The amount for provision for claims involves significant judgement and the use of actuarial and statistical projections. This includes whether any claim will result in payments made periodically over several years. Claims and potential claims increase the complexity and uncertainty of the estimation of reserves due to the increased range of assumptions required. There is a risk of misstatement of liabilities due to the claims data, a key input to the provisioning process, being incomplete or inaccurate. We focused on technical provisions given their quantum relative to the Group's and the Company's statement of financial position and the complexity of the judgments regarding assumptions.

Related Disclosures

Refer to note 2.13, 2.16 (accounting policies), note 3.1, 3.2 (insurance and financial risk), 4.1 (critical accounting estimates) note 16 and 28 of the accompanying financial statements.

Audit Response

- We assessed the governance process including whether the Group and the Company had followed their documented policy in settling claims.
- We tested controls over the completeness and accuracy of claims paid.
- We tested the design and implementation and operating effectiveness of the key controls over the claims process.
- We considered the findings of the actuarial report. Through critical assessment of the actuarial report and supporting documentation, and discussion with the actuary, we analysed the differences in accrual methodology applied and we challenged the key assumptions being used.
- We assessed the reasonableness of key assumptions used and any changes in methodology in line with changes in the industry and the Company's historical claims experience.

3. Impairment of loans and receivables

Key Audit Matter

Impairment allowances represent management's best estimate of the losses incurred within the loan portfolios at the reporting date. The arrears are classified according to the probability of default and are assessed accordingly for specific or collective impairment. The calculation of both impairment allowances is inherently judgemental.

For specific impairments, the amount of the impairment 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.

Impairment losses are considered to be a key audit matter owing to the significance of loans and receivables, and the high degree of complexity and judgment applied by management in determining the amount of impairment.

Related Disclosures

Refer to notes 2.8 (accounting policies), note 3.2 (financial risk), and note 11 of the accompanying financial statements.

Audit Response

- For collective impairment, we checked the appropriateness of models used to calculate the impairment loss, the parameters set and the identification of loans to be included within the calculation.
- For specific impairment loss on individual loans, we reviewed the completeness of credit legal list, the external collateral valuation used and controls over the approval of significant individual impairments.
- For collective allowances, the modelling policy and methodology used for a sample of portfolio was independently assessed and tested through re-performance.
- For specific allowances, the modelling policy and methodology used for individual loans was independently assessed for a sample based on risk.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Report on the audit of the Financial Statements (Continued)

4. Revenue recognition

Key Audit Matter

Due to the large number of policies underwritten by the Group and the Company, 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 2.17 (accounting policies) and note 21 of the accompanying financial statements.

Audit Response

- We tested the design and implementation and operating effectiveness of the key controls over revenue recognition, focusing on the flow of information from the underwriting systems to the financial reporting ledger.
- We ascertained whether reconciliations between the financial reporting ledger and the operating department are systematically performed on a monthly and/or quarterly basis.
- The accuracy and completeness of the gross and net premiums were verified through Computer Assisted Audit Techniques, cut-off test and analytical reviews.

5. Investment Income and Gain on Derecognition of Financial Assets

Key Audit Matter

Investment income consists principally of interest and dividend income. Interest income is recognised on a time-proportion basis using the effective interest method and dividend income is recognised when the right to receive payment is established.

During this financial year, the Group and the Company recorded an exceptional gain of Rs 982m on the derecognition of financial assets following the amalgamation of a listed entity.

Related Disclosures

Refer to note 2.17, 2.22 (accounting policies) and notes 22 and 23 (financial disclosures) of the accompanying financial statements.

Audit Response

- We obtained an understanding of key controls management has in place to ensure that income is recognised in the appropriate period.
- We ensured proper income recognition by reviewing dividend declared for listed companies before and after financial year end.
- Our IT specialist used Computer Assisted Audit Techniques to verify the accuracy and completeness of the interest income by extracting data from the IT system and performed recomputation for a sample of held-to-maturity investments and loan and receivables.
- For the gain on derecognition of financial assets, we ensured that the accounting treatment of the transaction is in line with the respective IFRS and we reperformed the gain realised on derecognition of the financial assets.

Other information

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

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

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

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.

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

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.
- 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

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

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		THE COMPANY	
		2016	2015	2016	2015
ASSETS		Rs'000	Rs'000	Rs'000	Rs'000
Non-current assets					
Property and equipment	5	284,824	290,449	260,118	266,322
Investment properties	6(a)	475,804	465,930	435,982	426,108
Intangible assets	7	112,867	121,369	18,789	21,689
Investments in subsidiary companies	8	-	-	540,012	540,012
Investments in associated companies	9	49,290	50,769	614	614
Investments in financial assets	10	25,560,379	24,025,565	25,535,531	24,001,126
Loans and receivables	11	4,860,264	4,428,382	4,873,704	4,441,822
Deferred tax assets	17(b)	770	241	-	-
		31,344,198	29,382,705	31,664,750	29,697,693
Current assets					
Trade and other receivables	12	455,845	405,169	422,765	386,918
Investments in financial assets	10	372,218	1,464,751	372,218	1,464,751
Loans and receivables	11	351,109	796,807	351,109	796,807
Seized properties	6(b)	39,306	41,763	39,306	41,763
Short term deposits	13/27(b)	2,712,259	1,158,466	2,712,259	1,158,466
Cash and cash equivalents	27(b)	889,911	510,553	598,731	260,766
		4,820,648	4,377,509	4,496,388	4,109,471
Total assets		36,164,846	33,760,214	36,161,138	33,807,164
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	14	26,322	26,322	26,322	26,322
Proprietors' fund		635,400	595,433	635,400	595,433
Reserves		61,214	61,214	529,643	529,643
Owners' interest		722,936	682,969	1,191,365	1,151,398
Non-controlling interests	15	171,030	162,763	-	-
Total equity		893,966	845,732	1,191,365	1,151,398
Technical Provisions					
Life Assurance Fund	2.13/16	34,487,118	32,095,961	34,206,384	31,850,001
Gross outstanding claims	3.1(a) (iii)	60,299	73,039	60,299	73,039
		34,547,417	32,169,000	34,266,683	31,923,040
Non-current liability					
Retirement benefit obligations	18	229,161	177,899	224,455	176,514
		229,161	177,899	224,455	176,514
Current liabilities					
Trade and other payables	19	368,757	435,337	357,553	435,130
Current tax liabilities	20(c)	4,463	11,164	-	-
Dividends payable	25	121,082	121,082	121,082	121,082
		494,302	567,583	478,635	556,212
Total equity and liabilities		36,164,846	33,760,214	36,161,138	33,807,164

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

Nicolas Maigrot
Chairperson

Louis Rivalland
Group Chief Executive

The notes on pages 065 to 120 form an integral part of these financial statements.

Auditors' report on pages 056 to 060.

LIFE ASSURANCE FUND

YEAR ENDED DECEMBER 31, 2016

	Notes	THE GROUP 2016 Rs'000	THE GROUP 2015 Rs'000	THE COMPANY 2016 NON-LINKED Rs'000	THE COMPANY 2016 LINKED Rs'000	THE COMPANY 2016 TOTAL Rs'000	THE COMPANY 2015 NON-LINKED Rs'000	THE COMPANY 2015 LINKED Rs'000	THE COMPANY 2015 TOTAL Rs'000
Gross premiums	2.17/21	3,859,237	3,388,287	2,294,658	1,564,579	3,859,237	1,993,617	1,394,670	3,388,287
Ceded to reinsurers		(167,141)	(162,190)	(167,141)	-	(167,141)	(162,190)	-	(162,190)
Net insurance premiums		3,692,096	3,226,097	2,127,517	1,564,579	3,692,096	1,831,427	1,394,670	3,226,097
Fee income on insurance and investment contracts		383,417	415,544	213,833	-	213,833	247,346	-	247,346
Investment income	22	1,306,042	1,327,564	927,246	448,008	1,375,254	935,790	456,977	1,392,767
Other income	23 (a)	168,154	398,606	149,496	18,464	167,960	364,666	33,940	398,606
Gain on derecognition of financial assets	23(b)	982,812	-	952,257	30,555	982,812	-	-	-
Gain/(loss) on exchange		4,982	62,871	6,828	(632)	6,196	24,165	32,864	57,029
Other operating income - rent		5,629	22,325	2,984	-	2,984	19,350	-	19,350
Share of results of associated companies	9	2,885	6,477	-	-	-	-	-	-
		6,546,017	5,459,484	4,380,161	2,060,974	6,441,135	3,422,744	1,918,451	5,341,195
Gross death and disablement insurance claims		145,447	194,750	138,384	7,063	145,447	187,699	7,051	194,750
Recoverable from reinsurers		(25,901)	(54,368)	(25,901)	-	(25,901)	(54,368)	-	(54,368)
Net death and disablement insurance claims		119,546	140,382	112,483	7,063	119,546	133,331	7,051	140,382
Maturity claims		1,620,687	1,446,778	1,210,671	410,016	1,620,687	1,128,517	318,261	1,446,778
Surrenders		449,443	464,242	44,513	404,930	449,443	93,360	370,882	464,242
Annuities		502,858	444,031	489,333	13,525	502,858	428,579	15,452	444,031
Commissions payable to agents and brokers		166,866	173,989	166,866	-	166,866	173,989	-	173,989
Fees payable		166,256	173,182	115,302	135,348	250,650	124,966	130,015	254,981
Depreciation of property and equipment	5/6/7	40,030	38,251	33,173	-	33,173	31,493	-	31,493
Bad debts and impairment		24,682	8,122	24,682	-	24,682	8,122	-	8,122
Marketing and administrative expenses	24	335,899	292,673	237,377	-	237,377	218,085	-	218,085
		3,426,267	3,181,650	2,434,400	970,882	3,405,282	2,340,442	841,661	3,182,103
Surplus for the year before taxation		3,119,750	2,277,834	1,945,761	1,090,092	3,035,853	1,082,302	1,076,790	2,159,092
Taxation	20(a)	(24,311)	(26,061)	-	-	-	2,624	-	2,624
Surplus for the year		3,095,439	2,251,773	1,945,761	1,090,092	3,035,853	1,084,926	1,076,790	2,161,716
Surplus transferred as follows:									
- Life Assurance Fund	16	3,006,092	2,159,519	1,879,761	1,090,092	2,969,853	1,021,326	1,076,790	2,098,116
- Proprietors' fund		66,000	63,600	66,000	-	66,000	63,600	-	63,600
- Non-controlling interests	15	23,347	28,654	-	-	-	-	-	-
		3,095,439	2,251,773	1,945,761	1,090,092	3,035,853	1,084,926	1,076,790	2,161,716

The notes on pages 065 to 120 form an integral part of these financial statements.

