Swan General Ltd — Annual Report 2014

Dear Shareholder

The Board of Directors is pleased to present the Annual Report of Swan General Ltd (previously *Swan Insurance Company Ltd*) for the year ended 31 December 2014.

This report was approved by the Board of Directors on 26 March 2015.

M.E. Cyril Mayer	J.M. Louis Rivalland
Chairperson	Director and Group Chief Executive

Contents

II

Protect

Introducing One Swan

Over the past five years, we have taken radical steps to transform the Company from an organisation that sells financial products, to a provider of comprehensive financial solutions that help our clients to meet their needs at every stage of life.

The restructuring is now complete.

The Swan Group – known by the brands of Swan Insurance, Anglo-Mauritius, PCA, and Oxygen – is now one, unified by a common purpose, and united with a single brand, SWAN.

This reorganisation has touched every part of SWAN. We have renamed companies and products. We have changed our logo and corporate branding. We have reviewed the way our employees interact with our clients.

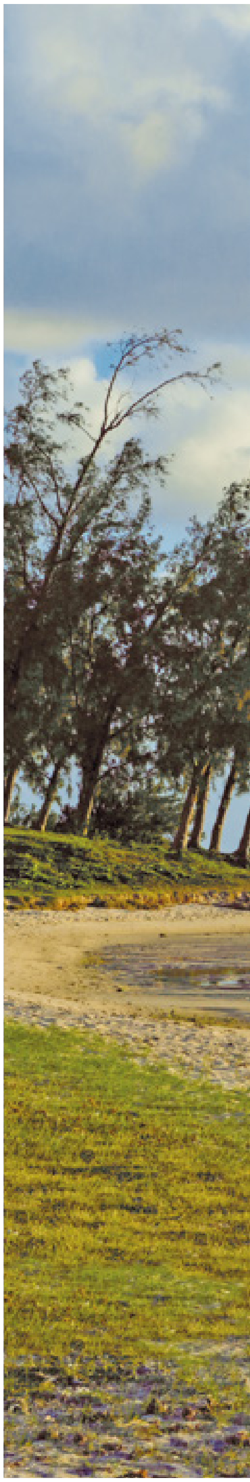
This process has also given us the chance to review the vision, mission and values behind everything we do.

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

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

Our values are Passion. People. Performance.

Welcome to SWAN. SWAN For Life.



The Pyramid of Prosperity

We put people at the centre of our business, because we understand that life is not static. It is rich with intimate moments and important experiences that take people on a journey of good fortune and ill fate. We shape our products and introduce innovative ideas to meet the needs of people at every stage. That is why we have positioned ourselves as being a financial partner for life.

Our customers want to know that they and their families are protected and their futures are provided for. Only then can they make real progress towards their vision of prosperity. This is the unifying idea behind our brand strategy. We call it the Pyramid of Prosperity.

Protect. Provide. Progress. Prosper.

"

The Pyramid of Prosperity governs everything we do. Our customers want to know that they and their families are protected and their futures are provided for. Only then can they make real progress towards their vision of prosperity.

Uplifting Service, Together

As the leading financial services provider in Mauritius, SWAN is a household name on the island. Our roots are deeply embedded in Mauritian soil.

The ambitious restructuring programme has been the next evolution in the Company's history. It is an exciting milestone in our business journey and a natural part of SWAN's growth. We are proud to introduce the results in this Annual Report.

The streamlined structure will simplify the customer's experience as they seek to protect, provide, progress and prosper.

We have also embarked on a daring customer service programme that has challenged every one of our staff members to pledge to deliver best-in-class service. Led by the Group Chief Executive, the UP Together programme also encompasses other actions designed to deliver a lasting impression and introduce a culture of respect across the Company. Together, these initiatives will help the Company achieve its vision to become the region's preferred provider of financial services for life.

REBRANDED NAMES

Following the rebranding exercise, companies within the group have been renamed, effective 30 April 2015:

PREVIOUS NAMES	NEW NAMES
Swan Insurance Company Limited	Swan General Ltd
The Anglo Mauritius Assurance Society Limited	Swan Life Ltd
Swan Group Foundation	Swan Foundation
Swan Group Corporate Services Ltd	Swan Corporate Affairs Ltd
Anglo-Mauritius Financial Solutions Ltd	Swan Financial Solutions Ltd
Anglo-Mauritius Investment Managers Ltd	Swan Wealth Managers Ltd
Anglo-Mauritius Stockbrokers Ltd	Swan Securities Ltd
Pension Consultants and Administrators ltd	Swan Pensions Ltd

II Provide

Chairperson's & Group Chief Executive's Report

CYRIL MAYER //
Chairperson

> The Group is now unified by a single brand and most importantly by a common purpose

On behalf of the Board, we are pleased to present the Annual Report and Audited Financial Statements of Swan General Ltd and the Group for the year ended 31 December 2014.

In an election year coupled with an uncertain foreign environment, local economy performed fairly well. Mauritius still managed to grow by an estimated 3.5% in 2014 (+3.2% in 2013). Headline inflation rate fell to 3.2% (3.5% in 2013) and unemployment rate improved slightly to 7.8% (8.0% for 2013). The low inflation environment was the source of a low interest environment with the Monetary Policy Committee holding the key repo rate unchanged at 4.65% throughout 2014. Despite excess liquidity prevailing, the financial/insurance sector conserved its relatively high growth rate of 5.4% (as in 2013).

The Group

After completion of the merger in 2013, the Group has re-focused all its attention and resources in implementing its strategic initiatives in 2014.

At the special meeting of shareholders of the company held on 9 March 2015, the company resolved to change its name from Swan Insurance Co Ltd to Swan General Ltd. The change of name became effective on 30 April 2015. This was part of the whole rebranding process of the Group. The Group is now unified by a single brand and most importantly by a common purpose. All companies within the Group have been renamed accordingly. This is the culmination of a long process which started in early 2014 and which mobilised significant resources of the Group. We are now known under the single brand SWAN.

2014 was also a milestone in the further improvement of our customer service. As a leader in the financial sector, we knew we had to continue building upon what we were already doing well, upon our own ingredients for success. We had to adopt the optimal strategy to make everything work more harmoniously, to the mutual benefit of our customers and our business. Hence we teamed up with a world-famous organisation which has developed unique and proven methods in helping companies optimise their customer service, in order to become even more prominent in that area.

Every single employee across all departments participated in a suite of workshops focused on identifying service levels to be improved. This exercise was successfully carried out with enthusiasm and a sense of purpose by our employees, working together as one team and heading in the same direction. We are currently implementing a new service structure and will continue to unfold service initiatives during the forthcoming years. We are at the beginning of a long journey and feel confident we are on the right track to offering a unique and outstanding approach to customer service.

The Group also reviewed its vision, mission and values. Workshops were held to enable employees to better interpret and live the Group's values. These values are the very principles and standards on which we build our organisation's future. They also help to shape the behaviour of each employee. In order for these values to truly permeate our activities, a Values Training Program was designed to inculcate a value-based environment.

A set of guidelines was communicated to our employees to equip them with a unified understanding of the behaviours which are consistent with the Group's core values. These written guidelines also serve in clarifying and better managing expectations in living our organisation's values.

Short Term Business

On the operational front, 2014 has been another year of strong performance for the short term business. It has again demonstrated our ability to deliver consistent and sustainable results against the backdrop of soft market conditions and fierce competition between local insurers. The underwriting result improved by 11%, from Rs446M to Rs496M. This commendable achievement in such challenging market and economic conditions is attributable to our sound underwriting approach, effective claims management and our high value added product offerings coupled with unrivalled quality service level to customers. We believe that with our talented and dedicated team, our operational excellence coupled with bespoke high value added innovative solutions, we will remain the provider of choice of customers and intermediaries and will be able to take advantage of growth opportunities both locally and regionally. Operating profit grew from Rs579M to Rs635M, representing an improvement of 10% over 2013. Profit for the year attained Rs268M in 2014, an increase of 13% from Rs237M in 2013. The review of our investment policy and strategy also contributed in achieving these results.

The personal lines business performed satisfactorily. However, the increasing level of competition between local players, the downward pressure on rates as well as the demand for even wider policy coverage tend to constrain the growth opportunities in that sector. We nevertheless continue to differentiate ourselves from competitors through constant innovation and unmatched quality customer service.

The health portfolio grew in line with expectations in 2014. Although this class of business is usually a sizeable contributor to our top line figures, the net margins are thin as a result of the high claims

Chairperson's & Group Chief Executive's Report (Cont'd)

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

> Operating profit grew from Rs579M to Rs635M, representing an improvement of 10% over 2013.

frequency. Additionally, we need to be watchful of galloping medical inflation so that we can adjust our pricing accordingly to preserve the overall positive performance of the health book. New products have been developed according to the needs of customers and we believe that our innovative solutions and service differentiation will provide us an edge to achieve greater market share and penetration.

The commercial lines business has realised good results despite the price sensitive nature of this sector and the relatively high level of sophistication reached in terms of policy coverage. The absence of major natural catastrophes in 2014 contributed appreciably to the overall honourable performance in property and engineering classes. Customers and intermediaries continue to value our proven technical expertise and the first class reinsurance security we provide to back these commercial and industrial covers. It is anticipated that the prevailing soft market condition is likely to persist for some time.

Long Term Business

For individual insurance business, the competition landscape in the long term insurance industry has remained fairly constant during 2014 and sales grew satisfactorily despite an economic environment marked by continuing low interest rates, low GDP growth and the continued volatility of capital markets. In view of the challenging market conditions, the returns on the capital markets during the year have not been as good as the previous year. For example, the local equity market has returned 1.8% compared to 24.4% in 2013. This fairly low return coupled with the low interest rate have in turn dampened the returns on our Unit-Linked Funds.

On the corporate side, further to the coming into force of the Private Pension Schemes Act, every pension scheme has to be set up as a Trust. For most of our clients, it is not viable nor practical for them to set up their own trusts. Therefore, we have been working relentlessly to set up a Master Trust that will regroup the pension schemes for these clients. We are pleased to report that following more than a year's work and discussion with the FSC, our first Master Trust "The Anglo-Mauritius Private Pension Scheme (Defined Contribution)" has been licensed. All our existing pension schemes are being progressively transferred to the new trust, a long process which is going to span over several months. We have also started working on our second Master Trust which will regroup pension schemes offering Defined Benefit promises.

In terms of operational result, in view of the low inflationary environment, salary increases have been fairly muted during the year so that group pension premium levels have increased moderately by around 4%.

Overall, the long term business posted gross premium of Rs2,599M, almost at par with last year's premium of Rs2,541M. Despite the difficult conditions, investment income has increased by around 11% so that the total surplus for the year has increased by 10% from Rs1,826M in 2013 to Rs2,008M in 2014. The Life Assurance Fund has exceeded Rs30bn representing an increase of 9%. During these challenging times, we endeavour to remain very close to our clients to reassure them and provide them with the necessary advice.

Main subsidiaries

Swan Wealth Managers Ltd, holding licences of investment management, distributor of financial products and CIS manager, pursued its growth impetus. The company's profits surpassed the hallmark of Rs100M. This was the result of both revenue enhancing measures as well as a cost containment exercise. Revenue enhancing measures involved mostly heightening the asset under management through both higher on the ground presence as well as tailored investment solutions to investors. Strategically there were also notable developments around three novel axes of growth.

Swan Securities Ltd (SSL) - 2014 was a year of recognition for SSL. The company, which is the stockbroking arm of the Group, celebrated its silver anniversary along with the SEM, both launched in 1989 and registered remarkable total income of Rs43.4M with net profits of Rs16.6M. Business development was a key focus of 2014. New clients were onboarded during the year, both foreign and local institutions and particular dedication was also provided in growing the retail base.

Internationally, Aprica Investments Co Ltd, Swan's sub-Saharan investment holding company, has signed exclusivity agreements and term sheets with a number of targets as our brand is now very well-known and opportunities become more available. A Chief Investment Officer was recruited by Aprica Investments Co Ltd to assist in finalising these critical stages. Our investments in Seychelles and Comores have been profitable and faring satisfactorily and we expect our Malagasy operations to benefit from the overall economic & business climate recovery in Madagascar, albeit at a slow pace.

We thank our employees for their continued dedication and hard work as well as all our business partners and agents for their support. We also wish to thank all our customers for their loyalty. Our appreciation also goes to the Board for their guidance.

M.E. CYRIL MAYER
CHAIRPERSON

J.M. LOUIS RIVALLAND
GROUP CHIEF EXECUTIVE AND DIRECTOR

Directorate

LOUIS RIVALLAND //
Group Chief Executive

Born in 1971, Louis Rivalland holds a Bachelor's degree in Actuarial Science and Statistics and is a Fellow of the Institute of Actuaries (UK). He is currently the Group Chief Executive of Swan Insurance and The Anglo-Mauritius Assurance.

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

In August 1999, he joined the Swan Group 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. In January 2005 he has been appointed Group Chief Operations Officer responsible for the operations of Swan Insurance and The Anglo-Mauritius Assurance, and member of the Executive Management Committee of the Swan Group. Since January 2007 he is the Group Chief Executive of the Swan Group.

He has been the President of the Joint Economic Council 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 Ltd
- ENL Commercial Ltd
- ENL Land Ltd
- Ireland Blyth Ltd
- New Mauritius Hotels Ltd

A. MICHEL THOMAS //
Chief Operations Officer

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

He joined the Company in 1980 and worked as underwriter in various technical departments until 1988. He headed the Claims department before he was promoted as Senior Manager of the Group Research and Development department in 2001. He was appointed Operations Executive in 2005 and is responsible for the Short-Term Operations of the Swan Group.

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

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

He is a board member of Swan Insurance Co. Ltd since January 2008 and also of the Medical and Surgical Centre limited since January 2009

Directorships in other listed companies: None

Directorate (Cont'd)

GOPALLEN MOOROOGEN //
Independent Non-Executive Director

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

Senior Executive – Mass Market – Mauritius Telecom

Chairperson of The Stock Exchange of Mauritius Ltd

Director – Central Depository & Settlement Co. Ltd

Directorships in other listed companies: None

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

Born in 1937, Pierre Dinan 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 Chairman of the Mauritius Institute of Directors. He is an independent member of the Monetary Policy Committee set up under the Bank of Mauritius Act.

Directorships in other listed companies: None

VICTOR C. SEEYAVE //
Independent Non-executive Director

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

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

Directorships in other listed companies:
- Innodis Limited

CYRIL MAYER //
Non-Executive Chairperson

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

He is presently the Managing Director of Terra Mauricia Ltd. He is a member of the Mauritius Sugar Syndicate and the Mauritius Sugar Producers Association's Executive Committees. He has also served on the Joint Economic Council, the Mauritius Chamber of Agriculture, the Mauritius Sugar Industry Research Institute and the Mauritius Employers' Federation.

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

Directorate (Cont'd)

HECTOR ESPITALIER-NOËL //
Non-Executive Director

Born in 1958, Hector Espitalier-Noël is a member of the Institute of Chartered Accountants in England and Wales. He worked for Coopers and Lybrand in London and with De Chazal du Mée in Mauritius. He is presently the Chief Executive of ENL Limited. He is also 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 Ltd*
- *New Mauritius Hotels Ltd*
- *Rogers and Company Ltd*

HENRI HAREL //
Non-Executive Director

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

Directorships in other listed companies:
- *Terra Mauricia Ltd.*

PHILIPPE ESPITALIER-NOËL //
Non-Executive Director

Born in 1965, Philippe Espitalier-Noël holds a BSc in Agricultural Economics from the University of Natal in South Africa and an MBA from the London Business School. He worked for CSC Index in London as a management consultant from 1994 to 1997. He joined Rogers in 1997 and was appointed Chief Executive Officer in 2007.

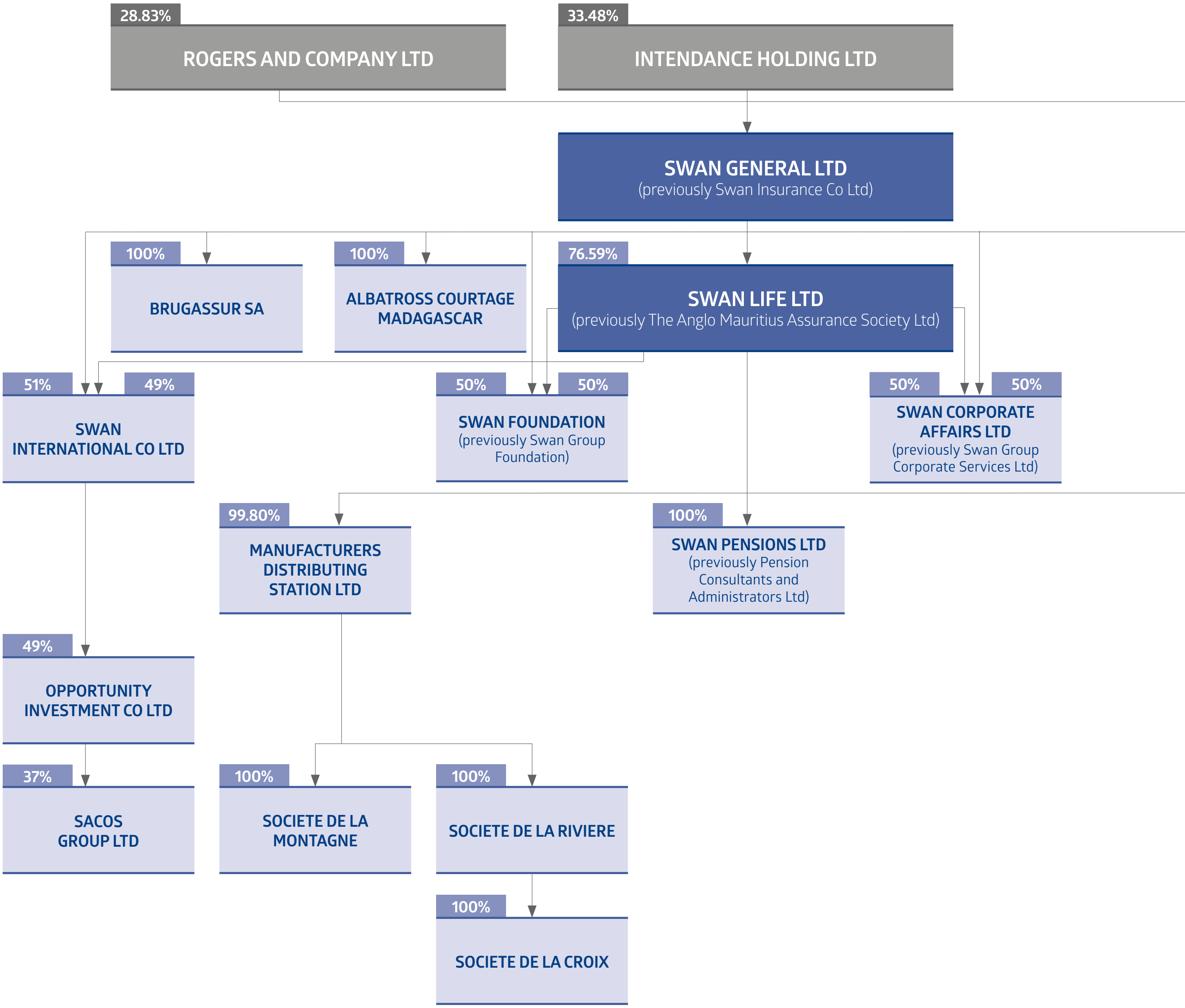
Directorships in other listed companies:
- Air Mauritius Ltd
- Rogers and Company Limited

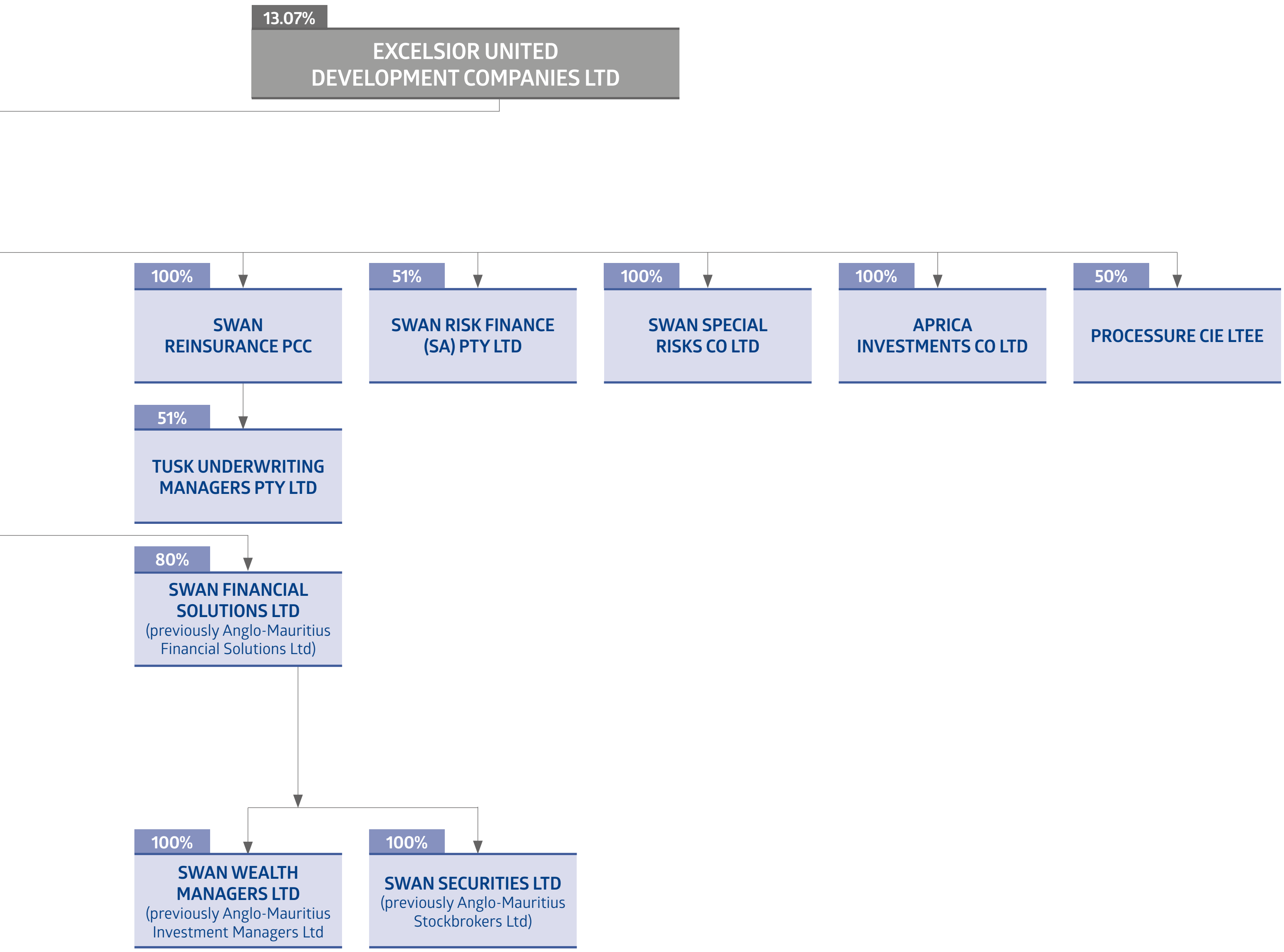
RENÉ LECLÉZIO //
Non-Executive Director

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

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

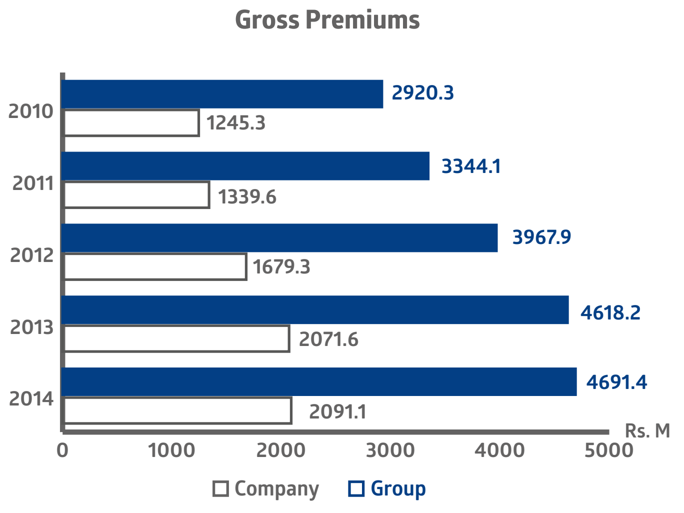
Group Structure

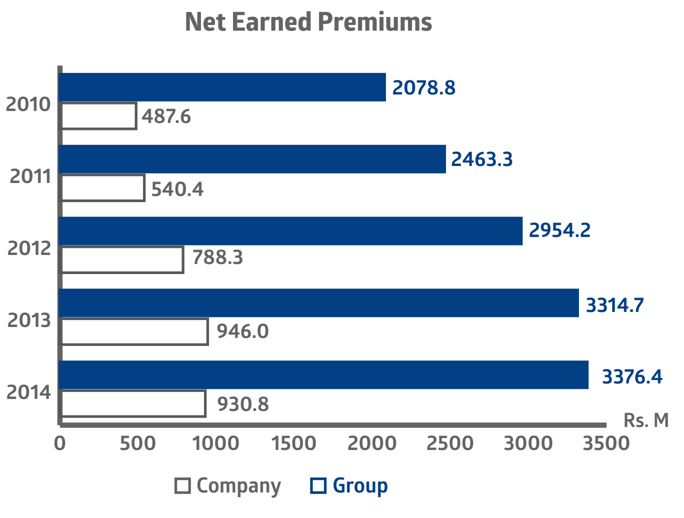



13.07%
EXCELSIOR UNITED DEVELOPMENT COMPANIES LTD
100%
SWAN REINSURANCE PCC
51%
SWAN RISK FINANCE (SA) PTY LTD
100%
SWAN SPECIAL RISKS CO LTD
100%
APRICA INVESTMENTS CO LTD
50%
PROCESSURE CIE LTEE
51%
TUSK UNDERWRITING MANAGERS PTY LTD
80%
SWAN FINANCIAL SOLUTIONS LTD
(previously Anglo-Mauritius Financial Solutions Ltd)
100%
SWAN WEALTH MANAGERS LTD
(previously Anglo-Mauritius Investment Managers Ltd
100%
SWAN SECURITIES LTD
(previously Anglo-Mauritius Stockbrokers Ltd)

Key Numbers

Financial Highlights	THE GROUP 2014 Rs'000	THE GROUP 2013 Rs'000	THE COMPANY 2014 Rs'000	THE COMPANY 2013 Rs'000
Gross Premiums	**4,691,429**	4,618,248	**2,091,134**	2,071,551
Net Earned Premiums	**3,376,400**	3,314,677	**930,790**	946,018
Profit Before Tax	**296,765**	283,061	**301,652**	265,832
Dividends Paid	**99,309**	90,206	**99,309**	90,206
Dividends per share	**12.00**	10.90	**12.00**	10.90
Earnings per share	**29.25**	27.13	**32.42**	28.60



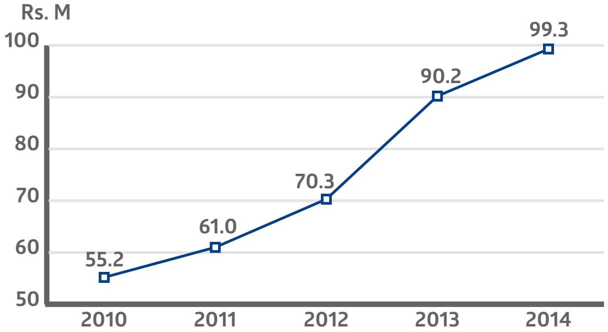


Gross Premium (Group) 31st December 2014:

Rs. 4.7 Bn

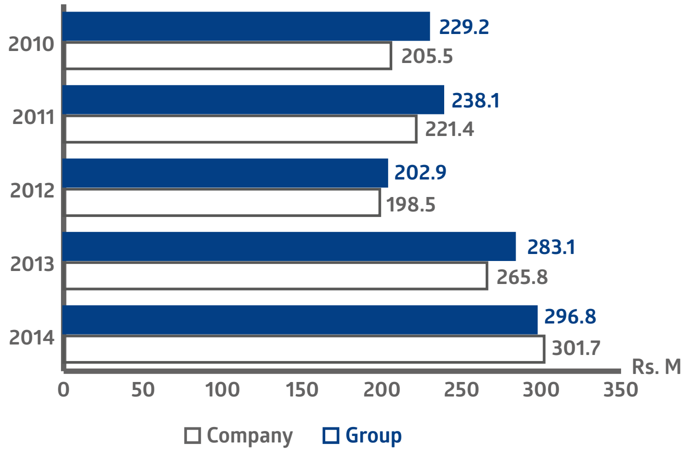
Increased by Rs. 0.1 Billion during the year

Dividends Declared (Group & Company)

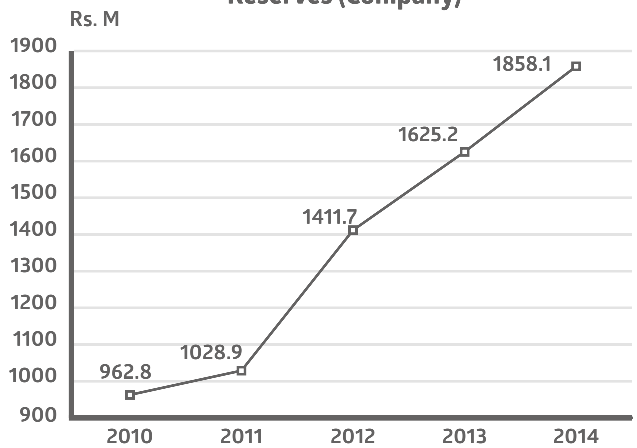


CSR
Rs. 7.2 M donated to
43 NGOS in 2014

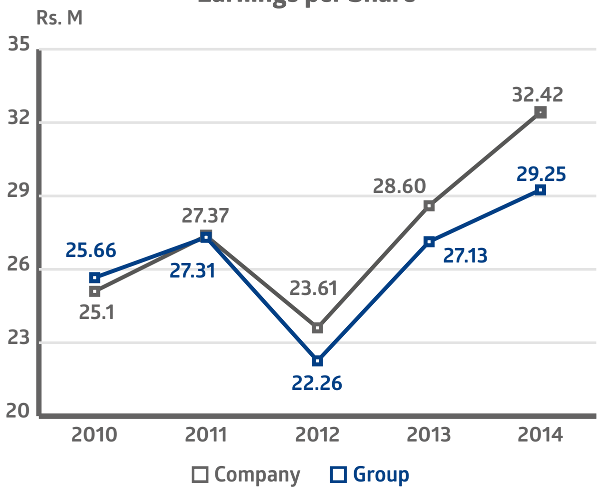
Profit Before Tax



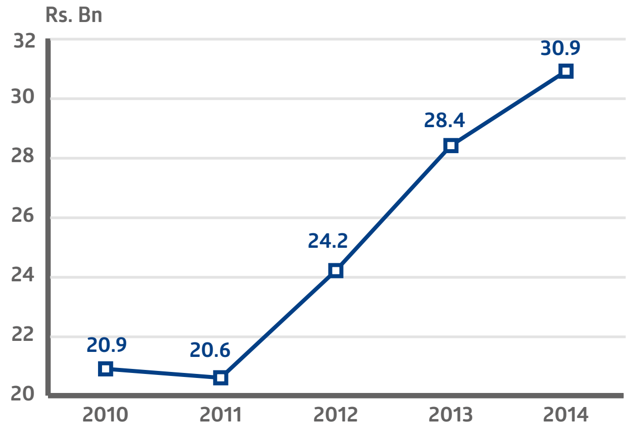
Reserves (Company)



Earnings per Share



Life Assurance Fund (Group)



Senior Management Team

ALAN GODER //
Group Systems and Processes

Alan Goder born in 1967, worked in the Actuarial Department of The Anglo Mauritius 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 Ltd.

He joined The Anglo Mauritius as Senior Manager in November 2004 where he oversees the Claims and Fund Administration departments. He is also responsible for managing Pension Consultants & Administrators Ltd. Since August 2009, Alan has been appointed to oversee the pension department of Anglo Mauritius.

Alan is also Senior Manager to the Group Systems & Processes department.

His key areas of specialisation are pensions administration and consulting.

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

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

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

He is currently a member of The Motor Vehicle Insurance Arbitration Committee and is the Chairperson of the Swan Group Foundation Committee set up to manage the Swan Group's social investments.

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

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

MAXIME REY //
Group Finance, Loans and Legal

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

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

Back in Mauritius In 1993, he joined the Swan Group, one of the market leaders in the insurance sector in Mauritius, where he is presently holding the position of Senior Manager - Group Finance, whilst also heading the Loans and Legal Departments of the Group.

He serves as Director of a number of companies in the Commercial, Financial, Investment, Sugar and Tourism sectors, and is a member of various Board Committees.

Directorships in other listed companies:
- *Belle Mare Holding Ltd*
- *Constance La Gaieté Company Limited*
- *Lux Island Resorts Ltd*
- *Mauritius Freeport Development Company Limited*

Senior Management Team (Cont'd)

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

Rémi Desvaux de Marigny (46) started his career in the insurance sector at Albatross Insurance Company Ltd in 1989 and 3 years later joined Administrations and Consultants Ltd. (ACL) as sales and marketing representative.

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

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

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

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

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

He has been working in the Insurance Industry for 37 years. During the past 19 years he has been heading the Reinsurance and Statistics department of the Company. His main responsibility at Swan Insurance is to ensure that the Company is adequately reinsured with first class security Reinsurers for all the risks emanating from our underwriting activities.

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

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

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

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

He joined the Group in 2006.

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

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

He has more than 10 years' experience in the finance industry and has expertise in asset management, investment advisory and insurance. He also holds directorship positions on the Stock Exchange of Mauritius, the Kibo Fund, MDA Properties and Minissy Development Ltd. He regularly lectures at the University of Mauritius in Economics & Finance. He joined Anglo-Mauritius Investment Managers Ltd (AMIM) in 2005 and now heads a team of Fund Managers and is responsible for the management of AMIM and Investment projects of Swan.

Management Team

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

2 **BRUNO NALLETAMBY, A.C.I.I., A.C.I.S., ACI ARB //**
Marine and Administration

3 **TWAYYAB TAUJOO, F.C.C.A., M.SC., Dip C.I.I. //**
Finance

4 **SONIA CHAROUX, A.C.I.I., M.B.A. //**
Reinsurance and Statistics

5 **ASHLEY NUCKCHADY //**
Motor

6 **DAVE LUCHMUN //**
Group Facilities

7 **GAËL ALIPHON, A.C.I.I. //**
Individual Business

8 **JEAN YVES VIOLETTE, ANZIIF (Assoc), C.I.P. //**
Claims

9 **HERBERT MADANAMOOTHOO, MAÎTRISE DE DROIT //**
Legal & Compliance, M.L.R.O

10 **SHAILEN J. SOOBAH, F.C.C.A., M.B.A., Dip C.I.I. //**
Group Company Secretary, Business Support – Corporate Office

11 **VEENAYE BUSGEETH, F.C.C.A //**
Corporate Finance

CLENCY APPADOO //
Documentation and Policy Processing
Up to 31st December 2014 (Absent)

NEELKAMAL RAGOO, B.SC. (Hons.), M.B.A, F.C.I.I. //
Technical. *As from 1st March 2014* (Absent)

PATRICK ANDRÉ //
Health and Travel (Absent)

SONIA KALACHAND-CANABADY, B.A. (Hons.), M.A. //
Group Human Resources (Absent)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II

Progress


Tours Ltd
JNP
JAN 2015

CSR Disbursements 2014

> The promotion of health is important for Swan Group and it leaves no stone unturned to provide the best medical insurance protection.

2014 was a very rich year for the Swan Group on the social front. Swan Group Foundation supported 43 NGOs for a total of Rs 7, 2 million. Educational and training projects (42%) remain the primary focus of the Group, followed by socio-economic development initiatives (22%), health (16%), leisure and sports (16%), environment (4%)

The promotion of health is important for Swan Group and it leaves no stone unturned to provide the best medical insurance protection. In this vein, it has supported 7 NGOs working in this field to help children and adults who suffer from cancer, diabetes or who are handicapped. In 2014, Swan Group Foundation provided financial support to the following NGOs- Link to Life, T1 Diams, Muscular Dystrophy Association, Etoile d'Espérance, Centre de Solidarité, Centre d'Accueil de Terre Rouge and Chrysalide.

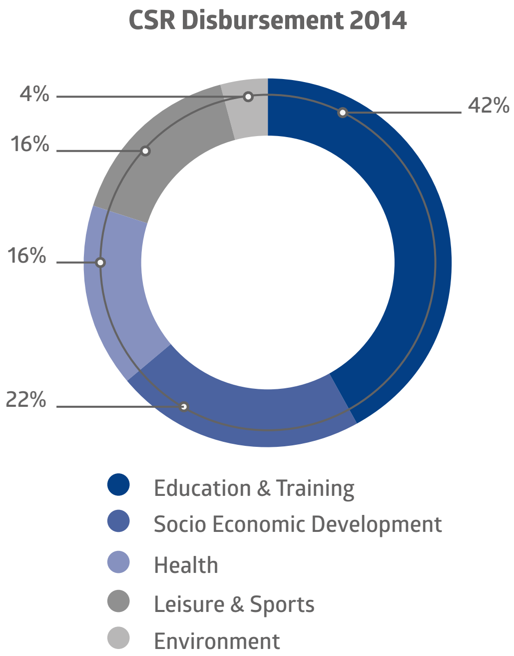
Link to Life has been set up since 2002 by a small group of ladies including cancer survivors. It provides support and counseling to cancer patients and their families. Thousands of Mauritians suffer from different types of cancer.

T1 Diams was set up in 2005 when it was found that people suffering from Type 1 Diabetes – which is up to now incurable – didn't receive appropriate care. T1 Diams provides the help needed for those Mauritians so that they can live a normal life. However, the association needs funds to continue its fantastic work.

The Muscular Dystrophy Association represents the interests of persons affected by muscular dystrophy. Unfortunately, it is an incurable disease. However, the charitable institution's main objective is to enhance the quality of life of muscular dystrophy sufferers, giving them optimal access to medical, educational and social care and other appropriate services, so that they can live in dignity.

Etoile d'Espérance is an association for women suffering from alcoholism, which was founded in 1997. A house in Moka was inaugurated in 2006 to welcome during the day, from Monday to Friday (9h to 17h), women with drinking problems. The Centre can also host 15 women (day and night) from one to three months. A group therapy and an after care are amongst the solutions proposed for these women in their rehabilitation process.

Centre de Solidarité pour une Nouvelle Vie is an NGO which offers counseling and psychological support to drug addicts. The Centre is found in Solitude and not only tries to rehabilitate but also to prevent people, especially the young ones, to get involved in drugs and ruining their lives.



Centre d'Accueil de Terre Rouge was founded in 1986. It helps people suffering from drug and alcohol addiction and tries to rehabilitate and reintegrate them back in the society. The Swan Group Foundation supported financially the NGO last year so as to help them pursue the great work.

Chrysalide, at Bambous, is a residential rehabilitation centre for substance users (drugs or alcohol), including those who are involved in sex work and/or who are HIV-positive. The organization welcomes women and their children and supports them through a therapy program that evolves in three phases: detoxification, psychotherapy and vocational and social rehabilitation.

Moreover as part of its community investment activities, Swan Group Foundation held mobile blood collection service on the 13th and 14th June 2014. This activity was launched in the event of the International Blood Donors Day, with the collaboration of the Blood Donors Association. The mobile blood collection held in the immediate vicinity of Swan Group branches, located in Port-Louis, Ebene and Flacq has helped gathered 135 pints of Blood.

These partnerships remain close to the heart of the Group in order to build a better future for Mauritius.

Corporate Governance Report 2014

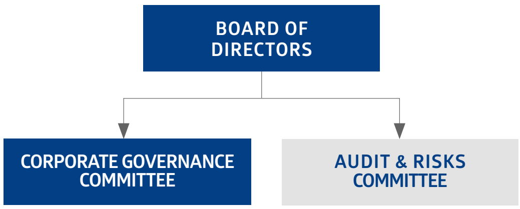
1. COMPLIANCE STATEMENT

The Company and the Group are committed to attaining and sustaining the highest standards of corporate governance with the objective of enhancing shareholders' value and having regard to stakeholders at large.

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

2. GOVERNANCE STRUCTURE

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



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

3. BOARD

3.1 COMPOSITION OF THE BOARD

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

There is a clear separation of the roles of the Chairperson and the Group Chief Executive. The Chairperson leads the Board, ensuring that each director is able to make an effective contribution. He monitors, with the assistance of the Company Secretary, the information distributed to the Board to ensure it is sufficient, accurate, timely and clear. The Group Chief Executive has the day-to-day management responsibility for the Group's operations, implementing the strategies and policies agreed by the Board.

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

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

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

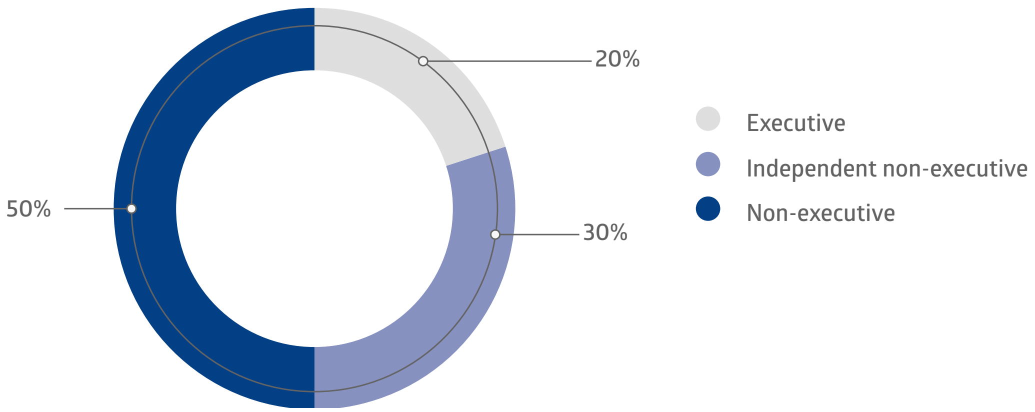
As part of the induction process, newly appointed directors receive an 'Induction Pack' containing key information on the Group and the sector in which it operates.

The composition of the Board fully complies with the requirements of the Insurance Act 2005 which requires that all board shall be composed of not less than seven natural persons, of which 30% shall be independent directors. All new Board appointments are subject to the approval of the Financial Services Commission.