Auditors' report on pages 056 to 060.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2016

THE GROUP

	Notes	Share Capital	Distributable	Non distributable	Amalgamation reserve	Other reserve	Total	Non-controlling interests	Total equity
		Attributable to owners of the parent							
			Proprietors' Fund						
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1, 2016		26,322	123,433	472,000	61,214	-	682,969	162,763	845,732
Interest allocated		-	61,729	-	-	-	61,729	-	61,729
Transfer from Life Assurance Fund		-	66,000	33,320	-	-	99,320	-	99,320
Net movement for the year	15	-	-	-	-	-	-	23,272	23,272
Dividends	25/15	-	(121,082)	-	-	-	(121,082)	(15,005)	(136,087)
Balance at December 31, 2016		26,322	130,080	505,320	61,214	-	722,936	171,030	893,966
Balance at January 1, 2015		26,322	134,145	-	61,214	-	221,681	149,310	370,991
Interest allocated		-	46,770	-	-	-	46,770	-	46,770
Transfer from Life Assurance Fund		-	63,600	472,000	-	-	535,600	-	535,600
Net movement for the year	15	-	-	-	-	-	-	27,853	27,853
Dividends	25/15	-	(121,082)	-	-	-	(121,082)	(14,400)	(135,482)
Balance at December 31, 2015		26,322	123,433	472,000	61,214	-	682,969	162,763	845,732

THE COMPANY

	Notes	Share Capital	Distributable	Non distributable	Amalgamation reserve	Other reserve	Total Equity
			Proprietors' Fund				
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1, 2016		26,322	123,433	472,000	61,214	468,429	1,151,398
Interest allocated		-	61,729	-	-	-	61,729
Transfer from Life Assurance Fund		-	66,000	33,320	-	-	99,320
Dividends	25	-	(121,082)	-	-	-	(121,082)
Balance at December 31, 2016		26,322	130,080	505,320	61,214	468,429	1,191,365
Balance at January 1, 2015		26,322	134,145	-	61,214	468,429	690,110
Interest allocated		-	46,770	-	-	-	46,770
Transfer from Life Assurance Fund		-	63,600	472,000	-	-	535,600
Dividends	25	-	(121,082)	-	-	-	(121,082)
Balance at December 31, 2015		26,322	123,433	472,000	61,214	468,429	1,151,398

The notes on pages 065 to 120 form an integral part of these financial statements.

Auditors' report on pages 056 to 060.

STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2016

	Notes	THE GROUP 2016 Rs'000	THE GROUP 2015 Rs'000	THE COMPANY 2016 Rs'000	THE COMPANY 2015 Rs'000
Cash flows from operating activities					
Cash generated from operations	27(a)	661,362	668,471	499,235	505,779
Investment income received		1,308,149	1,353,846	1,380,962	1,457,544
Tax paid	20	(31,137)	(34,049)	-	(5,377)
Net cash generated from operating activities		1,938,374	1,988,268	1,880,197	1,957,946
Cash flows from investing activities					
Purchase of property and equipment	5	(13,032)	(10,261)	(11,595)	(9,790)
Purchase of investment properties	6(a)	(19,485)	(1,604)	(19,485)	(1,604)
Purchase of seized properties	6(b)	(2,909)	(345)	(2,909)	(345)
Purchase of intangible assets	7	(3,705)	(6,365)	(3,280)	(6,365)
Purchase of financial assets	10	(2,698,393)	(4,503,978)	(2,610,884)	(4,456,156)
Loans granted		(849,486)	(822,983)	(849,486)	(822,983)
Proceeds from disposal/maturity of financial assets		2,864,427	3,620,865	2,775,668	3,583,074
Proceeds from sale of property and equipment		48	396	-	396
Proceeds from sale of seized properties		3,300	1,124	3,300	1,124
Loans recovered		849,248	662,664	849,248	662,664
Net cash generated from/(used in) investing activities		130,013	(1,060,487)	130,577	(1,049,985)
Cash flows from financing activities					
Dividends paid to Company's shareholders	25	(121,082)	(110,026)	(121,082)	(110,026)
Dividends paid to non-controlling interests		(15,005)	(23,400)	-	-
Net cash used in financing activities		(136,087)	(133,426)	(121,082)	(110,026)
Increase in cash and cash equivalents		1,932,300	794,355	1,889,692	797,935
Movement in cash and cash equivalents					
At January 1,		1,669,019	849,439	1,419,232	601,914
Increase during the year		1,932,300	794,355	1,889,692	797,935
Effects of exchange rate changes		851	25,225	2,066	19,383
At December 31,	27(b)	3,602,170	1,669,019	3,310,990	1,419,232

The notes on pages 065 to 120 form an integral part of these financial statements.

Auditors' report on pages 056 to 060.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

1. GENERAL INFORMATION

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

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

(ii) held-to-maturity investments, loans and receivables and relevant financial assets and financial liabilities are carried at amortised cost.

Standards, Amendments to published Standards and 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 and the Company'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 and the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

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

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 and the Company'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. The amendment has no impact on the Group's and the Company's financial statements.

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 and the Company'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 and the Company'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 and the Company'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 and the Company'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 and the Company's financial statements.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

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

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 and the Company's financial statements.

Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 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)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

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

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

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

Land is not depreciated.

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

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.3 Intangible assets

Intangible assets consist of the following :

(i) Goodwill

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

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

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

(ii) Computer software

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

(iii) Development and other costs

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

(iv) Value of business acquired (VOBA)

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

(v) Customer portfolio

Customer portfolio represents the value of the customer list. It is amortised over the estimated useful economic life of 10 years. It is tested annually for impairment.

2.4 Investment properties

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

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.4 Investment properties (cont'd)

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

Buildings 2%

Land is not depreciated.

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

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

2.5 Impairment of non-financial assets

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

2.6 Investment in subsidiaries

Separate financial statements of the investor

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

Consolidated financial statements

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

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

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.6 Investment in subsidiaries (cont'd)

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

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

Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests without loss of control are also recorded in equity.

Disposal of subsidiaries

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

2.7 Investment in associates

Separate financial statements of the investor

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

Consolidated financial statements

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

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.7 Investment in associates (cont'd)

Consolidated financial statements (cont'd)

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

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

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

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

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

2.8 Financial assets

(a) *Categories of financial assets*

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

(i) **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments. They are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

(ii) **Held-to-maturity investments**

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

(iii) **Available-for-sale financial assets**

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

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets (cont'd)

(b) *Recognition and measurement*

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

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

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

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

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

The fair values of quoted investments are based on current bid prices (Level 1). The fair values of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined by using valuation techniques. These valuation techniques maximise the use of observable data where it is available and rely as little as possible on entity specific estimates (Level 2). If the market for a financial asset is not active and for unlisted securities, the Group and the Company established fair value by using valuation techniques as follows (level 3) (note 10):

- Over the first two years following acquisition, an investment in such an asset is valued at the lower of cost price and any new issue price.
- Thereafter, fair value is estimated based on the lower of price earnings ratio and dividend yield methodologies.
- Where neither the price earnings ratio nor the dividend yield methodologies are applicable, the net asset value or the price to book value methodology is applied.
- In the event there has been any rights issue or initial public offering or any other similar transaction carried out at arm's length in the relevant period under consideration, the offered price is used as proxy for fair value.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets (cont'd)

(c) *Impairment of financial assets*

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

The Group and the Company assess at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in equity, is removed from equity and recognised in the Life Assurance Fund. Impairment loss for the Group and the Company are recognised in the Life Assurance Fund. Impairment losses recognised in the Life Assurance Fund for an investment in an equity instrument classified as available-for-sale are not reversed through the Life Assurance Fund.

(ii) **Financial assets carried at amortised cost**

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

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

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

2.9 Trade receivables

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

2.10 Trade and other payables

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

2.11 Cash and cash equivalents

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

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.12 Share Capital

Ordinary shares are classified as equity.

2.13 Life Assurance Fund

(i) Non-Linked Account

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

(ii) Linked Account

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

2.14 Retirement Benefit Obligations

(i) Defined Benefit Plan

The following pension benefits are in place:

- 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) is recognised immediately in other comprehensive income in the period in which it occurs. Remeasurements recognised in other comprehensive income shall not be reclassified to Life Assurance Fund in subsequent periods.

The Group and the Company 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 Life Assurance Fund.

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.14 Retirement Benefit Obligations (cont'd)

(ii) Defined Contribution Plan

A defined contribution plan is a pension plan under which the Group and the Company 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 defined contribution retirement plans are charged as an expense as they fall due.

(iii) Termination benefits

Termination benefits are payable when the employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Company 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 12 months after the end of the reporting period are discounted to present value.

(iv) The Company

The Company has a retirement pension fund for its employees which is internally managed. Full liability of the retirement benefit obligations has been recognised as the assets are not legally separate and cannot therefore be considered as plan assets.

2.15 Current and deferred income tax

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

Current tax

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

Deferred tax

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.16 Insurance contracts - The Company

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

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

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

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

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

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

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

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

(iii) Unit-Linked

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

2.17 Revenue recognition

(i) The Group

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.17 Revenue recognition (cont'd)

(ii) The Company

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

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

(i) Consideration for annuities - upon maturity of insurance contracts.

(ii) Rental income - as it accrues based on the terms of the rental contract.

(iii) Interest income - on a time-proportion basis using the effective interest method.

(iv) Dividend income - when the shareholder's right to receive payment is established.

2.18 Liability adequacy test

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

2.19 Reinsurance contracts

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

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

2.20 Foreign Currencies

(a) Functional and presentation currency

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

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

2.20 Foreign Currencies (cont'd)

(b) Transactions and balances

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

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

(c) Translation of foreign entities

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

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

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

(iii) the resulting exchange differences are recognised in the 'Translation Reserve', as a separate component of equity.

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

2.21 Provisions

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

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

2.22 Dividend distribution

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

2.23 Exceptional items

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

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

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

3.1 Insurance risk

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

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

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

(a) Insurance contracts

(i) Concentration, frequency and severity of claims

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

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

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

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

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

3.1 Insurance risk (cont'd)

(a) Insurance contracts (cont'd)

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

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

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

(iii) Claims development

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

	2012 Rs'000	2013 Rs'000	2014 Rs'000	2015 Rs'000	2016 Rs'000
Gross outstanding claims	27,322	41,443	72,298	73,039	**60,299**

3.2 Financial risk

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

The most important components of this financial risk are :

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

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

3.2 Financial risk (cont'd)

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

3.2.1 Market risk

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

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

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

(i) Currency risk

The Group:

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

The Company:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

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

3.2 Financial risk (cont'd)

3.2.1 Market risk (cont'd)

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

At December 31, 2016	Rs.	GBP	USD	Euro	Others	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial assets						
- Investments in financial assets	19,215,711	3,731	6,197,031	462,414	53,710	25,932,597
- Loans and receivables	5,252,642	-	-	-	28,231	5,280,873
- Trade and other receivables	412,726	-	-	-	3,938	416,664
- Bank balances, deposits and cash	2,981,785	15,004	486,511	58,283	60,587	3,602,170
	27,862,864	18,735	6,683,542	520,697	146,466	35,232,304
Less allowances for credit impairment						(74,500)
Total						35,157,804
Financial liabilities						
- Technical Provisions:						
· Life assurance fund	34,487,118	-	-	-	-	34,487,118
· Gross outstanding claims	60,299	-	-	-	-	60,299
- Trade and other payables	364,806	-	3,951	-	-	368,757
	34,912,223	-	3,951	-	-	34,916,174

At December 31, 2015	Rs.	GBP	USD	Euro	Others	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial assets						
- Investments in financial assets	18,455,546	12,603	5,786,190	1,014,845	221,132	25,490,316
- Loans and receivables	5,254,602	-	-	-	24,771	5,279,373
- Trade and other receivables	360,685	-	-	-	3,753	364,438
- Bank balances, deposits and cash	1,294,381	20,954	184,270	110,549	58,865	1,669,019
	25,365,214	33,557	5,970,460	1,125,394	308,521	32,803,146
Less allowances for credit impairment						(59,184)
Total						32,743,962
Financial liabilities						
- Technical Provisions:						
· Life assurance fund	32,095,961	-	-	-	-	32,095,961
· Gross outstanding claims	73,039	-	-	-	-	73,039
- Trade and other payables	431,233	-	4,104	-	-	435,337
	32,600,233	-	4,104	-	-	32,604,337

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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

3.2 Financial risk (cont'd)

3.2.1 Market risk (cont'd)

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

At December 31, 2016	Rs.	GBP	USD	Euro	Others	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial assets						
- Investments in financial assets	**19,190,863**	**3,731**	**6,197,031**	**462,414**	**53,710**	**25,907,749**
- Loans and receivables	**5,266,082**	-	-	-	**28,231**	**5,294,313**
- Trade and other receivables	**385,379**	-	-	-	-	**385,379**
- Bank balances, deposits and cash	**2,807,953**	**13,795**	**417,248**	**11,435**	**60,559**	**3,310,990**
	27,650,277	**17,526**	**6,614,279**	**473,849**	**142,500**	**34,898,431**
Less allowances for credit impairment						**(74,500)**
Total						**34,823,931**
Financial liabilities						
- Technical Provisions:						
· Life assurance fund	**34,206,384**	-	-	-	-	**34,206,384**
· Gross outstanding claims	**60,299**	-	-	-	-	**60,299**
- Trade and other payables	**357,553**	-	-	-	-	**357,553**
	34,624,236	-	-	-	-	**34,624,236**

At December 31, 2015	Rs.	GBP	USD	Euro	Others	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial assets						
- Investments in financial assets	18,431,107	12,603	5,786,190	1,014,845	221,132	25,465,877
- Loans and receivables	5,268,042	-	-	-	24,771	5,292,813
- Trade and other receivables	347,055	-	-	-	-	347,055
- Bank balances, deposits and cash	1,122,606	16,792	141,175	79,818	58,841	1,419,232
	25,168,810	29,395	5,927,365	1,094,663	304,744	32,524,977
Less allowances for credit impairment						(59,184)
Total						32,465,793
Financial liabilities						
- Technical Provisions:						
· Life assurance fund	31,850,001	-	-	-	-	31,850,001
· Gross outstanding claims	73,039	-	-	-	-	73,039
- Trade and other payables	435,130	-	-	-	-	435,130
	32,358,170	-	-	-	-	32,358,170

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

3.2 Financial risk (cont'd)

3.2.1 Market risk (cont'd)

(i) Currency risk

Sensitivity

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

	THE GROUP				THE COMPANY			
	GBP	USD	EURO	OTHERS	GBP	USD	EURO	OTHERS
	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Impact on Life Assurance Fund :								
- At December 31, 2016								
- Investments in financial assets	**187**	**309,852**	**23,121**	**2,686**	**187**	**309,852**	**23,121**	**2,686**
- Loan and other receivables	**-**	**-**	**-**	**1,412**	**-**	**-**	**-**	**1,412**
- Net trade and other receivables	**-**	**198**	**-**	**197**	**-**	**-**	**-**	**-**
- Bank balances, deposits and cash	**750**	**24,326**	**2,914**	**3,029**	**690**	**20,862**	**572**	**3,028**
- At December 31, 2015								
- Investments in financial assets	630	289,310	50,742	11,057	630	289,310	50,742	11,057
- Loan and other receivables	-	-	-	1,239	-	-	-	1,239
- Net trade and other receivables	-	205	-	188	-	-	-	-
- Bank balances, deposits and cash	1,048	9,214	5,527	2,942	840	7,059	3,991	2,942

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

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

3.2 Financial risk (cont'd)

3.2.1 Market risk (cont'd)

(ii) Interest rate risk

The Group:

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

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

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	%	%	%	%
Held-to-Maturity investments	**3.16 - 12.75**	4.15 - 13.00	**3.16 - 12.75**	4.15 - 13.00
Loans and receivables	**5.00 - 14.00**	5.17 - 14.00	**5.00 - 14.00**	5.17 - 14.00
Short term deposits	**2.35 - 5.40**	2.35 - 5.60	**2.35 - 5.40**	2.35 - 5.60
Bank balances	**0.00 - 3.35**	0.00 - 3.15	**0.00 - 3.35**	0.00 - 3.15

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the surplus for the year ended December 31, 2016 would increase/decrease by Rs. 89.2 m (2015: Rs.74.5m) for the Group and Rs 83.8 m (2015: Rs.70.1m) for the Company.

The Company:

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

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

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

Management regularly monitors the sensitivity of reported interest rate movements.

Sensitivity

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

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

3.2 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 investment concentration as part of an overall prudent portfolio investment policy.

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

Sensitivity

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

	THE GROUP	THE COMPANY
	Rs'm	**Rs'm**
At December 31, 2016		
- Available for sale financial assets	**173**	**172**
	Rs'm	Rs'm
At December 31, 2015		
- Available for sale financial assets	160	160

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 receivables, based on management's prior experience and the current economic environment.

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

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

3.2 Financial risk (cont'd)

3.2.2 Credit risk (cont'd)

Reinsurance credit exposures - The Company

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

The Company manages its reinsurance counterparty exposures and the reinsurance department has a monitoring role over this risk. The Company's largest reinsurance counterparty is Swiss Re. At December 31, 2016, the reinsurance assets recoverable was Rs. 4.7m (2015: Rs. 4.5m).

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

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

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

	Neither past due nor impaired	Past due and Impaired	Provision for impairment	Carrying amount at year end
	Rs'000	Rs'000	Rs'000	Rs'000
THE GROUP				
2016				
- Loans and receivables	**4,912,405**	**368,468**	**(69,500)**	**5,211,373**
- Trade and other receivables	**455,845**	**5,000**	**(5,000)**	**455,845**
2015				
- Loans and receivables	4,993,660	285,713	(54,184)	5,225,189
- Trade and other receivables	405,169	5,000	(5,000)	405,169
THE COMPANY				
2016				
- Loans and receivables	**4,925,845**	**368,468**	**(69,500)**	**5,224,813**
- Trade and other receivables	**422,765**	**5,000**	**(5,000)**	**422,765**
2015				
- Loans and receivables	5,007,100	285,713	(54,184)	5,238,629
- Trade and other receivables	386,918	5,000	(5,000)	386,918

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

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

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

THE GROUP

Maturities of financial assets and liabilities:

At December 31, 2016	< 1 year	1 to 5 years	>5 years	Non-maturity items	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial assets					
- Investments in financial assets	**18,122,145**	**3,533,629**	**4,276,823**	-	**25,932,597**
- Loans and receivables	**420,610**	**693,487**	**4,166,776**	-	**5,280,873**
- Trade and other receivables	**416,664**	-	-	-	**416,664**
- Bank balances, deposits and cash	**3,602,170**	-	-	-	**3,602,170**
	22,561,589	**4,227,116**	**8,443,599**	-	**35,232,304**
Less allowances for credit impairment					**(74,500)**
Total					**35,157,804**
Financial liabilities					
- Technical Provisions:					
- Life assurance fund	-	-	-	**34,487,118**	**34,487,118**
- Gross outstanding claims	**60,299**	-	-	-	**60,299**
- Trade and other payables	**368,757**	-	-	-	**368,757**
	429,056	-	-	**34,487,118**	**34,916,174**

At December 31, 2015	< 1 year	1 to 5 years	>5 years	Non-maturity items	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial assets					
- Investments in financial assets	17,459,987	2,697,854	5,332,475	-	25,490,316
- Loans and receivables	850,991	416,642	4,011,740	-	5,279,373
- Trade and other receivables	364,438	-	-	-	364,438
- Bank balances, deposits and cash	1,669,019	-	-	-	1,669,019
	20,344,435	3,114,496	9,344,215	-	32,803,146
Less allowances for credit impairment					(59,184)
Total					32,743,962
Financial liabilities					
- Technical Provisions:					
- Life assurance fund	-	-	-	32,095,961	32,095,961
- Gross outstanding claims	73,039	-	-	-	73,039
- Trade and other payables	435,337	-	-	-	435,337
	508,376	-	-	32,095,961	32,604,337

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

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

3.2 Financial risk (cont'd)

3.2.3 Liquidity risk (cont'd)

THE COMPANY

Maturities of financial assets and liabilities:

At December 31, 2016	< 1 year	1 to 5 years	>5 years	Non-maturity items	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial assets					
- Investments in financial assets	18,097,297	3,533,629	4,276,823	-	25,907,749
- Loans and receivables	420,610	693,487	4,180,216	-	5,294,313
- Trade and other receivables	385,379	-	-	-	385,379
- Bank balances, deposits and cash	3,310,990	-	-	-	3,310,990
	22,214,276	4,227,116	8,457,039	-	34,898,431
Less allowances for credit impairment					(74,500)
Total					34,823,931
Financial liabilities					
- Technical Provisions:					
· Life assurance fund	-	-	-	34,206,384	34,206,384
· Gross outstanding claims	60,299	-	-	-	60,299
- Trade and other payables	357,553	-	-	-	357,553
	417,852	-	-	34,206,384	34,624,236

At December 31, 2015	< 1 year	1 to 5 years	>5 years	Non-maturity items	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial assets					
- Investments in financial assets	17,435,548	2,697,854	5,332,475	-	25,465,877
- Loans and receivables	850,991	416,642	4,025,180	-	5,292,813
- Trade and other receivables	347,055	-	-	-	347,055
- Bank balances, deposits and cash	1,419,232	-	-	-	1,419,232
	20,052,826	3,114,496	9,357,655	-	32,524,977
Less allowances for credit impairment					(59,184)
Total					32,465,793
Financial liabilities					
- Technical Provisions:					
· Life assurance fund	-	-	-	31,850,001	31,850,001
· Gross outstanding claims	73,039	-	-	-	73,039
- Trade and other payables	435,130	-	-	-	435,130
	508,169	-	-	31,850,001	32,358,170

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

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

3.2 Financial risk (cont'd)

3.2.4 Capital Management

The main objectives of the Company when managing capital are :

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

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

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

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

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

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

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

3.2.5 Fair value estimation

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 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.

4.1 Insurance contracts - The Company

(i) Estimates of future benefit payments

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

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

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

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

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

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

4.1 Insurance contracts (cont'd)

(i) Estimates of future benefit payments (cont'd)

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

(ii) Sensitivity

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

4.2 Reinsurance - The Company

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

4.3 Held-to-maturity investments

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

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

4.4 Impairment of available-for-sale financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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

4.5 Impairment of other assets

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

4.6 Pension benefits

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

The Group and the Company determine the appropriate discount rate at the end of the year. This is the interest rate that should be used to determine the present value of estimated future cash flows expected to be required to settle the pension obligations.

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

Additional information is disclosed in Note 18.

4.7 Fair value of security not quoted in an active market

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

4.8 Asset lives and residual values

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

4.9 Depreciation policies

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

4.10 Limitation of sensitivity analysis

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

The sensitivity analyses do not take into consideration that the Group's 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 views of possible near-term market changes that cannot be predicted with any certainty.

5. PROPERTY AND EQUIPMENT

(a) **THE GROUP**

	Freehold land and buildings	Furniture fixtures & fittings	Computer Equipment	Electrical Equipment	Motor vehicles	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST/DEEMED COST						
At January 1, 2015	252,394	112,115	63,325	2,248	15,677	445,759
Additions	-	5,743	3,878	-	640	10,261
Disposals	-	-	-	-	(1,560)	(1,560)
Transfer from investment properties (note 6)	59,766	-	-	-	-	59,766
At December 31, 2015	**312,160**	**117,858**	**67,203**	**2,248**	**14,757**	**514,226**
Additions	-	4,670	8,362	-	-	13,032
Disposals	-	-	(48)	-	-	(48)
Write off	-	(205)	-	-	-	(205)
Transfer from intangible assets (note 7)	-	-	1,496	-	-	1,496
Transfer to intangible assets (note 7)	-	-	(101)	-	-	(101)
At December 31, 2016	**312,160**	**122,323**	**76,912**	**2,248**	**14,757**	**528,400**
DEPRECIATION						
At January 1, 2015	46,260	91,591	55,457	2,248	5,893	201,449
Charge for the year	5,761	4,069	5,800	-	1,971	17,601
Disposal adjustments	-	-	-	-	(936)	(936)
Transfer from investment properties (note 6)	5,663	-	-	-	-	5,663
At December 31, 2015	**57,684**	**95,660**	**61,257**	**2,248**	**6,928**	**223,777**
Charge for the year	5,761	4,565	7,393	-	1,907	19,626
Disposal adjustments	-	-	(20)	-	-	(20)
Write off	-	(205)	-	-	-	(205)
Transfer from intangible assets (note 7)	-	-	499	-	-	499
Transfer to intangible assets (note 7)	-	-	(101)	-	-	(101)
At December 31, 2016	**63,445**	**100,020**	**69,028**	**2,248**	**8,835**	**243,576**
NET BOOK VALUE						
At December 31, 2016	**248,715**	**22,303**	**7,884**	**-**	**5,922**	**284,824**
At December 31, 2015	254,476	22,198	5,946	-	7,829	290,449

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

5. PROPERTY AND EQUIPMENT (CONT'D)

(b) THE COMPANY

	Freehold land and buildings	Furniture fixtures & fittings	Computer Equipment	Motor vehicles	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST					
At January 1, 2015	228,295	104,843	59,747	14,396	407,281
Additions	-	5,385	3,765	640	9,790
Disposals	-	-	-	(1,560)	(1,560)
Transfer from investment properties (note 6)	59,766	-	-	-	59,766
At December 31, 2015	**288,061**	**110,228**	**63,512**	**13,476**	**475,277**
Additions	-	4,151	7,444	-	11,595
Transfer from intangible asset (note 7)	-	-	1,496	-	1,496
At December 31, 2016	**288,061**	**114,379**	**72,452**	**13,476**	**488,368**
DEPRECIATION					
At January 1, 2015	45,592	84,536	52,331	4,937	187,396
Charge for the year	5,761	3,630	5,662	1,779	16,832
Disposal adjustments	-	-	-	(936)	(936)
Transfer from investment properties (note 6)	5,663	-	-	-	5,663
At December 31, 2015	**57,016**	**88,166**	**57,993**	**5,780**	**208,955**
Charge for the year	5,761	4,016	7,240	1,779	18,796
Transfer from intangible asset (note 7)	-	-	499	-	499
At December 31, 2016	**62,777**	**92,182**	**65,732**	**7,559**	**228,250**
NET BOOK VALUE					
At December 31, 2016	**225,284**	**22,197**	**6,720**	**5,917**	**260,118**
At December 31, 2015	231,045	22,062	5,519	7,696	266,322

6(a) INVESTMENT PROPERTIES

	THE GROUP	THE COMPANY
	Rs'000	Rs'000
COST		
At January 1, 2015	617,097	577,027
Additions	1,604	1,604
Transfer to property and equipment (note 5)	(59,766)	(59,766)
Write off	(8,165)	(8,165)
At December 31, 2015	**550,770**	**510,700**
Additions	19,485	19,485
At December 31, 2016	**570,255**	**530,185**
DEPRECIATION		
At January 1, 2015	83,405	83,157
Charge for the year	9,221	9,221
Transfer to property and equipment (note 5)	(5,663)	(5,663)
Write off	(2,123)	(2,123)
At December 31, 2015	**84,840**	**84,592**
Charge for the year	9,611	9,611
At December 31, 2016	**94,451**	**94,203**
NET BOOK VALUE		
At December 31, 2016	**475,804**	**435,982**
At December 31, 2015	465,930	426,108

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

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
At December 31,	**1,632,578**	1,632,578	**1,505,439**	1,505,439

The investment properties were revalued in December 2014 by Noor Dilmohamed & Associates, on an open market value basis and the valuation is performed every 3 years. The Directors have reassessed the fair values of the investment properties at December 31, 2016. On the basis of current economic environment and property values and after consultation with the independent valuer, the Directors are satisfied that the carrying value of the investment properties reflects their fair value at the reporting date.

The following has been recognised in the Life Assurance Fund.

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Rental income	**51,677**	53,854	**47,399**	49,107
Direct operating expenses	**55,486**	41,302	**54,026**	39,942

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

6(b) SEIZED PROPERTIES

	THE GROUP AND THE COMPANY	
	2016	2015
	Rs'000	Rs'000
At January 1,	41,763	44,179
Additions	2,909	345
Disposal	(5,366)	(977)
Charge/write off for the year	-	(1,784)
At December 31,	39,306	41,763

In the financial year ended December 31, 2016, the Group and the Company reclassified seized properties out of investment properties. These are stated at acquisition cost and fair value subsequently.

7. INTANGIBLE ASSETS

(a) THE GROUP

	Goodwill	Computer Software	Development Cost	VOBA	Customer List	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST						
At January 1, 2015	59,598	16,808	21,975	28,477	55,375	182,233
Additions	-	6,365	-	-	-	6,365
At December 31, 2015	59,598	23,173	21,975	28,477	55,375	188,598
Additions	-	3,705	-	-	-	3,705
Write off	-	(626)	-	-	-	(626)
Transfer from property and equipment (note 5)	-	101	-	-	-	101
Transfer to property and equipment (note 5)	-	(1,496)	-	-	-	(1,496)
At December 31, 2016	59,598	24,857	21,975	28,477	55,375	190,282
AMORTISATION						
At January 1, 2015	-	14,223	21,975	9,491	11,075	56,764
Charge for the year	-	3,029	-	1,899	5,537	10,465
At December 31, 2015	-	17,252	21,975	11,390	16,612	67,229
Charge for the year	-	3,357	-	1,898	5,538	10,793
Write off	-	(209)	-	-	-	(209)
Transfer from property and equipment (note 5)	-	101	-	-	-	101
Transfer to property and equipment (note 5)	-	(499)	-	-	-	(499)
At December 31, 2016	-	20,002	21,975	13,288	22,150	77,415
NET BOOK VALUE						
At December 31, 2016	59,598	4,855	-	15,189	33,225	112,867
At December 31, 2015	59,598	5,921	-	17,087	38,763	121,369