During the year, the Board was composed of the following directors:

Executive	Louis Rivalland (Group Chief Executive)
	Michel Thomas (Chief Operations Officer)
Independent non-executive	Pierre Dinan
	Victor Seeyave
	Gopallen Mooroogen
Non-executive	Cyril Mayer (Chairperson)
	Henri Harel
	Hector Espitalier-Noël
	Philippe Espitalier-Noël
	René Leclézio

Board Composition



3.2 ROLE OF THE BOARD

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

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

3.3 ELECTION OF DIRECTORS

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

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

Corporate Governance Report 2014 (Cont'd)

3.4 BOARD APPRAISAL

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

A Board evaluation exercise relating to the performance of the Board, its procedures, practices and administration was carried out in October 2014. The results of the Board evaluation were discussed at the Corporate Governance Committee and eventually at the Board level. Areas of strength were highlighted whilst areas for improvement were also discussed. Measures to address all areas of improvement have been initiated.

4. BOARD COMMITTEES

4.1 THE AUDIT AND RISKS COMMITTEE

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

Mr. Peroomal Gopallen 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 and Risks Committee.

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

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

The Audit and Risks Committee's focus is on:

(i) the reliability and accuracy of the financial information provided by management to the Board and other users of financial information;

(ii) the functioning of the internal control and the risk management systems;

(iii) the functioning of the internal auditors;

(iv) the risk areas of the operations to be covered in the scope of the internal and external audits;

(v) recommending the appointment/re-appointment of internal and external auditors to the Board;

(vi) any accounting or auditing concerns identified as a result of the internal or external audits;

(vii) compliance with legal and regulatory requirements with regard to financial matters;

(viii) the scope and results of the external audit and its cost effectiveness, as well as the independence and objectivity of the external auditors;

(ix) the nature and extent of non-audit services provided by the external auditors; and

(x) the financial information to be published by the Board.

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

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

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

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

(iv) Regulatory – taking cognizance of the reports of the Financial Services Commission following routine inspections;

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

4.2 THE CORPORATE GOVERNANCE COMMITTEE

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

Mr. Cyril Mayer (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.

5. BOARD AND COMMITTEE ATTENDANCE

		Board	Audit & Risks Committee	Corporate Governance Committee
	Number of meetings held	**4**	**4**	**1**
Executive	Louis Rivalland	4	4*	1*
	Michel Thomas	4	-	-
Independent Non-Executive	Pierre Dinan	4	3	1
	Victor Seeyave	3	2	1
	Gopallen Mooroogen	4	4	1
Non-Executive	Cyril Mayer	4	-	1
	Henri Harel	4	4	-
	Hector Espitalier-Noël	3	-	-
	Philippe Espitalier-Noël	3	-	-
	René Leclézio	4	-	-

○ Chairperson

* in attendance (not a member)

Corporate Governance Report 2014 (Cont'd)

6. DIRECTORS' INTERESTS AND DEALING IN SHARES

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

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

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

Directors' interests in shares were as follows:

	In the Company			In the Subsidiary (The Anglo Mauritius Assurance Society Limited)		
		Direct	Indirect		Direct	Indirect
Directors	No. of Shares	%	%	No. of Shares	%	%
M. E. Cyril Mayer	-	-		-	-	0.008
J.M. Louis Rivalland	18,100	0.219		13,229	0.503	-
Philippe Espitalier-Noël	-	-	1.768	-	-	1.354
Hector Espitalier-Noël	-	-	1.173	-	-	0.899

Directors' dealings in shares of the Company and the subsidiary, The Anglo Mauritius Assurance Society Limited, during the year were as follows:

	In the Company	In the Subsidiary
Director	Purchased/Sold	Purchased
J.M. Louis Rivalland	-	1,500

7. DIRECTORS' REMUNERATION

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

	From the Company	From Subsidiary companies
	Rs.	Rs.
Non- Executives	783,000	819,000
Executives	14,169,470	12,105,765

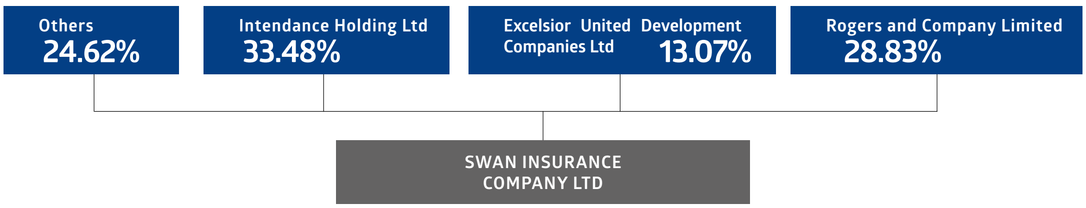
The Directors' fees and remuneration are in accordance with market rates. They have not been disclosed on an individual basis, as recommended by the Code of Corporate Governance, due to the sensitive nature of the information.

8. SENIOR MANAGEMENT PROFILE

A profile of each member of the senior management team appear on pages 26 to 29 of the Annual Report.

9. SHAREHOLDERS

9.1 HOLDING STRUCTURE AS AT 31 DECEMBER 2014



As at 31 December 2014, the following shareholders held more than 5% of the share capital of the Company:

	Direct		Indirect
	No. of shares	% holding	% holding
Intendance Holding Limited	2,771,082	33.48	-
Terra Mauricia Ltd	44,950	0.543	33.48
Rogers and Company Limited	2,386,585	28.83	-
Excelsior United Development Companies Limited (EUDCOS)	1,081,933	13.07	-

9.2 COMMON DIRECTORS

As at 31 December 2014, the following were the common directors:

	Swan Insurance Co Ltd	Intendance Holding Ltd	Terra Mauricia Ltd	Rogers and Company Limited	Excelsior United Development Companies Ltd
Cyril Mayer	✓	✓	✓		
René Leclézio	✓				✓
Philippe Espitalier-Noël	✓			✓	
Hector Espitalier-Noël	✓			✓	
Henri Harel	✓	✓	✓		

Corporate Governance Report 2014 (Cont'd)

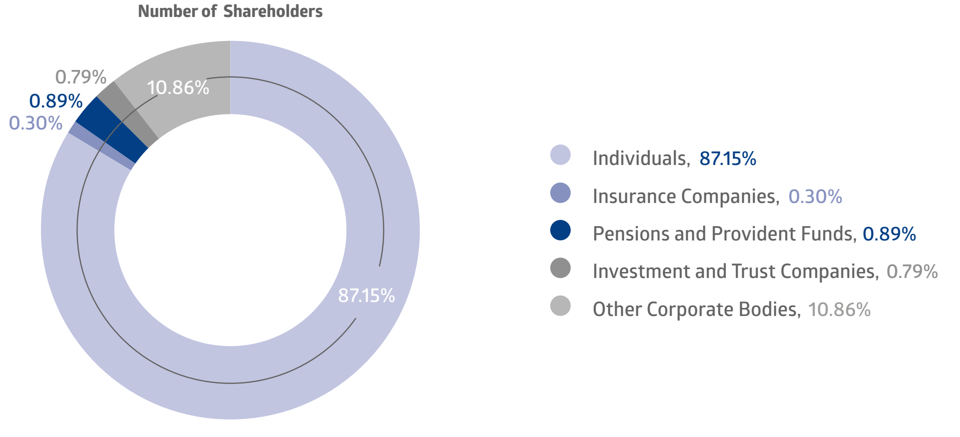
9.3 SHAREHOLDING PROFILE

Shareholding profile as at 31 December 2014 was as follows:

Size of shareholding	Number of shareholders	Number of shares	% of total issued shares
1 – 500	674	86,015	1.039
501 – 1,000	113	91,534	1.106
1,001 – 5,000	145	326,912	3.950
5,001 – 10,000	39	271,980	3.286
10,001 – 50,000	33	662,972	8.011
50,001 – 100,000	4	317,110	3,832
100,001 – 250,000	0	0	0
250,001 – 500,000	1	279,646	3.379
Over 500,000	3	6,239,600	75.396
TOTAL	**1,012**	**8,275,769**	**100**

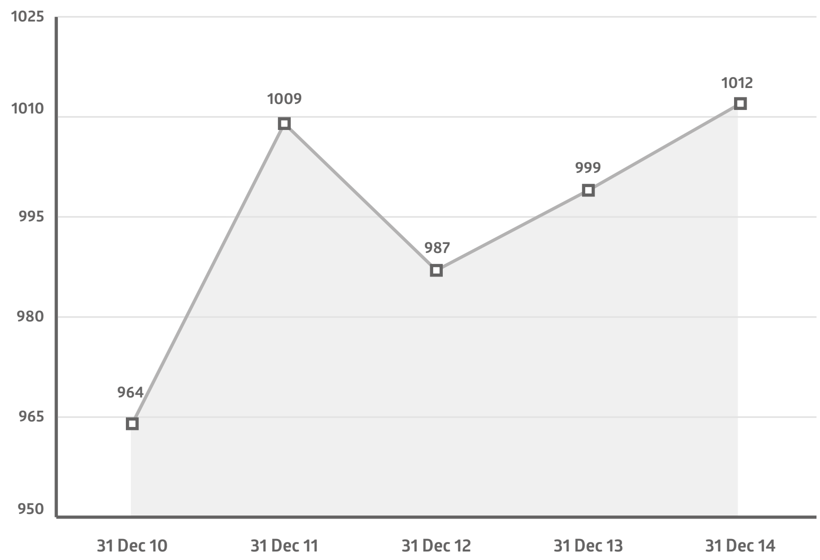
9.4 SHAREHOLDER CATEGORY

Shareholder category	Number of shareholders	Number of shares	% of total issued shares
Individuals	882	990,708	11.97
Insurance companies	3	116,406	1.41
Pensions and provident funds	9	393,667	4.76
Investment and trust companies	8	19,294	0.23
Other corporate bodies	110	6,755,694	81.63
TOTAL	**1,012**	**8,275,769**	**100**



Shareholder category	Number of shareholders	Number of shares	% of total issued shares
Local	984	8,234,225	99.49
Foreign	28	41,544	0.50
TOTAL	**1,012**	**8,275,769**	**100**

9.5 NUMBER OF SHAREHOLDERS DURING THE LAST 5 YEARS



9.6 SHAREHOLDER COMMUNICATION AND EVENTS

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

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

9.7 DIVIDEND POLICY

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

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

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

Corporate Governance Report 2014 (Cont'd)

Year	Dividend per Share (Rs.)	Dividend Cover* (Times)	Dividend Yield** %
2014	12.00	2.70	3.58
2013	10.90	2.63	3.46
2012	8.50	2.78	2.60
2011	8.50	3.22	2.70
2010	7.70	3.26	2.57

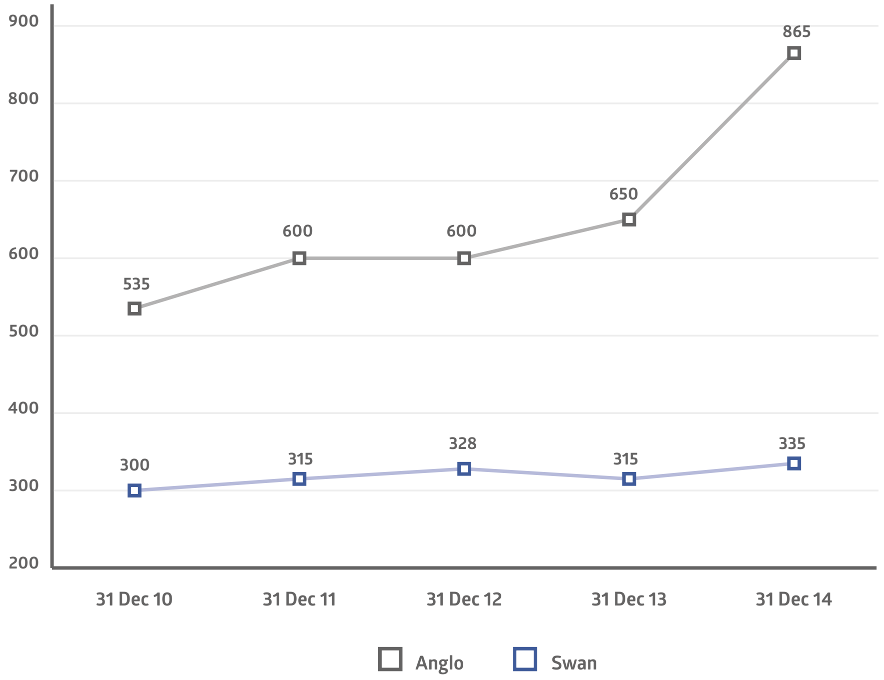
*Dividend Cover is the number of times profit for the year covers the dividends declared.

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

9.8 SHARE PRICE INFORMATION

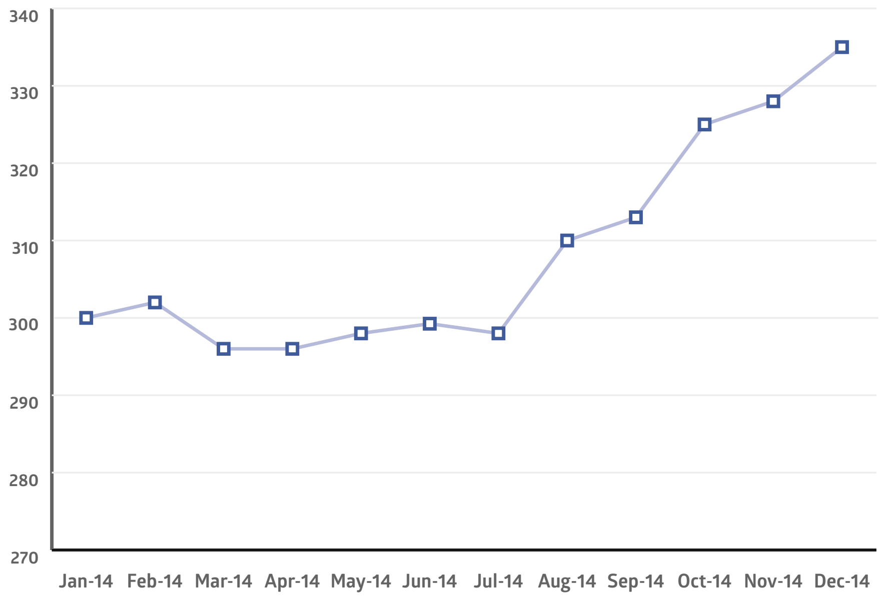
The share prices of the Company and its subsidiary, The Anglo Mauritius Assurance Society Limited (ANGLO) for the past five years are shown below:

Share Price (Rs) for the last 5 years



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

Share price (Rs) of Swan Insurance Co Ltd over the year



10. REMUNERATION POLICY

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

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

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

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

Corporate Governance Report 2014 (Cont'd)

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

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

11. COMPANY SECRETARY

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

12. RELATED PARTY TRANSACTIONS

For related party transactions, please refer to note 34 to the financial statements.

13. CONSTITUTION

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

14. SHAREHOLDERS' AGREEMENTS/THIRD PARTY MANAGEMENT AGREEMENTS

There were no such agreements during the year.

15. INTERNAL AUDIT

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

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

- **Role and responsibilities**

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

- **Reporting and disclosures**

- Structure and Organisation

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

- Reporting lines

The Internal Auditors have a direct reporting line to the Audit and Risks Committee and maintain an open and constructive communication with executive management. They also have direct access to the Chairperson of the Committees and of the Board. This reporting structure allows the Internal Auditors to remain independent and report all items of significance to the Board and the Audit and Risks Committee.

- **Coverage and Risk management**

The annual internal audit plan, which is approved by the Audit and Risks Committee, is based on the principles of risk management to align coverage and effort with the degree of risk attributable to the areas audited.

- **Accessibility**

The Internal Auditors have unrestricted access to the records, management or employees of the Group. The Internal Auditors act as a source of constructive advice and best practice, assisting the Audit and Risks Committee in its responsibility to improve the processes by which risks are identified and managed and to report and advice on the proper and effective use of resources.

- **Areas covered**

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

a. Claims Operations

b. Debtors' Management Process

c. Corporate Business

d. Human Resource and Payroll

16. RISK MANAGEMENT

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

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

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

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

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

Risk assessment activities were carried out by the Internal Auditors following which, management of the Group and the Internal Auditors have been working in collaboration to finalise the risk-monitoring framework. The risk management framework will be continuously reviewed and updated to reflect the ongoing risks facing the Group.

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

- **Insurance risk**

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

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

- **Reinsurance risk**

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

- **Environment and Strategy risks**

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

Environment risks may arise from:

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

Corporate Governance Report 2014 (Cont'd)

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

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

- Regulatory Risks:

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

- Industry Risks:

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

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

- **Operational risks**

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

Operational risks are further broken down into:

- *Human Resource Risks:*
  Losses arising from acts inconsistent with employment, health and safety laws, personal injury claims, etc.
- *Fraud Risks:*
  Intentional or fraudulent acts intended to defraud or misappropriate property or circumvent regulations, law and policies and involving one internal party and/or a third party.
- *Physical Risks:*
  Losses due to fire, cyclone, explosion, riots, flooding etc.
- *Business Continuity Risks:*
  Losses from failed transaction processing, and process management, inadequate back ups and loss of data.
- *Reputational Risks:*
  Losses due to unintentional or negligent failure to meet a professional obligation to specific clients or from the nature or design of a product.

- **Information Processing/Technology Risks**

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

- **Financial Risks**

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

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

17. INTERNAL CONTROLS

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

The system of internal controls has been designed to safeguard assets of the Company and the Group from unauthorised use. The Company and the Group maintain proper accounting records to ensure effective operation of its business and compliance with laws and regulations.

Management is directly responsible for implementing the strategies and policies adopted by the Board, and for managing all of the Company's and Group's activities, including the operation of the internal control system. The system of internal controls is designed to provide assurance against material misstatement or loss, and to manage risks of failure in operational systems.

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

1) The Board has established a clear organisation structure, including the delegation of appropriate responsibilities to the Board committees, the Group Chief Executive, members of the Senior Management, and to the heads of operating units;

2) The Board assesses the effectiveness of internal controls by considering the recommendations of the Audit & Risks Committee, reports of the internal auditors, feedback from management and the external auditors;

3) A comprehensive management accounting system is in place to provide financial and operational performance data for management accounting purposes. Review of the accounting information takes place on a regular basis at Audit & Risks Committee and Board levels and remedial action is promptly taken, where necessary;

4) There is an ongoing effort to document the system and procedures for each operating unit. These documents are also being updated regularly;

5) A compliance function has been put in place under the leadership of the Money Laundering Reporting Officer and clear compliance procedures have been established. Regular training is being conducted to ensure that:

- New staff are trained in compliance with requirements that the Group is subject to; and
- Existing staff are regularly updated on compliance issues;

6) Management has put in place appropriate financial controls by way of segregation of duties of accounting staff; and

7) Management has put in place appropriate operational and compliance controls at all operating units.

18. SHARE OPTION

The Company and Group have no share option plan.

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

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

20. STAKEHOLDERS' RELATIONS AND COMMUNICATION

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

Corporate Governance Report 2014 (Cont'd)

21. CODE OF ETHICS

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

22. ENVIRONMENT, HEALTH & SAFETY AND SOCIAL ISSUES

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

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

JAIYANSING SOOBAH
FOR SWAN GROUP CORPORATE SERVICES LIMITED
COMPANY SECRETARY

26 March, 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors acknowledge their responsibilities for:

(i) adequate accounting records and maintenance of effective internal control systems;

(ii) the preparation of financial statements which fairly present the state of affairs of the Company and its Subsidiaries as at the end of the financial year and the results of its operations and cash flows for that period and which comply with International Financial Reporting Standards (IFRS);

(iii) the selection of appropriate accounting policies supported by reasonable and prudent judgements.

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

The Directors report that:

(i) adequate accounting and an effective system of internal controls and risk management have been maintained;

(ii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;

(iii) international financial reporting standards have been adhered to. Any departure in the fair presentation has been disclosed, explained and quantified;

(iv) The Code of Corporate Governance has been adhered to. Reasons have been provided where there has not been compliance.

Signed on behalf of the Board of Directors on 26 March 2015.

M.E. CYRIL MAYER
CHAIRPERSON

J.M. LOUIS RIVALLAND
DIRECTOR & GROUP CHIEF EXECUTIVE

COMPANY SECRETARY'S CERTIFICATE

YEAR ENDED DECEMBER 31, 2014

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 GROUP CORPORATE SERVICES LIMITED
COMPANY SECRETARY

26 March, 2015

STATEMENT OF COMPLIANCE

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

Name of Public Interest Entity (PIE): Swan Insurance Company Ltd

Reporting Period: December 31, 2014

We, the directors of Swan Insurance Company Ltd, confirm that, to the best of our knowledge, the PIE has not complied with Sections 2.2.6 and 2.8.2 of the Code of Corporate Governance. Reasons for non-compliance are given on pages 37 and 41 of the Corporate Governance report.

M.E. CYRIL MAYER
CHAIRPERSON

J.M. LOUIS RIVALLAND
DIRECTOR & GROUP CHIEF EXECUTIVE

26 March, 2015

For good times,
for challenging times,
for all time.

II

Prosper

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

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

Report on the Financial Statements

We have audited the financial statements of Swan Insurance Company Ltd and its subsidiaries (the "Group") and the Company's separate financial statements on pages 58 to 133 which comprise the statements of financial position at December 31, 2014, and the statements of profit or loss, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Report on the Financial Statements (Continued)

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

Opinion

In our opinion, the financial statements on pages 58 to 133 give a true and fair view of the financial position of the Group and of the Company at December 31, 2014, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

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

We have obtained all information and explanations we have required.

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

Insurance Act 2005

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

Financial Reporting Act 2004

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

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

BDO & CO

Chartered Accountants

Ameenah Ramdin, FCCA, ACA
Licensed by FRC
Port Louis,
Mauritius.

26 March, 2015

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2014

	Notes	THE GROUP 2014 Rs'000	THE GROUP 2013 Rs'000	THE COMPANY 2014 Rs'000	THE COMPANY 2013 Rs'000
ASSETS					
Non-current assets					
Property and equipment	5	**98,840**	105,014	**96,895**	97,565
Intangible assets	6	**31,125**	43,315	**1,518**	699
Investments in subsidiary companies	7	**-**	-	**372,144**	352,014
Investment in associated company	8	**67,148**	67,112	**-**	-
Investment in joint venture	9	**1,139**	821	**500**	500
Investments in financial assets	10	**1,489,564**	949,828	**1,335,666**	918,773
Loans and receivables	11	**199,356**	169,643	**149,384**	143,156
Deferred tax assets	12	**15,091**	16,965	**15,091**	17,277
		1,902,263	1,352,698	**1,971,198**	1,529,984
Current assets					
Investments in financial assets	10	**79,986**	152,068	**79,986**	142,102
Loans and receivables	11	**14,445**	10,416	**6,191**	6,366
Trade and other receivables	13	**2,354,924**	2,136,030	**1,982,710**	1,864,392
Cash and cash equivalents	29(b)	**127,481**	287,755	**72,435**	132,499
		2,576,836	2,586,269	**2,141,322**	2,145,359
Life Business Assets	14	**30,906,657**	28,425,609	**-**	-
Total assets		**35,385,756**	32,364,576	**4,112,520**	3,675,343
EQUITY AND LIABILITIES					
Capital and reserves (attributable to owners of the parent)					
Share capital	15	**41,379**	41,379	**41,379**	41,379
Other reserves		**587,273**	427,756	**511,803**	447,793
Retained earnings		**1,323,750**	1,181,031	**1,346,344**	1,177,365
Owners' interest		**1,952,402**	1,650,166	**1,899,526**	1,666,537
Non-controlling interests	17	**238,942**	193,582	**-**	-
Total equity		**2,191,344**	1,843,748	**1,899,526**	1,666,537
Technical provisions					
Life Assurance Fund	14	**30,906,657**	28,425,609	**-**	-
Outstanding claims and IBNR	22/30(a)	**853,471**	843,458	**842,149**	843,458
Gross unearned premiums	22/30(b)/2.18	**821,592**	794,478	**821,592**	794,478
		32,581,720	30,063,545	**1,663,741**	1,637,936
Non-current liabilities					
Borrowings	18	**29,484**	12,733	**327**	985
Retirement benefit obligations	19	**103,967**	112,406	**103,967**	112,406
Deferred tax liabilities	12	**1,328**	-	**-**	-
		134,779	125,139	**104,294**	113,391
Current liabilities					
Trade and other payables	20	**198,361**	194,951	**195,132**	153,765
Borrowings	18	**170,925**	33,865	**141,330**	423
Current tax liabilities	21	**9,318**	13,122	**9,188**	13,085
Dividend payable	26	**99,309**	90,206	**99,309**	90,206
		477,913	332,144	**444,959**	257,479
Total equity and liabilities		**35,385,756**	32,364,576	**4,112,520**	3,675,343

These financial statements have been approved for issue by the Board of Directors on: March 26, 2015

M.E. Cyril MAYER
Chairman

A. Michel THOMAS
Director and Chief Operations Officer

The notes on pages 64 to 133 form an integral part of these financial statements.
Auditors' report on pages 56 and 57.

STATEMENTS OF PROFIT OR LOSS

YEAR ENDED DECEMBER 31, 2014

		THE GROUP		THE COMPANY	
	Notes	2014	2013	2014	2013
		Rs'000	Rs'000	Rs'000	Rs'000
Gross premiums		4,691,429	4,618,248	2,091,134	2,071,551
Premiums ceded to reinsurers		(1,298,357)	(1,303,459)	(1,143,672)	(1,125,421)
Change in gross unearned premiums	22/30(b)	(27,114)	(22,607)	(27,114)	(22,607)
Recoverable from reinsurers	22/30(b)	10,442	22,495	10,442	22,495
Net earned premiums	2.16	3,376,400	3,314,677	930,790	946,018
Net earned premiums relating to Life Assurance Fund		(2,444,064)	(2,363,115)	-	-
		932,336	951,562	930,790	946,018
Gross claims paid	30(a)	(976,097)	(1,233,412)	(976,097)	(1,233,412)
Claims recovered from reinsurers	30(a)	486,665	716,392	486,665	716,392
Movement in claims outstanding and IBNR:					
Gross claims outstanding and IBNR	30(a)	(10,013)	(127,793)	1,309	(127,793)
Recoverable from reinsurers	30(a)	10,483	84,643	10,483	84,643
Net claims incurred		(488,962)	(560,170)	(477,640)	(560,170)
Commissions receivable from reinsurers		255,232	239,078	255,232	239,078
Commissions paid to agents and brokers		(212,690)	(179,263)	(212,367)	(179,240)
Net commissions		42,542	59,815	42,865	59,838
Underwriting surplus		485,916	451,207	496,015	445,686
Investment income	23	164,776	160,499	138,492	133,137
Operating profit		650,692	611,706	634,507	578,823
Other income	24	69,358	57,043	35,669	35,135
		720,050	668,749	670,176	613,958
Marketing and administrative expenses	25	(409,049)	(385,296)	(357,171)	(334,953)
Depreciation	5	(11,586)	(10,824)	(10,077)	(9,436)
Amortisation	6	(8,512)	(3,742)	(1,276)	(3,737)
Share of profit of associated company and joint venture	8/9	5,862	14,174	-	-
Profit before taxation		296,765	283,061	301,652	265,832
Income tax expense	21	(34,617)	(29,176)	(33,364)	(29,133)
Profit for the year		262,148	253,885	268,288	236,699
Attributable to:					
Owners of the parent		242,028	224,561	268,288	236,699
Non-controlling interests	17	20,120	29,324	-	-
		262,148	253,885	268,288	236,699
Earnings per share					
(Rupees and cents)	27	29.25	27.13	32.42	28.60

The notes on pages 64 to 133 form an integral part of these financial statements.
Auditors' report on pages 56 and 57.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2014

	Notes	THE GROUP		THE COMPANY	
		2014	2013	2014	2013
		Rs'000	Rs'000	Rs'000	Rs'000
Profit for the year		**262,148**	253,885	**268,288**	236,699
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurements of defined benefit obligations	16	**1,143**	(28,899)	**1,143**	(28,899)
Items that may be reclassified subsequently to profit or loss:					
Change in value of available-for-sale financial assets	16	**67,402**	111,501	**64,049**	115,992
Release on disposal of available-for-sale financial assets	16	**(1,815)**	(20,079)	**(1,182)**	(20,079)
Net movement in other reserves	16	**121,193**	(67,601)	**-**	-
Other comprehensive income for the year, net of tax		**187,923**	(5,078)	**64,010**	67,014
Total comprehensive income for the year		**450,071**	248,807	**332,298**	303,713
Attributable to:					
Owners of the parent		**401,545**	235,815	**332,298**	303,713
Non-controlling interests	17	**48,526**	12,992	**-**	-
		450,071	248,807	**332,298**	303,713

The notes on pages 64 to 133 form an integral part of these financial statements.
Auditors' report on pages 56 and 57.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2014

(a) THE GROUP

		(Attributable to owners of the parent)									
	Notes	Share Capital	Fair Value Reserve	Other Reserves	Proprietors' Fund	Retained Earnings	Amalgamation Reserve	Actuarial gains/ (losses)	Total	Non-controlling Interests	Total Equity
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1, 2014		**41,379**	**243,625**	**16,900**	**(50,619)**	**1,181,031**	**267,477**	**(49,627)**	**1,650,166**	**193,582**	**1,843,748**
Profit for the year		-	-	-	-	**242,028**	-	-	**242,028**	**20,120**	**262,148**
Other comprehensive income for the year	16	-	**65,587**	**6,434**	**86,353**	-	-	**1,143**	**159,517**	**28,406**	**187,923**
Total comprehensive income for the year		-	**65,587**	**6,434**	**86,353**	**242,028**	-	**1,143**	**401,545**	**48,526**	**450,071**
Other movement		-	-	-	-	-	-	-	-	**23,517**	**23,517**
Disposal of subsidiary	28	-	-	-	-	-	-	-	-	**10,244**	**10,244**
Dividends	26/17	-	-	-	-	**(99,309)**	-	-	**(99,309)**	**(36,927)**	**(136,236)**
Total transactions with owners of the parent		-	-	-	-	**(99,309)**	-	-	**(99,309)**	**(3,166)**	**(102,475)**
Balance at December 31, 2014		**41,379**	**309,212**	**23,334**	**35,734**	**1,323,750**	**267,477**	**(48,484)**	**1,952,402**	**238,942**	**2,191,344**
Balance at January 1, 2013 (As restated)		41,379	152,203	19,071	(1,521)	1,046,676	267,477	(20,728)	1,504,557	202,983	1,707,540
Profit for the year		-	-	-	-	224,561	-	-	224,561	29,324	253,885
Other comprehensive income for the year	16	-	91,422	(2,171)	(49,098)	-	-	(28,899)	11,254	(16,332)	(5,078)
Total comprehensive income for the year		-	91,422	(2,171)	(49,098)	224,561	-	(28,899)	235,815	12,992	248,807
Issue of share capital	17	-	-	-	-	-	-	-	-	1,426	1,426
Other movement		-	-	-	-	-	-	-	-	9,938	9,938
Dividends	26/17	-	-	-	-	(90,206)	-	-	(90,206)	(33,757)	(123,963)
Total transactions with owners of the parent		-	-	-	-	(90,206)	-	-	(90,206)	(22,393)	(112,599)
Balance at December 31, 2013		41,379	243,625	16,900	(50,619)	1,181,031	267,477	(49,627)	1,650,166	193,582	1,843,748

The notes on pages 64 to 133 form an integral part of these financial statements.

Auditors' report on pages 56 and 57.

STATEMENTS OF CHANGES IN EQUITY (Cont'd)

YEAR ENDED DECEMBER 31, 2014

(b) THE COMPANY

	Notes	Share Capital	Fair Value Reserve	Other Reserves	Retained Earnings	Amalgamation reserves	Actuarial gains / (losses)	Total Equity
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1, 2014		**41,379**	**248,116**	**28,719**	**1,177,365**	**220,593**	**(49,635)**	**1,666,537**
Profit for the year		-	-	-	**268,288**	-	-	**268,288**
Other comprehensive income for the year	16	-	**62,867**	-	-	-	**1,143**	**64,010**
Total comprehensive income for the year		-	**62,867**	-	**268,288**	-	**1,143**	**332,298**
Dividends	26	-	-	-	**(99,309)**	-	-	**(99,309)**
Balance at December 31, 2014		**41,379**	**310,983**	**28,719**	**1,346,344**	**220,593**	**(48,492)**	**1,899,526**
Balance at January 1, 2013 (As restated)		41,379	152,203	28,719	1,030,872	220,593	(20,736)	1,453,030
Profit for the year		-	-	-	236,699	-	-	236,699
Other comprehensive income for the year	16	-	95,913	-	-	-	(28,899)	67,014
Total comprehensive income for the year		-	95,913	-	236,699	-	(28,899)	303,713
Dividends	26	-	-	-	(90,206)	-	-	(90,206)
Balance at December 31, 2013		41,379	248,116	28,719	1,177,365	220,593	(49,635)	1,666,537

The notes on pages 64 to 133 form an integral part of these financial statements.
Auditors' report on pages 56 and 57.

STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2014

	Notes	THE GROUP 2014 Rs'000	THE GROUP 2013 Rs'000	THE COMPANY 2014 Rs'000	THE COMPANY 2013 Rs'000
Cash flows from operating activities					
Cash generated from/(absorbed in) operations	29(a)	**106,893**	(41,807)	**94,986**	(26,361)
Tax paid	21	**(35,421)**	(18,812)	**(35,277)**	(18,799)
Net cash generated from/(used in) operating activities		**71,472**	(60,619)	**59,709**	(45,160)
Cash flows from investing activities					
Purchase of property and equipment	5	**(11,227)**	(12,743)	**(10,474)**	(8,920)
Purchase of intangible assets	6	**(2,121)**	(299)	**(2,095)**	(299)
Proceeds from sale of property and equipment		**3,222**	1,980	**1,657**	1,973
Disposal of subsidiary, net of cash acquired	28	**3,990**	-	**-**	-
Purchase of financial assets	10	**(709,263)**	(227,654)	**(580,256)**	(158,200)
Disposal/maturity of financial assets		**311,948**	213,256	**292,393**	213,256
Loans granted	11	**(19,575)**	(41,556)	**(18,165)**	(41,556)
Loans recovered	11	**12,112**	12,968	**12,112**	12,919
Investment income received		**143,313**	114,717	**136,475**	107,525
Net cash (used in)/generated from investing activities		**(267,601)**	60,669	**(168,353)**	126,698
Cash flows from financing activities					
Issue of shares to minorities		**-**	1,426	**-**	-
Payments on borrowings		**(756)**	(2,687)	**(756)**	(1,895)
Proceeds from borrowings		**155,416**	13,099	**141,005**	-
Dividends paid to Company's shareholders	26	**(90,206)**	(70,344)	**(90,206)**	(70,344)
Dividends paid to non-controlling interests		**(35,927)**	(31,647)	**-**	-
Net cash generated from/(used in) financing activities		**28,527**	(90,153)	**50,043**	(72,239)
(Decrease)/increase in cash and cash equivalents		**(167,602)**	(90,103)	**(58,601)**	9,299
Movement in cash and cash equivalents					
At January 1,		**287,755**	383,014	**132,499**	124,627
(Decrease)/increase		**(167,602)**	(90,103)	**(58,601)**	9,299
Effect of foreign exchange rate changes		**7,328**	(5,156)	**(1,463)**	(1,427)
At December 31,	29(b)	**127,481**	287,755	**72,435**	132,499

The notes on pages 64 to 133 form an integral part of these financial statements.
Auditors' report on pages 56 and 57.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

1. GENERAL INFORMATION

Swan Insurance Company Ltd is a limited liability company, incorporated and domiciled in Mauritius. These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of the Company.

The address of its registered office is Swan Group Centre, 10 Intendance Street, Port Louis.

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

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

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

Amendments to published Standards and Interpretations effective in the reporting period

Amendments to IAS 32, 'Offsetting Financial Assets and Financial Liabilities', clarify the requirements relating to the offset of financial assets and financial liabilities. The amendment is not expected to have any impact on the Group's financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 27, 'Investment Entities', define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities. As the Company is not an investment entity, the standard has no impact on the Group's financial statements.

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what obligating event that gives rise to pay a levy and when should a liability be recognised. The Company is not subject to levies so the interpretation has no impact on the Group's financial statements.

Amendments to IAS 36, 'Recoverable Amount Disclosures for Non - financial Assets', remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated. The amendment has no impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

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

Amendments to IAS 39, 'Novation of Derivatives and Continuation of Hedge Accounting', provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness. The amendment has no impact on the Group's financial statements.

Annual Improvements 2010-2012 Cycle

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

Annual Improvements 2011-2013 Cycle

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

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

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2015 or later periods, but which the Group has not early adopted.

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

IFRS 9 Financial Instruments

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

Annual Improvements to IFRSs 2010-2012 cycle

Annual Improvements to IFRSs 2011-2013 cycle

IFRS 14 Regulatory Deferral Accounts

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

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

IFRS 15 Revenue from Contract with Customers

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

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

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

Annual Improvements to IFRSs 2012-2014 Cycle

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

Disclosure Initiative (Amendments to IAS 1)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

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

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

2.2 Property and equipment

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

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

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

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

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

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

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

Gains and losses on disposal of property and equipment are determined by comparing proceeds with carrying amount and are included in the profit or loss or the Life Assurance Fund (for the subsidiary, The Anglo-Mauritius Assurance Society Limited).

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

2.3 Intangible assets

Intangible assets consist of the following:

(i) Goodwill

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

(ii) Other intangibles

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

(iii) Computer software

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

(iv) Development and other costs

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

2.4 Impairment of assets

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

2.5 Investments in subsidiaries

Separate financial statements of the investor

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Investments in subsidiaries (cont'd)

Consolidated financial statements

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Investments in subsidiaries (cont'd)

Transactions and non-controlling interests

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

Disposal of subsidiaries

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

2.6 Investment in associates

Separate financial statements of the investor

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

Consolidated financial statements

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Investment in joint ventures

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

2.8 Financial assets

(a) Categories of financial assets

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

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

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

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

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group 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) <u>Available-for-sale financial assets</u>

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

(b) Recognition and measurement

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets (cont'd)

(iii) Available-for-sale financial assets (cont'd)

(b) Recognition and measurement (cont'd)

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

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

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 are determined using valuation techniques. These valuation techniques maximise the use of observable data where it is available and rely as little as possible on entity specific estimates (Level 2). If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flows analysis, and net assets basis (Level 3), see note 10.

(c) Impairment of financial assets

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

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

(ii) Financial assets carried at amortised cost

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and, the amount of the loss is recognised in the profit or loss. For the subsidiary, The Anglo-Mauritius Assurance Society Limited, 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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets (cont'd)

(c) Impairment of financial assets (cont'd)

(ii) Financial assets carried at amortised cost (cont'd)

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

2.9 Trade and other receivables

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

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

2.10 Trade and other payables

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

2.11 Borrowings

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

2.12 Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Deferred income tax

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

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

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

2.14 Life Assurance Fund

(i) Non-Linked Account

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

(ii) Linked Account

Earmarked assets in respect of segregated funds are assigned in the Life Assurance Fund - Linked account within the Life Assurance Fund of the Subsidiary - The Anglo-Mauritius Assurance Society Limited.

2.15 Insurance Contracts

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Revenue Recognition - Premiums Earned

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

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

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

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

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

2.17 Reinsurance Contracts

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

Reinsurance contracts in respect of long term business are disclosed in the financial statements of the subsidiary, The Anglo-Mauritius Assurance Society Limited.

Short term insurance

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Reinsurance Contracts (cont'd)

Short term insurance (cont'd)

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

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

2.18 Short term insurance

(i) Unearned premiums

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

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

(ii) Claims expenses and Outstanding claims provisions

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

Outstanding claims provisions made up of:

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

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

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

(iii) Liability adequacy test

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Retirement benefit obligations

(i) Defined Benefit Plan

The Group/Company contributes to a defined benefit plan, the assets of which are held independently and administered by The Anglo-Mauritius Assurance Society Limited.

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

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

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

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

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

(ii) Defined Contribution Plan

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

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

(iii) The Subsidiary

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Retirement benefit obligations (cont'd)

(iv) Termination benefits

Termination benefits are payable when the employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either; terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

2.20. Foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

(iii) Group companies

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21. Leases

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

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

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

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

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

2.22 Provisions

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

2.23 Dividend distribution

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

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

Insurance risk factors associated with long-term insurance business and management thereof are detailed in the financial statements of the subsidiary, The Anglo-Mauritius Assurance Society Limited. A description of the significant risk factors is given below together with the risk management policies applicable.