7. INTANGIBLE ASSETS (CONT'D)

(b) THE COMPANY

	Computer Software	Development Cost	VOBA	Total
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At January 1, 2015	10,968	21,975	28,477	61,420
Additions	6,365	-	-	6,365
At December 31, 2015	17,333	21,975	28,477	67,785
Additions	3,280	-	-	3,280
Transfer to property and equiment (note 5)	(1,496)	-	-	(1,496)
Write off	(626)	-	-	(626)
At December 31, 2016	18,491	21,975	28,477	68,943
AMORTISATION				
At January 1, 2015	10,154	21,975	9,491	41,620
Charge for the year	2,578	-	1,898	4,476
At December 31, 2015	12,732	21,975	11,389	46,096
Charge for the year	2,868	-	1,898	4,766
Transfer to property and equiment (note 5)	(499)	-	-	(499)
Write off	(209)	-	-	(209)
At December 31, 2016	14,892	21,975	13,287	50,154
NET BOOK VALUE				
At December 31, 2016	3,599	-	15,190	18,789
At December 31, 2015	4,601	-	17,088	21,689

8. INVESTMENTS IN SUBSIDIARY COMPANIES

	THE COMPANY	
	2016	2015
	Rs'000	Rs'000
(a) UNQUOTED		
At January 1 and December 31,	540,012	540,012

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

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

Name of subsidiaries	Class of shares held	Stated capital	Nominal value of investment	Proportion of ownership interest: Direct	Proportion of ownership interest: Indirect	Proportion of ownership interests held by non-controlling interests	Place of business	Country of incorporation	Main business
2016 & 2015		Rs'000	Rs'000	%	%	%			
Manufacturers' Distributing Station Limited	Ordinary	961	47,686	99.8%	-	0.2%	Port Louis	Mauritius	Investment Company
Swan Pensions Ltd (c)	Ordinary	4,100	22,825	100.0%	-	-	Port Louis	Mauritius	Pension and fund administration
Swan Financial Solutions Ltd (c)	Ordinary	586,876	469,500	80.0%	-	20.0%	Port Louis	Mauritius	Investment Company
Swan Wealth Managers Ltd	Ordinary	1,000	-	-	80.0%	20.0%	Port Louis	Mauritius	Fund management and investment consulting
Swan Securities Ltd	Ordinary	1,000	-	-	80.0%	20.0%	Port Louis	Mauritius	Stockbroking
Société de la Croix (d)	Parts	2,500	-	-	99.8%	0.2%	Port Louis	Mauritius	Investment entity
Société de la Montagne (d)	Parts	45,654	-	-	99.8%	0.2%	Port Louis	Mauritius	Investment entity
Société de la Rivière (d)	Parts	2,500	-	-	99.8%	0.2%	Port Louis	Mauritius	Investment entity
Swan Foundation	Limited by guarantee	1	1	50.0%	-	50.0%	Port Louis	Mauritius	Management of Swan Group CSR fund (not consolidated)
			540,012						

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(e) Details for subsidiaries are as follows:

Name of subsidiary	Profit/(loss) allocated to non-controlling interests during the year	Accumulated non-controlling interests at December 31,
2016		
· Manufacturers' Distributing Station Limited (group)	**5**	**223**
· Swan Financial Solutions Ltd	**(1,400)**	**67,568**
· Swan Wealth Managers Ltd	**23,007**	**90,317**
· Swan Securities Ltd	**1,735**	**12,922**
	23,347	**171,030**
2015		
· Manufacturers' Distributing Station Limited (group)	5	223
· Swan Financial Solutions Ltd	(1,280)	83,968
· Swan Wealth Managers Ltd	25,605	67,766
· Swan Securities Ltd	4,324	10,806
	28,654	162,763

(f) Summarised financial information on subsidiaries

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

Name of subsidiary	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit after tax	Other comprehensive income for the year	Total comprehensive income for the year	Dividend paid to non-controlling interests
2016	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
· Manufacturers' Distributing Station Limited (group)	**9,003**	**43,861**	**3,838**	-	**4,540**	**2,509**	-	**2,509**	**5**
· Swan Pensions Ltd	**38,118**	**112**	**19,184**	-	**41,588**	**9,176**	-	**9,176**	-
· Swan Financial Solutions Ltd	**36,214**	**565,523**	**644**	-	**86,000**	**79,002**	-	**79,002**	**15,000**
· Swan Wealth Managers Ltd	**237,049**	**927**	**16,285**	**4,706**	**178,734**	**115,034**	**(2,280)**	**112,754**	-
· Swan Securities Ltd	**52,960**	**25,477**	**24,802**	-	**33,658**	**8,674**	**1,906**	**10,580**	-
2015									
· Manufacturers' Distributing Station Limited (group)	7,045	43,127	1,155	-	4,877	2,556	-	2,556	-
· Swan Pensions Ltd	30,540	154	14,824	-	27,183	6,970	-	6,970	-
· Swan Financial Solutions Ltd	26,681	570,927	517	-	85,000	78,600	-	78,600	14,400
· Swan Wealth Managers Ltd	203,317	539	18,240	1,385	177,058	128,025	(388)	127,637	-
· Swan Securities Ltd	49,391	25,236	25,572	-	47,372	21,620	(3,615)	18,005	-

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

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

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

(ii) Summarised cash flow information:

Name of subsidiary	Operating activities	Investing activities	Financing activities	Net increase/(decrease) in cash and cash equivalents
2016	Rs'000	Rs'000	Rs'000	Rs'000
· Manufacturers' Distributing Station Limited (group)	**2,326**	**(739)**	**-**	**1,587**
· Swan Pensions Ltd	**6,613**	**(80)**	**(12,000)**	**(5,467)**
· Swan Financial Solutions Ltd	**(1,080)**	**85,573**	**(75,000)**	**9,493**
· Swan Wealth Managers Ltd	**113,424**	**(182)**	**(80,000)**	**33,242**
· Swan Securities Ltd	**5,572**	**1,847**	**(6,000)**	**1,419**
2015	Rs'000	Rs'000	Rs'000	Rs'000
· Manufacturers' Distributing Station Limited (group)	594	-	(2,500)	(1,906)
· Swan Pensions Ltd	7,564	(33)	(6,000)	1,531
· Swan Financial Solutions Ltd	(473)	138,000	(117,000)	20,527
· Swan Wealth Managers Ltd	121,289	(159)	(121,500)	(370)
· Swan Securities Ltd	9,415	(10,435)	(16,500)	(17,520)

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

9. INVESTMENTS IN ASSOCIATED COMPANIES

	2016	2015
	Rs'000	Rs'000
(a) The Company		
At January 1 and December 31,	**614**	614
(b) Group's share of net assets		
At January 1,	**50,769**	39,283
Share of results of associated companies	**2,885**	6,477
Dividends	**(3,198)**	(3,091)
Share of reserves	**(1,166)**	8,100
At December 31,	**49,290**	50,769

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

Name	Year end	Nature of business	Principal place of business	Country of incorporation	Proportion of ownership interest Direct
2016/2015					
Swan Corporate Affairs Ltd	Dec-31	Secretarial	Port Louis	Mauritius	50%
Swan International Co Ltd	Dec-31	Reinsurance brokers and consultants	Port Louis	Mauritius	49%

9. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

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

Name	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit after tax	Other comprehensive income for the year	Total comprehensive income for the year	Other equity movement	Dividend received during the year
2016	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Swan Corporate Affairs Ltd	**7,698**	**46**	**3,240**	-	**3,632**	**675**	**-**	**675**	-	-
Swan International Co Ltd	**11,694**	**84,020**	**1,191**	**-**	**-**	**5,199**	**(2,398)**	**2,801**	**18**	**3,198**
2015										
Swan Corporate Affairs Ltd	4,592	65	828	-	3,148	1,834	-	1,834	-	-
Swan International Co Ltd	17,696	88,561	8,024	-	-	11,347	14,573	25,920	1,958	3,091

(e) Reconciliation of summarised financial information

Name	Opening net assets January 1,	Profit for the year	Other comprehensive income for the year	Other equity movment	Dividend	Closing net assets December 31,	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	Rs'000
Swan Corporate Affairs Ltd	**3,829**	**675**	**-**	**-**	**-**	**4,504**	**50%**	**2,252**	-	**2,252**
Swan International Co Ltd	**98,233**	**5,199**	**(2,398)**	**18**	**(6,527)**	**94,525**	**49%**	**46,317**	**721**	**47,038**
2015										
Swan Corporate Affairs Ltd	1,995	1,834	-	-	-	3,829	50%	1,914	-	1,914
Swan International Co Ltd	76,663	11,347	14,573	1,958	(6,308)	98,233	49%	48,134	721	48,855

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

10. INVESTMENTS IN FINANCIAL ASSETS

(a)

	THE GROUP			
			2016	2015
	Held-to-maturity	Available-for-sale	Total	Total
Local Securities	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	9,495,280	9,368,978	18,864,258	18,747,249
Additions	847,592	2,139,043	2,986,635	3,450,714
Decrease in fair value	-	(571,910)	(571,910)	(894,974)
Disposals	-	(499,227)	(499,227)	(91,598)
Maturity	(1,668,715)	-	(1,668,715)	(2,461,389)
Transfer	-	-	-	63,174
Movement in accrued interests	(14,271)	-	(14,271)	6,499
Exchange Differences	1,954	-	1,954	44,583
At December 31,	8,661,840	10,436,884	19,098,724	18,864,258
	Held-to-maturity	Available-for-sale	Total	Total
Foreign Securities	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	-	6,626,058	6,626,058	5,903,177
Additions	-	926,455	926,455	1,053,264
Increase in fair value	-	39,949	39,949	400,917
Disposals	-	(758,589)	(758,589)	(668,126)
Transfer	-	-	-	(63,174)
At December 31,	-	6,833,873	6,833,873	6,626,058
Total	8,661,840	17,270,757	25,932,597	25,490,316

Analysed as follows:	2016	2015
	Rs'000	Rs'000
Non-current	25,560,379	24,025,565
Current	372,218	1,464,751
	25,932,597	25,490,316
Cumulative accrued interests	303,402	317,673

(i)

	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At December 31, 2016				
Available-for-sale	16,515,961	60,513	694,283	17,270,757
At December 31, 2015				
Available-for-sale	15,144,694	59,466	790,876	15,995,036

10. INVESTMENTS IN FINANCIAL ASSETS (CONT'D)

(b)

	THE COMPANY			
			2016	2015
	Held-to-maturity	Available-for-sale	Total	Total
Local Securities	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	9,495,080	9,344,742	18,839,822	18,729,982
Additions	847,592	2,051,534	2,899,126	3,402,892
Decrease in fair value	-	(573,816)	(573,816)	(891,359)
Transfer	-	-	-	63,174
Disposals	-	(410,221)	(410,221)	(54,560)
Maturity	(1,668,715)	-	(1,668,715)	(2,461,389)
Movement in accrued interests	(14,271)	-	(14,271)	6,499
Exchange differences	1,954	-	1,954	44,583
At December 31,	8,661,640	10,412,239	19,073,879	18,839,822
		Available-for-sale	Total	Total
Foreign Securities	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	-	6,626,055	6,626,055	5,903,174
Additions	-	926,455	926,455	1,053,264
Increase in fair value	-	39,949	39,949	400,917
Transfer	-	-	-	(63,174)
Disposals		(758,589)	(758,589)	(668,126)
At December 31,	-	6,833,870	6,833,870	6,626,055
Total	8,661,640	17,246,109	25,907,749	25,465,877

Analysed as follows:	2016	2015
	Rs'000	Rs'000
Non-current	25,535,531	24,001,126
Current	372,218	1,464,751
	25,907,749	25,465,877
Cumulative accrued interests	303,402	317,673

(i)

	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At December 31, 2016				
Available-for-sale	16,491,313	60,513	694,283	17,246,109
At December 31, 2015				
Available-for-sale	15,120,455	59,466	790,876	15,970,797

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

10. INVESTMENTS IN FINANCIAL ASSETS (CONT'D)

(c) Non-cash additions and disposals in 2016 amounted to Rs 1,214,697, 867 and Rs 231,884,273 respectively.