3.1 Insurance risk

Short term insurance

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

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

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

(a) *Insurance contracts*

(i) Frequency and severity of claims

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

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

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

(ii) Concentration of insurance risk

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

	THE GROUP					
	Outstanding claims					
	2014			2013		
Class of Business	No of Claims	Gross	Net	No of Claims	Gross	Net
		Rs'000	Rs'000		Rs'000	Rs'000
Fire & Allied Perils	**332**	**145,211**	**19,709**	383	210,886	20,990
Motor	**2,670**	**144,484**	**119,609**	5,781	169,484	166,586
Health	**2,286**	**61,489**	**26,869**	2,279	71,296	21,904
Others	**1,890**	**427,897**	**107,672**	2,200	337,608	85,055
	7,178	**779,081**	**273,859**	10,643	789,274	294,535
IBNR		**74,390**	**62,494**		54,184	42,288
		853,471	**336,353**		843,458	336,823

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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

3.1 Insurance risk (cont'd)

	THE COMPANY					
	Outstanding claims					
	2014			2013		
Class of Business	No of Claims	Gross	Net	No of Claims	Gross	Net
		Rs'000	Rs'000		Rs'000	Rs'000
Fire & Allied Perils	332	145,211	19,709	383	210,886	20,990
Motor	2,670	144,484	119,609	5,781	169,484	166,586
Health	2,286	61,489	26,869	2,279	71,296	21,904
Others	1,884	416,780	96,555	2,200	337,608	85,055
	7,172	767,964	262,742	10,643	789,274	294,535
IBNR		74,185	62,289		54,184	42,288
		842,149	325,031		843,458	336,823

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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

3.1 Insurance risks (cont'd)

(iv) Claims development table

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

	THE GROUP					
GROSS	2010	2011	2012	2013	2014	TOTAL
Estimate of ultimate claim costs:	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- At end of claim year	133,536	130,915	189,496	303,730	**250,922**	**1,008,599**
- one year later	51,282	70,878	59,655	84,299	-	**266,114**
- two years later	42,123	43,666	34,530	-	-	**120,319**
- three years later	39,768	29,723	-	-	-	**69,491**
- four years later	23,656	-	-	-	-	**23,656**
Current estimate of cumulative claims	547,296	624,191	636,403	1,084,345	**975,104**	**3,867,339**
Less Cumulative payments to date	523,640	594,468	601,873	1,000,046	**713,068**	**3,433,095**
Liability recognised in the statements of financial position	23,656	29,723	34,530	84,299	**262,036**	**434,244**
Liability in respect of prior years						**344,837**
						779,081
IBNR						**74,390**
Gross liability at year end (notes 22/30(a))						**853,471**

NET	2010	2011	2012	2013	2014	TOTAL
Estimate of ultimate claim costs:	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- At end of claim year	65,827	59,647	80,794	115,553	**108,801**	**430,622**
- one year later	26,572	24,362	31,269	35,473	-	**117,676**
- two years later	19,335	23,212	17,498	-	-	**60,045**
- three years later	18,085	17,337	-	-	-	**35,422**
- four years later	7,509	-	-	-	-	**7,509**
Current estimate of cumulative claims	237,339	274,037	318,249	481,056	**509,023**	**1,819,704**
Less Cumulative payments to date	229,829	256,700	300,752	445,582	**389,110**	**1,621,973**
Liability recognised in the statements of financial position	7,510	17,337	17,497	35,474	**119,913**	**197,731**
Liability in respect of prior years						**76,128**
						273,859
IBNR						**62,494**
Net liability at year end (notes 22/30(a))						**336,353**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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

3.1 Insurance risks (cont'd)

	THE COMPANY					
GROSS	2010	2011	2012	2013	2014	TOTAL
Estimate of ultimate claim costs:	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- At end of claim year	133,536	130,915	189,496	303,730	250,922	1,008,599
- one year later	51,282	70,878	59,655	84,299	-	266,114
- two years later	42,123	43,666	34,530	-	-	120,319
- three years later	39,768	29,723	-	-	-	69,491
- four years later	23,656	-	-	-	-	23,656
Current estimate of cumulative claims	547,297	624,191	636,403	1,084,345	963,986	3,856,222
Less Cumulative payments to date	523,640	594,468	601,873	1,000,046	713,068	3,433,095
Liability recognised in the statements of financial position	23,657	29,723	34,530	84,299	250,918	423,127
Liability in respect of prior years						344,837
						767,964
IBNR						74,185
Gross liability at year end (notes 22/30(a))						842,149
NET	2010	2011	2012	2013	2014	TOTAL
Estimate of ultimate claim costs:	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- At end of claim year	65,827	59,647	80,794	115,553	108,801	430,622
- one year later	26,572	24,362	31,269	35,473	-	117,676
- two years later	19,335	23,212	17,498	-	-	60,045
- three years later	18,085	17,337	-	-	-	35,422
- four years later	7,509	-	-	-	-	7,509
Current estimate of cumulative claims	237,339	274,037	318,249	481,056	497,906	1,808,587
Less Cumulative payments to date	229,829	256,700	300,752	445,582	389,110	1,621,973
Liability recognised in the statements of financial position	7,510	17,337	17,497	35,474	108,796	186,614
Liability in respect of prior years						76,128
						262,742
IBNR						62,289
Net liability at year end (notes 22/30(a))						325,031

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

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

3.2 Financial risk

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

The most important components of this financial risk are :

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

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

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

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

3.2.1 Market risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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

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

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

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

	THE GROUP					
	Equivalent in Rs'000					
At December 31, 2014	Rs	GBP	USD	Euro	Others	Total
Assets:						
Non-current assets						
- Investment in financial assets :						
· Held-to-Maturity	215,298	-	-	-	-	215,298
· Available-for-sale	674,483	-	497,430	81,067	21,286	1,274,266
· Loans and receivables	133,713	-	-	-	65,643	199,356
Current assets						
- Investment in financial assets :						
· Held-to-Maturity	79,986	-	-	-	-	79,986
· Loans and receivables	6,191	-	-	-	8,254	14,445
- Trade and other receivables	2,354,924	-	-	-	-	2,354,924
- Cash and cash equivalents	103,583	4	12,689	1,062	10,143	127,481
	3,568,178	4	510,119	82,129	105,326	4,265,756
Liabilities:						
- Technical Provisions :						
· Gross unearned premiums	821,592	-	-	-	-	821,592
· Outstanding claims and IBNR	842,149	-	-	-	11,322	853,471
- Non-current liabilities						
· Borrowings	327	-	-	-	29,157	29,484
- Current liabilities						
· Trade and other payables	188,454	-	-	-	9,907	198,361
· Borrowings	141,850	-	-	-	29,075	170,925
	1,994,372	-	-	-	79,461	2,073,833

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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

3.2 Financial risk (cont'd)

	THE GROUP					
	Equivalent in Rs'000					
At December 31, 2013	Rs	GBP	USD	Euro	Others	Total
Assets:						
Non-current assets						
- Investment in financial assets :						
· Held-to-Maturity	150,181	-	-	-	19,897	170,078
· Available-for-sale	295,010	-	431,299	53,441	-	779,750
· Loans and receivables	143,156	-	-	-	26,487	169,643
Current assets						
- Investment in financial assets :						
· Held-to-Maturity	142,102	9,966	-	-	-	152,068
· Loans and receivables	6,366	-	-	-	4,050	10,416
- Trade and other receivables	2,136,030	-	-	-	-	2,136,030
- Cash and cash equivalents	130,184	148,361	784	916	7,510	287,755
	3,003,029	158,327	432,083	54,357	57,944	3,705,740
Liabilities:						
- Technical Provisions :						
· Gross unearned premiums	794,478	-	-	-	-	794,478
· Outstanding claims and IBNR	843,458	-	-	-	-	843,458
- Non-current liabilities						
· Borrowings	985	-	-	-	11,748	12,733
- Current liabilities						
· Trade and other payables	166,650	-	-	-	28,301	194,951
· Borrowings	423	-	-	-	33,442	33,865
	1,805,994	-	-	-	73,491	1,879,485

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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 (cont'd)

	THE COMPANY					
	Equivalent in Rs'000					
At December 31, 2013	Rs	GBP	USD	Euro	Others	Total
Assets:						
Non-current assets						
- Investment in financial assets :						
· Held-to-Maturity	170,028	-	-	-	19,897	189,925
· Available-for-sale	308,964	-	366,443	53,441	-	728,848
· Loans and receivables	143,156	-	-	-	-	143,156
Current assets						
- Investment in financial assets :						
· Held-to-Maturity	142,102	-	-	-	-	142,102
· Loans and receivables	6,366	-	-	-	-	6,366
- Trade and other receivables	1,864,392	-	-	-	-	1,864,392
- Cash and cash equivalents	126,931	784	3,795	916	73	132,499
	2,761,939	784	370,238	54,357	19,970	3,207,288
Liabilities:						
- Technical Provisions :						
· Gross unearned premiums	794,478	-	-	-	-	794,478
· Outstanding claims and IBNR	843,458	-	-	-	-	843,458
- Non-current liabilities						
· Borrowings	985	-	-	-	-	985
- Current liabilities						
· Trade and other payables	153,765	-	-	-	-	153,765
· Borrowings	423	-	-	-	-	423
	1,793,109	-	-	-	-	1,793,109

Note : The currency breakdown for Life Business Assets and Life Assurance Fund are detailed in the financial statements of the subsidiary, The Anglo-Mauritius Assurance Society Limited.

Sensitivity

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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 (cont'd)

	THE GROUP					
	GBP		USD		EURO	
	+5%	-5%	+5%	-5%	+5%	-5%
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Impact on Results :						
- At December 31, 2014						
- Investment in financial assets	-	-	**24,872**	**(24,872)**	**4,053**	**(4,053)**
- Cash and cash equivalents	-	-	**634**	**(634)**	**53**	**(53)**
- At December 31, 2013						
- Investment in financial assets	-	-	22,063	(22,063)	2,672	(2,672)
- Cash and cash equivalents	7,418	(7,418)	39	(39)	46	(46)

	THE COMPANY					
	GBP		USD		EURO	
	+5%	-5%	+5%	-5%	+5%	-5%
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Impact on Results :						
- At December 31, 2014						
- Investment in financial assets	-	-	**21,484**	**(21,484)**	**4,053**	**(4,053)**
- Cash and cash equivalents	-	-	**586**	**(586)**	**52**	**(52)**
- At December 31, 2013						
- Investment in financial assets	-	-	18,322	(18,322)	2,672	(2,672)
- Cash and cash equivalents	190	(190)	39	(39)	46	(46)

The sensitivity in respect of Life Business Assets is detailed in the financial statements of the subsidiary, The Anglo-Mauritius Assurance Society Limited.

(ii) Interest rate risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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 (cont'd)

Sensitivity

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

	THE GROUP	
	Impact on results	
	+1%	-1%
At December 31, 2014	**Rs'000**	**Rs'000**
- Held-to-maturity investments	**300**	**(300)**
- Loans and receivables	**93**	**(93)**
- Cash and cash equivalents	**55**	**(55)**
- Finance lease asset	**189**	**(189)**
At December 31, 2013		
- Held-to-maturity investments	295	(295)
- Loans and receivables	91	(91)
- Cash and cash equivalents	20	(20)

	THE COMPANY	
	Impact on results	
	+1%	-1%
At December 31, 2014	**Rs'000**	**Rs'000**
- Held-to-maturity investments	**300**	**(300)**
- Loans and receivables	**93**	**(93)**
- Cash and cash equivalents	**55**	**(55)**
At December 31, 2013		
- Held-to-maturity investments	295	(295)
- Loans and receivables	91	(91)
- Cash and cash equivalents	20	(20)

(iii) Equity price risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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

Sensitivity

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

	THE GROUP	
	Impact on Shareholders' equity	
	+10%	-10%
At December 31, 2014	Rs'm	Rs'm
- Available-for-sale financial assets	127	(127)
At December 31, 2013	Rs'm	Rs'm
- Available-for-sale financial assets	74	(74)

	THE COMPANY	
	Impact on Shareholders' equity	
	+10%	-10%
At December 31, 2014	Rs'm	Rs'm
- Available-for-sale financial assets	115	(115)
At December 31, 2013	Rs'm	Rs'm
- Available-for-sale financial assets	73	(73)

3.2.2 Credit risk

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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

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

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

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

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

	THE GROUP						
	Neither past due nor impaired	Past due but not impaired				Impaired and provision for impairment	Carrying amount at year end
		1m - 3m	3m - 6m	6m - 1yr	> 1 yr		
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2014							
- Loans and receivables	**213,801**	-	-	-	-	-	**213,801**
- Trade and other receivables	**1,688,724**	**216,546**	**254,549**	**119,868**	**22,340**	**52,897**	**2,354,924**
2013							
- Loans and receivables	180,059	-	-	-	-	-	180,059
- Trade and other receivables	1,669,284	201,800	119,011	105,935	-	40,000	2,136,030

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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

3.2 Financial risk (cont'd)

3.2.2 Credit risk (cont'd)

	THE COMPANY						
	Neither past due nor impaired	Past due but not impaired				Impaired and provision for impairment	Carrying amount at year end
		1m - 3m	3m - 6m	6m - 1yr	> 1 yr		
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2014							
- Loans and receivables	**155,575**	-	-	-	-	-	**155,575**
- Trade and other receivables	**1,316,510**	**216,546**	**254,549**	**119,868**	**22,340**	**52,897**	**1,982,710**
2013							
- Loans and receivables	138,158	-	-	-	-	11,364	149,522
- Trade and other receivables	1,397,646	201,800	119,011	105,935	-	40,000	1,864,392

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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

3.2 Financial risk (cont'd)

3.2.3 Liquidity risk

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

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

	THE GROUP			
Maturities of financial assets and liabilities:				
At December 31, 2014	**< 1 year**	**1 to 5 years**	**> 5 years**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Assets				
- Investments in financial assets	**1,197,642**	**264,528**	**107,380**	**1,569,550**
- Loans and receivable	**14,445**	**62,793**	**136,563**	**213,801**
- Current assets				
· Trade and other receivables	**2,354,924**	-	-	**2,354,924**
· Cash and cash equivalents	**127,481**	-	-	**127,481**
	3,694,492	**327,321**	**243,943**	**4,265,756**
Liabilities				
- Technical Provisions:				
· Gross unearned premiums	**821,592**	-	-	**821,592**
· Outstanding claims and IBNR	**853,471**	-	-	**853,471**
- Non-current liabilities				
· Borrowings	-	**29,484**	-	**29,484**
- Current liabilities				
· Trade and other payables	**198,361**	-	-	**198,361**
· Borrowings	**170,925**	-	-	**170,925**
	2,044,349	**29,484**	-	**2,073,833**
At December 31, 2013	< 1 year	1 to 5 years	> 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Assets				
- Investments in financial assets	913,638	90,030	98,228	1,101,896
- Loans and receivable	10,416	52,620	117,023	180,059
- Current assets				
· Trade and other receivables	2,136,030	-	-	2,136,030
· Cash and cash equivalents	287,755	-	-	287,755
	3,347,839	142,650	215,251	3,705,740
Liabilities				
- Technical Provisions:				
· Gross unearned premiums	794,478	-	-	794,478
· Outstanding claims and IBNR	843,458	-	-	843,458
- Non-current liabilities				
· Borrowings	-	12,733	-	12,733
- Current liabilities				
· Trade and other payables	194,951	-	-	194,951
· Borrowings	33,865	-	-	33,865
	1,866,752	12,733	-	1,879,485

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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

3.2 Financial risk (cont'd)

3.2.3 Liquidity risk

Maturities of financial assets and liabilities:

	THE COMPANY			
At December 31, 2014	< 1 year	1 to 5 years	> 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Assets				
- Investments in financial assets	1,231,433	76,839	107,380	1,415,652
- Loans and receivable	6,191	12,821	136,563	155,575
- Current assets				
· Trade and other receivables	1,982,710	-	-	1,982,710
· Cash and cash equivalents	72,435	-	-	72,435
	3,292,769	89,660	243,943	3,626,372
Liabilities				
- Technical Provisions:				
· Gross unearned premiums	821,592	-	-	821,592
· Outstanding claims and IBNR	842,149	-	-	842,149
- Non-current liabilities				
· Borrowings	-	327	-	327
- Current liabilities				
· Trade and other payables	195,132	-	-	195,132
· Borrowings	141,330	-	-	141,330
	2,000,203	327	-	2,000,530
At December 31, 2013	< 1 year	1 to 5 years	> 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Assets				
- Investments in financial assets	873,028	91,126	96,721	1,060,875
- Loans and receivable	6,366	22,083	121,073	149,522
- Current assets				
· Trade and other receivables	1,864,392	-	-	1,864,392
· Cash and cash equivalents	132,499	-	-	132,499
	2,876,285	113,209	217,794	3,207,288
Liabilities				
- Technical Provisions:				
· Gross unearned premiums	794,478	-	-	794,478
· Outstanding claims and IBNR	843,458	-	-	843,458
- Non-current liabilities				
· Borrowings	-	985	-	985
- Current liabilities				
· Trade and other payables	153,765	-	-	153,765
· Borrowings	423	-	-	423
	1,792,124	985	-	1,793,109

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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

3.2 Financial risk (cont'd)

3.2.4 Capital Risks Management

The main objectives of the Company when managing capital are:

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

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

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

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

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

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

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

Capital management for long term insurance is detailed in the financial statements of the subsidiary, The Anglo-Mauritius Assurance Society Limited.

The debt-to adjusted capital ratios at December 31, 2014 and December 31, 2013 were as follows:

	THE GROUP	
	2014	2013
	Rs'000	Rs'000
Total debt (note 18)	200,409	46,598
Less: cash and cash equivalents (note 29(b))	(127,481)	(287,755)
Net debt	72,928	(241,157)
Total equity	2,191,344	1,843,748
Debt-to-adjusted capital ratio	3.3%	-

	THE COMPANY	
	2014	2013
	Rs'000	Rs'000
Total debt (note 18)	141,657	1,408
Less: cash and cash equivalents (note 29(b))	(72,435)	(132,499)
Net debt	69,222	(131,091)
Total equity	1,899,526	1,666,537
Debt-to-adjusted capital ratio	3.6%	-

3.2.5 Fair value estimation

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

Critical accounting estimates and assumptions

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

Estimates and assumptions regarding long-term insurance business are detailed in the financial statements of the subsidiary, The Anglo-Mauritius Assurance Society Limited.

4.1 Insurance contracts

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

(i) Estimates of future claims payments

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

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

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

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

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

(ii) Sensitivity

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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

4.1 Insurance contracts (cont'd)

(iii) Uncertainties and judgement

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

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

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

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

4.2 Reinsurance

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

4.3 Held-to-maturity investments

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

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

4.4 Impairment of available-for-sale financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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

4.5 Estimated impairment of goodwill

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

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

4.6 Impairment of other assets

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

4.7 Pension obligations

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

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

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

Additional information is disclosed in Note 19.

The Group contributes to a defined benefit plan, the assets of which are held independently and administered by The Anglo-Mauritius Assurance Society Limited.

4.8 Limitations of sensitivity analysis

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

5. PROPERTY AND EQUIPMENT

	THE GROUP				
	Buildings	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST					
At January 1, 2013	86,391	25,348	54,306	79,824	245,869
Additions	84	255	8,113	4,291	12,743
Exchange difference	-	-	94	-	94
Disposals	-	(7,606)	(203)	(1,365)	(9,174)
At December 31, 2013	86,475	17,997	62,310	82,750	249,532
Additions	-	2,335	1,960	6,932	11,227
Exchange difference	-	-	226	(14)	212
Disposals	-	(4,203)	(3,573)	(58)	(7,834)
Consolidation adjustment (note 28)	-	-	(3,927)	-	(3,927)
At December 31, 2014	**86,475**	**16,129**	**56,996**	**89,610**	**249,210**
DEPRECIATION					
At January 1, 2013	19,008	18,781	37,977	65,052	140,818
Charge for the year	1,730	1,165	3,503	4,426	10,824
Disposal adjustment	-	(5,556)	(203)	(1,365)	(7,124)
At December 31, 2013	20,738	14,390	41,277	68,113	144,518
Charge for the year	1,730	1,344	3,194	5,318	11,586
Disposal adjustment	-	(3,136)	(2,008)	(58)	(5,202)
Consolidation adjustment (note 28)	-	-	(532)	-	(532)
At December 31, 2014	**22,468**	**12,598**	**41,931**	**73,373**	**150,370**
NET BOOK VALUE					
At December 31, 2014	**64,007**	**3,531**	**15,065**	**16,237**	**98,840**
At December 31, 2013	65,737	3,607	21,033	14,637	105,014

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

5. PROPERTY AND EQUIPMENT (CONT'D)

	THE COMPANY				
	Buildings	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST					
At January 1, 2013	86,391	25,348	46,252	79,522	237,513
Additions	84	255	4,647	3,934	8,920
Disposals	-	(7,606)	(203)	(1,365)	(9,174)
At December 31, 2013	86,475	17,997	50,696	82,091	237,259
Additions	-	2,335	1,303	6,836	10,474
Disposals	-	(4,203)	(443)	(58)	(4,704)
At December 31, 2014	**86,475**	**16,129**	**51,556**	**88,869**	**243,029**
DEPRECIATION					
At January 1, 2013	19,008	18,784	34,694	64,903	137,389
Charge for the year	1,730	1,170	2,140	4,396	9,436
Disposal adjustment	-	(5,563)	(203)	(1,365)	(7,131)
At December 31, 2013	20,738	14,391	36,631	67,934	139,694
Charge for the year	1,730	1,344	1,817	5,186	10,077
Disposal adjustment	-	(3,136)	(443)	(58)	(3,637)
At December 31, 2014	**22,468**	**12,599**	**38,005**	**73,062**	**146,134**
NET BOOK VALUE					
At December 31, 2014	**64,007**	**3,530**	**13,551**	**15,807**	**96,895**
At December 31, 2013	65,737	3,606	14,065	14,157	97,565

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

5. PROPERTY AND EQUIPMENT (CONT'D)

Leased assets included above comprise of motor vehicles:

	THE GROUP AND THE COMPANY	
	2014	2013
	Rs'000	Rs'000
Cost - capitalised finance leases	707	1,565
Accumulated depreciation	(424)	(626)
Net book value	283	939

6. INTANGIBLE ASSETS

	THE GROUP			
	Goodwill & other intangibles	Computer Softwares	Development & other costs	Total
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At January 1, 2013	73,318	16,728	14,990	105,036
Additions	-	299	-	299
At December 31, 2013	**73,318**	**17,027**	**14,990**	**105,335**
Additions	-	2,121	-	2,121
Disposal of subsidiary (note 28)	(25,251)	-	-	(25,251)
Exchange difference	-	6	-	6
At December 31, 2014	**48,067**	**19,154**	**14,990**	**82,211**
AMORTISATION/ IMPAIRMENT				
At January 1, 2013	5,466	15,569	11,992	33,027
Charge for the year	5	739	2,998	3,742
Impairment (a)	25,251	-	-	25,251
At December 31, 2013	**30,722**	**16,308**	**14,990**	**62,020**
Charge for the year	7,220	1,292	-	8,512
Impairment (b)	5,805	-	-	5,805
Eliminated on disposal of subsidiary (note 28)	(25,251)	-	-	(25,251)
At December 31, 2014	**18,496**	**17,600**	**14,990**	**51,086**
NET BOOK VALUE				
At December 31, 2014	**29,571**	**1,554**	-	**31,125**
At December 31, 2013	42,596	719	-	43,315

(a) At December 31, 2013 the Group impaired its subsidiary, Confiance Assurance Ocean Indien (SARL).

(b) At December 31, 2014 the Group impaired all goodwill allocated to its subsidiary, Brugassur (Madagascar) SA, which is its cash generating unit (CGU) and business segment operating in Madagascar, based on its poor performance.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

6. INTANGIBLE ASSETS (CONT'D)

	THE COMPANY			
	Goodwill & other intangibles	Computer Softwares	Development & other costs	Total
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At January 1, 2013	5,463	16,513	14,990	36,966
Additions	-	299	-	299
At December 31, 2013	**5,463**	**16,812**	**14,990**	**37,265**
Additions	-	2,095	-	2,095
At December 31, 2014	**5,463**	**18,907**	**14,990**	**39,360**
AMORTISATION				
At January 1, 2013	5,463	15,374	11,992	32,829
Charge for the year	-	739	2,998	3,737
At December 31, 2013	**5,463**	**16,113**	**14,990**	**36,566**
Charge for the year	-	1,276	-	1,276
At December 31, 2014	**5,463**	**17,389**	**14,990**	**37,842**
NET BOOK VALUE				
At December 31, 2014	-	**1,518**	-	**1,518**
At December 31, 2013	-	699	-	699

7. INVESTMENT IN SUBSIDIARY COMPANIES

(a)

	THE COMPANY		
	Level 1	Level 3	Total
	Rs'000	Rs'000	Rs'000
At January 1, 2014	87,167	264,847	352,014
Additions	-	25,030	25,030
Impairment (ii)	-	(4,900)	(4,900)
At December 31, 2014	**87,167**	**284,977**	**372,144**

(i) Level 1: The market value of the subsidiary Company, The Anglo-Mauritius Assurance Society Limited based on the DEM bid price at December 31, 2014 amounted to Rs 1.7bn (2013: Rs 1.3bn).

(ii) At December 31, 2014 the Company impaired its investment in its subsidiary, Brugassur (Madagascar) SA, based on its poor performance.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

7. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(b) The financial statements of the following subsidiaries have been included in the consolidated financial statements. The reporting date used for consolidation purposes is December 31, 2014.

Name	Class of shares held	Stated Capital	Nominal value of investment	Proportion of ownership interest Direct	Proportion of ownership interest Indirect	Other group companies	Proportion of ownership held by non-controlling interests	Place of Business / Country of incorporation	Main Business
2014 & 2013			**Rs'000**	**%**	**%**	**%**	**%**		
· The Anglo-Mauritius Assurance Society Limited	Ordinary	26,322	87,167	76.59%	-	-	23.41%	Mauritius	· Life assurance, pensions, actuarial and investment business
· Swan Group Corporate Services Limited	Ordinary	1,000	500	50.00%	-	50.00%	-	Mauritius	· Provide Secretarial services to the Group
· Swan International Co Ltd	Ordinary	156	80	51.00%	-	49.00%	-	Mauritius	· Reinsurance Brokers and Consultants
· Swan Reinsurance PCC	Core and Cellular	250,000	250,000	100.00%	-	-	-	Mauritius	· Reinsurance of long term and short term business
· Société Brugassur S.A	Ordinary	1,007	-	100.00%	-	-	-	Madagascar	· Insurance agency
· Swan Risk Finance (Pty) Ltd	Ordinary	18,319	9,366	51.00%	-	-	49.00%	South Africa	· Specialising in investing, financial and related activities
· Albatross Courtage (Madagascar) SA	Ordinary	141	-	100.00%	-	-	-	Madagascar	· Insurance broker
· Anglo-Mauritius Financial Solutions Limited (g)	Ordinary	586,876	-	-	-	80.00%	20.00%	Mauritius	· Investment Company
· Manufacturers' Distributing Station Limited (g)	Ordinary	961	-	-	-	99.80%	0.20%	Mauritius	· Investment Company
· Pension Consultants and Administrators Limited (g)	Ordinary	4,100	-	-	-	100.00%	-	Mauritius	· Pension and fund administration
· The Anglo-Mauritius Investment Managers Limited (g)	Ordinary	1,000	-	-	-	80.00%	20.00%	Mauritius	· Fund management and investment
· Anglo-Mauritius Stockbrokers Limited (g)	Ordinary	1,000	-	-	-	80.00%	20.00%	Mauritius	· Stockbroking
· Société de La Croix (g)	Parts	2,500	-	-	-	99.80%	0.20%	Mauritius	· Investment entity
· Société de La Montagne (g)	Parts	45,654	-	-	-	99.80%	0.20%	Mauritius	· Investment entity
· Société de La Rivière (g)	Parts	2,500	-	-	-	99.80%	0.20%	Mauritius	· Investment entity
· Confiance Assurances Ocean Indien SARL (c)	Ordinary	-	-	-	33.15%	-	66.85%	Reunion Island	· Insurance broker
· Swan Group Foundation	Limited by guarantee	1	1	50.00%	-	50.00%	-	Mauritius	· Management of Swan Group CSR fund (not consolidated)
· Tusk (UM) PTY Ltd (d)	Ordinary	2,910	-	-	51.00%	-	49.00%	South Africa	· Underwriting management agency
· Swan Special Risks Company Ltd (e)	Ordinary	25,000	25,000	100.00%	-	-	-	Mauritius	· Underwrite short term and fronting business
· Aprica Investments Co Ltd (e)	Ordinary	30	30	100.00%	-	-	-	Mauritius	· Investment entity
			372,144						

(c) Confiance Assurances Ocean Indien SARL, owned at 65% through Swan International Co Ltd, have been disposed during the year (see note 28).

(d) The Company owns 51% of the above-named company through Swan Reinsurance PCC and was incorporated in August 2013.

(e) These companies have been incorporated during the year.

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

(g) These companies are consolidated in the financial statements of The Anglo-Mauritius Assurance Society Ltd and are disclosed separately as business life assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

7. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(h) Details for subsidiaries are as follows:

	Profit/(loss) allocated to non-controlling interests during the year	Accumulated non-controlling interests as at December 31,
	Rs'000	Rs'000
Name of subsidiary		
2014		
· The Anglo-Mauritius Assurance Society Limited (Group)	**25,757**	**201,207**
· Swan Group Corporate Services Limited	**60**	**998**
· Swan International Co Ltd (Group)	**319**	**37,565**
· Swan Risk Finance (Pty) Ltd	**(3,925)**	**2,526**
· Tusk (UM) PTY Ltd	**(2,091)**	**(3,354)**
	20,120	**238,942**
2013		
· The Anglo-Mauritius Assurance Society Limited (Group)	25,757	160,295
· Swan Group Corporate Services Limited	73	938
· Swan International Co Ltd (Group)	9,723	27,990
· Swan Risk Finance (Pty) Ltd	(3,078)	5,824
· Tusk (UM) PTY Ltd	(3,151)	(1,465)
	29,324	193,582

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

7. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(i) Summarised financial information on subsidiaries

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

Name	Current assets	Non current assets	Current liabilities	Non current liabilities	Life Business Assets	Life Assurance Fund	Gross premium/ revenue	Profit/ (loss) after tax	Other comprehensive income for the year	Total comprehensive income for the year	Dividend paid to non controlling interests
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2014											
The Anglo-Mauritius Assurance Society Limited (Group)	-	-	-	-	31,277,648	30,906,657	2,598,749	110,026	112,748	223,562	34,757
Swan International Ltd	13,043	67,148	3,529	-	-	-	-	651	2,412	3,063	2,170
Swan Group Corporate Services Ltd	3,671	95	1,772	-	-	-	883	120	-	120	-
Swan Reinsurance PCC	33,855	194,102	1,948	11,322	-	-	1,546	(9,018)	5,863	(3,155)	-
Brugassur (Madagascar) SA	9,092	879	11,867	-	-	-	3,199	(1,267)	(1,086)	(2,353)	-
Swan Risk Finance (PTY) Ltd	16,421	78,231	67,613	20,373	-	-	29,687	(8,010)	1,280	(6,730)	-
Albatross Courtage (Madagascar) SA	96	987	1,022	987	-	-	-	(348)	(214)	(562)	-
Tusk (UM) PTY Ltd	1,758	270	3,202	5,671	-	-	-	(4,268)	412	(3,856)	-
Aprica Investments Co Ltd	204	66	9,291	-	-	-	9,268	(8,840)	(211)	(9,051)	-
Swan Special Risks Company Ltd	25,000	-	640	-	-	-	-	(640)	-	(640)	-
2013											
The Anglo-Mauritius Assurance Society Limited (Group)	-	-	-	-	28,669,335	28,425,609	2,541,153	110,026	-	110,026	33,757
Swan International Ltd	15,730	70,507	13,188	5,266	-	-	957	23,466	(2,819)	20,647	-
Swan Group Corporate Services Ltd	3,642	126	1,894	-	-	-	1,063	145	-	145	-
Swan Reinsurance PCC	164,436	71,023	20,337	-	-	-	128	(18,660)	(7,383)	(26,043)	-
Brugassur (Madagascar) SA	9,819	1,230	11,737	-	-	-	3,396	(1,083)	1,697	614	-
Swan Risk Finance (PTY) Ltd	43,885	38,177	62,183	6,482	-	-	22,469	(6,281)	152	(6,129)	-
Albatross Courtage (Madagascar) SA	154	987	518	987	-	-	-	-	-	-	-
Tusk (UM) PTY Ltd	1,713	355	374	4,683	-	-	-	(6,431)	532	(5,899)	-

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

7. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(ii) Summarised Cash flow information

Name	Operating activities	Investing activities	Financing activities	Net (decrease)/ increase in cash and cash equivalents
	Rs'000	Rs'000	Rs'000	Rs'000
2014				
The Anglo-Mauritius Assurance Society Limited	**1,606,789**	**(2,500,690)**	**(118,026)**	**(1,011,927)**
Swan International Ltd	**822**	**10,349**	**(4,429)**	**6,742**
Swan Group Corporate Services Ltd	**232**	-	-	**232**
Swan Reinsurance PCC	**(15,787)**	**(99,760)**	-	**(115,547)**
Brugassur (Madagascar)SA	**2,195**	**(43)**	-	**2,152**
Swan Risk Finance (PTY) Ltd	**(18,585)**	**(170)**	**14,223**	**(4,532)**
Albatross Courtage (Madagascar) SA	**98**	-	-	**98**
Tusk (UM) PTY Ltd	**(1,822)**	-	**1,508**	**(314)**
Aprica Investments Co Ltd	**404**	**(96)**	-	**308**
Swan Special Risks Company Ltd	-	-	-	-
2013				
The Anglo-Mauritius Assurance Society Limited	1,777,779	(1,920,940)	(86,619)	(229,780)
Swan International Ltd	(5,027)	-	9,160	4,133
Swan Group Corporate Services Ltd	1,148	-	-	1,148
Swan Reinsurance PCC	(9,671)	(95,480)	-	(105,151)
Brugassur (Madagascar)SA	1,420	(1,170)	-	250
Swan Risk Finance (PTY) Ltd	(19,600)	(2,296)	22,269	373
Albatross Courtage (Madagascar) SA	-	-	-	-
Tusk (UM) PTY Ltd	(7,461)	(355)	7,593	(223)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

8. INVESTMENT IN ASSOCIATED COMPANIES

(a) Group's share of net assets in associated company

	THE GROUP	
	2014	2013
	Rs '000	Rs '000
At January 1	**67,112**	60,381
Share of results of associated company	**5,544**	13,901
Dividends	**(6,323)**	(5,477)
Exchange difference	**815**	(1,693)
At December 31,	**67,148**	67,112

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

Name	Year end	Principal place of business/ country of incorporation	Proportion of ownership interest and voting rights (indirect)	Nature of business
2014/2013				
State Assurance Co. Ltd (SACL)	Dec 31	Seychelles	18.13%	Insurance activities

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

(ii) State Assurance Co. Ltd (SACL) is a public company, listed on the Seychelles Stock Exchange. The market price at December 31, 2014 is Rs 115 and the market value is Rs 42m.

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

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

Name	Current assets	Non-current assets	Life business assets	Technical provision	Current liabilities	Non-current liabilities	Revenue	Profit after tax	Dividend received during the year
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2014									
State Assurance Co. Ltd (SACL)	**487,909**	**126,713**	**1,020,749**	**161,853**	**69,165**	**1,033,984**	**392,776**	**30,579**	**6,323**
2013									
State Assurance Co. Ltd (SACL)	342,251	211,849	963,019	127,430	56,778	962,739	365,159	76,674	5,477

(d) Reconciliation of summarised financial information

Name	Opening net assets January 1,	Profit/(loss) for the year	Other comprehensive income for the year	Dividend	Closing net assets	Ownership interest	Interest in associates	Goodwill	Carrying value
2014	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	%	Rs'000	Rs'000	Rs'000
State Assurance Co. Ltd (SACL)	**370,171**	**30,579**	**4,495**	**(34,876)**	**370,369**	**18.13%**	**67,148**	-	**67,148**
2013									
State Assurance Co. Ltd (SACL)	333,045	76,674	(9,338)	(30,210)	370,171	18.13%	67,112	-	67,112

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

9. INVESTMENT IN JOINT VENTURE

(a) Group's share of net assets in joint venture

	THE GROUP	
	2014	2013
	Rs'000	Rs'000
At January 1,	821	548
Share of profit	318	273
At December 31,	1,139	821

(b) The Company

	THE COMPANY	
	2014	2013
	Rs '000	Rs '000
Investment at cost	500	500

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

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

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

(d) Summarised Financial information

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

The summarised statement of financial position is as follows:

	2014	2013
	Rs '000	Rs '000
Current assets	4,329	4,449
Current liabilities	(2,051)	(2,807)
	2,278	1,642

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

	2014	2013
	Rs '000	Rs '000
Profit and total comprehensive income for the year	636	546

(e) Reconciliation of summarised financial information

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

	2014	2013
	Rs '000	Rs '000
Opening net assets of the joint venture at January 1,	1,642	1,096
Profit for the year	636	546
Closing net assets	2,278	1,642
Carrying amount of the Group's interest in the joint venture (50%)	1,139	821

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

10. INVESTMENTS IN FINANCIAL ASSETS

		THE GROUP				THE COMPANY			
		2014			2013	2014			2013
		Held-to-maturity	Available-for-sale	Total	Total	Held-to-maturity	Available-for-sale	Total	Total
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(a)	Local Securities								
	At January 1,	364,748	277,519	642,267	608,938	330,360	273,083	603,443	608,938
	Additions	168,675	369,471	538,146	191,880	162,035	303,914	465,949	153,085
	Increase in fair value	-	34,385	34,385	49,545	-	37,450	37,450	49,516
	Disposals	-	(10,668)	(10,668)	(21,364)	-	(10,556)	(10,556)	(21,364)
	Matured	(237,243)	-	(237,243)	(186,931)	(227,243)	-	(227,243)	(186,931)
	Accrued interest	(896)	-	(896)	199	(948)	-	(948)	199
	At December 31,	295,284	670,707	965,991	642,267	264,204	603,891	868,095	603,443
(b)	Foreign Securities								
	At January 1,	-	459,629	459,629	365,828	-	457,432	457,432	397,561
	Additions	-	171,117	171,117	35,774	-	114,307	114,307	5,115
	Increase in fair value	-	33,017	33,017	61,956	-	26,599	26,599	66,476
	Disposals	-	(60,204)	(60,204)	(3,929)	-	(50,781)	(50,781)	(3,929)
	Impairment losses (h)	-	-	-	-	-	-	-	(7,791)
	At December 31,	-	603,559	603,559	459,629	-	547,557	547,557	457,432
	Total	295,284	1,274,266	1,569,550	1,101,896	264,204	1,151,448	1,415,652	1,060,875

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

10. INVESTMENTS IN FINANCIAL ASSETS (CONT'D)

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
Analysed as follows :	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Non-current	**1,489,564**	949,828	**1,335,666**	918,773
Current	**79,986**	152,068	**79,986**	142,102
	1,569,550	1,101,896	**1,415,652**	1,060,875

	THE GROUP				THE COMPANY			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
At December 31, 2014	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Available-for-sale	**1,267,475**	**2,704**	**4,087**	**1,274,266**	**1,109,835**	**2,704**	**38,909**	**1,151,448**
At December 31, 2013								
Available-for-sale	731,893	2,736	2,519	737,148	691,425	2,736	36,354	730,515

(c) Held-to-maturity investments comprise of Mauritius Government Securities, Listed and unquoted Debenture Stocks, Treasury Bills and deposits with interest rates varying from 2.25% to 12% (2013: 2.25% to 12.25%).

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

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

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

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

(h) Loan to Subsidiary, Swan International Co. Ltd, amounting to Rs.7.8m was impaired in 2013.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

11. LOANS AND RECEIVABLES

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	**149,205**	131,535	**149,522**	143,167
Mortgage loans granted	**17,254**	30,906	**17,254**	30,906
Other loans	**2,321**	10,650	**911**	10,650
Mortgage loans recovered	**(12,112)**	(12,968)	**(12,112)**	(12,919)
Transfer	-	(10,918)	-	(10,918)
Impairment losses (h)	-	-	-	(11,364)
	156,668	149,205	**155,575**	149,522
Finance lease receivables (a)	**57,133**	30,854	-	-
At December 31,	**213,801**	180,059	**155,575**	149,522
Analysed as follows:				
Non-current	**199,356**	169,643	**149,384**	143,156
Current	**14,445**	10,416	**6,191**	6,366
	213,801	180,059	**155,575**	149,522

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

The Company entered into finance leasing arrangements for office equipment. The average lease terms is 5 years and the average effective lending rate was between prime and prime + 8%. (2013: Prime + 8%)

	2014	2013
	Rs'000	Rs'000
Gross investment in finance leases:		
Not later than 1 year	**28,141**	16,239
Later than 1 year and not later than 5 years	**80,119**	48,171
	108,260	64,410
Unearned future finance income on finance leases	**(51,127)**	(33,556)
Net investment in finance leases	**57,133**	30,854
The net investment in finance leases may be analysed as follows:		
Not later than 1 year	**8,254**	4,050
Later than 1 year and not later than 5 years	**48,879**	26,804
	57,133	30,854

(b) The rates of interest on the above loans vary between 7% and 9.50% for 2014 (2013: 6% and 11.75%).

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

(d) At December 31, 2014 and 2013, the loans and receivables are fully secured.

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

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

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

(h) Loan to Subsidiary, Swan International Co. Ltd, amounting to Rs.11.3m, was impaired in 2013.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

12. DEFERRED TAX ASSETS

(a) Deferred taxes are calculated on all temporary differences under the liability method at 15% (2013: 15%).

The movement on deferred tax account is as follows:

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	Rs'000	Rs'000	Rs'000	Rs'000
- At January 1, (2013: restated)	**16,965**	13,576	**17,277**	13,266
Charged to profit or loss (note 21)	**(3,000)**	(1,088)	**(1,984)**	(1,088)
Other comprehensive income (note 16)	**(202)**	5,099	**(202)**	5,099
Other adjustment	-	(622)	-	-
At December 31,	**13,763**	16,965	**15,091**	17,277

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

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

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	Rs'000	Rs'000	Rs'000	Rs'000
Deferred tax assets	**15,091**	18,412	**16,904**	18,412
Deferred tax liabilities	**(1,328)**	(1,447)	**(1,813)**	(1,135)
Net Deferred tax		16,965	**15,091**	17,277

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

	THE GROUP					
	At January 1, 2014	Credited/ (charged) to profit or loss	Charged to other comprehensive income	At December 31, 2014	Deferred tax assets	Deferred tax liabilities
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Deferred tax assets						
Retirement benefit obligations	16,860	(1,064)	(202)	**15,594**	**15,594**	-
Accelerated tax depreciation	1,552	(242)	-	**1,310**	**1,310**	-
Assessed losses and provisions	-	3,115	-	**3,115**	-	**3,115**
	18,412	1,809	(202)	**20,019**	**16,904**	**3,115**
Deferred tax liabilities						
Unrealised exchange gain	(1,135)	(678)	-	**(1,813)**	**(1,813)**	-
Finance lease (debtors)	(312)	(4,131)	-	**(4,443)**	-	**(4,443)**
	(1,447)	(4,809)	-	**(6,256)**	**(1,813)**	**(4,443)**
Net deferred tax assets/(liabilities)					15,091	(1,328)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

12. DEFERRED TAX ASSETS (CONT'D)

	THE COMPANY				
	At January 1, 2014 Rs'000	Credited/ (charged) to profit or loss Rs'000	(Charged) to other comprehensive income Rs'000	At December 31, 2014 Rs'000	Deferred tax assets Rs'000
Deferred tax assets					
Retirement benefit obligations	16,862	(1,064)	(202)	**15,596**	**15,596**
Accelerated tax depreciation	1,550	(242)	-	**1,308**	**1,308**
	18,412	(1,306)	(202)	**16,904**	**16,904**
Deferred tax liabilities					
Unrealised exchange gain	(1,135)	(678)	-	**(1,813)**	**(1,813)**
	(1,135)	(678)	-	**(1,813)**	**(1,813)**
Net deferred tax assets					**15,091**

13. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2014 Rs'000	2013 Rs'000	2014 Rs'000	2013 Rs'000
Due from contract holders	**440,215**	465,828	**440,215**	465,828
Due from brokers and agents	**397,349**	290,853	**397,349**	290,853
Less provision for impairment (b)	**(52,897)**	(40,000)	**(52,897)**	(40,000)
	784,667	**716,681**	**784,667**	**716,681**
Due from reinsurers				
- share of outstanding claims (note 22)	**505,222**	494,739	**505,222**	494,739
- share of unearned premiums (note 22)	**409,782**	399,340	**409,782**	399,340
- commission and other receivables	**97,983**	86,007	**97,983**	86,007
- Incurred but not reported (note 22)	**11,896**	11,896	**11,896**	11,896
Receivable from subsidiaries	**-**	-	**9,364**	20,272
Prepayments	**9,574**	13,393	**9,574**	13,393
Other receivables	**164,809**	170,248	**154,222**	122,064
	1,983,933	1,892,304	**1,982,710**	1,864,392
Share of Group's and non-controlling interests in Life Business Assets (note 14)	**370,991**	243,726	-	-
	2,354,924	2,136,030	**1,982,710**	1,864,392

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

13. TRADE AND OTHER RECEIVABLES (CONT'D)

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

	THE GROUP AND THE COMPANY	
	2014	2013
	Rs'000	Rs'000
At January 1,	40,000	24,930
Charged for the year	14,300	15,375
Receivable written off	-	10,161
Amount reversed	(1,403)	(10,466)
At December 31,	52,897	40,000

The other classes within trade and other receivables do not include impaired assets.