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

	THE GROUP AND THE COMPANY	
	2016	2015
	Rs'000	Rs'000
At January 1,	790,876	612,590
Additions	65,225	31,976
Disposals	(200,416)	(23,279)
Increase in fair value	38,598	169,589
At December 31,	694,283	790,876

(e) Held-to-maturity investments comprise of Mauritius Government Securities, listed and unquoted Debenture Stocks and Treasury Bills with interest rates varying from 3.16% to 12.75% (2015: 4.15% to 13.00%).

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

(g) The Directors do not consider the investee companies with a shareholding in excess of 20% to be "Associated Companies" as Swan Life Ltd does not exercise significant influence over these companies.

(h) None of the financial assets are either past due or impaired.

(i) The maturity of financial assets is disclosed in note 3.2.3.

11. LOANS AND RECEIVABLES

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Loans on policies	77,500	85,658	77,500	85,658
Loans on residential properties	3,400,563	3,245,178	3,400,563	3,245,178
Loans on business properties	1,648,244	1,796,807	1,648,244	1,796,807
Cumulative accrued interests	126,336	126,960	126,336	126,960
Less impairment provision (see note (a) below)	(69,500)	(54,184)	(69,500)	(54,184)
	5,183,143	5,200,419	5,183,143	5,200,419
Loans to related corporations	28,230	24,770	41,670	38,210
	5,211,373	5,225,189	5,224,813	5,238,629
Analysed as follows:-				
Non-current	4,860,264	4,428,382	4,873,704	4,441,822
Current	351,109	796,807	351,109	796,807
	5,211,373	5,225,189	5,224,813	5,238,629

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

	THE GROUP AND THE COMPANY	
	2016	2015
	Rs'000	Rs'000
At January 1,	54,184	54,184
Charge for the year	15,316	-
At December 31,	69,500	54,184

(b) The rate of interest on loans vary from 5.00% to 14.00% (2015: 5.17% to 14.00%).

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

(d) The non-covered portion of impaired loans and receivables are secured by fixed charge collaterals on immovable properties. Impairment provision has been booked where recovery was estimated as doubtful.

(e) The ageing of loans and receivables is disclosed in note 3.2.2.

(f) The carrying amounts of loan and receivables approximate their fair values.

(g) The carrying value of loans and receivables that have been impaired is disclosed in note 3.2.2.

12. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
· Receivables arising from insurance contracts				
- Due from contract holders - Individuals	47,625	54,315	47,625	60,394
- Schemes	201,422	127,257	201,422	121,178
· Claims recoverable from Reinsurers	4,702	4,500	4,702	4,500
· Interest and other receivables	188,281	195,865	127,854	149,395
· Receivables from related parties:				
- Holding Company	13,815	23,232	12,651	22,344
- Subsidiary Companies	-	-	28,511	29,107
	455,845	405,169	422,765	386,918

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

(b) The other classes within trade and other receivables do not include impaired assets except as mentioned in note 3.2.2.

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

(d) The Group and the Company do not hold any collateral security for trade and other receivables. Impairment provision has been booked where recovery was estimated as doubtful.

(e) The carrying value of trade and other receivables that have been impaired is disclosed in note 3.2.2.

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

13. SHORT TERM DEPOSITS

	THE GROUP AND THE COMPANY	
	2016	2015
	Rs'000	Rs'000
Short term deposits (note 27(b))	2,712,259	1,158,466

(a) Short term deposits comprise of foreign deposits, money-at-call and savings accounts. The rates of interest vary between 2.35% to 5.40% (2015: 2.35% to 5.60%).

14. SHARE CAPITAL

	THE GROUP AND THE COMPANY	
	2016	2015
	Rs'000	Rs'000
At January 1 and December 31,	26,322	26,322

The total authorised number of ordinary share is 2,632,210 shares (2015: 2,632,210 shares) with a par value of Rs.10 per share (2015: Rs.10 per share). All issued shares are fully paid.

15. NON-CONTROLLING INTERESTS

	THE GROUP	
	2016	2015
	Rs'000	Rs'000
At January 1,	162,763	149,310
Share of surplus (note 8(e))	23,347	28,654
Share of reserve	(75)	(801)
Dividend paid	(15,005)	(14,400)
At December 31,	171,030	162,763

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

16. LIFE ASSURANCE FUND

(a) THE GROUP

	2016					2015				
	Surplus	Fair value reserve	Other reserves	Actuarial gains/ (losses)	Total	Surplus	Fair value reserve	Other reserves	Actuarial gains/ (losses)	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1	25,938,682	6,235,113	(3,802)	(74,032)	32,095,961	24,250,204	6,728,417	(10,943)	(61,021)	30,906,657
Surplus on Life Assurance Fund for the year (page 62)	3,006,092	-	-	-	3,006,092	2,159,519	-	-	-	2,159,519
Change in value of available-for-sale financial assets (note 10)	-	428,569	-	-	428,569	-	(188,479)	-	-	(188,479)
Release from fair value reserve (note 10)	-	(960,911)	-	-	(960,911)	-	(304,825)	-	-	(304,825)
Share of reserves of associated company	9	-	(1,175)	-	(1,166)	959	-	7,141	-	8,100
Remeasurements of defined benefit obligations	-	-	-	(48,107)	(48,107)	-	-	-	(13,011)	(13,011)
Transfer to proprietors' fund (d)	(33,320)	-	-	-	(33,320)	(472,000)	-	-	-	(472,000)
At December 31,	28,911,463	5,702,771	(4,977)	(122,139)	34,487,118	25,938,682	6,235,113	(3,802)	(74,032)	32,095,961

(b) THE COMPANY

	2016					2015				
	Non-Linked	Linked	Fair value reserve	Actuarial gains/ (losses)	Total	Non-Linked	Linked	Fair value reserve	Actuarial gains/ (losses)	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1	17,287,941	8,396,297	6,237,749	(71,986)	31,850,001	16,738,615	7,319,507	6,728,191	(59,285)	30,727,028
Surplus on Life Assurance Fund for the year (page 62)	1,879,761	1,090,092	-	-	2,969,853	1,021,326	1,076,790	-	-	2,098,116
Change in value of available-for-sale financial assets (note 10)	-	-	428,559	-	428,559	-	-	(185,617)	-	(185,617)
Release from fair value reserve (note 10)	-	-	(962,426)	-	(962,426)	-	-	(304,825)	-	(304,825)
Remeasurements of defined benefit obligations	-	-	-	(46,283)	(46,283)	-	-	-	(12,701)	(12,701)
Transfer to proprietors' fund (d)	(33,320)	-	-	-	(33,320)	(472,000)	-	-	-	(472,000)
At December 31,	19,134,382	9,486,389	5,703,882	(118,269)	34,206,384	17,287,941	8,396,297	6,237,749	(71,986)	31,850,001

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

16. LIFE ASSURANCE FUND (CONT'D)

Fair value reserve

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

Other reserves

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

Actuarial gains/(losses)

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

17. DEFERRED TAX ASSETS

Deferred taxes are calculated on all temporary differences under the liability method at 15% (2015: 15%).

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

	THE GROUP	
	2016	2015
	Rs'000	Rs'000
Deferred tax assets	770	241

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

	THE GROUP	
	2016	2015
	Rs'000	Rs'000
At 1 January	241	58
Credited to Life Assurance Fund (note 20(a))	125	114
Credited to actuarial gains/(losses) reserves	404	69
At December 31,	770	241

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

Deferred tax assets:	Accelerated allowance capital	Retirement benefit obligation	Total
	Rs'000	Rs'000	Rs'000
At January 1, 2015	(22)	80	58
Credited to Life Assurance Fund (note 20(a))	55	59	114
Credited to actuarial gains/(losses) reserves	-	69	69
At December 31, 2015	33	208	241
Credited to Life Assurance Fund (note 20(a))	29	96	125
Credited to actuarial gains/(losses) reserves	-	404	404
At December 31, 2016	**62**	**708**	**770**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

18. RETIREMENT BENEFIT OBLIGATIONS

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Amounts recognised in the statements of financial position:				
Defined pension benefits (note (a)(ii))	229,161	177,899	224,455	176,514
Analysed as follows:				
Non-current liabilities	229,161	177,899	224,455	176,514
Amount charged to Life Assurance Fund:				
- Defined pension benefits (note (a)(v) & 24)	25,061	16,945	24,422	16,549
Amount charged to actuarial gains/(losses) reserves:				
- Defined pension benefits (note (a)(vi))	48,965	13,159	46,283	12,701