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

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

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

14. LIFE BUSINESS ASSETS

	THE GROUP	
	2014	2013
	Rs'000	Rs'000
Life Business Assets comprise of the following items:		
Non-current assets	244,310	246,410
Property and equipment	577,872	584,267
Investment properties	125,469	131,891
Intangible assets	39,283	39,892
Investments in associated companies	22,642,522	19,805,540
Investments in financial assets	4,687,974	4,578,161
Loans and receivables	58	-
Deferred tax assets	28,317,488	25,386,161
Current assets	514,002	323,730
Trade and other receivables	2,007,904	1,403,359
Investments in financial assets	380,244	383,169
Loans and receivables	544,292	1,438,166
Short term deposits	305,147	411,835
Cash and cash equivalents	3,751,589	3,960,259

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

14. LIFE BUSINESS ASSETS (CONT'D)

	THE GROUP	
	2014	2013
	Rs'000	Rs'000
Current liabilities		
Trade and other payables	**442,253**	377,539
Dividend payable	**110,026**	110,026
Current tax liabilities	**19,038**	15,594
	571,317	503,159
Non current liabilities		
Gross Outstanding claims	**72,298**	41,443
Retirement benefit obligations	**147,814**	132,414
Deferred tax liabilities	**-**	69
	220,112	173,926
	31,277,648	28,669,335
Less Share of Group's and non-controlling-interest's (note 13)	**(370,991)**	(243,726)
Policyholders' share - Life Assurance Fund	**30,906,657**	28,425,609

15. SHARE CAPITAL

	THE GROUP AND THE COMPANY	
	2014	2013
	Rs'000	Rs'000
At January 1 & December 31,	**41,379**	41,379

The total authorised number of ordinary shares is 9,600,000 (2013: 9,600,000 shares) with a par value of Rs.5 per share (2013: Rs.5 per share). The number of shares issued is 8,275,769 (2013: 8,275,769 shares) and are fully paid.

16. OTHER COMPREHENSIVE INCOME

	THE GROUP					
	Fair value reserve	Other reserve	Proprietors' fund	Non controlling interests	Actuarial gains /(losses)	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2014						
- Change in value of available-for-sale financial assets	**67,402**	**-**	-	-	-	**67,402**
- Release on disposal of available-for-sale financial assets	**(1,815)**	**-**	-	-	-	**(1,815)**
- Movement for the year	**-**	**6,434**	**86,353**	**28,406**	**1,345**	**122,538**
- Tax effect - Deferred tax (note 12)	-	-	-	-	**(202)**	**(202)**
	65,587	**6,434**	**86,353**	**28,406**	**1,143**	**187,923**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

16. OTHER COMPREHENSIVE INCOME (CONT'D)

	THE GROUP					
	Fair value reserve	Other reserve	Proprietors' fund	Non controlling interests	Actuarial gains /(losses)	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2013						
- Change in value of available-for-sale financial assets	111,501	-	-	-	-	111,501
- Release on disposal of available-for-sale financial assets	(20,079)	-	-	-	-	(20,079)
- Movement for the year	-	(2,171)	(49,098)	(16,332)	(33,998)	(101,599)
- Tax effect - Deferred tax (note 12)	-	-	-	-	5,099	5,099
	91,422	(2,171)	(49,098)	(16,332)	(28,899)	(5,078)

Fair value reserve

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

Other reserve

The translation reserve comprises all foreign currency differences arising from the restranslation of the financial statements of foreign operations.

Proprietors' fund

Proprietors' fund is the reserves of the proprietors of The Anglo Mauritius Assurance Society Ltd, a subsidiary of the Company.

Actuarial gains/(losses)

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

	THE COMPANY		
	Fair Value Reserve	Actuarial gains/ (losses)	Total
	Rs'000	Rs'000	Rs'000
2014			
- Change in value of available-for-sale financial assets	**64,049**	-	**64,049**
- Release on disposal of available-for-sale financial assets	**(1,182)**	-	**(1,182)**
- Remeasurement of defined benefit obligations	-	**1,345**	**1,345**
- Tax effect - Deferred tax (note 12)	-	**(202)**	**(202)**
	62,867	**1,143**	**64,010**
2013			
- Change in value of available-for-sale financial assets	115,992	-	115,992
- Release on disposal of available-for-sale financial assets	(20,079)	-	(20,079)
- Remeasurement of defined benefit obligations	-	(33,998)	(33,998)
- Tax effect - Deferred tax (note 12)	-	5,099	5,099
	95,913	(28,899)	67,014

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

17. NON-CONTROLLING INTERESTS

	THE GROUP	
	2014	2013
	Rs'000	Rs'000
At January 1,	193,582	202,983
Issue of share capital	-	1,426
Share of profit (page 5)	20,120	29,324
Share of dividend	(36,927)	(33,757)
Movement in other comprehensive income	28,406	(16,332)
Other movement	23,517	9,938
Disposal of subsidiary (note 28)	10,244	-
	238,942	193,582

18. BORROWINGS

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	Rs'000	Rs'000	Rs'000	Rs'000
Non-current				
Loan from related parties (a)	13,625	11,748	-	-
Debentures (b)	15,532	-	-	-
Finance lease liabilities (c)	327	985	327	985
	29,484	12,733	327	985
Current				
Loan from related parties (d)	147,753	-	141,005	-
Other loan	520	-	-	-
Debentures (b)	22,327	33,442	-	-
Finance lease liabilities (c)	325	423	325	423
	170,925	33,865	141,330	423
Total Borrowings	200,409	46,598	141,657	1,408

(a) The loans from related parties are unsecured, bears 14% interest rate with repayment terms varying between 0 to 2 years.

(b) The debentures were issued by the subsidiary Swan Risk Finance (Pty) Ltd and bear interest at a fixed rate of 12% per annum. The debentures are repayable in 2015 and 2016 and are secured by cession and pledged of all amounts due under rental agreement.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

18. BORROWINGS (CONT'D)

		THE GROUP AND THE COMPANY	
		2014 Rs'000	2013 Rs'000
(c)	Finance lease liabilities - minimum lease payment:		
	Not later than 1 year	**366**	545
	Later than one year and not later than two years	**388**	1,082
		754	1,627
	Future finance charges on finance leases	**(102)**	(219)
	Present value of finance lease liabilities	**652**	1,408
	The present value of finance lease liabilities may be analysed as follows:		
	Not later than 1 year	**325**	423
	Later than one year and not later than two years	**327**	985
		652	1,408

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

19. RETIREMENT BENEFIT OBLIGATIONS

	THE GROUP		THE COMPANY	
	2014 Rs'000	2013 Rs'000	2014 Rs'000	2013 Rs'000
Amounts recognised in the statements of financial position:				
Pension benefits (a)(ii)	**103,967**	112,406	**103,967**	112,406
Analysed as follows:				
Non-current liabilities	**103,967**	112,406	**103,967**	112,406
Income statements				
- Pension benefits (a)(v)	**15,307**	12,938	**15,307**	12,938
Other comprehensive income				
- Pension benefits (a)(vi)	**(1,345)**	33,998	**(1,345)**	33,998

(a) **Defined pension benefits**

(i) The Group/Company contributes to a defined benefit pension. The plan is a defined benefit arrangement, with benefits based on salary. It provides for a pension at retirement and a benefit on death or disablement in service before retirement.

The Group/Company contributes to a defined benefit plan, the assets of which are held independently and administered by The Anglo-Mauritius Assurance Society Limited. The present value of the defined benefit obligations, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	Rs'000	**Rs'000**	Rs'000
Present value of funded obligations	**176,186**	167,777	**176,186**	167,777
Fair value of plan assets	**(72,219)**	(55,371)	**(72,219)**	(55,371)
Liability in the statements of financial position	**103,967**	112,406	**103,967**	112,406

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

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	Rs'000	**Rs'000**	Rs'000
- At January 1, 2013 - restated	**112,406**	87,360	**112,406**	87,370
Transfer	-	10	-	-
Charged to profit or loss	**15,307**	12,938	**15,307**	12,938
(Credited)/charged to other comprehensive income	**(1,345)**	33,998	**(1,345)**	33,998
Contributions paid	**(22,401)**	(21,900)	**(22,401)**	(21,900)
Present value of defined obligation at December 31,	**103,967**	112,406	**103,967**	112,406

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

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	Rs'000	**Rs'000**	Rs'000
- At January 1, 2013 - restated	**167,777**	120,278	**167,777**	120,278
Current service cost	**5,636**	4,032	**5,636**	4,032
Interest	**11,834**	10,512	**11,834**	10,512
Actuarial (gains)/losses arising from:				
- financial assumptions	-	35,461	-	35,461
- experience adjustment	**(2,522)**	(2,378)	**(2,522)**	(2,378)
Benefits paid	**(6,539)**	(128)	**(6,539)**	(128)
Present value of defined obligation at December 31,	**176,186**	167,777	**176,186**	167,777

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	Rs'000	Rs'000	Rs'000	Rs'000
- At January 1, 2013 - restated	**55,371**	32,908	**55,371**	32,908
Scheme expenses	**(879)**	(858)	**(879)**	(858)
Cost of insuring risks benefits	**(603)**	(655)	**(603)**	(655)
Expected return on plan assets	**3,645**	3,119	**3,645**	3,119
Actuarial losses	**(1,177)**	(915)	**(1,177)**	(915)
Contributions by employer	**22,400**	21,900	**22,400**	21,900
Benefits paid	**(6,538)**	(128)	**(6,538)**	(128)
Fair value of plan assets at December 31,	**72,219**	55,371	**72,219**	55,371

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

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	Rs'000	Rs'000	Rs'000	Rs'000
Current service cost	**5,636**	4,032	**5,636**	4,032
Scheme expenses	**879**	858	**879**	858
Cost of insuring risks benefits	**603**	655	**603**	655
Service cost	**7,118**	5,545	**7,118**	5,545
Net interest cost	**8,189**	7,393	**8,189**	7,393
Total, included in staff costs (note 25)	**15,307**	12,938	**15,307**	12,938
Actual return on plan assets	**2,468**	2,204	**2,468**	2,204

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

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	Rs'000	Rs'000	Rs'000	Rs'000
Actuarial losses/(gains) recognised during the year	**2,773**	33,998	**2,773**	33,998
Liability experience gain	**(4,118)**	-	**(4,118)**	-
	(1,345)	33,998	**(1,345)**	33,998

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

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

	THE GROUP AND THE COMPANY	
	2014	2013
	%	%
Discount rate	**7.00**	7.00
Expected return on plan assets	**7.00**	7.00
Future salary increases	**6.50**	6.50
NPS ceiling increase	**6.50**	6.50
Post retirement annuity rates	**AMAS Rates + 10%**	AMAS Rates + 10%

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

December 31, 2014

	Increase	Decrease
	Rs'000	Rs'000
Future salary growth rate (1% movement)	-	**15,644**
Future pension growth rate (1% movement)	**8,940**	-

December 31, 2013

	Increase	Decrease
	Rs'000	Rs'000
Future salary growth rate (1% movement)	-	11,530
Future pension growth rate (1% movement)	8,780	-

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

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

(xi) The Group/Company expects to pay Rs. 22m contributions to its post-employment benefit plans for the year ending December 31, 2015.

(xii) The weighted average duration of the defined benefit obligation is 9 years at end of the reporting period (2013: 8 years).

20. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	Rs'000	Rs'000	Rs'000	Rs'000
Reinsurance liabilities	**99,091**	89,765	**99,091**	89,765
Accrued expenses	**20,043**	11,492	**20,043**	11,492
Amount payable to subsidiary companies	**-**	-	**28,453**	3,721
Other payables	**79,227**	93,694	**47,545**	48,787
	198,361	194,951	**195,132**	153,765

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

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

21. INCOME TAX

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	Rs'000	Rs'000	Rs'000	Rs'000
Current tax liabilities				
Balance at January 1,	**13,122**	4,581	**13,085**	3,839
Amount paid during the year	**(13,379)**	(2,764)	**(13,243)**	(2,751)
Current tax on the adjusted profit for the year at 15% (2013:15%)	**31,355**	29,177	**31,222**	29,134
Payment under Advance Payment System (APS)	**(21,974)**	(16,048)	**(21,966)**	(16,048)
Tax deducted at source	**(68)**	-	**(68)**	-
Other movement	**-**	(735)	**-**	-
Under/(over) provision in prior year	**262**	(1,089)	**158**	(1,089)
Balance at December 31,	**9,318**	13,122	**9,188**	13,085
Profit or loss charge				
Current tax on the adjusted profit for the year at 15% (2013:15%)	**31,355**	29,177	**31,222**	29,134
Deferred tax (note 12)	**3,000**	1,088	**1,984**	1,088
Under/(over) provision in prior year	**262**	(1,089)	**158**	(1,089)
	34,617	29,176	**33,364**	29,133

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

21. INCOME TAX (CONT'D)

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

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	Rs'000	Rs'000	Rs'000	Rs'000
Profit before taxation	**296,765**	283,061	**301,652**	265,832
Less share of results of associate and joint venture	**(5,862)**	(14,174)	**-**	-
	290,903	268,887	**301,652**	265,832
Tax calculated at rate of 15% (2013:15%)	**43,635**	40,333	**45,248**	39,875
Income not subject to tax	**(18,606)**	(17,260)	**(18,606)**	(16,845)
Expenses not deductible for tax purposes	**9,326**	7,192	**6,564**	7,192
Under/(over) provision in prior year	**262**	(1,089)	**158**	(1,089)
Tax charge for the year	**34,617**	29,176	**33,364**	29,133

22. INSURANCE LIABILITIES AND REINSURANCE ASSETS

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	Rs'000	Rs'000	Rs'000	Rs'000
Gross				
- Claims reported and loss adjustment expenses	**779,081**	789,274	**767,964**	789,274
- Unearned premiums (page 4/note 30(b))	**821,592**	794,478	**821,592**	794,478
- Claims incurred but not reported IBNR (note 30(a))	**74,390**	54,184	**74,185**	54,184
Total gross insurance liabilities	**1,675,063**	1,637,936	**1,663,741**	1,637,936
Recoverable from reinsurers				
- Claims reported and loss adjustment expenses (note 13)	**505,222**	494,739	**505,222**	494,739
- Unearned premiums (notes 13,30(b))	**409,782**	399,340	**409,782**	399,340
- Claims incurred but not reported IBNR (note 30(a))	**11,896**	11,896	**11,896**	11,896
Total reinsurers' share of insurance liabilities	**926,900**	905,975	**926,900**	905,975
Net				
- Claims reported and loss adjustment expenses (notes 3.1 (iv), 30(a))	**273,859**	294,535	**262,742**	294,535
- Unearned premiums (note 30(b))	**411,810**	395,138	**411,810**	395,138
- Claims incurred but not reported IBNR (note 30(a))	**62,494**	42,288	**62,289**	42,288
	748,163	731,961	**736,841**	731,961
Total net insurance liabilities	**748,163**	731,961	**736,841**	731,961

23. INVESTMENT INCOME

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	Rs'000	Rs'000	Rs'000	Rs'000
Interest income	**41,860**	43,911	**39,373**	40,639
Dividend income	**122,916**	116,588	**99,119**	92,498
	164,776	160,499	**138,492**	133,137
Total Investment income:				
Non-controlling interests - dividend income	**25,757**	25,647	**-**	-
Interest and investment income	**139,019**	134,852	**138,492**	133,137
	164,776	160,499	**138,492**	133,137

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

24. OTHER INCOME

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	Rs'000	Rs'000	Rs'000	Rs'000
Profit on disposal of available-for-sale financial assets	**3,833**	1,032	**3,813**	1,032
Reclassification adjustment from fair value reserve	**1,815**	20,079	**1,182**	20,079
Profit/(loss) on disposal of property and equipment	**590**	(70)	**590**	(70)
Sale of rights issue	**17,406**	-	**17,406**	-
Lease and rental income	**29,687**	21,300	**-**	-
Others	**16,473**	15,159	**12,794**	14,221
	69,804	57,500	**35,785**	35,262
Rent	**1,017**	970	**1,347**	1,300
Net foreign exchange gains/(losses)	**(1,463)**	(1,427)	**(1,463)**	(1,427)
	(446)	(457)	**(116)**	(127)
Total	**69,358**	57,043	**35,669**	35,135

25. MARKETING AND ADMINISTRATIVE EXPENSES

(a) Marketing and administrative expenses include:

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	Rs'000	Rs'000	Rs'000	Rs'000
- Contributions in respect of Corporate Social Responsibility	**3,920**	2,863	**3,914**	2,861
- Internal auditors' fees	**1,121**	891	**1,121**	891
- Staff costs (b)	**245,585**	222,704	**227,998**	203,267
- Management fees	**-**	-	**9,300**	-
Impairment:				
- Investment in subsidiary companies (note 7)	**-**	-	**4,900**	-
- Investment of financial assets (note 10)	**-**	-	**-**	7,791
- Loans and receivables (note 11)	**-**	-	**-**	11,364
- Trade receivables (note 13)	**12,897**	15,070	**12,897**	15,070
- Goodwill (note 6)	**5,805**	-	**-**	-
- Loss on disposal of subsidiary (note 28)	**1,036**	-	**-**	-
Write back:				-
- Borrowings	**-**	(18,103)	**-**	-
- Deferred liabilities	**-**	(8,050)	**-**	-
- Goodwill (note 6)	**-**	25,251	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

25. MARKETING AND ADMINISTRATIVE EXPENSES (CONT'D)

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	Rs'000	Rs'000	Rs'000	Rs'000
(b) Analysis of staff costs				
- Salaries and wages	229,305	207,895	211,758	188,552
- Retirement benefit obligation costs (note 19(v))	15,307	12,938	15,307	12,938
- Other costs	973	1,871	933	1,777
	245,585	222,704	227,998	203,267

26. DIVIDEND PAYABLE

	THE COMPANY	
	2014	2013
Declared and payable	Rs'000	Rs'000
Final dividend of Rs 12.00 payable per ordinary share (2013: Rs 10.90).	99,309	90,206

27. EARNINGS PER SHARE

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
Earnings per share				
Profit attributable to equity holders of the Company (Rs'000)	242,028	224,561	268,288	236,699
Number of shares in issue	8,275,769	8,275,769	8,275,769	8,275,769
Earnings per share (Rs/cs)	29.25	27.13	32.42	28.60

28. DISPOSAL OF SUBSIDIARY

(a) On August 07, 2014, the Group disposed of its shareholding in Confiance Assurances Ocean Indien (CAOI).

	2014
	Rs'000
Consideration received	
Total consideration received in cash and cash equivalents	2,556

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

28. DISPOSAL OF SUBSIDIARY (CONT'D)

Analysis of asset and liabilities over which control was lost:

	2014 Rs'000
Non-current assets	
Property and equipment	3,395
Current assets	
Trade and other receivables	7,591
Non-current liability	
Borrowings	(5,266)
Current liabilities	
Trade and other payables	(11,976)
Bank overdraft	(1,434)
Minority interest	10,244
Net assets disposed of	2,554
Goodwill	-
	2,554

(b) Loss on disposal of subsidiary

	2014 Rs'000
Consideration received	2,556
Net assets disposed of	(2,554)
Cumulative exchange difference in respect of the net assets of the subsidiary	(1,038)
Loss on disposal	(1,036)

(c) Net cash inflows on disposal of subsidiary

	2014 Rs'000
Consideration on disposal of subsidiaries	2,556
Add bank overdraft disposed of	1,434
Total consideration received	3,990

(d) There has been no operating and cash flow movement in 2014.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

29. NOTES TO THE STATEMENTS OF CASH FLOWS

(a) Cash generated from operations

	Notes	THE GROUP 2014 Rs'000	THE GROUP 2013 Rs'000	THE COMPANY 2014 Rs'000	THE COMPANY 2013 Rs'000
Profit before taxation		**296,765**	283,061	**301,652**	265,832
Adjustments for:					
Depreciation	5	**11,586**	10,824	**10,077**	9,436
Amortisation	6	**8,512**	3,742	**1,276**	3,737
Foreign exchange losses	24	**1,463**	1,427	**1,463**	1,427
(Profit)/loss on sale of property and equipment	24	**(590)**	70	**(590)**	70
Release from fair value reserve on disposal of financial assets	24	**(1,815)**	(20,079)	**(1,182)**	(20,079)
Profit on disposal of financial assets	24	**(3,833)**	(1,032)	**(3,813)**	(1,032)
Investment income	23	**(139,019)**	(134,852)	**(138,492)**	(133,137)
Loss on disposal of subsidiary	28	**1,036**	-	**-**	-
Retirement benefit obligations	19(ii)	**(7,094)**	(8,962)	**(7,094)**	(8,962)
Change in gross unearned premiums	22/30(b)	**27,114**	22,607	**27,114**	22,607
Write back of deferred liabilities	25	**-**	(8,050)	**-**	-
Impairment of goodwill	6	**5,805**	25,251	**-**	-
Impairment of investment in subsidiary companies	7(a)	**-**	-	**4,900**	-
Impairment of investment in financial assets	10	**-**	-	**-**	7,791
Impairment of other receivables		**-**	-	**607**	-
Impairment of loans and receivables	11	**-**	-	**-**	11,364
Impairment of trade receivables	13	**12,897**	15,070	**12,897**	15,070
Share of profit of associated company and joint venture	8/9	**(5,862)**	(14,174)	**-**	-
Changes in working capital:					
- Trade and other receivables		**(109,192)**	(318,028)	**(128,857)**	(319,227)
- Trade and other payables		**25,386**	4,379	**16,337**	(9,051)
- Outstanding claims		**10,013**	127,793	**(1,309)**	127,793
- Finance lease receivables (note 11)		**(26,279)**	(30,854)	**-**	-
Cash generated from/(absorbed in) operating activities		**106,893**	(41,807)	**94,986**	(26,361)

(b) Cash and cash equivalents

	THE GROUP 2014 Rs'000	THE GROUP 2013 Rs'000	THE COMPANY 2014 Rs'000	THE COMPANY 2013 Rs'000
Short term deposits	**50,068**	26,948	**50,068**	105,551
Bank balances and cash	**77,413**	260,807	**22,367**	26,948
Cash and cash equivalents	**127,481**	287,755	**72,435**	132,499

The interest rates on short-term local deposits ranges from 2.0% to 8.5% (2013: average of 2.25% to 8%).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

30. MOVEMENTS IN INSURANCE LIABILITIES AND REINSURANCE ASSETS

(i)

(a) Outstanding claims

	THE GROUP					
	2014			2013		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,						
Notified claims	**789,274**	**(494,739)**	**294,535**	683,811	(421,992)	261,819
Increase in liabilities	**965,904**	**(497,148)**	**468,756**	1,338,875	(789,139)	549,736
Cash paid for claims settled in the year (Page 59)	**(976,097)**	**486,665**	**(489,432)**	(1,233,412)	716,392	(517,020)
	779,081	**(505,222)**	**273,859**	789,274	(494,739)	294,535
Incurred but not reported (IBNR) (note 22)	**74,390**	**(11,896)**	**62,494**	54,184	(11,896)	42,288
At December 31,	**853,471**	**(517,118)**	**336,353**	843,458	(506,635)	336,823

	THE COMPANY					
	2014			2013		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,						
Notified claims	**789,274**	**(494,739)**	**294,535**	683,811	(421,992)	261,819
Increase in liabilities	**954,787**	**(497,148)**	**457,639**	1,338,875	(789,139)	549,736
Cash paid for claims settled in the year (Page 59)	**(976,097)**	**486,665**	**(489,432)**	(1,233,412)	716,392	(517,020)
	767,964	**(505,222)**	**262,742**	789,274	(494,739)	294,535
Incurred but not reported (IBNR) (note 22)	**74,185**	**(11,896)**	**62,289**	54,184	(11,896)	42,288
At December 31,	**842,149**	**(517,118)**	**325,031**	843,458	(506,635)	336,823

(b) Provision for unearned premiums

	THE GROUP AND THE COMPANY					
	2014			2013		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	**794,478**	**(399,340)**	**395,138**	771,871	(376,845)	395,026
Increase during the year	**27,114**	**(10,442)**	**16,672**	22,607	(22,495)	112
At December 31,(note 22)	**821,592**	**(409,782)**	**411,810**	794,478	(399,340)	395,138

31. FINANCIAL COMMITMENTS

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	Rs'000	Rs'000	Rs'000	Rs'000
Outstanding commitments for the following:-				
Loans to be granted	**195,094**	116,900	**-**	-
Investments in freehold properties	**24,700**	41,500	**-**	-
Operating lease agreement	**8,029**	13,321	**8,029**	13,321
	227,823	171,721	**8,029**	13,321

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

32. SEGMENT INFORMATION - THE GROUP

(a) Operating segment

		General		2014
	Life	Casualty	Property	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross premiums	2,598,749	1,470,777	621,903	4,691,429
Net earned premiums	2,444,064	767,488	164,848	3,376,400
Underwriting surplus	-	338,006	147,910	485,916
Investment income				164,776
Operating profit				650,692
Other income				69,358
				720,050
Marketing and Administrative expenses				(409,049)
Share of profit of associated company and joint venture				5,862
Depreciation				(11,586)
Amortisation				(8,512)
Profit before taxation				296,765
Taxation				(34,617)
Profit for the year				262,148

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

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

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

- Life: long term insurance undertaken by The Anglo-Mauritius Assurance Society Limited.
- General: short term insurance undertaken by Swan Insurance Company Limited and Swan Reinsurance PCC.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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

(a) Operating segment

		General		2013
	Life	Casualty	Property	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross premiums	2,541,153	1,454,440	622,655	4,618,248
Net earned premiums	2,363,115	793,839	157,723	3,314,677
Underwriting surplus	-	321,054	130,153	451,207
Investment income				160,499
Operating profit				611,706
Other income				57,043
				668,749
Marketing and Administrative expenses				(385,296)
Share of profit of associated company and joint venture				14,174
Depreciation				(10,824)
Amortisation				(3,742)
Profit before taxation				283,061
Taxation				(29,176)
Profit for the year				253,885

			General		2013
	Life	Casualty	Property	Unallocated	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Segment assets	28,425,609	1,469,116	281,628	2,188,223	32,364,576
Segment liabilities	(28,425,609)	(1,526,493)	(201,209)	(367,517)	(30,520,828)
Equity holders' interest					1,843,748
Capital expenditure	-	3,676	708	8,658	13,042
Depreciation	-	3,772	723	6,329	10,824
Amortisation	-	1,494	286	1,962	3,742

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

33. HOLDING COMPANY

The Directors regarded Intendance Holding Limited as the Holding Company in 2013. During the year, a 'scheme of arrangement' was approved by the Supreme Court. Pursuant to the scheme, Rogers and Company Ltd (Rogers) and Excelsior United Development Companies Ltd (EUDCOS) no longer hold shares in Intendance but hold shares directly in the Company. At December 31, the shareholding of the Company is as follows:

	2014	2013
	%	%
Intendance Holding Limited	33.48	73.52
Rogers and Company Ltd	28.83	-
Excelsior United Development Companies Ltd	13.07	-
Other shareholders	24.62	26.48
	100.00	100.00

34. RELATED PARTY TRANSACTIONS

	Sale of services	Claims paid	Amount receivable from related parties	Claims Outstanding
(a) THE GROUP	Rs'000	Rs'000	Rs'000	Rs'000
2014				
Shareholders with significant influence	669,569	131,158	23,661	90,112
Key Management Personnel	3,584	2,384	310	105
	673,153	133,542	23,971	90,217
2013				
Shareholders with significant influence	478,136	172,822	61,416	125,414
Key Management Personnel	2,269	721	264	753
	480,405	173,543	61,680	126,167

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

34. RELATED PARTY TRANSACTIONS (CONT'D)

(b) THE COMPANY	Sale of services Rs'000	Investment Income Rs'000	Management fees paid Rs'000	Claims paid Rs'000	Financial assets Rs'000	Loans Rs'000	Short Term loans Rs'000	Claims Outstanding Rs'000	Amount receivable from related parties Rs'000	Amount owed to related parties Rs'000
2014										
Subsidiary companies	**43,035**	**86,467**	**4,881**	**10,683**	**372,144**	**13,988**	**141,005**	**388**	**25,053**	**25,854**
Shareholders with significant influence	**669,569**	**1,750**	**-**	**131,158**	**116,043**	**-**	**-**	**90,112**	**23,661**	**-**
Enterprises on which the Company exerts significant influence	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**640**	**-**
Key Management Personnel	**3,584**	**-**	**-**	**2,384**	**-**	**-**	**-**	**105**	**310**	**-**
	716,188	**88,217**	**4,881**	**144,225**	**488,187**	**13,988**	**141,005**	**90,605**	**49,664**	**25,854**
2013										
Subsidiary companies	27,819	84,266	3,425	9,576	352,014	13,988	-	3,344	20,272	3,721
Shareholders with significant influence	478,136	2,660	-	172,822	51,477	-	-	125,414	61,416	-
Enterprises on which the Company exerts significant influence	-	-	-	-	-	-	-	-	428	-
Key Management Personnel	2,269	-	-	721	-	-	-	753	264	-
	508,224	86,926	3,425	183,119	403,491	13,988	-	129,511	82,380	3,721

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

(c) Key management personnel compensation

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	Rs'000	**Rs'000**	Rs'000
Salaries and short-term employee benefits	**60,390**	58,250	**32,155**	27,824
Post-employment benefits	**3,528**	2,755	**2,073**	1,516
	63,918	61,005	**34,228**	29,340

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

There are no provisions held against receivables from related parties.

35. EVENTS AFTER REPORTING PERIOD

A Special meeting of Shareholders was held on the March 9th, 2015, whereby a special resolution was approved which resolved that the name of the Company be changed from "Swan Insurance Company Limited" to 'Swan General Ltd". An application will shortly be submitted to the Registrar of Companies to this effect. The effective date of the name change will be the date on which the Registrar of Companies issue the certificate.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

36. FIVE YEAR SUMMARY

	2014	2013	2012	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(a) THE GROUP			Restated	Restated	
STATEMENTS OF PROFIT OR LOSS					
Gross premiums	**4,691,429**	4,618,248	3,967,855	3,344,050	2,920,258
Net earned premiums	**3,376,400**	3,314,677	2,954,153	2,463,299	2,078,735
Underwriting surplus	**485,916**	451,207	400,481	317,980	293,369
Operating profit	**650,692**	611,706	534,094	420,866	393,821
Profit before taxation	**296,765**	283,061	202,913	238,086	229,191
Taxation	**34,617**	29,176	16,657	25,247	25,468
Profit for the year	**262,148**	253,885	186,256	212,839	203,723
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME					
Profit for the year	**262,148**	253,885	186,256	212,839	203,723
Other comprehensive income for the year	**187,923**	(5,078)	28,482	23,912	(43,989)
Total comprehensive income	**450,071**	248,807	214,738	236,751	159,734
Attributable to:					
Owners of the parent	**401,545**	235,815	203,151	221,388	152,538
Non-controlling interest	**48,526**	12,992	11,587	15,363	7,196
	450,071	248,807	214,738	236,751	159,734
STATEMENTS OF FINANCIAL POSITION					
Non-current assets	**1,902,263**	1,352,698	1,174,092	796,170	844,382
Current assets	**2,576,836**	2,586,269	2,417,989	1,455,737	1,132,636
Life Business Assets	**30,906,657**	28,425,609	24,264,878	20,556,819	20,888,758
	35,385,756	32,364,576	27,856,959	22,808,726	22,865,776
Owners' interest	**1,952,402**	1,650,166	1,504,557	1,122,902	1,013,251
Non-controlling interest	**238,942**	193,582	202,983	64,924	50,853
Life Assurance Fund	**30,906,657**	28,425,609	24,264,878	20,556,819	20,888,758
Gross unearned premiums	**821,592**	794,478	771,871	523,488	499,019
Outstanding claims & IBNR	**853,471**	843,458	715,665	323,279	287,818
Non-current liabilities	**134,779**	125,139	102,432	60,779	37,726
Current liabilities	**477,913**	332,144	294,573	156,535	88,351
	35,385,756	32,364,576	27,856,959	22,808,726	22,865,776
Dividends per share (rupees and cents)	**12.00**	10.90	8.50	8.50	7.70
Earnings per share (rupees and cents)	**29.25**	27.13	22.26	27.31	25.66
Net assets value per share (rupees and cents)	**235.91**	199.40	181.80	156.58	141.29
Number of shares used in calculation	**8,275,769**	8,275,769	7,726,575	7,171,346	7,171,346

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

36. FIVE YEAR SUMMARY (CONT'D)

	2014	2013	2012	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(b) THE COMPANY			Restated	Restated	
STATEMENTS OF PROFIT OR LOSS					
Gross premiums	**2,091,134**	2,071,551	1,679,298	1,339,600	1,245,321
Net earned premiums	**930,790**	946,018	788,342	540,420	487,575
Underwriting surplus	**496,015**	445,686	397,536	317,980	293,369
Operating profit	**634,507**	578,823	510,974	404,413	379,165
Profit before taxation	**301,652**	265,832	198,486	221,420	205,475
Taxation	**33,364**	29,133	16,023	25,105	25,452
Profit for the year	**268,288**	236,699	182,463	196,315	180,023
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME					
Profit for the year	**268,288**	236,699	182,463	196,315	180,023
Other comprehensive income for the year	**64,010**	67,014	50,032	(48,334)	42,517
Total comprehensive income	**332,298**	303,713	232,495	147,981	222,540
STATEMENTS OF FINANCIAL POSITION					
Non-current assets	**1,971,198**	1,529,984	1,435,933	845,870	841,253
Current assets	**2,141,322**	2,145,359	1,832,305	1,279,901	1,070,645
	4,112,520	3,675,343	3,268,238	2,125,771	1,911,898
Owners' interest	**1,899,526**	1,666,537	1,453,030	1,064,764	998,700
Gross unearned premiums	**821,592**	794,478	771,871	523,488	499,019
Outstanding claims and IBNR	**842,149**	843,458	715,665	323,279	287,818
Non-current liabilities	**104,294**	113,391	89,569	60,627	37,612
Current liabilities	**444,959**	257,479	238,103	153,613	88,749
	4,112,520	3,675,343	3,268,238	2,125,771	1,911,898
Dividends per share (rupees and cents)	**12.00**	10.90	8.50	8.50	7.70
Earnings per share (rupees and cents)	**32.42**	28.60	23.61	27.37	25.10
Net assets value per share (rupees and cents)	**229.52**	201.38	175.58	148.47	139.26
Number of shares used in calculation	**8,275,769**	8,275,769	7,726,575	7,171,346	7,171,346

OTHER STATUTORY DISCLOSURES
FOR THE YEAR ENDED DECEMBER 31, 2014
(PURSUANT TO SECTION 221 OF THE COMPANIES ACT 2001)

DIRECTORS OF THE COMPANY

Mr. M.E. Cyril MAYER - 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. A. Michel THOMAS - Chief Operations Officer

DIRECTORS OF SUBSIDIARY COMPANIES

The Anglo-Mauritius Assurance Society Limited

Mr. J.M Louis RIVALLAND- Group Chief Executive
Mr. M.E. Cyril MAYER
Mr. M.D. Pierre DINAN, G.O.S.K
Mr. M.M Hector ESPITALIER-NOËL
Mr. M.H Philippe ESPITALIER-NOËL
Mr. M.D. Henri HAREL
Mr. J.M. René LECLÉZIO
Mr. Peroomal Gopallen MOOROOGEN
Mr. Victor C. SEEYAVE

Swan International Co. Ltd.

Mr. M.E. Cyril MAYER
Mr. J.M. Louis RIVALLAND

Manufacturers' Distributing Station Limited

Mr. M.E. Cyril MAYER
Mr. J.M. Louis RIVALLAND
Mr. Gerald E.R. J. LINCOLN

Pension Consultants and Administrators Ltd.

Mr. M.E. Cyril MAYER
Mr. J.M. Louis RIVALLAND
Mr. Peroomal Gopallen MOOROOGEN

OTHER STATUTORY DISCLOSURES

FOR THE YEAR ENDED DECEMBER 31, 2014
(PURSUANT TO SECTION 221 OF THE COMPANIES ACT 2001)

Processure Compagnie Ltée

Mr. Olivier JOLLAND

Mr. Frédéric VACHER

Mr. J.M. Louis RIVALLAND

Mr. J.M. Alan GODER

Swan Reinsurance PCC

Mr. J.M. Louis RIVALLAND

Mr. Frans PRINSLOO

Mr. D.P. A. Maxime REY

Mr. A.C.A. Sattar JACKARIA

Mr. T.K. Philippe LO FAN HIN

Mr. M.D. Pierre DINAN, G.O.S.K

Mr. Victor C. SEEYAVE

Swan Group Corporate Services Limited

Mr. J.M. Louis RIVALLAND

Mr. Jaiyansing SOOBAH

Swan Group Foundation

Mr. M. E. Cyril MAYER

Mr. J. M. Louis RIVALLAND

Anglo Mauritius Investment Managers Limited

Mr. M. E. Cyril MAYER

Mr. Peroomal Gopallen MOOROOGEN

Mr. J. M. Louis RIVALLAND

Anglo Mauritius Stockbrokers Limited

Mr. D.P. A. Maxime REY

Mr. Jaiyansing SOOBAH

Anglo Mauritius Financial Solutions Limited

Mr. J. M. Louis RIVALLAND

Mr. D.P. A. Maxime REY

Mr. Ziyad Abdool Raouf BUNDHUN

Confiance Assurance Océan Indien

Mr. Mohammud Mujtaba MALECK (until 07 August 2014)

Swan Risk Finance (SA) Pty Ltd

Mr. J. M. Louis RIVALLAND

Mr. David MURRAY

Mr. D.P. A. Maxime REY

OTHER STATUTORY DISCLOSURES (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2014
(PURSUANT TO SECTION 221 OF THE COMPANIES ACT 2001)

Brugassur (SA)

Mr. Jaiyansing SOOBAH

Mr. M.G.M Patrice BASTIDE

Albatross Courtage Madagascar

Mr Jaiyansing SOOBAH

Mr. M.G.M Patrice BASTIDE

Tusk Underwriting Managers (Proprietary) Limited

Mr. J.M. Louis RIVALLAND

Mr. Tse Kwong (Philippe) LO FAN HIN

Mr. A. Michel THOMAS

Mr. Siva MOODLEY

Ms. Sangeeta PATEL

Aprica Investment Co Ltd

Mr. J.M. Louis RIVALLAND

Mr. M.G.M Patrice BASTIDE

Mr. Andrew S. LEE

Swan Special Risks Company Ltd

Mr. J.M. Louis RIVALLAND

Mr. D.P. A. Maxime REY

Mr. Tse Kwong (Philippe) LO FAN HIN

Mr. Peroomal Gopallen MOOROOGEN

Mr. M.D. Pierre DINAN, G.O.S.K

Mr. Victor C. SEEYAVE

Mr. A. Michel THOMAS

OTHER STATUTORY DISCLOSURES

YEAR ENDED DECEMBER 31, 2014
(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 Insurance Company Limited

	From the Company		From the Subsidiaries	
	2014	2013	**2014**	2013
Executive Directors	**Rs'000**	Rs'000	**Rs'000**	Rs'000
- Full-time	**14,169**	12,508	**12,106**	10,096
Non-executive Directors	**783**	783	**819**	819
	14,952	13,291	**12,925**	10,915

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

	From the Subsidiaries	
	2014	2013
Executive Directors	**Rs'000**	Rs'000
- Full-time	**-**	-
Non-executive Director	**5**	5
	5	5

DONATIONS

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	Rs'000	**Rs'000**	Rs'000
Political donations	**3,750**	-	**1,875**	-
Charitable donations	**52**	100	**-**	50

AUDITORS' FEES AND FEES FOR OTHER SERVICES

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
Audit fees paid to:	**Rs'000**	Rs'000	**Rs'000**	Rs'000
- BDO & Co	**3,437**	3,675	**1,405**	1,582
- Other firms	**209**	-	**-**	-
	3,646	3,675	**1,405**	1,582
Fees paid for other services to BDO & Co:				
- Review of statutory return	**255**	211	**110**	100
	255	211	**110**	100

CONTRACT OF SIGNIFICANCE

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

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Notice is hereby given that the Annual Meeting of Shareholders (the "Meeting") of Swan General Ltd (the "Company", *previously known as Swan Insurance Company Ltd*) will be held on 24 June 2015 at 9.30 hours on the 6th Floor of Swan Centre, 10, Intendance Street, Port Louis to transact the following business in the manner required for the passing of ORDINARY RESOLUTIONS:

AGENDA

1. To consider the 2014 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 2014.
4. To re-elect as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138(6) of the Companies Act 2001, Mr. Pierre Dinan, G.O.S.K, who offers himself for re-election.
5. To 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.
6. To ratify the remuneration paid to the auditors for the financial year ended 31st December 2014.

BY ORDER OF THE BOARD

Jaiyansing Soobah
for Swan Corporate Affairs Ltd
Company Secretary
4 May 2015

NOTES:

1. *A shareholder of the Company entitled to attend and vote at this meeting may appoint a proxy of his/her own choice to attend and vote on his/her behalf. A proxy need not be a member of the Company.*
2. *The instrument appointing a proxy or any general power of attorney shall be deposited at the Registered Office of the Company not less than twenty-four (24) hours before the start of the meeting and in default, the instrument of proxy shall not be treated as valid.*
3. *A proxy form is included in this Annual Report and is also available at the registered office of the Company.*
4. *For the purpose of this Annual Meeting, the Directors have resolved, in compliance with Section 120(3) of the Companies Act 2001, that the shareholders who are entitled to receive notice of the meeting shall be those shareholders whose names are registered in the share register of the Company as at 27 May 2015..*

PROXY FORM

I/We

of

being a member/members of Swan General Ltd ("the Company" *previously known as Swan Insurance Company Ltd*), 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 24 June 2015 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 2014 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 2014.			
4. To re-elect as Director of the Company to hold office until the next Annual Meeting, in accordance with Section 138(6) of the Companies Act 2001, Mr. Pierre Dinan, G.O.S.K., who offers himself for re-election.			
5. To 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.			
6. To ratify the remuneration paid to the auditors for the financial year ended 31st December 2014.			

Signed this day of 2015.

Signature(s)

Notes:

1. *A shareholder of the Company entitled to attend and vote at this meeting may appoint a proxy of his/her own choice to attend and vote on his/her behalf. A proxy need not be a member of the Company.*
2. *If the instrument appointing a proxy or any general power of attorney is returned without an indication as to how the proxy shall vote on any particular resolution, the proxy will exercise his/her discretion as to whether, and if so, how he/she votes.*
3. *To be valid, the instrument appointing a proxy or any general power of attorney, duly signed, shall be deposited at the Registered Office of the Company, Swan Centre, 10, Intendance Street, Port-Louis 24 hours before the time fixed for holding the Annual Meeting.*

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