(a) **Defined pension benefits**

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

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

The most recent actuarial valuation of the present value of the defined benefits obligations were carried out at December 31, 2016. 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		THE COMPANY	
	2016	2015	2016	2015
(ii) The amounts recognised in the statement of financial position are as follows:	Rs'000	Rs'000	Rs'000	Rs'000
Present value of funded obligations	233,847	182,340	224,455	176,514
Fair value of plan assets	(4,686)	(4,441)	-	-
Liability in the statements of financial position	229,161	177,899	224,455	176,514
The reconciliation of the opening balances to the closing balances for the net defined benefit liability is as follows:				
At January 1	177,899	147,814	176,514	147,283
Amounts charged in the Life Assurance Fund	25,061	16,945	24,422	16,549
Amounts charged in the actuarial gains/(losses) reserves	48,965	13,159	46,283	12,701
Contribution paid	(22,764)	(19)	(22,764)	(19)
At December 31	229,161	177,899	224,455	176,514

18. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
(iii) The movement in the defined benefit obligation over the year is as follows:	Rs'000	Rs'000	Rs'000	Rs'000
At January 1	182,340	152,045	176,514	147,283
Current service cost	13,405	6,125	12,863	5,832
Interest cost	11,967	11,071	11,559	10,717
Actuarial losses	48,899	13,118	46,283	12,701
Benefits paid	(22,764)	(19)	(22,764)	(19)
At December 31,	233,847	182,340	224,455	176,514

(iv) The movement in the fair value of plan assets of the year is as follows:	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1	4,441	4,231	-	-
Expected return on plan assets	311	295	-	-
Losses on pension scheme assets	(66)	(40)	-	-
Employer contributions	22,764	19	22,764	19
Scheme expenses	-	(1)	-	-
Cost of insuring risks benefits	-	(44)	-	-
Benefits paid	(22,764)	(19)	(22,764)	(19)
At December 31,	4,686	4,441	-	-
Actual return on plan assets	245	255	-	-

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

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
(v) Amounts recognised in the Life Assurance Fund are as follows:	Rs'000	Rs'000	Rs'000	Rs'000
Current service cost	13,405	6,125	12,863	5,832
Net interest cost	11,656	10,777	11,559	10,717
Scheme expenses	-	(1)	-	-
Cost of insuring risks benefits	-	44	-	-
Total included in employee benefit expense (note 24)	25,061	16,945	24,422	16,549
(vi) Amounts recognised in the actuarial gains/(losses) reserve are as follows:	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Experience losses on the liabilities	541	3,317	8	3,174
Losses on pension scheme	66	40	-	-
Change in assumption underlying the present value of the scheme	48,358	9,802	46,275	9,527
	48,965	13,159	46,283	12,701

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

18. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

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

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

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

	THE GROUP AND THE COMPANY	
	2016	2015
	%	%
Discount rate	6.0	7.0
Expected return on plan assets	6.0	7.0
Future long-term salary increases	5.5	6.5
Future guarantee pension increases	0 - 3	-
NPS ceiling increases	5.5	6.5
Post retirement annuity rates	Swan Life Ltd rates	Swan Life Ltd rates

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

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Decrease due to 1% increase in discount rate	24,438	16,410	23,203	15,650
Increase due to 1% increase in future long-term salary assumption	30,871	18,245	29,363	17,400

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

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

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

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

(xii) The Group and the Company expect to pay Rs 100.5m and Rs 100.0m respectively in contributions to its post-employment benefit plans for the year ending December 31, 2017.

(xiii) The weighted average duration of the defined benefit obligation is 9 - 20 years for the Group and 9 - 20 years for the Company at the end of the reporting period (2015 - Group: 14 years & Company: 9 years).

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

19. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
· Trade payables:				
- Insurance contracts	81,033	97,758	81,033	97,758
· Other payables and accruals	271,403	315,657	255,186	301,183
· Amounts due to related parties:				
- Holding company	16,321	21,922	11,123	16,471
- Subsidiary companies	-	-	10,211	19,718
	368,757	435,337	357,553	435,130

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

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

20. TAXATION

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
(a) *Income tax charge*				
Current tax on the adjusted surplus for the year at 15% (2015: 15%)	24,452	28,760	-	-
Over provision in prior year	(16)	(2,585)	-	(2,624)
Movement in deferred tax (note 17)	(125)	(114)	-	-
Tax charge for the year	24,311	26,061	-	(2,624)

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

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Surplus before taxation	3,119,750	2,277,834	3,035,853	2,159,092
Less share of results of associate	(2,885)	(6,477)	-	-
Less Company surplus for the year	(3,035,853)	(2,159,092)	-	-
Add dividend income from related parties	157,693	154,268	-	-
	238,705	266,533	3,035,853	2,159,092
Tax calculated at 15% (2015: 15%)	35,806	39,980	-	-
Income not subject to tax	(13,155)	(12,883)	-	-
Expenses not deductible for tax purposes	1,676	1,549	-	-
Over provision in prior year	(16)	(2,585)	-	(2,624)
	24,311	26,061	-	(2,624)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

20. TAXATION (CONT'D)

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
(c) *Current tax liabilities*				
Balance as at January 1,	11,164	19,038	-	8,001
Current tax on the adjusted surplus for the year at 15% (2015: 15%)	24,452	28,760	-	-
Over provision in prior year	(16)	(2,585)	-	(2,624)
Amount paid during the year	(12,805)	(18,774)	-	(5,377)
Tax deducted at source		-	-	-
Payment under Advance Payment System (APS)	(18,332)	(15,275)	-	-
	4,463	11,164	-	-

21. GROSS PREMIUMS

	THE GROUP AND THE COMPANY			
		2016		2015
	Non-Linked	Linked	Total	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross Premiums	1,640,013	1,564,579	3,204,592	2,860,695
Consideration for annuities	654,645	-	654,645	527,592
	2,294,658	1,564,579	3,859,237	3,388,287

22. INVESTMENT INCOME

	THE GROUP		THE COMPANY			
	2016	2015		2016		2015
			Non-Linked	Linked	Total	
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Interest income	329,964	1,083,591	604,988	369,624	974,612	1,080,530
Dividend income	976,078	243,973	322,258	78,384	400,642	312,237
	1,306,042	1,327,564	927,246	448,008	1,375,254	1,392,767

23(a) OTHER INCOME

	THE GROUP		THE COMPANY			
	2016	2015		2016		2015
			Non-Linked	Linked	Total	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Profit on disposal of financial assets	169,781	398,999	151,564	18,464	170,028	398,999
Miscellaneous income	419	(311)	(2)	-	(2)	(311)
Profit/(loss) on disposal of seized properties	(2,066)	146	(2,066)	-	(2,066)	146
Profit/(loss) on disposal of property and equipment	20	(228)	-	-	-	(228)
	168,154	398,606	149,496	18,464	167,960	398,606

23(b) Gain on derecognition of financial assets

Gain on derecognition of financial assets	982,812	-	952,257	30,555	982,812	-

During this financial year, the Group and the Company recorded an exceptional gain on the derecognition of financial assets following the amalgamation of a listed entity.

24. MARKETING AND ADMINISTRATIVE EXPENSES

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
Marketing and administrative expenses include:	Rs'000	Rs'000	Rs'000	Rs'000
- Contribution in respect of Corporate Social Responsibility	5,708	4,417	1,935	1,301
- Internal auditors' fees	495	1,024	305	604
- Staff costs (see note (a) below)	209,843	190,210	172,664	158,091
(a) Analysis of staff costs:				
Salaries and wages	115,430	117,342	87,443	91,823
Retirement benefit obligations:				
- defined benefit plan (note 18(a)(v))	25,061	16,945	24,422	16,549
- defined contribution plan	3,353	2,744	2,405	1,826
Other costs	65,999	53,179	58,394	47,893
	209,843	190,210	172,664	158,091

25. DIVIDEND PAYABLE

	THE GROUP AND THE COMPANY	
	2016	2015
	Rs'000	Rs'000
Declared and payable		
Final dividend of Rs. 46.00 per ordinary share (2015: Rs. 46.00).	121,082	121,082

26. EARNINGS PER SHARE

	THE GROUP AND THE COMPANY	
	2016	2015
Earnings attributable to shareholders is based on:	Rs'000	Rs'000
- Amount transferred from Life Assurance Fund	55,231	55,231
- Interest allocated	61,729	46,770
- Amount transferred to Proprietors' Fund	66,000	63,600
	182,960	165,601
Number of shares in issue	2,632,210	2,632,210
Earnings per share	69.51	62.91

The above amount of Rs. 55.2m (2015: Rs.55.2m) represents one-third of the total amount transferred from the Life Assurance Fund to the Proprietors' Fund following the actuarial valuation at December 31, 2014.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

27. NOTES TO THE CASH FLOW STATEMENTS

		Notes	THE GROUP 2016 Rs'000	THE GROUP 2015 Rs'000	THE COMPANY 2016 Rs'000	THE COMPANY 2015 Rs'000
(a)	**Cash generated from operations**					
	Surplus on Life Assurance Fund		3,119,750	2,277,834	3,035,853	2,159,092
	Adjustments for:					
	Depreciation on property and equipment	5	19,626	17,601	18,796	16,832
	Depreciation on investment properties	6	9,611	10,185	9,611	10,185
	Amortisation of intangible assets	7	10,793	10,465	4,766	4,476
	(Profit)/loss on sale of property and equipment	23	(20)	228	-	228
	Profit/(loss) on sale of seized properties	23	2,066	(146)	2,066	(146)
	Investment properties written off	6	-	6,042	-	6,042
	Seized properties written off	6	-	820	-	820
	Impairment charged on loans for the year	11	15,316	-	15,316	-
	Intangible assets written off		417	-	417	-
	Interest allocated to proprietors' fund		61,729	46,770	61,729	46,770
	Investment income	22	(1,306,042)	(1,327,564)	(1,375,254)	(1,392,767)
	Net gain on exchange		(4,982)	(62,871)	(6,196)	(57,029)
	Profit on sale of financial assets	23	(1,152,593)	(398,999)	(1,152,840)	(398,999)
	Change in accrued interest		15,185	(10,088)	15,185	(10,088)
	Changes in working capital (excluding the effects of acquisition and disposal):					
	- Trade and other receivables		(52,784)	81,829	(41,555)	67,766
	- Trade and other payables		(79,320)	2,084	(77,577)	35,326
	- Retirement benefit obligations	18	2,297	16,926	1,658	16,530
	- Outstanding claims		-	741	(12,740)	741
	Share of results of associated companies net of dividend		313	(3,386)	-	-
	Cash generated from operations		661,362	668,471	499,235	505,779

		THE GROUP 2016 Rs'000	THE GROUP 2015 Rs'000	THE COMPANY 2016 Rs'000	THE COMPANY 2015 Rs'000
(b)	**Cash and cash equivalents**				
	Short term deposits (note 13)	2,712,259	1,158,466	2,712,259	1,158,466
	Cash and cash equivalents	889,911	510,553	598,731	260,766
		3,602,170	1,669,019	3,310,990	1,419,232

28. MOVEMENTS IN INSURANCE LIABILITIES AND REINSURANCE ASSETS

	THE GROUP AND THE COMPANY Gross Rs'000	Reinsurance Rs'000	Net Rs'000
2016			
At January 1,			
Notified claims	73,039	(4,500)	68,539
Increase in liabilities	145,447	(25,901)	119,546
Cash paid for claims during the year	(158,187)	25,699	(132,488)
At December 31,	60,299	(4,702)	55,597
2015			
At January 1,			
Notified claims	72,298	(10,652)	61,646
Increase in liabilities	194,750	(54,368)	140,382
Cash paid for claims during the year	(194,009)	60,520	(133,489)
At December 31,	73,039	(4,500)	68,539

29. CONTINGENT LIABILITIES

(a) Financial Commitments

	THE GROUP 2016 Rs'000	THE GROUP 2015 Rs'000	THE COMPANY 2016 Rs'000	THE COMPANY 2015 Rs'000
Outstanding commitments for the following:-				
Loans to be granted	122,803	72,802	122,803	72,802
Investments properties	8,236	-	8,236	-
Bank guarantees and letter of credit	17,100	17,100	-	-
	148,139	89,902	131,039	72,802

(b) Tax assessment

During the year ended December 31, 2013, the Company received income tax assessment relating to the income years ended December 31, 2008, 2009, 2010 and 2011 respectively against which the Company has objected. The above is pending before the Assessment Review Committee. The maximum liability that could arise from this assessment amounts to Rs 13.0m, including penalties and interests.

30. HOLDING COMPANY AND ULTIMATE HOLDING COMPANY

The Directors regard Swan General Ltd, which owns 82.72% (2015: 79.87%) of the Company's share capital, as the Holding and Ultimate Holding Company. The remaining shares are widely held. The Company is incorporated in Mauritius and its registered offices is situated at Swan Centre, 10 Intendance Street, Port Louis.

31. SEGMENT INFORMATION

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

32. RELATED PARTY TRANSACTIONS

(a) THE GROUP

	Sales of services	Purchases of services	Investment income	Recharges	Rental charge	Financial assets	Loans/ Deposits	Amount receivable from related parties	Amount payable to related parties
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2016									
Holding company	28,725	29,075	4,620	12,116	(1,007)	-	-	13,815	16,321
Associated companies	-	-	-	2,625	-	49,290	13,440	3,174	-
Fellow subsidiaries	-	-	8,370	12,849	-	60,626	28,230	17,445	-
Shareholders with significant influence	103,655	-	135,955	-	-	2,645,960	995,231	2,277	-
Enterprise that have a number of key management/directors in common	379,329	-	-	-	-	-	-	87,897	-
Key management personnel	1,062	-	450	-	-	-	7,237	692	-
	512,771	29,075	149,395	27,590	(1,007)	2,755,876	1,044,138	125,300	16,321

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

32. RELATED PARTY TRANSACTIONS (CONT'D)

(b) THE COMPANY

	Sales of services	Purchase of services	Investment income	Recharges	Rental Income	Financial assets	Loans/ Deposits	Amount receivable from related parties	Amount payable to related parties
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2016									
Holding company	28,500	15,694	4,620	12,206	-	-	-	12,651	11,123
Subsidiary companies	16	86,136	68,495	35,239	2,080	-	-	25,758	10,211
Associated companies	-	-	3,198	2,625	-	614	13,440	3,174	-
Fellow subsidiaries	-	-	8,370	12,849	-	60,626	28,230	17,445	-
Shareholders with significant influence	103,655	-	135,955	-	-	2,645,960	995,231	2,277	-
Enterprise that have a number of key management/directors in common	379,329	-	-	-	-	-	-	87,897	-
Key management personnel	1,062	-	450	-	-	-	7,237	692	-
	512,562	101,830	221,088	62,919	2,080	2,707,200	1,044,138	149,894	21,334

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

32. RELATED PARTY TRANSACTIONS (CONT'D)

(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	27,692	28,451	16,109	16,900
Post-employment benefits	2,542	1,743	1,354	952
	30,234	30,194	17,463	17,852

(d) The terms and conditions in respect of receivables and payables have been disclosed under respective notes. For the year ended December 31, 2016, the Group and the Company have not recorded any impairment of receivables relating to amounts owed by related parties (2015: Nil).

33. THREE YEAR FINANCIAL REVIEW

	THE GROUP			THE COMPANY		
	2016	2015	2014	2016	2015	2014
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Life Assurance Fund						
Gross premiums	3,859,237	3,388,287	3,061,405	3,859,237	3,388,287	3,061,405
Net premiums	3,692,096	3,226,097	2,906,720	3,692,096	3,226,097	2,906,720
Investment and other income	2,851,036	2,226,910	2,012,893	2,749,039	2,115,098	1,916,536
Share of profit of associates	2,885	6,477	379	-	-	-
	6,546,017	5,459,484	4,919,992	6,441,135	5,341,195	4,823,256
Surplus for the year before taxation	3,119,750	2,277,834	2,114,795	3,035,853	2,159,092	2,011,174
Taxation	(24,311)	(26,061)	(27,166)	-	2,624	(3,499)
Surplus for the year	3,095,439	2,251,773	2,087,629	3,035,853	2,161,716	2,007,675
Surplus allocated as follows:						
- Life Assurance Fund	3,006,092	2,159,519	1,856,338	2,969,853	2,098,116	1,799,983
- Proprietors' fund	66,000	63,600	207,692	66,000	63,600	207,692
- Non-controlling interests	23,347	28,654	23,599	-	-	-
	3,095,439	2,251,773	2,087,629	3,035,853	2,161,716	2,007,675
Dividends	121,082	121,082	110,026	121,082	121,082	110,026
Earnings attributable to shareholders	182,960	165,601	112,313	182,960	165,601	112,313
Statement of Financial Position						
Non-current assets	31,344,199	29,382,705	28,317,488	31,664,750	29,739,456	28,645,027
Current assets	4,820,647	4,377,509	3,751,589	4,496,388	4,067,708	3,509,523
	36,164,846	33,760,214	32,069,077	36,161,138	33,807,164	32,154,550
Share capital	26,322	26,322	26,322	26,322	26,322	26,322
Proprietors' fund	635,400	595,433	134,145	635,400	595,433	134,145
Reserves	61,214	61,214	61,214	529,643	529,643	529,643
Non-controlling interests	171,030	162,763	149,310	-	-	-
Life Assurance Fund	34,487,118	32,095,961	30,906,657	34,206,384	31,850,001	30,727,028
Non-current liabilities	289,460	250,938	220,112	284,754	249,553	219,581
Current liabilities	494,302	567,583	571,317	478,635	556,212	517,831
	36,164,846	33,760,214	32,069,077	36,161,138	33,807,164	32,154,550

OTHER STATUTORY DISCLOSURES

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. J. M. Louis RIVALLAND - Group Chief Executive
Mr. Victor C. SEEYAVE
Mr. Jean-Sebastien MAMET (appointed on February 02, 2016)

DIRECTORS OF THE SUBSIDIARY COMPANIES

Manufacturers' Distributing Station Limited

Mr. J. M. Louis RIVALLAND
Mr. Gerald E. R. J. LINCOLN
Mr. Jaiyansing SOOBAH (appointed on January 01, 2016)

Swan Pensions Ltd

Mr. J. M. Louis RIVALLAND
Mr. Peroomal Gopallen MOOROOGEN
Mr. Alan GODER (appointed on February 02, 2016)

Swan Wealth Managers Ltd

Mr. J. M. Louis RIVALLAND
Mr. Peroomal Gopallen MOOROOGEN
Mr. Nitish BENI MADHU (appointed on January 20, 2016)

Swan Foundation

Mr. J. M. Louis RIVALLAND
Mr. Jaiyansing SOOBAH (appointed on January 01, 2016)

Swan Financial Solutions Ltd

Mr. J. M. Louis RIVALLAND
Mr. D. P. A. Maxime REY (resigned on June 03, 2016)
Mr. Ziyad Abdool Raouf BUNDHUN
Mr. Nitish BENI MADHU (appointed on June 01, 2016)

Swan Securities Ltd

Mr. D. P. A. Maxime REY (resigned on May 24, 2016)
Mr. Jaiyansing SOOBAH
Mrs Preetee Jhamna RAMDIN (appointed on May 24, 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 Life Ltd

	From the Company		From the Subsidiaries	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Executive Directors				
- Full-time	6,252	5,664	7,144	6,141
Non-executive Directors	1,095	1,050	180	91
	7,347	6,714	7,324	6,232

	From the Subsidiaries	
	2016	2015
	Rs'000	Rs'000
- Directors of subsidiary companies who are not directors of the Company		
- Non-executive Director	140	5

DONATIONS

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Political donations	-	-	-	-
Charitable donations	32	15	32	15

CONTRACT OF SIGNIFICANCE

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

AUDITORS' FEES

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Audit fees paid to:				
- BDO & Co	1,795	1,823	1,460	1,450
- Other firms	90	92	-	-
	1,885	1,915	1,460	1,450
Fees paid for other services to BDO & Co:				
- Review of statutory return	140	125	140	125
	140	125	140	125

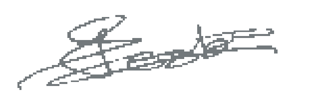
Notice of annual meeting of shareholders

Notice is hereby given that the Annual Meeting of Shareholders (the "Meeting") of Swan Life Ltd (the "Company") will be held on 12th June 2017 at 9.30 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 Life Ltd ("the Company), do hereby appoint:

of

or failing him/her,

of

or failing him/her the Chairman of the Meeting, as my/our proxy to represent me/us and vote for me/us and on my/our behalf at the Annual Meeting of the Company to be held on the 6th Floor of Swan Centre, 10, Intendance Street, Port Louis on 12th June 2017 at 09.30 hours and at any adjournment thereof.

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

RESOLUTIONS	FOR	AGAINST	ABSTAIN
1. To consider the 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.*

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Swan Life Ltd Swan Centre
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